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## **РЕГИОНАЛИЗАЦИЯ В СТРАНАХ ЗАПАДНЫХ БАЛКАН: МЕЖДУ ЖЕЛАНИЯМИ, ВОЗМОЖНОСТЯМИ И ИЛЛЮЗИЯМИ**

**С. Аджич**

Нови-Садский университет, Суботица, Сербия

E-mail: sofija.adzic@gmail.com

Данное исследование сфокусировано на анализе роли регионализации в восстановлении поступательного развития на Западных Балканах. Исследование основывается на предположении, что регионализация (статистическая, административная, политическая или любое их сочетание) имеет смысл только в том случае, если она используется для создания условий для пространственного слияния. Ее миссия состоит в объединении усилий субрегионов и местных правительств по мобилизации ресурсов, обеспечивающих условия для: (1) экспортной деятельности и частных (производственных) инвестиций, (2) труда и (3) жизни вообще. В контексте данной гипотезы работа подразделяется на три части. В первой части рассматривается формирование рамок для реформирования региональной и местной политики, исходя из того, что их главной задачей является ввод всех ресурсов в экономическое развитие и функционирование. Во второй части рассматриваются ключевые вопросы и дискуссии по применению механизма проектирования государственно-частного партнерства (ГЧП) для преодоления последствий региональной, субрегиональной и местной экономической депрессии, вызванной переходным периодом. В третьей части рассматривается роль регионализации в формировании и развитии оптимальной динамичной комбинации трех базовых производственных и организационных моделей современной промышленности (кластеры, промышленные районы, полюсы роста). По мнению автора, ключевой задачей (экономической) регионализации является построение адекватной сети региональных полюсов роста.

*Ключевые слова:* Западные Балканы, пространственное слияние, регионализация как фактор экономического развития, региональная, субрегиональная и местная политика.

## **REGIONALIZATION IN THE WESTERN BALKAN COUNTRIES BETWEEN WISHES, OPPORTUNITIES AND ILLUSIONS**

**S. Adžić**

University of Novi Sad, Subotica, Republic of Serbia

E-mail: sofija.adzic@gmail.com

The following study focuses on the analysis of the role of regionalization in restoring propulsive development in the Western Balkans. The following paper is based on the hypothesis that regionalization (statistical, administrative, political or any mix of them) only makes sense if it is put to use creating the conditions for spatial cohesion. Its mission is to unify the efforts of sub-regions and local governments to mobilize the resources providing conditions for: (1) export business and private (productive) investment, (2) labor and (3) life in general. In the context of this hypothesis, the paper is divided into three parts. The first part deals with the constitution of framework for reforming regional and local policies, based on the request that their main task is to put all of their resources into economic and development function. The second part deals with the key issues and controversies of the application of the mechanism of public-private partnership (PPP) projects to overcome the consequences of regional, sub-regional and local transitional depression.

The third section discusses the role of regionalization in the formation and development of optimal dynamic combination of three basic production and organizational models of modern industry (Clusters, Industrial districts, Poles of generic growth). A key result is that the main task of the (economic) regionalization is to constitute adequate network of regional generic growth poles. The development of (regional) generic growth pole growth by creating an internationally competent staff and generating innovation, leads to opening space for rehabilitation development functions of related industrial districts and small and medium industrial centers.

*Key words:* Western Balkans, spatial cohesion, regionalization as a factor of economic development, regional, sub-regional and local policy.

## 1. Introduction

The Western Balkans is one of the least developed regions in Europe. In all the countries in this region (Albania, Bosnia and Herzegovina, Montenegro, Croatia, Macedonia, Serbia) we observe various attempts of reforms for creating conditions for the development of the propulsive revitalization and improvement of competitiveness in the global market [3]. Overflow of the first, and, in particular, the second wave of the global financial and economic crisis questioned the objectives and content of the reforms, the results achieved, as well as the methodology and standards for measuring their performance. In this context, the focus is on the analysis of the role of regionalization in creating the conditions for spatial cohesion. In the political, professional and business community circulate different ideas and approaches to the problem [1]. They all have four things in common. The first is to connect the problem of increasing the efficiency of management of spatial development and the strengthening of regionalization in the economic life of the relevant standards, policies and institutional solutions, which propose or implement joint institution of the European Union [6]. The second is the desire for access to the network of structural funds of the European Union [7]. The third is that the allocation of public institutions for the regulation and decision making on the content of the goals and actions appropriate policies should be carried out primarily at the level of regions, sub-regions and local governments. Fourth, the implications of ignoring the fact that the transition of the European system support regional and local development takes place in a manner which: (1) valorizes incite entrepreneurship, innovation and skilled labor, (2) reduces dependence on public subsidies, while (3) simultaneously replaces quantity quality of work, production and life of the product throughout the European space.

In this context, the exposed taxonomy is based on two hypotheses. The first is that regionalization (statistical, administrative, political, or any mix of them) only makes sense if it is put in use to create the conditions for spatial cohesion. Regionalization should unite the efforts of sub-regions and local governments towards mobilizing and concentration incite resources in order to provide good conditions for: (1) export businesses and private (productive) investment, (2) work and (3) life throughout its territory. The second is that the methodology for determining the objectives and actions of regional and local policies must be based on the implementation of creative attributes of the European concept of regional and local endogenous, auto-propulsive and sustainable economic, social, cultural and environmental development.

This paper, in addition to an introduction and conclusion, is divided into three parts. The first deals with a framework for reforms in the constitution of the model of regional and local economic policies in accordance with the criterion that their main task is to putting all of the available incite resources and economic development functions. In the second part, the focus is on the issues and controversies related to the implementation of the mechanism of public-private partnership (PPP) projects to overcome the consequences of regional, sub regional and local transitional depression. The third section discusses the role of regionalization in the constitution of the optimal dynamic combination of three basic production and organizational models of modern industry (Clusters, Industrial Districts, and Poles of generic growth) as the basis for creating the conditions for spatial cohesion.

## **2. Placing regional and local policies in function of increasing spatial cohesion**

First of all, we should mention two limitations in considering the possibility of implementation of European norms and standards for endogenous, auto-propulsive and sustainable regional and local development in the Western Balkans. The first is that this problem, due to the complex of natural, historical, demographic, infrastructure, urban, rural, and economic factors that characterize the individual states and their inner regions, can be seen in a variety of contexts [3]. Second, current approaches to their implementation are burdened by the past, which is embodied in taking actions that are conflicting with the project of building an open market economic structure [8]. In this context, in order to define the attributes of appropriate regional and local policies, the classification of the factors of production and development at the level of each specific region, sub-region, local governments, urban or rural communities should perform in a way that allows a more precise determination of: (1) the structure and content of entrepreneurial component in the political and business culture, (2) the availability and structure of internationally competent workforce, (3) the availability and quality of physical, logistical and IT infrastructure, particularly in terms of opportunities for communication within the region with the neighboring regions, and the regions of outer international environment, (4) share of direct and indirect exports to the formation of added value and profit, (5) the possibility of connection of each business entity (company, craft workshops and commercial farms) into the corresponding segment of the innovation system, and (6) social competence and administrative infrastructure to provide the conditions for regular and dynamic entry of entrepreneurs to new businesses and leaving the old business. The main characteristic of this classification is to focus on (7) the qualitative side of the incite people as entrepreneurs and manufacturers, and (8) the availability of an abstract, physical, logistic, IT, manufacturing, service, social and administrative infrastructure. These are the factors that can be consciously acted upon in context which depends on political action to establish a socioeconomic consensus in the preparation and implementation of specific projects for their improvement.

Accordingly, analysis of the effectiveness of each project spatial decentralization of public regulation and evaluation of its institutions should be made

based on searching for solutions, 'How to integrate preferences of a man as an individual (in terms of entrepreneurs and workers author's note) and its political, social and economic initiations to the global movement of capital, goods and labor in harsh conditions of internal and external and largely unequal political and social competition?'

Therefore, the issue of decentralization of public regulation in the regions, sub-regions and local communities should be viewed in the context of creating the conditions for the full development of socioeconomic relations in the triad: Space Population (in terms of individuals, workers and entrepreneurs) Activities. The role of regional, sub-regional, local, urban or rural socioeconomic structure is to connect the latter three, measuring the total material limit for their implementation. Such a structure represents a unit which develops in the entrepreneurial economy in its widest sense, including individual initiative to engage personal resources and efforts to resolve the basic existential issues: employment, housing, education, health care and social security. The proposed approach marks a high level of abstraction, but it contains a basis for the allocation of newly created value, in the process of functioning of the relevant territorial unit as a public good (in terms of good conditions for (1) export business and private investment, (2) employment and (3 ) life / author's note) between its makers: (1) people, (2) businesses, (3) noncommercial entities, and (4) national, regional, sub-regional and local authorities. In doing so, one should not have any illusions that this can be done thoroughly and correctly.

As the foundation of the regional, sub-regional and local urban or rural economy is the public good, direct public intervention is much needed. However, practice has shown that every element of public intervention has its own goals, which are, in the case of the Western Balkans, poorly matched to theoretical functioning of the public sector. The result is a distorted and suboptimal allocation of added value and social wealth, which is in itself the biggest barrier to development in the Western Balkans [9]. Therefore, there is a widespread indifference of citizens towards regional and local elections, which is merely a reflection of the political system, which generates the structure of regional and sub-regional authorities, local self-government with elected delegates individuals who are in the distribution of public goods are determined, primarily, by their personal interests.

The presented concept is faced with two problems. The first is to determine the substance of the asymmetric spatial decentralization of public regulation, and the other is recent historical heritage. Their source lies in the fact that the Western Balkan countries and their socioeconomic structures were marked by manipulative and ambiguous transition, followed by chaos created by convoluted political processes, ethnic conflicts but, above all, favoring personal interests in use of public resources. This situation led to the formation and maintenance of the spatial separation of functions of public regulation carried out in accordance with the outdated axioms of their operation, which proved to be suitable for the formation and maintenance of various distribution-oriented coalitions that redistributed wealth, added value and borrowed from foreign factors providing personal and group benefit.

The analysis suggests that in the Western Balkans one should be consistently and actively working on defining new meaning to: (1) sub-region and NUTS

3 units in the current regulations of the European Union (2) cities, (3) Local governments municipalities, and (4) small urban and rural areas. Greater importance should be given to sub-regions as a whole, which would represent: (a) basic poles of economic development (Centers of industrial districts) and (b) the basis for the completion of complex non-production activities: education, health care, scientific research, culture, interior protection, whose activities are largely self-financed or subsidized at this level of territorial organization.

**3. How to increase the role of the mechanism  
of public/private partnerships in the regional policy?**

From where to start when determining the role of regional and sub-regional authorities, local self-government in the area of encouraging and coordinating private investment?’ The key elements of a strategy for creating the conditions for spatial cohesion are: (1) programs to improve working and living conditions in underdeveloped sub-regional, local, urban and rural communities, and (2) sub-regional and local programs for attracting domestic and foreign capital on market principles to establish and develop new export industries and jobs in the field of medium and high technology. The initial step is, as noted, the precise identification of (regional, sub-regional, local) comparative strengths and weaknesses, problems and ways of their transformation or elimination and, accordingly, the definition of appropriate strategies, objectives and instruments of institutional reforms, economic, urban, utilities, education and social policy. Solutions should go both ways. The first is the development of incite the manufacturing enterprise. The second is to create conditions for the growth of institutional capacity and increase investment opportunities across the application mechanism of public-private partnership (PPP). In addition, regional policy makers must be aware that PPP is not a universal solution for all situations, but its features and benefits depend on the circumstances and capabilities of both sectors to successfully organize, implement and realize the specific project. The preparation and implementation should start with the advantages, limitations, and cost of implementation of PPP (Table 1).

Table 1

**Advantages and limitations of public-private partnership (PPP) to increase regional investment opportunities**

Advantages of public/private partnership (PPP)	Limitations of public-private partnership (PPP)
The introduction of private capital. The efficiency of the private sector in management. Promoting competition.	Complex legal framework. The complex structure of projects and documentation. The high initial cost of preparation. A large number of experienced professionals for the preparation and monitoring of the project. Complex decision of choosing private partner for the project. Long lasting and complex structure of monitoring PPP. The risk of unexpected liabilities of public finance. Complicated and expensive way of solving the problem.

Each project requires detailed consideration and determination of the optimal model of cooperation (type of contract, Table 2), and the precise allocation of risk (Yescombe, 2007).

Table 2

**Potential opportunities to achieve the conditions for implementing the strategy of spatial cohesion of public-private partnership (PPP)**

Type of contract PPP:	Goals:					
	Technical expertise	Managerial expertise	Business efficiency	Investment efficiency	Investments in infrastructure	Investments in inter-connection
Desing-Build	3	2	1	2	3	3
Design — Build — Finance — Operate	3	3	3	3	3	3
Build — Own — Operate	2	3	3	3	3	3
Build — Own — Operate — Transfer	2	3	2	3	3	3
Buy — Build — Operate	2	3	3	3	3	3
Operation licence	1	3	3	1	1	1
Finance only	1	3	1	2	3	3
Operation & Maintenance Contract	3	3	3	1	1	1

1 = poor, 2 = important, 3 = key.

In this context, the basic condition for the wider application of the mechanism of public-private partnerships is to increase the efficiency of public service regulation and production of public goods in a particular framework. The production should be moved from the regime of public administration to the regime of public service. The transition should be implemented in the implicit form through the learning process how to transform the public sector into the active partner while fulfilling the legitimate interests of the population, creating the conditions for (1) new jobs (with the wages that provide at least simple reproduction), (2) the development of an entrepreneurial economy, and (3) establishment the regime of sustainable development.

The proposed approach to interpretation of public service regulation and production of public goods in the regime of public service is based on the axioms of the functioning of each individual organization. A key factor is to precisely define the way it functions and what should be done in order to obtain concrete public sector services, and that the specific regulation of public services and public goods, in which the process of reproduction, along with a system of economic criteria, are specific and explicitly specified social and political objectives, which determine the scope, quality, price, and cost of their production and the dynamics of public investment. Possession and use of: (1) the ability of understanding the problem and to cope in a complex and uncertain circumstances and, in particular, (2) ability to create specific solutions and persist in their implementation, for



successfully developing the vision and implementation strategy of the transition into the public service. The production efficiency of public services and public goods regulation aimed at improving the conditions for the export business and dynamism of private investment is primarily the result of competent (political) governance. We may infer that the essence of the production management of government services and public goods in the regime of public service is to provide requirements for: (1) effective planning and decision making, (2) successful organization, (3) well-motivated employees, (4) effective control of the work process, and (5) the development of a positive culture and the image of the local, sub-regional, regional, national and international public.

The process of planning is an attempt to introduce determinism in the development process (e.g. a good environment for export production business and private investment author's note). However, since not all the relevant elements are available in reality, its implementation has elements of indeterminism. In this context, planning must be treated as an attempt to pursue the goals, starting from both past and the present. Determination of each goal's content should follow such a process which is subject to adjustments in which determinism coincide with stochastic.

Organization of production services of public regulation and public goods should be viewed primarily through the phenomenon that every organizational structure, which is formed with the intention to serve the implementation of a particular strategy, deviates more or less from the normative level and begins to produce its own strategy. Each public institution, its managers and employees act as budget maximizes and seek to cash in their position and role in the process of regulation of public services and public goods. Therefore, it is desirable to reduce the number of institutions and hierarchical levels of individual institutions and to insist on the establishment of missionary organizational structure, which has its base in culture phenomena and in appropriate public image among customers.

In the production of public service regulation and public goods, a special problem is the motivation of employees to improve the efficiency of their work. Relying on the external environment (private investors, local residents and entrepreneurs), each institution should find solutions in response to the triad of issues: (1) 'What is the main purpose of production management services of public regulation and public goods in the function of the export business and dynamism of private investment?' (2) 'How to improve the production efficiency of public service regulation and public goods in the function of the export business and the dynamism of private investment?' and (3) 'How to minimize the social, economic and political conflicts of interest caused by the contradictions of private investors, the population and local entrepreneurs?'

The basic purpose of the control is to determine what encourages, and what limits the achievement of the goals, in order to ensure correction. Evaluation of performance is primarily subjective and comparative process. Subjectivity arises from the fact that any score can be rejected if the norm underlying is abandoned (for example, in the case of political power shifts). The analysis indicates that solutions should be sought in more consistent implementation of the concept of total quality and orientation towards the user satisfaction (private investors, citizens and entrepreneurs incite).

The organizational culture is the basic infrastructure of production management services of public regulation and public goods in the regime of public service. Its main elements are: (1) the method of communication with users (private investors), public and incite entrepreneurs, (2) communication mode with commanding centers at higher levels, (3) the level of knowledge and competence of the staff and relationship with customers (private investors) to public and other entrepreneurs, and (4) the main symbols. The central measure of effectiveness of communication with the environment and command centers is the image, or the idea in public of any particular organization for the production of public services and public goods to function more dynamic private investment.

But this is the technical side of the problem. The basic condition for the sustainability of any public-private partnership is to create rules to which all participants receive, which mean that there has to be provided compensation for those who lose. Accordingly, the process of (practical) specific implementation of a public-private partnership should be treated as a system of cooperation between the various actors in the economic, administrative, political and social fields based on the principle of balancing (of interest). The key to implementation is a search for solution within the development of public-private partnership projects: (1) local economy (2) local population, and (3) the executive power at higher levels.

In this context, the protection of the public interest in public-private partnerships should be sought within the framework of neatly designed institutional and IT support in the development policies which are focused on creation of new jobs and provide balance in the public finances and foreign economic relations. The basis should be the professional offices with the following activities: (1) the preparation, adoption and implementation of spatial and urban planning, (2) preparation of the general conditions for construction, (3) the development and maintenance of spatial information system, (4) the preparation, adoption and implementation of strategies for the use, production, distribution and energy savings, including general guidelines for its alignment with the strategies of development of large energy systems, (5) the preparation, adoption and implementation strategy for the development of transport networks and complexes of macro-logistic basis, including general guidelines for compliance with their development strategies in closer environment, (6) the preparation, adoption and implementation of IT strategy development, education and innovation infrastructure, including general guidelines for compliance with the strategies of their development within the neighboring regions, (7) the preparation, adoption and implementation of strategies for the use and protection of water, construction and maintenance of water infrastructure, including general guidelines for cooperation with neighboring countries in this area, (8) the preparation, adoption and implementation of strategies for protection and improvement of the environment, including the general guidelines for cooperation with its neighbors in this matter, (9) the preparation, adoption and implementation of the strategy of development of administrative infrastructure, including general guidelines for compliance with its development strategies at higher levels, and (10) the preparation, adoption and implementation of the development strategy of non-production infrastructure, including general guidelines for compliance with its development strategies at higher levels.



#### **4. The role of region in structuring the production and organizational system in creating spatial cohesion**

The link between regionalization and strategy to create the conditions for spatial cohesion is based on the thesis that the key lies in the constitution of the optimal dynamic combination of three basic production and organizational models of modern industry (Clusters, Industrial districts, Poles of Generic growth) in accordance with the socioeconomic characteristics and resources of specific geographical units (regions, sub-regions, cities, local governments, urban or rural). The main task of clustering policy is improving the competitiveness of the total (in this case, regional, sub-regional, local) production structure from which stems the optimal use of all resources available within the area. The main task of policy development (revitalization) of industrial districts is to create conditions for the implementation of incite the development objectives: (1) a reduction of unemployment, (2) the rehabilitation, modernization and new construction of missing physical, logistics, IT, educational, industrial and business infrastructure, (3) implementation of the concept of endogenous, auto-propulsive and sustainable development based on scientific knowledge, and (4) creation of conditions for domestic and foreign interregional and cross-border cooperation. The main task for policy of development poles of generic growth is to connect research and education with the development of (regional, sub-regional) export production structure strategy.

The methodology for determining the role of regionalization in the context of the stated objectives of structuring organizational production system is defined as a process consisting of activities which, either lead to the improvement of that cannot be changed, or competently act on things that can be controlled. The task of regionalization is to initiate, facilitate, encourage or discourage certain forms of evolutionary transition of production and the organizational system of the present situation in the future. Key mechanisms for implementation are: (1) a model of socioeconomic stratification (in which the focus is on evaluating the success of the involvement in the export business), (2) science (in terms of production innovation for customers in the targeted segments of the European and global markets), (3) education and practical experience, and creation of internationally competent knowledge and skills, (4) market (in terms of efficient allocation of factors of production and the development of export business projects with high potential for growth and profit), etc. What is known is the list of solutions that have been abandoned during the course of regionalization, the solutions that have a priority at the present, and what is needed for their institutional design?

Repercussion is a choice between the three approaches. The first is consciously guided strategy for constituting institutional arrangements for regionalization based on ex-ante set of solutions (normative or the intended strategy). Problems arise when some of the solutions in the future prove wrong or ineffective. The second is based on fine-tuning the institutional architecture of regionalization to the current production and the need for structuring the organizational system. In the case of the Western Balkans, the basic claim is that the future lies in the present of the developed, namely the set of norms and standards marked with

Aquis Communitaire and other recommendations and requirements of the common institutions of the European Union, so that their experiences could be adapted through the selection of specific solutions and structures of institutional regionalization (operational structuring of export-oriented production and organizational systems). The third may be defined as the process of growing (proactive and reactive) strategy, i.e. a strategy that is realized in spite of the lack of intent (policy and institutional reform policies author's note). If mostly relying on this strategy one could create a chaos in the system of public regulation of development of production and the organizational system. However, the main advantage is that in the case of rational behavior of key actors in the development and management under uncertainty can lead unintentionally to the solution state and structuring of production and organizational systems that are better suited to the opportunities and requirements of the overall socioeconomic environment [5].

A key determinant of the presented methodology is that the strategies of structuring export-oriented production and organizational systems in specific geographical areas of the Western Balkans should be defined as a mix of regulatory and growing strategies. Since the Western Balkans has been a scene of growing uncertainty about the possibility of implementing the recommended scientific concepts of socioeconomic development, as well as numerous clashes special interest groups for a long period, the most realistic solution would be that development of the core structure of export-oriented production and organizational system in specific geographical areas should follow the concept of the intended strategies, while other parts, the concept of growing strategy.

From where to start? The proposition is to start from forming a national network of regional poles of generic growth [4]. The development of regional poles of generic growth, in the second step, the formation of an internationally competent staff and generating innovation, opens up space for rehabilitation of function of the corresponding industrial development districts. In the third step, the spillover of human resources, technology and production cooperation to revitalize the adjacent industrial districts and their respective medium and small industrial centers. According to this concept, the basis of regionalization is to develop a combination of (strong) pole of generic growth and the associated industrial district and its boundaries are determined by the influence of the spillover effects of human resources, innovation and the direct productive collaboration (in terms of spatial innovation system).

The basis of the construction of the national network of regional growth poles is a generic system of higher education in the state (public) ownership [2]. Its structure and human resource base enable the implementation of the concept of growing strategy and self-organization in its startup and implementation. Two procedures are needed: The first is the restructuring of existing faculties, to become strong educational institutions, its enrollment policies and the quality of education should stay within the top European (global) standards and the needs of society (in the sense that the state budget colleges enroll only students with clear, transparent, accurate and verifiable criteria in the structure and number, based on historical forecast labor market needs derived from the attributes of the overall strategy for socio-economic development of the 2030/2035 year).

The second is the conversion of each state college in the center of excellence in scientific research. The development of a new dynamic model of financing faculties from four sources. The first is educational funding from national or regional budgets. The second is funding of scientific research from national or regional budgets. The third is revenue gained from research and development work for particular companies. Fourth income source would be ad hoc consulting and other services, including the services of additional education whilst working. The main goal is to obtain the ratio of 1:1:1 (or similar) between the first, second and third sources of 1:1:1 or some such. Income from the fourth source should be allocated to improving the knowledge and skills of lecturers according to their choice. Since it is essential to innovation, comprehensive ex-ante evaluation, in order to transform the particular college into a center of excellence in education and scientific research may take a long time, but its implementation must be carried out consistently and patiently. The task of public regulation is that each state university and college is placed in a position to independently (on the principle of self-organization) find a solution for the transformation the determination of enrollment quotas and funding models in a dynamic context, over the long term (eight to ten years) between the two evaluations.

## 5. Conclusion

For the successful management of spatial development, regionalization should be put in structuring export-oriented organizational and productive system, whose core is at least one pole of generic growth. Its task is to relying on incite resources, creative potential and working conditions for their efficient evaluation, resource allocation to sectors, businesses, farms and commercial enterprises that have the best chance in the global and European labor market. Necessary conditions for the production and structuring of organizational systems in the Western Balkans according to this concept are in poor condition. In this context, it could be concluded that its restructuring can be implemented in the near term.

The main finding of this study is that the key factors for organizational restructuring of production systems, are in smaller part material in nature (physical possession, logistics, IT and education infrastructure in accordance with the (minimum) standards (infrastructure) for the comfort of private investment in export industries and jobs) and mostly cultural in nature (development of the cultural framework in which priorities are: confidence, accuracy, giving greater importance to knowledge and work as the main sources of income of the individual and the family, and future). Coordinated efforts of public regulation, the system of production of tradable goods, innovation and the education system are combined to achieve excellence, and quickly and directly contribute to improving the competitiveness and development of industries and jobs oriented towards external markets. Institutional reforms and policies for their implementation at all levels of the spatial organization of the Western Balkans should be put into operation: (1) limiting the power of distribution-oriented coalitions and fighting corruption in the public and corporate regulation, and (2) improving the conditions for export business on the principles of self-organization and the interactive effects of key industry players within financial and innovation system.

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