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Partnerships and development policies for small-medium enterprises in Greece: a CFA approach

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Abstract - This research investigates the importance of selected local development policies for SME enterprises in the city of Thessaloniki, Greece, just before the beginning of the economic crisis. The research has been implemented by administering questionnaires on a representative sample of 227 enterprises. These enterprises have been selected through a stratified random sampling where strata are related to the main economic sector. Through Structural Equation Analysis (SEM) and Confirmatory Factor Analysis (CFA), the objective is not only to appreciate which of the initial variables (reflecting alternatives policies) affect intensively the Exploratory Factor Analysis (EFA) components but also to assess which policies are perceived by firms as the most determinant in terms of partnerships development and improvement of competitiveness according to their sector of operation.

JEL Classification

R50 ; R58 ; R59 ; L21

Key Words

Local development policies
Partnerships
Firms' development
Exploratory Factor Analysis
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1. INTRODUCTION: BUILDING ECONOMIC DEVELOPMENT LOCALLY

One of the main priorities of planning development policies focuses on the viable development of the local societies with an emphasis on more than just the economic development, since the existence of local authorities with entrepreneurial orientation derives as a basic need, mainly the last twenty years (van den Berg and Braun, 1999; Turner and Martin, 2007; Metaxas, 2011). For many scholars these policies entail transforming the image of cities from centres of production and work to attractive places for local and global investment (Cochrane and Jonas, 1999; Metaxas, 2010). Moreover, other studies award the significance of organizing capacity as key factor for development process locally (Kresl and Singh, 1995, 1999; Polidano, 2000; van den Berg *et al.*, 1997, 2003). Van den Berg *et al.*'s studies showed that the main factors of organizing capacity in the planning and implementation of policies are the clear definition of city vision, the capacity for strategic networks development and, finally, leadership. Consequently the role of local authorities is essential and it should not be limited to the effort of attracting direct foreign investments but also to create the proper 'business environment' where the firms will be able to operate effectively (Dicken *et al.*, 1994; Cheshire and Gordon's, 1995). In addition, Worrall *et al.* (1998), referring to the operational practices of UK local authorities, supported that a strategic approach can be enacted in a 'revealed' sense, or an implicit sense without the panoply of formal strategy documents.

Following Meyer-Stamer (2002), the public sector supports firm competitiveness, especially SMEs, offers supporting services to them, especially on fields which demand collective action such as education and training, employment projects development and provision of motives for new firms establishment and investments (i.e. business incubators, Kmetz, 2000; Aerts *et al.*, 2005), training and enterprise councils (Campbell, 1990; Wong, 1998; Huggins, 1998), local enterprise and development companies (McQuaid, 1997; Raco *et al.*, 2003), development agencies (Canzanelli, 2011; Mountford, 2009).

Furthermore, several studies, award the significance of development partnerships between the public and private sector and relevant stakeholders (Sellgren, 1990; Fuller *et al.*, 2003). Groups such as community development organizations, chambers of commerce or business councils can contribute to the process of local economic development (Dekker and van Kempen, 2004). More particularly, Bennett and Krebs (1991:21), approaching the relation between firms and local authorities mention the creation of 'entrepreneurial agents' which will manage and control the available resources and sort out the priorities in firms' actions with one another and with other public and business actors. A relevant argument that focused on the efficient use of the existing resources, has been expressed by Wallis and Dollery (2002) while Giaccherio *et al.* (2007:173, cited in Cantner and Malerba 2007), supported that relationships between agents, and between agents and institutions in local level, become an important element in the creation of dynamic competitive advantages, based on the formation, transmission and evolution of knowledge. In this sense, the implementation of multiple forms of partnerships at local level contributes to develop what Maillat, Quevit and Senn defined as innovative "milieu" where the development and moreover the transmission of knowledge are crucial components for competitiveness' improvement in a specific territory (1993:6).

Other studies (Hagedorn *et al.*, 2000; Barnes and Phillips, 2000; Baert and Shipman, 2005), awarded the establishment of partnerships between local authorities and higher education institutions and research centers while Scott *et al.* (2004:12) in the frame of 'Local Futures' project, supported that the new strategic

policy and planning environment requires local governments to share power with other public and private organisations. Several models of LED planning have been developed the last 20 years, by Bennett and Krebs (1991:21) for Germany and UK cities and Beyer *et al.* (2003:6), for Africa (Livingstone, Zambia and Kigali, Rwanda).

All the above factors and models lead to the seeking of those groups in the city environment which, having the desire and also the knowledge, could act strategically towards the organizing of planning and the successful implementation of the chosen competitiveness policies (Cheshire and Magrini, 1999; Metaxas, 2011). Consequently, it is necessary for local authorities to better apprehend the possibility of developing different patterns of cooperation at local level, including scientific cooperation, a necessary prerequisite in order to generate innovation dynamics and reinforce the territorial competitiveness (Chalaye and LARGERON, 2008).

In other terms, the main challenge at local level concerns the ability of local authorities to plan and implement development policies in strike collaboration with the local and regional community, especially the local firms, so that the development procedure is guaranteed and controlled. This strategy requires not only common goals and interests but moreover an “interactive vision” of the territory’s development as it is stipulated by the French school of proximity (Gilly, Torre, 2000). This complicated and multidimensional process requires effectively the establishment of networks with the active cooperation of public and private actors (firms, research centers, universities, training institutions, local authorities), encouraging the development of constructive synergies (Uzinidis, 2010:15). Nevertheless, this cooperation is possible only if a real coordination and an integrative capability of proximity actions are established (Gilly and Pecqueur, 1998).

The objective of the present research is to evaluate in which extend the selected development policies are perceived by firms located in Thessaloniki, one of the main metropolitan city of South Europe. The assessment of the efficiency of local development policies is based on the views and estimations of a large number of local enterprises who have a clear view of the local society and economy. The added value of this research is significant due to the lack of similar studies on local level in this unique region (i.e. Cumplido and Linan, 2007; Metaxas and Kallioras, 2007; RIMED, 2005).

Beside the fact of showing a satisfactory view of the inner development of Thessaloniki, the results could contribute to redefine, plan and implement specific actions and policies locally. Through EFA and CFA analysis, this research ranks the importance attributed by the firms themselves to selected policies according to their production sector and also examines the degree of partnerships among enterprises and local authorities and how these partnerships are evaluated in terms of competitiveness’ improvement. The structure of this research is as follows: The profile of Local Government in Greece is outlined briefly in the next section. It follows the research questions and a brief presentation of the studied city and enterprises. The fourth section is devoted to the selection of development policies at local level in order to design the questionnaire while the fifth section presents the methods implemented. The results of Exploratory and Confirmatory Factor Analysis are developed in the 6th section while the final section closes with the major results of this research.

2. LOCAL AUTHORITIES AND DEVELOPMENT POLICIES FOR SMES IN GREECE

2.1. Regional development in Greece in brief

Before discussing the municipality system in Greece and the role of local authorities, it’s crucial to present some very valuable and important recent studies

regarding regional development in Greece. Most of these studies mainly refer to regions (NUTS III) and use secondary data and econometric/ mathematical analysis in order to analyse and evaluate the character and the influence of regional development policies to regions and production sectors in Greece.

More specifically, Psycharis *et al.* (2014), by using econometric analysis, examine the determinants of regional development in Greece before and during the economic crisis. Separating their analysis in two sub-periods 2005-2008 and 2009-2011, highlight that the most urbanized and high income level regions are more affected by the economic crisis. They also conclude that, specialization in manufacturing is an important determinant of regional development, either in times of growth or in times of crisis, while tourism generates benefits to the neighbouring regions in times of economic crisis.

Kyrkilis and Simeon (2012) attempts to explore the effects of post-war economic development model followed in Greece. The model is characterized by both the neglect of Greek agriculture and the emphasis on industrialization, mainly around the two major cities, Athens and Thessaloniki. Following their analysis, Greek economy was characterized by the emphasis on industrialization and urbanization of the country and by selecting a strategy of unequal development where the axis Patras – Athens – Thessaloniki was clearly privileged (Skayiannis, 2009). Both they have provoked the dramatic decline of agriculture, its share of total G.V.A fell to 3.4 percent in 2007 and its labour force that has been also declined, while the industrial sector failed to develop as opposed to services that have ended contributing approximately 80 percent of GVA. In addition industry failed to develop linkages with the primary sector and to absorb the surplus labour of this sector.

Furthermore, Bassiakos *et al.* (2009), by using factor and regression analysis, examined the competitiveness and regional growth in Greece, while Christofakis and Papadaskalopoulos (2011) describe the new growth poles strategy through the aforementioned programming texts, and then present the ensuing problems, as well as the emerging capabilities of planning regarding growth poles in Greece. Polyzos and Sofios (2008), employ input – output analysis in order to estimate the size of regional multipliers for the Greek prefectures (NUTS III). By using mathematical model process, they attempt to analyse and evaluate the observed differences amongst the multipliers and to uncover likely correlations between the multipliers on the one hand, and selective economic indicators on the other hand.

Focusing on urban level and especially in Thessaloniki, Labrianidis (2008) more specifically, presents a historical overview of the development course of Thessaloniki since the '80, in comparison to Athens. He supports that especially after 1989, while many cities in European South faced effectively the new challenges and opportunities in European level, Thessaloniki failed to meet these challenges mainly because of the recent geopolitical changes in Western Balkans after the Yugoslavia War, but also because a large number of manufacturing enterprises relocated abroad, especially in Balkans. Almost the same view is expressed by RIMED report (2005) that makes an analysis of advantages and disadvantages of Thessaloniki in comparison with other urban centres in South East Europe, Tirana, Skopje, and Sofia. Following the outcomes of this analysis, Thessaloniki must take advantage mainly of its strategic place in the Balkans (common to other urban regions) and the historical heritage. Traffic jams (common with Sofia) is a main disadvantage along with high cost of living (uncommon with the other urban regions) and high unemployment. According to the study, three are the main opportunities for Thessaloniki: (i) use wisely European Union funds allocated to the metropolis, (ii) take advantage of EU urban policies and (iii) use international con-

nections to 'learn' from others, but these opportunities are not directly related to the overcoming of the above mentioned disadvantages. The first and the second are common to Tirana and Sofia, while the third is unique to Thessaloniki. The main threats for Thessaloniki affect directly its economic potential: inability of local firms to compete with the international ones, inability to 'learn' and adjust to the new conditions and inability to attract FDI. This economic potential depends also on its connection with other SEE cities, but, like Tirana, there are mainly cultural (different language and culture, historical events/ suspicion), and geographical (long distance between the cities) barriers.

In the present study, we support two main hypotheses: First that the use of primary data, like several studies used, is crucial in order to estimate and evaluate local development process, especially when these data derive directly from firms' perceptions themselves. Second, that local development process and the implementation of policies is major responsibility of local authorities and decision makers but conjointly require collaboration and cooperation between firms and local institutions.

Following these two arguments, the contribution of this study is to propose an approach of firms' development in urban area through the assessment – by the firms themselves – of the efficiency at local level of the development policies. Indirectly it is possible to evaluate the difficulties facing local authorities in order to plan and implement efficaciously these policies.

2.2. Municipalities system reforms

In Greece, the system of decentralization have undergone successive reforms, up to now, with the newest one being the proposal for a new Municipalities Code of Municipals and Communities in the frame of the Greek Law, No 3852/2010. There have been increasing decentralisation efforts in recent years. The regions have acquired more powers, starting with the 1997 Kapodistrias reform of local and regional government, transforming into fully separate entities under the 2010 Kallikratis plan (Law 3852/2010; effective from 1 January 2011). The 2010 "Kallikratis" reform affects at the same time the two levels of governance and introduces a new level of Devolved Authorities between the Central Government and the Regional Self-Government aiming to support at the level of decision making during the process of growth, meeting new needs from the social relationship, the representation of local interests and re orienteering the offer of public goods and reconversion of the State (OECD, 2014; Alexopoulou, 2010; Besilla-Vika 2004:427).

The greater and more complex these reforms are the greater and more acute is the opposition resulting on local and regional level. The main problem concerns the capacity of Local Authorities to manage effectively a huge number of responsibilities that demand specialized knowledge, planning and control ability of these development policies and actions. In addition, Local authorities' contribution to safeguarding social cohesion and avoiding social exclusion is considered to be of major importance (Pitts and Hope, 1997; Sakellaropoulos, 2005). The basic parameter for this relationship is the natural ability of the local state to understand and react much more directly than the corresponding mechanisms of the central state and the main means for this is undertaking local initiatives (Delitheou and Gennadopoulou, 2010). Greece has recently begun to exploit the potentials of implementing partnerships. First came the adoption of concession agreements for materialization of three large scale projects during the 1990's, later through the implementation of a legal and institutional framework in 2005. It is important, however, to see how PPPs can be integrated in the Greek system of delivering public works, especially regarding the adoption of partnerships by local governments,

who try to function in a highly centralized environment (Kyvelou and Karaiskou, 2006).

2.3. SMEs

Regarding *SMEs* in Greece represent the majority of the business sector an 85% is working while *SMEs* contribute to the total added value 70%. The above conclusions confirm how important are Greek *SMEs* and its interference to the local economy (E.C.2013, Hyz, 2011; Liargovas, 1998). The Greek *SMEs* contributes to the utilization of local human capita while during the periods of enlarged unemployment as a result of the economic crisis the Greek *SMEs* is the main source of facing unemployment (Gadenne and Sharma, 2009). The small size and the flexibility of these enterprises allow them to take strategic fast decisions and become pioneers in the implementation of an important number of innovations. An important clue is that Greek *SMEs* had difficulties as far as competitive regards even before the economic crisis in Greece.

3. RESEARCH QUESTIONS, THE PROFILE OF THE CITY AND FIRMS

By taking into consideration the previous discussion, the article tends, through the per se perceptions of local firms, to examine what are the most efficient development policies and in what extend these policies receive different significance from firms belonging in different production sectors.

The city of Thessaloniki with a population of 315,196 residents is the second-largest city in Greece. The Larger Urban Zone (LUZ) of Thessaloniki is about one million with a total area of 1,455.62 km² (HSA, 2013). Thessaloniki is Greece's second major economic, industrial, commercial and political centre and a major transportation hub for the rest of southeastern Europe. Thessaloniki, one of the largest ports in the Aegean, functions as a major gateway to the Balkan and southeastern European (Port City Authority, 2011). The economy of Thessaloniki is being transformed into a service economy with a rapidly grown logistic sector, whereas its economic hinterland shows industrial concentration. Overall, Thessaloniki accounts for 8.9% of the total economy of Greece. Between 1995 and 2008 Thessaloniki's GDP saw an average growth rate of 4.1% per annum (ranging from +14.5% in 1996 to -11.1% in 2005) while in 2011 the economy contracted by -7.8% (Eurostat, 2011).

As regards the firms located in Thessaloniki, except the individual and very small firms, 2500 firms employing each one at least 10 persons are registered at the Commercial and Industrial Chamber of Thessaloniki. Through this exhaustive register, we proceeded to a randomly stratified selection of the firms (Lhoitka and Ringe, 2012), according to their distribution in the four main production sectors (manufacture, commerce, services and tourism). Following the statistical approach for calculating overall and stratum sample sizes, we opted for a sample size about 250 firms corresponding to a margin of error about 5.9% and a confidence interval of 95%. A pilot study with twenty (20) randomly selected firms allows us to successfully test the questionnaire. Afterward the questionnaire was distributed to the 250 selected firms and the face-to-face interviews took place from January 2008 to June 2009, just before the beginning of the Greek economic crisis. Finally 227 questionnaires were collected, ensuring a satisfactory response rate of 90%. The implementation of the study has encountered some practical difficulties (i.e. firms' reluctance, spatial dispersal of firms and, in some case, necessity to obtain agreement from their Board of Directors) that explain the long duration of the study.

Regarding the profile of the studied firms, if their average size is about 32 employees, due to the presence of some large firms in the sample, nevertheless most of them are small-medium firms with less than 50 employees. The sector breakdown is quite balanced with a slight majority (35.7%) of them belonging to the industrial/ manufacture sector. Most of the firms (87%) are local which means that their appreciation 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 city as for the benefit of the businesses themselves.

4. STRUCTURE OF THE QUESTIONNAIRE: THE SELECTION OF DEVELOPMENT POLICIES

In order to design an appropriate questionnaire, we proceed to a systematic review of the proposed policies for local development and the strengthening of firms' partnerships. The objective of this review was to select the widest possible range of policies focused on local development and strengthening of local competitiveness and finally to propose to firms located in the city of Thessaloniki to evaluate these policies, regardless if these policies have been implemented or not in this city. The study does not ask firms to evaluate some already implemented policies but tries to examine in which extend these selected policies could be beneficial for firms located in Thessaloniki. Bartik (2003) argued that local development is arguably affected by all local government activities. However, local development policy is usually defined more narrowly as special activities, undertaken by public or private groups, to promote economic development. The last fifteen years, several studies (i.e. Syrett 1994; Priemus 2002) point out that the effectiveness of development policies for cities and micro regions is often hindered by the limited capacity of municipal governments. Consequently, the selection of the specific policies was made with special care in order to cover a wide range of co-operations and partnerships in several fields. It is also important that the development policies comply with the E.U. principles towards the reinforcement of local competitiveness, with main development axis the co-operation between local/regional administrations and firms for the planning and the implementation of selected actions (European Communities, 2003). As postulated early as 1989 by Pecqueur, the local development is a process articulated around three main components: valorisation of local resources, actors' co-operation and obviously a project based on a common vision. This common project (specific development project) is nothing else that "a tool enabling coordinated actors to find solutions to unprecedented productive problems at subnational levels" (Pecqueur, 1989 ; Colletis and Pecqueur, 1993).

More particularly, reference is made to policies for the co-operation with the private sector in specific development projects (as the support of the local industry with characteristic cases of various regions [Nivala-Haapajarvi and Siikalatva (Finland), Hudiksvall, (Sweden) and North Jutland (Denmark)]), where co-operations were planned and implemented aiming at the strengthening of the local industry, the emergence of new job opportunities and the development of new forms of entrepreneurial actions (European Communities, 2003).

Also, an important aspect is the control of local costs (labour and land) by public authorities that paying a central role in maintaining the balance of payments and investments, have also to ensure stable price level (Jacobs, 2004:136; Wilson and Eichelberger, 2009). Additionally, the existence of business ethics in local market is crucial factor for firms' development. ICAC (2004:6) mentions that the existence of business ethics statement can be an important tool for raising awareness about doing business and negotiations with public sector, public officials,

contractors, consultants, and partners. Similar opinion is also expressed by Adler and Bigoness (1992). Furthermore, emphasis is placed on the promotion of cooperations with University and Research Institutions on specific projects (e.g. allocation of funds for research) [Srinivas and Viljamaa, 2007; Hudson, 2006]. Especially important are the policies concerning the promotion and support of the creation of an attractive entrepreneurial environment, as the attraction of new firms and the maintenance of the existing ones is considered a prerequisite by regions and cities (Christiaans, 2002; Pietrobelli and Rabellotti, 2007).

In addition, development policies including fiscal benefits provision, by encouraging new business start-up and new jobs creation, represent an important mechanism for responding to a number of broad forces affecting our economies and societies today (Bartik, 2003; OECD, 2009), while, the reinforcement and support of continuous training and life-long education is one of the basic principles of the E.U. Moreover, preparation and participation in the planning and implementation of specific strategic development plans or special marketing plans are a necessity in order for local authorities to support the total development and competitiveness of the cities they manage (Jimenez-Moreno, 2001; Compitello, 2003; Vasconcelos and Reis, 1997).

Urban reforms and reconstructions of urban areas are actions with positive results for both urban development and competitiveness of firms which act in these cities (i.e. Beriatos and Gospodini, 2004; Adair *et al.*, 2000). Furthermore, participation in networks with other cities for information and experiences exchange, are actions which stimulate the economic profile of cities while, at the same time, contribute to the competitiveness of firms (Cappellin, 2002; McFarland *et al.*, 2010).

In conclusion, we will support that the above policies have to be planned with a common objective and vision that is the economic development of the territory where they are implemented (Pecqueur, 1989). The most important fact is that the success of such policies depends on the substantial participation of all the actors involved in the activities of the cities, their capacity to share, as far as possible, a common vision and interests as well as expertise and experience in order to appropriately design and implement these development policies. Table 1 presents the selected Development Policies (DP) used in the questionnaire's design.

Consequently the questionnaire (Annex) is composed of five groups of questions. The 1st group concerns the enterprises' profile. The 2nd group is focused on the evaluation of selected development policies regarding firms' development. In this second part of the questionnaire, enterprises have to evaluate in an extended Likert scale 1-9 (Stathakopoulos 2005:134) in which extend these development policies are important for their own development. This quite large scale¹ has been employed in order to evaluate the strength of agreement or disagreement regarding the positive role of each specific policy on the firm's competitiveness and future development. This second group of questions constitutes the subject of the present analysis.

The 3rd group concerns the effective cooperation of firms with local decision makers as well as their assessment about the usefulness of such cooperation. The 4th group is focused on the evaluation of local authorities' capacity on planning and implementing development policies. This topic will be the subject of a future study in combination with the determinants affecting the local authorities' capacity to develop and implement such policies, issues addressed in the last 5th part of the questionnaire.

¹ Often five ordered response scales are used, although many researchers advocate using seven or nine scales when the respondents' knowledge is sufficient (Liargovas *et al.*, 2008).

Table 1. Codification of the 23 selected development policies

Development Policies	Some Related Reference Studies	Codes
Promotion of partnerships with private sector in specific development projects	EC, 2008; UNDP, 2006; Pecqueur, 1989; Colletis and Pecqueur, 1993	DP1
Promotion of partnerships with Universities and Research Centres in development projects	Hagerdorn <i>et al.</i> , 2000; Baert and Shipman, 2005; Uzinidis, 2010	DP2
Enforcement the continuing learning and training process	Mavin and Bryans, 2000; Bagyo <i>et al.</i> , 2012	DP3
Participation on the planning and the implementation of a city development plan	Hammersley and Westlake, 1996; Compitello, 2003	DP4
Development of City Marketing Plan with specific aims and budget	Kotler <i>et al.</i> , 1999; Nuttavuthisit, 2007; Metaxas, 2010	DP5
Seeking for European Funds and programs	EU (2012); Swianniewicz (2013)	DP6
Participation in networks with other cities	Beyer <i>et al.</i> , 2003; McFarland and Seeger, 2010	DP7
Existence of attractive investment motives	Ernst and Young, 2011; Metaxas, 2011	DP8
Supporting a good management labor relations and business ethics locally	Adler and Bigoness, 1992; UN, 2007	DP9
Encourage the innovation and the diffusion of new technology (R/D centres, technological institutes, industrial parks etc).	Moon and Bretschneider, 1997; Keune <i>et al.</i> , 2004; Chalaye and LARGERON, 2008	DP10
Efficient administration of local taxes	Fjeldstad <i>et al.</i> , 2008; Boetti <i>et al.</i> , 2009; Prichard, 2010	DP11
Participate on fiscal benefits provision, by encouraging new business start-up and new jobs creation	Bartik, 1995; Carter, 2006; Yenerall, 2008	DP12
Existence of business incubators providing to new businesses cheap space, office support and business development advice	Grimaldi and Grandi, 2005; Aerts <i>et al.</i> , 2007	DP13
Provision of direct loans to small and medium enterprises	Zhao, 2008	DP14
Encourage the creation of efficient urban infrastructure and enterprises zones	Bartik, 2003; Ding, 2009	DP15
Controlling and managing the local / regional of land costs	Hayton, 1981; Dowall and Clarke, 1996	DP16
Controlling and managing the local / regional of labor costs	Ferris and Graddy, 1991	DP17
Organise and develop cooperative planning and open dialogue with business local actors/ organisations	Cheng, 2013; UN, 2013; Gilly and Pecqueur, 1988	DP18
Encourage the establishment of institutions (Community Development Loan Funds, development banks, non-profit organisations...), in order to support business and economic development locally.	Fuller <i>et al.</i> , 2003; Dekker and van Kempen, 2004	DP19
Organise and improve the operation and the capability of public organizations related to business (associations, chambers of commerce and industry, business agencies..)	Nelson, 2007; OECD/Mountford, 2009	DP20
Reconstruct the relations with the central state gov.	Rydin, 1998; Brinkerhoff and Johnson, 2009	DP21
Promote networking among enterprises, especially SMEs, in national and international level	Porter, 1998; OECD 2000, OECD/Mountford, 2009;	DP22
Establish an 'entrepreneurial profile', improving 'organising capacity', place management, and know-how of local public authorities	Kresl and Singh, 1995, 1999; Navarro Yanez <i>et al.</i> , 2008; Metaxas, 2011	DP23

Source: Authors.

5. ANALYTIC PLAN OF THE STUDY

5.1. Exploratory measurement results

EFA has been initially implemented with the 23 observed variables in order to define the main dimensions of the firms' assessment about the importance of the selected policies. EFA is especially useful when there is no a-priori knowledge about the number of constructs needed to explain the relationship between the set of indicators or items (Tabachnick and Fidell, 2001).

Because the structure of the solution was not a simple one, we proceed to an oblique rotation procedure (Yaremko *et al.*, 1986) which appears more appropriate than the orthogonal one because the data were driving factor correlation (Tabachnick and Fidell 2007:646; Kline, 2002). The number of factors to be extracted is based on Kaiser's criterion (Nunally, 1978) and the total amount of variance explained by these factors in order to limit the loss of information. If there is no absolute threshold, it is admitted that the factors to be retained, are those which guaranty about 70-80% of the total variance.

After choosing the right number of factors, we examined their internal consistency through Cronbach's α reliability test and the Corrected Item-Total correlation (CITC) analysis, retaining the traditional cut-off value of 0.50 (Lu *et al.*, 2007). We also examine the variation of the alpha coefficient when items are removed from the scale, taking into account that internal consistency ranges between 0 and 1. A commonly-accepted rule of thumb is a Cronbach's α of 0.6-0.7 (acceptable reliability) while 0.8 or higher indicates very good reliability. The goal in designing a reliable instrument is to specify the basic structure of our predictive model: main constructs (latent variables) with their associated observed variables.

5.2. Structural equation modelling

A two-step approach was undertaken to evaluate whether the suggested model fits well our data (Anderson and Gerhing, 1991).

The *first step* concerns the implementation of CFA through which it is possible to estimate the measurement component of the constructs. The CFA was specified as follows: Policies variables (observed variables) have been loaded on their underlying construct and inter-construct correlations were allowed. Their corresponding measurement errors have also been estimated.

The structure of the model has been evaluated through various tests. In order to examine in which extent the model fits well the sample data, we considered the absolute fit index, based on Chi-squared test (Mulaik *et al.*, 1989), the Chi-square to degree of freedom ratio whereby a ratio < 5 is acceptable while a ratio < 2 is considered as most pertinent (Tabachnik and Fidell, 2007). We also examined the RMSEA index (Root Mean Square Error of Approximation) evaluating how the model fit the population covariance matrix. Values larger 0.07 (Steiger, 2007) reveal a very poor fitting model. We also take into consideration the Goodness of Fit Statistic (GFS) and the adjusted one (AGFS) where values greater than 0.90 indicate well-fitting models as well as the Root Mean Square Residual (RMR) and the standardised one (SRMR). We also examined the common incremental fit indexes (Hooper *et al.*, 2008) through which a chi-square value is compared to a baseline mode and the parsimony fit indices proposed by Mulaik *et al.* (1989).

Second step: After confirming the good approximation of the data, we proceed with the predictive model where the measurement and structural components were simultaneously estimated. The model's specification can be summarized as follows: each one of the constructs (groups of policies) was specified to predict its respective items (observed variables). Then the groups of policies were allowed to

freely inter-correlate with one another and all were set to be predictive of policies impacts' assessment on firms' competitiveness. Measurement errors and disturbance terms were also estimated.

6. RESULTS

Before presenting our results, it is necessary to mention that the current analysis is constrained by some weaknesses since our sample is rather small and the results concern only the enterprises located in Thessaloniki. Consequently it is not possible to generalize our conclusions to the whole Greece. This will be the subject of further analysis. A second weakness is that the research has been conducted before the beginning of the Greek economic crisis and therefore, before its effect is really visible. In other terms, the data collected could not logically take into account the deterioration of the economic environment, as it occurred after 2010. From another point of view, this fact prevents firms' assessment of development policies to be biased by the current economic situation. This could be effectively the purpose of a new – but different as regards its objective – study.

6.1. Exploratory Factor Analysis

Six hyper-variables have been extracted, explaining 67% of the total variance and allowing a significant reduction of the initial dimensions (23). With a value of 0,760, the KMO reflects a good degree of synergy among the initial variables while all the communalities measuring the variance of the 23 initial variables contained in the six selected factors, are systematically higher than 50%.

In oblique rotation, the interpretation of the hyper-variables is based on the structure matrix reflecting the correlations between the initial variables and the factors while the pattern matrix holds the beta weights reproducing variable scores from factor scores. The analysis of the two matrixes gives similar results (Table 2). Most of the loadings are > 0.60 , confirming that the initial variables contribute clearly to the extraction of the six hyper-variables (Chang *et al.*, 2003).

The above results demonstrate the reliability degree of the estimates of the firms while each one of the 6 constructs may be associated to the design and realization of specific development policies so as to stimulate business and local development. These constructs are as follows:

Construct 1 - COST: it mainly awards the importance of management and controlling local cost of land and labour. It also combines qualitative, soft factors on firms' competitiveness such as innovation and technology with the existence of labor relations and business ethics. This construct combines two crucial dimensions contributing to create a healthy and attractive business environment, capable of attracting new investments: (i) the development of policies regarding the efficient control and evaluation of local costs and (ii) the existence of labour ethics. Such an attractive environment is also dependent of the local actors' capacity to develop a well-focused City Marketing Plan which will guaranty the necessary conditions for the establishment of innovative firms and not only firms looking for low cost of land and labour.

Construct 2 - ORGAN: is related to the organisation of efficient relationships and partnerships with different institutions covering Universities, Research Centres as well as the central state government. The development of efficient partnerships is also linked with the establishment of any other type of institutions able to support the local business and economic development. Finally the creation of efficient infrastructure and enterprises zones as well as the improvement of public organisations regarding their operation and capacity to promote business are considered as a prerequisite in order to reinforce the proximity between actors and so far the

development of partnerships. This construct and the items composing it are considered very important for city's and firms' development. Firms appreciate that the development of partnerships and cooperative planning with local decision makers and local authorities could be the base for a dynamic city development which will benefit and enhance local business competitiveness. This fact is very crucial because it arises as a need of the business environment of a city with unique dynamic as Thessaloniki is.

Table 2. Structure and Pattern Matrixes

	Pattern Matrix						Structure Matrix					
	1	2	3	4	5	6	1	2	3	4	5	6
DP09	0,820						0,825					
DP10	0,765						0,776					
DP16	0,750						0,765					
DP17	0,651						0,703					
DP5	0,537						0,579					
DP2		-0,851						-0,863				
DP15		-0,762						-0,778				
DP21		-0,696						-0,741				
DP19		-0,681						-0,711				
DP20		-0,578						-0,630				
DP4			-0,729						-0,712			
DP22			-0,703						-0,745			
DP14			-0,634						-0,626			
DP13			-0,547						-0,608			
DP12				0,708						0,762		
DP23				0,583						0,661		
DP18				0,591						0,614		
DP7					0,798						0,792	
DP1					0,652						0,686	
DP3						-0,837						-0,813
DP8						-0,714						-0,752
DP6						-0,575						-0,636
DP11						-0,471						-0,530

Construct 3 – BUSINESS: is related to the development of business activities, especially based on SME. The studied firms award the significance of the establishment of networking among them, but also the provision of loans and the existence of business incubators for business support. In other terms, the local business activity has to be enhanced by policies with aim to strengthen the existed enterprises and set the bases for new (enterprises). Enterprises request direct polices with practical application in order to have clear results in their environment and in the broader urban space. This need is real and is important when it comes from the local enterprises.

It clearly appears that development policies at local level depend on the capacity of public authorities and decision makers to develop beneficial partnerships in favor of the local economy and society, to ensure the control of the local authorities framework and costs and also to follow planning, evaluation and implementation of direct practical policies in favor of the local enterprises and the business activity

as a whole. These triptych groups of policies constitute the base for reconstruction a new local development and competitiveness frame-work for the city of Thessaloniki and its enterprises.

Three complementary constructs have been produced: *INPROF* which mainly concern policies related to the development of a territorial competitiveness of the city, giving an “entrepreneurial profile” to the local public authorities as well as local actors/ organizations, *PARTNER* corresponding to the development and participation to networks, especially those promoting partnerships with private sector as well as networks with other cities, and finally *FUND* which mainly reflects the strengthening of the local economy through EU funding, attractive incentives for investment, enforcement of the continuing learning and training process. This reinforcement of the local economy also requires an efficient administration of local taxes.

Table 3. Density of partnerships with Local decision makers / organizations

Collaboration with	Number of firms (%)	Average degree of usefulness*
Regional Authorities	107 (47%)	1,1
Local Authorities	94 (41%)	0,7
Chambers of Commerce	190 (84%)	0,8
Universities	90 (30%)	1,1
Research Centers	77 (34%)	1,0
Training Centers	68 (30%)	0,8
Business Centers	132 (58%)	2,1
Marketing Agencies	140 (62%)	1,3
Labor Unions	77 (34%)	0,4
EIC	75 (33%)	1,5

* 0 = not useful at all ; 1 = useful ; 2 = very useful.

Through the above analysis, we can argue that firms seem to give greater importance to policies directly related to their own environment and their development comparatively to policies concerning local development plans and creation of an attractive business and entrepreneurial image of the city in itself, able to attract investment, funding programs and developing local and European partnerships. As regards the slightest importance ascribed by the firms themselves to policies enhancing the development of networks and collaboration between local authorities and firms (*PARTNER*), this result is in line with their practices. Examining the firms’ responses about cooperation with local decision makers and actors (part C of questionnaire), the only very frequent cooperation concerns the Chamber of Commerce (table 2), which is at the same time, the only one with mandatory character. Therefore this leads us to be quite suspicious as regards the true meaning of this kind of collaboration. At the opposite, less than 35% of the firms declared having cooperated with universities, research or training centers and among them the vast majority considers that such partnership is not very useful (average degree around or less than 1). This result is obviously important if we take into consideration that in the city of Thessaloniki, operates the second largest university of Greece with many research centers. The only kind of partnership presenting a

quite positive image (in terms of density and usefulness) concerns finally the collaboration with Business centers. Generally the above results are indicative of a major problem as regards entrepreneurship in Greece, namely the lack of «collaboration's culture» at all levels as well as a mistrust as regards public bodies.

6.2. Reliability Measurement

The results of the reliability analysis are summarized in the Table 4. The first two factors provide "Good" values of alpha, while the 3rd, 4th and 6th are "acceptable". The alpha value for the 5th one is "poor" but this result is not so much surprising, taking into account the limited number of items in the scale.

Table 4. Results of the reliability analysis and the values of the CITC

Constructs	Number of items	Cronbach's Alpha	Items (Policies)	Mean	Std. Deviation	Corrected Item-Total Correlation (CITC)
COST	5	0,804	DP09	5,32	1,483	0,669
			DP10	5,60	2,264	0,617
			DP16	5,18	1,372	0,574
			DP17	4,63	1,118	0,580
			DP5	6,11	1,750	0,494
ORGAN	5	0,836	DP2	5,78	1,951	0,752
			DP15	4,65	1,545	0,680
			DP21	4,88	1,404	0,615
			DP19	5,27	1,811	0,597
			DP20	5,30	1,706	0,549
BUSINESS	4	0,670	DP4	4,33	1,566	0,483
			DP22	5,75	1,114	0,518
			DP14	5,67	1,709	0,497
			DP13	4,41	1,062	0,492
INPROF	3	0,681	DP12	6,47	1,630	0,462
			DP23	5,93	1,501	0,462
			DP18	5,61	1,610	0,421
PARTNER	2	0,590	DP7	6,19	1,533	0,342
			DP1	6,23	0,743	0,342
FUND	4	0,703	DP3	5,19	2,187	0,490
			DP8	4,90	2,029	0,603
			DP6	5,29	2,280	0,499
			DP11	6,22	1,987	0,519

All the values of the CITC related to *PARTNER* and *INPROF* are clearly lower than the admitted threshold of 0.50. Consequently, these two constructs have been dropped from further analyses.

6.3. Hypotheses of the model

Taking into account the above results, the hypotheses that we are going to verify, are the following:

Hypothesis 1: the firms' perceptions/assessments distinguish mainly four categories of policies with effective impact on their competitiveness and future development. These categories correspond to the four constructs above discussed.

Hypothesis 2: Policies related to *Cost* and *Organization* dimensions are the most determinant for the firms and should have the higher impact on their competitiveness.

Hypothesis 3: Policies contributing to the development of *Business* activities and allowing promoting through *Funds* attractive investments are also considered positively, even if they appeared at a second level, comparatively to the Cost and Organization's policies.

6.4. Confirmatory Factor Analysis

The CFA applied to the 4 pertinent constructs and their 18 associated items did not fit so well the data. The chi-square to df ratio was larger than 3 ($X^2 = 447.36$, $df=129$) while the RMSEA (= 0,094) confirmed a mediocre fit. The other common used indexes were around the admitted cut-off level but generally a little below. Considering that all the items loading were statistically significant (p -value < 0.01), it was suggested to modify the model by introducing some errors' covariance as well as complementary relations (paths) between some items and latent variables.

Table 5. Final Model: overall fit and items loadings on constructs

Category of Fit indexes		Goodness of Fit	Cut-off	
1. Absolute				
Chi square and df		289,31 and 125	< 2 good, < 5 acceptable ≤ 0.07	
Ratio		2.31		
RMSEA		0.073		
90% C.I.		[0.060 - 0.086]		
GFI		0.905		
AGFI		0.859		
SRMR		0.085	≥ 0.95	≥ 0.90
2. Incremental / Comparative				
NNFI		0.91	≥ 0.95	
CFI		0.94	≥ 0.95	
IFI		0.94	≥ 0.95	
3. Parsimony				
PNFI		0.61	No commun cut-off	
Constructs	Items	Estimates	Standardized estimates	T-values
COST	DP9	0.95	0.66	10.26
	DP10	1.13	0.51	7.73
	DP16	1.09	0.80	13.38
	DP17	0.83	0.75	11.98
	DP5	0.67	0.39	5.63
	DP11	1.20	0.53	7.91
ORGAN	DP2	1.52	0.78	13.92
	DP15	1.20	0.76	14.16
	DP21	0.95	0.68	11.53
	DP19	1.42	0.79	12.29
	DP20	1.14	0.66	10.65
	DP4	0.71	0.48	6.21
BUSINESS	DP4	0.88	0.60	6.97
	DP22	0.81	0.72	10.76
	DP14	0.68	0.39	5.37
	DP13	0.73	0.69	10.11
	DP8	0.77	0.39	5.90
FUND	DP3	0.87	0.40	5.52
	DP8	1.24	0.62	8.71
	DP6	1.27	0.67	10.10
	DP11	1.08	0.48	7.32
	DP19	0.75	0.42	6.23

Note: all loadings have a p -value < 0,001.

The introduction of new paths must be made with great caution: finding a statistically significant result cannot justify in itself the introduction of new relationships. For this reason, we retained only the suggestions considered as relevant in terms of each construct's meaning and we accepted the following modifications:

- Beyond the 5 initial items, the construct **Cost** is also related to the item DP11 "Efficient administration of local taxes".
- The construct **Organ** (5 initial items) is also reflected the item DP4 "Participation on the planning and the implementation of a city development plan".
- The construct **Business** (4 initial items) is also related to the item DP8 "Existence of attractive investment motives".
- Finally, the construct **Fund** (3 initial items) is also related to the item DP19 "Encourage the establishment of institutions (i.e. Community Development Loan Funds, development Banks, non-profit organizations etc), in order to support business and economic development locally".

The overall fit of the final model (Table 5) is obviously improved with Fit indexes acceptable. As regards the item loadings and their representativeness in their corresponding constructs, they are all statistically significant (p -value < 0.1). Some of them are especially well reflected by their construct.

The Policies related to the Controlling and managing the local / regional of land and labor costs (DP16 and DP17) are strongly related with their construct **COST** (with $R^2 > 0.50$). The promotion of partnerships with Universities and Research Centres in development projects (DP2) and the encouragement of the creation of efficient urban infrastructures and enterprises zones (DP15) present the strongest relationships with the construct **ORGAN**. The policies contributing to the development of networking among enterprises – especially SMEs – (DP22) as well as business incubators providing new businesses cheap space, shared office support and business development advice (DP13) are highly related to the construct **BUSINESS**. As regards the construct **FUND** it appears that policies providing access to European Funds (DP6) and policies offering attractive investment motives (DP8) are the most important.

Three of the 4 constructs were found to be highly interrelated ($p < 0.001$): Cost, Organ and Business. The 4th construct Fund presents the weakest correlations with the 3 other ones ($p < 0.05$) while its correlation with Cost is not significant.

6.5. Predictive model

The four constructs have been set to predict the firms' assessment as regards the pertinence of the selected policies. The results of the model with standardized paths are displayed in figure 1. The predictive model successfully approximates the data: the $X^2(127, n=227) = 270.61$ with a ratio of 2.13 while the RMSEA = 0.059 [90% CI: 0.046 – 0.071]. The values of the comparative indices are at acceptable level (GFI=0.92; SRMR= 0.080; NNFI = 0.92; CFI and IFI=0.94). These results corroborate that the predictive model approximated properly the data.

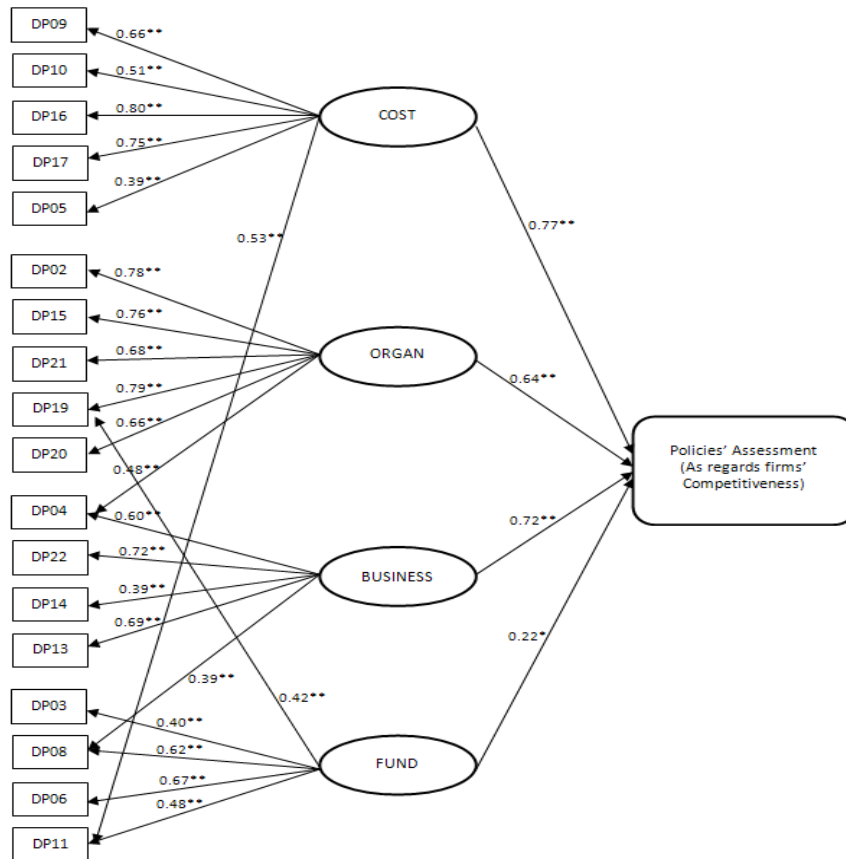
Table 6. Validation of the hypotheses

Paths	B	St. Error	t-values	R ²	Hypotheses
COST – ASSESSMENT	0.774	0.108	7.199***	0.60	Positive relation
ORGAN – ASSESSMENT	0.644	0.087	7.354***	0.42	Positive relation
BUSINESS – ASSESSMENT	0.718	0.101	7.141***	0.54	Positive relation
FUND – ASSESSMENT	0.224	0.101	2.222*	0,15	Positive relation

The examination of the predictive model (Table 6) reveals that the four constructs are positively correlated with each other as we hypothesised initially. If all

the paths are significant, we have nevertheless to mention that the link between the construct **FUND** and the firms' assessment of the policies is weak comparatively to the three other categories of policies.

Figure 1: Results of the model with standardized paths



7. CONCLUSIONS, CRITIQUES AND PROPOSALS

The aim of the article was to pinpoint the importance of specific development policies in the environment of the city of Thessaloniki, on the competitiveness of small-medium firms, mainly are located in this environment. As mentioned above, our results are constrained by some weaknesses (relatively small sample of enterprises located in one city, duration of the on-field study), it is not possible to generalize our conclusions to the whole Greece. It would also be of great interest to reiterate this study in order to evaluate in which extends the impact of the crisis affects the firms' perception and assessments.

After an extended bibliographical insight this research selected 23 main development policies contributing to growth and competitiveness of SME enterprises. These policies were evaluated through an empirical research on 227 SME enterprises while the implementation of complementary methods allows us to come up with valuable and specific conclusions. More particularly:

The relevant bibliography highlighted the importance of specific development policies for the growth and competitiveness of SME enterprises as well as of the cities. The CFA analysis and the structural model demonstrate that the 227 enterprises surveyed have indeed an accurate judgment about the expected impacts of the policies examined in the present study as regards their competitiveness and business development. The analysis showed that enterprises recognize as positive factor the effort of the local authorities to set the area as a business pole in favour of enterprises and the broader area but policy problems of organization and planning arise that concern mainly the operation and support of local enterprises and specific those from the tourist and service sector. At the opposite, firms seem not be mainly convinced about the usefulness of policies enhancing various forms of partnerships between a collective of local actors. This would tend to highlight a lack of "culture of operational cooperation", partly due to some mistrust face the public authorities and institutions.

It also appeared that the four main categories of policies present high level of correlations, corroborating the fact that, all these policies are not considered to be purely independent to each other. There are estimated complementary or even interdependent. A typical example of this understanding is the fact that policies encouraging the establishment of institutions in order to support locally business and economic development reflect not only the organizational improvement of the local economy but also the opportunity to facilitate at a regional even national level their investments funding.

For the participants, the firms' competitiveness depends, above all, on the direct control of costs production and mainly on the efficient management of local and regional land and labor costs while they estimate that, by promoting innovation and new technologies, the impact on costs is strongly positive.

Finally, the predictive model revealed that the 227 firms of the study believe that the prevailing policies for their future development are those that have a purely economic dimension (contributing to lower costs) or those that improve the organization of the local economy while policies concerning investment financing and incentives are less predominant. Moreover, we can admit that in the actual difficult context, the economic and organizational dimensions acquire much more importance than the one that has been highlighted in the present study.

This image raises issues of competence on planning and organization of development policies by the local authorities focusing on specific productive sectors so as the effect of these policies to be effective with positive results for enterprises. Firms indicate the importance of specific policies which could contribute to their development. At the same time they express their doubt for these policies which could lack knowledge from the local authorities, lack the design and implementation of some policies or lack communication between public and private sector or even trust from the side of firms for the dynamics and organizational ability of local authorities. These problems are practical and administrative which leads firms to doubt about the effectiveness of these policies although these policies considered by the firms as important for their wealth as well as for the competitiveness of the city. This image leads to the creation of a bigger problem which concerns the development and wealth of the firms, this of the specialization and design of these policies and its implementation. A general development plan for the firms and the city equals a meaningless, ineffective and draft structure since it does not deal and manage the development specifically. In order to be successful the data about the ability of local authorities to manage effectively a development procedure should be considered as well as the recognition of the need for a participatory design with the firms in order to benefit the firms and the city. According

to the findings of this research this condition is not satisfied or it is not implemented correctly although the development of partnerships between the public and private sector in order to promote business networks and innovative initiatives was one of the main axes of the Strategic Plan of Sustainable Development of Thessaloniki for 2010 (Kafkalas *et al.*, 2002:7).

As final critique, we argue that the economic growth at local and region level which depends on the design and implementation of development policies is feasible to contribute to the improvement of quality and competitiveness of local enterprises which reinforce each time the demand for better governance, design and implementation and can motivate the rendering of public services. Despite the important role of regional and local authorities most of the initiatives in favour of SMEs in Greece are supported in at the phase of implementation by neglecting the role of local and regional authorities. In addition, even when local and regional initiatives exist their efficiency is undermined by the limited potentials of government resource as well as human resources so it demands more attention to the activities of regional and local authorities in order to strengthen entrepreneurship and establish SMEs. In parallel there are certain resources which are essential in order to establish an enabling environment for the development of SMEs.

By ending the analysis above the study supports that all the above development policies are particular and following the international studies and practice, are essential for firms' development. At the case of Greece, and particular for Thessaloniki the study also proposed the following:

First, the development policies themselves have little significance unless they are designed properly and applied in a given time period. The issues related to the success of these policies are the ability to diagnose, to design, to test, to apply and evaluate. The data referring to the operating environment form at the same time integral parts of the local governments' ability to apply development policies contributing to the prosperity of each region and enterprise.

Second, the planned developing policies lack in focusing on specific areas. The existence of specific policies based on the particularities of each sector of production is crucial for the development and the competitiveness of the SMEs.

Third, it should be noted that the enterprises' development is related directly to the growth, the support and the promotion of the dynamic characteristics of the cities / areas that they operate. Thus it is at present a great need to promote the characteristics of each region since the local development is linked to the achievement of both quantitative and qualitative targets.

Finally, the Greek reality regarding the development of the SMEs has historically been a difficult case. Thessaloniki and other Greek cities, have clear territorial advantages and productive potentials. The association of these spatial advantages with the endogenous characteristics of each region could possibly contribute to the development of the enterprises and would be an effective tool in facing imminent, possible financial crises.

ANNEX. FIELD RESEARCH QUESTIONNAIRE

University Of Thessaly - Department of Economics
Field Research: Questionnaire

Local Development Policies, Partnerships and Local Authorities in Greece

Date..... Place..... Questionnaire code.....

A. FIRM'S PROFILE

1. The firm operates since
2. Firm's main business activity (*please circle only 1*): Manufacture, Commerce, Services, Tourism
3. Firm's character (*please circle only 1*): Local, With foreign participation, Foreign
4. Number of employees (*at the end of each year 2006, 2007, 2008*)

B. DEVELOPMENT POLICIES AND FIRM DEVELOPMENT - COMPETITIVENESS

Please evaluate in scale 1-9 (1: min - 9: max) the importance of the following development policies on your firm's development – competitiveness

	Development Policies	Scale 1-9
1	Promotion of partnerships with private sector in specific development projects	
2	Promotion of partnerships with Universities and Research Centres in development projects	
3	Enforcement the continuing learning and training process	
4	Participation on the planning and the implementation of a city development plan	
5	Development of City Marketing Plan with specific aims and budget	
6	Seeking for European Funds and programmes	
7	Participation in networks with other cities	
8	Existence of attractive investment motives	
9	Supporting a good management labor relations and business ethics locally	
10	Encourage the innovation and the diffusion of new technology (R/D centres, technological institutes, industrial parks etc.).	
11	Efficient administration of local taxes	
12	Participate on fiscal benefits provision, by encouraging new business start-up and new jobs creation	
13	Existence of business incubators providing to new businesses cheap space, office support and business development advice	
14	Provision of direct loans to small and medium enterprises	
15	Encourage the creation of efficient urban infrastructure and enterprises zones	
16	Controlling and managing the local / regional of land costs	
17	Controlling and managing the local / regional of labor costs	
18	Organise and develop cooperative planning and open dialogue with business local actors/ organisations	
19	Encourage the establishment of institutions (Community Development Loan Funds, development banks, non-profit organisations etc., local development agencies), in order to support business and economic development locally.	
20	Organise and improve the operation and the capability of public organizations related to business (i.e. associations, chambers of commerce and industry, business agencies, etc.)	
21	Reconstruct the relations with the central state government	
22	Promote networking among enterprises, especially SMEs, in national and international level	
23	Establish an 'entrepreneurial profile', improving 'organising capacity', place management, and know-how of local public authorities	

C. COOPERATION WITH LOCAL DECISION MAKERS

Do you ever been cooperate with the following decision makers / organisations?

(For each line choose 'yes' or 'no'. If your answer is 'yes', then choose one of the choices 3 to 5. If your answer is 'no', then choose one of the choices 6 to 7).

	If 'yes' evaluate this cooperation as:					If 'no' would you like to cooperate in the future?	
	YES	NO	Very useful	Useful	No useful	YES	NO
	1	2	3	4	5	6	7
Universities							
Research Centers							
Business Centres							
Chamber of Commerce and Industry							
Labor Unions/organisations							
Local Authorities							
Regional Authorities							
Local Banks							
Development Agencies							
Marketing Agencies/ Consultants							
European Information Centers							
Learning and Training Centers							
Business Incubators							
Local Politicians							
Other...							

D. LOCAL AUTHORITIES CAPACITY

Please evaluate in scale 1-9 (1: min - 9: max) local authorities capacity to implement the following development policies

	Development Policies	Scale 1-9
1	Promotion of partnerships with private sector in specific development projects	
2	Promotion of partnerships with Universities and Research Centres in development projects	
3	Enforcement the continuing learning and training process	
4	Participation on the planning and the implementation of a city development plan	
5	Development of City Marketing Plan with specific aims and budget	
6	Seeking for European Funds and programmes	
7	Participation in networks with other cities	
8	Existence of attractive investment motives	
9	Supporting a good management labor relations and business ethics locally	
10	Encourage the innovation and the diffusion of new technology (R/D centres, technological institutes, industrial parks etc).	
11	Efficient administration of local taxes	
12	Participate on fiscal benefits provision, by encouraging new business start-up and new jobs creation	
13	Existence of business incubators providing to new businesses cheap space, office support and business development advice	
14	Provision of direct loans to small and medium enterprises	
15	Encourage the creation of efficient urban infrastructure and enterprises zones	
16	Controlling and managing the local / regional of land costs	
17	Controlling and managing the local / regional of labor costs	
18	Organise and develop cooperative planning and open dialogue with business local actors/ organisations	
19	Encourage the establishment of institutions (Community Development Loan Funds, development banks, non-profit organisations etc., local development agencies), in order to support business and economic development locally.	
20	Organise and improve the operation and the capability of public organizations related to business (i.e. associations, chambers of commerce and industry, business agencies, etc.)	
21	Reconstruct the relations with the central state government	
22	Promote networking among enterprises, especially SMEs, in national and international level	
23	Establish an 'entrepreneurial profile', improving 'organising capacity', place management, and know-how of local public authorities	

E. DETERMINANTS THAT AFFECT LOCAL AUTHORITIES CAPACITY

Please evaluate in scale 1-9 (1: low - 9: high) in what degree the following determinants affect local authorities capacity

	Determinants/ Factors	Scale 1-9
1	High dependency of central government	
2	Lack of political experience in local and regional level	
3	Lack of knowledge – know how (in planning, controlling, managing and evaluating)	
4	Absence of common development vision and aims	
5	Lack of strategic thinking and planning	
6	Absence of community interest –lack of participation	
7	Lack of financial resources	
8	Satisfaction of local (political) parties interests	
9	Absence of cooperating with other local decision makers and city groups	
10	Lack of leadership	
11	Absence of open dialogue with local community	
12	Absence of entrepreneurship orientation	

Confident information:

Firm's name... Executive's name: ... Position/ Department: ... Date:...

Thank you for your time and your valuable contribution

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Politiques de partenariat et de développement pour les PME en Grèce : une approche factorielle confirmatoire

Résumé - Cet article porte sur l'importance des principales politiques de développement local telle que perçues par les petites et moyennes entreprises situées dans la ville de Thessalonique en Grèce et ce juste avant le début de la crise économique. Cette évaluation a été réalisée au travers d'un questionnaire adressé à un échantillon représentatif de 227 entreprises. La sélection des entreprises repose sur un processus d'échantillonnage aléatoire stratifié où les strates représentent les principaux secteurs économiques. Initialement une analyse factorielle exploratoire (AFE) a été élaborée afin de détecter quels sont pour les entreprises les principaux types de politiques. Finalement, un modèle d'équation structurelle (MES) accompagné d'une analyse factorielle confirmatoire (AFC) ont permis non seulement de confirmer les premiers résultats (contribution des politiques sélectionnées aux composantes principales) mais plus encore d'évaluer dans quelle mesure les politiques sont jugées réellement déterminantes en termes de partenariat de développement et d'amélioration de leur compétitivité, et ce pour l'ensemble des entreprises et pour chaque secteur d'activité.

Mots-clés

Partenariat
Développement des entreprises
Analyse factorielle
Modèle à équations structurelles
Thessalonique
