

Policy Instruments And Local Economic Development: Different Use In Productive And Residential Economy Strategies?

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Abstract: Various substantive and procedural policy instruments can be used for local economic development. Based on the Swiss case, this study identifies eleven substantive policy instruments and examines whether they are used to the same extent in local economic development strategies focused on either the productive economy, represented by enterprises, or the residential economy, represented by residents. Furthermore, the use of procedural policy instruments, operationalised as cooperation, is determined. The planned use of instruments is only comparable in the case of the substantive policy instruments “infrastructure & energy supply”, “marketing” and “security”. In the case of all other instruments, the importance is differing quite strongly between residents and enterprises focused strategies. “Amenities”, “financial incentives”, “real estate” and, to a lesser extent, “day care, education & other social services” constitute more important instruments for the attraction of residents, whereas “land-use”, “networking & facilitating”, “support & services” and, to a lesser extent, “incubators & other parks” are the dominating instruments for the attraction of enterprises. The use of cooperation is clearly more often planned in the case of enterprises focused strategies. Substantive and procedural instruments contain an interesting potential for more intensive use in both types of economic development strategies.

Keywords: instruments, collaboration, local economic development, productive economy, residential economy.

Introduction

Most studies on local economic development (LED) strategies focus on the attraction or development of private enterprises, the so called “productive economy”, underlining the positive impacts, for instance, in terms of job creations (Porter, 1998). A minority of studies on LED underline that municipal economic activity not only depends on the presence of private enterprises but also on the residents and their consumption behaviour (Markusen, 2007, Markusen and Schrock, 2009). Thus, according to a municipality’s economic profile, determined by the presence and consumption behaviour of enterprises and residents, the “residential economy” may even play a more beneficial role regarding municipal economic activities than the productive industry (Segessemann and Crevoisier, 2016).

Various policy instruments exist to foster LED. Among the *substantive policy instruments* – being defined as affecting directly “the delivery of goods and services in society” (Howlett, 2000) – figure financial instruments, such as infrastructure investments and financial incentives. As in the case of other public policies, LED is a task which cannot only be realised by substantive policy instruments, but also by *procedural policy instruments*, “designed to indirectly affect outcomes through the manipulation of policy processes” (...) and different

forms of “collaborative government” (Howlett, 2000: 413).

Indeed, LED is increasingly assumed in frameworks of intermunicipal cooperation (IMC) (Hawkins, 2010; Lee, 2016). IMC is a widespread phenomenon in Europe (Hulst and van Montfort, 2007), but also in other regions and countries, such as the USA (Warner, 2011) or Japan (Baba and Asami, 2020). Underlying motivations consist of factors such as cost reduction (especially for small municipalities) (Bel et al., 2013), improving service quality and cross-jurisdictional coordination (Aldag and Warner, 2018) or an increasing capacity for public problem solving, especially for problems, which ignore municipal boundaries (Hulst and van Montfort, 2007). Although IMC potentially concerns almost any public field of municipalities, ranging from healthcare to land use planning, certain public fields seem to use IMC more frequently than others (Steiner and Kaiser, 2018). LED is a public field, where competition between municipalities is an issue, for instance, because two neighbouring municipalities may compete for the settlement of the same enterprise or the attraction of residents. In fact, it is considered that the economic development policy area is the ideal setting to study the interplay between competition and cooperation at the local level (Lee, 2016).

Until now, it is unclear whether individual policy instruments aiming at LED vary when focussing on the productive or the residential economy. Yet, from a practical point of view, municipalities need to know whether they can use the same instruments to develop their productive and residential economy or whether they must apply a differentiated strategy according to their objectives. This open issue concerns not only the various substantive, but also procedural policy instruments. Thus, is cooperation in a broad sense – i.e., not only limited to cooperation between different municipalities, but also with other kinds of actors – used to the same extent according to LED strategies focused on the productive or residential economy?

This study aims at filling this research gap by examining the two main questions based on the distinction between LED strategies focusing on the productive and the residential economy: first, what kind of substantive instruments are used in each case and, second, what is the place of cooperation? Thereby, it contributes to the debate of LED from the point of view of two schools of thought, the productive and the residential economy. More precisely, it will generate new knowledge about the link between, on the one side, the use of substantive and procedural policy instruments and, on the other, the aimed profile of local economies.

This analysis is carried out in the empirical context of the European country with the highest degree of municipal autonomy, i.e., Switzerland (Ladner et al., 2016). Thereby, the study provides a particularly interesting empirical field for the case of LED because the leeway to develop strategies and to decide about cooperative arrangements is particularly large. Analysed data consists of legislative programmes of all Swiss municipalities with more than 10,000 inhabitants. These programmes constitute the pluriannual strategies of the local governments.

Before answering the mentioned questions, this article develops more deeply existing literature on LED strategies and cooperation, the chosen methodological approach, data gathering and analysis, and describes observed ED strategies.

Local economic development strategies and municipal cooperation

Local economic development strategies

Various typologies of LED strategies focusing on the attraction of enterprises were developed by previous studies. Based on a cluster analysis of North American cities with more than 10,000 residents, Reese (2006) identifies three essential groups of cities regarding LED policies

focused on enterprises: the passive ones, who do not have any clear LED policy; the traditional ones, who favour infrastructure investments and financial incentives; and the opportunistic ones, who combine a wide range of policies. In addition to policies based on infrastructure and tax incentives, marketing and entrepreneurial policies may be part of the third category. Marketing takes place through diverse communication actions (brochures, videos, emailing) and visits of prospective enterprises. Entrepreneurial policies also include such marketing activities, but, in addition, focus on land development, business assistance, business incubators, research and development subsidies, technical assistance and trainings (Reese, 2006).

The typology, which distinguishes “supply-side” from “demand-side” theories is relatively similar to Reese’s distinction between traditional and opportunistic strategies. In the case of “supply-side” strategies, the State seeks to attract enterprises by reducing their production costs in terms of land, labour and capital, whereas it plays a more proactive role in the case of the “demand-side” strategies, through explicit support for “new and/or risky enterprises and ideas early in the product cycle (entrepreneurs and innovation) and rely on public-private strategic collaboration” (Hanley and Douglass, 2014: 223). In their description of the demand-side strategy, Hawkins and Andrew (2010: 3) also mention policies, which should lead to “improvements to public and cultural spaces to influence business location decisions”, also named recreational amenities development.

Agranoff and McGuire (2003) add two further types of LED strategies: “exhortation instruments” can be summarized as networking, communication and marketing activities; “orders instruments” involve regulations regarding issues such as building inspection, zoning, permit issuance and antilitter.

What is known about the use of these different kinds of strategies focusing on enterprises? In Reese’s study on North American cities, a plurality of cities adopted a passive approach, whereas only very few cities chose an approach exclusively based on marketing and entrepreneurialism (Reese, 2006). Hanley and Douglass (2014) noticed in their empirical observations, that most American states do not chose either demand-side or supply-side strategies, but rather use policies of both types. However, in the case of cities, this does not necessarily mean that they “shoot anything that flies and claim anything that falls”, such as argued by Rubin (1988), because they differ regarding their capacity, degree of involvement in networks and use of strategic plans. These three factors have a positive correlation with the number of used LED strategies (Morgan et al., 2019). Another differentiation factor regarding ED strategies use consists of the cost of competition. Cities tend to pursue similar ED strategies as their neighbouring cities. However, if the cost of competing becomes too high, they choose other ED strategies (Overton, 2018).

As mentioned, LED cannot only be considered regarding the attraction and development of enterprises, but also concerning the number and nature of residents and their consumption behaviour. Indeed, local consumption plays an important role in economic growth as well (Markusen and Schrock, 2009). Therefore, in times of high mobility, especially between the place of work and the place of living, the population’s location and place of consumption is an issue, which has a direct impact on LED (Bosworth and Venhorst, 2018). Therefore, the model of the residential economy does not only pay attention to productive but also residential income (Segessemann and Crevoisier, 2016). This means that, in principle, municipalities are not only interested in job creation, but also in the location of employees of the job creating enterprises within the given municipalities. Otherwise, part of the income related to created jobs, i.e. the employees’ taxes, slips from the concerned municipality’s hands to another one. This being said, high-earning workers are obviously more interesting as residents for municipalities than low-income workers (Markusen and Schrock, 2009). Therefore, some cities also adopt public policies of “residential attractiveness” with the idea to attract well-educated residents through

an attractive environment, consisting for instance of an interesting offer in terms of culture and restaurants (Miot, 2015). Spicer (2015) indeed argues that competition in local ED should be explored at greater length and include also factors, such as the competition for residents.

Cooperation and competition in the case of economic development

Many studies on LED address the question of the cooperation's motivations, advantages and obstacles. First of all, motivations for cooperation in LED may be related to disadvantages of competition, such as potential inefficiency and inequities or the difficulty to act alone in a changing global economy. Cooperation would be the answer to such disadvantages, among others, because local governments gain better access to the external economy through an increased resource capacity, external economies of scale, better market strength and greater political influence. Obstacles to cooperation may consist of unequal needs, resources, expectations and power, mistrust and the difficulty to generate quick and visible results (Arku, 2014). In the Canadian context, Spicer (2015) identified as motivations for IMC the reduction of duplication, increasing international visibility, filling service gaps and greater access to federal and provincial grants. Hawkins (2010) observed that factors such as trust, frequent communication, similar expectations, fiscal stress and the number of LED policies influence positively voluntary cooperation in economic development among American municipalities. Similarity in terms of population size, belonging to the same county and neighbourhood is also underlined as a factor, which favours cooperation (Lee, 2016). In the case of Swiss polycentric regions, Wittwer (2020) concludes that small and medium-sized towns (SMST) more frequently cooperate in economic development in case of a high share of local employment in export oriented sectors and if they have a high degree of out-commuting residents. This latter aspect adds an often-neglected link between economic development and residents. Finally, the division of gains constitutes an important difficulty in the implementation of cooperative LED (Spicer, 2015).

The perception of competition and therewith the willingness to cooperate also seem to depend on the size of municipalities. In the case of the Canadian province of Ontario, small cities see neighbouring cities as their competitors, whereas large cities consider that competition takes place at the global and not at the local level (Arku, 2014). Studies interested in the influence of the economic situation of a municipality on its the degree of competitive attitude arrive at contrasting results. Spicer (2015) notices that areas with poorer economic conditions exhibit more competition for investment than regions with more robust economies, whereas Wittwer (2020) concludes that small and medium-sized municipalities with higher average income per inhabitant seem to be less favourable to cooperation.

Most cited studies analyse municipal cooperation in economic development as cooperation between several municipalities, either in a bilateral or multilateral way, such as in regional economic networks (Lee, 2016). In contrast, Agranoff and McGuire (2003) emphasize also vertical collaboration, i.e. collaboration with the State and Federal State, and horizontal collaboration with nongovernmental partners, such as chambers of commerce, enterprises or neighbourhood associations.

Only few studies examined the link between cooperation and type of LED strategy. Based on a survey of about 200 American cities, Hawkins and Andrew (2010) observed that municipalities with IMC in the field of ED adopt more demand-side and less supply-side strategies. Concretely, municipalities practicing IMC are more likely to use economic development strategies related to road infrastructure, recreational amenity, land acquisition and land use planning – which Hawkins and Andrew consider as being demand-side strategies – than strategies based on financial and economic incentives – which are considered as supply-

side strategies. In their earlier study, also on American municipalities, Agranoff and McGuire (2003) notice that “for both cities highly active or minimally engaged in economic development, collaboration is greater when cities adopt endogenous and/or subsidy instruments, lower when they adopt exhortation or orders instruments, and unaffected when they adopt direct provision instruments”. Direct provision instruments essentially concern core services of city governments, such as water systems, traffic and streets, sewage systems and recreation provision. Hence, both studies agree regarding the frequent use of collaboration in the case of demand-side strategies or endogenous instruments, which are defined in a similar way. However, although to a lesser extent than endogenous instruments, Agranoff and McGuire (2003) also find some correlation between collaboration and subsidy instruments, which are defined similarly as supply-side strategies. Thus, the mentioned studies slightly disagree regarding this association between supply-side strategies or subsidy instruments and collaboration.

Finally, to the best of our knowledge, no study answers the question whether cooperative LED policies are used in the case of actions focused on both, enterprises and residents, or only on one of them.

Local economic development in Switzerland

Switzerland is the European country with the highest degree of municipal autonomy (Ladner et al., 2016). Indeed, Swiss local governments have authority over many policy fields such as economic development, spatial planning and taxes (Sellers and Lidström, 2007). Swiss municipalities possess varying economic development profiles going from dormitory towns to productive zones and centres (Segessemann and Crevoisier, 2016). A case study of four SMST situated in the metropolitan area of Zurich distinguishes between towns with a specialised profile either in knowledge-based business and financial services or in residential economy. Analysing the influence of varying types of LED policies on their current profile, they conclude that the only type of LED policy which has had an influence on their economic profile was land-use planning policies (Kaufmann and Meili, 2019). In other words, their effective influence seems to be limited despite their high degree of legal autonomy. The influence of local policies seems to be even absent when it comes to the development of export-oriented jobs by Swiss SMTS. Their integration in a dense and dynamic network of neighbouring cities and towns is the only variable with a sufficiently strong correlation, meaning that spillover effects are responsible for the creation of export-oriented jobs. As a consequence, the involvement in regional economic development policies is recommended in order to have an impact on their employment structure (Kaufmann and Wittwer, 2019).

Surveys about Swiss municipalities show that they generally feel much more capable to assume their tasks in 2009 than in 1998. However, ED is the field, where, in 2009, the share of municipalities considering having difficulties in the accomplishment of tasks is the highest compared to other public fields (Steiner and Kaiser, 2013). As a consequence, one would expect that cooperative behaviour of municipalities in the field of economic development would increase because IMC is often seen as a mean to overcome problems of assuming tasks alone. However, surveys show that economic development is in the mid-field among all public fields in terms of IMC use in 2009 and also remains there in 2017 (Steiner and Kaiser, 2013, Steiner and Kaiser, 2018). The picture changes when municipal strategies are considered instead of collaborative activities surveys. Indeed, according to an analysis of legislative programmes of larger Swiss municipalities, economic development policies figure among the most popular fields for municipal cooperation, which might be explained by their more selling character compared to other political fields (Baschung and Heim, 2022). However, almost 90% (139 of

153) of all Swiss SMTS are member of an economic development region (network) (Wittwer, 2020).

Methods and data

Most existing studies measure LED activities and strategies through surveys. It is argued that surveys with a number of suggested items may constitute an incentive for interlocutors to attribute a strategic importance to any kind of LED action they develop. Thus, results of a survey may be a list of what municipalities are more or less doing, rather than a real strategy with clearly prioritised targets in terms of LED. Therefore, this study uses existing municipal strategies – mostly called legislative programmes – instead of surveys to analyse municipal policy instruments for economic development. An inconvenience of the applied method consists of the heterogeneous forms of municipal legislative programmes. Indeed, according to the municipality, the length and nature of the given documents may vary considerably. However, this fact did not constitute an obstacle for the selection of data described hereafter.

In the Swiss case, legislative programmes were introduced in the framework of the New Public Management (NPM) reform. Indeed, almost all Swiss municipalities implemented some NPM instruments during the 2000s (Keuffer, 2018). However, the use of such a strategic instrument does not constitute an obligation in all municipalities. Therefore, some municipalities introduced them only a few years ago, under a different form – such as strategic documents, which are not necessarily related to a legislative period – or not at all. Larger and medium-sized municipalities tend to use legislative programmes more than small municipalities. Therefore, it was decided to limit the analysis to all Swiss municipalities with more than 10,000 inhabitants (n=149; BFS and SSV (2020)). As a definition, legislative programmes are related to a legislative period. The latter mostly varies between three and five years, according to the municipality, and are generally elaborated by the government after its election. As a consequence, there is often a slight temporal gap between the beginning of the effective legislative period and the existence of the legislative programme. Therefore, it was decided to analyse legislative programmes, which cover (among others) the year 2020.

In a first step, the websites of the mentioned 149 municipalities were checked regarding the availability of the given legislative programme. If it was not available, the municipality was contacted by email in order to get the given document. At the end of this process, 133 legislative programmes or similar strategic documents were obtained. Seven municipalities answered that they do not have any strategic document and eight municipalities did not answer at all.

The method applied to this study is both qualitative and quantitative. It is qualitative to the extent that used data, i.e., existing municipal legislative programmes, consists of written texts, within which types of planned policy instruments had to be identified. Thus, all legislative programmes were read, and relevant paragraphs were selected and inserted in a data basis (Microsoft excel). The selection criterion consisted of whether a clear relationship between a planned policy instrument and economic development was presented in the given documents. For instance, if the development of day care or cultural activities was defined as an objective as such, it was not considered. Yet, if it was presented as a means to attract enterprises or families – typically in the sense of amenities improvement – it was selected. Selected paragraphs were then qualified regarding a number of variables. First, the principal target group, distinguishing between policy instruments oriented towards enterprises or residents, were determined. Second, it was observed and noted whether a specific economic field or type of resident was targeted. Third, the type of observed policy instrument was identified. This was done in an inductive way, what resulted in the identification of eleven substantive policy

instruments: “land-use”, “infrastructure and energy supply”, “financial incentives”, “marketing”, “incubators and other economic parks”, “day care, education and other social services”, “support and services”, “networking and facilitating”, “amenities”, “security”, “real estate”.

Finally, the selected paragraphs were analysed regarding procedural policy instruments, operationalised as the intention of collaboration. This was done by looking for explicit mentions of the word ‘cooperation’ or ‘collaboration’ (in German, French or Italian), but also paragraphs, which describe collaboration without mentioning the given words as such. Too vague terms, such as ‘sustain’ or ‘help’ were not considered. Once cooperative intentions were identified, they were attributed, on the basis of their description, to one or several categories of substantive policy instruments. The quantitative part of the analysis carried out consisted of the counting of appearances of policy instruments regarding the above-mentioned variables. This was done through the filtering of the relevant variables within the excel data base.

Empirical findings

Observed substantive policy instruments

Among the 133 obtained legislative programmes, 15 do not mention any objective or action regarding economic development. As a consequence, the following results are limited to the 118 remaining municipalities. More than half of them (69) defined substantive policy instruments related to the development of both enterprises and residents. About a third of all legislative programmes (40) concentrate on the development of enterprises, whereas only a small minority (7) concentrates on the development of the number of residents or the attraction of tourists. In the case of two legislative programmes the target group is not clearly defined.

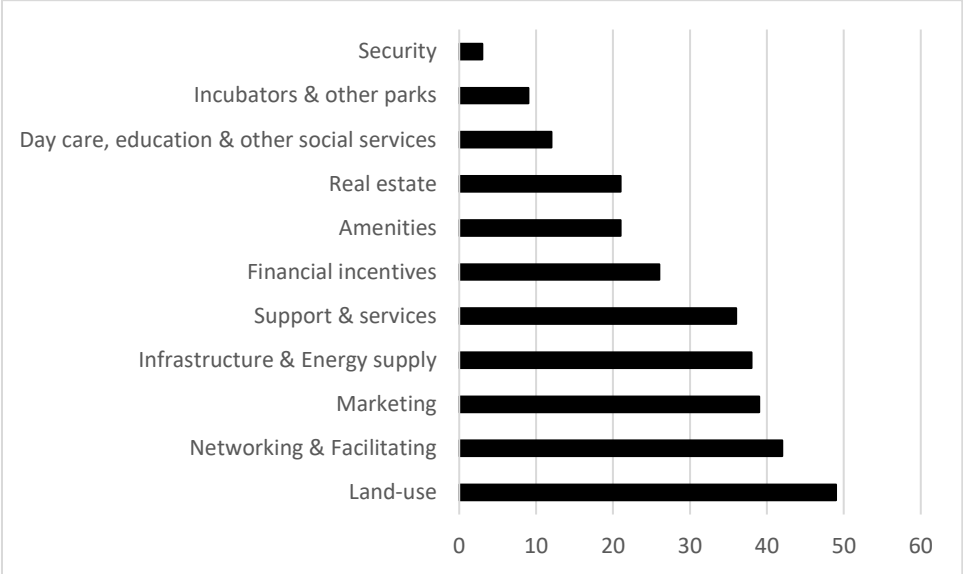
A majority of all municipalities do not indicate what kind of enterprises in terms of economic activity they want to attract or help developing. Only about a third of all municipalities give some more information, which, however, remains relatively vague. Some of them underline that they want to focus on enterprises with highly added value or start-ups, whereas others indicate a clear economic field, such as bio-medical, energy and clean-tech, high-tech industry or retail. Some individual municipalities express what kind of enterprise they explicitly do not want to attract, such as in the field of logistics – causing much traffic – or noisy industries.

Legislative programmes are mostly discreet about the type of residents they want to attract. In most cases, they simply indicate the municipalities’ intention to grow in terms of residents’ number. Only very few municipalities clearly state that they want to attract high-earning taxpayers. In the same vein, they mostly provide no explicit information about the manner they want to grow, i.e., by setting a strategic priority on the attraction of new residents, keeping current residents or both of them.

Eleven types of substantive policy instruments were identified in the analysed legislative programmes. Without making the distinction between instruments addressed to enterprises and/or residents, the most popular instrument – which is part of the demand-side strategy – is “land-use” (see Figure 1). It is followed by two exhortation instruments, i.e., “Networking & facilitating” and “Marketing”. Another demand-side instrument – “infrastructure & energy supply” – as well as “support & services”, which probably also fits best in this category, complement the group of instruments, used by about one third or more of the 118 municipalities. Interestingly, the classical supply-side instrument of “financial

incentives” appears only in 22% of the analysed municipalities. However, this may be related to the often vague formulation chosen for the legislative programmes. Indeed, numerous municipalities mention their will to work on “good framework conditions”, without precising what is meant. Such vague formulations were not considered as qualifying for the instrument “financial incentives”, although, at least in some cases, they might mean this. Two other demand-side instruments – “real estate” and “amenities” – are mentioned by almost a fifth of all municipalities, whereas “day care, education & other social services”, “incubators & other parks” as well as “security”, which can also be considered as demand-side instruments, only play a role in 10% or less of the analysed legislative programmes. Thus, altogether, eight out of eleven identified substantive policy instruments can be considered as being part of demand-side strategies, one of supply-side strategies and two of exhortation strategies.

Figure 1: Number of municipalities per type of substantive policy instrument

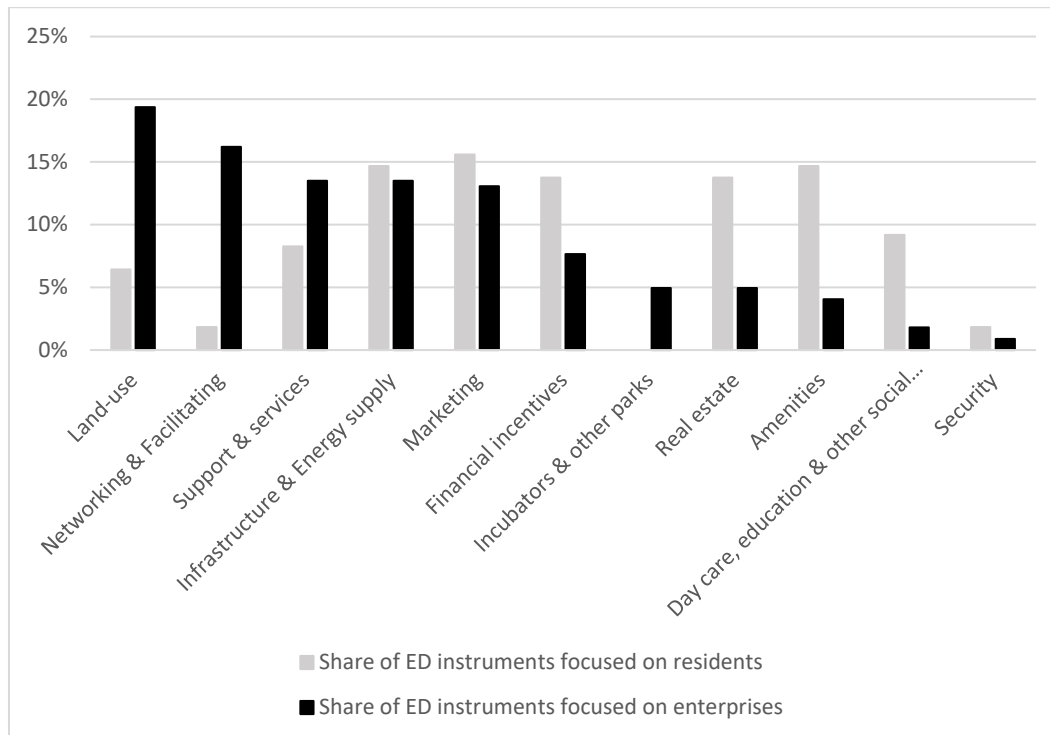


Substantive policy instruments by productive and residential economy

After this descriptive overview, the first research question is examined, thus, whether the planned use of these different substantive policy instruments varies in terms of focus on either residents or enterprises. Altogether, 222 observations of planned use of instruments focused on enterprises were made, whereas 109 observations concerned instruments focused on residents, thus a 2/3 vs. 1/3 relation. 58 observations concerned both enterprises and residents and are contained in the two indicated parts.

On the basis of these numbers, the share of each instrument could be calculated for enterprises and residents. The planned use of instruments is only comparable in the case of “infrastructure & energy supply”, “marketing” and “security”. In the case of all other instruments, the importance is differing quite strongly between residents and enterprises focused strategies (see Figure 2). In the case of strategies focused on residents, “amenities”, “financial incentives”, “real estate” and, to a lesser extent, “day care, education & other social services” constitute (more) important instruments. In the case of strategies focused on enterprises, “land-use”, “networking & facilitating”, “support & services” and, to a lesser extent, “incubators & other parks” are the dominating instruments.

Figure 2: Share of substantive policy instruments by focus



Procedural policy instruments by productive and residential economy

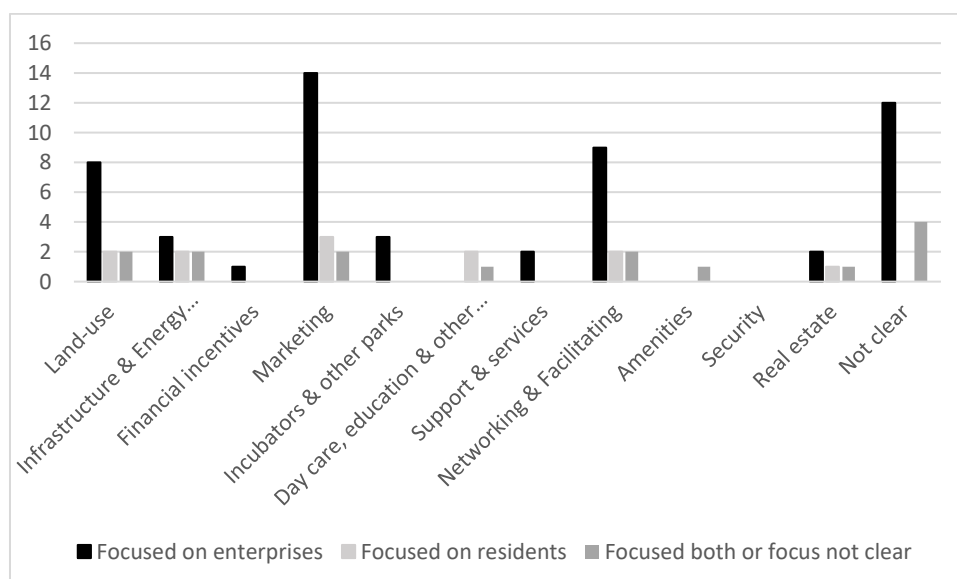
Almost half of analysed municipalities (56/118) planned to use procedural policy instruments in their legislative programmes, operationalised as planned cooperation activities. Altogether 81 observations of planned use were made, which means that some municipalities planned more than one cooperative activity. These observations mainly concern demand-side instruments (DS: 32) and exhortation instruments (EX: 32). Only one observation is related to a supply-side instrument (SS), whereas 16 observations could not be determined clearly in terms of instrument category. Thus, Swiss municipalities’ cooperation in the field of economic development is not only particularly high in the case of demand-side strategies but also exhortation instruments. Among the demand-side instruments, “land-use” and “infrastructure & energy supply” are those instruments with the highest degree of cooperation. Both identified exhortation instruments depict a comparatively high number of cooperative items. In the case of “networking & facilitating”, the cooperative dimension is mostly intrinsic, since it implies interaction with other actors. In contrast, “marketing” is not an instrument, which automatically necessitates cooperation. Nevertheless, it was planned to be used nineteen times in a cooperative constellation.

Table 1: Observations of planned cooperation per ED instrument

Type of ED instrument	Number	ED instrument category
Land-use	12	DS
Infrastructure & Energy supply	7	DS
Financial incentives	1	SS
Marketing	19	EX
Incubators & other parks	3	DS
Day care, education & other social support	3	DS
Support & Services	2	DS
Networking & Facilitating	13	EX
Amenities	1	DS
Security	0	DS
Real estate	4	DS
Not clear	16	-
Total	81	

Among the 81 observed items, 54 focus on enterprises, only 12 focus on residents, whereas 15 have no clear or a double focus. Thus, among all substantive policy instruments focusing on enterprises observed (222), almost a quarter (24%) also imply a procedural dimension, whereas this part is clearly lower in the case of instruments focusing on residents (11%=12/109). In other words, cooperation seems to be more seen more frequently as a strategic mean in the case of policy instruments focused on enterprises than on residents. Figure 3 provides the findings in a more differentiated way by substantive policy instrument. It is interesting to notice that even in the case of the instruments, which are planned to be used relatively often for the residents' development, such as "amenities", "financial incentives" and "real estate" (see Figure 2), cooperation is almost absent of legislative programmes.

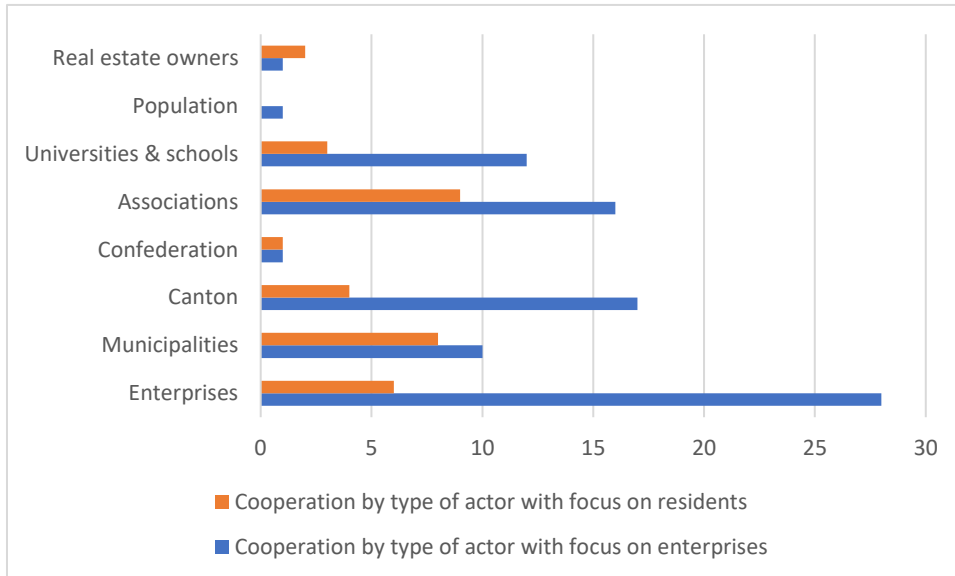
Figure 3: Planned collaborations by substantive policy instrument and focus



Finally, it is interesting to observe whether procedural policy instruments, operationalised as cooperation, involves priorities in terms of collaborative actors aimed by municipalities. Actors can be divided in three groups: most collaborations are planned to take place together with

enterprises, especially, but not exclusively, in the case of a focus on the attraction of enterprises; a second group, composed of associations, cantons, municipalities as well as universities and schools, is chosen significantly less often as a collaborative actor and mostly especially with a focus on enterprises (municipalities being the collaborative actors who is chosen almost as often in the case of a focus on enterprises and residents); a third group, composed of real estate owners, the population, and the Confederation does only play a marginal role as collaborative actors for economic development (see figure 4).

Figure 4: Planned collaborations by type of actor and focus



Thus, these results underline two facts: first, collaboration for economic development cannot be limited to intermunicipal collaboration, but needs to consider a wide range of other actors, especially enterprises. Second, though underdeveloped compared to instruments focussing on enterprises, instruments aiming at the attraction of residents also involves a rather important number of cooperative actors.

Discussion and Conclusion

These findings have to be discussed, first of all, the place of economic development in municipal strategies and the policy instrument's nature. Economic development is definitely an important strategic issue for most Swiss municipalities with more than 10,000 inhabitants. Only 15 out of 133 municipalities do not mention at all economic development in their legislative programmes. Given their large autonomy, this is not astonishing. Apparently, political authorities believe in their capacity to influence, at least to some extent, the economic destiny of their municipality, even if scientific evidence indicated some limits (Kaufmann and Meili, 2019, Kaufmann and Wittwer, 2019). If a majority of them understood that not only enterprises but also residents play a role regarding the municipalities' economic activities, only a small minority restricts its strategy to instruments concentrated exclusively on the attraction of residents.

Regarding economic development focused on enterprises, most local authorities seem to be openminded or simply lack a clear strategy regarding the economic sector(s) they want to develop through the attraction of enterprises. Only few legislative programmes mention specific economic sectors, which they want or explicitly do not want to develop. Thus, it is an interesting

question whether local authorities do not want to miss opportunities due to a too strong strategic focus or whether they lack the necessary market knowledge in order to recognise and define strategic opportunities.

In spite of the municipal governments' awareness of the residents' importance for the municipal economic activity and their will to attract them, almost no legislative programme explicitly mentions a focus on well-earning residents, rich annuitants or owners of secondary residencies. Apparently, such clear statements go beyond the Swiss political correctness. Indeed, it could be understood as a depreciation by residents with low income, who already live in a given municipality.

Second, what are the instruments which are used for economic development? The analysed legislative programmes allowed noticing that most planned substantive instruments are either demand-side or exhortation instruments, which gives the impression of generally proactive municipalities in terms of economic development, especially in comparison with findings made about North-American municipalities with more than 10,000 inhabitants (see Reese, 2006). More in detail, this inductive research shows that ten out of eleven observed substantive policy instruments are planned to be used for the economic development focusing on enterprises and residents. Indeed, only the instrument "incubators and other economic parks" seem to be reserved for enterprises. Yet, a recent study shows that science parks do not only need to be seen in the light of the productive, but also the residential economy (Grandclement and Grondeau, 2021). Despite this apparent universality of substantive policy instruments, a first main contribution of this study consists of the finding that substantive policy instruments are used very differently according to the focus on enterprises or residents, except for "infrastructure & energy supply", "marketing" and "security". It is not astonishing that, in the case of strategies focused on residents, "amenities", "financial incentives", "real estate" and, to a lesser extent, "day care, education & other social services" constitute important instruments because they represent tangible issues having an impact on daily life of residents. Yet, as mentioned by Hawkins and Andrew (2010), amenities are also increasingly seen as a mean to attract enterprises. Indeed, the relocation of an enterprise often also involves the relocation of employees and their families, what generally happens more successfully if employees are convinced of meeting good conditions in terms amenities, but also educational offerings (Nazir et al., 2014). From this point of view, it is surprising that the category "day care, education & other social services" only occupies a very marginal place in municipal strategies focused on enterprises. Within the latter, "land-use", "networking & facilitating", "support & services" and, to a lesser extent, "incubators & other parks" are the dominating instruments. If these instruments look quite classical concerning enterprise attraction, they might also be an inspiration for residents attraction. Indeed, the Swiss canton (region) of Neuchâtel hired a person in charge of attracting residents, among others by networking with a number of public and private actors and underlining advantages in terms of "land-use" and public transport.¹ In summary, there seems to be a potential for further use of these eleven substantive policy instruments for both types of strategies, whether they are focused on enterprises or residents.

Third, what about the use of procedural instruments, which were operationalised in this study as planned cooperation? Even if it is often suggested that cooperation is particularly interesting for small municipalities (Bel et al. 2013), the findings show that almost half of analysed middle-sized and large municipalities also plan to use cooperation for economic development. A closer look to the type of collaborative actors provides a possible explanation. Collaboration in the field of economic development cannot be limited to intermunicipal collaboration. Enterprises are clearly more often the target of collaboration. Other actors such

¹ Source : www.ne.ch/medias/Pages/20190822_Deleguedomiciliation.aspx; consulted 04.04.2023.

as universities and schools, associations and the cantons are equally important as municipalities. Thus, motivations for collaboration in economic development seem to go beyond solving problems related to insufficient size. Collaborations with such other actors are seen as supplementary opportunities for economic development. Demand-side and exhortation instruments clearly dominate among the collaborative observations. The importance of demand-side instruments confirms previous results found by Hawkins and Andrew (2010). However, the important role of exhortation instruments with regard to cooperation contradicts with findings made by Agranoff and McGuire (2003), what seems to confirm the hypothesis of a Swiss particularity. However, it still has to be verified empirically, whether this particularity consists, as in the case of small and medium-sized towns (see Wittwer, 2020), of the membership of a high number of municipalities in a regional economic development network.

A second main contribution of this study consists of the finding that cooperation is clearly more often used in the case of strategies focused on enterprises than on residents. As noticed, even in the case of substantive instruments which are planned to be used relatively often for the residents' development, such as "amenities", "financial incentives" and "real estate", cooperation exists rarely in municipal strategies. Again, there seems to be quite some potential for further economic development through increased cooperation. "Amenities" and "real estate", which indeed play an important role for residents, contain important potential for collaboration. For instance, "amenities" in terms of cultural and sports offer often depend on associations, other non-governmental actors and private enterprises. Collaboration with such actors, e.g., also under the form of subsidies, may contribute to the attraction and retention of residents. Similarly, collaboration with real estate owners and investors in terms of "infrastructure" and "land-use" may also help orientating the type of housing offered on the market. The future will show whether the stronger use of cooperation concerning economic development focussing on residents is simply a question of time because, historically, Swiss economic development has been strongly focussing on the productive industry and "discovered" residential economy later. Thus, may be cooperation will also be applied more frequently with respect to residents.

What can be learned based on the Swiss example also for other states and their municipalities? First of all, there is a large series of substantive policy instruments which can be applied to strategies focused on the productive and also the residential economy. It is worth examining to what extent their respective potential is already exploited in both cases. Obviously, this potential also depends on the degree of autonomy of the given municipalities. Indeed, international organisations, such as OECD, consider that the development of local autonomy has a positive impact on the economic development of a whole country (OECD, 2004). Second, the combination of substantive and procedural policy instruments is also worth being examined. A substantive policy instrument may develop its whole potential when combined with a cooperative approach.

Obviously, this article also has some limits, which are worth being mentioned. The main limit is related to the used data. The use of legislative programmes as an empirical basis has the advantage to reflect municipal strategies in an authentic manner, compared to surveys, which may not always reflect strategic priorities. However, the inconvenient consists of the non-availability of some information. For instance, a potentially "hidden" point consists of the often-made but vague formulation of "good framework conditions" for enterprises and residents. It is not clear if this always means low taxes or also other factors. Indeed, Swiss municipalities have important leeway regarding taxes. However, it is difficult to understand on the basis of legislative programmes to what extent this leeway is used. Thus, to resolve this problem, data should be completed by qualitative interviews.

Last but not least, further international comparative research could be carried out on the topic of substantive and procedural policy instruments in the case of economic development, again by distinguishing the productive and residential economies, in particular to examine the impact of municipal autonomy degree. Furthermore, from a practical point of view, it would also be interesting to examine the performance of strategies of economic development combining substantive and procedural policy instruments.

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