# Impacts of local planning to competitiveness index change – using approximate initial analysis of the Czech regions

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*Abstract:* - Strategic planning must help to increase the competitiveness of the region. This relation becomes more important at the regional level in recent years. The aim of this article is usage of approximate initial analysis in Czech regions and to analyze the impact of the municipal strategic planning on their competitiveness. The approximate initial analysis uses the free available data from websites of the municipalities and allows doing the initial and fast analyses in some selected fields. Analysis was performed on all Czech regions of NUTS 3 size. The paper demonstrates the methodology of the initial analysis in practice. It compares the results with the index of competitiveness of the regions. The results demonstrate the applicability of this initial analysis in practice - the results showed that the present situation is unfavorable and the Czech Republic and most of its regions are falling in evaluation of competitiveness.

*Key-Words:* - competitiveness index, economic development, local planning, region, strategic planning

## 1 Introduction

Economic development and continuous improvement of the welfare and quality of life represents one of the main strategic objectives of most countries and regions in long run. The governments of the countries and regions choose different procedures and resources to achieve these objectives. These strategies are formalized in strategy or development plans of the regions that constitute political actors at different levels of self-government [42]. Long-term strategies consequently represent the concept of regional policy for a specific region.

In recent years, regions have been rediscovered as an important source of competitive advantage in globalizing political economy [1], wherein competitiveness is one of the most important determinants of economic development. Gradual increase of this determinant results to the fulfillment of objectives of regional policy and to the growth of welfare, quality of life and long-term economic development. Competition is one of the fundamental sources of mobilization and creativity in economic life and therefore it has immense impact on regional development and growth [9]. The purpose of local economic development was to build up the economic capacity of a local area and improve its economic future and quality of life for all.

It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation in regions [29,39]. In recent years, in connection with the issue of regional competitiveness, crucial importance of knowledge is emphasized particularly - its acquisition, use, transfer and diffusion as a determinant of development [5,17,41]. It has been proven that regions with dominant influence of knowledge and ability to learn: (i) are growing faster; (ii) are more economically successful [1,4]. This creates an increased absorption capacity of entities that support the processes of learning and innovation creation. These entities have been identified as a key sources of competitive advantage [27], which are consider as a places within both knowledge and innovation are produced and diffused. It is due to the fact that the prosperity of the country, hence of the regions, does not simply come from natural resources or available labor force. This prosperity and competitiveness depend upon its ability to make market participants efficiently use available resources, as well as upon its ability to introduce innovations and positively change environment to guarantee the development sustainability [34].

The experience of various countries show, that support of their own competitiveness and economic development through various public measures must be: (i) realized effectively; (ii) strategically implemented on the basis of sophisticated schemes

and policies [6,11,39]; both at the level of regions and municipalities [38].

The aim of this paper is to usage the approximate initial analysis for analyzing strategic planning in the regions of the Czech Republic in 2014 and to demonstrate the influence of municipal planning on the change of their competitiveness. This paper is divided into the following parts: the first is devoted to regional competitiveness and its determinants; the second explains the methodology of the analysis and the method of obtaining primary data necessary for the analysis. Last part contains the results of analysis and brings evaluation and suggestions.

## 2  Regional competitiveness

The issue of regions and regional competitiveness devoted increasing attention in recent years. Regions were considered by many authors as key objectives in the organization and governance of economic growth and in the creation of wealth [3]. Nowadays, the notion of competitiveness frequently and centrally plays an important role in both economic policy and regional development. Competitiveness has become a key priority for governments and regional authorities across Europe and affects the development and the state of the economy [19]. Economic development programs were caused increasing attention devoted to analyses of regional competitiveness [26].

The concept of competitiveness takes a range of meanings and expresses the skills to compete, win and retain position in the market. Increasing market share and profitability (being commercially successful) are understood to mean: (i) a sustained rise in the standards of living within nation or region; (ii) a level of involuntary unemployment as low as possible [3,26]. Competitiveness reflects: (i) the degree to which a country can produce goods and services, under free and fair market conditions; (ii) simultaneously maintaining and expanding the real incomes of people over the long term.

Then, the regional competitiveness is described as the ability to offer an attractive and sustainable environment for firms and residents to live and work [14]. Competitive region is defined as a region where the optimal structural relations between production factors, in changing conditions, are used to improve inhabitants, standard of living, attract new investors and encourage multi-purposed development of the area. The studies [5,34] indicate, that regional competitiveness significantly shapes entrepreneurial behavior, and also say, that high-tech firms chose their location based on their assessment of regional competitiveness

(productivity, innovations) and that highly innovative firms settle in highly competitive regions. Some authors refuse to adopt competitiveness (originally applied for firms, on microeconomic level) on national or regional scale [23]. Krugman argues that no analogy could be made between a nation (region) and a firm. Firstly: an unsuccessful firm will go out of business, on the other hand, country (or region) will not. Secondly: success of a firm will often be at the expense of another one, whereas competition between countries might be mutually advantageous [15].

Competitiveness of each country and their municipalities is affected by a number of determinants. Ketels [20] stresses the importance of productivity and says that: (i) productivity takes central role and represents the key determinant of the level of prosperity; (ii) a location can sustain over time. Ketels also suggested that it is the linchpin of Porter´s definition of competitiveness. It is possible to identify other opinions on the main determinants of competitiveness. The authors [21] indicate the following six bases of regional competitive advantage: productive capital, human capital, social-institutional capital, cultural capital, infrastructural capital, and knowledge/creative capital, which enhance competitiveness and positively affect regional productivity, employment and standards of living. Budd & Hirmis [10] show Kresls division of determinants of competitiveness on the quantitative economic determinants (factors of production, infrastructure, etc.) and qualitative strategic determinants (policy factors, design of institutions, etc.).

Policy makers among belong one of the most important factors, who are responsible for creating individual strategic plans, through which competitiveness has to be managed [25,42]. The growing importance of this activity affects the fact that improper preparation of strategic plans and the subsequent inefficient management of competitiveness can lead to: (i) a process of gradual subsidence of regions or the entire country at a scale of competitiveness; (ii) failure to achieve long-term strategic goals. For these reasons, the following section gives negative views on regional competitiveness and its disadvantages.

Authors [7,30] recognize that competitiveness is an elusive concept, much studied by business theorists and much invoked by politicians and commentators, but frequently dismissed as irrelevant or unimportant by economists. Therefore these authors underpin that all competition is not good. Since the term competitiveness entered the public debate in force, it has been widely used by

practitioners but viewed with skepticism by many academics because there is a danger that competitiveness at a territorial level becomes a conceptual chimera [10,20].

The problem is that territorially based actors and agencies seek to position and maintain the utility of their regions and sub regions by reference to set of measures and indicator that are conceptually suspect and often empirically weak [10]. Another problem is that policy makers face the imperative to actually "do something about competitiveness'' and the result of mixed signals about what competitiveness is and how it can be improved easily. This results in inconsistent ad hoc policies reflecting outdated or misperceived advice [20]. Barkley [7] summarizes disadvantages of regional competitiveness in three points:

- competition may be wasteful if subsidies are used to encourage the relocation of competitiveness-enhancing businesses such as corporate headquarters or research and development facility;
- focus on relative competitiveness as an economic development strategy may result in a misallocation of resources from a state and local perspective and civic pride and inter-regional rivalry may encourage the funding of duplicative programs or facilities;
- an institutionalized competitiveness strategy may contribute to widening social inequalities if there are consistent losers among social groups and communities. For example, small and peripheral regions are at a competitive disadvantage if investment and talent are concentrated in the privileged regions in the name of enhanced regional competitiveness.

In sum, competition is unlikely to be always beneficial or indeed harmful because much depends on the form it takes and on the context in which it is pursued. Thus (as with all good public policy analysis), programs and policies to enhance regional competitiveness should be monitored to better determine the size and distribution of benefits and costs associated with the programs [7,28,40].

For these reasons, emphasis should be placed on the development and measurement of competitiveness in the regions and municipalities in order to evaluate the actions of the actors of regional policy. Measuring of regional competitiveness is becoming increasingly more significant and represents one of the most important stages in strategic planning. Presumption of the improvement

of regional competitiveness despite the fact that the concept of regional competitiveness is not formed yet at the academic level and the method of competitiveness measurement, which is grounded methodologically and accepted generally, is still missing [37]. Porter [31] suggests that the best measure of competitiveness is productivity [15]. Competitiveness of regions can also be measured in various ways, authors [8,37]defining the following: analyzing one or several factors of competitiveness, using theoretical models of competitiveness, creating composite indices, measuring competitiveness of regions on the basis of gross domestic product (GDP) per capita or for example measuring by using subjective human values (e.g. mathematic-statistical methods).

Various economic analyzes use any of the indices for measuring the competitiveness of the whole country or its individual regions.
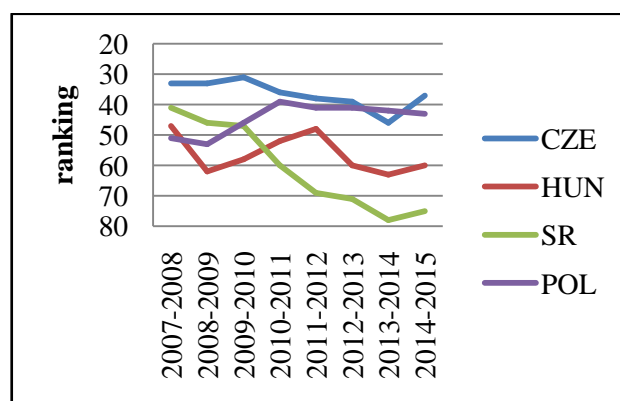


Source: own calculations according to [32]

Fig. 1: Competitiveness of the Czech Republic in the years 2007-2014

The following section describes the progress of the competitiveness of the Czech Republic by the Global Competitiveness Index (GCI), which has established and begun using by the World Economic Forum since 2005 and which represents a comprehensive tool that measures the microeconomic and macroeconomic foundations of national competitiveness. GCI is composed of 12 pillars of competitiveness: Institutions, Infrastructure, Macroeconomic environment, Health and primary education, Higher education and training, Goods market efficiency, Labor market efficiency, Financial market development, Technological readiness, Market size, Business sophistication, Innovation [36].

## 2.1 Regional competitiveness – case of the Czech Republic

In the Czech Republic there was a significant decline in global competitiveness in recent years. This claim was already outlined in the previous section in Figure 1, which captures the gradual decline of competitiveness of the Czech Republic in recent years (in comparison with Poland, Slovak Republic, and Hungary). A number of factors have an impact on this decrease. The most important factors are the non-price factors, especially the increase in non-price competitiveness. Analysis of international competitiveness of the country in 2013 [2] indicates that non-price competitiveness include the quality and efficiency of the public sector, which has a major impact on the functioning of the economy because it determines the rules under which leads to economic activity, and includes important institutions for building a competitive and innovation-based economy. As mentioned in the previous section, the World Economic Forum (WEF) measures precisely the degree of non-price competitiveness of individual countries. For this it uses the following 12 pillars of competitiveness. One of these pillars is institutions in which was observed the largest decline in international measurements. By this pillars of competitiveness WEF acquires global competitiveness index (GCI), by which measures the competitiveness performance of 144 economies [36] and determines the ranking of individual countries. This index divides the pillars into 3 groups (indexes):

- Basic requirements (BA): Institutions, Infrastructure, Macroeconomic stability, Health and primary education;
- Efficiency enhancers (EF): Higher education and training, Goods market efficiency, Labor market efficiency, Financial market sophistication, Technological readiness, Market size;
- Innovation and sophistication factors (IS): Business sophistication, Innovation.

These indexes indicate the three stages of development of each country (factor-driven economies, efficiency-driven economies, innovation-driven economies). GCI is a combination of individual indexes and according to [35] are determined as:

$$GCI_{is} = \alpha_{s1}BA_i + \alpha_{s2}EF_i + (1 - \alpha_{s1} - \alpha_{s2})IS_i \quad (1)$$

where   s = 1st, 2nd, 3rd stage of development;
   $\alpha$ = indicates the percentage belonging to various stages of development;

i = reflects number of individual countries.

For further information see [35].

The following table shows the development of the individual pillars of competitiveness in the Czech Republic in recent years. The table shows that in all categories there was a decrease, except pillar Infrastructure. In the first line, an overall ranking of the Czech Republic in the scale of competitiveness in each year is given (1 = best). The development of the individual pillars in 2009-2013 is recorded in the following lines.

Table 1 Position of the Czech Republic in the individual pillars of competitiveness (2009-13)

| $GCI_{is}$ | 09 | 10 | 11 | 12 | 13 | AD |
|------------|----|----|----|----|----|-----|
| GCI | 31 | 36 | 38 | 39 | 46 | -15 |
| INS | 62 | 72 | 84 | 82 | 86 | -24 |
| INF | 48 | 39 | 36 | 38 | 39 | 9 |
| MC | 43 | 48 | 43 | 42 | 55 | -12 |
| HP | 33 | 43 | 51 | 53 | 60 | -27 |
| HE | 24 | 24 | 30 | 38 | 39 | -15 |
| GM | 27 | 35 | 36 | 41 | 48 | -21 |
| LM | 20 | 48 | 42 | 75 | 81 | -61 |
| TE | 30 | 32 | 31 | 31 | 34 | -4 |
| MS | 40 | 42 | 40 | 40 | 41 | -1 |
| BU | 25 | 34 | 36 | 35 | 38 | -13 |
| IN | 25 | 27 | 33 | 34 | 37 | -12 |
| FM | 42 | 48 | 53 | 57 | 58 | -16 |

Source: [2]

*Legend: INS = Institutions, INF = Infrastructure, MC = Macroeconomic, HP = Health and primary education, HE= Higher education, GM = Goods Market, LM = Labor Market, TE = Technological, MS = Market size, BU = Business, IN = Innovation, FM = Financial market, AD = Absolute decrease rating between the years 2009-2013.*

Competitiveness Yearbook of the Czech Republic from 2006 to 2007 [13] indicates that the evaluation of regional competitiveness is based on the identification of its key elements, namely: economic performance, innovation performance and quality of life. Competitiveness of the Czech Republic from 2011 to 2012 [12] adds that these key components include a number of sub-components. According to them, it is possible to determine the sequence of individual regions, or to determine the average rank of the region during counting of all

rankings (see Table 2). Contained in columns 2006 and 2011 is shown the average evolution of 12 pillars of competitiveness between these years, the last column shows the resultant index of competitiveness of regions in 2011.

Table 2: The average ranking of the regions in 2006 and 2011 and competitive index

| Region | 2006 | 2011 | CI 2011 |
|--------|------|------|---------|
| PHA | 3.8 | 4.2 | 1.44 |
| JHM | 6.6 | 4.8 | 2.28 |
| STC | 4.1 | 5.2 | 2.41 |
| PLK | 5.8 | 5.3 | 2.94 |
| JHC | 5.7 | 7.3 | 3.00 |
| HKK | 11 | 7.5 | 2.92 |
| PAK | 7.4 | 7.5 | 3.12 |
| OLK | 9.5 | 7.8 | 3.10 |
| MSK | 10.6 | 8 | 3.10 |
| LBK | 8.3 | 8.3 | 3.74 |
| VYS | 6.8 | 8.6 | 3.43 |
| ZLK | 8.6 | 8.8 | 3.03 |
| ULK | 9.8 | 10.6 | 3.67 |
| KVK | 11 | 11.2 | 4.36 |

Source: [12,13,18]

*Legend: PHA = Praha; JHM = Jihomoravský, STC = Středočeský, PLK = Plzeňský, JHC = Jihočeský, HKK = Královéhradecký, PAK = Pardubický, OLK = Olomoucký, MSK = Moravskoslezský, LBK = Liberecký, VYS = Vysočina, ZLK = Zlínský, ULK = Ústecký, KVK = Karlovarský; CI = Competitive index (value of the Competitive index 1 = best)*

Table shows that the vast majority of regions were evaluated by adverse competitiveness index. It is expected that this fact had an impact on a nation-wide competitiveness and also on the decline of the Czech Republic in the global scale. This statement illustrates the fact that the Czech Republic dropped from 38 to 46 positions between the years 2011 - 2013 (documented by the fig. 1).

The cause of the fall in competitiveness evaluation may be negative trends in the fields of Labor market, Health and primary education, and Institutions. All of these areas can be improved by better quality of management, efficient use of funds and the quality of strategic management of development [35].

# 3 Data Collection and their Analysis

Most of the scientific analyzes meets the basic cause of inefficiency - represented by outdated and mostly poor or missing data. Therefore, in considering care about regional competitiveness or their own economic development, unconventional method that can provide a basic overview and tentative answers to research questions was chosen. This is a descriptive analysis of the data obtained from the websites of individual municipalities or regions, their analysis and evaluation. Possible discrepancy between the information published on websites or available in databases is seen as the risk of using this method. This may cause inaccurate analytical results. But researchers assume that the Internet is currently perceived as the primary source of information for both public and investors. Municipalities that have an interest in their own competitiveness and development, always provide actual, primary and correct information. For the purposes of this analysis, this primary source of data is fully usable. It can be legitimately assumed that whenever a municipality is interested in improving their own competitiveness or on its economic development, then it must be seen as a priority and manage it efficiently. Priority must be

- supported by the political responsibility (auspice) of regional policy makers (setting strategic priorities, the definition of tools and fiscal allocation from municipal budget);
- effectively controlled by a sufficient number of professional staff of the office of public authorities, whose main job will care about economic development;
- openness municipalities towards investors, professionals and the public.

From the above, following indicators were established:

- the existence of specialized department of economic development - $LED_{dep}$;
- the number of staff working on the development of the 10,000 inhabitants - $LED_{emp}$;
- political responsibility for economic development – $LED_{pol}$;
- publication of the strategic development plan on the website - $LED_{str}$;
- information provided to entrepreneurs and investors - $LED_{ope}$.

Data collection was performed on a statistically significant sample of municipalities of the Czech Republic from January to April 2014. Statutory towns and municipalities with extended powers

were chosen for the analysis. In total, 25 from 26 cities (96 %) of the statutory towns were generally analyzed. Capital city Prague has been excluded from the survey at the beginning, because researchers expected differences from other statutory towns and the possible distortion of the results.

The selection included municipalities with more than 10,000 inhabitants in the regions. There were analyzed 100 biggest municipalities (with the most number of inhabitants).

## 3.1 Fundamental characteristics of the basic sample

As mentioned in the previous section, the basic sample consisted of 100 municipalities. The frequency of the particular municipality was divided into individual regions are listed in the Table 3. The results of investigations of indicators $LED_{dep}$ and $LED_{emp}$ are also shown in the table.

Table 3: Analysis of indicators $LED_{dep}$ and $LED_{emp}$

| Region | TC | SD | CD | WD | TS | $LED_{emp}$ |
|--------|----|----|----|----|----|-----|
| JHM | 6 | 17 | 66 | 17 | 27 | 0,53 |
| STC | 16 | 13 | 68 | 19 | 80 | 2,09 |
| PLK | 4 | 50 | 50 | 0 | 42 | 1,92 |
| JHC | 6 | 17 | 83 | 0 | 28 | 1,29 |
| HKK | 6 | 0 | 100 | 0 | 71 | 3,70 |
| PAK | 5 | 20 | 40 | 40 | 21 | 1,29 |
| OLK | 7 | 0 | 86 | 14 | 31 | 1,18 |
| MSK | 14 | 29 | 71 | 0 | 86 | 1,11 |
| LBK | 4 | 25 | 75 | 0 | 19 | 0,95 |
| VYS | 5 | 20 | 80 | 0 | 26 | 1,72 |
| ZLK | 8 | 25 | 75 | 0 | 50 | 2,11 |
| ULK | 13 | 15 | 85 | 0 | 91 | 1,96 |
| KVK | 6 | 35 | 32 | 33 | 29 | 1,85 |

Source: own calculations

*Legend: TC = total cities; SD = separated department of TC (in %), CD = combined department of TC (in %), WD = without department of TC (in %), TS = total number of staff within the region.*

During analyzing of $LED_{dep}$, the emphasis was not placed only on the occurrence of the department of economic development in the selected municipalities. It was also examined whether this is a separate department (SD) = it does not have on worry any other agenda or is not connected to

another department. If not, the department was identified as combined (CD), which was linked with another department, or it was a part of department with different agenda. The third case was called without department (WD) in which the department had not been identified in the municipality. Department dedicated to the development has been identified in most of municipalities (see Table 3). But there was prevailed CD in most cases. It is possible to conclude that municipalities with CD are not the priority for strategic development.

Indicator $LED_{emp}$ examined the number of employees focused on economic development in the office of investigated municipalities. The results are also summarized in Table 3. Table shows a wide variation in measured values between regions. While for the JHM region was measured less than 1 employee per 10,000 inhabitants, in HKK region has been measured value of employees approaching 4. A higher number of employees taking care of strategic development of towns may indicate a higher interest in their development. It was not possible to examine the effectiveness of their work within the analysis, moreover, in many cases, the number was accompanied by a CD, in which investigators did not anticipate a priority interest for strategic development.

Table 4 summarizes the results of the examination of the remaining indicators $LED_{pol}$, $LED_{ope}$, $LED_{str}$. Results are given in percent converted to the number of analyzed municipalities in each region.

Table 4: The results of the analysis of LED indicators (in %)

| Region | $LED_{pol}$ | $LED_{ope}$ | $LED_{str}$ |
|--------|--------|--------|--------|
| JHM | 33 | 34 | 83 |
| STC | 18 | 62 | 86 |
| PLK | 0 | 75 | 75 |
| JHC | 17 | 83 | 83 |
| HKK | 33 | 67 | 83 |
| PAK | 0 | 80 | 100 |
| OLK | 29 | 86 | 100 |
| MSK | 43 | 71 | 100 |
| LBK | 25 | 25 | 100 |
| VYS | 20 | 60 | 80 |
| ZLK | 13 | 25 | 75 |
| ULK | 8 | 46 | 85 |
| KVK | 33 | 50 | 83 |

Source: own calculations

Indicator LED$_{pol}$ analyzed the presence of political responsibility over areas of competitiveness and local economic development (typically established functions of deputy mayor of development). Table 4 shows that this function has not been implemented in the regions very often.

The relatively low values may not indicate that the cities do not care about economic development. In contrast, in the number of cities, that did not have an employee with responsibility of economic development, occurrence of a separated department (SD) of economic development was identified. On the other hand, some towns that involved these employees with special responsibilities, did not state department of economic development. Therefore, it is necessary to further explore whether: (i) municipalities prefer occurrence of one person with the responsibility or the whole department; (ii) which way is more efficient.

Indicator LED$_{ope}$ was focused on the issue of providing valid information for entrepreneurs and investors. It was listed as one of the key activities to increase competitiveness. But the results in the Table 4 show that this information was not provided completely in the most of cases. Only 25 % of the examined municipalities provided information to entrepreneurs and investors in LBK and ZLK regions.

Indicator LED$_{str}$ was one of the most important indicators and focused on the examination of the plan of the strategic development. Regions performed this role (see Table 4). On the other hand, only publication of the strategic plan on the website is not enough, in many cases. Therefore its topicality was also assessed (see Table 5).

Table 5 shows the intervals of last updates of strategic plans on the website in years and the number of cases in the percentage. The analysis shows that cities in the county updated its plans in the recent years. On the other hand, a significant number of municipalities did not update strategic plans for many years. In regions of JHM, JHC and KVK region were identified relatively high values of the last updates from 2006 - 2008. In PLK and ZLK region was not identified information about the strategic plan, in 25 % of examined municipalities. In this section, the question arises whether the updating of strategic plans could have a downward impact on the competitiveness of individual municipalities, hence counties. This thesis is based on the considerable incidence of updates values between years 2006 - 2008 and 2009 - 2011which represent outdated strategic plans.

Table 5: LED$_{pol}$ – data updates of strategic plans (in %)

| Region | TC | P$_1$ | P$_2$ | P$_3$ | P$_4$ | WP |
|---|---|---|---|---|---|---|
| JHM | 6 | 0 | 33 | 17 | 33 | 17 |
| STC | 16 | 6 | 19 | 25 | 38 | 12 |
| PLK | 4 | 0 | 0 | 25 | 50 | 25 |
| JHC | 6 | 0 | 33 | 17 | 50 | 0 |
| HKK | 6 | 17 | 17 | 17 | 32 | 17 |
| PAK | 5 | 0 | 20 | 20 | 60 | 0 |
| OLK | 7 | 0 | 28 | 58 | 14 | 0 |
| MSK | 14 | 0 | 0 | 43 | 57 | 0 |
| LBK | 4 | 0 | 0 | 25 | 75 | 0 |
| VYS | 5 | 0 | 0 | 0 | 80 | 20 |
| ZLK | 8 | 0 | 0 | 25 | 50 | 25 |
| ULK | 13 | 0 | 23 | 0 | 54 | 23 |
| KVK | 6 | 0 | 50 | 17 | 17 | 16 |

Source: own calculations

*Legend: TC = total cities, P$_1$ = period between the years 2003-2005, P$_2$ = period between the years 2006-2008, P$_3$ = period between the years 2009-2011, P$_4$ = period between the years 2012-2014, WP = without plan*

## 4 Conclusion

The aim of this paper was to: (i) perform an initial analysis of the current state of strategic planning in the regions of the Czech Republic in 2014; (ii) demonstrate the impact of municipal planning on changing of their competitiveness. This analysis was based on an unconventional method that provides an initial view describing the situation of management of economic development in individual regions, which was based on data obtained from the websites of individual municipalities or regions.

Table 6 shows both the final evaluation of regions (in all selected indicators) and the result R determining a positive or negative total value for the region depending on performance of indicators. Regions are sorted from the best.

Indicators LED$_{emp}$, LED$_{pol}$, LED$_{ope}$ has been assigned by a higher weight (1.5) due to the initial assumption that whenever a municipality is interested in improving their own competitiveness or on its economic development must be seen as a priority and manage it efficiently. This priority must be supported by the existence of political responsibility, a sufficient number of professional

staff and municipal openness to investors and the general public.

Table 6: The final assessment of indicators

| Region | $I_1$ | $I_2$* | $I_3$* | $I_4$ | $I_5$* | R |
|---|---|---|---|---|---|---|
| PLK | 1 | 1 | -1 | 0 | 1 | 2.5 |
| MSK | 0 | -1 | 1 | 1 | 1 | 2.5 |
| OLK | -1 | 1 | 0 | 0 | 1 | 2 |
| HKK | -1 | 1 | 1 | -1 | 0 | 1 |
| STC | -1 | 1 | -1 | 1 | 0 | 0 |
| VYS | -1 | 1 | -1 | 0 | 0 | -1 |
| JHM | -1 | -1 | 1 | 1 | -1 | -1.5 |
| JHC | -1 | -1 | -1 | 1 | 1 | -1.5 |
| PAK | -1 | -1 | -1 | 1 | 1 | -1.5 |
| ZLK | -1 | 1 | -1 | 1 | -1 | -1.5 |
| ULK | -1 | 1 | -1 | 1 | -1 | -1.5 |
| KVK | -1 | 1 | -1 | -1 | -1 | -3.5 |
| LBK | -1 | -1 | -1 | 1 | -1 | -4.5 |

Source: own calculations

*Legend: $I_1 = LED_{dep}$, $I_2 = LED_{emp}$, $I_3 = LED_{pol}$, $I_4 = LED_{str}$, $I_5 = LED_{ope}$, R = Result, 1 = positive impact; 0 = neutral impact; -1 = negative impact.*

Table 6 shows that the negative impact was identified in 8 from the 13 cases (62 %) regions, i.e. 62 % of the regions did not participate in improving competitiveness through selected indicators. Neutral impact was observed in 1 case (7 %). Positive impact on the performance of selected indicators and efforts to contribute to the growth of competitiveness was seen only in 4 cases (31 %).

It is possible to see that in 4 out of 5 (80 %) regions, where there was growth of pillars of competitiveness between the years 2006-2011, was also identified positive attitude towards the chosen indicators. This thesis is based on comparing the data in the Tables 2 and 6. These were PLK, HKK, OLK and MSK regions. The worst results were measured in LBK (-4.5) and KVK (-3.5) regions. These regions reached also the worst values of competitiveness index in the Table 2. The values in these regions were 3.74 (LBK) and 4.36 (KVK).

It should be noted that none of the regions showed all the positive values. This may be the reason for the negative values of the index of competitiveness of regions in the Table 2.

Possible risk of this method is the fact that it was applied on the data commonly available on the websites of selected municipalities and researchers rated the indicators according to the subjective

selected criteria. Therefore, the final result may differ from the reality in certain cases. But researchers assume that publication of valid information on websites is a primary source of information and municipalities should perform this role. The provided data should be consistent with the reality in this case.

The result of this paper is that the current situation of strategic planning in the regions of the Czech Republic is not favorable and the economic development of the country is not effectively controlled. The influence of strategic planning on the competitiveness can be identified from the above analyzes. This impact is supported by the identical results between indicator values (Tab. 6) and evaluation of the competitiveness of Czech regions (Tab. 2). It is planned to verify the size of the impact in the future, or the inclusion of new indicators of strategic development issues relating to the knowledge economy. Researchers also consider the application of new methods for assessing the impact indicators on strategic management of regions and analysis of regions that meet all indicators, but still fail to increase of their competitiveness.

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