

GOVERNMENT COMPETITIVENESS AND ENTREPRENEURIAL ACTIVITY – EMPIRICAL ANALYSIS

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ABSTRACT

This paper presents empirical evidence of the research conducted among twenty five municipalities presenting Herzegovina region. Research hypothesized that temporary municipality competitiveness lay rather on low level, but more important is not balanced throughout subsections and not aligned to the entrepreneurship needs. For the needs of research authors used MCI index, modified to the legislative role applicable in Bosnia and Herzegovina. Also entrepreneurship activity is not to be understood as TEA, but more likely as an index of registered crafts on '000 citizens including evaluation of rejected registration applications. Paper presents summarized study results.

Keywords: municipality competitiveness index MCI, entrepreneurship activity EA

1. BALANCED STRATEGIC REGIONAL ECONOMIC DEVELOPMENT

The study on comprising strategic economic development with the purpose on providing guidelines for perspectives in developing entrepreneurial infrastructure was modeled multidimensional. Balanced element, on first stage, referred to basic evidence on Herzegovina region raw material basis, set on local government level; human resource capacities, mapped on regional level as well as technological capacities analysis.

Second stage involved analysis of:

- MCI or municipality competitiveness index. The MCI is a tool to measure the business-enabling environment at the sub national level within a country. It is an assessment of municipal governments' capacity to create and enforce commercial regulatory policies that stimulate private sector development (USAID, 2010).
- Municipality managed entrepreneurial infrastructure, in more concrete, analyzing existing tangible structure, such as business centers, business incubators, business zones and technology parks; as well as municipal services to local entrepreneurs, comprising but not limiting to support in issuance of urban and construction permits, registration services (one-stop-shop based), business consultancy and counseling etc.

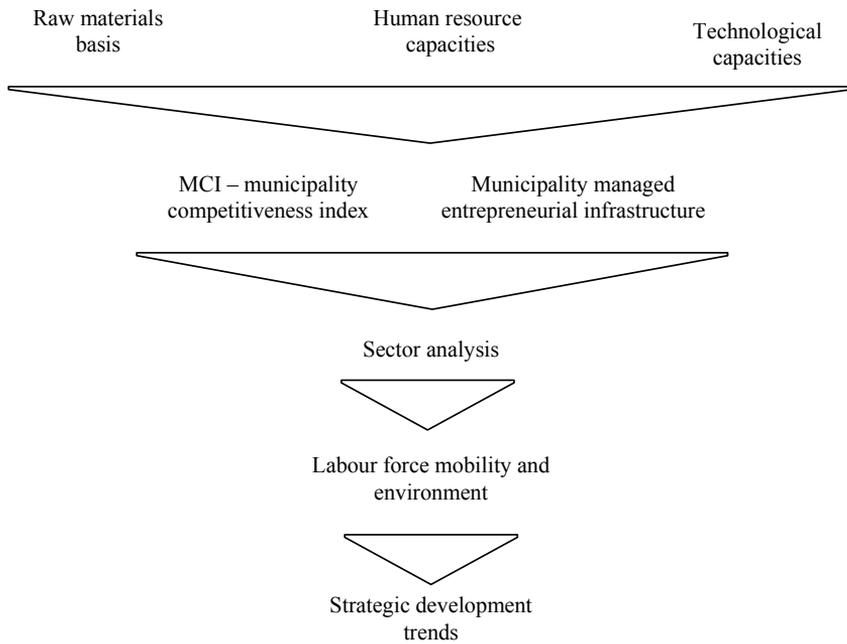


Figure 1. Balanced strategic regional development

Third stage refers to sector analysis, introducing priority setting and dedicating appropriate resources in order to enable weighted set of pondered resource inputs. Setting sector priorities versus human, technological and raw materials resources, it can be comprised to the level of prospective gaps and strategic development trends.

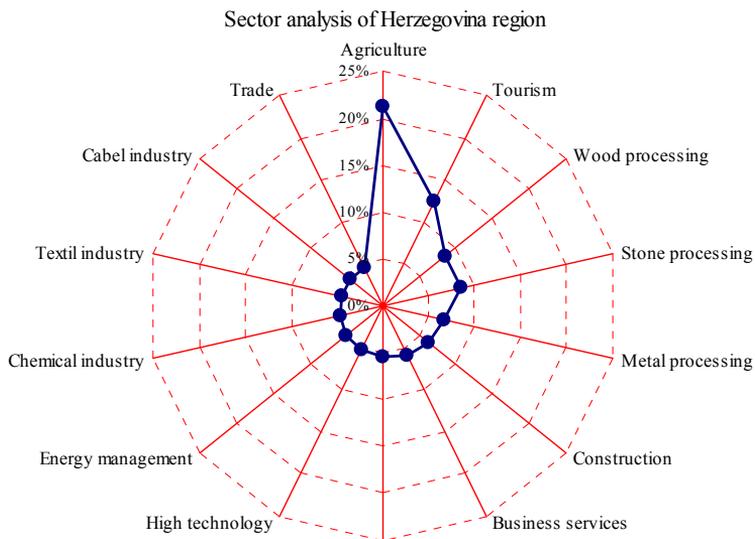


Figure 2. Sector analysis set by priority

2. MCI_{BIH} INDEX (MODIFIED MCI INDEX)

For the need of primary research and in order to operationally research subject, authors designed modified MCI index (MCI_{BIH}) that consolidates certain sub indices excluding responsibilities that, in respected area, belong to higher government instances, such as 5 Public securities. MCI_{BIH} comprised 'median value' of following sub indices: Local conditions, Municipal regulations, Municipal financials, Proactivity, Municipality and Environment, Intellectual capital.

Segment - local conditions is considered throughout:

- dynamics in number of registered crafts in three consecutive years;
- reasons for increase/decrease in number of registered crafts and eventual influence of municipality based on subjective judgment and evaluation of judgment fairness.

Segment – municipal regulation is considered multidimensional as follows:

- by stating procedures for registering crafts in general and interviewer judgment on procedures existence, responsibilities and internal documents circulation;
- by stating all additional documents required in registering crafts including interviewer judgment on degree of uniformity and procedure transparency;
- by evaluation of the period required from the date of submitting registration request to the inspection (municipal authorities response) including subjective judgment on reliability of period measuring and related documentation;
- expressed total cost of registration of an enterprise and that relates to municipal incomes, such as registration fee, inspection fee, commissions fee, rent by m² and related contributions;
- by evaluating percentage of rejected applications and reasons of rejection including subjective judgment of interviewer in reliability of rejections reasons as well as proper documenting on reasons.

Segment – municipal finances considered municipal budget as well as ways of calculating different tariffs and fees to enterprises. Segment – proactivity consisted of evaluation initiates towards external partners in three consecutive years. Segment – municipal collaboration with higher government instances measure joined projects. Intellectual capital measured involvement of municipality in preventing brain drain as well as life long learning of municipality employees.

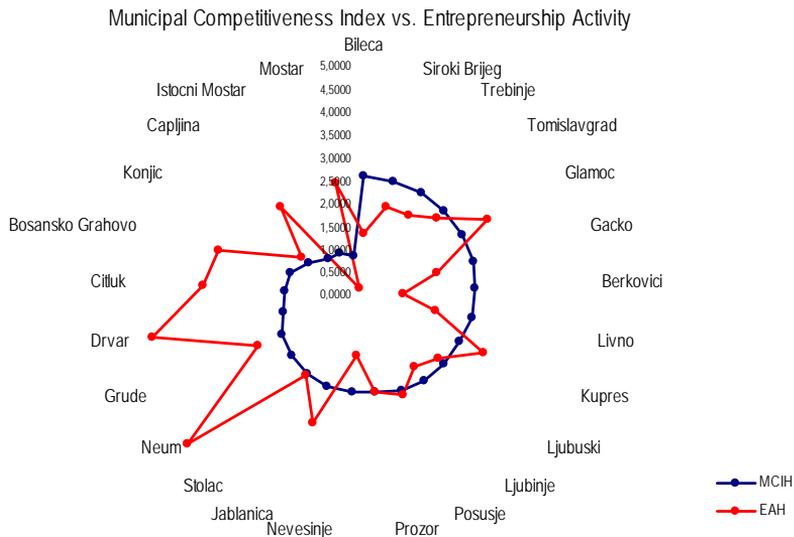


Figure 3. Municipal competitiveness and entrepreneurship activity

3. CONCLUSION

Balanced strategic development relates to bound intersectional analysis of all levels, starting from local government capacities and orientations, herewith measured throughout municipality competitiveness index; entrepreneurship activity, herewith measured through number of registered crafts on municipal level, as well as three annual comparison of newly registered enterprises; existing tangible entrepreneurial infrastructure, such as business centers, business incubators and business zones; and municipal services to entrepreneurs such as intermediating in registration process, supporting issuance of urban and construction permits, business counseling etc.

It is evidenced, that there is a clear correlation between entrepreneurship infrastructure, activity and municipal proactively dealing.

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4. REFERENCES

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