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FACULTY OF ECONOMICS AND MANAGEMENT

“MASTER IN BUSINESS ADMINISTRATION”

MASTER THESIS

Analysis of the existing policy and operational parameters of the Chania Chamber of Commerce (CCC), influencing the effectiveness and efficiency of support to regional SMEs and the development of a Strategic Plan that will improve both its own procedures

By: Ioannis (Yiannis) E. Troulis

Supervisor: Dr. Georgios Georgakopoulos

May 2016

Executive Summary

This work examines the role of the Chambers of Commerce in the economy from the institutional, legal, operational, relational and effectiveness standpoints. The case study is the Chania Chamber of Commerce for which an extensive and elaborate analysis is made to determine the reasons and parameters affecting its effectiveness and efficiency of service to its members and the regional economy.

The Chambers of Commerce enjoy a special and unique position in every regional economy and they are the main business assistance and SME support intermediary. This work found that although they are very old institutions with impressive power endowment, they seem to have largely varied effectiveness, especially in their development intervention in the regional economy.

The theoretical aspect of this research identified that considerable attention has been given to the regional development characteristics and innovation support conditions without adequate attention given to the development intermediaries. The empirical aspect identified considerable performance variability and serious dependency on exogenous factors such as the prevailing institutional framework and endogenous factors such as the managerial skills and time devotion capacities as well as demonstration of vision and leadership abilities.

Chania Chamber of Commerce as well as other Chambers of Commerce have much of the necessary power and institutionally secured role that would enable them to play an important role in the economy. The level of the services to members and their role in the local economy does not meet the expectations prescribed by their institutional power endowment. Their effectiveness to operate at a different and higher level, offering more services to their members and intervening in their region's development, depends primarily on the managerial and political abilities and strategic vision of their administration and the degree by which their internal capacities are developed and directed to a more demanding operation. A strategic goal realignment and other recommendations would be catalytic in overcoming the inherited bureaucratic culture and any existing financial challenges.

Acknowledgements

The author wishes to acknowledge the instigation of Dr. P. Zoumpoulakis for my program enrollment in this advanced stage of my career, Mr. I. Korompilis, Mrs. M. Pantzardzidou, Mrs. S. Avloniti, Mr. A. Jonkari, Mrs. T. Uditayo and Mr. V. Fortsas who at different capacities and at varying degrees helped with the research.

Many thanks and warm regards to the Chania Chamber of Commerce, its administration and especially its President I. Margaronis for allowing the author to make the Chamber the case study for this Thesis.

I want also to thank my Canadian born wife, Katerina Chrisovergis, for her help in editing this work as well as her understanding and support during the three-year process.

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Chapter 1

Introduction and Methodology

1.1 Introduction

Chambers of Commerce across the world are local development support authorities and their role in the local or regional development varies according to the legal, institutional, economic and development framework. In most regions of Europe, the Chambers of Commerce (COC) are the only development oriented organizations dedicated to support the Small and Medium Enterprises (SMEs) of their area (local, regional or other), (Eurochambres, 2010). Given the important role that SMEs play in today's economy and employment, the efficiency and effectiveness of the Chambers of Commerce is consequently important; especially in depressed economies such as Greece presently.

There is previous research on the role of local organizations in the several regional cases such the impact of decentralized reform (Nanetti, 1998) or the role of public sector in local development (Hazaras, 2011) and the role of local organizations as players in endogenous growth (Bagnasco, et al, 1995). They mainly concentrate on the dynamics of public and private sector interventions and contributions to the regional economy without analyzing in particular the role of COC in this process (Waters, 1999). Although the role of COC is examined in few works (Waters, 1995; Bennett et al 1993; Bennett, 1993; Waters, 1998a; Waters, 1998b), they concentrate on few national cases. More research on the COC role is required, especially due to their unique and institutionally powerful role in the regional economy (Waters, 1999).

The research motivation is based on the perceived potential of the regional or local COC given their unique position in their respective regions. This unique role seemed not well utilized and the COC effectiveness observed falls very short of their perceived

institutional role and practical intervention in the economy. It then became a challenge to examine the theoretical and empirical knowledge compounded over the years in order to find out the reasons behind the performance lag and the degree that CCC is a representative example of COC in Greece and abroad. The instigation of this challenge was the considerable amount of resources invested in the COC institution by the state and by the EU programmes which name them as potential beneficiaries in a very large array of programme tenders.

According to the regional government apparatus and the system of development support structures available for the regional SMEs, in Greece, the Chambers of Commerce have a unique role: They are the official spokesman of the regional SMEs and the collective representative of the regional entrepreneurship to the municipal, regional and national authorities, while having the fundamental infrastructure to potentially play a role in the region's development (Greece, Government Gazette, 1992 and 2014). The necessity therefore for improved services and increased role in the regional development of the COC is not matched by any other business support and representation institution.

The time and essence relevance of this thesis is based on the observation that the above mentioned uniqueness is not applied to its real potential (EBEH, 2013) for the benefit of the regional SMEs nor the CCC advocates (CCC President, 2014-16)¹, as its institutional role would suggest, in the planning of regional development in Chania.

The subject of research for this thesis is the Chania Chamber of Commerce (CCC). It seemed an inviting case: a new administration was elected and for the last 4,5 years have been trying to perform differently, compared to the previous one of 30 years. This new, completely different, administration, composed of mostly young to middle-aged entrepreneurs, is faced with the realities of many institutional, organizational and policy limitations that effectively curtailed their initial aspirations of making a difference.

¹ It refers to the collected information and experiences from a two-year period of collaboration, meetings, discussions and comments on COC in general and CCC in particular, within a consulting tenure.

Chania prefecture was the administrative division up until 2010 (Greece, Government Gazette, 2010) when, in accordance with European norms, the prefectures were eliminated and instead, the administrative structure was divided in three elected administrations Municipal, Regional and National endowed with important powers in planning economic development (ibid). In the process, the previous operating domain alignment of Chambers of Commerce with the Prefectures was disrupted. In Crete, the region that Chania belongs to, there is now one regional administration (Region of Crete) and four Chambers of Commerce, one in each of the capitals of the ex-prefectures. The Regional Council of Crete has one Vice Governor for each of the four regional units (ex prefectures) that comprise the region. The Vice Governor for Chania is responsible for the Regional Unit of Chania and has the same administrative domain as the geographical domain of the Chania Chamber of Commerce (ibid).

The Region of Crete is one of the 276 European Union regions and much of the regional development research for this thesis was focused on the region, instead of the regional unit, because of information availability in the statistics system employed. The European system for statistical data² is a comprehensive system collecting information on country/region/sub-region (in Greece the sub-region is called a regional unit), thus providing comparable data for every geographical level. European policy and measures on regional development is largely formed based on the regional competitiveness data as per above. Since a large portion of development planning and funding comes from EU programs, these policies are a very relevant source for this thesis to draw theoretical and practical input from.

This work focuses on the investigation of a particular case (CCC). The research focused on researching a) the theoretical framework of regional development and competitiveness along with its practical implementation in EU and national/regional policies (external environment), b) the internal operating environment and c) the needs and challenges faced by the users of its services (local SMEs). This research helped to determine the factors influencing CCC's effectiveness and the policy and actions that may enhance it. Due to the large degree of interrelations, administrative complexity and multiple policy and funding parameters, the research takes into account the regional

² NUTS: "Nomenclature of territorial units for statistics" (EC - Eurostat, 2016)

aspect of development dynamics as well as the policies, practices and results of economic intervention by other business support organizations, such as Chambers of Commerce and development agencies across Europe.

The contribution of this work to the accumulated knowledge regarding business assisting regional intermediaries, amounts to a) the specific research focus on COC which, although they appear as the main institutional business supporting intermediary type, have not attracted attention corresponding to their role; b) the fact that this work focused on theoretical and empirical research covering the whole spectrum of factors affecting COC effectiveness including a large EU-related component, which contributed to its length; and c) the empirical part of the research focused on extensive and in-depth interviews of SME business unions and trade representatives, done for the first time and which accumulated a wealth of relative to COC information.

The work within is organized as follows: Chapter 1 includes the Introduction and the Methodology of all research work, surveys and interviews. Chapter 2 deals with the theoretical aspect of Regional Development and the EU's regional cohesion policies and related initiatives. It also includes an extensive analysis of Competitiveness both as a notion for evaluating regional development statuses as well as a theoretical and practical backbone of EU's Regional Competitiveness Index, a competitiveness scoring index. Chapter 3 examines the role of the Chambers of Commerce (COC) in Europe, their services and their role as economic intermediaries and regional economic players. At the end of this chapter, several COC best practices are listed as notable effective economic interventions. Chapter 4 focuses on the Greek COC, their recent institutional development, their limitations and impact in the economy. Chapter 5 concentrates on CCC beginning with the relative economic competitiveness status of the island of Crete and continuing on with its organization, management, internal environment, operational output and a major survey of Chania SME Needs. This serves as a basis of the SWOT analysis for CCC at the end of the chapter. Chapter 6 lists the recommendations which are offered in the form of a Strategic Plan for CCC. It includes policies and actions aiming at the observed limitations and incorporates best practices suitable to CCC's specific situation.

1.2 Methodology

The basic research objectives for this thesis include:

1. The identification of institutional, operational and economic policy influencing and shaping the operating limitations of the Chania Chamber of Commerce, which, in turn, determine its potential effectiveness in the service of its members, the SMEs of the regional unit of Chania, especially in the presence of an over six-year recession and its numerous effects on them.
2. The internal capacity evaluation vis-vis the present needs as well as the perceived needs of the next 5-year period.
3. The actual present needs of the SMEs operating in Chania regional unit as well as their perceived challenges for the next 5-year period.
4. The local development potential, in terms of the present economic situation and perceived challenges for the next 5-year period, as seen by regional and local development related players such as the Region of Crete's development agencies and the 7 municipal authorities that belong in the Chania regional unit.

Research objective 1 (above) is met, firstly, through research of the institutional framework parameters as determined by the European policies and laws which provide the strategic plan and corresponding funding for achieving EU's objectives. This funding is the main regional development supporting tool in place, since it constitutes the bulk of structural fund programs. Secondly, the Greek institutional framework is discussed as it determines much of the legal operating framework for the Chambers of Commerce in Greece, which are all public institutions. Thirdly, a more detailed research is done in the EU's Regional Development policies and especially in those fostering regional competitiveness and its measurements by studying EU's cohesion policies and Regional Competitiveness Index (RCI). The importance of each region's relative development and competitiveness level, lies in the fact that its relevant regional development status as indicated by its RCI ranking is the primary determinant of the policies and funding priorities, at both the sectoral (national level) as well as the regional (sectoral and geographical level) structural funds affecting it.

For the same objective 1, CCC's present operational output is analyzed as follows: CCC's output is comprised of the Board of Directors meetings and decisions, Management

Committee's meetings and decisions, press releases, undertakings and initiatives, agreements and memorandums, statistics of clients served and jobs performed by department, numbers of business registration and delisting, official contacts, shows and exhibitions participations, events organized and event participations, etc.

CCC publishes every year a report on the activities performed by management which is presented as a dated journal listing of noteworthy activities, described in 2-3 lines. In this listing, the public relations office tabulates all meetings, events and initiatives the President initiates or participates along with all the important visits and exhibitions. In separate sections they include a report of the business registry activities and the reports of the external lawyer and consultant (CCC, 2016b).

Given the form of the output source (annual report), output analysis was done in two directions. First, the output data was categorized according to the served business sector or subsector that was related to and was of a particular thematic importance: Commerce, Services, Crafts and Industry, Food and Beverages, Tourism, Extroversion, New Entrepreneurship including start-ups, Education and Training, Policy and Organization, Social, Unemployment, Other Institutions; per year of analysis. Second, the data was also categorized according to the type of activity it was performed, such as: Official, Planning, Promotion, Monitoring/Implementation and Reporting Activities, per year of analysis.

The intention of the former categorization was to tabulate and evaluate the activities according to the sectors and subsectors served, while for the later it was to evaluate these activities in terms of their impact in the local economy.

Then, the resulting findings were compared with previous year's or years', which illustrated the activity per sector per year and comparatively between years, while the activity level was essentially evaluated according to its type/quality.

Individual activities per year are approx. 150, "allocated" per sector/subsector and by type of activity. Some have been listed on more than one heading if they serve more than one sector or the type of activity can be classified under more than one type.

The output is also determined by conducting private formal and informal interviews with the elected administration from March 2014 to date.

With regard to economic policy effects, for research objective 1, a major research was conducted with all the business sectors of Chania's economy, in which the economic policy effects on each sector were tabulated. Its rationale and methodology is as follows: In the course of discussions regarding the role of COC in the economy and their relevance with their members, many times there were questions and doubts as to their usefulness to SMEs and their effectiveness in performing their designated role (CCC President, 2014-16). These discussions and the realization of the critical juncture in the Greek COC role and prospects, illustrated COC's lack of concrete knowledge and detailed problems of their own constituents. Talking about SMEs and their problems comforts COC administrations that they are close to them, but in the context of a more effective and interventionist role, the present knowledge level appears superficial and shallow, as it is limited within the personal network of the administration members (ibid). For a thorough understanding of all relevant components of SME needs, the real dimensions of the challenges they face and the make-up of their future prospects (comparative advantages per sector), one should investigate in a more organized, consistent and collaborative manner (EBEH, 2013; Waters, 1998).

Given the large amount of CCC membership and the profound proximity of the trade associations with CCC, a survey of the trade associations' administration was designed: the survey would be a series of interviews (36 associations – Annex C) with the Chania trade associations' heads based on a comprehensive questionnaire (Annex D) of open and closed ended questions. The 33 questions were divided in three groups: a) the present situation (10), b) the perceived challenges and opportunities for the next five years (9) and c) their relation to innovation (13). The closing open-ended question (1) referred to the trade association's relation with, expectations from and suggestions to CCC.

The rationale of this long process was that the in-depth knowledge gap and the present communication patterns have created a superficial relationship based rather on political expediencies than on actual care for the problems. This extended line of questions and the time devoted in the interview, an average of close to two hours, contributed to a solid and valuable information exchange. It contributed also to increased respect for CCC that sanctioned this survey, and all congratulated the effort.

In Chania there are over 50 trade associations, brotherhoods and societies most of which belong to national and regional federations and their sector related advocacy is

channeled through these federations. Only local issues are dealt with locally and sometimes with CCC's collaboration or accommodation. Among the membership of these trade associations there are normal, every-day people, mom-and-pop stores and many sole-performing entrepreneurs. Moreover, large and exceptional businesses are not usually involved in these trade associations (with the exception of large hotel owners) nor their views are distinguishably known. In order for the survey to capture their point of view of such distinctly performing businessmen and heads of medium/large companies in Chania, CCC President suggested some exceptional individuals from different sectors to also be interviewed. Their replies are not included in the quantitative results but they are included in the recommendations.

Finally, the number of SMEs represented by the trade associations are approx. 40% of the total CCC membership, which also includes non-unionized active businesses as well as dormant and barely operating SMEs.

This is a first-ever survey by interviews conducted on behalf of COC with its own, trade-organized membership, which effectively is its most numerous, vocal and knowledgeable part. The underlying assumption is that these trade associations are in the best possible position to offer some concrete ideas, plans and problem solutions than any telephone or online survey with individual SMEs of the same area. The official interview is more concrete and detailed since it tabulates problems and issues; asks/discusses ideas, solutions, plans; and contributes to collaborations, while the telephone-online type of survey is more abstract, usually aiming at "feeling" the mood and forming understanding of current SME opinions on problems and issues.

The seriousness of the process and the type of questions created an additional benefit for CCC by ameliorating its image and improving its relationship with the trade associations. The amount of data accumulated could support a regional conference for the development in Chania where many development issues can be discussed.

Parts of this research served also to meet research objective 3 (see below).

Research objective 2 is addressed to the CCC's personnel and directors. The aim here is to determine and evaluate capacities for performing tasks needed in the next 5-year period and should be provided/supported by the internal organization. An anonymous

questionnaire evaluated the “service gaps” (Parasuraman, et al., 1990). The anonymity served to eliminate fears, so that the process is more productive.

The questionnaire was distributed on May 20th 2016 (ANNEX A) to all twelve people in order to analyze Gap 3, according to the Service Quality Model (Parasuraman et al, 1985) as shown in the following graph (ibid).

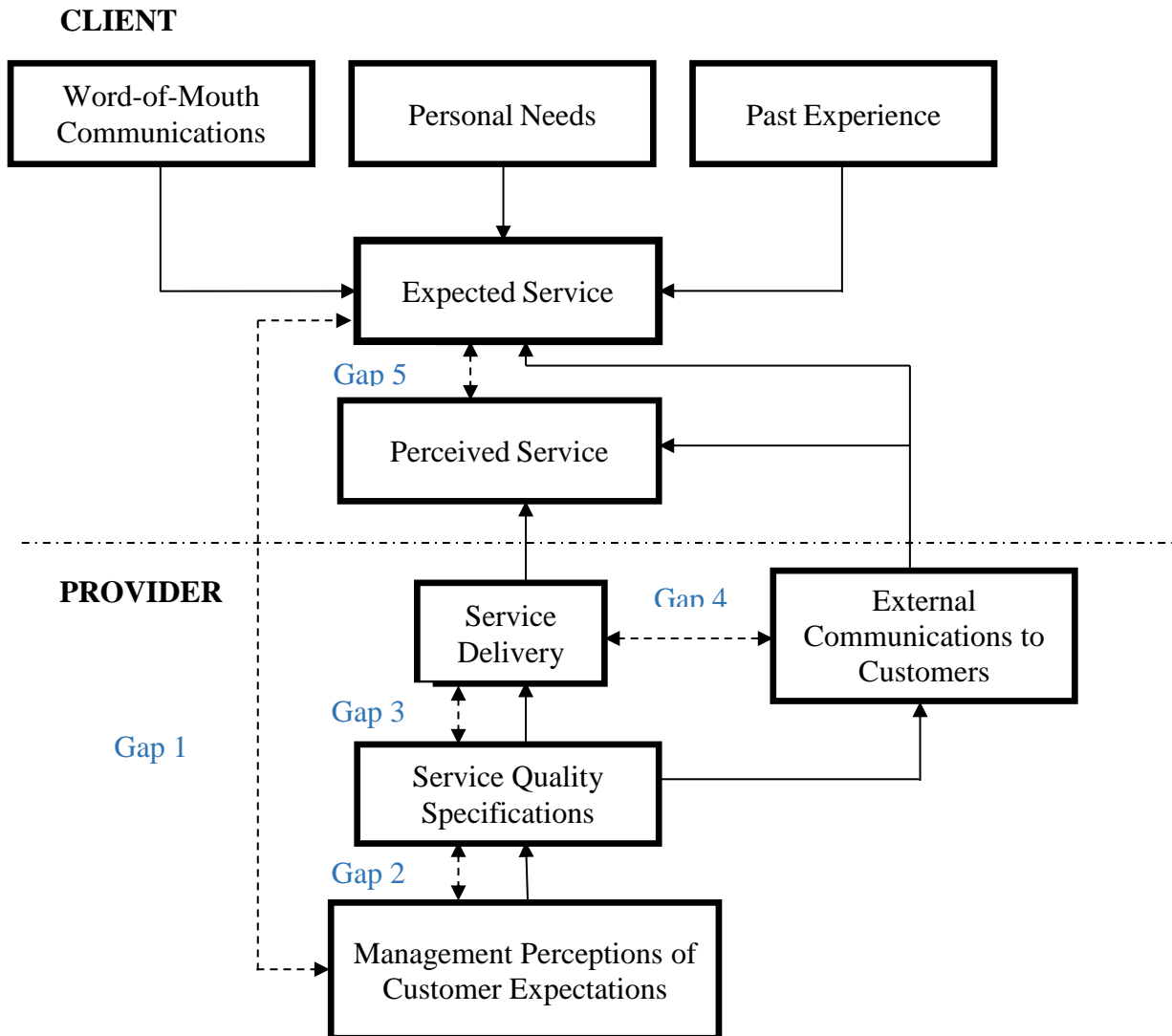


Figure 1: Conceptual Model for Service Quality (Parasuraman et al, 1985)

The analysis of Gap 3 refers to the perceptions and attitudes of personnel and their understanding of management specifications. In the absence of formal job specifications by management, the staff relies on previous experience and the verbal directives of management, which usually is expressed upon unfavorable or service failure occurrences (CCC President, 2014-2016).

Research objectives 3 and 4 referring to present and future SME needs and to local development potential, as seen by local players respectively, were also reached through the above mentioned interviews addressed to the directors of all the region's business unions and trade associations. In order to broaden the findings and enhance the quality of input, a small number of questionnaires was addressed to certain exceptional businesspeople of Chania, whose performance excellence and innovative practices have become local development assets in the minds of CCC's administration.

The results of the above empirical researches are analyzed in the corresponding chapter. The compilation of these results and the discussion of their mutual interactions and convoluting effects was done within the SWOT analysis for CCC.

These results and the SWOT analysis became the basis for the proposed Strategic Plan formulation and the accompanying recommendations for changes in CCC policy and operations for improving its effectiveness and efficiency.

The theoretical and empirical research discovered certain gaps which may be the focus of further research: a) the theoretical aspect of regional development (Capello, 2009; Antonescu, 2014), although it does contain a large amount of work on the parameters conducive to regional development and to innovation (Camagni, 1995, as cited in Amenda and Ramsey, 2010), it does not focus enough on the role that business assisting organizations play in current regional development setting (Waters, 1999) and b) the empirical research (Bennett, 1993; Waters 1998b) is also geographically limited in evaluating the role of COC and their development intervention potential. There was only one other recorded research directed to SMEs of three Italian regions on the role and effectiveness of their respective COC (Waters, 1999). Lack of research on COC seems an important omission because these intermediate organizations exist as unique institutions, considerable resources are invested in them and many regional and sectoral structural fund programmes are offered to them in order to improve their intervention in solving regional problems (Waters, 1999).

Chapter 2

Regional Development and Competitiveness

Regional development in EU is the basis for the strategic and regional development planning and attribution of structural funds (EC - DG REGIO, 2015). This important role obliges the student of any regional or sub-regional development parameters to take this into consideration and recognize the interrelating effects that regional development policies bear on any development supporting organization, such as the CCC.

Competitiveness is a contemporary term describing the relative development level of each region/country by measuring and comparing sectoral parameters and thus arriving at relative ranking per parameter (JRC, 2013). This process has been accepted and used extensively and has become the primary determinant of the relative positioning of all regions vis-à-vis their external environment in terms of their potential development, trade, social cohesion and future prospects (EC, 2010a). In depth understating of the competitiveness ranking and parameters used is necessary in order to elaborate on a strategic plan for CCC.

2.1. Regional Development

2.1.1 Theoretical approaches to Regional development dynamics

Regional development has been defined (Capello, 2009) as the ability of a region to produce, with a (comparative or absolute) advantage, the goods and services demanded by the national and international economic system to which it belongs. Regional development theory emerged from several different intellectual traditions (Dawkins, 2003). Early theories of regional development are stemmed from the neo-classical trade theory, the Keynesian theory of growth and other growth theories, which provide the conceptual basis for understanding whether regional economies will become more similar (regional convergence) or more differentiated over time (regional divergence) (Dawkins, 2003).

Theoretical approaches regarding regional convergence (Antonescu, 2014) have focused on the catching-up process: less developed regions make considerable efforts to catch up with rich regions. The main trends of the current convergence process – agglomeration and dispersion – are analyzed and interpreted within some recent approaches of regional theory:

1. Theory of endogenous growth (R. Lucas, 1988; P. Romer, 1994;)
2. New economic geography (P. Krugman, 1991);
3. Institutional theory (W. Powell et al, 1991).

Of the three approaches listed above, the theories of endogenous growth and the institutional theory are the theories that this paper is hinged on, as they both encapsulate the essence of this work.

Theory of Endogenous Growth: This was developed by economists, including Paul Romer and Robert Lucas, in the mid-1980s. The theory was born out of the increasing dissatisfaction of economists with the neo-classical growth models that did not explain where the technological changes in economies came from. The theory of endogenous growth postulates that economic growth is an endogenous outcome of an economic system and not the result of forces that impinge from outside (Romer, 1994). Endogenous growth theory (Lucas, 1988) holds that investment in human capital, innovation, and knowledge are significant contributors to economic growth. It further

states that the theory also focuses on positive externalities and spillover effects of a knowledge-based economy which will lead to economic development. The endogenous growth theory primarily holds that the long run growth rate of an economy depends on policy measures. This leads to another theory that can be categorized as a derivative of the theory of endogenous growth, known as the innovative milieu theory.

Innovative milieu theory: The concept of the “milieu innovateur” or ‘innovative environment’ was developed in the later part of the 1980s by the research group GREMI or Groupe de Recherche Européen sur les Milieux Innovateurs (Camagni, 1995, as cited in Amenda and Ramsey, 2010). The main hypothesis of the Innovative Milieu approach is that the creation of firms is to be seen as a product of its milieu rather than something separate from it (Ache, 2000, as cited by Pernblad, 2015). The policy concept of Innovative Milieu is described to work as a foundation or pre-condition for Innovation systems to emerge (ibid). According to Camagni, as cited by Pernblad (2015), there are three defining factors of the innovative milieu:

- Effective actor relationships within a regional framework, which focuses on co-operation and information exchange between key actors of economic development from within the same region. This mix of actors from different fields provides a milieu in which actors can combine their skills and competencies, resulting in the emergence of a new combination of ideas.
- Social contacts that enhance learning processes, which focus on the informal communication of actors operating within a specific region, built on a foundation of a shared common identity between actors that have a high degree of trust between them, and resulting in support, advice, motivation and encouragement that firms can receive by other actors to back up their entrepreneurial decisions to innovate (Fromhold-Eisebith, 2004).
- Regional image and sense of belonging, which states that actors within a successful economic locality all share a common identity related to their shared region. This common identity is often used to brand or market them as belonging to their specific region towards the outside world.

Institutional Theory: institutions are defined (Jepperson, 1991, as cited by Amenta and Ramsey, 2010), as emergent, “higher-order” factors above the individual level, constraining or constituting the interests and political participation of actors “without

requiring repeated collective mobilization or authoritative intervention to achieve these regularities.” Antonescu (2014) states that “within the institutional theory, the key element of one region’s development is represented by institutions that establish the technological barriers of economic functions’ hierarchies”. She further claims that the reason is given by the fact that these institutions can control the ability of the economy to use and develop their own resources in a particular manner. Whenever the institutional capacity is unequally distributed in space, the institutional factor contributes to agglomeration of economic activities strengthening concentration of more advanced activities into most developed areas. An important particularity of these institutions is that they facilitate innovation, research-development, business support; all these are known as “innovative systems” (Ibid.).

According to most researchers of regional development, the social capital and the spatial economics are the main determinants of regional development, as their presence level and quality in terms of dense local innovation collaborations, contribute to regional development. Almost all of them, also in line with EU policy (EC, 2010b), focus on the capacity to produce and uptake innovation as the prime contributor to development. The ways to do so are: 1) social capital facilitates the creation of new intellectual capital, 2) organizations are conducive to the development of high levels of social capital, and 3) it is because of dense social capital that firms have an advantage over markets in creating and sharing intellectual capital (Nahapiet et al., 1998).

Although social capital is usually examined in relation to civic society, recent research (Westlund and Nilsson, 2005) focuses on social capital, characterized by how it is created: intentional and unintentional. Intentional refers to planned efforts to foster social networks which are part of the social capital by deliberate management decisions, while spontaneous or unintentional refers to that social capital which is created as a by-product of economic transactions/links. The social capital of enterprises is created by internal investments in networks as well as external (production-environment-market related) links. As knowledge based economy tends to become a large part of the economy, it requires greater network links that extend beyond the traditional firm boundaries, to supply side networks (knowledge and experience exchanges), local authorities networks (access to political decision making) and market networks (customer relations). Of more relevance here is the part of social capital

bearing on the environment, the spatial aspect of social capital which is now recognized as Marshall's (1920) "industrial districts", Porter's (1990) "clusters" and Maskell's (2000) "communities".

A clarifying analysis of the notions of innovative (or creative) milieu and social capital is done (Fromhold-Eisebith, 2004); notions that both emphasize the advantages of dense systems of socially embedded and trustful relationships between organizations which create coherence and common values, reduce uncertainty, provide support, enable learning and improve access to information: altogether this helps innovative firms to emerge and to evolve.

An important difference exists (Capello et al., 2005) between the approach of knowledge spillover and that of socialized processes of local knowledge creation developed by regional economists; in the former, the mere probability of contacts explains local knowledge transfer, while in the latter, the channels through which knowledge spills over a local area are clearly identified in the relational capital of the area.

Further research on social capital (Maennig, 2010) and its contribution to innovation, integral to regional development, examines the role of COC among other factors in innovative milieu through the building and maintaining relational capital. It refers to networks of informal social contacts, cultivated in framework of spatial proximity where human capital within a region forms a common cultural, psychological and political basis which in turn facilitates the transfer of knowledge and learning processes (Gamagni, 1991 as cited in *ibid*).

In the same spirit, innovative milieu approach is seen as a systematic tool for analyzing and comprehending the dynamics of spatial economics (Crevoisier, 2004) effectively recognizing the importance of territorial characteristics as factors for innovation and development. More specifically, besides industry mix, capital stock, ownership and skills, location-specific factors of travel time and population density are identified as important (Webber, et al, 2008). Besides firm related characteristics, other unobserved factors of regional heterogeneity include institutional capacity, national market structure, regional capacity to absorb public funds, operation and attitudes of financial institutions although culture and embeddedness need further research (Copus, et al, 2008).

Others (Capello et al., 2012) argue, along the same lines, that the territorial patterns of innovation paradigm stress the complex interplay between the phases of the innovation process and the spatial context or territorial conditions behind them by claiming that knowledge and innovation are neither necessarily overlapping in space nor necessarily sequential at the local level. In their study, they showed that the elasticity of GDP growth to knowledge is different in different types of regions, hence, a single overall strategy for innovation and regional development is unlikely to provide the right stimuli and incentives for different contexts. Instead, it is necessary, to develop ad-hoc, thematically/regionally focused innovation policies, based on local assets (“embeddedness”) and strong and virtuous linkages with the external world (“connectivity”).

Knowledge and the innovation that eventually is generated (Capello, et al., 2010), is assumed to be sufficiently correlated with economic growth. That is not necessarily so: other intangible elements are part of “territorial capital” in mediating between knowledge production and regional growth. They are the cognitive mechanisms that characterize our definitions of agglomeration economics, social and relational capital, knowledge receptivity and local governance. Collective learning, mutual understanding, reciprocal trust and social commitment play a major role in determining economic performance.

An important locus of the theoretical research is the acceptance that on the regional level, supply side approaches outperform demand side ones and that in international trade, regions do not compete on the basis of Ricardian “comparative advantage” principle but rather on “absolute advantage” principle similar in nature to Porter’s concept of competitive advantage (Camagni, 2008). This will also be discussed later in this chapter.

In summary, the theories of endogenous growth and innovative milieu highlight the importance of internal factors that contribute to regional development, the most prominent of which is innovation. Innovation and an environment which allows for innovation contribute largely to development of regions, and this points to the role that COC play within the economy- supporting small and medium enterprises and giving them the necessary backing to fuel innovation. These chambers also serve as institutions within the institutional theory, which contribute to the agglomeration of

economic activities through their lobbying function to the powers that be, in the interest of the businesses that are under them.

Despite the abundance of research on the conditions where innovation is generated and taken-up by businesses and despite the scattered acceptance that regional players (other than firms and technology/innovation producers) are instrumental in the formation of social, relational and territorial capital (supportive to regional development), inadequate research is done on the particular role of COC in these processes.

2.1.2 EU Cohesion Policy

The critical role of EU's policies and programs for regional development is seen by looking at some pivotal figures on the EU's budget. In 2015 (EC – DG BUDGET, 2016a) EU's budget was 155 billion Euro, of which 94% was directed to citizens, regions, cities, farmers, businesses. From that amount a considerable portion, is earmarked for Greece (EC – DG BUDGET, 2016b): 7.2 billion Euro or 4.6%, despite its relative size in the EU (11/508 million inhabitants – 2,1%). It is effectively a transfer of investment assistance to the country in order to help it reach the much sought-after level of EU average (convergence). This policy is an integral part of EU's foundation and is designed so that all regions are put to a development path to achieve the highest possible cohesion with the best performers of EU.

EU's cohesion policy is implemented through programs that draw funding from established funds according to policies decided by the European Council, Commission and Parliament, and administered by the various DGs of European Commission, the executive branch.

EU's economic policy and programs for the 276 regions of the union are administered by the Direction General for Regional and urban Policy (DG REGIO). DG REGIO manages almost 30% of the EU budget. Regional policy (EC - DG REGIO, 2015a) is delivered through shared management with agreements on multi-annual development and investment programs between the Commission, Member States and regions every seven years.

Another important indication for the relevancy of EU Cohesion and Regional Policies for the regions is the criteria by which they evaluate the performance of their programs and their administration. The table below lists an indicative selection from the most relevant Policy Objectives (EU - DG REGIO, 2015a), the corresponding Key Performance Indicators (KPIs) and the target achievement rates (as of end of 2014) on 2015 seven-year targets:

Policy Objectives	KPIs	Target
		Achievement %
To reduce disparities between levels of development of the various regions ...rural areas, ... areas affected by industrial transition... area suffering from severe natural handicaps, to contribute to achieving the targets set out in the Europe 2020 strategy	Jobs Created	1.122.833
		59.1%
Strengthening research, technological development and innovation	No of SMEs cooperating with supported research institutions	28.395
		87.2%
Enhancing the competitiveness of small and medium-sized enterprises	No of enterprises receiving support	208.736
		82,3%

Table 1: DG REGIO Objectives, KPIs, Targets (EC – REGIO, 2015a)

DG REGIO’s most relevant KPIs include the above three at the top of the list, thus indicating the importance of Job Creation, R&D including the private sector (enterprises) and SMEs’ competitiveness in achieving the goals of cohesion policy and regional development. Furthermore, these objectives are clearly intended to serve the Europe 2020 Strategy (EC, 2010b) of smart, sustainable and inclusive growth and achieve the corresponding quantitative targets mentioned therein. To achieve these goals, EC simultaneously introduced seven initiatives: “Innovation Union”, “Youth on the Move”, “A digital agenda for Europe”, “Resource efficient Europe”, “An industrial policy for the globalization era”, “An agenda for new skills and jobs” and “European platform against poverty”. These initiatives serve as policy implementation and implementation catalysts towards Europe 2020 goals by sensitizing EU players and shaping the programs for the 2014-2020 program period.

Europe’s regional policies and programs for regional development, given the sluggish economic climate since 2008 and the subsequent depression of national budget flexibilities, have become the single most important leverage for external development assistance to the regions whose development level is below EU average (ibid).

2.1.3 Challenges

A review of the existing economic challenges is hereby useful before going into further analysis of development policies. This decade following the crisis of 2008, is a period of transformation (EC, 2010b) for EU: it actually wiped out the economic gains made in EU the previous decade, it revealed Europe's structural weaknesses and presented intensified global challenges.

Europe's main weaknesses are: a) the average growth rate has been structurally lower than its competitors and the productivity gap widened due to lower investments in R&D, innovation, insufficient use of ICT, reluctance by some parts of EU societies to embrace innovation, barriers to market and less business dynamism; b) employment rates are lower, with less women and older people and less working hours than the main competitors; and c) accelerating demographic ageing which results in the shrinking of active population as of 2013/2014 (ibid).

Global challenges include: a) globalization pressures from developed and emerging economies intensify and competitiveness challenges increase in many sectors, b) financial markets are fueled by speculative behavior and c) climate and resource challenges require drastic action, especially since the world population increase from 6 to 9 billion people which exerts serious strain on resources and the environment (ibid).

2.1.4 New Cohesion Policy

Since 2014, when the new European Commission was established and in view of the persistent impact of the economic crisis, the economic troubles that EU members faced, Greece being the worst hit, an updated version of this policy was adopted. Its main thrust was: a) intensification of EU programs and b) strict focus on results as well as lagging areas. As a result, DG REGIO (EC – DG REGIO, 2015b) focuses on less developed regions and those showing persistent lagging despite longstanding and significant support from cohesion policy. Due to absorption difficulties of some member states, special task forces were formed to deal with the low implementation, simplification of the regulatory and implementation framework and addressing specific border obstacles.

In 2014-2020 programs, these aims are being incorporated and a new significant program (Juncker’s Package, a 315 billion Euro Investment Plan for Europe) was announced: to boost growth and jobs and ensure that recovery is achieved across all regions. It is essentially a leveraging system of financial instruments with the European Investment Bank (EIB) and other financial institutions to find infrastructure projects (75%) and SME support (25%), as per below (EC-EIB, 2015a):

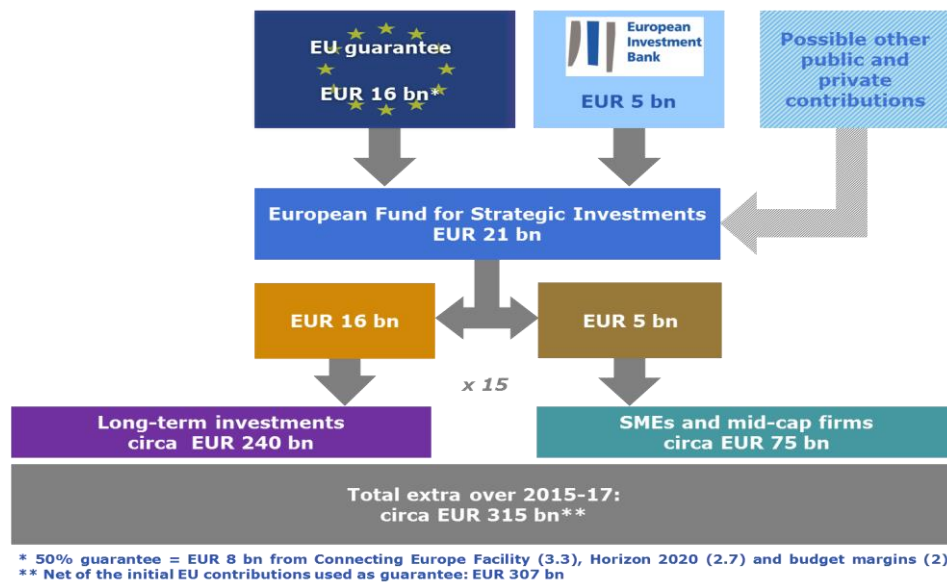
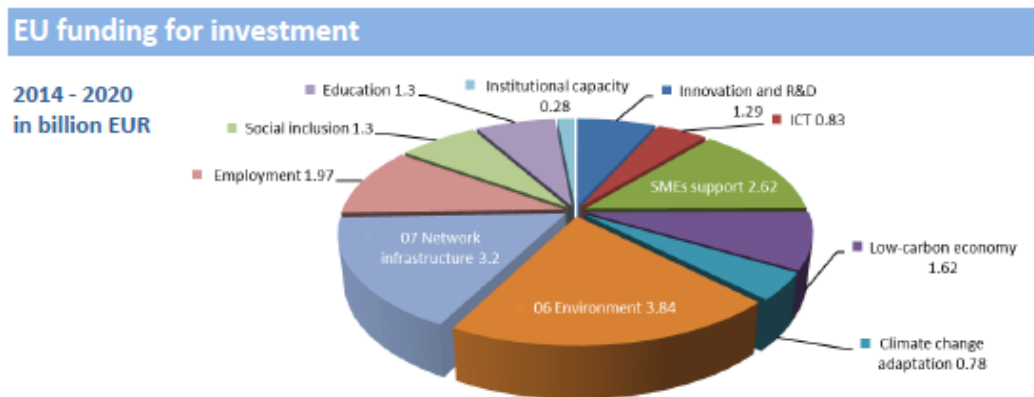


Figure 2: Juncker Package - European Fund for Strategic Investments (EC-EIB, 2015a)

With regards to Greece, this important new instrument (over 16 billion Euro in six years) is planned to be sector-allocated as per the chart below (EC-EIB, 2015b):



Source: Partnership Agreement: http://ec.europa.eu/contracts_grants/agreements/index_el.htm

Figure 3: Juncker package - Factsheet for Greece (EC-EIB, 2015b)

In essence, the new cohesion policy is another opportunity for Greece to upgrade selected infrastructures and to mobilize funds for SME investments (ibid), which have suffered from prolonged recession and local banking troubles.

2.1.5 Smart Specialization

One of the most important and relevant to regional development EU policies is that of Smart Specialization (EC-RIS3, 2014). It refers to national/regional research and innovation strategies for smart specialization (RIS3 strategies) which are integrated, place-based economic transformation agendas that do five important things (ibid):

- They focus policy support and investments on key national/regional priorities, challenges and needs for knowledge-based development.
- They build on each country/region's strengths, competitive advantages and potential for excellence.
- They support technological as well as practice-based innovation and aim to stimulate private sector investment.
- They get stakeholders fully involved and encourage innovation and experimentation.
- They are evidence-based and include sound monitoring and evaluation systems.

This policy was conceived in the wake of the 2008 crisis and along with similar policy directions by OECD (OECD, 2011), in which, innovation was viewed as central in boosting job creation and economic growth. Both, OECD's Innovation Strategy and EU's Innovation Union, make the point for innovation and the rising role of regions along two policy trends: first, the paradigm shift in regional development policies now favors strategies based on the mobilization of regional assets, bringing innovation to the core of regional development agendas; second, the growing recognition of the regional dimension in national innovation strategies in harnessing localized assets and improving policy impacts. The areas for policy improvements were identified in OECD's publication (ibid) as:

1. Acknowledge the diversity of regional economic and innovation profiles
2. Open the black box of regional innovation policies: i) institutional context, ii) regional innovation system, iii) strategic choices of regions
3. Enable regions to become agents of change. For this, regions need to adopt more sophisticated policy approaches:
 - a. Develop a vision and a strategic roadmap to encourage innovation
 - b. Design a smart policy mix (asset based and multisector)

- c. Establish multi-level, open and networked governance structures
- d. Foster policy learning through better metrics, evaluation and experimentation

Smart Specialization is one of the policies stemming from Europe 2020, EU's growth strategy for this decade. In a changing world, it seeks for EU to become a smart, sustainable and inclusive economy. These mutually reinforcing priorities should help deliver high levels of employment, productivity and social cohesion. As Europe 2020 objectives mentioned in 2.1.2 (EC, 2010b) as well as OECD's aforementioned policy (OECD, 2011), innovation is considered as one of the main instruments of achieving regional development and competitiveness. Therefore, national and regional authorities across Europe are expected to design smart specialization strategies with the entrepreneurial recovery process so that EU's structural funds can be used more efficiently and synergies between different EU policies (national and regional) as well as public and private investments can be increased (EC-RIS3, 2014).

RIS3 is actually a refinement and upgrading of the existing methodology for Structural Funds programming. It is about identifying the unique characteristics and assets of each country and region, highlighting each region's competitive advantages and rallying regional stakeholders and resources around an excellence-driven vision of the future (ibid).

The Commission intends to make such strategies a precondition for ERDF funding, ("ex-ante conditionality") so member states and regions must have such strategies in place before their operational programmes are approved (ibid).

To implement Smart Specialization, EC developed a guide (EC-RIS3, 2012) to assist policy makers at the national and regional level. The guide sets out a number of practical steps to design a national/regional RIS3, namely:

1. the analysis of the national/regional context and potential for innovation,
2. the set-up of a sound and inclusive governance structure,
3. the production of a shared vision about the future of the country/region,
4. the selection of a limited number of priorities for national/regional development,
5. the establishment of suitable policy mixes, and
6. the integration of monitoring and evaluation mechanisms

As the policy aims and the guide's directions (ibid) show, the idea is to mobilize regional stakeholders of various levels and functions to realize the regional potential with high level of regional collaboration, the inclusion of the private sector through the (much referred to in all the relevant documents) entrepreneurial discovery process, in order to adequately organize and realize the region's potential.

Despite the declared ex-ante conditionality, not all regions have taken up ownership of the RIS3 in the way prescribed by the EC and its guides. As shown by an EC commissioned expert report (EC – DG Research, 2015), there are issues of true and full undertaking of the strategy by some regions, along with several other problems faced in the design and implementation: unstable RIS3 governance (not coherently structured, breakdowns and discontinued at key functions), entrepreneurial discovery process not clear enough, problems with the required synergies with other Programmes, competency and trust issues, openness issues, etc. (ibid)

2.2 Competitiveness

2.2.1 About Competitiveness

Competitiveness of a firm refers to its ability to compete in the domestic and foreign markets. Competitiveness for regions or countries is defined in World Economic Forum's Global Competitiveness Report 2013-2014 as "the set of institutions, policies and factors that determine the level of productivity of a country" (WEF, 2013).

For the EU (EC- DG ENTER, 2015), industrial competitiveness refers a) to the ability of companies to compete in domestic and global markets and relates b) to the capacity of EU countries to support the development of business. It is considered a key determinant for growth and jobs in Europe and it is very important for SMEs, the backbone of EU economy. EU places great emphasis on Competitiveness and works to mainstream industry related competitiveness concerns across all policy areas.

In order to support Competitiveness, the EC has introduced policy communications, specific recommendations, development of innovations policies and the creation of business friendly environment for SMEs, (ibid) including:

1. Communication 2014: Towards Industrial Renaissance

It sets out the EC's priorities for industrial policy and new actions to speed up the attainment of objectives (March 2014)

2. European Semester and Country Specific Recommendations (CSRs)

The EC analyses the economic performance and National Reform Programmes of EU countries. As a result of the analysis, the Council adopts CSRs to encourage countries to address their structural problems, including competitiveness issues aiming to improve performance in areas such as: public administration, R&D, infrastructure, the business environment or skill levels.

3. Innovation Policy

EC's policy initiatives to accelerate innovation with the aim to modernize EU's industrial base.

4. Small Business Act for Europe

Adopted in June 2008, it reflects EC's political will to recognize the central role of SMEs in the EU economy.

2.2.2 European Competitiveness Report

The report (EC-DG ENTER, 2014) examines the emergence of the EU economy out of its worst recession in its history by answering the question, central in EU policy debate, “how to help firms grow?”. Here are the main findings:

1. EU manufacturing is still competitive, with highly skilled workers, high domestic content of export goods and comparative advantages linked to complex and high quality products.
2. The fall of valued added share of manufacturing is mainly due to falling relative prices of manufacturing in relation to services, partly because of higher productivity growth.
3. Financial market imperfections hold viable projects back, especially for smaller and younger firms: policy measures to improve access to external financing are justified.
4. Smaller and younger firms are less likely to enter foreign markets. Internationalization of SMEs are primarily exports and are driven by factors in their home country as well as target country.
5. The efficiency of public administration has an impact on the growth of firms.
6. Product innovation has a positive and large effect in employment growth, while process and organizational innovations on employment are statistically insignificant.
7. Electricity and gas prices are higher.
8. Energy efficiencies have not offset the increase in energy prices, despite the reduction of energy intensity achieved by European industry.
9. Increasing electricity costs have negative impact on export competitiveness.

2.2.3 EU Regional Competitiveness Index (RCI)

In 2010 DG REGIO and DG Joint Research Council (JRC) underwent a joint project to develop an EU RCI in order to map the economic performance and competitiveness of each the EU NUTS 2 level regions. The rationale behind this project was to develop a method to benchmark regional competitiveness and to identify the key factors which would allow a low competitive region to catch-up (JRC, 2013). RCI can be considered as an overall yet synthetic picture of regional competitiveness.

The theory behind the Index is based on the WEF’s Global Competitive Index (WEF, 2013) which links micro-competitiveness (firm-level) to macro-competitiveness (country-level) on the grounds of productivity. Applying the competitiveness concept to countries or regions has been subject to much debate: The EU claim is that between the micro and macro levels stands the concept of regional competitiveness, as per Meyer-Stamer (2008) definition (as cited in JRC, 2013): “We can define (systemic) competitiveness of a territory as the ability of a locality or region to generate high and rising incomes and improve the livelihoods of the people living there”. In contrast to the WEF’s productivity focused definition, this is based entirely on the benefits to people living in the region.

The EU adopts the definition proposed by the EU RCI’s main conceptual authors (Dijkstra et al., 2011 as cited in *ibid*): “Regional competitiveness can be defined as the ability to offer an attractive and sustainable environment for firms and residents to live and work”, the difference being that this definition refers to a point in time and not changes over time, as the previous one.

The composition framework of the index is based on 11 pillars which are grouped in three major groups: a) Basic, b) Efficiency and c) Innovation, as per figure below:

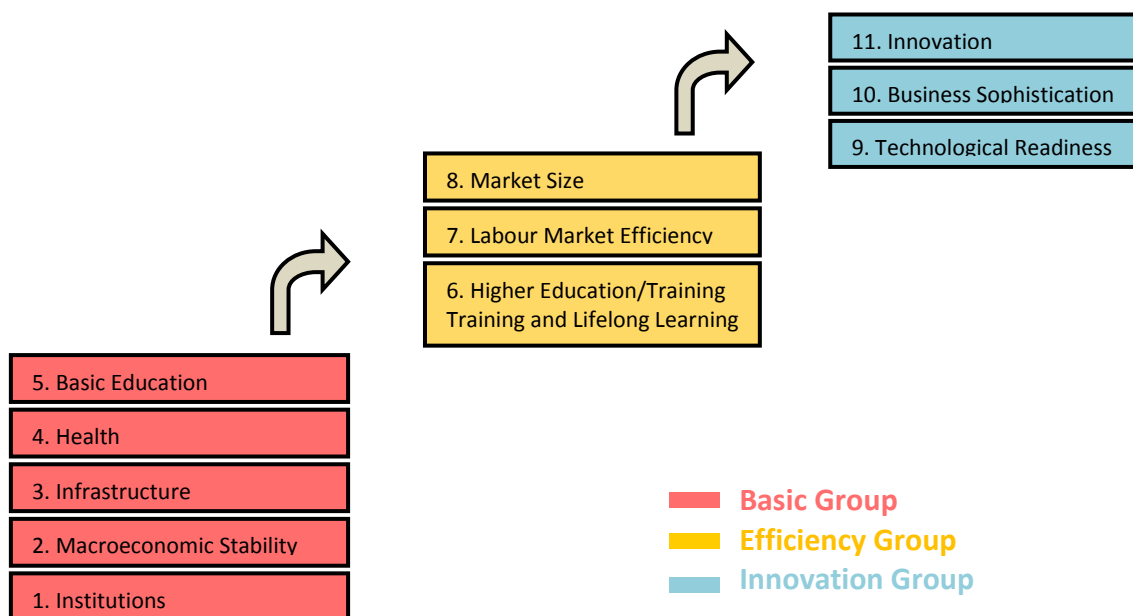


Figure 4: RCI Framework (JRC, 2013)

As the above figure indicates, all economies are driven by the Basic drivers first, then by the Efficiency drivers, while the more developed ones by the Innovation group drivers. It is important that RCI authors recognize the role of institutions in shaping the

economic fate of a country (Acemoglu et.al., in their 2001 article in American Economic Review as cited in *ibid*).

With reference to the different development stages, EU regions are divided into “medium”, “intermediate” and “high” stages on the basis of regional GDP (per head 2007) in purchasing power parity. EU RCI classification per development stage is shown below:

Stage of development	Percentage of GDP (PPP/inhabitant)
Medium	< 75 ($t_1=75$)
Intermediate	≥ 75 and < 100
High	≥ 100 ($t_2=100$)

Figure 5: Limit values for the definition of development stages (JRC, 2013)

Not all regions are treated equally in the making up of the Index. There are different weight coefficients between the different development stages as per the table below:

Pillar group	Stages		
	Medium	Intermediate	High
Basic	$w_{M1} = 0.4$	$w_{I1} = 0.3$	$w_{H1} = 0.2$
Efficiency	$w_{M2} = 0.5$	$w_{I2} = 0.5$	$w_{H2} = 0.5$
Innovation	$w_{M3} = 0.1$	$w_{I3} = 0.2$	$w_{H3} = 0.3$

Figure 6: Weighing scheme of the RCI dimension groups (JRC, 2013)

With respect to factors of competitiveness, since all economies in EU are moderately to highly developed, the EU RCI has excluded most natural differences between regions such as raw materials, geographical specifications or climate and focus on Cronon’s “second nature” (Cronon, 1990), which is the result of human actions, modifications and improvements.

2.2.4 Criticism

Criticism of competitiveness is mainly focused on the theoretical aspect and it refers to the concern expressed by renowned economists on the potential pitfalls of summarizing a multi-dimensional concept in a single index.

The authors of EU’s RCI made reference of the latter phrase attributed to Stiglitz et al. (2009 as cited in JRC, 2013) many times in their report. They (Stiglitz et al., 2009)

documented extensively that current measurement techniques and political views in the public dialogue do not raise to the actual modern economic and societal challenges. In their diatribe, initiated by President Sarkozy of the French Republic in February 2008 and headed by Nobel laureate Prof. Joseph Stiglitz (President of the Commission), they analyzed the limitations of the current GDP based metrics of economic performance and social progress. With regards to GDP metrics, it was shown that they may measure some economic performance but lack the ability to provide needed information of social well-being, an area of measurement presently required by both academics and people. Moreover, the impetus of criticism is that policies which are designed on performance metrics, should be aimed at increasing societal welfare not GDP. Also GDP metrics proved useless in predicting the last crisis: they were showing a growing economy with rising profits and market values and no attention was given to the level of personal indebtedness which surpassed its own sustainability level, without warnings (ibid).

Another noteworthy point in the report (ibid) was the one on financial markets: they are, for an important part, a means to an end, not an end in themselves. They are supposed to improve the economy's ability to manage risk and allocate capital, and in doing so, they increase its overall efficiency, capturing for themselves a fraction of the gains. The benefits of the financial sector should be reflected in the increased output of the economy in the long run.

The report (ibid) suggests that consorted effort is required to enhance existing measures and develop new ones to accommodate all the parameters that actually matter in an economy.

An important parameter they included (ibid) in the suggested metrics was measuring the value of the output of marketed goods and services by including "quality" in the equation. Quality concerns is also relevant to public production of goods and services (health, education, security) where we should actually measure all the resulting outputs not just the inputs, as it is now the case.

Lastly, a large part of the report (ibid) is devoted to sustainability of all human activities and the most challenging issue is the estimation of future generations requirements in resources and life needs given the difficulty in predicting the specific needs and the technology state which determines much of these requirements. For this they suggest

“synthetic” indicators and they call for more technical type estimates on the durability or sustainability of resources.

Another type of criticism on the competitiveness index comes from important scholars such as Paul R. Krugman on the notion accepted worldwide that national economic performance is judged using the World Competitiveness Report and corresponding country ranking of its Index. From the point of view of an economist, he contends (Krugman, 1996a) that although many influential people have used the word “competitiveness” to mean that countries compete just like companies, this is a poor metaphor. He also contends that competitiveness and the way it is used as country to country relative capacity for international trade, it simply conflicts with simple trade theory.

Krugman therefore argues that it is very difficult to formulate effective strategic policy in supporting an industry since the market forces and technology keep it changing continuously. So he believes that competitiveness rhetoric is simply a matter of time-honored fallacies about international trade being dressed-up in new and pretentious rhetoric (ibid).

In another article (MIT, 1996), Krugman argues that free trade between countries is determined per industry by its comparative advantage and that evidence supports it.

In his 1994 main article on the subject (Krugman, 1994), Krugman blasts the overuse and misuse of the term competitiveness for political expediencies and ulterior motives such as to pass difficult policies with the help of the national togetherness brought by a common need to face off the dangerous international competition.

In a more recent article (NY Times, 2011), although he maintains the same position, he recognizes that it’s OK to talk about competitiveness when you’re specifically asking whether a country’s exports and import-competing industries have low enough costs to sell stuff in competition with rivals in other countries; measures of relative costs and prices are commonly and unobjectionably referred to as competitiveness indicators.

Chapter 3

Role of Chambers of Commerce

A chamber of commerce (COC) is a form of business network (CIPE, 1995); a local organization of business whose goal is to further the interests of businesses. Business owners form these local societies to advocate on behalf of the business community. Local businesses are the members and they elect a board of directors or executive council to set the policy for the chamber. The board or council then, hires a President, CEO or Executive Director, plus staffing appropriate to size, to run the organization.

An alternative, little broader, definition (Britannica, 2016) is: Any of various voluntary organizations of business firms, public officials, professional people, and public-spirited citizens whose primary interest is in publicizing, promoting, and developing commercial and industrial opportunities in their local area, and usually also community schools, streets, housing, and public works.

The chambers originate from the medieval corporations and merchant guilds, local self-help bodies established and run by merchants in order to protect and regulate their trades (CIPE, 1995). The first use of the term (*chamber de commerce*) was for a temporary commission set up in Paris in 1601 to examine industrial and commercial relations. They were established in serious numbers during the Napoleonic period: between 1802-1804, 176 chambers were established across France.

The first COC was founded (CIPE, 1995) in Marseilles in 1599, the second in Burges 65 years later. The oldest English speaking COC was founded in New York City in 1768. The oldest one with continuous records, the Glasgow Chamber of Commerce was founded in 1783. According to Britannica, the first British one was in Jersey in 1768 which adopted the French title being the closest to France, followed by Glasgow and Belfast in 1783.

It is a unique type of institution, with respect to other associations and government trade promotion organizations, insofar as it has official status and relations with the government, its own membership and administration, its own national and international network.

3.1 Organizational Structures – General

COC organizational structure, their size and scope varies (CIPE 1995) across continents, region and cities (Waters, 1999). Regarding the size, the most populous is the regional one of Paris with well over 800.000 members, but there are COC with few dozen members. With regard to scope, they can range from individual neighborhoods within a city or town, to locality, to region to national and international ones. There are national COC such as the United States Chamber of Commerce (founded in 1912, in need of a closer relationship between government and business [US COC, 2016]), British Chamber of Commerce and international ones such as the Eurochambres (which will examine in detail at the next section) and international ones such as the World Chambers Federation of the International Chamber of Commerce (ICC, 2016) (founded 1920), which acts as the voice of the business community in the international field, and author of the famous Incoterms® rules governing international trade practices. It also runs a court of arbitration for settling commercial disputes. There are 12.000 chambers registered in the official World Chambers registry, being the largest business network globally.

In the Anglo-Saxon world (UK, US, British Commonwealth) but also in northern Europe, there is the **Anglo-Saxon Model** (CIPE, 1995), where community and city Chambers of Commerce are the norm. There are also state level COC which represent the business community at the state/province level (US, Canada), besides the national ones. The local businesses are free to join (not obliged by law to participate) but the businesses joining are those that believe that local business collaboration will promote the local economy. Government consultation is not obligatory but the COC are heard given their size and activity/representation level.

In continental Europe there is the **Continental Model** (CIPE, 1995) where the norm is the city and/or regional COC. They are public institutions, established by the state and the local/regional businesses are obliged to become members (compulsory/public law COC). They are given responsibilities of public administration in various fields and they have a formal consultative function for any new legislation or regulation that affects the business community. In some countries (i.e. Germany and Greece) they are also distinguished between chambers of commerce and industry and chambers of skilled

crafts. Due to compulsory membership, the public law COC are usually larger than the private law ones, albeit more bureaucratic and inflexible.

There are some countries, such as Japan and Thailand, whose chamber systems incorporate characteristics from both models (CIPE, 1995). These hybrids are called **“Mixed Systems”**

Finally, there are bilateral and multilateral COC which focus on trade issues and foster economic relations across borders (ibid).

Depending on their model (Continental or Anglo-Saxon) COC can be characterized in terms of strengths and weaknesses as per the tables below (CIPE, 1995):

Continental Model

Features	Strengths	Weaknesses
1. Special Chamber Law (Public Law Status)	<ul style="list-style-type: none"> • designation "chamber" is legally protected 	<ul style="list-style-type: none"> • limited range of activities
2. Mandatory Membership	<ul style="list-style-type: none"> • fully representative • no free-rider behavior • broad and stable income 	<ul style="list-style-type: none"> • incentive problems to work efficiently and be demand-oriented
3. Formal Consultative Status vis-à-vis Government	<ul style="list-style-type: none"> • formal access to public administration 	<ul style="list-style-type: none"> • difficulty in presenting clear-cut position due to an obligation to represent balanced view
4. Regulated Regional Coverage	<ul style="list-style-type: none"> • only one chamber per location 	<ul style="list-style-type: none"> • incentive problems due to monopoly
5. Delegation of Public Tasks	<ul style="list-style-type: none"> • chambers are closer to the private sector 	<ul style="list-style-type: none"> • identity conflict -- public or private sector entity
6. Special Public Supervision	<ul style="list-style-type: none"> • protection 	<ul style="list-style-type: none"> • public interference

Figure 7: Continental Model of COC (CIPE, 1995)

Anglo-Saxon Model

Features	Strengths	Weaknesses
1. No Chamber Legislation (Private Law Status)	<ul style="list-style-type: none"> • independence • freedom of individual businesses to join or establish a chamber 	<ul style="list-style-type: none"> • overlapping chambers in certain geographical locations
2. Voluntary Membership	<ul style="list-style-type: none"> • strong incentive to work efficiently and remain demand-oriented 	<ul style="list-style-type: none"> • free-rider behavior • limited influence because of low membership • lack of financial income from membership dues
3. No Delegation of Public Tasks	<ul style="list-style-type: none"> • free decision of chamber on range of activities 	<ul style="list-style-type: none"> • lack of financial income from fees for delegated services

Figure 8: Anglo-Saxon Model of COC (CIPE, 1995)

3.2 Eurochambres

Eurochambres is the closest and most relevant international COC body that works for the representation of EU and more businesses in the EU bodies and internationally. It was established in 1958 (Eurochambres, 2010) as the Association of European Chambers of Commerce and Industry, claiming to be the sole European body that serves the interests of every sector and every size business – due to the multisectoral membership of Chambers – and the only one so close to business, as a result of the Chambers’ regional focus. It acts as the eyes, ears and voice of the business community at EU level. It represents over 20 million businesses in Europe and it has 45 members: 43 National Associations of Chambers of Commerce and Industry and 2 transnational chamber organizations. It consists of a network of 2000 regional and local chambers, more than 93% of businesses represented are Small and Medium Enterprises (SMEs) and 92.6% are based in EU.

Its scope (ibid) is to:

- improve the general conditions in which businesses operate
- facilitate access to markets within and beyond the EU
- ensure the availability of human, financial and natural resources

The methods (ibid) to accomplish its goals are:

Policy Dialogue: Represents European business interests to European institutions through regular consultation with its members.

Projects: Manages and coordinates projects to the benefit of the chamber network and wider business community. Most of the EU-funded projects focus on encouraging business relations between the EU and third countries and on promoting entrepreneurship.

Visibility: Organizes regular communication actions, events, training and other networking activities which include: Academies, European Parliament of Enterprises, and the Eurochambres Economic Forum.

In order to obtain better understanding of the European COC organizational structure certain attributes (Eurochambres, 2010) are presented to be analyzed further:

Type of affiliation

An important characteristic that determines its main attributed role and management (public versus private) which in turn, prescribes to a large extent its cultural philosophy and operating effectiveness and efficiency.

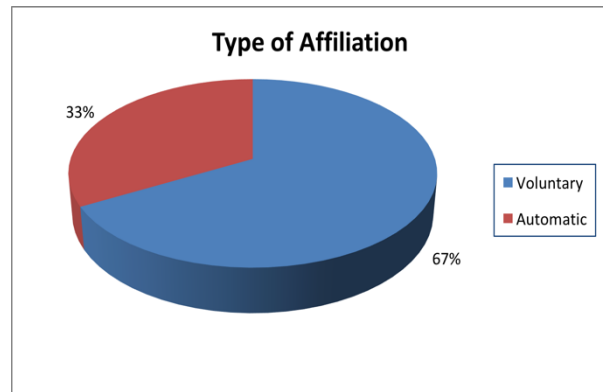


Figure 9: Type of affiliation (Eurochambres, 2010)

Sources of Finance

This is indicative of the source of revenue for the COC and its mission. It is also indicative of the way it has structured its organization to pursue its goals. Those COC with revenues based on

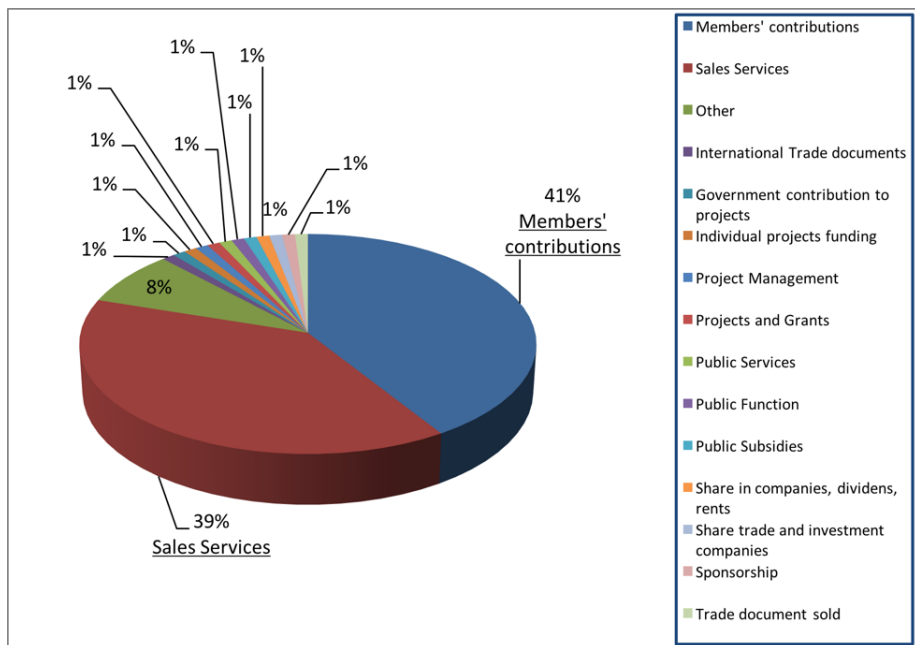


Figure 10: Sources of European COC finances (Eurochambres, 2010)

Members contributions may expect more members' demands in representation and consultation as well as information and general development intervention. In contrast, those living off sales of services, are more geared in providing tangible services which practically steer the regional development according to the kind of services offered (i.e. information, export support, etc.).

Another important point here is the low percentage (1%) of COC, relying on revenues from equity participation in companies and development projects. More research is

needed to clarify the third in size revenue source: Other (8%) and the way Eurochambres account for revenues when they participate in projects.

Distribution of businesses represented per country

This is an important attribute and relates to the number of businesses per country. This chart focuses on some large EU countries and some southern EU countries where Greece belongs to. One can initially observe that Italy and Greece have a large

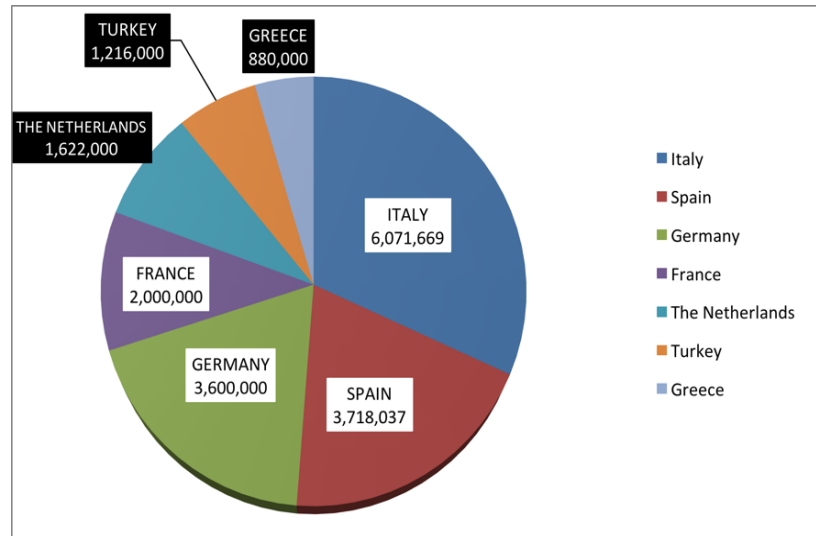


Figure 11: Distribution of business by country (Eurochambres, 2010)

number of enterprises compared to other countries of similar development level (France and Turkey respectively).

Taking into account the population, some interesting observations arise:

Number of businesses per 1000 of population (selected countries)		
Country	Population (in thousands)	Businesses to thousands of population
Italy	60,656	100.10
Spain	46,064	80.71
Germany	80,682	44.62
France	64,668	30.93
Greece	10,955	80.32

Table 2: Number of business per 1000 population (Eurochambres, 2010)

Italy, Spain and Greece have a much higher (by almost double rate) business number per thousand population compared to northern European countries such as Germany and France. This indicates, inter alia, that southern countries have smaller size businesses, entrepreneurship of necessity, lower enterprise productivity due to size and resources and lower overall capacity to be competitive.

Size of business

The size of businesses is by far skewed towards small and medium size. Actually 93% of the business are SMEs and it is a fact with specific implications regarding business development, specialization, and the capacity to compete, among other issues.

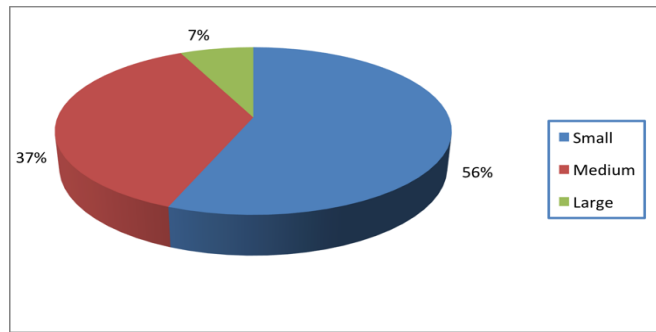


Figure 12: Size of business (Eurochambres, 2010)

Sector of business

The overwhelming percentage of the businesses represented are providing services versus producing products in the primary or secondary sector. It is a global phenomenon which explains, in part, the large percentage of SMEs in the total business population. It also has implications regarding the potential of any one business to reach markets outside its immediate business environment.

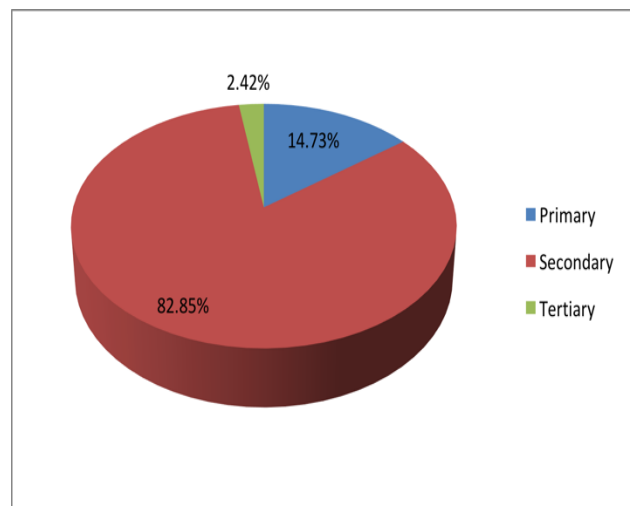


Figure 13: Figure 13: Sector of business (Eurochambres, 2010)

3.3 Functions and Services

According to a chamber management manual (ZDH Partnership Project, 1998) the aims and objectives common to all COC include: a) promote, advance and protect trade, commerce and industry in the area of concern; b) add, stimulate and protect the interests of the industry and business in matters of inland and foreign trade; c) watch over, protect and promote the general commercial and industrial interests; and d) secure/safeguard the well-being and interest of persons engaged in trade, commerce and industry directly.

Through these objectives, COC establish libraries, disseminate information, publish periodicals and provide other relevant services for business development. COC services are shaped by the type and needs of the local economy. In the same publication (ibid) the role of COC can be divided into three categories: a) services to the members; b) formulation of views on matters of policy and communication of these views to appropriate authorities, and c) representation of the business or enterprise community in relation to outside bodies. Generally, chambers are non-profit, service oriented organizations.

Based on the aggregate information from Eurochambres (Eurochambres, 2010) the COC of this association there are important conclusions as to the range of functions they perform and services they offer. The number of 2000 COC included in the Eurochambres association may appear to be a small sample of the 12.000 registered in the Worldchambres registry but considering that many COC in the English world are city or even town based and that the European ones are quite homogeneous in their scope and size, the sample is representative of the type this thesis concentrates on.

Moreover, these 2000 COC are all European or neighboring EU countries, with similar development paths which are influenced by the same EU policies and programmes, thus a very relevant sample of COC to analyze their services. Among these COC are some that have exceeded their “normal” scope and have expanded within their institutional role to include challenging development projects and economic intervention.

The services listed here below are grouped by similar type where the group denotes the service group available. Most of the groups, in various levels and specializations are offered by most COC in the sample of 2000 of the Eurochambres association. The

country indication next to each service shows the specific service its COC offer within the group. The listing of each services indicates the variety and specialty offered rather than whether it is offered.

COC Service groups per indicative country with comments		
Information – Advisory		
IT	Business support	This service group is common to all COC and it refers to services provided to the members, usually for free, regarding basic information for the operation of their business, how to operate a business and sources of further information. COC also act as a common point of information re EU and its programmes. Some COC offer additional services as standard contracts.
CY	EU information	
EE	Enterprise Europe Network	
EE	Business information – to run a business	
EE	Finding cooperation partners	
IT	Preparation of standard contracts	
Representation – Advocacy		
AT	Participation in Law making process	This is also a common to all service, especially for the public law ones for which it is a compulsory service: COC must provide their input for any new law or regulation. Today's EU induced open consultations invite everybody to comment as a civic duty. All COC are social partners and they are consulted in the process. Generally, this service is also a way to express the needs of business and to influence public policy.
ES	Advisory vis-a-vis public authorities	
CY	Social Partner	
BE	National + International	
ES	Promotion of general interests of the business	
SE	Policy formation	
Business Registration		
BE	Certificates (digital)	This a common but diverse service group. For the countries where the business registry was digitized late, COC play a major role, providing local points of service. In the same process, one can register a business. In many cases it is a one- stop-shop (Spain, Greece). Document certification and other government certificates has always been an important service before the digital era; now they are on the way to extinction. Italy's COC accept patent and trademark applications which means advanced status and special coordination with the relevant national authority.
IT	Business creation & administration	
ES	One-stop-shop for the creation of enterprises	
ES	Business register	
IT	Other registers mandated by law	
IT	Receipt of Patent & Trademark applications	
PO	Document certification	
RO	Electronic Archive of Real Movable Guarantees	
Consultation		
LV	Legal services	This is not a common service. Some offer legal services, common in Greece. Translation and especially business consultation (distinct from information) is a service that competes with other businesses, which may also be members of the COC.
IE	Consultancy	
CY	Participation in law making process	
IE	Translation services	
New Business		
ES	Women Entrepreneurship	This is a service few COC engage in. It refers to assistance to women and youth in establishing
AT	Start-up service – junior	

	Chamber	business. Some also provide special services for start-ups. Recently there is a lot of interest for start-ups due to their scale-up potential and the resulting interest by governments and VCs.
Arbitration – Conciliation		
AT	State-Unions-Management Negotiations	Several countries' COC provide this service which refers to labor negotiations (these usually happen at the national level – collective agreements) and local disputes. Only Italy's COC provide Trial legitimization.
CZ	Alternative dispute resolution	
IT	Trial legitimization	
Economic development		
AT	Promotion of economic development	This is common to all COC group of services. There are many different types of services which contribute to economic development. Most, however, claim promotion of economic development as one of their priorities. Some engage in structural fund supported projects and encourage their members to do so, which by definition contributes to economic development and innovation uptake. Others promote effective market economy in an effort to reduce obstacles and provide a better business climate, same applies with administrative simplification. Some participate or initiate studies which also contribute to economic development or operate local economy observatories. French COC provide advance services such as involvement in infrastructure projects, which no others offer. Italian COC offer the largest amount of specialized services and activities involving them in the operation of the market (wholesale price verification, infliction of administrative sanctions), in education (school work alternance) and in the operation of local custom offices. Luxemburg COC offer a convention center although almost all regional COC have their own offices with meeting rooms and auditoriums. There is no common pattern of services supporting economic development and there is no information of COC subsidiaries which may work towards the same goals.
CY	Bar-coding services	
CZ	e-documents	
EE	Competitiveness ranking	
FI	Promotion effective market economy	
FR	Governing/managing projects	
FR	Services and infrastructures	
IT	Other ad-hoc duties on government mandate	
HU	Research and economic studies	
IT	Promotion of administrative simplification	
IT	Financial aid to companies	
IT	Observatory of local economy	
IT	Promotion of innovation TT incl. ITC services & Infrastructures	
IT	Gathering info in usage and local customs	
IT	School work alternance and professional guidance	
IT	Wholesale price verification	
IT	Infliction of administrative sanctions	
LU	Conference Centre	
ES	Innovation	
ES	Data bases	
Training – Accreditation		
AT	Wi-Fi training	It is a common service group and the specializations offered by different countries' COC indicate the particular need prioritization made in each country. Apprenticeships, vocational and professional training are very common as well, although there is no further
AT	Certificates for master-craftsman	
BE	Export documentation training	
CY	Apprenticeships	

CZ	Vocational training	<p>information as to the curriculum or depth of training.</p> <p>There are some specialized and country specific services such as Finland's real estate and security market accreditation, although real estate accreditation is also found in Greece.</p> <p>In UK there are some good training approaches for quality assurance, skill development and operating a business, which may be a more wholesome approach than simple apprenticeships. It seems there is room for training service expansion in this area across countries.</p>
FI	Real estate	
FI	Securities markets	
FR	Professional training	
LU	School of Commerce (initial and vocational)	
MT	Issuing of commercial agents' licenses	
UK	Quality assured certification body	
UK	Skills development	
UK	Business training	
Export - Internationalization		
CY	Internationalization	<p>This a very common service group and the individual services are very similar or same.</p> <p>Export documentation, certificates of origin, ATA Carnet issuance and export document authorization are offered by most COC examined.</p> <p>Internationalization is also a common service which, although in general terms, indicates the important role expected by COC in this matter. For many SMEs, the group efforts by their local COC may be the most available and affordable internationalization platform. Only Austrian COC formally represent their export organization.</p>
AT	Austrian Trade-Export Org	
DK	Issue of Export documentation	
BE	Certificates of origin (electronic)	
BE	VISAs	
BE	Issuance of ATA Carnet	
EE	Representation at fairs	
IT	Authentication of export documentation	
LU	Foreign Trade promotion	
Sales Services		
CY	Business publications	<p>Sale of services is not a common attribute among these 2000 COC. Some of these services are offered for free; housing and/or secretarial services are commonly offered for free to local professional business associations.</p> <p>Italy's COC offer specific services which may be in competition with private companies and Spain's COC offer employment services which no other country's COC seem to do.</p> <p>Cyprus sells publications and Sweden's COC provide inspection services for public works.</p> <p>Spain's COC are involved in subcontracting which is also found in France.</p>
CY	Secretarial services to Professional organizations	
EE	Advertising and information services	
IT	Control over products, weights and measures	
IT	Inspection Services	
ES	Employment Services	
ES	Industrial subcontracting services	
SE	Public Procurement Inspector	

Table 3: COC Service groups per indicative country with comments (Eurochambres, 2010)

The most important observations of the services offered are:

1. The services are similar in broad lines but country COC design and implement their own.
2. The services offered are many and involve actual economic intervention, in various degrees, supporting business and regional needs.

3. The design and specificity of the services offered reflects the priorities of each COC and the needs of the local businesses and the country's regulatory obligations that COC must adhere to.
4. The particular depth and the quality of the services is not obvious or suggested from the summary reports offered by Eurochambres.

3.4 Economic Intervention

Since their inception, COC are considered as facilitators in the economic sphere, initially by intervening as the representatives of the business community. To assess the degree of economic intervention of COC (and other trade associations) in this role, the dynamics of this facilitation are examined in the relevant theoretical research and then the specific activities of the COC are analyzed from a more practical approach to COC intervention capabilities.

In Sarah Waters' article (Waters, 1998a) COC in France and Italy are endowed with significant powers and resources, in the framework of decentralization in 1980s contributing to a wave of local economic dynamism during that period. She emphasizes the fact that COC are powerful organizations providing a wider representation of interests than any other organization at local level, except from the local authorities. Despite these powers and uniqueness, COC progressively play a lesser role in the local economy and are slowly being marginalized, primarily due to increasing decentralization policies which created new, targeted and flexible organizations in the way they operate. Their operation is impeded by the rigid legal structure they have to operate within, the institutional rigidity, weak representation and the nature and capacities of their leadership (Waters, 1999). COC size and participation in local networks are also determinants of the service quality and local intervention accomplished. The overall observation is that COC in these countries have been established at long past times where they were endowed roles and duties according to the then situation. The ways they were established and operated, have not allowed them to evolve with the rate of change in their environment, thus their progressive marginalization (Waters, 1998b).

With regards to the administrative structure, research (Pugalis, et al. 2013) in England found that even new attempts to establish "functional" spatial coalitions tend to follow the previous regional governance geography. Although the article does not refer to specific COC involvement in the new functional coalitions, it seems that alternate attempts to diminish the role of public regional authorities in driving development, tend to resort to previously geographically established coalitions.

In a more practical approach to the intervention potential of COC, there are four activity groups that COC perform (ITC, 1996) in order to fulfill their function: General Activities, Specialized Activities, Consultancy Activities, Developmental Activities.

General Activities include information services, representation to government and local authorities, active promotion of opportunities at home and abroad, dispute settlements, advisory services on labor laws, taxation etc. and active operational support to trade associations of their area of concern.

Specialized Activities include economic intelligence, information on foreign trade, undertaking specific export functions (certificates of origin, ATA carnets, etc.), incoming and outgoing trade missions, trade fairs, networking activities, special studies on countries or sectors, excellence awards, specialty counselling, managing infrastructure facilities, industrial parks and harbors.

Consultancy Activities usually include direct assistance to SMEs on taxation, funding, customs, laws, etc. Although some are offered free of charge and others for a fee, they are a direct support activity for solving specific problems for SMEs, which otherwise would have been inaccessible and costly.

Finally, **Developmental Activities** include vocational training, human resource development programs, quality management, start-up services, testing facilities for industrial products, energy conservation and environmental auditing.

These activities are supposed to alleviate the problems faced by SMEs and facilitate both their daily operations and their growth and betterment potential.

The **problems of SMEs** (ITC, 1996) appear to be similar everywhere, the first usually being Lack of Adequate Finance. It is followed by Marketing, Quality of Products and Administrative bottlenecks.

Lack of Finance is common to all SMEs which are faced with reluctance of commercial financial institutions to lend them since they are requested by people with low net worth. They are excluded from capital markets and only start-ups attract attention by venture capital funds. Governments often provide assistance programmes and financial assistance schemes with marginal effects. A communication gap exists between the SMEs and the lending institutions and COC have a role to bridge it by projecting the problems SMEs face. COC have a role to play by informing SMEs of funding

opportunities and cultivating their capacity to take advantage of them. COC can also intervene in the design and implementation of assistance programmes and facilitate access for SMEs. (ibid).

Marketing is a problem for SMEs at various levels, depending on the industry and sector and on the enterprises themselves. New businesses are in need of market intelligence and growth prospect input and when the business grows, new market intelligence and specific marketing strategy is needed. A large area of marketing challenges for SMEs is exporting, where a number of barriers exist: language, foreign market access, knowledge of export market conditions, trade shows, placement channels, financial issues etc. COC may intervene in providing market intelligence by domestic or foreign sector or by country and directly assist marketing efforts by initiating trade missions, B2B meetings and group participation in trade shows and exhibitions. They can also intervene by training marketing personnel and undertake some marketing functions on behalf of groups of similar SMEs. More specific activities include demand surveys of various products/services, specific market research, design and development services, consumer awareness for SME products, organize conferences and provide experts in marketing (ibid).

Quality of Products is another area of problems faced by SMEs, which often do not have the proper (state-of-the-art) equipment, lack testing and calibrating facilities, and fail to produce good quality at a competitive price. Availability and pricing of raw materials is a major concern since the buying capacity of SMEs do not match that of larger firms. Shortages also become common and production interruptions occur. Bulk purchases and supply networks can be assisted or organized by COC as well as providing warehousing, testing facilities, technical support and SME clustering services. Manpower training is of essence in the quality of products and services, whether technical, managerial or skilled. COC can play a major role there by providing vocational and managerial training. Low technology also hampers quality and competitiveness of SMEs both in terms of low tech equipment and managerial operating set-up. COC can facilitate new technology players to reach SMEs and provide good examples for its uptake. In addition, COC can make SMEs quality conscious by: encouraging the establishment of quality circles in various enterprises, providing support services for quality management through provision of consultants, instituting awards for quality

excellence, having committees for standards per sector or industry, encouraging ISO certification, disseminating information on quality trends, entertaining complaints pertaining to sub-standard products and services, and establishing strategic alliances with organizations dealing with quality and productivity (ibid).

Administrative bottlenecks are present in all stages of operations of SMEs from start to growth (ibid). They have to do with archaic laws and obsolete processes, bureaucracy and corruption (Wedeman, 2002). COC have a crucial role to play in mitigating the problems for SMEs such as offering guidelines to facilitate interactions, offering services, providing counselling or establishing decentralized services to SMEs with the government.

COC are ideally positioned to intervene between the government, the markets and the technology and the SMEs in the area of concern (Waters, 1998a). They can gather, tabulate and evaluate the problems SMEs face in their area continuously through an SME committee (ITC, 1996) which will design the activities thereafter. Dialogue with the SMEs is important to keep abreast the new needs. The effectiveness of the COC's capacity to help SMEs depends on a) vision, vigor and vibrancy of the COC leadership, b) caliber and experience of its personnel serving the sector.

There are however inherent problems with COC (ibid) which inhibit their effectiveness:

- a) Low membership of SMEs, which may be detrimental to voluntary COC (Anglo-Saxon type). For the continental ones, membership is mostly compulsory, although membership in this case should also be seen as "keen membership", those members that are interested for the COC activities and expect services from it.
- b) Poor leadership and shortage of skilled staff. The challenge of a successful COC requires vision and leadership qualities to build up strong organization (ZDH, 2000). Another compounding factor and serious constraint is non-availability/shortage of qualified staff.
- c) Inefficient management and administration. Either due to incapacity or lack of time of those in leading positions and with few resources for staffing COC are often ineffectively managed (ZDH, 1998). Managers are seldom qualified and lack adequate experience.

- d) Non-acceptance as full partners by government. Often governments are reluctant to accept full partnership with COC resulting in diminished role, reduced clout and discouraged SMEs.
- e) Inadequate finance. For reasons stated above and poor government policies regarding COC, they may end up with limited financial resources and thus, unable to fulfil their role effectively (ITC/ICC/ZDH, 1993).

One last point on official intervention should be made. It refers to the **European Economic and Social Committee**, which was instituted at the same time as the European Communities (1957). It is a consultative body that gives representatives of Europe's socio-occupational interest groups and others, a formal platform to express their points of views on EU issues (EESC, 2016). Its opinions are forwarded to the Council, the European Commission and the European Parliament. The EESC has 350 Members. The Members (also called Councillors) are drawn from economic and social interest groups in Europe. They each belong to one of three groups: a) Employers (employers' organizations and associations), b) Workers (workers' associations and federations), c) Various Interests. The Employers group supports the development of businesses, which can play a key role in developing a prosperous society and creating jobs. They bring together entrepreneurs and representatives of entrepreneur associations working in industry, commerce, services and agriculture in the 28 Member States of the European Union. The group consists of 117 members, and they work closely with Europe's five major business organizations BUSINESSEUROPE, CEEP, EUROCHAMBRES, EuroCommerce and UEAPME (ibid).

Besides the groups, (sub)categories are recognized (EESC, 2016) for Group III which represent a) consumer and environmental interests, b) social economy, c) SMEs, the liberal professions and crafts and d) agriculture.

Modern economic thought and research directs at an increasing realization that in the complex political system of EU, the Economic and Social Committee provides a forum for functional representation in addition to legitimacy based on territorial representation (European Parliament). It can be conceptualized as a form of "deliberative democracy" via "functional assembly" (Smismans, 2000). His argument is based on the observation that the European Parliament elected members are legitimized solely on national (territorial) representation and normal partisan politics

which are not always connected with functional and associative representation that is of concern to SMEs; whereas the Economic and Social Committee, entrenched and legitimized in the European system, can provide functional representation of the factors of the economy on regional, national and European level.

COC in Europe are not officially represented in the European ESC. There is only one member in Group I, from each UK and Irish COC (EESC, 2016/2) and (EESC, 2016/3). They have, however, a specially established forum with recognized functional representation, where they can influence policies by direct advocacy to both Group I (employers) and Group III (SMEs). At the national level (OKE, 2016) and in order to ensure that small entrepreneurship is represented, there is one representative of national COC body in Group III.

3.5 Best practices

In order to arrive at an in-depth understanding of the institution of COC itself, the various types, forms and operating methods but, most importantly, its success factors, an extensive search has been undertaken, herein, to safely benchmark the COC system and identify some best practices and prevailing conditions.

In examining the potential for intermediary organizations such as the COC to intervene in the economic performance of a region, research lead to the Public-Private Partnership viewpoint (UoGottingen, 2000). Introduced by the World Bank in the nineties, it reflects the recent trend towards more civic participation in policy. According to this, some public services and activities can and should be provided by the private sector whilst keeping operating standards according to government regulations. In this spirit, COC are well positioned to undertake some tasks serving SMEs which traditionally were administered and provided by public services.

The Public-Private Partnership concept applies to two different dimensions: a **strategic policy** dimension and an **operative or project** dimension and is implemented (UoGottingen, 2000) in the following forms:

Dialogue platforms: They are relevant where more institutionalized dialogue exists between Small Scale Industries (SSI) and the government (national, regional, local). It can be implemented through: a) separate deliberation committees (functional: finance, SSI), industry specific and spatial and b) hearings and consultations on a more advisory nature

Regulation: This involves COC to take over tasks which are explicitly delegated by the state or formerly left unregulated but need to be ordered. Examples of such delegated functions are to run arbitration courts or register new enterprises, or issue trade documents.

Educational and physical infrastructure: Usually regarded as a government responsibility but the capacity of public authorities to control and run these public utilities does not necessarily rise with economic development and the increased complexities of a specialized economy (Schmitz, 1997). Public Private Partnership with COC can be a useful tool to overcome supply side bottlenecks, thereby creating an enabling environment for flexible specialization. Such activities can be: a) training

courses, b) vocational training, c) running schools on technical training d) manage single facilities e) industrial estates or testing labs.

Business Development Services (BDS): they comprise all non-financial support measures for SMEs. In the past, governments assumed all the business support programs but the disappointing experiences of these traditional approaches to business promotion have paved the way for concepts which aim at the development of private markets of BDS (Gibson, 1998). Since not all SMEs are willing to pay for such services offered on a commercial basis, the public-private provision of training, consultancy, matchmaking, marketing or technology transfer services may facilitate a more demand-led and efficient institutional setting which also allows for subsidization to a certain extent.

COC are considered to belong to the intermediate sector since they cannot be classified as either public or private (UoGottingen, 2000) because they have characteristics of both. In addition, they can play a catalytic role in developing self-help capacities of SMEs.

This collaborative Public-Private Partnership is inherent in the following best practices selected from a larger number of cases showing examples of successful COC across the world.

- **Policy level – Advocacy, consulting and representation in Germany.** The government is obliged to consult with COC at every level. At the national/federal level, the corresponding body, the Association of German COC and the Confederation of German Skilled Craft and Small Business advocate with ministries, agencies and parliamentary committees, while they support their lobbying with surveys, studies and position papers. At the lower levels the corresponding COC takes the role within the parameters of the local SME needs (ibid)
- **Operational level – Dual vocational training system in Germany.** In this system the apprentices receive on-the-job training in individual enterprises combined with more formal theoretical training at technical colleges run by the government. The cost of the government is US\$ 5 billion p.a. while COC contribution is US\$ 15 billion p.a. COC assume supervision of the system, register training contracts, give advice to trainers, hold examinations, and specify training curricula (in joint committees with government officials). Also COC have established modern vocational training centers

whose build was subsidized by the government. It also pays for 30% of the course fees for participants (ibid).

- **Operational level – Business development services in Germany.** Originally concentrating on training courses for entrepreneurs and staff, offering 13.000 courses to 300.000 participants, today, COC have service centers offering a wide range of advisory services to their members. At the moment 800 consultants are employed by the 55 regional chambers providing advice in the fields of business administration, finance, accounting, technology, foreign trade, environmental protection, design, trade fairs, etc. Most are free of charge to the members who use the services 170.000 times p.a., with an average consultant time spent 5 hours, while COC bear 60-65% of the cost (ibid and ITC, 1996).
- **Operational level – Self-Regulation in Germany:** COC have undertaken prescreening of applications to the business register, run by the district courts. They are also mandated to run courts of arbitration and issue Certificates of Origin, ATA Carnets and certify trade documents. COC are reimbursed for certain delegated tasks (UoGottingen, 2000).
- **Policy level – Advocacy, consulting and representation in France.** It is very similar with Germany except that here COC are consulted especially on issues regarding regional development policies like town planning and transport systems. No special dialogue platforms exist (ibid).
- **Operational level – Establishing public infrastructure projects in France.** COC are engaged in the provision of regional facilities (nearly all air and sea ports, about 336 industrial parks and 34 heavy road traffic centers as well as certain tourist facilities). To do so they have been authorized to expropriate land owners, issue bonds and receive public subsidies, while they must operate these services profitably (ibid).
- **Operational level – Education in France:** COC provide formal as well as vocational training by running about 80 high schools and 50 business schools. They act as intermediaries between apprentices and business owners and operate 86 training centers for classroom instruction for apprentices (ibid).
- **Operational level – Business development services in France:** COC are the largest private sector provider of training and consultancy (ibid). In addition to the above, there are about 400 training centers of advanced learners with more than

270.000 participants p.a. operating on a commercial basis with some cross-subsidization by public grants. COC employ 2.000 consultants for technical, scientific, management or organizational issues. They also have one-stop-shop business centers for start-ups by facilitating legal formalities (registration) (ibid).

- **Operational level – Standardizing employee qualifications in Japan:** COC are entrusted to conduct nation-wide examinations in the field of business skills (bookkeeping, language courses, word processing), thereby empowering the private sector to standardize the qualification of employees (ibid).
- **Policy level – Advocacy in the Philippines:** Annual Philippine Business Conference initiated by the Philippine COC where all economic issues of national significance are discussed and recommendations on new laws and regulations are formed for the government. Regional conferences organized by the regional COC reflect problems at the provincial level. (ibid).
- **Operational level – Establishing small business consultancy in Indonesia** (ITC, 1996). As the government's partner in business development, KPIK-KADIN (Department of Entrepreneurs and Small Industry of the Indonesian Chamber of Commerce and Industry) helps SMEs to overcome problems in gaining access to credit through Small Business Consultants, with the support of ZDH-TA Partnership Project. The Small Business Consultants, who are trained by KPIK-KADIN, assist SMEs in preparing their feasibility studies and provide other business consultancy services to meet the requirements of the financial institutions, nationally and regionally. (ibid).
- **Operational level – Relending Program of the Angeles chambers of commerce and industry (Metro ACCI) Philippines** (ITC, 1996 and UoGottingen, 2000). The program provided lending to SMEs without collateral, at almost half the going interest rate, repayable by 12 postdated cheques of capital and interest. The lending agency, part of the Metro ACCI, was borrowing at four percentage points less, the difference used for operating expenses. The program was expanded and the objectives were broadened after and because of the Mt Pinatubo eruption, including livelihood and rehabilitation assistance. After four years of operation, the program has increased its clientele, repayment ranges between 90%-97% and despite problems it wishes to expand to seed funding.

- **Operational level – Energy audit and management services in India** (ITC, 1996).
Due to electricity shortages and poor quality, a northern India COC set up an Energy Management Cell with the objective of assisting its members in power conservation in order to enable industrial units to continue with their production. It was felt that by undertaking some in-house measures and small improvements in the power system, 15-20% of power could be saved.
The COC, not being able to finance the project on its own, proposed a 3-year program to UNDP and the government of India. They undertook to finance it 50:50. The COC managed the project (ibid).
- **Operational level – Infrastructure development – industrial estate in India:**
Maharatta COC together with the State government who made available 5 acres of land, established an industrial estate for 150 SSI. COC organized and implemented the project. A quarter of the costs was financed by the SSI and the rest through a long term loan from the State Financial Corporation. After its completion the management will be handed over to a cooperative society of SSI members (UoGottingen, 2000).

Chapter 4

Chambers of Commerce in Greece

COC in Greece were established in 1914 in the capitals of the prefectures (UHC, 2016a). Since then, the legal framework has been amended several times although it did not change the fundamental characteristics: they were public law organizations representing entrepreneurship, advising the government on business matters, with obligatory membership and operating semi-independently under ministerial supervision. In 1934 the Union of Chambers of Commerce and Industry of Greece is established; the law was amended in 1992 when it took its present legal and operational form. UHC represents the Greece COC in the national ministries and Parliament, in Eurochambres and elsewhere (ibid).

There are two major observations resulting from the legal/institutional formation and their history until the recent years. Firstly, the Greek COC operated mostly as a regional extension of the government, executing official duties, advising the government and providing local reference services (Greece - Government Gazette, 1992). Secondly, their staff were public servants, which according to regulations, were permanent and their salary was determined according to the other public servants (ibid). Thirdly, the obligatory membership (ibid) provided steady and ample funding for their services which resulted in accumulation of reserves and the establishment of respectable owned head offices in the centers of the prefecture capitals. These buildings were used for major gatherings, speeches, events, discussions and political events in the prefectures (CCC President, 2014-16). Fourthly, COC undertook to support the funding of the trade organizations, business associations etc., established and operating in their respective prefectures, while they usually provided offices and operational assistance to them (Greece - Government Gazette, 1992).

4.1 Institutional Framework – Role in Local Economy

The COC of Greece are governed by the Law no 2081/10.9.1992 (Greece – Government Gazette, 1992) which amended the previous ones.

Law no 2081 decrees (ibid) that COC are obligatory, self-administered, and independent unions of natural and legal persons that practice commercial activities in the said area; they are public law entities under the authority of the ministry of trade, regarding the legality of their actions. Their scope is the protection and development of commerce, industry, crafts and independent professions in the COC domain within the framework of the interests of national economy and for its development in general. It is also to provide opinions and advice to the government on any economic issue always in service of the regional development and the general interest of the national economy as well as advice and information to their members and any interested party.

Members are the natural and legal persons established in the COC jurisdiction and the branches of large corporations established elsewhere in Greece or abroad (ibid).

Members of the administration, without voting rights, are representatives of other social partners such as the Hellenic Federation of Industries, Retail Commerce Association, other COC whose head office is in the same area and any national association, syndicate or federation such as the Federation of Commercial Representatives, Hellenic Exporters Federation, etc. In the same capacity, there are four members of the business community in the COC domain with exceptional achievements in commerce, industry craft and services, nominated by the board of directors (ibid).

The law provides for the existence of Chambers of Commerce and Industry in all prefectures (51) and in certain areas (Athens, Thessaloniki) special COC for crafts and professions (ibid).

With regard to their responsibilities, COC can act within their scope (ibid), mainly: a) submit proposals, opinions and advice to the government for particular as well as general economic issues; b) monitor standardization and production in their jurisdiction and issue certificates of origin, certify document authenticity, tabulate commercial and professional customs, provide information to their members and the State on foreign markets, international economic developments and related issues; c) undertake the management of industrial zones, commercial centers, permanent

exhibitions, stations, harbors, warehouses and laboratories; d) establish non-profit companies under private law either solely or in partnership with other entities, self-administered to manage projects funded by EU or international organizations for the purpose of development of information technologies, education, training of members, performing sampling, adjusting and verification activities, dispute resolutions and any other COC project; e) organize conferences, training programs with attendance certifications, subsidize employees for specialization training in Greece or abroad, establish task committees with members, employees or third parties, assign to outside experts studies, publish books and periodicals, subsidize publications on economic issues; f) subsidize initiatives that contribute to local economic development, cultural, social and national events, grant awards for distinguished entrepreneurial achievements, financially support trade and other associations.

Internally the COC have the authority (ibid) to establish departments which are divisions of their members according to business sectors, such as trade (retail and wholesale), industry, crafts, professions, exporters, tourism and shipping.

COC administration is executed (ibid) by the Board of Directors and the Management Committee. Every four years, the paid-up members elect a board of directors comprised of 21 members for up to 7000 COC members, 41 for 7001-10.000, 61 for over 10.000, respectively. The presidents of the sectoral divisions are represented in the Board of Directors. The Management Committee is elected by the Board of Directors and is comprised by the President, two Vice Presidents, a General Secretary and the Financial Overseer.

According to Law no 2081/1992, COC revenues were the compulsory annual membership of the members, fees from COC services, grants from other than the State Budget and any other legal revenue from other sources such as rents, dividends, etc. (ibid).

In the same law there are numerous provisions for the Union of Chambers of Commerce of Greece (UHC), the relations with the International Chamber of Commerce whose Hellenic National Committee is comprised from all the COC of Greece along with other associations, foundations and organizations as long as they have dealings abroad or focus on export promotion as well as natural and legal persons related to international

activities all of which are subject to approval of the National Committee's Board of Directors (ibid).

An important development came in with Law 3419/6.12.2005 (Greece – Government Gazette, 2005) which introduced the General Business Registry and authorized the COC to undertake the task by establishing a separate internal department/service that would provide the service. The Registry was assigned to UHC but the task was distributed to each COC in their respective jurisdiction.

During the economic crisis and the resulting second Memorandum of Understanding, an agreement was reached on October 2011, which included a public debt haircut in the form of government bond annulation. COC along with universities, public entities and others suffered serious reduction in their reserves. This, coupled with the reduction of new registrations and increase in deletions from the registry as well as the delays in payment of the membership dues, resulted in some COC in Greece to reduce their activities close to nil.

Another very important development, which was also a result of the debt crisis of Greece (2009-2016) and the Memorandums of Understanding agreed with the EU and other lenders), was the abolition of third party fees paid by SMEs (OECD, 2014). The justification was to facilitate entrepreneurship and remove unnecessary dues from them. One of them was the compulsory COC membership fee which was decreed (Law 4111/2013) to be abolished as of 1/1/2015 (Greece – Government Gazette, 2013) also in sync with OECD's Competition Assessment Reviews on Greece (OECD, 2014). This development created serious uncertainty for the financial sustainability of COC which collectively lobbied for an alternative. In Law 4314/23.12.2014 (Greece – Government Gazette, 2014a), the Chamber legislation was upheld for the most part, was updated in some minor areas and (most importantly) authority was given to the Minister of Development to decree the fees for the COC voluntary membership, the fees for the Business Register and other issues. The resolution to the COC viability issue came in the form of a) Ministerial Decision no. 78030/31.12.2014 (Greece – Government Gazette, 2014b) in which an annual voluntary membership fee was decreed based on the legal form of the enterprise along with fixed fees for a number of services rendered and b) Ministerial Decision No 79752/31.12.2014 (Greece – Government Gazette, 2014c) in

which the annual Business Registration maintenance fee (among other fees) was decreed and given to the COC for their standard operations.

An important observation here refers to the low expectations shown by the COC regarding their ability to survive without the obligatory fees. Apparently, they realized that SMEs in the country do not have COC in high enough esteem to ensure the same or similar revenue level, if the membership fee was voluntary (CCC President, 2014-16). With the above mentioned resolution, COC are now endowed with adequate financial revenues to sustain the present services and potentially, when all the sole proprietorships are registered in the General Business Registry, they will have even more financial resources to invest in new services (ibid).

In Law 4314/23.12.2014, COC were also given the organizational flexibility to merge with neighboring COC if their membership falls under 5000 members and are faced with financial difficulties (Greece – Government Gazette, 2014a).

On a final note, some COC now are in a period of regeneration in terms of new services within their wide and varied role. There are efforts to align and network in Greece and abroad, to acquire more capacities and establish more and better services for their members. Others are planning even further and seek to establish business parks, extend their reach in their jurisdiction and play a decisive role in the region's economy (CCC President, 2014-16).

4.2. Limitations

COC in Greece are characterized to a large extent by their legal and institutional structure, thus they are endowed with large powers and a unique position in the local economy (Waters, 1999). However, this institutional framework appears to also be a constraining factor on their effectiveness and efficiency. Having the same, centrally-decided framework which is an effective tutelage over the COC, any difference they portray is only a matter of their leadership (Waters, 1998a). Traditionally, their leadership is selected by the dominant political parties in the region and has performed as expected by the prevailing political system (clientelist management) (ibid).

Another important result of the institutional rigidity is the attitude that such system generates and permeates, internally and externally, the COC organization. Internally, these effects are distinguished between the operating style and the personnel (ibid).

The operating style is determined by the myriad of regulations and procedures by which public agencies are obliged to operate. There is bureaucracy, tardiness, insensitivity and rigidity in procedures which reduces the efficiency and effectiveness of services to the members. This can take the form of document processing and services rendered by the COC as well as the bureaucratic obstacles imposed to the COC management in its operation. Fortunately, as a result of the government encouraged adoption of information technologies in the public service across the country during the crisis and the catalytic effect of the new business registration system, there are improvements in the operating style, especially in some COC, which managed to obtain additional funding (EBEH, 2016) and (Achaia Chamber, 2016a) establish online offering of services in what is called “e-epimelitirio” (=e-chamber).

Regarding the personnel, most COC hired their personnel according to the public servants hiring procedures which were mostly based on clientelism serving choices rather than meritocracy (CCC President, 2014-16). The operating effect of this is described by the low effectiveness and efficiency of the services which is similar to or same as other public services in the country, thus the members are accustomed to this quality of service. It is also characterized by the hiring freeze that was imposed on the country to control the size of the enlarged public sector, consequently, making some COC to have skeleton or no staff, and thus, marginally able to provide services. Many

COC in Greece have established wholly owned non-profit subsidiaries, which are called Development Companies/Agencies. They are private law entities which the COC management used in order to bypass the hiring freeze and hired staff, albeit not permanent, providing they had the necessary budget. The development company staff is solely at the discretion of the COC administration, while COC staff is regulated by the relevant public servant laws (ibid).

The worst possible effect of the aforementioned institutional rigidity, however, is the operating mentality that weighs over the administration and the personnel. They are both influenced by the prevailing attitudes whereas things occur after adequate demands and political posturing to a demand-sensitive clientelist state. This prevailing reality has geared the COC towards defensive policies and political posturing. They opt to take positions refuting and rejecting policies already adopted by the central government, instead of generating self or locally-developed policies i.e. policies representing the medium to long-term needs of local businesses within a regional development plan (ibid). This type of politics is regularly and normally exercised by the syndicates and the trade organizations, customary in a clientelist state, which exists to distribute money, benefits and privileges. The crisis brought additional hardships to SMEs in the form of more taxes and less demand both of which have accentuated these practices. Regarding the personnel, with special emphasis on the permanent ones, a *laissez-faire* attitude dominates their ranks, superficial adherence to bureaucratic laws and regulations, neglect and indifference of real SME needs, oblivious to the market realities/challenges and confident that performance is not a determinant of their employment status. There are seldom and notable exceptions of course, mainly amongst the non-permanent staff of the development companies, whose employment status and loyalties are tied to the administration of the time (ibid).

COC size and participation in local networks (Waters, 1998a) are also indications of the potential COC limitations. Size of membership or the amount of business dealing with the Business Registry determines the amount of resources available for the services towards new projects. Similarly, the number of businesses in the prefecture and the vitality of the COC administration determines the extent by which any COC is networked within the local authority and interest grid, thus the extent of its influence in the local and regional matters. Given the large membership and size variation range between

COC of different prefectures, not many COC in Greece are able to offer services of quality that would affect their environment considerably (CCC President, 2014-16).

Lastly, the average COC administration is comprised of local SME owners with limited time and capacities in progressive thinking and leadership, especially if selected amongst prevailing political elites (Waters, 1998a; CCC President, 2014-16). Although this is an inherent institutional limitation, it is the selection (through elections) of such people that can make a real difference, building on the COC institutional uniqueness and potential. The same can occur when the prefecture is large in size, and/or the seat of the regional government and/or where a number of large and medium companies are based. They are effectively acting as a leverage to the local COC effectiveness by requesting higher caliber representation, important demands and issues to advocate about and a pool of better qualified individuals to serve as administration (CCC President, 2014-16).

4.3 Impact Assessment

The COC in Greece are slowly going through a transformation period from the previous regime of having compulsory membership to the compulsory fee for the Business Register which affects both: a) positively their service revenue stream and b) negatively their membership roll. Their sustainability is actually secured for the services they presently offer which varies dramatically between them: there are some small COC with no staff (Preveza COC) and they operate with borrowed personnel from local entities (CCC President, 2014-16).

The COC members, the local market and the local/regional authorities are the external environment of the COC organization, which accepts its services, perceives its attitudes and receives its advocacy, respectively.

Firstly, the fact that the membership was compulsory and the limited services offered in the usual bureaucratic manner, many members formed the opinion that COC are not really useful, but exist as additional public services that costs more money than the returned benefits (CCC President, 2014-16). A part of the discontent is that information which COC may offer to their members i.e. on the funding opportunities, on regulatory changes etc., can be found from alternate and more close to the SME sources, such as their consultant or accountant respectively. The amount of people participating in the elections is an indication (Waters, 1998) of the low esteem COC enjoy from their members. Secondly, the local market follows the activities initiated by the COC and the political stance it takes on different issues. The activity level and success rate are determinants of the perception enjoyed, which may also change overtime. Thirdly, the local and regional authorities usually receive COC advocacy with respect. They want to have a local ally from the business world and will try to avoid confrontation since they are elected officials too. Recently, COC's relative importance was appreciated because of the turn of European and national policies towards assisting entrepreneurship to counter the adverse effects of the recession and economic slowdown (CCC President, 2014-2016). Thus, local and regional authorities count on keeping the COCs of their jurisdiction close and allied in collaborative execution of their own policies/projects.

Regarding members' expectations, they may sometimes be unreasonable insofar as they often expect easy solutions from their local COC while a) it is not authorized to resolve a given issue or b) that without a close relationship and follow-up with the local COC, favorable things are expected to happen (ibid).

COC are found in advantageous position amongst municipalities and other local trade associations insofar as COC jurisdiction (Greece – Government Gazette, 2014a) extends in the geographic limits of the prefectures (ex-regional authority), thus, effectively superseding theirs (Greece – Government Gazette, 2010). It gives COC the advantage of initiating economic programs and adopting policies for the prefecture area (regional unit) and act as a local leader in economy/business matters. Additionally, national election ridings are based on the regional units, thus the members of Parliament are elected according to the same jurisdiction as the COCs (Greece – YPES, 2016).

Conversely, COC are found at a disadvantage vis-à-vis the present regional authority, which is usually comprised of several regional units (ex-prefectures), thus, several COCs need to deal with one higher authority, the Region. The Region is usually based in the capital of the largest regional unit and often the COCs of the other regional units are physically and operationally distant from the center of decision making.

The outlook of COC and their perception by the economic factors is overall skewed towards the negative, mostly because of the long period of inactivity in changing environments and their inherent limitations (Waters, 1998a). More than half of the country's COC are incapable of adjusting and performing according to perceived needs, thus contributing to the low esteem (CCC President, 2014-16). The trade associations attract the public attention, mostly the federations of crafts, trade and commerce which are social partners and officially participate in the economic and social committee.

Of particular decline is the Union of Chambers of Commerce of Greece (UHC), which is not very active to uphold its role and political presence/advocacy that would add to the COC clout. Their site is neglected and its overall image seems much worse than its actual advocacy and activity record (UHC, 2016b). The recent UHC general assembly in Preveza (during May 2016) was a disappointment: there were no formal position papers distributed nor were policies elaborated in an organized manner (CCC President, 2014-16).

There are, however, notable exceptions such as Cyclades COC: the combination of the prefecture's geography (220 islands, approx. 20 of which are inhabited) and a visionary president, resulted in the first system of COC online services in Greece with considerable permeation in the operation of democracy as well: tele-meetings for regional issues, meetings among island administrations etc. Notable activities on concrete export support have also been shown by the Achaia COC (Achaia COC, 2016b) which is being copied by others, CCC included.

Recently, island COC and the helping presence of funding opportunities of cross-border cooperation, resulted in the formation of the national network of island COC (EOAEN, 2016). It is part of the European network of island COC INSULEUR, and the formation of COC alliances amongst COC of bordering regions (Crete, South Aegean and Cyprus). It was formed mainly to participate in cross border collaborations, program participation and common activities (Insuleur, 2016).

Concluding, the impact of COC in Greece appears to be limited despite their unique positioning and authority endowment. It greatly depends on the inspiration of their individual leadership and operating capacity. Their opportunities to grow and service their members and local economy can be supported by structural programmes. They have networks readily available to form allegiances and alliances in order to intervene by sector and by locality or region. Their opportunity is not yet clouded by the presence of other forms of economic players such as regional agencies (Waters, 1998), although the activities of some ambitious regional authorities may effectively act as competitors. Time is of the essence, if COC want to activate themselves in being serious determinants and factors of regional development.

Chapter 5

Chania Chamber of Commerce

CCC is one of the 59 COC of Greece, founded in 1933 (CCC, 2016a) and its jurisdiction coincides with the Regional Unit of Chania, one of the four Units of the Region of Crete. Regional Unit of Chania has 156.5 thousand inhabitants and 2.56 billion euro GDP.

CCC is governed by the same institutional framework as all other COC of the country. It has approx. 15.000 members under the compulsory membership system of which approx. 11.000 are sole proprietorships (CCC, 2016b)

CCC belongs to the following national organizations (CCC, 2016a):

- **Crete Development Agency SA**, which manages structural programs for businesses in Crete
- **Group of Greek Islands Chambers for Development**, which was established for the development of island regions and their businesses
- **Hellenic Chambers Transport Association**, which aims to develop all kinds of transportation in Greece

CCC belongs to the following international organizations (ibid):

- **ICC** (International Chamber of Commerce)
- **ASCAME** (Association of the Mediterranean Chambers of Commerce and Industry)
- **INSULEUR** (Network of the Insular Chambers of Commerce and Industry of the European Union)

Also CCC has entered into strategic cooperation agreements with (ibid):

- the **Technical University of Crete** (TUC) which is based in Chania
- the **Mediterranean Agronomic Institute of Chania** (MAICH)
- the **Technological Educational Institute of Crete** and especially its Chania campus)

5.1 Chania’s Relative Development State

Chania’s relative development state is derived from a) the comparison of its competitiveness ranking vis-à-vis other EU regions and b) the priorities set forth by the Region of Crete for the next period.

5.1.1 Chania’s (Crete’s) Competitiveness Ranking

This sub-section is devoted to a review of the relative development state of Chania, as part of the region it belongs to, Crete, according to the Regional Competitiveness Index (JRC, 2013).

The pillars measured in EU RCI are denominated per country, region or regional unit according to the administration level that holds responsibility of this pillar, thus the make-up of the following tables:

EU RCI 2013 scores for Greece – Crete - Attiki			
	Out of 28 EU countries and 276 EU regions		
Pillars	Greece	Crete	Attiki
Institutions (RCI 2010 sub-pillars)		217	190
Institutions (RCI 2013 sub-pillars)	26	233	222
Macroeconomic stability (Country level only)	28	-	-
Infrastructure		228	111
Health		189	169
Basic Education	24		
Higher Education & Life Long Learning		244	142
Labor Market Efficiency		235	227
Market Size		234	64
Technological Readiness (Households)		238	218
Technological Readiness	24	236	226
Business Sophistication		203	38
Innovation		203	109

Table 4: EU RCI 2013 scores for Greece-Crete-Attiki (JRC, 2013)

EU RCI 2013 selective Ranks				
Regions	Basic	Efficiency	Innovation	RCI2013
GR43- Crete	240	243	235	240
GR30- Attiki	236	156	144	174

Table 5: EU RCI 2013 selective Ranks (JRC, 2013)

The above comparative tables illustrate the competitiveness position and ranking of Crete and Attiki compared to the other 276 EU Regions. As a country as well as regions, the situation appears dismal. One should be concerned with the composition of these

generally accepted competitiveness indicators and, despite the previously mentioned criticism, they, nevertheless, are indicative of concrete lags in many areas, which hamper progress and weaken development potential.

5.1.2 Crete's Strategic Development Plans

Chania is an integral part of the Region of Crete. It accounts of approx. 23% of the economy and the second largest regional unit (Region of Crete, 2016). Historic prevalence of Chania as the capital of Crete before WW2 and the gradual passing of the power base to Heraklion, the most populous regional unit and centrally based, accounting for 50% of Crete's economy (ibid), has caused the entrenchment of a mostly covert antagonism, which partly shapes political and economic positions. The political system does not openly discuss it, as it is not-politically correct to steer unnecessary and inflaming discussions, nor is it crudely demonstrated in the policy implementation. Its most important effect is its subtle shaping of attitudes, goals and aspirations hampering Chania's intervention and close participation in the deliberations at the base of power, consequently limiting Chania's overall development potential (CCC President, 2014-16). Its impact is not detrimental but it is structurally influential, hence its importance.

The basic development priorities of the Region of Crete have been adopted during the discussion of the (then) upcoming new programme period 2014-2010 (Region of Crete, 2013) and they focus on:

- The mobilization of human capital and other productive resources of the regional economy to increase competitiveness, innovation adoption, complete connections between sectors and the creation of strong competitive advantages supporting the existing sectoral and local specializations
- The formulation of attractive environment for investments by facing outstanding institutional issues, putting in place appropriate infrastructure and promoting the region's image and the opportunities it offers
- Dealing with unemployment by increasing the adaptability of employees and enterprises by facilitating access in the job market and limiting social exclusion

- Upgrading the environment, ensuring continuous economic development with environmental sensitivity and Crete's adaptation on climate change.

The first policy pillar of Crete's development strategy refers to "Support of Crete's Competitiveness, Entrepreneurship and Innovation" and it is the most relevant to CCC's interests: it is the policy implementation and measures which are directed to fuel the economy by targeting specific sectors (ibid).

The essence of this policy direction is depicted in the following figure, which embodies the preferred directions and collaborations schemes envisioned and supported in order to accomplish the said goals.

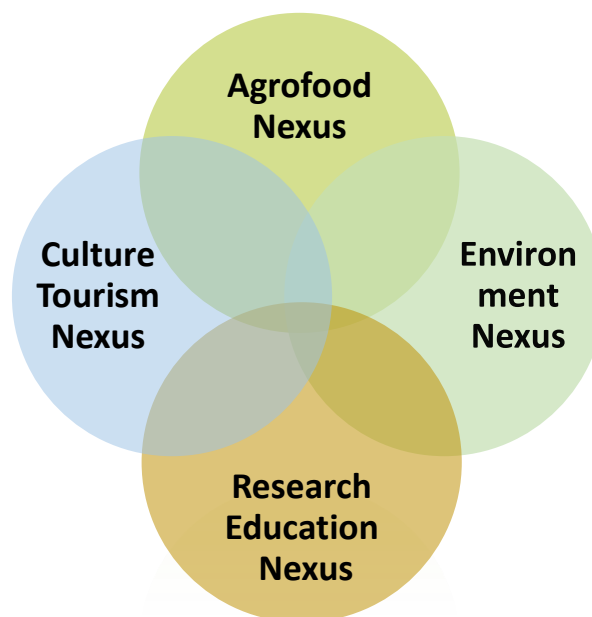


Figure 14: Crete's priorities for competitiveness development (Region of Crete, 2013)

The implications of the above policy are twofold: a) the clustering and collaboration envisioned and supported is a positive goal but there are considerable cultural, regional and institutional rigidities that must be overcome and b) as the main priority of regional policy, it does not relate to the large number of SMEs, which, due to size and competences characteristics, are not able to adhere and may be left behind.

The above policy stemmed from smart specialization's concept and implementation procedures as described in the relevant guide (EC, 2012) which were elaborated through an extensive analysis by the region (PEPKRITIS, 2015). This strategy details the competitive advantages of the region and paves the way to their utilization through

specific regional policies and priorities (as described above) as well as an administrative system of regional players' collaboration and national/EU networking. With regards to influencing regional development policies, the region's COC participate in (as per above) policy development committees, which however requires constant follow-up, creative and energetic participation and time devotion (CCC President, 2014-16).

A regional success story re COC participation, is Crete Development SA., owned by the four COC in Crete, the University of Crete and the two regional cooperative banks (Pankritia and Chania Banks). They act as the regional administration and evaluation body for the structural funds (ANK, 2016).

5.2 Organization and Management

5.2.1 Organization – Installations

CCC adheres to the common regulations for the organizational structure as the rest of COC in Greece. Its membership is divided in Sectors: Commerce, Craft/light Industry, Services and Industry and it is allowed to create Sector of Tourism.

The ten-member staff is comprised from two permanent employees of the COC and eight full time staff in the **Chania Development company (CDC)**, a fully owned subsidiary. There is also one lawyer and a management consulting company, outsourced on contractual basis with part time but regular presence. Out of the ten-member staff, three are university graduates and the rest are secondary education graduates (CCC President, 2014-16).

Its subsidiary (CDC) is fully integrated operationally with CCC under the same management. All services to the members are performed under the CCC name irrespective of the legal employer of the person offering the service. The same holds for its external presence: advocacy to the regional and local authorities, events, announcements, reports and surveys, press releases, etc.

CCC has the following **departments** according to publications and website (CCC, 2016a):

- Internal Operations (Administration and Finance)
- Business Registry and IT department – One-stop-shop
- Industrial, Commercial, Craft and Professional Issues
- SME support with special offices for SME funding support and export assistance services
- Press and Communications Office which reports to the President
- Legal department
- External consultant

The general Manager is one of the two permanent staff and he is responsible mainly for the procedural activities and services of the CCC, such as the business registry, the internal operations and the official documents. He participates in the Management Committee ex officio.

The **organization chart** of the combined operation is shown here below (ibid):

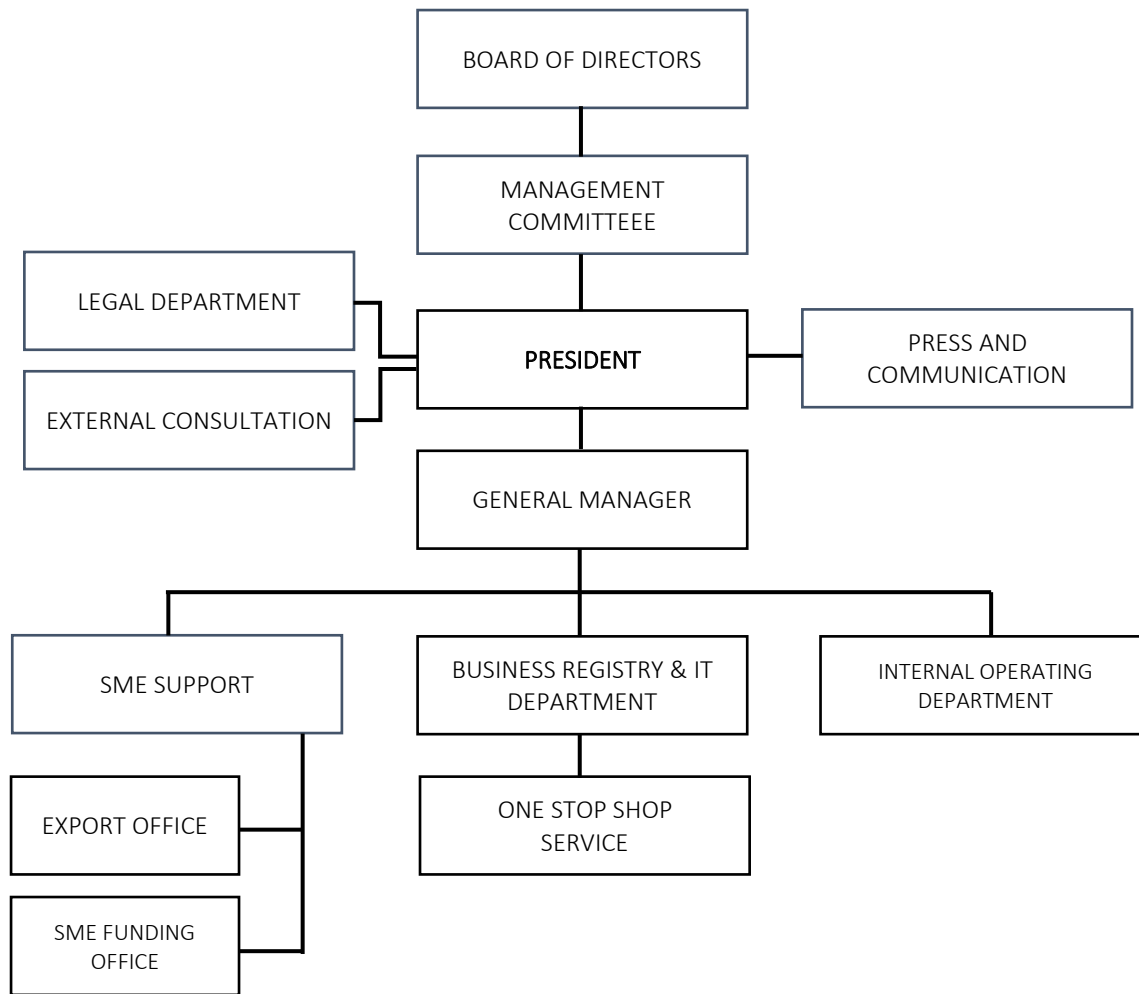


Figure 15: CCC Organization Chart

CCC owns a building in the center of Chania, facing the city’s center square (Agora square) between the National Bank of Greece and Bank of Greece buildings. It is a four-floor edifice, built in late 60s with large windows in the front and the back sides. In the ground floor there is the building’s entrance and three revenue earning street-front stores. In the first floor all services to the members are offered in a wide space area with four closed offices for the Manager, Business Registry and SME services. The second floor is dedicated to the President’s office with a reception and conference room, an Executive Office and the Board of Directors’ meeting room. The third floor has separated office spaces of and two rooms for the local professional and craft associations and the local chapter of the Federation of Professionals, Craftsmen and Merchants. The fourth floor is dedicated to a large auditorium and a reception/bar area

and in the basement there is a large meeting room. The building is served by a vDSL line and offers free Wi-Fi service (CCC President, 2014-16).

There are meetings, events, training sessions and seminars taking place almost every day and there is always activity taking place. Given CCC's location, building capacities and amenities, many important and official meetings take place, including non CCC related (ibid).

5.2.2 Management

CCC's management is effectively performed by its President I. Margaronis, a 42-year-old retail family business co-owner who had also served as the President of the local retail business (merchants) association (ibid). His business being attended by the rest of the family allows him ample time to devote in his President's duties with a reasonable remuneration.

The time devoted daily in these duties makes paramount difference compared with other Presidents that visit the COC office 2-3 times a week (ibid). Also, his intention to accomplish things has motivated him and his team to invest time in following up projects and being present at rates above known COC average. This has also affected somewhat the existing staff. Non-permanent staff was not changed when his administration took over and new, higher skilled staff was hired. The overall performance, both in terms of skills and capacities and work attitudes is also above known COC average (ibid). Besides the lawyer, a consulting company was hired in 2014 to assist in strategy planning, policy formulation, project generation and advocacy.

There are few directors in the Management Committee that perform similarly to the President and have undertaken certain sectoral duties with considerable success, however most Board of Directors' members are not involved in the day-to-day business, effectively leaving the management function mainly to the President (Ibid).

5.3 Internal Environment

The internal environment of CCC is of critical importance in the analysis of the efficiency and effectiveness of the organization. In a service organization, where the most important factor if its overall effectiveness is the quality and operating capacity of its human resources, an analysis of the service gaps will reveal where management attention should be focused. In this section the internal environment survey is presented and analyzed and the results are discussed subsequently.

5.3.1 Internal Environment Survey

Given the COC limitations discussed in 4.2 and the Greek COC institutional framework discussed in 4.1 where there was reference to current human resource hiring and managing conditions, questions arise as to the specific capacities the existing personnel may have to support different operational requirements. In the case of CCC, a survey was conducted as described in methodology section 1.2.

5.3.2 Survey Results and Service Gap Findings

The results per questionnaire question are presented in detail in ANNEX B in the form of charts. Here below, the analysis is presented per question and related Gap 3 characteristic measured.

Internal Environment Survey Results		
Gap 3 Characteristic	Statements	Findings / Comments
Teamwork	Everyone in the Chamber contributes to a team effort in servicing clients.	It seems that teamwork statements are agreed upon by most accepted and that there is willingness and goodwill for collaboration
	My fellow employees and I cooperate more often than we compete.	
Employee-Job Fit	The Chamber hires people who are qualified to do their jobs.	A large number of respondents do not agree that there is adequate person-job fit, implying that overall skills are perceived to fall short of perceived job requirements.
Role Conflict	The amount of paperwork in my job makes it hard for me to effectively serve the members of the Chamber.	It seems that bureaucracy is cited for performance lags.
	What my "clients" want me to do and what management wants me to do, are usually the same thing.	There is ambiguity shown in the responses with regards to management and client expectations.
	The management of the Chamber and I	There is moderate perceived role fit

	have the same ideas about how my job should be performed.	between management and employees.
Perceived Control	I have freedom in my job to truly satisfy needs of the members.	There is small to moderate task freedom perceived.
	I spend a lot of time in my job trying to resolve problems over which I have little control.	Conflicting with the above there is ambiguous task clarity and attached responsibility.
	I sometimes feel lack of control over my job because too many members of CCC demand service at the same time.	Dispersed replies although skewed towards work pressure.
	The Chamber has the necessary capabilities and structure so as to satisfy the real needs of members.	Ambiguous replies, half do not take a stance whether CCC is capable to serve its clients adequately.
Technology-Job Fit	The Chamber gives me the tools and equipment required to perform my job well.	There are positive replies as CCC is technologically well equipped.
Supervisory Control Systems	Making a special effort to serve clients well does not result in more pay or recognition	There is a definite effort-recognition issue with one outlier.
	The Chamber provides me opportunities for personal development, evolution and training.	A clear tendency and effective request for attention to personal development and training.
Role Ambiguity	I receive a sufficient amount of information from management concerning what I am supposed to do in my job.	Most feel well directed with small ambiguity declared.
	Concerning my responsibilities, I feel that I have not been well trained.	Split replies and conflicting with previous question. Need for training is shown again.

Table 6: Internal Environment Survey Results

There are some important findings/observations for CCC's internal environment which can be useful to management:

1. The reward system (supervisory control systems) in CCC is clearly lacking sensitivity and responsiveness, although people need and expect it.
2. There are role conflict issues manifested in the varied results between bureaucracy statement, the ambiguity of client-management perceived expectations and perceived management-employee perceived job tasks. The latter can be potentially explained by fears that anonymity may not be secured.
3. There clear indication of poor job fit perceptions amongst the employees and that is also in congruence with indicated training needs (along with personal development needs)

5.4 Operational Output

5.4.1. Output sources

Output sources are all the management decisions, management actions, policy statements, publications, events, activities, services, public announcements and press releases. They are analyzed as described in methodology section 1.2.

5.4.2 Comparative Results

The comparative results of the last five-year period are shown in the following graphs:

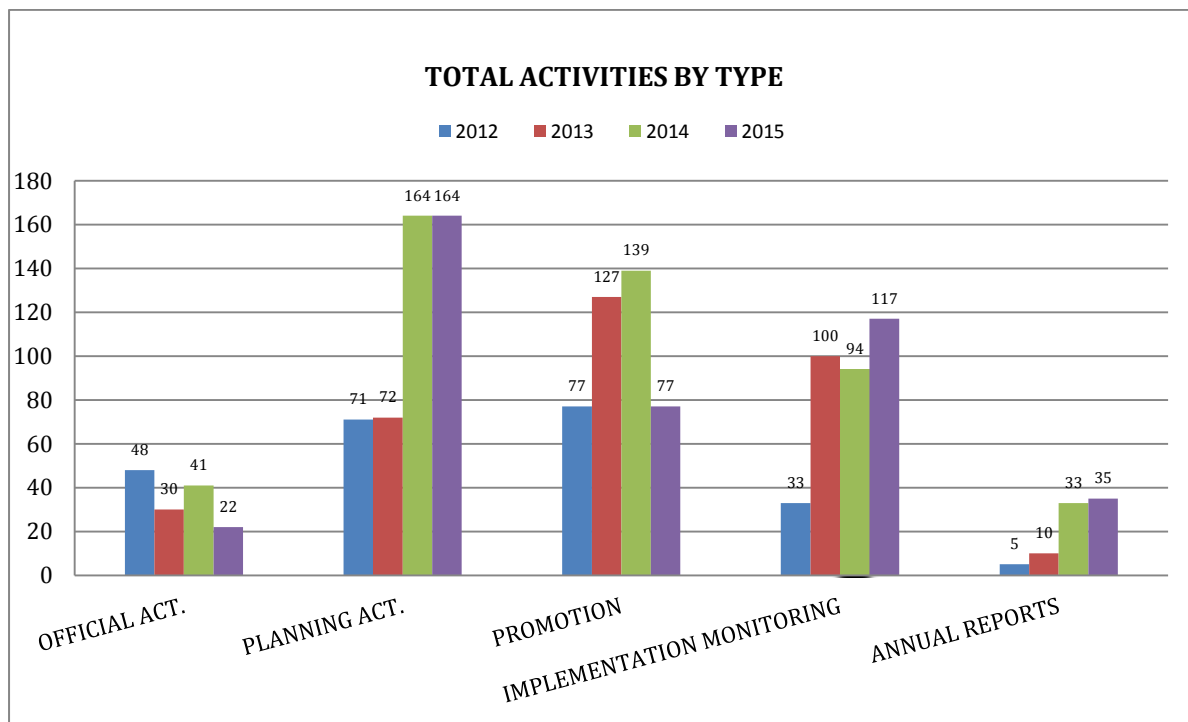


Figure 16: CCC Total Activities per type

The above graph highlights the following observations with regards to **activity types**:

1. **Promotion** has been one of the sought after types of activities and illustrates the real interest of CCC management in supporting various promotional efforts with special emphasis on extroversion support activities.
2. **Planning** shows tendencies to increase which makes sense because 2012 was this administration's first full year of operation. 2015 was a dismal year for businesses with two national elections and one referendum on agreeing or not to

adhere with the required terms of remaining in the Eurozone: this affected promotional activities although CCC supported many extroversion efforts (international food and beverage expositions and special efforts to open the market in China).

3. **Implementation** showed increasing tendencies which illustrates the fact that there are ongoing projects to follow including several new EU project participations.
4. **Official** activities showed a downward trend for election year 2012. CCC is one of the “compulsory” stops for candidates and parties because it represents the whole of the business community.

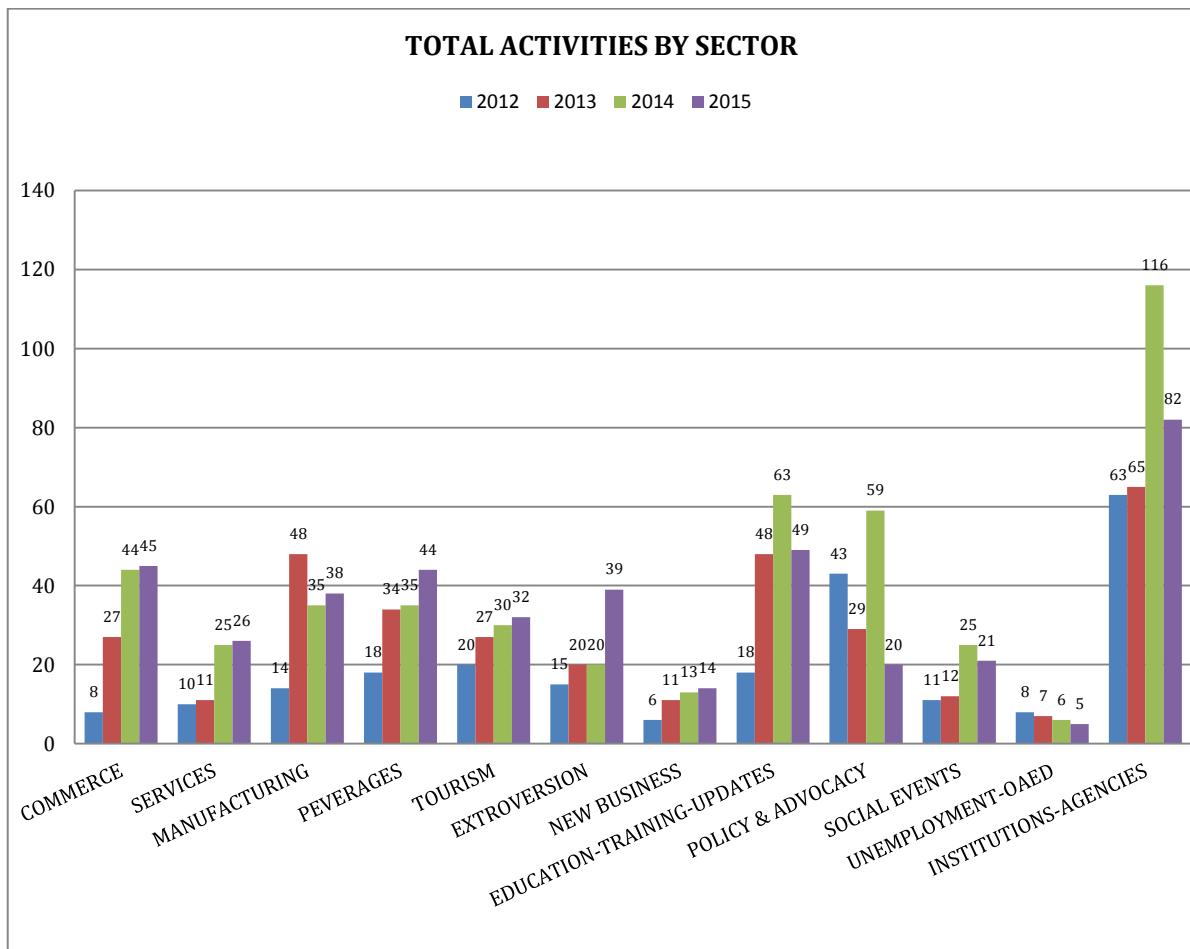


Figure 17: CCC Total Activities by Sector

With regards to **activities by sector**:

1. CCC shows increased activity on **education/training/information** activities in its effort to inform its members of business related updates, new laws and programs, while a serious effort was made to keep offering training seminars on

various general and special topics. CCC offers training per se for its members of one person/enterprise responsible for workplace safety.

2. Increased activity on **Policy** is also shown indicating the efforts made by CCC administration towards the government (national and regional) on the many issues and problems that SMEs face during the crisis. 2014 was the year that the new COC membership regime was deliberated and that drew considerable attention.
3. **Institutions** and **Agencies** are also high over the 5-year period because of the advocacy activities as well as the official activities required by the CCC administration.
4. **Manufacturing, Food and Beverages** and **Extroversion** are the next most attended sectors which coincide with the local production and promotion needs of the local entrepreneurs: olive oil, wines, honey, and other food products are the majority of the local production. The aim is to target foreign markets because of the goodwill associated with the Mediterranean diet and the Cretan diet internationally.
5. Although **Tourism** is of paramount importance for the local economy, part of the sectoral advocacy is undertaken by the hotel chamber (national organization) and the regional/local hotel associations at the expense of COC in Greece. All other tourism related businesses (small accommodation establishments, restaurants and travel related enterprises) were obligatory members and COC are de facto involved in tourism matters.
6. **Commerce** and **Services** sectors are attended to because they comprise large numbers amongst CCC's membership and they face great demand pressures over the crisis years.

5.4.3 Output Highlights and Comments

CCC administration is characterized mainly by some major activities or group of activities towards certain goals of strategic importance. These major projects are outlined here along with their potential effect on the local economy (CCC President, 2014-2016).

1. CCC has undertaken to **support the export activities** of the new (and older) enterprises that target international markets. It established an export office with adequate resources which have been cooperating with the exporters of Chania on a regular basis, tabulating the existing and potential exporters, informing them on expert issues, supporting their participation in shows and bringing specialists for export training and foreign market information. The target is to establish an export trade office where foreign companies would be accommodated to find sources and consolidate purchases through this office which will actually represent the smaller challenged exporters of the area.
2. The President himself has lead a consortium of private investors, CCC and the local Chania Bank to build a **Business Park** for the manufacturers who presently are marginally legal in terms of environmental regulations. Presently, new manufacturing facilities requiring proper environmental infrastructure are not able to be established in Chania Regional Unit. This problem will be eliminated once the Business Park is built. The consortium has secured funding from the EU Jeremie funds and it is expected to be in operation in 1-2 years' time.
3. The size and sophistication of Chania SMEs is such that has delayed their overall adoption of modern communication and online transactions. To that effect, CCC has undertaken a long process of direct telephone communication with all its members in order to **update their communication details** and obtain their email address to facilitate communication, even sector or locality targeted correspondence. Using the same means CCC conducts targeted surveys for local or sectoral issues.
4. **Training and seminars** have been another priority especially in introducing and supporting the latest trends, methods, and practices that collectively increase the local businesses' competitiveness.
5. For the last three years, CCC has employed an **external consulting firm** in order to enhance its own capacities, be assisted in generating policy positions and improve its advocacy performance.

Compared with the other COC in Crete and with the operating output of the average COC in Greece, CCC appears to be in good standing. The main driving factor is the President and his team. It is due to their plan of action that the above policies were implemented

despite the adverse economic and market conditions. This however, is also a disadvantage since the CCC activity level is not dependent on the internal operation's capacities nor intentions. Internal operation's mind-frame is limited to the least possible effort of serving the members coming in. This is the reason that the areas of excellence mentioned above (highlights) are executed mostly by outsourced resources. The human resources' quality level is one of the main limiting factors in CCC's potential and this holds true for both: the internal resources and the members of the Board of Directors (CCC President, 2014-16).

5.5 Chania SME Needs Survey

The actual needs of SMEs become known by the public statements/announcements and policy declarations by the business representatives such as COC or other trade associations. Trade associations, constituted from SMEs of the same sector or even sub-sector, are de fact and de jure in good place to claim detail knowledge of their subsector because their administration is in the same microcosm of the rest of the members. However, larger organizations, such as the COC, with members of multiple sectors, large geographical area and variety of enterprise sizes, cannot claim intimate knowledge of its members' needs.

Members' needs can be a powerful tool for a) understanding well the issues, b) obtaining feedback and ideas from the members and c) combining the information to arrive at valid conclusions.

5.5.1 Survey

The survey was conducted from Summer 2014 to present and targeted the leaders of the business/trade associations in Chania as per detailed survey description in Methodology 1.2

5.5.2. Survey Findings and Comments

Survey's findings are in the form of charts presented and analyzed here below. At the end of this section, concluding comments will be presented.

Business size is known to be an important competitiveness factor. It seems that the size of SMEs in Chania are very small both in number of employees where 92,7% have 0-1 employees and in sales where 82,4% are below 50.000 Euro.

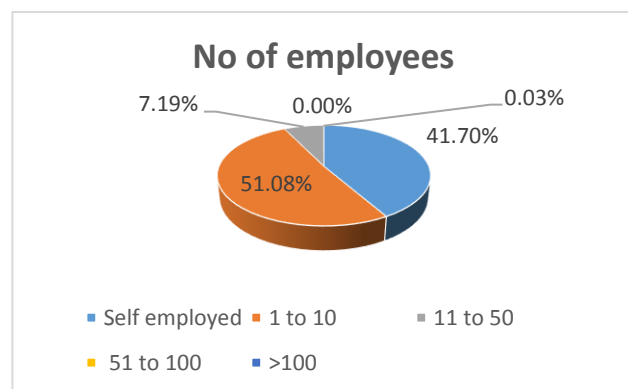


Figure 18: SME Associations' Survey - No of employees

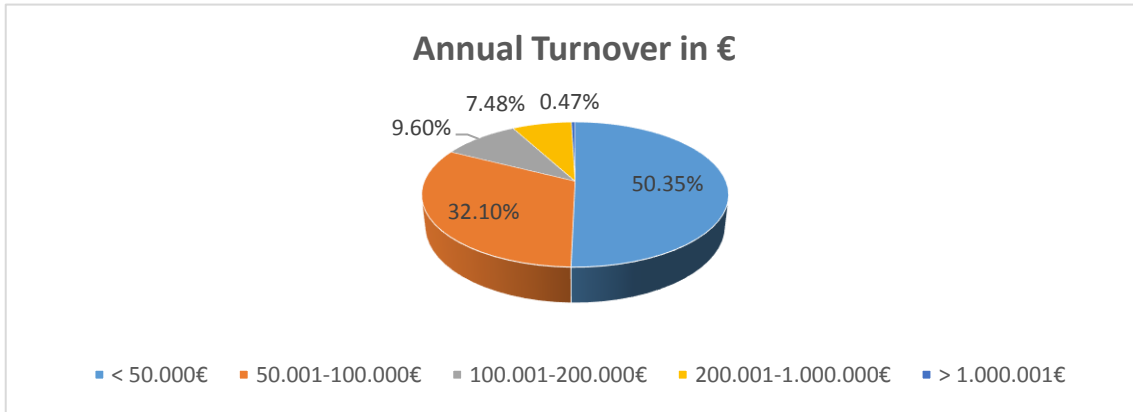


Figure 19: SME Associations' Survey - Annual Turnover in Euro

The quantitative findings as well as the qualitative replies during the interviews illustrate the fact that these SMEs are people operating independently, with or without assistance who attempt to make a living out of their profession or business.

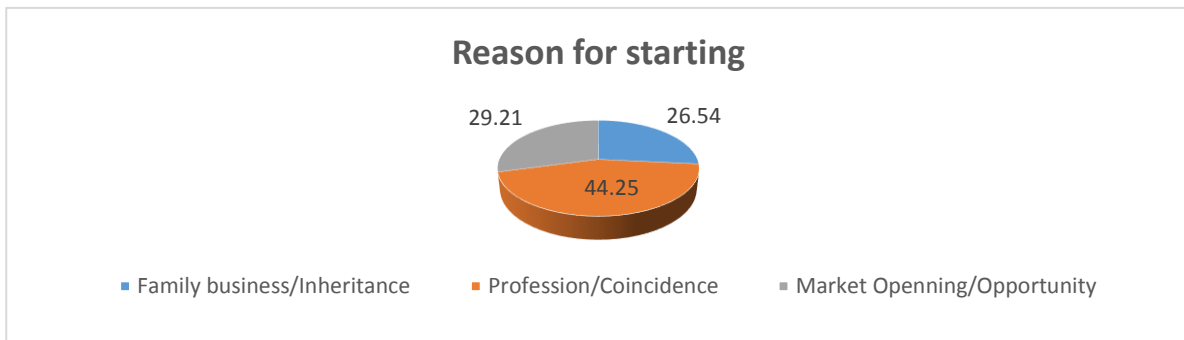


Figure 20: SME Associations' Survey - Reason for starting

Their reasons for starting a business appears to be either inheritance or training and only less than 30% chose the particular purely on choice (market opportunity). A critical result of this type of entrepreneurship, is that they do not see a reason or usefulness for larger business units, a reason for collaboration between business people, clustering etc. There is a very low tendency for joining forces and collaboration.

Education – Competences is another important characteristic that the survey showed. Most are high school graduates, the compulsory level of education in Greece. Their capacities are not usually a result of education and exceptional training, it is rather the result of the required training for

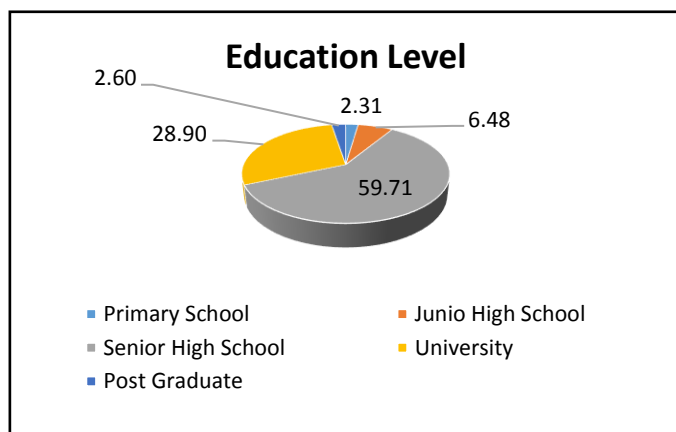


Figure 21: SME Associations' Survey - Education Level

performing their trade, many times followed by a period of apprenticeship.

Regarding the employee competences most claimed that they are enough and only 27,9% declared that they are none and not enough. Many associations organize their own training courses with local training centers to upgrade their skills in the new technologies and products of their trade.

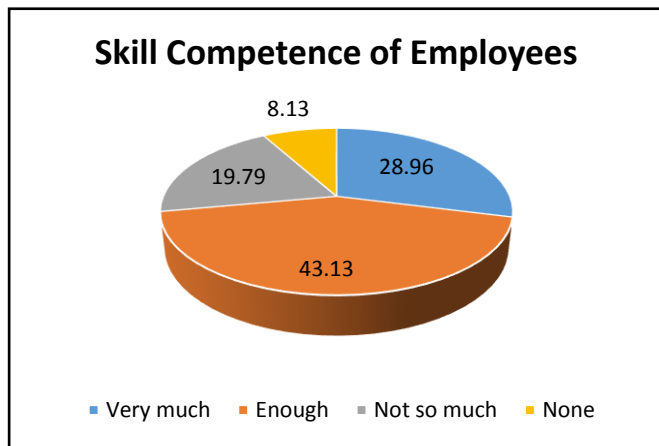


Figure 22: SME Associations' Survey - Employees' Skill Competence

Internet utilization for professional use is very low, in reality though, many of them use their personal account to perform business transactions, the room for rent being the best example.

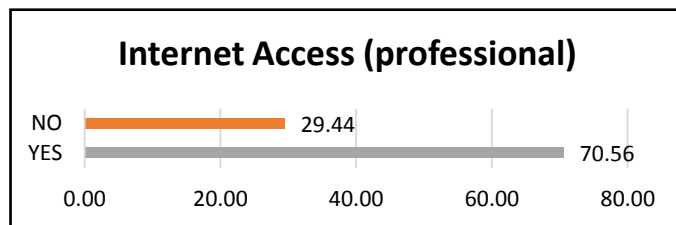


Figure 23: SME Associations' Survey - Internet Access

Internet utilization increased dramatically during the course of the survey (2015-2016) because of the capital controls imposed and the usage surge of debit and credit cards.

Procurements of Chania SMEs are primarily from Greece and EE countries, mainly equipment, technology products and building materials.

Only a small amount (14.5%) comes from non EE countries.

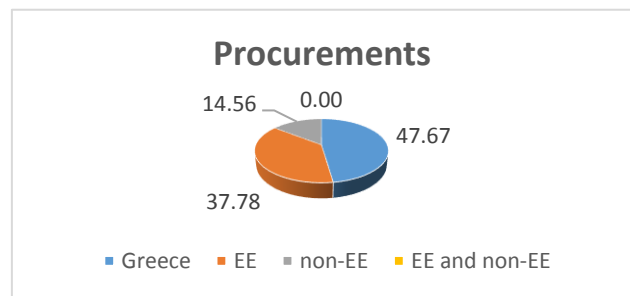


Figure 24: SME Associations' Survey - Procurements

Sales are overwhelmingly done in Greece. A very small proportion actually exports. CCC's site has a list of approx. 30 exporters based in Chania. Tourism

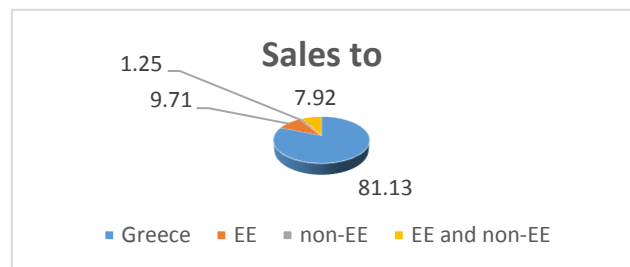


Figure 25: SME Associations' Survey - Sales to

sector's sales are mainly to tour operators based in Greece and although their final sale in abroad, it is not counted as such.

Seasonality is an important characteristic of the economy in Chania regional unit. The resort areas during winter months are deserted and most establishments are closed for the season. The sectors affected are hotels, rooms for rent, restaurants, tourist gift shops and other rental businesses.

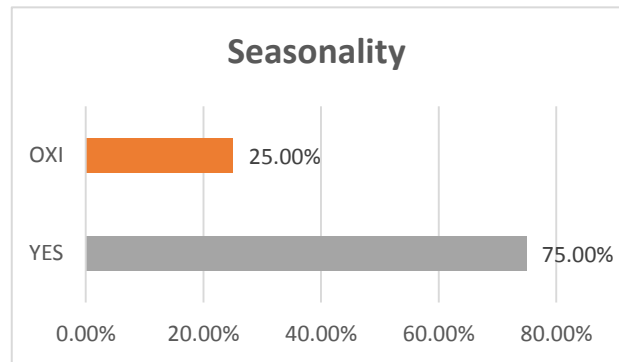


Figure 26: SME Associations' Survey - Seasonality

Investments planned are very low, mainly due to the crisis and the recent equipment upgrades of the previous years. The same holds for new certifications and updating of existing ones. Tourism industry is an exception because they regularly maintain and upgrade their establishments. Many sectors are not certified and do not see the need for that.

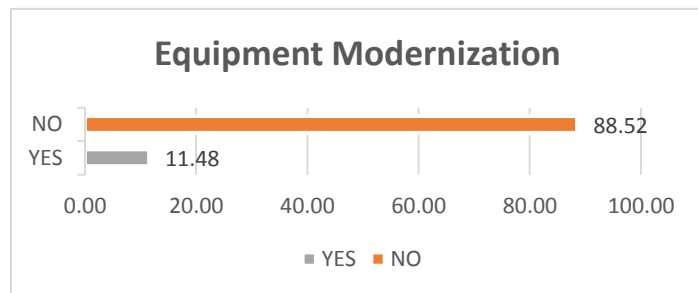


Figure 27: SME Associations' Survey - Equipment Modernization

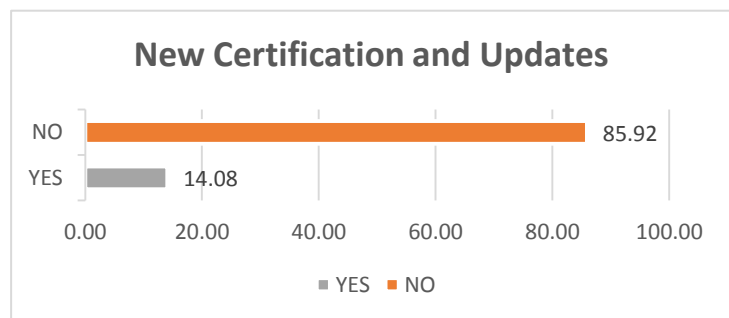


Figure 28: SME Associations' Survey - New Certifications/Updates

Given the above, it is strange that most replies admitted that they need **innovation** and they see it necessary for their evolution and provision of services to their clients. In other questions they also claimed that they intend to innovate

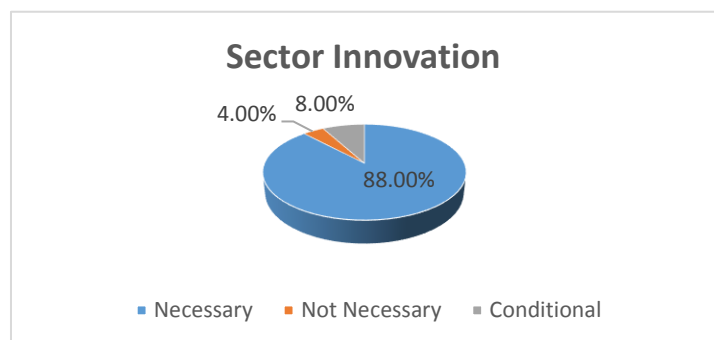
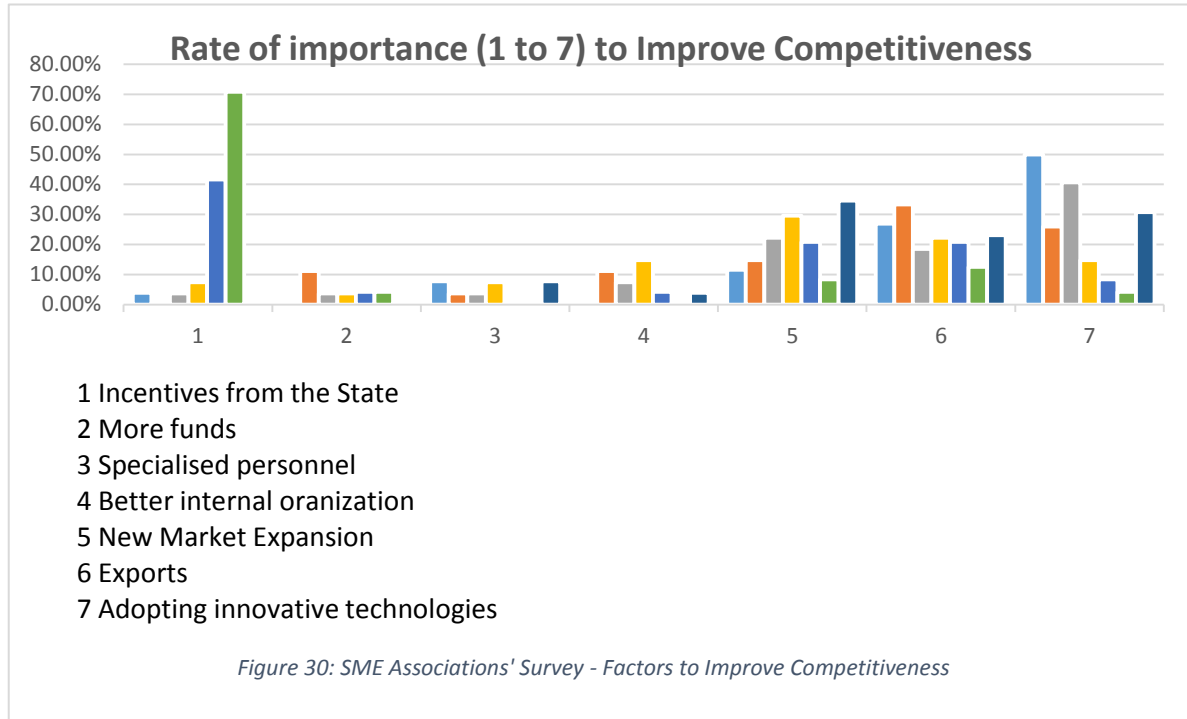


Figure 29: SME Associations' Survey - Sector Innovation

as soon as the economic situation improves, the funding becomes available and the structural funds are available to SMEs.

As to the **factors** that **determine** and **impact** their **competitiveness**, as per below,



government incentives (and disincentives) appear to be of paramount importance. In the discussions, it became apparent that most sectors attribute great importance in the intervention by the government and especially during the crisis and the increased taxation. New markets, exports and new technologies (innovation) appear with varied importance according to the sector interviewed.

With regards to the **economic climate** and the attitudes of the SMEs towards their future prospects, the picture is varied. Local transportation, rentals and tourism related SMEs appear optimistic. **Sectoral growth prospects** are clearly pessimistic. The main reason cited is the crisis

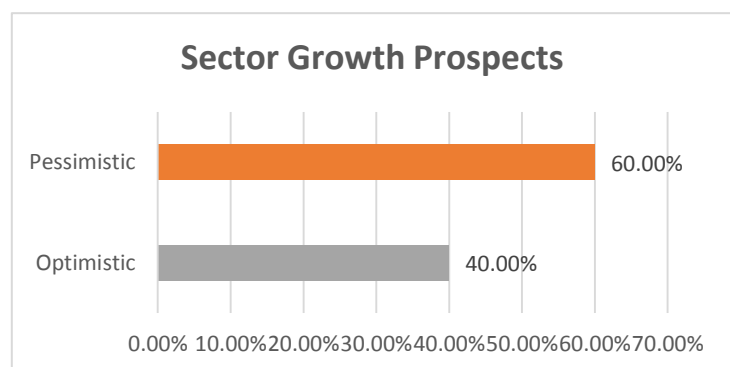


Figure 31: SME Associations' Survey - Sector Growth Prospects

and the recession. They recognize that demand will recover to before the crisis levels easily.

The surprising finding was with the **sectors' prospects**, which appears optimistic. Those that replied optimistic had conditions attached to the reply. Optimism

was explained as a commitment to their profession/trade and that under certain conditions they would all do better; given the very low demand situation they are now.

The **country prospects** are split but skewed to the pessimistic (64,51%) and not surprisingly overwhelming disappointment was expressed about the capacities of the political system to turn around the situation.

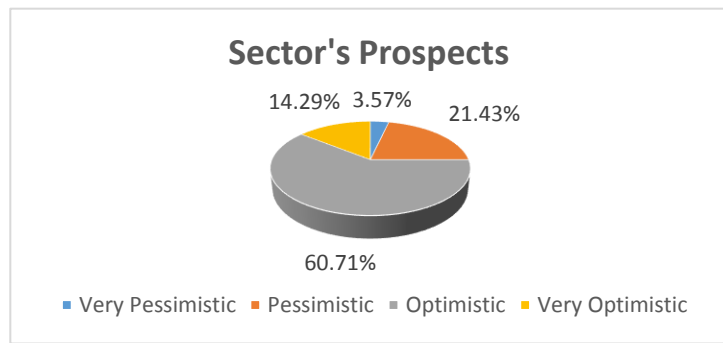


Figure 33: SME Associations' Survey - Sector's Prospects



Figure 32: SME Associations' Survey - Greece's Prospects

The survey provided a vast amount of information which directs towards some realizations as to the present situation as well as the future prospects for Chania. The following **comments** attempt to summarize the findings as useful elements that describe the regional unit's competitiveness conditions.

1. Chania SMEs are mostly of very small in average size, low technology and skills with low propensity for collaborations and clustering. The rate of closures appears to be leveled and a very low percentage of SMEs is barely viable (if conditions do not worsen).
2. They are also viable since the overall economy in Crete is vibrant, tourism injects considerable revenues in the market and a growing number of competitive SMEs are geared to export and bypass the low local demand. In this setting increasing investments are seen in the agricultural sector itself as well as with strategic alliance with the tourism sector.

3. Innovation is very low and most SMEs have no relation nor actual relevance to cooperate with locally established innovation producers. There are indications of start-up activity but there are no organized supporting infrastructures. Excelling innovations, primarily from the Technical University of Crete, find their way abroad where they find their markets and available investors.
4. The state of regional players' collaboration mentioned by the theory does not exist at levels that will allow spillover effects, due to the large technological distance between the state of the art innovation produced in TUC and the low tech processes of local SMEs.
5. There are exceptional performers among Chania SMEs but they are low in numbers and there is no adequate collaboration with CCC and other players, to generate positive impact. In some cases, real and perceived competition between local companies affects negatively this collaboration.
6. Despite the low growth prospects of most of the existing SMEs there are opportunities in developing sectors, food and beverage exports, tourism, education/training, and medium-high tech enterprises (including start-ups) under certain conditions.
7. Existing SMEs also expect to grow through innovation when the economy recovers. The relative prospects of Crete are felt as positive because the general feeling is positive for the region and its potential.

5.6. SWOT Analysis

CCC is a viable and progressing COC which, comparatively evaluated, appears to perform above 70% of the rest of COC in Greece. In this section, the SWOT analysis which is based on the research so far, is presented in bullet form.

5.6.1 Strengths

1. Its unique institutional position in the local economy and absence of formidable competing entities
2. Successful performance of the present administration and acquired management experience
3. Good relations fostered with the local authorities, innovation players and SMEs
4. Proximity and close collaboration with Technical University and MAICH
5. Extensive network of CCC and its President, in Greece and EE
6. Indication for change potential (albeit weak) for further capacity development
7. Ability to outsource expertise to increase overall capacity for policy generation and advocacy

5.6.2 Weaknesses

1. Institutional limitations and difficulty of altering operating methods and attitudes
2. The non-performing and difficult to train personnel including the public servant behavior and inertia
3. Not adequate management training among its administration and managing personnel and not enough willingness to improve the situation
4. Not many high caliber individuals available to enrich the administration and contribute to faster change
5. Administration selection method (elections and the related behaviors) obliges it to always mind and balance needs and demands from various interest groups.

5.6.3 Opportunities

1. The viability question is surpassed and the funding is secured for the foreseeable future.
2. The economy in island of Crete (and the regional unit of Chania) is performing well compared to other Greek regions and it is expected to improve as soon as the country's major economic issues are resolved
3. Its relative competitiveness state/rank among EU regions shows ample room for improvement in order to become competitive in EU terms
4. There is growing tourism affinity for Chania and this drives above average economic performance
5. Local and municipal authorities are less involved in economic matters that prescribed in their institutional roles and this allows room for CCC initiatives
6. Regional Policies and development priorities provide room for policy intervention and advocacy on both, general development directions and specific projects
7. Smart Specialization policy provides the framework for innovation policy proposals and innovative projects with success potential if well prepared and documented

5.6.4 Threats

1. The economic volatility and grim prospects of the country
2. Pessimism and disappointment of SMEs towards bureaucratic and non-changing enough institutions
3. The marginal conditions of its economic viability and the fact that much of it depends on the government policies
4. Potential new competitors in the form of municipal and regional development agencies
5. A new administration with non-progressive and clientelist policies

Chapter 6

Strategic Plan for Chania Chamber of Commerce

This chapter essentially contains the recommendations deriving from the previous research of external and internal factors affecting its effectiveness and efficiency. They are given in the form of a formulation of a Strategic Plan for CCC's development. These recommendations will ensure its organizational improvement and increase of its operational effectiveness and efficiency. Improved internal capacities will be the base for its further development as a business support intermediary with intervention capacities to: participate in regional development planning, to initiate specific development projects, to generate policy and exercise advocacy. All the above, will increase its overall economic footprint and will command respect from its members, local SMEs, local and regional authorities and its network.

Materialization of this ambitious goal requires several series of decisions at different levels which need to be taken in a coordinated and comprehensive manner. The recommendation plan addresses several development areas of intervention which collectively bring about the desired change. These development areas are: Policy, Organization, Service, Economic Intervention and Networking.

The resource factors needed to affect the changes include human resources, outsourced expertise, funding and time allotment by members of the administration, whose specific type, amount and application requirements vary according to each development area.

Finally, this plan is devised having in mind the economic development status illustrated in the competitiveness index (see sub-section 5.1.1, pg. 68), the specific competitive advantages of Greece (McKinsey, 2012) and the regional priorities for Crete (Region of Crete, 2013).

6.1 Policy Development

During the course of this research, it became apparent that CCC is operating in a satisfactory manner compared with other COC in Greece. The reasons that contributed to this performance differential have been analyzed in Chapter 5. Part of these reasons constitute the basis of the proposed further development.

A **general policy shift** is required as a prerequisite to the following suggestions. It is by far the most qualitative recommendation and strategic decision, which affects its vision and thus, is dependent on the President and the administration:

CCC should undertake **to revise its mission** by targeting much higher internal and external performance levels with the specific goal to elevate/augment its potential footprint in the region's economy. This goal can be achieved by improving the internal capacities in a way that the staff could support more demanding policy implementations. The higher ability and capacity CCC would be recognized by its external environment which would de facto require CCC's involvement in planning and implementing policies and projects for the local economy. Such recognition can only be expected following exceptional performance in specific policy and project proposals within a holistic view of the regional and local economy.

The second policy development recommendation is the formulation of **specific strategic economic development goals** for the regional unit of Chania, within the framework of the adopted regional economic policies. However, the challenge in this point is to elaborate and provide documented development plans for specific business sectors and for specific localities. It requires ingenuity, creativity and lots of benchmarking from successful cases abroad.

The third policy development recommendation is **to adopt innovation as a means of affecting change and achieving competitiveness** in all policy and activity areas. This will differentiate CCC within an environment of persistent productivity deficit (McKinsey, 2012) and structural deficiencies. Associated with innovation and change, performance measurement should also be adopted as an integral part of implementation.

CCC should intensify its involvement with the region's innovation support structures so that a) play an active and recognizable role in the region's economic development planning and b) manage so that part of the available regional SME support is directed to Chania, thus effectively ensure support innovation uptake by low-medium tech SMEs.

The last policy development recommendation is a **policy of collaboration and cooperation** among people and organizations, a practice that is not encountered often in Greece. This policy will probably face indifference and inertia but CCC is in the right position to act as a catalytic intermediary, acting in a conciliatory manner, thus increasing its influence in consensus building and policy formulation.

All of the above recommendations are the **responsibility** of the administration in terms of agreeing and adopting them. The execution would require specific personal and behavioral capacities that a revamped administration team would be able to have.

For the second one, considerable outsourced expertise is required from various disciplines and close collaboration with sectoral and local players as well as the corresponding funding from regional or sectoral structural funds.

In order to resolve the inconsistency of representation vis-a-vis the Region of Crete, the four COC should **either form a permanent federation or union** between them, to represent them at the regional level, **or to unify the regional COC in one** (or two), keeping the existing apparatuses in each regional unit (CCC President, 2014-16). This will strengthen the voice of COC and encourage them to participate more closely to the operation and developments within the regional powerhouse: the regional authority and its regional structural funds administration.

6.2 Organizational Development

In this section, the main recommended policy is **organizational change**. Although it is presumed that it will be a difficult process with considerable inertia, it is a prerequisite for all the other plans to be implemented.

CCC should have a **modern internal organization** that will be geared to serve its members and to support the administration's initiatives in an effective manner. To achieve that, there should be wide attitude and behavior change in the organization. Its success is based on the change design of the four key actions, critical to shifting mind-sets and behaviors: role modeling, fostering understanding and convictions, reinforcing changes through formal mechanisms and developing talent and skills (McKinsey, 2015).

More specifically, changes should be made in establishing **teamwork approach** among administration members and employees, by including them in teams with specific assignments and timetables, sharing information, fostering initiatives, exchanging ideas and operating within an environment of openness. The overall approach should be that CCC serves people and the local economy and it's a public service, it should be done at the best possible quality level (effectiveness, efficiency, openness and pleasant).

Besides Management Committee meetings, the President should rather **meet regularly** with the teams of internal and external people, responsible for particular project or task, instead of one by one. What will be lost in quantity of information and elaboration will be won in time, coordination, effectiveness and efficiency gains.

From the internal environment questionnaire, **training** clearly surfaced as a need. Employees and members of the administration should participate in training courses that will help them improve their skills and attitudes. This way the overall CCC capacities will improve and be able to respond to higher caliber issues.

External experts can facilitate, with controlled/known costs, CCC's **capacity development** but the gains would be higher if they work in teams with employees. In time, overall skills, abilities and performance will increase from team collaboration on common tasks and assignments.

The **required factors** to attain these organizational changes are a) the commitment of the administration primarily and b) the costs of training that will take place. To accomplish successful teamwork setting, time and effort is required along with expert guidance. Part of these costs can be supported by structural funds.

6.3 Service Development

Service development refers to **the increase of the number of services offered** to the members and SMEs of the regional unit and **the increase in the quality** by which they are offered. Recommended areas of new or advanced services can be:

Provide the SMEs with comprehensive training courses, attractive to them and well suited to the particular needs of each distinct SME group. There are many suggestions from the SMEs Need Survey of the matter. The training courses could be co-delivered with local training centers or by establishing a training center within CCC, as many such examples were found in this research, including the COC of Heraklion Crete.

The curriculum composition and delivery of these courses should address covertly but also decisively, the structural problems of the Greek business community and facilitate learning and adoption of helpful methods for competitive entrepreneurship such as open-mindedness, skill development, collaboration techniques, new market penetration, clustering, consortium building, etc.

Extend the present export support services by establishing an export trading office which will give a leeway to small SMEs towards exports markets, which otherwise would be unattainable by them.

Continue and develop further the service of supporting export related efforts by attending more exhibitions, foster relations with emerging markets and provide market information for existing and new markets. Also engage export marketing expertise to penetrate these markets and use structural funds programmes that support organized and collective actions to that effect.

Besides the initiation of the new **Business Park** for the manufacturing sector, organize **promotion services** and **provide conditions** for its successful establishment. Such services may include marketing of the park, invitation of companies outside the regional unit to establish production facilities in the Park and assist those companies in the park to expand their markets in order to absorb their increased output.

Provide **holistic services to start-ups** by ensuring all the necessary services and mentoring required, so that they will be fully served, unlike the commonly found services of co-working spaces, incubators without services, private venture capital companies, etc.

The proposed service would include technical and management consulting, mentoring, technical expertise, seed funding, access to funding (banks, business angels, VCs) and optionally work space. The operational diagram of this service is found in Annex E.

Traditionally low tech SMEs sometimes are unable to adjust to new market challenges. A worthy service could be to **provide matching service between such SMEs and the many unemployed** but well educated work force available. Part of the cost can be absorbed by structural funds directed to SMEs to increase employment.

Along the same lines, examine the feasibility to offer **apprenticeship services** by offering matching opportunities between local SMEs and potential apprentices. This service was found to be very common among Eurochambres chambers.

From the Needs Survey, an idea came about regarding the **online connectivity** of the various parts of the regional unit with the city of Chania where services are rendered that the periphery is unable to receive due to the distance and commuting difficulties: CCC to obtain and establish a platform for distant education and make it available to the city training centers and language schools, who would provide their services to students living in the periphery. The service would be accessible for a reasonable fee. It can also be available for free to the periphery municipalities for distant meetings.

CCC can also examine the possibility to conduct **sector-specific** technology and market **studies** that will make available to its members and other interested parties for a fee.

6.4 Interventional Development

The primary interventionist recommendation would be **the increase and extension of the present policy reach/advocacy**: Regional policies, the regional authority and the administration of regional structural funds are the locus of power in Crete. It is CCC's first interventional development step to become familiar with the operations of this powerhouse, understand the institutional ways of operation and influence discretionary decision making for the benefit of Chania. Despite the problem of distance, it is crucial that CCC raises to the challenge to understand, monitor and generate consistent, valid, democratically and collaboratively developed policies and proposals to the region's center.

It is an opportunity of paramount importance because no other entity in Chania has that capacity yet and given the small size and operation footprint of the neighboring regional unit of Rethymnon, CCC can effectively be the advocacy voice of western Crete. If CCC does not raise to this challenge, it is inevitable that regional development support dynamics will give birth to new entities or long term projects deriving their authority from the region's center and will dominate or influence the landscape.

As CCC already established the consortium for the Business Park, it should **seek other such major economic/development deficits** in the regional unit and act upon them, such as hydroplane facilities, harbor and marine development, locality development, environmental projects requiring large investment base etc. Many of them require considerable feasibility study costs which is the price to be initiator of serious development projects. In this sphere, CCC can have an experienced ally, the investment branch of the Cooperative Bank of Chania, as they did already in the Business Park.

Organize a **support service/office for potential investors** in the regional unit, which would promote the region outside Chania as an attractive destination by offering facilitation services such as investor information, location assistance (Business Park), permits, financing, relations with the relevant authorities, relations with the public, promotion assistance, etc.

In the same spirit, CCC may **initiate further actions in the tourism area** as they successfully did by inviting Ryanair to make their first air base in Chania. This has resulted in dramatic increase of non-tourist-operator visits and equally dramatic fall in air-ticket prices from and to prime destinations (Athens, Thessaloniki). Air links with Ionian coast cities or other places in the Aegean can be initiated CCC as well as developing lagging areas for specific tourism needs (religious, health, special needs, etc.).

CCC should consider **development initiatives for the Agricultural sector** since farmers are now treated as entrepreneurs. Besides that, many people operate farms along their other business interests. Traditionally COC have not been active in this sector.

The Food and Beverage sector is well developed showing tendencies towards **extroversion**. It is one of the very promising ones in the island. CCC should provide advanced services in supporting collaborations and clustering as well additional promotional services to build on the worldwide appreciation of Mediterranean diet (Cretan diet).

A major service would be **to offer business consulting to business sectors or localities** providing that they would recognize the need and usefulness of such an activity. There is sufficient provision for such sectoral/local studies in the structural funds. It is presently absorbed by the national federations of sectoral associations and trades, helping SMEs on the sector's technical and modernization issues but hardly on their local/regional situation.

CCC can also **intervene effectively in ad-hoc problem situations** by exercising its intermediary role and ensure the collaboration of all relevant players in a concentration of efforts to resolve it. Only the Chania Vice Governor has comparable capacities for such interventions.

Associated with the upscale service to start-ups, CCC could **create a business angel network** in Chania, utilizing the relevant local experience of creating the first cooperatively owned shipping company ANEK Lines in the late 60s. The goal is to

mobilize locally dormant private funds, which under certain conditions can become a formidable development leverage. For such a network to be successful, CCC should provide an impeccable system of operation with adequate expertise in various disciplines and ensure the collaboration of useful and network validating key-players, such as the local cooperative Bank and prominent business people and professionals.

In the same spirit, CCC can **initiate and lead consortiums of SMEs** and other interested parties **in investments** whose needs emerged from the Chania SME Needs Survey. They would need a sector-independent initiator to organize the group, validate the opportunity and navigate the investment to implementation. In such investments, CCC would participate in the ownership, oversee and support the business and expect income in the future. Its participation can be through the Chania Development Company.

6.5 Networking

CCC participated now extensively in a number of **formal networks**. It has also managed **to take up administrative positions** in several of them, such as the EOAEN and INSULEUR networks. However, this participation proves thin because of the capacity and activity level demonstrated by these institutions.

The development activity in these cases would be to provide them with **policy and project substance** by introducing projects and actions that would make them more productive and relevant.

Major part of the **development networking** should be addressed to the **Chania development players**, such as the Municipalities, the business and social networks, and the educational and training sector. Suggested networking goals are:

Municipalities:

To collaborate and undertake to provide all business related information and make them dependent on CCC for any business related issue. The collaboration should be close and useful for the municipality which will benefit from CCC in local development projects, consulting, advocacy for its economic issues to the regional authority etc.

Business and social networks

To collaborate and support them (as is done presently) in their operations and any other sectoral or local issue. Moreover, CCC can use these networks to perpetrate worthy causes such as the development of business angels network, or to foster innovation uptake by businesses or direct demand to locally produced products etc.

Educational and training sector

To collaborate in promoting innovation to SMEs and to acquire assistance and expertise wherever needed. To collaboratively access the regional innovation funds and to ensure that proper funds allocations are made.

The **Chania Vice-Governor** and his **administrative infrastructure** are natural allies with CCC and should be closely networked and collaborating. They share the same domain of responsibility and they both can benefit: the former has the regional unit's authority and data and the latter represents the business community.

ANNEXES

A. Survey of Internal Environment (CCC)

Please note in what extent do you agree or disagree with the following statements by circling from 1 to 5.

Everyone in the Chamber contributes to a team effort in servicing customers.

Strongly Disagree 1 2 3 4 5 Strongly Agree

My fellow employees and I cooperate more often than we compete.

Strongly Disagree 1 2 3 4 5 Strongly Agree

The Chamber hires people who are qualified to do their jobs.

Strongly Disagree 1 2 3 4 5 Strongly Agree

The amount of paperwork in my job makes it hard for me to effectively serve the members of the Chamber.

Strongly Disagree 1 2 3 4 5 Strongly Agree

I have freedom in my job to truly satisfy needs of the members.

Strongly Disagree 1 2 3 4 5 Strongly Agree

I spend a lot of time in my job trying to resolve problems over which I have little control.

Strongly Disagree 1 2 3 4 5 Strongly Agree

The Chamber gives me the tools and equipment that I need to perform my job well.

Strongly Disagree 1 2 3 4 5 Strongly Agree

I sometimes feel a lack of control over my job because too many members of CCC demand service at the same time.

Strongly Disagree 1 2 3 4 5 Strongly Agree

Making a special effort to serve customers well does not result in more pay or recognition.

Strongly Disagree 1 2 3 4 5 Strongly Agree

What my “customers” want me to do and what management wants me to do are usually the same thing.

Strongly Disagree 1 2 3 4 5 Strongly Agree

The management of the Chamber and I have the same ideas about how my job should

be performed.

Strongly Disagree 1 2 3 4 5 Strongly Agree

I receive a sufficient amount of information from management concerning what I am supposed to do in my job.

Strongly Disagree 1 2 3 4 5 Strongly Agree

Concerning my responsibilities I feel that I have not been well trained.

Strongly Disagree 1 2 3 4 5 Strongly Agree

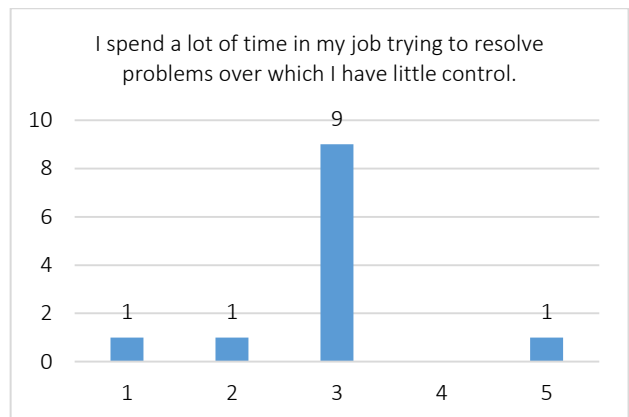
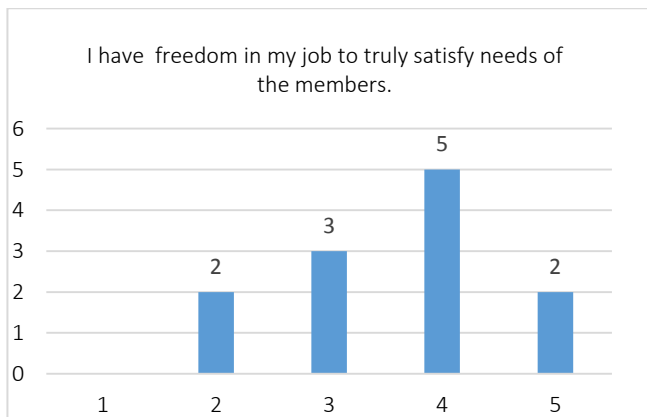
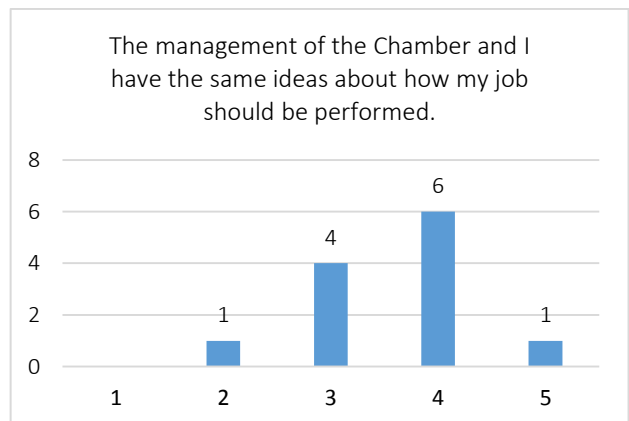
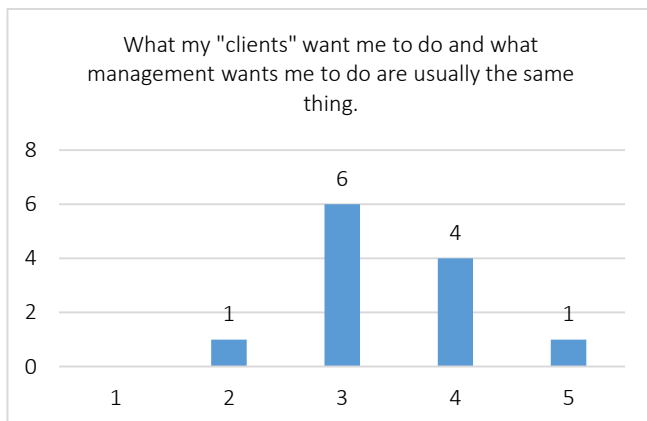
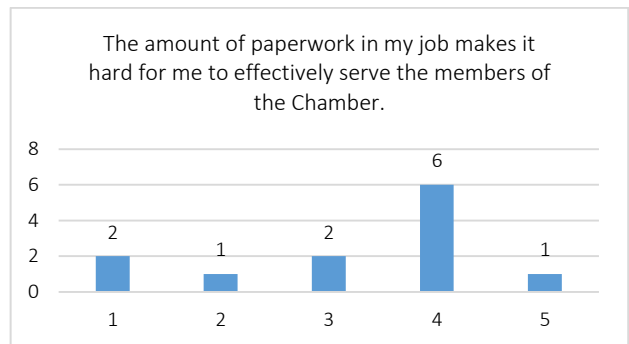
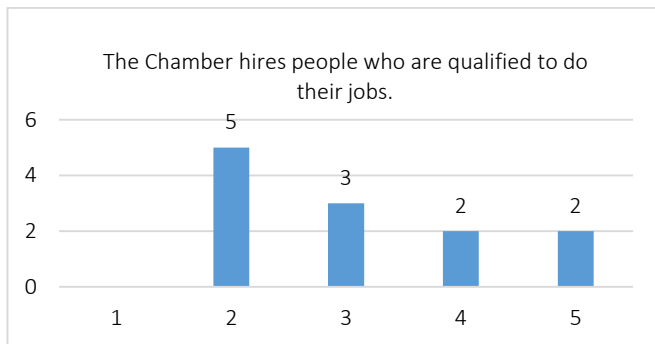
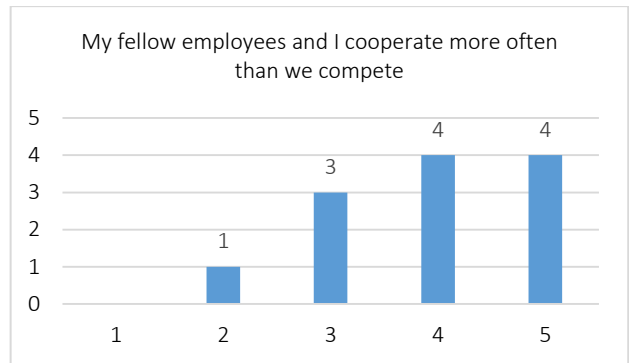
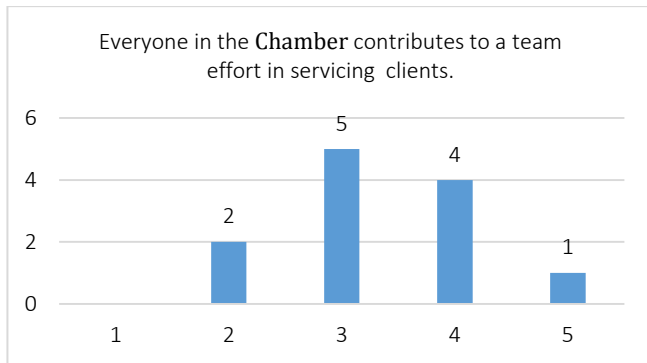
The Chamber has the necessary capabilities and structure so as to satisfy the real needs of members.

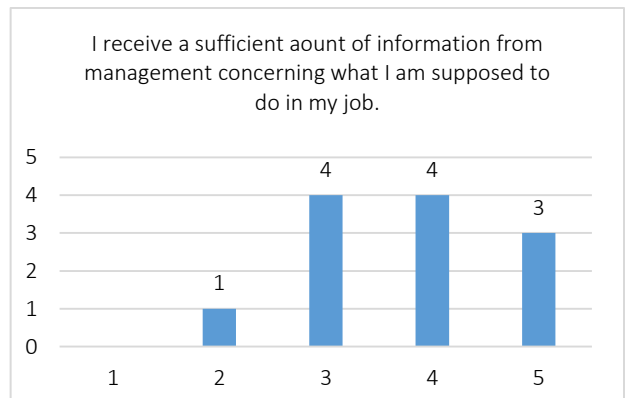
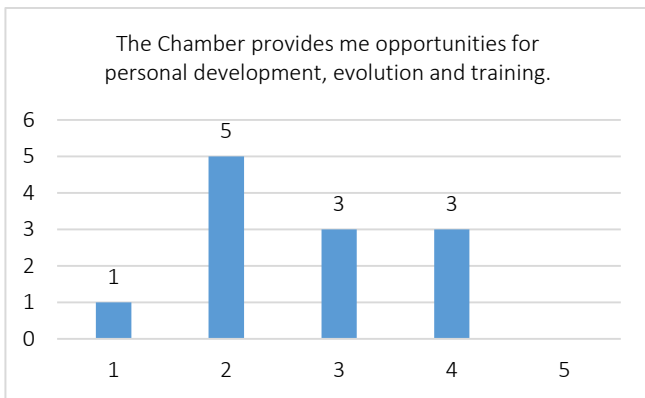
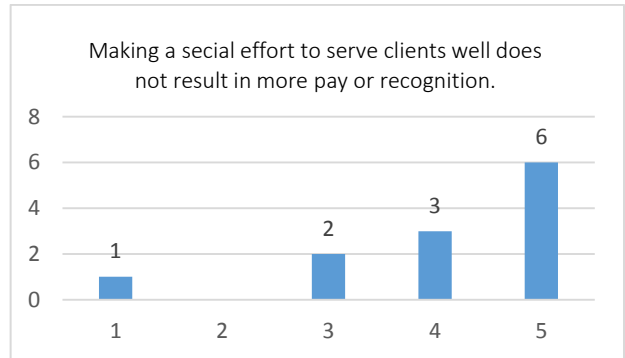
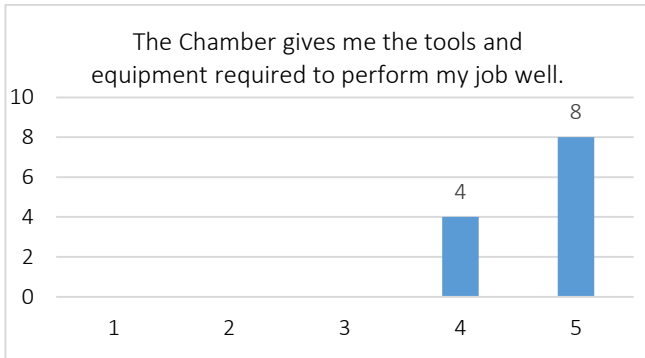
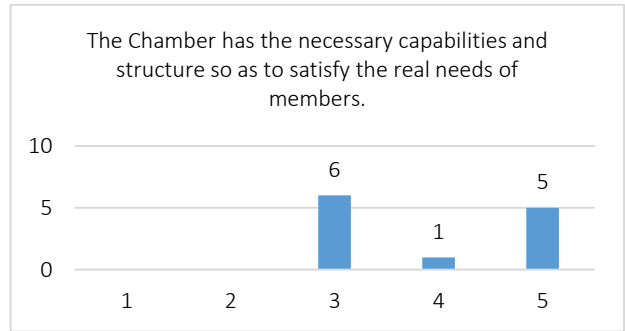
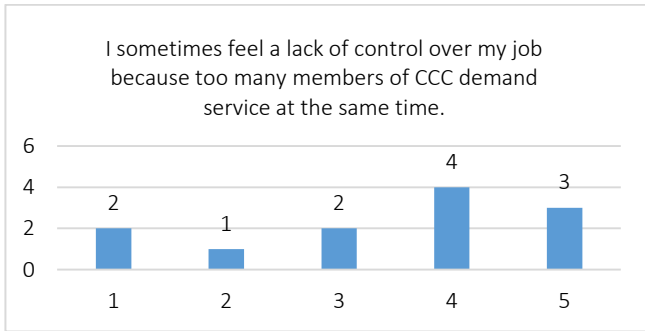
Strongly Disagree 1 2 3 4 5 Strongly Agree

The Chamber provides me opportunities for personal development, evolution and training.

Strongly Disagree 1 2 3 4 5 Strongly Agree

B. Results of internal survey





C. Chania SME Associations interviewed

- 1 ASSOCIATION OF THERMOHYDRAULIC TECHNICIANS OF CHANIA
- 2 ASSOCIATION OF ELECTRICAL INSTALLERS OF CHANIA
- 3 ASSOCIATION OF AUTO MECHANICS
- 4 BROTHERHOOD OF BARBERS-HAIRDRESSERS
- 5 BUTCHERS ASSOCIATION
- 6 ASSOCIATION OF CENTRAL & DISTRICT GROCERS OF CHANIA
- 7 ASSOCIATION OF HANDICRAFT ARTISANS
- 8 ASSOCIATION OF METAL CONTRACTORS
- 9 ASSOCIATION OF BODY SHOP MECHANICS OF CHANIA
- 10 TAXI OWNERS ASSOCIATION OF CHANIA
- 11 RESTAURANT ASSOCIATION OF CHANIA
- 12 COMMERCE ASSOCIATION OF CHANIA
- 13 ASSOCIATION OF YOUTH ENTREPRENEURSHIP
- 14 COMMERCE ASSOCIATION OF PLATANIAS
- 15 NEW COMMERCE ASSOCIATION OF KISSAMOS
- 16 ASSOCIATION OF CERTIFIED ACCOUNTANTS OF CHANIA
- 17 COMMERCE ASSOCIATION OF PALAIOCHORA
- 18 ASSOCIATION OF CERTIFIED REFRIGATOR TECHNICIANS OF CHANIA
- 19 ASSOCIATION OF PUBLIC SCHOOL CANTEEN OPERATORS
- 20 TUTORS UNION OF CHANIA
- 21 BAKERS ASSOCIATION OF CHANIA
- 22 ASSOCIATION OF MECHANICAL ENGINEERS
- 23 URBAN BUS OPERATOS' COOPERATIVE
- 24 ASSOCIATION OF PROFESSIONAL & SELF-EMPLOYEED PENSIONERS OF CHANIA
- 25 ECONOMIC CHAMBER OF GREECE - SECTION OF WESTERN CRETE
- 26 ASSOCIATION OF TOURIST ACCOMMODATION OWNERS "KYDON"
- 27 ASSOCIATION OF INSURANCE BROKERS/AGENTS

- 28 TOURIST BUS OWNERS' ASSOCIATION OF CHANIA
- 29 ASSOCIATION OF FOOD & BEVERAGE DISTRIBUTORS OF CHANIA
- 30 ASSOCIATION OF TOURIST ACCOMMODATION OF CHANIA
- 31 BAR ASSOCIATION OF CHANIA
- 32 SHOPOWNERS UNION OF THE CHANIA MUNICIPAL MARKET

D. Chania SMEs Needs Survey - Questionnaire

EBEX RESEARCH		DATE		A/A	
Interview Identity					
Participant					
Position					
GROUP A- CURRENT SITUATION					
Business Sector:					
Type	✓	Notes			
Trade					
Services (incl. Tourism)					
Crafts – Light Industry					
Industry					
Agriculture					
Combination					
Other sector:					
1.2 Market size of businesses within the sector					
No of employees	Number of businesses	Percentage (%) of sector's total	Notes		
Sole Proprietorships					
1-10 employees					
11-50 employees					
51-100 employees					
Over than 100 employees					
TOTAL					
1.3 Annual sales of businesses in the sector					
Annual Turnover	Number of businesses	Percentage (%)	Notes		
Under of €50.000					
From €50.001 to €100.000					
From €100.001 to €200.000					
From €200.001 to €1.000.000					
Over than €1.000.001					
Most of your colleagues, as far you know,					
Why did they decide to establish their business?					
Reason	✓	Notes			
Family tradition					
Inheritance					
Profession/Training					
Coincidentally					
Market gap					
Detection of an opportunity					
Other:					
How did they obtain their funding?					

	✓	Notes
Equity		
Bank loans		
Structural funds (ESPA programs -new businesses		
Other:		

Which is the most common educational level?

Educational level	✓	Notes
Primary School		
Junior High School		
Senior High School		
Bachelor's Degree		
Master's Degree		
Other:		

What percentage do you believe/know that businesses have professional internet access?

Internet Access	Percentage (%)	Notes
Yes		
No		

If yes, what percentage uses the following services?

Internet Services	Percentage (%)	Notes
Email		
Website		
Social media (Facebook, Twitter, etc.) promoting the business		
Customized Ads (Google AdWords, Facebook Ads, κλπ.)		
Online transactions with banks		
Online transactions with suppliers		
Online transactions with customers		

What percentage has computerized the following departments?

Department	Percentage (%)	Notes
Secretary		
Sales		
Warehouse		
Accounting		
Other:		

General information of the sector

--

What percentage are financially distressed?

Sustainability	Percentage (%)	Notes
Healthy		
Healthy and ready for growth		
Distressed		
Negative sustainability		

Key characteristics of the sector, in your opinion

Technological equipment/requirements/

Seasonality

Business model Basicmore advanced complex

Other

GROUP B – CHALLENGES FOR THE NEXT 5 YEARS

Where and at what percentage do your sector's procurements originate?

Procurement origin	Percentage (%)	Notes
Greece		
European Union		
Non-European Union		
EU and non-EU		

Free answer

Where so your sales are destined; Extroversion)

Sales destination	Percentage (%)	Notes
Greece		
European Union		
Non-European Union		
EU and Non-EU		

Free answer

Evaluate within a range 1 to 7 the most important element you would need to become more competitive (1 indicates the least important element and 7 indicates the most important one)

Elements	1-7	Notes
Incentives for the state (incl. disincentives)		
More funding		
Specialized personnel		
Better internal organization		
Expansion into new markets		
Exports		
Adoption of new technologies		

Free answer

--

What percentage your staff's qualifications and skills are sufficient for the jobs they are assigned to in your sector?

Qualifications/ skills	Percentage (%)	Notes
Very much		
Enough		
Not so much		
Not at all		

What kind of skills there are available now?

What kind of skills will be helpful/useful the next 5 years?

Where does this education/training is available?

What are the growth perspectives of the businesses in your sector?

Growth perceptions	Percentage (%)	Notes
Yes		
No		

Which are the determinants?

Under which circumstances/conditions?

What percentage of the staff in your sector has attended in the previous year educational/professional training program and if so, in which subject?

Participation in educational programs	Percentage (%)	Notes
Yes		
No		
Subject:		Subsidized?

Was it sufficient?

Which is your appreciation of the subsidized training programs?
--

--

How optimistic are you about the economy of the country as a whole, during the next 5 years?

Choices	✓	Why;
Very pessimistic	<input type="checkbox"/>	1. 2.
Pessimistic	<input type="checkbox"/>	
Optimistic	<input type="checkbox"/>	
Very optimistic	<input type="checkbox"/>	

How optimistic are you about your sector's growth, during the next 5 years?

Choices	✓	Why?
Very pessimistic	<input type="checkbox"/>	1. 2.
Pessimistic	<input type="checkbox"/>	
Optimistic	<input type="checkbox"/>	
Very optimistic	<input type="checkbox"/>	

What do the businesses of your sector plan to do in the next 5 years?

Plans	Notes
Development of new markets for your products	
Development of new collaborations with other businesses or suppliers	
Investment in production equipment	
Product Differentiation (new products)	
Participation in sectoral Trade shows-Promotions	
Submit funding applications to development programs	
Investment in new facilities	
Investment in new office or building	
Personnel training	
Research and Development	
Advertisement	
Other	

GROUP C- INNOVATION

Have businesses of your sector submitted proposals for financing their equipment (incl. upgrades) through programs? If yes, in which percentage?

Proposals submitted to finance equipment	Percentage (%)	Notes
Yes		
No		

What was the impact to their competitiveness?

--

Have the businesses of your sector submitted proposals to finance quality certification through programs, and in which percentage?

Submission of applications to finance upgrade/update systems certification	Percentage (%)	Which is the impact on their competitiveness?
Yes		
No		

In which percentage have the businesses of your sector participated in research and development programs?

Participation in R&D programs	Percentage (%)	If yes, in which?
Yes		
No		

Results?

--

Do you know agencies transferring/supporting innovation in Crete or anywhere else?

Answers	✓	Notes
Yes		If yes, which ones?
No		
How do you see their operation or would like to see?		

In which percentage have the businesses of your sector invested in research and development?

Investments in research and development	Percentage (%)	Notes
Yes		
No		
Which was the source of funding?		
What this investment was about?		

In which percentage have the businesses of your sector integrated quality assurance systems (ISO)?

ISO systems uptake	Percentage (%)	Notes
Yes		
No		

If no, in which percentage do the businesses of your sector intend to proceed in integrating quality assurance systems the next three years?

ISO systems uptake the next three years	Percentage (%)	Notes
Yes		
No		

Do you think was there an impact in their competitiveness and how much?

--

--

Which percentage do the businesses of your sector intend to organize a training program during the next 12 months?

Training Program	Percentage (%)	Notes
Yes		
No		

Have the businesses of your sector used the employment programs of "OAED" (subsidizing employment, voucher programs, etc.) the last three years, and at what percentage?

Use of employment programs OAED	Percentage (%)	Notes
Yes		
No		

What is the relationship with innovation in your sector? How is it expressed daily?

Free answer

What is the need of adopting innovation in your sector?

Free answer

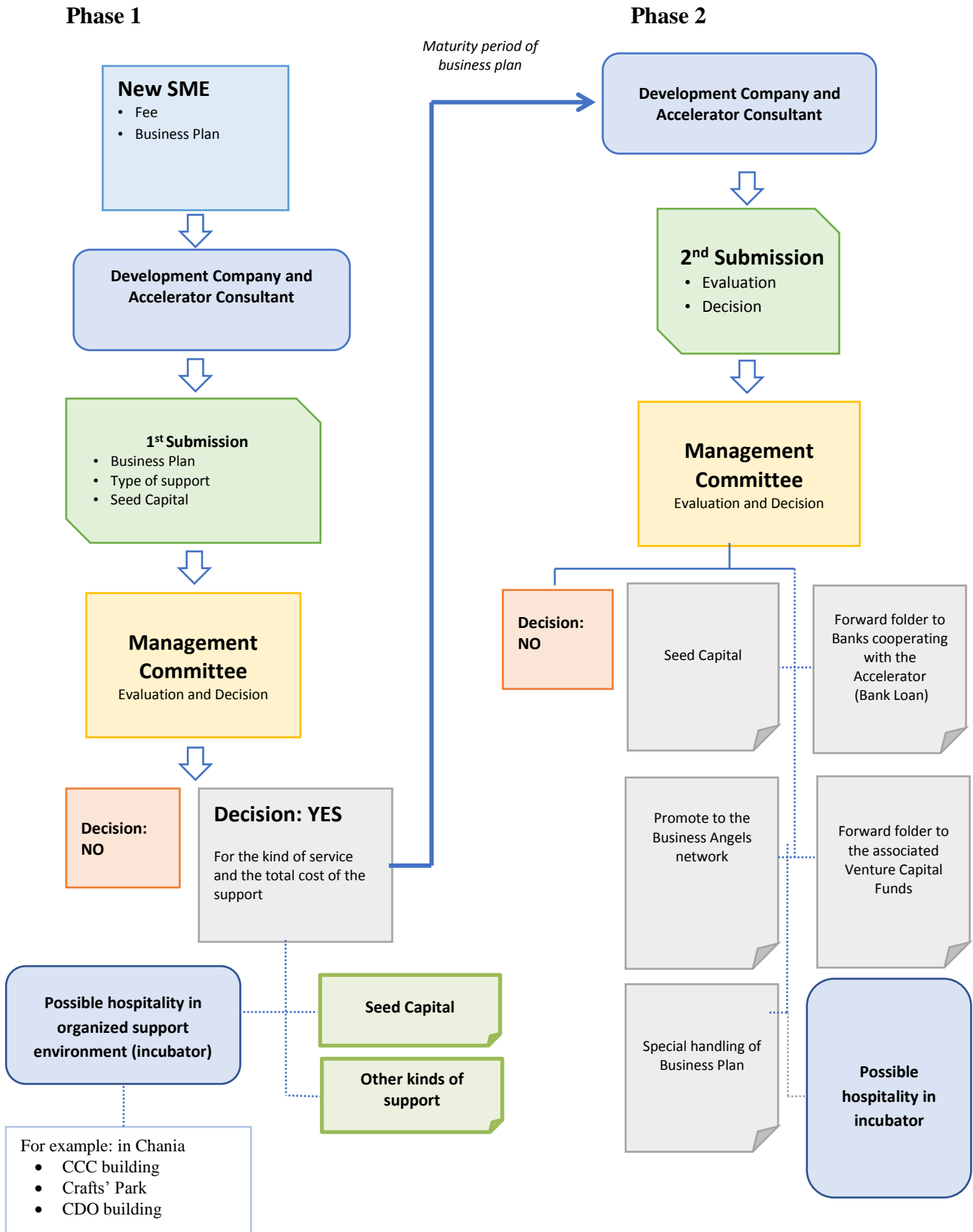
In which percentage are they affected from technological changes and innovations?

	Percentage (%)	Notes
The sector		
The businesses of the sector (in Crete)		

What would you like the Chamber to do to support your sector (and the growth of Chania) in the next five years?

Answers	✓	Notes
General (spontaneously)		
Information		
Activities		
Expertize		
For your Association		
Other?		

E. Operation Diagram for Start-ups Support



Acronyms

ACCI	Angeles Chambers of Commerce and Industry
ASCAME	Association of the Mediterranean Chambers of Commerce and Industry
ATA	Admission Temporaire/Temporary Admission.
B2B	Business to Business
BDS	Business Development Services
CCC	Chania Chamber of Commerce
CDC	Centers of Disease Control and Prevention
CDO	Crete Development Organization SA
CEO	Chief Executive Officer
CF	Cohesion Fund
CIPE	Center for International Private Enterprise
COC	Chambers of Commerce
COC	Chamber of Commerce
CSRs	Country Specific Recommendations
DG	Directorate-General
DG REGIO	Directorate General for Regional and urban Policy
DRAMs	Dynamic Random Access Memories
EBEH	Heraklion Chamber of Commerce and Industry
EC	European Commission
ECR	European Competitiveness Report
EESC	European Economic and Social Committee
EIB	European Investment Bank
EOAEN	Group of Greek Islands Chambers for Development
ERDF	European Regional Development Fund
ESC	Economic and Social Committee
ESF	European Social Fund
EU	European Union
GDP	Gross Domestic Product
GREMI	Groupe de Recherche Européen sur les Milieux Innovateurs
i.e.	id est (that is)
Ibid.	ibidem (in the same place)
ICC	International Chamber of Commerce
ICT	Information and Communications Technology
INSULEUR	Network of the Insular Chambers of Commerce and Industry of the European Union
IT	Information Technology
ITC	International Trade Commission
JRC	Joint Research Council (EU)
KPIs	Key Performance Indicators
MAICH	Mediterranean Agronomic Institute of Chania
NUTS	Nomenclature of territorial units for statistics

OECD	Organization for Economic Cooperation and Development
R&D	Research and Development
RCI	Regional Competitiveness Index
RIS3	Research and Innovation Smart Specialization Strategy
SMEs	Small and medium-sized enterprises
SSI	Supplemental Security Income
SWOT	Strengths, Weaknesses, Opportunities and Threats
TUC	Technical University of Crete
UHC	Union of Hellenic Chambers
UK	United Kingdom
UNDP	United Nations Development Programme
US	United States
US COC	United States Chamber of Commerce
vDSL	very-high-bit-rate Digital Subscriber Line
WEF	World Economic Forum
WiFi	Wireless Fidelity
WW2	World War II
ZDH	Zentralverband des Deutschen Handwerks
ZDH-TA	Zentralverband des Deutschen Handwerks Technonet Asia

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