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Cross-border Identity in Building a Regional Brand: the Northern Transylvania Region

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Abstract

Northern Transylvania region is looking now for a cross-border identity, trying to raise awareness among the population about belonging to this region and to inform foreign investors about the best investment opportunities. The cross-border dimension represents one of the main points of this regional identity.

There are eight development regions in Romania of our days. These regions represent Romania's regional subdivisions created in 1998 in order to coordinate the regional development necessary for Romania to become member of the European Union. Romania's development regions correspond to the NUTS-II divisions of the European Union. Although these regions become more and more important in the regional development field they don't have administrative statute, neither legislative council board, nor executive body. The development regions are not administrative - territorial unities, they don't have juridical personality and they are the result of a free agreement between the local councils and the district councils. Their role is to assign the PHARE funds received from the European Union for the regional development and to collect and study the regional statistics. The development regions also coordinate regional infrastructure projects and they will become members of the Regions' Committee when Romania will adhere to the European Union.



Figure 1. The development regions of Romania

Each development region, named after its geographical position inside the country, has several counties:

- Region 1 North-East: Bacău, Botoșani, Iași, Neamț, Suceava, Vaslui;
- Region 2 South-East: Brăila, Buzău, Constanța, Galați, Tulcea, Vrancea;
- Region 3 South Muntenia: Argeș, Călărași, Dâmbovița, Giurgiu, Ialomița, Prahova, Teleorman;
- Region 4 South-West Oltenia: Dolj, Gorj, Mehedinți, Olt, Vâlcea;
- Region 5 West: Arad, Caraș-Severin, Hunedoara, Timiș;
- Region 6 North-West: Bihor, Bistrița-Năsăud, Cluj, Maramureș, Satu Mare, Sălaj;
- Region 7 Center: Alba, Brașov, Covasna, Harghita, Mureș, Sibiu;
- Region 8 Bucharest-Ilfov: București, Ilfov County.

National and Regional Policies in Romania

In line with European social and economic cohesion policy, Romania is promoting a regional policy whose wider long term objective aims at filling the development gap between regions.

Regional development policy is a relatively new concept for Romania. The law 151/1998 on regional development supplies the basic legal and institutional framework and statements for the regional policy in Romania. In terms of institutional framework, Romania has taken important steps to ensure that there is an appropriate institutional structure for undertaking a coherent regional development policy. Decision-making and executive bodies have been established at both national and regional levels.

National level

The National Board for Regional Development is currently the main decision-making body for regional development policy in Romania. The National Board for Regional Development approves key strategic documents, such as the National Development Plan and the National Strategy for Regional Development. The development priorities identified in the National Development Plan and the measures proposed are coherent with the priorities established in the accession documents.

The priorities of the National Development Plan (NDP) established for the 2004-2006 period are:

1. improving the competitiveness of the manufacturing sector;
2. improving and developing the transport and energy infrastructure ensuring environmental protection;
3. developing human resources, increasing employability and fighting social exclusion;
4. diversifying the rural economy and increasing productivity in agriculture;
5. promoting a balanced participation of all Romania's regions in the socioeconomic development process.

The main problems of regional development according to the NDP are:

- an unbalanced growth between west and east of the country, with the east lagging behind;
- underdevelopment is concentrated in the NE bordering Moldova and in Southern regions along the Danube;
- the decline of small and medium sized towns;
- strong negative impact of industrial restructuring in mono-industrial localities.

Regional level

Regional Development Boards are the decision making bodies established within each of the eight development regions and the Regional Development Agencies stand for the executive bodies of the Regional Development Boards.

The Regional Development Plans are drawn up by the Regional Development Agencies for each region and approved by the Regional Development Boards. The general objective of the present Regional Development Plans was to provide a fundamental document that will be integrated into the National Development Plan (NDP) 2004 - 2006, priority 5: "Promoting a balanced participation of all Romania's regions to the socio-economic development process".

All three Regional Development Strategies are targeted at promoting the overall development of the economic and social conditions of the regions in view of the integration of Romania in EU through the development of the business environment, rural areas and human resources as well as through the development of infrastructure ensuring protection of the environment.

Characteristics of the Northern Transylvania Region

Northern Transylvania region has a strategic geographical position, being the entrance door into Romania from the European Union and Ukraine. It represents 14% of the Romanian territory and has 2.74 million inhabitants (12.7% of the Romania's population), being on the fourth place on the national level in what concerns the area and the population.

According to the criteria of OECD, the region of North-West is an important rural area, having a density of 80.7 inhabitants/kmsq and 48.9% of the inhabitants represent the rural population. The rural and the urban population are almost of the same number.

GDP in 2002 represented 11.7% of the Romania's GDP. The services contribute with 46% to the regional GDP and with 29.6% to the total of the labour employment. Although, the agriculture still uses 38.37% of the regional labour power and contributes with only 14.6% at the regional GDP¹.

Taking into account the GDP value/inhabitant, the Northern Transylvania region takes the fourth place on the national level, after the Bucharest-Ilfov, West (Banat) and Center (Transylvania-Center) regions.

	Total country	Region							
		NE	SE	S	SW	W	NW	C	BI
GDP/capita (thousands lei/inhabitant)	52109.3 6	37343.8 5	44899.9 8	41379.8 2	43780.9 3	55211.6 1	48110.8 4	54560.2 7	110286.4 3
Differences from the national average (%)	100	71.7	86.2	79.4	84.0	106.0	92.3	104.9	211.6

Table 1. Regional GDP / capita in 2001

Source: Romania's Statistical Year Book, 2003

¹ Pop Ionică Cristian, *Prezentarea Regiunii Nord-Vest și a experiențelor dezvoltării regionale în județul Satu-Mare*, ADR Nord-Vest, decembrie 2005

The inhabitation rate in the region is of 56%, which represents a value that is over the national medium of 50.8%. The unemployment rate was of 5.4% at the end of 2003, inferior to the national medium of 7.4%.

Still during the year 2003, there were 64,000 companies registered in the North-West Region, representing 13.94% of the total number of companies registered in Romania.

The support infrastructure is formed of a business incubator, 30 consulting centers and 5 industrial parks. The 64 research – development unities from the Region (registered in 2002) represent 10.55% of the research unities in Romania.

The region owns state universities in almost all the counties, but the main universities are in Cluj-Napoca and Oradea, due to the universities which have offers of European standards, attracting students from all over the country and from abroad.

In the service field, tourism is an important vector for the regional economical development due to the natural and anthropic potential (thermal, cultural, mountainous, rural, cynegetic, religious), of high value on the national and international level.

The regional institutional structures are:

- ***The Regional Development Council*** – deliberative authority, formed of the officials of all county, town, communal councils of the six counties;
- ***The North – West Regional Development Agency*** – executive authority of the Regional Development Council. The Agency was founded in 1998, as a public utility, non-profit, juridical authority which actions in specific fields of the regional development. It supports the development and the development interests of the local communities, representing the connection between them, the national authorities and the European institutions.

The strategic activity domains of these regional institutional structures refer to:

- the regional planning of the investments;
- the attraction for the regional investments increases;
- the management of the regional programmes.

The North-West Region Development Strategy 2007-2013, which pursues the polycentric development with an emphasis on the economical rise, by the help of the functional specialization of the territory, proposed the following specific objectives:

- the increase of the regional economical competitiveness through the stimulation of the innovative activities aiming to obtain products of a high added value, especially in the prior fields;
- the security of the access to the European passages and the development of the support – infrastructure in order to sustain the economical and the social activities of the development poles from the region;
- the development of the human resources in order to rise the number of employees on the labour market, through the modernization of education, through the development of enterprising abilities and the promotion of the adults' education and of the continuous development.

In order to achieve these objectives they created Territorial Unities of Planning, representing groups of administrative territories with similar characteristics, common cooperation relations and common interests. These groups of communities plan together and correlated the development and represent reference territories towards which the financing programmes, including those from communitarian funds, will aim.

Cross-border identity of the Northern Transylvania Region

“The development of some new and more extended forms of comparison based on the competitiveness between the urban areas or between territories clearly delimited represents a relevant phenomenon of the socio-economical evolution contemporaneous with our civilization. At different levels the territories try more and more carefully to apply enterprising strategies in order to become differentiated from the competitive areas; they especially strive to create the best conditions to attract on their own territory economical activities which should produce wealth or to support the development of the existent ones.”²

As a result of the rigorous analysis of the strengths and weaknesses of the territory, the officials of the Romanian North-West Region decided to imagine and develop territorial marketing activities in order to create an identity appropriate to it, a new regional brand which the population should identify with (a slogan and a logo) and to promote it inside the country and abroad.

At the beginning of 2006, on the initiative of the North-West Regional Development Agency, in order to realize the brand, they have created a working group whose members were important actors for the regional development process, from all the six counties of the region: officials of the Chambers of Commerce, of the Universities, of the local administrations, of the main cultural institutions (libraries, museums, theatres), politicians, members of the European Parliament, officials of some non-governmental organizations and journalists. They have also called in a European territorial marketing expert, representative of a development agency from Italy, who has realized several brand creating operations of some territories.

The territorial marketing operations initiated by the working group include all the activities that can be realized in order to maintain the present production structures, the development of new potentials and the promotion of the area. There are two main elements which stand at the basis of these operations:

- the deep knowing of the territory, of its economical structure, which allows the identification of the strong points and of its superior sectors;
- the interaction with the people working in the area, from the political, economical, social and cultural point of view.

The difficulty of the demarche is given by the limited character of the territorial marketing, which is due to the fact that it treats a present social product (the region to be defined is based on two social values), that cannot be modified but within a long period of time. Consequently, all actions must start from the development and the capitalization of the present values. More than that, the decisions must be subordinated to the objectives of a lasting development.

The workgroup has identified the following objectives for the actions of territorial marketing:

- to create the image of the territory, keeping in mind his cross-border dimension;
- to attract the investments towards specific segments;
- to offer the necessary services before, during and after the investment decision.

The main condition needed to achieve the proposed objectives is that the products and the services should reflect the promises presented during the promotion.

² Matteo G. Caroli, *Il Marketing Territoriale*, Franco Angeli Ed., 1999, p. 23

There are three stages in the brand achievement:

1. study of the context and the definition of the strategy to be followed;
2. development of an action plan – during this stage we define few objectives, as only the possible and the reasonable ones are to be remembered;
3. planning of the successive actions.

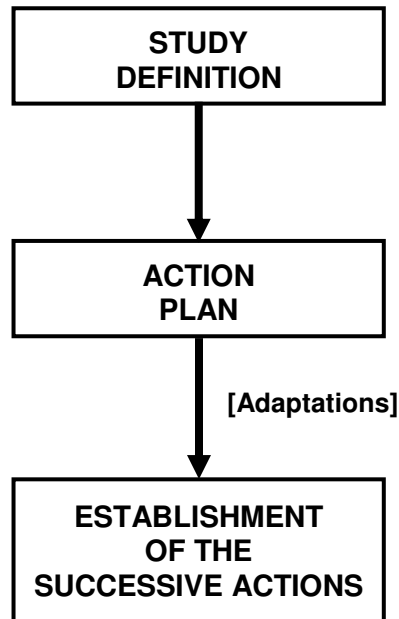


Figure 2. Stages of the brand achievement

In the first stage of this process – of studying and defining the strategy – the discussions aimed the following aspects:

- the regional identity;
- the need to create a stronger sense of belonging to this region of the citizens of this territory (brand awareness) and to carry out promoting actions of the brand oriented towards the foreign operators;
- the priority sectors which need promotion;
- the identification of the most important investment opportunities;
- the importance of capitalizing the present direct foreign investments in order to generate new ones.

The regional identity must reflect the territorial values, recognized and shared by all citizens of this territory, which represents characteristic elements that can define the region through a word or a phrase. There must be valued the history of the area, its culture, its moral standards, the high-level education, the low costs of the labour, the purchasing power and the life standards which are higher than the national average. In the end of the working group meeting we remember only a few suggestions of this kind of territorial values:

- the word „tolerance” expresses the unity in diversity which characterizes the region, defining people’s quality and behaviour (the high level training of the human resources, professionalism, intelligence, responsibility and dedication to work, education in a multicultural spirit, the respect for each other....)

- „traditions” – they embody the history and the cultural characteristics of the region. North Transylvania keep and valorize many old customs, it hands them down to the next generations and values its ancestors and heroes. Dracula and his well-known image all over the world may be considered as a starting point in this regard.

- the great acquisition power of the potential market (compared to the other regions of the country)

- „respect for nature”. The personality of the region is given by the thermal and hydro mineral resources that are well known and appreciated. Also, the chain of the Carpathians – Apuseni Mountains is marked out by the great number of caves, some of them being well known on the national level („Cave of Bears”, „Cave of Wind”), defiles and spectacular canyons. The northern part of the Oriental Carpathians has interesting volcanic formations.

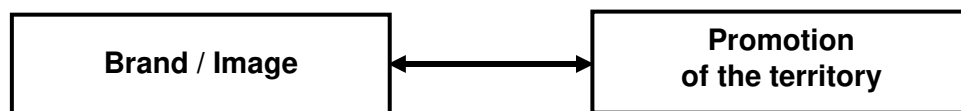
In the same time, there are some areas that keep a rural civilization with healthy archaic influences, represented by genuine touristic isles still unexplored.³ And there are also cross-border environmental interactions.

- „testimonials” – in IT or bank domain (example: Siemens – Cluj). In 2005, Siemens has opened the second regional office, in Cluj-Napoca, which covers the technical fields and medical services, telecommunications, and in future other sectors of the Romania Siemens Group will be represented here.⁴

Five of the most important software companies from Cluj-Napoca have laid the bases for the Transylvania Cluster Alliance, which they hope to gain with great projects inside the country (like the informatization of the local administration) as well as abroad. The income from the software development was of eight million Euros in 2004.⁵

- „the cross-border dimension” – due to shared ideas and visions with the neighbouring countries, its growing trade-flows with the neighbouring countries, the development of cross-border industrial sites, government and NGO’s interactions and the existence of cross-border institutions, having the role of harmonizing cooperation programmes and the structure of communication channels.

We agreed that the territorial marketing actions must be realized on two parallel plans: the plan of image and brand creation and the plan of the marketing activities necessary for the promotion of the territory. This two-way approach is necessary as the brand creation activity is quite difficult; it requires time and efforts from all the members of the community. Although, this effort should not delay the promotion activity stipulated in the marketing plan.



The objective of the territorial marketing plan is to draw the public’s attention, which are either foreign investors or members of the territory and Romanian tourists. The plan has three stages to be followed:

³ Adrian-Claudiu Popoviciu, *Regiunea de dezvoltare Nord-Vest. Ghid de aplicatie*, Editura Universității din Oradea, Oradea, 2006, pp. 51-52

⁴ *România – tot mai atractivă pentru investitorii străini*, in SINTETIC. Compendiu de afaceri. Tehnologia informației și comunicării. România 2005., Agora Media, București, 2006, p.42

⁵ *Proiecte de milioane de dolari, în Regiunea Nord-Vest*, in SINTETIC. Compendiu de afaceri. Tehnologia informației și comunicării. România 2005., Agora Media, București, 2006, p.56

1. general promotion of the region
2. the emphasize on the spheres that could offer excellence and their promotion
3. to find and to promote the investment opportunities.

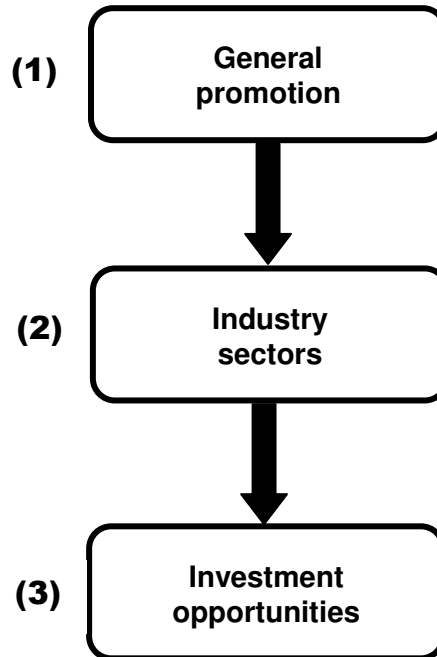


Figure 3. The stages of a marketing plan

(1) **The general promotion of the region** assumes the identification of the competitive advantages for the investors, using qualitative data (history, culture, honesty) and quantitative data (precise results), both of them being compared to those of the neighbour regions, in order to identify the strong points of the Northern Transylvania Region. Consequently, we should find the rivals and emphasize the competitive advantages of the region by comparing the following indicators: the employment rate, the business environment, the financial support, the GDP growth rate, the cost of the labour force, the present infrastructures.

(2) We have identified several **competitive industry sectors** which should be promoted, but for an efficient territorial marketing activity only three of them will be remembered:

- ICT
- Agriculture
- Tourism (especially in business, thermal, eco-tourism)
- Light industry (wood, food)
- Machinery
- University and Research

The selection of the priority sectors for promotion is made by taking into account the objectives of the regional development plan and the capacity of these sectors to offer „excellence”. Still during this stage it is necessary *to define the target – markets* towards which the promotion actions will draw, in each case on the basis of:

- Prior experiences – is easier to promote a sector that has already registered testimonials, which has investors, than starting from the beginning with a new unknown one;
- The position of industry/of product (example: niche tourism – of business and conferences);
- Industry/product potential.

The passing from stage (2) to stage (3), **investment opportunities**, is difficult. That is why in this stage we must imply all factors that could contribute at the identification of the opportunities: Chamber of Commerce and Industry, National Council of Small and Medium Private Enterprises, Employers' Associations, Local Public Administrations, District Councils, Universities and, of course, The North – West Development Agency and also regional networks of institutions (public authorities).

The type of realized promoting action depends on the type of the identified opportunity; a proper speech for the proper investor is very important. For instance, in the light industry field, for the promotion of a cheese factory, we can address both to the generic investors and to the investors from the respective field (cheese producers from France, Spain, Switzerland, Germany); because each type of investor needs a specific discourse.

In order to determine the investment opportunities the „**funnel technique**” is used.

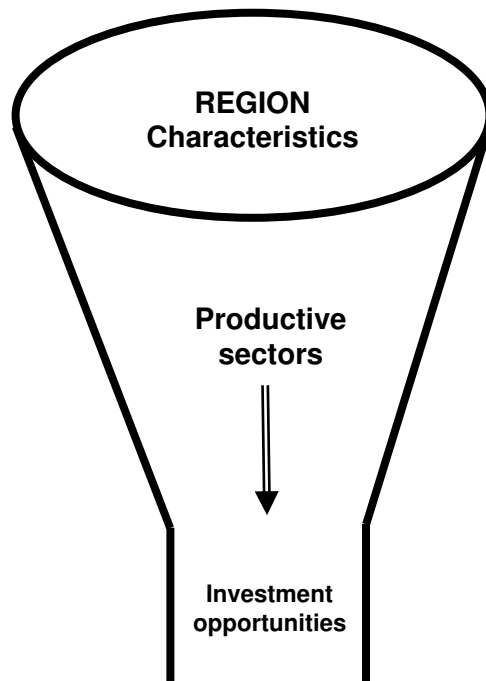


Figure 4. The funnel technique

According to this technique, as a result of analyze of the region's characteristics, of its forte and weak points, the productive priority sectors for promotion are established. These sectors are then minutely studied and then selected in accordance with the investment opportunities they can offer. The opportunities offered by each selected sector for the investment projects must be

„ready to start”, must have certain achievement terms and must have exceeded the most bureaucratic difficulties.

In order to make the identification of these investment opportunities easier, The North – West Development Agency has realized questionnaire to sound the opinions of the foreign investors from the Region regarding the business medium where they work. This questionnaire is interested in the present situation of the business of these investors and allows the monitoring of the foreign investments and the partnerships made in present in the Region in order to make possible a better understanding of the motivations and of the results of these business. The results of the research will be very useful for the promotion of the investment opportunities in the North Transylvania and will become excellent testimonials examples for the foreign investors.

We will present some of the **questions included in the questionnaire:**

- Where did you get from the information regarding the business opportunities in the Region?

- Why did you choose our region as location for your business?

- How do you appreciate the business environment of the region?

(good/ medium/ discouraging)

- Specify at least 3 factors, starting with the most important, that have influenced your decision to locate your investment in the Northern Transylvania Region.

(the presence of natural resources/ professionalism of the human resources/ level of wages/ demand/ infrastructure/ cultural level/ legislation regarding foreign investments/ fiscal system/ legislation for the environment/ other factors)

- What factors block the development of the foreign investments in the region?

- Which is the destination of the products of your company?

(for sale in Romania/ UE/ another destination)

- How many employees work in your company?

- Which is your main activity domain?

(production/ trade/ services/ agriculture)

- What would you recommend to the authorities to draw foreign investors in the region?

- How do you see the evolution of the business environment in the Northern Transylvania region in the next three years?

One of the priority sectors to promote is the higher education. This sector is considered a priority due to its European opening and its mentality for the achievement of progresses through cooperation: the universities from the region actively participate in the European harmonization plans and calls the students and the teachers to modernize the European education and vocational education systems. These cooperation actions aim to modernize and guide the higher education towards a more efficient and mutual acknowledged system. This way, it may become a key-factor in the development of the European labour market, due to its quality to create specialists of European value.

One of the excellence poles in this field is the Institute of Euroregional Studies from Oradea (IERS), created in partnership with the University of Debrecen (Hungary) as a study and research consortium. The Institute is created under the aegis of the European Commission who, through the action „Jean Monnet”, ratified the foundation project of IERS as European Excellence Centre „Jean Monnet”. It represents an interface for the dissemination of the

European information in the neighbouring area represented by the new Eastern frontiers of the European Union after 2007, when Romania will be member of the EU. In this quality, IERS promotes the partnership between the University of Oradea and the public and private institutions from Romania and Hungary in order to take part in common projects of international financing and plays the pivot role in the development of the scientific research and promotion of the human resources from the Region on the European market of research and human resources development.

Consequently, IERS intends to become a performant regional, cross-border examination pole of the European and national institutions, by:

- creating cooperation structures within the field of training and placement;
- mutual recognition of diplomas;
- creation of the framework which assures the knowledge of the business context of the neighbouring regions.

Instead of conclusion: cross-border identity and brand image

The need for a Northern Transylvania brand identity is obvious, but it must not delay the activities of promotion. The cross-border dimension of the region represents a strong point in defining the regional identity.

The brand awareness must be created both with the citizens of the territory and versus external operators. The entire population of the region must be implied in the creation of the brand, but especially the dynamic sectors (pupils, students, internet users, young businessmen and professionals). The historical image of Dracula may be considered a starting point, as it is known all over the world. Meanwhile, a special attention should be paid to the Transylvanian customs, to its ethical values, culture, moral standards, concern and dedication to work.

In the end, we consider important to emphasize the necessity of following the European Commission approach of “Wider Europe Communication” which encourages the cross-border cooperation in order to promote “sustainable economic and social development of the border regions”.

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