

SBA Fact Sheet 2010/11

GREECE

Greece's Fact Sheet in a nutshell:

- ✓ *Greek SME has sector suffered from the crisis with particularly lasting adverse effects on the number and value added of SMEs.*
- ✓ *The Greek economy is based more heavily on micro firms than other EU economies and this segment also accounts for more than half of all jobs.*
- ✓ *Overall, Greece ranks below the EU average for most SBA areas. In addition, progress has been stagnant or even negative, with improvements recorded only in a few SBA areas.*
- ✓ *Recently, Greece has addressed six out of ten SBA areas through targeted policy measures.*

The SBA Fact Sheets¹:

The Small Business Act (SBA) is the EU's flagship policy initiative to support small and medium-sized enterprises (SMEs).

The aim of the annually updated Fact Sheets is to improve understanding of recent trends and national policies affecting SMEs.

1. SMEs in Greece — basic figures

	Number of Enterprises			Employment			Value added		
	Greece		EU27	Greece		EU27	Greece		EU27
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	719.952	96,5%	92,1%	1.447.218	57,6%	29,8%	27	35,3%	21,6%
Small	22.832	3,1%	6,6%	438.792	17,5%	20,4%	16	20,6%	18,9%
Medium-sized	2.893	0,4%	1,1%	264.427	10,5%	16,8%	12	15,8%	17,9%
SMEs	745.677	99,9%	99,8%	2.150.438	85,6%	66,9%	55	71,7%	58,4%
Large	563	0,1%	0,2%	362.055	14,4%	33,1%	22	28,3%	41,6%
Total	746.240	100,0%	100,0%	2.512.493	100,0%	100,0%	77	100,0%	100,0%

Estimates for 2010, based on 2002-2007 figures from the Structural Business Statistics Database (Eurostat). The estimates have been produced by Cambridge Econometrics. The data cover the 'business economy' which includes industry, construction, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data does not cover the enterprises in agriculture, forestry, fishing or the largely non-market services such as education and health. The advantage of using Eurostat data is that the statistics from different countries have been harmonised and are comparable across countries. The disadvantage is that for some countries these data may be different from data published by national authorities.

Greece has a very high share of SMEs, particularly micro enterprises, compared to the EU average. The importance of Greek micro enterprises is also reflected in their share of employment and value-added creation, with more than one in two Greeks working in the non-financial sector employed by a micro enterprise. The SME sector in total employs more than 85%, well above the EU average. The contribution of Greek SMEs to value added also vastly exceeds the EU average (35.3% vs. 21.8%). However, given the dominance of this size class both in terms of the number of enterprises and employment, this is to be expected. In fact, large enterprises, accounting for only 14% of all jobs in Greece (EU average: 33%) still manage to create more than 28% of total value added, suggesting that the productivity of Greek micro enterprises is relatively low. Greek SMEs employ only 2.9 persons on average, much less than the EU average of 4.2 persons.

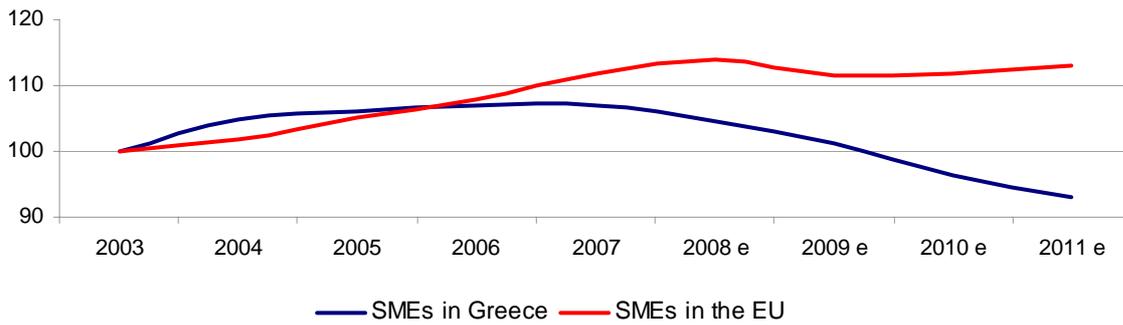
In spite of the importance of the tourism sector for the Greek economy, the SME services sector is actually smaller in Greece than the EU average (34% vs. 44%) in

terms of number of enterprises. The same applies to SME employment and value added creation in the services sector. On the other hand, Greek SMEs seem to be proportionally more active than their EU peers in trade, with 42% of all Greek SMEs active in this sector (EU average: 31%).

When looking at recent trends, it is clear that Greek small enterprises, like their EU counterparts, have suffered from the crisis. The adverse effects have been felt across all three indicators presented in the graphs below. The total number of Greek SMEs has steadily fallen over the last few years, meaning that in absolute terms, there were approximately 30000 fewer enterprises in 2010 than in 2003. The trend is similar when looking at employment in the Greek SME sector, which lost more than 135000 jobs since pre-crisis levels. The decline in terms of value added has also been pronounced. There are, however, some signs that the decline might be levelling off for all three indicators.

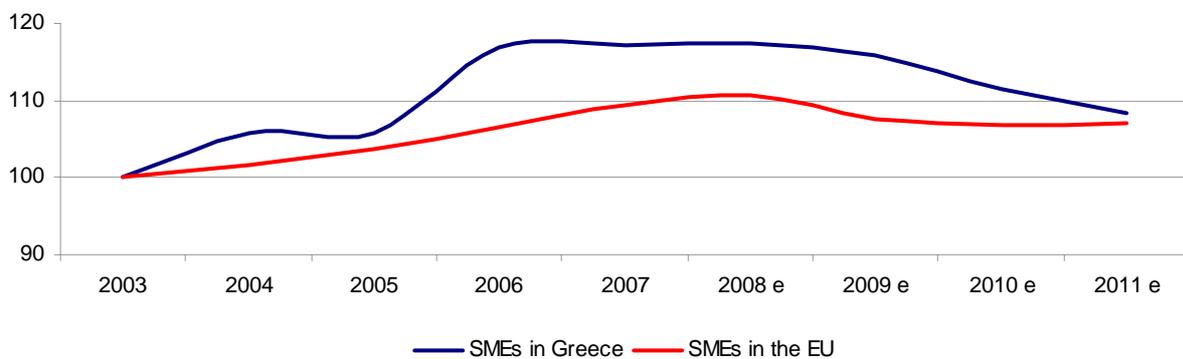
SME trends in Greece²

Number of enterprises
 (Index: 2003=100, estimations as from 2008 onwards)



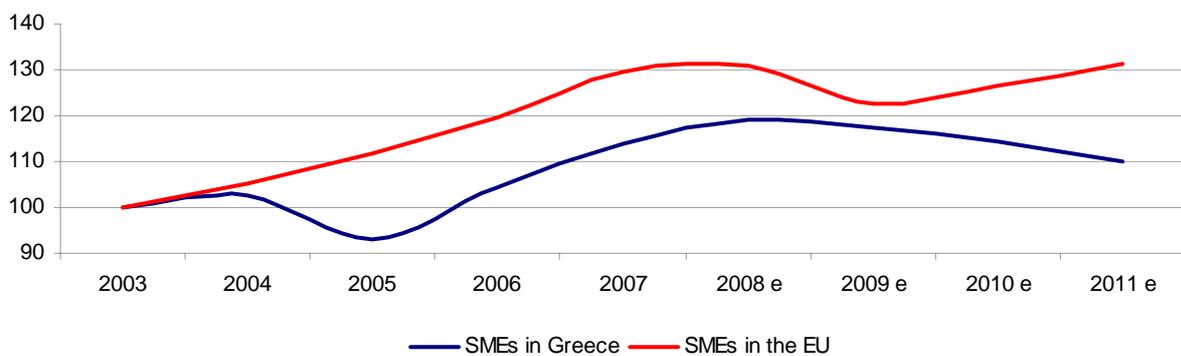
— SMEs in Greece — SMEs in the EU

Employment in enterprises
 (Index: 2003=100, estimations as from 2008 onwards)



— SMEs in Greece — SMEs in the EU

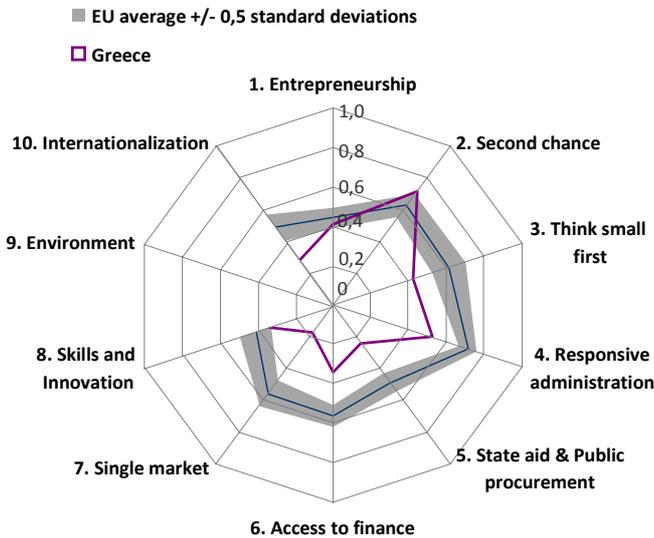
Value added of enterprises
 (Index: 2003=100, estimations as from 2008 onwards)



— SMEs in Greece — SMEs in the EU

2. Greece's SBA profile

Greece's performance against the EU average by SBA area³



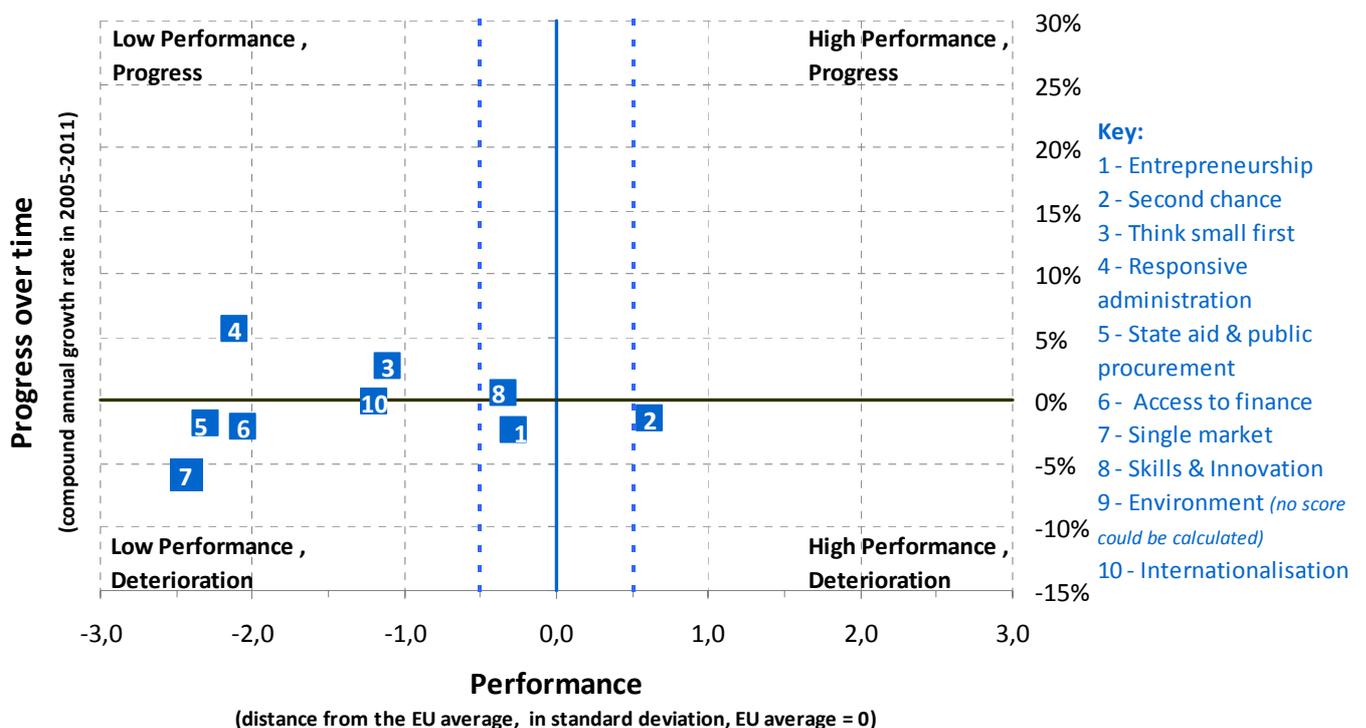
Overall, the statistics on SMEs in Greece give an SBA profile which trails the EU average.

Greece performs above par in one SBA area, namely Second chance, and in line with its EU peers in another two (Entrepreneurship and Skills and innovation). But for the remaining six principles for which averages are available, (the area average for principle 9 'Environment' is missing for all countries due to a lack of data), Greece falls behind the European average.

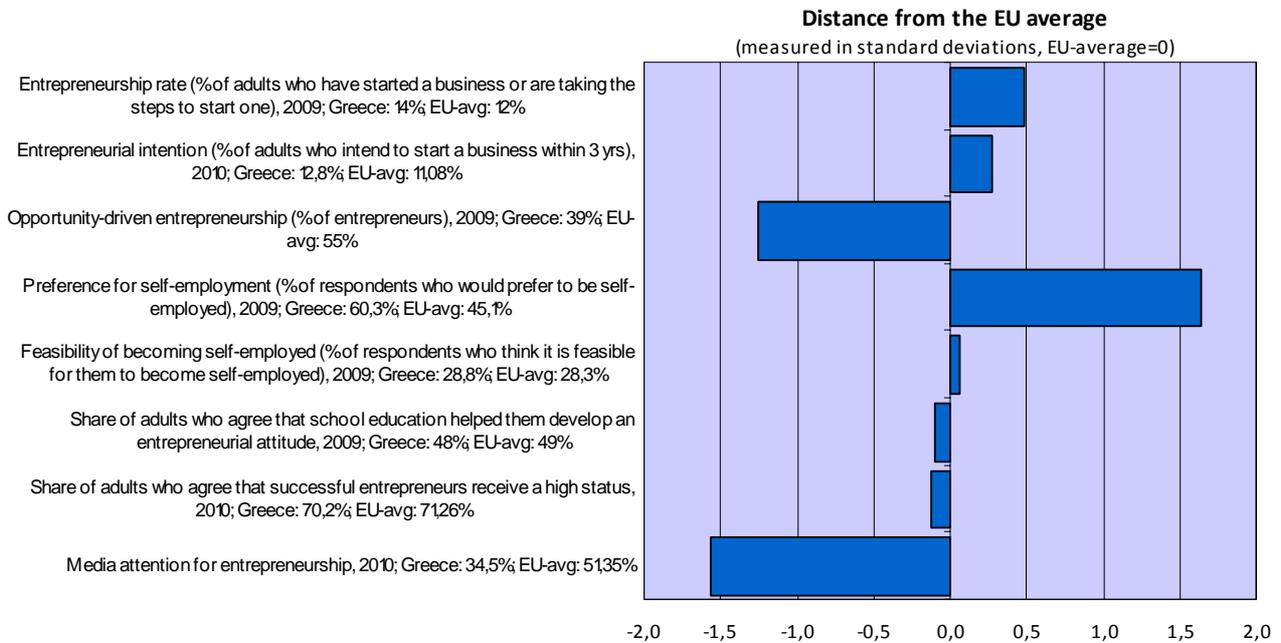
When analysing recent developments, and comparing with other EU Member States, there is a clear risk that Greece may be losing ground. Most SBA areas have levelled off or even deteriorated recently. SBA area 4 (Responsive administration) breaks the pattern and data suggest that real progress has been made, which is encouraging as in this field Greece actually lags behind all its EU peers.

Greece's policy record demonstrates that it has recently taken action in six of the ten SBA areas⁴.

Greece's SBA performance: Status quo and development over time, 2005-2011⁵



I. Entrepreneurship



Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

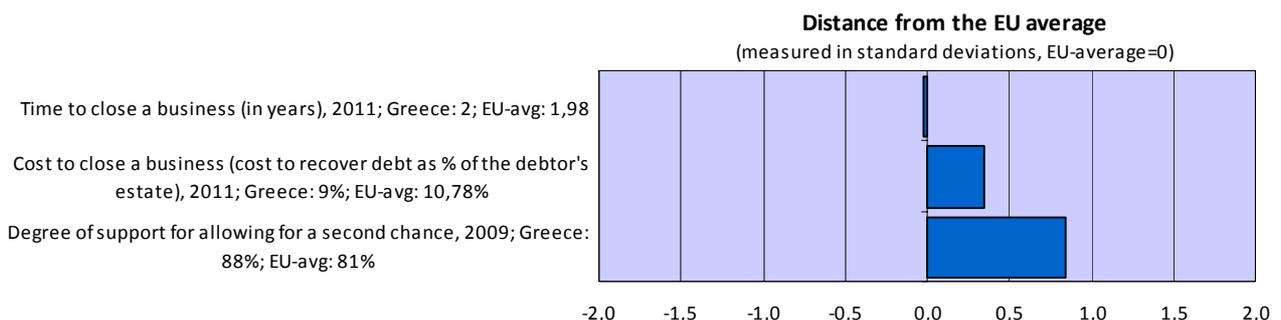
Overall, Greece performs on a par with the EU average in this area. However, this picture becomes nuanced when looking at the two indicators that directly measure entrepreneurial performance — entrepreneurship rate and the share of opportunity-driven entrepreneurs. While the former is essentially similar to that of EU peer countries, the latter is significantly lower (39% in Greece, compared to the EU average of 55%), hinting that a larger share of Greek entrepreneurs may have been pushed into starting a business due to a lack of other alternatives. On the other hand, somewhat surprisingly Greeks seem more willing to become self-employed than their EU neighbours, in spite of much less positive media coverage of entrepreneurs

(34.5% agree that they often see stories in the public media about successful new businesses in Greece, as compared to 51.35% on average).

On the policy front, in September 2010, the Ministry of Education, Life Long Learning and Religion launched a new programme supporting youth entrepreneurship in vocational schools by providing training for students and teachers, entrepreneurship competition and funding for the best business idea.

In April 2010, the Greek Employment Agency launched a new programme to support women entrepreneurs. The programme provides financial support to unemployed women aged 22-64 to start up new innovative businesses.

II. Second chance

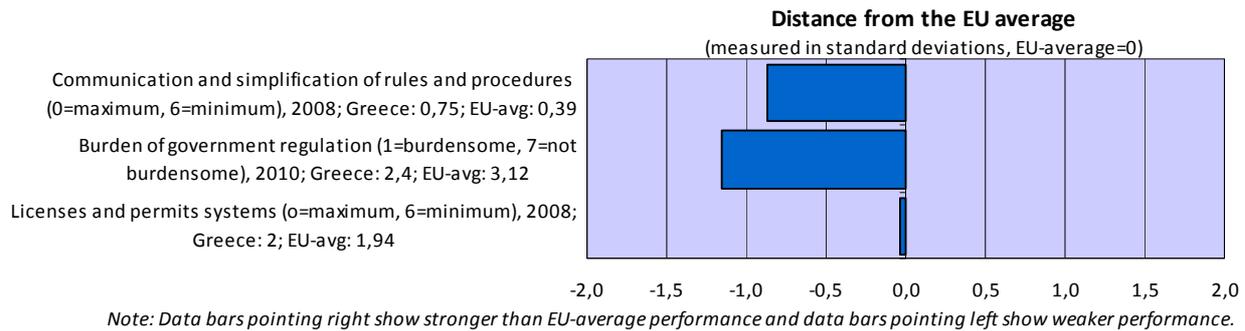


Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

The indicators measuring ‘second chance’ reveal that Greece is ahead of the EU average. Although the time and cost required to close a business in Greece is similar to that of EU peers, Greece offers higher than average

support for second-chance entrepreneurs (88 % vs. 81 %). **On the policy side**, no significant policy measures were reported in Greece in 2010 and the first quarter of 2011.

III. Think Small First

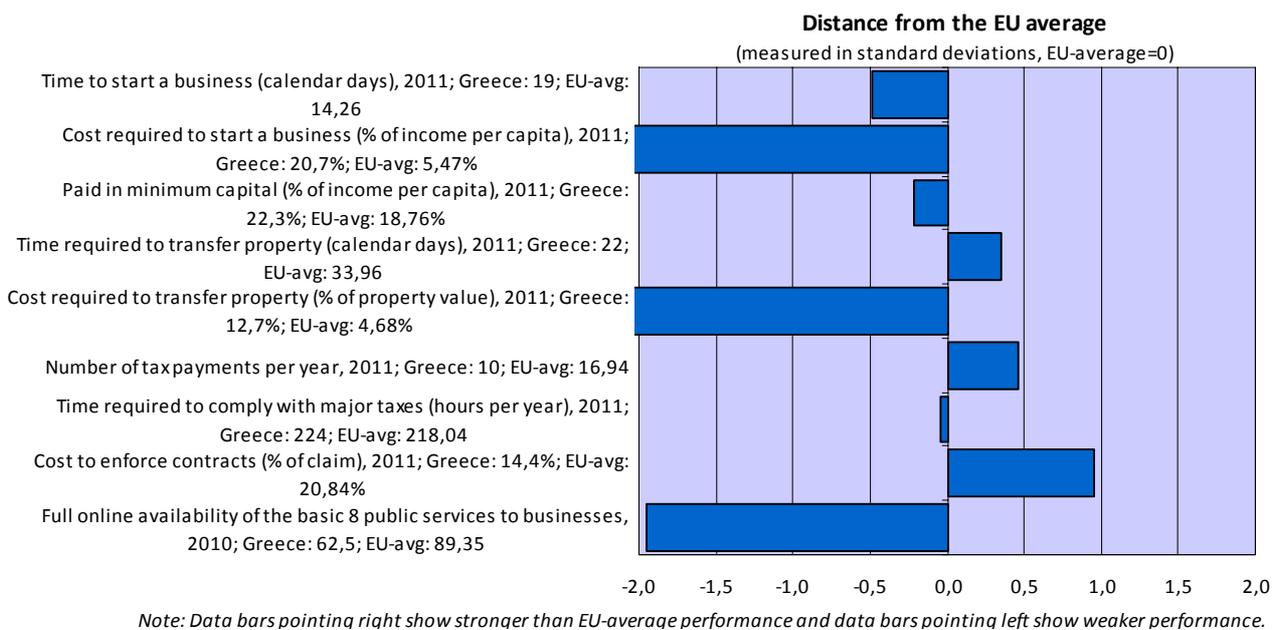


Greece falls behind the EU average when analysing the indicators measuring ‘Think Small First’. While the Greek licences and permits system reflects that of EU peers, the burden of government regulation, the relative complexity of communication and scant progress on simplifying rules

and procedures put Greece in an unfavourable position vis-à-vis other EU countries.

On the policy side, no significant policy measures were reported in Greece in 2010 and the first quarter of 2011.

IV. Responsive Administration



Greece falls significantly behind the EU average in this area. In fact, Greece records the worst performance of all EU countries. However, this is mostly due to very poor performance in two out of the nine available indicators, namely the costs linked to starting a business⁶ and

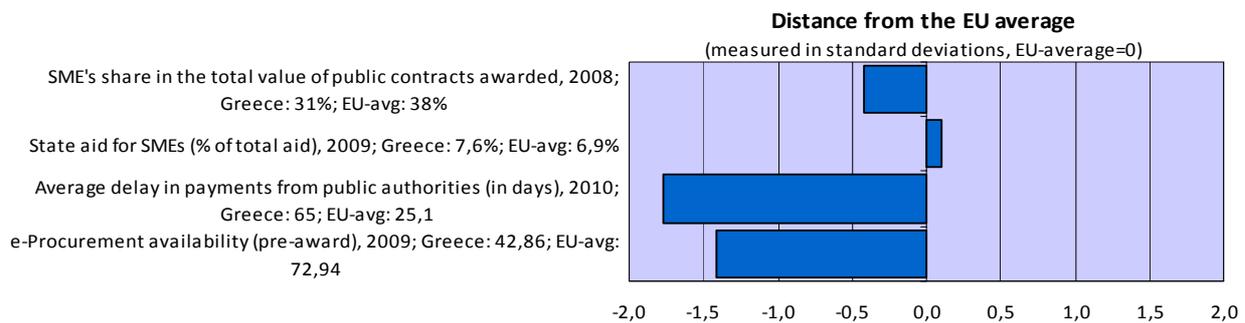
transferring property. Although these two procedures are significantly more expensive, in relative terms, in Greece than in the EU on average, most other indicators are close to average. Data also suggest that the online availability of

basic public services could be significantly improved in Greece.

On the policy front, Greece has taken steps to address some of these concerns through the 'Service Centre for Enterprises', which was launched by the Ministry of

Interior, Decentralisation and e-Government in September 2010. This is a 'one-stop-shop' to help companies issue all the necessary licenses and permits. In the future, a network of Service Centres for Enterprises will be rolled out across the country.

V. State aid and Public procurement



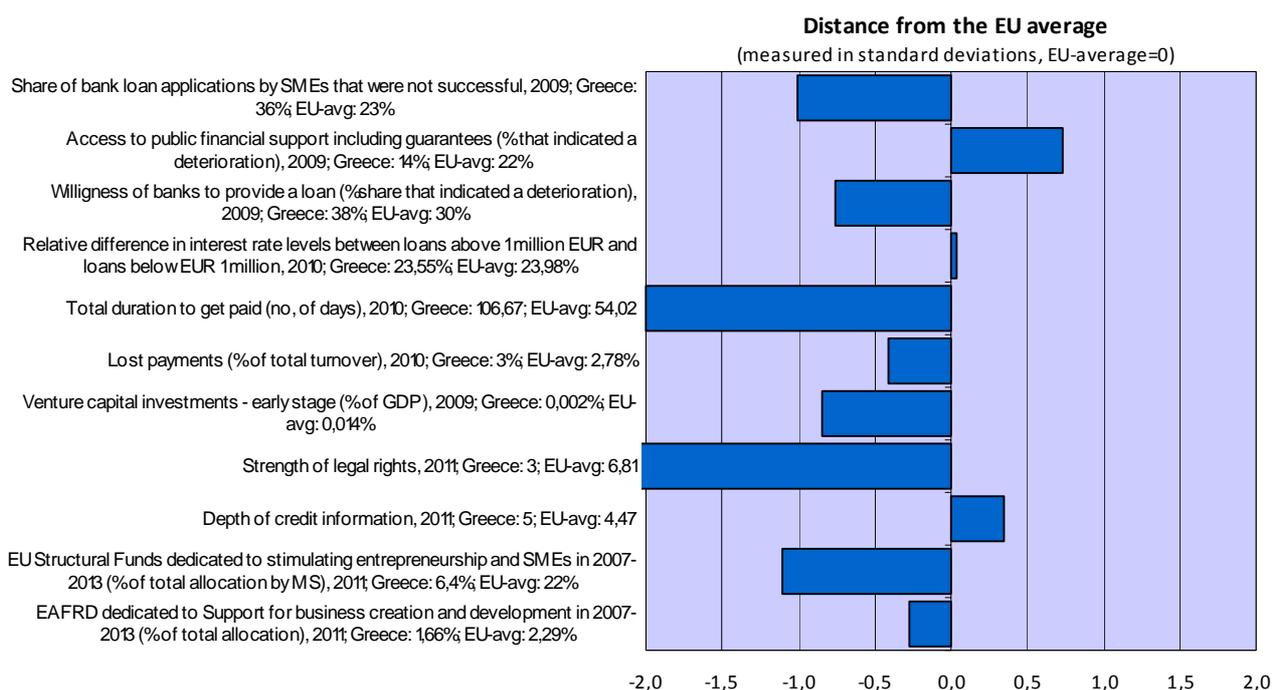
Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

Overall, here too Greece's performance falls behind the EU average and the country records the worst performance of all EU countries. This is mainly due to excessively long payment delays when public authorities pay businesses (65 days in Greece compared to 25 days on average in the EU).

Pre-award e-procurement availability is also substantially lower in Greece.

Given this weak performance, it is unfortunate that no significant **policy measures** were reported in Greece in 2010 and the first quarter of 2011, in particular since the developments in this SBA area are closely link to policy.

VI. Access to finance



Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

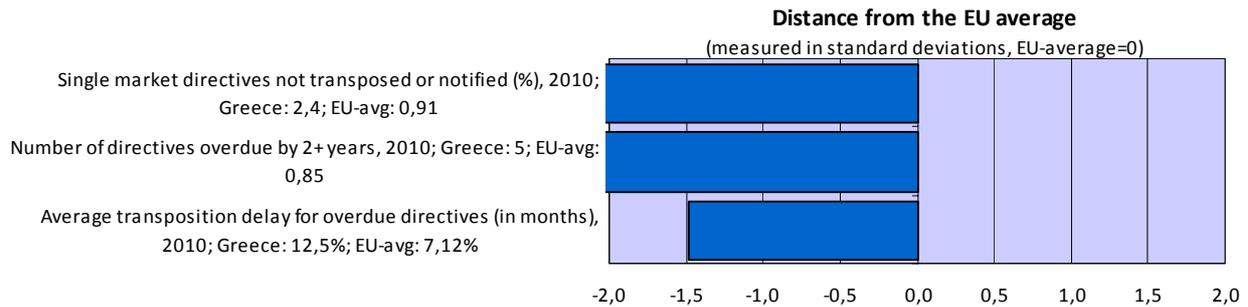
Also in this field, indicators demonstrate that Greece trails the EU average and overall the country is among the weakest performing countries. The indicators most directly under policy control give a very weak result on 'strength of legal rights' and sub-par investment in stimulating SMEs and entrepreneurship through the EU Structural Funds.

On the positive side, public financial support doesn't seem to have deteriorated as much in Greece as in other EU countries. However, access to private capital is also a real restriction in Greece, with a higher share of unsuccessful loan applications (36% in Greece vs EU average of 23%), and a sharper reduction in banks' willingness to provide loans. Venture capital market investment in the early stage of businesses is also significantly more limited in Greece.

Lastly, excessive payment delays further increase the costs of doing business in Greece.

Looking at policy, there have been some encouraging recent developments. In October 2010, the Ministry of Regional Development and Competitiveness and the Guarantee Fund for small and micro enterprises launched a programme to support SMEs. The programme provides low-interest loans to small and micro enterprises to cover tax and insurance liabilities and other debt to the Government. In February 2011, the JEREMIE programme was launched to support micro and small enterprises by financing risk-sharing loans at reduced rates, providing guarantees for loans and financing investment in venture capital.

VII. Single market



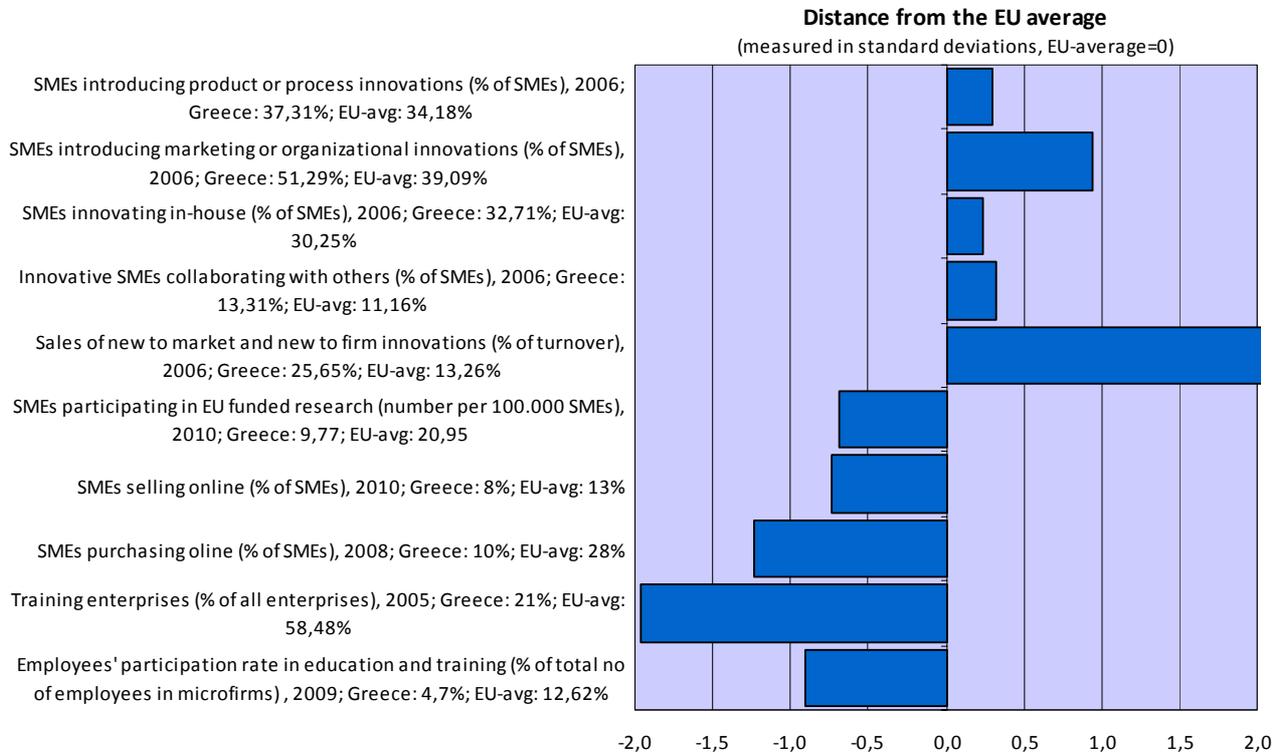
Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

This is another area where Greece's performance is far from matching the EU average. The country again scores the poorest performance vis-à-vis other EU countries. In terms of internal market legislation and the transposition of EU legislation into national law, Greece seems to be comparatively much slower than its EU peers. The number

of directives overdue by more than two years is more than five times higher in Greece than in other EU countries on average. There is clearly room for improvement.

On the policy front, regrettably no significant policy measures were reported in Greece in 2010 and the first quarter of 2011.

VIII. Skills and innovation



Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

Overall, Greece is situated on a par with the EU average in this broad SBA area. However, there are significant fluctuations in performance in this area, as the two indicators measuring skills are both significantly below average, but performance on innovation is more mixed. The core indicators are situated around or above the EU average. Greek firms are hence twice as likely as their EU peers to turn new-to-market and/or new-to-firm innovations into sales revenues (26% in Greece compared to 13% on average in the EU). But indicators also suggest that Greek firms are less likely to use IT solutions for online trading and Greek SMEs are less likely to participate in EU-funded research than their EU peers, with less than half of the EU average participation rate.

On the policy side, the General Secretariat of Industry and the Ministry of Regional Development and Competitiveness launched the programme 'Manufacturing under new conditions' in July 2010. Its aim is to strengthen business technological innovation and implementation of

innovative investment projects and develop new value-added services. The programme provides grants for the implementation of investments from €30 000 to €400 000 for micro and small enterprises and €100 000 to €800 000 for medium enterprises (total budget €200 000 000). Investment projects must be completed 18 months after the date of approval.

In addition, in January 2011, the Ministry of Labour and Social Security introduced the programme 'Restructuring of employment in small and micro enterprises employing 1-49 people during the economic crisis' in order to help SMEs put on training courses for employees. The programme also provides consultancy services to help restructure companies. The training courses focus on company's employees to improve their skills and, where necessary, retrain in new areas to boost the competitiveness of firms. Thus SMEs can improve their viability and implement changes to cope with the current economic crisis.

IX. Environment

No indicators on environmental aspects are available to demonstrate Greece's performance.

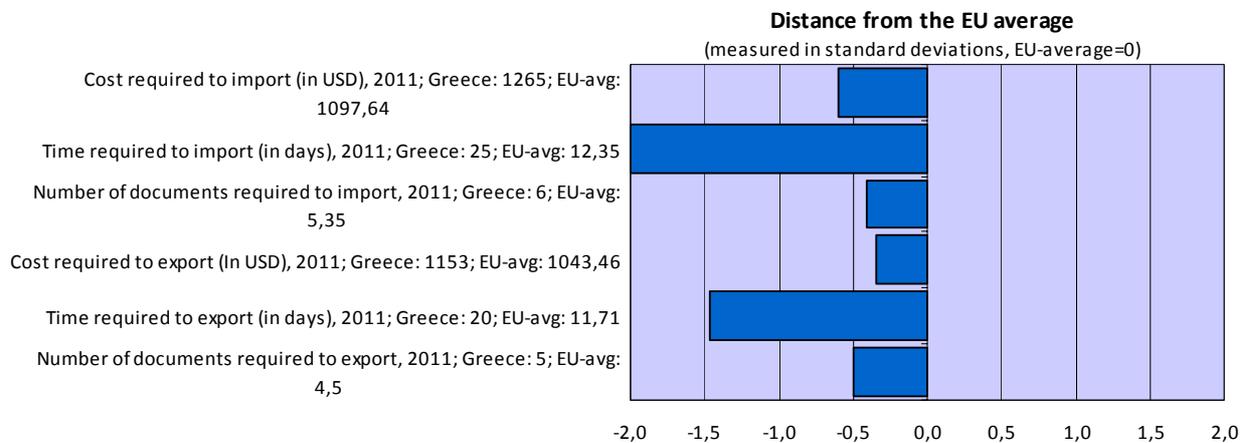
Nevertheless, **on the policy front**, the General Secretariat of Industry and the Ministry of Regional

Development and Competitiveness recently launched 'Green Business 2010', a programme which aims to promote the development and marketing of green products and services and improve the environmental and social profile of business. The programme provides grants

to beneficiary companies to implement investments. Also, in order to improve the capacity of the country and increase employment in the sector of environmental protection, in May 2010, the programme 'Green Infrastructure' was launched. The programme helps SMEs improve their business activity in waste management and treatment. Lastly, in December 2010, the programme

'Green Tourism' was launched to develop a green culture in tourism and improve the services provided in the tourism sector. All types of companies providing hosting services can participate in this programme, which provides grants to beneficiary companies to invest in eligible areas (such as to upgrade building energy systems and use renewable energy production).

X. Internationalisation



Note: Data bars pointing right show stronger than EU-average performance and data bars pointing left show weaker performance.

Based on the available indicators measuring internationalisation, Greece trails the EU area average. The numbers suggests that for Greek enterprises it costs more and takes longer to trade across borders than for the average EU enterprise. The time required to import (25 days in Greece) is double the EU average (12.35 days).

On the policy front, the programme 'Internationalisation Business Competitiveness' was launched by the General Secretariat of Industry and the Ministry of Regional Development and Competitiveness in May 2010. The aim

of this measure is to increase the internationalisation of businesses, stimulate entrepreneurship and business partnerships and increase the visibility of Greek companies and their products in the international market. The programme provides grants for activities such as exhibitions, marketing, improvement of the design of the products and protection of IPRs.

3. Good practice

To show what the government actually does to promote SMEs, we include an example of good practice.

In a bid to reduce bureaucracy and encourage entrepreneurship, the Greek government is setting up one-stop shops to license businesses and cut the high number of certificates needed for them to receive permits. There is already a pilot scheme to set up a Services Centre for Businesses (SCB) and the government plans to set up 51 SCB in Greece without hiring new staff or install them in different locations of existing Services Centers for Citizens, currently operating in each county. The SCB will carry out all the work needed to give a legal and economic identity of new companies.

The concept of JEREMIE, as developed by the European Investment Fund, is based on the establishment of good practice across Europe and aims to reduce the barriers SMEs face in accessing finance. The design of financial tools included in the Greek JEREMIE is based on an analysis of the gap between the supply of financing and the needs of SMEs. Good practices were tailored to the Greek situation and economic environment. The aims of the programme 'JEREMIE New Business' are to provide favourable risk-sharing loans for micro and small enterprises to use structural funds to strengthen small businesses through loans, guarantees, investments in venture capital, etc. — but not grants. The loans cannot exceed €100 000 with interest rates below 3 % and a repayment period of 36 to 72 months, including a grace period. Entrepreneurs under the JEREMIE programme pay interest on only 50 % of the loan. The amount of interest corresponding to the remaining 50 % will be covered through the National Strategic Reference Framework (NSRF), which is co-financed by the European Regional Development Fund and the Greek government. The total budget of the programme is €120 000 000 (national contribution €60 000 000 and private contribution €60 000 000). Two Greek banks are responsible for providing the loans. Jeremie finances investment loans to purchase tangible and intangible assets and working capital to develop and expand businesses.

About the SBA Fact Sheets

The Small Business Act (SBA) Fact Sheets are produced by DG ENTR as part of the SME Performance Review (SPR), which is its main vehicle providing economic analysis of SME issues. They combine the latest available statistical and policy information for the 27 EU Member States and another 10 non-Member States which also contribute to the EU's [Competitiveness and Innovation Framework Programme](#) (CIP). The Fact Sheets — produced annually — help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They document the status quo and progress. They are not an assessment of Member State policies but should be regarded as an additional source of information designed to improve evidence-based policy making. For example, the Fact Sheets cite only those policy measures deemed relevant by local SME policy experts. They do not, and cannot, reflect all measures taken by the government over the reference period. More policy information can be found on a database accessible from the SPR website. Please see the end notes overleaf.

For more information

SME Performance Review:

http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm

Small Business Act:

http://ec.europa.eu/enterprise/policies/sme/small-business-act/index_en.htm

The European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

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¹ The SBA Fact Sheets 2010-2011 benefited substantially from input by the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.

² The three graphs below describe the trend over time for the variables. They consist of index values for the years since 2003, with the base year 2003 set at a value of '100'. As from 2008, the graphs show estimates of the development over time, based on 2003-2007 figures from the Structural Business Statistics Database (Eurostat). The estimates were produced by Cambridge Econometrics. The data cover the 'business economy' which includes industry, construction, trade, and services (NACE Rev. 1.1 Sections C to I, K). The data does not cover enterprises in agriculture, forestry, fishing or largely non-market services, such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/index_en.htm.

³ The SBA radar chart plots for the different SBA areas the relative position of an individual country vis-à-vis the EU average. The individual values represent averages across all available indicators for this area. The scale is from '0' (minimum or 'worst in the EU-27 class') to '1' (maximum or 'best in class'). The EU average is located between those extremes and plotted as a grey band in the chart. The area average for principle 9 ('environment') is missing for all countries due to a lack of data.

⁴ The policy measures presented in this SBA Fact Sheet may only be a selection of the measures taken by the Government in 2010 and the first three months of 2011. The selection was made by the SME policy country expert contracted by Ecorys (DG ENTR's lead contractor for the 2010-2011 Fact Sheets). The experts were asked only to select those measures that, in their view, were the most important, i.e. were expected to have the highest impact in the specific SBA area. The complete range of measures that the experts compiled in the framework of producing this years' Fact Sheets will be published in the form of a policy database on the DG ENTR website alongside the Fact Sheets.

⁵ The quadrant chart combines two sets of information: firstly it shows the status quo performance based on data for the latest available years. This information is plotted along the X-axis measured in standard deviations of the simple, non-weighted arithmetical average for EU-27. The vertical corridor marked by the dotted lines defines the EU average. Secondly, it reveals the progress over time, i.e. the average annual growth rates for the period 2005-2011. The growth rates are those of the individual indicators which make up the SBA area averages. Hence, the location of a particular SBA area average in any of the 4 quadrants provides not only status quo information about where the country is located in this SBA area relative to the rest of the EU at a given point in time, but also the extent of progress in the period 2005-2011.

⁶ The start-up indicators are based on World Bank data. For methodological details on the start-up indicators, please consult the Doing Business 2011 report at <http://www.doingbusiness.org/>. It should be noted that these findings may differ from corresponding figures obtained directly from Member States through a self reporting exercise, according to which, in 2010, it took 15 days and cost 1 101 Euros to start a business in Greece. For more details please see: http://ec.europa.eu/enterprise/policies/sme/business-environment/start-up-procedures/index_en.htm.