

SWOT ANALYSIS OF REGION OF CENTRAL MACEDONIA

Strengths:

- The Region of Central Macedonia (RCM) has a recognised strategic geographical position, which it to develop as an important European and Balkan business centre, logistics node, etc.
- The region consecrates a broad range of economical activities covering all sectors which provide the region with plenty of growth opportunities. RCM has high regional diversification in terms of natural resources, culture and structure of economy.
- Strong tradition of the region in food & beverage, textiles, chemicals and metals sectors.
- Exports contribute a high percentage of the GDP in Central Macedonia and therefore form a potential source for growth particularly for the food, chemicals and metals sector.
- Thessaloniki prefecture is the clear regional champion concentrating 65% of regional GDP and many other qualitative elements for growth.
- Thessaloniki continuously attracts population from other local areas and regions, has one of the biggest universities in the country and a very high ratio of higher education graduates per capita.
- RCM compared to other regions has a high concentration of R&D organisations and innovative entrepreneurship activities (critical mass exists).
- Innovation support establishments (Alexander Innovation Zone, Technopolis, Thermi Link) and four business incubators have been recently established in the area (mainly in the city of Thessaloniki), which makes the capital of RCM a unique case of potentially “innovation city” in Greece and Balkans.

Weaknesses:

- The relatively high unemployment rate compared to the rest of Greece and EU average deteriorates the “attractiveness” of the region for work (the region is considered to be suffering from brain-drain phenomenon).
- The R&D sector in RCM, although developed in terms of figures, institutionally and in terms of knowledge areas seems to be highly fragmented. There are high coordination and consensus building needs for a regional innovation policy.
- Historically public organisations dominate in the regional R&D activities, which might lack the required culture, flexibility and quick response for commercial exploitation of research outputs.

- R&D activities in region are mainly governed and planned by central government (ministries, etc). There is a lack of a strong local regional council or other regional bodies to plan innovation policy in local terms taking into account local needs and institutions.
- Although RCM has shown a high number of R&D and innovation support organizations and high input innovation indexes (R&D spending, number of researchers, etc) there is still a lack of a unique identity and image for innovation profile in the region (possible lack of a “champion” sector)
- A high number of small SMEs, who lack R&D potential, dominates the regional business profile (low absorptive capacity for innovation adoption and know-how, technology transfer from business sector)
- Although SMEs business activity is geographically spread across all region’s prefectures, R&D organisations are highly concentrated in the Thessaloniki area. This structural element doesn’t give the same opportunities to all SMEs in terms of technology and knowledge transfer (regional inequality).
- Most R&D employment and R&D expenditure concern higher education and government (public research centres) while business receive the lowest percentages (research and technology based innovation with many negative multiplying effects for business).
- SMEs of the region of Central Macedonia emphasize on innovation related to broadening their products or services rather than to increasing quality or widening their market share.

Opportunities

- Strategic geographical position of the region of Central Macedonia and the recent modernisation of its transport infrastructures, enable primary and secondary (manufacturing) sectors to better integrate with other consumer markets in EU and Balkans (crucial success factor for these sectors).
- Due to RCM’s proximity with new Balkan markets, there are many opportunities for other B2B services like warehouses, logistics, supply chains, etc. to grow in the region.
- New knowledge intensive sectors like Biotechnology, medicines as well as other branches of ICT sector, seems promising and feasible for the region (low investment sectors). However, extra support measures and regional consensus are required.
- Recent political developments in the Balkans area (EU enlargement) will lead to the creation of new markets for RCM companies. This is particularly important for many companies who have already invested in the Balkans area.
- Compared to other cities in neighbouring regions, Thessaloniki enjoys many conditions and comparative advantages to evolve into a metropolitan centre for S.E. Europe.
- New types of innovation funding mechanisms (new public funds, private VC funds and innovative ideas competitions) have emerged to form a new market for innovation growth in Greece.

- During the last decade Greek government commitment and active support to Central Macedonia innovation system have proved favourably for the region.
- Region's economy is mature and integrated. It is exposed to many foreign markets and has the required critical mass in most production factors in all levels (primary, secondary and tertiary sectors).

Threats

- Exercise of political power in Greece is highly concentrated in Athens (central Greek government), which doesn't easily allow other regions to plan their own future with their own terms and peculiarities. In addition, this creates a number of issues, including the appropriate planning of local and regional innovation policies.
- Recent studies about the Greek regions reveal deeper regional inequalities in terms of GDP per capita.
- Complex legislation and tax national system regulating innovation and other business issues (instability and frequent changes).
- Due to limited private R&D spending, the great majority of innovation funding in RCM originates from public sources (mainly Structural Funds). Therefore, innovation in RCM is considered more a project-based behaviour and effort than a continuous culture.
- Whatever are the real regional competences in terms of selected sectors, at policy making level are still unknown to the public (a regional innovation vision and clear identity is missing or is not clear to all stakeholders)
- Another possible threat for RCM originates from neighbouring Balkan regions that have far lower labour costs. This is particular threat for labour intensive sectors like textiles and other manufacturing sectors.
- The country's brain drain phenomenon affects also the region.
- To stay competitive, apart from being continuous innovative, manufacturing companies in RCM must change their production settings and improve their effectiveness and efficiency in terms of cost and quality (crucial success factors in the sector).
- Long terms delays for important development projects and infrastructures, like Thessaloniki's metro, airport and port modernisation, can strongly and negatively affect main axes of local and regional growth.



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