

CINETwork

Workpackage 3

“Overview of the Entrepreneurship system”

(Project Internal document)

GREECE

UPRC - February 2014

1. What are the economic, social and cultural factors that motivate individuals to establish new enterprises rather than following traditional career paths?

Greece has historically shown high levels of self-employment, tendency for new venture creation, high “entrepreneurial intention”, and preference for self-employment over working for someone else. Recent evidence supports the view that this trend continues.

Greece is one of just four countries in the EU15 group for which self-employment is a preferred career choice to being an employee, and the only one where this preferential trend is growing (*Gallop*: 2007, p. 7). It is also included in (another) group of four countries, this time from the EU25 region, where entrepreneurs are perceived to have higher social status, than business managers (2007, p. 7). And (again for the EU 25 region), the country ranked fourth in terms of the greatest increase in those reporting a preference for self-employment over employment, (Gallop, 2007, p. 53).

Greece (33%) comes second only to Iceland (35%), out of all EU25 countries, in the proportion of those who report entrepreneurial experience (Gallop, Hungary 2007, p. 58: EU25 average = 23%). Iceland (17%) and Greece (16%) also top the EU25 rankings for respondents who are established entrepreneurs, reporting that “set up or took over a business more than three years ago or over three years ago” (Gallop, Hungary 2007, p. 60).¹

Eurobarometer, (Greece, 2007) found that almost two thirds of the entrepreneurs are ‘push’ entrepreneurs, having created their business due to necessity rather than to existing or even perceived opportunities and thus considered to have a low-risk tolerance. It was also found that Greece has the highest percentage of second-generation entrepreneurs (at least one parent is or was self-employed).

Greeks entrepreneurs appear very confident of their knowledge and skills but, at the same time, they are “world champions” in the “fear of failure” factor, as seven out of ten admit that the fear of failure

¹ THE COMPARATIVE PERCEIVED DESIRABILITY AND FEASIBILITY OF ENTREPRENEURSHIP WITHIN GREEK SCHOOLS

By Sarah Drakopoulou Dodd, Alexis Komselis, Joseph Hassid, SPOUDAI, Vol. 59, No 1-2, (2009), University of Piraeus, pp. 38-56

might prevent them from starting a business, one of the highest percentages world-wide. Additionally, media coverage of entrepreneurial success stories is limited and in most cases an entrepreneur is seen as a manipulator of the market.²

In the specific case of young Greek men and women, the great increase in youth unemployment rates in recent years and the considerable decrease in the likelihood of securing a job position made young people consider starting up a new business as a way out of unemployment.² It should be mentioned that the youth unemployment rate increased by 68%, from 2010 to 2012. Prior to the economic crisis, employment rates for young people were already low by both European and national standards and unemployment rates fluctuated at levels far above adult unemployment rates.

For women, unemployment affects them more than men, which in turn drives higher rates of women to engage in entrepreneurial activity in order to support the family income.²

Main Obstacles to Entrepreneurial activity.

One of the biggest problems for entrepreneurs in Greece is that, while they may have great ideas, getting them off the ground can be extremely difficult. In fact, many aspiring entrepreneurs are put off completely by the bureaucracy, the corruption in the public administration and the difficulty of securing funding through bank loans⁴.

Greece has the lowest performance, as regards the financial support for entrepreneurship and the availability of government programs intended to support entrepreneurial activities. Also, the general framework of national policies and legislation is evaluated negatively.² In 2010 and 2011, three out of four early-stage entrepreneurs believed that the difficulties to start a new business had increased compared to the previous year. However, it is worth noting that these increased difficulties to start a business did not discourage these individuals from doing so. The barriers to growth of a new business seem to decrease from year to year. Views about entrepreneurship, before and after the recession, are especially negative between 2009 and 2010, i.e. the first years of the crisis. Potential entrepreneurs seek to exploit potential opportunities once the conditions get better.²

2. How are the learning journeys of entrepreneurs supported?

Until very recently it was very unusual having formal classes on entrepreneurship, even as electives, within its educational system (2ndary education or HEI).

Lessons or tutorials related to entrepreneurial studies have not been systematically introduced in primary or secondary Greek schools. Nevertheless, some courses referring to organization and business administration, economics and accounting have been incorporated in upper secondary

² GEM report- *Entrepreneurship in Greece 2011-12 «The Development of Entrepreneurship Indicators during the Crisis».*

schools' curricula. At the same time, at lower secondary school level, notions related to business are included in the framework of technology lessons.

At university level, Economics or Business Administration University Departments as well as Schools of Engineering across the country have included in their studies programmes courses in Entrepreneurship. In the same context, a number of so-called "Innovation and Entrepreneurship Units" have been set up and operate within the National Strategic Reference Framework and in particular the Operational Program "Education and Lifelong Learning". Their aim is to assist university students in developing a positive attitude and mindset towards entrepreneurship by promoting innovation and entrepreneurship as an important employment perspective and providing knowledge about entrepreneurship. Furthermore, the development of basic and specialized business skills/abilities of the students is intended.³ It should be mentioned however that these Units, which started operating 4 years ago, are already hard hit by funding cuts and their sustainability is at risk.

Additionally, a number of other national programs target young potential entrepreneurs. In particular,

- The 'One start — One opportunity' programme, introduced in 2008, targets young persons aged between 16–25 who have either dropped out of school or have completed only secondary education and who have never worked or taken part in some form of training. Beneficiaries may choose to receive personal coaching and participate in a special guidance program designed to enhance job-search skills. In addition, they participate in a separate training course for entrepreneurship.
- The 'Youth on the move' initiative which promotes self-employment as an opportunity for young people, via the development of appropriate support and guidance on business plans, access to start-up capital, etc.
- New measures have also been introduced to promote and support self-employment which are specific to young people. These measures include, among others, financial support and loans to set up a business.

In 2008, the Public Employment Service OAED launched a program providing financial support and counseling to young people who wish to implement innovative business ideas, primarily promoting the use of new technologies. All unemployed 22-32-year olds, not residents in the Attica or Island regions were eligible to take part provided they fulfilled the specific program's requirements. Also, in April 2010, OAED launched a new program to support women entrepreneurs. The program provides financial support to unemployed women aged 22-64 to start up new innovative businesses.⁵

The effectiveness of all the above mentioned programs has not been rigorously evaluated yet. In other words, their contribution in achieving the desired ends has not been quantitatively or qualitatively

³ *Greek Ministry of Education*

assessed. Therefore, the programs' impact remains an open issue while many views are currently voiced disputing their usefulness, in terms of being properly applied. On the contrary, the criticism is that they are mainly used as a channel for unemployment benefits, rather than for supporting real and sustainable entrepreneurial initiatives.

Greek Entrepreneurs' "learning journeys" (especially those for the young ones) are not, in general, considered to be effectively organized. Training packages are constantly offered (with their cost generously funded through EC funds) but their effectiveness is questionable. This is primarily attributed to the providers' (usually State Organisations, but also Private sector ones) approach that "one size fits all"! Needs Analyses are rarely undertaken for specific industries or types of entrepreneurs and therefore training offered is far from customized for the trainees' and prospective entrepreneurs' real needs and the special characteristics of the specific industry or type of entrepreneurs' type. The same applies for various schemes of Entrepreneurs' Mentoring launched by organizations such as Chambers of Commerce and Industry and SMEs Associations. It is finally worth mentioning that many young entrepreneurs are attracted and participate to various Business Ideas Competitions, which gain in popularity.

3. How strong is the infrastructure to support start-ups and SMEs?

According to research conducted by consulting organization **Endeavor Greece** with data on new established businesses from all the relevant authorities, more than 55 institutions have been recently set up in the country, either as local subsidiaries of international organizations or as domestically developed schemes with the aim of helping start ups.

It is worth mentioning that just three years ago, 95% of them were non-existent, demonstrating the growing power of entrepreneurship as a trend. The efforts are focusing mainly on ICT ventures, with emerging but still low representation of other sectors (e.g., tourism, agri&food, energy) and varying levels of support provided to the incubated concepts; there have been attempts by the State or quasi-State institutions to develop their own incubator facilities, but with low success to-date. Altogether, despite the fast rate of development of support infrastructure for SMEs, its effectiveness is still to be evaluated. Furthermore, there are no clear indications on the extent to which this "supply" of support has in fact led to corresponding rise in "demand" and, even less, to "satisfied users"!

The Greek government has set up a number of Public and Private funding mechanisms. Namely, the Credit Guarantee Fund for Small and Very Small Enterprises (TEMPME), the Hellenic Organisation of Small and Medium-Sized Enterprises and Handicrafts S.A.(EOMMEX), the JEREMIE Initiative, the JESSICA Initiative, the New Economy Development Fund, the National Strategic Reference

Framework 2007 - 2013 as well as Business Angels, Venture Capital companies, Business "incubators" and Business support organizations (for example Technological parks)⁴.

Evaluation of all the above, yet not available, will provide feedback to help improve the design of the programs and policies and ultimately the efficiency of funding allocation.

4. How strong is business networking?

The Ministry for Development and the Greek Government in collaboration with communities of young entrepreneurs supports the "StartUp Greece", a digital information and networking space aimed at giving way to a new generation of entrepreneurs in Greece.

Its purpose is to bring together people and ideas and changing the country's perception of doing business and entrepreneurship, to provide entrepreneurs with the information necessary to start their own business, to utilize social media to bring together ideas, corporations, universities, organizations, and create creative partnerships and investment opportunities etc. It is a "one stop shop" aiming at inspiring young people to believe in their own ideas, to cultivate novelty and innovation, to start their own business and invite citizens, organizations, associations, research institutes, social and economic entities, public or private, to share their valuable knowledge and experience and add value to the Initiative with their people and ideas.⁵

At the same time, ambitious founders have taken advantage of depressed real estate prices to establish co-working spaces to serve their fellow start-up enthusiasts, places with names like **coLab**, **Loft2Work**, **123P** and **ThermiLink**. These hothouses, they hope, will offer a bright spot in the dark economy, helping entrepreneurs, particularly techies, to find fellowship, mentors, and maybe even access to capital as they build their companies.

Also, numerous events serve as inspiration for local youth, but also address the need to project a new or different image of Greece, based on creativity, extroversion and innovation.

Again, the effectiveness of the above remains to be evaluated in the near future.

5. The position of the creative industries

According to recent, but unofficial estimates (based nevertheless on official Census data and a certain industrial activities' classification methodology), the annual turnover for 13 Creative industries in Greece, for the years 2006 and 2000 is described on the table below. The total turnover for the years

⁴ http://europa.eu/youreurope/business/funding-grants/access-to-finance/index_en.htm#greece_en_access-to-finance

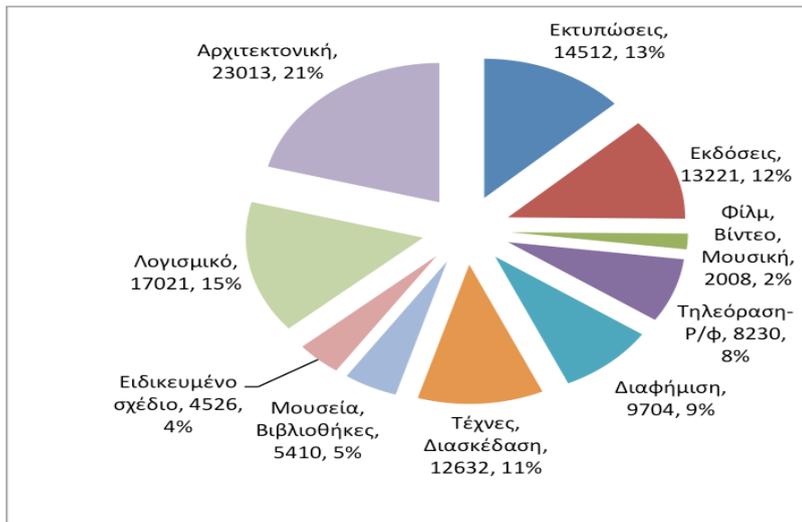
⁵ <http://www.startupgreece.gov.gr/node/306>

2006 reached 11,7 billion euros, 4,8 billion euros higher than in the year 2000. The Gross Added Value was 5,6 billion euros whereas for 2000 the corresponding figure was 2,5 billion euros. So, Creative industries contributed to the Greek Economy by 3% of the GDP for the year 2006 and this was significantly higher compared to year 2000.

Industry	Turnover (in million euros)				Δ 2000-2006
	2000	Percentage in 2000 (%)	2006	Percentage in 2006 (%)	
Publishing	1.048	15,10%	2.115	18,00%	101,80%
Printing	850	12,20%	1.126	9,60%	32,50%
Motion Picture and Video Production	452	6,50%	822	7,00%	81,90%
Photographic Activities	153	2,20%	180	1,50%	17,60%
Music	14	0,20%	135	1,10%	864,30%
Radio and Television Activities	478	6,90%	1.389	11,80%	190,60%
Arts and Entertainment	439	6,30%	377	3,20%	-14,10%
Libraries and Museums	14	0,20%	223	1,90%	1492,90%
Arts Retail Sale	508	7,30%	854	7,30%	68,10%
Architecture	1.020	14,70%	1.301	11,10%	27,50%
Specialised Design Activities			71	0,60%	
Advertising Agencies	1.580	22,70%	2.186	18,60%	38,40%
Software	401	5,80%	988	8,40%	146,40%
Total	6.957	100,00%	11.767	100,00%	69,10%

The development of Creative Industries in Greece, is faster than other sectors of the economy, while the turnover of many Creative Industries exceeded by far the turnover of many traditional industries. For example, the fishing industry and aquaculture had a turnover for 2006 only 0.8 billion euros with 1,503 businesses, food industry 10.5 billion euros with 15,914 production companies, chemicals 3.3 billion euros with 972 enterprises, the real estate management 0.5 billion euros with 6.269 businesses and legal and accounting activities 0.8 billion euros with 17.094 firms (ELSTAT, 2012a). So, it becomes clear that Creative Industries is a very important piece of the Greek economy. In Europe the total turnover of Creative Industries is 636 billion, with gross value added 2.6% of EU-25 GDP (2006).

The total number of employees in 10 Creative Industries reached 110.100 in the first three-months of 2013, which corresponds to 3% of employees in Greece. 21% of these work in architectural offices, while 15% in software production. The publishing industry employs 13.221, while in film production and music production work about 2,008 people. Finally, in the arts 15,198 people are employed, while in museums and libraries 715.



2013 Employment in Creative Industries

The economic crisis and the subsequent recession had a negative effect on the Creative Industries starting from the year 2009. The total number of employees in the above ten sectors was reduced from 156000 people in 2008 to 110100 people in 2013, a decrease of 30% , while in the EU-27 the corresponding reduction was only 0.8%. The sectors with the largest employee cuts are those of printing (-67.9%, 2008-2013), while the EU-27 industry was decreased by 9.5% and workers of museums and libraries (-54%, 2008-2013), while in the EU-27 employees fell just by 2.4%. Large reductions also in the production of films and music, although employment increased from 2008 until 2010, but afterwards were reduced in a much greater pace and totally the 51.2% of jobs were vanished. In the EU-27, the respective industries have reduced their employees by 2.5%. On the contrary, the sectors of the specialised design and software production had significant increases in employment by 62.2% and 26.9% respectively. The specialized software design and production were the only sectors that had an increase of employment in the European Union (by 33.3% and 15.5% respectively).⁶

The statistics, at a glance, show that employees in the creative industries are relatively young and trained and most of them are highly educated (University level). However, what the stats don't depict, but through qualitative research is revealed, is that the so-called "creative workers", operate under the status of labor insecurity, since, they work occasionally, with very flexible timetables and proportionally small wages, while a large percentage are working without social security or they declare to have other main occupation as a source for income.

[NOTE: It would be good if, in the context of CINET project associated research, a common comparable nomenclature for "Creative Industries" could be established for the project participating countries.]

⁶ *Cultural and creative industries in Greece, Vasilis Avdikos, Epikentro, 2014*

An indicative example of Creative industries in Greece:

The Athens Industrial Park “Technopolis”, in the area of Gazi.

A Gazi (Gaz) Factory founded in 1857, in a neighborhood very close to the city center of Athens, called Gazi closed down its furnaces in August 1984. Today it is converted into the City of Athens “Technopolis”, which spreads in an area of about 30.000 m², and operates as an industrial museum and a major cultural venue hosting various events, numerous exhibitions, seminars, music concerts and other cultural activities. “Technopolis” had a major contribution to the gentrification of the surrounding urban community of Gazi.

6. Propositions and questions relating to the transferability of lessons from the Lace Market project experience

6.1 Provisional Set of real or perceived “problem areas” and learning/training needs of entrepreneurs in creative industries

The effort for strengthening prospects of effective “transferability of innovation”, which will benefit creative industries’ entrepreneurs in the “recipient” but also in the “origin” country, should start with project Partners being informed about Lace Market entrepreneurs’ views and experiences. With their help, CINET project partners need to identify **“what went right”** (for them), **“what went wrong”** and **“what could have gone better”**, if they had undertaken more/better/different types of training before business starts, if their preparation for business had been better/different, if their subsequent efforts, for upgrading their knowledge and skills, had been planned and implemented differently etc. Getting to know their good and not so good experiences from running their businesses so far and their perceptions of what they really needed to have learnt before they start, will be of immense usefulness for efficiently planning the “transfer of innovation” and for better preparing entrepreneurs in the so-called “destination countries”.

The exchanges need to explore:

- Various types of “problems” that these entrepreneurs had to face,
- How they tackled them,
- Their perceptions of learning needs (before starting and afterwards) and, finally,
- Their “lessons learnt” (probably, “the hard way”).

This same scenario must, in a subsequent phase, be extended by applying the above material and information (appropriately assessed and adapted), to the “transfer of innovation” associated project activities, for the benefit of new entrepreneurs in Spain, Portugal and Greece.

6.2. Problems encountered by Creative Industries’ Entrepreneurs

From material and views informally collected so far, “problems” in these industries are mostly associated with:

- **Operations:**

Indicatively:

- ✓ Not sufficiently elaborated (before start) “business idea”
- ✓ Unresolved technical problems
- ✓ Finding partners / collaborators
- ✓ Finance for acquiring / renting premises
- ✓ Finance for purchasing basic equipment
- ✓ Finance for products / services promotion

- **Markets:**

Indicatively:

- ✓ Finding market(s) for products / services (National / International)

- **Formalities:**

Indicatively:

- ✓ Complying with formalities/Red tape

6.3 Discussion of Problems solving experiences

Exchange of information should also cover:

- How were the above problems realized and analysed?
- How were they solved (at least partially)?
- If NOT adequately solved, which were the main obstacles (personal, operational, other)?
- Use of External help (Type, Source, Conditions, Experience)

6.4 Perceived Learning Needs (ex ante, ex post assessment)

On the basis of their accumulated experience, in which of the following learning/training areas do Lace Market entrepreneurs consider they should have invested more (or differently) before they business start?

Indicative:

- ✓ SWOT Analysis
- ✓ Team Work organisation
- ✓ Business Planning
- ✓ Financial Management

- ✓ Working with others
- ✓ Complying with Formalities

6.5 Lessons learnt

Having dealt with the “problems” and their “solutions”, which are the main “lessons learnt” that Lace Market entrepreneurs would like to transfer to others and advise them to consider (adopt, adapt, improve, avoid), before starting business?

Perceived conditioning factors for transfer of experience

- ✓ Which parts of their experience may be transferred to entrepreneurs in other countries and How?
- ✓ Would they be interested to liaise with entrepreneurs in the “destination countries” for expertise / innovation transfer or, potentially, for business collaboration?

