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**REGIONAL ECONOMIC DEVELOPMENT ANALYSIS
AND PLANNING STRATEGY**

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**BÖLGESEL EKONOMİK KALKINMA ANALİZİ VE
PLANLAMA STRATEJİSİ**

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CIENTIFIC ETHICS

I undertake, in this work, that I have properly or indirectly done all the work I have done in the course of preparing the project, and that the works I have used are of the kind shown on the source.



/ ... / 2018

IBRAHIM ALI AZIZ

Signature

THESIS ACCEPTANCE AND APPROVAL

BINGOL UNIVERSITY SOCIAL SCIENCES INSTITUTE

This work entitled [**REGIONAL ECONOMIC GROWS ANALYSIS AND PLANING STRATEGY**], prepared by [**IBRAHIM ALI AZIZ**], was found to be successful as a result of the thesis defense examination held on the date of (.../.../2018) and accepted by our juror as the Master's Degree in the Department of Business Administration.

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CONFIRMATION

The jury determined in the (... /... / 2018) have accepted this thesis. Session of the Board of Directors of the Institute of Social Sciences of Bingol University.

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Director of the Institute

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IBRAHIM ALI AZIZ

ÖZET

Bu çalışmada, bölgesel ve yerli ekonomik kalkınma literatüründe keşfedilen temel kavramların bir analizi sunulmaktadır. Dünya ekonomisinin gittikçe artan uluslararası hale gelme bağlamında kalkınmak için bölgesel bir yaklaşımın mantığını açıklayarak başlıyoruz. Bu nedenle, yerli toplumsal ve kurumsal özelliklerin önemi, büyümeler için uygun koşulların, çoğunlukla yerel büyüklük temelli bilgi yayılımı ve kullanımını teşvik eden ve kolaylaştıran kurallar, normlar ve sosyal ilişkilerin çok bağlamsal bir kombinasyonunun bir sonucu olduğu savunularak tartışılmaktadır. Bu bağlamda, doğada büyüyen süreçlerin ve yenilikçi faaliyetlerin doğasında bulunan boyutlara bağlı mekânsal eşitsizliklerin ortaya çıkışı hakkında bazı kanıtlar sağlanmaktadır. Daha sonra, bölgesel büyümeyi sağlamak için kullanılan yukarıdan-aşağıya politikalarının etkisini yitirmesinden sonra ortaya çıkan ekonomik büyümelere yönelik aşağıdan-yukarıya yaklaşımının önemini irdelemiş bulunuyorum.

Son olarak, son on yıllarda dünyanın birçok yerinde güç ve kaynakların merkezî hükümetlerden yerel yönetimler ve ulusal idarelere indirgenmesi, bölgesel güçlerin ve özelliklerin yerli büyümeyi şekillendirmede güçlü bir şekilde ilişkili olduğunun, artan küreselleşme bağlamında kabul edildiği şeklinde yorumlanabilir. Bu çerçevede, ademi merkeziyet, heterojen bölgelerin ve idarelerin özel büyüme stratejilerine göre kapasitesini temsil eder.

Anahtar sözcükler: Bölgesel Kalkınmalar, Ekonomik Kalkınmalar, Ekonomik Gelişme, Yönetim, Ekonomik Kalkınmalar Teorileri.

ABSTRACT

This review offers an analysis of the main concepts explored in the regional and native economic grows literature. We start by explaining the rationale for a regional approach to grows in a context of growing internationalization of the world economy. Therefore, the relevance of native social and institutional characteristics is discussed by arguing that favorable conditions for grows are the result of a highly context specific combination of rules, norms and social relations which encourage and facilitate knowledge diffusion and exploitation mostly on a native sized basis. In this respect, some evidence is provided about the emergence of spatial inequalities connected to the native sized nature of grows processes and innovative activities. We then discuss the importance of a bottom-up approach to economic grows emerging since the frequent ineffectiveness of top-down policies employed to spur regional grows.

Finally, we argue that the increasing demand for decentralization of powers and resources since central governments to regional and native administrations in most parts of the world in the last decades can be interpreted as the acknowledgement that regional forces and characteristics are strongly relevant in shaping native grows trajectories in a context of increasing globalization. In this framework, therefore, decentralization represents the capacity of heterogeneous regions and territories to tailor specific grows strategies in order to address their particular requirements and influence their own destinies.

Key words: Regional Grows, Economic Grows, Economic Growth, Management, Theories of Economic Grows.

LIST OF ACRONYMS

EDO	: Economic Development Organization.
VEDP	: Virginia Economic Development Partnership.
GN	: Gross National.
GNP	: Gross National Product.
GDP	: Gross Domestic Product.
HDI	: Human Development Index.
MDG	: Millennium Development Goalmouth.
IP	: Industrial Policy.
SOE	: State Owned Enterprises.
UNIDO	: United Nations Industrial Development Organization.
FDI	: Foreign Direct Investment.
TRIM	: Trade Related Investment Measures.
DF	: Degree of Freedom.
F	: Frequency.
SIG	: Significant.

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INTRODUCTION

The statement growth theory has paid great attention to the search for determinants of economic growth through aggregated models. In these approaches, "economic grows" is often conceived as an increase in the "balance" of individual income, and attention o searchers mainly relate to the identification of the main economic factors touch in it. Since the vision of "wealthiest fundamentalism" to the grows of La Harrode - Doumar to the new classical model of growth (Solo, 1956), which long dominated both theory and policy, economic grows was considered a linear process that could move only by moving economic blocks on the chessboard, while most of them overlook the process of qualitative change and improve the economy as a complex social, institutional and historical system. Later in the 1980s, regulators of internal growth saw technological change as the core of economic growth and highlighted the importance of investing in human wealth (Romer, 1986; Lukas, 1988; Grossman & Halbman, 1991, p11).

However, the linearity of the process of technological change entailed by these theories essentially ignores the importance of non-market processes and socio-institutional characteristics that touch economic performance and are also of paramount importance to human well-being (John, 1994). In contrast, other areas of literature, such as the approach of the innovation system (Freeman, 1987; Lundvall, 1992; Nelson, 1993, p. 21) and, more generally, native and regional grows literatur Analysis of economic growth and grows as multidimensional processes As will be argued in this review, these approaches are particularly useful for policy purposes in the context of increasing globalization, because of the native interdependence of the underlying forces that lead to growth and grows.

This text provides an overview of key concepts explored in regional and native economic grows literature. First, we clarify the rationale for a regional approach to grows in the context of the increasing internationalization of the world economy. Secondly, it discusses the importance of regional and native social and institutional characteristics and processes on the grounds that conditions conducive to grows are the result of a very specific set of rules, rules and social relations that promote and

facilitate the dissemination and exploitation of knowledge (Romer, 1986; Lukas, 1988; Grossman & Halbman, 1991, p11).

Thirdly, the native nature of growth processes and innovative activities is linked to the emergence of spatial dissimilarities in levels of growth. Such disparities at the geographical level Regional economic growth: the review WP01 / 033 seems to be more important in the case of developing and emerging countries, where only a limited set of sites shows the ability to rouse economic growth, while the rest appear to fester or decline. In section IV, we discuss the importance of a bottom-up approach to economic growth due to the native nature of this process and the ineffectiveness of top-down policies. Subsequently, we see that the growing demand for decentralization of powers and resources since central governments to regional and native administrations in most parts of the world in recent decades can be interpreted as a recognition that regional powers and characteristics are closely related to shaping native growth paths in the context of increasing globalization (Freeman, 1987; Lundvall, 1992; Nelson, 1993, p. 21).

In this context, decentralization thus represents the ability of heterogeneous regions and regions to adapt specific growth strategies to meet their own requirements and to influence their own destinies. The relevance of decentralization processes is also linked to the transition since traditional bottom-up growth strategies to bottom-up approaches by increasing the level of decision-making power decentralized to native authorities and institutions.

In other words, decentralized governments are most likely to adopt regional growth strategies where the assessment of regional fortes and faintness, as well as the inclusion of native agents, is central to policies. Thus, when discussing regionalisation, we also explore its disadvantages and benefits in terms of economic equity and competence.

CHAPTER ONE

RESEARCH METHODOLOGY

1.1. BACKGROUND OF THE STUDY

Economic Growth Practices have long happened in the United States. Just after the Revolution, these simplistic administration and non-government agencies sought to best exploit native advantages for the sake of economic health. Industrial parks and macro-investment strategies seemed as early as 1791 in states like New Jersey and Pennsylvania (Eisinger, 1988, P.15).

The State Practice of Economic Growth was born since the Great Unhappiness of the Late 1920's and 1930's. Southern states, suddenly aware of certain deficiencies in their economic substructure—most notably the lack of established manufacturing—began to offer incentives for businesses to relocate to open land (Eisinger, 1988, P.15). The practice seems to have first arose in Mississippi, which entered the Depression as the nation's poorest state. Determined to protect its cities since the faintness of the national economy, Mississippi leaders sought to expand production and manufacturing in the state through a program that came to be known "disturbing Agriculture with Industry" (Lester, 1930, P. 20) Citizen groups and advertising agents worked together to build new manufacturing substructure and attract fabric, canning and other production facilities.

In the 79 years since the throws of unhappiness first encouraged this new innovation in growths, EDOs and their secondary structures have grown and developed in many ways. The organizations and the districts they represent vary in size, arrangement and resources and also in the way they act to best exploit these factors. The process has grown ever more multifaceted (Lester, 1930, P. 20).

Regional EDO's face a wide variety of contests while managing their regions within such a large framework. At any given time, they strength have to cope with varying political pressures within their own region (since native governments and other economic agents such as Chambers of Commerce), statewide political issues and a changing national scenery. Since region to region, these organizations do so with

vastly excellence resources and personnel on both the regional and organizational level (Lester, 1930, P. 20).

Despite these differences, there seems to be some level of basic commonality of goals through the grows manufacturing. As expressed through the mission statements of each organization, the over-all direction of their work is near general economic and cultural growth of their region. The Greater Richmond Company claims its mission to generate growth within the region by cumulative new jobs, emerging existing industries and fostering a “continued grows of the region’s statement climate.” The New River Valley Economic Grows Alliance, 175 miles west of Virginia’s Wealth City, states its determination as to “foster job creation, to facilitate new investment, and to nurture and improve excellence of life through the valley.” At the very top, the Federal Economic Grows Agency declares its assignment as “preparing American regions for growth and accomplishment in the worldwide economy” (Lester, 1930, P. 20).

Within the Nationality of Virginia, regions work to fascinate new statement and solidify existing industry. Nevertheless, there is a shared sense of existence within the borders of the 3 Mission Statement. Greater Richmond Grows Partnership. Available:

Commonwealth, each individual region (ranging in involvement since highly complex and active to quite rudimentary organizations) is autonomous and capable of pouring its own activities.

Statewide organizations similar the Virginia Economic Grows Partnership (VEDP) work amongst and around each individual region. VEDP takes several roles while working with excellence regions. It establishes advertising targets across the state and tries to determine detailed regional niches based upon the strengths of each. Also, VEDP works to enhance extension through assistance with specific project opportunities for separate regions.

Regardless of the detailed wording of a mission statement or the relationship among regions within the state, the overall message is quite clear. Whether labelled as “growth” or “excellence of life,” the exertion of an EDO is to ensure that each

separate region best utilizes the possessions and assets available to it in order to grow, develop and adapt in a changing world so as to best enable its citizens to live productive lives.

1.2. LITERATURE REVIEW

In this section, it is apparent that regional economic growth processes are supported by context-specific social and recognized factors. These influences are crucial since they shape native capability to translate knowledge into economic wealth through a complex set of statements and shared codes and practices. Clearly, spatial variations in the excellence of such elements may determine a geographically uneven potential for economic growth across regions leading to growing divergence among excellence locations. Therefore, regional growth strategies should include measures to address institutional weaknesses.

This is positively not an easy task for policy-makers for a number of reasons ranging since the lack of consensus on 'optimal' recognized preparations to the fact that institutions are strongly embedded into specific as well as extremely path dependent and particularly resilient to change backgrounds (Rodríguez-Pose, 2010, p.32). This for instance makes it difficult to replicate successful recognized forms of one region in excellence contexts as well as to intervene on institutional breakdowns in the short period. Nevertheless, acknowledging that innovation and monetary growth are mostly regional phenomena and that native sized social and recognized factors are crucial for them leads to considering the mesa-level perspective in both philosophy and policy as the relevant target for examination.

1.3. RESEARCH PROBLEM

The main problematic with this second type of endogenous growth theory is simple. It cannot explain the fact that extension miracles are a recent phenomenon confined to poor countries, and it cannot elucidate the fact that later entrants to state economic growth have been able to double their income in a far smaller period compared to early entrants. An endogenous growth model, such as Rebelo's Ak perfect (1991) predicts that a growth phenomenon is just as likely to occur in the United States as it is in South Korea.

All the United States requirements to do to complete this feat is to adopt South Korean policy and institutions. This is highly implausible, as most persons view existing policy and organizations in the United States to be at least as good as South Korean ones. Moreover, the model forecasts that a growth miracle is just as likely to have occurred in 1850 and 1950. These failures lead me to accomplish that endogenous growth theory is not a reasonable theory of financial grows.

1.4. RESEARCH QUESTIONS

1) How is economic analysis excellence since economic thought? What characteristics of early societies (e.g. Greek, Judaic, Roman, Egyptian) inhibited the grows of analytical economics?

2) How does the excerpt since Aristotle's Politics, reprinted above, substantiate the point that early scholars addressed economic questions within the context of larger concerns? What specific issue does Aristotle address in the selection above? Do his insights have any contemporary relevance?

3) What are the major economic questions that Thomas Aquinas addressed in Summa Theological How does this work reflect the influence of Aristotle on philosophy and how does it relate to the theological concerns of church scholars?

4) Is it appropriate to describe the Summa Theologica as an early contribution to economic analysis? Why or why not?

1.5. RESEARCH GOALS

1.5.1. Growth of Gross National Product

The goal of economic grows in its humblest form is to create the wealth of a nation. Prior to the 1970s, rapid economic growth has been measured a good proxy for other attributes of grows (Todaro and Smith 2009). Economic presentation is measured by an annual upsurge in gross national product (GNP1) [an alternative measure is gross domestic product (GDP)]. For the determination of comparability, GNP is expressed in a common money, usually US dollars, and reported in per-capita terms to take into account the scope of a nation's population (Jaffee, 1998, p. 32). The World Bank now substitutes GNP per capita with uncultured national revenue

(GNI) per capita to compare wealth amongst countries. The World Bank defines GNI as the sum of value added by all occupant producers plus any product duties (less subsidies) not included in the valuation of output plus net receipts of main income (compensation of employees and property income) since overseas. Meanwhile, the World Bank still uses GDP in many other featured economic pointers (World Bank 2011).

However, the indicator is a amount of well-being and growth exclusively based on material wealth. Improvements in welfare such as better fitness care, education and more housing for large parts of the poor population have not been took. The experience of the 1950s and 1960s has shown that GNP growth would not unavoidably result in a better life for a nation's population. The narrow goal of progress (economic growth) induced nations to focus their energies narrowly on the rapid grows of national proceeds (Todaro and Smith 2003).

“To exploit income growth, ecological considerations were left to languish on the sidelines; the standard of living was often allowable to slide; large disparities between classes, regions, and genders were overlooked; and poverty was stood more than it should have been in the rush to generate maximum growth” (Basu 2000, p. 64). It was then scholars and policy-makers in most emerging countries who realized that income growth was only one dimension of grows; a new financial view of grows has inwards (Rodríguez-Pose, 2010, p.32).

1.5.2. Excellence of Life

During the 1970s, the anxiety of millions of people alive subsistence lives in poverty turned the attention of grows economists to people's lives somewhat than their incomes. Many developing countries have knowledgeable high growth rates of per-capita income but little change in the living circumstances of a large part of the population. By questioning whether it is the goal of growth that per-capita income increases but poverty, in excellence and unemployment are mounting worse, Seers (1969) marked the change needed in setting grows purposes. The goal of grows during the period was thus not limited to economic grows but to concentrate on the reduction of poverty, dissimilarity and unemployment (Seers, 1979, p.23). In the 1990s, economists increasingly documented that it was the excellence of life that

determines whether people are since developing countries or not. Diseases, undernourishment and death that occur in the everyday lives of those since the unindustrialized countries changed the view of grows goals melodramatically.

By then, like many scholars about the world, Stiglitz (1998) contributed to shift the grows goals set by governments in emerging countries to wider objectives, including improvements in income distribution, situation, health and education. A broader perspective of grows goals is hence essential as reflected in the World Bank's (Grows Report, 1991, p. 4) as "to improve the excellence of life. Especially, in the world's poor countries, a better excellence of life commonly calls for higher incomes— but it involves much more. It incorporates as ends in themselves better education, higher standards of health and nourishment, less poverty, a cleaner environment, more excellence of opportunity, superior individual freedom, and a richer cultural life." (Sen's, 1985, 1992, 1999) work perchance has brought about the biggest perspective of grows goals. Rendering to Sen (1985), the ultimate goal of grows is to enhance human competences, which is clear as "the freedom that a person has in terms of the choice of implementation's, given his personal topographies (conversion of characteristics into functioning) and his command over commodities..." (Sen, 1985, p. 13).

Higher income is necessary but not adequate in terms of excellence of life. Under his approach, goals of economic grows change since elevation of growth to promotion of well-being. These changes in the definition of extension goals posed the need to construct alternative composite indices to reflect excellence of life. These indices should take into account not only money pointers but also non-monetary indicators to reflect the grows levels achieved. There have been attempts to build indicators that measure the standard of living and excellence of life, which focus on the quantitative and qualitative aspects: health, education, environment and material well-being (Berenger and Verdier-Chouchane 2007). Using Sen's (1985) approach, the Human Development Index (HDI) has been published annually since 1990 by the United Nations Grows Involuntary as an attempt to provide an aggregate measure of life expectancy, instruction and income (Elkan, 1995, p. 33).

1.5.3. Sustainable Grows

Increasingly, researchers and societies realize the effects of human actions on the environment. On the way to achieve quick economic growth, countries around the world have been exploiting their natural resource reserves at disturbing rates. Although early economists included the natural environment in their economic examination, environmentalism only drew international courtesy in the 1960s (Pearce and Turner 1990). The relationship between growth and environment has given birth to the sustainable grows notion. The central idea of sustainable grows is that global ecosystems and humankind itself can be threatened by neglecting the environment. Conservational economists are concerned that the long-term neglect of the environmental assets is likely to endanger the durability of economic growth (Thampapillai, 2002, p. 24).

Sustainable grows consequently “involves maximizing the net benefits of economic grows, subject to maintaining the services and excellence of natural wealths over time” (Pearce and Turner 1990, p. 24). Its concern is about balancing the objectives of economic grows and attending to environmental considerations. In a bigger sense, sustainable extension is defined by the Brundtland Commission, formally the World Commission on Atmosphere and Grows, as “progress that meets the requirements of the present without cooperating the ability of future generations to meet their own requirements” (World Commission on Environment and Grows 1987, p. 8).

Although this standard definition transports the term “sustainable grows” into common use, it has shaped ambiguity in application (Redclift 1992; Daly 1996; Payne and Raiborn 2001). Much of the discussion around the definition seeks to answer the two questions “What should be continued” and “What should be developed” (Kates et al. 2008). Today, maintainable grows aims to improve the excellence of life in a complete manner, including economic prosperity, social equity and environmental protection. Economic, social, conservational and cultural aspects must be integrated in a harmonious manner to improve the intergenerational well-being (World Bank 2003).

1.5.4. The Millennium Grows Goals

Eight Millennium Development Goalmouths (MDGs) were adopted by member countries of the United Nations in September 2000. The MDGs were developed to address the most pressing difficulties in developing countries, counting poverty and hunger, primary universal schooling, gender excellence, child health, maternal health, HIV/AIDS, conservational sustainability and global partnership. Member republics of the United Nations have committed themselves to end poverty and achieve other extension goals by 2015 (Pearce and Turner 1990, p. 24).

Quantitative boards of these goals were then allocated based on the past rates of international grows accomplishments (United Nations 2011). However, the MDGs were criticized for failing to comprise other critical objectives of grows, such as improving legal and human rights of the poor, decelerating global warming and leveraging the contributions of the private sector. Critics also contended that the MDG targets were not ambitious enough and were not ordered (Todaro and Smith 2009).

1.6. RESEARCH STRUCTURE AND OVERVIEW

This piece of research contains of five chapters. Each chapter has its detailed purpose of describing and analyzing the research answers. The first chapter is the Introduction to this research project. Its main determination is to introduce the reader to the topic, outlining the subjects of interest and amplification the focus of this piece of research. Chapter two is the literature review. The nonfiction review is concerned with presenting the existing knowledge about the selected topic. In this research project, the major topics include the grows of Internet usage, the changes in the marketing industry and the grows of new advertising tools. The literature review is based on the ideas and opinions sourced since literature, newspapers, meetings and other accessible information sources (Pearce and Turner 1990, p. 24).

The main unbiased of the next chapter is to describe the methodology applied to this particular case. It designates the data collection methods, the sources of data used, the research method, project and approach among other issues. The next chapter then designates the research findings and provides the analysis of the findings in terms of the investigation objectives. Then, in the final chapter the

conclusions are providing together with the recommendations to the bosses and to the investigators. It also deliberates the limitations of this study and the opportunities for additional in-depth study of the topic.



CHAPTER TWO

LITERATURE REVIEW

The poetry review presents and discusses the sum of prevailing information that has been accumulated to the date by other investigators (Saunders, 2008) Its main objective is to outline the context of the problem and to critically discuss all the existing opinions. The main source the researcher is typically using is books and articles about a particular topic. Since the Internet is continually changing and there is not so much available information on the recent activities the researcher tried to find the most recent analysis of the current situation in meetings with industry specialists and the very recent analytical articles by both the researchers and the legislatures of marketing statements.

2.1. EMPOWERMENT STUDIES

Analyzing the performs and outcomes of EDOs is unbelievably challenging. Just as there is an incredible range of variation across dissimilar regions, so too is there great variation in the methods used to assess growth and extension. These methods, over time, have been tried and developed in order to explanation for the many challenges present in the practice of Economic Growth as well as its study.

Critical Evaluations of Economic Growth Policies, edited by Laura Reese and David Falseness, explores the history and variation in the theoretical study of regional grows. The book—a compilation of studies done by several excellence academic authors— seeks to establish a new, structure of examination for grows policy. This new strategy of “Critical Examination” is contrasted against what the authors generally refer to as the “Old-style” format.

In the Old-style work, the theoretic structure used in growth study is straightforward. The goals—determined outcomes desired by growth organizations—drive the decisions made in EDO methodology. Policies and practices are developed to meet goals. This is a clear and simple countenance of the ends of grows policies. However, the simplicity of this background seems to ignore much of the complexity involved in determining these goals and understanding the

resources available to meet them. The final expression develops “more jobs good, less jobs bad.” While this may seem to be an adequate look of desired outcome, it omits a vast majority of nuance associated with actual growth (Thampapillai, 2002, p. 25).

The goals of grows, instead, need to encompass a wider range of growth. In this way, they might be able to more effectively include the variety of missions expressed above: since “growth” in a simple form to “excellence of life,” a much more complex metric. Essentially, the ends of grows as excellence in assessment efforts must be to build stability and levels of income while increasing native control over the market and ensuring empowerment of all sectors of the community.

Determining goal strategies are important to assessing outcomes. However, process oriented evaluations are also an important tool in such studies. As explained by David L. Ambrosio, one of the authors enlisted by Reese and Falseness, it is essential to understand the process of grows as a political exercise. Like all politics, such activity carries with it a normative value: it is considered and expressed as a “good” thing. While this might certainly be true—economic grows efforts undoubtedly benefit many within a community—to begin with this as a basic understanding makes it very difficult to truly assess the usefulness of individual grows practices.

In its most distracting form, the political necessity of grows policy makes it very difficult to assess. In an expression of this, author Robert Giloth chidingly asked: “Why bother evaluating Economic Grows when no one cares?” (Giloth, 1978, P. 278) Instead, he was highlighting the frustrations inevitable in trying to assess an organization in an unbiased manner in an environment of such normative belief. People care, but they want to reinforce the status of normative “good” in economic grows rather than truthfully assess its usefulness.

Beyond the normative notion of Economic Grows is another problem created by the collision of politics and economics: the sense of grows as a “zero sum game.” At a very basic level, if a statement chooses to relocate to or expand within a specific region, town or county it is *not* doing so in another. While there is an interconnectivity of all native cities within a certain area, this can be very hard for

specific political entities to understand. In one particularly colorful description of economic growth practices, a North Carolina newspaper lamented the failings of the state's northern native cities against out-of-state neighbors: "Interstate competition for industrial prospects can be a rough statement, at times employing devious tactics likened to those of back-alley poker games or shady used-car lots" (Thampapillai, 2002, p. 24).

The point of this paper is not to consider the truth of this statement, which almost definitely was painted more out of frustration at native failures than factual observation. However, such vitriol is a clear and present danger to EDOs. This is compounded by the fact that statements, for their part, are concerned purely with the cost and benefits of their investment and not with the geopolitical benefits they might bring to a region. As expressed by Robert McClintock, Chief Researcher for the VEDP: "Prospects do not understand political boundaries, period." This is an understandable fact of doing statement, but one that clearly complicates the work of an EDO.

Since the political confusion of economic growth, assessment naturally turns to the connection between the explicit practices of an EDO and the environment in which they take place. The activities of an EDO must be excellence within the framework of assets and resources present in the region. Resources for growth come in many forms; people and geography combine in excellence ways in order to produce the raw materials of a native economy. For an EDO, understanding and exploiting these resources is an essential piece of the puzzle.

As highlighted in a 2006 report published by the Brookings Institution, this process is most utilized through statement and shared knowledge between EDOs and the entities at work in the region—both in the form of workforce and industry. Growth policymakers must build on the strengths (in terms of physical and human wealth) present in their resources and not try to mimic the growth successes of others. This is best done through a knowledge driven dialogue that involves existing industry and government.

2.2. INNOVATION STUDIES

Based on this need for knowledge as a practice in exploiting existing assets, an assessment of practices in economic grows must be wary of the presence of this knowledge in the regions. Essentially, it is important to study both what the region does and what it knows. How it thinks—as an organization—about the resources and assets present within its borders will drive the processes used to bring growth.

This relationship was emphasized in a report released by the University of North Carolina in October of 2008. The study, which aimed to assess the economic vitality of Danville, VA, established a series of excellence types of “wealth assets” important to fostering community economic grows. These excellence assets ranged since the political and social climate to substructure and general education. The lesson of the Danville study is clear: the foundation of assessment for grows practices must be assets, resources and the regional ability to exploit them.

Examining the existing literature on Regional Economic Grows, it is clear that the history of its study is varied and complex. While there are many challenges for this study, this academic background has highlighted a basic framework for comparison. Essentially, EDOs make operational decisions for two reasons: to pursue goals and to utilize resources. While goals—in general—seem to be relatively consistent across regions, variations in wealth assets allow these organizations to steer an individual course towards fostering regional economic health. A study of practices in regional economic grows must include an assessment of resources and assets and work to understand each organization’s actions within this framework.

Economic growth and its causes have been the focus of study by economists for centuries largely because growth has the potential to reduce or remove poverty, improve the standard of living, help achieve social goals such as education and healthcare and substantially improve the excellence of life of the people. Adam Smith’s treatise on the “Wealth of Nations” focused on the economic growth. The term economic growth in economic literature is excellencies since economic grows. Economic growth means an increase in per capita income or an increase in gross national product (GNP) (Pearce and Turner 1990, p. 24).

Economic grows, on the other hand, means a process whereby an economy's real national income as well as per capita income increases over a long period of time. In addition, economic grows effects changes in the resource supplies, in the rate of wealth formation, in demographic composition, in technology, skills and competence, in institutional and organizational set-up. In short, economic grows is a process consisting of a long chain of inter-related changes in fundamental factors of supply and in the structure of demand, leading to a rise in the net national product of a country in the long run (Meier and Baldwin, 1957, p. 23).

In the context of a developing country like India, both economic growth and grows are required. In the present study, therefore, the term economic growth shall be used interchangeably with economic grows. The process of economic growth is a highly complex phenomenon and is influenced by numerous and varied economic and noneconomic factors. Economic factors consist of natural resources, wealth formation, technological progress, human resources, population growth, social overheads and Organization. In addition to economic factors, there are a number of non-economic factors that also play an important role in the process of economic growth. The important non-economic factors include: (political factors, social factors, education, urbanization and religious factors).

In the statement economic system, it is the entrepreneur who performs the duty of an organizer and bears all dangers and uncertainties. Statement perceive the statement environment consisting of economic and non-economic factors and decide whether to take risk of making investment and organizing the resources to produce properties and services. This results in an increase in economic output and thereby economic growth. The present chapter is structured as follows:

- 1) The theories of growth and grows have been discussed.
- 2) The role played by State in the economic growth and its relationship with market has been analyzed.
- 3) The importance of state-statement relationship has been examined.
- 4) The role of the institutions has been presented.
- 5) The statement and their role in economic growth have been investigated.

- 6) The statement environment and its relation with economic growth have been identified.
- 7) A review of studies linking economic growth and statement environment has been provided.
- 8) An integrated model showing relationship between statement environment, statement, investment and economic growth has been proposed.

2.3. ORGANIZATIONAL ENVIRONMENT

In explaining growth and grows, Ricardian theory has a fundamental assumption that an economy's potential, defined by its resources and technology, is fully realized. In reality, it has been observed that the problems of less developed countries are not a lack of potential but an inability to achieve that potential (see de Soto 2000; Parente and Prescott 2000 and Guest 2004).

The obstacle to them grows is not a lack of resources or technology, but a failure to exploit the resources and technology available. This caused economists to look additional afield for explanations of growth and grows. In grows economics and in economic history, attention has therefore shifted to how and to what degree economies succeed in realizing their potential. This led to the interest in the study of institutions. Institutions have been defined as formal and informal rules and practices, which enable and shape economic activities.

At the formal level, they include public and private law, standard operating procedures and the principles ordering structures in governments, businesses and numerous types of association. At the informal level, they include traditions, routines, norms and shared but tacit assumptions about the functioning of the world (Duina 2011).

In addition to looking only at resources and technology, economists have started studying institutions, in the social and political structures that facilitate, or impede, productive economic activity.

This has led to a shift since focusing on process of production to the economic environment or statement environment in which that process takes place. The role of statement who perceive the statement and economic environment and accordingly organize the production process has become important. The next section looks at the role of entrepreneur in economic growth.

2.4. EVALUATION OF THE LITERATURE

As discussed above, the growth economists have suggested a large number of economic and non-economic variables that may influence economic growth (Sala-I-Martin 1997; Bleaney and Nishiyama 2002). Statement hip has not been included in this list of variables (Bleaney and Nishiyama 2002). Baumol was among the first to urge his fellow.

Statement play an important role in economic growth and growth. This has been a key insight since the contribution of Schumpeter²⁴ (1911) and others (Naudé 2011a). Statement are also vital in the process of structural change or statement (Gries and Naudé 2010), a process without which growth is not possible. As formalized in Gries and Naudé's (2010) model of statement hip and structural change, entrepreneurial innovation leads to the reallocation of resources since the traditional (agricultural) sector to the statement (manufacturing) sector.

Statement are a key component of successful economies. It is true that the overwhelming majority of statementes is small in size and, due to their small size, may operate at an inefficient economic scale, but statement make up for this disadvantage by sparking competition, statement with new ideas, and relentlessly venturing into markets previously uncharted. By finding new ways to transform existing resources into outputs that create extra value above the resource cost to consumers, statement serve a critical function in economic growth.

Statement have been defined as "persons who are ingenious and creative in finding ways that add to their own wealth, power, and prestige". Statement hip is also defined as the resource and process whereby individuals utilize opportunities in the market through the creation of new statement businesses. As a resource, statement hip results in that he identifies are physical environment, social organizations, institutions and technology (Schumpeter 1947, pp. 2–3).

However, since his point of view, all these factors are not enough to explain the economic growth process, because "economic growth is not autonomous, being dependent upon factors outside of itself, and since these factors are many, no one-factor theory can ever be satisfactory" (Schumpeter 1947, p. 4).

However, at the end of the article, he accomplishes that, "Since creative response means, in the economic sphere, simply the combination of existing

productive resources in new ways or for new purposes, and since this function defines the economic type that we call the entrepreneur, we may reformulate the above suggestions by saying that we should recognize the importance of, and systematically require into, statement hip as a factor of economic growth” (Schumpeter 1947, p. 8).

Innovation, risk-taking and arbitrage—the classic functions of the entrepreneur as identified by Joseph Schumpeter, Israel Kirzner and others. Statement hip is studied as the numerous activities undertaken by statement throughout the lifecycle of a firm, since conception to exit (Acs and Naudé 2011).

There are numerous ways in which statement hip may touch economic growth. Statement introduce innovations and may play an important role by entering markets with new products or production processes (Acs and Audretsch 1990, 2003). Statement may increase competence by increasing competition (Stel et al., 2005). Gries and Naudé (2010) provide a model to illustrate the role of the entrepreneurial innovation in statement. Here statement provide three essential roles.

They create new businesses outside the household, offering new products and introducing new processes that provide information as a ‘lead’ activity.

They grow businesses (and wage employment) by making use of scale economies. Such larger businesses tend to specialize, and the clustering of specialized businesses can give rise to native ization economies, additional encouraging innovation and specialization.

Third, statement can raise the revenues to human and physical wealth and so provide incentives for additional investment and education.

Statement may not automatically provide these functions, as they will be constrained by market failures. Industrial Policy (IP) may thus be justified. Rodrik (2007) recognizing this, discusses a number of such statement hip inhibiting market failures. This can occur in financial, labour, product and knowledge markets. He remarked that in developing countries ‘the deck is stacked against statement who contemplate diversifying into non-traditional areas’. Schumpeter used statement as the most relevant factor in promoting economic growth. An entrepreneur is profit seeker and requirements an adequate social environment to develop the activity. In recent years, the field of growth economics and statement hip have converged on the realization that the institutional framework in a country or region, where institutions

are broadly excellent as the ‘rules of the game’, are important for understanding the outcomes observed in each field.

Thus, growth economists now routinely advocate the building and strengthening of appropriate institutions for growth, such as the rule of law, property rights, contract enforcement, and accountability and good governance, to name but a few (Chang 2007), and development scholars now accept that the allocation of human capital towards particular activities, be it productive or unproductive or even destructive (e.g., Baumol 1990), are the outcomes of institutions (Henrekson 2007; Acs et al. 2008).

Some have raised the issue of the supply of human capital and its impact on growth. Leff’s (1979) has argued that the supply of human capital is not a binding constraint on growth; it is the way in which human capital is allocated that may constrain growth. It is again linked with some topographies of the incentive structure in an economy that are placing constraints and impacting the activities of human capital (Baumol 1990; Acemoglu 1995 and Mehlum et al. 2003). Stiglitz (2006: 7), for instance, has described these incentive structures to result either in a ‘rent economy’ or a ‘productive economy’, to explain the relative economic performance of developing countries. In contrast to a ‘productive’ economy, a rent economy is characterized by the distribution of resources in a manner that results in a zero-sum game—and this most often results in conflict (Stiglitz 2006; see also Naude 2004).

Human capital is important for the continued dynamism of market economies and for job creation. Policymakers need to know how new businesses get started and what financial and institutional factors promote entrepreneurial activity. There is a strand of literature which posits that governments cannot raise the supply or quantity of human capital, but can merely influence the allocation of entrepreneurial ability.

According to this view, all that the government should do is “get the institutions right”, i.e. ensure the protection of property rights and a well-functioning legal system, and maintain macroeconomic and political stability and competitive tax rates. Not all scholars agree. The wide range of human capital emerges across countries, even when controlled for variations in institutional excellence, would

suggest that specific policies, interventions and regulations— relating to start-up costs or innovative activities— may have an influence on the supply of statement.

The nature and capability of the state vis-à-vis a country's level of economic growth requirements to be considered in the design of these policies. At an early stage of growth, a country's entrepreneurial base will still be small, with private sector activity in dispersed, low-competence traditional activities. At this stage, states are very often fragile, and a major growth challenge is to build state capacity to establish and maintain an environment conducive for statement so as to allow core statement to emerge in accordance with the country's comparative advantage.

At the intermediate stages of growth, competence-driven growth may be pursued by the state to expand its intervention in the economy in order to “defy” the comparative advantage. Examples since East Asia, but also the USA and Europe spring to mind. During this stage businesses will grow in size, and state-owned enterprises (SOEs) and multinational enterprises will play an increasing role. It may also be important for policy to take into account the nature and profile of indigenous statement at this time.

For example, in the 1950s and 1960s in Singapore and South Korea, where a strong native entrepreneurial base was judged to be lacking, policies at first aimed to complement and strengthen the domestic entrepreneurial base, through encouraging much more foreign statement and by providing much financial support to allow statement to take on more dangers in imitation and foreign technology adoption. In Taiwan and Japan, where the entrepreneurial base was fairly strong to begin with, more limitations were initially placed on foreign statement.

At some point, the countries grow will have progressed to the extent that additional growth will increasingly depend on highly-innovative statement. For this, a shift since being interventionists and selective, towards being less interventionist is needed, as this is often a requirement for creativity and innovation to flourish. Many countries embark on trade liberalization during this phase. Examples include the EU, the USA and India. China's two-track approach since 1978 can be seen as a variant of this shift, whereby the shift is gradually introduced by allowing a more liberalized private-sector economy to develop without dismantling state-owned enterprises.

China's growing class of statement has also had an impact on the policy—a form of “institutional” statement hip. During this stage, also described as the “entrepreneurial economy”, where the economy is dominated by knowledge, policies have focused on the formation and function of regional clusters and their linkages with the rest of the economy, on technological innovation, and on venture wealth support; MSEs have returned to again assume a leading role in the economy.

It is obvious that for economic growth statement are critical. ‘The level and excellence of statement hip make a difference in the economic vitality of communities, regions, industries and the nation as a whole’ (Hart 2003, p. 4; Baumol 2009; Kannianen and Keuschnigg 2005; Malecki 1994). They need support in terms of sound statement environment and effective institutional support.

There are mainly three relevant characteristics of the entrepreneur. First, the Kirznerian alertness (Kirzner 1973, 1979, 1985, 1992 and 2000) and arbitrage of opportunities, which encompass both Schumpeterian creators (Schumpeter 1934) and individuals ‘acting entrepreneurially even when they might not be seen as Schumpeterian creators’ (Kirzner 2009). Second, the creation and exploitation of opportunities by investments in new knowledge (Acs et al. 2009) as endogenous growth models suggest (Romer 1990; Aghion and Howitt 1992). Third, the Schumpeterian exploitation of existing knowledge, totally or partially unused by incumbent businesses, through the broadcast of knowledge spillovers (Audretsch 1995; Acs et al. 2009).

The rationale for shaping a statement-friendly environment, a regulation which does not hamper entrepreneurial culture, and is not burdensome to statement, is rooted in the very essence of the entrepreneurial function. As Kirzner (2009, p. 151) highlights: “... it does seem intuitively obvious that alertness can be “switched off” by the conviction that external intervention will confiscate (wholly or in part) whatever one might notice ... public policies that to any degree deaden the excitement inspired by the prospect of pure entrepreneurial profit must surely lower the level of entrepreneurial alertness.”

These kinds of policies, i.e. cutting the red tape of a burdensome regulation, granting the rule of law and reducing taxes are, according to Naudé, a ‘necessary, but not sufficient condition for grows’ (Naudé 2007, 2009a and 2009b). Important

literature has recently emphasized the pivotal role played by knowledge and skills in the processes of innovation, grows and infectious up, highlighting how competences are becoming a condition sine qua non in all economic sectors in a global competitive environment.

It can be summarized that statement are important actors in the process of economic growth. They need friendly statement environment to operate. Therefore, how do they perceive the statement environment become important. A friendly statement environment will encourage them to make investment. A bad statement environment will discourage them to invest. The next section discusses the statement environment.

2.5. STATEMENT ENVIRONMENTS AND ECONOMIC GROWTH

A conducive statement environment is one of the pre-requisites for economic growth and poverty reduction. While poverty reduction requires more than just economic growth, growth is an essential ingredient. Statement friendly environments that underpin rapid and sustained economic growth include the macroeconomic and financial market environments, substructure, labor market skills and competence, and governance and institutions. Obtaining licenses and credit to start a statement, finding and managing labor, ensuring investor protection, applying contracts, paying taxes, trading across borders, and identifying the requirements for closing a statement are all important factors in assessing the operating climate for doing statement (Schou-Zibell and Madhur 2010).

To be more precise, the statement environment is defined as a combination of policy, legal, institutional, and regulatory conditions that govern statement activities. Simon White (2004) has defined the term Statement Environment as ‘all those factors external to statements that either inhibit or favor them grows’. Stern (2002) defines that it is the “policy, institutional, and behavioral environment, both present and expected, that influences the revenues, and dangers, associated with investment” in a specific location. In other words, the statement environment covers whatever external environment that touch s the revenues and dangers faced by investors.²⁷ This general definition includes three broad categories.

The first category covers macroeconomic aspects such as fiscal, monetary, and exchange rate policies, which clearly touch investors' revenues. High tax rates, for example, would lower return, while inflation would increase the variability of revenues. The second category includes governance, institutions, and political stability. Rule of law, for instance, touches investors' decisions about how much to invest and what organizational form it should take. Institutions also include informal ones, such as the general level of trust, social wealth, and social network (North 1990; Knack and Keefer 1995; Zak and Knack 2001; Shirley 2008), which would facilitate new transaction relationships and, therefore, firm extension. The final category includes substructure necessary for productive investment, such as transportation, electricity, and statements (Xu 2010).

It is the statement environment that touches economic activity throughout the economy and particularly through its influence on incentives to invest. An improvement in the statement environment increases revenues to current lines of activity and so increases investment in these. It also creates new opportunities—for example, through trade or access to new technology. It influences the psychology of statement—the Keynesian “animal Given the complexity of effects that changes in the statement environment elicit, excellence businesses, industries, and regions will be touched in excellence ways. Moreover, growth fueled by the statement environment is not simply a shift towards some technological frontier. Developing countries must overcome or reduce all kinds of obstacles to competence, dynamic and otherwise, without any illusions that the economy will soon reach the frontier. Indeed, changes in the statement environment may have their most crucial impact far since the technological frontier.

A weak statement environment, on the other hand, may not only discourage investment, it can also lead statements to take costly or counterproductive steps to defend themselves since the consequences of its weaknesses. If social order and control are weak, businesses typically have to invest heavily in defensive measures such as private security. If the power supply is unreliable, businesses will invest in backup electricity generation capacity. If it is difficult to get properties through or to ports, trade is discouraged and larger, more costly inventories are held. Many such constraints on grows are not quickly or easily reversed.

On the contrary, improvements in the statement environment could generate extra growth dividends through political economy mechanisms if they increase the number of people and enterprises with a stake in a better climate. For example, if trade reforms create an export-oriented sector, that may increase pressure for additional reforms to trade policy or trade-related substructure. And higher incomes might lead to pressure for an improved statement climate in other ways, as people seek rules governing the protection of wealth or wealth.

The differences in investment and competence among economies can largely be explained by differences in their respective statement environments. A good statement environment can reduce the cost of doing statement and lead to higher and more predictable revenues on investment. A good statement environment also plays a central role in promoting national competitiveness, which underpins rapid and sustained economic growth.

2.6. SUBSTRUCTURE

A strong substructure enhances the competitiveness of an economy and improves the excellence of life of its residents. Good substructure connects businesses to their customers and suppliers, and enables the use of statement production technologies. IMF suggests that substructure paves the way for production, which in turn provides resources to repay the substructure construction loans (IMF 2011). Conversely, deficiencies in substructure create barriers to opportunities and increase costs for all businesses, since micro-enterprises to multinational corporations. World Bank-Macedonia (2005) captures the dual challenges of providing strong substructure: the physical construction of roads, power lines, water systems, etc.; and the grows of institutions that effectively provide and maintain public services. The study has identified three sets of indicators to measure substructure.

The first set of indicators shows how businesses perceive two components of substructure as constraints. Inadequate transportation and problems with electricity increases cost, disrupt production, and lower revenue. The second set of indicators measures the excellence of substructure — the number of days with power interruptions, the related loss in sales, and the number of days of insufficient water

supply. The third set of indicators evaluates the competence of substructure services by quantifying the delays in obtaining electricity and telephone connections. Service delays impose unnecessary costs on businesses and may act as barriers to entry and investment.

An essential prerequisite for achieving growth and sustainable growth is the availability of a host of substructure facilities in adequate and proper quantity. Substructure can be defined as the physical framework of facilities through which properties and services are made available to the public. Substructure can be broadly categorized into economic and social substructure. The economic substructure covers services such as transportation (roadways, railways and water transportation), power supply and telecommunication. They have direct impact on production through external economies; help “crowding in” of private investment (both domestic and foreign) in the concerned region. They facilitate economic growth through lower transportation cost, supply of the factors conducive to production and required monetary facilities.

They create multiplier effects through investments, employment, output, income and another ancillary growth. On the other hand, social substructure facilitates enrichment of human resources in terms of education, health, and housing. They contribute to economic growth, indirectly, by enhancing the excellence of life and improving the competence of labour. Thus, the availability of adequate substructure facilities is an imperative for the overall economic growth of a country. They touch each of the economic activities such as production, consumption, distribution, trade, etc. directly or indirectly having both positive and negative externalities. Substructure adequacy helps determine success in diversifying production, expanding trade, coping with population growth, reducing poverty.

A large body of theoretical literature exists confirming the association between substructure growth and economic growth. In the last three decades the issue on the association between substructure availability and growth/growth is being resurrected. While some of the studies on the developing economies conclude that the impact of substructure on economic growth is positive and substantial, studies on developed countries found positive but not considerable influence of substructure on economic growth. Good substructure is also found to facilitate international

integration. Using a sample of businesses in Bangladesh, Brazil, China, Honduras, India, Nicaragua, Pakistan, and Peru, Dollar, Hallward-Driemeier, and Mengistae (2005) examine how the statement environment touch s international integration. Relying on within-country variations by controlling for country effects—and using the city-level average of the investment climate measures as proxies of the native statement environment—the authors find that good substructure explains foreign ownership and exporting.

The effects of physical substructure seem to differ by countries. China is richer than most of the countries mentioned earlier that feature positive substructure effects, and China has invested a large amount of money on physical substructure. Using within-China variations, Hallward-Driemeier, Wallsten and Xu (2006) find that their proxies of physical substructure at the city level are not significantly associated with firm performance. Thus, the positive association between substructure and firm performance seems to be particularly strong in countries with a worse stock of substructure—due perhaps to its decreasing marginal return.

2.7. FINANCE

Developed financial markets provide payment services, mobilize savings, and finance investment. Efficient financial markets reduce the reliance on internal funds and money since informal sources such as family and friends by connecting businesses to a broad range of lenders and investors. World Bank study provides three types of indicators of how businesses perceive their financial environment and finance their investment.

The World Bank study included three sets of indicators to measure micro economic statement policies. The first set of indicators measures the degree to which businesses perceive access and costs of finance as constraints to investment. Inadequate financing possibilities create difficulties in meeting short term payments for labor and supplies as well as longer term investment. The second indicator compares the relative usage of numerous sources for financing investment. Excessive reliance on internal funds is a likely sign of inefficient financial intermediation. The third set of indicators focuses on the burden imposed by loan requirements, which is

measured by collateral levels relative to the value of the loan. Excessive loan collateral requirements are likely to constrain investment opportunities.

2.8. COMPETITION AND ENTRY REGULATION

There is evidence that entry deregulations improve competence and macro-performance (Loayza, Oviedo and Serven 2005a; Crafts 2006; Barseghyan 2008).

Moreover, the positive effect of deregulation is found to differ by the initial level of regulation. Gorgens, Paldam and Wurtz (2003), using the Index of Economic Freedom, find that deregulation since a high to a moderate level of regulation has a large effect on growth of about 2.5 percentage points, but additional deregulation has no effects. This explains why such deregulation in countries like China and India has spectacular effects, but barely noticeable ones in OECD countries. Recent firm-level evidence of entry regulation sheds light on the specific channels through which entry regulations touch economic outcomes.

An important channel for deregulation effects is by allowing for an easier entry. Investigating the effects of entry regulations with a database of businesses in Western and Eastern Europe, Klapper, Laeven and Rajan (2006) interact industry characteristics with country-level regulation indicators to examine whether regulation-vulnerable industries are more hampered by certain regulations. After controlling for country- and industry-specific factors and using the difference-in-differences approach, they find that entry regulations hamper entry, especially in industries featuring high entry (judging by what happens in the United States).

Value added per worker in high-entry industries grows more slowly in countries with more onerous regulations on entry. Interestingly regulatory entry barriers do not hamper entry in corrupt countries, but do so in less corrupt ones. Similarly, using the United Nations Industrial Development Organization's (UNIDO) industry-level data in 45 countries to examine the effects of entry regulations on entry patterns across industries, Ciccone and Papaioannou (2007) find that countries featuring less registration costs see higher entry rates in industries featuring stronger global demand and faster technology changes.

The importance of incentives for deregulation to work is also manifested in the telecom deregulation movement in the 1980s and 1990s, during which period national carriers were privatized, new competitors licensed, and new services

allowed (Li and Xu 2002). More than 150 countries introduced new legislation or modified existing regulation. Using a comprehensive country-level panel dataset between 1990 and 2001 augmented by operator-level data on privatization and competition—and relying on the difference-in-difference approach to identify the reform effects—Li and Xu (2004) study how telecom liberalization and deregulation touch performance. They find that new entry into the sector improves both factor allocation and competence. Most importantly, new entry and privatization are complementary in deepening network penetration and restraining the rise in service pricing.

Interestingly competition (and privatization) also reduces corruption. A study, using the World Environment Survey data of 21 transitional countries in East Europe and Central Asia, finds that utility employees are less likely to take bribes in countries with more competition in the utility sector and where utilities are private or privatized (Clarke and Xu 2004)

2.9. INNOVATION AND TECHNOLOGY

In order to survive and prosper in a competitive marketplace, businesses must innovate and increase their competence in response to the pressures they face since rival statements. A sound investment climate encourages businesses to experiment and learn; it rewards success and punishes failure. The World Bank study provides indicators that describe several dimensions of technological competence and innovation.

The first set of indicators measures the degree to which businesses innovate and their investment in research and grows. Innovation here encompasses the grows or upgrade of product lines, the introduction of new production technologies, and the acquisition of new licensing agreements.

The second set of indicators measures the impact of competition on the innovative activities of businesses. Driving forces of innovation in open markets include pressure since domestic and foreign competitors.

The third set of indicators demonstrates the utilization of information and statements technologies (ICT) in statement transactions by businesses. ICT, such as the Internet, are important tools for businesses because they provide even the smallest of enterprises with the ability to reach national and international markets.

CHAPTER THREE

REGIONAL ECONOMIC CROWS PLANNING AND ANALYSIS

3.1. DEVELOPING A THEORETICAL FRAMEWORK

The literature on economic growth emphasizes the importance of a friendly statement environment, as a pre-requisite for achieving higher economic growth. A sound macro-economic environment; good governance, institutions and political stability and robust economic and social substructure, have a significant bearing on the perception of statement. Statement are encouraged to take risk in the presence of these favorable statement environment factors. These factors define the cost and ease for doing statement and predict the certainty of the policy environment, considered critical by the statement.

A friendly statement environment encourages statement to invest and an unfriendly environment makes them turn their back. Statement are indispensable and inseparable part of any framework dealing with statement economics. They introduce innovations; play a significant role by entering markets with new products or production processes. They lead innovations in statement and cause higher competence. They grow businesses by making use of scale economies and raise revenues to human and physical wealth.

In essence, statement and the excellence of statement hip are critical for raising investments and economic growth. Figure 2.1 below displays the proposed framework of the present research study and depicts the inter linkages between critical statement environment factors and their effect on investment and growth. The process goes on. Eventually, a higher economic growth, caused by favorable statement environment improves the statement environment additional, prompting even greater investments and growth.

Economic growth is also a direct function of wealth formation. In the study of economic growth, wide interest has been attached to the proportion that wealth formation constitutes of national product (Kuznets 1959: 70). Kuznets adds, 'the larger it is (i.e., the larger the part of current product retained for use in additional

production), other conditions being equal, the higher the rate of growth of national product that can be generated.’ On the other hand, low wealth formation proportions would imply low rates of growth of national product, unless wealth-output ratios decline, i.e., unless more output can be turned out per unit of wealth. Kuznets empirically shows that ‘the proportion of gross national wealth formation to gross national product, i.e., gross savings ratio, is positively associated with income per capita’ (Kuznets 1959: 71).

In a globalizing world economy, governments increasingly need to address the challenge of growth in an open environment. Foreign direct investment (FDI) can play a role in meeting this challenge. The relevance of FDI to the host economy underlines the importance of a thorough understanding of the role of FDI in the growth process and appropriate policies for attracting FDI and maximizing its benefits. In this respect, Lall and Narula (2004) state that “it is difficult to see how host countries that have FDI can tap its potential fully without such strategies as native content rules, incentives for deepening technologies and functions, inducements to export and so on”. Chang also suggests that trade liberalization and the abolition of TRIMs (trade-related investment measures) means “kicking away the ladder” (Chang 2002) for technological upgrading of businesses in developing countries.

Other scholars hold converse opinion. Moran, Graham and Blomström (2005) argue that FDI has favorable implications for host country growth in general only if it is *not* subject to trade and trade-related restrictions, whereas FDI in protected host country markets leads to an inefficient use of native resources and subtracts from native economic welfare. Foreign investors in such countries deploy production techniques lagging far behind the frontier in international industry. Foreign affiliates with older technology and less efficient plants are not good candidates to develop since an infant industry to a robust world competitor.

Since the theoretical point of view, the idea that the statement environment could impact on output and competence is based on the capacity of these factors to create incentives to invest. However, these incentives operate at the level of the firm, where there is likely to be a excellence impact by firm, which will depend on a

myriad of interdependent factors industry, size, location within the country etc. Hence in order to understand the role of the statement environment and its possible impact on growth it is important to consider this at the firm level (Augier, DAVIS, and Gasiorek 2010).

It follows since the above discussion and the proposed framework that the interlinkages between macroeconomic environment, governance and substructure touch the decision of an entrepreneur, investment and economic growth. The review of theoretical literature on statement environment and economic growth, as contained in this chapter, has enabled us to gain familiarity with the subject and has helped significantly in conceptualizing the research approach and design for the present study, which is dealt with in the next chapter (Chapter 3. Chapter 4) containing an analysis of exploratory research will discuss these factors in additional detail, with the help of the secondary data. The results thus obtained therein will be juxtaposed with that of the data collected through a field survey of a relatively large sample of industries in four districts of Orissa and examines in detail, using quantitative methods of research, in Chapter 5.

3.1.1. SOME DEFINITIONS ABOUT GROWS

What is Native Economic Grows? The purpose of native economic grows is to build up the economic capacity of a native area to improve its economic future and the excellence of life for all. It is a process by which public, statement and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

What Does Practicing Native Economic Grows Mean? The success of a community today depends upon its ability to adapt to the dynamic native, national and international market economy. Strategically planned LED is increasingly used by communities to strengthen the native economic capacity of an area, improve the investment climate, and increase the competence and competitiveness of native statementes, statement and workers. The ability of communities to improve the excellence of life, create new economic opportunities and fight poverty depends upon them being able to understand the processes of LED, and act strategically in the changing and increasingly competitive market economy.

How Can a Strong Native Economy Be Built? Each community has a unique set of native conditions that either enhance or reduce the potential for native economic growth, and it is these conditions that determine the relative advantage of an area in its ability to attract, generate and retain investment. A community's economic, social and physical attributes will guide the design of, and approach to, the implementation of a native economic growth strategy. To build a strong native economy, good practice proves that each community should undertake a collaborative process to understand the nature and structure of the native economy, and conduct an analysis of the area's strengths, weaknesses, opportunities and threats. This will serve to highlight the key issues and opportunities facing the native economy.

Who Does Native Economic Growth? Successful private enterprise and productive public-private partnerships create wealth in native communities. Private enterprise however, requires a positive enabling environment to deliver prosperity. Municipal government has an essential role in creating a favorable environment for economic growth and success. Native economic growth is a partnership between the state sector, community interests and municipal government. LED is usually strategically planned by native government in conjunction with public and private sector partners. Implementation is carried out by the public, private and non-governmental sectors according to their abilities and strengths.

Why Do Native Economic Growth? LED evolved as a policy approach in the early 1970s in response to municipal governments realizing that economic activity and wealth were moving between locations for competitive advantage. By actively reviewing their economic base, communities gained an understanding of the opportunities for, and obstacles to, growth and investment. With this newfound understanding, communities attempted to expand their economic and employment base by devising and undertaking strategic programs and projects to remove obstacles and facilitate investment.

Today, native economies face an even greater set of challenges. These include: (International, National, Regional, Metropolitan and Municipal):

1) INTERNATIONAL

Globalization increases both opportunities and competition for native investment. It offers opportunities for native statements to develop new markets but also presents challenges since international competitors entering native markets. Multi-site, multi-national manufacturing, banking and service corporations compete globally to find cost efficient sites in which to locate. Technologically advanced growth industries require highly specialized skills and a supporting technology substructure, but increasingly all industrial and service sectors need highly specialized and specific skills and statement environments. Native conditions determine the relative advantage of an area and its ability to attract and retain investment. Even small towns and their surrounding rural regions can develop native economic opportunities at a national or international level by building on their native economic strengths.

2) NATIONAL

At the national level, macro-economic, fiscal and monetary reforms have directly impacted the economy at the native level. National regulatory and legal frameworks such as tax reform, tele statements deregulation and environmental standards directly influence the native statement climate, either enhancing or reducing the potential for native economic grows. In many countries, national government functions continue to be decentralized thereby increasing the responsibility of municipal governments to retain and attract private industry.

3) REGIONAL

Communities within and between regions often compete to attract external and native investment. Opportunities exist for communities across regions to collaborate with each other to help their economies grow, for example, by supporting substructure or environmental improvements that demonstrate a broad regional impact. An association of native municipalities or regional governments can serve to facilitate these types of LED effort by acting as an intermediary between national and municipal governments.

4) METROPOLITAN AND MUNICIPAL

Statements, both large and small, often choose to locate in urban areas because of agglomeration economies (i.e., the benefits derived since sharing markets, substructure,

labour pools and information with other businesses). The economic advantage of urban areas depends significantly on the excellence of urban governance and management, and on the policies touch in the availability, or lack, of electricity, transport, tele statements, sanitation and developable urban land. Factors touch in labour competence in the native economy include the availability and excellence of housing, health and education services, skills, security, training opportunities and public transport. These 'hard' and 'soft' substructure factors are major determinants of a community's relative advantage. The excellence and provision of 'hard' and 'soft' substructure forms the cornerstone of a successful native economy.

Metropolitan areas can offer increasing opportunities through economies of scale and effort as a result of the size of the physical and human wealth available, as well as the size of its services and internal market. Uncoordinated and disparate institutional frameworks and planning bodies in metropolitan areas can serve to undermine area-wide economic growth. Metropolitan-wide LED agencies, consortia and networks can be created to address these constraints. These innovative institutional frameworks, which represent the interests of excellence municipalities and partner agencies in the same metropolitan area, can bring benefits to the key actors of each municipality (public departments, statement and civil society organizations). These frameworks can serve to unite the efforts of excellence native cities and increase LED results, and can strengthen representation in higher levels of decision-making. This type of cooperation has worked well for cities that belong to common market agreements or that have common sector interests (i.e. Euro cities, **Indonesian City Network**, South African Cities Network).

The most important and effective native economic grows activity that a municipality can undertake is to improve the regulatory processes and procedures to which statements are subjected by the municipality itself. A survey of most municipalities would reveal a number of complex, poorly managed, expensive and unnecessary statement registration systems. By reducing these, a municipality can quickly improve its native investment climate.

Disadvantaged Populations and Informal Economy In many countries, economic growth is determined not only by the formal economy (the economic sectors that are legally registered and pay taxes) but also by the informal economy (those activities that are not legally registered). In some cases, the size of the informal economy is greater than the formal economy, and it interacts with the formal economy by supplying certain properties and services. The linkages between

the formal and informal sectors of the economy need to be excellence and considered in the devising of a native economic grows strategy.

Communities and statements increasingly recognize that a successful native economy requires social, as well as economic, environmental and physical renewal. In many cities, large numbers of low-income families work within the informal economy. However, these informal activities are often low-growth activities as a result of a lack of access to proper substructure and services (i.e., electricity, water, roads), regular means of financing, information and skills. The grows of an LED strategy should recognize and accommodate the constraints and opportunities of the informal economy so as to broaden the appeal of a strategically planned LED strategy. It should also encourage wider social benefits for all a community's economic and social sectors, both formal and informal, disadvantaged

3.1.2. LITERATURE ON FINANCIAL STRUCTURE AND ECONOMIC GROWTH

Allen and Gale (2000) extended the studies of Goldsmith (1969) on the relationship between financial structure and economic growth. The authors study the relationship between financial structure and growth in Germany, Japan, the United Kingdom, and the United States. Allen and Gale (2000) discuss that bank-based systems or better risk sharing services than markets. Demirgüç-Kunt and Levine (2001) examines the relationship between financial structure (the degree which a country has a bank-based or market-based financial system) and long-run economic growth using a broad cross-section of countries. Demirgüç-Kunt and Levine (2001) argue that countries with weak legal institutions tend to have bank-oriented financial systems rather than market-oriented ones. Demirgüç-Kunt and Levine (1999) construct indices of the organization of the financial structure for a large set of developing and developed countries.

They measure the relative importance of bank vs. market finance by the relative size of stock aggregates, by relative trading or transaction volumes, and by indicators of relative competence. The authors show that developing countries have less developed banks and stock markets, whereas in developed countries, Allen and storm (2000) stretched out the investigations of Goldsmith (1969) on the relationship

between fiscal structure and financial growth. Those authors ponder those relationships in the middle of monetary structure and growth on Germany, Japan, the United Kingdom, and the United States. Allen and Gale (2000) talk about that bank-based frameworks offer better hazard sharing arrangements over states.

Demirgüç-Kunt and Levine (2001) investigate the association between the structure of budgetary structure (the level which a nation needs a bank-based alternately market-based financial system) and long-run financial growth utilizing an extensive cross-country sample since 1970. Demirgüç-Kunt and Levine (2001) contend that nations with feeble legitimate institutions tend to bring bank-oriented monetary frameworks instead of market-oriented ones. Demirgüç-Kunt and Levine (1999) build indices of the association of the budgetary structure for an extensive set of 100 countries. They measure the relative fact that bank vs. market based. Eventually, they measure those relative measures since claiming stock aggregates, by relative exchanging alternately transaction volumes, and eventually, they measure indicators about relative effectiveness.

Those authors hint at that creating nations bring lacquerable formed banks. Additionally, stock markets, inasmuch as previously, formed countries, the financial sector becomes larger, more active, and more efficient. It is also argued that developing countries are more bank-based. Demirgüç-Kunt and Huizinga (2000) show the impact of financial growth and structure on bank performance. They argue that financial structure has important implications for long-run economic growth and discuss that countries differ widely in their relative reliance on bank vs. market finance. For example, whereas Germany and Japan are regarded as bank-based, because the volume of bank lending relative to the stock market is rather large in these countries, the United States and the United Kingdom are considered to be more market-based.

Tadesse (2002) examines the relationship between an economy's degree of market orientation and the real-sector performance. The research shows that although market-based systems outperform bank-based systems among countries with developed financial sectors, bank-based systems are superior to market-based systems among countries with underdeveloped financial sectors. Countries

dominated by small firms grow faster in bank-based systems, and those dominated by larger firms, in market-based systems. However, in his cross-country study, Levine (2002) argues that classifying countries as bank- or market-based is not a very fruitful way to distinguish financial systems. Levine (2002) also states that the only financial growth indicator that is not significantly related to growth is financial size, which is consistent with the finding of Levine and Zervos (1998) that market liberalization is not a robust predictor of economic growth. Beck et al. (2000a) also investigate the relationship between financial structure and economic growth.

They investigate whether economies grow faster in market-based or bank-based systems, with a cross-country re-regression approach. Their findings show no evidence of the difference between the two financial systems in terms of influence on economic growth. Beck et al. (2000a) show that only the level of financial growth nuances economic growth and conclude that economies that heavily depend on external finance grow faster.

Another view comes from La Porta et al. (1998) who discuss the importance of the legal system in determining the enforceable contracts between firms and investors. According to the authors, the relevant differences between countries lie in the extent to which their financial systems protect investor rights, rather than in the distinction between bank-based and market-based systems. La Porta et al. (2000) also argue that the legal system is the key to the financial system. It is concluded that the legal system protects creditors and minority shareholders against expropriation by majority shareholders and managers, and effective corporate governance can be supported by legal investor protection.

3.1.3. LITERATURE ON FIRM AND INDUSTRY LEVEL STUDIES

There is a vast amount of literature on firm and industry-level studies. According to recent research (Demirgüç-Kunt and Maksimovic, 1998; Rajan and Zingales, 1998; Wurgler, 2000) firms are more dependent on external financing and grow faster in countries with well-developed financial systems. Demirgüç-Kunt and Maksimovic (1998) show that firms in countries with a developed stock market and large banking sector grow faster than predicted. Demirgüç-Kunt and Maksimovic (2002) extend the methodology of Demirgüç-Kunt and Maksimovic

(1998) to address divergences in bank-based and market-based systems in firm growth. They investigate whether firms' access to external nonbankers in market-based and bank-based financial systems. Using relevant data for 40 countries, they compute the proportion of firms in each country relying on external finance and examine the changes in the proportion across financial systems. Although they find that the growth of a country's legal system predicts access to external finance and that stock markets and the banking system affect access to external finance divergently, they find no evidence of firms' access to external financing is predicted by relative growth of stock markets to the growth of the banking system. Rajan and Zingales (1998) show that industries that rely mostly on external finance grow faster in countries with better-developed financial systems. The authors document that financial growth reduces external financing costs and improves economic growth.

3.1.4 STRATEGY

- 1) More Growing States:** Wealthening on the strength of the region's base to increase competence and provide the conditions for state-led growth.
- 2) Developing Places:** Empower the region's communities to address their distinct economic challenges and opportunities.
- 3) Better Skills, Better Opportunities:** Create a vibrant culture of opportunity in the region to retain and attract people of working age and improve the competitiveness of individual states.
- 4) Well Developed Substructure:** Enhancing regional connectivity, removing barriers to state competitiveness and improving access to economic opportunities for individuals and states.
- 5) Investment Projects:** Large investment projects that will make a significant impact on the regional economy.
- 6) Leadership:** Attainment of our aspirations requires a shared vision and partnership working across the public, private and third sectors along with our providers of additional and higher education. Our partners must demonstrate strong, confident leadership and effective partnership working.

3.1.5. THE LED STRATEGIC PLANNING PROCESS

Good practice indicates that native economic grows should always be guided by a strategy. Ideally, an LED strategy will form a component of a broader strategic grows plan that includes social and environmental components. The LED strategy provides a focus on strengthening the native economy and building native capacity. The timeframe for an LED strategy is typically three to eight years and includes annual implementation plans. The logical sequence of these stages is outlined in the table below.

3.1.6. THE FIVE STAGE STRATEGIC PLANNING PROCESS

A native economic grows strategic planning process typically has five stages, and while these are highlighted below as separate stages, in reality, LED strategic planning is a flexible process and one stage often continues in parallel with another according to native requirements. If problems are encountered during a particular stage, it may not be as a result of work in that stage but the appropriateness of a previous stage. Previous and subsequent stages may need to be refined or reworked to resolve problems. The strategy is a living document that should be changed as circumstances dictate.

Table 1: The Five-Stage Sequence of The Native Economic Grows Strategic Planning Process

NATIVE ECONOMIC GROWS, THE FIVE STAGES	
Stage 1: Organizing the Effort	Stage 4: Strategy Implementation
Stage 2: Native Economy Assessment	Stage 5: Strategy Review
Stage 3: Strategy Making	

Stage 1: Organizing the Effort

To successfully organize a native economic grows strategy, institutional arrangements and stakeholder involvement should be agreed at an early stage of the planning process. An LED team should be established in City Hall or within a partner organization and this team should initially manage the strategic planning process.

Successful native economic grows requires the collaborative effort of public (governmental), private (statement) and non-governmental (NGOs, trade unions, social, civic, religious) sectors. The strategic planning process begins by identifying the people, public institutions, statements, industries, civic organizations, professional organizations, think-tanks, training institutions and other groups that comprise and/or impact the native economy.

The skills, experiences and resources that stakeholder groups bring to the effort will each contribute to the overall strategic planning process. Establishing solid working relationships and organizational structures to support the strategy planning process will lead to beneficial long-term, public, private and non-governmental partnerships. These working relationships can range since relatively informal working groups, to semi-formal, loosely aligned networks, to the establishment of a regional grows agency or a constituted public-private partnership. Maintaining and sustaining such partnerships is often the critical and challenging factor determining the effectiveness of LED efforts.

Stage 2: Native Economy Assessment

Knowing the characteristics of the native economy is critical if stakeholders are to identify and agree a realistic, practical and achievable LED strategy. To elicit key data on the native economy, an effective native economy assessment will start with a preliminary review of the existing economic relationships and activities within an area, and will make use of available quantitative and qualitative information that highlights existing structures and trends in statement grows, manufacturing, employment, skills, and other data that will help to identify the strategic direction of the native economy. The assessment need not necessarily be limited by an administrative jurisdiction or boundary such as a municipal boundary. An area might consist of a metropolitan region, a travel-to-work area, a town, city or its urban or rural hinterland. The information collected may highlight the need for specific projects and programs that will expand and diversify the native economic base.

The first step in a native economy assessment is to determine what information is pertinent, required and available, and to identify the vague, missing or non-existent data that it will be necessary to obtain for the native economy assessment. After obtaining this data, it will be necessary to collate and analyse the

data so as to provide a profile of the native economy. Several tools including SWOT analysis (Table 2), benchmarking and regional economic indicators may be used to identify key information on the native economy. Effective LED strategy planning will include a review and analysis of the contribution of native economic growth programs and projects that are already happening in the area.

Table 2: SWOT Analysis: Examples of Native Economy Assessment Issue

EXAMPLE OF ISSUES OF A NATIVE ECONOMY ASSESSMENT	
Strengths Native assets	Competitive wage rates, skilled workforce, educational and research institutions, strong transportation network, safe native it, productive existing businesses, proximity to raw materials or other natural resources.
Weaknesses Obstacles to growth	Worsening poverty, complex native regulatory procedures, inadequate substructure, limited access to credit, health issues touch in the workforce (e.g., HIV/AIDS), high crime rates.
Opportunities Favourable exogenous (external) conditions	Technological change, new international trade arrangements, macroeconomic/political growth, expanding markets, the growth of a regional airport, emerging skilled workforce.
Threats Unfavourable exogenous (external) trends	Demographic changes, downsizing of global market or loss of markets resulting in native plant closure, unstable exchange rates inhibiting native investment, loss of educated population to other areas - outward migration.

The native economy assessment will be used to:

- identify public, private and non-governmental resources;
- collect and analyze existing or critical new quantitative and qualitative information
- establish data management systems for future use in monitoring and evaluation.

Also important is comparative information on the resources and activities of neighboring communities or other native, regional, national or international competitors. The assessment should consider the potential for a wide range of native

economic growth opportunities across all the major sectors, including the formal, informal and community sectors.

The level and depth of data to be collected will be determined by availability, budget and nature of the native economy. In many developing countries, information about the economy is only available at the national level. Collecting detailed information about the native economy can be an expensive process that municipalities with limited funds have difficulty in undertaking. In this situation, it is necessary to consider numerous methods and approaches to understanding the native economy. Such approaches may include meetings with stakeholders and community groups, interviews and simple surveys.

Stage 3: Strategy Making

As in comprehensive city strategic planning, the intent is to achieve an *integrated* approach to native economic growth strategic planning. In devising strategy, practitioners in municipal government and principal stakeholder groups will need to balance native economic growth with environmental and social requirements. A typical LED strategy has a number of components.

Table 3: The 5 Steps of LED Strategy Making: ‘Visions to Projects’

ELEMENTS OF THE LED STRATEGY	
Vision	Describes the stakeholders’ consensus on the preferred economic future of the community.
Goals	Based on the overall vision and specify desired outcomes of the economic planning process.
Objectives	Establish the performance standards and target activities for growth of each goal. They are time bound and measurable.
Programs	Set out approaches to achieving realistic economic growth goals. They are time bound and measurable.
Projects and Action Plans	Implement specific program components. They must be prioritized, and costs must be established. They are time bound and measurable.

Stage 4: Strategy Implementation

An LED strategy is an overall plan that has short, medium or long-term aims and actions and sets out what is going to be achieved. It will establish an agenda to promote and develop a native community's economic, physical, social and environmental strengths and will address both challenges and opportunities.

Implementation Plan

Every LED strategy should have an implementation plan that in turn is supported by individual project action plans. The implementation plan sets out the budgetary and human resource requirements, and institutional and procedural implications of implementing the LED strategy. As a single document that contains all of the LED programs and projects within a strategy, it serves as an integrated programming document to maintain clarity of strategy direction, and ensures that programs and projects do not inappropriately compete for resources and support.

With a timeframe of between one and three years, a good implementation plan will result in a more efficient and effective use of existing budgets, and can be used to attract funding since external sources such as national government, bilateral and multilateral donor agencies, and the private sector.

Action Plans

LED action plans provide specific details on project components including a hierarchy of tasks, responsible parties, a realistic delivery timetable, human resource and financial requirements, sources of funding, expected impacts, results, performance measures and systems for evaluating progress for each project.

Projects that can be implemented in the short term and that result in "early wins" play an important role in building momentum and stakeholder confidence. Other projects will have a medium to long-term timeframe. In each case, projects should be "championed" by individuals or a group of stakeholders according to interests, resources, commitment and expertise.

Developing a good monitoring and evaluation system for an integrated LED

Strategy is important and allows for analysis and review. It enables the LED team to correctly quantify outcomes, justify expenditures, determine necessary enhancements and adjustments, and develop good practices. Indicators can be identified to measure both process and impact.

Although an LED strategy is usually written for a three to eight-year period, the strategy should be reviewed annually to allow for adjustment in response to changing native conditions. A more comprehensive revision usually takes place every three years. The implementation of the LED strategy should however, be subject to a rigorous annual assessment. This review should consider the resources available for the delivery of the strategy and include established and agreed monitoring and evaluation indicators of the native economy.

The review should include, where possible, inputs, outputs, outcomes and impacts, and also the implementation process and the level and extent of stakeholder participation. Alongside the strategy review, systems should be in place to monitor the progress of each project. These systems will allow decision makers to adjust the strategy in response to changing native conditions. As programs or projects are completed or deemed to be inappropriate, new ones can be identified.

Good Practice for Strategy Success

Good practice in native economic growth requires tailored approaches to native conditions, and the next are excellent guiding principles:

- An integrated approach that includes social, environmental and physical, as well as economic issues.
- A carefully developed strategy built by all relevant partners and based on a shared vision.
- Reference to the informal economy: the informal economy requirements to be carefully taken into account. In some native cities, it can represent a significant part of the native economy, be strongly inter-linked with formal activities and provide the economic basis for the majority of the poor.

- A range of projects: short, medium and long-term, to catalyze partnerships and build stakeholder confidence.
- Influential and effective native leaders that bring commitment, credibility and an ability to unite stakeholders.
- Capacity building of management and ‘on the ground’ teams are essential to project implementation.
- The LED strategy should be owned by the municipal government with a demonstrated strong political will to implement it.
- Political, financial and technical support since other levels of government that adds value.
- Projects and action plans should be undertaken only where a responsible manager or champion has been identified who is committed to successful implementation.

An Example to Show the Excellence Elements of a LED Strategic Plan

Table 4: ‘Visions to Projects’: The Strategic Elements

VISION: THIS MUNICIPALITY WILL BECOME GLOBALLY COMPETITIVE BY 2020
<p>▪ GOALS:</p> <ol style="list-style-type: none"> 1. To diversify the economic base of the municipality. 2. To become a tourism center. 3. To improve the built environment of the municipality. 4. To become the most attractive municipality in the region for foreign direct investment. 5. To become a more equal society through improved access to work for all the community. <p><i>(For each goal a series of objectives is formulated. Consider Goal 3 as an example)</i></p>
<p>▪ GOAL 3: To improve the built environment of the municipality.</p> <p>Objective 1: To utilize and develop all brownfield sites over one quarter of an acre by 2010.</p> <p>Objective 2: To adopt, within the next six months, planning policy guidelines to ensure that historic buildings more than 100 years old may not be altered or demolished without prior native authority consent.</p>

Objective 3: To ensure that all new applications to build industrial and commercial office space meet native, national and international standards for safety, environment and so on.

These objectives should be time bound and quantifiable. Some should be short term (for early wins), some longer term. Then, for each objective, there should be a program of projects and activities. These need to be selected carefully using selection criteria.

The result could look like this, for example:

▪ **OBJECTIVE 1: To eliminate all Brownfield sites over one quarter of an acre in size by 2010.**

Program: brownfield Remediation Program

Project 1.1: To develop a register of derelict Brownfield sites in the municipality and establish ownership.

Project 1.2: To initiate a lobbying effort for national government and other funding to remediate the sites.

Project 1.3: To prioritize sites according to the severity of their pollution/prominence in the municipality.

Project 1.4: To review native and national legislation to ensure ‘polluter pays’ legislation is in place.

Project 1.5: To develop and implement a strategy to ensure landowners remediate their sites, and that they be encouraged to bring them into beneficial use.

▪ **PROJECT 1.1: To develop a register of Brownfield sites in the municipality and determine ownership.**

Action Plan: Ideally, these will be produced on some standard pro-forma including the next information:

1. Name of project
2. Short description of project
3. Itemized actions by date
4. Cost and budget profile
5. Responsible project manager, and responsible person for the whole objective/program
6. Expected outcomes
7. Monitoring process

3.1.6.1. STAGE ONE: ORGANIZING THE EFFORT

Step 1: Identify the LED Team Leader and Establish a City Hall Staff Team.

Step 2: Establish a Political Process in City Hall.

Step 3: Develop a Stakeholder Partnership Group.

Step 4: Develop Systems to Work with Other Tiers of Government.

Step 5: Consider the Appropriate Type of Organization to Develop LED Strategies and Projects.

The first stage in developing an LED strategy is to organize the LED effort. This is commonly divided into five steps that can take place simultaneously.

Step 1: Identify the LED Team Leader and Establish a City Hall Staff Team

An individual or organization requirements to take the lead in initiating the LED strategic planning process. Usually, although not always, this starts with the municipal government delegating the responsibility to a new or existing municipal department or unit. In some cities, a native economic grows agency has been established as an independent or semi-independent organization.

In a few, a private entity has been created. Municipalities with limited resources might start with a less ambitious LED team. In many cases, an LED team may initially consist of one person. In such a situation, the LED program could be incrementally expanded through the training of staff, and by making use of resources external to the municipality. Such resources may include statement groups, diaspora, non-governmental organizations, volunteers, schools, colleges and universities, as well as the exchange and transfer of experiences with other municipal governments.

Where LED is a new function for a municipality, it is important to undertake an **institutional assessment** of the key departments that are involved in LED. This assessment will identify the necessary individual skills, organizational resources and performance conditions that need to be strengthened for the LED process to be effective. As an all-encompassing process, LED requires a range of technical, professional and managerial skills, and an LED team should therefore include a wide range of experienced municipal officials including grows planners, lawyers, financial

and environmental experts, engineers, architects, researchers, statement experts and others that could contribute to a native community's economic, physical and social grows.

An LED team should be a multi-disciplinary team that is able to work across traditional departmental lines, as well as governmental and non-governmental lines. Where appropriate mechanisms of municipal transparency and accountability exist, an LED team may involve the participation of professionals and volunteers since outside the municipality. It is important to strengthen the capacity of the LED team to communicate with non-governmental organizations and statement sectors, and this will require good facilitation skills and the use of creative statement techniques. In some municipalities, this may be the first time that truly interdepartmental working has been occurred.

Given LED's broad scope and the necessity to develop relationships with the private, public and non-governmental sectors, true and genuine leadership of the team is necessary. Such leadership will provide the team with better conditions for devising and delivering an LED strategy. There are a number of ways that LED can be managed and developed by a municipality.

Establishing a 'Home' for LED within a Municipality

In almost all successful native economic grows case studies, a responsible person, often in the Mayor's Office or in the office of the Chief Executive Officer, is initially appointed to take responsibility for LED (this may expand into a specific unit or department at a later point). This initiator may spend much of his/her time initially gathering information on the native economy and identifying important stakeholders. This person will ideally have LED experience and be able to demonstrate a sound understanding of the requirements of statements. This is not essential however, as these skills can be learned.

A commitment by the Mayor to appointing this person to a full-time position with responsibility and necessary initial resources is important. Though available resources may initially be small, they should be sufficient to begin an LED program and provide basic office equipment, training in LED if necessary, and an operational

budget to facilitate stakeholder meetings and gather data for a preliminary SWOT analysis.

Municipal Task Groups to Oversee the LED Process

Given the cross-cutting nature of LED, cross-disciplinary, interdepartmental teams make for successful strategy making. Such task groups should include people since across the numerous municipal departments that have professional, technical, political or financial responsibility for matters touch ed by the LED strategy. There should be terms of reference and a formal reporting system for these groups. Transparency and public access to information used or generated by the groups is important to their overall credibility.

Links to Other Municipal Planning Processes

LED, as an integrated discipline, will usually have many linkages with almost all other native grows strategies. The coordination of the excellence strategies and their constituent programs is therefore important as it can make better use of scarce resources, avoid duplication of efforts and increase overall impact. Systems and procedures should be developed to ensure that LED is integrated into all of these plans and vice versa. Importantly, statementes should not have to deal with conflicting information and policies since numerous municipal strategies.

As municipalities often do not have the necessary resources to implement all LED strategies simultaneously, it is important to develop technical and decision-making mechanisms to prioritize and balance excellence native requirements. Municipal decision-makers and practitioners should seek to balance the native economic grows, environmental and social requirements of an area, and many municipalities have developed excellence technical criteria for prioritizing and coordinating investments. Others have established participatory planning mechanisms that range since consultative processes to direct involvement in decision making.

Municipal plans that should influence, and be influenced by, the native economic grows agenda, may include, but are not limited to:

Table 5: Other Municipal Plans that Will Influence (Be Influenced By LED)

City strategic plan	Planning, resource management, zoning, land use grows strategies	Transport strategies	Leisure and recreation strategies	Housing strategies
Environmental strategies	Anti-poverty strategies	Education and training strategies	Crime and public safety strategies	Waste disposal and pollution control strategies

Step 2: Establish a Political Process in City Hall

The effective implementation of any LED strategy will require concerted political effort and support. Ensuring that native political leaders are involved will help to ensure that the LED strategy gains both the political support and commitment of necessary resources required for effective implementation. The municipal leadership and responsibility for LED should be given to a native political leader. These committees often oversee both the policy direction of the municipality and the allocation of resources and the LED strategy reporting process should be part of the annual council decision making cycle. Over time, many municipalities initiate an independent, autonomous economic grows standing committee. As a native lee driven process, the opportunities for developing the appropriate native political mechanisms will be varied. Examples of Participatory Planning Tools:

The World Bank Participation Source Book

Participation is a concept that means excellence things to excellence people in excellence settings. For some, it is a matter of principle, for others, a practice, and for others still, an end in itself. All these interpretations have merit. The World Bank Participation Sourcebook, however, follows the definition of participation adopted by the Bank’s Learning Group on Participatory Grows: “Participation is a process through which stakeholder’s influence and share control over grows initiatives and the decisions and resources which touch them”.

UN-HABITAT: Tools to Support Participatory Urban Decision Making

The Toolkit responds to the demand by practitioners for support in applying participatory approaches to urban planning and management. The Toolkit topographies a harmonized approach to participatory urban decision making through a city consultation process, profiles 18 specific tools which have been applied and demonstrated through numerous technical cooperation programs of UN-HABITAT and describes the linkages between each of these specific tools and the relevant principles of good urban governance.

Step 3: Develop A Stakeholder Partnership Group

Stakeholders are individuals, statements, organizations or groups in the public, private and not-for-profit sectors that have an interest in strategizing and implementing LED programs and projects. Many municipalities involve stakeholders in LED processes, since strategy formulation, to program and project implementation, to monitoring and evaluation, as doing so can increase:

- credibility, equity and transparency, by opening the planning process to the public;
- effectiveness, as it is easier to understand the real (economic) requirements when the beneficiaries are involved. It also contributes to building support, and overcoming resistance and mistrust;
- competence, as stakeholders can mobilize their own resources to support and promote native economic grows.

For many municipalities, involving external stakeholders in the municipal decision-making process is a new and daunting prospect. As a first step stakeholder may be invited to contribute data, participate in surveys and focus groups and contribute ideas.

Try to find key stakeholders and understand their motivations for participating in the LED strategic planning process, how they can participate, and how they can add value (i.e., skills, knowledge, volunteer work, material and financial resources) to the LED effort. Engaging non-governmental actors such as

the statement community, organized civil society groups and citizens as a whole in native grows planning is becoming increasingly common.

Building Stakeholder Partnerships

Building such partnerships for native economic grows will enable municipalities to achieve more, with the same Native Government inputs, to be more cost effective while potentially identifying new ways of gaining access to additional resources. Partnerships aim to link the numerous native partners that have an impact on native economic grows into an agenda that can support and sustain successful and sustainable native economic grows. Partnerships should be established to address a jointly recognized opportunity. If stakeholder partnerships are to work, openness and the ability to work in an innovative way is important.

3.1.7. THE KEY STAKEHOLDERS AND THEIR POTENTIAL CONTRIBUTIONS

Municipal Government

Municipalities are key agents for native economic grows. Municipalities, in many places, are responsible for providing excellence services and implementing regulations (e.g., zoning regulations) that address a wide range of native economic grows requirements. In addition to providing physical and other substructure, they may facilitate statement grows, retention and attraction by marketing native products, may offer incentives to support statement extension, providing education and training, supporting small statement grows, and improving substructure maintenance. Municipalities manage a wide variety of regulatory procedures for statementes such as registration, licensing and permitting. They may include, but are not limited to:

- ✓ analyzing the native economy.
- ✓ providing leadership to native economic grows;
- ✓ coordinating and funding the implementation of native economic grows projects.
- ✓ ensuring a high standard of service delivery;
- ✓ providing incentives (fiscal, land grows, marketing) to attract private investment.

- ✓ promoting native statement grows through procurement policies.
- ✓ promoting an enabling environment that stimulates statement growth.

Moreover, municipalities can identify and provide the leadership necessary to organize and build coalitions and partnerships to exchange information among native and regional actors interested in LED. Promoting meetings and seminars, and networking with interested individuals, groups and organizations, are important for knowledge creation and dissemination, and can serve to identify new opportunities for economic growth.

LED strategies at the municipal level are likely to benefit since increased support (financial and political) by working with higher tiers of government as well as across horizontal tiers of government. As regional grows is becoming increasingly important, there need to be clear and positive synergies between native and regional strategies to maximize LED outcomes.

Private Sector and Community

As the private sector and native community are significant beneficiaries of an LED program, it is essential to involve them in the LED strategic planning process. Doing so can:

- increase the effectiveness and competence of the strategic planning process by securing a range of external resources (material, financial), knowledge and experience that is often not available since within the municipality.
- legitimize the process and help de-politicize LED projects. This can help to ensure long-term sustainability.
- widen consensus and support for the LED strategy, thereby helping to strengthen the confidence of potential investors and statementes.
- forestall problems by engaging partners and stakeholders in the process.
- increase the understanding of the native economy, as statement partners are likely to know much more than municipal representatives about the true state of the

native economy. Native statement leaders are likely to be informed about native problems and opportunities that could be addressed by the LED strategy.

- encourage community volunteer efforts to support LED implementation programs.
- incorporate low-income and informal economy groups and associations (i.e. slum dwellers and street vendors associations) into the process as they have a better understanding of the issues touch in their economic activities.

Table 6: Potential Stakeholders in the LED Process

POTENTIAL STAKEHOLDERS		
<i>Public Sector</i>	<i>Private Sector</i>	<i>Community Sector</i>
<ul style="list-style-type: none"> ▪ Municipal government including technical departments ▪ District or regional government ▪ Sector boards and authorities (health, education, transport) ▪ Zoning board ▪ Institutions of research and higher learning <p style="text-align: center;"><i>Utilities</i></p>	<ul style="list-style-type: none"> ▪ Large corporations ▪ Trade unions ▪ Small, medium and micro-scale statement ▪ Land and real estate developers ▪ Banks and other financial groups ▪ Chambers of commerce ▪ News media ▪ Other statement support groups ▪ Professional associations ▪ Private utilities 	<ul style="list-style-type: none"> ▪ Community leaders ▪ Neighborhood groups ▪ Community service Organizations ▪ Native education institutions ▪ Native religious sector <p><i>Other non-governmental organizations and groups:</i> Minorities, disabled and other disadvantaged populations; environmental issues; cultural, arts and historical interests</p>

The ultimate configuration of the stakeholder group should really be determined by a strategic assessment of the native economy and the key native economic actors themselves.

Establishment of a Steering Committee

One way of involving stakeholders is to establish a Steering Committee. This should include key stakeholders since all sectors including government, state and NGOs, and the municipality will usually provide institutional support for this committee. Group facilitators have an important role to play during meetings with excellence stakeholders as conflicts may emerge due to excellence interests. Group facilitators can bring a degree of control to meetings and may be required in the early days of establishing the LED strategy and partnerships. The Steering Committee may initially be an advisory committee. As time progresses, more formal structures are often considered.

LED Institutional Framework Case Study

SPAIN: Strategic Metropolitan Plan of Barcelona

The Strategic Metropolitan Plan of Barcelona has developed an effective institutional framework based on a non-for-profit association (committee) that includes 300 members since government, private and non-governmental organizations. The association is the most representative instance of a steering committee. It approves the strategic plan, builds consensus and promotes joint leadership and cooperation. (http://www.bcn2000.es/index_eng.html).

Step 4: Develop Systems to Work with Other Tiers of Government

National, state, provincial and regional levels of governments have a key role to play in facilitating an environment that is conducive to native economic growth, and it is therefore appropriate to include these levels of government into the strategic planning process when necessary. In addition to looking at the relationships that LED has with other native plans, there is a need to look beyond the native area to other programs, plans, rules and regulations that will impact upon the native economic agenda. These may include national, state, provincial or regional laws and policies, for example:

- ✓ tele statements deregulation;
- ✓ financial regulations;

- ✓ environmental standards;
- ✓ taxation;
- ✓ land and property laws;
- ✓ national substructure investment plans; and,
- ✓ budget transfers (often conditional grants).

Regional initiatives allow native municipalities to pool resources and gain synergies since working in partnership with nearby municipal governments. The LED task team should therefore look to establish and/or build on inter-governmental work that is already occurring so that new programs and initiatives can be initiated and influenced.

Regional Initiatives: Some Ideas

Many native cities, towns and cities within regions have worked collaboratively to increase regional capacity for native economic grows.

LED strategies include:

- developing education and research consortia across regions;
- developing specialist institutions of higher learning;
- developing regional statement clusters (these will be discussed later);
- regional promotion to attract and retain investment;
- developing regional supply chains to increase intra-regional trade and investment;
- improving regional transportation links within and beyond the region;
- improving regional technology transfer;
- Strengthening native and regional lobbying efforts to higher tiers of government.

Step 5: Consider the Organization to Develop LED Strategies and Projects

Creating an appropriate organizational arrangement to develop and implement native economic grows is a significant undertaking. It is not necessary to decide this at the beginning of the strategy making process but in the course of developing the strategy. There are a number of institutional locations where LED could be situated within a municipality, for example,

- **in the Chief Executive’s or Mayor’s Office:** This has the advantage of visibility, and the ‘weight’ of the most senior staff to support it. Situated in this department, LED is likely to have a higher profile and exhibit more of a policy and facilitation focus, which in turn can help guarantee coordination with other municipal departments. However, it might have less implementation resources and be over-dependent on the Mayor’s political tenure.
- **in a functional department:** In a functional department such as Land and Property Registration or Urban Planning, LED could potentially be subverted to supporting the major discipline of the department. For example, if located in an urban planning department, LED strategic planning could possibly be influenced in its direction toward land and substructure issues and might result in limited influence being exerted on other important areas such as improving the statement enabling environment (i.e. facilitating registration and operation) and related aspects (i.e. promotion of cooperatives and SME grows). Good management practice and developing multi-disciplinary approaches will help ensure both sound policy formulation and successful implementation of the LED strategy.
- **the ‘Agency’ approach:** Native economic grows agencies (LEDAs) have the potential for improved coordination and synergy with excellence governmental and non-governmental entities. Caution should be used with an independent or semi-independent LED agency to ensure equitable representation of stakeholders with less of a political or economic profile (e.g. the poor) and to ensure good access to resources and policy decision-making. Public fora, stakeholder committees and city consultation meetings are common tools used to ensure broader participation.

Table 7: Native Economic Grows Agency Case Studies

Case Studies
<p>Brazil: Economic Grows Agency of the ABC Region</p> <p>Established in 1998, the Economic Grows Agency of the ABC Region is an example of a regional non-governmental agency with a mission to unify efforts since public and private institutions to promote sustainable economic grows. The ABC Agency represents seven native governments and includes petrochemical industries, labor unions and educational institutions of the ABC metropolitan region. It has a number of associated organizations such as numerous chambers of commerce and SEBRAE-Brazilian Micro and Small Statement Support Service.</p> <p><i>Netherlands: Grows Corporation of Rotterdam</i></p> <p>In the Netherlands, grows corporations are a commonly used municipal approach to stimulating economic grows, the grows of industrial areas, office locations and housing. The Grows Corporation of Rotterdam (OBR), acting as guide and statement partner, offers experienced staff to advise new or expanding statementes on their activities and operations in Rotterdam. The service and assistance vary since finding office or warehouse space, housing and introductions to the Chamber of Commerce (for company registration and trade information), to temporary employment agencies and specialists in the field of logistics, international banking, tax and company law. (www.obr.rotterdam.nl).</p>

3.1.7.1. STAGE TWO: NATIVE ECONOMY ASSESSMENT

Step 1:

Undertake Review of Regulations and Procedures that Touch Statementes in City Hall.

Step 2:

Identify the Types of Data to be Collected.

Step 3:

Undertake an Audit of Available Data and Gap Analysis, and Gather Data.

Step 4:

Develop a Plan to Fill Information Gaps.

Step 5:

Analyze Data and Produce an Assessment of the Native Economy Since Available Data.

Knowing and understanding the characteristics of the native economy is crucial to help the stakeholders strategize for the future, and make the best possible program and project choices. The community should therefore be as informed as possible about its own town, city or region, and its role in the regional, national and international economy.

The analytical boundaries of the native economy assessment should not be limited by an administrative jurisdiction such as a municipal boundary, but rather by the economic relationships in a geographic area such as a metropolitan region, travel-to-work area, or a city and its rural hinterland.

Step 1: Undertake Review of City Hall Procedures that Touch Statementes

One of the most effective native economic grows activities that a municipality can undertake is to improve the processes and procedures to which statementes are subjected to by the municipality. An initial assessment is therefore needed. This assessment should review all aspects of a municipality's contact and interaction with statementes. Issues that should be reviewed include not only statement registration and taxation issues but also how statement customers interact with municipal staff, and the responsiveness of municipal staff to statement concerns and requests.

Good practice shows that statementes can benefit quickly since streamlined procedures in a municipality. This could be through, for example, simplifying planning and environmental regulations.

In many cases these procedures are complicated, time consuming, costly, and involve many excellence government agencies. This usually creates disincentives for statement grows, encourages statement to work illegally and facilitates corruption. All these factors severely hinder the creation of a positive native statement enabling environment.

The first step to assessing the statement enabling environment is to undertake a review of every department in the municipality, identify the rules, procedures and

regulations that govern statementes, and determine how these are managed in terms of competence, effectiveness, transparency and accountability.

Whilst this internal review is being conducted, statementes should be engaged in the LED process through statement surveys and focus groups to establish statement concerns. The informal sector should be encouraged to be engaged in this process to understand the constraints to, and opportunities for, their formal inclusion in the LED process.

The informal sector requires approaches excellence since those used in involving the formal sector, for example, conducting street corner meetings and speaking to informal economy trader groups. A native statement enabling environment survey will ideally take the form of structured questionnaires and should aim to achieve several outcomes. They should seek to:

- find out about individual statementes, how long they have been established, number of employees, skills, products produced, exports and supply chain information;
- establish what the statement community thinks are the major strengths, weaknesses, opportunities and threats that face the area;
- establish the types of problems that are faced by statementes when dealing with municipalities and other tiers of government;
- enquire as to what requirements statementes have, what ideas they can bring to the LED agenda.
- establish contact with native statementes to ensure that an ongoing statement relationship is formed with the LED team.

This work should be undertaken with the understanding that it is a two-way process and that statement should benefit since taking part in such a survey. While statementes provide and share information and ideas, their ideas and concerns should be listened to and if at all possible, acted upon. Formal and informal sector stakeholders must feel safe since legal action and exposure when providing information.

This is likely to be a large task and good practice suggests that it should be started early. As it is a task that involves many departments, it is important to encourage early inter-departmental cooperation.

Once the municipal team begins to make improvements in the native statement enabling environment, they will be in a stronger position to promote similar statement enabling environment improvements at other levels of government. The aim of this work is not to have no regulations, but good regulations.

Table 8: Example of a ‘Start a Statement’ Regulation Assessment

<i>Procedures</i>	Number	Time (days)	Cost (US\$)
Check company name	1	5	5
Pay registration fees	2	2	0
Register in the Commercial Board	3	3	15
Register for federal tax	4	10	0
Register for state tax	5	7	0
Authorization to print receipts since state	6	5	5
Register with the Municipal Taxpayers’ Registry	7	2	0
Pay fee to the Municipal Taxpayers’ Registry	8	1	120
Authorization to print receipts since Municipal Tax Authority	9	10	0
Obtain company invoices	10	5	180
Apply for operational license	11	90	0
Receive inspection since the Municipal Authorities	12	15	0
Open an account to deposit social security contribution	13	10	0
Register employees in the social security	14	5	0
Notify the Ministry of Labor	15	15	0
Total	15	185	320

Table 9: Statement Enabling Environment Resource Tool

STATEMENT ENABLING ENVIRONMENT RESOURCE TOOL

Doing Statement in 2004: Understanding Regulation is the first in a series of annual reports by the World Bank Group presenting new quantitative indicators on the performance of statement regulations that can be compared across more than 130 countries, and over time. The report provides useful information on methodologies to assess regulations touch in statement grows and a Web based question and answer service: <http://rru.worldbank.org/doingstatement/>.

Step 2: Identify the Types of Data to be Collected

When deciding on which data sets to collect as part of the data collection exercise, a number of factors should be considered:

- the level and detail of existing information that can be used;
- the ease with which new information can be collected;
- the cost of collecting such information in both time and resources;
- the ability to analyze and translate the information into a meaningful LED strategy once collected; and,
- the practical application (usefulness and validity) of the information.

LED data can be used to inform public officials as well as build public awareness and support for LED goals and activities. It can often be difficult to stimulate interest in LED activity without having specific data to generate interest.

LED Information

Types of information and reasons why such information should be collected and analyzed for a native economy assessment:

Demographic Information

- Information about the people in a community provides a basis for understanding the demographic profile of the native it, its social requirements, and current and future trends.
- A breakdown of demographic information will provide a more detailed understanding of the factors associated with the native economy (e.g. gender

issues, employment profile, education characteristics, availability of human resources and skills).

- Knowing the demographic characteristics of a community will contribute to a baseline understanding of the impact of LED programs and projects, particularly for monitoring and evaluation purposes, and for measuring the ‘added value, of a specific LED program and project.

Economic Information

- This information will provide an understanding of the structure, characteristics and nature of the native economy.
- The breakdown of native economic information by industrial sector can provide an insight into how the native economy is performing, is interlinked, which sectors are prospering, which are declining, where statement grows opportunities exist, and the aggregate value of native productive chains.
- Collecting labor market information can provide a workforce profile that highlights skills levels, shortages, skills in decline and LED trends. It can be used to identify labor market deficiencies, barriers to labor market entry and employment take-up and potential workforce programs, as well as identify industrial sectors that can be assisted and encouraged to locate in the area. It can identify specific groups of people that are unemployed which will help direct what LED actions are necessary.
- Understanding the nature and extent of the informal sector economy is fundamental to understanding how the native economy really functions. It is important to know how the informal sector contributes to, and operates with, the formal sector, and how to support and raise the productive qualities of these activities.

3.1.8. STATEMENT ENABLING ENVIRONMENT INFORMATION

- Information on the statement-enabling environment provides an understanding of how municipal government actions and activities help to support or hinder statementes in the formal and informal sectors.

- It provides an understanding of the reasons for statement success and failure; the types of statements that exist or have located in the area and the reasons why; whether statements view the municipality as being supportive of the native statement community; the range and number of agencies that support SME and statement grows, the effectiveness of these organizations in supporting new statements and statement grows; the state of labor relations; which programs exist; the range of native regulations that impact statements and the costs of doing statement (many investment decisions are based on the costs of doing statement at the native level and in some municipalities, the time and cost to open a new statement might be higher than others).
- Initiating a statement enabling environment survey can help to determine satisfaction by, and opinions of, native statements, helping to guide the municipality to improve the actions and activities that impact the statement-enabling environment.

Hard Substructure

- This will provide information about the status of transportation, tele statements, gas, water, electricity and wastewater provision. Such data can highlight current and future substructure deficiencies and requirements and helps to prioritize investments in substructure for native economic grows.

Regional, National and International Information

- Examining information about the regional, national and international economy helps to identify new markets and opportunities for statement grows (i.e., export activities, flows of remittances, sectoral linkages, promotion of tourism).
- By understanding these economic linkages, it is also possible to identify those activities that need to be strengthened to capture value that is realized outside the native economy. This will increase the money circulating in the native economy, help to create jobs and develop statements (e.g. inhabitants spend their money in shops in other cities because they are not able to find products native ly).
- Some cities, particularly big cities and export zones, have strong ties with regions in other countries. Others might have strong ties with towns, cities and

secondary cities. It is important therefore to understand how to take full advantage of the increasing connectivity between places, businesses and people, strengthening regional and international markets for native economic cooperation.

3.2. THE FIELD STUDY

3.2.1 THE STUDY SOCIETY AND SAMPLE

For more informing and complete the research I had to made the Questionery forms and respond the people for answer them. So, I choose Erbil, Erbil is a capital of KRG and I selected it as my case study, fur this purpose I made my Questionery forms in two groups of question.

First group is Personal information and the second group is others that include the 13 questions, so I have 139 people that answered the questions. Below we see the analyses of the answers. In First group I have 7 questions as we see in follow:

Table 10: Personal Information

Table (10) has shown the responds Personal information and it have (7) question's, which is shown in the table.

RESEARCH QUESTIONNAIRE					
No.	PART ONE	Personal information			
1.	Gender	Male		Female	
2.	Age	20 – 29	30 – 39	40 – 49	50 – 60
3.	Qualifications	Diploma	Undergraduate	Master	Doctorate
4.	Name of organization				
5.	Department				
6.	Experience				
7.	City				

Table 11: Questions

No.	STATEMENTS	Strongest Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The importance of Provide training and expertise for the business from government in regional economic development					
2	The importance of Improve procedures for businesses from government in regional economic development					
3	The importance of Provide information on business development from government in regional economic development					
4	The importance of Improve business support infrastructure from government in regional economic development					
5	The importance of Reforming local taxation policies from government in regional economic development					
6	Unregulated competition from informal sector economy					
7	Do the roads affect the development of the economy?					
8	Do the Railway's affect the development of the economy?					
9	Do the Air access affect the development of the economy?					
10	Do the Port Access/services affect the development of the economy?					
11	Do the Business premises/land affect the development of the economy?					
12	Tax administration effect on economic development					
13	Business licensing and operating permits effect on economic development					

3.2.2. THE DATA AND ANALYSIS

Analysis Term of personal information

However in this data analyzing of personal information they don't have missing in statistic program and the mean is more than 0.05 that is mean doesn't have different between whole of the questions all of them have same impact on developing economic regional. Therefore, uses the standard deviation with Skewness and Standard. Error of Skewness, then utilize of minimum and maximum on responds question number and finally is Percentages, see table (12).

Table 12: Minimum and Maximum on Responds Question

STATISTICS								
	City	Organization	Qualification	Gender	Age	Experience	Department	
Valid Missing	134	134	134	134	134	134	134	
	5	5	5	5	5	5	5	
Mean	1.0000	3.0448	2.5821	1.3433	36.3209	4.4478	5.0149	
Mode	1.00	1.00	3.00	1.00	28.00	2.00	3.00	
Std. Deviation	.00000	2.12350	.74892	.47659	11.44428	3.97467	2.81773	
Variance	.000	4.509	.561	.227	130.971	15.798	7.940	
Std. Error of Skewness	.209	.209	.209	.209	.209	.209	.209	
Minimum	1.00	1.00	1.00	1.00	2.00	1.00	1.00	
Maximum	1.00	8.00	4.00	2.00	69.00	20.00	9.00	
Percentiles	25	1.0000	1.0000	2.0000	1.0000	28.0000	2.0000	3.0000
	50	1.0000	3.0000	3.0000	1.0000	32.0000	3.0000	4.0000
	75	1.0000	5.0000	3.0000	2.0000	43.0000	6.0000	8.2500
Skewness		.821	-.013-	.668	.878	1.793	.292	

Table 13: Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	88	63.3	65.7	65.7
	Female	46	33.1	34.3	100.0
	Total	134	96.4	100.0	
Missing	System	5	3.6		
Total		139	100.0		

Table (13): In research questionnaire the respondent male gender more than the female genders the frequency respond of male 88 %63.3 and frequency respond of female 46 %33.1 then the total number respondents of genders 134. Finally, there are have missing %3.6 there is normally if have the missing in the process data analysis in SPSS.

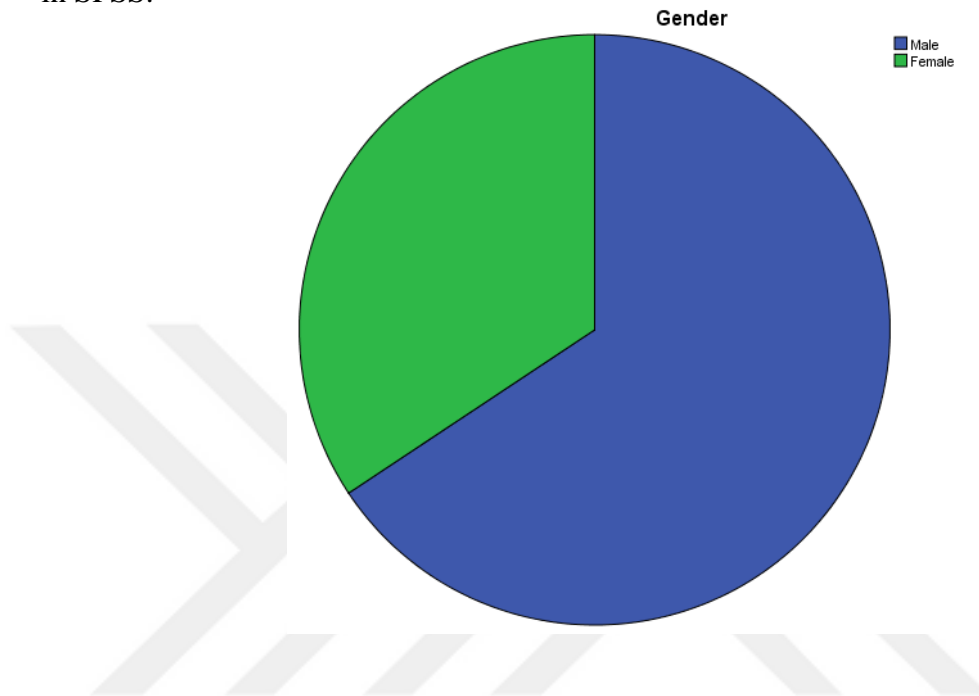


Figure 1: Gender

Table 14: Age

Age				
		Frequency	Percent	Valid Percent
Valid	20 – 29	44	31.6	32.7
	30 – 39	47	33.2	34.3
	40 – 49	27	19.3	19.9
	50 – 59	9	6.3	6.5
	60 – 69	8	5.6	5.8
	Total	134	96.4	100.0
Missing	System	5	3.6	
Total		139	100.0	

Table (14): 150 responds, representing %31.6 of the respondents between age (20-29), which represent %33.2 responds were within the age (30 - 39). Then %19.3 were within between the age (40 - 49). Then %6.3 of participate between age (50 - 59), then %5.6 range respondents between the age (60 - 69). At last the missing is %3.6 in the statistic SPSS program.

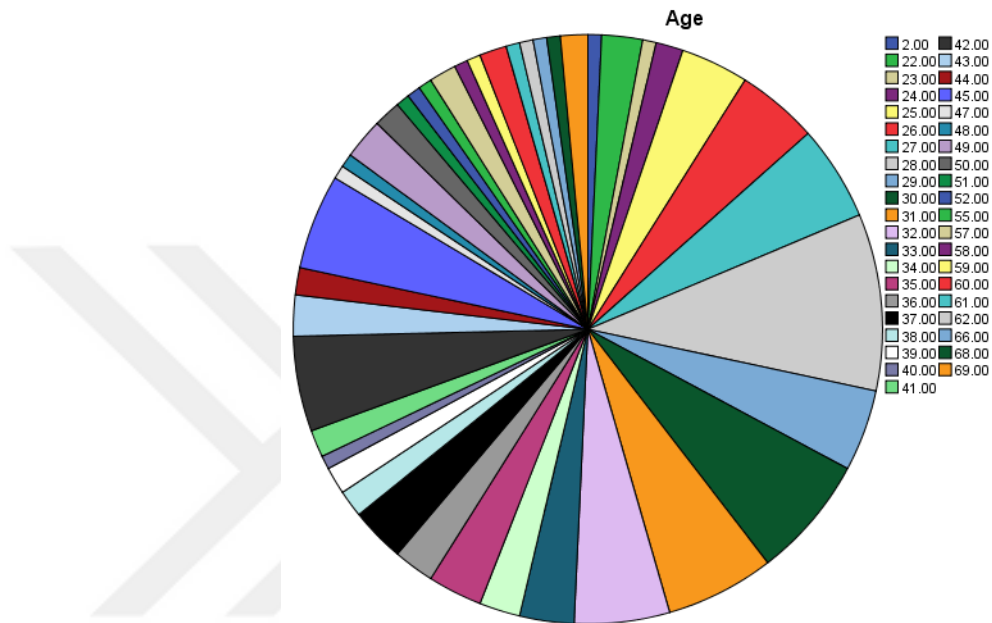


Figure 2: Age

Table 15: Qualification

Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	8	5.8	6.0	6.0
	Undergraduate	53	38.1	39.6	45.5
	Masters	60	43.2	44.8	90.3
	Doctorate	13	9.4	9.7	100.0
	Total	134	96.4	100.0	
Missing	System	5	3.6		
Total		139	100.0		

Table (15): This table is expression qualification for our research questionnaire used four step of degree the lowest diploma and highest is master. Then total number participations 150 and represented of diploma is %5.8 therewith the undergraduates rate %38.1, but the master rate is more than of all the range in the research questionnaire is %43.2 and the last one is doctorate in this research is %9.4.

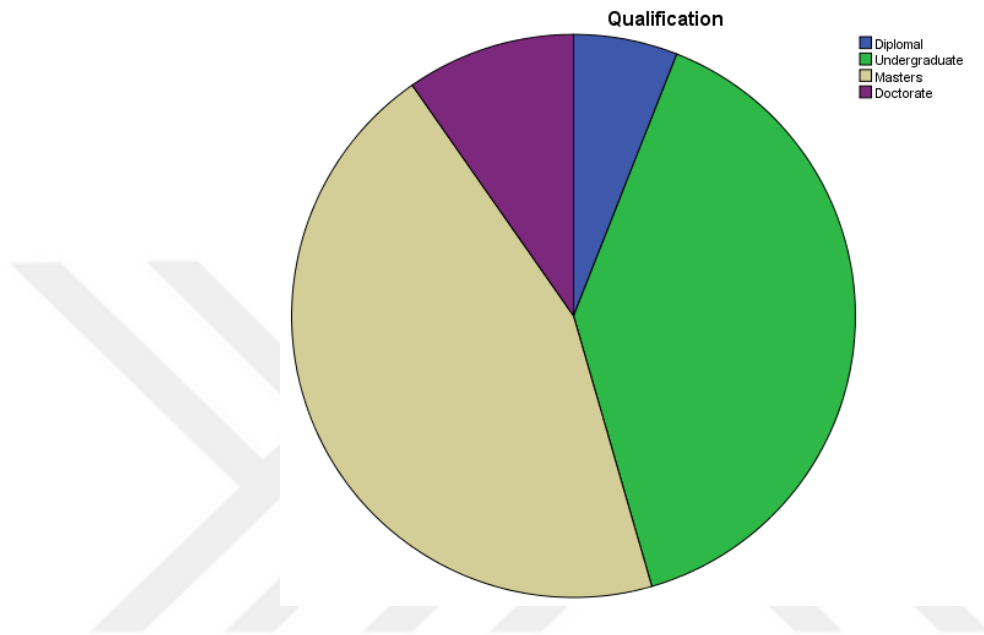


Figure 3: Qualification

Table 16: Organization

Organization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Investment board	47	33.8	35.1	35.1
	Investors union	15	10.8	11.2	46.3
	Erbil still factory	33	23.7	24.6	70.9
	Rekan group co.	5	3.6	3.7	74.6
	Cihan group co.	13	9.4	9.7	84.3
	Mega Mall	2	1.4	1.5	85.8
	Plan Minister	17	12.2	12.7	98.5
	Holykurd co.	2	1.4	1.5	100.0
	Total	134	96.4	100.0	
Missing	System	5	3.6		
Total		139	100.0		

Table (16): This table is display the number some organizations and we have distributed research questionnaire in all organizations, and all them some bigger organizations in north Iraq. Investment board telecom co. is highest respondent 47 with %21.2. Then fewer respondents in MEGA Mall are 2 with %0.9.

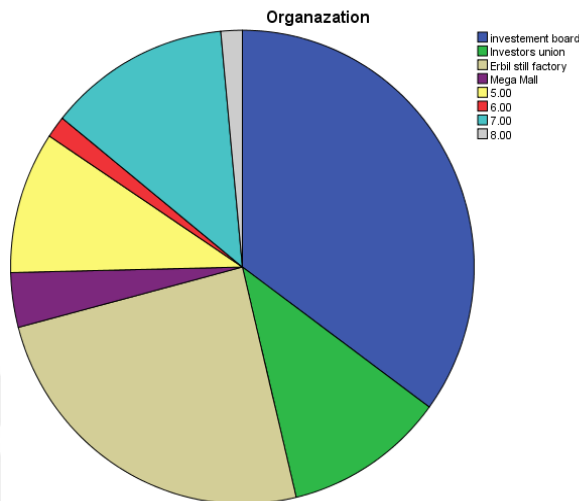


Figure 4: Organization

Table 17: Departments

Departments					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Production	7	5.0	5.2	5.2
	Finance	23	16.5	17.2	22.4
	Human resource	34	24.5	25.4	47.8
	Legal	5	3.6	3.7	51.5
	Sales	4	2.9	3.0	54.5
	Marketing	18	12.9	13.4	67.9
	Product Supply	8	5.8	6.0	73.9
	Project Management	2	1.4	1.5	75.4
	Administration	33	23.7	24.6	100.0
	Total	134	96.4	100.0	
Missing	System	5	3.6		
Total		139	100.0		

Table (17): This display the number of function to participated on research questionnaire and consist nine departments in different organizations.

%5.0 of respondents in the Production is 7 replays, and in finances %16.5 respondents 23 replay. Therewith % 24.5 human resources from the 34 replays, but legal have %3.6 falls within the 5 replay and sales %2.9 from 4 replays. Moreover marketing %12.9 in the 18 replays and product supply %5.8 from 8 replays then the project management is %1.4 respondents in the 2 replays at the end an administration is %23.7 from participation 33 replays.

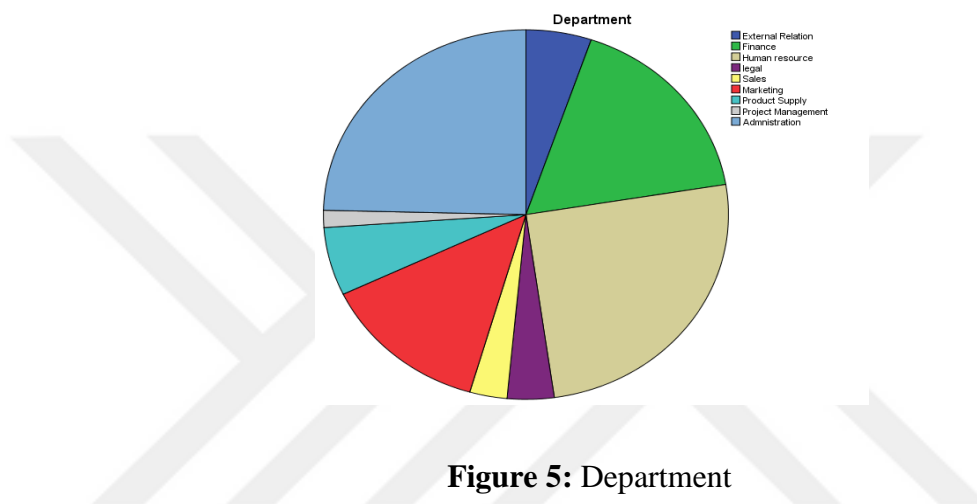


Figure 5: Department

Table 18: Experience

Experience				
		Frequency	Percent	Valid Percent
Valid	1 – 5	89	71	74.3
	1 – 10	25	18	18.6
	1 – 15	5	2.5	3.7
	1 – 20	4	2.8	2.9
	Total	134	96.4	100.0
Missing	System	5	3.6	
Total		139	100.0	

Table (18): This is deal with term of person have experience in this sector or in the organization. The table below is display four range of experience respondents the %71 is between (1 - 5) years, and %18 falls within (1 -10) years. However, %2.5 the respondent between (1 - 15) years and the % 2.8 of participations is between (1 -20) years. At the end missing of program %3.6.

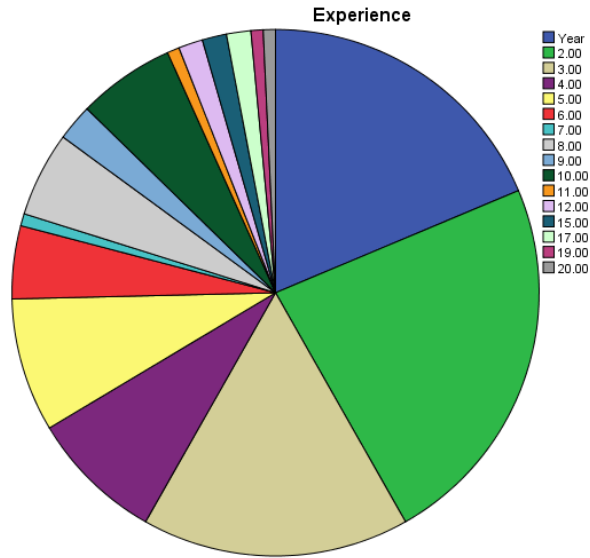


Figure 6: Experience

Table 19: City

City					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Erbil	134	96.4	100.0	100.0
Missing	System	5	3.6		
Total		139	100.0		

Table (19): This table is the location of survey Which is %100 in Erbil City and total number respondent of research questionnaire.

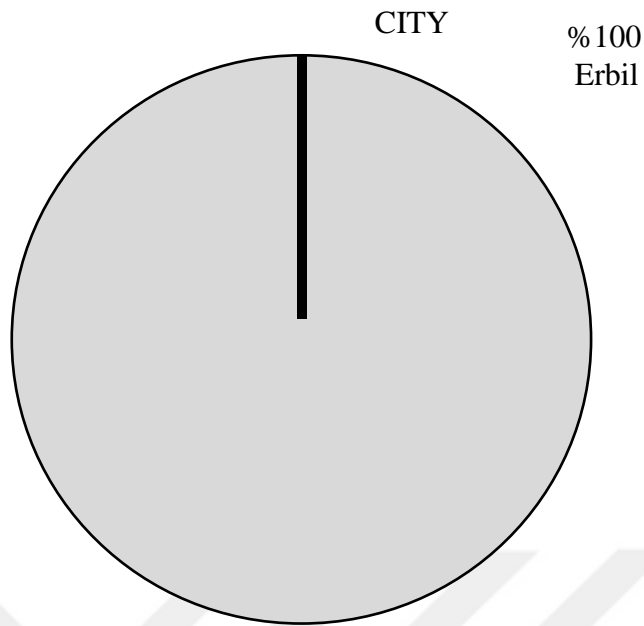


Figure 7: City

ANOVA ONE WAY

Although we use ANOVA one way (is a technique that can be used to analysis and compare means of two or more samples) to find the various between each question and each group with they has impact to regional economic development and this element is describe everything of research questionnaire and they explicated the Sum of Squares, Mean Square and significant thereby we can investigation in all questions with evaluated the situation in the organization.

The reason of this question is the leader can to lead followers and organization alone, no they can't to lead organization or followers alone therewith we see they don't have different between each question between group and within group because the sum squares and mean squares is more than 0.05 but the significant is less than 1.00. please to more information see the table (20)

In this outcome see the high growth to develop in the regional economic we can achieve the entire sector to impact on the week to development of the economic in the rationality but we see the more way by the questionnaire to solve the sector to growing the economic development in regional.

Table 20: ANOVA ONE WAY

ANOVA ONE WAY						
		Sum of Squares	Dif.	Mean Square	Frequency	Significant
Question1	Between Groups	15.259	7	2.180	2.041	.055
	Within Groups	134.599	126	1.068		
	Total	149.858	133			
Question2	Between Groups	13.810	7	1.973	2.764	.044
	Within Groups	140.943	126	1.119		
	Total	154.754	133			
Question3	Between Groups	8.683	7	1.240	2.572	.002
	Within Groups	99.414	126	.789		
	Total	108.097	133			
Questionr4	Between Groups	27.708	7	3.958	3.624	.001
	Within Groups	137.613	126	1.092		
	Total	165.321	133			
Question7	Between Groups	28.092	7	4.013	3.744	.001
	Within Groups	135.042	126	1.072		
	Total	163.134	133			
Question8	Between Groups	7.174	7	1.025	2.115	.054
	Within Groups	115.849	126	.919		
	Total	123.022	133			
Question9	Between Groups	10.020	7	1.431	1.519	.167
	Within Groups	118.734	126	.942		
	Total	128.754	133			
Question10	Between Groups	6.575	7	.939	2.275	.051
	Within Groups	92.858	126	.737		
	Total	99.433	133			
Question11	Between Groups	12.539	7	1.791	2.828	.009
	Within Groups	79.819	126	.633		
	Total	92.358	133			
Question12	Between Groups	65.163	7	9.309	.709	.665
	Within Groups	1655.472	126	13.139		
	Total	1720.634	133			
Question13	Between Groups	7.464	7	1.066	2.237	.081
	Within Groups	108.596	126	.862		
	Total	116.060	133			

CONCLUSIONS AND RECOMMENDATIONS

The results of the above review and study indicate the importance of the existence of a comprehensive urban planning system at the state level, a system capable of assuming the responsibilities of the present situation and its variables, and a system that is responsible for formulating and implementing another strategic vision in the future. As we have explained directly and specifically, these responsibilities lie with the formal urban planning apparatus.

General Suggestions

Of course, the schematic cannot be fully charged for this. Where there are a number of considerations and decisions related to implementation at the political and government levels. But here we can propose a number of steps or initiatives that can be developed, and even implemented by official planning bodies. Examples include:

- Start preparing and updating databases, information and planning
- Planning and implementation of a comprehensive and comprehensive development plan for the system
- Initiate the development of an indicative model for urban planning levels at the national level. The following can be started in modeling work
 - A model for a futuristic vision of Oman's national level at the 21st century - A model of regional guidelines for governorates and municipalities
 - A model of structural or general urban plans for cities and villages - A model of urban plans for neighborhoods
 - A guiding model for a public policy
 - A sectoral policy guidance manual, A model of an indicative urban plan is to carry out the work of this model plan, in a scientific way and with the latest technical methods and methods that are in line with the contemporary developments in the field of global urbanization. It is important that this work be documented to serve as an indicative and reference planning guide at all levels of urban planning.

Identifying all required information, procedures and stages of the planning process, coordination mechanisms with all stakeholders, and identifying the required data and documents as input to this process or as outputs. Examples of plans for urban or rural development, for old and heritage areas, for special nature areas, for

visual urban design schemes, or for plots of land, etc., can be selected. The model should explain all the details of how to prepare and create the chart, the standard planning method, as well as the maps of these plans, define the target of the plan, identify the study area and the highest impact areas, and document all the required data and planning information of different types and levels, Identifying the problems and obstacles to construction, resources and resources available, and the idea of planning and handling.

How to apply the principle and concept of community planning and popular participation, ways and means of coordination and cooperation with the municipal and municipal councils system, the rest of the concerned parties, the legal or legislative authority, the description of elements of the plan and its components and stages, and the mechanisms of implementation and follow-up. Construction control, cost, sources of funding, and acquisition or compensation needs. ... etc.

To emphasize the use of the experiences and practices of partnership with the private sector and investment, on the one hand, as well as the forms of cooperation with various civil society organizations and bodies, the professional and higher society and academia in the areas of planning and urban development.

In examining the best experiences and practices at the level of similar planning bodies at the global level, a number of these initiatives, programs and joint projects can be adopted in the light of local circumstances and variables. Focusing on these initiatives and programs in the areas of community development, Rural and rural areas, economic development initiatives in various forms, etc.

As mentioned above, it is important to start planning and updating planning and planning databases and information. In this regard, it is proposed to start a number of projects and programs that represent a real contemporary need for any specific national planning system:

- Urban and visual survey of cities and villages
- Land use classification and classification project at the national level
- A detailed project; inventory, updating and development of general plans

Comprehensive project documentation of the basic data for urban development. These projects, or priority candidates, can be implemented in the form of joint cooperation with one of the concerned authorities, in cooperation with more

than one entity. With the importance of the participation of other bodies such as, municipal bodies, governorates, public environmental protection, national consulting offices, business and contracting sector, professional associations, research centers, civil society organizations, etc.

In light of this stage of development and planning, the planning system can be crystallized. This modern planning system can be developed and can be explored and explored in the future. One of the most pressing issues in the near future is the nature and features of the relationship between the planning apparatus and the municipal and municipal councils. Most of the modern urban planning applications and practices in this area at the global level are responsible for preparing and implementing detailed and detailed urban and local plans for villages, municipalities and councils.

The official planning bodies are responsible for the review and approval of these plans, the responsibility for developing the regional indicative plans, the urban policies, and the sectoral policies. These official bodies, of course, are responsible for setting strategic visions and plans at the national level and the responsibility of preparing and proposing laws and regulations within the system Integrated.

This requires, of course, a more in-depth study and analysis, in which the feasibility of this chapter is examined in the tasks and responsibilities, and the resources and capabilities required, especially in the area of capacity-building and basic skills of municipal planning cadres.

On the other hand, within the concept of a comprehensive planning system, the formal planning system will become in a position to deal with new, modern and contemporary concepts and contents that have never been addressed or at least have not been adequately addressed or understood.

The concept of the system of municipalities, local administration and municipal councils, the concept of the system of integrated laws and legislation, the concept of creative thinking and the information and knowledge society, the concept of development planning, the concept of research and development, and the concept of building Skills, basic and advanced skills, etc.

CONCLUSIONS

The results of the Anova One Way indicate the summary of Squares of the question 1 was maximized in between groups and minimized Within Groups but for the all other remained questions the summary of Squares was minimized between groups and maximized Within Groups .

In other hand Anova One way Show the result of Mean square just the 7th question was high in between groups and low in Within Groups , But in the all other remained questions Mean square was low in between groups and high in Within Groups.

Importance of the existence of a comprehensive urban planning system at the state level, a system capable of assuming the responsibilities of the present situation and its variables, and a system that is responsible for formulating and implementing another strategic vision in the future. As we have explained directly and specifically, these responsibilities lie with the formal urban planning apparatus.

Finally Anova One way show us the high responsibility of the between groups for all other Frequency and no responsibility for the Within Groups result of this questioner, which was 150 sample in one city in different organization and varies department.

RECOMMENDATIONS

- 1) The importance of introducing the concept of the comprehensive planning system with its sub-concepts and practical applications, as a contemporary means necessary for the development of urban planning at the state level.
- 2) Integrate the concept of sustainable development and sustainable communities into the overall planning process.
- 3) The importance of establishing regional centers at the level of Iraq along the lines of sustainable academic societies.
- 4) Establishment of a national center supervised by the Center for Sustainability
- 5) The need to integrate the laws and laws of construction and urban planning concepts.
- 6) The importance of preparing guidelines at the level of urban design and work on the issuance of a special law in this area.

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APPENDICES

APPENDIX 1: LIST OF QUESTIONNAIRE FORM

No.	STATEMENTS	Strongest Agree	Agree	Neutral	Disagree	Strongly Disagree
1	The importance of Provide training and expertise for the business from government in regional economic development					
2	The importance of Improve procedures for businesses from government in regional economic development					
3	The importance of Provide information on business development from government in regional economic development					
4	The importance of Improve business support infrastructure from government in regional economic development					
5	The importance of Reforming local taxation policies from government in regional economic development					
6	Unregulated competition from informal sector economy					
7	Do the roads affect the development of the economy?					
8	Do the Railway's affect the development of the economy?					
9	Do the Air access affect the development of the economy?					
10	Do the Port Access/services affect the development of the economy?					
11	Do the Business premises/land affect the development of the economy?					
12	Tax administration effect on economic development					
13	Business licensing and operating permits effect on economic development					

APPENDIX 2:PERSONAL INFORMATION

Personal Information	Name & Surname	IBRAHIM ALI AZIZ
	Place and Date of Birth	Erbil / Iraq - 1977 / 1 / 1
	Nationality	Iraqi, Kurdish
	E-mail	alrekany@yahoo.com
Education Level	University	Jihan University- Erbil
	College	Business Administration
	Department	Administration
Language Skills	Kurdish	Mother Tongue
	English	Very Good
	Arabic	Excellent
	Persian	Very Good
Work Experience:	Mega Mall Shopping Center /Erbil	General Manager since 2012