

# Local Economic Development and Public-Private Partnerships in Greece: Some Empirical Evidence From Enterprises of The City Of Larissa, Thessaly Region

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## 1. Introduction

Over the recent years, Europe has been identified by the rapid procedures towards its completion (Eriksen, 2004; Caporaso, 1996). In the frame of the new political-economic setting, European cities are invited to square with the growth standards and exploit the challenges and opportunities that appear not only at international but also at local level aiming at the distinction and support of their benefits (Marks and McAdam, 1996; de Rooij, 2002). A crucial role in the growth and competitiveness of the European cities is played by the public-private partnerships (PPPs) that often cooperate in order to materialize various urban development projects, taking into account that the management of urban space includes the aspects of economic and social develop-

ment, effective re-planning, sustainability and environmental protection (Kalogeropoulou, 2003; Kyvelou and Karaiskou, 2006). The basis for the development of this kind of economic growth actions is “partnership”<sup>1</sup> (Bennett and Krebs 1991, 1994; Syrett 1995; Blakeley, 1994; Strange, 1997<sup>2</sup>) that forms an intermediate level between activities that unfold individually by the firms and the actions that take place under the supervision of the Local Self-Government as well as the actions at a higher governmental level. Focusing on Europe, there are some typical examples of cooperation between Local Authorities and firms in specific developmental projects. For example, the areas of

### Abstract

Taking as a matter of fact the interest of the international bibliography in the role and importance of the public-private partnerships in the local development, the article looks into the possibility of partnership development between local authorities and firms in Greece. The area of research is Larissa, a very important Greek city at economic and administrative level, located in the Thessaly region. Through the use of primary facts, the possibility of public-private partnerships development is examined, having as a goal the development of the city and of the competitiveness of a wider area. The article draws relevant conclusions for the groups involved both in the local and regional level.

**Key words:** public-private partnerships (PPPs), local development, local authorities, firms, research, Larissa, Greece

### Résumé

*Dans cet article, on examine la possibilité de promouvoir un partenariat en Grèce entre les pouvoirs locaux et les entreprises, compte tenu de l'intérêt porté par la littérature internationale au rôle et à l'importance du partenariat public-privé dans le développement local. Larissa, une ville grecque très importante à l'échelle économique et administrative, située dans la région de la Thessalie, est la zone d'étude. En s'appuyant sur des données réelles, on évalue la possibilité de soutenir un partenariat public-privé afin d'encourager le développement de la ville et la compétitivité d'une zone plus vaste. Dans les conclusions, on avance des suggestions intéressantes pour les acteurs au niveau local et régional.*

**Mots-clés:** partenariat public-privé développement local, pouvoirs locaux, entreprises, recherche, Larissa, Grèce

Hudiksvall (Sweden), Nivala-Haapajarvi and Siikalatva (Finland) and North Jutland (Denmark), aiming at the local industry reinforcement in addition to the election of new job opportunities and new forms of entrepreneurship (EC, 2003). Moreover, some cases of cooperation are mentioned ultimately targeting the creation of an attractive urban entrepreneurial profile or the creation of business incubators (Grimaldi and Grandi, 2005). Finally, references to partnerships that had as a goal the design of specific developmental projects are notable [Strategic Plan for Prague (1999); Metropolitan Plan of Madrid (Jimenez-Moreno, 2001; Compitello, 2003); Glasgow and Bilbao (Gomez, 1998); Strategic Plan of Lisbon (Vasconcelos and Reis, 1997)] or the partnerships for urban regeneration projects with positive influences on city communities and enterprises (Beriatos and Gospodini, 2004; Balsas, 2000; Hubbard, 1995; Seo, 2002).

In this framework, the aim of the paper is to examine the potential of planning and development partnerships, be-

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<sup>1</sup> Cooperation of this kind are:

- Simple enterprising development initiatives, which are funded and developed on their own (Metz, 1990). Mainly they relate to the importation of new technology, to training work force, etc.
- Strategic partnerships (Business-to-Business), in the fields of Research and Development, in Marketing and distributing channel, in purchase development and contractorship (SQW, 1998a).
- Corporations/partnerships of economic growth, where many institutions participate, such as firms, development consultant, local authorities, sponsors etc., having special and specific goals and strategic designing of growth level.
- Public services and firm councils: partnership focuses on the help that is provided to new firms in order to activate or to subordinate firms in order to expand their activities.

<sup>2</sup> Strange refers to the economic reconstruction of Sheffield in England and examines the relations developed between firms, urban policies and government. The analysis contains the definition of

tween the local authorities and firms in Greece, taking as an example a particular case, that of Larissa city. The case of Larissa is examined through the use of empirical research in 114 medium-sized enterprises of the city employing more than 20 employees. The research aims at answering a number of important questions concerning the possibility of partnership development for investment drawing as well as the promotion of city's image as an investment destination, the examination of the local authorities' ability to adapt development policies, the placement of possible impediments that affect the running of effective partnerships and finally the outline of the subordinate partnerships between the involved authorities in the city.

The paper is structured as follows: the first section reports the relation between PPPs and local economic development. The second section presents the profile of local authorities and PPPs in Greece. The third section sets out the research questions, while in the fourth section the case of Larissa is discussed. The fifth section presents the profile of the research and the firms involved, while the following section tends to answer the research questions. Finally, the article provides some very important conclusions both for firms and local authorities for the city of Larissa, outlining at the same time an equivalent climate of partnership at regional and national level in Greece.

## 2. Public-private partnerships and local economic development

The promotion of sustainable urban development and the implementation of partnerships are two complementary, mutually reinforcing goals of EU policies aiming at successful urban governance (Getimis and Grigoriadou, 2004). Groups such as community development organizations, chambers of commerce, or business councils can contribute to the process of local economic development (Bartsch, 2006). The European Union contains more than 80,000 local government authorities. These are the basic administrative units of community life both in rural and urban areas. In most Member States they have power in a wide range of areas that include social assistance, education, health, housing, environmental protection, local public transport, water and energy supply, the collection and treatment of household wastes, culture, and leisure activities (Monne, 2004). Furthermore, they try to use their financial resources more effectively by becoming more business-like in their day-to-day practices (Elander, 2002). Finally, referring to the local economic development process in Germany and Britain, Bennett and Krebs (1991) support that the enlargement of the market and the activation in collective consciousness from different units is stated emphatically by the endogenous and collaborative action that occurs in an area (place/city).

More particularly, PPPs, as an institutional approach, have a long history in local economic development policy (Ward, 1990;

Xie and Stough, 2002); they were first established in the USA in the 1970s and later in other countries (Carrol and Steane, 2000; Paskavela-Shapira *et al.*, 2000). In addition, the European Commission (EC) published two reports dealing with PPPs (*Guidelines on public-private partnerships* and *Resource Book on PPP case studies*, respectively in 2003 and 2004) and a Green Paper in 2004 by which a public consultation was opened (Marra, 2006). PPPs are mentioned as arrangements between government and private sector entities for the purpose of providing public infrastructure, community facilities and related services. Such partnerships are characterized by the sharing of investment, risk, responsibility and reward between the partners. The reasons for establishing such partnerships vary but generally involve the financing, design, construction, operation and maintenance of public infrastructure and services (British Columbia, Ministry of Municipal Affairs, 1999; Almeida, 2004; Financial Government Guidance, 2006; Hemming, 2006). For Carrol and Steane (2000), PPPs are agreed co-operative ventures that involve at least one private and public actor as partners and both partners recognise that they have obligations and benefits arising from this agreement. In addition, PPPs are joint initiatives developed and managed by a public-sector agency and a private-sector entity for the purpose of attaining both a commonly shared goal and the partners' respective individual objectives (Jamali, 2005; Nijkamp *et al.*, 2002). Referring to the nature of PPPs in the USA, Britain, France and Germany, Di Gaetano and Storm (2003) mentioned that PPPs have emerged as a tool of governance in cities of all the four countries suggesting convergence of public policies across local and national borders. The main incentive for creating public-private partnerships lays in the public sector's desire to bring private financing and managerial skills to public service provision (Kyvelou and Karaiskou, 2006). Through PPPs, the advantages of the private sector - innovation, access to finance, knowledge of technologies, managerial efficiency, and entrepreneurial spirit - are combined with the social responsibility, environmental awareness and local knowledge of the public sector in an effort to solve problems (Kumar and Prasad, 2004). According to Gindle *et al.* (2002), the public sector stimulates and supports (mainly financially) the implementation of the co-operative initiatives for sustainability. The general idea is to promote a (economic) win-win situation for the community and for the participating private actors (mainly companies, enterprises).

The main priority of these initiatives focuses on the localities' sustainable economic development, since the existence of local public authorities or urban managers with entrepreneurial capacity comes forward as a major necessity, especially in the decade of the 1990s (Hall and Hubbard, 1998; van den Berg and Braun, 1999). Barlow (1997) mentioned that the local public authorities' without entrepreneurial capacity could have a negative impact (disadvantages) on a city's development compared to others. Typical examples of Local -Self Government participation and contribution to the design, development of policies and promotional procedures that are related to the urban regeneration, to cultur-

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the role of local firms' leaders, in the local community, and the economy of the city claiming that most of the partnerships were created in the inner rather than in the outer setting of the city with a specific target i.e. the reconstruction of Sheffield.

al activities and generally to economic development, are found in international bibliography: cases of cities like Edinburgh, (Simpson and Chapman, 1999), the case of Community Councils (CCs) in Scotland (Raco and Flint, 2001) and reconstruction policies of Glasgow and Dundee in Scotland (McCarthy and Pollock, 1997), Paris (Chevrant-Breton, 1997), Israel (Carmon, 1999). In addition, cases of PPPs concerning economic-territorial investment in Holland (Premious, 2002; Waters and Smith, 2002; Baidal, 2003), policies of investment drawing in the cities of Ireland (Flinter, 2005) as well as the Community Investment Support Programme (CISP) in the cities of Canada ([www.cisp.gc.ca](http://www.cisp.gc.ca)), that help Canadian communities to become more effective in working with foreign investors, and better at attracting foreign direct investments, etc.

### 3. Local Authorities and PPPs in Greece

The decentralization system and the Local Authorities in Greece have been submitted to successive reforms up to date, with the latest proposal for the new Code of Municipalities on Township in the framework of the 2539/97 Law (Kapodistria) [Besila-Vika, 2004]. The bigger and more complex those reforms are, the bigger and sharper the oppositions evoked at local and regional level.

In order to support the Local Authorities Institutions and the effectiveness of developmental policies to exist, cooperation of the municipalities and local business should be encouraged with the business community as well as with other institutional structures such as a) Chambers, b) industry associations, c) European Information Centers, d) Technology Development Corporations, e) Innovation Centers, f) Universities, Institutions of Technological Education and Research Centers. Unfortunately in Greece the Local Authorities' role has always been regulated and controlled by the Central government. According to several approaches (Getimis and Grigoriadou, 2002; Photis and Koutsopoulos, 1996), the highly centralized and hierarchically organized state and the lack of a viable system of sub-national governance are generally considered as the main characteristics of Greek intergovernmental relations, where local and regional authorities are not offered the necessary competences so as to operate autonomously. In addition, Greek government authorities are characterised by sufficient weaknesses regarding inefficient bureaucratic mechanisms, inadequate infrastructure and non-specialised human resources in order to support local development actions effectively (Photis and Koutsopoulos, 1996). Furthermore, according to Georgiou (1994) institutional infrastructure in Greece at the sub-national level has been widely regarded as inadequate to central administration, served to slow down the implementation of EC programmes which, in spite of the satisfactory level of finances in some cases, did not establish a momentum for efficient and effective regional development. Thus, the need for substantial reforms that would meet the new demands of local economies and communities depends on the government's ability to comprehend and predict the new demands.

Finally, despite the fact that the existing European experience was profound in PPPs, the adoption of the PPP practice in the Greek market met a lot of obstacles and reactions. The obstacles had to do mainly with the nonexistent or the incomplete legal and institutional framework, the allocation of responsibilities among the various authorities and the definition of the criteria for promoting a project as a public or public private partnership one (MEF, 2005; Papaioannou and Peleka, 2006). From their point of view, Getimis and Marava (2002) support that PPPs at local level or the private sector were less involved in the cooperative schemes. In most of the cases the building of public-private partnerships focuses on large infrastructure projects (bridges and tunnels, light rail networks, airports and air traffic control systems, prisons, water and sanitation plants, hospitals, schools, and public buildings) [Hemming, 2006]. The same view is presented in Greece (Attiko Metro, Attiki Odos Tollway, Rio-Antirion Bridge, Thessaloniki Metro) [Papaioannou and Peleka, 2006].

A crucial effort in order to face the above problems is the establishment of Law 3398/2005. Law 3398/2005 provides incentives for both public and private bodies to be engaged in partnerships for constructing infrastructure or delivering services, mainly through the simplification of relevant procedures. It defines the minimum content of a PPP contract, with clear description of the rights and obligations of both parties, regulating particular issues such as financing, the participation of public entities in partnerships, the payment mechanism, granting of permits, protection of the environment, treatment of archaeological findings, expropriations and cases of projects undertaken by Public Utility companies. Moreover, legal issues related to these partnerships, such as the transfer of claims, taxation and resolution of disputes are clearly defined (MEF, 2006).

In conclusion, the development of effective PPPs in Greece is not widely spread. It is limited to the implementation of big projects of national scale and interest, where the central administration and control are practised by the government. The lack of initiative at local and regional level results in the delay of local and regional economic development. Under Law 3389/2005, two new administrative bodies have been established, aiming at the support of Public Authorities, in order to improve the effective preparation and management of PPP projects. First, the Inter-Ministerial Committee for Public-Private Partnerships (IM PPP Committee), which is a collective governmental body that defines and specializes PPP Policy and approves PPP projects that fall under Law 3385/2005. Second, the Special Secretariat for Public-Private Partnerships (PPP Unit), which has been established within the Ministry of Economy and Finance. This Special Unit identifies projects that can be delivered via a PPP scheme, promotes their implementation and provides support to IM PPP Committee and to the Public Entities in the context of all necessary procedures for the finalization of a PPP project. In addition, the necessity to design and materialise cooperation arises as vital for their development and competitiveness (MEF, 2006).

Taking into account the previous analysis, this article ventures an investigation on the potential partnership development in an important city of the Greek region, Larissa. In the following units, this case is presented and discussed on the basis of primary research results.

### 4. Research Questions

The paper aims to provide some answers to the following research questions, by studying the case of the city of Larissa, Thessaly region in Greece, and particularly uses primary evidence from 114 firms that are located in this area. More particularly:

- *What are the possibilities of having an effective partnership among local authorities and firms for the city to attract foreign direct investments?*
- *What are the reasons for not developing partnerships in common?*
- *What is the degree of effectiveness of local actors and decision makers in the process of local economic development and competitiveness?*
- *What is the degree of significance of PPPs for the city?*

The questions above tend to shape the partnership profile between local decision makers and firms of the city of Larissa. By taking into consideration the distinctive character of the city and the fact that Larissa is one of the most important cities in the Greek periphery, we sustain that the research evidence provides a clear tendency of partnerships nature in relevant cities in Greece.

### 5. The city of Larissa

#### Profile of the city

Larissa is the largest city, in size and in population, in central Greece. Capital of the county and of Thessaly region, the city of Larissa holds an important economic position over the national highway Patras-Athens-Thessaloniki-Efzonon. The city of Larissa has settlement functions of first level and is one of the most important urban centers. Larissa is located in the centre of Greece (figure 1).

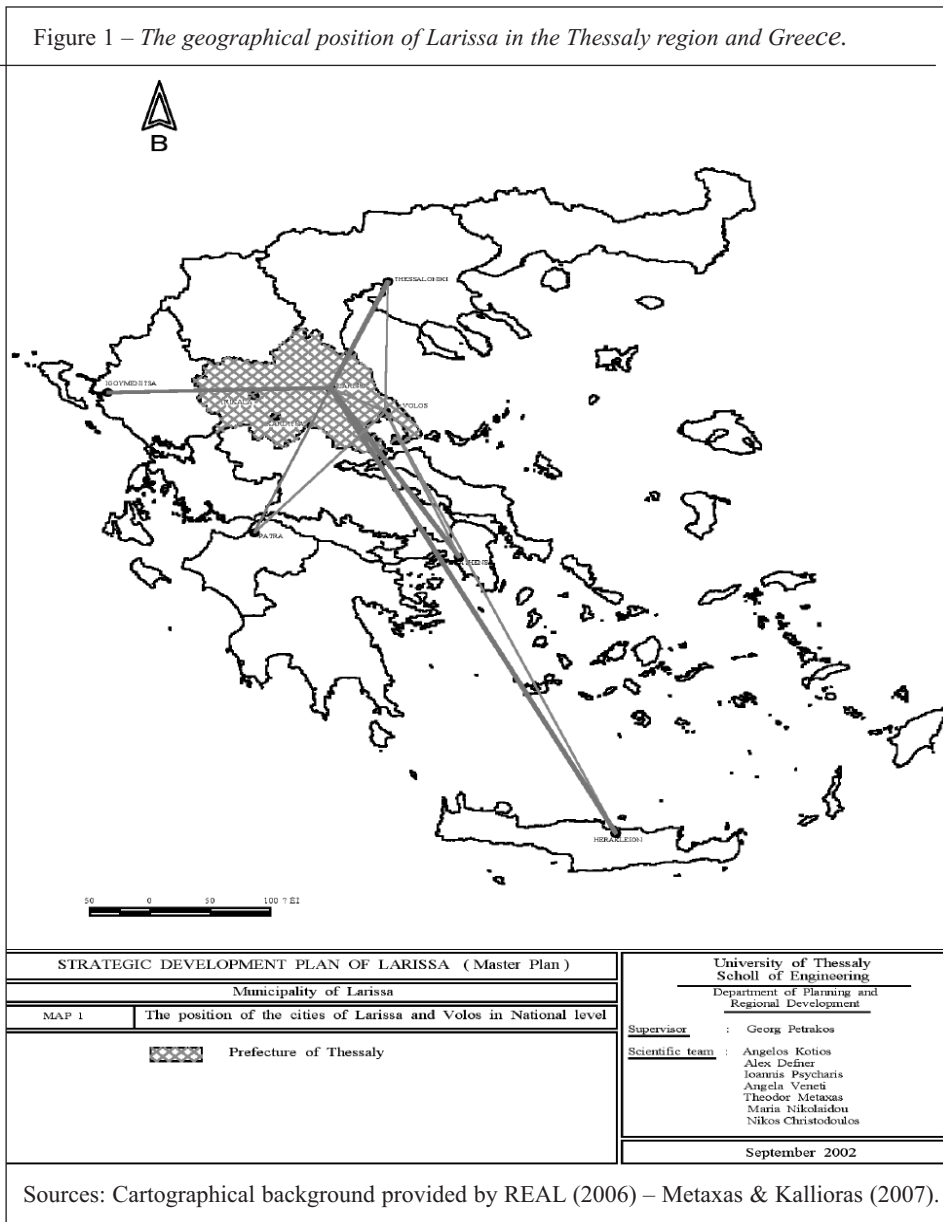
Larissa is located on the basic highway and railway route of the country that connects the two big urban centers, Athens and Thessaloniki (north and south Greece). These characteristics make Larissa one of the most powerful urban regions due to its geographical position. Despite its special dynamic in regional and national lev-

el, Larissa, as most of the medium-populated cities of Greece, has confined or minimum experience on the design and application of successful PPPs. Two are the representative examples that appear in the bibliography (Kyvelou and Karaiskou, 2006). One refers to urban structures, the construction of an underground parking station, accompanied by the rehabilitation of the super terrestrial surrounding urban space, while the second the renewal of the former ‘Hotel Xenia’, into a modern five star hotel with multiple operation spaces including conference room and spa (Municipality of Larissa, 2001, 2005 cited in Kyvelou and Karaiskou, 2006).

#### Profile and aim of the research

In this unit emphasis will be laid on the analysis of some of the primary data of a field research that took place in the city of Larissa in July-September 2003 and January-Febru-

Figure 1 – The geographical position of Larissa in the Thessaly region and Greece.



ary 2004. The research targets were the enterprises of Larissa and in the surrounding areas (light and heavy industry, commerce and services), the evaluation of possible partnership development between public and private institutions, aiming at actions supporting the image of the city, and establishing new businesses and productive activities. In the research, the questionnaire used consisted of multiple choice questions in Linker scale 1-5 (1: min – 5: max).

#### *Enterprises' profile*

The field research was realized at 114 enterprises of the city occupying at least 20 employees. The interviewees were a) local businessmen- owners and b) executives (general managers, department supervisors). Out of the total 130 questionnaires given, 16 were characterized as non appropriate and were not included in the process (deviation: 12,3%). The 114 enterprises came from 3 different sectors: a) Industry: 36 enterprises b) Commerce: 40 enterprises c) Service (Financial, Tourist, Training): 38 enterprises, while the comparing criterion taken into account was the number of employees (the only quantity variable). In this way 3 categories arise: a) 0-50 employees (small enterprises), b) 51-100 employees (medium enterprises), c) >101 employees (big enterprises).

## 5. Analysis and Research Answers

In this unit the enterprises' standpoints are presented with reference to the questions set before.

- *What are the possibilities of having an effective partnership among local authorities and firms so that the city will attract foreign direct investments?*

Great importance is attributed to the image of Larissa as investment destinations based on recent research conducted over the last 5 years (Metaxas, 2006; Metaxas and Kallioras, 2007) which appoint a special dynamic of the city. Taking into account the findings of the research, a great percentage of the enterprises (44,7%) support that the development of efficient partnerships with Local Authorities is absolutely impossible or impossible to succeed. Furthermore, a high percentage of the enterprises (30.7%) is indecisive with regard to the question and a significant percentage (20.1%) evaluates that there can be a possibility of an efficient partnership between the Local Authorities and the enterprises. Especially severe are the evaluations of the commercial enterprises that characterise, in a percentage of 17.5%, the partnership between private and public sector as absolutely impossible. In addition, almost 45% of all enterprises do not cooperate on average with the public administrative institutions due to the lack of interest by the latter. While an approximate 30% is interested in the development of PPPs but do not set this as an immediate priority. The biggest interest is indicated by industrial enterprises, when the commercial enterprises seem to be the most unconcerned to that kind of partnerships. This uninterested position is established by the fact that they do not pursue cooperation but participate in them casually (21%), in contrast to the enterprises of the other two sectors. Conse-

quently we can claim that partnerships between the two sides are set randomly without the existence of coordinated planning and development. Furthermore, the fact that PPPs do not constitute the enterprises' priority is attributable to the lack of understanding on their side, of the significance for the enterprises themselves as well as for the city's development overall.

- *What are the reasons for not developing partnerships in common?*

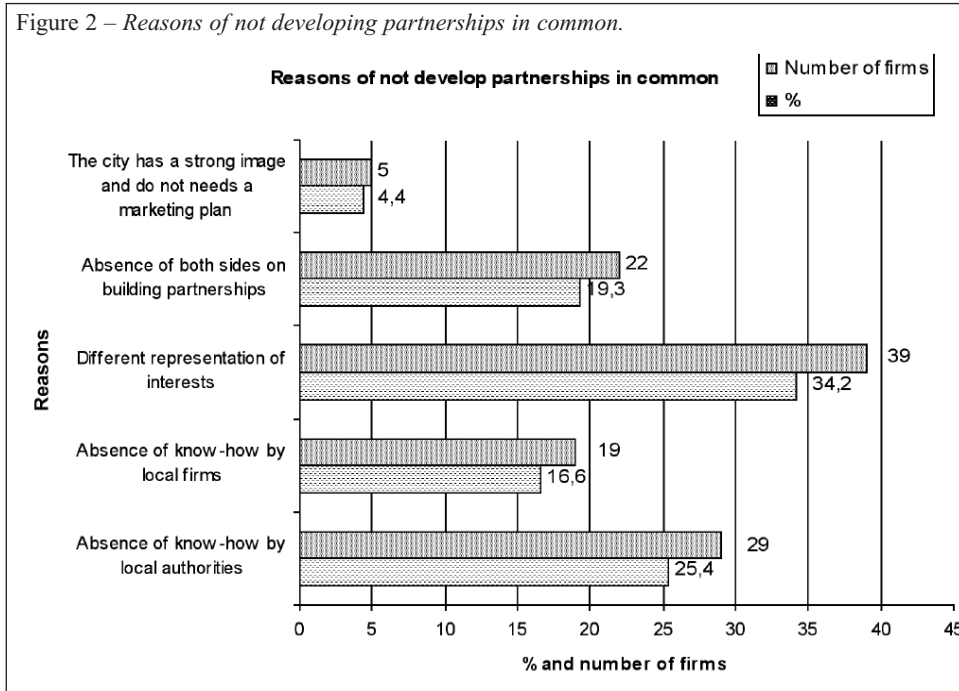
Particularly interesting are the percentages that arise (figure 2). 19.3% of the enterprises claims that the non-efficient development of partnerships is attributable to the incapability and lack of know-how of both sides (public and private), while a high percentage (16,6%) believes that the enterprises are responsible for this. A main conclusion that is reached by all those estimations is that enterprises do not hold a one-side stand regarding the responsibility of absent PPPs. In reality they indicate the importance of the PPPs while they define the lack of know-how on their side. At the same time the necessity of cooperation in the city of Larissa is shown as Larissa, being one of the most important Greek cities, is claiming the leading role in regional and national level.

- *What is the degree of effectiveness of local actors and decision makers in the process of local economic development and competitiveness?*

The values of table 1 indicate an intense discontent of the enterprises regarding the ability of local authorities since the mean values are below 3.0 (average) and standard deviations are very low. More specifically as far as the Local administrations are concerned, enterprises think of more efficient the contribution of Association of Thessalian Industries and the University of Thessaly, while they assign a low degree of effectiveness to the role of the Prefecture of Thessaly. This evaluation is to a point expected due to the fact that the role of the Prefecture has been downgraded comparing to the Local Authorities. On the other hand the estimations on the Regional Authorities (municipality scale) are on a large degree better. A homogenous stand of the enterprises is apparently relating to the role they play regionally, a fact that is shown by the collection of medium values around the average 3.0. The Chamber of Commerce and Industry and also the Technological Research Institute receive the higher mean values without overcoming 3.0.

This obvious alarming illustration of the role and abilities of the local institutions concerning the planning and the implementation of developmental policies is supported by the facts of table 2. According to the facts of table 2, it is characteristic that in almost all sectors, the effectiveness of Local Authorities is evaluated as low (< 3.0 average) with low standard deviations, a fact that is mostly obvious at the evaluations of the services sector. Especially in sectors as administration and control of EU programmes, the F.D.I attractiveness, the administration and control of big projects at regional level and also the administration of the cultural resources of the area, the capability of Local Authorities are characterized as de-

Figure 2 – Reasons of not developing partnerships in common.



efficient. By examining closer the values per sector, it is discerned that industrial enterprises are more content from the local authorities' actions in certain policies (support and enforcement of SMEs, city's aesthetics, social services), where mean rates are above 3.5. This differentiation is more evident comparing to services enterprises, mainly relating to the FDI

attractiveness and management of social problems. Moreover, the estimations of commercial enterprises specify a concentrated gathering around the average of 3.0, an information that points out the local authorities poor ability in all development policies sectors, with which the total of the enterprises agree.

Basically we notice an overall negative and dubious perception of firms concerning the ability of local communities in the so far presentation of the results. In Table 3 this image is specified by examining correlations between the factors that evaluate the ability of local public authorities. A T-Test analysis has been taken with  $df = 113$  and  $t > 2$  at  $p = 0,000$ , while high correlations among the variables were founded at 2-tailed sign. levels, 0.01 and 0.05. For example, the low efficiency of local communities in promoting and implementing training programs and continuing education (EDTR) affect negatively the overall climate for attracting investment (FDIA), and also the development of local enterprises (SELF). This means that the low efficiency in developing skilled manpower is demonstrated, the negative profile of the city for investment is intensified, influencing at

the same time the existing business environment. Also, the low efficiency of local authorities in managing large development projects (MDPR), is directly linked to the overall poor knowledge in EU programs (MCEU) but this whole feeling has consequent negative impact on the overall economic dynamics of the city's environment (SELF, EDTR). Generally, these correlations are quite strong and support the overall estimation of the business world as shaped by the results of the research.

The analysis of table 3 results in the conclusions of table 4 that refer to the examination of the reasons that form the local authorities low ability rate in planning and implementing development and cooperation policies with the private sector. According to table 4, the main responsibility for the poor ability of Local Authorities to design and practice policies, as well as to create cooperations, falls on the limited initiative development abilities in regional level, due to the encirclement

Table 1 – Local authorities and public institutions' degree of effectiveness on planning and implementing development policies (scale: 1=min, 5=max) – means and standard deviations.

	INDUSTRIAL		COMMERCIAL		SERVICES		Average	
	$\bar{X}$	Sd	$\bar{X}$	Sd	$\bar{X}$	Sd	$\bar{X}$	Sd
<i>Regional level</i>								
Regional Authorities	2.7	1.0	2.4	1.0	2.8	1.1	2.6	1.0
Prefecture of Larissa	1.6	0.7	1.9	0.8	1.6	0.8	1.7	0.8
Association of Thessaly Industries	3.8	1.1	3.8	1.2	3.9	1.1	3.8	1.1
Centre of Research and Technological Development	2.2	0.8	2.2	0.7	2.3	0.8	2.2	0.8
University of Thessaly	3.2	0.9	3.0	0.9	3.1	1.2	3.1	1.0
Average	2.7	0.9	2.7	0.9	2.7	1.0	2.7	0.9
<i>Local level</i>								
Local Authorities and Municipal Council	2.9	0.7	2.6	0.7	2.9	1.1	2.7	0.8
Chamber of Commerce and Industry	3.0	1.2	3.4	1.1	3.0	1.1	3.2	1.1
Association of Commercial Enterprises	2.8	0.8	2.8	0.7	2.9	0.8	2.8	0.8
Technological Institute of Larissa	3.0	0.9	3.0	1.0	2.9	1.1	3.0	1.0
Education and training institutes	2.8	1.0	2.9	0.9	2.9	0.8	2.9	0.9
Local Development and Supporting Agencies	2.9	1.0	2.8	0.9	2.5	1.0	2.7	1.0
Average	2.9	0.9	2.9	0.9	2.9	1.0	2.9	0.9

Table 2 – In what sectors local authorities and public institutions are less effective.

Local development policies sectors (and their codes)	INDUSTRIAL		COMMERCIAL		SERVICES		Average	
	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>
Management and control of EU development programmes (MCEU)	3.2	1.2	2.9	1.4	2.8	1.1	2.9	1.2
FDI attractiveness (FDIA)	2.8	1.1	2.5	0.9	2.7	0.7	2.6	0.9
Support and enforcement of local firms (SELF)	3.9	1.0	3.1	1.1	2.9	1.0	3.3	1.1
Education and continuing training (EDTR)	3.0	1.0	3.1	1.1	3.3	1.1	3.2	1.1
Management and control of large development projects (MDPR)	2.7	1.1	2.6	1.0	2.9	1.0	2.7	1.0
City's aesthetics and image (CAEI)	3.2	0.9	3.0	1.1	2.8	0.9	3.0	0.9
Culture and management of local heritage (CMLH)	2.8	1.1	3.0	1.1	2.9	1.1	2.9	1.1
Social services (social poverty and social exclusion) (SOSE)	3.7	1.6	3.2	1.0	3.1	1.1	3.3	1.2
Average	3.1	1.1	2.9	1.0	2.9	1.0	2.9	1.0

into the government's directions. The total of enterprises in all sectors, declares for this opinion, this shows the need for management and handling policies restructuring. In their total the rest of the reasons are identified as significant as well as responsible for the outcome of the subordinate policies, but without receiving high mean rates (> 4.0). This image leads to the assumption that the reasons examined indeed compose hindrances in the development procedure, but it may be overcome and corrected, through substantial activity of the local authorities in matters of management, relation and cooperations' control and

opment and competitiveness.

In Table 5, this image is specified by examining the correlations between the factors that evaluate the ability of the local public authorities. A T-Test analysis has been taken with  $df = 113$  and  $t > 2$  at  $p = 0,000$ , while quite high correlations among variables were founded at 2-tailed sign. levels, 0.01 and 0.05. For example, the lack of know-how to attract and the overall project management and financing from EU (LAMF) is connected directly and affects the effective partnerships with local businesses (LAPE), while at the same time restrictions on public funding at national level contribute to the deterioration of this disability. Of course the overall picture is supported by the highly centralized system of power that exists at national government level, which we have already analyzed.

• What is the degree of significance of PPPs for the city?

At last in figure 3, the definition of importance of PPPs is attempted, for the city of Larissa.

Up to this point, the positive contribution of PPPs in the local economic development and competitiveness of the cities has been defined unquestionably. It will be supported, though, that it is vital for the Greeks, as well as for the southeast standards to distinguish the importance of PPPs, for the city of Larissa, as an urban centre with special advantages and dynamics. In greater detail in figure 3 the following facts arise.

It is especially pleasant that the enterprises of the city recognize the importance of PPPs in all the factors examined, a fact that was expected (high medium rates are formed and relatively low standard deviations). The competitiveness of the city (4.2) and the local enterprises' support (4.3) are the two main factors to the contribution of PPPs. Moreover the enterprises e-

Table 3 – Pearson Correlations.

		MCEU	FDIA	SELF	EDTR	MDPR	CAEI	CMLH	SOSE
MCEU	Pearson	1							
	Sig. (2-tailed)								
	N	114							
FDIA	Pearson	,126	1						
	Sig. (2-tailed)	,181							
	N	114	114						
SELF	Pearson	,103	,300**	1					
	Sig. (2-tailed)	,276	,001						
	N	114	114	114					
EDTR	Pearson	,197*	,575**	,557**	1				
	Sig. (2-tailed)	,036	,000	,000					
	N	114	114	114	114				
MDPR	Pearson	,346**	,209*	,301**	,438**	1			
	Sig. (2-tailed)	,000	,025	,001	,000				
	N	114	114	114	114	114			
CAEI	Pearson	,085	,310**	,613**	,590**	,357**	1		
	Sig. (2-tailed)	,369	,001	,000	,000	,000			
	N	114	114	114	114	114	114		
CMLH	Pearson	-,032	,186*	,482**	,454**	,313**	,570**	1	
	Sig. (2-tailed)	,738	,048	,000	,000	,001	,000		
	N	114	114	114	114	114	114	114	
SOSE	Pearson	,230*	,195*	,706**	,565**	,292**	,531**	,340**	1
	Sig. (2-tailed)	,014	,038	,000	,000	,002	,000	,000	
	N	114	114	114	114	114	114	114	114

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

Table 4 – *Reasons of low degree of capacity to plan and implement partnerships and development policies (1=low importance, 5=high importance).*

Reasons (and their codes) of low effectiveness	INDUSTRIAL		COMMERCIAL		SERVICES		Average	
	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>	$\bar{X}$	s <sup>2</sup>
Lack of know-how in matters of local development management (LADM)	3.6	1.2	2.9	0.9	3.6	1.0	3.3	1.2
Lack of know-how in matters of partnership design and development with enterprises (LAPE)	3.3	0.9	3.0	0.7	3.2	0.7	3.1	0.8
Constrained financial strengthening by the government (CFSG)	3.4	1.0	3.7	1.0	3.5	0.8	3.4	0.9
Lack of know-how on the pursuit and management of funds by the E.U (LAMF)	3.8	1.1	3.5	1.1	3.4	1.1	3.1	1.0
Constrained initiative development abilities in local level(encirclement in policies/directions of central administration) (CIDA)	4.1	1.2	4.4	1.3	4.1	1.0	4.2	1.0
Lack of interest in partnership development with the private sector (LAPP)	3.2	0.9	3.7	1.1	3.6	1.1	3.5	0.9
Average	3.6	1.0	3.5	1.0	3.5	1.1	3.5	1.0

Table 5 – *Pearson Correlations.*

Codes	LADM	LAPE	CFSG	LAMF	CIDA	LAPP
LADM Pearson Correlation	1					
Sig. (2-tailed)						
N	114					
LAPE Pearson Correlation	,129	1				
Sig. (2-tailed)	,172					
N	114	114				
CFSG Pearson Correlation	,157	,285**	1			
Sig. (2-tailed)	,096	,002				
N	114	114	114			
LAMF Pearson Correlation	,039	,522**	,393**	1		
Sig. (2-tailed)	,679	,000	,000			
N	114	114	114	114		
CIDA Pearson Correlation	,529**	,315**	,217*	,140	1	
Sig. (2-tailed)	,000	,001	,021	,138		
N	114	114	114	114	114	
LAPP Pearson Correlation	,253**	,030	,295**	,315**	,295**	1
Sig. (2-tailed)	,007	,755	,001	,001	,001	
N	114	114	114	114	114	114

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

evaluate that PPPs are capable of reinforcing the attractiveness of the city as an investment destination while they can fortify the existing dynamic in regional and national level. Developing effective PPPs is rather important for the improvement of the Local Authorities' ability to manage developmental issues as well as the ability to take advantage of opportunities in national and European level. The contribution of PPPs is evaluated as less important on sectors such as the improvement of the city's relations with the regional and central government, providing the know-how to the wider community, improvement of the city's relations with other cities of the region of Thessaly as well as the Greek region totally. An important fact of the analysis is that the rates of standard deviations formed

are rather low, which indicates a mutual and powerful evaluation of the enterprises that participated in the research as a total on the importance of PPPs for the development of the city.

We will assume that the enterprises comprehend and recognise the necessity of the PPPs' implementation for the city and the environment in which they activate and develop. The intention to create such partnerships is obvious, even though the enterprises themselves claim that the representation of dissimilar interests, of those of the regional government, are the main reason for their absence.

## 6. Conclusions

The aim of this article was to highlight the importance of PPPs in the economic and social development of European cities. In order to fulfill this goal and to contribute to the enrichment of the PPPs research, especially in the European South, the article presents and analyzes some facts of empirical research, focusing on the Greek region and especially on a dynamic city, Larissa. The research, carried out at the enterprises of the city, was designed to indicate the existing cooperation conditions as well as to locate obstacles and to approach the developmental abilities of PPPs in the future. The survey results highlight a number of serious problems concerning the development of partnerships between the public and private sector, which clearly affect the efforts for PPPs.

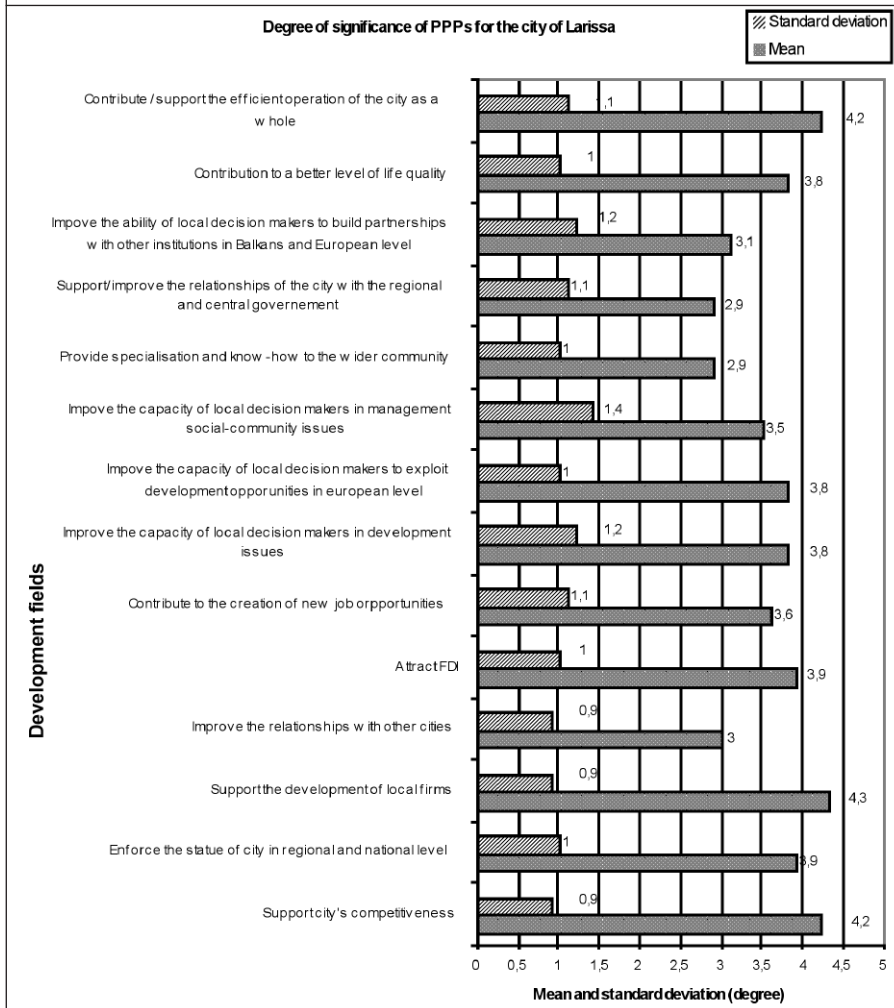
In particular, after five years, as from this research implementation, the current situation of PPPs in the Greek Local Authorities seems not to have changed rapidly. The crucial point is that the present new legal regime presented above enables and facilitates the elected and local officials to boost regional development and to develop cooperation initiatives for the acquisition of knowledge. In addition, it provides the opportunity to Local Authorities to exploit EU

projects in order to improve infrastructure and services at local and regional scale. Furthermore, it is important that local bodies can take advantage from the private equity investments for long-term projects at the lowest possible cost and the limits of the Public Investment Program so as to keep funding projects in a conventional way (Bekou, 2008). For these positive effects and reasons, it is necessary for the local communities to understand the need for changes in governance structure and operation. Local Authorities and decision makers should face the new challenges that the implementation of PPPs creates.

In addition, the cases of design and implementation are limited and directed towards big infrastructure projects, as in the European practice. Although, during the recent years, the na-



Figure 3 – Degree of significance of PPPs for the city of Larissa.



tional regional policy's target was to promote and support the image of Local Authorities, the process of setting the local initiative free to act out of the central government's directions, is being materialized in a rather slow pace. That results in the delay of development at regional scale, the non-exploitation of opportunities in the outer setting of cities but also the lack of interest of the groups in the city environment to engage actively and effectively in the local development and flourishing.

In Greece, local authorities are characterized by specific features; they have by nature to deal with small or medium-scale budget projects, limited preparation of the early stages that characterize the maturity of the project due to the lack of skilled personnel, local economic failures and inability to support projects relating to PPPs, etc. which make it difficult to promote them. We support that Larissa firms' attitude is logical and represents a wider enterprises' feeling of trust, equity and understanding from Local Authorities.

We could support that the designing and development of PPPs at regional level reinforce the local development, when they operate under the representation of common interests and directions having as a guide the growth of each city/region. Recent studies (Haikio, 2007; Sørensen, 2002; Metaxas and Lale-

nis, 2006) support that PPPs are the representation of 'common good' that is the place where the process of strategic planning and the development of partnerships take place, through the representation of a common vision that derives from all the active groups in the environment. At the same time, the efficiency of the PPPs, requires the comprehension of their importance for each city/region in total, accompanied by a high degree of know-how in addition to a high degree of initiative development at regional level alongside with the local authorities.

The success of any restructuring process, in particular that of forecasting problems, depends mainly on the dialogue among the company, the service sector, the employees and their organizations (e.g. trade unions), the local or regional authorities, the centres of higher education and the research institutions as well as the government authorities such as regional development agencies. The result and the success of the restructuring process often depend on the quality of this dialogue.

The example of the city of Larissa is typical and perhaps representative of the climate that exists in the relations about the local development in other big cities of Greece. Larissa is an important city not only in the Greek region but also in the Greek territory, as it constitutes an urban centre with multiple productive activities and significant geographical position. Consequently, the fortification of its leading role and the in-

crease in its competitiveness, have to compose the main targets of its future development. Unfortunately, the results of the research indicate in a great degree the absence of a mutual and powerful concept (local authorities and firms), on the city's development, focusing on the existence of PPPs. Taking as a fact the significance of the city at economic level, the recording of the subordinate cooperation conditions is pursued.

By concluding, the article supports that the realization of investments and their subsequent steady operation will generate steady employment and accelerate the convergence and reduce inequalities among cities, regions and relevant local communities in the EU countries. According to Bekou (2008), fund raising for investments from the private sector will stimulate the endogenous growth, since the Community resources are limited and their administration will be made under stricter criteria that have to do with the compatibility of projects with general strategic choices of the EU and selecting those that provide benefits to the citizens. Finally, under the Government's development planning, the PPPs, according to European and national law, operate in a complementary way, at national, regional and lo-

cal level, as well as the public investment program and other national public and community resources.

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