

E-Region: Development Opportunity

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Vocational training in the context of regional development and cross-border cooperation

(General methodological frame of the analysis).

In search of an appropriate methodological framework for the analysis, the project team realized a preliminary study of the methodology applied to study issues. Subject of the study were research approaches applied in similar projects in terms of the combination of regional development, cross-border cooperation and improve the quality of vocational training.

The border regions of EU Member States and/or (potential) Candidate Countries and/or EU Neighbour Countries are facing particular problems. Therefore, so-called cross-border cooperation (CBC) measures aim at promoting economic and social development in regions on both sides of common borders, addressing common challenges that transcend political borders (in areas like environment, fight against organised crime and public health issues), to ensure effective border management or to promote local cross-border “people-to people” actions). Depending on the status of the countries (being it a Member State, (potential) Candidate Country, or an EU Neighbour Country) different instruments are applied.

The approach for 2007 to 2013 has been somewhat modified and the specific objectives and instruments have been adjusted. For the years 2007 to 2013, the EU regional policy has the following three specific objectives:

- Convergence
- Regional Competitiveness and Employment, and
- European Territorial Cooperation.

The main research hypothesis to which we completed this preliminary study was the presence of different levels of analysis, which often remain poorly articulated. Above

all, it is a *common European policy and practice to promote cross-border cooperation in the context of EU enlargement.*

Like many other European policies in this area will finally complete and universally applicable solutions and guidance. To a large extent, the process of accumulation of best practices and specific solutions built on the turn based on reference to the different countries proposals. In this sense, the leading role in determining the European agenda in the development of cross-border cooperation had an understanding of the need for active engagement of entrepreneurs from the two regions with issues of the vocational training and improving the quality of working capital of the population.

Cross-border entrepreneurship offers potential benefits for European regions as well as for individual enterprises. For entrepreneurs, it offers an opportunity to access new markets and supply sources, as well as capital, labour and technology. For regions on the periphery of core economic activity in their national territories, like a Bulgaria regions, the cross-border entrepreneurship can contribute to economic development on both sides of the border. In many regions of the European Union, entrepreneurs develop forms of cross-border cooperation without policy support. In some cases this cooperation emerges despite barriers resulting from the policy environment. In these circumstances, however cooperation is limited and its potential to aid regional development remains largely unfulfilled.

Institutional cross-border cooperation is more likely to have a positive impact in regions where:

- there is local awareness of its potential to produce practical benefits;
- local authorities have the capacity to mobilise and utilise resources;
- local authorities have sufficient decision-making authority with respect to economic development.

While cross-border initiatives involving local government frequently offer networking opportunities for proactive entrepreneurs, most contain little that is directly concerned with entrepreneurship.

In the 'hard' external border regions of the EU (e.g. neighbouring Russia, Belarus and Macedonia) public policy acts to constrain cross-border entrepreneurship. Customs hurdles and border delays are examples of these constraints.

While some examples of policy-led cross-border cooperation do exist, there is little evidence of strategic promotion of cross-border entrepreneurship as a regional developmental tool by public bodies. In many regions (particularly in new EU member countries), this appears to reflect a lack of an effective regional policy and weak regional institutions.

European experience in the cross border cooperation show that the use of business support targeted at cross-border cooperation by enterprises is low, reflecting the low uptake of business support services in general.

Enterprises involved in cross-border entrepreneurship express needs for the following types of support:

- financing to fund new investment;
- recruitment of suitably skilled labour;
- finding appropriate business partners and
- acquiring legal advice.

Entrepreneurs operating across borders (especially those doing business with partners in newly independent states and Macedonia) face major problems relating to 'contract enforcement'. The difficulties in making legal claims with respect to infringed payment obligations have encouraged many entrepreneurs to base their cooperation on cash payments.

Led by the understanding of the importance of private entrepreneurs as an active partner in the process of vocational education of young people in both regions, we turned our attention to existing research about their expectations.

Among the greatest obstacles to the development of cross-border business groupings and networks (clusters) are:

- the inability of entrepreneurs to outgrow their rivalries;
- the inability of the authorities to communicate the opportunities to entrepreneurs.

One reason for this is the passive role of regional authorities and business support organizations and their limited knowledge and professional skills. Another reason is the lack of interaction between entrepreneurs and public authorities.

The low demographic weight that still characterizes many borders, the lack of local organizations capable of adequately communicating the population's social and economic demands to central decision making bodies, and these peripheral territories' distance from and scarce accessibility to the "center" is reflected in the fact that the social and economic scenario of many borders is ultimately as critical or more critical than many existing rural areas in the Balkans countries.

Complementarities in the economic structure, socio-economic institutions and innovation capabilities between the neighbouring regions, which create room for new combinations, markets and synergies, are often seen as the main driver of cross-border cooperation.

From an innovation perspective, the nation-state border acts as a barrier to cross-border learning, by impeding interaction between actors on both sides of the border. Thereby it frustrates the exploitation of the possible synergies and complementarities that actors perceive. The border is not only a political line dividing states, there are economic, social and mental bordering processes that hinder cross - border interaction and network formation, which are prerequisites for cross-border institution building and the development of a cross-border innovation system (CBRIS).

Within the cross-border region 'institutional gaps' can be observed, which resemble the limited amount of innovation related crossborder interaction among actors, due to differences in the institutional architectures on both sides of the border. Furthermore, these institutional gaps can hamper the build-up of regularities and influence the evolution a cross-border innovation system in a negative manner. As cross-border regions have to focus more on their innovation performance to remain or become competitive (Lundquist & Trippel, 2011), the institutional gaps in the evolution of CBRISs become a relevant research object.

The border is an important factor in the evolutionary path of a CBRIS. Due to the fact that the adjacent regions in the cross-border region remain institutionally embedded within their national systems, actors that try to pursue cross-border innovation objectives, find themselves embedded in a multi-level institutional architecture. The

border makes it harder to transfer knowledge and competences across the border (Trippel, 2009).

Actors are confronted with institutional gaps in their cross-border actions and try to seek solutions accordingly. These problems and solutions can emerge at different levels in a cross-border setting. By finding solutions to overcome the institutional gaps, these actors contribute to the evolution of a CBRIS, albeit passively as a by-product of their goals and actions. Only certain government actors are actively and purposively attempting to build a CBRIS.

To identify institutional gaps, it is necessary to unpack the multi-level institutional architectures that meet at the border. The behaviour of individuals and organizations that are confronted with institutional gaps, provides information concerning agency in the evolution of a CBRIS. Indeed, actors also use and exploit the multi-level institutional architectures to reach their cross-border objectives. Their behaviour is shaped, influenced or constrained, but not wholly determined by the institutions (Gertler, 2010).

A regional innovation system (RIS) consists a knowledge-producing and a knowledge exploiting system. The knowledge-producing system can include universities, colleges and other research institutions. Actors who transform knowledge into products and services form the knowledge exploiting system. In successful, innovative regions there is a constant interaction between these two (sub)systems. The RIS approach focuses on the institutions and policy that facilitate the technological development and innovative potential of firms in a given territorial unit. The knowledge infrastructure, the firms in the region and the institutions and policy facilitating the transfer of knowledge between them, are object of analysis.

A prime distinction can be made between formal and informal institutions (North, 1990). Formal institutions refer to laws, rules and other judicial elements in a regional or national innovation system. Differences in juridical systems and laws can act as an important impediment to cross -border cooperation (Haselsberger & Benneworth, 2011). On the other hand laws and regulations that are formulated on a supranational level can be supportive to cross-border cooperation as part of the uncertainty related to collaborative cross-border innovation is reduced. For example, patented intellectual property rights in the EU, are protected by the European Patent Convention (epo.org). This reduces uncertainty between actors collaborating on patentable inventions in different EU countries.

In innovation systems, informal institutions imply the use of values, norms and routines (Boschma, 2005; Mattes, 2012; Torre, 2008). When crossing the border, not only laws and rules change, but also the manner in which actors interact and the relevant norms and beliefs that apply when doing business. These soft institutions can thereby impede knowledge transfer across borders. They are also hard to change over time and may lead to situations of lock-in. In a cross-border region, actors on both sides of the border are embedded in different national and regional institutional architectures; thereby institutional gaps arise, hampering the structural build-up of cross-border networks and transfer of knowledge, and finally the evolution of CBRIS. Scott (2001) has refined the distinction between formal and informal institutions by distinguishing between three pillars of institutions: regulative, normative and cultural -cognitive.

Regulative institutions show strong overlap with North's notion of formal institutions. They are of a coercive nature and consist of rules, laws and accompanying sanctioning (Scott, 2001). Normative institutions on the other hand are morally governed, binding expectations to which people adhere such as values, norms and codes of conduct. The cultural-cognitive dimension of institutions refers to shared logics and common sense.

Moodysson & Zukauskaitė (2012) add to these three pillars the distinction between industry specific institutions, and territorial institutions. The industry specific institutions mainly refer to the culture and ways of organizing innovation activities within industries. The territorial institutions facilitate the transfer of knowledge in a region, and are seen as durable structures that facilitate inter-firm networking.

However, inter-organizational innovation relations are not only of a regional nature, but also national and global. The importance of this distinction between industry-specific institutions and territory-specific institutions in a cross-border region is that differences in institutional architectures could also be related to differences in industry-specific institutions, and should not be conflated with territory-specific institutions.

In the case of Bulgarian-Macedonian cross-border cooperation concerning the capacity of vocational education, this distinction is very important because it complements the existing differences in the architecture of the building and operation of existing public institutions, both formal and informal, according to the distinction of Douglas North, and to the different levels of technological, cultural and educational development.

Following from the literature review an analytical framework can be constructed. Three analytical parameters are taken into account. First, institutional gaps are present due to

the nation-state border, which acts as an impediment to cross-border cooperation. The nation-state border has led both regions and countries to develop different institutional architectures. Institutional gaps can be territory specific or industry specific. Second, the analytical framework includes the embeddedness of actors in multi-level institutional hierarchies. Actors that try to construct a cross-border innovation system, encounter problems in the cooperation process, which are related to differences in the multi-level institutional hierarchy. Third, the solutions that actors try to find for the obstacles they encounter when developing cross border innovation relations are discussed. The actors are embedded in the multi-level institutional architectures and use and exploit opportunities that arise on these levels when necessary and profitable.

The labour market plays an important role in a regional innovation system as a generator of knowledge flows. For a CBRIS the development of a common labour market is an important goal, because it can facilitate cross -border knowledge flows and employees or students from one side of the border could solve labour market shortages on the other side.

The main concept is the evolution of CBRISs from an institutional perspective. Institutions are suggested to provide (temporary) stability, from which structure and coherence can originate with respect to cross-border interaction and learning. Due to the existence of the nation-state border, actors in the CBRIS are embedded in a multi-level institutional architecture. This means that regional, (sub)national and supranational institutions meet at the border and constrain the behaviour of actors that are pursuing economic gain of their cross-border innovation endeavours. Therefore, actors have to deal with the institutional gaps in CBRISs.

The education system illustrates how actors use the European level to overcome institutional gaps that arise due to divergent national and regional centres of authority concerning the certification of students in vocational training. Actors in the system try to harmonize this part of the system, as it is perceived a crucial element in developing a well trained cross-border labour market in the horticultural sector of the cross-border region.

The precedent experience of the Bulgarian-Romanian CBC show many elements and opportunities concerning the informal education in the agrarian areas. One comparative study regarding agriculture and rural development professional training in the field in Lower Danube Region show that the opportunities how we have in the case of Bulgarian – Macedonian cooperation are most diversified.

Most part of the non-academic courses that were offered to locals were organised by the National Agency for Agriculture Consultancy (Agenția Națională pentru Consultanță Agricolă (ANCA)) and its counties offices which have the following main goals (National Agency for Agriculture Consultancy, 2009):

- organising free of charge courses for making more popular the agriculture and for consultancy, technical assistance and professional training;
- promotion and implementation of Ministry of Agriculture and Rural Development strategies and programmes, including the international cooperation programmes;
- supporting farmers to access structural funds and other domestic or foreign financing programmes;
- supporting farmers for their commune actions;
- consultancy for foreign financiers in identification of investments opportunities for Romanian agriculture.

According to law, the Department for Professional Training and Producers Associations activates inside ANCA and it represents the main department for professional training. An analyses made upon ANCA's activities, reveals the fact that this institution organised 605 courses for professional training for 18297 persons in the following fields (National Agency for Agriculture Consultancy, 2010):

- agriculture: farmer, crop and animal husbandry farmer, qualified worker for crop and vegetables, cereals worker and plants worker;
- horticulture: horticulture grower, fruit grower, vegetable grower, flower grower, winegrower, landscape architect etc;
- animal husbandry: zootechnician, worker in animal husbandry, bee-keeper, birds breeder; animal breeder etc;
- agriculture's mechanization: tractor driver etc; • food industry: baker, butcher, distiller etc;
- fishing: fisherman for domestic and coast waters etc;
- rural tourism: worker of rural touristic house etc.

Moreover, this institution offered to rural inhabitants: a number of 25 professional improvement courses for 269 persons, a number of 2654 training courses for 65207 persons and a number of 28 trainers training courses for 279 persons. All these show the huge training capacity of this public institution as well as the fact that the Romanian authorities in the field are aware of the long term importance of these activities.

It can be observed that the majority of the courses are for animal husbandry, agriculture, and for horticulture fields and, still, rural tourism has a good weight in the total number of the courses. We may consider this as ANCA's reaction to existed demand, meaning jobs diversity which is wished in the area. The courses that ANCA offered certify the qualification of the participant in order to be able to practice that job. For this, the participants must comply different conditions and apply for certain programme. It may be observed in Figure no. 8 that three of the counties of Lower Danube Region are in the top of the most popular ANCA's courses, respective Olt, Dolj, Constanta. This top took into account the number of the participants to ANCA's training courses, between 2007-2010.

The labour stabilization in rural areas, particularly the young and educated labour, represents modern and integrated solution that may provide economic growth and social welfare not only in Lower Danube Region. However, this is a very complex issue, and a coherent, harmonised effort of all authorities in the field may conduct to a rationale strategy for Romanian rural area and for the future of its inhabitants. This strategy must be realistic and to start from the fact that agriculture is still the main occupation in rural areas and might be the one of the few economic sectors that may become competitive on European market. But, to endow with competitiveness the Romanian agrifood sector on international standards, well trained specialists had to act, they must know and apply the market values and principles. Believing the touristic and natural potential of Romanian rural area it is good to consider the development of alternative activities for these areas that may determine more benefits for locals and, as consequence, superior life conditions for rural areas.

The main problem is that the training programs financed by the Structural Funds, have not started yet in the middle of the period 2007-2013. The reasons are mainly organizational, as well as the high barriers for training organizations. To be relevant to the program requirements, they have to undergo complex and burdensome procedures. Some of training centres complain about the long delay of payments, which embarrasses the cash flows and forces them to finance the cost of training for a long period. So there are still about 20,000 people from the agriculture, whose education has to be happened in the next three years. They should receive 170,000 days of training in shortterm programs, according to the RDP. Much of the future trainees are residents exactly of CBC area Romania-Bulgaria. The high schools are well qualified and can cope not only with long-term (bachelor and master degree) but also with these short-term programs. Tsenov Academy has good experience in organizing short-term courses through its Centre for Postgraduate and Continuing Education (www.eacademy.bg). The centre is an initiator and has implemented large number of

projects related to education in many professions. The courses are arranged into daily, evening, weekend, full-time, part-time and distance learning. Many multiple interactive training materials, case studies, role plays etc. are developed to help students in their tuition. Furthermore, the Centre maintains its relationships with many employers who make requests for training. This can be done in various long-term programs - bachelor, master and even doctoral. Another guideline in which both the universities can cooperate is developing of strategic analysis for the agricultural branches – food, vegetables, wine producing; implementation and mediation of contacts between guilds on both sides of the Danube River; thematic studies on global markets; implementation of quality systems and standards of production in agriculture etc. Such analysis will support separate sub-sectors, as well as the entire CBC area. A purposeful mirror activity of Tsenov Academy of Economics and Bucharest Academy of Economic Studies on both sides of the Danube River can contribute to the success of agriculture entrepreneurs and of rural area representatives. Both higher schools can help for the sustainable development of CBC zone and for the prosperity of the rural areas.

(Study, named: “Lower Danube Region Development Priorities in the Context of EU Strategy for the Danube Region – Educational and Training Problems”).

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