



*IJ* **BESAR**

International Journal of  
Business and Economic Sciences  
Applied Research

**Local Support Mechanisms for Entrepreneurship: The Approach of Local  
Development and Innovation Institutions**

**Katimertzopoulos F. & Vlados Ch.**

pp. 30-41

**VOLUME 10, ISSUE 1**

**EASTERN MACEDONIA & THRACE INSTITUTE OF TECHNOLOGY PRESS**

## Local Support Mechanisms for Entrepreneurship: The Approach of Local Development and Innovation Institutions

Katimertzopoulos F<sup>1,\*</sup> & Vlado Ch.<sup>1</sup>

<sup>1</sup>Democritus University of Thrace, School of Economics, Komotini, Greece,

ARTICLE INFO	ABSTRACT
<p>Article History Received 26<sup>th</sup> January 2017 Accepted 7<sup>th</sup> March 2017</p> <hr/> <p>JEL Classifications M12, M54, O15</p>	<p><b>Purpose :</b> The growth potential of SMEs entrepreneurship is examined at regional and local level, initially on a Global scale and then for the case of Greece. Additionally, the possibility of an economic development policy beyond the macroeconomic approach is examined, focusing on business growth and competitiveness in the light of meso and micro-economic policy approach.</p> <p><b>Design/methodology/approach:</b> This research leads to the proposal of building knowledge mechanisms and direct and efficient systematic development and innovation at the local level, particularly during a time of economic crisis. The establishment of Institutes of Local Development and Innovation (ITAK) is primarily geared towards promoting innovative entrepreneurship and extroversion of locally installed businesses. As part of the proposal for the establishment of ITAK, a questionnaire was developed - a tool to initially measure companies' opinions on the need for outside help in the macro, meso and micro environment, in order to demonstrate that ITAK local-level structures could be developed.</p> <p><b>Findings:</b> The survey results were accrued via the analysis of questionnaires distributed to companies. The results of the questionnaires in the micro-environment in relation to those in the macro-environment shows a lower tendency to change business, which may be because managers perceive economics several times more in macroeconomic terms rather than in meso and micro economic (terms).</p> <p><b>Research limitations/implications:</b> The restrictions of this particular research are the small sample of study of businesses in one country (Greece); this is because the approach of study, which is quantitative-qualitative, limits analysis to small data sets in the current phase.</p> <p><b>Originality/value:</b> The results in the micro-environment, in relation to those at macro-environmental, shows a lower tendency to change business, something which may be because managers perceive economics several times more in macroeconomic terms, rather than in meso and micro economic (terms).</p>
<p><b>Keywords:</b> Local development policy, local entrepreneurship, business ecosystem, small enterprises</p>	

©Eastern Macedonia and Thrace Institute of Technology

### 1.Introduction

#### 1.1.Articulation of economic policy at the macro, meso and micro level

We examine the possibility of exercising an economic development policy beyond the macroeconomic approach. According to the classic definition of J. Tinbergen: "The economic policy is the deliberate manipulation of a number of instruments to the success of certain goals." (Tinbergen, 1967). "The economic

policy is composed by the decisions of (intervention or deliberate abstention from intervention) the state and the organisms that are found in dependence by this, regulation of conditions of production, distribution or utilization of resources" (De Boissieu, 1978).

Often the "abstract approach" to economic policy-making is based on the assumption that the main goal of those practicing it, is the maximization of social prosperity, in the frame of economic system restrictions. In reality, the practicing of the economic policy, usually avoid the strict determination of particular desirable

<sup>†</sup>Corresponding Author: Katimertzopoulos F

Email: [fkatimertzopoulos@gmail.com](mailto:fkatimertzopoulos@gmail.com)

DOI: 10.25103/ijbesar.101.04

prices and commits to a base for strict evaluation. In practice, the formulation of economic policy is never the neoclassical process of "maximization under constraints", but a "landed" process of choice of "satisfactory solution" (Simon, 1947).

To realise an effective economic policy, it is essential to comprehend specific differences between coincidental and structural economic policy. The former includes short-term objectives related to the current economic situation (context), whilst, the latter is based upon long-lasting long-range policy objectives that concern the structural/institutional objectives of economic policy (Clark, 1940; Leon, 1967; Pasinetti, Luigi 1981).

Would it be better, would it be sought the "monodimensional purity" in the constitution of economic policy, or to a direction or to the other? Is sought, that is to say, or the absolute "positivism" its or absolute reduction in its ethical optics? Tobe claimed, in other words, or its complete "technical objectivity", from a side, or its absolute integration in a form of "extreme voluntarism", from the other? Galbraith appreciated that this would be an error, mainly because it is unfeasible and ineffective and from both directions. (Galbraith, 1987).

However, in order to better understand the formation of economic policy and the manner of its practice, this research mainly focuses on meso and micro-approaches, rather than on macro-approaches.

Macroeconomics is the study of the economy as a total and the policy that is mainly determined by goals such as high and increasing national product level (i.e. real GDP), high employment with low unemployment and stable or gently rising prices (Samuelson, Nordhaus 2000). Macroeconomic policy however undoubtedly has short-term direct effect on the business world: through monetary policy and in particular, interest rates (Shane, 1996), through taxation (Schuetze & Bruce, 2004), as well as through the consolidation of a climate of stability (Stiglitz, 2000; Parker, 2006).

However, until now macroeconomic policy is a topic of disagreement between economists and politicians. In recent years, macroeconomics is in turmoil. In some fields, such as those relating to the basic elements that influence economic growth, economists widely agree on the forces and trends. In others, especially those relating to cyclical economic fluctuations, the rivaling faculties of macroeconomics compete for the foundation of suitable policies that lower unemployment and inflation (Samuelson, 1998).

Therefore, regard for macroeconomic policy cannot be exhausted, in our opinion, for the achievement of modern innovation-driven economic policy. Micro-economic and meso-economic policy seems to progressively acquire great importance for businesses.

In principle the microeconomic approach relates a specific approach to economic problems, which focuses on the analysis of the behavior/action of the entities operating in the economy (individual and business). It refers to the study of the factors that determine the relative prices of goods and factors of production, focusing on the individual relevant markets (Varian, 2009). The meso-economic assumption concerns mainly the special approach towards economic phenomena in their intermediary, & dynamic evolutionary socio-

economic dimension (Yew-Kwang, 1986; Mann, 2011), the factors determining the structural dimensions and the "intermediate" sizes of the tested economic system, as well as the economic activity sectors, their concentration, the localities where they accumulate and penetrate, and the evolving forms of competition and innovation within them (Hamel & Prahalad, 1994; Ruigrok & Van Tulder, 1995).

## **2. Growth and competitiveness of business in the light of the mesoeconomic and microeconomic policy approach**

The macro, meso and micro-approaches can be implemented effectively and efficiently through "visual" socio-economic development and competitiveness. In overall terms, economic growth is linked to the moral and social changes of the population which enable it to cumulatively increase, in duration and, the actual total product (Francois Perroux, 1965). Growth may be intrinsic: each country develops according to its own choice and in proportion to actual values, ambitions and aspirations of its people. Growth also may be global: objectives and problems are fixed in relation to world problems and reflect the general nature of development. The society in which the development occurs is not isolated, but is part of the network of relations and forces around the world, including the most economically-developed societies, as well as those that are more economically-deprived (Iraida, 1982).

Even if differences have been observed in level of statements and accent in the interior of main current of sector of development economy, it should it is said, regarding the developmental policy, from then that was presented the object was also proposed and afterwards was applied the following main strategic ideas: industrialization, rapid capital accumulation, mobilization of underemployed labor and planning, and economic activity of the state. There are of course other central ideas, such as the emphases on creating skills (Amartya, 1983) that seem to timelessly acquire increasing analytical importance.

Substantially as it is clarified by the Vaitos, the concept of development is not neutral, nor does it express abstract meanings that can easily and unambiguously be visualized in simple and "objective indicators" of socio-economic activity. Instead, growth has evaluative nature and stems from specific social realities to which he refers (1987).

Relatively, with the trend of economic policy approaches towards competitiveness, it could be said that this concept refers to the capacity of an economic unit, enterprise, region or nation to be superior, more efficient, compared to other similar units, in terms of a commonly accepted objective/indicator. For example, an important business goal is profitability, while for nations, it is the high per capita income. Overall, and in a wide perception context, we could say that the competitiveness of each socioeconomic formation and on each level of analysis is linked to survivability, reproduction and development, through the evolving conditions of its external socio-economic environment (Competitiveness Policy Council, 1994; Reve & Mathiesen, 1994; Dunning, 1997).

However, many analysts practice justified criticism in the "narrow" macroeconomic perspective of competitiveness. They call for the more complete approach of questioning, competitiveness, the deepening of study in terms of enterprise (small level) and in terms of sector and region (medium-level). Specifically, competitiveness at the enterprise-level is approached as the capacity of the company to show better performance than its competitors (higher productivity and/or bigger efficiency in the use of her capital and/or bigger share of market and/or higher sales and profits, etc.) In relation to the micro-approach, "the industrial competitiveness of a country or of a wider economic space is simply a matter of how competitive are his/her business." Reve & Mathiesen (1994)

They characterized macro-approaches of competitiveness as "traditional" and exceeded, as they are exhausted in the analysis of "macro-terms" competitiveness, mainly in the relative prices of productive factors and, same, work, capital and energy) and neglect an in-depth examination of what's going on in the interior businesses sectors. With that in mind, the authors consider that the macro-approaches try to boost industrial competitiveness, simply through macroeconomic policy focusing on low inflation, low interest rates to low tax businesses, etc. This, however, is apparently not sufficient anymore. They counter-propose a policy that initialises small-scale competitiveness in operational and sector-based level, in other words simultaneously in small and medium level according to the optics of present research. In their approach, they place particular importance on the quality of products and the organizational knowledge of businesses. They concretely propose the study of three teams of defining factors that, usually pass the "traditional" regard: The existence of persons with enterprising faculties, the creation of aggressive, customer-driven businesses and the constitution of dynamic industrial networkings between businesses (clusters) (Reve & Mathiesen, 1994).

In turn, Best (1990) in the article "Reaching New Competition", on the study of modern American economy considers the relative deterioration of productivity as being more important than insufficient savings in the interior or exterior debt. His approach focuses on the sphere of production, and the role of the business' internal organization. His analysis therefore has a clear micro and strategic orientation. The dominant contemporary phenomenon according to Best is the emergence of the "New Competition", which differs from the old one, in four points: The organization of the company, in the forms of coordination in the various stages of the production chain, the organization of the industry and the types of followed industrial policy. In the background, identifies the overthrow of the axioms of "old competition." The "New Competition", in its perspective, proposes strategic interventions at four levels above and characterized by market making activities as opposed to simply reacting to market developments.

In the case of states and national economies, the strategy refers to the whole State: Human resources in education and entrepreneurship, in infrastructure, innovativeness and cost, the economic territory of the nation and / or to specific regions and localities. The

structure and record of sectors plays a very important role, as does the existence of geographic concentrations of economic activity and the "social chapter" (as the degree of collaboration and confidence of economic units.) (Delapierre & Milelli, 1995; Storper, 1997; Michalet, 1999).

### **3. Development of economic policies and approaches for Small and Intermediate Enterprises (SME) at regional local level**

One of the most diachronic guidelines for structuring enterprises economic policy includes and analytically absorbs the dimension of locality in the search for reinforcement of competitiveness and growth of modern enterprises. First, in total terms, the approach of "industrial districts" (industrial districts) contributes to this. The industrial district describes a social entity that includes a number of characteristics, such as: a) the existence of a variety of specialized small and intermediate enterprises organized round a locally-dominant industrial sector, b) a dynamic collaboration and synergy between the local community and the region's enterprises, particularly with regard to the sharing of common values and culture, c) an industrial organization founded in a mixture of competition and collaboration d) an "industrial atmosphere" that emanates from the training and the accumulation of skills (Marshall, 1920).

According to G. Becattini (1973), the industrial district can become perceptible as a territorial concentration of mainly small to medium-sized enterprises that function in an industrial sector and which are specialized in the different phases of productive process of this sector. In "Italian Faculty" (1970, 1980), a "local prism of" approach of competitiveness is proposed. The economists of this faculty see a model of endogenous growth behind the significance of "industrial district" that can, at least partially, be interpreted as coming from certain characteristics of sociological or socio-economic order. In parallel, analyses of the located productive system (système productif localisé) in the French and American area of local growth have been undertaken. Based on Courlet (2008), in the corresponding "French Faculty", the "located productive system" can be determined as a concrete incorporation of enterprises grouped in the territorial neighborhood and, simultaneously, is activated around one or more relevant "industrial" profession. These enterprises maintain relations with each other for a common social-cultural environment of innovation. These relations are not simply market/freight, but are also informal and produce "positive externalities" on their total (Becattini, 1973).

The concept of "innovation environment" (Milieu Innovateur) out of this conceptual basis emerges. Concretely, as an environment of innovation can be defined as a localised total of multiple enterprising action and knowledge, which is open to its abroad and incorporates know-how, rules and "relational chapter" (relational capital). That is to say, the concept of "environment of innovation" attempts, in this way, a synthetic and evolutionary socio-economic explanation of dynamic territorial growth. Significantly, territorial

growth becomes perceptible as a result of such innovative processes, and territorial socio-economic synergies having local scope. The basic components of local innovative system are mainly its reported know-how in the management of productive process with a wide significance; commercial, the organizational and, in general, relational sides of materialized productive process. Rules also determine the behaviors of institutions, decisions of perpetrators, as well as the relations that these elicit from each other - the beginnings of confidence, reciprocity, solidarity, collaboration and competition - and its relational capital that corresponds to the knowledge that each "environment" member allocates to other members. Aydalot, who is considered the founder of this current developmental thought, supports that in reality, it is not the enterprise that innovates but the "environments of innovation" surrounding it, since the accumulated knowledge in the "local environments" always constitutes the base of progress (Aydalot (éd.), 1984,1986a).

Based on these precedents it is understood that the approach of "environment of innovation" via systematic local innovation support faculties is one of the most appropriate ways to enhance the adaptability and engenders competitiveness of individual socio-economic formations for broader global socio-economic development.

At the same time, the "business ecosystem" (Moore, 1996) is a well-known and useful modern approach that in substance incorporates the basic priorities of topical developmental phenomenon that is examined in the present research, which simultaneously focuses on dynamics startups. The relative new significance of the business ecosystem has its roots in the natural ecosystem and ecology. It uses the natural ecosystem and studies various observed phenomena related to businesses. Firstly, the ecosystem is constituted by different organisms that "live" in the same region. The organisms can interact with each other, as well as with the environment in which they are found (Peto, 2008).

Based on the above consideration, Hannon declared the existence of a multitude of common characteristics between the economic science, and ecology; both sciences dynamically study organisms-system having methods of production, exchange, resources and storage, where the total output of the ecosystem can be considered to parallel the GNP (gross national product) of an economy (Hannon, 1997).

Moore (1996) considers a business ecosystem that provides an economic community supported by interacting organizations and individuals as the organisms of the business-enterprising world. In his opinion, a business ecosystem consists of basic producers, competitors, customers and other interested parties. The key of a powerful business ecosystem is found in the leading "fundamental type", as he characterizes them, businesses, that play a major role in the process of co-evolution. Additionally, Moore formulated a second supplementary definition in which the business ecosystem is an extended system of reciprocal supported organisms (e.g. trade unions of workers, communities of consumers, suppliers, governmental institutes etc.) that participate in a

partially-deliberate self-organized, but coincidentally shaped environment.

Moore's initial definition places substantial emphasis on the interaction with the environment, and self-organization and decentralized decision-making in the second definition. According to Moore the business ecosystem cycle is comprised of four stages. The first stage, birth, should made more efficacious energies beyond those which lead to the satisfaction of the customers. In the second stage, of extension, the possibility of expansion of the business of tested. The third stage, of leadership, strives for stability in the business environment and the creation of profit. The fourth and final stage of renewal or the death results from the appearance of new ecosystems (Moore, 1993).

Obviously, there are major differences between nature and business-related ecosystems. Originally the perpetrators of business ecosystems were characterized by astuteness and ability of planning and forecasting. In business ecosystems, there is significant competition for the conquest of potential members and aims at innovation, while natural ecosystems only target survival. Moore has identified the conscious choice as the main difference between business and natural ecosystems (Moore, 1996).

Focusing on creating value for customers by the additional provision of information, products and services, Gossain and Kandiah (1998) attempted to extend Moore's theory. The benefit of this business system as a whole is that it is orientated towards helping a company survive. The collaborators and the suppliers are only included in this business ecosystem since the connectivity between them is considered as the motive force of the entire system. The survival of each company is considered to be based on the profit of the entire business ecosystem.

The business ecosystem, therefore, essentially functions as a corporate network where each entity operates in a field, and each field interacts with several other fields. Thus, the changes that occur in a company's field immediately spread to other areas, where other companies can benefit as members of the ecosystem (Lewin; Regine, 1999). However, failure of a member also has an effect of the ecosystem. Companies mainly aim at knowledge-creation, innovation and success, and hope to dominate others and to exploit their potential. This presents a significant challenge in the unpredictable and every-changing business ecosystem environment. The business ecosystem is a dynamic structure that is evolving with the aim of its development and improvement in the passage of time (Peltoniemi, 2004).

Iansiti and Levien (2004) argued that the success of the ecosystem is based on productivity, which affects the success and robustness of any business. The ecosystem survival capacity in light of various (internal and external) shocks, accepts the risk of destruction, as well as the possibility of creating opportunities and new contacts through cooperation and not protectionism.

#### **4. Economic policy of countries and organizations for the support of entrepreneurship in SMEs (cases: US and EU)**

Economic policy, as a necessary ingredient for the support of businesses 'at source' in the 'cell', could present a multifaceted and long-lasting past in many countries around the world. This research examines some important directions and examples of such orientation policies in the US in the EU, before the final formulation of its proposal.

The US adopted formal entrepreneurship support policies much earlier than any other country; as early as 1932 they founded the Organism of Economic Reformation which loaned to American small to medium-sized enterprises in the frame of the "New Deal" of the then President Roosevelt (Jackson, 1941).

Diachronically, the US's economic policy appears to manage, to maintain, and to effectively replicate the force of competitiveness of the US economy, adapting particularly effectively to the priorities and the means of policy.

The reports of the US's Council of Competitiveness from the beginning of the 90s have already captured and effectively answered the big issues of competitiveness for a country in the frame of globalization, in a way that appears particularly "advanced" even until today (Competitiveness Policy Council, 1992, p.2,p.11). Combined thematics and sectors-key in this total policy are rendered in an absolutely explicit way, the creation of favorable enterprising environment, the policy of education and training, the maintenance of technological avant-garde and long-lasting, structural targeting (Competitiveness Policy Council, 1992, p.35-36).

The US provides direct support to entrepreneurs and small businesses via a body of policy acts guiding the Small Business Administration governmental service. The SBA's mission is the maintenance and the intensification of the national economy, facilitating the establishment and viability of small enterprises. The activities of service are summarized with "3C": capital, contracts and consulting, from the use of the English terms capital, contracts and consulting. One of the important functions of the Small Business Administration is the offering of loans that are made through banks, credit unions and other lenders collaborating with the SBA. Borrowing by SBA is supported by governmental guarantee. Following the financial freeze in 2008, mediation of the Recovery Act (Recovery Act) and the Small Business Job Act (Small Business Jobs Act), the SBA has increased its loans in order to be able to provide up to 90% guarantee on a loan to strengthen small businesses' effective access to capital. As a result, the service at the end of 2008 recorded the highest historical volumes of borrowing. The SBA has at least one office in every US state. Additionally, the service provides licenses to participate in counseling programs, including 900 Small Business Development Centers (Small Businesses Development Centers), which are usually in colleges and universities, 110 Women's Entrepreneurship Centers and a specialized organization, SCORE, which includes approximately 350 separate parts, and which is a voluntary network of consultants, of retired and experienced business executives. These advisory services are provided annually to more than a million entrepreneurs and small business owners (Markiewicz, 2011).

Respectively, and in the frame of the European Union, in the past, in the space of articulation policy to boost the competitiveness in Europe was already wide.

We also briefly examine some important aspects starting from the 'viewpoint' of the 90s; as early as the middle of the critical decade of the 90s, according to the highly advanced for the era, visual of Jacquemin, the debate on the European approach of competitiveness must, always start from three key findings: First, the European approach for competitiveness should not consider international trade as a game of "zero-sum", unlike some harsh neo-interventionist, protectionist views. The White Paper on "Growth, Competitiveness and Employment" (1993) considers the opening of international trade - with low paid - countries as beneficial for the EU. Secondly, competitiveness is not a concept that mobilizes public opinion in Europe. It needs a clarification of the relationship between the boosting of competitiveness and the economic and social objectives that it serves. Thirdly, in global terms, EU competitiveness is used as a tool for creating an attractive Europe, in terms of activities and employment, leading to sustainable/ conservable development. To this end, it needs improvements in the efficiency of individual national economies by the strengthening of basic factors of competitiveness such as material infrastructure, research, education and training (Jacquemin, 2001).

Jacquemin supports, in particular, that the effort to enhance competitiveness cannot "be exhausted" in the effort of labor productivity growth (i.e. growth in value added per man-hour), even when it is perceived "one-dimensionally" and is implemented by reducing labor participation in production: in quantitative and/or qualitative terms. According to his view, apart from the importance of "low-cost" rate of work in the effort to increase production efficiency, three additional factors play an important role: Initially the factors of reinforcement of competitiveness that are connected with the "non-price competition" and which, with difficulty, are impressed quantitatively (quality of product, efficiency of commercial networks, variety of types of production, sectorial and geographic specializations, etc.). This provides the ability to integrate innovations in the overall business strategy and finally, establish an efficient internal organizational structure, capable of implementing innovative marketing strategies (Jacquemin, 2001).

In particular, at least twenty-five years ago, Jacquemin estimates that the "European company" should reconcile productivity with the flexibility and should increase the potential for cooperation between all workers, in order to target "new productivity"; a subject which to this day maintains enormous importance. At the same time, he proposes the overtaking of traditional "industrial policy" by proposing exposures into a logical "closer" to individual firms. He clarifies that the conventional approach of strengthening "national champions" and particular sectors should be progressively replaced by encouraging the dissemination of information, the effort of assimilation of "best practices", incentives for innovation, promotion of joint E&A networks (public and private research institutions), facilitating 'new entrepreneurship' and improvement of access to foreign markets (Jacquemin, 2001).

Nowadays, the EU utilises the "Small Business Act for Europe" policy, the purpose of which is to provide stimulus towards the development of small and medium-sized European companies. The "Small Business Act" is the EU policy framework which is specifically designed to help SMEs grow and stimulate job-growth. In the "Small Business Act", EU Member States and the Commission implemented actions between 2008 and 2010 to reduce administrative burdens, facilitate SMEs' access to finance and support their access to new markets (European Commission, 2011).

The "Small Business Act" represents the first coherent policy framework for SMEs, both in the EU and its Member States. Following its adoption in June 2008, important progress has been made via actions to strengthen SMEs in various sectors. Firstly, 100,000 SMEs have benefited from the financial instruments provided by the framework program for competitiveness and innovation, and which has led to the creation of more than 100,000 jobs. Secondly, due to the late payments directive, public authorities are now required to repay their suppliers within 30 days, thereby improving business' cash-flow. Thirdly, in most EU Member States the time and costs of establishing a company has greatly reduced; the average time for setting up a private limited company in 2010 came to be seven days and the average cost of EUR 399; whereas in 2007 this took 12 days and cost EUR 485 . Fourthly, simplified online procedures and opportunities for joint bidding have facilitated SME's the access to public procurement. Finally, the new center for EU SMEs in China helps EU SMEs access the Chinese market (European Commission, 2011).

Although all Member States have recognized the importance of a rapid implementation of the "Small Business Act", the approach and the results achieved vary considerably from one Member State to another.

According to statements made by the European Commission, it is determined to continue giving priority to SMEs. However, it is clear that it should take further measures in many sectors of priority, to adjust the "Small Business Act" according to recent economic developments, to improve the business environment for SMEs and particularly, in countries with significant disabilities such as Greece (European Commission, 2011), and to align it with the priorities of the "Europe 2020" strategy.

It can achieve better SME access to investment and growth finance, to loan guarantees through the aid system, with plan of action for the better access of SME in the financing; providing among others, access to venture capital markets, as well as targeted measures to inform investors about the opportunities offered by SMEs, and with the creation of easy access EIB loans via mechanisms of European Union from the all banks, independent of size.

Also, anti-bureaucratic "smart regulation" should be diffused and fully implemented to enable SMEs to concentrate on their core activity and partake of the full benefits of the single market structures (European Commission, 2011).

Overall, the European environment and the corresponding political will of the EU institutions is absolutely ripe for strengthening specialized small and medium entrepreneurship support mechanisms in the

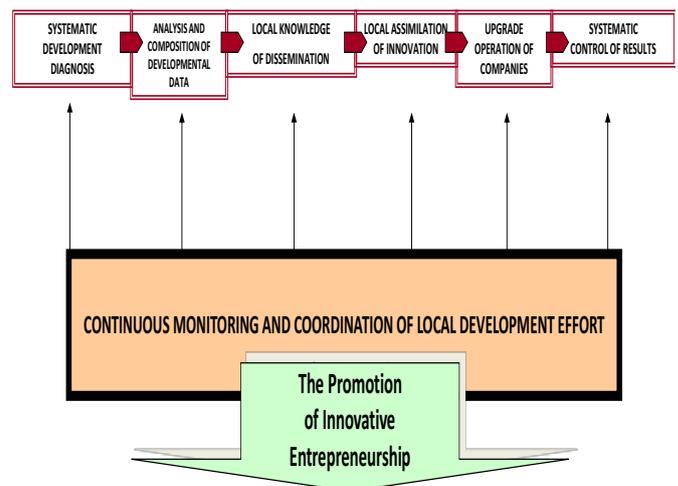
Member States, assimilating optics structural, flexible, that are locally focused and dedicated to the diffusion of innovation and development.

### 5. Institutes of Local Development and Innovation

This research thus leads to the proposal of building mechanisms of systematic development, knowledge and innovation at local level. These dimensions, we feel, could prove the most critical aspect of overall crisis extraction process for the country today.

In particular, it is proposed that the constitution of local mechanisms of developmental co-ordination, pumping and diffusion of information and modern operational know-how, is achieved by focusing on the promotion of innovative entrepreneurship and the extraversion of our locally-installed businesses. The Institutes of Local Development and Innovation (ITAK) are mechanisms of developmental co-ordination, pumping and diffusion of information and modern operational knowledge, that focus on the promotion of innovative entrepreneurship and the extraversion of our locally-installed businesses. In this context, economic policy could be refocused to target the following: i) stimulate competitiveness of our local operating SMEs, ii) increase the attractiveness for new investment, iii) the systematic strengthening of the local production grid, for a large number of regions in Greece (Vlados 2007, 2014).

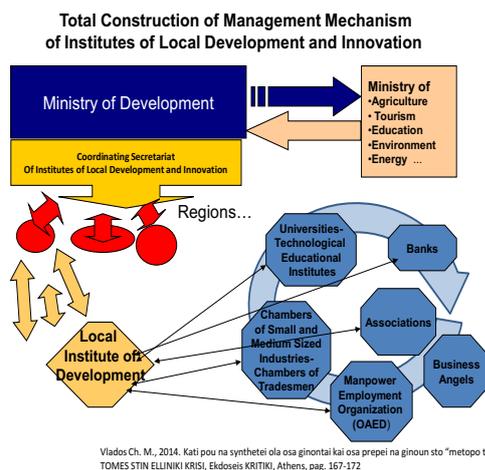
Institutes of Local Development and Innovation:  
The establishment of a strategic support mechanism of the local innovation environment



**Figure 1:** Institutes of local development and innovation: The establishment of strategic support mechanism of the local innovation environment

The center of gravity and the sovereign claim of this interventionist mechanism (ITAK) should be the direct aid of local enterprise and business agility via their enrichment with sufficient resources, tangible and intangible, with facilities, equipment and specialists that are mostly scattered and uncoordinated in various state institutions and agencies, to manage essential local development actions. The intervention could include an integrated support cycle of our SMEs (European Commission, 2011).

With such thoughtful in the center of action it can, henceforth, be placed something that would compose, all that become and that should become in the forehead of overcoming the crisis today. To facilitate imagine, something like developmental "Citizens Service Centers" with focus, however, on the area of business and production. That is, a mechanism with a regional and local focus, which will succeed in giving a "point of contact" of coordination of all actors, organizations and services related to the innovative and developmental reality of various regions of a country (European Commission, 2011).



Vlados Ch. M., 2014. Kati pou na synthetetei ola osa ginontai kai osa prepei na ginoun sto "metopo tis anaptixhs", TOMES STIN ELLINIKI KRISI, Ekdosis KRITIKI, Athens, pag. 167-172

Figure 2: Total Construction of Management Mechanism of Institutes of local development and Innovation

In practice this constitutes a new frame of composition of actions and developmental initiatives. However, to be proved truly effective, it must from the outset "be endowed" with a special institutional framework of operation that ensures it can actually be proved quickly, reliably, focused on the cooperation, based on complementarity of resources and needs, as well as the increase of added value of all structural interventions (European Commission, 2011).

## 6. Methodology

In the frame of the ITAK proposal, a questionnaire was created to determine if local business were interested in the approach of creating such a local level structure in Greece.

Initially, the questionnaire is divided into four sections, the first category includes questions of macro-economic nature and more specifically, the needs of

businessmen in national context in terms of political stability, economic balance, technological competence and social cohesion.

The second section again includes such questions of macro-environment. In this category, we questioned the businessmen's opinion on tax reduction, lower lending interest-rates, more flexible conventions of work and lower wage, facilitation of banking financing, reinforcement of domestic demand.

The third unit includes questions of sectoral business agility (meso-economic approach), substantially the businessmen answer questions on how much they would wish for: i) exercise of concrete sector-based policies that would strengthen the businesses of sector, ii) concrete meters of aid for investment in the sector, through the new Community programs, iii) concrete meters of aid for exports.

The fourth and final section essentially focuses on micro-environment. Specifically, the businessmen were asked how much they would want for their businesses: advice for financing, more and improved training for their staff, consulting, cooperation with universities and research centers. An open type question was placed at the end of each section; the businessman must answer how important he considers the factors combined together (i.e. on questions of each section) for his business, and why.

The remaining questions in all categories are scored based on the scale, from 0 (that corresponds to not important) - 5 (very important). In each question, the businessman replies to two measuring tables, one for what he wants today and one for what he wanted five years ago. This time-comparison margin arises as a parameter in order to measure what "today's" entrepreneur thought he wanted five years ago in order to consider the segment diversified-influenced by way of perception, action and whether the business of culture was impacted.

In this research, the sample is small and medium-sized enterprises in the tourism industry, operating in Greece.

## 7. Discussion and Conclusion

Concerning the above results, in this research, it could be said that:

The macro level shows the behavior of firms has a high tendency to change in five years ago. In particular, almost all the businesses would like economic balance (at national level), technological competence and social cohesion.

The specific macro-environment seems to be one area, that compared to five years ago, that show the need for drastic changes to proper functioning, in particular through measures such as reducing tax and lending rates, and facilitate their bank financing.

The results in these two sectors may be high because of the difficult economic crisis prevailing in Greece.

The results also show that desire for change in business is much higher than five years ago. This propensity to aid enterprises appears to exist more in the need for measures that concern investments in the sector, and the application of sector-based policies for the aid of business agility.

Finally, in the micro level, companies want partial implementation of microeconomic measures. Sixty percent of businesses (30% increase compared with five years ago) would like much more funding advice. In relation to business cooperation with universities and research centers, approximately 30-50% of businesses directly ask for such support.

The results of the questionnaires in the micro-environment in relation to those macro-environmental show a lower tendency to change business, something which may be because businesses perceive economics (several times more) in macroeconomic terms rather than in meso and micro economic (terms). The one-sided perspective of many businesses several times is owed to the lack of comprehensive business culture, education and knowledge on what changes are needed at local level to evolve and innovate, because they give more attention to macroeconomic terms.

### 7.1 Limitation

The small sample of study of enterprises in Greece constitutes the main limitation of this particular research; this is because the approach of study is quantitative-qualitative which cannot be undertaken on a larger-scale in the present phase.

However, the present research is not one long-lasting (longitudinal) study that could be used to temporally compare the answers for today and five years ago. In this way, we attempted to determine his enterprising culture - perception and viewpoint, how much these were influenced, and are influenced today in combination with what he believes and what he acted upon in the past.

### 7.2 Future research

A future study will be undertaken using a larger sample. It will also examine how the Institutes of Local Development and Innovation are developed locally and in what form, as well as determining the feasibility of such structures.

We will also consider the perspective of regional level cooperation, and comparisons with various mechanisms and structures such as ITAK that exist in other EU countries.

This is an Open Access article distributed under the terms of the Creative Commons Attribution Licence



## References

- Amartya. Sen (1983): *“Development: Which Way now?”*, Economic Journal, t.93, p.745-762.
- Aydalot P. (éd.) (1984), *Crise et Espace*, Economica, Paris.
- Aydalot P. (1986a), *Milieux Innovateurs en Europe*, Gremi , Paris.
- Becattini G. (1973) *Lo sviluppo economico della Toscana, con particolare riferimento all'industrializzazione leggera*, a cura di, Firenze, IRPET.
- Best Michael H. (1990), *The New Competition: Institutions of Industrial Restructuring*, Harvard University Press.
- Clark, C (1940) *The Conditions of Economic Progress*.
- Competitiveness Policy Council (1994), *« Saving more and investing better »*, Fourth Annual Report to the President and Congress, Washington D.C.
- Competitiveness Policy Council (1992), *“Building A Competitive America,”* First Report to the President and Congress, March (page 2).
- Competitiveness Policy Council (1992), *“Building A Competitive America,”* First Report to the President and Congress, March (page 11). The council's first report was reviewed in Michael Prowse, "US 'needs new vision' to hone competitive edge: A federal advisory council, is calling for a radical reappraisal for industry," Financial Times, March 5, 1992, p. 6.
- Courlet Claude (2008), *L'Economie territoriale, Presses universitaires de Grenoble, coll. « l'economie en plus »*.
- De Boissieu (1978): *Principes de Politique Economique*, Economica, Paris.
- Delapierre M. et Milelli C. (1995), *Les Firmes multinationales*, Paris, Vuibert.
- Dunning J., (1997): The competitive advantage of countries and MNE activity in VERNON-WORTZEL H., WORTZEL L.H. (ed.): *Strategic management in the global economy*, John Wiley & Sons, New York.
- European Commission (2011), *‘Think Small First’ - A ‘Small Business Act’ for Europe*, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52011DC0078>, Brussels, 23.2.2011
- European Commission, *The Small Business Act for Europe*, [http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index\\_en.htm](http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm)
- European Commission, *Europe 2020*, [http://ec.europa.eu/eu2020/index\\_en.htm](http://ec.europa.eu/eu2020/index_en.htm)
- Galbraith J.K. (1987), *A Global View of Economy*, Greek Translation Papazisis, 2001, Athens.
- Hamel G. & Prahalad C.K. (1994), *Competing for the Future*, Boston, Mass., Harvard Business School Press.
- Hannon, B. (1997). *The use of analogy in biology and economics - From biology to economics, and back. Structural Change and Economic Development*. Vol. 8(4), pp. 471-488.
- Iansiti, M.; Levien, R. (2004). *The Keystone Advantage: What the New Dynamics of Business Ecosystems Mean for Strategy, Innovation, and Sustainability*. Harvard Business School Press, 225p, Boston.
- Iraida (1982): *“The Contribution of the United Nation System to Formulating Development Concepts” in “Different Theories and Practices of Development”*, UNESCO, Paris.
- Jackson R.H (1941), *The struggle for judicial supremacy: A study of a crisis in American power politics*, Alfred A. Knopf, Inc., New York.
- Jacquemin Alexis (2001), *«Towards an Internationalization of Competition Policy»* , The World Economy ,Volume 18, Issue 6, pages 781-789, November 1995.
- Kandiah Gajen, Gossain Sanjiv, (1998) *“Reinventing value: The new business ecosystem”*, Strategy & Leadership, Vol. 26 Iss: 5, pp.28 - 33.
- Leon, P. (1967) *Structural Change and Growth in Capitalism*, Johns Hopkins, Baltimore.
- Lewin, R.; Regine, B. (1999) *Complexity: Life at the Edge of Chaos. (On the Edge in the World of Business)*, The University of Chicago Press, pp. 197-211.

- Mann Stefan (2011). *Sectors Matter: Exploring Meso-economics*. New York: Springer.
- Markiewicz David(2011), *Small business loans soar under Jobs Act SBA loan program extension*, Atlanta Journal Constitution, <http://www.ajc.com/business/small-business-loans-soar-795135.html>, Jan. 4
- Marshall Alfred (1920), *Principles of Economics*, London: Macmillan and Co., Ltd., 1920, 8th edition at the Library of Economics and Liberty.
- Michalet C.A. (1999), *La Séduction des nations ou comment attirer les investissements*, Economica, Paris.
- Moore, J.F. (1993). *Predators and Prey: The New Ecology of Competition*. Harvard Business Review. Vol. 71(3), pp. 75-83.
- Moore, J.F. (1996). *The Death of Competition: Leadership & Strategy in the Age of Business Ecosystems*, Harper Business, 297p, New York.
- Parker S.C. (1996), "A Time Series Model of Self-Employment under Uncertainty", *Economica*, 63, 459-75.
- Pasinetti, Luigi L. (1981). *Structural Change and Economic Growth*. Cambridge: Cambridge University Press.
- Peltoniemi, M. (2004). *Cluster, value network and business ecosystem: Knowledge and innovation approaches*. A paper presented at the Conference "Organisations, Innovation and Complexity: New Perspectives on the Knowledge Economy", University of Manchester, 9-10th September 2004. NEXSUS, The Complexity Society and CRIC Centre for Research on Innovation and Competition.
- Perroux Francois (1965): *L'Economie du XX siècle*, PUF.
- Peto Rudolf (2008) :*Makroökonomik und wirtschaftspolitische Anwendung* (Managementwissen für Studium und Praxis), Oldenbourg Wissenschaftsverlag GmbH, (Greek Translation , Propompos, 2012, Athens).
- Reve T. & Mathiesen L.(1994), *European industrial competitiveness*, Bergen Foundation for Research in Economics and Business Administration.
- Ruigrok W. and Van Tulder R. (1995), *The Logic of international restructuring: the management of dependencies in rival industrial complexes*, London, Routledge.
- Samuelson P. (1998): *Economics*, Mc GRAW-HILL.
- Samuelson Paul A., William D. Nordhaus (2000) :*Economics*, The McGraw-Hill Companies.
- Schuetze, H.J & Bruce, D. (2004) "Tax Policy and Entrepreneurship", Conference on Self-Employment, Economic Council for Sweden.
- Shane S. (1996), "Explaining Variation in Rates of Entrepreneurship in the US:1899-1998", *Journal of Management*, 22950, 747-81.
- Simon H.A. (1947), *Administrative behavior*, New York, Macmillan.
- Stiglitz J. (2000), "Unraveling the Washington Consensus: An interview with Joseph Stiglitz", *Multinational Monitor*.
- Storper M. (1997), *The regional world: territorial development in a global economy*, The Guilford Press.
- Tinbergen J. (1967), *Economic Policy, Principles and Design*, North-Holland Publishing Company, Amsterdam.
- Vaitsos K. (1987): *ECONOMIC DEVELOPMENT*, Capital from the Lectures, Department of Economics, National and Kapodistrian University of Athens.
- Vlados Ch.M. (2007) «*H Dynamiki this pagkosmiopoihsis ki i Nea problmatiki this Topikis Anaptixhis: Stoiখেia gia thn sistash Michanision Enischysis toy Kainotomikou Dynamikou ton Topikon paragogikon Systhmatwn*», , sto *Syllogiko Ergo Eidika Themata Anaptixhis se Ligotero Eynohmenes perioches* (LEp), EKDOSEIS GUTENBERG.
- Vlados Ch.M. (2014), *TOMES STHN ELLHNIKH KRISH , EKDOSEIS KRITIKH*, Athina, p.167-172
- Varian R., Hal (2009). *Intermediate Microeconomics - A modern approach, Eighth Edition*. W. W.NORTON& Company., N.Y.
- Yew-Kwang Ng. (1986). *Meso-economics: A Micro - Macro Analysis*. New York: St. Martin's Press.

Appendix/Questionnaire

**Questionnaire: How much interesting appears the approach of Institutes of Local Development and Innovation (ITAK) in Greece?**

Way of Marking:

0                      1                      2                      3                      4                      5  
 Not                      Very  
 Important                      Important

**1st Section:**

1) I wish political stability at the national environment.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

I wish economic balance in national environment.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

3) I wish technological sufficiency in the economic environment.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

4) I wish social cohesion in the national environment.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

5) Overall how do you think that these factors together are important for your business and why (describe in short)?

**2ndSection:**

1) I would like a reduction of taxation.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

2) I would like lower interest-rates of lending.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

3) I would like more flexible conventions of work and lower wages

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

4) I would like facilitation of banking financing.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

5) I would like reinforcement of domestic demand

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

6) Overall how do you think that these factors together are important for your business and why (describe in short)?

**3rd Section:**

1) I would like exercise of concrete sector-based policies that would strengthen the businesses of my sector.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

2) I would like concrete measures of aid for the investments in my sector, through the new Community programs.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

3) I would like concrete measures of aid of exports for the businesses of my sector.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

4) Overall how do you think that these factors together are important for your business and why (describe in short)?

**4th Section:**

1) I would like advice for financing of my business.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

2) I would like better - more professional training for the persons of my business.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

3) I would like advisory services for my business.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

4) I would like collaboration with universities and inquiring centers for my business.

5 YEARS AGO:

0	1	2	3	4	5

TODAY:

0	1	2	3	4	5

5) Overall how do you think that these factors together are important for your business and why (describe in short)?