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Specific Tools of Regional Policy in Transforming Countries

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Theses guidelines

There are different tools used to achieve the goals and aims of regional policies. Nevertheless, there are common topics which need to be solved in different countries. The aim of the theses is to identify key problems in regional development of selected countries and design a complex of tools which could be used for surmounting main regional gaps.

Outline:
- Research of the literature and other sources.
- Determination of hypotheses and methodology.
- Regionalism, Regional Policy, Tools of Regional Policy.
- Identification of problems in selected regions.
- Design of tools solving the sources of selected regional disparities.
- Design of suggestions, conclusion.

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CAPELLO, R. and NIJKAMP, P. eds., 2010. Handbook of regional growth and development theories. Massachusetts: Edward Elgar Publishing. ISBN 978-1-8472-0506-3.

DAVIES, S., BACHTLER, J. and WISHLADE, F., 2017. Rethinking Regional Policy at National and European Levels: Short-Term Pressures and Long-Term Challenges. New York: Routledge. ISBN 1-3519-0367-5.

HIGGINS, B. H., SAVOIE, D. J., 2017. Regional Development Theories and Their Application. New York: Transaction Publisher, ISBN 1-4128-3285-3.

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AUTHOR'S DECLARATION

I hereby declare:

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In Pardubice on May 25th, 2020 Mohammed Ibrahim Gariba

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Abstract

The major tools for regional development are paramount for the development of any region. However, these tools and policies are faced with various problems. The study aims at identifying the main regional development policy problems and tools as well as to suggest ways of curbing these problems in European Union regions more specifically Germany, Austria, Slovakia, Finland, France, Hungary, Netherland, Poland and the Czech Republic. The study examined the relationship between four indicators of regional development policy in each selected regions, to discover the effect of disparity on quality of life and to recommend tools that could be used in solving the problems of regional development policy. Secondary data from the Organization for Economic Co-operation and Development (OECD) on Regional disparity, Entrepreneurship, Innovation and quality of life indicators pertinent to the selected Regions were used for the analysis. Data used for the analysis was from the years 2008, 2012 and 2016 with a for year lag period. Correlation and comparative analysis was used in this research thesis. The study found that there is a disjoint and lack of policy coordination among existing regional bodies in executing regional policies. The thesis also found that there is a significant relationship between the Regional disparity, Entrepreneurship, Innovation and Quality of life indicators in the selected micro Regions. Furthermore, Across the selected micro regions, , the higher the disparities ,the lower the quality of life and the lower the disparity, the better the quality of life hence regional disparity indicators poses a significant effect on the quality of life.

KEY WORDS

Region Development Policy; European Union; Regional development policy tools; public policy; policy problems

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List of Abbreviations

AT	Austria
BL	Belgium
CMEA	Council for Mutual Economic Assistance
DK	Denmark
ECOWAS	Economic community of West African states
EEC	European Economic Community
EEC	European Economic Community
ES	Estonia
EU	European Union
FR	France
FTAs	free trade areas
GDP	Gross Domestic product
GR	Germany
ICT	Information communication Technology
IT	Italy
MDSD	Most Different system Design
MSSD	Most similar system Design
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental organization
NL	Netherlands
No	Norway
OECD	Organization for economic cooperation and development
PTAs	preferential trade agreements
UK	United Kingdom
UN	United Nation

Introduction

It has become a global concern to reflect on the role of certain instruments in supporting regional development in the context of regional development policy and regional development programs (Tuija et al, 2004). Regional development policy tools are fundamental for the development of so many developing economies, and every region's economic as well as social growth depends on the policies formulated to manage it (Abah, 2010). The idea of Regional growth policy instruments can be perceived in two particular ways; firstly, Regional growth policy tools play a vital Function in countries with major regional inequalities resulting in inequalities in achieving social stability and equality. Second, regional development policies that recognize equitable development across the region would fuel sustainable economic growth through increased opportunities for employment, increased productivity and a more coherent population distribution (Fukuda-Parr et al., 2003).

Regional growth policy instruments have undergone important, rapid transformations over the last couple of years (Kraft and Furlong, 2012). The notion of regional development and its approaches has evolved with different theories, but the increase in economic geography that has emerged of globalization has challenged the relevance of regional development policy. In terms of regional dynamics, new approaches to regional development policies serve as a wake-up call for regions, especially developing economies, to reproach their regional development policies and tools (Raker and Tallberg, 2014). modern policies are anticipated that would not only be aligned with existing and future global development plans, but also in relation to emerging developments in governance structures that are oriented towards a more decentralized and regional orientation (Hansen et al., 2013).

During its evolution, community development policy instruments focused more intensely on the output of companies in a geographic area using economic indicators such as GDP, wages, growth and income as the main measure of their progress (Artobolevskiy, 1997) .Similar to past decades, where the main cause of regional growth was finance, regional development policy has taken an interdisciplinary perspective. The incorporation of public policy coupled with political as well as sociology Afforded fresh perspectives into regional development on a variety of factors that might affect a region, and not just consider economic factors. This provided an insight into

factors that influenced the notion of a region and the concept of what a region might be (Hansen et al, 2013).

The creation of tools for regional development policy agenda has been on the rise in this global era. Although predictions of the end of geography exist in the era of globalization, regional development has become an essential element to technological and economic institution (Ocampo et al., 2009). In view of what is known as the "national innovation system," Lundvall in 1992 suggests that sub-national government development serves as a coordinator and catalyst for regional interactions and innovative activities (Lundvall, 1992); While the way we look at regions has shifted the focus, regional development goals and objectives have not changed far too much, however the focus on this has changed dramatically (Crowe, 2007).

In recent times the idea of formulating regional development policy has been a hot topic for discussion. Varied countries have adopted numerous theories and policies in the wake of developing their regions (Landabaso, 2012). The need for competitive, dynamic regions is essential for every region attain total economic and social growth (OECD, 2017). Studies have demonstrated the need for local development policy since it is the main tool for any country that tries to achieve economic and social development. One such common regional policy is social and economic cohesion within the European Union. This policy looks at methods the EU can develop through an all-inclusive regional plan to bring about cohesion and end regional disparities (Farr-Wharton et al., 2014). Most EU micro-regions are still faced with many regional development policy challenges; hence the study sort of explores these persistent challenges and recommends some tools for regional development policy success. The aim of this thesis is to identify key problems in the regional development of some selected countries and design a complex of tools which could be used for surmounting main regional gaps.

Organization of the Study

The thesis is organized into five main chapter's beginning with introduction, which captures the general notion of regional development policy and its tools. Chapter one delineates and discusses the theoretical approach of theorizing regional development and chapter two reviews the literature on the concept of regional development policy and its tools. Chapter three captures and outlines the research aim, Objectives and research problem question; data collection, method of

analysis and research approach is all outlined in this chapter. Chapter four captures the cases analysis and Discussions in the nine selected countries and draws the relations, comparison and effect on four indicators of regional development policy tools. Finally, Chapter five outlines the conclusion and recommendations of regional development policy tools of the selected countries.

1. The Conception of Regional Development and Its Theories

Despite the fair interest in the topic of specific regional development policy tools in transforming countries and the main goal of identifying key regional development policy problems, tools and suggestions for ways to curb these problems, limited empirical evidence is available. Most of the knowledge available comes from self-published literature by international organizations, non-governmental organizations, and private foundations. Concepts and interpretations of regional and local growth become important when viewed in a more multidisciplinary and international context. Over time, spatial variability and change in what constitutes the local and regional growth within and between countries is being exacerbated internationally. Changing and controversial concepts of development aim to accommodate and reflect regional diversity and unequal economic, financial, political, cultural and environmental conditions and legacies in different places around the world (pike, 2010).

The search for any distinct, uniform meaning is further undermined by socially determined developmental definitions reflecting the connections and articulation of interests among social groups and their interpretations and understandings of their situation. The question of "what and for whom is local and regional development? (Pike et al. 2007) is reviewed, developed and expressed in various ways in different locations – however not generally in the circumstances of their choosing and with varying degrees and styles of autonomy for reflective and critical encounters with dominant and predominant orthodoxies. It is very obvious to note that while some countries are far advanced in development, others are still underdeveloped and lack the necessary instruments to promote development. There are different instruments used to achieve national policy objectives and aims. There are nonetheless common issues that need to be resolved in different countries. While some publications include a general overview of regional policy issues in the context of global development, most of these are case studies unique to a particular area or country due to the topic's highly contextual nature. This review of the literature aims to look in particular at case studies and examples in the EU that provide evidence to support or refute various scholarly points of view.

1.1. The Concept of Region and Regionalism

A Region is viewed as an area composed mainly of land or water and lesser than the gross area of interest and yet greater than the site or location stipulated (Esen and Dizdar, 2014). A region could also be described as a geographical, economic, historical, residential and density area concept (Brasche, 2001). There are four explanations to the definition of area when taking into account new economic systems and common interest considerations (Esen and Dizdar, 2014). First, a region can be identified by areas that have been controlled by specific industries such as agriculture, manufacturing, tourism, or they can be defined as areas that have overlapping state borders and are economically affected by those states. Also, transit regions, such as mountains comprise of long-distance transport networks. The latter term is those regions affected by the economic structure of the local residential area. Quality of life is another measure capable of demonstrating the definition of area, and the leading indicator is known as an average per capita income that defines the economic conditions of a country. Regional policy is one of Government policymaking's most difficult fields to describe. On the interventionist and free markets, economic governance is approached from a variety of perspectives. Regional policy is most frequently addressed with specific goals, such as enhancing regional economic development at minimum social expense (Artobolevskiy, 2012).

On the contrary, Albert Fishlow and Stephan Haggard, in a recent paper, distinguish sharply between regionalization and regionalism, which refers to regionalization as the regional concentration of economically viable flows, and regionalism, which they described as a political process characterized by economic policy collaboration and coordination among regions. Defined in this way, the creation and spread of preferential trade agreements (PTAs), prompted economic regionalism. Such agreements offer preferential access to Member States 'markets (e.g., the European Economic Community [EEC] European Community [EC], the European Union [EU], the European Free Trade Association [EFTA], NAFTA, and the Council for Mutual Economic Assistance [CMEA]); others also coordinate members' trade strategies against third parties. Customs unions which abolish internal policies are among different types of PTAs. Barriers and the introduction of a standard external tariff (CET); free trade areas (FTAs) that abolish internal barriers to trade but do not impose a CET; and open markets, free movement of production factors and finished goods across national borders. Therefore, regionalism can be perceived as a process of strengthening regions, especially through the cultural and social

characteristics which ultimately define and strengthen regions. Yet regionalism is a seen as a regional political concept of culture.

One significant scholar of the latest fiasco, Björn Hettne, highlights the need for both an exogenous (outside-in) and an endogenous (inside-out) perception to understand regionalism. The earlier point of view refers to the fact that regionalization and globalization are forms of global change interconnectedness. The latter on the other hand, the latter means regionalization within the region by a large number of different actors. The overexpression point of view formed primarily in the context of the recent debate Nevertheless, current regionalization can be seen as a new political landscape in the making, defined by an growing array of actors (state and non-state) operating in the regional arena and across multiple interrelated dimensions: defense, growth, trade, climate, identity, etc.

1.2. The Effects of Regionalism

Recent literature has given some great insights into the effects of regionalism however without systematically theorizing them. Authority-based and rationalistic functionalist approaches usually expect regional collaboration to advance the hegemon's interests in settling collective action issues between participating states. In addition to the debate about whether regionalism is a step towards globalization or a stumbling block, multilateralism (Woolcock 2008; Tussie 2003) and a wider global word order (Langehove 2013; Katzenstein 2005; Falk 2003), IPE scholars investigated the impact of regional free trade agreements on regional trade and investment flows, economic development, poverty , social inequality. Similarly, international relations students have explored whether regional institutions promote peace , security and stability in a region (in this volume, Kacowicz and Press-Barnathan), help build and preserve democracy , human rights and many other international standards (in this category, Pevehouse), or mitigate environmental pollution (in this volume, Haas). The wider impact of regionalism on domestic policies, institutions, and political processes in the case of the European Union (Schimmelfennig) has so far only been discussed and theorized systematically. Europeanization and literature about domestic change generate significant implications for the effects of regionalism in other parts of the world. Indeed the EU is in this respect the most likely case. The regional integration is broad and profound. Despite their more restrained skills, many national organizations are less likely to have an impact on their leaders. Yet the reform frameworks set for the EU still remain in effect.

Similar to the EU, Mercosur, ECOWAS, the African Union, or ASEAN have increasingly set "good governance" criteria to be met by their members (Börzel and van Hüllen 2015).

Nevertheless, the ASEAN case shows that regional organizations can also have a less immediate and likely longer-term effect, creating a system of political opportunities that gives freedoms, tools and networks to civil society actors and impinges on their member states in their commitment to human rights and to democracy. Such findings show that the mechanisms of 'differential dominance' seen in the EU and NAFTA (Aspinwall, 2009) work in other regions as well. The literature that applies to the projected welfare impacts of regionalism is large and growing, and mostly supports a consensus view that RTAs are increasing net trade and enhancing world welfare. Review of empirical literature (Baldwin and Venables, 1995) found generally positive effects on living standards of RTA members and marginal effects on non-members. Study by (Robinson and Thierfelder, 2002) notes CGE-based study and concludes that valid findings are drawn from the several existing RTAs studies: (1) they improve the welfare of participants, (2) aggregate exchange is far wider than trade diversion, (3) positive welfare effects are even higher if features of the new trade theory are considered, and (4) additional welfare benefits are considered.

1.3. The Role of Regions in the Context of Globalization

Every discussion about the case for regional policies must first consider the obvious impact that new developments in globalization have on shaping the economic geography of regions, irrespective of whether we identify areas in terms of nations, regions or cities. You can trace the beginning of the modern era of globalization back to the 1970s (Ferguson et al, 2010). However, some of the major systemic and technological shifts in economic history have begun to emerge in the years between 1988 and 2010, (McCann, 2008; McCann and Acs, 2011). The period witnessed the Berlin Wall fall in 1989, leading to structural reform.

The launch of the growth of the transitional economies of Europe; the increase in the liberalization of the economy in China began, as well as internationalization. After the demonstrations in Tiananmen Square in 1989, the advent of a new South Africa following the release of Nelson Mandela in 1990 followed the formation of the EU single market in 1992. The Second Industrial Reforms in India and Indonesia in 1991 followed in 1994 by the creation of the North American Free Trade Agreement (NAFTA). In 1988 Brazil's new constitution saw the

flotation of new currency, the Real, in 1994. Such national and macro-regional structural improvements have also been followed by an unprecedented increase in the number of bilateral sectorial investment treaties and double national taxation of the 1990s (McCann, 2008, 2009; Barthel et al, 2010). As important as that, globalization has often overlooked spaces, too. Globalization has made localities more important to economic development and stability and the connections between them (Pose, 2011).

In fact, globalization is a crucial external force of regionalism. Global markets require greater Tran's boundary mobility and economic linkages, and trade problems are less burdensome to tackle at regional level than at multilateral level (Schirm 2002; Breslin et al. 2002). Globalization is thus a common multiplier effect, generating a demand for regional institutional-building, to which States have responded independently and often differently around the world. Although advanced developed countries mainly sought to shape globalization and control its externalities through the establishment of regional institutions, developing countries initially engaged in defensive regionalism, growing their global market dependency and former colonial powers (Mistry 2003; Rivarola and Briceño-Ruiz 2013).

1.4. Concept of Development

The notion of development has historically been considered a positive force, one associated with the improvement of humankind. The word itself entered the English lexicon in the mid-18th century but can be traced back to the late 16th century to an earlier English form of use. Over time it has become identified with notions of evolution, progress, expansion, production, growth, and similar thoughts on advancement (Williams, 1988). It gained considerable currency during the Industrial Revolution and European imperial and colonial expansion, particularly throughout the 18th and 19th centuries. These were turbulent times of social, economic and political transformations for both European and non-European societies, the former because of rapid industrialisation, the later because of colonial intervention and subjugation. From a European perspective, social and economic development would benefit all the peoples of the world, not just Europeans. New theoretical conceptualisations of development emerged in the period shortly after the Second World War. These can be broadly categorised into two opposing camps with modernisation theory and neoliberal strategies falling into the first category. These classical-traditional approaches to development trace their philosophical foundations to enlightenment

thinking and the era of modernity (Bannette, 2012). The works of the classical economists, Adam Smith and David Ricardo, have been highly influential in these approaches. From these perspectives, underdevelopment is the result of a lack of entrepreneurial spirit, commerce and investment, industrial infrastructure, technology and technical expertise (Rostow, 1990). Economic growth is considered indispensable for developmental progress to occur. Dependency and World System theories emerged in the 1960s to challenge modernisation theory. These radical approaches to development have their roots in the works of Karl Marx. From these perspectives, underdevelopment is a structural condition of global capitalism and exogenously imposed inequality and exploitation, not the product of internal deficiencies, as suggested by the classical-traditional approaches to development outlined above (Frank, 1969). More recently, a third group of broad theoretical conceptualisations around development has emerged from dependency theories and approaches. These are usually categorised as ‘‘alternative’’ and ‘‘bottom-up’’ approaches and include ‘‘sustainable’’ and ‘‘Eco developmental’’ perspectives (Lambin et al, 2013).

Despite these positive growing’s in the area of economic growth, the unsolved problems of underdeveloped and developing countries like poverty, unemployment, unfulfilled essential requirements, distribution of income and etc. have caused the re-evaluation of the development process starting from the end of 1960s. The increase in the differences that already exist among underdeveloped countries on the basic subjects like historical experience, organizational structure, population and income level, has caused some conflict of interests even in the period of the rapid growth of the 1950s and 1960s and has deepened the latter problematical periods (Chang, 2003: 24-27). Within this scope, it has been faced to the more detailed works on the determinants of the process of economic growth and also the development concept has been seen as an alteration process that shows up not only on economical but also on social and organizational structure (North et al, 2009). Consequently, the concept of development has been perceived as a whole that is formed by separate pieces and it has been accepted that the theory of development is closely connected to the social, cultural, political and psychological factors as well as the economic factors. From the day of the inception of the above, researches have experienced and have been trying to figure the extent of the concept of development to these days, development has been tried to be realized on certain scales. These can be separated for a

country as; regional development, local development and rural development as well as national development ((IISES, 2013).

Regional Development: Either in developed or in underdeveloped countries, there have been important differences between regions in view of economic and social development levels. The intensity of this difference is higher in underdeveloped countries compared to developed countries. This situation indicates that regional unbalance occurs in both developed and underdeveloped countries (Ildırar, 2004: 15). The definition of regional growth has not a long history. Because it originated from the disparities between Eastern and South-eastern Europe, the idea of regional development has a position in all the underdeveloped regions (Tosun et al, 2003).

Community/local Development: Community growth plays a significant role in delivering social and economic mergers around the globe. It helps; to the resuscitation of an urban location, encouragement of tourism in rural areas, improvement of derelict lands in industrial areas, improvement of derelict lands in industrial areas, the introduction of specifically food of an area to the support of local enterprises in their competitive activities and etc. Both of these activities contribute to the growth of a particular local area, thereby contributing to regional growth at the end of 1970s, with the arrival of Fordism production system and passing to the post-Fordism production system, the old traditional regional planning and regional development understanding has started to lose prestige. Within the frame of post-Fordism theories, it became a current issue, the understanding of local development that examines the dynamism of location and decisiveness in the process of socio-economic development. The transformation of the location to an effective factor on the explanation of economic and social events has caused the entrance of discussions of a local development approach that evaluates the originality and dynamism of location in local development models (Karaçay-Çakmak and Erden, 2005: 112).

Rural Development: Rural development can be described as the process of increase in the opportunities of people living in rural areas to. It seeks to provide humanly living conditions, discovering individuals own forces, increase in incomes of individual, increase in education and health opportunities, usage of natural resources by protecting them, a reflection of richness to the life's of individuals (Ellis, 1998). The rural areas where rural development efforts take place can be described as areas that have unique identities with the density they have, social structures and

way of livings, spatial and functional structures, economical structures and relations to their natural surroundings (Ray, 2001). According to the report of 9th Development Plan of State Planning Organization, rural areas are described with the expressions like; *natural geographical area*, *areas out of borders of municipality urban area", small and disordered settlements out of urban areas* small and disordered urban settlements with particular natural geographical features and low population density areas (DPT, 2006). Policies of rural development take shape with the purpose of improvement in economic, social and cultural opportunities of the rural population. Society and state work together to enhance the rural population to reach the national standard of living and join national development totally. The main objectives of rural development practices are; increasing the income level, education, health, residence, social security services of the rural population and enhancing the adequate and balanced nutrition of the rural population (Yüksel & Dicle, 2009: 201).

1.5 Theoretical Basis of Regional Development

All regional development discourse cannot be without the general notion of development and how it can be achieved. Over the past years, different theories and concepts of development have been put forward and have shaped the views held on regional development in a significant way. Theories of Regional development policy are techniques for evaluating the real world, generating explanations on current practice. These theoretical frameworks also give rise to the possibility of comparison over time but generally subject to limitations of comparative methodologies.

1. **The Neoclassical Growth Theory**. Well into the interregional versions of this theory, output growth is determined by productivity factors and technology growth and mobility (Capello, 2007). This expects convergence in the long-term regions, and inequalities in national per capita GDP will vanish. Convergence happens because the lead regions accumulate capital faster before they find themselves in a situation of diminishing returns which makes investment more attractive and competitive in lagging regions. Four additional convergence mechanisms strengthen this process: interregional exchange, labour migration, capital mobility and technology transfer. Typical policy instruments based on the theory are the stimulation of labour mobility, free trade and technology transfers.

2. **Endogenous theory of development.** The significant shortcoming of the neo-classical theory of development is the belief that technological progress is exogenous. The key feature of endogenous growth theory, as developed by (Romer et al 1986, 1990), is that technological progress is modelled explicitly and is itself determined by the process of growth. The consequence may be convergence, but may also lead to cumulative divisive growth; depending on how technological change is rendered endogenous (key aspects are human capital, scale effects, spillover from investment in physical capital and R&D and the provision of public services). Latest empirical papers analyse the linkages between spillovers of growth, geography, agglomeration and learning (see for example Autant-Bernard et al. 2007). They show evidence of spillovers of localized knowledge. (For example, Jaffe et al. 1993) show that new patents generally cite earlier patents from the same geographical area. (Ciccone and Hall 1996) find a positive correlation between the density and productivity of firms in the US, while (Broersma and Van Dijk 2005, 2008) find evidence for the Netherlands that high density may also be a disadvantage when congestion and scarcity of local production factors, such as property, hamper productivity growth. Typical policy instruments are increasing the level of education of the labour force and the stimulation of start-ups, spin-offs and knowledge diffusion.
3. **Theory of Social Capital.** This theory promotes the impacts on the economic growth of social, cultural, and political influences, although the focus is more on networks and social cohesion. In regional research, it has come to the fore when it was used by (Putnam, 1993) to describe the large income gaps between Northern and Southern Italy. In the context of the neoclassical growth theory, social capital as such can be viewed as an additional factor in development. However, social capital theory is mainly used in the regional policy debate to motivate policy measures that develop social capital in lagging regions as a goal itself, whereas, of course, the ultimate goal is to stimulate economic growth. (Durlauf, 2006) argues that there is also a strong interest in social capital in economics, the definition itself has proved to be too ambiguous to allow for analyses whose clarity and accuracy fit the field standards. This criticism was developed by (Florida, 2002 and Westlund, 2006) among others, in a spatial context.

4. **Core peripheral / new economic geography (NEG) models**. NEG theories are based on (Krugman's research 1991) and are mainly models of cumulative causation (see Ottaviano and Puga, 1998; Neary, 2001). When a region has a head start, it attracts new companies and jobs because it is capable of exploiting economies of scale and variety. The agglomeration mechanism may also be driven by productivity effects from close linkages between input and output (Venables, 1996). The cumulative causation method will lead to increased regional inequalities, but convergence is also a potential long-term outcome if transport costs decline sufficiently. The addition of congestion costs results in more long-term, distributed equilibrium cases (Brakman et al. 2001). This theory is generally negative about the policy consequences, and it does not give recommendations for policy actions.
5. **Evolutionary Economic Geography (EEG).** Also important in the EEG agglomeration are advantages, but it focuses much more on the role of entrepreneurship and innovation in the Schumpeterian sense in terms of network and cluster cohesion (Boschma and Kloosterman, 2005). EEG varies from NEG and neoclassical theory in its assumption of limited rationality. It focuses on the explanation of change processes in which a region is perceived as a' complex adaptive system' where knowledge generation and use is a crucial factor. Technology is seen as a mixture of knowledge and skills. Knowledge is divided into' information' (data),' coded knowledge' (books, websites, patents, etc.) and' tacit knowledge' (personally embedded). Information and coded knowledge become easier to access, and due to technological advances distance becomes much less important. The accumulation and utilization of tacit knowledge are still influenced by geographic proximity, or even more.
6. **Demand-Driven Export Competition Models.** In these models, the essential mechanisms are for some regions to be more competitive in export markets than others. Increasing competitiveness is primarily based on the Law of Verdoorn where productivity growth is a function of total output growth. More lately, (Porter, 1990) added that competitive strength is likely to occur in regions where there are four mutually reinforcing elements: good factor conditions such as skilled labour, a strong set of related support industries, and a competitive environment for regional

companies, and strong and critical local demand. Both models predict a cumulative process of causation leading to regional divergence, as some regions are more successful in creating clusters of exporting firms than others.

7. **Innovative Milieus and 'Learning' Regions.** Many of the previous theories take as a factor that causes a divergence between regions the emergence of a geographical cluster of high-tech firms (' innovative milieus'). The innovative theory of the milieu presents the mechanisms behind it. In these environments, companies build and maintain key skills required for rapid growth and success (Lawson, 1999). A pool of specialized labour is of particular importance, which shares and combines knowledge within a complex system and forms and maintains effective social relations in organizations. It means that such regions are' learning areas,' attractive to diverse people and businesses, and will, therefore, show higher rates of growth than other regions. This argument typically fits with Florida's (2002) ideas about the importance of regional development of the' creative class'. Urban regions that are appealing to competitive people and businesses will have innovative employees (' the creative classes') and entrepreneurs, and thus will produce higher growth rates than other regions (Audretsch, Keilbach and Lehmann, 2006). (Saxenian, 2006) emphasizes that the globalization of production systems and outsourcing processes demands a growing community of globally mobile entrepreneurial knowledge workers (' new Argonauts'). Regions with a suitable manufacturing environment and an open innovation framework desirable for these' new Argonauts ' tend to show higher growth levels (Atzema and Boelens, 2006).

2. The Concept of Regional Development Policy and the Role of its Tools

Since the nineteenth century generations of policymakers have designed and deployed regional policies for both economic (efficiency) and social (equity) purposes. As far as efficiency is concerned, regional disparities in unemployment and per capita income , for example, often have adverse effects on the efficient operation of the national and regional economy in Europe (Armstrong and Taylor, 2000). The transition of Central and Eastern Europe has created new trends in income disparity in the regions. While high income regions generally boom with less unemployment rates, more business creation, and prevalence of foreign investment, old-industrialized regions have suffered from the collapse or rationalization of outmoded, inefficient industries. The shift in thinking of trade and investment trends has placed many eastern regions at a disadvantage, also suffering from a combination of low agricultural productivity (sometimes exacerbated by privatization), migration, inadequate infrastructure and environmental issues. Regional stability, in turn, is linked to factors such as proximity to the EU borders, efficiency of infrastructure, and diversification of industry and work. Yet the adaptability of regions is also influenced by deep-seated historical and cultural influences, the power of race and central planning. When market economic systems are embedded, transition countries are increasingly becoming aware of widening regional disparities and the need for preferential aid to troubled areas. All country has prepared some concept of regional development, but few have set the necessary legislative basis and complete institutional infrastructure for designing and implementing regional policy measures. (Bachtler et cetera, 1999). Regional policy is one of Government policymaking's most complex areas to define. From the interventionist and free markets regional policy is approached from a variety of perspectives. Regional policy is most frequently approached with different objectives, such as maximizing national economic growth at a minimum social cost (Artobolevskiy, 2012). This strategy could be subject to change, vagueness and inconsistencies as regional policies change through nations and states (Barrow, 1996). This is seen as a governance approach and involves all levels of governance from local to national as well as European level, involving both private and voluntary sector actors. Regional development policy tools have evolved as a responsive instrument to address disparities and development by governments to address local aspects of the social process (Basheka et al., 2012)

2.1. Regional development policy

Regional development policy is seen as a plan or positions that influence or govern the decisions taken by a country. Typically, when a government proposes a policy that includes, the use of public or government services, by the less privileged in society, or people with disabilities (Daka and Toivanen, 2014). There might also be a policy that fosters sustainable economic growth, as this is the new order of the day. On the contrary, regional policy is viewed as a government policy to boost economic activity in a given region of the country, or as shown in the European Union, a based on geography trading bloc (Artobolevskiy, 2012). In most cases the objective of regional policy is economically weaker or more difficult than its neighbours. Similarly, regional policy is a policy that ensures a fair and equal distribution of industrial development across different regions in a given country or trade area to leverage against high unemployment rates, lower than average per capita incomes and economic decline. Nonetheless it is worth noting that policies differ from country to country. For example, regional development policy is a policy pursued by public authorities targeted at creating the necessary conditions for a sustainable socio-economic growth of all regions of the country, taking into account both regional and national interests,' with the main goals being to provide a stable state of living (Department of Local Government & Regional Development Estonia). Regional policy Overall objective combines national effectiveness and regional inequality mitigation. The long-term aim is a country-wide proportional growth, improving living standards, social and economic opportunities, and infrastructure conditions while improving the backward regions. Most work has indicated that maintaining policy efficiency is the cornerstone of regional government. It is argued that uneven development was often attributed to a failure to develop public policies. There was an imminent need to develop a policy to ensure the correction of market failures, as well as the unequal development. Most of the development failures were the result of poor policies in the government sector and the development of regional policy agendas was needed to correct these failures.

(Amin, 2002) states that attaining economic sustenance is the basic reason for developing regional policy. The concept of market failures brings financial inefficiencies, as market failures do not guarantee fair distribution of available capital to all regions, according to a few strands of literature. Regional policy is therefore seen as the only way to curb this inefficiency and serves

as a remedial mechanism to ensure a productive economy is created. Many researches have proposed that the foundation for regional policy is to guarantee policy effectiveness. It is argued that the unequal growth was often attributed to a public policy design flaw. A policy that will ensure both the correction of market failures and the unequal growth was urgently needed. Most of the deficiencies in the growth were due to weak policies in the government sector, and the growth of regional policy agendas was required to address these shortcomings.

2.2 Main Objectives of Regional Development Policy

Goal of regional development policy are usually discussed as to whether their primary focus is to achieve 'performance' or 'equity,' although the meaning of these terms varies widely. In regional development policy an efficiency objective is commonly interpreted as maximizing the support of regions to national growth, while equity often means raising socio-economic disparities between regions. practically, the variability are not clearer, a strategy to reduce inequality by exploiting understated potential in stagnated regions or improving performance; overall national performance is supposed to improve. The national policies of several countries thus provide a mix of growth and equity goals, with specific policy elements or programs serving various purposes. This is apparent from the wide-ranging categorization of regional policy strategies and instruments in Table one (1). It shows that sometimes the same countries have interventions that are wholly geared towards *efficiency objectives (promoting business investment in all regions) or equity objectives (support for job creation or quality of life in weaker regions) as well as some interventions that fulfil both objectives* (Bachtler et al, 2014).

Table 1 Shows the Objectives of Regional Development Policy

Efficiency: business investment in all regions	**Mainly efficiency but higher funding in weaker regions**	**Efficiency & equity – business investment in weaker regions**	**Equity – job creation or quality of life in weaker regions**
Regional government Economic development	EU Cohesion policy as a whole – additional	Grants for business investment/innovation in weaker regions: AT,	Transport aid in weaker regions: GR, FI, NO, SE, UK

	domestic bias towards		
strategies in all regions: AT, CH, DE, ES, IT, UK State-region contracts for economic development in all regions: FR Economic Development programs in all regions: CH, FI, SE Business-led strategies in any region: UK Clusters: FI, NL, NO, SE	weaker regions in e.g. DK, DE, FI Economic development strategies in all regions but with higher funding for weaker areas: DK	BE, DK,DE, GR, ES, FI, FR, IE,IT, PT, SE, UK Tax relief for business investment/innovation in weaker regions: CH, DE, FR, IT Funding for business context/infrastructure in weaker regions: DE, ES, FR, IT, PT	Grants for job creation in weaker regions: DE, IT, SE Tax relief for job creation in weaker regions: FR, IT, UK Tax relief for all firms in weaker regions: FR, NO Funding for local services/quality of life in weaker regions: GR, NO Fiscal equalization mechanisms: All countries

Source: adapted from Bachtler et al, 2014.

The central message was to move away from a focus on spatially targeted measures toward all-regional policies targeted at enhancing local and national development and often focusing on innovation , particularly business aid schemes for general investment in identified problem areas. As a result, the regional development policies are characterized by dual goals in many countries. This trend, however, was not universal: some countries retain a strong focus on the 'problematic region' particularly Germany, Spain, and Italy, while others have long tended to dominate an all-regional approach – as in Ireland and Austria. For many, there is an inherent difficulty in pursuing dual goals; this is perhaps especially true in many of the EU12 (i.e. Central and Eastern European countries which joined the EU in 2004 and 2007 respectively) where not only internal inequalities are often wide-ranging and increasing, but there is also a significant difference between national economic performance and the EU average. It is important, however, to what extent high-level targets feed into policy instruments too. Before going so far as to suggest that some efforts to eliminate regional inequalities or to equalize living conditions are nothing more than rhetoric, it is evident that in several countries such goals are not translated into practical policy instruments either because of lack of political will or because of the budgetary pressures of the economic climate (Bachtler et al, 2014).

2.3 Types of Regional Development Policies in Europe

The various governments adopt different forms and types of policies. The most prominent categories are among the wide range of policies; specific policy that applies to wide-ranging policy implementation. A wide-ranging policy would be an example of a policy that will secure broad national gain. Also there is what is called a specific strategy aimed at a particular segment of the economy (Damborg et al 1998). An example is a program for social / child welfare. Finally, an operational policy is in place to guide governments in decision-making , particularly in selecting specific programs or projects (Cooke and Morgan 2000). Nevertheless, Europe has different types of regional policy; these policies allow state to take concrete and successful decisions on initiatives that will improve economic and social growth. *As for policy types, they are categorized into three main groups, i.e. services, legislation and regulations, and together they are known as policy tools* (Ertl, 2003). Turning to the types of policy, which is focused on several characteristics of countries and policies: territorial difficulties, such as the nature and extent of regional inequalities, and specific problems; political commitment to territorial development; and national approaches to foreign strategy, concerning goals, instruments, and

scale of expenditure. Such policies could be classified into five (5) according to (Bachtler et al, 2014), whichever type as this is open to debate. On the one hand, with some justification, it is arguable that this involves over-simplification, neglects important context and loses sight of the necessary detail. Country allocation to one category or another could be contentious. On the one hand, with some justification, it is arguable that this involves over-simplification, neglects important context and loses sight of the necessary detail. Country allocation to one category or another could be contentious. On the other hand, it gives a comprehensive overview of how regional policies vary across Europe even at a general level.

Regional Development Policy, Oriented To Regional Disparities

The very first list includes countries–Finland, Germany, Italy, Norway, Spain, and Sweden where national legal or constitutional commitment is made to reduce regional disparities. They are geographically large countries where prominent regional differences are accepted as the main focus for spatially differentiated policies, and where well-funded instruments of domestic regional policy exist. The three Nordic countries (Finland, Norway, and Sweden) fall under this category. In all three countries, the regional policy covers the whole country but has a historically strong political commitment and policy focus on the regions in the far north of Norway, northern Sweden, and eastern and northern Finland, which are peripheral, sparsely populated, and has structural economic weaknesses. At the same time, the regional policy has moved over time to focus on other regions also, either because these are areas undergoing structural change (such as industrial areas undergoing restructuring) or because there is a policy objective of stimulating the potential of every region. This combined objective is evident in the references to ‘district and regional policy’ in Norway, the district component referring to the focus on the disadvantages of the peripheral and sparsely populated areas, and the regional element on the promotion of economic development in all regions. The importance of regional policy contributing to national and regional competitiveness is also evident in the term ‘regional growth policy’ used in Sweden and the fact that regional policy in Finland is increasingly becoming a regional innovation policy.

Regional policy in Germany also has a primary focus on reducing prominent territorial disparities, in this case narrowing the structural differences between the old and new Länder (states) in western and eastern Germany. Although labour market differences have narrowed

since unification, the new Länder continues to have lower productivity levels reflecting differences in sectorial structure, firm size, business R&D and export propensity. Demographic change is a concern too. German regional policy also focuses on structural economic weaknesses in specific areas of the old Länder, within a framework of regional policy intervention – involving a joint task between the federal and state governments to improve regional economic structure (Gemeinschaftsaufgabe Verbesserung der regionalen Wirtschaftsstruktur) – which serves the constitutional goal of achieving 'equivalent living conditions' (gleichwertige Lebensverhältnisse), (Bachtler et al, 2014).

- **Regional Competitiveness Policy, Oriented to Territorial Challenges**

The second category is made up of countries–Belgium, France, United Kingdom–with various territorial challenges (old industrial restructuring, rural development, urban regeneration, peripheral development). These are relatively wealthy countries, but certain regions are substantially below the EU average. Regional disparities on the scale of countries such as Germany or Italy, though there are some targeted measures for problematic regions, are given limited prominence. The primary focus is on regional or sub-regional (local) competitiveness to boost national growth (except for Belgium) and a range of relatively small programs and tools; partly implemented by regional self-government. France typifies this category. Interregional socio-economic disparities in mainland France are limited, although significant structural weaknesses remain in the overseas regions and, to a lesser extent, Corsica. There are also concerns over the difficulties facing old-industrial areas and mountainous rural areas, for example. The economic crisis has exacerbated the disadvantaged position (demographic dynamics, aging, education levels) of the regions of north-eastern France. In response, the regional policy has a combination of goals, on the one hand supporting lagging areas with a variety of small-scale measures targeted at assisted areas and rural areas and, on the other hand, enhancing the attractiveness and competitiveness of all regions. The diverse aims are evident in the mandate of the national development agency, DATAR, which includes: strengthening economic attractiveness, cohesion, and competitiveness of territories; supporting economic change; improving accessibility; and promoting sustainable, balanced, coherent development of rural and urban territories. Thus, regional policy is a cross-cutting policy that encompasses a large number of instruments for different types of territory (Bachtler et al, 2014).

- **National Competitiveness Policy, Oriented to Limited Regional Disparities**

The third category means smaller, prosperous European countries with limited regional disparities – Austria, Denmark, Luxembourg , the Netherlands and Switzerland. Priority is given to enhancing national competitiveness, strong emphasis is put on social stability and much attention is provided on the business climate. Policy focus is placed on localized issues but balanced development is considered important. Thus, Austria has no major national regional policy instruments, but there is some support to the business in areas with structural problems. But in areas with structural problems there is some support to business. The country has a strong program of fiscal equalization which has a levelling impact in practice across regions. The limited nature of traditional regional policy instruments is partly due to the relatively small scale of interregional economic disparities, although the restructuring of old industrial regions continues to be difficult and many rural peripheries along the borders with the former Eastern European Bloc are still lagging behind. The lower importance of regional policy at the national level is due to the federal structure of the country; the Lander is primarily responsible for regional economic development, which has its policies and instruments to promote innovation and SMEs. There are, however, some federal instruments, and there is an important coordination function at national level. Interregional inequalities in Denmark are comparatively small, especially in terms of jobs and unemployment rates, although some localities relatively far from Copenhagen and the two metropolitan growth areas of East Jutland are still lagging in socio-economic development. Regional development policies therefore aimed, first, to leverage regional economic capacity through location-specific initiatives and, second, to resolve the peripheral lagging localities within each of the five regions.

Regional programs cover the country as a whole in terms of national and Structural Funds programmes, but higher levels of funding can be used in areas designated for State assistance, and there is political agreement to focus a fairly large proportion of Structural Funds expenditure on designated peripheral regions. In the Netherlands too there are relatively small regional inequalities in GDP, production , economic activity and unemployment. In economic terms, the western provinces (South Holland, North Holland, and Utrecht) have consistently shown the best results, while the growth of the northern provinces (Groningen, Drenthe, Friesland, Overijssel, and Flevoland) has been weaker by

some measures. Until recently, the focus of spatial economic policy was on: fostering economic goals in all regions; more limited, place-based policy initiatives focusing on regional strengths of national interest; and local, program-based policymaking. Following a policy reform, national instruments were effectively eliminated and funding was reallocated to a new business strategy (focusing on the competitiveness of selected manufacturing or commercial strength regions, referred to as 'top sectors'), and geographical economic obligations were transferred to provincial and local governments.

Switzerland, like the other countries in this category, does not display major regional disparities, with Swiss regions performing well across indicators. Concentration patterns are alarming, however, in terms of population, jobs and wealth formation. Hence, the country's sustainable growth has been a historically significant goal. Compared with previous regional assistance and infrastructure investment policies, the latest regional strategy implemented in 2008 focuses more on regional growth and strategy in Europe: contributions to the debate on regional competitiveness and value creation in Latin America. This means further focus in terms of promoting the market climate, investing in institutional resources, developing networks, planning tools and regional strategies. The New Financial Equalization (NFA) is intended as a corollary to pursue the balancing goal, particularly as regards support for basic infrastructure. Finally, while Luxembourg is a small, rich nation, there are certain territorial inequalities, especially in rural areas with lower income levels. The aims of 'regional' policy are primarily to foster business and economic growth through a spatial, thematic approach , particularly linked to R&D and innovation, and to reduce the locational disadvantages of structurally weaker rural areas, contribute to territorial disparities mitigation, job creation and boost economic and business growth. The regional policy emphasizes economic diversification, competitiveness, and the elimination of economic growth constraints, especially in favor of R&D (Bachtler et al, 2014).

- **National Development Policy, Oriented to Diverse Geographical Issues**

The fourth category, comprising Cyprus, Greece, Ireland, Malta, Portugal, and Slovenia, comprises countries with major geographical problems in an EU sense (peripherally, insularity) or internally (islands, mountain areas, remote regions, the domination of the capital). These are smaller countries, many just below the EU average per head of GDP. Economic development policy focuses on national development and competitiveness, although there may be significant

internal disparities and increased attention to policy. Greece exemplifies this group of countries. Economic policy priorities are mainly concerned with national growth and development, especially in the context of the crisis. However, there are deep and persistent regional inequalities in Greece, with polarization between the Attica (Athens) region and all other regions. Those regions located distant from the Athens-Thessaloniki axis are lagging behind and in danger of remaining structurally disadvantaged measured not just in terms of regional GDP but also employment, R&D, demographic change, urban development, and some social service provision. Thus, some policy attention has been accorded to balanced economic growth and the development of the less-developed regions. Regional policy is largely synonymous with EU Cohesion policy; it is program-based and has both thematic and regional components.

The main national regional policy instrument is the Development Law, which aims at promoting economic development and regional convergence through private investment incentives. Regional policy is also weak in Ireland, which has operated a national economic development policy that seeks to be inclusive of all regions. As the country became one of the wealthier EU Member States in the 1990s and early 2000s, all regions saw rising prosperity during the growth years, although economic growth was stronger in the Dublin region than in other regions, particularly in the North and West. The crisis has seen significant declines in output and employment across all regions, with the previously middle-ranking South East region being particularly badly hit. Nationally, it is recognized that balanced growth across the country depends on investment in regional cities or gateways to make them as attractive as the Dublin region for foreign direct investment and entrepreneurship. A National Development Plan (NDP) is in place to foster such development, but this has been hit by continuing cuts in public expenditure. The main regional dimension to policy is driven by the varied availability and ceilings of State aid under the EU regional aid map, as well as differential levels of Cohesion policy funding across regions. Regional policies have thus been put in place in response to EU frameworks rather than due to domestic government decisions within Ireland.

In Portugal, traditional characterizations of the regional problem have emphasized the duality between a dynamic urban coast, on the one hand, and a declining rural interior with high out-migration on the other. In recent decades, new dynamics of activity have emerged based on major axes connecting growth areas with Spain, the interior has been developed and infrastructure asymmetries have been reduced across the country. However, the two development

poles of Greater Lisbon and Greater Oporto continue to be the main drivers of overall national growth, and many areas suffer from depopulation trends and a lack of sustainable growth and job-creation Policymaker attention being historically focused on improving national development competitiveness in a European context; while all regions have been eligible for financial support, the capital city Lisbon has often been seen as the main engine of national development. Regional policy in Portugal is synonymous with EU Cohesion policy, which co-finances the main regional aid schemes and a wide range of other policy initiatives with sectorial and territorial objectives, Regional development in Slovenia can be characterized in terms of a west-east divide.

Socio-economic indicators are considerably worse in the eastern part of the country than in the western part that includes the capital city, Ljubljana, in the Central Slovenian region. The differences in GDP per capita among Slovene regions are high and increasing. Slovenia has a long tradition of regional policy (since 1971). Although national development is a priority, there is a tradition of a regional policy dating back to the early 1970s, with an equity goal of supporting less-developed areas. Since 1999, regional structural policies have covered the whole country, but with a continued special focus on areas with particular development problems. Most domestic regional policy is tied in closely with EU Cohesion policy, which includes program support to strengthen regional development potential.

In addition, there is a particular concern for border problem areas, Roma settlements and particular areas .The small size of both Cyprus and Malta means that the scope for regional policy is limited, although in both countries there are territorial policy initiatives. In Cyprus, economic development is seen as unbalanced, favouring the urban centres and coastal areas at the expense of the rest of the island. Rural areas have suffered from economic outmigration and population aging. The division of islands has also been problematic; areas along the Green Line (the UN buffer zone) are underdeveloped and there are emerging concerns at the environmental impact of tourism in coastal areas. The promotion of balanced regional and rural development is one of the axes of the Strategic Development Plan 2007-13, which is the main domestic framework for economic development policy. The basic aim is to enhance territorial and social cohesion through integrated urban regeneration and to increase the attractiveness of rural areas by emphasizing the multifunctional character of agriculture and increasing the involvement of local government in development. Lastly, in Malta, economic development policy focuses on

tackling the structural problems of the country as a whole. The exception is a special recognition of the territorial needs of the island-region of Gozo focusing on the island's 'double insularity' problems. There are also regions on the island of Malta that face lower levels of economic and social development, particularly within the Southern Harbour, but these areas do not have specific policies that target structural problems and are only considered as regions for statistical purposes (Bachtler et al, 2014).

- **National Growth/Development Policy, Oriented to Widening Regional Disparities**

The final group includes countries all in Central and Eastern Europe (Poland, Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Romania, Slovakia), where national growth and development have been the focus for two decades. Compared to EU averages, these countries are less prosperous and have widened territorial inequalities, particularly between metropolitan areas and others. This category, however, is perhaps the most problematic given the way internal disparities are given a higher political and political profile (in some countries, notably Poland), and stronger regional development strategies and programs are developed in the domestic region. It is likely that, in future years, one or more countries would fall under another of the categories in this typology (Bachtler et al, 2014).

2.4 The Features of Regional Development Policy Concept

The regional policy principles are outlined into three main categories as enshrined in the Lithuanian Regional Policy White Paper below:

Consistency: regional policy instruments are used to address long-term structural problems. In order to move from a reactive regional policy to one that shapes changes, long-term directions must be agreed upon and adhered to consistently (without excluding the need to adapt to new circumstances and the political decision-making right).

Broad Consensus: The Regional Policy Actors: the Government, the Seimas, municipalities, and social and economic partners – are not subordinate to each other. In addition, when the partners are equal, a policy is of a coordinating nature, where it is important to understand and align the economic, political and psychological motives of all of the partners.

Evidence-based management: regional policy must be implemented in accordance with objective, reliable statistics and spatial and big data analysis, accurately identifying needs and opportunities; planned reforms must be tested primarily by ensuring the soundness of the assumptions and carrying out pilot projects, based on examples of international best practice.

The effectiveness of regional policy depends on the effectiveness of cooperation, and on how the system of cooperation at the national, local and regional levels (Annex 2) will work in among other areas, the attraction of public and private investment, and economic development. Regional policy can also contribute to better state management and service provision by addressing the development of newly established or reorganized state institutions and enterprises in the regions, the consolidation of services on the inter-municipal or inter-sectorial principal, spatial modelling of public service reforms, performance evaluation, and other tasks that help to reduce the cost of providing public services and improve the quality of services. A gradual transition must be made from sectorial (departmental) development planning to the principles of balanced regional development through the implementation of a horizontally coordinated regional policy. This calls for a change team – a permanent entity that can operationally address regional issues involving more than one ministry's involvement (Lithuanian Regional Policy White Paper, 2017).

2.5 Regional Development Policy Instruments

Many regional policy instruments have been in place since (or before) the early 2000s, notably the main regional aid schemes for structurally weaker regions (e.g. in Finland, France, Germany, Luxembourg, Norway, Spain, and Sweden) (EoRPA, 2017). The emergence of actors and communication instruments in an ever-increasing number of sectors has brought a new paradigm to different types of government, at different levels: Governance, or ' modern cooperative governance, ' in which public policies are less bureaucratic, less centralized within a sector demarcated or controlled by influential actors at the risk of ignoring interplay between social interests and masking power relations. The state itself is increasingly differentiated. It is a series of enmeshed agencies, organizations, flexible rules, and with increasing numbers of actors negotiating.

Public policy is defined by ad hoc or contingency structures and enmeshed networks, spontaneously by a multitude of players, various goals, fragmentation, cross-linking of problems and shifts in the scales of reference territories. The state's capacity for leadership is challenged; it

appears to lose its monopoly and is less the centre of political processes or conflict regulation. At the same time, scholars identify logics of state expansion and decentralization (Gamble, 1993; Jacobs and King, 2009). To understand the dynamics of governance in this historically precise context (Lascoumes and Le Galès, 2007) have suggested focusing precisely on policy instruments and instrumentation to document change over time. In the past, policy instruments were not a central domain of interest for governance scholars and hardly more so for those working on regulations. Policy instruments were analysed in a rather functionalist way to understand some minor processes of policy changes. By contrast, over the last two decades, the question of policy instruments has been very closely linked to the developments of modes of governance. On a more specific note, to be successful on innovations for new millennium, the issue of' new policy tools' has been correlated with making' new governance.' Empirical research in various policy fields has identified significant changes in the choice of policy instruments in different policy sectors, both in the USA and in Europe.

The development of an instrument of public policy will help to expose a deeper change in public policy–in its context, in its cognitive and normative framework and its outcomes. Writers of the different neo-institutionalism persuasions have all turned to illustrate systemic explanations for the barriers to reform and resistance tendencies.

Peter Hall first rekindled the issue of change in public policy when he defined different dimensions of change in this field, distinguishing between reform goals, instruments and their use or parameters: this led him to hierarchize three orders of change in public policy (Hall, 1993).In this way, he placed instruments at the heart of his analysis of changes in public policy. While much of the literature proved to be quite functionalist (Linder and Peters 1989, 1990) shifted toward a more political analysis of instrument choice and its impacts. Consequently, public policy instrumentation is a means of orienting relations between political society (through the administrative executive) and civil society (through its administered subjects), through intermediaries in the form of devices mixing technical components (measuring, Calculation, rule of law, procedure) and components of society (representation, symbol).

On the contrast, the more public policy is described through its instruments, the greater the risk of instrumentation issues that lead to disputes between different actors, interests and organizations. It will encourage the most important players to support the use of certain devices,

rather than others. Finally, working from (Hood's classic work 1986), (Lascoumes and Le Galès 2004) have suggested a typology of policy instruments: *Classic instruments are taxes and laws, Agreement- and incentive-based instruments, Information and communication-based instruments, De jure and de facto standards instruments.* Their relationship shows more clearly the classic conception of representative democracy.

2.6. Regional Development Policy Tools

The regional development policy tools approaches are active interventions by the government in promoting regional development. This view is driven by the view that economic growth is enhanced by 'pump-priming', funding projects as well as infrastructure development and support, etc. This approach is built on the conviction that, the regional economic disparities reflect market failures, and these can best be overcome by government intervention. (Jouke et al, 2009) in their article on Regional policy its Rationale, foundations and measurement of its effects categorized regional development policy tools and theories as below:

Table 2 Shows the Regional Development Policy Tools

Regional Development Theories	**Regional Policy Tools**	**Specific Example of Implementation Tools**
1.Regional Innovation Theory	1.Regional Innovation System 2. small medium enterprises 3. agglomeration	Financial: structural fund, support from state. Non-financial: cooperation, knowledge transfer, regional networking.
2. institutionalism	1. Triple helix model 2.Regional information system	Financial: state subsidy to the universities and businesses Non-financial: inter cooperation by government, firms and universities
3.Community-led local	1.local development	Financial: European Regional Development Fund, European

development theory	2. Leader approach	Social, Fund, European, Agricultural Fund for Regional Development, European, Maritime and Fisheries Fund and Cohesion Fund. Non-financial: CLLD for mobilization and involving local communities and organizations to contribute to achieving the Europe 2020 Strategy goals.
4.Neoclassical Economics theory	1. production mobility tools 2.Technological tools	Financial: capital mobilization Non-financial: interregional trade, technological transfer, labour migration and free trade
5.export base theory	1.employment 2.labour division, specialization and industrialization	Financial: government and private support for firms Non-financial: skilled labour, competition and demand

Source: authors own elaboration

2.7. Major Regional Development Policy Problems

In a rather loose way, we can say that regional policy problems stem out from the fact that in the real world there are some problem regions. Of course, this is not yet a definition, unless we identify such problem regions. To begin with, let us make a few examples. In Europe, it has been common in the post-war the point here is to make the case for evolutionary policy analysis and formulation that takes into account the theoretical and conceptual innovations in the area of

economic development, namely the issues of entrepreneurship, social interaction, networks, policy evaluation and partnership building. Most of these ingredients are absent from the regional policy (Porfirio, 2006). Although it is widely accepted that creativity and the complexities of expertise have come to the fore in regional development policy debates and formulation, specific regional problems persist and in recent decades, several regions have seen their status deteriorate. This condition is very important for the hinterland in Portugal. It was widely expected in the early 1990s that serious transformation problems would quickly appear in the industrial conurbations dominated by overblown and uncompetitive heavy industry. Regions with the 'wrong' economic structure could expect problems and one region in particular as asserted by Porfirio. Therefore, it is apparent that the regional policy problem refers to quite different types of regions, ranging from the underdeveloped areas to the overdeveloped regions. Consequently, it cannot be grasped by looking at just one indicator (e.g. as an index of regional disparities in per-capita incomes). Other indices should be used in addition, by measuring, for instance, the differences and similarities between innovation, quality of life, entrepreneurship etc.

Regional (spatial) Disparities express the scope of the difference of intensity manifestation of economic phenomena under investigation observed within regions of the given country. Territorial disparity indicates the scope of the intensity of given economic phenomena differs to between regions within a given country. The OECD definitions are significantly limited in focusing only on economic phenomena and concentrating on regional disparities only inside countries (OECD 2002, 2003). (Karin, 2007) Under regional inequalities, we acknowledged discrepancies from any conceptual reference division of characters taken as appropriate, in accordance with separate spatial standards (regional boundaries). The approach of (Molle, 2007) contributes a lot to the objective presumption of regional disparities. He suggests the critical problem from which the European Union 's policies come is the cohesion problem (coherence) and the lack of cohesion is measured by the size of the disparities.Cohesion development in time and by this also answering the basic policy question is: has Cohesion improved or worsened? Identification *of regional disparities is usually centred on the following points:*

- **Physical Nature of Regions:** they are associated with geographical and natural conditions. Measuring these disparities is complicated task according to author's opinion, as they are of natural character.
- **Economic Nature of Regions:** relating to differences in quantity or quality of regional issues.
- **Social Nature of Regions:** relate to incomes, population, and living standard.

Main Indicators for Measuring Regional Disparities include but not limited to the following: Regional labour market, GDP, Unemployment, population gap, Wage differential, Transportation system etc.

2.8. EU Scenario as a Point Of Reference: Regional Policy Analyses

Regional development policy measures cover aspects of government actions that ensure a level playing field. This involves offering employers with rewards to guarantee career options such as subsidies , tax reductions, affordable land, grants, soft loans, discounted labour, and work-training. Another instance is the EU's Cohesion Policy, which about €351.8 billion is allocated for the policy from 2014 to 2020. Cohesion policy has focused on three key sources for ensuring unified regional development: the Cohesion Fund, the European Regional Development Fund and the ESF. They support ESI (European & Investment Funds), in consonance with EMFF (European Maritime & Fisheries Fund) and EAFRD (European Rural Development Fund). These policy tools are either available but not successful, or no such policy interventions are available in the situations selected. eTheir application is marked by corruption, and the ability to divert money, even within developing nations with such policies. ever Since the establishment of the EU System (Article 174, Treaty on the Functioning of the EU), there is now on the agenda the use of EU regional policy as a means of assessing regional policy in place to enable overall harmonious development by reducing economic differences within EU regions. EU regional policy establishment began in 1975, with the establishment of the European Regional Development Fund. These were accompanied by the maastricht treaty, which led to the formation of the Single European Market, the Economic and Monetary Union as well as the economic and social unity which served as the goal of the Union to create the Unity Fund in 1992. Harmonious sustainable development across the EU regions was needed, and hence the Lisbon Treaty was to be formed in 2000. The Treaty was based on territorial stability, using

territorial resources and characteristics. The situation, too, has exacerbated inequalities. The crisis put an end to a long period of declining national GDP inequalities per head and unemployment, increasing the risk of deprivation or social exclusion among the population. More precisely, while approximately 25 percent of the population owns 10.8 percent of income — share of national equivalent income — the fourth quartile earns 45.1 per cent in 2011 (Eurostat for EU27); and 16.9 percent of the EU28 population is declared to be at risk of poverty in 2011 (Eurostat, based on the common threshold of 60 percent of median equivalent disposable income). Furthermore, the future is not positive as the Eighth Progress Report on Economic, Social and Territorial Cohesion concludes that the impact of the crisis on the risk of poverty and exclusion is likely to be felt more in the long term, since the crisis is not yet over yet and the effect takes time to filter through (Commission 2013). The economic and social inequality in the dichotomy can be addressed logically by establishing a regional measure of quality of life / social welfare performance (Perrons, 2012). As the European Commission has acknowledged, the commonly used economic indicator is that GDP must be combined with other indicators of quality of life. For example , human growth, health, insecurity, accessibility of resources provides comprehensive information to support policy decisions (Commission 2009). Regional success must be assessed by specific indicators related to the assessment of policy efficacy in terms of the well-being and growth of the individuals (Barca and McCann 2011). According to the 2011 UNDP Human Development Report, there are separate initiatives for creating multidimensional development indices or quality of life. The Human Development Index (HDI), measured annually since 1990 by the United Nations Development Programme, is the measure of capacity uses (Nussbaum 2000, 2011; Sen 1980, 1990). To addition to the HDI, the Human Development Report now contains three additional indices since the 2010 edition: income inequality, poverty disparity, workers ' compensation and tax revenue. The World Bank analyzes the modified net saving, an measure of sustainability that draws on principles of the Green National Accounts. The Commission on the Measurement of Economic Performance and Social Development (Stiglitz et al. 2009) finds three valuable empirical methods to measure quality of life: the approach to efficiency (Nussbaum 2000, 2011; Sen 1980, 1990); the approach to subjective well-being, closely related to psychology (Diener 2002; Easterlin 2001; Kahneman et al. 1999); and the notion of equal distribution o In 2011, the OECD launched the "Better Life Initiative" project, which identifies 11 essential dimensions of well-being, with 2-4 indicators per

dimension including subjective measures for well-being. The indicators for social inclusion in the European Union (Atkinson et al . 2001) established by the Laeken European Council in 2001, to be used to measure the performance of member states in social policy. The European Union has adopted numerous projects to develop policy-making indicators consistent with GDP, including social and environmental achievements (such as improved social stability, accessibility and affordability of basic goods and services, healthcare, public health and air quality) and losses. For example, increasing deprivation, rising violence, depleting natural resources (Commission for the European Communities, 2009). Among them these are noteworthy:

1. social inclusion indicator in the european union (Atkinson et al, 2001) established by european council in laeken in 2001, as a tool to measure public policy performance among member state .

2. The 2020 Europe framework (approved 2010) aims to organize efforts by all Member States to end the crisis more effectively together and to transform the EU into a smart, competitive and inclusive economy characterized by high rates of jobs, competitiveness and social cohesion (European Commission 2010). To achieve these goals, the Commission sets eight targets on unemployment, R&D expenditure, CO2 emissions, renewable energy, energy use, early school leaving, tertiary education and poverty which should be achieved by the Member States by 2020.

3. The indicators for Quality of Life are a program approved in November 2011, by the European Statistical Framework Committee. The objective of the collection of indicators is to offer an overall sense of how the country is doing in terms of its citizens' welfare (Eurostat, 2008). These metrics integrate data from multiple sources for measuring EU quality of life into the following dimensions: material living conditions, efficient or key operation, education , safety, physical and economic security, leisure and social interactions, human rights governance, natural and living environment, and overall life experience. There are no figures yet for some of the indicators.

4. The onset of all of the above-mentioned initiatives is that GDP is a very specific matrix focused solely on market values that may misrepresent wellness. Income and resources do not provide a satisfactory well-being indicator as they only measure means (instead of ends). Well-being is a multidimensional concept which takes into account the person's objective

circumstances and their subjective assessment of these. As both their objective situations and expectations are in society as well as in the structures in which we live, well-being is a fluid concept (Boulanger et al. 2009; Gough et al. 2006; Stiglitz et al. 2009), that is, well-being must be seen as a paradigm in which working, personal resources and external factors match together and decide one another (Eurostos et al. 2009).

3. Thesis Aim and Research Methodology

This section of the research thesis is concerned with the research aim and objective, research questions, problem statement, scope, design and methods employed to develop this thesis. System of data collection and its analysis are outlined. It then focuses on the explanation for the chosen cases and sampling technique. The limitation of the use of the selected method is also provided in this chapter.

3.1. Objectives of the Study

The main aim of the study is to identify main regional development policy problems, tools and suggest ways for curbing these problems. The specific objectives are:

1. To identify key problems of regional development policies in the selected EU regions
2. To explore the relationship between the regional development policy indicators in the selected EU regions
3. To discover the effect of regional disparity indicator on the quality of life in the selected Regions
4. To recommend tools used for surmounting the problems of regional development policies in the selected regions

3.2. Problem Statement

Regional Development tools are intended to help achieve effective learning methods and initiatives by providing access to the skills and techniques needed to do so. Regional development policy tools are a complex problem as they work at different levels and in such diverse ways. Development For example, digging a well to supply a community with water may be one form of regional development policy approach (Philip, 2002). however, regional development policy has been challenged by numerous issues, these flaws in regional development policy are potentially important given that it generates regional imbalances and raises concerns not only about national stability and social justice but also about economic performance. Substantial and persistent differences in wages and unemployment lead to inflationary pressures on the economic growth, as upward price changes are not included in shifts in the better-off regions in poorer areas (Vassilis, 2008; Wall and Zoega 2002). Thus, think

Tanks assume greater development obligations on central planning and policy formulation to promote growth in the regions. At the same time, the social , economic and political requirements take their proper position in regional (or urban) planning and growth. Nevertheless, much of the time in the case of EU regions, regional development policy tools are glamorously designed but face many problems. This has been the huge blow of many EU regions in the phase of regional development policy. The selected regions represent a crucial case for the study contained in nine (9) EU regions of these problems. With this, the thesis aims to provide answers to the following questions leading to the purpose of the study being fulfilled.

3.3. Research Questions

1. What are the specific problems of regional development policy in the selected EU regions?
2. How do regional development policy indicators relate to the selected EU regions?
3. How does Regional Disparity affect Quality of life indicator in the selected EU regions?
4. What tools can be used in curbing regional development problems in the selected EU Regions?

3.4. Research Strategy

Research strategy is, according to (Saunders, 2003), a general plan that lets the researcher find answers to research questions in a systematic way. Each section describes the systematic methodology used during the research, and the form of study performed. The aim of this thesis is to identify main regional development policy problems, tools and suggest ways for curbing these problems in the selected countries. The case for Germany, Austria, Slovakia, Finland, France, Hungary, Netherlands, Poland and the Czech Republic regions were selected for the topic under study. The research seeks to provide answers to the main research questions as to what are the specific problems of regional development policy in the selected countries, how do regional development policy indicators relate, how does regional disparity affect the quality of life, what tools can be used in curbing regional development policy problems. This study employed a mixed research strategy. The quantitative aspect of the study will be more descriptive statistics.

The reason for using the mixed-methods strategy is to get an in-depth understanding of the phenomenon studied using statistical tools.

Adapting this mixed-method is adequately supported by (Yin, 2003), where he argued that in a case study it is important to use both qualitative and quantitative methods if these mixed methods will improve the intensity of research findings. The qualitative research strategy was used to explore the specific tools for regional development policies in the selected European countries while the quantitative research strategy was also used to compare the level of the relationship of the indicators in the countries. While a fairly recent approach, the scientific community has adopted mixed methods study in its practice, scholarly journals and vast volumes of literature, such as the 'Sage Handbook' of mixed social and behavioral research methods "(Teddlie & Tashakkori, 2009). They noted that divisive discourse of any sort has become less than successful. Additionally, it obscures the fact that both qualitative and quantitative data are strongly interrelated. All quantitative data is based on qualitative judgments, and all qualitative data can be described and manipulated numerically.

A framework for this analysis has been implemented for comparative case research. Two or more cases are discussed in comparative case study methods. Creswell views case study as a bounded system exploration; a type of qualitative analysis in which such bounded systems are investigated over time through in-depth data collection and comprehensive multiple knowledge sources. It discusses the selected cases' similarities and differences (Creswell, 2014). The selected nature of comparative case study helped tremendously attain the target of the thesis.

3.5. Research Design

For the conduct of research there is the need to provide a design and in the terminology of (Bryman, 2008), 'the design offers a basis for data collection and analysis.' Essentially, the design affects and decides the choice of methods to use in data collection. Specifically, the experimental design, the cross-sectional design also known as survey analysis, longitudinal design, case study and comparative design are illustrated by five influential designs (Bryman, ibid). This work uses the comparative study analysis, three key designs are used in comparative research: single-country studies often known as case studies, comparative case of few countries and comparative case of several countries. This study adopted the situation of many countries as denoted by (Lor, 2017).

3.6. Scope of the Study

Nine micro-regions in the European Union were chosen for this study. These were Germany, Austria, Netherlands, Poland, Czech Republic, Slovakia, Hungary, Finland and France. These countries were chosen because they represent regions in the central, western, northern and northwest regions in EU respectively and have a different economic background in respect to their GDP, Regional development policy success.

3.6.1 Method for selecting Countries

In comparative studies, there are two basic design strategies which can be used when selecting cases for a comparative study to discover causal relationships about a social phenomenon. These two basic strategies include; the method of Most Similar System Designs (MSSD) and the Most Different System Design (MDSD). (Lor 2017:35) describes MSSD as choosing countries that *are very similar in all aspects except in respect of the particular factor or variable of which the study has an effect on.* Here, the focus is on controlling other factors which may contribute to establishing the causal linkage. On the other hand, MDSD strategy is used when the selected cases are different yet share certain commonalities in the phenomenon being studied. The MDSD strategy was used in the case of selecting the cases for this thesis.

In a policy field where great success is sought by actors and stakeholders, the chosen design enabled the researcher to derive important insight of the cases delineating the commonalities and contrasts in the approaches of these selected countries in dealing with the regional development disparities and quality of life policies.

3.6.2. Why the selected countries and Sampling

Major tools for regional development policies have been shifting focus to modern theories and decentralized system of development in the EU. The focus, however, has been on much tangible effort and not limited to the entrepreneurship, regional disparity, innovation and quality of life indicators. Often a time, many researchers in this policy area paid less attention to the tools for surmounting development problems. Vital criteria for selecting cases are convenience, access and geographical proximity (Yin, 1994). Table 3 below gives the country details and some key indicators. The selected cases represent a differing country and their respective problems of regional development policies in the EU.

To acquire reliable and credible data for the research of these regions, the author resorted to the database that had pre-grouped information specifically relevant to 9 EU micro regions. Data was not available for most regions hence the researcher used the purposive sampling technique

considering its convenience, cost-effective and less time-consuming nature. The researcher resorted to a sampling size of nine EU micro regions out of 28, which include Austria, Slovakia, Hungary, Poland and the Czech Republic are classified as central European countries whereas Germany, France, Finland and the Netherlands, which are, located at the western, central and northwest respectively. Though all the above-mentioned countries share similarities based on them being part of the European Union and belonging to the Schengen regions, they as well have some differences. The western European regions are noted to have a high GDP rate compared to the others in the central and northern EU regions. On the other hand, the quality of life has high indexing in the northern European regions compared to the regions in the west and central Europe.

In light of these differences, the choice of these cases is meant to enable the researcher to have a generalized view to have good analysis, and identify key issues of regional development policies pertinent to a cross-section of European regions in the selected countries and suggest better ways in surmounting these problems.

Table 3 shows Details of countries differences per some Indicators

Country	**GDP(PER CAPITA)**	**R&D/GDP**	**Poverty Gap**
Germany	35860	3.13%	17.8%
Austria	37810	3.17%	21.1%
Slovakia	15540	0.84%	26.1%
Finland	36850	2.75%	11.0%
France	32830	2.2%	16.4%
Hungary	12560	1.53%	37.1%
Netherlands	41540	2.16%	22.1%
Poland	12460	1.21%	19.9%
Czech	17620	1.93%	20.3%

Source: Eurostat, 2018

3.6.3. Data Collection

There are essentially two types of methods used in data collection analysis, the first being the primary method of data collection and the second being the secondary approach to data collection. Data are collected directly through participants in the primary research method (Flaherty et al., 2015), which is executed using observations, participation, interviews, and

surveys. Whereas secondary data on the other hand is based on collecting data from known knowledge sources, such as previous study studies (Clark, 2013).

The research solely deploys the use of secondary data from the OECD and policy documents related to the issues under research. The analysis was done using a comparative analysis tool. The research is focused on analyzing key policy problems of regional development in 9 EU micro regions in the time of 2008, 2012 and 2016.

Such periods were chosen in light of the economic downturn that existed during the 2000s to 2010 years (Verrick and Islam 2010). Having considered the (Verrick and Islam 2010) research, the year 2011 was considered to be the year of recovery for most nations; hence the years 2008, 2012 and 2016 were selected to acquire information devoid of extensive external impact. Countries are the grouping of territories by population size. The regional classification system was designed to promote an unbiased allocation of cohesion funds for the achievement of Europe 2020 goals from 2014 to 2020 (Committee of Regions 2009) and also to allow European regional statistics to be collected, updated and harmonized. The EU Micro regions were selected as the unit of analysis to allow the researcher to observe and compare the ground-level success and problems of regional policy and to also make the research more feasible and useful for regional analysis. Based on the nature of the study, it has been described as a comparative study that will analyze data gathered from OECD for the following indicators and their respective variables: Entrepreneurship(business confidence, foreign direct investment, self-employment rate, inventors); Innovation(ICT goods export, access to computers from home, internet access, research and development); welfare/quality of life(poverty gap, income inequality, employee compensation, tax revenue)and Regional disparities(GDP per Capita, unemployment rate, labour market, population rate) and review policy documents. Since the data needed for this research had to be region-centric, the website of the European Commission, the Eurostat region database, was used for information about these regions. This classification covers 9 regions in the European Union in the EU 28 member states Germany, Austria, Slovakia, Finland, France, Hungary, Netherlands, Poland and the Czech Republic.

It is important to note that some countries had no information for the period selected for some particular variables. Hence, the issue of unavailability of data for some countries made it quite difficult for correlation and efficient comparative analysis hence the sample size of 28 Regions was trickled down to 9 regions for better analysis. The thesis would use comparative analysis to

understand the complex issues regarding the variations and similarities found during data analyzes and for review of official policy documents. To better understand the progress and shortcomings of regional policy in the countries chosen and to respond to the study's objectives.

3.6.4. Data Analysis

This section adequately discloses and explains the different statistical methods used to analyze and evaluate the impact of the research input variables on the research output variables. The tools used to evaluate the various data will be discussed in detail below. A mixed approach to methodology is one in which the researcher tries to base knowledge claims on theoretical (e.g., consequence-oriented, uncertain, and pluralistic) grounds (Morgan, 2014). It employs investigation strategies that involve either gathering data simultaneously or sequentially to better understand research problems (Creswell et al., 2003).oThis research employed the mixed methods approach by the use of one method (Qualitative method) to build on the results of one method (Quantitative method). .Therefore, the researcher started with a quantitative approach and proceeded by a qualitative method requiring extensive analysis with few documents review and explanation.

3.6.5. Comparative case

Comparative case study according to (Creswell et al, 2017) seeks to explore differences and similarities in a cross-case context. Bryman argues that comparative research design entails the study of two or more contrasting cases. The analytical tool employed seeks to outline the key problems of regional development policies in the selected cases. A chronological explanation of the key findings of the individual cases was used to give insightful descriptive patterns which enabled for the creation of causal relationship as to why there are incompatibilities and similarities of key major indicators among the EU member states. As matter of fact, to be able to effectively explore the in-depth implementation of a policy, (Yin 2014) suggests the use of document and or content analysis as an ideal analytical approach for case study research design. Furthermore, to effectively determine how the indicators are successful in each country, the emphasis was made on 2 major indicators regional disparity as a dependent variable and quality of life as an independent variable.

3.6.6. Correlation Analysis

The researcher employed the use of DISPLAYR for correlation analysis in this study. Correlation analysis is a statistical tool used for determining the strength of the relation between two quantitative variables. A very important correlation indicates that there is a clear association between two or more variables, while a weak correlation indicates the variables are barely related (Franzese et al, 2019).In other words, it's the process of examining the strength of that relationship with the statistical data available. Analysis of the association is performed to determine the influence of a pair of variables in relation. The correlation coefficient r varies between −1 and +1, in which the absence of correlations is a perfect correlation between ±1 and 0. Values of r from 0 to 1 indicate partial correlation which may or may not be significant. The correlation coefficient r varies between −1 and +1 where a perfect correlation is ±1 and 0 is the absence of correlations. Values of r between 0 and 1 reflect a partial correlation, which can be significant or not. For example, r=0.80 indicates that variable 1 is related to variable 2 at 80%. In some cases, the squared value of r is applied to always have a positive value and is defined by R or r2. Only correlations that are significant at $p<0.05$ or 0.01 should be considered. The data collected were grouped into different themes based on the aims and objectives of the research to achieve the desired study result. The data collected were grouped to accomplish the desired study result according to the indicators of the respective variables.

3.7. Description of Variables

The details of all four indicators representing sixteen variables are provided in the table. Where *Regional (spatial) Disparities* express the scope of the difference of intensity manifestation of economic phenomena under investigation observed within regions of the given country. Territorial disparity indicates the scope of the intensity of given economic phenomena differs to between regions within a given country. The OECD definitions are significantly limited in focusing only on economic phenomena and concentrating on regional disparities only inside countries (OECD 2002, 2003), this is aptly supported by the neoclassical and social capital theories respectively. *Innovation* is expressed as “invention plus exploitation,” which is based on

(Roberts 1998, p. 13) and later used by (Dewangan and Godse 2014, p. 536), among others. This definition includes the implementation of a new or significantly improved product, process, or service (OECD, 2005) and the commercialization of innovation (Dewangan and Godse, 2014),it

is inshrined in the endogenous theory of growth, evolutionary and innovation miles theory. *Entrepreneurship* on the other hand includes the study of opportunities sources; the processes of identifying, assessing and exploiting opportunities; and the collection of individuals who discover, evaluate, and exploit them (Venkataraman & Shane, 2000) Entrepreneurship is the environment and method for generating and improving economic activity by combining risk-taking, imagination and/or innovation with sound management in a new or established enterprise (Commission of Entrepreneurship, 2003 of the European Communities), supported by the core periphery and evolutionary economics theory. Finally, *Quality of life* related to emotional state and personal life, but there are some other important aspects to have a good quality of life such as personal and collective safety, health, infrastructure, availability of consumer goods, adequate housing, education, opportunities for vacation, etc. Quality of life reflects the combination of environmental, political, social, economic factors. Quality of life factors are positive support for the individual, family, community, etc. (Enriko, 2010). The quality of life indicator is linked and supported by the community led and institutionalism theories.

Focused specifically on how they affect and relate to each other. Furthermore, as the regional development policy tools have been particularly prominent in the past year, it is important to build on previous work and expand scholarly knowledge of this contemporary phenomenon.

Table 4 below shows the details of indicators and variables used

INDICATORS	**VARIABLES USED**			
Regional Disparity	Unemployment Level	Labour Market	Population Rate	Gross Domestic Product (GDP per capita)
Quality of Life	Poverty Gap	Income Inequality	Employee Compensation	Tax Revenue
Entrepreneurship	Business Confidence	Foreign Direct Investment(FDI)	Self-Employee	Inventors
Innovation	Information communication Technology Goods Export	Access to Computers from Home	Internet Access	Research and Development(R&D)

Source: Authors own adaptation

3.8. Significance of the Study

Development practitioners will determine the future of regional development policy, so it is important to gain an in-depth understanding of the problems and their engagement with this issue. While there has been previous research on regional development policy tools, none has focused specifically on how they affect and relate to each other. Furthermore, as the regional development policy tools have been particularly prominent in the past year, it is important to build on previous work and expand scholarly knowledge of this contemporary phenomenon.

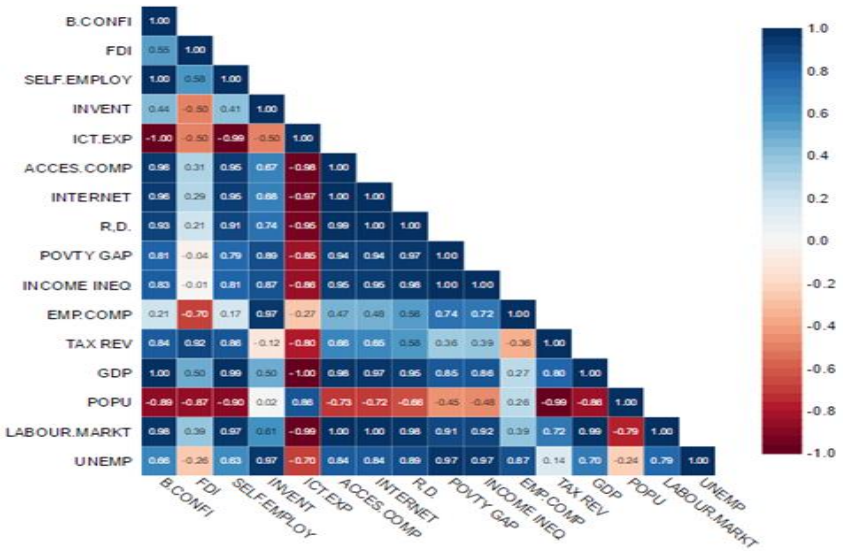
3.9. Research Limitation

Despite the comprehensive approach employed in conducting this research on a comparative case study, it is necessary to mention some shortcomings of this thesis. One primary drawback faced by the study is the non-dispensability of existing materials about some of the selected countries' policy documents. One major challenge and perhaps a weakness for the comparative case study methodology is rooted in its resource intensity mostly in time of exploring individual cases to be compared. EU is a composition of 28+ countries but selecting 9-member states for this study to formulating some propositions for generalizing the problems of regional development policy and suggesting tools to surmount these problems may be problematic. It may constitute an inherent bias by which the validity and reliability of the thesis may be questioned (Saunders, 2012). For this reason, the findings of this thesis would be unique to the selected cases. The use of secondary data poses another stray weakness in this work. Lack of the researcher’s possibility to personally observe and obtain first- hand information has put certain constraints on the thesis. Nonetheless, for the purposes of delimiting these weaknesses of the thesis, regarding the secondary data collection, data triangulation was done to double-check the data sets from credible sources. For the data reliability and credibility, peer-reviewed journals were consulted as well as the official websites of the OECD was used for data collection for the purpose of the analysis.

4. Data Analysis and Discussions

4.1 Data Analysis

This section comprises of the practical research conducted with reference to the countries understudied. Here, we will present the correlation analysis on the four chosen indicators regional disparities, quality of life, innovation and entrepreneurship variables pertinent to the countries Austria, Slovakia, Finland, France, Hungary, Netherlands, Poland and the Czech republic. Attempt to discover the relationship and differences between the variables in the respective countries. We will also subsequently conduct a test to discover the significance of the relations between these inputs and their connection with the measure of disparity and quality of life indicator. The data for the variables are extracted from OECD and from three different years. The researcher used DISPLAYR for correlation analysis to know the differing impact of different years selected. Going further, a comparative analysis would be made to access the success or failure of these variables in each country and looking at the interconnection and results from existing literature and theories. For ease of interpretation, these analyses will be classified by their location such as North, West, central and northwest of Europe aside their traditional NUTS 2 classification.



Source: Authors own calculation, data adopted from OECD

Figure 1 Shows Netherland's correlation analysis for all the variables

The above figure shows the results of the correlation analysis conducted between the four main indicators with sub variables like the entrepreneurship indicator (business confidence, foreign direct investment, self-employment, inventors). Innovation indicators (ICT goods export, access to computers, internet access, Research and development), quality of life indicator (poverty gap, income inequality, employee compensation, Tax revenue) and regional disparities indicator (GDP, population, labour market and unemployment rate) for the Netherlands for the years 2008, 2012 and 2016.

To determine the relationship between the sixteen variables, we will outline the results of the analysis for all the nine countries. In the figure above, we will closely observe both positive and negative relationships between the four indicators in the Netherlands starting with the Entrepreneurship indicators, it variables would be compared with the disparity indicator variables, quality of life indicator variables and Innovation indicator variables.

Business confidence has a positive relationship with unemployment, labour market, GDP, tax revenue, employee compensation, income inequality, poverty gap, R&D, internet access, computer access, inventors, self-employment and FDI with values ranging from 0.21 to 1.00. However, there is negative correlation between business confidence with population and ICT goods export with values ranging from -0.89 to -1.00.

FDI has a positive relationship with labour market, GDP, tax revenue, R&D, internet access, access to computers, and self-employment with values of 0.21 to 0.92.the FDI has a negative relationship with unemployment, population, employee compensation, income, poverty, ICT goods export and unemployment with values of -0.01 to -0.87.

Self-employment have a positive relationship with unemployment, labour market, GDP, tax, employee compensation, income, poverty, R&D, internet, access to computer and inventors with values of 0.17 to 0.99.it has a negative correlation with population and ICT with correlation of -0.90 to -0.99.

Inventors is positively related with unemployment, labour market, population, GDP, employee compensation, income, poverty, R&D, internet and access to computer with values of 0.02 to 0.0.97.It has a negative relationship with Tax revenue and ICT of -0.12 to -0.50.

The second to observe are the Innovation indicators, ICT goods Export has a positive relationship with population with a value of 0.88 and negative correlation with unemployment, labour, GDP, tax, employee compensation, income, poverty, R&D, internet, access to computers with values from -0.27 to -1.00.

For computer access, it has a positive relationship with unemployment, labour market, GDP, tax, employee compensation, income, poverty, R&D and internet access with values of 0.47 to 1.00.It equally has a negative relationship with population with a value of -0.73.

Internet access is positively correlated with unemployment, labour market, GDP, Tax, employee compensation, income, poverty and R&D and values of 0,48 to 1.00.It also has a negative correlation with population digit of -0.72.

Research and Development has a positive correlation with unemployment, labour, GDP, tax, employee compensation, income and poverty with values from 0.56 to 0.98 and a negative relationship with population with a value of -0.66.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with unemployment, labour market, GDP, Tax, employee compensation and income with values of 0.38 to 1.00.it again has a negative correlation with population with a figure of -0.45.

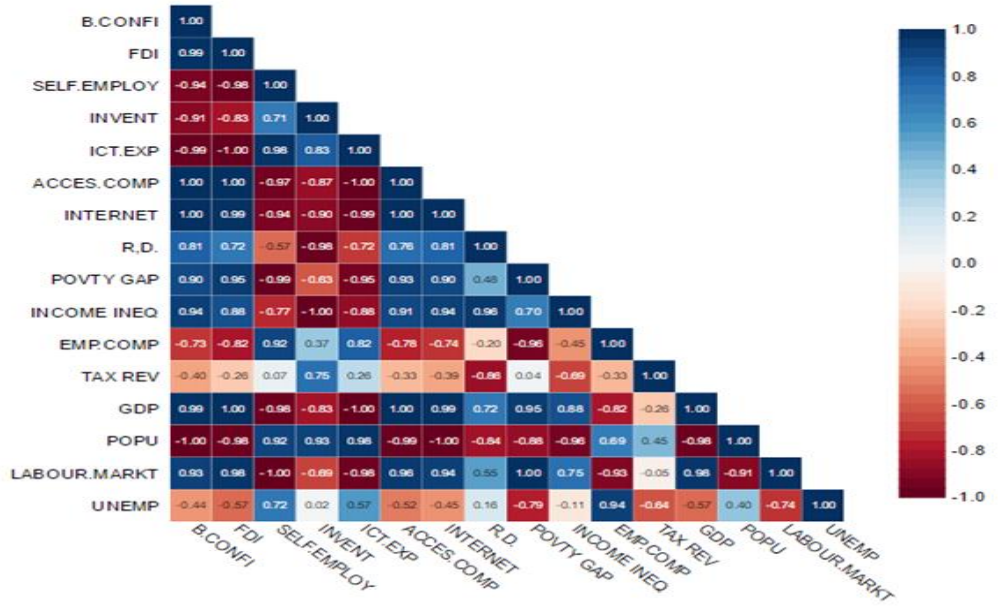
Income inequality has a positive relationship with unemployment, labour market, GDP, Tax and employment with values of 0.39 to 0.97 and again negatively correlated with population with a value of -0.43.

Employee compensation is positively related with unemployment rate, labour market, population, and GDP with values of 0.26 to 0.87 and correlated negative with tax revenue with a value of -0.36.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it is positively related with unemployment, labour market and GDP with figures from 0.14 to 0.80 and related negatively with population with a value of -0.99.

GDP is positively related with unemployment and labour market with values of 0.70 to 0.99 and negatively related to population with a value of -0.88.

Population has no positive correlation and correlated negatively with unemployment and labour market from -0.24 to -0.79.Labour market has a positive correlation with unemployment with a value of 0.79.



Source: Authors own calculation using data from OECD

Figure 2 shows correlation analysis for all indicators in Hungary

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 2 the positive and negative correlation between the sixteen variables in Hungary starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with labour market, GDP, income, poverty gap, R&D, internet access, computer access, and FDI with values ranging from 0.81 to 1.00. However, they is negative correlation between business confidence and , self-employment, unemployment, inventors, tax revenue, employee compensation, income inequality, population, ICT goods export with values ranging from -0.40 to -1.00.

FDI has a positive correlation with labour market, GDP, income, poverty gap, R&D, internet access and access to computers with values of 0.72 to 1.00.the FDI has a negative relationship with unemployment, population, tax, employee compensation, ICT, self-employment with values of -0.28 to -1.00.

Self-employment has a positive relationship with unemployment, population, tax, employee compensation, ICT and inventors with values of 0.07 to 0.98. It has a negative correlation with labour market, GDP, income, poverty, R&D, internet and access to computer with correlation of -0.57 to -1.00.

Inventors are positively correlated with unemployment, population, tax, employee compensation, and ICT with values of 0.02 to 0.93. It has a negative relationship with Labour market, GDP, income, poverty, R&D, internet and access to computer with values of -0.69 to -1.00.

The second to observe are the Innovation indicators; CT Export has a positive relationship with unemployment, population, tax and employee compensation with a value of 0.28 to 0.82 and negative correlation with labour, GDP, income, poverty, R&D, internet and access to computers with values from -0.88 to -1.00.

For computer access, it has a positive relationship with labour market, GDP, tax, income, poverty, R&D and internet access with values of 0.33 to 1.00.It equally has a negative relationship with unemployment, population and employee compensation with a value of -0.52 to -0.99.

Internet access is positively correlated with labour market, GDP, income, poverty and R&D and values of 0.81 to 1.00.It also has a negative correlation with population, Tax, employee compensation and unemployment with digit of -0.45 to -1.00.

Research and Development has a positive correlation with unemployment, labour, GDP, income and poverty with values from 0.16 to 0.98 and a negative relationship with population, tax, employee compensation with a value of -0.20 to -0.88.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with labour market, GDP, Tax and income with values of 0.04 to 1.00.it again has a

negative correlation with unemployment, population and employee compensation with a figure of -0.79 to -0.98.

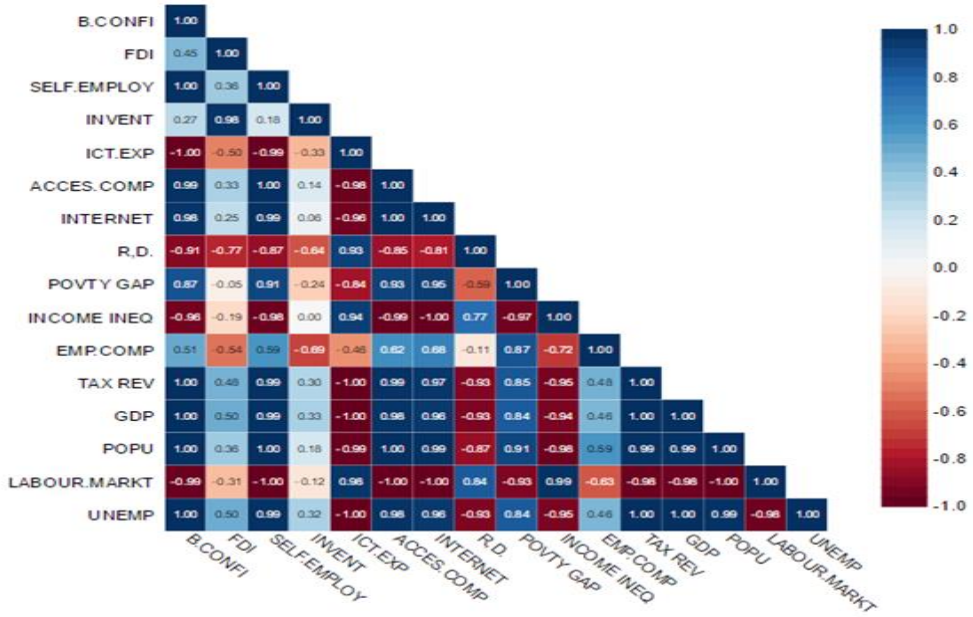
Income inequality has a positive relationship with labour market and GDP with values of 0.75 to 0.88 and again negatively correlated with unemployment, population, Tax and employee compensation with a value of -0.11 to -0.96.

Employee compensation is positively related with unemployment rate and population with values of 0.89 to 0.94 and correlated negative with labour market, GDP and tax revenue with a value of -0.33 to -0.83.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has no positive relationship but related negatively with unemployment, labour market population and GDP with figures from -0.05 to -0.64.

GDP is positively related with unemployment and labour market with values of 0.57 to 0.98 and negatively related to population with a value of -0.98.

Population has a positive correlation with unemployment rate with a figure of 0.40 and correlated negatively with labour market with a figure of -0.91.labour market has a positive correlation with unemployment rate with a value of 0.79.



Source: Authors own calculation using data from OECD

Figure 3 shows correlation analysis for all indicators in Finland

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in Finland starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with unemployment, population, GDP, tax revenue, employee compensation, poverty gap, internet access, computer access, inventors, self-employment, and FDI with values ranging from 0.27 to 1.00. However, they is negative correlation between business confidence and labour market, income inequality, R&D and ICT goods export with values ranging from -0.98 to -1.00.

FDI has a positive correlation with unemployment, population gap, GDP, tax revenue, internet access, access to computers, inventors and self-employment with values of 0.25 to 0.98.the FDI has a negative relationship with labour market, employee compensation, income, poverty gap, R&D and ICT with values of -0.19 to -0.77.

Self-employment has a positive relationship with unemployment, population, GDP, tax, employee compensation, poverty, and internet access, access to computers and with values of 0.18 to 1.00. It has a negative correlation with labour market, income, R&D and ICT with correlation of -0.87 to -1.00.

Inventors are positively correlated with unemployment, population, GDP, tax, income, internet access and access to computer with values of 0.00 to 0.33. It has a negative relationship with Labour market, employee compensation, poverty, R&D and ICT goods export with values of -0.12 to -0.69.

The second to observe are the Innovation indicators; ICT Export has a positive relationship with labour market, income and R&D with values of 0.93 to 0.98 and negative correlation with unemployment, population gap, GDP, tax, employee compensation, poverty, internet access and access to computers with values from -0.48 to -1.00.

For computer access, it has a positive relationship with unemployment, population, GDP, tax, employee compensation, poverty and internet access with values of 0.62 to 1.00.It equally has a negative relationship with labour market, income and R&D with a value of -0.85 to -1.00.

Internet access is positively correlated with unemployment, population, GDP, tax, employment compensation and poverty with values of 0.68 to 0.99.It also has a negative correlation with labour market, income and R&D with digit of -0.81 to -1.00.

Research and Development has a positive correlation with labour market and income with values from 0.77 to 0.84 and a negative relationship with unemployment, population, GDP, tax, employee compensation and poverty with a value of -0.11 to -0.93.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with unemployment, population, GDP, Tax and employee compensation with values of 0.84 to 0.91.it again has a negative correlation with labour market and income with a figure of -0.93 to -0.97.

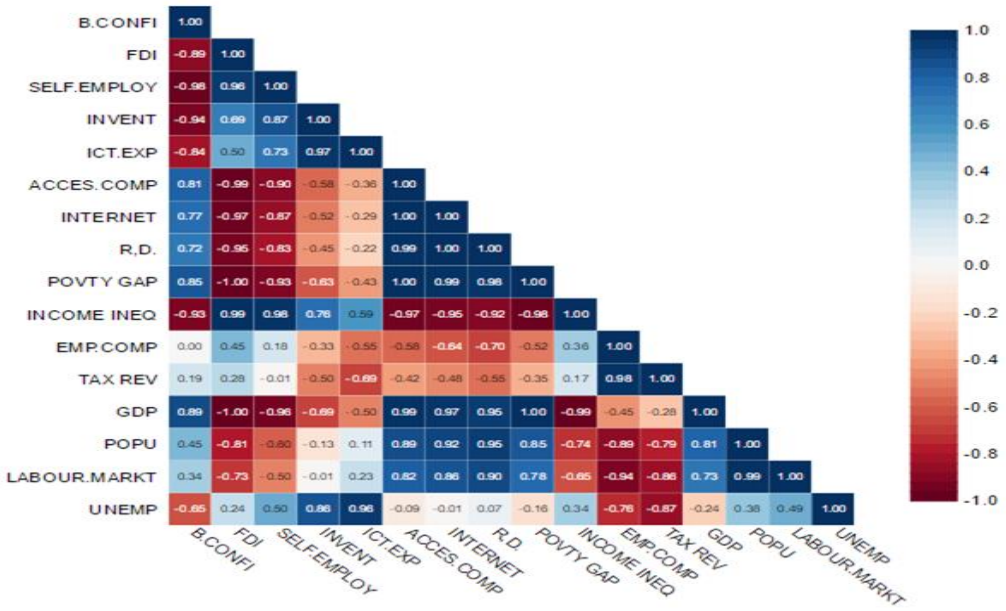
Income inequality has a positive relationship with labour market with a value of 0.99 and again negatively correlated with unemployment, population, GDP and tax and employee compensation with a value of -0.72 to -0.98.

Employee compensation is positively related with unemployment rate, population, GDP and tax with values of 0.46 to 0.59 and correlated negative with labour market with a value of -0.83

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with unemployment, population and GDP ranging from 0.99 to 1.00 but related negatively with labour market with figures of -0.98.

GDP is positively related with unemployment and population with values of 0.99 to 1.00 and negatively related to labour market with a value of -0.98.

Population has a positive correlation with unemployment rate with a figure of 0.99 and correlated negatively with labour market with a figure of -1.00.labour market has a negative correlation with unemployment rate with a value of -0.98.



Source: Authors own calculation using data from OECD

Figure 4 shows correlation analysis for all the indicators in Poland

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in Poland starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with labour market, population, GDP, tax revenue, employee compensation, poverty gap, R&D, internet access and computer access with values ranging from 0.00 to 0.89. However, they is negative correlation between business confidence and unemployment, income, ICT goods export, inventors, self-employment and FDI with values ranging from -0.65 to -0.98.

FDI has a positive correlation with unemployment, tax, employee compensation, income, ICT, inventors and self-employment with values of 0.24 to 0.99.the FDI has a negative relationship with labour market, population gap, GDP, poverty, R&D, internet access and access to computers with values of -0.73 to -1.00.

Self-employment has a positive relationship with unemployment, employee compensation, income, ICT and inventors with values of 0.18 to 0.98. It has a negative correlation with labour market, population, GDP, tax, poverty, R&D, access to internet and access to computer with correlation of -0.01 to -0.96.

Inventors are positively correlated with unemployment, income and ICT with values of 0.78 to 0.97. It has a negative relationship with Labour market, population gap, GDP, tax, employee compensation, poverty, R&D, internet access and access to computers with values of -0.01 to -0.83.

The second to observe are the Innovation indicators; ICT goods Export has a positive relationship with unemployment, labour market, population and income with values of 0.11 to 0.98 and negative correlation with GDP, tax, employee compensation, poverty, R&D, internet access and access to computers with values from -0.22 to -0.69.

For computer access, it has a positive relationship with labour market, population, GDP, poverty, R&D and internet access with values of 0.82 to 1.00.It equally has a negative relationship with unemployment, tax, employee compensation and income with a value of -0.09 to -0.97.

Internet access is positively correlated with labour market, population, GDP, poverty and R&D with values of 0.88 to 1.00.It also has a negative correlation with unemployment, tax revenue, employee compensation and income with digit of -0.01 to -0.96.

Research and Development has a positive correlation with unemployment, labour market, population, GDP and poverty with values from 0.07 to 0.98 and a negative relationship with tax, employee compensation and income with a value of -0.55 to -0.92.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with labour market, population and GDP with values of 0.78 to 1.00.it again has a negative correlation with unemployment, tax, employee compensation and income with a figure of -0.16 to -0.98.

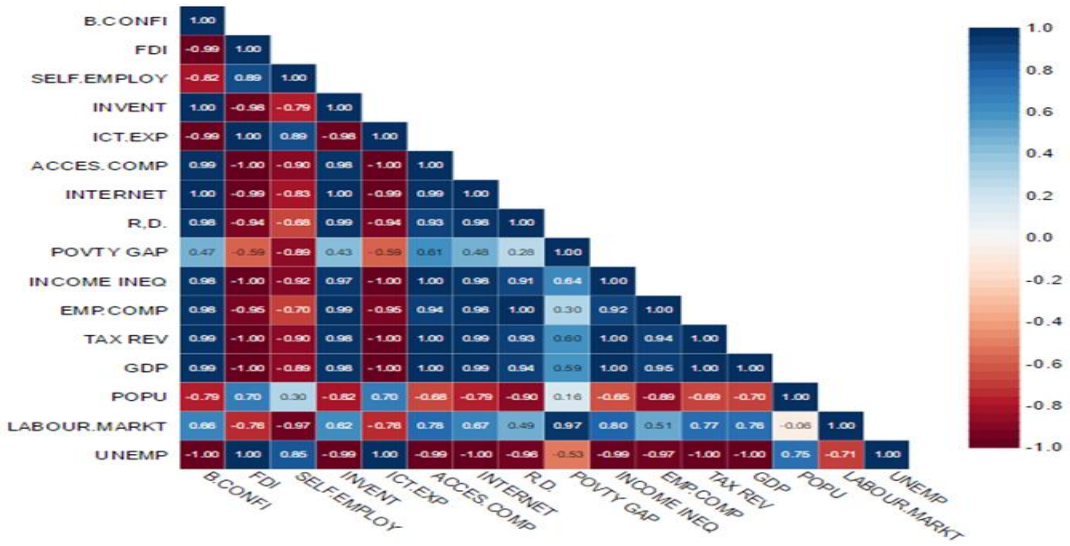
Income inequality has a positive relationship with unemployment, tax and employee compensation with a value of 0.17 to 0.36 and again negatively correlated with labour market, population and GDP with a value of -0.74 to -0.99.

Employee compensation is positively related with tax with values of 0.98 and correlated negative with unemployment, labour market, population and GDP with a value of -0.45 to -0.94

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has no positive relationship but related negatively with unemployment, labour market, population and GDP with figures of -0.28 to -0.88.

GDP is positively related with unemployment, labour market and population with values of 0.24 to 0.81 it has no negative correlation.

Population has a positive correlation with unemployment rate and labour market with a figure of 0.38 to 0.99 and has negative correlation. Labour market has a positive correlation with unemployment rate with a value of 0.49.



Source: Authors own calculation using data from OECD

Figure 5 shows correlation analysis for all the indicators in Germany.

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in the Germany starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with labour market, GDP, tax revenue, employee compensation, income inequality, poverty gap, R&D, internet access, inventors and computer access with values ranging from 0.47 to 1.00. However, there is negative correlation between business confidence and unemployment, population gap, ICT, self-employment and FDI with values ranging from -0.79 to -1.00.

FDI has a positive correlation with unemployment, population gap and self-employment with values of 0.70 to 1.00.the FDI has a negative relationship with labour market, GDP, tax, employee compensation, income, poverty, R&D, internet access and access to computers and inventors with values of -0.59 to -1.00.

Self-employment has a positive relationship with unemployment, population and ICT with values of 0.30 to 0.89. It has a negative correlation with labour market, GDP, tax, employee compensation, income, poverty, R&D, access to internet access, inventors and access to computer with correlation of -0.66 to -0.97.

Inventors are positively correlated with Labour market, GDP, tax, employee compensation, income inequality, poverty, R&D, internet access and access to computers with values of 0.43 to 1.00. It has a negative relationship with unemployment, population gap and ICT with values of -0.82 to -0.99.

The second to observe are the Innovation indicators; ICT goods Export has a positive relationship with unemployment and population with values of 0.70 to 1.00 and negative correlation with labour market, GDP, tax, employee compensation, income, poverty, R&D, internet access and access to computers with values from -0.59 to -1.00.

For computer access, it has a positive relationship with labour market, GDP, tax, employee compensation, income, poverty, R&D and internet access with values of 0.61 to 1.00.It equally has a negative relationship with unemployment and population with a value of -0.68 to -0.99.

Internet access is positively correlated with labour market, GDP, tax, employee compensation, income, poverty and R&D with values of 0.48 to 1.00.It also has a negative correlation with unemployment and population with digit of -0.79 to -1.00.

Research and Development has a positive correlation with labour market, GDP, tax, employee compensation, income and poverty with values from 0.28 to 1.00 and a negative relationship with unemployment and population with a value of -0.90 to -0.96.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with labour market, population, tax, employee compensation, income and GDP with values of 0.16 to 0.97.it again has a negative correlation with unemployment with a figure of -0.53

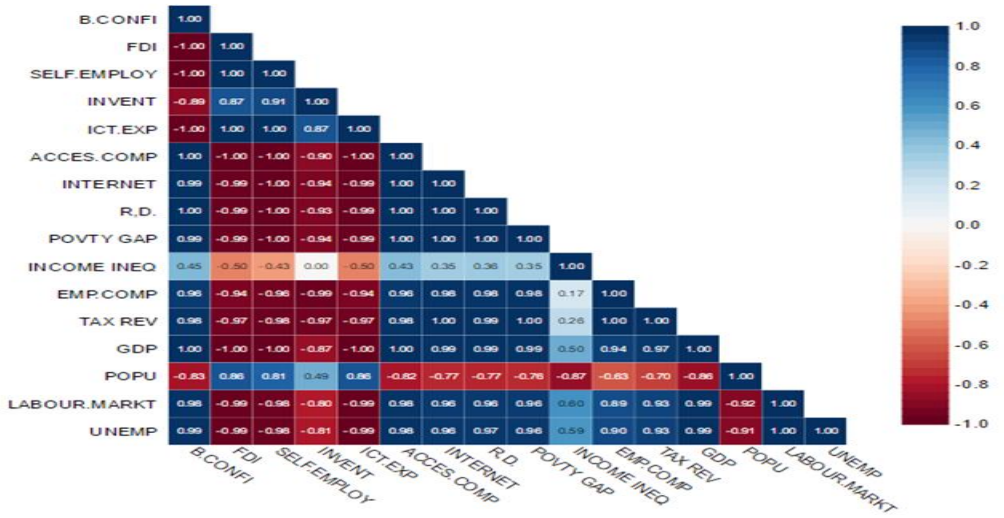
Income inequality has a positive relationship with labour market, GDP, tax and employee compensation with a value of 0.80 to 1.00 and again negatively correlated with unemployment and population with a value of -0.65 to -0.99.

Employee compensation is positively related with labour market, GDP and tax revenue with values of 0.51 to 0.95 and correlated negative with unemployment and population with a value of -0.89 to -0.97.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with labour market and GDP with values of 0.77 to 1.00 but related negatively with unemployment and population with figures of -0.69 to -1.00.

GDP is positively related with labour market with values of 0.78 it has a negative correlation with unemployment and population with -0.70 to -1.00 respectively.

Population has a positive correlation with unemployment rate with a figure of 0.75 and has negative correlation with labour market with a value of -0.06. Labour market has a negative correlation with unemployment rate with a value of -0.71.



Source: Authors own calculation using data from OECD

Figure 6 shows correlation analysis for all the indicators in Austria

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in Austria starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with unemployment, labour market, GDP, tax revenue, employee compensation, income inequality, poverty gap, R&D, internet access, inventors and computer access with values ranging from 0.45 to 1.00. However, there is negative correlation between business confidence and population gap, ICT, inventors, self-employment and FDI with values ranging from -0.83 to -1.00.

FDI has a positive correlation with population gap, ICT, inventors and self-employment with values of 0.86 to 1.00.the FDI has a negative relationship with unemployment, labour market, GDP, tax, employee compensation, income, poverty, R&D, internet access and access to computers and inventors with values of -0.50 to -1.00.

Self-employment has a positive relationship with population, inventors and ICT with values of 0.81 to 1.00. It has a negative correlation with unemployment, labour market, GDP, tax, employee compensation, income, poverty, R&D, access to internet access and access to computer with correlation of -0.43 to -1.00.

Inventors are positively correlated with population gap, income inequality and ICT goods export with values of 0.00 to 1.00. It has a negative relationship with unemployment, labour market, GDP, tax, employee compensation, poverty, R&D, internet access and access to computer with values of -0.80 to -0.99.

The second to observe are the Innovation indicators; ICT goods Export has a positive relationship with population with values of 0.88 and negative correlation with unemployment, labour market, GDP, tax revenue, employee compensation, income, poverty, R&D, internet access and access to computers with values from -0.50 to -1.00.

For computer access, it has a positive relationship with unemployment, labour market, GDP, tax, employee compensation, income, poverty, R&D and internet access with values of 0.43 to 1.00.It equally has a negative relationship with population with a value of -0.82.

Internet access is positively correlated with unemployment, labour market, GDP, tax revenue, employee compensation, income, poverty and R&D with values of 0.35 to 1.00.It also has a negative correlation with population with digit of -0.77.

Research and Development has a positive correlation with unemployment, labour market, GDP, tax, employee compensation, income and poverty with values from 0.36 to 1.00 and a negative relationship with population with a value of -0.77.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with unemployment, labour market, population, tax revenue, employee

compensation, income and GDP with values of 0.35 to 1.00.it again has a negative correlation with population with a figure of -0.76.

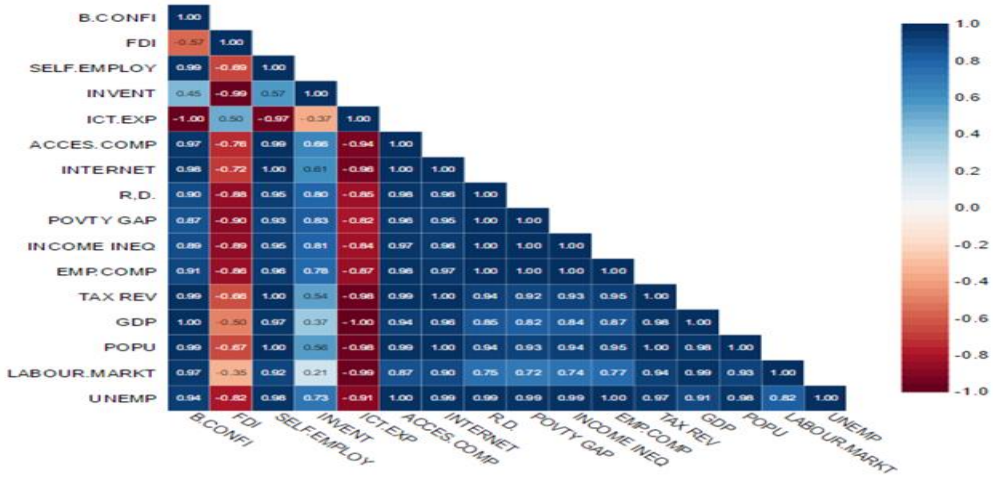
Income inequality has a positive relationship with unemployment, labour market, GDP, tax and employee compensation with a value of 0.17 to 0.60 and again negatively correlated with population with a value of -0.87.

Employee compensation is positively related with unemployment, labour market, GDP and tax revenue with values of 0.89 to 1.00 and correlated negative with population with a value of -0.63.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with unemployment, labour market and GDP with values of 0.93 to 0.97 but related negatively with population with figures of -0.70.

GDP is positively related with unemployment and labour market with values of 0.99 it has a negative correlation with population with a figure of -0.86.

Population has no positive correlation and has negative correlation with unemployment and labour market with a value of -0.91 to -0.92. Labour market has a positive correlation of 1.00 with unemployment with no negative correlation.



Source: Authors own calculation using data from OECD

Figure 7 shows correlation analysis for all the indicators in France

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in France starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with unemployment, labour market, population, GDP, tax revenue, employee compensation, income inequality, poverty gap, R&D, internet access, inventors, self-employment and computer access with values ranging from 0.45 to 1.00. However, there is negative correlation between business confidence and ICT and FDI with values ranging from -0.59 to -1.00.

FDI has a positive correlation with ICT with a values of 0.50.the FDI has a negative relationship with unemployment, labour market, population, GDP, tax, employee compensation, income inequality, poverty gap, R&D, internet access and access to computers, self-employment and inventors with values of -0.35 to -1.00.

Self-employment has a positive relationship with unemployment, labour market, population, GDP, tax, employee compensation, income inequality, poverty gap, R&D, internet access, access to computer and inventors with values of 0.57 to 1.00. It has a negative correlation with ICT with correlation of -0.97.

Inventors are positively correlated with unemployment, labour market, population gap, GDP, tax revenue, employee compensation, income inequality, poverty, R&D, internet access and access to computers from home with values of 0.21 to 0.83. It has a negative relationship with ICT with a value of -0.37.

The second to observe are the Innovation indicators; ICT goods Export has no positive relationship but however has a negative correlation with unemployment, labour market, population gap, GDP, tax revenue, employee compensation, income, poverty, R&D, internet access and access to computers with values from -0.82 to -1.00.

For computer access, it has a positive relationship with unemployment, labour market, population, GDP, tax revenue, employee compensation, income, poverty, R&D and internet access with values of 0.87 to 1.00.It has no negative relationship.

Internet access is positively correlated with unemployment, labour market, population, GDP, tax revenue, employee compensation, income, poverty and R&D with values of 0.90 to 1.00.It has no negative correlations.

Research and Development has a positive correlation with unemployment, labour market, population, GDP, tax revenue, employee compensation, income inequality and poverty with values from 0.75 to 1.00 and has no negative relationship variables.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with unemployment, labour market, population, GDP, tax revenue, employee compensation and income inequality with values of 0.72 to 1.00.it again also has no negative correlation with variables.

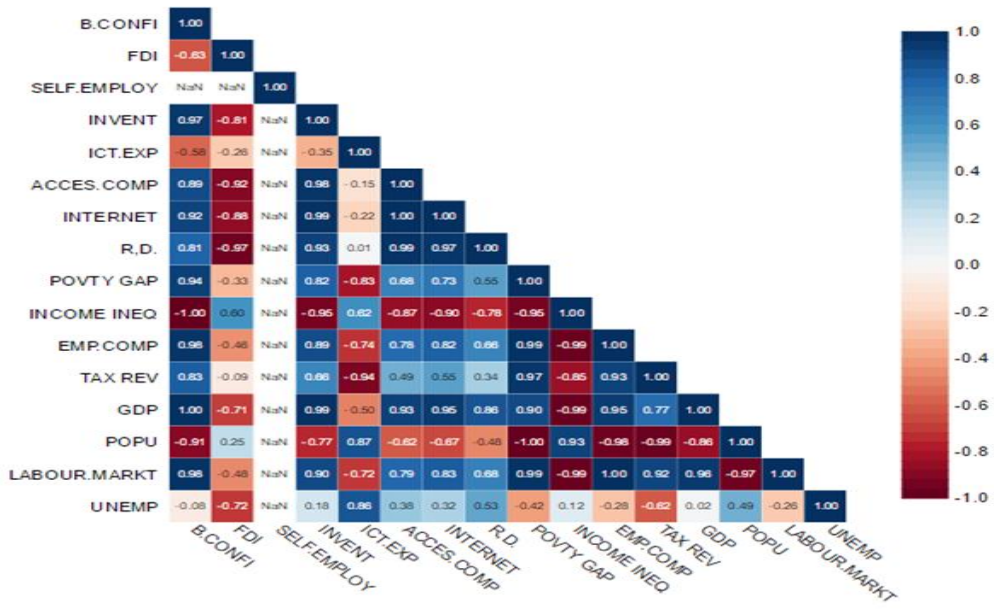
Income inequality has a positive relationship with unemployment, labour market, population gap, GDP, tax revenue and employee compensation with values of 0.74 to 1.00 and again has no negative relationship.

Employee compensation is positively related with unemployment, labour market, population, GDP and tax revenue with values of 0.77 to 1.00.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with unemployment, labour market population and GDP with values of 0.94 to 1.00 but related negatively with other variables.

GDP is positively related with unemployment, population and labour market with values of 0.91 to 0.99.it has no negative correlation with other indicators.

Population has a positive correlation with unemployment and labour market with values of 0.93 to 0.98 but has no any negative correlation. Labour market has a positive correlation of 0.82 with unemployment with no negative correlation.



Source: Authors own calculation using data from OECD

Figure 8 has a detailed correlation analysis for the indicators in Slovakia.

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in Slovakia starting with the Entrepreneurship indicators variables.

Business confidence is positively correlated with labour market, GDP, tax revenue, employee compensation, , poverty gap, R&D, internet access, access to computers from home and inventors with values ranging from 0.81 to 1.00. However, there is negative correlation between business confidence and unemployment, population, income inequality, ICT and FDI with values ranging from -0.58 to -1.00 with self-employment having no correlation at all.

FDI has a positive correlation with population and income inequality with values of 0.25 to 0.60.the FDI has a negative relationship with unemployment, labour market, GDP, tax revenue, employee compensation, poverty gap, R&D, internet access, access to computers, ICT and inventors with values of -0.09 to -1.00 with self-employment having no correlation at all.

Self-employment has no correlation with any of the variables.

Inventors are positively correlated with unemployment, labour market, GDP, tax revenue, employee compensation, poverty, R&D, internet access and access to computers from home with

values of 0.18 to 0.99. It has a negative relationship with population, income inequality and ICT with values of -0.35 to -0.95.

The second to observe are the Innovation indicators; ICT goods Export has a positive relationship with unemployment, population gap, income inequality and R&D with values of 0.01 to 0.88 but however has a negative correlation with labour market, GDP, tax revenue, poverty, internet access and access to computers with values from -0.15 to -0.94.

For computer access, it has a positive relationship with unemployment, labour market, GDP, tax revenue, employee compensation, poverty gap, R&D and internet access with values of 0.38 to 1.00.It has a negative relationship with population and income with values of -0.62 to -0.87.

Internet access is positively correlated with unemployment, labour market, GDP, tax revenue, employee compensation, income, poverty and R&D with values of 0.32 to 0.97.It has negative correlations population and income inequality with values of -0.67 to -0.90.

Research and Development has a positive correlation with unemployment, labour market, GDP, employee compensation and poverty with values from 0.34 to 0.88 and has negative relationship population and income inequality variables ranging from -0.48 to -0.78.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with labour market, GDP, tax revenue and employee compensation with values of 0.90 to 0.99.it again also has negative correlation with variables unemployment, population and income inequality with figures -0.42 to -1.00.

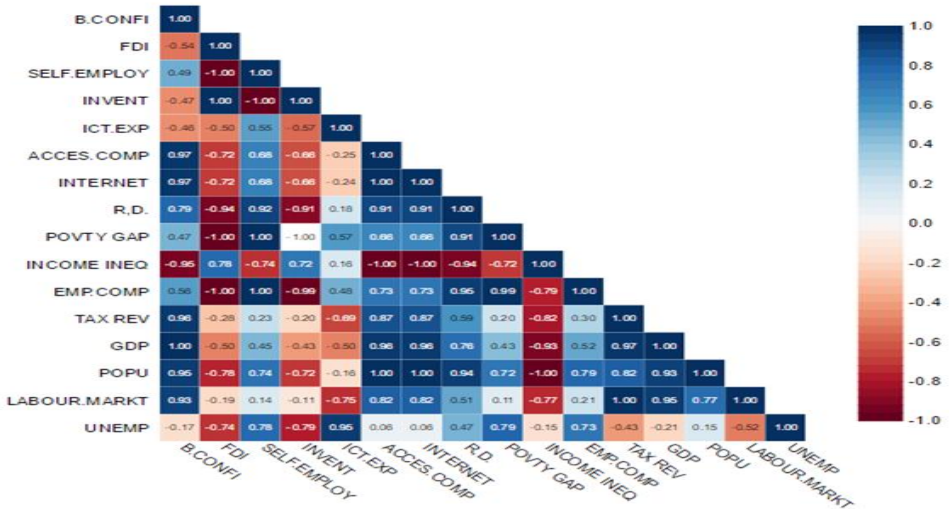
Income inequality has a positive relationship with unemployment and population gap with values of 0.12 to 0.93 and has a negative relationship with labour market, GDP, tax revenue, employee compensation with values -0.85 to -0.99.

Employee compensation is positively related with labour market, GDP and tax revenue with values of 0.93 to 1.00 with negative relationship on variables unemployment and population with values -0.28 to -0.98.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with labour market and GDP with values of 0.77 to 0.92 but related negatively with other variables as unemployment and population with values -0.02 to -0.99.

GDP is positively related with unemployment and labour market with values of 0.02 to 0.98.it has a negative correlation with population with figure -0.88.

Population has a positive correlation with unemployment with a value of 0.49 but has a negative correlation with labour market with -0.97.Labour market has no positive correlation but with unemployment having negative relationship of -0.28.



Source: Authors own calculation using data from OECD

Figure 9 has a detailed correlation analysis for Czech Republic

To determine the strength of the relationship between the sixteen variables, in the figure above, we will closely observe from figure 3 the positive and negative correlation between the sixteen variables in the Czech Republic starting with the Entrepreneurship indicator variables.

Business confidence is positively correlated with labour market, population, GDP, tax revenue, employee compensation, , poverty gap, R&D, internet access, access to computers from home and self-employment with values ranging from 0.47 to 1.00. However, there is negative correlation between business confidence and unemployment, income inequality, ICT, inventors and FDI with values ranging from -0.17 to -0.96.

FDI has a positive correlation with income inequality and inventors with values of 0.78 to 1.00.the FDI has a negative relationship with unemployment, labour market, population, GDP, tax revenue, employee compensation, poverty gap, R&D, internet access, access to computers, ICT and self-employment with values of -0.19 to -1.00 .

Self-employment has a positive correlation with unemployment, labour market, population, GDP, tax revenue, employee compensation, poverty, R&D, internet access, access to computer from home and ICT with values of 0.14 to 1.00 but has negative correlations with income inequality and inventors with figures -0.74 to -1.00.

Inventors are positively correlated with income inequality with a value of 0.72 but have a negative relationship with unemployment, labour market, population, GDP, tax revenue, employee compensation, poverty, R&D, internet access, access to computers from home and ICT with values of -0.11 to 1.00.

The second to observe are the Innovation indicators; ICT goods Export has a positive relationship with unemployment, employee compensation, income inequality, poverty gap and R&D with values of 0.16 to 0.96 but however has a negative correlation with labour market, population, GDP, tax revenue, internet access and access to computers with values from -0.16 to -0.89.

For computer access, it has a positive relationship with unemployment, labour market, population, GDP, tax revenue, employee compensation, poverty gap, R&D and internet access with values of 0.06 to 1.00.It has a negative relationship with income with values of -1.00.

Internet access is positively correlated with unemployment, labour market, population, GDP, tax revenue, employee compensation, poverty and R&D with values of 0.06 to 1.00.It has negative correlations with income inequality with a value of -1.00.

Research and Development has a positive correlation with unemployment, labour market, population, GDP, tax revenue, employee compensation and poverty with values from 0.47 to 0.95 and has negative relationship with income inequality variables with a figure of -0.94.

We again observe the variables from the quality of life indicators. Poverty Gap has a positive relationship with unemployment, labour market, population, GDP, tax revenue and employee

compensation with values of 0.11 to 0.99.it again also has negative correlation with the variable income inequality with figure -0.72.

Income inequality has no positive relationship and has a negative relationship with unemployment, labour market, population, GDP, tax revenue and employee compensation with values -0.15 to -1.00.

Employee compensation is positively related with unemployment, labour market, population, and GDP and tax revenue with values of 0.21 to 0.79 with no negative relationship on variables.

The last set of observation is on the regional disparity indicators variables. For Tax revenues, it has a positive relationship with labour market, population and GDP with values of 0.82 to 1.00 but related negatively with other variables as unemployment with a value -0.43

GDP is positively related with labour market and population with values of 0.83 to 0.96.it has a negative correlation with unemployment with figure -0.21.

Population has a positive correlation with unemployment and labour market with a value of 0.15 to 0.77 but has no negative correlation. Labour market has no positive correlation but with unemployment having negative relationship of -0.52.

In the nutshell**,** there is a mixed relationship between all four indicators on the analysis with some variable like the case of Slovakia having no relationship at all.

4.2. Discussion of the Results

Regional policy tools implementation is bedevilled by major problems in the European regions, since the 1930s, generations of policy makers have developed and implemented regional Policies for both economic (efficiency) and social (equity) reasons. As regards efficiency, Regional disparities in, for instance, unemployment and per capita income often have Negative effects on the efficient operation of the national and regional economy in Europe (Armstrong and Taylor, 2000). It is clear that regional development policies have issues. The problems which exist among different indicators in the respective member states are well researched. In so far, the EU cohesion policy has done well to implement key policies yet, there are implementation issues where some member states fail woefully. The thesis seeks to identify main regional development policy problems, tools and suggest ways for curbing these problems. This chapter will return to

the research questions and literature and provides the possible answers as reviewed by the empirical data analysis. Relationship between the selected cases will be outlined.

Answering Research Questions

The four main questions posed from the beginning of this thesis were to ascertain firstly what the specific problems of Regional Development Policy in selected regions are; How does regional development policy indicators relate; How does regional disparity affect quality of life; What tools can be used in curbing regional development policy problems in the selected cases.

4.3. Specific problems of Regional Development Policy in selected Countries

As regarding what the specific problems of Regional Development Policy in the selected regions are, the literature review has confirmed this question. In addition to that, the problems of regional policy are of course important on theoretical grounds, The (Molle, 2007) approach significantly contributes to main concept of regional disparities. He says that the key question the policies of European Union come from is the question of cohesion (coherence) and a lack of cohesion is measured by disparities size which stems from the physical social and economic nature of regions. Given the fact that persistent regional disparities raise issues not only of economic cohesion and social justice, but also of economic efficiency. Substantial and persistent income and unemployment differentials lead to inflationary pressures for the national and regional economy, as upward price movements in the better-off areas are not counter-balanced by deflationary movements in poorer areas (Wall and Zoega, 2002). Again, it is very important to commercialize regional innovation policies to attain success (Dewangan and Godse, 2014). Another major problem of regional development policy is reported by Antti and kaisa to be the limitation of the relationship between technology, productivity and economic growth. Perhaps not unexpectedly so is entrepreneurship (foreign direct investment with about 60% of total FDI stock by 2004 being concentrated in Poland which in per capita terms had attracted up to ten times more cumulative FDI flows than the South Central region – the second, in absolute terms, FDI location (MRDPW, 2005; Monastiriotis and Alegria, 2008). Similarly, Gunnar Myrdal Enriko had pointed to environmental, social and personal barriers as limitations to regional development policies. In the nutshell, regional development policy problems cut across all levels of development and policy initiatives.

4.4. Relationship between Regional Development Policy Indicators in the selected Regions

The table below shows the details of the relationship between each of the four indicators in the selected European regions.

Table 5 below shows countries with indicators Relationship

Countries	Indicators	Relationship	Comments
Netherlands	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Positively Related 2. Highly Positively Related 3. Highly Positively Related 4. Positively Related 5. Positively Related 6. Highly positively Related	Has positive relationship amongst all indicators.
Hungary	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Mixed Relationship 2. Mixed Relationship 3. Mixed Relationship 4. Mixed Relationship 5. Mixed Relationship 6. Mixed Relationship	Has a Mixed Relationship amongst all indicators.
Finland	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Positive correlation 2. Mixed Relationship 3. Mixed Relationship 4. Mixed Relationship 5. Mixed Relationship 6. Positive Relationship	Has relatively mixed Relationship
Poland	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Negative Relationship 2. Mixed Relationship 3. Negative Relationship 4. Positive Relationship 5. Negative Relationship 6. Negative Relationship	Has a negative Relationship
Germany	1. E → D 2. E → Q	1. Mixed Relations 2. Mixed Relations	Has relatively Mixed

	3. E → I 4. I → D 5. I → Q 6. Q → D	3. Negative Correlation 4. Mixed Relationship 5. Positive Relations 6. Positive Relationship	Relationship
Austria	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Negative Correlation 2. Negative Correlation 3. Negative Correlation 4. Positive Correlation 5. Positive Correlation 6. Positive Relationship	Has a Mixed relationship
France	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Positive Relationship 2. Positive Relationship 3. Positive Relationship 4. Positive Relationship 5. Positive Relationship 6. Positive Relationship	Possess a positive relationship
Slovakia	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Mixed Relationship 2. Mixed Relationship 3. Mixed Relationship 4. Mixed Relationship 5. Mixed Relationship 6. Mixed Relationship	Has mixed relationship within indicators.
Czech Republic	1. E → D 2. E → Q 3. E → I 4. I → D 5. I → Q 6. Q → D	1. Mixed Relationship 2. Mixed Relationship 3. Mixed Relationship 4. Positive Relationship 5. Mixed Relationship 6. Positive Relationship	Has a mixed relationship.

Source: Authors own elaboration

LEGEND: E represents Entrepreneurship; D Disparity; Q Quality of life and I for Innovation

The results indicate comparatively how the indicators have varied correlation with one another in the respective European micro Regions. For the indicators (E → D), it is related positive for the countries Netherlands, Finland and France.it has a mixed relationship in Hungary, Germany, Slovakia and Czech Republic but however has negative relationship in Poland and Austria. Again for the indicators

(E → Q), it has a positive relationship in Netherlands and France. Got mixed relationship in the case of Hungary, Finland, Poland, Germany, Slovakia and Czech Republic but has negative relationship in Austria. Moving to (E → I) indicator, it poses a positive relationship in the Netherlands, and France. Indicates mixed relationship in Hungary, Finland, Slovakia and the Czech Republic but relates negatively in the Poland, Germany and Austria. For the indicator

(I → D), it has a positive relationship in Netherlands, Poland, Austria, France and Czech Republic. A mix relationship is seen in the case of Hungary, Finland, Germany and Slovakia and no negative relationship. The indicators (I → Q) poses a positive relationship in Netherlands, Germany, Austria and France, it has a mix relationship in Hungary, Finland, Slovakia and Czech Republic but negative relationship in Poland.

Finally the (Q → D) shows a positive relationship in Netherlands, Finland, Germany, Austria, France and Czech Republic with mix relationship in Hungary and Slovakia but negative relationship in Poland.

4.5. How Does Regional Disparity Affect Quality Of Life

Quality of life is a difficult concept for most people to define and pinpoint. Most people would argue that for certain citizens or countries, there is a visible poor quality of life (QoL) based on their observations or some economic statistics, such as GDP per capita, for example. Although that can be acknowledged, QoL cannot be precisely articulated easily (Raphael, 2013). The 20 most ranked countries in the world, calculated by quality of life metrics, indicate high per capita GDP in countries with high QoL (UN, 2007), according to the world country rankings.

Based on this account, the third research question is evaluated based on the regional disparity indicator with the quality of life indicator and the analysis is found in the table below.

Table 6 shows the Effect of Regional Disparities on Quality of life indicator

COUNTRY	D → Q Indicators Unemployment ↓				D → Q Indicators Labour Market ↓			
	Poverty gap	Income Inequa.	Employee Compen.	Tax Rev.	Poverty gap	Income inequa.	Employee compen.	Tax Rev
Netherland	0.97	0.97	0.87	0.14	0.91	0.92	0.39	0.72
Hungary	-0.79	-0.11	0.94	-0.64	1.00	0.75	-0.93	-0.06
Finland	0.84	-0.96	0.46	1.00	-0.93	0.99	-0.63	-0.98
Poland	-0.16	0.34	-0.78	-0.87	0.78	-0.65	-0.94	-0.88
Germany	-0.53	-0.99	-0.97	-1.00	0.97	0.80	0.51	0.77
Austria	0.96	0.59	0.90	0.93	0.96	0.60	0.89	0.93
France	0.99	0.99	1.00	0.97	0.72	0.74	0.77	0.94
Slovakia	-0.42	0.12	-0.28	-0.62	0.99	-0.99	1.00	0.92
Czech	0.79	-0.15	0.73	-0.43	0.11	-0.77	0.21	1.00
	Population ↓				GDP ↓			
COUNTRY	Poverty gap	Income Inequa.	Employee Compen.	Tax Rev.	Poverty gap	Income Inequa	Employee Compen.	Tax Rev
Netherland	-0.45	-0.48	0.26	-0.99	0.85	0.88	0.27	0.80
Hungary	-0.88	-0.98	0.69	0.45	0.95	0.88	-0.82	-0.26
Finland	0.91	-0.98	0.59	0.99	0.84	-0.94	0.46	1.00
Poland	0.85	-0.74	-0.89	-0.79	1.00	-0.99	-0.45	-0.28
Germany	0.16	-0.66	-0.89	-0.69	0.59	1.00	0.95	1.00
Austria	-0.78	-0.87	-0.83	-0.70	0.99	0.50	0.94	0.97
France	0.93	0.94	0.95	1.00	0.82	0.84	0.87	0.98
Slovakia	-1.00	0.93	-0.98	-0.98	0.90	-0.99	0.95	0.77
Czech	0.72	-1.00	0.79	0.82	0.43	-0.93	0.52	0.97

Source: Authors own table

Legend: ± 0.50 and ± 1, strong correlation, ± 0.30 and ± 0.49, moderate correlation, ± .29 low correlation

Table six above shows each of the four variables of regional disparity indicator as an independent variable compared with the Quality of life variables as a dependant variable to ascertain the effect of disparity on quality of life. Starting from **Unemployment with poverty gap** variables, it is observed that for the Netherlands, Finland, Austria, France and Czech Republic, there is a strong correlation between unemployment and poverty. Thus, when unemployment increases, poverty gap also increases i.e. level of unemployment have a significant effect on poverty gap in these countries. On the other hand, Hungary, Poland, Germany, Slovakia show that, unemployment does not influence poverty gap.

On **Unemployment with income inequality**: it is observed that for the Netherlands, Poland, Austria, France and Slovakia there is a strong correlation between unemployment and income inequality. Thus, when unemployment increases, income inequality also increases i.e. level of unemployment have a significant effect on income inequality in these countries. On the other hand, Hungary, Finland, Germany and Czech Republic show that, Unemployment does not influence income inequality. For **Unemployment with Employee compensation:** it is observed that for the Netherlands, Hungary, Finland, Austria, France and Czech Republic there is a strong effect between Unemployment with employee compensation. Thus, when unemployment increases employee compensation also increases. I.e. level of unemployment has a significant effect on employee compensation in these countries. On the other hand, Hungary, Finland, Germany and Czech Republic show that, Unemployment does not influence the level of employee compensation. **Unemployment with Tax Revenue**: it is observed that for the Netherlands, Finland and Austria there is a strong effect between Unemployment with tax revenue. Thus, when unemployment increases tax revenue also increases. I.e. level of unemployment has a significant effect on tax revenue in these countries. On the other hand, Hungary, Poland, Germany, France, Slovakia and Czech show that, unemployment increases does not influence the level of tax revenue.

Secondly, looking at the **Labour market with poverty gap** variable, it is observed that for the Netherlands, Hungary, Poland, Germany, Austria, France, Slovakia and Czech Republic there is a strong effect on labour market with poverty gap. Thus, when labour market increases poverty gap also increases. I.e. labour market has a significant effect on poverty gap in these countries. On the other hand, Finland shows that, labour market does not influence poverty gap.

On **Labour Market with income inequality**: it is observed that for the Netherlands, Hungary, Finland, Germany, Austria and France there is a strong effect on labour market with income inequality. Thus, when labour market increases, income inequality also increases. I.e. labour market has a significant effect on income inequality. On the other hand, Poland, Slovakia and the Czech Republic show that, labour market does not influence income inequality. For **Labour Market with Employee compensation:** it is observed that for the Netherlands, Germany, Austria, France, Slovakia and Czech there is a strong effect between labour market with employee compensation. Thus, when labour market increases, employee compensation also increases. I.e. labour market has a significant effect on employee compensation. On the other hand, Hungary, Finland and Poland show that, labour market does not influence employee compensation. **Labour Market with Tax Revenue:** it is observed that for the Netherlands, Germany, Austria, France, Slovakia and Czech Republic there is a strong effect on labour market with tax revenue. Thus, when labour market increases, tax revenue also increases. I.e. labour market has a significant effect on tax revenue. On the other hand, Hungary, Finland and Poland show that, labour market does not influence tax revenue.

Again, looking at the **Population Rate with poverty gap** variable: it is observed that for Finland, Poland, Germany, France and Czech Republic there is a strong effect between population rate with poverty gap. Thus, when population rate increases, poverty gap increases. I.e. population rate increase has a significant effect on poverty gap. On the other hand, Netherlands, Hungary, Austria and Slovakia show that, population rate does not influence poverty gap. On **Population with income inequality**: it is observed that for France and Slovakia there is a strong effect between population rate with income inequality. Thus, when population rate increases, income inequality increases. I.e. population increase has a significant effect on income inequality. On the other hand, Netherlands, Hungary, Finland, Poland, Germany, Austria and Czech Republic show that, population rate does not influence income inequality. For **Population Rate with Employee compensation:** it is observed that for Netherlands, Hungary, Finland, France and Czech there is a strong effect between population rate with employee compensation. Thus, when population rate increases, employee compensation increases. I.e. population increase has a significant effect on employee compensation. On the other hand, Poland, Germany, Austria and Slovakia show that, population rate does not influence employee compensation. **Population rate with Tax Revenue:** it is observed that Hungary, Finland, France

and Czech Republic there is a strong effect between population rate with tax revenue. Thus, when population rate increases, tax revenue increases. I.e. population increase has a significant effect on tax revenue. On the other hand, Netherlands, Poland, Germany, Austria and Slovakia show that population rate does not influence tax revenue.

Finally, looking at the **GDP with poverty gap**: it is observed that, the GDP has a positive effect with the poverty Gap across all countries i.e. GDP have a significant influence on poverty gap in these countries. On **GDP with income inequality**: it is observed that the Netherlands, Hungary, Germany, Austria and France there is a strong effect between GDP growths with income inequality. Thus, when GDP increases, income inequality increases. I.e. GDP increase has a significant effect on income inequality. On the other hand, Finland, Poland, Slovakia and Czech show that, GDP growth does not influence income inequality. For **GDP with Employee compensation:** it is observed that in Netherlands, Finland, Germany, Austria, France, Slovakia and Czech there is a strong effect between GDP growths with employee compensation. Thus, when GDP increases, employee compensation increases. I.e. GDP increase has a significant effect on employee compensation. On the other hand, Hungary and Poland show that, GDP growth does not influence employee compensation. **GDP with Tax Revenue:** it is observed that**,** in the Netherlands, Finland, Germany, Austria, France, Slovakia and Czech Republic there is a strong effect between GDP growths with tax revenue. Thus, when GDP increases, tax revenue increases. I.e. GDP increase has a significant effect on tax revenue. On the other hand, Hungary and Poland show that, GDP growth does not influence tax revenue.

In conclusion, from the above figures in table six(6) the most successful countries with the disparity indicator as an independent variable and the quality of life indicator are Germany, Austria, Poland, Finland, France, Netherland, Czech, Hungary and Slovakia. It is also clear to note that, the higher the disparities in the respective countries the lower the quality of life and the lower the disparity, the better the quality of life hence regional disparity indicators poses a significant effect on the quality of life.

5. Conclusion and Recommendation

This chapter provides a summary of the research work, conclusion and provides recommendations of the entire work. The conclusions were drawn based on the research Aim, objectives, research questions and results of the study. The policy implications of this research and the subsequent recommendations will also be elaborated. The proposed recommendations were based on the conclusions and research objectives of the study.

5.1 Conclusion

Regional development policies were heavily dependent on structured policies that push economic, social, and political activity amid limited resources. Evidence from the study findings recorded accounts of continuous mix effects and relationships in selected cases in the EU as regards regional development policies. The main Regional development policy objectives are commonly discussed as to whether their basic objective is to achieve performance or equity although the meaning of these terms differs widely. An efficiency objective in regional development policy tools is generally interpreted as optimizing regions contribution to national development, while equity implies reducing socio-economic disparities among regions. The differences is not clear in practice, a strategy for reducing disparities by exploiting underused potential in stagnated regions or improving productivity. Overall national performance is likely to improve. Thus, many countries' regional policies include a combination of priorities of productivity and equity, with different policy components or initiatives serving different purposes (Bachtler et al, 2014). In order to achieve this, the EU cohesion policy is formulated towards achieving this goal. Nevertheless, the results of the analysis show clearly that indicators for regional development policies in the member are faced by numerous challenges, which make policy implementation not effectively implemented in the selected cases. The approaches to regional development policy tools are active government interventions in the promotion of regional development policies. This perspective is motivated by the belief that pump-priming, funding projects as well as infrastructure construction and help, etc. would stimulate economic growth. This approach is based on the conviction that, through government intervention, regional economic disparities reflects market failures and these can best be overcome (Jouke et al, 2010). Capello on his neoclassical growth tool suggested regional convergence as a solution to solving inequalities in region. Also important in the Evolutionary Economic Geography EEG

agglomeration are advantages, but it focuses much more on the role of entrepreneurship and innovation in the Schumpeterian sense in terms of network and cluster cohesion (Boschma and Kloosterman, 2005).

Hence, the aim of this thesis is to comparatively identify main regional development policy problems, tools and suggest ways for curbing these problems in Germany, Austria, Slovakia, Finland, France, Hungary, Netherlands, Poland and the Czech Republic. In order to achieve the aim, the thesis firstly reviewed literature to establish the theoretical background: various concepts and approaches to Regional development policy were researched on. The analysis of the main regional development policy problems and tools in the selected cases was done upon the basis of the theoretical background and correlation analysis done to discover the relationship between indicators. The use of mixed comparative case study methodology was deployed to obtain the research aim.

The thesis found the following based on the analysis;

Regional development policies does not focus more on the theoretical and conceptual innovations in the area of economic development, namely the issues of entrepreneurship, social interaction, networks, policy evaluation and partnership building. Most of these ingredients are absent from the regional policy (Porfírio, J 2006). The notable tools explored include Innovation, institutionalism, export, neo classical economies and community led tools.

In the implementation of regional development policies, there is a disjoint and lack of policy coordination among existing regional bodies, along with lack of linkages between some variables in the selected regions. The thesis also found that there is a significant relationship between the Regional disparity, Entrepreneurship, Innovation and Quality of life indicators in the selected micro Regions.

Furthermore, Across the selected micro regions, , the higher the disparities ,the lower the quality of life and the lower the disparity, the better the quality of life hence regional disparity indicators poses a significant effect on the quality of life. The most successful countries with the disparity indicator as an independent variable and the quality of life indicator as dependant variables are Germany, Austria, Poland, Finland, France, Netherland, Czech, Hungary and Slovakia.

5.2 Recommendations

In fulfilment of specific objective four to make recommendations on which tools can be used in the selected EU micro-regions to curb regional development policy issues. Therefore, from the findings of this study, the research proposes the following recommendations which could be of help to the EU and policymakers in the nine countries considered for this study.

1. To the EU institutions, it is recommended that the EU cohesion fund be increased and very efficient monitoring of the use the fund to ensure better regional development policy implementation and accountability to bridge development gap. Moreover, the EU should focus more on the regions with higher disparities to ensure equity With a view to achieving the Cohesion Fund objective.

2. It is also recommended that policy makers and institutions be more proactive and highly sensitive to indicators and tools that influence regional development policies and reforms in other areas in order to change the stagnating differences between these indicators in the selected EU Member States.

3. Regarding further research into this field, the thesis recommends that more cases be compared across the regions in the member states in order to create a more general insight in the problems amongst regions and why the persistent disparity among EU regions.

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