Investment images in Southern Europe: an appreciation of firms in four Southern European cities

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INVESTMENT IMAGES IN SOUTHERN EUROPE: AN APPRECIATION OF FIRMS IN FOUR SOUTHERN EUROPEAN CITIES

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Abstract - The article examines the capacity of four medium-sized cities in Southern Europe, concerning the current situation of their assets (agglomeration economies, urban infrastructures, factors of labor and cost, etc.), the degree of development policies implementation and effectiveness by local authorities and finally the level of local authorities capacity to plan and implement particular policies and partnerships with the private sector in order to shape a favorable and attractive investment image supporting through this way cities development and firms competitiveness. The analysis uses primary data from 310 small and medium sized firms in Southern Europe. At the end, the article provides some important conclusions especially for the studied cities, but also for similar cities in the wider zone of Southern Europe.

Key-words: LOCAL CHARACTERISTICS, FIRM COMPETITIVENESS, DEVELOPMENT POLICIES, RESEARCH, CITIES, SOUTHERN EUROPE

JEL classification: R11, R12, R15, R58

1. Introduction

Shaping an attractive investment image constitutes one of the main priorities of regions and cities globally (Head et al. 1999; Christiaans, 2002) and especially in Europe the last two decades (Stubbs et al. 2002; Ulaga et al. 2002). Every region / city looks to raise its degree of "investability" so as to gain advantage in this intense competition as the attractiveness of an area is basically defined from this criterion. International literature present several scientific theoretical and empirical approaches concerning, the contribution of foreign direct investments in local economic and regional development (Louri et al. 2000; MacKinnon and Phelps, 2001; Berkoz, 2001), the level of quality of localised capabilities to satisfy the needs of the foreign investors (Maskell and Malmberg, 1999) and finally the local authorities' role to plan and implement development policies and also to create partnerships with the private sector in order to increase place's development and competitiveness (Syrett, 1994; Bennett and Krebs, 1991; Priemus, 2002). Factors such as access to customers, contemporary communication networks and the existence of supporting enterprises on the sector of services (financial, insurance and legal) and promotion services (declining regions) constitute factors with positive effect on the regions' competitiveness and on the enterprises that are installed in. On the contrary, factors such as the existence of local and regional taxes and rates suspend the regions' competitiveness as it comprises one of the basic criteria of choosing a location for setting up business (CEC 1993), while the quality and specialization of the human workforce comprises the factor with the greater need for improvement, which is logical as in the most regions of the research this is set as one of the main factors that have the greater negative influence on the regions' and enterprises' competitiveness.

By taking into consideration that local distinctive characteristics and the supply of a favorable business environment are crucial for attracting foreign investments but also for the development of the existing one, the article focus on the evaluation of local characteristics, development policies and also the role of local authorities on city development and firms

competitiveness in four cities in Southern Europe. As studying areas are used the cities of Varna (Bulgaria), Bari (Italy), Larissa and Volos (Greece), presenting some data that derived from an empirical study that take place on 310 local enterprises. The article tends to examine the capacity of these cities, concerning the current situation of their assets, the degree of development policies implementation and effectiveness by local authorities and finally the level of local authorities capacity to plan and implement particular policies and partnerships with the private sector in order to shape a favorable and attractive investment image supporting through this way cities development and firms competitiveness. At the end, the article provides some important conclusions especially for the studied cities, but also for similar cities in the wider zone of Southern Europe.

2. Firm Competitiveness and Local Characteristics: Theoretical Considerations

Two basic theories of strategic management, the Industrial Organisation Theory and the Resource –Based View, focus on the investigation of the firms' competitiveness. The former, focuses on the external dynamics of firms' environment that affect the level of their competitiveness (Porter, 1998) and their ability to design strategically and to be effective (McLarney, 2001; Ashmos et al. 2000). The latter refers to the internal environment of firms and their abilities and resources to be competitive (Barney, 2001; Wernerfelt, 1984). For instance those resources can refer to the specialization of employees, the reputation of the firm, the organizing culture and the firm's environment (Hall, 1993). Recent research has shown that firms' competitiveness depends on different factors on macroeconomic as well as microeconomic level. On macroeconomic level, the economic structure on national level (Narula and Wakelin, 1998), sales taxation, investment and research outlay (Chen and Williams, 1990; Rogoff et al. 2004), while on microeconomic level, the size and age of the firm (Frenkel et al. 2001; Sapienza, 1991), the lack of designing (Timmons, 1994), lack of effective management as well as environmental conditions (Gaskill et al. 1993), function restrainedly in the competitiveness of the firms. Furthermore the firms' competitiveness is directly connected

with specific dynamics of their environment such as the technology level, the quality of produced goods, marketing policies and their innovation development capacity (Corbett and Wassenhove, 1993; Grupp, 1997).

Apart from those factors, the firms' competitiveness is also shaped by the conditions and special features or advantages of the urban environment (urban assets), where the firms are set up (Begg, 1999; Deas and Giordano, 2001; Dicken and Malmberg, 2001). The geographical position, the size of a place, the size of the market, the accessibility to big financial or commercial markets in national and European level, the availability and the quality of Universities and technological Institutes, the quality of infrastructure (roads, harbors, airports, telecommunications), the quality of business environment, the quality of life, as well as, the place's specialization on some particular production sectors (manufacturing, tourism or culture) constitutes some very important characteristics that determine an attractive or unattractive place image, while they constitute location choice criteria for firms' establishment, simultaneously (CEC, 1993; Funk, 2000; van den Berg et al. 2004:6).

3. Local Authorities and Development Policies

The role of the Local Authorities in the economic growth of cities and firms is really important, especially when it comes to the designing and the realization of development policies, the existence of Local Authorities with entrepreneurial capacity is vital, mainly in the 90's (Hall and Hubbard, 1998). As Barlow refers (1997) the absence of local authorities and authority's institutions with entrepreneurial capacity, is possible to have negative effects (faults) in the development of cities comparing with others. Particularly interesting are the views of Dicken et al. (1994) Cheshire and Gordon (1995) that claim that the role of the local authorities should not only focus on the attraction of foreign direct investments (FDI), but also on their ability to form a suitable 'business environment' in the frame of which the firms will be able to function competently. A factor of equivalent importance in the successful attraction of FDI is the development of cooperation between local authorities and

administration institutions (Fuller et al. 2003). Typical examples of participation and contribution of the local authorities that connect to the recreation of cities (urban regeneration), to cultural activities and generally to the economic growth, are presented in the international bibliography: cases of cities such as Edinburg (Simpson and Chapman, 1999), Dublin (Ellis and Kim 2001), the case of Community Councils (CCs) in Scotland (Raco and Flint, 2001) and the reconstruction policies of Glasgow and Dundee in Scotland (McCarthy and Pollock, 1997), Paris (Chevrant-Breton, 1997), Israel (Carmon, 1999), cases of designing public transportation and cooperation development between public and private sector on economical investments in Holland (Premious, 1999; Waters and Smith 2002; Baidal, 2003) e.t.c.

By concluding, we can claim that the above forms of development policies are created by the cities' need to become competitive opposing to other cities, expanding the share of the market that corresponds to them in the new international environment. In the frame of the traditional economic principal of supply and demand in a competitive market, the cities invest on local distinctive characteristics, aiming at the attraction of potential target markets. This view is supported by an older argument of Harvey (1989), who refers to urban entrepreneurialism, recognizing four basic dimensions: a) *production*, where cities envisage the development of a competitive advantage through investments on substructures and technologies in order to strengthen their exportation ability, b) *consumption*, where the special features of the cities are promoted (tourism, culture etc.) aiming at the attraction of possible target markets, c) *administration* and *control*, where cities compete in the development and management of investments in big urban projects and services, so as to comprise attraction for multinational entrepreneurships and organizations, and d) the *possession of national surplus* in national or international level, through European subsidies, participation in competitiveness programs etc. In the frame of this 'urban entrepreneurialism' many cities- especially small and medium sized- obtain a high level of competitiveness in specific productive sectors

(Hinderlink and Titus 2002), which is possible in the frame of a strategic design to create competitive advantages for the cities.

4. Methodology

By taking into consideration the above characteristics the article tends to examine which groups of factors have major importance on firms' competitiveness, and for which firms. In addition the article tends to present what particular factors contribute to the creation of an investment image for the studied cities. As study cities were used Varna (Bulgaria), Bari (Italy) and Larissa and Volos (Greece). These cities were chosen by taking into account some common characteristics. Specifically: a) they belong to the Objective 1 regions of EU, b) are medium-sized cities (100.000- 500.000)[i] residents, c) because of their geographical position, three of them (Varna, Bari and Volos) are important ports in their countries, d) they are located far away from the EU decision centers, namely, on the zone of Southeastern Europe – Balkans and e) the research was funded by the European Union – European Social Fund & National Resources – EPEAEK II, and these cities accepted to participate in this project. The selection of Larissa was based on three reasons: a) because the city has a unique and strategic geographical position in Greece, b) is located close to the city of Volos (56 km distance) and c) because of their proximity, the two cities could be examined as a 'dipole' in relation to the cities of Varna and Bari that surpass in population the two Greek cities.

Research has been done with the collection of primary data from 310 firms from all production factors (industrial/ manufacture, commerce, services and tourism). More specifically, the characteristics of the research are the following: a) Research took place from May, 2003 to June, 2006 through the use of questionnaires and personal interviews. The method of programming and not random interviewing was preferred in order: to collect a bigger number of questionnaires, to sustain the chance of clarifying ambiguous questions, to avoid 'quick' and 'non-skeptical' answers and to provide ample and time for the correct and in

full filling of the questionnaires b) the questionnaire includes open-closed questions in five groups of questions, for the answers Likert scale was used (1-10) [Likert 1932; Stathakopoulos 2005:134], c) each interview lasted 25 to 45 minutes, d) 90% of the firms had over 20 employees, e) 85% were local, f) research took place in cities core and up 50 km outside them, g) interviews were made with high level managers and also business-owners, h) each interview was certified with the signature of the responder who filled in the questionnaire and the business stamp and i) the selection of the firms was based on data that the Commercial and Industrial Chambers of Bari and Varna but also the Industrial Association of Central Greece provided. The distribution of questionnaires per city is presented in table 1.

……[insert Table 1 about here]…….

5. Profile of Cities and Firms

5.1 The studied cities

The region of Varna is found on the northeast part of Bulgaria; it has an area of 3820km^2 and is an 'entrance gate' to the Black Sea. The city of Varna has a population of 343.000 residents and is the third biggest city in Bulgaria. The production profile of the city and its surrounding area is composed of metallurgy and machinery businesses, shipyards, chemical industries, shipping lines as well as of food industries, textiles factories and construction companies.

Bari is found in the region of Puglia, on the south cost of the Adriatic Sea and is the second most important city of South Italy, after Naples, with a population of almost 312.000 residents. The traditional production sectors concern the manufacturing of agricultural and sea products. In addition the production structure of the city is composed of commercial firms, service businesses, soft industrial sectors (textiles, leather etc.) and automobile industries. A significant role in firms' competitiveness plays the port of Bari which connects Italy with Greece.

Larissa is the biggest in area and population city of Central Greece. Capital of the Prefecture and the region of Thessaly, Larissa holds a unique geographical position with economic importance, on the motorway axis Patras-Athens-Thessaloniki-Evzone, which connects the two metropolitan centers of Greece, Athens and Thessaloniki. Because of its geographical position, Larissa is one of the most dynamic urban centers in Greece.

Volos belongs to the six biggest cities of Greece (5th position), with a population of over of 120.000 residents. It is the capital of the Prefecture of Magnesia and geographically is located in Central Greece. Volos is one of the most important urban and industrial centers with quite advanced geographical position among other Greek cities. The city is located a small distance away of the core motorway and railroad axis of the country which connects Athens and Thessaloniki, while the existence of city port has to be mentioned since it provides the development of sea connections with other ports and islands of Greece. As regards its position in the region of Thessaly it is found on the Southeast tip of it being the only sea gate of the region (Strategic Development Plan of Volos, 2006).

5.2 The studied firms

In Tables 2 and 3 is presented the studied firms' profile[ii]. 54,1% of them belong to the industrial/ manufacture sector. This is more obvious in the case of Volos, where 91,2% of the firms are industrial, since the city has a very strong industrial past, especially in the 70s and 80s (table 2). 85,4% of them are local - something that means that the appreciation of firms is extremely important, since they are aware of the urban environment (weaknesses and strengths) as well as of the development policies applied by the local authorities, as much for the benefit of the cities as for the benefit of the businesses themselves (table 3).

……[insert Table 2 about here]……

……[insert Table 3 about here]……

6. Some Results

In this unit the results of the descriptive statistic analysis of the research are presented. The aim is to draw some specific conclusions referring to the evaluations of the research firms' in a sequence of characteristics and development policies of the cities that are established in. As basic instruments for statistics, the 'mean' and 'standard deviation' are used. In Table 4 some of the statistics on the 26 factors (variables) examined in the analysis that follows are presented, which refer to particular features (advantages) of the study cases. The highest mean (7.61) appears at the variable 'Telecommunication-Networks' and the lowest (4.58) at the variable 'Efficient airway connections'. With regard to the standard deviations, the lowest (1.46) appears at the variable 'Quality of University Institutes and Research Centers' and the highest standard deviation (2.91) at the variable 'Efficient Seaport Connections'. The level of significance of every variable also appears. As it is obvious from the table all variables are statistically significant ($F \geq 2$, p=0.01) and some with marginal significance. In the following units, the results of the statistic analysis are presented.

……[insert Table 4 about here]……

6.1 Advantages of the cities of Varna, Bari, Larissa, and Volos

In Table 5 the centralised evaluations of the firms are presented referring to which factors (criteria) constitute the advantages of cities in which are located and at the same time affect their competitiveness. Specifically we are presented with:

General view

A first general view from the elements in table 5 is the distinction of the width of mean rates of evaluating Bari's firms with the equivalent width of the rest of the cities' firms. In Bari's firms range from 4.7 to 7.1, while in the other cities the variation is from 3.7 in Varna and Volos and from 1.0 to 8.2 in Larissa. This fact implies an obvious direction towards the presentation of common evaluations for the importance of the factors under examination, especially for Bari's firms.

A second significant element is the view of the standard deviations. The largest width and the highest standard deviations refer to the average rates of the firms' evaluations in Varna, where they present diverse opinions concerning the significance of the total factors under examination. The highest standard deviations concern factors, of which the mean rates are low to medium. This view is precisely presented by groups of factors such as "labour" and "cost", where the high standard deviations and the especially low average rates, lead to the conclusion of the intense differentiation of the firms' evaluation, which due to their productive variation (table 2) present a wide range of evaluations. Similar is the image of the standard deviations in the firms' evaluations in Volos. The width of standard deviations is the same as the width in Varna's firms (11 units), but the standard deviations are low. This concludes that while there is diversity in opinions among the firms, in most cases this is not intense. As a consequence there is a powerful common stand in Volos' firms, which in their majority are industrial (89,5%), concerning the importance of specific factors. Finally the standard deviations in Bari's and Larissa's firms fluctuate at the same level. The firms in Bari with the lowest average rates and the low standard deviations express an intense common stand in the significance of specific factors. On their side, the firms in Larissa- as the firms in Volos- are characterized by the diversity of opinions relating to the significance of the factors, though this diversity is not intensive. As a conclusion we can claim that the firms in the three of the four cities of the research (Bari, Larissa, and Volos) present a relatively homogenous stand in their evaluations, a fact that is not valid for the firms in Varna.

Specific view

Referring to the groups of factors that take up the high positions of significance we point out the following:

Agglomeration economies and access to European markets- This group is consisted of agglomeration factors as well as factors that concern the access in the European markets. Specifically, firms in Larissa ascribe great importance in this group of factors (average rate 7.0,

standard deviation 1.6) and especially in the two first factors, whose mean values are 7.5 and standard deviations are under the mean of the group 1.6. Those factors that relate to the local market dynamics with potential of effective access to clients and suppliers in local and national level, construct an important indicator that the central geographical position of the city is a major factor of the competitiveness for city and the firms (mainly industrial and commercial). The same vitality is ascribed to the same group by the firms in Volos. A crucial element in the Greek cities' firms is the common stand in five of the six factors of this group and especially in the factor "access to national markets", which is considered to be the most important of all the Greek cities' firms. By combining the importance of this factor with the others, we are led to the conclusion that an intense appointment of the "dipole" Larissa-Volos, and its importance for the firms of the cities especially those that belong to the industrial and commercial sector, is formed. This realization is supported by the results of a recent study (Metaxas and Kallioras, 2006), in 51 foreign (not local) firms in the cities, in which the existence and the function of the "dipole" Larissa-Volos is defined as one of the most important advantages of the wider area between the two cities and Thessaly Region as a whole. In contrast with the firms of the two Greek cities, the firms in Bari and Varna do not render a great significance in this group of factors. Firms in Bari, without the intense differentiations render an average degree of importance (5.4) at the total of the factors, while the firms in Varna render a greater significance to the total of factors (6.5) but with strong differentiations in their evaluations (high mean rate: 1.9)

Urban infrastructure- The firms of Bari as well as Varna, render gravity to the group of urban infrastructure (average rate: 7.3 and 6.3 respectively), in contrast to the firms of the Greek cities. Especially in the case of Larissa, due to the fact that the city lacks an airport as well as a harbour, the firms gave as a degree of significance 1.0. This fact affects the total average rate and the standard deviation[3.] At the case of Volos the airport of New Agxialos was taken into consideration, which as it seems by the evaluation of the firms is not a very strong

advantage for the area. A low evaluation is also rendered by the firms in Volos in the factor 'railway connections', indicating in this means the weakness of the city to be located away from the railway axis, which passes by Larissa (the significance is indicated with a high average rate, 7.1). Varna's firms do not express one common stand concerning the significance of each factor separately, having as a result the formation of high standard deviations and as a consequence the standard deviation of the group is high (1.8). Opposing to that Bari's firms appear with a more common stand to the factors of the group of urban infrastructure, except for the "airlines connections" which is evaluated with a low average rate(5.4) which affects significantly the final average rate of the group that is formulated at 6.3. Especially "Telecommunications" constitutes a factor with the highest average rate (7.1), in the total of 26 factors, and with the corresponding low rate of standard deviation (1.5). An important element in the high significance of the factor "Telecommunications" is that the evaluations of all four cities tend to be alike, a fact that is shown through the high average rates and low standard deviations correspondingly.

Quality of life-environment - The group of *quality of life and environment* is highly evaluated by the firms in all four cities. Especially in Volos the firms indicate the significance of quality factors in the development of the city. In the case of Varna as well as the case of Volos the three factors of the group are evaluated with average rates over 7.0, while the standard deviations are low enough, a fact that designates a common stand regarding the significance of this group's factors.

Labour factors - The labour factors are evaluated by the firms in a high level of significance, except for the firms in Varna. The firms in Varna consider that this is not an advantage for their city, a fact that is shown by the low average rates of specific factors (< 5.5). Furthermore an intense diversity concerning the significance of every factor is observed, having as a result the standard deviations to range in high levels (> 1.8). In contrast the firms in Bari, place the labour factors high, evaluating that they comprise the most important

advantage for their city and also their competitiveness. The average rates and the standard deviations demonstrate a minor differentiation than the corresponding of the firms in Varna, a fact that indicates that the firms in Bari converge towards a common position as far as the significance of this factor is concerned. Finally the Greek cities' firms without great diversities render higher average rates in the total of the group, in comparison with the firms of Bari and Varna. Especially at the city of Volos the factor 'quality and specialization of working force' as well as the factor 'availability of working force' are highly evaluated (7.3 and 6.2 respectively) comparing to other cities. This view is due to the industrial character of the research firms, who seek and absorb specialized staff (mainly industrial executives and workers), but also to the existence of the University of Thessaly, which contributes to the local community with the disposition of scientifically specialized and productive work force.

Factors of research and development- The factors of this group are evaluated in a medium scale by the firms of the research. The highest average rate is formed by the firms in Volos, while the lowest by the firms in Bari. From the rates of standard deviations in the total of the factors, a common stand referring to the significance of the research, development and specialization factors is observed by the firms in the three cities besides Varna. A second important element is that the average rates rendered indicate in a way the discontentment of the firms towards the function of institutes of higher education and their effective connection with the firms. Especially in issues that concern the continuous education and specialization this discontentment is more intense and obvious mainly at the firms in Varna and Bari.

Factors of regional and urban development policies - The factors of this group are evaluated in a low level by the firms of the research. The lowest rates are rendered by the firms in Varna, where the average rates formed are low. The stands of the local authorities as well as the existence of strong investment motive are factors that do not comprise an advantage for the city. In reality they are not an advantage for any other city, maybe with exception the city of Larissa, where the group of those factors gets the highest average rate with a low standard

deviation. The firms in their total are dissatisfied with the role of the local authorities, which as was mentioned above, is very important for the designing and development of policies that aim at the blooming of the cities and the growth of the firms.

Cost factors- Finally cost factors receive a low rate of significance by the total of the cities as an advantage for cities and firms. The average rates are from 4.0 to 5.7 and the standard deviations from 1.0 to 2.2, which indicate the diversity in opinions between the firms mainly in Varna.

…….[insert Table 5 about here]……

6.2 Urban policies and cities' competitiveness

Tables 6 and 7 present the firms' evaluations of the four cities, concerning the level of implementation of specific developmental policies by the local authorities as well as the level of effectiveness through their implementation. Specifically:

In the case of Varna, the level of all policies' implementation is below average (5.5). In combination with the equivalent low average rates, a conclusion arises, that the firms in Varna evaluate in accordance that the local authorities realize few actions for the competitiveness of the city and its development. This evaluation is of great importance as it expresses the biggest percentage of the firms (59.7%- *P2* to 82.7%- *P7*), in all productive sectors. This firms' stand reflects a reality, which stems from the existing political and economical conditions, in Bulgaria as well as in the other countries of East Europe.

In the case of Bari, the view we get is better, since the level of implementation of most policies is above the average rate (5.5), though without any specific policy standing out. We can claim that policies *P6* and *P8* are policies with the greater gravity as they present higher average rates comparing with the rest and relatively low standard deviations. Especially concerning policy *P8*, firms in a great percentage of their sample (81,2%), support that the local authorities materialize up to a point fund search policies and participation to European programs in order to reinforce the competitiveness of the city of Bari. On the other hand the

implementation of *P6* (Development of a City Marketing), constitutes a policy which obtains advantages in the procedures of decision making and in the action development of European cities, especially during the last twenty years. Consequently we can support that it constitutes an interesting challenge for the local authorities and for that reason it is adopted and materialized.

Similar evaluations to those of the firms in Bari are presented also by the firms in the two Greek cities. In Larissa and Volos the average rate in the policies as a total is below the average 5.5. In both cities it is evaluated that the policy *P8* is activated more by the local authorities, though without presenting a high average rate (6.6). Policies that are related to issues of strategic designing, training and reinforcement by the E.U., are estimated to concentrate the interest of the developmental policies realization in the Greek cities.

By examining the Greek cities under the sense of "dipole", it occurs that their orientation is common, even though they differ as far as their characteristics and their productive structure is concerned. Their co-existence in the same area and their direct closeness, dignify to their general view a unique dynamic which is rendered to an intense discontentment for the role of the local authorities in the cities' development and growth. This sense is reinforced even more by the elements in table 8.6, where the level of the firms' effectiveness is evaluated by the developmental policies that are implemented.

Especially, for Varna, the low level of developmental policies' implementation comes with an even lower level of the policies' effectiveness that was evaluated to be implemented by the local authorities. The lack of know-how, the requirements of a rapid adaptation to the new political and economical facts, the non-existence up to now of local authorities with an active role in the local development, all constitute obstacles which should be overcome in order for a plan and policies of implementation in local level to exist. This realization meets in total accordance all the firms in the city of Varna, which seem to have a clear and common stand on the local authorities' role effectiveness concerning the growth of their city.

In the case of the city of Bari the situation does not alter significantly. The policies' level of effectiveness is at the same degree with the level of implementation. Policy P8 is a little exception, in which Bari's firms, assign the highest level of effectiveness to the local authorities. This attribution is quite significant as it states the stand of the firms in all the production branches, in a percentage of 81,2%.

Finally the situation of the evaluations in the Greek cities, presents identification between the level of effectiveness and the level of implementation. In all cases of policies that are examined the level of effectiveness is lower than the level of implementation, though without any appreciable change. There is no specific policy or specific policies where the level of effectiveness is intensively varied from the level of implementation positively or negatively and this phenomenon embraces an apprehension. A view of urban management and administration is presented which aims at the development of a wide range of policies, without the ability of focusing on some having as a target the successful implementation and as a result the achievement of high effectiveness. The view of "general urban development" is interpreted in a medium level of implementation and effectiveness, exposing the lack of ability by the local authorities to succeed in some sectors, which probably would have contributed more to the cities' development and competitiveness.

…….[insert Table 6 about here]……

…….[insert Table 7 about here]……

6.3 Ability of Local Authorities on the implementation of developmental policies

In Table 8 firms were asked to commend on the level of successful implementation practices by the Local Authorities. In all cities the firms estimated the success of implementation practices as mediocre (average rate: 5.0, standard deviation: 1.1) in a scale of 1-10. Two very important conclusions can emerge from the table: First, the firms irrespectively of their production field hold a common and powerful evaluation stand, towards the Local Authorities of their cities. The "mediocre" evaluation is not definitely the negative

one, but we could assume that it consists of a discontentment on the Local Authorities' ability to design and put into action policies, which could contribute to the competitiveness of the cities as well as the firms. The second important conclusion is that, despite the dissimilar construction and potential of the Local Authorities in national level, the dissimilar political-economical profile of the countries the cities are located, the evaluation of the Local Authorities' ability to successfully implement developmental policies is the same in all cities. This fact could be easily justified up to a point, if we take into account the special importance of the character, the culture, the structure and the potential of the firms among the cities, that respectively creates different needs and expectations towards the Local Authorities of each city.

…….[insert Table 8 about here]……

The above conclusions are reinforced by the facts in table 9. The firms evaluate the level of responsibility of a sequence of factors (causes) that relate to the local authorities' ability to put developmental policies into action. As the level of the developmental policies' implementation was defined as mediocre in table 8, the firms are requested to estimate which factors contributed to the form of the specific mediocre level. Particularly:

…….[insert Table 9 about here]……

As a total, the firms evaluate that in all levels the degree of the Local Authorities' responsibility in the developmental policies' implementation is great (average rates> average 5.5). As the factor with the highest degree of responsibility for the mediocre level of practicing developmental policies, the firms assign *the ability of the local authorities to plan and implement developmental policies*. This means that the ability to design and implement developmental policies is of major importance for the firms and all the cities, especially in the case of Greek cities.

Furthermore, the factors that concern the management and development of cooperation, as well as, the management of the sources of the areas (natural and workforce) receive high

average rates. This image appoints an intense need of the firms that the local authorities contribute more effectively towards these directions. And this realisation is especially important as it concerns a common stand of all the firms, irrelevant of production field and location, a fact that is supported by the low levels of standard deviations.

The impression that is created by the firms' evaluation is that they wish to participate to the growth of their areas, through the development of cooperation with the local authorities. This impression as well-intentioned as it may seem, it encloses particular complexities related to its implementation, as in the city's environment diverse benefits are in conflict, due to the fact that the firms as well as the local authorities aspire to the fulfillment of their own goals. The case of Larissa is a characteristic one, where in a recent study on local firms and on local authorities, it was estimated that the cooperation between firms and local authorities, in a particular field that was related to the designing and implementation of practices in order to project the image of the city, was complex to exist, while the city's firms in order to offer support to those actions should have had a benefit in advance (Metaxas and Kallioras, 2006).

7. Conclusions

In the above analysis, the primary facts of the firms in Varna, Bari, Larissa and Volos were presented in a series of factors that firms believe to contribute or are held responsible for the competitiveness of cities and firms. Furthermore the firms of the four cities evaluated the degree of effectiveness of particular developmental policies by the Local Authorities and finally defined the degree of responsibility of the Local Authorities on the success or the failure of these policies that exist in the environment of these areas.

From the above analysis it can be concluded that "*Agglomeration Economies and Access to Markets"* as well as the "*Quality of life-Environment»,* have a great importance for the total of the firms. This fact comes in a full equation with the other stand points (Crozet *etc.*, 2004· Blakely, 1994) concerning the role of the concentrating economies and the development of access

networks (Papadaskalopoulos et al. 2005) in local and European markets, in the firms' competitiveness, while it distinguishes the importance of factors not genuinely economic, the quality factors (Rogerson,1999), as the factor " *attractiveness of the natural environment".*

On the other hand the factors that seem to be "lowered" in significance are mainly the "cost" factors (labour, value of land exploitation, local taxes) and the "urban politics" factors. Especially the factors "attitude of the local authorities towards the firms" and "availability of powerful investment motivation" are elevated as a major disadvantage of the case study cities. In addition to that the firms seem to evaluate that the cost factors are disadvantages of the cities and consequently are connected negatively with their own competitiveness. Low rates in labour, land exploitation and taxes provide the possibility to attract firms, which do not contribute to the economic growth of the cities, do not comprise attraction for other investment, do not contribute to the formation of a competitive climate in the area and consequently function as restaining factors to the competitiveness of the areas as well as the firms that are located in those areas.

The firms' estimation did not distinguish any of the 11 policies examined, as particularly significant for their competitiveness. However, they focused all the evaluations to a group of policies concerning strategic design issues, examination and control of production and social structures issues, issues of training and education, while they provide gravity to the policies that concern the reinforcement of the local economies through fund programs by the E.U and the need of the cities' participation to networks.

All the cities' firms regard the effectiveness of policies implementation by their local authorities as "mediocre". This "mediocre" effectiveness reflects as we saw to the firms' competitiveness. The analysis showed that the impact exists but is not intense. The "mediocre level of effectiveness" of the developmental policies' implementation mainly is due to the lack of the local authorities' ability to design and implement developmental and competition policies. In other words the firms evaluate that the ability of local authorities to design and

implement developmental policies is a factor that affects the cities' competitiveness and the firms' competitiveness but without the impact being intense.

As a conclusion we can claim that the results of the analysis up to this point show the level of significance of certain factors- advantages to the competitiveness of the cities and firms. They confirm the interest that has been allocated in recent years to the tangible (soft) factors and to the significance that they have for the cities as well as the firms, while they reinforce the gravity that the economic-business factors have up to a level, the urban structures and the work factors, for the development of the cities and the firms. Finally, the firms as a total defend the importance of the developmental policies allocating their successful implementation to the local authorities' ability to design and implement those kinds of policies.

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APPENDIX

TABLE 1 - NUMBER OF QUESTIONNAIRES PER CITY

Cities	Distribution	Collection	Analysis
VARNA	100	90	87
BARI	100	100	96
LARISSA	80	73	70
VOLOS	60	57	57
Total	**340**	**320**	**310**

TABLE 2: MAJOR BUSINESS AND PRODUCTION ACTIVITY

Activity	Varna	%	Bari	%	Larissa	%	Volos	%	Total	%
Industrial/ Manufacture	35	*40,2*	42	*43,7*	39	*55,7*	52	*91,2*	168	54,1
Commerce	28	*32,1*	17	*17,7*	25	*35,7*	3	*5,3*	73	23,5
Services	10	*11,5*	23	*23,9*	2	*2,9*	2	*3,5*	37	11,9
Tourism	14	*16,0*	14	*14,5*	4	*5,7*	0	*0,0*	32	10,3
Total	**87**	***100,0***	**96**	***100,0***	**70**	***100,0***	**57**	***100,0***	**310**	*100,0*

Author elaboration

TABLE 3: FIRMS' CHARACTER

Character	Varna	%	Bari	%	Larissa	%	Volos	%	Total	%
Local	70	*80,5*	90	*93,8*	58	*82,9*	47	*82,5*	265	*85,4*
Local with foreign participation	11	*12,6*	3	*3,1*	4	*5,7*	4	*7,0*	22	*7,0*
Foreign	6	*6,9*	3	*3,1*	8	*11,4*	6	*10,5*	23	*7,4*
Total	**87**	***100,0***	**96**	***100,0***	**70**	***100,0***	**57**	***100,0***	**310**	***100,0***

Author elaboration

TABLE 4: DESCRIPTIVE STATISTICS (N =310)

	n	$\bar{x}$	sd	*F*	Sig.
Access to other national markets	310	7.19	1.83	42,884	,000
Proximity to clients / suppliers	310	6.95	1.89	37,730	,000
Presence of foreign(non local firms)	310	6.10	1.98	33,968	,000
Access to North and West European market	310	6.01	1.83	16,332	,000
Access to South and East market	310	6.23	1.74	5,245	,002
Availability of supportive services	310	6.32	1.61	6,662	,000
Availability of powerful investment motivation	310	5.33	1.77	9,548	,000
Local Authorities attitude towards the firms	310	5.03	1.61	17,628	,000
Low local taxation	310	4.66	1.57	18,684	,000
Availability of work force	310	6.42	2.03	13,573	,000
Quality and specialization of work force	310	5.90	1.87	2,303	,077
Good working relations and management in local level	310	6.00	1.73	22,440	,000
Ethics at work	310	6.12	1.79	26,737	,000
Low cost of land	310	4.92	1.81	27,461	,000
Low cost of work	310	5.15	1.84	5,854	,001
Efficient transportation connections /highways,	310	7.05	1.67	9,291	,000
Efficient railway connections	310	6.37	1.71	16,026	,000
Efficient seaport connections	310	5.51	2.91	303,179	,000
Efficient airlines	310	4.58	2.71	298,623	,000
Telecommunications-networks	310	7.61	1.55	5,401	,001
Culture/entertainment	310	7.02	1.60	20,701	,000
Quality of highest and higher education	310	6.82	1.61	5,418	,001
Quality of continuing education and specialization	310	6.59	1.59	2,160	,093
Quality of university institutes and research centers	310	6.06	1.54	2,655	,049
Image of the city/ aesthetic	310	6.63	1.72	12,947	,000
Attractiveness of natural environment	310	7.13	1.98	72,862	,000
Total	**310**				

TABLE 5: EVALUATION OF MAIN FACTORS AS ADVANTAGES IN VARNA, BARI, LARISSA AND VOLOS

	Varna		Bari		Larissa		Volos	
Variables / Factors	$\bar{x}$	sd	$\bar{x}$	sd	$\bar{x}$	sd	$\bar{x}$	sd
1st Group: **AGGLOMERATION ECONOMIES AND ACCESS TO MARKETS**								
Access to other national markets	6.8	1.7	6.0	1.7	8.2	1.2	8.4	1.1
Access to clients/suppliers	7.3	1.8	5.5	1.6	7.5	1.6	7.2	1.3
Presence of foreign (non local) firms	6.2	2.0	4.7	1.4	6.6	1.8	6.9	1.1
Access to north and west European market	6.0	2.0	5.0	1.7	6.4	1.6	6.8	1.2
Access to south and east European market	6.1	2.0	5.7	1.8	6.5	1.4	6.3	1.1
Availability of supporting services	6.6	1.7	5.7	1.8	6.7	1.1	7.2	1.3
Average rate and standard deviation of 1st group	*6.5*	*1.9*	*5.4*	*1.7*	*7.0*	*1.6*	*7.1*	*1.2*
2nd Group: **REGIONAL CHARACTERISTICS-POLICIES**								
Availability of powerful investment motives	4.6	1.8	5.3	1.9	6.1	1.3	5.3	1.4
Local Authorities' stand towards the firms	4.1	1.4	5.3	1.8	5.7	1.2	4.9	1.3
Low local taxation	3.7	1.4	4.7	1.6	5.3	1.3	5.1	1.1
Average rate and standard deviation of 2nd group	*4.1*	*1.5*	*5.1*	*1.7*	*5.7*	*1.2*	*5.1*	*1.2*
3rd group: **LABOUR FACTORS**								
Availability of work force	5.3	2.4	6.6	1.9	6.7	1.5	7.3	1.3
Quality and specialization of work force	5.6	2.1	6.1	1.8	5.6	1.5	6.2	1.8
Good working relations	4.8	1.8	6.3	1.6	6.5	1.5	6.6	1.2
Ethics at work	4.8	2.0	6.4	1.6	6.8	1.3	6.6	1.1
Average rate and standard deviation of 3rd group	*5.0*	*2.0*	*6.3*	*1.7*	*6.4*	*1.4*	*6.6*	*1.3*
Group 4th : **COST FACTORS**								
Cost of land usage	3.7	2.0	4.9	1.5	5.8	1.5	5.6	0.9
Working cost	4.5	2.4	5.1	1.7	5.7	1.3	5.3	1.1
Average rate and standard deviation of 4th group	*4.0*	*2.2*	*5.0*	*1.6*	*5.7*	*1.4*	*5.4*	*1.0*
Group 5th : **URBAN INFRASTRUCTURE**								
Road net	6.9	2.0	6.4	1.6	7.7	1.1	7.2	1.3
Railway net	6.8	1.9	6.0	1.5	7.1	1.4	5.3	1.3
Harbour net	7.7	1.8	6.5	1.5	1.0	0.0	6.0	1.6
Airlines net	7.2	1.8	5.4	1.6	1.0	0.0	3.3	0.7
Telecommunications	**8.0**	1.6	**7.1**	1.5	7.7	1.2	7.4	1.4
Average rate and standard deviation of 5th group	*7.3*	*1.8*	*6.3*	*1.5*	*4.9*	*0.7*	*5.8*	*1.2*
6th group: **QUALITY OF LIFE-ENVIRONMENT**								
Image of the city	7.0	1.5	5.9	1.8	6.5	1.6	7.4	1.4
Attractiveness of natural environment	8.1	1.6	6.4	1.7	5.4	1.3	8.8	1.1
Average rate and standard deviation of 6th group	*7.5*	*1.5*	*6.1*	*1.7*	*5.8*	*1.4*	*8.1*	*1.2*

Group 7th : **RESEARCH/ DEVELOPMENT /EDUCATION**								
Quality and Availability of Higher Educational Institutions	6.8	2.0	6.3	1.5	6.9	1.1	7.3	1.2
Quality of contiguous training	6.7	1.9	6.2	1.6	6.8	1.1	6.6	1.3
Quality of research centers	5.8	1.8	5.9	1.4	6.0	1.4	6.5	1.4
Average rate and standard deviation of 7th group	*6.4*	*1.9*	*6.1*	*1.5*	*6.5*	*1.2*	*6.8*	*1.3*
Average rate and standard deviation of groups in total	*5.8*	*1.8*	*5.7*	*1.6*	*6.0*	*1.3*	*6.4*	*1.2*

TABLE 6: LEVEL OF DEVELOPMENTAL POLICIES' IMPLEMENTATION IN BARI, VARNA, LARISSA AND VOLOS

	VARNA				BARI				LARISSA				VOLOS				
Development Policies	**n**	$\bar{x}$	**sd**	**% (87)**	**n**	$\bar{x}$	**sd**	**% (96)**	**n**	$\bar{x}$	**sd**	**% (70)**	**n**	$\bar{x}$	**sd**	**% (57)**	**Total -310**
Promoting cooperation with the private sector in developmental projects (P1)	64	4,3	1,3	73,5	55	5,4	1,6	57,3	43	5,2	1,2	61,4	36	4,8	1,4	63,1	198 (63,8)
Supporting cooperation with Universities and Research centers (P2)	52	4,0	0,9	59,7	42	5,4	1,5	43,7	47	5,4	1,3	67,1	48	5,3	1,1	84,2	189 (60,9)
Supporting the creation of an attractive business environment (P3)	56	4,2	1,2	64,3	59	5,5	1,2	61,4	51	5,7	1,4	72,8	43	5,3	1,0	75,4	209 (67,4)
Reinforcing and supporting the procedure of learning and training (P4)	59	4,4	1,1	67,8	78	5,8	1,3	81,2	59	5,7	1,2	84,2	51	5,7	1,1	89,4	247 (79,6)
Participation to the designing on the implementation of an developmental plan (P5)	66	4,5	1,2	75,8	45	5,7	1,6	46,8	60	5,8	1,4	85,7	50	5,4	1,2	87,7	221 (71,2)
Development of a City Marketing (P6)	68	4,7	1,1	78,1	56	6,0	1,5	58,3	61	5,3	1,2	87,1	52	5,4	1,2	91,2	237 (76,4)
Use of land control and promotion of the urban reformation and reconstruction of the cities' image (P7)	72	4,5	1,6	82,7	56	5,8	1,7	58,3	48	5,1	1,4	68,5	42	5,3	1,2	73,6	218 (70,3)
Searching funds and strengthening programs of the E.U (P8)	65	4,2	1,2	74,7	78	6,2	1,4	81,2	66	6,6	1,6	94,2	51	6,6	1,7	89,4	260 (83,8)
Participation in networking with other cities (P9)	62	4,4	1,4	71,2	30	5,3	1,8	31,2	64	5,7	1,3	91,4	52	5,9	1,5	91,2	208 (67,0)
Promoting social coherence-reduction of poverty and social isolation (P10)	59	4,9	0,9	67,8	30	5,4	1,6	31,2	41	5,0	1,3	58,7	38	4,8	1,4	66,6	168 (54,1)
Controlling the quality of productive and social structures (P11)	53	3,8	0,9	60,9	34	5,5	1,1	35,4	49	5,2	1,3	70,0	41	4,9	0,9	71,9	177 (57,0)

TABLE 7: EFFECTIVENESS LEVEL OF DEVELOPMENTAL POLICIES IMPLEMENTATION IN VARNA, BARI AND VOLOS

Development Policies	VARNA				BARI				LARISSA				VOLOS				Total -310
	n	$\bar{x}$	sd	% (87)	n	$\bar{x}$	sd	% (96)	n	$\bar{x}$	sd	% (70)	n	$\bar{x}$	sd	% (57)	
Promoting cooperation with the private sector in developmental projects (P1)	64	4,4	1,4	73,5	55	5,2	1,4	57,3	43	5,2	1,2	61,4	36	5,0	1,1	63,1	198 (63,8)
Supporting cooperation with Universities and Research centers (P2)	52	3,8	1,1	59,7	42	5,3	1,4	43,7	47	5,3	1,2	67,1	48	5,3	1,0	84,2	189 (60,9)
Supporting the creation of an attractive business environment (P3)	56	4,1	1,3	64,3	59	5,4	1,4	61,4	51	5,5	1,2	72,8	43	5,3	1,1	75,4	209 (67,4)
Reinforcing and supporting the procedure of learning and training (P4)	59	4,4	1,5	67,8	78	5,7	1,2	81,2	59	5,7	1,2	84,2	51	5,6	1,1	89,4	247 (79,6)
Participation to the designing on the implementation of an developmental plan (P5)	66	4,6	1,6	75,8	45	5,8	1,4	46,8	60	5,5	1,3	85,7	50	5,6	1,2	87,7	221 (71,2)
Development of a City Marketing (P6)	68	4,8	1,5	78,1	56	5,9	1,3	58,3	61	5,4	1,3	87,1	52	5,5	1,1	91,2	237 (76,4)
Use of land control and promotion of the urban reformation and reconstruction of the cities' image (P7)	72	4,5	1,8	82,7	56	5,6	1,5	58,3	48	5,0	1,5	68,5	42	5,2	1,1	73,6	218 (70,3)
Searching funds and strengthening programs of the E.U (P8)	65	4,3	1,4	74,7	78	6,3	1,2	81,2	66	6,3	1,4	94,2	51	6,4	1,3	89,4	260 (83,8)
Participation in networking with other cities (P9)	62	4,2	1,5	71,2	30	5,6	1,4	31,2	64	5,7	1,4	91,4	52	5,8	1,4	91,2	208 (67,0)
Promoting social coherence-reduction of poverty and social isolation (P10)	59	3,5	1,2	67,8	30	5,5	1,2	31,2	41	4,9	1,2	58,7	38	4,8	1,4	66,6	168 (54,1)
Controlling the quality of productive and social structures (P11)	53	3,5	0,9	60,9	34	5,6	1,3	35,4	49	5,0	1,3	70,0	41	4,6	0,9	71,9	177 (57,0)

TABLE 8: LEVEL OF PRACTICING DEVELOPMENTAL POLICIES SUCCESS IN VARNA, BARI, LARISSA AND VOLOS

City	n	$\bar{x}$	sd
VARNA	87	5,0	1,0
BARI	96	4,8	1,0
LARISA	70	5,1	1,2
VOLOS	57	5,1	1,4
Total	310	5,0	1,1

TABLE 9: LEVEL OF RESPONSIBILITY ON PRACTICING POLICIES IN VARNA, LARISSA AND VOLOS

Local Authorities' ability to…	Varna		Bari		Larissa		Volos	
	$\bar{x}$	Sd	$\bar{x}$	sd	$\bar{x}$	sd	$\bar{x}$	sd
….design and implement policies	7,5	0,9	7,8	0,9	8,4	0,9	8,2	0,8
….develop and manage partnerships	7,4	0,7	7,7	0,9	8,0	0,9	7,9	0,9
….activate and manage local sources	7,1	0,8	7,5	1,0	7,9	1,0	7,7	0,8
….develop, control and manage regulations and orders	6,7	1,1	6,9	1,1	7,3	1,1	6,9	1,0
….improve the function of subordinate organizations	6,2	0,8	6,3	0,8	6,7	1,0	6,5	0,8
….manage and control the local public investments	6,3	1,0	6,2	0,8	6,8	1,0	6,5	0,8

[i] According to EC (1996:155-*Eurostat*), medium sized cities have 100.000 to 300.000 citizens, while Lavergne and Mollet (1991), defined as medium sized cities those with population between 100.000 and 500.000. Finally, Atkinson (1999) defined those with population between 50.000 and 250.000.

[ii] Similar descriptive statistical analysis is used by Pavri and Ang (1995), who examined the performance of strategic planning of information systems in 320 firms in Singapore.