

## 2021 SME COUNTRY FACT SHEET

# GREECE

### Brief introduction

- The COVID-19 pandemic has had a significant impact on small and medium-sized enterprises (SMEs) in Greece and different policy measures has been taken to help them recover. SME value added declined in almost all sectors. The most affected sector was *accommodation and food services*, where SME value added fell by 58.1%. The *construction* sector was the only one that grew in terms of SME value added, with a growth rate of 18.1%.
- In 2021, substantial growth in both SME value added and SME employment is expected – 14.1% and 10.6% respectively – which can partly offset the downturn in 2020.
- In 2020, SMEs accounted for 83% of overall employment and 56.7% of overall value added. However, SME productivity, defined as value added per person employed, was EUR 11 400, less than a third of the EU average of EUR 40 000.

### SME DEVELOPMENT 2019-2020



SMEs in the 'non-financial business sector'. Estimates produced by DIW Econ.

	ENTERPRISES		PERSONS EMPLOYED		VALUE ADDED	
	NUMBER	SHARE	NUMBER	SHARE	€ BILLION	SHARE
<b>SMEs</b> (0 -249 persons employed)	718 558	99.9%	2 153 872	83.0%	24.6	56.7%
<b>LARGE ENTERPRISES</b> (250+ persons employed)	522	0.1%	442 391	17.0%	18.7	43.3%

The data for 2020 are estimates produced by DIW Econ, based on 2008-2018 figures from national and Eurostat databases.

## SME-RELATED STRENGTHS AND CHALLENGES







### KEY STRENGTHS

- Greek SMEs are relatively good innovators: approx. 4 in 10 innovate in-house, when only 3 in 10 do so in the EU on average.
- Entrepreneurial activity is growing in Greece – it is now closer to the EU average. Greece is developing a dynamic start-up culture. According to the Greece Investor Guide, start-ups raised EUR 147 million in 2019, while an increasing number of them are being acquired by major international companies.
- Greece is becoming an attractive foreign direct investment destination for technology-based sectors. These investments are creating an environment that favours the creation of high value-added clusters and ecosystems and welcomes tech start-ups.

### KEY CHALLENGES

- Access to finance is a key challenge for Greek SMEs. According to the Small Enterprises' Institute of the Hellenic Confederation of Professionals, Craftsmen and Merchants, the cost of financing and the required collateral is higher than the EU average. The government actively supports the development of the capital market through the EquiFund. It has also formally announced the development of several new funds and instruments provided by the Hellenic Development Bank.
- According to the Digital Economy and Society Index 2020, Greece is well behind the EU average in digitalisation. A report by the mobile operator Cosmote indicates that only 1 in 8 Greek SMEs can be regarded as digitally advanced, while just 50% are only at an initial stage of digital maturity.
- Despite progress, the administrative burden remains an important issue. 85% of Greek businesses find administrative procedures complex. The same applies to fast-changing legislation for 87% of companies. Both rates are significantly above the EU average.

## OTHER KEY SME-RELATED BRIEF INSIGHTS

	<b>IMPACT OF COVID-19 CRISIS ON SMES</b>	The government launched several relief measures to mitigate the negative effects of COVID-19, such as refundable advance payments, loan guarantees, interest rate subsidies, and employment support schemes.		<b>START-UP ENVIRONMENT</b>	The capitalisation of Greek start-ups has improved in recent years, as reported by Marathon Venture Capital. This has been a policy priority, with several initiatives in place or formally announced (e.g. Elevate Greece, EquiFund, Faistos Fund, Business Angels' Co-Investment Fund).
	<b>GREEN TRANSITION OF SMES</b>	Greek SMEs continue to score below the EU average in green transition. Few public support measures focus on this policy priority to help them reduce energy use and minimise waste.		<b>MARKET ACCESS</b>	Internationalisation remains a challenge for Greek SMEs. Only 5.3% of them export and only 6.3% import intra-EU goods.
	<b>REGULATORY BURDEN</b>	Regulatory burden remains a key obstacle to entrepreneurship. Recent reforms introduced to tackle this issue include the creation of an online platform to bring together all public sector digital services (gov.gr), the reduction of taxes and non-salary costs and the adoption of an out-of-court settlement mechanism.		<b>DIGITALISATION OF SMES</b>	There is significant room for improvement in this area. Only 9% of SMEs send e-invoices and only 11% use their websites or apps for sales. These are among the lowest values in the EU. Digitalisation is a key national policy priority that will be further strengthened by the launch of the Digital Transformation 'bible' for 2020-2025.