2007

BIC of Serres
Niikolaos Karanassios
Vasileios Tsoukas

Municipality of Petrich

[REPORT OF THE 4TH ACTIVITY]

Structural Interviews with entrepreneurs

Subject: Activity 4; Assessment of possiblilities for establishing business partnerships and networks in cross-border region

The number of Serres originating entrepreneurs operating in the area has not been identified, because their specific origin is not being registered. It is only known how many of them are from Greece, without any other data.

On the other hand, the investments of the entrepreneurs of Serres in the neighboring region, are not being registered at the local organizations, making it impossible to obtain accurate data from official sources.

Data restriction represented a difficulty to spot out all the interested entrepreneurs, while the membership of a number of entrepreneurs and the reputation of BIC among the entrepreneurs and the exponents of businesses, have facilitated the direct contacts and discussion of the possibilities, as well as the search for new ideas.

More than 110 business persons, from the pool of our old acquaintances and 34 new, have participated, while a relative and extensive questionnaire has been delivered to more than 260.

The interviews have taken place from May 2007, but have been discontinued during the summer period, because most of the entrepreneurs are somehow involved in harvest related businesses, even if it is just to take care of credit collection. The interviews have been continued in the beginning of October.

The interviewers were all members of the management team of the BIC:

NAME	POSITION	Number of Interviews
Nikolaos Karanasios	CEO	27
Vassileios Tsoukas	Assistant Manager	76
Christos Bogas	Assistant Manager	21
Christos Karagiannis	Assistant Manager	16
Ioannis Chamalis	Assistant Manager	4

The subjects of the interview have been targeted to the possible ways of cooperation between the enterprises in a formal manner, under a long lasting bond, other than the usual circumstantial transactions. The activities discussed have also been targeted and in the same time open to new unpredicted categories, as they might come up to the business persons.

The interviewers spent most of their time to explain to the entrepreneurs the different categories of formal cooperation, in order to trigger their interest in examining the possibilities.

Almost all of the entrepreneurs had already been involved in some transactions with bordering counterparts, with varying degree of satisfaction, ranging from disappointment to very successful.

Although the interviewers had specific directions for their contacts, the entrepreneurs were changing the agenda, concentrating it into the subjects of their interests, or their complaints about the distribution of subsidies and the State assistance.

The forms of cooperation included in the interviews, were:

1. **The formation of common companies, either residing in Bulgaria or in Greece.**

   a. *The main obstacles referred, were:*

      i. *Legal complications in respect of safeguarding their interests, especially those concerning the Court authority and legal support.*

Administrative authorities are considered to be unprepared to examine applications for common enterprises, postponing the approval of such applications.
One of the considerations, mentioned by most of the entrepreneurs, has been the one that the Lawyers cost is increasing significantly, while such preparation of Legal Documentation is new to them and they have to start them from scratch.

ii. *Language restrictions.*

Most of the entrepreneurs, even those who learned the Bulgarian language, feel insecure with understanding and handling accurately all the business documents in a language which has been learned in a later age. They feel that many misunderstandings may lead to a failure.
Based on our interviews, in which the exponents of the Chamber of Commerce have been included among the very first, they decided to offer Bulgarian language courses to their members.

iii. *Prevention of fraud, under the thought that local persons and authorities will support the local entrepreneurs, no matter what is just.*

Almost all of the entrepreneurs feel that if a dispute arises with their counterpart from Bulgaria and they have to address the Bulgarian Court of Justice, Bulgarian Judges will be biased and rule in favor of the Bulgarian part, never mind the real circumstances.
The same entrepreneurs feel that the Greek Court is much less biased, because such cases may lead to a European Court and be extremely costly for them and damage the reputation of the Judges.

iv. *Fear for Tax Office partiality towards the foreigners.*

All of the entrepreneurs doing business in Bulgaria referred that they are not being treated

the same way as their counterparts, by the tax authorities. They feel that the tax office personnel is exhausting their austerity against them, while they are very “soft” against Bulgarian entrepreneurs.
When they were asked to refer to specific events, all of them said that they have been controlled much more frequently and fined for irregularities. All of them admitted that they really were responsible for the irregularities and that the officers did not invent them.

v. *Difficulties in finding trained, experienced and honest executives.*

All of the entrepreneurs interviewed have tried at some time to do business in Bulgaria, of some form (buy, sell, start an enterprise etc).
When they were asked to tell the interviewers what has been the top obstacle, they all described as: “I did not want to move to Bulgaria and leave my home. All I wanted was to find an honest and well trained manager, either Bulgarian or Greek, with excellent communication skills in both languages, so that I would assign him with the task of looking after my affairs. What I only found was persons with a drawback in one of these three components”.
Very few were satisfied by the managers they found, but all of them said that they had to train them themselves, by guiding them and observing their work regularly. This applied in all cases, which include:
Greek citizens who have studied in Bulgaria (different subjects, from Medicin, to Geology and Physical Education) and thus speak the language.
Bulgarian citizens with a fare ability to speak Greek with good references and a strong will to improve their status.
Bulgarian citizens with a strong Managerial background was said to concern only four women.

b. <u>The main opportunities referred, were:</u>

i. Joint market strengths.

The population of Greece and Bulgaria are quite small. Although Greece is considered to have a multiple yearly expenditure than Bulgaria, it is still a very small market and taking into account the specialization of the goods and services, an enterprise is still forced to look for additional markets, in order to sell more than break even. The rest of Europe is still very far away, so expansion in these markets is quite difficult. The Bulgarian market, although it is a smaller market, it is considered to be an adequate addition to the local market and being very near, especially the South – Central part, easy to expand to.
From the opposite point of view, which is the Bulgarian enterprises, the interviewed entrepreneurs think that they can provide the Bulgarian businesses with enough sales, so that they will increase their profitability.
All of the interviewed entrepreneurs are considering an opportunity to sell Bulgarian goods or services in the Greek market, because of their very competitive prices, or sell Greek goods or services in Bulgaria, pointing to the European level of quality.
Common penetration in the remote areas of Europe, selling goods and services under a common brand name or otherwise (common transportation, common advertisement) are thought to be very good ideas but none of them tried to implement them. They all say “it is

still early".

ii. Speculation on cheaper labor.

Cheap labor and insurance in Bulgaria attracted the first entrepreneurs and they transferred their activities, in the pioneer phase.
Those who moved in Bulgaria have a different saying than those who did not. All of the entrepreneurs who moved say that they are not satisfied by their decision "they would rather stay in Greece", they say. When they were asked "what is the unexpected difficulty" their answer was ambiguous, probably insinuating that they were promised more than what they found.
As the interview was turning to a free discussion, they all revealed that cheap labor is an opportunity and that the effectiveness of the labor force is increasing, year after year. They also revealed that "in all those years, we retained the best employees".
Those who did not start production in Bulgaria, are considering cheap labor as an opportunity, although they all believe that salaries will rapidly increase in the near future and that the opportunity is short-term.

iii. Speculation on cheaper land.

The land price is attracting the entrepreneurs. A small fraction of the interviewed said that they expected much cheaper the land to be, than they found out.
After a discussion, it turned to be commercial land, rather that housing or industrial. In fact, commercial land in Petrich (to open a shop), is considered to be much more expensive than in Serres, under the same market concentration conditions.

2. **Joint Venture possibilities.**

   a. *<u>The main difficulties referred, were:</u>*

i. *The appointment of the leader.*

Most of the interviewed entrepreneurs, have founded the enterprise themselves, with only a smaller fraction to be a second generation ones. All of them are involved in family businesses, even in the three cases that their companies are listed in the Exchange Market.
Decisive rights, in all cases, are top priority issue for all of them. When, in discussing, they were being asked why, they came back to the lack of trained, honest and efficient staff members.
One of them uncovered that he is not the major shareholder, his uncle is, still an active person around 65, who let him lead the company for the last 15 years. Even **he** told us that there is a difficulty to let someone else to lead a joint venture, thus he is forced to keep on travelling in FYROM and Romania, where he haw business establishments, but is keeping the "decisive voting right".
They all said that all their negotiations with their Bulgarian counterparts ended up to same conflict, even in the six cases they ended well. They stated that their Bulgarian counterparts have been straggling for a formal leadership, even when they contribute less, evidencing other kinds of synergies.

ii. The acceptance of commonly trusted controller.

After the ENRON scandal, which was known to all of the entrepreneurs, although not in their details, has created mistrust to the controllers, stating that "even the external controllers may bought out".

Instead of accepting a controller, Greek or Bulgarian resident, or even an internationally reputable company, they would all prefer an organization which is depending on the support of the enterprises of both sides of the border, if not on a European level.

They all suspect that an external controller, able to perform his / her tasks, is liable to personal acquaintances and thus would be biased. The instance of Enron has deeply influenced the entrepreneurs and they all think that an internationally established controllers and auditors are vulnerable and subjects to corruption. Even when they have been explained that such cases occur only when very big money are on stake, they still do not change their mind, preferring an institutionally run entity, than an enterprise.

In all cases, they would not accept a person or a small auditing firm, indicated by their counterpart and they expect the counterpart to reject any such indication they may do.

iii. *The auditing costs.*

All of the entrepreneurs interviewed without an external auditing experience (small companies are not obligated to use external auditors) are reluctant to using them, because they think that their cost is much higher than the benefit for a co-operation.

The interviewers reported that the hesitation of the small companies business persons, is rather based on their aspiration to keep the co-operation data between the parties and to avoid any external revelation, in order to "hide" them from the fiscal authorities.

Larger companies, familiar with being controlled by external auditors, prefer a reputable company to control their co-operative activities, feeling that this way they avoid all sorts of corruption driven book-keeping and thus they are not tricked, as well. They believe that the cost is much less than the benefit.

b. The main opportunities referred, were:

i. The limited responsibility / exposure, in comparison with potential mergers.

The vast majority of the entrepreneurs, prefer to act together with their Bulgarian counterparts on a "ad hoc" collaborations, rather than establish a company together. They all feel that such a case involves a lot of complications. They think that joint ventures may be dissolved much more easily, than liquidating a company.

According to the instructions to the interviewers, the discussion of a possible opportunity through a joint venture followed the discussion of the possibility and benefits of a common company. After meeting and discussing the mindset of the entrepreneurs, all the interviewers admitted that the sequence of the "items" of discussion were guiding the entrepreneurs to a mindset that they had either to support or neglect. Yet, no better option has been suggested.

ii. *The targeted cooperation, each time an occasion occurs.*

Although a considerable number of entrepreneurs would either form a common company

or get involved in a joint venture, all of the interviewed persons are looking forward to doing occasional business with a Bulgarian counterpart.
Interviewers reported that “most of the Bulgarian entrepreneurs are not yet mature enough to bound themselves in long term operations; after all, they see things the way we did, when we entered the Union”. When they were asked if they tried any other form, the entrepreneurs have been divided; those who started examining the possibility of getting into the Bulgarian economic activities in the past decade, were strongly against forming a common company, while those who only recently are examining such a possibility, are open to examining such a potential outcome.
Interviewers reported that the “old-times” entrepreneurs have been in pressure by their Bulgarian contacts and do not want to go back, even if the conditions have changed.

iii. *The limited time span of the joint venture.*

Joint ventures are considered to represent a high degree of freedom, so that the partners may grab other opportunities. After a deeper discussion, most of the interviewed companies said that the market is rapidly changing and so the opportunities of today will soon become obsolete and they would prefer to be able to exploit them.
Very few see an opportunity in fixed partnership (i.e. the formation of a common company), so that they will be permanently present in the Bulgarian market as it evolves. Still fewer said that they prefer to create a new company in Bulgaria. Such companies are the larger among the interviewed.
The entrepreneurs seeing an opportunity in joint ventures because of the limited duration are looking opportunities in commerce and services, while industrialists tend to oversee any opportunities in such collaboration.

iv. *The test of both parties, as a first step for deeper integration.*

The most adventurous entrepreneurs are already present in Bulgaria, while the progressive ones are still conservative. The more conservative entrepreneurs have never examined any possibility of getting involved in any form of partnership and even when they buy or sell goods, they prefer to use an intermediary, not just an agent.
In this category another part of entrepreneurs has to be added, those that reported not having considered even trading with Bulgarian firms and so they did not take part in the interviews. Browsing through their names, many of them participate in preparatory activities (such as the Bulgarian language courses and the School of Entrepreneurs of the Chamber of Commerce). A second attempt to have an interview, resulted in finding out that they feel that they are not ready, especially because they do not trust the skills of their staff members and that they never considered joint venture as a test and a learning workshop. These persons only answered to the CEO. The feeling is that they do not easily trust persons that are not among the ones they know well.

3. **Franchising.**

   a. *The main barriers referred, were:*

      i. *The Legal differences between the two countries.*

Three entrepreneurs that use Franchising in Greece, reported that they did not try to extend their network in Bulgaria, because their Legal advisors discouraged them, because of the differences between the Greek and the Bulgarian Law.
Another number of six entrepreneurs that would start a Franchising network, reported that they have asked their Lawyers and they told them that they should found a company in Bulgaria first and then create a network, governed by this Bulgarian company; it would be very difficult to do it from their Greek company and it is very risky, because the Laws are changing and they cannot count on how they might look like in the near future.

ii. The low level of brand recognition on both sides.

The formation of a Franchising company (known in Serres or in Greece) and conceding the rights in Bulgaria, must firstly have a strong brand name recognition. All the potential companies reported “Germanos” as an example, by stating that “he can do it, but he has a strong brand name in Greece and the funds available to build one in Bulgaria; we are not Germanos”.
After the lift of the border, they believe that mobility will increase and this will facilitate their brand name recognition in Bulgaria and then they will include it in their strategic plans; not now.
Discussing the possibility of “importing” a brand named chain in Greece, under the form of a Franchise, they all said: “we don’t know any reputable Bulgarian company to Franchise in Greece”.

b. The main facilitating conditions referred, were:

i. The low level of the cost of operations.

Different opinion has been demonstrated by the interviewed entrepreneurs; those who reviewed the market with a serious intention to expand and those who did not. The first said that there is an opportunity, because of the less expensive operation costs (other than the rent for a central shop), so that the Franchisee will be attracted by the overall profitability and they keep on looking forward in the lifting of other kinds of barriers. The later ones reported that their products would be very expensive, even if the operation costs are lower (none of them imagined that rents might be high), the level of sales would not generate profits.
Still, the low level of the operation costs represents an attractive opportunity to Bulgarians that are able to raise the necessary capital and sell in almost European level prices.

ii. The short distance.

Southern Bulgaria and especially Petrich, is in a shorter distance from Serres than Thessaloniki. This is a great opportunity, because of the disappearance of the traveling costs, as well as the time consumption and facilitation of controlling conditions.
Although few are the interested and capable companies, they see the bordering area as a threshold to the rest of Bulgaria.

iii. The Greek origin as a trade mark of quality.

All, but a few exceptions have experience with sales to Bulgarians that are visiting the Serres marketplace, many of them for more than three decades.

Either selling Greek products or imported from other European countries, they think that for the Bulgarian consumer a Greek product is considered to be European and thus trusted for quality.
They think that for a Bulgarian entrepreneur, it is an opportunity to Franchise Greek products (or represented), because the origin of the product is respected.

iv. The common consumption habits.

Deepening the interviews, all the entrepreneurs admitted that the population, on both sides of the border, have the same consumption habits.
This represents an opportunity, because they do not have to change their marketing strategy, especially in conforming their products (or services) with a market with different social values.

4. Joint Intermediation of third country branding.

a. *The main complications referred, were:*

i. The complex communication because of many languages.

The only entrepreneurs to state that operating in a multilingual environment is not a barrier to bring in Bulgaria a third country (not just from Europe) enterprise, are the construction companies representatives. They admitted that they have done business in such environments as outsourcing activities, especially in the Middle East and they have learned how to deal with it.
Everyone else is afraid that his / her inability to have an adequate level of communication on a personal level, will lead to lose control.

ii. Previously conceded distribution rights.

Many enterprises, especially originating from European countries, have already conceded the distribution rights to Bulgarian citizens, on an exclusive level.
Many of such contracts are in the bottom of drawers and are being remembered only when a successful business is being started. All but two entrepreneurs, reported that they investigated the existence of previously contracted concessions and that they started the Legal motions to cancel them, in order to be able to proceed to expanding their distribution area to the (not any more) bordering area.

iii. Transportation and warehousing implications.

Entrepreneurs with little or no experience with recent trade with Bulgaria, fear that Customs delays will not permit them to be regular with their clients. They are also afraid that depositing the goods in Bulgarian soil, in order to safeguard them, needs special knowledge, handling and acquaintances, something they lack.
Those with recent experience, state that this is not a problem anymore, but still there is a degree of uncertainty, because “things may change again”.

b. *The main expected benefits as referred, were:*

i. *Economies of scale in Logistics.*

The abolition of the border is providing with a rare opportunity the neighboring territories with a unique chance; to connect the Aegean Sea (with the Harbors with disposability) with the Bulgarian inland, especially the South. Many importers from other European Countries, but also from Far East (Korea, Japan, Philippines and China), reported having no other transportation possibility, than road transportation from Amversa or Goia Tauro. This is creating long times of goods delivering, because the Greek imports are not voluminous enough to dock a vessel in Thessaloniki or Kavala Port.

Joining orders and transportation, will create economies of scale, especially if the Logistics chain is seen as feeding also Romania and the Former Easter European Countries.

The Ports of Varna and Burgas, under the same view, are considered as valid alternatives, which create “a critical mass”.

More than the entrepreneurs interviewed, these ideas are supported by the Directory Board Members of the Chamber of Commerce of Serres, together with those of BIC (most of them are with both offices).

ii. *Valorization of mobility of citizens, in advertising and promoting brands.*

Many entrepreneurs are expecting that many of their products or just their brand name will become familiar to the Bulgarian citizens who are travelling in Greece and so establishing a distribution network in Bulgaria will become much easier. More and more visitors are expected, because of the abolishment of the time consuming border crossing.

Especially the residents of South Bulgaria are expected to spend their holidays in the coasts of Northern Greece and so acquire a taste of the local products.

It is expected that, then, advertisement of the local products will become much more effective, competing to that of those internationally known.

iii. *Introduction of new brands of low market recognition, which may build a brand name in the area.*

Expected mobility concerns also the Greek consumers, who are travelling in Bulgaria. The Pirin resorts are expected to attract local consumers and by establishing a distribution network, so that the resort visitors will see them in Bulgaria as well, will think that they are internationally recognized.

Industrial goods or equipment providers do not think that mobility will affect their brand name building, while they expect that mobility facilitation will increase the visits of entrepreneurs from Bulgaria and so increase the possibility to start business transactions.

5. **Mutual Representation.**

a. *<u>The main obstacles referred, were:</u>*

i. *The insecurity of respecting the contractual bounds.*

Without exception, all the entrepreneurs, either they had or did not have business with Bulgarian firms, said that they calculate a high possibility that their collaborators, have trouble with respecting the terms of their contracts, admitting that in most cases this happens against their will, but for reasons beyond their control.

They think that such uncontrollable ocurrancies originate from chain reactions, mainly in the field of cash flow. When they decide to represent a Bulgarian company in the Greek market, they need to be certain that the orders will be executed in time, quantity and quality that appear in a contract, so they do not lose their customers. This is the main reason why they are neglected by the buyers from the most developed countries of Europe.

ii. *The uncertainty of the sales volume promised.*

The other way round, aspirant representatives of local firms, in order to get a contract, are promising sales volumes that they are not able to make.
A few entrepreneurs expressed the suspicion that such contracts do not really bound anyone and are just signed to decrease competition, wishing to promote alternative goods.

iii. *The inability to control the contractual terms infringement.*

Experienced in trans-border trade persons said: "We devote a lot of time and money to make contracts, which worth nothing, because the Lawyers of the parties do not really wish that the contracts will be respected. They make the contracts in such a legal jargon, that they be interpreted at will".
Instead of a legal form, they prefer a simple "private" document with very few and clear terms, so that they can refer to them, not because they will claim any right deriving from it.

b. *The main opportunities referred, were:*

i. *The widening of the markets, without much of risk.*

The easiness of crossing the borders and the diminishment of bureaucracy has made it economically reasonable to transfer goods in small lots.
Small lots are considered to decrease risks, both in imports and exports, especially because of the expected market changes.

iv. *The speculation on market prices.*

The expected changes in the market structure and the overall economic conditions, as a result of the economic and social cohesion in the years to come, are expected to take the prices and the salaries.
The interviewers expected that prices and salaries increment are considered to represent a thread, while the entrepreneurs judge it as an opportunity. The general price increment is expected to increase the sales of the local products, because they will be accessible by a wider amount of consumers.
This is also expected to increase the land price. Representation is said to be "a screening test" of the "would be" partners in a common enterprise.

v. *The motivation to sell more, in order to earn more.*

All the interviewed entrepreneurs, when they were asked about a mutual representation, brought up the question of increasing their sales, because their potential agents know better their market and are better informed about the reliable clients.

They all showed a preference in being represented than represent the Bulgarian firms.

vi. *The abolition of the border crossing delays and tariff cost, as a tool of earning market share.*

It is common sense that the customs procedures have been preventing exports, while unsold goods were almost impossible to re-import. Many entrepreneurs are considering a deposit of their own goods and the assignment to an agent to sell them on their account, invoicing directly the final buyer and charging a commission.
The vast majority of the entrepreneurs said that it was the interview to bring up the possibility of being represented with a limited stock. They all said it is a good idea and that they will examine it.

6. **Entrepreneurial networking.**

a. *<u>The main obstacles referred, were:</u>*

i. *Clarity of terms of obligations and rights.*

Only very few entrepreneurs (it proved to be that they were members of the Board of Directors of the Chamber of Commerce) new that that the Legislation of Bulgaria is different and the membership of the Chamber of Commerce is not obligatory, as it is in Greece. They thought that business networking was a given fact, after so many agreements advertised, between the Chambers of Commerce of Serres and Blagoevgrad.
After they were explained that many Bulgarian firms are not members of the Chamber of Commerce, all the interviewed entrepreneurs said that they must find different organizations to relay on, because they no little about voluntary networking.
Their major hesitation is that, without an institutional leader, they are afraid that there may be terms and conditions that will create infringements with the rest of the competitors, the Competition authorities or force them to concede power.

ii. *Misunderstandings about the role of networking, fearing that the participation in the network becomes a disguised "money laundry".*

The lack of knowledge about networking creates suspicions about the entities with the initiative to form them.
Large scale publicity about charges for money laundry, in both sides of the border, increases hesitation. This has been expressed as: "you don't know in what you are about to get in".

iv. *Fear that the network will only serve the interests of the dominating part-member.*

It was common to all that in a network there is a leader who is looking after his own interests. They believe that "nobody is devoting time and money for the common benefit".
When they have been said that they might dominate, the common answer was that "they prefer to devote resources in their own business".
Summing up the interviews, a few entrepreneurs showed some interest and when the interviewers tried to identify common characteristics, they proved to belong in the services

sector (but not tourism).

v. Suspicion that there are hidden interests of invisible operators.

Going further in the interview, commercial companies or industry and artifact owners, said that: "such initiatives, even when they start with good intentions, are vulnerable to the support of invisible interests".
When they were asked what kind of interests they insinuate, they all referred, one way or the other, that the market leaders have the money and the reason.

vi. Restrictions of measuring the benefits of participation in the networks.

The interviewers were explaining that the participation in a network means that every member has to pay a fee and devote time and other recourses (devotion of employee time, participation in meetings, travelling etc).
At the question "what is in there for me", there were long discussions, yet a question remained: "how can a measure the benefits, because I know about the costs".

b. *The main opportunities referred, are:*

i. Complementarily of operations.

All of the interviewed entrepreneurs said that they are looking for complementary activities networking and if such an opportunity appeared, they would see it very positively.
Complementary activities are seen in very different ways; from producers with traders to transporters with service stations. There is not an evident common perception; everyone is seeing a different set of complementary activity.

ii. Knowledge and expertise exchange.

All the entrepreneurs say that they have superior expertise in doing business and / or implementing modern techniques.
On the other hand, the same persons believe that there is a lot of unexploited knowledge of some higher degree than in their location and they may recruit.

iii. Expand possibilities to commonly be rewarded with subsidies.

It is well understood that Bulgaria is a member of the EU, so subsidies will be distributed on the same proportion and under the same conditions, as in the rest of the other members with a lower level of development.
They are also informed about the future programs of the EU, for business development and the territorial collaboration, as well as the eligibility criteria.
They all want to be among the awarded enterprises and believe that they stand a better chance if they participate in a network, no mater what it is about.

7. **Clusters.**

a. *The main reservations referred, were:*

i. *Competition infringement.*

Local companies have no real experience of clusters, except three out of the total interviewed. Many of the rest now about clustering attempts, at local level, that turned to become hostile acquisitions.
They think that there are many competition infringements that will either force them to merge or dissolve.

ii. *Lingual problems.*

Language obstacles are considered a problem, yet not at the level of other cooperation forms, because they are explained that they may choose a third working language, English for example.

iv. *The mistrust of intermediaries.*

Assigning the common tasks of the cluster to a third party, they fear that this party will represent the whole of the participants and so this party will become a competitor or a potential one.

b. *The main opportunities referred, were:*

i. *Common marketing studies for the penetration in other countries, both member and non member States of EU.*

In view of European financial contribution, this is a good instrument and they all would grab the opportunity. Yet, they expect an initiative by someone else.

ii. *Common quality certification.*

Quality certification is considered to be the only answer to the low level of acceptance of Greek and Bulgarian goods and services, by the more advanced countries.
A common quality certification of a cluster is a way to advertise it commonly and be able to supply at the quantities such markets may demand.

iii. *Common promotion (ie. Thematic Portals, trade fairs participation, multilingual newsletters etc).*

Tourism sector operators are those to see the greater opportunity, out of common promotion activities. Commercial companies have reservations, but they are positive as well.

8. **NGO's.**

a. *The main reservations, the local authority exponents referred, were:*

i. *Difficulties in both public and private financial contribution.*

Although it is always easy to convince the local authorities to become members of NGOs, all is needed is a Business Plan, they do not continue their financial contribution. In very few cases, one of them may proceed, but only if it dominates, using the NGO as an

instrument of applying its own policy. Entrepreneurs, on the other hand, as members of the NGO, expect a return for their contribution; they need to have concrete privileges over the non members.
Only central funding (from the government) is feasible at a reasonable time, but it is connected to specific projects, not the general function.
Banks do contribute for a general function of the NGOs, without many difficulties, as a means of “sponsoring”, so that they can advertise it.
Financial contribution on a common cross-border NGO, would only be expected by banks operating in both countries.

ii. *Dependence on National and European project execution, for funding reasons, many times different than the NGO’s purposes.*

NGOs, in order to survive, have to apply for European and National calls, while, in case they start charging for their services, there are fiscal infringements.
Many times, the projects applied for, are different than the mission of the NGO.
This is the reason why only very few NGOs operate in the Prefecture of Serres (as well as in the rest of Greece).
Such cross-border actions have been under very limited budgetary line and common projects were not at the level of the expenses.

iii. Early stage abandonment of agreed actions.

Local authorities and other public bodies tend to limit their activity in signing protocols of cooperation and then advertise them. They are quite reluctant in offering resources, in most cases because they are strictly control by the government in the use of their personnel and money.
After the first difficulties appear, they give up and seek for a new agreement to advertise.

b. <u>The main opportunities, the local authority exponents referred, were:</u>

i. The valorization of previous common activities and agreements.

All the exponents agree that a portfolio of common activities, like the current project, as well as Struma-Strymon, B2Europe, will convince their “councils” to support initiatives.
Since they don’t have their own financial resources and depend on the State, they wish to make contributions in kind (i.e. conceding premises, undertaking communication costs, providing consumables etc).

ii. The wide range of acquaintances between the exponents, as well as the executives.

Politicians and members of the governing bodies of other public and private Law associations, have a wide range of acquaintances, in either side of the border, making it easier to come up with common goals.
It is considered to be the most important opportunity, because they would have a positive political impact.

iii. *The common rules of operations, after the Bulgarian accession in the EU.*

This is the most crucial opportunity, as the exponents see it, while the European rules of running common projects and other activities are trusted to be transparent enough to safeguard the normal and timely execution of any kind of common activities.

iv. *The expected funding possibilities, under the 2007-20013 funds.*

Bulgaria is becoming eligible for funding projects in the upcoming period, at a European level, which is much higher than the Pre-accession one.
This will offer the possibility to commonly apply and get even grants.

9. **Institutional cooperation.**

a. *The main negative experiences, referred by the local politicians, were:*

i. *Conflict of interests.*

Many local politicians expect that conflicting interests (like the pollution of the river, water flow control and the alike) are preventing larger scale cooperation.

ii. *Timely bureaucracy.*

Public Institutions are slow in their paperwork, while all decisions have to be taken in public meetings. Only when the Institutions are prepared in advanced, in view of a call for applicants, are able to take part in such programs.

iii. *Opposition, based on the necessary transparency.*

Transparency is inevitable. Democratic procedures are based on the minority right to express opposition.
Initiatives concerning the exploitation of large scale projects are triggering the opposition and in many cases are damaging the majority, if decisions are being taken without the time to communicate the intentions to the population, not just the institutional operators.

b. *The main positive experience, referred by the local politicians, were:*

i. *Respect of the terms of cooperation.*

All the past experience is referred to be accurate in implementing the agreements. Politicians think that this has cancelled the suspicions of the past.

ii. *Mutually beneficiary past activities.*

Past common activities are said to be beneficiary for the local Institutions. This is a solid base to extend the cooperation.

iii. *Successful conclusion of agreements.*

The past agreements were all concluded as they were agreed upon. Lack of discrepancies, tranquilize opposition and facilitates expansion of common activities.

10. **Cooperative economic activity - joint activities.**

a. *Reservations referred by the leaders.*

i. *Long times needed to obtain support by their members.*

Leaders of the Institutions and the associations of the Entrepreneurs, fear that they need long times, in order to convince the members for the benefits expected of a cooperation and other joint actions.
Long times needed for "lobbying" are pushing the Institutions and the Associations to concede their own activities to consulting firms, or lose the opportunities.

ii. *Internal to the cooperatives, conflicts of interests.*

Many leaders prefer to lose opportunities, instead of losing support of some of the members, because some of them see that another group is getting more benefits than others.

b. *Opportunities, referred by the leaders.*

i. *Homogenization of activities.*

Common activities of all kinds and types create a common platform, which is necessary to boost development.

ii. *Exchange of goods, services and expertise.*

It is common to all that there are still unexploited opportunities to increase commercial, industrial, technological and educational exchanges. They are expected to increase rapidly.

iii. *Common exploitation of markets.*

This is a first time appearing opportunity, given that Bulgarian products are European.

iv. *Joint provisions.*

In Promahonas (on the border) there is a Logistics center, which has not been exploited as a tool for provisions from other countries, especially non member states.

v. *Integration of financial services.*

The presence of the Greek Banks in Bulgaria is not "good practice", because their Bulgarian activities are separated from the ones in Greece.
The Municipal and Cooperative Banks of the bordering territory in Bulgaria and the Co-operative Bank of Serres are thought to represent the fertile ground in founding common financial services.

11. Conclusions

- The general impression of the interviews is that the entrepreneurs are not prepared enough to proceed to deeper and wider cooperation with their Bulgarian counterparts.

- There is an evident "individualistic" mindset, which is bothering formal integration with Bulgarian firms.
- The Institutions are better prepared to act in common and they see a great opportunity deriving from the full membership of Bulgaria in the European Union.
- The opportunity of common activities aiming to third countries (FYROM is the first among them, as it is neighboring) has still a long way to go, because of reservations about the rules of such activities. The general mindset is that the region is quite stable and there are only a few people fearing that there are such risks.

Remarks

The questionnaire, created by the leading organization, has been discussed in detail with Prof. Diana Kopeva and modified to reflect the real mindset and observations of the entrepreneurs.

After a common questionnaire has been adopted, it was translated in Greek and delivered to the potential responders, belonging to the target group.

The questionnaires have been delivered to the entrepreneurs within an interval from the interview, so that they would not remember well what they said, in comparison with participating in the survey.

List of Enterprises Interviewed

AGROTEHNI GATSIOU LTD
Production of bread and pastry products,catering
AGROTOURISTIKOS-VIOTEHNIKOS SINETERISMOS
Production of traditional jams,pasta and sweets
ALEXANDROS AND VASILIOS KAFESTIDIS SA
Manufacture of metal products,spare parts for locks,electric installations
ALTO SA
production and trade of building materials
ASPHALTIKI SA
Production of concrete and asphalt concrete,processing of inert materials
B.S.A. SA
Production of butteries
GEORGIO KURTIDI BROTHERS SA
Production of soft drinks and ice
DIGA BROTHERS PARTENERSHIP
aluminum alloys,metal working,trade of building materials and aluminum fittings
KAMENIS BROTHERS PARTENERSHIP
Manufacture of hdraulic equipment
PETROU NIKITA BROTHERS SA
Production and trade of lifting machines
SPANOS BROTHERS PARTENERSHIP
Production of alcoholic and non alcoholic beverages
B.MITILINAIOS SA
Production of furniture
VASAKIS-KAZAKIDIS SA
Production of bread and pastry products,catering
GATIDIS SA
Production and trade of bread,bakery products and pastry
MACEDONIAN WOOD TREATMENT
Woodworking-trade of wood,furniture and building materials
EL.MA. SA
Production of car carpets
EMMANOUILIDIS-MAKARAS SA
Production of parquet flooring,wood processing
EUSTRATIOS N.GIOVANIS SA
Production of fodder
DIARY PRODUCTS FACTORY SA
Milk processing factory
I. TZEVELEKOS SA
Woodworking and trade of building materials

IDEA SA
Trade of plumbing equipment,building materials,marble and metals.Production of drinks
ADRANI YLYKA SA
Industrial factory for inert materials
KA.ZA. SA
Production and trade of concrete products,asbestos and building materials
KATASKEVASTIKI SERRON PARTNERSHIP
Production of asphalt.Construction of buildings and facilities,real estates,parking management
KEM SA
Production of framework
LEVITOPOIYA STIL. VEZIRYIANNIDIS SA
Production of pipes,central heating systems and plumbing equipment
MA.VI.L. SA
Production and trade of steam furnances,tanks etc
XYLON-LYTOS MASSIVE SA
Factory for processing of wood,stone,casted iron
KAPLANIDIS MILL PARTNERSHIP
Processing and trade of agricultural products
METRON AUTOMATIZMY SA
Production of automatic and non-automatic doors
PANMETAL SA
Barbwire factory,trade and processing of steel
PARATSOUKIDIS & CO PARTENERSHIP
Production of ready made clothing
PARFE SA
Production and trade of pastries and bread products
PEKAM SA
Fish processing(smoked trout_
SEREXPORT GENERAL PARTNERSHIP
Production of clothing
SKIRODERMA SERON SA
Production and trade of concrete products,asbestos and building materials
STABIL SYSTEM SA
Manufacture and trade of aluminum and PVCwindows and doors
TYPOPLASTIKI-HARTEMPORIKI SA
Manufacture of plastic and paper products
FLOS SA
Production and trade of liquid and car detergents
ALEXANDROS TAFLANIDIS AND SONS
Trade of furniture,electronics,mobile phones
ANDONIOS HATSIANGELOU-GEORGIOS KOKOZIS LTD

Wholesale trade of bath accessories,hardware and plumbing store,building materials
APOSTOLIDIS SA
Trade of lighting fixtures and electric materials and installation
M.ANASTASIADIS BROTHERS SA
Trade of furniture,wallpapers and textile goods
VASILIS GEORGIADIS SONS PARTENERSHIP
Trade of building materials,metals,concrete,pipes and furniture accessories
GEORGIOS KIRIAKOU & CO LTD
Trade of building materials
EUTHIMIOS HAVALES & CO PARTENERSHIP
Supermarket
ELEOURGIA SERRON
Tarade of foods,cereals,oil,olive oil,olives
K.E.G.E. SA
Agricultural materials
NIKIFORIDIS VASILIOS-RANTOS ATHANASIOS PARTENERSHIP
Electric appliances and refrigerators
POLLAS GLASS SA
Trade of glass products,alcoholic drinks,building materials and wood
THEOLOGOU AP. KLOUVAS CD MANIA SA
Sell,installationand maintenance of computer systems,private school and computer training
FAETHON SA
Meat and meat products
ERODIOS SA
Tourist services(hostels,cafeterias,restaurants)
K.RASKOS &ASSOCIATES SA
Stock agency
LOGISTIKI SA
Accounting and tax consulting.Insurance work
SPILAIO ALISTRATIS SA
Museum activities-cave Alistrati
T.E.S. SA
Asphalt products,technical works
ALGI SA
Greenhouses(aromatic,horticultural,pharmakeutical plants)
GIANIKAS BROTHERS SA
Stock-breeding
KANDZHAS SA
Supermarket
ROUSTANIS SA
Manufacture of car accessories,car trade,car garage

S.IL.M.E.K. SA
Whole sale of electrical household,appliances,plumbing and heating equipment
MEGASOFT PLIROFORIKI SA
Software solutions
MPAXEVANIDIS DIMITRIOS
Mega store,colors-structular materials,supermarket
KARYOFYLLAKIS IOANNIS
Structular materials
KAFETZIS GEORGIOS
Spare parts of motorcicle
MORAITIS MIHALIS
Furniture
POULTOURTZIDIS DAMIANOS
Structular materials
PAPANIKOS STEFANOS
Optical
BALITIS IOANNIS
Furniture
KETSIOGLOU MIHALIS
Heating and refrigaration systems engineering
ARAMBATZIS ALEXANDROS
PRINTING AND PUBLISHING
POURNARIS CHRISTOS
Hardware systems
KOYTSOUMARAKIS NIKOLAOS
Furniture
PATRIKIDIS NIKOLAOS
Elaboration of wood
GALANIS KOSTAS
Fruits and vegetables
MPOUFIDIS GEORGIOS
Candies-café
DARAVIGAS IOANNIS
Bake-indusrty
KONSTANTINIDIS G.-HATZICHRISTAKIS CHR.
Distillery
KAPETANIS GEORGIOS
Underwear
DAMKALI A.-AKRITIDH
Matrress small industry
GEROSTERGIOU VASSILEIOS

Furniture