

# Building an Attractive Investment Image: An Entrepreneurial Perspective for The City of Larissa, in Thessaly Region, Greece

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## Introduction

Over the last twenty years, building an attractive investment image has been one of the main priorities of regions and cities all over the world (Head *et al.*, 1999; Christiaans, 2002) and especially in Europe (Stubbs *et al.*, 2002; Kotler *et al.*, 1993, 1999). A dominant image in the literature focuses on the competition between cities for firms' investments (Cox, 1995) or for attracting high skilled human resources (managers and professionals) [Rohr-Zanker, 2001]. Fostering regional growth through attracting investors is one of the instruments to accomplish this goal and to offer income and job opportunities to residents (Scherrer, 2002). Every region/city tries 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. «Investability» emphasizes how an area can be made attractive for potential investors and identifies and deals with those features of the local business environment detracting from its appeal (Begg, 2002:107-108). The international literature describes several scientific theoretical and empirical approaches concerning the role and contribution of foreign direct invest-

## Abstract

The new economic and social structural changes, both at an international and European level, have influenced the cities' profile by creating high-level competitiveness and attractiveness within various cities. This fact leads to the conclusion that we are standing before a new form of competition, where cities are trying to attract investments aimed at boosting their economic development and high-level competitiveness between each other. The present article examines the case of the city of Larissa, Thessaly region, Greece, as an investment destination for businesses development. We use both original and derivative empirical data from 114 firms in the area of Larissa City, which evaluate the city's advantages, the frequency of implementation of development policies and also the potential for cooperation with local public factors for a joint promotion and support of the city's image as an attractive and competitive investment destination. The article draws important conclusions concerning both the city and companies that participated in the survey.

**Key words:** attractive Investment image, firms' development policies, primary research, Larissa city, Greece.

## Résumé

*A l'échelle internationale et européenne, les récents changements structurels de l'économie et de la société ont eu une certaine influence sur le profil des villes en créant un haut niveau de compétitivité et d'attractivité. Ceci a provoqué la naissance d'une nouvelle forme de compétition parmi les villes qui visent à attirer les investissements afin d'accélérer leur développement économique et de créer un haut niveau de compétitivité. Le présent article analyse le cas de la ville de Larissa, dans la région de Thessalie, en Grèce, vue comme destination des flux d'investissement visant à favoriser le développement des entreprises locales. Nous avons utilisé les données empiriques concernant 114 entreprises dont le siège est à Larissa City, et qui évaluent les avantages de la ville, la fréquence de mise en œuvre des politiques de développement, et aussi le potentiel pour établir une bonne coopération avec les acteurs locaux dans la promotion conjointe de l'image de la ville en tant que destination des investissements attractive et compétitive. Cet article tire des conclusions importantes sur la ville et les entreprises qui ont fait l'objet de l'étude.*

**Mots-clés:** image attractive pour les investissements, politique de développement des entreprises, recherche primaire, ville de Larissa, Grèce.

ments to local economic and regional development (Louri, *et al.*, 2000; Lall 2000; Berkoz, 2001), the quality level of localised capabilities to satisfy the needs of foreign investors (Maskell and Malmberg, 1999), end eventually the local authorities' role and their partnerships with the private sector in order to increase the area development and competitiveness (Syrett, 1994; Priemus, 2002). Each city has its own assets and distinctive characteristics (Deas and Giordano, 2001; Metaxas, 2006). The geographical position, the size of the city, the size of the market, the accessibility to big financial or commercial markets, the accessibility to Universities and technological Institutes, the level of infrastructure (harbours, airports, telecommunications), the quality of business environment, the quality of life, the city specialization in some particular production sectors

(manufacturing, tourism or culture) constitute some very important characteristics that determine an attractive or unattractive city image, and they also mirror the location choice criteria for firms' establishment (CEC, 1993)

On the other hand, the phenomenon of cities competition has been extensively presented over the last two decades in Europe (Dicken and Tickell, 1992; Cheshire and Gordon, 1996; Petrakos and Economou 2000). According to Cuadrado and Rubalcaba (1998), this phenomenon is explained by the existence of differences in the cities envi-

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ronment, based on the efforts (ways, means, strategies) cities make to become competitive to dominate other cities (Cheshire and Gordon, 1998; Budd 1998), not only to obtain a competitive image to fit the European environment, but also to take part into the European integration process (Cheshire and Gordon, 1995). Lever and Turok (1999) stated that cities do not compete like commercial enterprises, while Krugman (1994, 1996) said that only firms compete and cities do not. For many scholars (Porter, 1998; Cheshire, 1999; Kresl and Singh, 1999; etc.), cities compete in order to increase their attractiveness for the potential target markets (mobile investments, tourism, big events, specialized human resources). Cities also compete to increase the quality of life (Rogerson, 1999; Wong, 2001), and environmental standards.

Most modern theoretical approaches agree that the economic development of a given place (city or region) is the «key» factor as far as the city attractiveness and competitiveness are concerned (Cheshire and Gordon 1996, 1998). Furthermore, a crucial role is played by actions that take place in the internal environment of a city/region through the motivation of the existing local enterprises, in order to contribute to local development, become more competitive and expand their financial and production activities (Bennett and Krebs, 1991:15; Leeming, 2002).

By taking into consideration that foreign enterprises attraction and location choice process are based on the supply of a favorable environment by cities and the demand of this environment by enterprises, the article focuses on the evaluation of the possibilities that a medium-sized urban area of Greece could have in order to become an attraction pole for foreign investments. The city of Larissa is our studying area, presenting some primary data that derive from an empirical study carried out by local enterprises. The case of Larissa is particularly interesting since it is an important Greek city, with competitive advantages and economic dynamics (Metaxas and Kallioras, 2007; Strategic Plan of Larissa, 2002; Metaxas 2006). At the same time, the evaluation of the city's development potentials by local firms makes the case study unique for the Greek study standards, since just a few studies have been performed so far on the relation between firms and specific characteristics of city promotion policies. From this point of view, we will support that the results of this study have a specific added value for Greek standards and the wider Balkan area, especially for approaches concerning middle-sized cities and firms. More specifically, the article tends to examine the capacity of the city of Larissa, concerning the current situation of its assets, the degree of promotion policies implementation by local enterprises and finally the level of partnerships development between the private and public sector in order to promote and support a favorable and attractive investment image of the city. Eventually, the article provides some conclusions and suggestions.

## 2. Competitiveness of cities and enterprises

According to Storper (1997), city competitiveness is defined as «*the ability of an economy to attract and maintain businesses that hold stable or increasing market share, while, at the same time secures stable or increasing living standards for those who participate and activate in this urban economy*», while, according to Webster and Muller (2000), city competitiveness is defined as «*the ability of an urban area to produce and negotiate a total of goods (products and services), which represent good value in comparison with other comparative goods of other urban areas*». Additionally, Parkinson *et al* (2004), support that the characteristics of a competitive city, are the following: a) Economic differentiation, b) Specialized production force, c) Connectivity – Communication, d) Strategic ability to activate and implement long term development strategies, e) Quality of life – social, cultural and environmental level.

A number of studies (Deas and Giordano, 2001; Kresl and Singh 1999) are trying to measure urban competitiveness through the use of both clearly traditional and social financial factors, positively contributing to the discussion that mainly began in the last decade, (Hubbard, 1995; Barnett, 2001; etc.), which concerns the importance of «soft factors» in city competitiveness. Especially studies by Kresl and Singh are considered to be highly important as, for the first time, an effort is made to determine city competitiveness through the emergence of each city's specific characteristics, but also through the attention to be paid on the strategic planning and the choice of policies able to contribute to city competitiveness. The orientation to the distinctive characteristics of an area/city, through various ways and practices, could lead this city to high level of competitiveness, providing finally a competitive advantage among other similar cities (Booth and Boyle 1994; Metaxas 2006). This fact is not a natural consequence, but it developed in the framework of a total strategic planning so that this distinctive characteristic can create a competitive advantage for this city/place.

On the other hand, firm competitiveness is consequence of the co-existence and operation of a variety of factors such as: the efficient management of inputs and raw materials, the successful management of raw materials and the inflow of others, the successful organization and effective management of interactive mechanisms among the market environment, the planning of R/D actions, the development of co-operations with academic centres and other firms. Recent studies have shown that firm competitiveness and its success or failure depend on a variety of factors on both a macro-economic and micro-economic scale. At a macro-economic level, the main factors are taxes, investments cost, research expenditure (Chen and Williams, 1999; Rogoff *et al.*, 2004), while at a micro-economical level, factors such as the firm size and the age (Sapienza, 1991), its ability to attract foreign capital, the lack of planning (Timmons, 1994), the absence of efficient management, and also the

environmental conditions (Gaskill *et al.*, 1993) operate as hindrance to firm competitiveness.

Besides these factors, the firms' competitiveness is also affected by the distinctive characteristics or the urban assets where firms are located and develop their activities (Deas and Giordano, 2001). Following Maskell and Malmberg (1999), the firms' competitiveness, especially in the industrial sector, depends on a particular combination of local characteristics that influence the distribution of economic activities, making up each time the strengths of each city at local or regional level. From this point of view, Porter (1998, 2000) states that in micro-economics, the firms' environment can be understood through the correlation of four main fields of analysis: a) the quality of local environment inputs/conditions b) the frame of the firm's strategies and competitiveness, c) the quality of local demand conditions and d) the existence of other relevant or supporting firms. The factors that compose the above-mentioned fields of analysis express qualify firms according to the organization, activities and environmental characteristics of the places/regions the firms are located in and which influence their productivity and development.

By evaluating these approaches, we can suggest that the concept of city or region competitiveness cannot be unidimensionally defined. Consequently, a commonly accepted definition should involve all the parameters that formulate a city's or a region's competitiveness. Namely, a city/region cannot be considered as competitive without taking into account the role and dynamics of its business environment, nor can we state that its degree of competitiveness is mainly defined by the businesses that act in it. In addition, when our focus is clearly on the city, the notion of competitiveness must be altered to reflect the reality of an urban economy and its action capacity.

### 3. Local authorities, decision makers and development policies

Local authorities play a role of utmost importance in the implementation of development and competitiveness policies, especially with respect to the planning of promotion strategies to improve the city image at an international level. The main priority of planning and developing these strategies focuses on the viable development of the local societies with an emphasis not only on the economic development, since the existence of local authorities with entrepreneurial orientation became as a basic need, especially in the 1990s (Hall and Hubbard, 1998). The views of Dicken *et al.* (1994) and Cheshire and Gordon (1995) are considered as very interesting given they said that the role of local authorities should not focus on the effort to attract direct foreign investments only, but also on the ability to create the proper business environment where firms will be able to effectively operate. Alongside this, a crucially importance factor for the attraction of direct foreign investments is the development of co-operation between local authorities and administration organizations (Fuller *et al.*, 2003). Characteristic examples of co-operation

and contribution of local authorities to the planning and development of promotion policies and strategies that are related to urban regeneration, cultural activities and economic development in general, presented in the international literature, are the cases of cities such as: Edinburgh (Simpson and Chapman, 1999), Dublin (Ellis and Kim 2001), Belfast (Ellis and McKay, 2000), the Community Councils (CCs) case in Scotland (Raco and Flint, 2001), and regeneration policies of the cities of Glasgow and Dundee in Scotland (McCarthy and Pollock, 1997), Paris (Chevrant-Breton, 1997); Israel (Carmon, 1999); the cases of planning of public transportation but also development of co-operations between public and private sector for spatial-economic investments in Holland (Premious 1999), Waters and Smith (2002), Baidal (2003), etc.

By inference, we can state that the above-mentioned forms of political reinforcement and promotion of city competitiveness derive from the need of cities to become competitive towards other cities of the same characteristics, expanding the market quota they can hold in the new internationalized environment. In the framework of the *supply and demand* rule in a competitive and demanding market, cities tend to invest on the promotion of their local distinctive characteristics, aiming at the attraction of potential target markets.

## 4. Research questions

The paper is aimed at providing some answers to the following research questions, by considering as case study the city of Larissa, Thessaly region, Greece, and it uses primary evidence from 114 firms located in this area. More specifically:

- a) Which are the factors that constitute the city advantages and contribute to the city's and firms' development and competitiveness?
- b) What kind of foreign enterprises does the city of Larissa have the capacity to attract?
- c) Do the city and firms have the capacity to provide a favorable business environment and motivate the employees?
- d) Do the firms perform development policies in order to support and promote their images and also the image of the city? To what degree is the difficulty of policies implementation related to the frequency of implementation?
- e) To what degree do the city's enterprises develop partnerships with local public authorities in order to promote the image of the city in a more effective manner? How (ways/methods) does this partnership take place?

## 5. The Thessaly region and the city of Larissa

### 5.1. Geographic description of Thessaly Region and the city of Larissa

Thessaly Region, one of the biggest regions in Greece in size and population, lies in the middle of the Greek peninsula bounded by the Aegean Sea on the east and Pindos mountain ranges that separate it from Epirus Region westwards. The main distinctive characteristic of the Thessaly Region is that two of the largest medium - sized Greek cities, Larissa (municipality of Larissa, prefecture of Larissa)



and Volos (municipality of Volos, prefecture of Magnesia), are located in its territory. The main national highway that connects the country's metropolitan areas of Athens and Thessaloniki passes through Larissa, the regional capital.

Larissa is the biggest city, in area and population, in Central Greece. Capital of the homonymic Prefecture and Region of Thessaly, the city of Larissa holds a position of major economic importance on the road axis Patras – Athens – Thessaloniki – Evzoni. The city of Larissa has first-level accommodation facilities and, after Athens and Thessaloniki, it is one of the most important urban centres of the country. These characteristics make it one of the most dynamic urban areas because of its geographical position. It is also connected, by coach, with all the major areas in Greece.

Larissa has a significant population size for the Greek urban centres system (125,000 citizens), and it ranked 5<sup>th</sup> in size after Athens, Thessaloniki, Patras and Herakleion. The trend of population gathering in Larissa is vividly expressed through the fact that 44.8% of the prefecture population live in the city, while at the same time it accounts for 16.5% of the total population of the Thessaly region. This urbanization tendency is acute and refers to 1961, when Larissa held 1.53% of the total urban population of Greece, this percentage rose to 1.93% in 2001. The city is acknowledged as production centre and constitutes an attraction pole for the concentration of populations and productive activities (Strategic Plan of Larissa, 2002).

## 5.2. Briefly Economic description of Larissa prefecture and the city

Larissa has an extremely low share of the primary production sector. On the contrary, the tertiary sector dominates in the economic activity of the city. The city is characterized by promiscuous development of its production branches, presenting a very strong profile of professional, manufacturing and commercial branches with limited presence of the industrial branch. On the contrary, Larissa is characterized by the non-existence of tourism in opposition to Volos, where tourism highly contributes to the GDP. This could be explained by the geographical position of Volos and by its accessibility to the sea and to Northern Sporades islands, which support the development of tourism activities (National Statistical Service of Greece 1991, 2001; Chamber of Commerce and Industry of Larissa, 2003).

## 5.3. The area's investment climate

In recent years (1997-2004), the central government and endogenous dynamics strongly attempted to enforce the area's investment climate. The basic development priority of the city is to become competitive with other medium-sized cities at a micro (Thessaly Region and Central Greece) and a macro (Greece and beyond) level. In the extremely competitive environment of integrated Europe, this is the only way for the city to avoid the unpleasant economic and social consequences of underdevelopment.

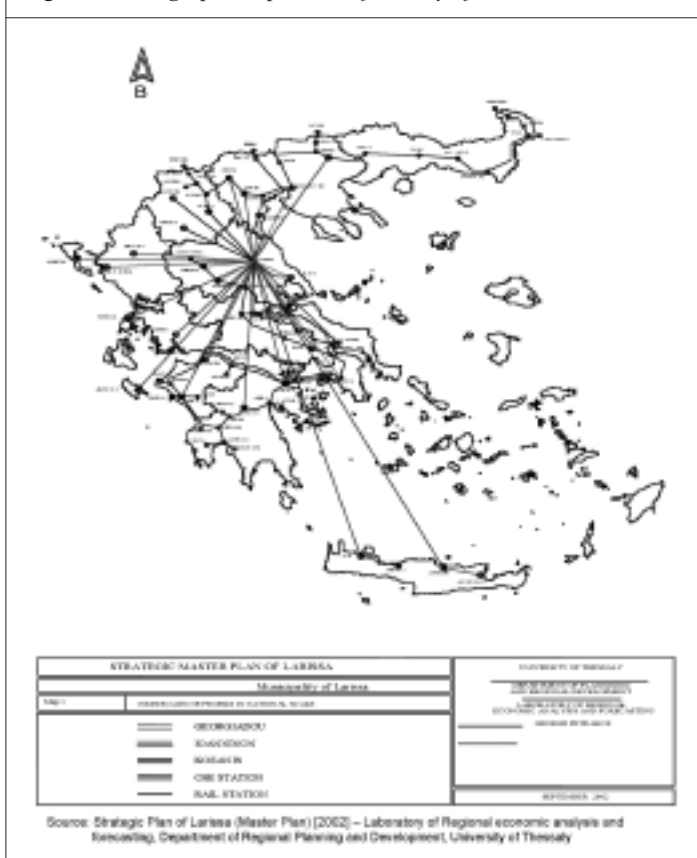
In the period 1997-2004, 533 companies were founded in Larissa and 1,215 in the Thessaly region (43.8%). The second and very important thing concerns the distribution of the invested capital. Prefecture of Larissa dominates in Thessaly region with 63.6% of the total invested capital in its region.

Analyzing each sector separately we have to point what follows (ICAP, 2000, 2004):

a) In the period 1997-2000, the invested capital in the industrial sector has been characterized by a continuing reduction in Larissa. In four years (1997-2000), the invested capital in Larissa has fallen to 30% of the total invested capital in the region of Thessaly. The same trend occurred in comparison with the overall national situation. In 1997, Larissa held the 5.6% of the total invested capital in Greece, which has been dramatically decreased to 0.9% in 2000. This reduction derives from the rapid increase of the service sector in the city, especially in the year 2000. Larissa is mostly characterized by a trend to become a commercial and service urban centre, considering a hegemonic role in the region. This picture improved after 2000, without, however, the increase that has taken place in the period 2001–2004 to match the picture of 1997–1999.

b) In the commercial sector, we could affirm that Larissa is characterized by a strong and stable percentage of capital invested in trade. This is something obvious if we take into serious consideration the fact that Larissa is actually trying

Figure 1 – Geographical position of the city of Larissa in Greece.



to keep its position in the region of Thessaly as main trade centre. In comparison to Greece, the percentages of the invested capital are low. This fact could be explained as a result of the increasing development of the commercial sector, which has been expressed through the creation of small business units at regional level.

c) In the services sector, the city presents a view that has changed over time. This could be caused by the necessity of the city to create a more competitive image in order to attract foreign enterprises in this sector, by adopting new kinds of business activities to face the demands of its competitive external environment at both microeconomic and macroeconomic level. The most important fact to notice is that until 2001, there was significant development in the sector of services, but this picture has changed in the following years. The reason for this change is that, until 2001, numerous new stock exchange firms were present, whereas, after 2001, they closed down because of the recession in the Greek stock-market and, as a consequence, investments in this sector seriously dropped to nearly 55%.

d) In terms of investment, the tourism sector is almost inexistent in Larissa according to data shown in table 4. For this reason, many factors are held responsible with the main one being the characteristic geographical position of the city but also its climatic conditions (very high temperatures in summer) that do not allow the development of tourism investments and consequently tourism activities in the city, in contrast, for example, with the city of Volos that is a sea-port city.

As conclusion, we could state that the city tends to become specialized in particular production sectors. Larissa tends to become a city of commerce and services, with little attention paid to tourism sector.

## 6. Research and method

### 6.1. Profile and aim

In this unit, special importance will be given to the presentation and interpretation of some basic facts that derived from a field study conducted in the city of Larissa from July to September 2003 and from January to February 2004. The field study had as market-target some firms in the city of Larissa<sup>1</sup> and in the surrounding area (fields: light and heavy industry, commercial firms, services). It evaluates the prospects of the city to become a potential location for the establishment of new firms and productive activities.

**Aim:** An evaluation for the city of Larissa by firms located in and around it (an area up to 20 kilometres from the c-

<sup>1</sup> It is worth noticing that the study was conducted among local firms mainly. For this reason, its results refer to these firms' views. The reason why the study was carried out among local firms is that the estimations of such firms are very important since they are aware of the potential for development of the city and the greater region, being themselves witnesses of the development that has locally taken place in the last 15 years. Of course, the study could be considered more complete if we also examined the estimations of foreign firms based in the region, however the present study does not have such an objective.

ity centre), in relation to the prospects of Larissa a) to attract new non local firms, and b) to undertake joint actions (by firms and organizations) aiming at the promotion and support of the city «image» in order to increase its competitiveness.

In the study, a questionnaire was used with closed questions (with sub-queries) and 1 to 5 multiple-choice answers (Linker scale). The study questions were based on reports and tendencies as presented in the international scientific community, having as an ultimate goal to best interpret all the strengths and factors that could contribute to the adoption, planning and implementation of a Strategic Marketing Plan for the city of Larissa.

### 6.2. Enterprises' profile

The field study was made among 114 firms – production units of the city. Data collection was made through questionnaires - interviews. The interviews were taken from a) local businessmen – owners of firms and from b) higher level executives (managers, dept leaders), who were appointed to answer the questionnaires. From a total of 130 questionnaires distributed, 16 of them (12.3%) were considered inadequate in the final evaluation and were not included in data processing. The 114 firms investigated belonged to three different fields a) Industrial sector (heavy and light industry): 36 firms, b) Commercial sector: 40 firms and c) Services (stock brokers, tourism, Labour Training): 38 firms; while as criterion for the size of firms the number of the employees in these firms was taken into account. Three classes of firms were derived: a) 0-50 employees (Small firms), b) 51-100 employees (Medium-sized firms), c) > 101 employees (Big firms).

## 7. Analysis and research answers

### 7.1. Capacity of attracting investments

#### *a) Larissa as an attraction pole for foreign investments*

In table 1, there are the evaluations of firms in relation to Larissa's degree of ability to become an attraction pole for foreign firms and production activities. Firms evaluated a few city's advantages, which at the same time are taken as selection criteria for the establishment of new firms (CEC, 1993), giving a grade from 1 to 5. In the table, there are the mean values and standard deviations for every production sector separately as well as their total. More specifically:

Firstly, a general picture is that mean values over the average are derived by the firms of all three sectors (> 3.00), while standard deviations are equal to or lower than one ( $\leq 1.00$ ). This fact shows a concrete and sound stance on the part of the firms that Larissa has those advantages that can formulate an attractive investment profile and arouse the interest of potential foreign investors.

Secondly, a common evaluation shared by all the firms of all sectors is noticed, regarding the importance of certain factors. The factors concerning agglomeration economies, such as geographical position, size of the local and region-

al market and access to networks – road axis, receive high mean values ( $\geq 4.0$ ), while at the same time they attain low standard deviations ( $\leq 0.7$ ). This fact means that the city of Larissa is characterized by a very good geographical position, which constitutes a specific competitive advantage for the city as well as for firms acting in the region. All participating firm attribute lower importance to the cost factor, whilst relatively low values are given to factors referring to the lack of specialized production force (according to industrial firms mainly), the existence of higher-level educational and technological institutions (for service firms mainly), and the aesthetic image of the city (for commercial firms mainly). The above-mentioned factors are considered as «disadvantages» for Larissa (Metaxas, 2006). Finally, characteristic is the picture of the average mean values and standard deviations, which are common and therefore a fact that points out the strong and shared evaluation by all the firms that Larissa is likely to become an attractive destination for the establishment of foreign firms, due to its geographical position mainly. This belief is further supported by findings of a recent survey conducted among 51 non-local firms along the dipole Larissa-Volos and which concerned the criteria to set up this region. The factor geographical position, both for Larissa and Volos, came first and was considered to be a «key factor» for their decisions (Metaxas and Kallioras, 2007).

Table 1 – Larissa's main assets.

Local assets	Sectors		Industry		Commerce		Services		Total	
	X	σ	X	σ	X	σ	X	σ	X	σ
Geographical position of the city	4.3	0.6	4.8	0.4	4.4	0.6	4.4	0.7	4.4	0.7
The structure and the size of the local and regional market	4.1	0.6	4.2	0.5	4.8	0.5	4.1	0.5	4.1	0.5
The size of the city	4.0	0.6	4.1	0.4	4.1	0.6	4.1	0.7	4.1	0.7
Urban infrastructure – Access to networks	3.9	0.7	3.8	0.4	4.0	0.5	3.9	0.7	3.9	0.7
Local government attitude towards business	3.7	0.9	4.8	0.5	3.5	1.0	3.6	0.8	3.7	0.8
The level of specialized human resources	3.3	0.8	3.4	0.4	3.8	0.7	3.4	0.8	3.4	0.8
Labour cost	3.3	0.7	3.2	0.7	3.4	0.6	3.3	0.7	3.3	0.7
Land cost	3.1	1.0	3.2	0.7	3.8	0.7	3.3	0.8	3.3	0.8
The quality of the entrepreneurial climate	3.3	0.7	3.8	0.4	3.8	0.4	3.8	0.7	3.8	0.7
The existence of Universities, Technological and research centres	3.3	0.9	3.4	0.4	3.2	0.7	3.3	0.8	3.3	0.8
The natural environment	3.0	0.7	3.8	0.4	3.7	0.6	3.0	0.7	3.0	0.7
Social infrastructure of the city	3.8	0.6	3.8	0.5	3.7	0.6	3.8	0.8	3.8	0.8
Urban aesthetics	3.8	0.8	3.3	1.0	3.8	0.8	3.8	0.8	3.8	0.8
The cultural and heritage environment	3.7	0.7	3.6	0.4	3.3	0.6	3.6	0.7	3.6	0.7
<b>Total Average</b>	<b>3.7</b>	<b>0.8</b>	<b>3.7</b>	<b>0.7</b>	<b>3.7</b>	<b>0.6</b>	<b>3.7</b>	<b>0.8</b>	<b>3.7</b>	<b>0.7</b>

Author's elaboration

### b) Types of investments, geographical areas and numbers of employees that Larissa could attract

In table 2, there are the firms' evaluations on the kinds of foreign firms that Larissa could attract on the basis of its advantages. There are also the localities of origin of these firms and their size according to the number of employees. More specifically, from data in the triple-table 2, it is easy

to understand that the city's firms attribute special dynamic to the city of Larissa, supporting that the city can become an attraction pole for foreign investments – firms belonging to the sectors industry, manufacturing and commerce mainly. These firms are possible to come from the EU, from the two big urban centres of Greece (Athens and Thessaloniki) but also from regions of the Balkans and Eastern Europe. Finally, most firms in the study estimate that Larissa can attract small-medium size firms (up to 200 employees). Summing up, we can say that Larissa and its region can mainly attract medium-size industrial and commercial firms from Greece and Europe.

Table 2 – Types of investments, investment-attracting areas and number of employees that Larissa could attract.

Types of enterprises	n	% of the total
High Technology and Information	8	7.0
Financial and Insurance services	15	13.1
Manufacturing enterprises	25	21.9
Heavy Industrial enterprises (i.e. automobile)	32	28.0
Tourism investments (big hotels, big travel agencies etc.)	1	0.9
Commercial enterprises	24	21.0
Executives consultants offices	9	7.9
<b>Total</b>	<b>114</b>	<b>100.0</b>
Investment-attracting areas	n	% of the total
Greece (Athens / Thessaloniki)	31	27.1
Balkans	23	20.1
European Union	33	28.9
Eastern Europe	25	21.9
USA	1	0.9
Other areas	1	0.9
<b>Total</b>	<b>114</b>	<b>100.0</b>
Number of employees per company	n	% of the total
0-50	10	8.7
51-100	34	29.8
101-150	26	22.8
151-200	26	22.8
201-250	10	8.7
251-300	5	4.3
> 301	3	2.6
<b>Total</b>	<b>114</b>	<b>100.0</b>

Author's elaboration

### c) Capacity to provide a favorable business environment and motivate the employees

In Table 3, firms evaluate their capacity to provide a series of incentives in their effort to reinforce their employ-



ees' performance and attract new specialized executive staff. A first impression given by the values in the table is that the industrial and the service firms provide incentives for their employees more easily than the commercial ones. This is more obvious with incentives such as *attractive working environment*, the provision of *modern technological means and infrastructure*, the existence of *private insurance scheme* and the provision of *bonuses and loans* as well. In general, it becomes clear by the average of the mean values and the standard deviations that firms find it difficult to provide a large array of incentives to their employees and also those whom they wish to attract. This happens because the firms in this study, but also almost all the firms in the area of Larissa (and throughout Greece maybe), are of small-medium size and only a few of them developed specific plans for the provision of incentives to their employees in the framework of a complete human resource management. In spite of this, service firms tend to achieve the average value (3.00), which shows that they have better capacity and flexibility as regards the provision of incentives.

over the average (3.00), while the respective standard deviations are relatively low, a fact that shows a common orientation of firms, both within the same sector and among different sectors. Alongside this, commercial and services firms show interest in policies regarding the expansion of their activities beyond the region of Larissa, while the industrial ones believe it is important to develop collaborations with non-local firms. It is less important to consider policies regarding investments in R&D, the promotion of the entrepreneurial climate of the city and the participation of firms in international events such as fairs, conventions, etc. In general, however, as shown by the average of the mean values, firms in general perform activities that are important but not particularly dynamic.

Table 3 – Business environment and motivations.

Firm motivations	Industry		Commerc		Services		Total	
	$\bar{x}$	sp	$\bar{x}$	sp	$\bar{x}$	sp	$\bar{x}$	sp
Attractive business environment	3.8	1.0	3.8	0.7	3.7	1.2	3.6	1.2
Provision of modern technical equipment	2.9	1.3	2.4	0.7	3.8	1.2	2.9	1.0
Health and security conditions	3.0	1.7	3.0	1.3	3.8	1.4	3.0	1.0
Progression of Private Insurance	2.3	0.9	1.8	0.8	2.8	0.8	2.3	0.8
Satisfied salary	2.7	0.7	2.1	0.9	3.3	1.0	2.6	0.8
Capacity to increase costs every year	2.6	1.0	2.2	0.9	2.4	0.9	2.4	0.9
Provision of loan	3.7	0.8	3.1	1.1	2.9	0.8	3.7	0.9
Building career and self development	3.7	0.9	3.3	0.9	3.0	1.0	3.4	0.8
Flexibility in decision making	2.4	1.2	1.8	0.9	2.0	1.0	2.0	1.0
Demot	2.2	1.0	1.7	0.9	2.4	0.9	2.1	0.9
Participation in training programmes	3.0	1.1	2.5	1.2	3.0	1.1	3.0	1.1
Provision of a free time period to employees that they want to re-training (unproductive programmes)	3.1	1.0	2.8	1.1	3.0	1.2	3.0	1.1
Financial support of the re-training period	2.0	1.0	1.9	1.1	2.1	0.9	2.0	1.0
Participation in international fairs, seminars and conferences	2.8	1.1	2.2	1.1	2.1	0.8	2.4	1.0
Harvest staff events	2.6	0.9	2.2	0.8	2.8	0.8	2.5	0.7
<b>Total Average</b>	<b>2.8</b>	<b>1.0</b>	<b>2.3</b>	<b>1.0</b>	<b>3.0</b>	<b>1.0</b>	<b>2.8</b>	<b>1.0</b>

Author's elaboration

Table 4 – Development policies by enterprises (degree of implementation: scale 1: min, 5: max).

Policies	Code	Industry		Commerc		Services		Total	
		$\bar{x}$	sp	$\bar{x}$	sp	$\bar{x}$	sp	$\bar{x}$	sp
Investments on R&D	RD	2.4	1.4	2.2	1.5	1.9	1.2	2.1	1.4
Expanding activities outside the city	PLANT	2.2	1.2	3.0	1.3	3.2	1.2	2.8	1.2
Co-operation with foreign enterprises	COPE	3.0	1.5	3.0	1.5	2.3	1.5	2.8	1.5
Promotion and support of city's business climate through the development of partnerships with other local and regional firms	PART	2.5	1.2	2.1	1.3	2.5	1.4	2.4	1.3
Creation of new job positions in the city	JOB	2.6	1.4	2.3	1.4	2.6	1.4	2.5	1.4
Training and continuous development of staff	TRAIN	3.7	1.3	3.6	0.9	3.2	1.1	3.5	1.1
Participation in national or European mega events (commercial fairs and exhibitions, conferences, etc)	MEGA	2.2	1.5	2.7	1.5	2.2	1.4	2.4	1.5
Implementation of Marketing policies in order the enterprises' activities to be promoted on a wider scale	MARK	2.6	1.5	3.0	1.5	2.9	1.3	2.8	1.4
Production of high quality products and services, satisfying the needs and demands of the existing target markets	QUAL	3.4	1.8	3.0	1.2	3.5	1.2	3.3	1.3
Participation in national or European business organizations	PBOR	3.4	1.3	3.1	1.5	3.4	1.3	3.3	1.4
<b>Total Average</b>		<b>2.8</b>	<b>1.4</b>	<b>2.8</b>	<b>1.4</b>	<b>2.8</b>	<b>1.3</b>	<b>2.8</b>	<b>1.4</b>

Author's elaboration

## 7.2. Development policies by enterprises

In tables 4 and 5 and in Figure 2, we present the degree of implementation and the difficulty of implementation of promotion policies on the part of firms investigated in the study. The general picture in table 4 is that firms apply specific policies, almost common, independently from their production sector. Therefore, special emphasis is put on policies concerning the continuous training and education of executives, the creation and production of quality goods and the active participation of firms in national and European business organizations as members. All these policies are estimated with mean values

The above-mentioned situation is explained by results of table 5, to some degree. All the above policies that receive a low mean value of implementation ( $\leq 3.00$ ), at the same time receive a high mean value of difficulty of implementation by the firms themselves. For example, the promotion of the entrepreneurial climate of Larissa, as a location for the attraction of new investments, is considered by firms as hard to implement, because it is rather difficult for them to undertake this activity on their own since this promotion re-

quires the involvement of local public actors and the representation of common interests for development and competitiveness of the city. Furthermore, it is regarded as difficult to create new posts and develop marketing policies for the firms in the greater area. Finally, the orientation towards R&D investments is also considered difficult to achieve because the majority of firms are of small-medium size with limited abilities in planning and development of such actions, either for lack of know-how and experience or for lack of interest in such policies.

Table 5 shows the degrees of implementation and difficulty to implement such policies, for the total of firms and in mean values.

Figure 2 – Degree of implementation (DOI) and degree of difficulty (DOD) of development policies implementation (means).

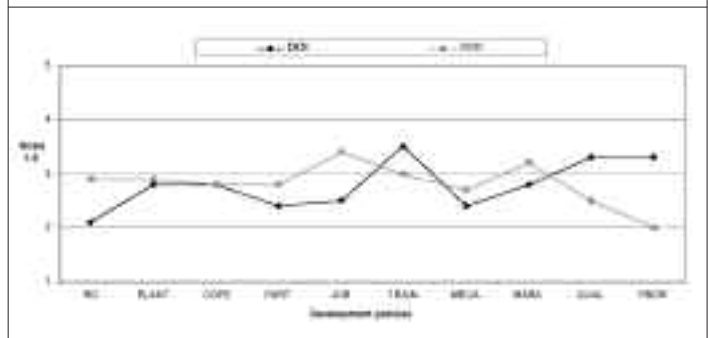


Figure 3 – Partnership between local authorities and enterprises.

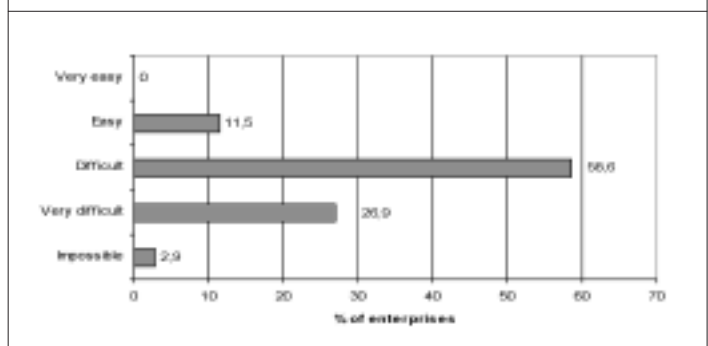


Table 5 – Development policies by enterprises (degree of difficulty implementation: scale 1: min, 5: max).

	Code	Industry		Commerce		Services		Total	
		X	st	X	st	X	st	X	st
Investments on R&D	RD	3.1	1.1	2.8	1.0	3.1	1.0	2.8	1.0
Expanding activities out of the city	PLANT	2.7	1.2	2.7	1.2	3.2	1.0	2.9	1.1
Co-operation with foreign enterprises	COFE	2.8	0.8	2.8	1.2	3.1	1.2	2.8	1.1
Promotion and support of city's business climate through the development of partnerships with other local and regional firms	PARTN	3.0	1.0	3.2	1.1	3.3	0.8	2.8	1.0
Creation of new job-positions into the city	JOB	3.5	1.0	3.6	1.2	3.8	0.7	3.4	1.0
Training and continuous development of staff	TRAIN	3.2	1.1	2.9	1.4	3.0	1.1	3.0	1.2
Participation in national or European mega events (conferences, exhibitions, conferences, etc)	MEGA	2.7	1.1	2.7	1.2	2.8	1.0	2.7	1.1
Implementation of Marketing policies in order the enterprises' activities to be promoted in a wider scale	MARK	3.1	1.2	3.2	1.0	3.2	1.1	3.2	1.1
Production of high quality products and services, satisfying the needs and the demands of the existing target markets	QUAL	2.8	1.1	2.8	1.3	2.8	1.2	2.8	1.2
Participation in national or European business organizations	PSOR	1.8	0.6	1.8	1.0	1.8	0.9	1.7	0.9

Author's elaboration.

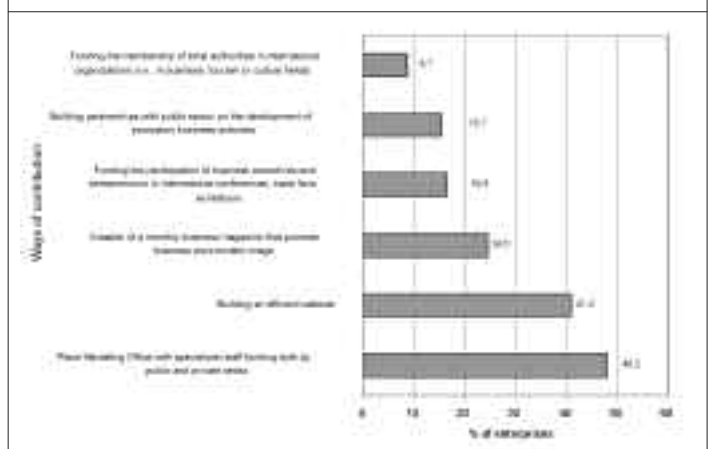
The deriving basic result refers to the total picture of the firms estimating that a co-operation with the local authorities in order to promote a common Strategic Plan is «difficult» (58,6%) or «very difficult» (26,9%) to happen, which means that such a promotion plan is considered to be premature, at least for the time being. What is important is that Place/City Marketing Plan, as we already mentioned, requires the active role of all the production forces and decision-makers in the internal environment of a city in order to be successful. That is not, however, an immediate perspective for Larissa. The main analysis is referred to the main reasons explaining the non-existence of such a cooperation,

### 7.3. Partnerships and Place Marketing implementation between public and private sector

#### a) Partnership for the planning and implementation of a Place Marketing Plan

In this case, we examined how likely it is for a partnership between local authorities and local firms to take place, aiming at a common undertaking of actions towards the proper planning and implementation of a Strategic Marketing Plan for the city of Larissa. In figure 3, the firms of Larissa evaluate the partnership feasibility.

Figure 4 – Ways of enterprises' to local promotion policies.





which is the subject of a different study and is linked to the form and character of the urban management.

*b) Ways of firm contribution to the promotion and support of the city's business image*

Furthermore, in figure 4, the firms evaluate how they would desire to contribute to the promotion and support of the city's image as an attractive investment destination.

From data in figure 4, it becomes clear that firms of the city started a successful cooperation with the local authorities for the common support of the city's image. Many of them (48.2%) are oriented towards the creation of a specialized bureau, the Place Marketing Investment Office, with specialized skilled staff, which will be funded by both firms and local authorities. It is important that the existence of such an organization has to be strongly desired even by non-local firms already located in the region (Metaxas and Kallioras, 2007). This fact in itself points out a special need for the city, which must be taken into serious consideration for its planning and materialization. Moreover, especially high values ( $\geq 20\%$ ) are attributed to actions concerning the creation of a website and the issuing of a monthly entrepreneurial journal. Actions concerning the participation of local authorities in international fairs, conventions and organizations have lower values, but they are necessary to take because they are immediately linked with the orientation of both the city and firms towards their external environment and the effective promotion of the city of Larissa as an attractive investment destination at both national and European level.

## 8. Conclusions

On the basis of the analysis performed, the following conclusions are drawn.

Place Marketing can become an effective tool for the economic development and the competitiveness of cities, as long as the basic planning and programming of actions are based on the city's situation audit analysis to promote its special characteristics. The successful implementation of Place Marketing and, consequently, its positive contribution to the economic development of cities depend on the clear definition of «whom it is addressed to and what it can offer». The law of supply and demand is crucial for the good «city», as well.

The major advantage for the city of Larissa is considered to be its geographical location with the existence of central roads and transportation axis. Also, there is the estimation that Larissa and the surrounding area have the potential to attract firms in the field of manufacturing (light industry), commerce and heavy industry. In the case of heavy industry especially, but also in the other two sectors, the aspect of geographical position by itself cannot be a determining factor that will lead the potential target markets to settle down in the area. As a result, the «major advantage» of the geographical position can be properly analyzed, measured, supported and promoted so that it becomes the competitive advantage for the city and the region. One basic question that arises is by

whom these actions have to be taken. At the same time, from the evaluations of firms, it comes out that the city and its firms are able to provide to their employees a satisfactory entrepreneurial environment and some basic incentives.

In the case of Larissa, we can say that the need for implementation of a Strategic Place Marketing Plan is enormous. Larissa is a nodal point, it has natural advantages and it has to effectively promote them in order to achieve the desired development. The conviction that Larissa could become the third attraction pole in Greece can be true, provided that a complete strategic city development plan is set up. There is the potential for this development to be achieved only if all the city actors show active interest in the city's benefit. The lack of programming and organization is a fact, as the lack of specialization for people who will undertake the materialization of such a task. Only through the definition of roles, the development of initiatives, the assignment of the task to specialists, and the support of actions by political and social quarters, the city will create the appropriate conditions for the implementation of a Strategic Promotion and Development Plan for its image.

Finally, co-operations between the private sector and local authorities are almost inexistent, with the city's firms questioning the effectiveness and expected results that could be achieved through these co-operations. The development of a Place/City Marketing Plan procedure, with the activation of both sides, is considered to be difficult, while the contribution of firms, to a large extent, depends on the satisfaction of some individual interests. In conclusion, the article affirms that the implementation of a Place Marketing plan for the city is not operational yet. To make it work, all actors (local authorities, firms, residents) working in the city's environment must have a profound understanding of place marketing process. The phase of place marketing adoption can subsequently take place, followed by the planning process and eventually by the development of action plans and strategies in the implementation phase.

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