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## **‘REGIONAL IDENTITIES AND COMPETITIVENESS IN A GLOBALISED ENVIRONMENT: NEW CHALLENGES FOR GREEK REGIONS’**

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### **1. Introduction**

In a globalised world regions are the formal focus of development policies and processes. Over the last decades efforts have been made in order to achieve greater social cohesion while at the same time raising the levels of attractiveness of regions. Globalisation and competitiveness have affected regional development progress either by ameliorating their position in ‘region’s hierarchy’ or by evoking challenges and difficulties in terms of development.

Competitiveness in a regional level is connected to regional differences. Regions make efforts to promote their comparative advantages, which in most cases differentiate one another, in order to become more competitive. Therefore, the formation of regional identities is of major importance to the development process.

Regions provide a sense of identity and belongingness, which is necessary for social cohesion, regional sustainability and development. When the formation of inner and outer images is combined with successful marketing strategies that focus on the promotion of powerful identities, regions can become more competitive and gain economic advantages in today’s globalised environment.

In times when regions face challenges, regional identities do not remain intact. In Greece, under an era of economic crisis, regions face great challenges which have impact on social cohesion and development process. Moreover, economic crisis has led to an ‘identity crisis’ and regional identities have to be reformed in order to give new development potential.

The recent administrative reformation ‘Kallikratis Programme’ that is established by Law 3852/2010 is an effort to face the current challenges and to make greek regions more competitive. What is more ‘Kallikratis Programme’ has impact on the (re)formation of regional identities, which is of great importance for the creation a trustworthy environment and for the achievement of a higher level of social cohesion and economic development.

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## **2. Competitiveness: a multi-aspect concept**

During the last decades, issues concerning competitiveness have been worldwide discussed by policy makers and economic theorists. The concept of competitiveness has been defined in a multi-aspect level, and can be considered in different levels of aggregation. Thus, on the one hand, competitiveness can refer to firms and industries and on the other hand to regions and nations.

In a microeconomic perspective, competitiveness is related to the capability of firms to grow, compete and profit. It is a dynamic concept which indicates the ability of firms to provide products more effectively than other competitors and gain a comparable superiority, which can be evaluated by factors such as prices and quality. In a cluster level, the competitiveness of an industry can be compared to the competitiveness of another industry in a different location, under the same trade conditions (Porter, 2003).

By comparison, competitiveness in a macroeconomic level constitutes a main goal of economic policies applied in nations/regions, so that they could gain advantage under open market conditions, by improving quality of life and wealth distribution.

It seems that the different dimensions of competitiveness are strongly related to each other (e.g. a country's competitiveness level affects or is represented by its firm's competitiveness level). But, argues have been raised about the effectiveness of the comparison between a firm and a nation or a region and, as Krugman (1994) claims, 'competitiveness at a macroeconomic level can be a dangerous obsession' and notes that that economies are much more self-contained than firms (Krugman, 1994). In other words, the comparison among different levels of competitiveness is a relevant concept, based on different criteria (e.g. special conditions).

### **2.1 Regional competitiveness: factors and measuring indicators**

In general, what constitutes a 'competitive economy', under free market conditions, is the ability of a population to enjoy high standards of living, employment and real incomes and more important, economic activities should not jeopardize the welfare of future generations, nor should it cause a risky external balance of the economy (OECD,1992, European Competitiveness Report, 2000).

'Regional competitiveness' as defined by the Sixth Periodical Report on the Regions (1999) reflects to 'the ability to produce goods and services which meet the test of international

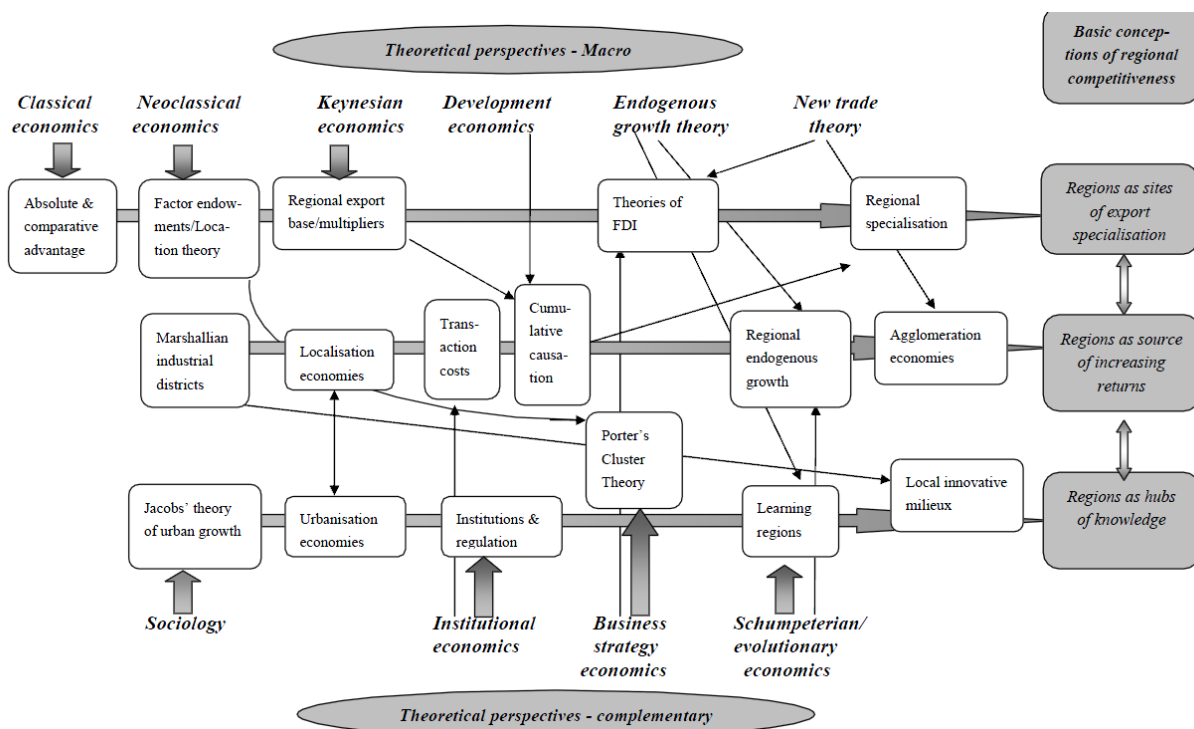
markets, while at the same time maintaining high and sustainable levels of income or, more generally, the ability (of regions) to generate, while being exposed to external competition, relatively high income and employment levels' (European Commission, 1999).

Competitiveness of regions is strongly related to a region's position in a spatial level, (as space is represented by places, such as regions and connectivity relationships among them) and to competition tools, that a region uses to gain a better position in spatial hierarchy. A region's ability to put competitive strategies in place, in order to obtain or maintain a better competitive position, constitutes its competitive advantage and provides competitive potential. A competitive advantage is strongly related to region's unique features, factors and conditions which play a key role in differentiating their position in spatial hierarchy (European Commission: A study on the factors of regional competitiveness).

What really seems to matter in the analysis of competitiveness, is not only to describe the concept, but to identify the key factors - and mostly the interaction between them- which explain competitiveness and the measuring indicators as well (European Commission: A study on the factors of regional competitiveness). There is a wide theoretical framework related to the concept of competitiveness, which mostly refer to nations, which could be of direct relevance to regional competitiveness (Figure 1).

**Figure 1: Theoretical Framework for Regional Competitiveness**

(Source: European Commission's study on the factors of regional competitiveness)



In general, a list of indicators can derive from most of the factors which determine regional (and national) competitiveness. According to Gardiner (2003) these indicators can split across three broad themes: a) infrastructure and accessibility, b) human resources and c) productive environment (Figure 2).

**Figure 2: Indicators of Regional (and National) competitiveness**

(Source: Gardiner, 2003)

<b>Infrastructure &amp; accessibility</b>	<b>Human resources</b>	<b>Productive environment</b>
Basic Infrastructure	Demographic trends	Entrepreneurial Culture
- road	- migration of skilled workers	- low barriers to entry
- rail		- risk taking culture
- air	- diversity	Sectoral Concentrations
- property	High skilled workforce	- balance / dependency
Technological Infrastructure	- knowledge-intensive skills	- employment concentration
- ICT		- high value-added activities
- telecoms		Internationalisation
- internet		- exports/global sales
Knowledge infrastructure		- investment
- educational facilities		- business culture
		- nature of FDI
Quality of Place		Innovation
- housing		- patents
- natural surroundings		- R&D levels
- cultural amenities		- research institutes and universities
- safety		- linkages between companies and research
		- spillover effects (untraded interdependencies)
		Governance and institutional capacity
		Capital availability
		Specialisation
		Nature of competition

According to the definition of competitiveness introduced by European Commission (1999) and mentioned above, a commonly used representation of competitiveness is Gross Domestic Product (GDP) per capita, which concludes various component factors, such as productivity, work-leisure, employment rate and dependency rate. Of course, it is hard to choose what to include when measuring competitiveness, as it is an imprecise concept and it cannot be measured directly. In practice, all indicators relevant to competitiveness are intercorrelated and causality is difficult to assess (Huovari et al, 2000).

## **2.2 Globalization's impact on regional competitiveness**

Globalization has been introduced during the 1980s as a result of the deregulation policies and the information and communications technologies and the concept of 'global competitiveness' emerged (Hatzichronoglou, 1996). In today's world every region has to compete with every other and adjust strategies, by strengthening the activities which lead to a dominant position, by achieving a critical size and by raising the standards of economic efficiency. In a simple sense, regions are competitors in a global economic 'race'.

In the globalised world, regions have become the units of development, because they have the necessary scale and diversity to compete in global markets. Globalizing markets lead to an uneven economic landscape, where every region has to ameliorate its global performance and where commodity-driven regions are consolidating and the edge goes to the ones capable to innovate. Regions are forced to find new sources of economic growth and according to Drabenstott (2005), the 'era of cheap cost is past, the era of innovation and entrepreneurship has begun' and today's regional development challenge is 'the vigorous pursuit of a region's competitive edge in rapidly changing global markets' (Drabenstott, 2005).

If regions want to enter to that high competitive environment, they have to be able to introduce innovation and to create a global entrepreneurial environment. As entrepreneurship has become a powerful economic driver, places that strengthen this field, could achieve a great level of economic growth (Drabenstott, 2005).

Despite the fact that regions participate in a global economic race, regional collaboration is recommended because the economic strength of one region depends on the economic strength of another (Kolzow, 2006)

In a european level, the approval of the 'Lisbon strategy' in 2000 initiated a main goal: 'to make the EU the most competitive, knowledge-based economy in the world and at the same time maintaining or improving the status of social cohesion and environmental sustainability' (Johansson et al, 2007). It was approved at a time when European Union's level of prosperity was high and globalization was becoming a real threat.

A new dimension of a European regional policy has been determined by the adoption of AGENDA 2000 and new objectives were planned for the years 2007- 2012. The main gravity has been laid on increasing the competitiveness of regions, reduce unemployment, etc. The main goals of regional policy for the years 2007-2012 which allow the implementation of Lisbon Strategy, are the following (Lewandowski, 2006):

- Goal 1 - Convergence: assisting economic growth and creating new jobs in the least developed regions.
- Goal 2 - Regional competitiveness and employment: assisting structural transformations in regions, which do not qualify for receiving assistance within Goal 1 (their GDP per capita exceeds 75%).
- Goal 3 - European territorial co-operation: assisting territorial competitiveness, promoting balanced development among the European regions, assisting peripheral and border regions (including euro-regions).

According to another point of view, Lisbon Strategy has failed to achieve its goals, mostly because it did not recognize the need for a European policy-mix. In the 'Europe 2020' strategy, there should be a change of focus, expanding its aims beyond growth to include qualitative and sustainable economic development as well. It is assumed that if social and environmental goals are put on an equal footing with economic integration, it will be possible to increase social productivity in a European level (Fisher et al, 2010). To conclude, there is a need of a new coordination strategy -for the next ten years- and present key elements of new economic and employment policy guidelines to that direction.

### **3. Forming regional identities in a globalised environment**

The concepts of globalisation and competitiveness among regions are strongly related to the formation and designation of 'regional identities'. The formation of a 'regional identity' is an attempt to promote specific or even unique features of a region, as held by regional inhabitants or/and in relation to the external world (BISER, 2004). The concept of regional identity is not strictly spatially defined as it may be affected mostly by cultural, linguistic and historical features, but it has a strong geographic expression through a sense of place and belonging. The concept of 'identity' when refer to a region should be examined under the characteristics and the history of the emergence and designation of a region.

According to Kotler et al (1999), the concept of identities is related to factors that influence attractiveness of a region or a place. Such factors are natural environment, history and famous personalities, cultural events, festivals, memorials, museums and other comparative advantages and characteristics that could in a way distinguish one region from another (Kotler et al, 1999). Moreover, as Drabenstott (2005) claims, innovation and entrepreneurship are the main factors that affect a region's competitive level in a globalised environment (Drabenstott, 2005).

Apart from feelings of identity, of belonging and trust, regional identities can also be related to the behaviour of inhabitants in terms of their membership of specifically regional associations and networks. Some theorists, (as pointed out in BISER, 2004) often connect the level of trust in a community as a condition of and for democracy and regional identity, and as a necessary condition for economic competitiveness and prosperity. Forms of governance, participation and democracy can be important in shaping a regional identity.

Regional identities are created, fortified, promoted or even altered through the existence and use of regionally-focused media (newspapers, radio stations). These media create and give expression to regional identity and can promote or hide some aspects of history, of events of everyday life, of feelings and senses of the inhabitants. Similar notions can be held by non-regional inhabitants, but these are more often shaped by the promotion of regional images and are fortified by 'marketing strategies' or 'branding' in a commercial and marketing context (BISER, 2004).

The concept of regional identity is also affected by globalisation and the global media, especially in awakening the individual's awareness of the wider world and its impact is contradictory.

According to the spread of mass communications regions could become 'close' to each other and promote more easily their comparative advantages (ex. through internet). Also, people can conceive images of regions without necessarily visit them due to the mass spread of information which are provided by technologies and global media. Thus, globalizing provides the base for a widest distribution of intellectual ideas and contributed to the formation of a multiple character of identities.

Through globalisation process, the differences between regions are emphasized, and their specific features (cultural heritage, sceneries) are assigned more value and used to form identities. These "forces making for difference" (Taylor 1999), which lead to divergence, return the processes of globalization to place-specific forms. In this way, globalization and localization are not opposite, but rather part of the same development: globalization. (Messely et al, 2009).

Moreover, regions exist in a global economic and social environment where erosion of identities and images could come as a result. Globalisation exposes most regions and their inhabitants to similar influences (Messely et al, 2009). Thus, people and companies are less bound to a particular region. The "pull to sameness", leading to convergence (Taylor 1999), alters traditional cultural boundaries and lifestyles and results in "uniformization" and regional identity becomes threatened.

Either way, globalisation cannot be stopped, so it is up to regions and mostly up to decision and policy makers to fortify regional identities and spread a sense of unity and belongingness to the inhabitants as well as to fortify the efforts to raise the levels of competitiveness of regions.

### **3.1 Regions and identities**

According to Paasi (2003), a region is comprehended as one expression of time-space relations and structures of a society, but of course there is a difference between 'space' and 'region'. In general, space has a symbolic and ideological dimension and a material basis which reflect the development of a society. As far as 'region' concerns, it is interpreted by Paasi (2003) as a category with a strong collective dimension that represents institutional practices and the history (instead of the man-centered category of 'place') (Paasi, 2003). Thus, regional identities are mostly defined by collective memories and sense, rather than individually shaped opinions for a region.

The formation of an identity of a region is connected to its history and its emergence. Paasi (2003) distinguishes four stages concerning the process of region's institutionalization: the assumption of territorial shape, the development of a conceptual (symbolic) shape, the development of the sphere of institutions and the establishment as a part of the regional system and regional consciousness of a society (Paasi, 2003).

'Regional identity' is a theoretical category which is not of much obvious importance for people's everyday life. The concept includes objective, material (nature, culture) and subjective (individual/collective representations) dimensions of a region. For Paasi (2003), there is a distinction between 'regional identity of the inhabitants' and 'identity of a region' (Paasi, 2003).

'Regional identity of the inhabitants' is related to the identification with the regional group or community and to a region's role in the hierarchy of regional consciousness. The term refers to the inhabitants which have a clear opinion of their regional group in which they feel they belong. The 'identity of a region' or (in this paper) a 'regional identity' includes subjective images which are part of regional consciousness and objective scientific classifications based on natural environment, culture, landscape etc.

In general identities make one part of the dynamic process of continuity that a region is. Images reflect a physical and social reality and they include facts, stereotypes and myths that constitute the basis for people's view of the world. What is more, Paasi (2003) claims that



both inner and outer images of regions offer a 'significant medium for social control and manipulation' (Paasi, 2003). Thus, identities or images can be formed in order to shape certain behaviour or promote certain values, which seem 'politically correct'. Moreover, in some cases images of a region or a place conflict with images of other regions and such facts are related to marketing policies that are promoted in each region.

### **3.2 Forming a competitive regional identity**

In today's globalised environment, every region must compete with every other in order to get a share of the world's consumers, tourists, investors, students, entrepreneurs, international cultural events, and to get the attention of the international media and the people from all around the world. At a regional level, the need to promote regional territorial identity is sometimes seen as of equal importance as the need to promote economic growth, social cohesion and environmental sustainability. In fact, regional identity is often perceived as a necessary condition in order to achieve socio-economic and environmental regional development (BISER, 2004).

Region's unique and special features, factors and conditions play a key role in gaining a competitive advantage, in order to ameliorate its competitive position. The position each region maintains in region's hierarchy is related to all factors that determine competitiveness. Although many places offer the same "product" (infrastructure, educated people, system of governance) they must compete with each other for investment, tourism, residents and political power, often on a global scale (Messely et al, 2010).

Regional identities and images in some cases, simplify the way people think of a region or a place. As Anholt (2007) claims, it is very difficult for regions to persuade other people and markets to see beyond regional images and understand the rich complexity that hides behind them, thus the designation of an identity could easily affect the behaviour towards a region or its inhabitants and its 'products'. In fact, some regions (or countries) do not get as much attention as they need because of a bad reputation or a blur image which defines them. So what regions have to do, according to Anholt (2007), is to find out what their outer image is and to implicate a strategy to raise the attractiveness by fortifying all the factors affecting it (Anholt, 2007). The next step is to build a powerful and positive reputation which can be achieved and promoted by marketing and branding strategies.

Nowadays, globalisation is the main driving force of forming a competitive identity. Regions with a strong ability to approach the wide global market under a clear and attractive identity

and developing strategy, they can be more competitive than others. This is a fact that favours regions that already have the funds (critical size, etc) to develop and promote themselves. But a (re)formation of a competitive regional identity is possible to alter this situation (Anholt, 2007).

What is more, a powerful identity which is more a product of intellectual rather than financial capital could be of great importance in raising the attractiveness and competitiveness of a region. Thus, it is not about the money regions spend in promotion of an identity, but the identity itself that provides potential for further development, through raising the competitiveness level (Anholt, 2007).

Also, Anholt (2007) states that most countries promote their 'products' in a coordinated way, most of which could be of direct relevance to regions ways of promotion:

- Educational Fundamentals like schools and universities promote their courses to students and researchers at home and to other regions
- Tourists promote regions to holidaymakers and business travelers
- Investment promotion agency promotes regions to foreign companies and investors
- Cultural institutes build cultural relations with other regions and promote the region's cultural and educational products and services
- The region's exporters promote their products and services abroad

Concerning the role of regional identities, a threat in accomplishing the raise of the level of attractiveness derives from the possible failure of forming an attractive and competitive identity and from a bad reputation that the concept of marketing -especially branding - has as well (Anholt, 2007).

As mentioned above, the formation of regional identities in some cases hides myths and is based on an altered or manipulated common sense that is held by the inhabitants of a region or by foreigners. Moreover, marketing strategies aim to raise the economic benefits a region enjoys and in some cases, images which are not even close to reality -as inhabitants, or even visitors understand it- are promoted (Anholt, 2007). These are the reasons why (place) marketing or branding is comprehended as a mean of deceit and not of promotion of reality. So, when applied to regions, marketing policies and promotion strategies have to designate and promote regional identities carefully.

#### **4. Greek Regions and competition challenges: the (re)formation of identities**

It is a fact that nowadays Greece is facing challenges because of the economic crisis that has affected many other countries in a European and global level. The economic crisis enlightened most of the reasons why Greek Regions are not performing so well in the global competition 'race'. The recent administrative reformation enforced by Law 3852/2010 has been comprehended as an effort to face most of the problematic issues which held Greek regions behind in terms of development. Moreover, the challenges that Greek regions face have provoked an 'identity crisis' and it is clear that regions have to reform their inner and outer images, in order to raise attractiveness and to achieve higher levels of economic development.

##### **4.1 Greek Regions and competitiveness**

Regions in Greece have been established in 80's and were defined as geographical units with certain boundaries and size population and center. Regions since then became administrative units which conclude regional services and different administrative regimes. By the administrative reformation that was established first by Law 2537/1997 the numerous and spatially small administrative units of the Greek country emerged into bigger ones. As far as regions concerned, this reformation led to 13 Regions. Up until 2010, the designation of Greek regions, mostly under the effect of historical and political factors, led to uneven areas with uneven population sizes. Concerning the fact that many problems arised in programming, planning and in the implication of development strategies, the central governance of Greece reached to the conclusion that the previous reformation in 90's was not as effective as needed. Thus, a new reformation Programme was initiated in 2010, under the name of 'Kallikratis Programme' (L. 3852/2010).

Until now, according to European development aid interventions, Greece has put its major developmental effort in the infrastructures sector and specifically in transport infrastructures. The 4th programming period 2007-2013 imposes competitiveness objectives and an integration of the Lisbon Strategy in the Coherence policy that constitute an innovation for the Greek reality (Michailidis, 2006).

Despite the fact that positive results have been occurred by focusing on the development of infrastructures sector, there is a doubt whether Greek regions could be more competitive by keeping on to that direction (Bradley 2005).

European priorities and policies point out that regional development policy in Greece has to fortify the connection of development and competitiveness, in order to achieve strong interrelations as well as balance between Lisbon agenda and Cohesion Policy (Bachtler et al, 2004).

According to Lisbon Agenda, the main goal is achieving a higher level of economic growth while at the same time reducing regional economic disparities in a European level. As the international economic environment and the European policies are driving to the adaptation of development strategies that will have to work under competitive circumstances, regional policies have to develop competitive advantages (Michailidis, 2003).

Concerning Greek regions, until the recent administrative reformation in 2010, there have been some factors that brought up difficulties in facing the challenges of competitiveness. Some of these factors continue to affect development even today, and that is because the reformation was recently established by law, and not many accurate conclusions can be made about whether this reformation is more successful.

These factors up until now are mainly the following (Michailidis, 2006):

1. Greek regions are characterized by unbalanced population and spatial size and comparing with other European members (ex. Portugal, Belgium) the number of regions is bigger in Greece.
2. The overall economic size, measured as GDP, is not encouraging for the formation of competitive advantages. In comparison to other European states the average economic size of Greek regions is smaller than the similar economic size of Hungary or Slovak Republic, the 1/4 of French or German or Italian, the 1/3 of Spanish, Irish Dutch or British, the 1/2 of Austrian, Finnish, Portuguese or Swedish.
3. The overall economic activity is extremely concentrated, as 50% of Gross Added Value is produced in two regions: Attica and Central Macedonia. These two regions concentrate the 50% of investments and the 75% of entrepreneurship.
4. Regional GDP, as a development measuring indicator, does not reveal the real development potential or weaknesses. National Statistical Agency of Greece records contributions of economic activities in GDP on the installation's location but when it comes to GDP per capita does not take into account any inter-regional transfers. This fact leads to a distortion of the statistical data in regions such as a) Peloponnese and Sterea Ellada, because of the sprawl of Attica and b) Western Macedonia because of the electrical power production. According to Petrakos and Psycharis (2003), the real economic and development position of those regions is overestimated and the distortion

of statistical data (because of GDP's weaknesses as a measuring indicator) has negative effects in their development perspectives (Petraikos et al, 2003).

5. Concerning innovation and Research and Development (R&D) issues, Greek regions were left behind in comparison to other European regions.
6. Seven regions (out of thirteen) do not have an urban center with a population more than 70,000 people and thus, they do not have the necessary technical, social and urban infrastructures to increase their development perspectives, as in bigger urban centers is observed.

What can be concluded from all mentioned above is that the recent reformation of regions was necessary in order to achieve critical sizes in terms of population, territory and economy, according to global and competitive environment's demands.

#### **4.2 The recent administrative reformation in an era of economic crisis**

The recent administrative reformation in Greece ('Kallikratis Programme') was established by Law 3852/2010. This effort aims to form regional entities that will be more competitive in the European and international economic system, by improving the development managerial abilities, concentrating the development factors, connecting spatial and economic development and by determining the conditions that will provide development potential for the future (Vatalis, 2010).

'Kallikratis Programme' coordinates European frameworks concerning competitiveness with the Greek administrative model. Despite the fact that the number of Greek Regions remains the same (Figure 3), regional entities become fortified by gaining more jurisdictions upon programming and planning processes and enabling public participation to those processes, by reducing bureaucracy, by initiating technologies and cutting of huge functional expenses of public sector services (Vatalis, 2010).

According to Greek standards, the new administrative reformation is innovative as it is an effort to put an end to an excessive public sector which held back the economic development of regions and country as a whole (Kallikratis Programme, 2010). What is more, the Programme aims to create new entrepreneurial dynamics, to ameliorate people's everyday life and to create a trustworthy environment for the inhabitants, the foreigners and the entrepreneurs (Vatalis, 2010).

It is a fact that when a spatial entity includes large economic agglomerations, it tends to grow faster and become more competitive than others (Thisse, 2000). Labour force and market size

are considered as factors which provide developing potential to regions, mainly expressed by attractiveness (Rossi, 1998). According to that, the recent reformation in Greece aims to unify and fortify the smaller administrative units in order to achieve the necessary critical size that will enable programming and planning processes and that will raise the level of regional attractiveness. There are three levels of administration (Kallikratis Programme, 2010) in Greece (Figure 4):

1. At the first level of administration, there are 325 Municipalities. Municipalities include a number of ‘Municipal Units’, each one divided to smaller ‘Local Units’ (Figure 4: white lines define ‘Municipalities’).
2. At the second level of administration, there are 13 Regions (NUTS 2) (Figure 3 and Figure 4: each colour defines a Region). Each Region is divided in smaller ‘Regional Units’ (NUTS 3) (Figure 4: black lines define ‘Regional Units’).
3. At the third level of administration, two or more Regions (except Attica and Crete Region) merge into 7 ‘Decentralised Administrations’. These 7 new units are not ‘administrative institutions’ as Regions and Municipalities, because the ‘General Secretaries’ (who are the headmasters of each ‘Decentralised Administration’) are nominated by the national governance and their role is more advisory and supplementary.

Figure 3: The 13 Regions of Greece



Figure 4: Administrative Units of Greece



(Source: <http://www.perifereies.gov.gr/>)

‘Kallikratis Programme’ has been established recently in Greece and all the necessary reformative actions have been started in the beginning of 2011. Moreover, the Hellenic Statistical Authority completed a census in May 2011, in order to provide updated data about

greek population and buildings. Despite the fact that 'Kallikratis Programme' is innovative and ambitious, it takes place in an era of economic crisis for Greece.

Economic crisis has enlightened long term problems and difficulties in the gulls of the greek administration system, mostly concerning public sector services (numerous personnel, huge functional expenses, high levels of bureaucracy, etc). Some claim that economic crisis could be an obstacle in regional development process and could minimize the potential of raising the attractiveness of Regions, in order to reenter in regional competition in a european and global level, but according to Meghir et all (2010) even if Greece did not face economic problems (ex. huge depths) the reformative efforts should take place one way or another, in order to achieve higher levels of development and competitiveness (Meghir et al, 2010).

What needs to be done is improving the government finances while at the same time improving competitiveness. A social consensus is needed in order to achieve the necessary reformations, yet consensus is missing mostly because greek population feels misguided and they do not trust development policies applied by the government, especially nowadays, under the threat of bankruptcy (Meghir et al, 2010).

#### **4.3 (Re)forming regional identities**

Under the economic crisis and at the same time, under an urge to make regions more competitive in a global scale, regional identities as a development driving force could not remain intact. The economic crisis and the administrative reformation that Greece has to manage at the time, has driven to a social crisis and to an 'identity crisis' as well, which is obviously reflected on people's non-conformist attitude towards government and regional development policies.

As far as 'identity crisis' is concerned, sociologists define it as a psychological condition lacking shared beliefs and common goals which unite people and as Pye (1974) and Bloom (1990) claim, processes of transformation in a nation (or a region) lead to 'identity crisis' because such processes put in question what people once had which are no longer acceptable under new conditions (Pye, 1974 and Bloom, 1190).

In Greece, 'Kallikratis Programme' and the new challenges that economic crisis has brought to light, have led to an 'identity crisis' because new social and economic conditions demand big changes in what people used to have and how the used to live. In order for greek Regions (and Nation) to achieve a new level of performance, it is necessary to redefine their goals and values and to (re)form more competitive identities.

In order to overcome 'identity crisis' and form or reform attractive identities the creation of an ideology is needed. According to Sheehan (1993) ideology offers determine answers to the questions which occur from the 'identity crisis' itself (Sheehan, 1993). Therefore, the (re)formation of regional identities in Greece and the adaption of new ideologies according to present economic and social conditions and needs, could fortify feelings of belonging and trust in greek communities, as well as redefine goals and means to raise regional attractiveness and regional development levels.

As regional identities play an important role in socio-economic regional development (BISER, 2004) and a competitive identity is a necessary factor in order for the regions to achieve further economic development (Anholt, 2007) greek regions can re-enter into the competition 'race' through fortifying the interrelationships among people and regions and by promoting successful images. So, in another point of view, the recent administrative reformation as well as the economic crisis could offer some development opportunities for greek Regions (Meghir et al, 2010). These new challenges that greek regions face nowadays, can awake people's sense of having common goals and beliefs. After an 'identity crisis', new or reformed identities could be born and promoted in order to trigger development processes and fortify Regions in terms of economic and social sustainability (Bloom, 1990).

What is more, as mentioned before, the creation of a powerful identity is more a product of intellectual rather than financial capital (Anholt, 2007). So, despite the fact that greek Regions face challenges, it is possible that the creation of competitive regional identities provide potential for raising economic development.

In order to form competitive identities, greek regions have to raise their attractiveness levels. Therefore, as Kotler et al (1999) pointed out, the fortification and promotion of factors (history, natural and cultural environment, etc) which affect a region's attractiveness could play a key role in triggering regional development. It is a fact that, whether Greece faces economic crisis or not, some comparative advantages such as natural and cultural environment, historic sites and museum, traditional architecture, etc. still exist and offer developing opportunities.

The existence of such comparative advantages which could attract visitors, together with a successful administrative reformation and development policies which reduce bureaucracy, ameliorate government's financials, strengthen innovation and technology sector and concentrate all the development factors, could improve greek regions attractiveness. Furthermore, the promotion of attractive and competitive identities by the mass media could strengthen the trust levels of Greek society and the rest of the regions. Apart from redefining



regional development strategies, it is clear that a marketing strategy which promotes greek Regions comparative advantages is necessary.

Theoretically, the recent administrative reformation could evoke a reformation of regional identities in Greece and drive to the creation of powerful images. The concentration of human resources and the creation of a productive environment that could emerge through the implication of 'Kallikratis Programme', are necessary in order to make greek Regions more competitive. Concerning the challenges provoked by the economic crisis that Greece faces nowadays, the reformation of regional identities could be one of the necessary factors to achieve higher development levels.

## **5. Conclusions**

In today's globalised world, regions have to become more and more competitive in order to gain economic advantages. Globalised markets lead to an uneven economic landscape, where every region has to ameliorate its global performance and where commodity-driven regions are consolidating and the edge goes to the ones capable to innovate. Furthermore, regions gain competitive advantages by ameliorating their position in region's hierarchy. A competitive advantage is strongly related to region's unique features, factors and conditions which differentiate one another.

The concept of competitiveness is strongly connected to the promotion of regional identities. Regional identity as the image, perceived, seen and felt by regional inhabitants and by the outside world, is an important ingredient in regional economic development and social cohesion. As such, it is strongly dependent on shared information, knowledge, communication and interaction.

Regional identities provide a sense of unity and belongingness which is necessary in order to achieve social cohesion and provide development potential. In Greece regional identities are affected by the impact of economic crisis and by the recent administrative reformation ('Kallikratis Programme') and are going through a reformation process. It is a fact that 'Kallikratis Programme' is innovative and ambitious and the reformation of regional identities is necessary for the creation of more powerful images that could unify inhabitants, create a trustworthy productive environment and achieve higher levels of development.

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