

Conference Paper

The Development of Entrepreneurship in Greece: The Aftermath of an Economic Crisis

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The European economic crisis was devastating for many business owners in Greece. The constant change, instability and uncertainty led many people to lose their jobs. Likewise, many graduates were unemployed without a chance to pursue a career path, ultimately leading many to emigrate to other countries to find a better working environment. However, in Greece, the crisis led to an environment where some people, due to the lack of good job opportunities or because of a new business opportunity, decided to start their own business. In this research, we conducted a survey targeting active entrepreneurs. We aimed to analyze the entrepreneurial situation in Greece through questions about their business' development, finance and growth from the end of 2018 until the end of 2019. Within this framework, our results indicated that the entrepreneurs faced numerous problems and some have still not fully recovered. Nonetheless, some enterprises managed to grow and expand their business operations. In conclusion, the future generation of entrepreneurs needs to have all the necessary business skills and access to funding opportunities to accelerate and innovate their business ideas more quickly.

Keywords: entrepreneurship, economic crisis, Greece, development, SME

1. Introduction

Entrepreneurship in Greece has suffered a lot throughout recent years. The financial crisis has had a major impact on small and medium-sized businesses (SMEs). The rate number of new starting businesses was drowning while unemployment was rising at an extreme rate. [1, 2]

According to the Small Business Act for Europe (SBA), the number of Small and Medium enterprises in Greece in 2012 was approximately 726.000 and in 2013 were 530.000 leading to a decrease of 27,00%. [3–5]

Now, the situation after almost 10 years seems to be a little better than before. Recent data presented to the 2019 GEM Report on Entrepreneurship (published by the Foundation for Economic and Industrial Research - IOBE), the percentage of the population that stopped or suspended its business activity in 2019 amounts to only 2.0% of the population (about 130.000 people), compared to 2.8% in 2018 and closer to the average of the country's high income (2.9%). [2]

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Similarly, some interesting facts from the Greek Trade Report of 2020 (published by the Institute of Commerce and Services - IN.EM.Y) indicate that in 2020, employment in the Greek economy fell by 2.8% after five years of continuous growth. Likewise, the unemployment rate fell marginally to 16.8% from 17.0% in 2019, while, in absolute figures, the unemployed are 36.000 people compared to the year 2019 (ages 15-64). [6]

In conclusion, **our main goal** for this study is to understand with the conduction of a **survey**, how entrepreneurs are thinking about the current entrepreneurship situation after the end of the economic crisis. It is also important to mention that the conduction of the survey was taken place before the covid-19 pandemic, so the results are reflecting only that period.

2. Brief literature review about Greek economic crisis

It is well-known that the beginning of the European economic crisis started in 2009 and it was the start of a very disastrous period, which affected millions of people around Europe. The unemployment rate in 2013 was in EU average about 12.2% with Spain and Greece being the leading countries. [7, 8]

Together with the beginning of the European economic crisis, the Greek economic crisis started as well. In the beginning, it did not seem to be so devastating but after some years the lack of well-structured monetary policy and huge government debt levels drowned the Greek economy. [9]

Furthermore, due to the crisis, many small and medium-sized enterprises (SMEs) were having trouble finding financing support because many of them were not be able to have access to banking or any other funding. Nowadays, with the change of the policy and together with economic recovery programs things are starting to be better. [10]

Lastly, it is important to mention that during the economic crisis a lot of young and senior entrepreneurs tried to build the Greek startup ecosystem. With the help from the Government, some private initiatives, and Universities, the ecosystem flourished giving the opportunity for many people to build innovative business ideas. [11]

3. Small Business Act for Europe Fact Sheet Greece -- 2018

Now, we would like to share a few interesting facts about the data of SMEs businesses that can be extracted from the **Small Business Act for Europe** (EU's flagship policy initiative to support small and medium-sized enterprises). [10]

The report indicates that Greek SMEs are really important for the Greek economy as they generate 63.6% of value-added and 85.2 % of employment, surpassing the EU average of 56.8 % and 66.4 % respectively. [10]

Likewise, the Greek micro firms are providing 6 out of 10 jobs in Greece, compared with the EU average of 3 out of 10 jobs. Lastly, the report comments on the Greek performance that it was below the EU average for many years. Also, state aid & public procurement is above the EU average. [10]

4. Foundation for economic & industrial research -- Annual Entrepreneurship Report 2019-2020

According to the **Foundation for Economic & Industrial Research** (a private, non-profit, research organization in Greece), the percentage of the population aged 18-64 that is included in 2019 early stages of business activity, increased to 8.2% (approximately 536 thousand people) from 6.4% (418.000 people) in 2018. [2]

Some other, results of the 2019 survey showed that almost 44% (from 37% in 2018) of start-up entrepreneurs started a new company in 2019 which operated for at least three months at the time of the survey (young entrepreneurs), with the rest – them aspiring entrepreneurs – still in the preparation phase. [2]

Finally, 15.3% of early-stage entrepreneurs state that they will offer new and innovative products/services. [2]

These findings are a great example of how the entrepreneurial changes during the last years. Their report, analyzes also a plethora of aspects and dimensions of entrepreneurship, contributing to theoretical and empirical research to support and promoting entrepreneurship.

5. Greek Institute of Small Enterprises - Greek Small Enterprises report 2019

In 2019, the **Greek Institute of Small Enterprises** had made a report about the general economic aspects and factors of the business ecosystem. This report provides to its readers, useful information about the economic situation of Greek Small Enterprises, the adoption of crisis management policies, and more.

For us, it is essential to inspect some valuable statistical information that we were able to discover through this report.

Firstly, in terms of turnover and profitability, the differences between opportunity entrepreneurship and entrepreneurship of need are also noticeable. Less than 50,000 euros turnover records 47.1% entrepreneurship of need versus 27% of opportunity entrepreneurship. [12]

As the turnover increases, these percentages change in favor of entrepreneurship opportunity with the largest difference being observed in the highest turnovers, where 28.4% of entrepreneurship Opportunities Indicates Turnover Over € 300,000 vs. 16.3% of Entrepreneurship of need. [12]

Lastly, the report indicates that the opportunity entrepreneurship is investing more resources in aspects like new products and service development, organization management, and business extroversion. [12]

6. Our study of entrepreneurship development in Greece - 2019

To gain an understanding of how companies from Greece, dealt with the situation after the economic crisis, we collected data, with the conduction of a survey.

In our survey, we targeted entrepreneurs to investigate which are now, the positive and negative factors in entrepreneurship after the end of the economic crisis.

Lastly, once again it is important to mention that the conduction of the survey was taken place before the covid-19 pandemic, so the results are reflecting that period.

6.1. Methodology of the survey

To begin with, the distribution of the survey was available through social media platforms, such as Facebook and LinkedIn.

The collects of the data were through the google survey platform and the analysis of the survey was through Microsoft excel.

All the questionnaires were taken in the fourth quarter of 2019.

6.2. Survey of Entrepreneurs

The total sample presented in the survey questionnaire was **50 people**, of which 80% were male entrepreneurs while 20% were female entrepreneurs.

The age group of the interviewees had a higher percentage of responses from entrepreneurs belonging to the age group of 31-45 years (60%) and fewer for the age group 16-24 (4%).

Lastly, most of the entrepreneurs had 1-5 years (48%) years in entrepreneurship and fewer had 11-19 years (12%).

TABLE 1: Demographic data.

Age Group		Gender		Years in Entrepreneurship	
16 - 24	2 (4%)	Male	40 (80%)	1-5	24 (48%)
25 - 30	9 (18%)			6-10	13 (26%)
31 - 45	30 (60%)	Female	10 (20%)	11-19	6 (12%)
45 >	9 (18%)			20>	7 (14%)

Source: Author's own work

6.2.1. Analysis of the Survey

Below there are some interesting facts about the situation in the business income and operations of the businesses.

Analyzing the answers from the **first statement in Table 2**, we can understand that almost half of the answers, suggesting that entrepreneurship will have a positive

outcome in the coming years. We believe that these positive opinions were reflecting the growth and expansion of the general economy.

Furthermore, as we can observe from **the second statement**, 32% of entrepreneurs are neutral in the question of having difficulties covering their basic needs. This is a good indicator for us, in order to understand the sustainability/profitability in business operations.

Finally, **the third statement** indicates the satisfaction rate that entrepreneurs had for their business operation in the last years. Almost half of the responders (48%) answered that there are neither disagree nor agree with that opinion.

TABLE 2: Questions about business income and operations.

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The general business operations in Greece in the coming years will be better than today.	5 (10%)	6 (12%)	18 (36%)	13 (26%)	8 (16%)
The income of your business at the moment is enough to cover your living needs.	8 (16%)	9 (18%)	16 (32%)	9 (18%)	8 (16%)
You are satisfied with your business operation during the last years.	3 (6%)	9 (18%)	24 (48%)	11 (22%)	3 (6%)

Source: Author's own work

Additionally, from the one hand, as we can notice in **Table 3**, factors like income taxations (30% & 24%) and debts to the public sector are more concerning and affected businesses during the period 2008-2017 in addition to factors like the Brain-Drain (36% & 28%), the obligations to third parties (44% & 32%), and to suppliers (44% & 24%) which were not that concerning.

TABLE 3: To what extent did the following factors affect your business during the period 2008-2017?

Statements	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The Brain-Drain	18 (36%)	14 (28%)	7 (14%)	7 (14%)	4 (8%)
Obligations to third parties	22 (44%)	16 (32%)	8 (16%)	1 (2%)	3 (6%)
Obligations to suppliers	22 (44%)	12 (24%)	10 (20%)	2 (4%)	4 (8%)
Depts to bank	25 (50%)	9 (18%)	6 (12%)	5 (10%)	5 (10%)
Depts to public sector	6 (12%)	11 (22%)	12 (24%)	9 (18%)	12 (24%)
Income tax	6 (12%)	7 (14%)	10 (20%)	15 (30%)	12 (24%)

Source: Author's own work

Last but not least, in the first question (**Table 4**) more than half of the responders (72%) are optimistic about the future of entrepreneurship. Likewise, in the next question about business ownership, the majority of the entrepreneurs (76%) answered that they want to work in their business than do something else. We believe that these positive results were due to the economic growth that Greece saw during 2018 - 2019 as we mentioned before.

TABLE 4: Questions about the optimism of future in entrepreneurship and business ownership

Questions	Yes	NO
Are you optimistic about the future of entrepreneurship in Greece?	36 (72%)	14 (28%)
Would you rather do some other work than having your own business?	12 (24%)	38 (76%)

Source: Author's own work

7. Conclusion

In conclusion, as we mentioned, Greek SMEs are significant in the Greek economy as they generate 63.6% of value-added and 85.2 % of employment, surpassing the EU average numbers.

Furthermore, from all the findings, it appears that in 2019 the easing of uncertainties and the growth dynamic has strengthened the entrepreneurship situation, before, of course, the advent of the pandemic crisis that drastically changed the data of the economy.

Some important reports indicating that a decent amount of early-stage entrepreneurs state that they will offer new and innovative products/services. Finally, entrepreneurs are investing more resources in development, organization management, and business extroversion.

Also, the economic crisis in Greece (apart from all the effects that had on the society, economy, entrepreneurship, etc.) had allowed many people to start their entrepreneurship journey.

From the other side, our survey designated that there are still some droughts, problems, and fears about the economy and business situation in Greece. Also, many enterprises were struggling with government tax policy and other bureaucratic issues. Lastly, satisfaction rates of business operations are moderated among survey participants.

Apparently, our survey had its limitation, as it was only a small investigation of what entrepreneurs believe about the past and future of entrepreneurship development in Greece. We are suggesting that future researchers could focus their investigation more on factors like investments in new technology and expansion to other territories or countries.

To conclude, we need to comment that a dysfunctional financial distribution system makes an economy difficult to grow. The need to expand the Greek financial infrastructure is therefore imperative, in order to get closer to, sustainable and inclusive growth.

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