

MILITARY SITE'S CONVERSION MANAGEMENT PROCESS AND FIRM'S COMPETITIVENESS: ENTREPRENEURIAL EVIDENCES

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ABSTRACT

The main goal of this study is to propose an organizational approach to explore the relationship between "military air bases's conversion processes" and firms' competitiveness. During the past four decades, the conversion of Defense Air Bases to new civilian uses has played a central role in determining social and economic regional competitiveness, demonstrating that the management processes have impacts on urban assets, agglomeration economies, urban infrastructures, labor and cost factors and development policies. Furthermore, competitiveness (mainly that of Small and Medium Enterprises), has constituted a very interesting research field over the past 20 years. However, regardless of the relevant impact on firm's strategy and performance, quite few researchers in strategic management and governance have investigated the effectiveness of military site's conversion process in increasing firms' competitiveness. The paper shows how the conversion processes of an integrated services area can create business opportunity, can facilitate access to new markets, can facilitate new innovation processes, can facilitate new management, control and commercial services, can increase business linkages and agreements for local firms (business networking). The study presents the case of conversion process of the former Nato Base in Comiso (Sicily), an important military site in a regional area characterized by high entrepreneurial development. The empirical evidence of this case study consists of a European benchmark analysis and of a survey of 48 local firms. Finally, the study presents valuable conversion projects and strategic perspectives for managers, entrepreneurs and policy-makers.

Keywords: *Military bases, conversion management process, firms competitiveness, entrepreneurial development*

1. INTRODUCTION

In the last two decades and since 1988, there have been four successive bipartisan Defense Base Closure and Realignment Commissions (BRAC) that have defined the closure of 352 military bases as well as the installation and the realignment in working order of other 145. U.S. Government documents from the early 90s (the "Defense Planning Guidance" of 1992, the "Quadriennial Defense Review" of 2000 and the "National Security Strategy" of 2001), show that most important aim of what has been defined a "strategy of empire" was to secure a military presence in various direct and indirect strategic areas of the planet

The geographical areas where new or renewed infrastructures had to be located mainly concerned the Mediterranean, the Middle East, the Persian Gulf and Central Asia: Europe was not included in this strategic aim. The end of the Cold War have reduced the content of military sites but did not solve the problem of containers, real reserves infrastructures which are only partially subject to a regeneration process (Bicc 1990, 1994, 2006, Mirtinnen 2003, Thanner 2006, Yahn 2005).

Sometimes these disposals have taken place rapidly, confirming the importance of recovery plans, and showed up in the form of real waves, since a great number of closures of military areas occurred in the years after 1989. In fact, for 90 of the European Communities, the Commission instituted an award (in the form of a grant from the European Regional Development Fund) for a program operating on the Community Konver - for the switch in the defense sector - in favor of the areas covered by Objectives n. 1, 2 and 5b in Italy. The Region of Sicily, placed in Objective 1, has been affected by the operational Konver Program by measure 12. According to Sorenson 1997: "*The research on effectiveness of military sites conversion has focused on:*

- *Economic impact (including labour and property market impacts, development appraisals, new micro-economic system) (e.g. Batey et al. 1993; Lichfield 1996; Darlow 1988, Bicc 1996, 2004, Hey 2008, Thanner 2006, Newsom and Macdonald, 2002),*
- *Social impact (including changes in community, leisure and health provision and impacts on different social or cultural groups) (Edwards et al. 1988; Harte 1986; Lichfield 1996; Percy-Smith 1992);*
- *Environmental impacts (including effects at local, regional and global levels in terms of habitats and bio-diversity, waste and pollution; energy consumption, the use of natural resources, landscape, and*

the historic built environment) (Glasson et. al 1994; Hughes and Wood 1996; MacLaren 1996; and Therivel et al. 1996 and 1997; and Doak et al. 1998) ”.

Regardless of the relevant impact on firm's economic, financial and competitive performance, quite few researchers in strategic management and governance have investigated the effectiveness of the site's conversion process in increasing a firm's competitiveness. This innovative research shows how the conversion processes on an integrated services area can create business opportunity, can facilitate entry in new markets, can facilitate new innovation processes, can facilitate new management, control and commercial services, increases business relations and agreements for local companies (business networking) and have an impact on corporate cost savings.

The issue is analyzed by looking at the implications and the business opportunities for firms included in the catchment area of the military site to be converted. These firms represent a potential demand for integrated services that would help them in fulfilling existing needs and in creating new ones. This work presents data, relative to the conversion of the former NATO base in Comiso (Sicily), obtained through a survey of 48 companies.

This NATO base, which was scrutinized by the KONVER European Program in the 90s, represents a relevant European case, also because of the presence of an airport -in its start-up phase- in a context characterized by high entrepreneurial dynamicity and many touristic destinations.¹

The importance of the issue is closely linked to the ongoing international debate among governance researchers who aim to find always new business potential and positive competitiveness potential. Over the past 15 years, the old program of conversion of the former NATO base in Comiso has shown some factors of weakness related to the current needs and contingencies:

- The positioning of the activities is depends heavily on the project of the airport of Comiso Magliocco and on its infrastructural developments;
- Instances from local government push on the revitalization of local competitiveness through the exploitation of the area;
- The airport project is in a start-up phase and is undergoing an immediate implementation project;
- The development of an integrated range of services for businesses and entrepreneurs could actually become a driver of development for many economic areas: from the development of local tourism to product and process innovation with the objective of creating new business, to the opening of new geographic markets, which could represent a potentially huge business for companies in the catchment area;
- The conversion, if initiated in the short to medium term, may benefit from the funding of the 2007-2013 regional planning initiatives as well as from private investments.

This research aims to fill the gaps in strategic management literature and provides relevant information to decision making process and policy makers.

2. CONVERSION MANAGEMENT PROCESS AS DRIVER OF FIRMS COMPETITIVENESS

According to Konver Project 1996: : “ *the process of conversion of a site from a military to a civilian use includes studies, audits, evaluations, open discussions with local communities and the recovery of the area in practical terms, which necessarily passes through the definition of a conceptual framework guide.*² *Many different scenarios are possible, depending on the economic actors (public and/or private) involved, the characteristics of the territory, the economic, social and environmental factors and especially the characteristics and needs of the firms actually present in the site's area).*” It is not difficult to show that the acquisition of a resource space is value added to the productive sectors.³

In previous U. S. experiences, many of the closed military bases have reinvented themselves as revitalized properties for housing, industrial, training, educational and recreational purposes, or as hubs of commercial activity (Hallenbeck e Pantaleone, 2007, Yahn 2005, Braddon et al., 1994). This is positive news, according to

¹ See the report, “the 9 the Day of the Economy” of the Chambers of Commerce of Ragusa and Catania.

² American literature distinguishes between conversion and conversion. With the first term refers to the return to civilian production of an industry not too long after a period of military production: what typically happens after a war. By conversion we mean the transition to civilian production of an industry that, in time of peace and a permanent basis, is devoted to military production.

³ With regard to the phenomenon, see the EPA publication entitled “Turning Bases Into Great Places” (Transforming military bases in great seats).

the General Accounting Office (GAO) and others: the base closings have resulted in an estimated \$16.7 billion savings to the military, and are expected to continue to save more than \$6 billion a year. Additionally, according to the National Association of Installation Developers, 50,000 civilian jobs have been created since 1988, more than 1,300 private and public sector employers now operate at closed bases, and many communities have created more jobs at former bases than were lost because of the closures.

Furthermore, since the Base Realignment and Closure (BRAC) Act of 1988, 97 military bases in the U.S. have been closed. Under the 2005's BRAC recommendations, a further 22 bases will be shutting their gates to military operations as well. Good examples in U.S. experience are:

- Bergstrom Air Force Base, near Austin, Texas, was transformed into an international and commercial airport that generates \$1.8 billion annually and created 37,500 jobs;
- The former Philadelphia Navy Yard currently houses docks for ship building, a cruise terminal, a corporate park and a historic district;
- In Lubbock, Texas, the former Reese Air Force Base is now home of the Reese Technology Center, home to several biotechnology firms;
- In Illinois, the location once occupied by the Glenview Naval Air Station is now the Village of Glenview, which has 1,121 acre mixed-use district, with new homes, offices, two golf courses and retail space.

The evaluation of firms' competitiveness, with a special regard to SMEs, has constituted a very interesting research area in the last two decades (Porter 1985). Competitiveness has been described many by scientific researches as a multidimensional concept. Significance of different criteria of competitiveness changes with time and context.

Barney et al 2010: "*Firm competitiveness is the basic capability of perceiving changes in both the external and internal environment and the capability of adapting to these changes in a way that the profit flow generated guarantees the long term operations of the firm.*" This definition in accordance with the contingency approach and the evolutionary theory of firms shows competitiveness as a driver for survival. This capability of survival is one of the most complex phenomena of a company's operation.

Some authors view competitiveness through a competency approach. They emphasize the role of the firm's internal factors such as strategy, structures, competencies, and capabilities as well as other tangible and intangible resources for their competitive advantages (Hamel and Prahalad, 1989, 1990). This perspective is analyzed by researchers that follow a resource-based view towards competitiveness. Firms compete in the global arena and face direct competition. Other firm focused on the individual firms and their strategies for global activities, to identify the real sources of their competitiveness.

According to Powell 1999: "*Competitiveness involves "a combination of assets and processes, where assets are inherited (e.g. natural resources) or created (e.g. infrastructure) and processes transform assets to achieve economic gains from sales to customers"*

Also process-centric approach have become popular in the last decade. It can help bridge the critical gap created by silo mentality that has been shown in functional-centric organizations. The popularity of the business process re-engineering movement in the 1990s and of the Resource Based View also finds its roots in the processes. Empirical researches in the context of the software industry have confirmed the relevant role of processes in order to obtain a competitive advantage (Shee, 2002).

Another group of scientific research supports the concept that the competitiveness of the firms depends by external process and factors: not only on the development and planning of networks and the existence of an innovative environment, but also on the existence of firm districts (Porter 1990). The traditional Industrial Organization Theory tries to investigate the competitiveness of industrial firms. The theory investigates on the driver of the external environment that influence the competitiveness of the firms (Porter, 1998).

According to Maskell and Malmberg (1999) "*the competitiveness of industrial firms depends on a particular combination of local characteristics that influence the distribution of economic activities, combining each time the capacity of each place on local and regional levels. Factors like the availability of human resources, local taxes, telecommunications, the accessibility to European and international markets and the existence of incentives to invest influence the competitiveness of firms.*" In addition, qualitative drivers have been taken into consideration to analyze the firms' decision making process (Basile 2011, 2012).

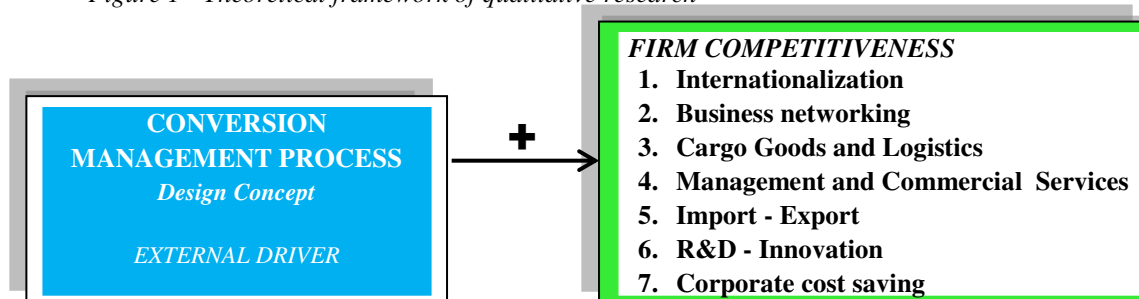
Smith 1998 explains : *the Competitiveness, in turn, depends , mutually beneficial collaboration between efficient firms (micro-level), competent private sector and government services (meso-level), and supportive economic, legal, and political framework conditions (macro-level), embedded in the meta-level (which includes the institutional structures) 2.*

To summarize, the levels investigated concern:

- The importance of agglomeration economies;
- The accessibility to international markets;
- The degree of infrastructures accessibility;
- The importance of investments;
- The availability and the quality of human resources and capabilities;
- The quality in R&D;
- Financial and economic value;
- Supply and demand of innovation;
- Business expansion;

In the definition of the steps to be taken to convert an area with the presence of a military airport, important factors to be considered are: the degree of openness to domestic and foreign markets, the propensity for innovation or R&D processes of the firms located in the area, the distribution of sectors and companies in the catchment area as well as management and commercial services. It becomes essential to analyze the relationship between the need of services demanded by firms (innovation, internationalization, information technology, policies, financial support to innovative processes) and the definition of the “concept” of the area that is to be converted. A careful study of the economic variables related to the above indicators of competitiveness is closely connected to the project identification and the functional conversion. Accessibility of areas and services could reduce business costs, facilitate the receipt of new buyers and suppliers, reduce processing time, facilitate the entry into new geographic markets and the strengthening of the position in existing ones, increase the flows of export, create economic activity on other related sectors such as logistics, create new jobs and induce corporate cost savings (Bicc, 2000, 2004, Hey 2008, MacManus and Burke 1997, Goren 2003, Chandler 2007). This study aims to evaluate if and how the conversion process can create business opportunities. The drivers of competitiveness analyzed are: internationalization, business networking, management and commercial services, cargo goods and logistics, import and export value, R&D and innovation, corporate cost saving.

Figure 1 - Theoretical framework of qualitative research



3. HYPOTHESIS AND METHOD

The study presents the case of the conversion process of the former NATO Base of Comiso (Sicily), an important military site in a regional area characterized by high entrepreneurial development.

Case studies are used extensively in social science research – in traditional disciplines such as psychology, sociology, political science and economics – and in more practice-oriented fields such as urban planning, public administration, public policy and management. Case studies are preferred when the research is attempting to address questions such as the ones posed in this study and when the focus of the study is on contemporary events within a real-life context over which the investigator has little or no control. This paper follows a descriptive approach and uses some of the same techniques used in conventional historical and benchmarking studies. It also includes a direct observation of the events under study. The evidence for this case study comes from documents, archival records and observations. The research includes interviews with 48 managers and entrepreneurs who participated in the community’s response strategies and had a good understanding of the conversion process from a military use to a civilian one. Documents in this study have been used mostly to corroborate and augment evidence from other sources. They include memoranda and other communiqués; agendas, announcements and meeting minutes; progress reports and other internal records, all located in the archives and administrative offices of the “Provincia di Ragusa”.

The hypotheses of the paper have the goal to verify whether there is a positive relationship between the conversion management process and the degree of a firm's competitiveness. The study aims to evaluate if and how the conversion process can create business opportunities.

4. A STUDY ON THE CONVERSION OF THE FORMER NATO BASE IN COMISO: EMPIRICAL SETTING AND CASE STUDY

Historical background

The analysis proposed in this study begins with some considerations and some historical data (dating back up to 30 years) about the site's area. This part of Sicily, which now can enjoy the opportunity of a free trade area, has always been identified by the people who have inhabited it as being of a great strategic importance in military terms, particularly with respect to conflicts with the North Africa.

During the fascist era, the expansionist ambitions of Mussolini's government first imposed a military outpost that would control Malta. The military regime spotted, just in the Province of Ragusa, the best place to turn the dream of conquering African Territories in a possible reality. By the mid-thirties, the opportunity to build an airport was carefully considered. The airport was designed during the Fascist period, built between 1937 and 1939 and named after Brigadier General Vincenzo Magliocco, born in Palermo and dead during the war in Ethiopia in 1936. During the Second World War it was bombed and virtually destroyed by the Allies on May 26th and June 17th, in 1943, shortly before landing in Sicily (Husky's Operation).

Rebuilt and expanded after the war, with a track that came to have a length of 1740m, the airport was opened to civilian traffic with a scheduled flight operated by LAI to Catania (Italian Air Lines) and also had a flight Palermo - Comiso active from 1965 until November 1972. The airport was also used as a military base for the "41 ° Stormo of Catania" until 1973. Between the years 1983 and 1988, it was heavily affected by a considerable amount of investments for the realization of most of today's existing infrastructure, designed for the storage of nuclear warheads. Furnished with 112 Cruise Missiles, the base became one of the most important among them managed by the NATO during the Cold War. Subsequently, with the loss of defense needs after the collapse of the Soviet bloc, the military base gradually lost its importance and was progressively scaled down (the last Cruise missile battery was removed on March, 1991), and was finally closed in the late 90s of the twentieth century. Even today, on the south side of the track it is still possible to see the bunkers that greeted the American nuclear warheads.

Today, the new airport at Comiso was born from a successful institutional collaboration between the ENAC, the Sicilian Region and the City of Comiso. The financing of the work, for a total amount of 47,407,976.73 euros, was approved by the CIPE resolution n. 36 of 3 May 2002 by the Berlusconi Government and subsequently by decree of May 28, 2004 n.368/Serv.2 Department of Transportation of the Sicilian Region. Works began in October 23rd 2004, and quickly went up to the completion of the air-side in April 2007.

Box 1 -The organizational structure the former NATO Base

The Italian area

The area coincides with the area of new airport infrastructure and is equal to about 57 hectares. This area represents 44% of the extension of the former NATO base. In particular, this area is divided into a residential part where there are about 15 multi-apartment buildings for a total of 80 lodgings, and 5 logistics operation buildings for office activities and services. Currently, there is large availability of buildings for the setting up of operations, both for civil services and in terms of private buildings (houses where a number of officers used to live). Current destination and use of some buildings are only temporary arrangements.

The area owned by the NATO

This is the area where missiles were kept in underground hangars. The area covers about 30 Ha, was used until 1991 for NATO operations and consists of seven high-security shelters for missiles and of staff and service facilities.

The area owned by the U.S. Government

The area covers 75 Ha, consists in 460 prefabricated bungalows in not perfect conditions and many office buildings which are in better conditions. The area owned by United States is divided into two sub-areas: the first is located northwest of the runway; the second is located southwest of the runway. The Italian government, through the Air Force, is in charge of maintenance of the facilities.

<i>HOMOGENEOUS SPACE TERRITORIAL AREA</i>		
	<i>mq</i>	<i>Ha</i>
SHELTER AREA	252.965	25,30
SERVICE and EQUIPMENT AREA	459.264	45,93
SOUTH RESIDENCIAL AREA	220.634	22,06
AIRPORT and FUEL DEP.	1.005.681	100,57
NORTH RESIDENCIAL AREA	178.666	17,87
ITALIAN'S MILITARY AREA	140.358	14,04
TOTALE	2.257.568	225,76
<i>Source: Data Processing from the City of Comiso and Civita Services</i>		

5. A FRAMEWORK TO UNDERSTANDING THE EFFECTIVENESS OF THE CONVERSION PROCESS ON CASE STUDY

Some of the problems identified during the sourcing and scouting activities concern:

- The Memorandum of Understanding for the sale of the NATO Base Areas;
- The scarce availability of documentation relating to the American-owned area and also to the NATO-Base;
- The compatibility of the KONVER scenarios with the current and actual conditions in terms of application, infrastructure and public governance choices to be implemented;
- The activity of international benchmarking, which has led to the development of a “framework”, which-in turn- has directed the organization of the various sections contained in this work.

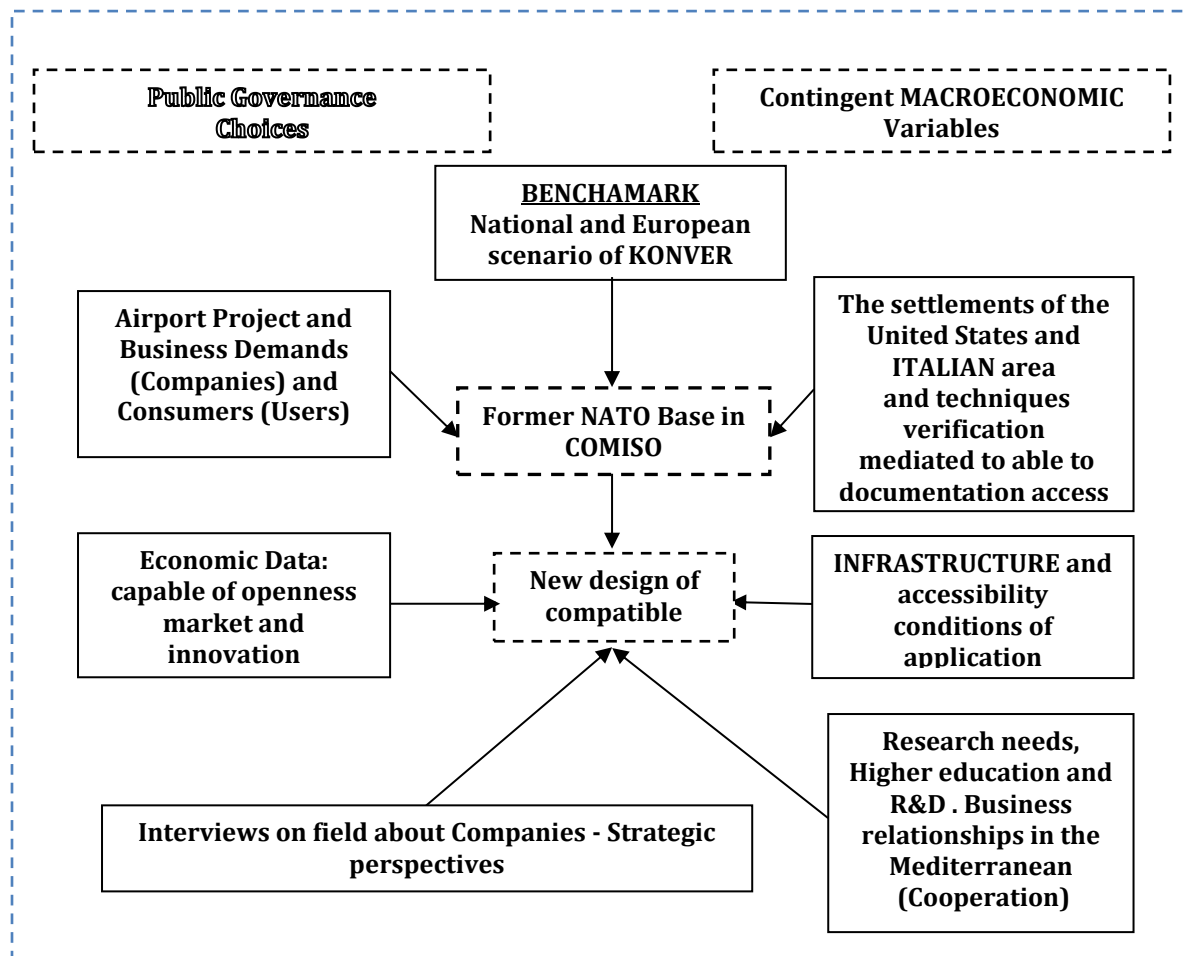
As mentioned in the first part of the work, the definition of a competitive model that fits well a former NATO base is closely linked to the definition of its “concept”, which arises from compatible design assumptions, and which is justified by market demand and by a combination of organizational and strategic features and by the supply of technological services that will help define and develop the area.

The conceptual framework is intended to provide an integrated view of the management processes that led to the identification of the design assumptions; at the same time, it aims to “lock down”, from a methodological point of view, the project analysis and to provide some guidelines for the transition analysis once the implementation executive have designed the hypotheses' assumptions.

According to the relevant literature that analyzes the processes of conversion of military sites, the methodology of this case study is based on three key levels of analysis:

1. Benchmark analysis, based on the conversion of military sites in national and international sites. As detected by the development plans methods adopted and accepted internationally, the study of cases of comparable national and international success (benchmarking) is an essential tool for a complete and exhaustive analysis;
2. Analysis of the variables that affect the conversion scenarios and the business and consumer demand. This desk activity has required the analysis of the main factors of regional competitiveness as well as a careful evaluation analysis of the reference area, collecting and processing data, research and surveys from several sources (ISTAT, Unioncamere Tagliacarne Institute, the Sicilian Region, University of Catania, Bureau Van Dijk AIDA database, Chamber of Commerce of Ragusa, the Bank of Italy).
3. Field survey, conducted through company visits and interviews aimed to verify the sustainability of the projects on the demand side, and to define strategic plans to define business opportunities. A sample of 48 firms, located within 60 minutes from the NATO base, was used in this analysis.

4. Figure 2 – Concept Design of Conversion management process



6. THE RESULTS OF THE SURVEY: entrepreneurial perspectives and conversion projects: data analysis and findings

This section shows the result of the survey of a sample of 48 firms located between the first and second isochronous area (between 45 and 60 minutes). The projects and the strategic implications have been defined and analyzed through an intensive desk analysis of the key conditioning variables:

- Macro-economic variables;
- Industry structure;
- Needs of the businesses;
- Context considerations affecting the decision about internationalization and innovation;
- Sectors driving the economy of the catchment area;
- Development trends;
- Mobility and accessibility to the services offered by the Business and the Consumer demand;
- Trade and business relations in the Euro-Mediterranean area;
- Business opportunities for all types of companies, not just for those involved in the cargo industry.

The data and findings, as well as the arguments about the potential for firms' competitiveness, have been framed within a systemic view, and interacted with the economic system in the area of Catania and Ragusa, where in the last 5 years many facilities handling goods and people have arisen.

The benchmark activity at the National and International level (see Fig. 3) has shown that most conversion projects have been focused on development initiatives: business-tourist-commercial, environmental and energy, social and cultural science and technology and real estate.

Figure 3 - The European Military bases benchmarking analysis

Source: Our elaboration

BOX 2 - Results of the research on the processes of conversion

After having “visually” individuated the sites of interest, I follow up with a list indicating for each site the operations undertaken in the conversion process. I will start by listing the former Soviet or NATO air bases first, and then I’ll move on by listing some previous military stations and a last area with a military arsenal. The interested areas are:

- Bourget de Lac Airbase, France

This French Air Base has been subjected to a major scientific-technological conversion, with the birth of the Technological Hub known as “Savoie Technolac”. Scientific-technological institutions and faculties have moved here, not to talk about some Public Research Centers and some Hi-Tech companies.

- Werl Air Base, Germany

Located close to the Dortmund area, this Air Base has been transformed into a center of research and experimentations dealing with the management and the use of renewable energy sources. Another way this area is being used now is as an area for business, logistics and residential activities. The protection of the environment and the commitment to the use of “clean energy” only has characterized the new use of this area, which now utilizes an energetic system powered by renewable energy only, obtained through the systems elaborated by the Research Center itself.

- Achim Air Base (Bremen), Germany

Localized close Bremen, this base was converted into a large, public green area, as well as in commercial and residential area.

- Hahn Air Base, Germany

Also located near Dortmund, this air base was converted into a civilian airport. Furthermore, the existing premises have been used for the creation of an elementary school, a police academy, a shopping center and other facilities for the provision of services to support local trading and industrial activities. Finally, the area has been improved with areas for leisure and sport.

- Bracht-Brüggen Air Base, Germany

This Air Base south of Bremen has been subject to redevelopment interventions, which have allowed the area to be included in the tourism and culture circuits. Former civilian employees have been employed in this conversion process, after they followed retraining courses in the fields of gardening, landscape architecture, forestry, woodworking and construction. The area was equipped with infrastructures to support the receptive offer; in particular, a camping and several information points for the supply of tourism services in the natural parks region of North Rhine-Westphalia were realized.

- Fundulea Air Base, Romania

The conversion of this area has had a particularly positive impact on the social aspects of the area; new health facilities (hospital) and a center for helping out homeless children have been realized.

- Previous Barracks of Karlovy Vary, Czech Republic

This military barracks, located near Prague, after the conversion has been used as the venue of the Regional Council and, in addition, various administrative offices have been located here. Furthermore, the area has taken on a commercial vocation.

- Wegberg-Wildenrath Air Base, Germany

The conversion process that has affected this area has had relevant consequences on the economic context of the area, due to the creation of a commercial district along with a e-commerce centre. Another benefit that this territory has enjoyed is represented by the fact that many workers have been hired in this area.

- Butzweilerhof Air Base, Germany

This area, west of Dortmund, has been converted into a civilian one with the creation of a communication, entertainment and cinema centre.

- Air Force Base in Detmold, Germany

The conversion realized in this area has led to a substantial growth of the commercial and the real estate sectors. A commercial area has been created here; furthermore, several companies producing flooring have been created, and a residential area with many apartments for rent is now in the area as well. Finally, a school and a natural history museum are also in this area.

- Air Base Neuruppin-Brandenburg, Germany

This area, the easternmost of Germany, has been converted with the goal of making it a research and training centre; a Centre for Higher Education and a business incubator testify this long term goal.

- Previous Barracks of Fürth, Germany

In the military area, located to the south of Germany, redevelopment work was carried out with the birth of many green spaces. It was built a residential area, along with spaces for leisure activities and with the development of cultural events. The birth, in fact, of a school of dance and music has attracted interest from artists from the German territory. A mild impetus has been given to local enterprises, with the emergence of some small businesses.

- Previous Barracks of Vysocany, Czech Republic

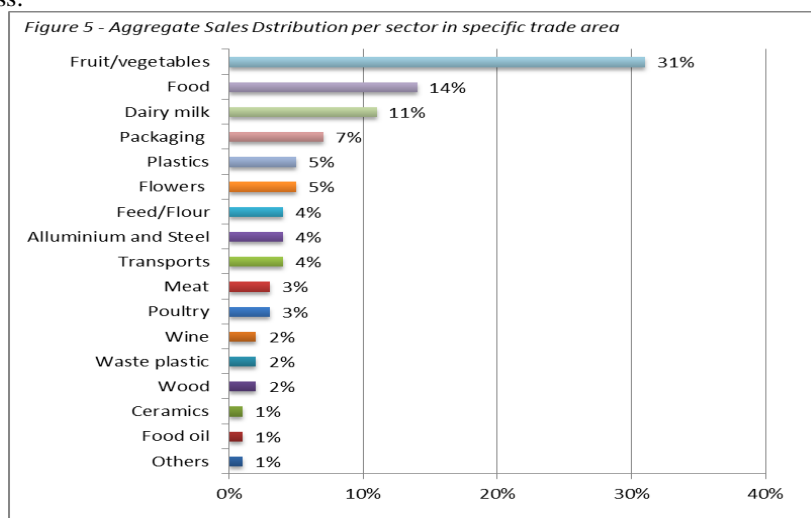
The restructuring that has affected this site, also located near Prague, has led to a residential and industrial makeover. In addition to the creation of apartment buildings and the creation of green areas, the existing facilities have been used for activities related to construction, logistics, storage and delivery. Furthermore, a hotel and a restaurant have been created. to further support the companies in the area.

The box above provides some benchmarks that this work has considered as relevant examples to be followed in the conversion process of the previous NATO base in Comiso.

With reference to the analysis of the impact on the competitiveness of local SMEs, services and development projects in the analyzed area could:

- Meet a latent demand for services;
- Create new requirements for businesses and citizens (Italians and foreigners);
- Create new businesses and make the existing ones better off.

Data about the territorial competitiveness and the demand (both at the business and at the consumer level) have been analyzed by considering the isochronous lines calculated from the former NATO base. The analysis shows that about 60% of the manufacturing activity is located in the first two isochronous lines (A and B), located within 45 minutes of the trade area, and that the most affected sectors are the agro-industry, the dairy, aluminum and steel (Fig.5). Those figures represent a relevant potential for use of the services offered through the conversion process.



Source: our elaboration

The data retrieved from the entrepreneurial operators (business demand) show that the airport project and the services offer planned in the former NATO base would also boost other industries, like steel, marble and cement, metallurgy and tourism.

According to recent studies about the potential development available to companies thanks to airport projects (realized with regard to the Airports of Catania, Milan, Brescia and Pisa by University departments and specialized counseling companies), there is wide consensus on the economic effects and on the business opportunities that those companies could enjoy.

The survey has shown that the integrated offer of services, complementary and supplementary to the airport, generates the following assessments for the companies in the catchment area, which includes five provinces of eastern Sicily:

1. It would facilitate mobility for companies owners and employees, who would have the possibility to reduce the travelling time;
2. It would reduce the accessibility difficulties for the companies, which today represent a brake on business creation; influence the participation in fairs and conferences; hold back financial transactions; increase costs for the reception of guests, customers, suppliers, third parties;
3. The degree of discomfort increases more than proportionally moving away from the 'area under study';
4. Even keeping cost equal, companies still prefer a direct connection as the main model of accessibility;
5. Analyzing the weekly travel data, an upward estimate of business travels is not very reliable. It should be noted, however, the recognition of a greater propensity to travel and more likely arrivals of visitors due to improved accessibility;
6. The accessibility and the improvement of the reception offer is one of the main drivers of business development;
7. The access to services of several nature (internationalization, innovation, information technologies for business, education, counseling) enhances the propensity to take advantage of specialized structures and creates new needs and demand;
8. The access to organized service areas produces economies (cost savings for companies);
9. The conversion will improve the competitiveness of existing businesses and create new businesses;
10. The conversion will improve cooperation with other Mediterranean countries and with the markets across the Straits of Messina;
11. There would be significant cultural exchanges, as well as the promotion and marketing of European and African territories;
12. The conversion process has a low impact on export and import value. This impact is measurable in the long term.
13. The conversion process has a low impact in the firms' logistic activities.

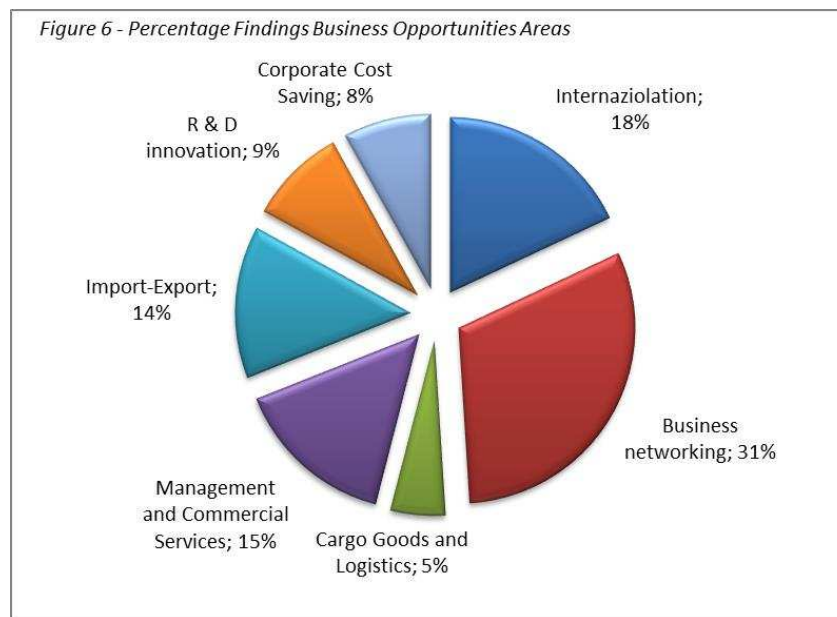
The projects that could be activated in the medium term follow:

- General Observatory of the territorial competitiveness;
- Reception Facility, with an added sport centre, for a low cost demand;
- Flying Club and Flying School;
- Civil Defense Center;
- Professional Training Schools;
- Science and Technology Park of Sicily;
- Multi-purpose Centre for micro, small and medium enterprises;
- Cooperation Center for Higher Education and Research in the Mediterranean;
- Shopping Center;
- Historical museum and an Agency for the use of touristic sites and of culture;
- Airport Expansion Projects: Services and projects related to the airport system (track changes, initiatives of airline companies, housing for the personnel, a commercial center, catering, business services and a meeting center)

The projects that could be activated in the long term follow:

- Logistics Platform related to the necessities of cargos;
- Multi-sector Fair Centre;
- Maintenance and Testing Center of the aircrafts;
- Redevelopment of the launch pads for rockets and bunkers;

Figure 6 show the finding about competitiveness's driver analyzed on the interviews



Source: our elaboration

Entrepreneurs and managers confirm the effectiveness of the conversion process. The greatest benefits concern: Business Networking (31%), Internationalization (18%), the introduction of new Management and Commercial services (15%), Import-Export activities (14%), R&D Innovation activities (9%), Corporate Costs savings (8%) and Cargo Goods and logistics (5%). This scenario confirms opportunities and benefits could be present even from the start-up phase of the conversion process; it also means many new jobs could be created. The survey also shows that local firms would need support via services financial activities, tax and employment consulting, business planning and strategic analysis.

7. CONCLUSIONS

A conversion process can have to deal with several different economic scenarios, depending on the economic actors (public and/or private) and on the characteristics of the territory involved. In general, it's not difficult to show that the acquisition of a resource space is a value added to the civilian population richness, as it is clear from the title of the EPA publication *"Turning Bases Into Great Places"*. The study has highlighted the prevalent and dominant logic by which the private governance of a local area and the various stakeholders' (Business and Consumer) views are known to converge on this topic. This entrepreneurial perspective is based on the synergy of three factors which, in converted areas, have led to the boosting of competitiveness of businesses and of local sites: extended and controlled decision-making processes, dimensioning of the supply of services and the degree of accessibility. The design of an integrated offer of services made taking into consideration the conditions listed above is compatible with an airport becoming a driver of firms' competitiveness.

The qualitative survey showed that the conversion process would affect a significant pool of businesses located near the ex Base. Entrepreneurs and managers agree that the additional services and project designed and the start-up of the airport would create new development needs and would strengthen the activities in the existing markets. A critical variable is the observed degree of accessibility to the area for local businesses and new incoming partners (suppliers and buyers, most of all). Currently, the relocation and cost barriers to accessibility to the Ragusa area constitute a drag to re-launch local competitiveness. The survey shows that improving the degree of access road and air transportation would strengthen the business networking and Euro-Mediterranean relations, and this in turn would allow an enhancement of the productive sectors, agribusiness and tourism in the first place.

The survey on firms' perspectives confirms the findings of the literature. It finds a positive relationship between the process of conversion of the area and firms' competitiveness, business opportunities and support to firms' activities. The results provide important information for entrepreneurs, managers and policy makers:

- The critical elements of the conversion process can be overcome through an inclusive approach to problem solving and decision making;
- Public government is called for a cooperation with the local trade associations, given the disruptive impact on the production system;
- The re-development process must be consistent with the financing decisions taken. In this sense, the first step is the retrieval of public funding from community and regional sources to rehabilitate the areas within the municipalities involved;
- It seems necessary to establish a “central room” as a legal body controlling the conversion process. A society of urban transformation, a consortium or a joint venture would appear to be the entities more compatible with this type of activity. These organisms are widely used in other national and international experiences;
- The companies are also called for a conversion of their internal governance mechanisms, a greater openness to foreign markets, more openness in the processes of technological and organizational innovation, and finally more openness to the services of organization and management of the internal workings, because the latter allow to activate a path business re-engineering;
- The companies would be required to collaborate and benefit from common facilities; cooperation in logistics such as the territorial expansion of common providers can reduce the costs of supply chain and can help find the balance between logistics, seasonality of production and internal organizational structure.

In this scenario, local employment impacts are considered within a partial adjustment of the “construct of the changes” model, a specification that facilitates the decomposition of defense personnel changes into their positive or negative related components. According to Popper and Herzog (2003), we can argue that six components could be subsequently examined for the asymmetric effects attributable to ordinary force drawdown on the one hand, and base closure on the other. Also considered are the specific effects of direct federal assistance as well as the facilities conversion and reutilization within U.S. BRAC communities.

Processes of interaction within social and economic fields involve members of distinct groups, such as faith-based organizations, civic interest groups, and economic and political organizations. These processes of interaction enable participants to develop similar interests within their own social fields.

Finally, the central role of air logistic actors as drivers of firms competitiveness, logistic and supply chain management in peripheral areas could be analyzed in future research.

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