

Co-operation - a Key for Better Quality in a Globalized World

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Abstract: *The increasing dynamic and complexity challenge the public sector. Especially small entities such as municipalities, which are on the average of small scale in Austria, have to find other than traditional solutions. Reorganization and mergers of municipalities are one option. But it is not a favored one, as the local level is strongly linked to culture and identity of the inhabitant. However, co-operation is seen as a working solution, an instrument to improve efficiency and effectiveness not only on a local but also on a regional level. It should also help to remain self-autonomous.*

This paper focuses on co-operation of public authorities in the context of regional development. The concept of region becomes more and more important as globalization and international businesses dominate the current situation. Also subsidies and grants are often given to bigger entities than a small municipality. Strengthening peripheral and rural areas is one of the ideas of regional development. It can work when scarce resources are bundled, for example by developing and implementing conjointly projects which would not be realizable for each partner on its own. The experiences show that co-operations are beneficial for the citizens and their standard of living. Firstly, resources are made available which can be used for other services. Hence, the range of services can increase in accordance with customers' needs. Secondly, new resources, such as know how, make a more quality oriented service provision possible. Thirdly, openness and transparency of processes improve. A culture of mutual trust can be fostered.

This paper provides an introduction to the instrument of co-operation as a tool for better service delivery and for strengthening the local and the regional level. Different legal and organizational forms can be used depending also of the field of co-operation. The case study method is chosen to provide two successful examples of the province of Carinthia. Transferring lessons learnt needs to take into account the initial situation, goals and strategies, participating partners, resources, the available time frame and the political support.

Keywords: *cooperation, Austria, inter-communal cooperation, regional development, public management*

Introduction

Austrian municipalities are rather small. The average size comes up to 2500 inhabitants. Furthermore, a dynamic world with demographic changes, globalization, technical and economic progress, increasing demand on public services with a better and more customer-oriented level challenge especially the local authorities, which are closest to the citizens. Not to forget, that a lot of the communes are struggling with financial difficulties. One promising approach in order to find a solution for this rising gap are reforms of the public sector, such as the use of e-government, more efficiency via management tools, organizational reforms, changes in specific laws etc. Another approach would be to merge smaller municipalities in order to reach a decent size. But this is very unpopular, as communes are a point of identity. Plus, in Austria the self-autonomy of the local level is even constitutionally protected. In order to combine both, efficiency through size (economies of scale) without losing its own identity, co-operation is a reasonable „third way”.

This paper deals with regional development in a globalized world combined with a strong focus on regional and local cooperation, its potentials and chances. It shows how co-operation especially between municipalities can enhance directly and indirectly through more effective and efficient use of scarce resources the quality of living on the local and regional area.

At the very beginning the theoretical basics of regional and local development are provided. Answers are given to questions such as: What is regional development? What is inter-communal co-operation? Which reasons can be identified? Which forms are possible from an organizational and from a legal point of view? The main focus is then on potentials and advantages through co-operation between communes. The last part will show in two specific case studies the experiences with co-operation in Carinthia. At the very end the lessons learnt are summarized as an impetus for mutual know-how transfer to other projects, areas or even cross-border initiatives.

1. Regional development

This chapter will start with short definitions of region and regional development. Moreover, objectives and reasons are discussed.

1.1 The concept of region

The concept of region is often, especially in day-to-day language use, linked with rural areas, but indeed regions can also refer to urban areas. In most cases a region can be formed through specific traditions giving identity to the people, for example a couple of communes in a valley form a region. A formal definition is provided by Gabler. „A region is a connected geographic area of

medium size between an aggregated political economy and disaggregated localities which characterizes certain levels of spatial analysis.” (Gabler, 2005: 2513) Following this definition, Austrian regions can be found within the vertical political system as the level between communes and provinces.

The Carinthian regional management defines region even more specific: „ A region is a rurally composed area, which builds a geographically, economically and socially rather homogeneous unit. The area should reach a reasonable size in the sense of a critical mass concerning human resources, factor endowment and economic potential. Generally, the number of inhabitants should not be more than 100 000 in the most populated areas (i.e. 120 inhabitant per km²), and should not be less than 10 000.” (Regionalmanagement Kärnten, 2007) This understanding is tied to the colloquial usage of “region” but gives a more precise idea about the resources and size, which should ensure to reach the objectives.

The European Union does not provide an exact definition of the concept of region. Probably it can be seen as a hint for the existing diversity within the member states with regard to political and administrative system. However, the EU defines the acronym NUTS (Nomenclature des unités territoriales statistiques) for regions and uses it in terms of statistics and subsidies. It is linked to a three tiers territorial categorization of the member states.

1.2 The concept of regional development

Similar to the vague definition of the concept of region also the term “regional development” is rather imprecise and is open to different priorities. Regional development combines all concepts and actions to enhance the economic situation of a region. (Gabler, 2005: 2514) Balancing existing disparities is one of the main objectives, in order to guarantee a similar standard of living in all regions. In this sense regional development is the promotion or sustainable evolution of a region.

Institutionally this task is linked to the Austrian Conference on Spatial Planning (<http://www.oerok.gv.at>). Founded already in 1971 it co-ordinates spatial planning at the national level as well as actions for development. At the provincial level these tasks (development, planning, coordinating, protecting) are given to a department of the provincial government. Superior to the national co-ordination initiatives are the guidelines of a sustainable communal and regional development of the European Conference on Spatial Planning (EUREK) which need to be taken into account.

1.3 Objectives of regional development

Regional development needs a strategic focus, in order to benefit from synergies of single actions and to reach the objectives in a more efficient and effective manner. It needs an integrative policy between the economy and the location, in which provinces, regions and/or communes are playing a vital role.

These are located at the so called meso-level (Mathis, 2007), and build the initial point for further analysis of potential development aspects.

The Austrian strategy for the next six years from 2007 till 2013 according to the Austrian Conference on Spatial Planning is based on a consistent and sustainable orientation on the objectives. These are namely the improvement of the economic power and the improvement of the quality of life, income and employment. The competitive capability as well as the attractiveness of Austrian regions should be strengthened based on sustainability and gender mainstreaming. A number of specific measures are proposed by the Conference. The Austrian objectives are summarized in the following figure 1.

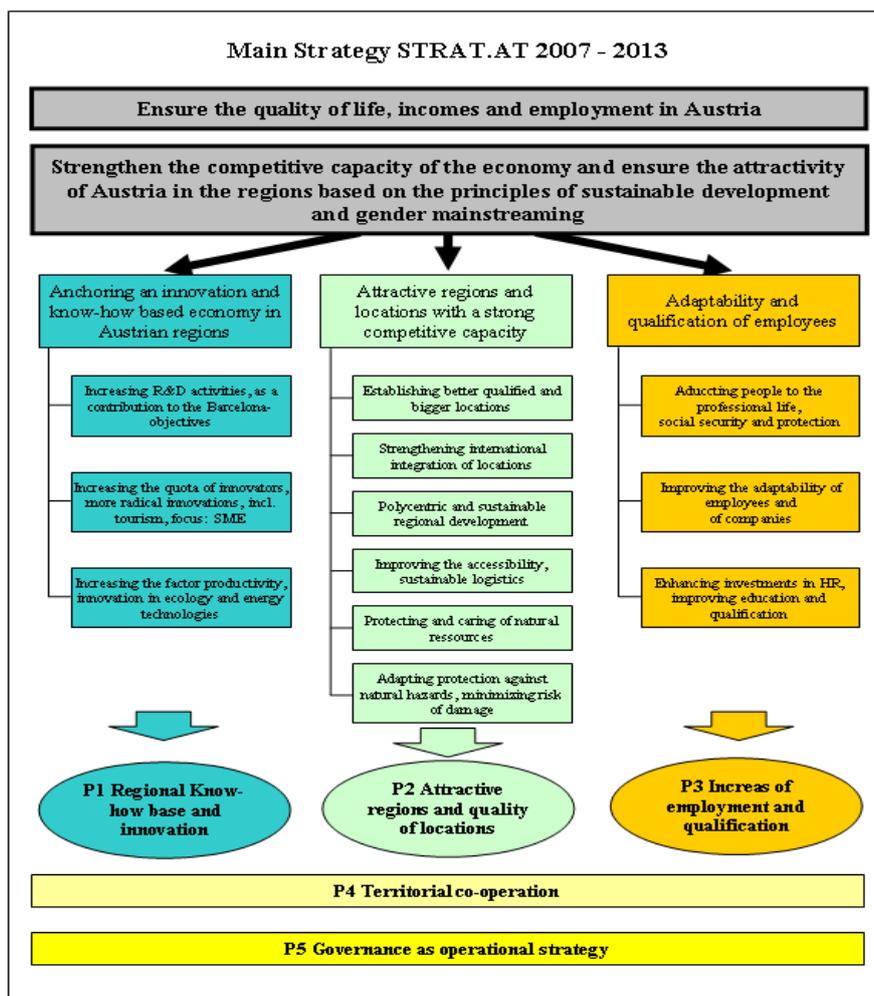


Figure 1 Strategy of Austrian spatial and regional development

(Source: OEROK, 2007: 10)

Supreme goal of the strategic orientation in the sense of a sustainable, qualitative regional development is to ensure quality of life, income and employment in Austria. These are the economic indicators which show how prosperous ones economy is. This objective is tightly connected with a strong economy and attractive locations of Austrian regions. Sustainability and its actual implementation should also include chances for both sexes equally (i.e. gender mainstreaming). Given these objectives a series of priorities derive: First priority is the improvement of the regional know-how and its ability of innovation. Secondly, attractive regions are needed, which ensure and improve quality of locations with regard to infrastructure and resources. Education, training and qualification of employees as well as a higher flexibility and adaptability of companies - as third priority - are ensuring growth of employment. Priority number four enhances territorial co-operation in order to achieve the three above mentioned priorities. This aspect underlines the topic of this paper, which postulates co-operation as a mutually worthwhile and successful measure with a long-term orientation. Last but not least, governance as a responsible way of steering should be the guiding principle for any implementations.

1.4 Reasons for regional development

Similar to other change processes, the increasing move towards a deliberate “design” of regions and communes is linked with various developments. Figure 2 outlines the main reasons for regional development and its trend toward co-operation.

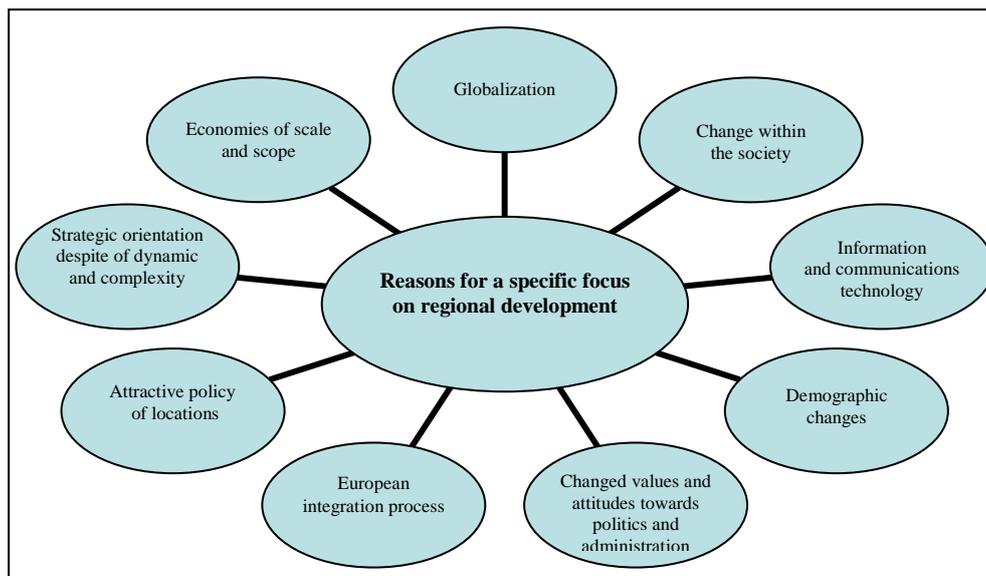


Figure 2 Reasons for a specific focus on regional development

(Source: Author)

Undoubtedly, a leading reason is the European integration process, which enhances globalization of economy and society. Companies as important “business-motor” act globally, economic principles and profit maximizing are of prime importance for any decisions. The needs of a region or a commune are in most such cases subordinated. Even though it is worth mentioning that increasingly more and more companies became aware of their social responsibility. Corporate social responsibility (CSR) deals with actions giving parts of the earnings and the company’s strength back to the society. These measures are characterized by a specific focus on sustainability with its three “supporting pillars” economy, ecology and society. Nowadays, a lot of companies show their CSR activities on their homepage.

To achieve the company’s goals, businesses are always on the search for the best, most attractive site. Therefore, it is important that regions remain or become attractive to business. Depending on the type of business as well as the company’s objectives and purpose a location is attractive whether a couple of expected aspects are given in an expected quality. These facts can be mix of:

- Resources (infrastructure, transport connections, location, raw materials, etc.)
- A stable and reliable public administration
- Political stability
- Tax advantages and subsidies
- Qualified human resources
- Etc.

Linked to these facts is a strong need of flexible, mobile, active and innovative employees, which means employees need to be highly qualified and trained.

But not only businesses become more and more mobile also individuals are moving increasingly. That means that the importance of communal or regional boundaries declines (Steiner, 2007). This tendency is rising with regard to the possibilities of information technology and decreasing half-life of know-how, which makes life long learning to an important factor.

The pre-dominant values in society with regard to environmental protection, climate sensitivity, social responsibility, awareness of quality etc. make the change of attitudes and expectations clear. Consequently, these changes affect public institutions and public administration which contribute significantly the whole development.

Public administration is expected to work efficiently and effectively, as it uses public money. Effectiveness and efficiency is also reflected in an intensive customer-orientation. The number and complexity of public services have been increasing steadily throughout the last decades. High quality of services is taken for granted and part of a high standard of living. Reworded, it means that the increase of public tasks and duties changed also its understanding from a hierarchical administration towards a service-oriented administration. Together with the

increased expectations of citizens, especially communes, who face at the same time shrinking financial resources, are challenged. This common trend is even worse for small communes with few inhabitants (determining the amount received via the financial equalization system) and few businesses on its territory. The latter are contributing to the local budget via the so called municipal tax which is related to the sum of wages and salaries. Obviously, the pressure for action rises. One of the remedies can be mutual co-operation to generate advantages linked to scope and scale, without losing its self-autonomy. A strategic oriented public administration and politics facilitates sustainable planning and development despite of increasing complexity and dynamic in the sense of velocity.

The overall situation of public expenditure and revenues of the general government are given in the next figure. The historical development starts in 1980.

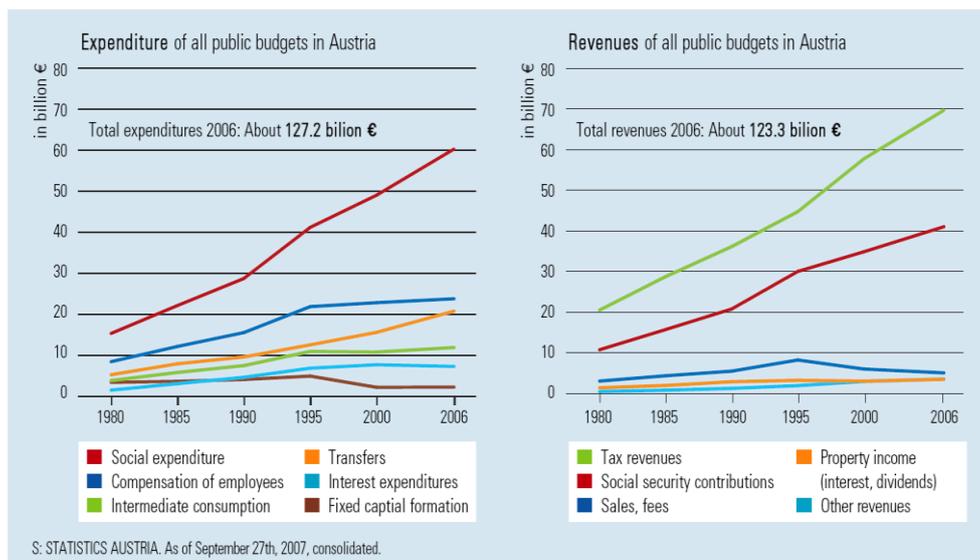


Figure 3 National budget since 1980

(Source: Statistik Austria, 2007: 95)

Another reason for a systemic and concerted regional development is demographic changes in some areas. On the one hand the birth rate is declining, even though the effects can be alleviated by immigration. On the other hand we experience the phenomenon of urbanization, with urban areas growing and becoming more affluent through migration to the disadvantage of rural and peripheral areas. These demographic changes challenge politics and administration across Europe. Working solutions are on demand.

Talking about Austria the demographic situation is summarized in figure 4. At the beginning of 2007, there were 826 000 citizens of foreign countries living in Austria, and they accounted for 10% of the overall population.

Criterion	2002	2003	2004	2005	2006
Life births	78 399	76 944	78 968	78 190	77 914
Total fertility rate	1.39	1.38	1.42	1.41	1.41
Deaths	76 131	77 209	74 292	75 189	74 295
Balance of births and deaths	2 268	-265	4 676	3 001	3 619
Marriages	36 570	37 195	38 528	39 153	36 923
of which both partners never married	22 987	23 190	23 662	24 169	23 372
Divorces	19 918	19 066	19 590	19 453	20 336
Total divorce rate in %	45.18	43.97	46.05	46.38	48.86
Net migration	33 507	36 297	50 582	49 172	27 477
Naturalizations	36 011	44 694	41 645	34 876	25 746
Rate of naturalizations ¹⁾	4.8	5.9	5.4	4.4	3.1

S: STATISTICS AUSTRIA. 1) Naturalizations by 100 foreigners living in Austria.

Figure 4 Changes of demographic indicators

(Source: Statistik Austria, 2007: 19)

Figure 5 shows the Austrian total net migration per 1 000 inhabitants by political districts in the year 2005. In the province of Carinthia Hermagor, Spittal and Wolfsberg are those which are losing most, whereas the cities Villach and Klagenfurt as well as their suburbs are growing.

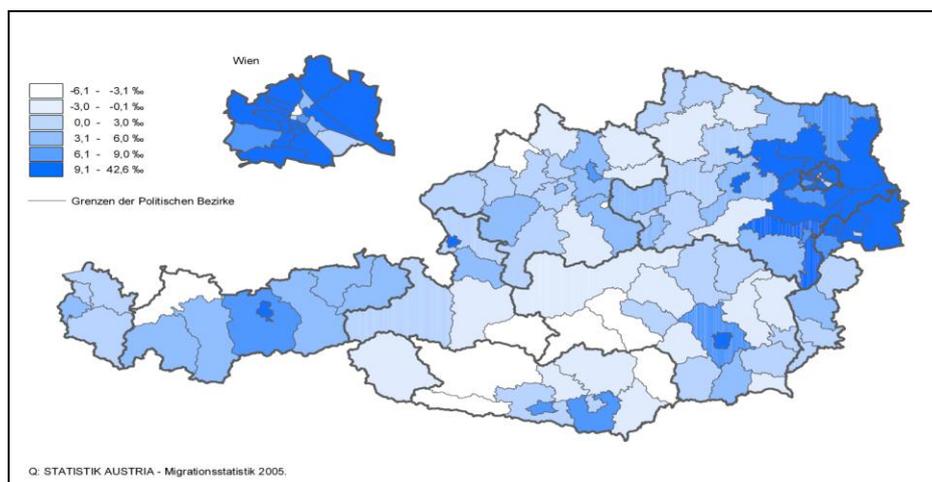


Figure 5 Total net migration in 2005 per 1 000 inhabitants by political districts

(Source: Statistik Austria, 2005: 114)

Essential for regional development is, as analyzed already briefly before, a well-working economy, as part of the societal system in total and as basis for financial, cultural and social prosperity. It implies that all relevant players need to become active. A commune in itself can affect some things. But, in the light of a competitive, globalized world for the most attractive location working together is even more powerful. The motto “together we are strong” is not only a dictum but becomes a convincing success factor to strengthen efficiency and effectiveness as well. In this sense, regions are playing a vital role: co-operation in partnership and know-how transfer overruling traditional borders and boundaries, enable synergies and innovative solutions of current problems. No one less than Aristotle himself already knew: „The whole is more than the sum of it parts. “

1.5 Regional development, but how? - by co-operation

Appropriate answers to the above mentioned challenges can quite differ. Related to public institutions and decision makers there are three tendencies which can be identified.

- Reforms within a commune: especially by implementing the ideas and instruments suggested by New Public Management, aiming at a higher level of effectiveness and efficiency. Increasingly also other aspects are getting integrated such as citizen involvement and participation, political accountability and a stronger focus on generated and intended effects. These aspects can be summarized on the concept of “Public Governance”.
- Changes beyond the own communal boundaries: Most prominent is the inter-communal co-operation to bundle resources and competences, which facilitates a new order in fulfilling public tasks. Less popular and even actively avoided are fusions of communes. The sovereignty and the self-autonomy of the local level remains a top priority.
- Reforms in the distribution of competences among the three tiers of the political system: There is an ongoing discussion which still not came to a concluding end. The interconnectedness of all levels is shown not only on a legal basis and the Constitution but also by the mechanism for the finance allocation, the fiscal equalization system. It is a highly complex system and negotiated every four years.

The next chapter is dealing with the second point, co-operation, in more details. Besides other aspects it seems to be a promising approach for future development and bears a high potential. Considering the numerous numbers of players and the growing complexity co-operation on all levels (national, provincial and local) are becoming more and more important.

2. Co-operation

Co-operation enables the activation of synergy effects. In terms of strategic development spatial planning and spatial development are overlapping topics whose tasks are the evolution and the use of forms or organizations and processes. Co-operation can not only and should not only take part at the same level of administrative level. Increasingly important are collaborations also vertically between authorities of different levels as well as crossing different branches and sectors.

2.1 Co-operation - inter-communal and inter-regional

Co-operation at the same hierarchical level is called inter-communal collaboration or inter-communal co-operation (ICC). In this paper both concepts will be used synonymously.

Basically ICC implies a conjoint public service provision either through two or more communes or a legal entity. At least two communes must benefit from the collaboration. The communes can participate directly or indirectly. The first means that they provide something, the latter refers to an administrative or regulating task (Arn & Friederich, 1994). This means that the interdependence overcomes traditional boundaries for a common goal and benefit, even though not every single partner is actively involved in the service provision.

Co-operation can be focused on various aspects (Biwald et al., 2006: 26):

- Space-oriented co-operation (co-operation within the neighbourhood): By reason of nature-spatial conditions an inter-communal co-operation is advantageous, for example street cleaning or snow removal.
- Regional-oriented co-operations: This is meant whenever communes are working together in terms of spatial planning (in the sense of an across-communal thinking), up-grading infrastructure, construction works or the settlement of companies for example in a conjointly run business park.
- Issue-related co-operations: communes are finding in common a solution to a problem or share some activities such as payroll or electronic data processing. Nowadays, information technology makes this type of collaboration much easier, as data interchange takes place literally by mouse click.
- Culturally, historically or politically rooted co-operations: Co-operations can also be based on a common history, the same language or cultural aspects.

There is a long list for potential areas of co-operation. It starts for example with care for children, care for the elderly, cultural and sports activities and facilities, debt and finance management, public transport, public waste disposal, schooling and ends with waste water.

How such co-operations are actually designed in their organisation as well as the legal form will be illustrated as follows.

2.2 Organizational and legal design

In practice, numerous alternatives for ICC-forms are possible and have been established. Friedrichs covers a wide range of options from a legally non-binding informal exchange of ideas to legally binding co-operation, and even enacted by a superior hierarchical level, such as the National Constitution (Friederich, 1997). In more details it is shown in figure 6 giving examples for these different legal forms.

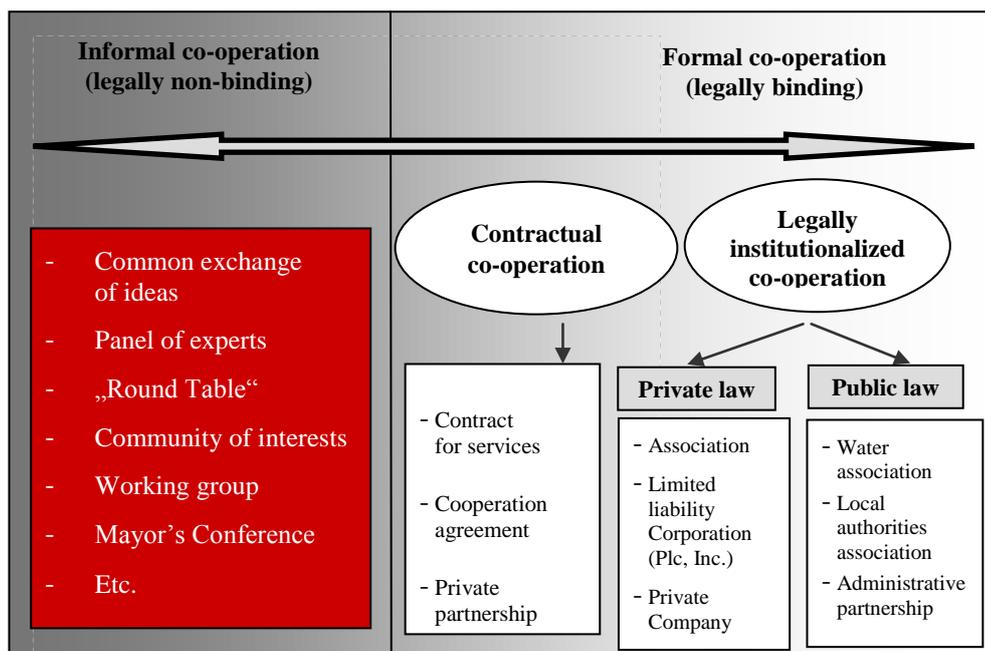


Figure 6 Organizational and legal forms of co-operations

(Source: Matschek & Wirth, 2004: 20)

From an organizational point of view three models of co-operation (Steiner, 2007), which are more or less linked to the legal form, can be distinguished, illustrated in figure 7.

- Firstly, common service provision can be done by one commune for others, meaning that one is taking the lead. This model is called the “root commune model”. A main characteristic of this type is the exclusively contractual co-operation between two or more communes. Hence, there is an unequal status of the partners, where participating communes have limited options of involvement. The big advantages lays in its simplicity, its low administrative and organisational costs

and the possibility to design it especially tailored to needs and expectancies. One drawback could be the higher financial risk perceived. Furthermore, it tends to limit participation and rights of verification and inspection of connected communes. Whenever a balanced political decision making process is needed this model is less convenient, but for example co-operation in administrative issues (hosting together an IT system, facility management etc.) it fits very well.

- Secondly, a couple of communes are providing services together, which can be identified as co-operation in a narrow sense. As model one, the co-operation is based on a contract, but all participating partners are equal. That means that the internal competences of the communes remain untouched, and the financial risks are equally distributed. By common decisions and consensus this model tends to be rather slow, cumbersome and less open to innovation. Though, as a starter for co-operation and building up trust among partners it is indispensable.

- Thirdly, service provision and common tasks can be assigned to a corporation, which leads to an indirect participation in the context of service provision by the representatives of the institution. The new legal entity, under private or public law, acts on its own behalf, having its own rights and responsibilities according to the statute.

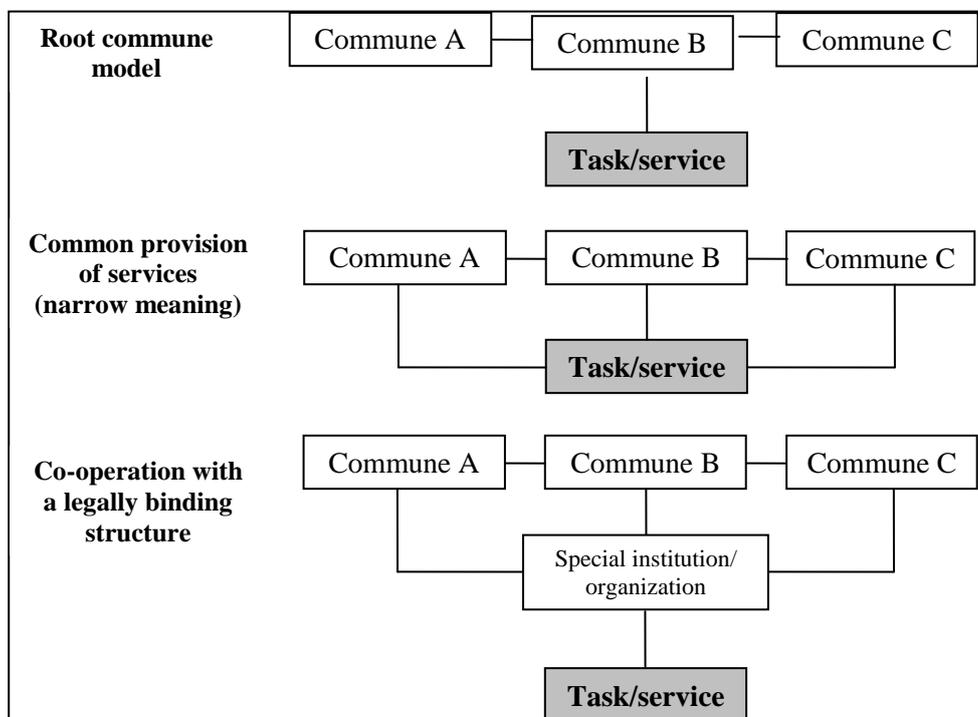


Figure 7 Models for co-operation

(Source: Steiner, 2002: 92)

3. Situation and experiences in Carinthia

After this introduction to regional management and co-operation I will turn to the practical experience. I will focus on the province of Carinthia, which as a number of successful co-operations installed and might be used for further learning and know-how transfer.

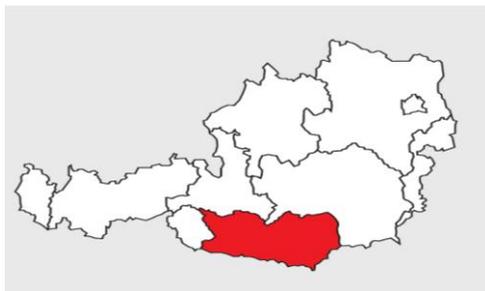


Figure 8 Carinthia - the most southern Austrian province

(Source: Statistik Austria, 2007: 120)

3.1 Carinthia at a glance

Carinthia is the most southern province of Austria with about 560 000 inhabitants and a surface of 9.536 km² (population density: 58.7 inhabitants per km²). Nowadays Carinthia counts 132 municipalities with two statutory towns Klagenfurt, which is also the provincial capital, and Villach. Administratively it is sub-divided in 10 districts. Some economic indicators are given in figure 9 comparing the situation to Austria in total.

Compared to Austria in total there is no municipality smaller than 500 inhabitants and there are only 8 with less than 1 000 inhabitants. But on the other hand about 70 % of all communes do not even count 3 000 inhabitants (Austria: 85 % of all communes are smaller than 3 000 inhabitants) (Bundeskanzleramt, 2007). In the province of Tyrol there is even one town which counts less than 60 citizens. It is clear that the smallness of communes does not promote effective service provision.

The situation is due to intensive mergers of municipalities in the 1970s, according to a Law for spatial Planning. It said that each commune should be able to provide its services by its own power (§ 2 Abs 2 Z 6 Kärntner Raumordnungsgesetz, LGBl Nr 76/1969 - Provincial Code), implying that small and smallest communes are not able to fulfill the necessary tasks and services in an economically reasonable manner. The limit of size had been seen by a population of at least 2 000 (Glanzer & Unkart, 1973).

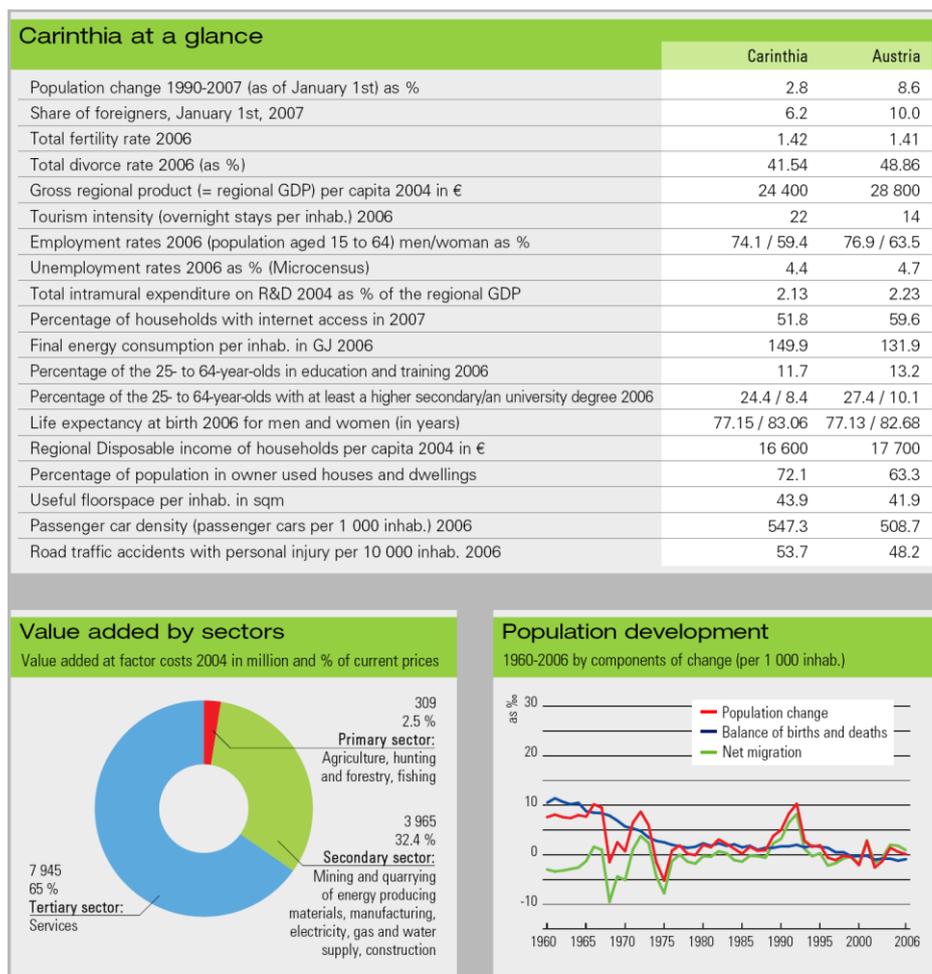


Figure 9 Carinthia at a glance

(Source: Statistik Austria, 2007: 121)

The challenges, which have been described in chapter 1.4., as the reasons for co-operation and collaboration, are especially valid for this type of small structured local level. Hence, it is not surprising inter-communal co-operation is discussed more often and more intensively as a starting point for “intelligent saving” and a better use of disposable resources (KDZ, 2004 and Matschek & Wirth, 2004 and 2005). Also the political will, expressed by the national government declaration from 2007 to 2010 as well as the provincial Carinthian government declaration from 2004 to 2009, names inter-communal co-operation explicitly as a means for effective and efficient service provision. The Carinthian government promotes and intensifies inter-communal co-operation, especially in

the fields of industrial and business parks, administrative back-office services and internal activities such as bookkeeping, controlling, debt management, procurement etc.) as well as conjoint use and operation of facilities and infrastructure.

3.2 Organizational forms of co-operation in Carinthia

In Carinthia there is a series of associations in order to provide certain specific communal tasks like social services, waste disposal, regional management or tourism. Some of them are legally enacted and must be run conjointly (Matschek, 2007).

The so called **Communal Associations** (so called Gemeindeverbände) are based on the Carinthian Municipal Code (§ 83, Abs. 1, K-AGO). They can be formed by law whenever it is appropriate to provide specific services. But the self-autonomy of the commune and its administration must not be at risk. They can also be formed by contract whenever it touches on services in its own sphere (communes have tasks which are assigned by national or provincial government and they have also its own sphere). In this case of voluntary co-operation in a communal association the contract has to be approved by the provincial government. Such communal associations have its own incorporated entity, superseding the participating communes in fulfilling the tasks by acting on behalf of the association (Sturm, 2003). Only communes can become members of such a co-operation, even though solely private sector tasks are fulfilled.

According to the Carinthian Social Welfare Law (K-SHG 1996, LGBl. Nr. 30/1996) in any of the political districts (except for the statutory cities Klagenfurt and Villach) there need to be a **Social Welfare Association**, residing at the District Commission. Its main task is to guarantee for the whole area a concerted, demand-oriented social service provision, for example the construction and management of nursing homes for the care of the elderly. The financial contribution depends of the number of inhabitants of the member municipality.

Schooling Associations are legally compulsory (K-SchG, LGBl Nr 58/2000) and are dealing with the construction of secondary modern schools (so called Hauptschulen and Polytechnische Schulen). They are in charge of planning, constructing and maintaining the schools in the area. Furthermore, they need to provide the sites, and pay for the equipment and furnishing, the teaching and learning materials as well as the cleaning personnel and the school janitor. In agreement with the provincial government they are deciding on the school district. A child which wants to attend a different school needs a special approval for exemption. As for the Social welfare Associations the Schooling associations reside at the district commission of its respective district, except for Klagenfurt and Villach. The costs are shared among the members.

Waste Management Associations are formed on legal basis (provincial laws, K-AWO, LGBl Nr 17/2004) and are in charge of waste disposal. Also the statutory towns Klagenfurt and Villach are part of the six associations which are

divided into Westkärnten, Spittal an der Drau, Villach, Klagenfurt, Völkermarkt - St. Veit an der Glan and Wolfsberg. Fees for the waste collection and other quantity related fees are covering the costs of the associations.

Administrative Communities or Partnerships (§§ 81ff. K-AGO) are not a legal entity (eigene Rechtspersönlichkeit), usually linked to the political district. Their tasks are the provision of services in the assigned or own sphere of the communes such as technical services, experts and control services.

In the field of tourism, associations, societies and unincorporated associations are established aiming at the development of the respective region in the field of offers and tourism infrastructure. Means are a common strategy, common marketing activities, the co-operation of local and regional providers, hostelling and catering services, businesses and farming. **Regional associations** are mainly built considering the European Union's subsidy and grant policy. Existing regional co-operations were linked to project developing organizations, which consists not only of communes but also of representatives of businesses, agriculture, social welfare, ecology and culture. The chances to gain financial aid from the EU rise whenever a relevant size can be reached. For the EU-Program line 2007 to 2013 a special Regionalmanagement GmbH (private limited company, www.regionalmanagement-kaernten.at) was founded to create in all of Carinthia a better coordinated and performance-relatedly financed regional organizational structure.

Communal Water Management deals with the provision of drinking water and with waste water disposal. It is organized in **Waste water associations**, in co-operatives or special entities for construction or management. Even though a municipality is not member of the Association it can make use of the infrastructure paying a fee according to a special contract. Currently there are 23 Associations. All the areas with lakes and all industries are completely included in the infrastructure. The drinking water supply is in most cases related to the communes themselves. 25 municipalities formed seven associations, or have a contract with them, in case they are not a member.

This overview of the different institutionalized co-operations I will move on to two rather young but successful initiatives. Firstly, I will describe the inter-communal co-operation of the Gurktal (Valley of Gurk). Secondly the procurement management of the statutory city Villach together with its surrounding neighboring communes.

4. Inter-communal co-operation in the Valley of Gurk

During the summer of 2005 the initiative for an inter-communal co-operation in the Valley of Gurk started by the provincial department for municipalities. The main goals were strengthening the region and working together for a common development. Organizationally the process was supported and moderated externally. Moreover, the voluntary co-operation should be a role model for further projects in Carinthia (Amt der Kärntner Landesregierung, 2005 and Matschek, 2007).

4.1 Initial situation

The Valley of Gurk (Gurktal) is located in an idyllic area offside the main cities like Klagenfurt or St. Veit. It is very rural and consists of eight municipalities of which each of them is rather poor, facing the same problems. During the financial negotiations with the provincial government in spring 2005 the idea arose to establish a co-operation to realize economic advantages. A couple of month's later mayors of six municipalities of the region "Upper Gurk Valley" started the cooperation, financially supported by the provincial government. The participating communes were Straßburg, Gurk, Weitensfeld im Gurktal, Deutsch-Griffen, Glödnitz (district of St. Veit an der Glan) und Albeck (district of Feldkirchen).

All communes are rather poorly populated (Statistisches Handbuch des Landes Kärnten, 2006), especially Albeck, Deutsch-Griffen and Glödnitz (11 - 14 inhabitant per km²). All together there are about 9 300 citizens that counts for 1.7 % of the total Carinthian population. The demographic changes were dramatically for these communes, throughout the last 30 years they lost 15 %, whereas Carinthia grew at the same time by 6 %. This negative trend is particularly remarkable between the 0 - 14year old children, declining by 20 % (Carinthia: minus 6 %). It gets even aggravated by a strong migration away from the valley which is due to the off-side location and the lack of businesses which makes it necessary to find an employment further away. Only 15 % of the people find work in their municipalities, all the others need to commute. But a lot of the people prefer to life close to where they work and so they move away. Compared to the situation in Carinthia, four out of ten work in the same municipality where they live. Moreover, five out of six communes are facing a structural deficit in their budget.

This quite disadvantageous initial situation raised the representative's awareness to take action now to increase the attractiveness of the Upper Gurk Valley. Especially young people should like to live their and appreciate the high standard of living. They agreed on as clear answer to these problems that a strategic orientation should be developed bundling regional know-how, regional resources and all other potentials for the best of a successful future.

4.2 Process of co-operation

The whole process is moderated by an external consulter specialized on public sector.ⁱ The first meeting was a kick-off workshop in 2005 at the castle in Straßburg with all mayors and municipal councilors and administrative managers. The following analysis was kept rather short, because most fact had been known anyway and existing papers had been summarized. Divided into different subjects working groups developed a first positioning for the valley. All meetings and workshops were characterized by a strong participative, integrative and sustainable approach. Finally in 2006 the municipal councilors adopted the position paper, which laid the base for further collaborations.

The project itself is seen as a role model with regard to transparency and good governance. Open discussion and participation with all stakeholders are the guiding principles. From the very beginning all participants made an effort to develop a fair and open partnership, install common rules of communications and decision making. These facts had been vital throughout the whole process.

As the process developed three main topics were identified, which will be discussed in details later:

- Promoting business development in the valley.
- Benefiting from synergies within the municipal administrations.
- Ensuring and promoting the quality of life and the standard of living.

The next important step was the foundation of the “Gurktal GmbH Gesellschaft für Infrastruktur und Innovation” (Gurktal Private Limited Company, Company for infrastructure and innovation) in January 2007 by all six municipalities. Each of them is equally proprietor. The foundation was financially supported by the provincial government. In order to ensure a balanced coordination of different communal interests and to bring specific know-how into the region the chief executive officer is an external personⁱⁱ. Main objective and therefore subject of the company are activities to promote collaboration and synergy effects in the Gurktal. This means that any action taken should contribute to solve the initial problems which are the reasons for co-operation: strengthening the local businesses, making the valley more attractive and improving the overall situation. The expectations of co-operations are linked to a decrease of costs concerning the general administration and the coordination, as well as a more efficient and effective use of resources. The company is working in its own name and can set actions for example in regard of infrastructure. The main activities of the companies are:

- Inducing and organizing the common provision of services and the exchange of services between the municipalities.
- Coordinating and optimizing the dispensable resources with regard to the public administration.
- Organizing the common provision of investments, goods and services for the municipalities.
- Developing the local and regional area.
- Planning, establishing and managing common facilities for sports, culture, living etc.
- Preparing, coordinating and managing subsidies with regard to economy/business and culture.
- Being stakeholder of some relevant companies in the region “Upper Gurktal”.
- Organizing special events and regional expositions.

- Being stakeholder and founding business co-operation with locally based companies organized as associations, communities of shared interests or any other incorporated company.
- Any other activities with respect to inter-communal projects.

4.3 Main fields of co-operation

In general, the six mentioned municipalities are intensively working together in the areas of economy and business, public administration and social issues. Some examples will be depicted to illustrate the first results and visible successes.

4.3.1 Inter-communal business promotion

To improve the situation in the Gurktal region it is vital to strengthen the local businesses. Top priority project is the establishment of an inter-communal industry and business park, which is seen as an impulse. At the moment the location analysis is taking place as well as preparatory discussions for the actual implementation. It is agreed on a promotion especially for small and medium-sized enterprises. Another project, which is at the point of implementation, is the timber yard for biomass energy production located in Weitensfeld, as the region is rich of wood, which is an increasingly important resource for energy.

Special business talks with the local entrepreneurs are taking place to involve them from the very beginning and to build mutual trust. In this context, the Gurktal Plc. is providing the necessary framework to give impetus for further collaborative projects, develop and implement them. So far, it can be summarized that the local business owners reacted very positively. The actual realization of the business park is planned for the end of this year.

4.3.2 Synergy effects throughout the local authorities

Collaboration and co-operation is not only limited to business-related issues to strengthen and ensure employment. An interesting and promising approach was started between the local authorities to enhance the possibilities of action by better efficiency. The local chief officers are working on common solutions. High motivation is a characteristic feature. They did analyse the current situation and prepared lists of infrastructure, tasks to be fulfilled and services to be provided internally or externally. This analysis enhanced transparency to open the way identifying unnecessary duplicates and most resource-intensive activities of their budgets. Now the officers are specifying possible fields of collaboration to free financial and human resources to use them for other new services (qualitative and quantitative manner) to the citizens. Especially in the fields of shared use of certain machines and facilities (cross country ski tracking machine), procurement (grit and salt), special inspections, street lightening or waste disposal are potential

areas which are partly already realized or are under preparation for future co-operation.

4.3.3 Social coherence and quality of living

The third focus aims at the strengthening of the social life. Furthermore, it should maintain and intensify the regional quality of life and the standard of living. As in the two before mentioned fields a lot of work and resources was concentrated this area was postponed. This year there will be an inter-communal audit for the most family-friendly municipality in the Gurktal, which will certify the best ones. Besides that, some other interesting projects are in preparation - always concerted with the other activities - such as a youth centre in Gurk, or the common construction of a nursing home for the elderly.

4.4 Resume

Up to now, a lot of fundamental work is done for inter-communal co-operations to benefit from disposable resources of the valley to its best. The most important part was and still is building trust - mutual trust for co-operation, which was not done before as the self-autonomy was the most important principle. Building trust in co-operation needed to win over the eminent fear of losing its own identity, freedom, autonomy and in the worst case being fused with another municipality. This was possible because at any time all participants had the option to leave and all decision makers were involved in all decisions. Establishing working lines of communications and dealing with conflicts was vital in the process so far. It was also shown that co-operation is not pushed through by all means but it is selected to those areas where it is beneficial for all participants.

The first successes of common projects are visible, a very important fact. Not only common meetings, analysis and discussion are important but also results of what have been done, conjointly bought grit and salt, inspection works or the timber yard.

Now it can be seen that the co-operation enables the municipalities also to offer new services, like the youth and sports centre in Sirnitz-Albeck, which would not have been able for a single one by itself. The positive side effects are a higher quality and fewer costs.

In some of the areas, especially with technical services such as water, waste water, waste disposal services etc. there has been an existing successful co-operation since a rather long time. But on the other hand in some other areas such as schools, kindergartens, public transport and others, co-operation is only poorly developed or non-existing, even though a comprehensive coordination von interests, goals, plans and projects on a regional level would be of urgent priority.

Concluding it can be said that the Carinthian provincial government promotes an intelligent solution with the inter-communal co-operation. This and

other currently active pilot projects will show how to bundle resources and improve efficiency and effectiveness of public service provision (Matschek, 2007)

5. Procurement co-operation of Villach and its neighboring municipalities

Another example is a co-operation between the statutory town Villach and its neighboring municipalities. They have been working together specifically in procurement since almost three years - and the results are not only positive but very motivating (Liposchek, 2007b).

5.1 Initial situation

Most municipalities need to procure more or less the same goods and services. Usually, a municipality organizes itself the relevant processes and capacities. That means that all the necessary process steps from tendering, to offers, and checking offers and finally ordering the services including the process of logistics and warehousing had to be done by a municipality, independent from the actual quantity needs. The smaller the municipality usually the smaller the quantities needed, which ended in relatively higher individual prices - a negative side effect for municipalities. Buying bigger quantities in order to get better sales conditions was in most of the cases not possible. Moreover, the internal costs for personnel and its appropriate qualification and the process-relevant costs for procurement needed to be taken into account. In Austria the guarantee for legal security is very important - there had been some major changes lately concerning public tendering - and need to be included in the transactional costs.

All these facts led to the idea to co-operate in the area of procurement. The co-operation takes place between Villach and 17 (out of 19) neighboring communes. Main strategic goal shared from all partners is “intelligent savings” in procurement (KDZ, 2006).

5.2 Process of co-operation

In 2005 the solution for these problems was a conjointly organized, central and computer-aided procurement which enabled a coordinated process with other municipalities of the administrative district. An electronic platform the so called e-Shop was established to reduce costs of procurement. It is administered by the biggest city, Villach. The advantages are evident in different levels. On the one hand it was expected to fasten the political and administrative process of approval and authorization of the partner municipalities as well as a remarkable reduction of administrative costs by a conjoint tendering and a standardized process of allocation. On the other hand a reduced price by economies of scales for both the city of Villach and its neighboring municipalities was an important aspect. The potential size strengthens also the position of the “demanders”. The big advantages

of e-procurement are, for example, the easy access of the orders via internet, or that there is no longer an absolute need to “go” shopping literally. Times of orders and delivery are determined, which guarantee that the supplier delivers directly to the respective municipality. Other useful functions in the e-Shop are the chat forum or the “black board” to enhance the exchange of information concerning current procurement processes.

At the very beginning office materials, paper ware, IT-related materials and cleansing agents was part of the e-Shop. Due to a successful start of the e-Shop already one year later in 2006 the program of articles was enlarged by special work clothing, office furniture, copying machines with all inclusive contract, fuel and heating oil. It is not surprising a special service provided focusing on telecommunications was and still is very successful. For the future an even more elaborated program of goods and services is planned, specifically in communal construction court, for snow shoveling, salt and grit, tools and communal printing.

5.3 Experiences and advantages

After three years the advantages for all members can be summarized as follows (Liposchek, 2007b):

- There is a defined program of articles proofed by price, quality, functions, guarantee and relevant aspects for tendering.
- A better market position is achieved since they are all together a “big and more powerful customer” by bundling the demand.
- There is an ongoing optimization of suppliers on a global market but by considering the local businesses too.
- There is a high level of transparency and guarantee of the prices throughout the whole transaction.
- The whole process is faster, easier and cheaper by synergy effects as a single tender and the use of the internet as the tool for implementation.
- The procurement related process costs could be minimized by a uniformed, standardized and single tender, control and allocation.
- Villach does not hold the information gained back but shares the know-how gained through specialization with all the member municipalities.
- The whole supply chain is optimized by the use of the internet, which does not make an individual purchase necessary.
- An automatically generated statistical report documents all activities and is the base for budgeting and planning.
- The “black board” can be used for supplies and demands of members (e.g. sales of tools and machines, renting opportunities etc.) and it is a handy way to exchange information of current procurement of members. This enhances even more co-operations also for specialized procurement activities.

5.4 Organization

The organization of this voluntary procurement co-operation is based on a civil law contract between Villach and each municipality. The actual process steps can be seen in figure 12, which will be described later. The membership allows the access to the e-Shop (figure 11) by a login and a password.



Figure 11 e-Shop for procurement operated and administered by Villach
(Source: Liposchek, 2007a)

The member municipalities need to tell their yearly needed amount of each of the listed articles. This enables the city of Villach to organize and administer the whole tendering and procuring process for all the partners. After they received the various offers they analyze them and the best suited supplier concerning quality and costs need to be identified. To ensure a transparent information flow the current prices of goods, the suppliers and further information on general Terms of Business are visible in the e-Shop. When the tendering process is finished, the member commune will become the legal client and gets all the rights and responsibilities for their ordered quantities of goods and services.

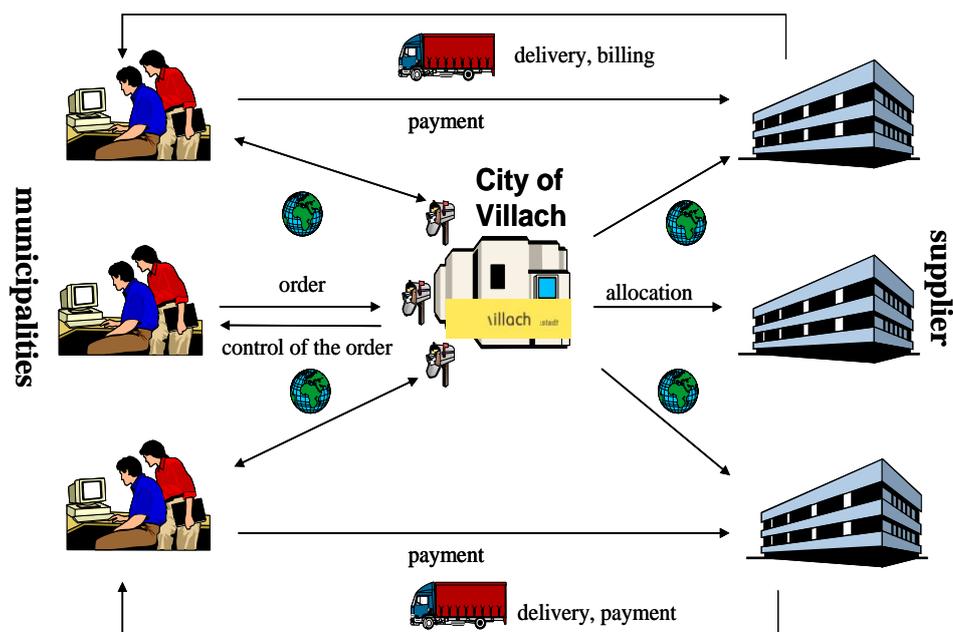


Figure 12 Procurement processes - order, delivery, payment
(Source: Liposchek, 2007b: 159)

The actual order by the members takes place via the e-platform according to the actual needs over the year. The city of Villach distributes the defined orders by commune to the suppliers for each article respectively. Delivery and payment is handled directly between the supplier and the member community. The address of delivery can be different from the billing address. Vice versa the payment is wired directly from the member municipality to the supplier. Legal base are the general Terms of Business of the supplier as indicated in the e-Shop. For this procurement service the city of Villach charges the members a low service fee per year, to break even.

5.5 Resume

This co-operation was clearly driven by one goal: saving money, buying cheaper but maintaining a high level of quality. Already after a short period of time actual savings by a conjoint procurement are measurable. From the member communes' point of view the co-operation facilitated their own administrative and political activities necessary for procuring, such as authorization, approval and allocation. These activities are centralized at the city of Villach, which has the special qualification of the national and EU laws concerning tendering. These costs are transmitted to Villach and are no longer charged at the communal budget. As all the communes are rather small this is a vital advantage. Moreover fewer human

resources (and their special training) are necessary and the freed resources can be used for other services to the citizens. The whole process got streamlined and the supply chain got optimized, which produces again savings as individual buying and warehousing is no longer needed. As expected the larger quantities made is easier to decrease the price level in general. In some cases the costs before the common e-Shop solution for some article groups ordered was up to 300 % higher. For some single purchases the prices were up to 75 % more expensive. The following table lists some of the conjointly purchases goods, which are now much cheaper than before.

Comparison of prices of different goods and articles

Table 1

ARTICLE	E-SHOP VILLACH	MEMBER MUNICIPALITY	DIFFERENCE IN %
Micro Pen Pencils	€ 02,4	€ 0,74	+ 208 %
File holder	€ 0,72	€ 1,29	+ 79 %
File holder	€ 0,14	€ 0,29	+ 107 %
Ink pad	€ 1,01	€ 2,19	+116 %
Punch (SAX)	€ 13,16	€ 25,39	+93 %
Loose leaf file holder A4	€ 0,25	€ 0,83	+2,32 %
Copying paper (A4 p/1000)	€ 4,29	€ 6,10	+ 42,19 %
Copying paper (colored p/ 1000)	€ 6,29	€ 6,39	+ 1,59 %
Paper towel (1000)	€ 3,61	€ 6,37	+ 76,45 %
Glass cleaner 10 l	€ 7,91	€ 14,20	+ 79,52 %
HP Deskjet 51645 AE	€ 19,89	€ 29,41	+ 47,86 %
Epson Stylus S0220089	€ 5,23	€ 20,75	+ 296,75 %

(Source: Liposchek, 2007b: 160)

From Villach's point of view the co-operation is also very positive: the experiences so far met the expectations. It is an easy and transparent but at the same time flexible and cost-efficient system which is increasingly used more and more. Moreover the range of goods offered is steadily adapted to the members' needs (Liposchek, 2007b).

The success given led to further interest of other municipalities. It is also in discussion whether some other institutions or associations (such as the social welfare association or the public management association) will be accepted as potential members. These changes could help of even more efficient use of resources and create potential for regional and communal development, which will strengthen the region even more and more.

Conclusions

These positive examples show that the willingness for co-operation was the initial step for these successes. It is noticeable that these examples are not taking place in a far away dream land full of innovation and happiness, but it is taking place here, among us.

Of course, co-operation is not the unique remedy for any “disease” in the public sector. The means of choice needs to be selected according to the initial situation, the common goals and some further external facts. But it is worth mentioning that the shown examples are representatives for a lot of other initiatives equally in Carinthia, in Austria or beyond the national borders. Further, co-operation is not limited to national territories; cross-border initiatives are promising too. In total co-operation helps to enhance mutual understanding, to benefit from a transfer of qualifications and know-how as well as it installs a mindset of openness and trust ensuring equal partnerships. These factors seem to be the keys for successful co-operations. The shown inter-communal and regional co-operations should be encouraging for further initiatives, to promote the quality of life of the citizens.

Last but not least further research activities can help to define the best suited legal forms and organizational forms of co-operations. The description and further analysis of case studies will identify more precisely what works under which circumstances.

At the moment there is a survey going on conducted by students of the degree program Public Management at the Carinthia University of Applied Sciences in Villach, which focuses on forms and fields of co-operation in Carinthia. It should help to identify how other administrative bodies can foster and promote fruitful co-operations. The results are expected for end of May.

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