



TEI Larissa

Project Management Department

1

Staffordshire  
UNIVERSITY



**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL-  
AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF  
THESSALY**

**PLATARA, Triantafyllia**

**This dissertation is submitted in partial fulfillment of the  
requirements of Staffordshire University for the award of Master in  
Business Administration**

**MBA**

**October 2012**

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE  
AREA OF THESSALY**



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

## Executive Summary

The purpose of this study is to explore in what ways the current economic crisis, the worst crisis of the last eighty years after the great depression of 1929, in Greece has had an impact on SMEs in the area of Thessaly and how severe are the repercussions. It is understood that the economic crisis has affected SMEs' financing and markets (mostly demand); however, to what extent did it also impact other aspects of SMEs' business and how severe were any such impacts? This research will seek to detail the impacts of the economic crisis on SMEs by focusing on the specific area of Thessaly because of its size and because the author can have better and easier access to these SMEs. The research will be held using questionnaires which will be shared to 205 enterprises (industrial and services) so as to be a representative sample.

The objectives of this research are to discuss the background of the current economic crisis, to examine the importance of SMEs for Greek economy and to conduct a research in order to define the effects of economic crisis for the SMEs of Thessaly area.

The project is based on a data-gathering method, using questionnaire surveys. The sampling is going to be by the bank's clients and the information is going to be gathered by various ways. First of all, questionnaires will be distributed to the clients of the bank that the writer is working at Trikala and at the same time to the clients of the other three (3) branches, at Larissa, Volos and Karditsa. Another source will be the colleague's clients at various banks all over Thessaly and finally the friends and the familiar enterprises to the writer.

The results indicate that the crisis's consequences are dramatic for the 85% of the SMEs in Thessaly, so movements like the decrease of the working hours and the dismissals were inevitable. They have to solve problems in relation to their liquidity, the decrease of turnover and the limited access to bank's finance at a period that the high taxation deteriorates even more their bad economic situation. As it concerns the

***THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY***



TEI Larissa

**Project Management Department**

government, it is absent and incapable to absorb the community allocations of the E.U., leaving the SMEs alone.

According to data from the Employment Agency for April 2012, the registered unemployed in the Thessaly region totalled 68,900 people, of whom 52,405 were seeking work. Our research showed that employees were dismissed by the 22% of the 135 firms that answered. It is impressive that almost the 83% of companies with less than five (5) people personnel who stated "positive" in salary cuts, are not sure for the period of cutting salaries, with the percentage of companies >5 personnel being at a percentage of nearby 66%.



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

## Acknowledgements

By opening this paper I would like to take some lines so as to express my deep gratitude to some special people that helped me to attain my goal. Firstly, I would like to thank my supervisor, Dr Pandelis Ipsilandis for his advices and the scientific guidance during the preparation of the dissertation. I would also like to thank my parents for their invaluable psychological support all this difficult period. Also, all my friends and colleagues for their moral and practical assistance to the completion of the questionnaires and of course all the companies and their personnel that with willingness participated in the research. To end with, and more of all, I would like to thank my husband for his invaluable psychological support to overcome difficulties and to focus on my studies; without his support this dissertation would not be completed.



## List of contents

|   |           |
|---|-----------|
| <b>1. Introduction .....</b>                                  | <b>12</b> |
| 1.1. Project background.....                                  | 12        |
| 1.2. Aims and Objectives of Dissertation .....                | 14        |
| 1.3. Structure of the study.....                              | 14        |
| <b>2. Literature Review.....</b>                              | <b>16</b> |
| 2.1. The global financial crisis of 2008 .....                | 16        |
| 2.1.1. The causes of the crisis .....                         | 16        |
| Mortgage Securitization.....                                  | 16        |
| Excessive Use of Debt Capital.....                            | 17        |
| Credit Ratings Risk Subordinated Bonds .....                  | 18        |
| Regulatory Framework .....                                    | 18        |
| 2.1.2. The road to the crisis.....                            | 19        |
| 2.1.3. The global spread of the crisis .....                  | 21        |
| 2.1.4. History of economic and financial crises.....          | 22        |
| 2.2. The Greek Economy and the Greek Fiscal Crisis.....       | 25        |
| 2.2.1. The course of the Greek economy during 1973-1996.....  | 25        |
| 2.2.2. Definition of a Financial Crisis.....                  | 28        |
| 2.2.3. The Greek fiscal crisis .....                          | 29        |
| 2.2.3.1. The accession of Greece in the EMU.....              | 29        |
| 2.2.3.2. The road to the crisis.....                          | 30        |
| 2.2.4. The causes of the debt crisis .....                    | 32        |
| 2.2.5. The critical period.....                               | 34        |
| 2.2.6. Memoranda and Packages of measures .....               | 34        |
| <b>3. Small and Medium Enterprises.....</b>                   | <b>36</b> |
| 3.1. Definition of SMEs.....                                  | 36        |
| 3.2. Characteristics of SMEs .....                            | 38        |
| 3.3. Small and Medium Enterprises in the EU .....             | 39        |
| 3.4. Small and Medium Enterprises in Greece .....             | 42        |
| 3.5. Small and Medium enterprises in Thessaly .....           | 49        |
| 3.5.1. The Nature of the SMEs in the Region of Thessaly ..... | 55        |
| 3.6. Small and Medium enterprises and the fiscal crisis.....  | 57        |
| 3.6.1. Economic Recession and SMEs in Thessaly .....          | 61        |
| <b>4. Research Methodology.....</b>                           | <b>64</b> |
| 4.1. Aim of the project.....                                  | 64        |
| 4.2. Research Question .....                                  | 64        |
| 4.3. Research Methodology .....                               | 65        |
| 4.4. Research strategy and research sample.....               | 66        |
| 4.5. Questionnaire Design .....                               | 67        |



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY



|  |            |
|--|------------|
| <b>5. Research Analysis .....</b>  | <b>68</b>  |
| 5.1. Questionnaire Analysis.....   | 68         |
| <b>6. Research Findings, Conclusions and Limitations of the study.....</b> | <b>73</b>  |
| 6.1. Discussion on Research Findings .....                                 | 73         |
| 6.2. Conclusions of this study.....  | 113        |
| 6.3. Limitations of this study .....                                       | 118        |
| 6.4. Further Research Directions and contribution of this study .....      | 118        |
| <b>7. Reflection on Learning.....</b>                                      | <b>121</b> |



## List of Tables

|   |     |
|---|-----|
| Table 1: GDP - Budget Deficit - Public Debt - Unemployment.....                   | 31  |
| Table 2: The history of the Greek debt and the deficits (1999 – today).....       | 35  |
| Table 3: Unemployment Rate.....   | 35  |
| Table 4: Distinction between micro, small and medium-sized enterprises.....       | 37  |
| Table 5: Number of enterprises, employment and value added in EU-27 (2010).....   | 40  |
| Table 6: Average size of SMEs and large enterprises in the EU-27 (2003-2010)..... | 41  |
| Table 7: Number of businesses by sector in EU- 27 (2010).....                     | 41  |
| Table 8: The Greek SMEs – key figures.....  | 43  |
| Table 9: The geographical distribution of the sample.....                         | 69  |
| Table 10: The categories and the subcategories of the firms.....                  | 70  |
| Table 11: GDP and Purchasing Power comparison (2006).....                         | 141 |
| Table 12: .....   | 144 |
| Table 13: .....   | 144 |
| Table 14: .....   | 144 |
| Table 15: .....   | 145 |
| Table 16: .....   | 145 |
| Table 17: .....   | 146 |
| Table 18: .....   | 146 |
| Table 19: .....   | 146 |
| Table 20: .....   | 147 |
| Table 21: .....   | 147 |
| Table 22: .....   | 148 |
| Table 23: .....   | 148 |
| Table 24: .....   | 148 |
| Table 25: .....   | 149 |
| Table 26: .....   | 149 |
| Table 27: .....   | 149 |
| Table 28: .....   | 150 |
| Table 29: .....   | 150 |
| Table 30: .....   | 151 |
| Table 31: .....   | 151 |
| Table 32: .....   | 151 |
| Table 33: .....   | 152 |
| Table 34: .....   | 152 |
| Table 35: .....   | 152 |
| Table 36: .....   | 153 |
| Table 37: .....   | 153 |
| Table 38: .....   | 153 |
| Table 39: .....   | 154 |
| Table 40: .....   | 154 |
| Table 41: .....   | 155 |
| Table 42: .....   | 155 |
| Table 43: .....   | 155 |



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

|                 |     |
|-----------------|-----|
| Table 44: ..... | 155 |
| Table 45: ..... | 156 |
| Table 46: ..... | 156 |
| Table 47: ..... | 156 |
| Table 48: ..... | 157 |
| Table 49: ..... | 157 |
| Table 50: ..... | 157 |
| Table 51: ..... | 158 |
| Table 52: ..... | 158 |
| Table 53: ..... | 158 |
| Table 54: ..... | 159 |
| Table 55: ..... | 159 |
| Table 56: ..... | 159 |
| Table 57: ..... | 160 |
| Table 58: ..... | 160 |
| Table 59: ..... | 160 |
| Table 60: ..... | 161 |
| Table 61: ..... | 161 |
| Table 62: ..... | 161 |
| Table 63: ..... | 162 |
| Table 64: ..... | 162 |
| Table 65: ..... | 162 |
| Table 66: ..... | 163 |
| Table 67: ..... | 163 |
| Table 68: ..... | 163 |
| Table 69: ..... | 164 |
| Table 70: ..... | 164 |
| Table 71: ..... | 164 |
| Table 72: ..... | 165 |
| Table 73: ..... | 165 |
| Table 74: ..... | 165 |





## List of Graphs

|   |    |
|---|----|
| Figure 1: Securitization Process.....   | 17 |
| Figure 2: The severity of lending criteria over the economic cycle in the US..... | 18 |
| Figure 3: Margins of 3- month interest rates.....                                 | 20 |
| Figure 4: The global growth rate.....   | 22 |
| Figure 5: GDP Growth 1950-1980, several countries.....                            | 26 |
| Figure 6: GDP Growth 1980-2000.....   | 26 |
| Figure 7: Number of firms.....  | 44 |
| Figure 8: Jobs in enterprises.....  | 44 |
| Figure 9: Jobs in enterprises.....  | 45 |
| Figure 10: The performance of Greece in the SBA.....                              | 45 |
| Figure 11: Percentage distribution of businesses by region.....                   | 50 |
| Figure 12: Percentage Turnover by business area.....                              | 51 |
| Figure 13: Development of Grid Connected Systems.....                             | 63 |
| Figure 14: The categories of the enterprises.....                                 | 69 |
| Figure 15: The Constructive enterprises.....                                      | 71 |
| Figure 16: Retail trade.....  | 71 |
| Figure 17: Wholesale trade.....   | 72 |
| Figure 18: Services .....   | 72 |
| Figure 19: The effect of the crisis.....  | 73 |
| Figure 20: The effect of the crisis according to the time of establishment.....   | 74 |
| Figure 21: The effect of the crisis according to the turnover.....                | 74 |
| Figure 22: The effect of the crisis according to the type of industry.....        | 75 |
| Figure 23: The effect of the crisis according to the number of employees.....     | 76 |
| Figure 24: Crisis effect according to each region.....                            | 77 |
| Figure 25: The biggest problem because of the crisis.....                         | 77 |
| Figure 26: The biggest problems in relation to the crisis.....                    | 78 |
| Figure 27: Biggest problems according to region.....                              | 79 |
| Figure 28: Biggest problems according to companies' turnover.....                 | 80 |
| Figure 29: Biggest problems according to number of employees.....                 | 81 |
| Figure 30: Induces' change according to industry.....                             | 82 |
| Figure 31: Cooperation with banks.....  | 83 |
| Figure 32: The biggest problem in relation to the banks.....                      | 83 |
| Figure 33: Biggest problem in relation to the banks according to industry.....    | 84 |
| Figure 34: Problems with banks according years of establishment.....              | 84 |
| Figure 35: Actions to confront the crisis.....                                    | 85 |
| Figure 36: Actions to confront the crisis regarding industry type.....            | 86 |
| Figure 37: Actions to confront the crisis regarding the number of employees.....  | 87 |
| Figure 38: Ways to decrease the labor cost.....                                   | 88 |
| Figure 39: Changes on the employment.....   | 89 |
| Figure 40: Ways to decrease the labor cost regarding turnover.....                | 89 |
| Figure 41: Ways to decrease the labor cost regarding industry type.....           | 90 |
| Figure 42: Ways to decrease the labor cost regarding number of employees.....     | 90 |

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



|   |     |
|---|-----|
| Figure 43: Future actions about the labor cost.....   | 91  |
| Figure 44: Time of future actions about the labor cost.....                                 | 91  |
| Figure 45: Time of future actions about the labor cost categorized by age.....              | 92  |
| Figure 46: Time of future actions about the labor cost categorized by industry.....         | 92  |
| Figure 47: Time of future actions about the labor cost categorized by employees number..... | 93  |
| Figure 48: The future of enterprise.....  | 94  |
| Figure 49: The future of the enterprise vs. year of establishment.....                      | 94  |
| Figure 50: The future of enterprise by category industry.....                               | 95  |
| Figure 51: The future of the enterprise categorized by personnel.....                       | 95  |
| Figure 52: Crisis's opportunities.....  | 96  |
| Figure 53: Crisis's opportunities and age of companies.....                                 | 97  |
| Figure 54: Crisis's opportunities and industry type.....                                    | 97  |
| Figure 55: Intention of a business action.....  | 98  |
| Figure 56: Ways of a new business action.....   | 99  |
| Figure 57: Ways of a new business action according to business category.....                | 100 |
| Figure 58: Intention of a business action & companies personnel.....                        | 101 |
| Figure 59: Postponement of a professional plan.....   | 102 |
| Figure 60: Investments in 2011.....   | 102 |
| Figure 61: Postponement of a professional plan & industry.....                              | 103 |
| Figure 62: Period of realization in the above investment.....                               | 104 |
| Figure 63: Making an investment according to year of establishment.....                     | 104 |
| Figure 64: Making an investment and industry.....   | 105 |
| Figure 65: Shift of the professional activity to another country.....                       | 106 |
| Figure 66: Company relocation and industry.....   | 106 |
| Figure 67: Optimism about the exit of the crisis.....                                       | 107 |
| Figure 68: End crisis & industry.....   | 108 |
| Figure 69: Optimization according to region.....  | 108 |
| Figure 70: Years of overcoming the crisis.....  | 109 |
| Figure 71: Exit of the crisis.....  | 110 |
| Figure 72: Years to exit crisis vs. number of employees.....                                | 111 |
| Figure 73: Years to exit crisis vs. turnover.....   | 111 |
| Figure 74: Time and industry for exit crisis.....   | 112 |
| Figure 75: Time and region for exit crisis.....   | 113 |
| Figure 76: SMEs Distribution per Region in Greece.....                                      | 138 |
| Figure 77: Rate of SMEs per Turnover Volume throughout the Greek Territory....              | 138 |
| Figure 78: A classical business cycle path.....   | 139 |
| Figure 79: Hellenic GDP composition by regions (2009).....                                  | 143 |



## List of Appendices

|   |     |
|---|-----|
| Appendix I: The questionnaire.....  | 129 |
| Appendix II: Figures .....  | 137 |
| Appendix III: Global economic environment and the region of Thessaly..... | 138 |
| Appendix IV: The tables of the analysis .....                             | 143 |



## 1. Introduction

### 1.1. Project background

The global economic and financial system goes through the worst crisis of the last eighty years after the great depression of 1929. Although the signs of the oncoming crisis were obvious from 2006, the global economic society did not show the necessary attention, let alone Greece. Even when the crisis at the market of the risky mortgage loans broke out on September of 2008 in America, Greece did not take the any measures.

It is a fact that until 2009 the economic rulers supported that since the Greek banks were not exposed to toxic bonds, they were not in danger. *So nobody realized that the problem was not whether the Greek banks had toxic bonds, but that the Greek state bonds and the bonds of the Greek banks were in danger of becoming toxic* (Panagiotou P. 2011).

So, the crisis, that initially started from the American market of mortgage loans, at an era of absolute globalization, expanded to the money markets and then to the real economies very quickly. Even when, the CDS (Credit default swaps) of Greece started to follow a strong upward course from March of 2009, there was not the slightest Greek reaction and the result was the appearance of the current fiscal crisis. *A credit default swap (CDS) is a financial swap agreement that the seller of the CDS will compensate the buyer in the event of a loan default or other credit event. The buyer of the CDS makes a series of payments (the CDS "fee" or "spread") to the seller and, in exchange, receives a payoff if the loan defaults* ([http://en.wikipedia.org/wiki/Credit\\_default\\_swap](http://en.wikipedia.org/wiki/Credit_default_swap)).

Greek SMEs would be extremely difficult to stay unaffected by the fiscal crisis. According to the Organization for Economic Co-operation and Development (OECD) (2009) SMEs are an important part of each economy and are necessary for the economic recovery of a country. The Greek SMEs represent a very large share of the



TEI Larissa

Project Management Department



Greek economy since they employ more than the 85% of the work-force (much more than the mean of the EU) and the participation of the field of the SMEs at the creation of value added runs into 35, 3% in relation to the 21, 8% of the EU ([www.heaven.gr/news/news/id/8620](http://www.heaven.gr/news/news/id/8620)). Thanks to this, the economic situation and the viability of SMEs are of great importance both for the Greek economy and the investors, the banks and the suppliers.

The field of the SMEs is considered one of great importance for the European competitiveness, as not only the biggest part of the man-power is employed there but also almost the 2/3 of the sales coming from there. Particularly, according to the qualified delegate for the enterprises' issues of the EU, Erki Liikanen, *the SMEs is the backbone of the European economy. They have crucial importance for the business spirit and the innovation in the EU and, so they play a significant role in the maintenance of its competitiveness*. Specially, during the last decade, the interest about the SMEs has increased and various European institutions try to support them with the enactment of European programmes of financing and the creation of relationships' co-operation among them to remain viable and competent (Hyz, A., 2006).

The very small, small and medium-sized enterprises are socially and economically important, since they represent the 99% of the total enterprises in the E.U. (exact definition in the section 3.1.). They offer almost 90 million places of employment and they contribute significantly to the business situation and the innovativeness.

The focal point of the analysis is a certain region, Thessaly, because of its size and because the author can have better and easier access to these SMEs. The research will be held using questionnaires which will be shared to 205 enterprises (industrial and services) so as to be a representative sample.



TEI Larissa

Project Management Department



The recent fiscal crisis in Greece has affected all the enterprises (commercial and services) regardless of their size. The SMEs have significantly influenced by the crisis in many fields;

- The demand has decreased and with this the operational profits
- The customers are more likely to delay the payments
- The suppliers are less likely to sell on credit
- The banks and the investors are more conservative.

Relative to large firms, SMEs possess more limited capital and other resources; SMEs have fewer financing sources; they have weaker financial structures; and, due to their small sizes, it is extremely challenging for SMEs to downsize or diversify economic activities. Therefore, it is relatively more difficult for SMEs to survive this difficult economic situation.

## 1.2. Aims and Objectives of Dissertation

- 1) To discuss the background of the current economic crisis in order to establish the basis of analysis
- 2) To examine the importance of SMEs for Greek economy
- 3) To conduct a research in order to define the effects of economic crisis for the SMEs of Thessaly area.

## 1.3. Structure of the study

This dissertation is structured as follows:

- Chapter 1 introduces the subject of this research with the main research objective and the aims of the dissertation. Also it highlights the fundamental role of SMEs in Greek economy and the dramatic consequences of the fiscal crisis to them.

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



- Chapter 2 includes a review of the literature in relation to the course, the reasons and the global spread of the fiscal crisis.
- Chapter 3 presents the SMEs and their environment, their characteristics and their significance to the Greek economy.
- Chapter 4 presents analytically the research methodology, the research strategy, the research sample and finally the questionnaire design.
- Chapter 5 includes the results of the study and the analysis of the questionnaires. It also contains the actual findings of the statistical analysis of the survey.
- Chapter 6 discusses critically the findings with conclusions, recommendations and limitations of the study.
- Chapter 7 describes the reflection of learning of this study.



## 2. Literature Review

### 2.1. The global financial crisis of 2008

#### 2.1.1. The causes of the crisis

It is a fact that we are facing the greatest recession since the end of World War II. The financial crisis that began in the U.S. mortgage market quickly spread throughout the world.

It started by the real estate bubble that came from a large number of mortgage loans and transferred to the housing market subordinated debt (subprime mortgage debt) ([www.alba.edu.gr/News/Documents/20\\_11\\_2008.pdf](http://www.alba.edu.gr/News/Documents/20_11_2008.pdf)). During the first years of the decade of 2000, complex financial instruments were created by firms to obtain fast and easy money. These products combined with the growing housing loans to unreliable borrowers, led to an uncontrollable situation. From one end, where we had the last decade high growth and low inflation, we came at the other end because of the excessive use of mortgage securitization, excessive use of borrowed funds, the credit risk rating of subordinated bonds, the pay system in the financial sector and the regulatory framework ([www.alba.edu.gr/News/Documents/20\\_11\\_2008.pdf](http://www.alba.edu.gr/News/Documents/20_11_2008.pdf)).

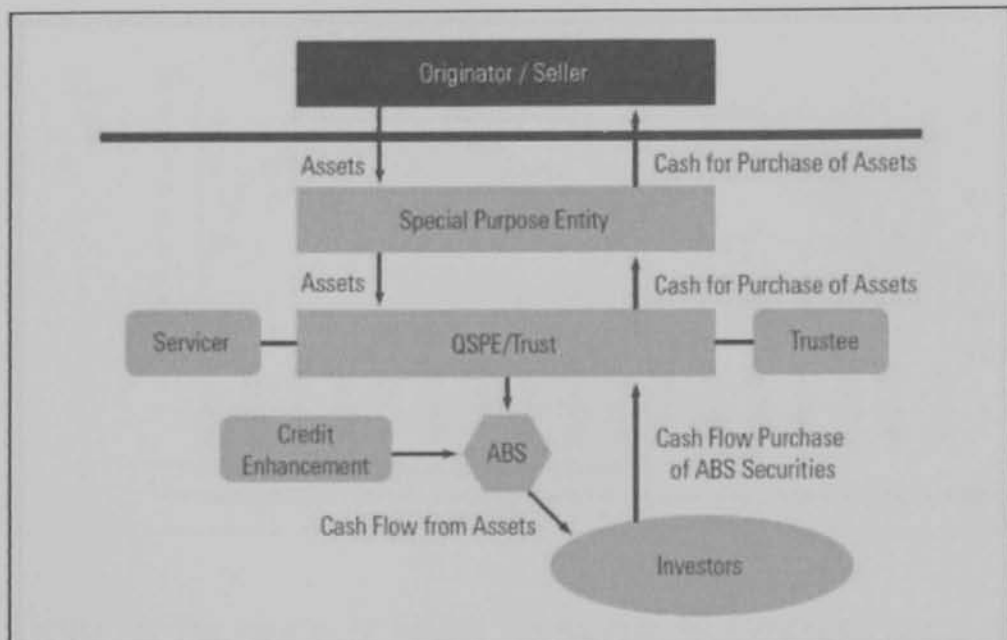
Let us examine in detail the causes of this crisis.

#### **Mortgage Securitization**

Securitization is the issue of securities based on cash flows of the assets of an economic entity and the repayment of the securities covered by cash flow from the repayment of loans themselves (C. Stakouras 2006, p. 75).

So, the banks knowing that the loans would not stay in their balance sheets began to issue more and more mortgages to people of low educational, social and economic standards, which were associated with a high floating interest rate.





**Figure 1:** Securitization Process

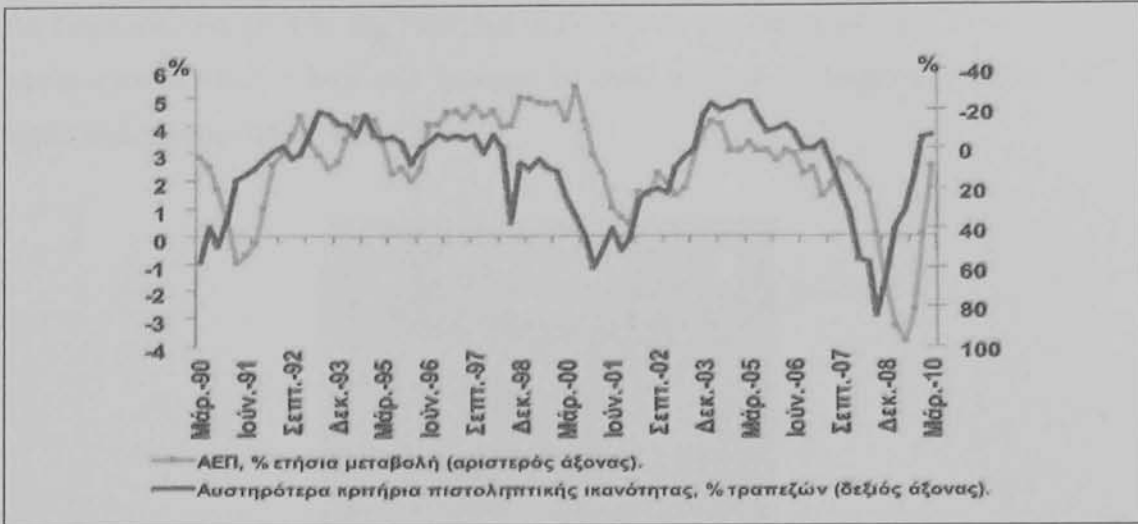
Source: [www.stern.nyu.edu/.../absprocess.pdf](http://www.stern.nyu.edu/.../absprocess.pdf)

Securitization process: similar loans converted into bonds and removed from the portfolio of the bank. The bonds are then traded, without even a well-established secondary market. Similar titles are securitized in a second generation bonds, CDOs which are bought by many European banks.

([http://el.wikipedia.org/wiki/Διεθνής\\_χρηματοπιστωτική\\_κρίση\\_2007-2008](http://el.wikipedia.org/wiki/Διεθνής_χρηματοπιστωτική_κρίση_2007-2008))

### Excessive Use of Debt Capital

After the crisis in the sector of computers and communications in the U.S., expansionary fiscal policy was followed with very low rates (Naude, 2009) and resulted in the credit markets to find some cheap capital while the real estate market enlarged. It was then that many households undertook large debt burdens due to the rapid growth in the real estate market. The result was to shift debt from businesses to households with catastrophic consequences for the economy. Figure 2 shows the severity of the decline in lending criteria in the U.S.A.



**Figure 2:** The severity of lending criteria over the economic cycle in the U.S. (U.S.A, Q1 1990 - Q3 2010)

Source: G. Hardouvelis (2009b)

### Credit Ratings Risk Subordinated Bonds

The international rating agencies played a crucial role in the process of securitization. Brands such as the companies Moody's, the Standard and Poor's and Fitch evaluated titles starting with the lowest investment risk (AAA) and ending with the last category with the title "entity".

(<http://www.moodys.com/sites/products/AboutMoodysRatingsAttachments/MoodysRatingsSymbolsand%20Definitions.pdf>). This category, known as toxic waste was the most profitable, as well as the safety valve (or so they believed). The collapse of these securities would act as a warning to all other categories, something that never happened (Tombazos, 2010).

### Regulatory Framework

Any financial system must be supervised by the supervisory authorities, which set limits on liquidity and capital adequacy of banks. In recent years, however, the framework for banking supervision has become more relaxed and in conjunction with the "elimination" of the distinction between commercial and investment banks, with



the latter not controlled by the FED, led to significant liquidity problems. Thus, giant banks such as Bear Sterns and Lehman Brothers collapsed, dragging commercial banks and leading to the current crisis.



**Image 1:** Announcement of bankruptcy of Lehman Brothers in New York ([http://el.wikipedia.org/wiki/Διεθνής\\_χρηματοπιστωτική\\_κρίση\\_2007-2008](http://el.wikipedia.org/wiki/Διεθνής_χρηματοπιστωτική_κρίση_2007-2008))

### 2.1.2. The road to the crisis

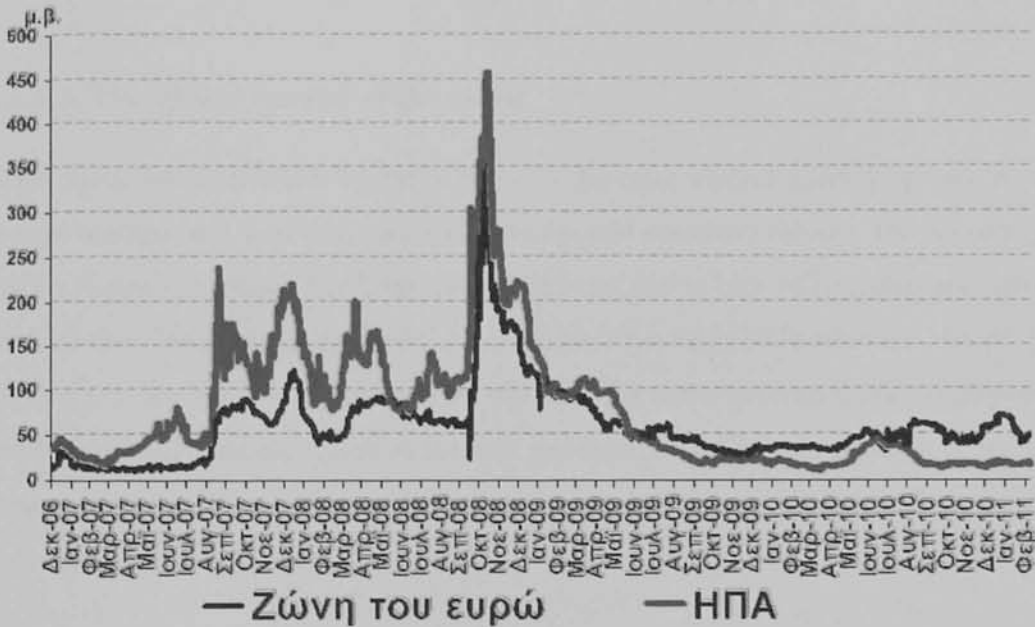
As difficult it was for some to predict the crisis, it was equally easy for others. The American fund manager John Paulson successfully predicted the collapse of the subprime mortgage market in the U.S. in 2007 and earned \$ 3, 7 billion (Allen - Carletti, 2008). While some people were amazed with the crisis and the markets were collapsing, John Paulson continued to get richer. Apart from the crisis itself, surprise was also caused by its intensity and duration. How did we come to this point? The rapid increase in credit growth in the early years of 2000, where complex financial products were created, in conjunction with the granting of loans by banks to unreliable borrowers, led to an uncontrollable situation. Central banks having concentrated their activity in high-risk mutual funds paid no special attention to the behavior of the investment banks (O'Neill 2011).

Thus, even the international rating agencies failed to properly assess the risk. Uncontrolled and without any supervision borrowing led to a large number of risky mortgages in the U.S. and new forms of securitization in complex structured securities. Investors lost confidence towards banks, which were led to a liquidity crisis

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**

while they stopped lending. Thus, many financial institutions began to have serious problems, as they could not ensure the short-term financing which was necessary to continue to operate (Hardouvelis, 2011).

Figure 3 depicts the pressure received by the interbank market in the U.S. and the Euro zone. The variables are the margins in the U.S. and the Euro zone, respectively, between the rate at which a bank borrows for three (3) months by another bank and the rate at which the government borrows for three (3) months.



**Figure 3:** Margins of 3-month interest rates (01/12/2006-07/02/2011)

(U.S.A.: TED spread = 3m Eurodollar- 3m Tbill, Euro Zone: 3m Euribor- 3m Euro Area Tbills)

The interest rates are made annual and their difference is expressed in base units. The 3m Euro Area Tbill is the weighted average of the state’s three-month interest rate in the Euro zone.

Source: Bloomberg, ECOWIN


**TEI Larissa**
**Project Management Department**

As the crisis progressed, the measures, which as yet seemed unthinkable, now became imperative. Nationalization of banks begun and the central banks of countries hit by the financial crisis were forced to provide liquidity to banks to enable them to be rescued. Attempts were made so that the financial crisis does not become an economic one, but unsuccessfully. The fear of the collapse of the global banking system was now a fact. After the collapse of Lehman Brothers in September 2008, the number of banks that went bankrupt or was bought, grew constantly (Hardouvelis, 2011) resulting in the first months of 2009 to intensify the crisis and begun to pass on the real economy of the countries.

### **2.1.3. The global spread of the crisis**

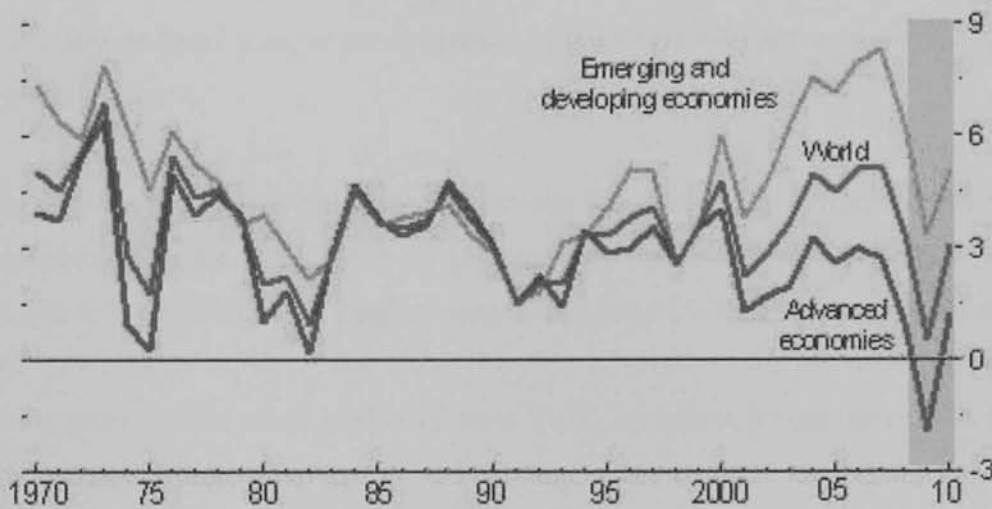
The crisis, which initially begun in the U.S. housing market quickly spread to other credit markets and then was transferred to the real economy through the deleveraging of the financial system. The financial institutions, due to lack of liquidity have tried to reduce their assets, in other words to reduce their lending and investment abroad. This means that stricter credit criteria were adopted, the loans decreased and so businesses and households had no access to finance, production and consumption were reduced, unemployment increased and through this way the crisis was passed on the real economy (Hardouvelis, 2011).

Securitization played a major role in spreading the crisis through a whole collection of loans or debt securities whose purchase is financed by issuing new debt (Benmelech and Dlugosz, 2009). The fact that in the portfolios were simultaneously precarious and non- precarious loans, led to a deterioration in the value of the first and banks from around the world who had been involved in American markets and were found themselves exposed at risk.

On the other hand, interbank uncertainty was another major factor that led to the worldwide spread of the recession. After the collapse of Lehman Brothers, the interbank loans market paralyzed and international trade and production in the

***THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY***

countries affected worldwide was immediate (M.Aglietta 2009). Banks worldwide were desperately seeking for liquidity, leading to reduced lending to customers and hence private consumption. The result was that the world economy faced its worst recession of the postwar period with a growth rate reaching very low levels for the first time since 1929 (Hardouvelis 2011). Figure 4, depicts the global growth rate.



**Figure 4:** The global growth rate

Source: World Economic Outlook Update (2009 p.1)

#### 2.1.4. History of economic and financial crises

Economic crises are not a modern phenomenon as it was first observed in the 4th century BC in Syracuse. Later on we have the 13th century AD currency depreciation between the Roman and the Byzantine Empire, which led to crises during the Middle Ages. But the first speculative crisis made its appearance in the 17th century in the Netherlands, a period known as the era of the Dutch tulip mania to the appearance of the first bubble. The course of this crisis is simply the course of every modern speculative bubble, which in this case it was created by the fury of the Dutch to get



this flower, leading to sharp price increases. It is worth noting that the price of a tulip at the time was ten times the income of a skilled worker.

Initially in every speculative crisis, the expected value of a product is constantly increasing so as the demand for this product also rises, and everyone wants to participate in the continued growth of the value. Due to increased demand, the product price rises and then the acquisition of it is initially accomplished from own funds and then by loans.

In 1797 Britain faced a major crisis because of the France-Britain wars, which lasted six years.

In the U.S. in the early 19th century there was the first major financial crisis with unprecedented seizures, cessation of payments by banks and high unemployment. This was followed by several small or large crises until 1929, when the greatest crisis of the 20th century occurred. For some, the crisis originated from the sudden collapse in share prices of the stock market of New York, for others it was the result of the restrictive policy that had been followed by the government to tackle the stock market speculation. Whatever the causes of the crisis were, it was soon spread to all the industrialized countries.

There are two dominant views regarding the country's exit from the crisis. The first refers to the start of World War II, which according to economists ended the period of the Great Depression and the second refers to the policy followed by the Roosevelt government.

It took ten years for the global economy to recover in parallel with the start of WWII. From 1950 until the mid 1970's there was an improvement in the world economy until the appearance of the two oil crises in 1973 and 1979, respectively.



TEI Larissa

Project Management Department

Since the mid 1980's and onwards economic recovery took place until October 1987 when there was a sharp decline in stock prices with the Dow Jones index losing 22% of its value and a general sell off of shares in Europe and Asia followed its fall.

In 1994 the Mexicans with the unexpected devaluation of the peso endangered the Mexican banks, which showed high losses, affecting in turn the banking system of Argentina.

Asian countries such as Thailand, Malaysia and the Philippines until 1997 had known rapid growth with a large influx of foreign capital so eventually they could not hold the exchange rate with the dollar. The sharp depreciation in the currencies of Asian countries along with significant losses in the world's trade lasted until the year 2000.

In 1998 the defaulted debt by Russia led to another banking crisis in the market with a 22, 6 billion dollar loan from the International Monetary Fund (IMF) and the World Bank to be given to restore stability to the Russian market.

In 2001 Turkey was on the verge of economic and social collapse. The intervention of the World Bank with a successful restructuring and reorganization of banks led to a dramatic economic recovery.

In 2001, however, we have another major crisis, that of Argentina. A country which in the first half of the 20th century was one of the richest in the world went into great depression because of political and economic times of economic instability that prevailed after 1955 ([www.casss.gr/PressCenter/Articles/1649.aspx](http://www.casss.gr/PressCenter/Articles/1649.aspx) ). The connection of it's currency to the dollar, while initially helped in the fight against high inflation, had negative long term consequences. The currency was overvalued, unemployment soared, and there was massive capital flight outwards and inability to repay debt. Once again the IMF intervened and when at a critical moment it refused to grant a loan resulted in sudden and massive withdrawal of capital from the country, which caused a crisis in the entire banking system. Finally in late 2002 Argentina began to

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



have a slow but steady economic growth since the devaluation had made Argentinean products competitive in international markets and thereby helped reducing the external debt. The question that has existed since the earliest days of the crisis “will we (Greece) become Argentina?” for many still exists.

## **2.2. The Greek Economy and the Greek Fiscal Crisis**

### **2.2.1. The course of the Greek economy during 1973-1996**

Since the nineteenth century, it is known that the course of an economy is not smooth but presents fluctuations, which are manifested in sizes, such as the product, income, employment and price level. It has been observed that periods of recession and downturn follow periods of economic prosperity and development (A. Petraki and G. Kotti, p.400). The Greek economy has developed rapidly since the Second World War, with a downturn around 1980, while kept growing from 1995 onwards. Comparing the growth of Greece with other strong economies such as, Germany, France and the U.S.A. we see that Greece has managed to exceed even Germany in 1965 (Figure 5), while from Figure 6 it is obvious that Greece from 1980 and onwards, does not manage to keep up with the other countries.

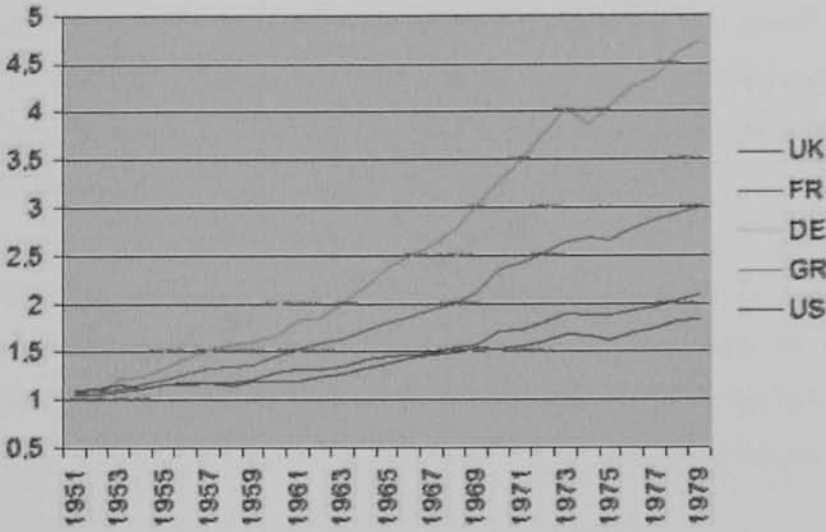


Figure 5: GDP Growth 1950-1980, several countries.

Source: Penn World Tables

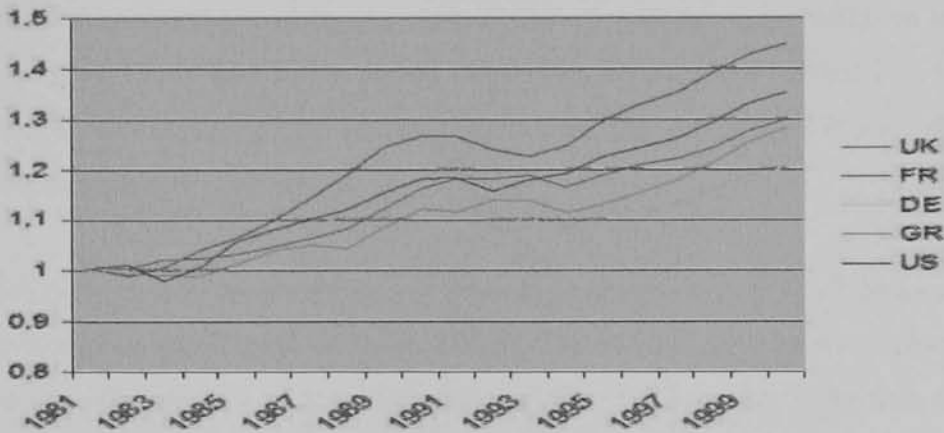


Figure 6: GDP Growth 1980-2000

Source: Penn World Tables

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



At this stage it is worth presenting briefly the course of the Greek economy during the period 1973-1996 and examines important economic indicators such as, the Gross Domestic Product (GDP), inflation, the fiscal budget and the trade balance. The real GDP growth was in high levels until 1973 while the two global oil crises resulted, along with other factors, to lower rates of GDP growth throughout the 1970's, a fact which continued and during the 1980's. The real GDP growth has been improving ever since 1994.

Since the beginning of the 1980's, unemployment in Greece has presented a significant upward trend with the prolonged recessions, with the accumulation of an even larger share of human workers in large urban centers, the lack of a flexible labor market and the growing influx of immigrants to have led to this increase (G. Katsibris 1999, p.36).

Inflation up to 1973 was relatively low, but during the two oil crises it reached high levels and the period 1971-1980, when the average inflation rate of the (fifteen) 15 member states of the European Union was 10,6% in Greece was 13,2%.

In the 1980s the two devaluations of the drachma, which resulted in an increase in the prices of imported raw materials and increasing production costs, inflation was higher than in the 1970s. During the period 1981-1990, inflation was around 19% in Greece, while in the (fifteen) 15 EU countries was about 7%. During the 1990's, inflation had a continuous downward trend.

Finally, regarding the trade balance, it has been always in deficit, which means that as a country we spend more on goods and services at all times than we produce. During the two oil crises, the deficit more than tripled in 1973 and has more than doubled in 1979, as the cost of imports increased significantly.


**TEI Larissa**
**Project Management Department**

In 2001 we have Greece's accession to the European Monetary Union and alongside with the Olympic Games in 2004, the growth in gross national product has been more rapid than the European average (<http://el.wikipedia.org/wiki>). Since the late 2009 and after, the global financial crisis becomes also a Greek crisis.

*But what is an economic crisis?*

### **2.2.2 Definition of a Financial Crisis**

According to Mishkin (1992) “A financial crisis is a disruption to financial markets in which adverse selection and moral hazard problems become much worse, so that financial markets are unable to efficiently channel funds to those who have the most productive investment opportunities”. Thus, an economic crisis results in the inability of markets to function effectively, resulting in a sharp fall in economic activity. When we speak of economic activity, we mean all the economic aggregates such as employment, the national product, investment etc.

Five (5) key factors can lead to growing problems of reverse selection (bad results occur when buyers and sellers have asymmetric information) and moral hazard (a situation in which one party in a transaction has more information than another), which in turn may cause a financial crisis and move the economy from the equilibrium point, at a point where the financial system is unable to fund those with the best investment proposals. These factors are, according to Mishkin: a) increases in interest rates, b) reductions in the stock market, c) increasing uncertainty, d) the panic of banks, and e) unexpected declines in overall price levels.

The crisis in a country can be easily spread to other countries, especially in an era of absolute globalization. According to Summers (2000) the contagion of the crisis from one country to another takes place in seven ways:

- i. With the simultaneous existence of negative factors common to two or more countries



TEI Larissa

Project Management Department

- ii. With the transfer of negative changes in prices and income through the trade links of the countries
- iii. With the excessive currency depreciation due to the intense competition of countries
- iv. With the financial ties that can lead to correlations between purchases of assets. For example, if a country invests and lends another, then any negative changes in the second, will affect the first.
- v. With the change in liquidity in a country.
- vi. With the prevalence of panic in periods of sharp decline in asset prices.
- vii. With the crisis in a country the investors' expectations are seriously affected.

### 2.2.3. The Greek fiscal crisis

#### 2.2.3.1. The accession of Greece in the EMU

Greece met four of the five criteria of the Maastricht Treaty (inflation, deficit, debt, exchange rate mechanism, long-term lending rate) in 2001 and was able to join the Euro zone, which for many was the beginning of the end as we will see shortly. After a joint effort to achieve the terms of the Treaty, Greece managed to join the Euro zone, giving satisfaction to the majority of the political system and the whole of Greek society (Kotios, April 2011).

After the accession, GDP continued to grow more rapidly than the European average, which is partly due to the investments made in the 2004 Olympic Games.

The entry of Greece into European Monetary Union (EMU) was definitely a unique opportunity, which unfortunately was not used to its full potential. The country's inability to adapt to new surroundings and behave according to the rules of a monetary union acted against it. Although transaction costs reduced and the exchange

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



uncertainty ceased to exist, trade and production did not increase, as one would expect. The transfer of monetary policy to new institutions would ensure price stability and increase investment. Also the fall in real and nominal interest rates and the ensuring of the external liquidity of Greece could have been used in the best possible way (Kotios, 2011).

Despite the universal acceptance of joining the EMU and the excitement that prevailed, from the beginning the most realistic voices, expressed their concerns (Thygesen 1999; Kotios, 2000). There was doubt about how could Greece face the new competitive environment. The depreciation of the currency could not now be used to address any adverse economic developments and the absence of mechanisms of repression of national or collective shocks in the EMU would complicate further the situation.

#### **2.2.3.2. The road to the crisis**

Since late 2009, Greece started to face serious problems with the second largest annual budget deficit and the second largest public debt in EU ([http://el.wikipedia.org/wiki/Economy\\_of\\_Greece](http://el.wikipedia.org/wiki/Economy_of_Greece)), as shown in Table 1.



Table 1: GDP-Budget Deficit-Public Debt-Unemployment

|                 | <b>GDP<br/>(market<br/>prices,<br/>billions<br/>Euro)</b> | <b>Budget<br/>Deficit<br/>(%GDP)</b> | <b>Public Debt<br/>(%GDP)</b> | <b>Public Debt<br/>(billions Euro)</b> | <b>Unemployment</b> |
|-----------------|---|--------------------------------------|-------------------------------|--|---------------------|
| <b>Criteria</b> |   | max 3%                               | max 60%                       |  |                     |
| 2000            |   | 3,7 %                                | 103,4 %                       |  | 11,2 %              |
| 2001            |   | 4,5 %                                | 103,7 %                       |  | 10,7 %              |
| 2002            |   | 4,8 %                                | 101,7 %                       | 166,1                                  | 10,3 %              |
| 2003            |   | 5,6 %                                | 97,4 %                        | 177,8                                  | 9,7 %               |
| 2004            |   | 7,5 %                                | 98,6 %                        | 201,                                   | 10,5 %              |
| 2005            |   | 5,2 %                                | 100,0 %                       | 215,4                                  | 9,9 %               |
| 2006            |   | 5,7 %                                | 106,1 %                       | 226,2                                  | 8,9 %               |
| 2007            | 227,0   | 6,4 %                                | 105,4 %                       | 239,4                                  | 8,3 %               |
| 2008            | 236,9   | 9,8 %                                | 110,7 %                       | 262,3                                  | 7,7 %               |
| 2009            | 235,0   | 15,4 %                               | 127,1 %                       | 298,7                                  | 9,5 %               |
| 2010            | 230,2   | 10,5 %                               | 142,8 %                       | 328,6                                  | 12,6 %              |
| 2011            |   | 9,5 %                                | 157,7 %                       |  |                     |
| 2012            |   | 6,3 %                                | 166,1 %                       |  |                     |

Source: [http://el.wikipedia.org/wiki/Οικονομία\\_της\\_Ελλάδας](http://el.wikipedia.org/wiki/Οικονομία_της_Ελλάδας)

According to Prof. Spyros Makridakis, the biggest mistake of Greece was to join the EMU ([www.naftemporiki.gr/video/video.asp?id=24224](http://www.naftemporiki.gr/video/video.asp?id=24224)). He stated that, when before joining EMU we were not competitive, a devaluation of the drachma would be sufficient to restore balance. By joining the EMU a country such as Greece had to compete with countries like Germany, Sweden and Denmark. But how feasible was **THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

this the moment that we could not unhook ourselves from our past and change our institutions? Not at all, as it turned out.

A country like Greece, with a tradition in corruption and tax evasion, in 2009 came to suffer from high levels of political and financial corruption and low levels of competitiveness, compared with other European countries. (<http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf>).

So, when the world economic crisis broke out, the Greek economy which was based on shaky foundations, crumbled, and presented the highest budget deficit and the second highest debt to GDP ratio in the EU for the year 2009. The deficit rose to 15,4% of GDP and in combination with the very high and increasing debt level, led the Greek economy to high costs of borrowing. Greece was confronted with an unprecedented scale debt crisis (Charter, David. Storm over bailout of Greece, EU's most ailing economy. Time Online: Brussels, 2010).

After the disclosures of the Papandreou government for the actual size of the budget deficit, the country lost its credibility and borrowing to finance the current budget deficit and refinance the debt at reasonable rates, became impossible.

#### **2.2.4. The causes of the debt crisis**

The report of the UK Defense Academy for the Greek crisis, which was published in July 2010, examined the background of the crisis, stressing out that Greece, being the only Balkan country without its own currency, has suffered disproportionately from the global economic crisis since it was unable to make a devaluation of its currency (P. Panagiotou, 2011). *Within one year from the adoption of the euro, the prices of goods increased rapidly and tourism received a serious blow. Most citizens regretted the end of the drachma and most of all the small businesses* (P. Panagiotou, 2011).





TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

According to the report, another cause for the dramatic impact that the global crisis had in Greece, was the organization of the Olympic Games in 2004. Despite the initial increase in the gross product, at rates above the European average, because of investments in infrastructure associated with the Olympic Games, in the long-term the costs proved unsustainable for the Greek society. The uncontrollable costs that incurred during that period, boosted even more the already high Greek debt and continued to be high (the cost) because of Greece's participation in the EU. Moreover, the study suggests that, too much corruption, the tradition of "favors" and the enormous problem of tax evasion is some more of the causes that led Greece into such deep debt crisis.

The "opening of the books" by the new government in late 2009, revealed a much worse financial situation than was presented by then, and shook once again the country's credibility in the eyes of its creditors, as it was not the first time this happened. The great performances of the Greek economy that was presented before the accession in the EMU, was the result of "creative accounting" in the implementation of which had helped the investment bank Goldman Sachs (<http://tvxs.gr/news/ellada/goldman-sachs>). But also in 2004, the then new Finance Minister, George Alogoskoufis, on pressure exerted by Eurostat, had an economic census, that resulted in revised the deficit levels of the previous year's upwards and put the country into a three-year monitoring procedure by the EU (<http://www.enet.gr/?i=news.el.article&id=310398>, <http://www.lsk.gr / feeditem / oikonomiko-thayma-me-pathogeneies-i-kathimerini>).

From 2004 to 2007, the debt to GDP ratio was declining, but the outbreak of the global financial crisis in 2008 resulted in the derailment of the Greek economy and the rapid increase of the deficit and the debt (<http://www.tanea .gr / oikonomia / article /? aid = 4587246>).

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



### 2.2.5. The critical period

On October 4, 2009, elections were held and the day after brings the ruling party facing a dramatic situation. On October 20 the ECOFIN announced that the deficit for 2009 from 6% to have been calculated by the previous government would be hurled at 12, 5% (The News: 12, 5% of GDP deficit in 2009). Two days later came the first downgrade of Greece from Fitch, with a series of downgrades to follow the subsequent course of the Greek economy (Kathimerini, Downgrade by Fitch after the financial derailment of Greece, 10/23/2009).

The delay in taking measures and insufficient fiscal consolidation program of the Greek government led (December 8, 2009) in the degradation of the Greek economy for the second time since from Fitch, with Standard and Poor's and Moody's to follow on 16 and 23 December respectively ([www.in.gr](http://www.in.gr), degradation of the Greek economy from Standard & Poor's, 16-12-2009, Kathimerini, third degradation of the Greek economy in December, 23/12/2009).

### 2.2.6. Memoranda and Packages of measures

After Greece's call for assistance amounting to € 80bil. from the other fifteen (15) countries of the Euro and € 30bil. from the International Monetary Fund, the first Memorandum was signed and shortly after a group of representatives from the European Commission (EC), European Central Bank (ECB) and the International Monetary Fund (IMF) was formed, the so-called Troika, which evaluates each quarter in progress in complying with the program implementation of the Memorandum. Memoranda and new packages of economic measures with a lot of opposition and strikes to accompany them, followed. Emphasis was placed on the horizontal wage cuts, the cut of benefits of civil servants, in higher taxes, in increased taxes on fuels, cigarettes and alcohol and increased objective values of house properties.



The subsequent harsh measures such as the reduction of the tax-free limit from €8.000 to €5.000, the broadening of the measure of labor reserve, the new temporary tax on houses and a further reduction in wages and pensions in the public sector, led the country into a deep recession. Unemployment and inflation soared, small businesses began to close one after another, and 2010 ended with the debt reaching 142,8% of GDP and the deficit 10,5%.

**Table 2:** The history of the Greek debt and the deficits (1999-today)

|            | 1999  | 2000  | 2001  | 2002  | 2003 | 2004  | 2005  | 2006  | 2007  | 2008  | 2009  | 2010  |
|------------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|-------|
| € Billions | 122.3 | 141   | 151.9 | 159.2 | 168  | 183.2 | 195.4 | 224.2 | 239.4 | 262.3 | 298.7 | 328.6 |
| % of GDP   | 94    | 103.4 | 103.7 | 101.7 | 97.4 | 98.6  | 100   | 106.1 | 105.4 | 110.7 | 127.1 | 142.8 |
| Growth     | 3.4   | 4.5   | 4.2   | 3.4   | 5.9  | 4.4   | 2.3   | 5.2   | 4.3   | 1.0   | -2.0  | -4.5  |
| Deficit    | -     | -3.7  | -4.5  | -4.8  | -5.6 | -7.5  | -5.2  | -5.7  | -6.4  | -9.8  | -15.4 | -10.5 |

Source: Eurostat

While on November 10, 2011 a coalition government was formed by the new Prime Minister Lucas Papademos, the economy continued to deteriorate with unemployment reaching the same months at 20,9%.

**Table 3:** Unemployment Rate (January 2010 - December 2011)

|      |      |      |      |      |      |      |      |      |      |      |      |      |
|------|------|------|------|------|------|------|------|------|------|------|------|------|
| 2010 | Ιαν  | Φεβρ | Μαρ  | Απρ  | Μαι  | Ιουν | Ιουλ | Αυγ  | Σεπτ | Οκτ  | Νοεμ | Δεκ  |
|      | 11.3 | 12.1 | 11.6 | 11.9 | 12.0 | 11.6 | 12.0 | 12.2 | 12.6 | 13.5 | 13.9 | 14.8 |
| 2011 | Ιαν  | Φεβρ | Μαρ  | Απρ  | Μαι  | Ιουν | Ιουλ | Αυγ  | Σεπτ | Οκτ  | Νοεμ | Δεκ  |
|      | 15.1 | 15.9 | 16.2 | 15.8 | 16.6 | 16   | 16.5 | 18.4 | 17.5 | 18.2 | 20.9 | 21   |

Source: ΕΛΣΤΑΤ



TEI Larissa

Project Management Department

### 3. Small and Medium Enterprises

#### 3.1. Definition of SMEs

The new European definition of micro, small and medium enterprises was established to foster entrepreneurship, investment and development, facilitate access to risk capital, to reduce administrative burdens and increase legal certainty.

The new definition clarifies the characteristics of SMEs and the concept of very small enterprises. This enhances the effectiveness of community programs and policies relating to these businesses. The aim is to prevent possible exploitation of the mechanisms to support these undertakings from companies with greater financial strength of SMEs.

On May 6, 2003 the Commission adopted a Recommendation (2003/361/EC) on the SME definition which replaced Recommendation 96/280/EC as from January 1, 2005. The review took into account the economic developments since 1996 and the lessons learned from the application of the definition. Specifically, the new definition set the maximum cost limits considering the increases in prices and productivity since 1996 and introduced a business Handbook (differences between the three categories: autonomous, partner and linked) and a method for calculating the lower limit which gives a more realistic picture of their economic power. This definition also ensures that companies which are part of a larger group and therefore enjoy a stronger financial support than genuine SMEs, do not benefit from European programs to support SMEs

(<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/652&format=HTML&aged=0&language=EN&guiLanguage=en>).

Businesses are classified as very small, small and medium sized enterprises (SMEs) if they meet the criteria set out in the new recommendation and summarized in the table below. Besides the maximum number of employees, a company is characterized as a

***THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY***

SME if it meets either the upper limit of turnover or balance sheet ceiling, but not necessarily both.

**Table 4:** Distinction between micro, small and medium-sized enterprises

| Categories of the enterprises | Employee Number (stable) | Turnover    | Total Balance Sheet |
|-------------------------------|--------------------------|-------------|---------------------|
| Medium                        | < 250                    | < 50 mil. € | < 43 mil. €         |
| Small                         | < 50                     | < 10 mil. € | < 10 mil. €         |
| Very Small                    | < 10                     | < 2 mil. €  | < 2 mil. €          |

Source: [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index\\_en.htm](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/sme-definition/index_en.htm)

So as a medium business, is called a company that employs fewer than 250 people and has annual turnover not exceeding € 50 million or an annual balance sheet of total not exceeding 43 million €. You should also meet the criterion of independence, i.e. that there is not a 25% or more of the capital or voting rights in a company or a group of companies which do not meet the definition of a SME or a small business (as appropriate).

Very small enterprise, is an enterprise which employs fewer than (ten) 10 employees, while small enterprise employs fewer than 49 employees and has an annual turnover not exceeding 10 million €, or an annual balance sheet total not exceeding 10 million €.

This Recommendation concerns all Community policies applied within the European Economic Area for SMEs (Structural Funds Programme for Research & Development, etc.), as well as state aids where SMEs can benefit from the provisions exemptions and higher ceilings (see General Block Exemption Regulation on state aid). The Recommendation is addressed to the Member States, the European Investment Bank (EIB) and the European Investment Fund (EIF).



According to economic conventional wisdom, the role of SMEs is thought to be crucial in terms of poverty reduction and growth acceleration. There are three core arguments in support of this positive role for SMEs: First, it is assumed that SMEs enhance competition and innovation within the economy thus conveying external benefits on an economy wide basis in terms of efficiency and aggregate productivity. The second argument states that frequently, SMEs are more productive than large firms and it is the failing of the financial market which hinders their growth and contribution. Finally, it is argued that SMEs can alleviate unemployment in a much more effective way when compared to large firms, since most SMEs focus more on labor intensive products. Under this perspective, SMEs offer a valuable poverty alleviation tool, should the government choose to directly subsidize or aid them in any way.

### 3.2. Characteristics of SMEs

Apart from their size, SMEs differ from large firms at some qualitative and quantitative characteristics, such as scarcity of resources, human resources, the way they exercise management and financing (Burns, 1996). According to Burns (1996), one of the key features of SMEs is the personalized management, where the owner / operator of a small business is predominantly responsible for decisions in business. This degree of involvement in the decisions of the company probably stresses out its business culture. It is customary, that the operation of the company depends solely on the owner / operator and if he/she leaves, the company is most likely to fail. A very common phenomenon in Greece, where SMEs are predominantly family businesses and withdrawing the founder, the company closes, as the children do not wish to continue the family business.

Also, with the small market share held by SMEs due to their size, they cannot influence either the selling price of products or services or to influence the amount they produce. Therefore, the power they hold in the market is small, and they do not buy in large quantities and thus are forced to buy at higher prices. This is the predominant reason why small businesses are selling their products at a higher price


**TEI Larissa**
**Project Management Department**

and so they become less competitive. For this reason, small firms are often specialized in specific markets (niche markets).

Another feature of SMEs is the loyalty of the consumers; particularly those operating in specific markets, which they often acquire a small but dedicated number of consumers.

With regard to financing, SMEs face several difficulties in finding resources to expand and their survival depends directly on transactions with customers. Often, if the clients of the firm are unable to repay their debts to the company, the company is unable to survive.

### **3.3. Small and Medium Enterprises in the EU**

In terms of economic theory, SMEs differ significantly from large enterprises because they have lower productivity and higher production costs due to the small scale of production. Moreover, SMEs face higher costs and lower supply terms, while they are forced to offer longer credit terms to their customers as a means to promote their sales. Very small companies usually sell to end users and operate in more fragmented markets. Finally, the larger firms are those that mainly export, while the smaller are more dependent on local economies.

The European SMES sector stands out for its strong business dynamics (particularly the high rate of creating new SME), the increasingly higher level of education of entrepreneurs, the accelerating globalization of trade, the foreign direct investment, the strategic alliances and the creation of opportunities in new jobs because of the high creation rate of new business and the level of the wages that are generally lower than average. The weaknesses include lack of strategic marketing, involvement of SMEs in markets with a high degree of fragmentation, low productivity of labor so that there is a generally high wage costs per unit (although wages are lower than



TEI Larissa

**Project Management Department**

average), and finally , a relatively weak financial condition, resulting from the low index of equity / debt and expensive borrowing costs (Dunlop, 1992).

In 2010, were approximately 20, 7 million SME businesses operating in the EU, in contrast to the number of large enterprises, which accounted for only 0, 2 percent (Table 5).

Despite the continuous growth of total employment by SMEs, the average number of European SMEs in terms of jobs is expected to fall marginally. SMEs in the EU in 2010 employed 4, 21 people per business, while the average for 2003 was 4, 40 persons per company. This seemingly small reduction is important if you multiply it with the number of SMEs in the EU. A tiny change in the average size of enterprises may cause serious problems in employment, both at the national and at EU level (Table 6).

**Table 5:** Number of enterprises, employment and value added in EU-27 (2010)

|                          | Micro      | Small      | Medium     | SMEs       | Large      | Total       |
|--------------------------|------------|------------|------------|------------|------------|-------------|
| <b>Enterprises</b>       |            |            |            |            |            |             |
| Number                   | 19,198,539 | 1,378,401  | 219,252    | 20,796,192 | 43,034     | 20,839,226  |
| %                        | 92.1       | 6.6        | 1.1        | 99.8       | 0.2        | 100         |
| <b>Employment</b>        |            |            |            |            |            |             |
| Number                   | 38,905,519 | 26,606,166 | 21,950,107 | 87,460,792 | 43,257,098 | 130,717,890 |
| %                        | 29.8       | 20.4       | 16.8       | 66.9       | 33.1       | 100         |
| <b>Gross value added</b> |            |            |            |            |            |             |
| EUR Millions             | 1,293,391  | 1,132,202  | 1,067,387  | 3,492,979  | 2,485,457  | 5,978,436   |
| %                        | 21.6       | 18.9       | 17.9       | 58.4       | 41.6       | 100         |

Source: Eurostat/National Statistics Offices of Member States/Cambridge Econometrics/Ecorys



**Table 6:** Average size of SMEs and large enterprises in the EU-27 (2003 - 2010)

|       | 2003    | 2004    | 2005    | 2006    | 2007    | 2008    | 2009    | 2010    |
|-------|---------|---------|---------|---------|---------|---------|---------|---------|
| SMEs  | 4.40    | 4.39    | 4.34    | 4.35    | 4.30    | 4.27    | 4.25    | 4.21    |
| Large | 1005.22 | 1007.57 | 1006.03 | 1003.99 | 1001.29 | 1000.35 | 1002.71 | 1005.18 |

Also, most often they appear to be involved in services rather than in manufacturing activities, compared to large businesses. In 2010 for example, about 12, 6 million SMEs (more than half of European SMEs) were active in trade, the real estate market, in renting and business activities (Table 7). About 40% of major companies were active in manufacturing, while the rate for SMEs was just over 10% in 2010. One reason why SMEs are active in the service sector is the fact that the service sector tends to be less capital intensive than most processing activities, which in turn encourage SMEs which - in general - tend to find it more difficult to create stocks of larger capital than larger firms.

**Table 7:** Number of businesses by sector in EU-27 (2010)

|    |  | Micro      | Small     | Medium  | SMEs       | Large  | Total      |
|----|--|------------|-----------|---------|------------|--------|------------|
| c- | <b>Total non-financial</b>   |            |           |         |            |        |            |
| i, | <b>business economy</b>  | 19,198,539 | 1,378,401 | 219,252 | 20,796,192 | 43,034 | 20,839,226 |
| k  | <b>By NACE section</b>   |            |           |         |            |        |            |
| C  | Mining and quarrying   | 15,667     | 4,794     | 941     | 21,402     | 275    | 21,677     |
| D  | Manufacturing  | 1,760,912  | 311,564   | 77,335  | 2,149,811  | 17,226 | 2,167,037  |
| E  | Electricity, gas and water supply  | 34,753     | 3,815     | 2,213   | 40,781     | 993    | 41,774     |
| F  | Construction   | 2,789,236  | 208,857   | 22,385  | 3,020,478  | 2,373  | 3,022,851  |
| G  | Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods | 5,968,300  | 361,222   | 42,324  | 6,371,846  | 6,948  | 6,378,794  |
| H  | Hotels and restaurants   | 1,552,574  | 151,018   | 12,066  | 1,715,658  | 1,527  | 1,717,185  |
| I  | Transport, storage and communication   | 1,109,424  | 93,533    | 16,956  | 1,219,913  | 4,046  | 1,223,959  |
| K  | Real estate, renting and business activities   | 5,967,673  | 243,598   | 45,032  | 6,256,303  | 9,646  | 6,265,949  |

Source: Eurostat/National Statistics Offices of Member States/Cambridge Econometrics/Ecoorys



However, SMEs face particular difficulties which the EU and the national legislation seek to address by providing various benefits. The implementation of one common definition by the Commission, the Member States, the EIB and the EIF can ensure consistency and effectiveness of these policies for SMEs and, therefore, reduce the risk of distortions of competition in the single European market.

### 3.4. Small and Medium Enterprises in Greece

The Greek SMEs also have a very large share in the Greek economy, and represent a much larger share of the total employment and value added than that of the EU average. Due to that, the financial profitability and sustainability of SMEs are two very important parameters for the Greek economy, investors, bankers and suppliers. The latest EU enlargement and globalization of the markets, has created quite a strong competitive environment for the Greek manufacturing sector, which now faces serious problems of survival.

According to the newsletter of the SBA 2010/11<sup>1</sup> for Greece, the Greek SMEs have been affected by the economic crisis, with adverse consequences on the number of businesses and the added value of the SMEs. The Greek economy is based more on very small enterprises than in comparison to other EU economies and the part of SMEs represent more than half of all jobs in Greece. Overall, Greece is below the EU average in many areas of action SBA. Furthermore, progress in the country was stagnant or even negative, while improvements were seen in only a few areas of SBA.

<sup>1</sup> The legislation for SMEs [Small Business Act (SBA)] is an initiative of the EU policy to support small and medium enterprises (SMEs). The aim of the newsletters that are updated on an annual basis is to contribute to a better understanding of recent trends and national policies affecting SMEs.

**Table 8:** The Greek SMEs - key figures

|             | Αριθμός επιχειρήσεων |         |         | Θέσεις απασχόλησης |         |         | Προστιθέμενη αξία |         |         |
|-------------|----------------------|---------|---------|--------------------|---------|---------|-------------------|---------|---------|
|             | Ελλάδα               |         |         | Ελλάδα             |         |         | Ελλάδα            |         |         |
|             | Αριθμός              | Ποσοστό | Ποσοστό | Αριθμός            | Ποσοστό | Ποσοστό | Δια. κυρία        | Ποσοστό | Ποσοστό |
| Πολύ μικρές | 719.952              | 96,5%   | 92,1%   | 1.447.218          | 57,6%   | 29,8%   | 27                | 35,3%   | 21,6%   |
| Μικρές      | 22.832               | 3,1%    | 6,6%    | 438.792            | 17,5%   | 20,4%   | 18                | 20,8%   | 18,9%   |
| Μεσαίες     | 2.893                | 0,4%    | 1,1%    | 264.427            | 10,5%   | 16,8%   | 12                | 15,6%   | 17,9%   |
| ΜΜΕ         | 745.677              | 99,9%   | 99,8%   | 2.156.438          | 85,6%   | 68,9%   | 55                | 71,7%   | 58,6%   |
| Μεγάλες     | 563                  | 0,1%    | 0,2%    | 362.055            | 14,4%   | 33,1%   | 22                | 28,3%   | 41,6%   |
| Σύνολο      | 746.240              | 100,0%  | 100,0%  | 2.512.493          | 100,0%  | 100,0%  | 77                | 100,0%  | 100,0%  |

Source: [http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece\\_el.pdf](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece_el.pdf)

Greece has a very large percentage of SMEs, especially very small enterprises, compared with the average of the EU. The importance of very small enterprises is reflected in the share they account in creating jobs and added value, as more than one in two Greeks working in non-financial sector is employed a very small business. The SMEs sector as a whole employs more than 85%, far higher than the EU average. The contribution of Greek SMEs in added value is also significantly exceeding the EU average (35, 3% compared with 21, 8%). However, given the predominance of this magnitude both in the number of businesses and jobs, this is expected. In practice, large enterprises, which represent only 14% of all jobs in Greece (EU average: 33%) manage to produce more than 28% of total value added, which shows that the Greek very small businesses have low productivity. The Greek SMEs employ an average of only 2,9 people, much less than the EU average which is 4,2 persons.

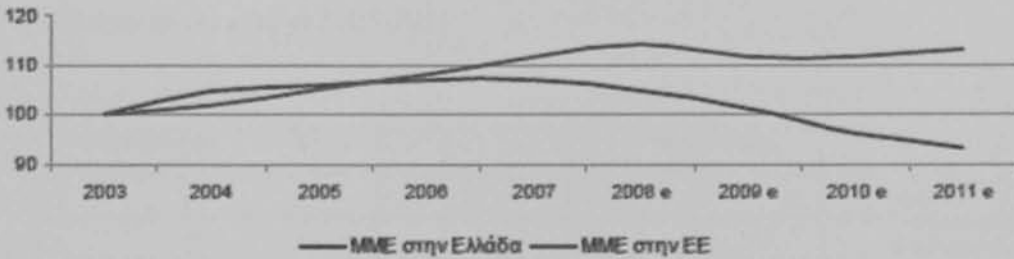
Despite its importance for the Greek economy, the tourism sector, the service sector of SMEs in Greece is actually lower than the EU average (34% vs. 44%) as far as the number of businesses is concerned. The same goes for job creation and added value in services. On the other hand, the Greek SMEs seem proportionately more active in trade than those of the EU, 42% of Greek SMEs are active in this area (EU average: 31%).

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



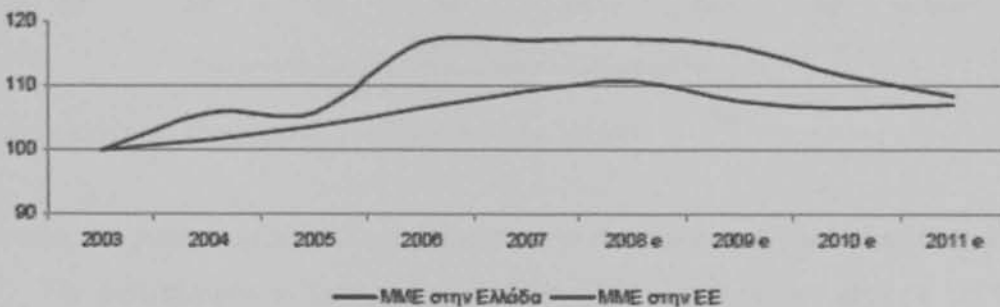
If we look at recent trends, the Greek small businesses, like those of the EU are affected by the crisis. Negative effects were felt in all three indicators presented in the following figures (7, 8, 9, 10), where the total number of Greek SMEs steadily fall in recent years so that in 2010 there were 30,000 fewer businesses than in 2003. A similar trend is observed with regard to employment in the Greek SMEs, which lost more than 135,000 jobs since the start of the crisis. Strong is also the reduction of the added value. However, there are some signs of stabilization of the fall for all three indicators.

Figure 7: Number of firms (Index: 2003 = 100, estimates from 2008 onwards)



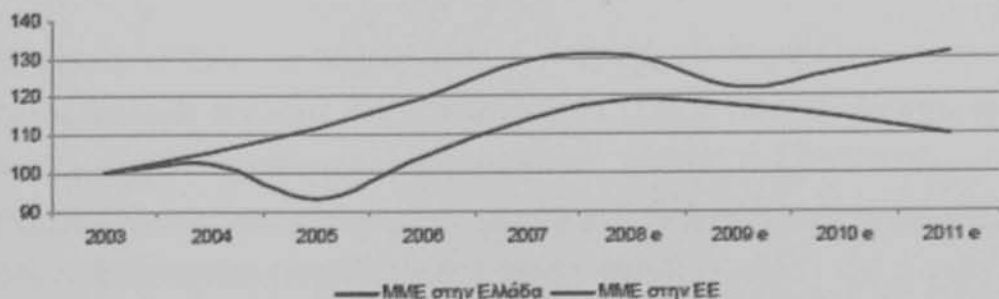
Source: European Commission, Fact Sheet for SBA 2010/11

Figure 8: Jobs in enterprises (Index: 2003 = 100, estimates from 2008 onwards)



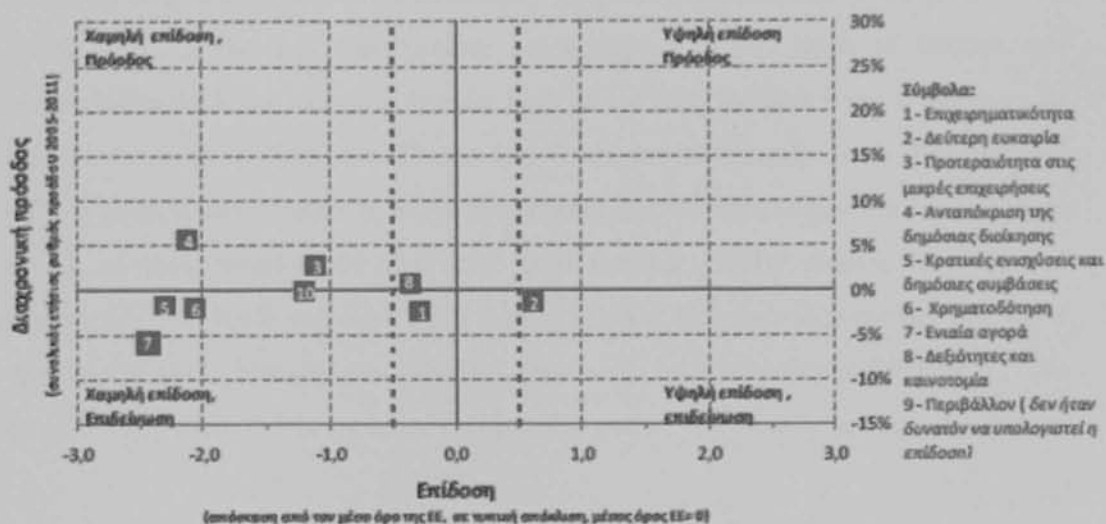
Source: European Commission, Fact Sheet for SBA 2010/11

**Figure 9:** Jobs in enterprises (Index: 2003 = 100, estimates from 2008 onwards)



Source: European Commission, Fact Sheet for SBA 2010/11

**Figure 10:** The performance of Greece in the SBA: Current situation and developments in the period 2005-2011



Source: European Commission, Fact Sheet for SBA 2010/11

Overall, the statistics for SMEs in Greece show that the country is below the average EU. The performance of Greece exceeds the EU average in one area of SBA, the second chance, while in the other two areas (entrepreneurship and skills and innovation), is similar to that of other EU countries. However, for the remaining six (6) principles for which data are available on the average performance (no average for



TEI Larissa

Project Management Department

any country in the principle 9 “environment” due to lack of data), Greece is below the average.

An analysis of the recent developments, in comparison with other EU member states shows that there is a clear risk of a setback for Greece. Most of the areas of SBA recently showed stagnation or even deterioration

([http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece_en.pdf))

The historical path of the Greek economy has made for some interesting characteristics which in turn shape the nature of the SMEs. The Greek economy never truly went through the transformation that the industrial revolution caused to other western economies. For this reason the level of salaried jobs within the economy is particularly low; one in two workers is self – employed or involved in some way with a SME. Due to the fact that private ownership of assets such as houses and commercial/agricultural property is very high in Greece, workers have a tendency to utilize these assets on their own. This in turn translates into family ownership for most SMEs, a pattern which tends to stifle exogenous innovation and growth for the firm. Because of their small scale and very large number, SMEs cannot make use of economies – of – scale policies. Their family – guild like approach means that these firms tend to stick to traditional business areas with little innovation filtering in. The jobs offered in such SMEs are labor intensive in nature and usually not very well paid.

Again, due to the family nature of the majority of such firms, advancement within such structures is virtually non – existent. Furthermore, since the acceptance of Greece within the EU, a massive policy of growth related subsidies caused a considerable swelling in the ranks of SMEs which wanted to benefit from such policies. Although such policies did keep unemployment at check, they did lead to a non optimal usage of valuable convergence funds which could have been used for structural changes in the productivity pattern of the Greek economy. This strong correlation between SMEs and government/EU funding led many of these firms to be

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



TEI Larissa

Project Management Department



dependent on the availability of such funds and thus when the economy took a downturn, these firms suddenly became extremely vulnerable in terms of liquidity. To add to the list of structural deficiencies, one should mention the investment negative environment which prevails in Greece which actively discourages corporate level firms in undertaking new ventures. For a SME, the only way to survive through the bureaucratic inertia and the maze of conflicting laws is to try to evade these rules as much as it can possible get away with. Thus, behind the corporate villain, despised by all, hides the SME which has to evade the law if it is to survive. Having to deal with a state which does everything within its power to destroy any confidence of the firms in the equality and the stability of the taxation system is a major contributing factor to the never ending cycle of corruption and tax fraud in Greece.

Some of efforts taking place in Greece (both private and public sponsored) are unlikely to reach optimal incubating capacity, mainly because they do not include the proper level of funding. The most common form that incubators take in Greece are the so called “technology parks” which are created by legal entities in order to promote specific interests through the creation of new enterprises. They are usually limited to providing to new businesses facilities and administrative services.

Another way to facilitate business growth is by providing direct state aid and tax incentives for innovative companies. Particular emphasis should be given to SMEs that have been established recently and are excluded from the incentive structures offered to corporate investment and research projects. The economic sectors in which SMEs could make optimal use of such incentives are mainly innovation oriented and involve a high level of human capital accumulation. Such areas include but are not limited to the following:

- IT and communication technologies
- Biotechnology and nanotechnology
- Health and biomedicine



TEI Larissa

Project Management Department



- Agro – biotechnology and food processing
- Nanomaterial technologies
- Renewable energy sources and natural resources management
- Recycling and waste exploitation Grant of 75% of project costs (costs of land, building, machinery, etc.)

These incentives could include the following measures:

- Leasing subsidy up to 75% of the total cost for the purchase of machinery and other laboratory equipment for a minimum repayment period of ten years.
- Exemption from income tax on the undistributed earnings of all activities of the enterprise during the first decade of the realization of the project. The tax income which is exempt from the enterprise may correspond to a maximum of 75% of the investment cost. This exemption is similar to the formation of untaxed capital reserves.
- Enhancement of employment. Specifically, the creation of subsidized jobs utilized by the investment project for a time period spanning at least two years.
- Interest payment subsidy up to 75% for the investment capital loaned by financial institutions to a maximum of ten years.

The Greek tourist sector has proved time and again to be a crucial pillar for economic growth and a stable source of employment. It is necessary to radically revamp the existing legislation pertaining to the creation and operation of commercial marinas. Furthermore it is essential to develop rational and effective procedures for the usage of existing port facilities in the country in order to attract direct foreign investments in new infrastructure which will aid the tourist sector. The proposed legislation should

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



contribute both directly and indirectly to rational development and effective use of marinas in the country by establishing adequate conditions necessary for investing in marine tourism. Such policies will aid regional development and promote the convergence between the regions of Greece. Specifically, the new policies should aim towards the following:

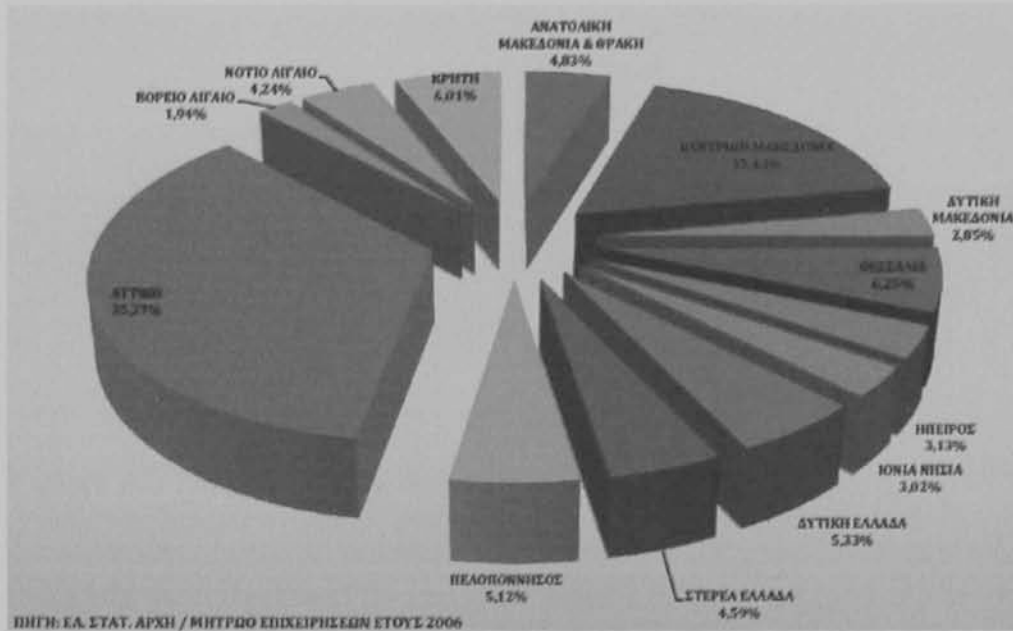
- Clarification of existing port categories.
- Unified operation and management parameters of all marinas.
- Introduce electronic registration information for tourist ports
- Clarify the responsibilities between competing agencies by addressing overlapping responsibilities.
- Set the framework for dispute settlement by the Greek courts
- Allow proper use of marinas by the local authorities and port funds
- Treat arbitrary and uncontrolled marinas outside central government control.

### **3.5. Small and Medium enterprises in Thessaly**

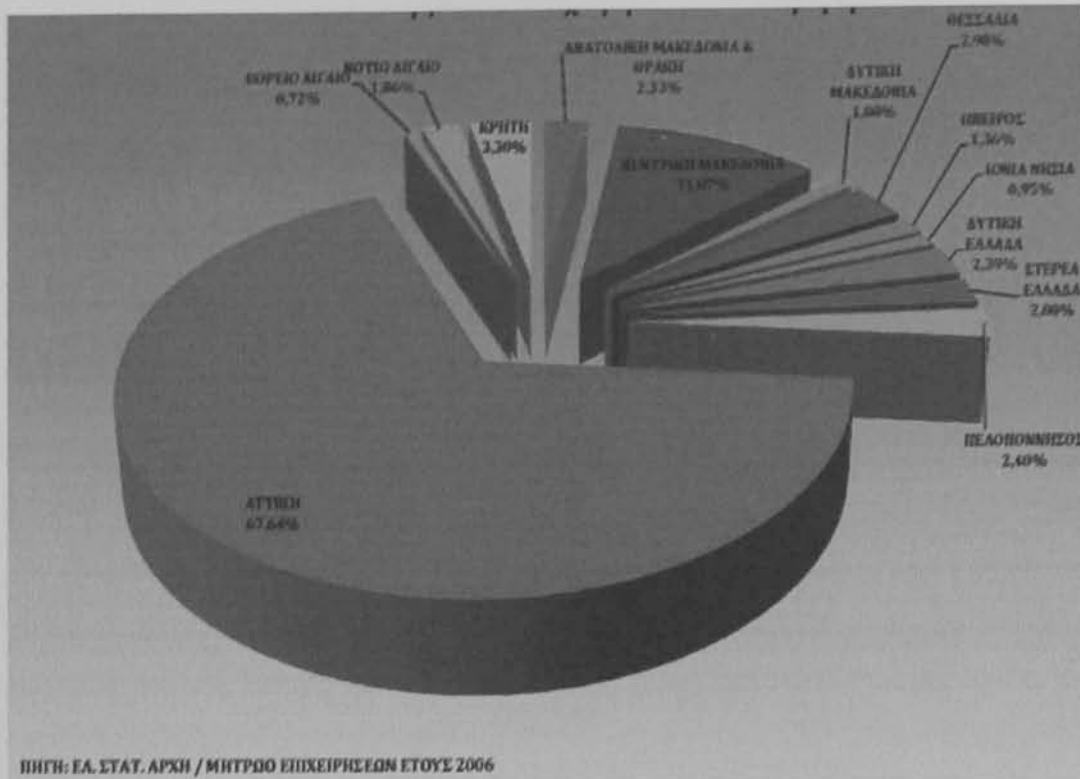
Thessaly is a strategic and easily accessible location of mainland Greece, with an area equal to 10, 6% of the total Greek territory. The distance from the two major development poles of Athens and Thessaloniki are respectively 350-150 km (3 – 1,5 hours), which allows the outward and return in the same day and in a relatively short distance from the northern boundary is crossed by Egnatia Street, a major development axis of East-West.

According to the results of the last general census (2001), Thessaly, with more than 750,000 inhabitants (6, 9% of the country) is, in ascending order, the third regional section of Greece after Athens (34, 3%) and Eastern Macedonia-Thrace (17%) (<http://www.pedthessalias.gr/2012-01-12-13-29-02/topothesia-xarakthristika>).

According to the Greek Statistical Authority and the Business Register of the year 2006, the proportion of SMEs in the region of Thessaly was 6, 25%, thus taking third place in Greece with the first in Attica and the second in Thessaloniki (Figure 11). The rate of turnover of businesses in Thessaly in 2006 was 2, 98%, ranking fourth after Crete (Figure 12).



**Figure 11:** Percentage distribution of businesses by region



**Figure 12:** Percentage Turnover by business area

One of the main features of the region of Thessaly is that it is a rural area of intensive agriculture, with almost 56% of its population being rural or semi - rural and employment to reaching 89% of the working population. Generally is dominated by SMEs, occupying 6% of all SMEs operating in the country where 92, 8% of Thessaly enterprises employ 0-5 workers.

The region of Thessaly represented on average a 5, 67% of the GDP produced in Greece with small fluctuations during the period 2000 to 2008. The prefectures of Karditsa, Larissa, Magnesia and Trikala represent an average of 12, 51%, 41, 14%, 31, 07% and 15, 27% of the GDP produced in the Region of Thessaly, respectively. The contribution of the region of Thessaly in the Gross Domestic Product of the country was 5, 5% over the previous decade. The prefectures of Larissa and Magnesia are involved with the highest percentages in the resulting product while prefectures of Karditsa and Trikala have the highest growth rates. Compared with other European



TEI Larissa

Project Management Department

regions, the region of Thessaly is around 70% of the European average (<http://www.e-erevna.gr/story.aspx?ID=117711.000>).

The majority of enterprises are mainly family very small-enterprises and in the handicraft sector, are still not competitive, and do not have the ability to cope with the changes and meet the requirements and conditions of available incentives for investment.

Over time, Thessaly is dominated by the sectors of food and beverage, wood and wood products, paper and printing, chemicals, metal and non-metallic minerals. They are characterized by a relatively low ratio ease entry (market entry) and a moderate performance on the issue of establishing an enterprise. Generally, SMEs in Thessaly, as in the rest of Greece, have limited specialization and their structure shows no significant changes in recent years.

SMEs have limited innovative activity, but appear to be more sensitive than before. The products of technology and knowledge represent a very small percentage of the total industrial production and rising production costs are mainly due to external factors that reduce the competitiveness of enterprises, e.g. quality of infrastructure, the relatively low efficiency of production processes, distribution and use of energy.

The link between industry and the tertiary sector is not strong and there is no activity in the areas of basic services, thus lacking a connection with the market of finished goods and trade.

Even the training of entrepreneurs in management and operation issues remains low, resulting in the inability to use personnel and resources and the lack of strategic planning.

Moreover, the lack of cooperation is particularly evident in organizing sales, in both the distribution and promotion activities, as well as the difficulty of many companies,

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



which after passing eventually to implement new technologies in their production process, are often faced with the difficulty of adjusting the staff and the process to them.

Generally, the Thessalian SMEs use as possible of their needs in mechanical and other equipment, and seem to fall behind and show a stagnation in the use of modern technologies for the management and the handling of the products (telecommunications networks, systems and delivery orders, etc.) as well as to apply new management techniques, the development and selection of a strategy, as a result of the great uncertainty that pervades the industry.

In the coexistence of small businesses with large ones, several problems arise at the issues of competitive prices and products but also great opportunities, as they are forced to follow more the recent technological developments and keep up their products with high quality requirements.

Finally, in the furniture industry despite the rising trend in demand, this is not matched by similar profits by the businesses, as it would have been expected for companies in Thessaly. This is mainly due to the fragmentation of businesses, the lack of distribution networks and cooperation and the inability to grasp new technologies to this side.

With the demand growing, as a result of the rising construction activity in the region, the domestic producers can expect to improve and increase their turnover if they proceed, according to modern analysis in the furniture industry, in investments in high technology, sound capital structure and flexibility and adaptation of businesses to new modern methods of production and distribution.

In particular, the development of small and medium manufacturing enterprises in Thessaly can be attributed to the fact that these companies mainly cover local needs and take advantage of local raw materials and produce products that require



specialization and diversification of products or parts of products. However, they face a series of problems such as inadequate product promotion and lack of sales channels, the limited application of quality assurance systems and use of information technologies.

Problems are also the unequal distribution and the location of production activities without planning, the fragmentation of small businesses, the lack of modern methods of organization and specialized personnel, the failure of mechanical equipment and the lack of specialized technical assistance centers.

The lack of organization in the modern circuit chain of the marketing of products, in addition to the low infrastructure and technical support is undoubtedly a major factor for the survival and growth of SMEs. For this purpose, the interest should focus, besides the necessary reduction in production costs to the high product quality throughout the production chain - manufacturing - marketing. All these activities should be competitive, because only then the final product of the primary production reaches the consumer on competitive terms.

The improvement of the existing road network and its connection with a good national road and rail network, would greatly facilitate the strengthening of the competitiveness of the products of the Region. Also, the construction of modern facilities of maintenance, processing, packing and packaging, in those areas characterized by high performance production activities, will significantly help the chain of production - manufacturing - marketing.

And of course, as was expected the economic crisis hit and the SME sector of Thessaly, which although has undergone particular pressures, remains the hard core of the region's economy.



### 3.5.1. The Nature of the SMEs in the Region of Thessaly

According to the Local Economy and Entrepreneurship in the Region of Thessaly Survey 2010, the current economic crisis has had a severe impact on the SMEs of the region. Prioritizing the problems faced by entrepreneurs, almost 50% of all respondents mentioned lack of liquidity as their primary issue followed closely by business competition (30%) and reduced clientele (40%). In 2009 when the economic crisis made its presence felt in Greece, the lack of liquidity troubled more than 50% of all entrepreneurs in the region of Thessaly. The exception within the region was the prefecture of Karditsa where lack of liquidity was a problem for a smaller percentage of businesses (37%).

Regarding involvement in a new industry in the next three years, about half of entrepreneurs appear negative (over 50% said definitely not) while the corresponding percentage about the possibility of offering new products / services is about the same. It is noteworthy however, to mention local variances. For example, in the city of Volos more than 80% of hotels do not wish to offer new types of services in contrast to the city of Trikala, where in 2009, 56% declared open to the enhancement and expansion of offered services.

On the state of employment, compared to 2009 about 70% of entrepreneurs said that the number of employees has remained constant. Staff reductions of approximately 20% were declared in the survey, while the percentage of reductions in the 2009 survey was 22%. In Larissa, especially in the construction industry, reductions reached 55, 6%. It is interesting to compare the responses of entrepreneurs in the 2009 survey in assessing the state of employment in 2010 compared with actual 2010 figures. In the case of personnel growth, the rate forecast in 2009 was much smaller than the actual value in 2010 while in the case of personnel reduction the rate was higher than the actual figure for 2010. According to data from the prediction of entrepreneurs for the development of their human resources for the next twelve



months, approximately 65% estimated that it would remain stable while approximately 23% estimated a reduction in the next twelve months.

Regarding business turnover over 2010, about 54% of entrepreneurs declared it reduced, while the corresponding percentage in the 2009 survey was 48%. However increased turnover presented the 14% of the entrepreneurs while the percentage in the 2009 survey was close to 19%.

In the case of development of the turnover of their businesses entrepreneurs estimated, in the next twelve months a reduction of 54%, but also important is the percentage of entrepreneurs who estimated stability in their turnover the next twelve months (35%).

In the field of electronic services and more specifically e-business, the largest proportion of entrepreneurs (near 70%) said that they had no online transactions made related to their business. It is noteworthy that 53% of entrepreneurs responded negatively to the possibility of a similar future activity, which indicates a negative attitude to information technology, except for property management companies in Larissa which 44% of them showed an interest in contacting business electronically (<http://www.career.uth.gr/en/announcements/general/1329--a>, University of Thessaly, Career Services Office's, Local economy and entrepreneurship).

The above image has a full negative correlation with the unemployment problem. The rapidly rising unemployment in Thessaly is recorded in detail, through a survey of the Public Employment Agency as only in one year (based on data obtained in April 2012) 24,042 people were added to the unemployment lists of the organization. This continuous increase in the number of unemployed within one year has brought about major social issues. According to data from the Employment Agency for the previous month, the registered unemployed in the Thessaly region totalled 68,900 people, of whom 52,405 were seeking work.





From the raw data of the Employment Agency for the region of Thessaly, it is shown that in the region of Thessaly, in total 52,405 registered unemployed looking for work, 24,042 are unemployed for less than one year while long-term unemployed are 28,363. The subsidized amount to 11,966, of which 1,000 are employed in seasonal tourism jobs, 1,774 are builders/ construction workers, 8,393 common employees, 711 are employed in the seasonal rural sector, 36 are teachers and 52 belong to other various categories.

Of the 52,405 unemployed, 21,919 are men, while non-job seekers (which amount to 6,495) 3,591 are men. In the age group 30 years old, registered unemployed job seekers are 16,179 while there are 1,386 young men and women under 30 years who are unemployed, not seeking work. However, it should be remembered that a large share of people in this age category are outside the labour market (since many youths are studying full time and thus are not available for work), which explains why youth unemployment rates are generally higher than overall unemployment rates ([http://www.oaed.gr/Pages/SN\\_1649.pg](http://www.oaed.gr/Pages/SN_1649.pg) , Public Employment Agency, Data of unemployment April 2012)

### **3.6. Small and Medium enterprises and the fiscal crisis**

It is interesting to note that unlike what is widely believed, labor costs are not the primary concern for SMEs at this moment. The primary issues that SMEs have at present are those of bureaucracy and corruption within the government echelons. More specifically, the lack of computerization and e-services in key government agencies is a cause for much frustration and high administrative costs for SMEs. The overlapping functions of many agencies and the chaotic tax and law regulations by which SMEs are forced to operate are further hindrances which SMEs currently face. The above factors merely act as breeding grounds for corruption simply because it is extremely cost prohibitive and inefficient for a SME to try to comply with all manners of law and regulation. This in turn causes a general lack of faith towards government



tax policy, a reaction fully justified by the erratic shifts in taxation policy which end up actually rewarding those who evade taxation or use other illegal means to keep their businesses afloat. Therefore, taxation and bureaucracy are the number one causes for SMEs to either shut down or move their businesses to other countries (Bulgaria, Cyprus, and Albania) with more favorable regulations and SME friendly environment.

A very important finding that most SMEs frequently report is lack of adequate financing or being completely shut off from financing by commercial banks. Unlike what happened in the USA and Western Europe, banks in Greece were actually quite conservative in their approach and generally did not engage in exotic financial products. However there is one peculiarity within the Greek financial system that has not been observed elsewhere and which has been a cause of much grief mainly for SMEs. This peculiarity has to do with the completely unregulated nature of short term commercial paper in Greece for all firms concerned. To be precise, there is no regulated market for commercial paper in Greece. Instead, SMEs and other self employed individuals rely on bank checks for short term credit thus creating an entirely faith based shadow market, where each entity can actually “pump” as much money in the system as it deems necessary. Commercial banks actually encouraged such behavior by offering to use such checks (naturally the client pays a fee based on his credit worthiness) as either leverage or collateral for SME loans.

When the economic refraction caused the first wave of SMEs to shut down, this caused a cascading effect in the market; relatively healthy SMEs suddenly faced an acute liquidity crisis, uncertainty rose to unprecedented levels and nobody really knew how much “air” was circulating in the system, exactly because the whole market was totally unregulated. The end result is that, commercial banks have become overcautious and now demand considerable collateral to offer short term liquidity to SMEs. On top of that, SMEs that do engage in imports or exports are faced with paying upfront liquid funds to secure imported goods or to bid for a foreign market. This added cost is faced by SMEs due to the constant degrading of the credit



worthiness of Greek commercial banks, a fact which has rendered their letter of credit practically worthless.

According to a research by the European Commission for the SMEs in Greece, the employment in the Greek enterprises is slightly lower than 110 in Greece and the EU, while SMEs employ more than 85% of the workforce (much more than the average of the EU).

The number of SMEs in Greece, with 100 as a base, stands at 93 against 112 in the EU, while the added value of SMEs in Greece is constantly decreasing as the number of SMEs has fallen to 110 compared to 120 in the EU.

The involvement of SMEs in creating added value amounts to 35, 3% compared with 21, 8% of other EU countries and comparing 2003 with 2010, SMEs are less by 30,000 with 135,000 jobs lost. Comparing 2010 with 2011 we have 68,000 fewer SMEs and other 53,000 on the brink of closure.

The first nine months of 2011 67,000 jobs were lost while layoffs reached 27,000, presenting an increase of 55%.

On the other hand, large firms have created only 14% of jobs in Greece, while the average of the EU is 33%.

Instead, Greek SMEs employ on average 2, 9 people, a number significantly lower than the average of the EU, which is 4, 2 people per company.

The number of SMEs service providers in Greece, is clearly lower than the EU average (34% vs. 44%) and about the same apply, in respect with employment and added value, in services. On the other hand, the Greek SMEs which are active in trade are proportionately more than the EU average (42% vs. 31%).

With regard to the entrepreneurship, while the rate of creation of new SMEs in Greece is almost identical to that of the EU (14% in Greece and 12% in EU), the share of entrepreneurs that took advantage the appropriate opportunities to open a business is far lower than that of the average of EU countries (39% compared to 55%). This data suggests that a large proportion of Greek businessmen, have been led to open their business out of necessity and lack of other alternatives - perspective.

In terms of funding, the proportion of non-successful applications by SMEs, to get bank loans amounts to 36% in Greece, while in other EU countries this percentage is estimated at 23%.

The average settlement of transactions between companies in Greece is about 107 days versus 54 days in the EU, while the investments of high venture risk are very small (0, 002%) than in other countries (0, 014%) as the credit institutions treat with caution lending money to SMEs (38% versus 30% in EU). But also the utilization of European funds for the creation and strengthening of SMEs in Greece was only 6% versus 22% in the EU.

Moreover, Greece presents long delays in the inclusion in its national legislation of new directives that are already applicable in the EU. Integration is slow (5 times more than the average of EU countries), and often several of these EU directives are not integrated at all into the national legislation.

Concerning innovation issues, the general picture shows that businesses are quite receptive to new methods of marketing promotion and to the implementation of innovative practices (51, 29% of all SMEs, compared to 39, 09% in the EU), as well as in the improvement in sales revenue through the adoption of new methods (26, 65% versus 13, 26%).

However, there is a considerable hysteresis in indicators that measure the level of skills, as Greek companies do not participate in EU-funded surveys (9, 77% vs. 20,

95% in number 100,000 firms) they do not use widely the Internet to promote their products (8% versus 13%) and they do not make purchases online (10% of companies compared to 28% in EU).

Great variations also occur in educating companies and their employees (21% vs. 58, 48% for the whole); while the rate of employee participation in educational programs to acquire new skills is obviously lower than that of other EU countries (4, 7% compared to 12, 62%).

### 3.6.1. Economic Recession and SMEs in Thessaly

From the uncertain business environment of economic crisis and high unemployment, there seems to be two main ways to escape; business subsidies through European programs and shift to new markets such as renewable energy.

The Ministry of Competitiveness and Shipping Development, in order to support SMEs in the areas of Manufacturing, Tourism, Trade and Services under the Regional Operational Program of the NSRF 2007-2013 implements targeted actions to lessen the impact of the economic crisis. Already established enterprises will be strengthened, and new businesses will be financed

[http://www.epixeiro.gr/index.php?option=com\\_content&view=article&id=1155:2011-10-24-13-49-20&catid=84:2011-03-10-17-31-00&Itemid=257](http://www.epixeiro.gr/index.php?option=com_content&view=article&id=1155:2011-10-24-13-49-20&catid=84:2011-03-10-17-31-00&Itemid=257)

The goal of this action is to increase business for investment-oriented innovation, environment and information technology and direct stimulation of business in crisis conditions. In addition, this funding ensures the preservation and creation of employment positions, since this financial aid is directed at businesses being established. The relevant areas of interest include:

- Processing: stimulate of entrepreneurship and competitiveness of manufacturing enterprises.

**Project Management Department**

- Tourism: stimulation of entrepreneurship and competitiveness in tourism businesses.
- Trade: strengthening of entrepreneurship and competitiveness in dynamic, targeted business sectors especially the services sector.

This program is aimed particularly at encouraging business proposals with the following characteristics: Development of products, services and / or green development processes and / or high potential demand from domestic and / or international market and to also strengthen their competitive position in the international markets. Hopefully this time, the SMEs that will be the beneficiaries of this capital, will be profitable and healthy after this financing stops.

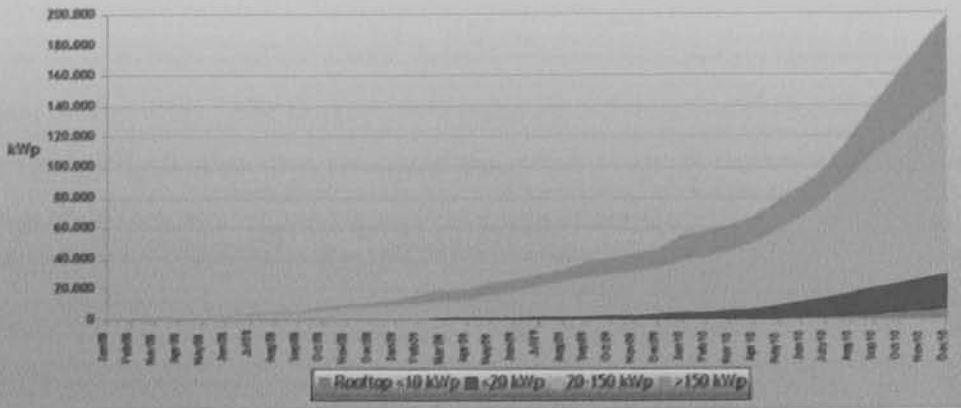
Businesses struggle constantly and while almost all are in the throes of economic crisis, the situation is exacerbated by the fluid political situation. Impediments to business competitiveness are increased taxes, increased insurance premiums and state debts to companies. In this bleak environment, photovoltaic installation companies are the shining exception.

There is a certain interest for household photovoltaic (PV) panels and in three years (2009-2012) the number of requests rose greatly. Stakeholders/customers seem to be quite knowledgeable about the basic principles of domestic photovoltaic, due to excessive advertisement and financing from the state. There are many companies in Thessaly (27 in June 2012) responding to the calling of the times and prioritizing the combination of quality Greek products, and marketed industry equipment modules.

Apart from the financial gains, other goals are the exploitation of the abundant solar potential of the country, all the while reducing traditional forms of energy production heavily dependent on imported oil, to a more “green” self renewing energy with an immense environmental benefit.



### Development of Grid-connected systems (cumulative installed capacity)



**Figure 13:** Development of Grid Connected Systems

Source: Hellenic Association of PV Companies

The Greek PV market has been launched by Renewable Energy Sources Law (3468/2006), which has been later reviewed twice (3734/2009 and 3852/2010). The slow development of the PV market in Greece was a result of the licensing process complexity and the bureaucracy. The latest amendment (3852/2010) removed some of these obstacles. The Greek PV market in 2010 has reached 150 MW (a cumulative installed power of 200 MW), quadrupled since the previous year (installed 37 MW).

The national target for PV is installation of 1,500 megawatts (MWp) in 2014 and a total of 2,200 MWp by 2020. Of these, the 750 MWp was decided to be given to professional farmers (500 MWp by 2014 and a total of 750 MWp in 2020) and the rest will distributed among all other investors.



## 4. Research Methodology

### 4.1. Aim of the project

The main objective of the thesis is to investigate how fiscal crisis affects SMEs in the area of Thessaly. Over the past two years much has been discussed and written about the mechanisms that have prompted the global financial and economic crisis and their impact on international and domestic/national economies.

From the lately economic data published from international organizations/national statistics offices it is now however becoming urgent to realize and measure the concrete impact of the crisis on the thousands of SMEs in Greek market, and its longer consequences on the productivity and competitiveness of enterprises. According to Hyz (2011:164), it is also urgent to develop and implement short and medium-term solutions specifically designed to restore confidence, trust and interaction between SMEs and customers and also access of SMEs to financing.

### 4.2. Research Question

The research questions derived from the above analysis are:

“In what ways has the current economic crisis in Greece had an impact on SMEs and how severe are the repercussions?” It is understood that the economic crisis has affected SMEs’ financing and markets (mostly demand); however, to what extent did it also impact other aspects of SMEs’ business and how severe were any such impacts? This research will seek to detail the impacts of the economic crisis on SMEs by focusing on the specific area of Thessaly.





### 4.3. Research Methodology

There are many definitions about research and one of these is given by Martin Shuttleworth: *In the broadest sense of the word, the definition of research includes any gathering of data, information and facts for the advancement of knowledge* (Shuttleworth, Martyn (2008). "Definition of Research". *Experiment Resources*. Experiment-Research.com. Retrieved 14 August 2011).

The major steps in conducting a research are:

- To identify the research problem
- To present the literature review
- To specify the purpose of the research
- To collect the data
- To analyze the data
- To report and evaluate the research (Creswell, J.W. (2008). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research* (3rd). Upper Saddle River, NJ: Prentice Hall. 2008 ISBN 10 0136135501 pages 8-9).

In order to select an appropriate method to explore the research question, it is worth considering the following points. The method, according to Brewerton & Millward (2001:18) must be:

- Appropriate to the research objective
- Able to elicit a form of data appropriate for testing hypothesis/hypotheses or addressing research question(s)
- Feasible given time, resource and organizational constraints and requirements
- Adequately piloted
- Ethically sound
- Used appropriately, in the context of its original formulation and development



- With, being confident and well rehearsed in its use before you use it 'for real'.

We use primary sources in order to investigate how the economics crisis in Greece impacts the SMEs of the country. Secondary sources are used in order to provide the necessary background for our analysis.

#### **4.4. Research strategy and research sample**

There are various methods to collect primary data. The question of how economic crisis in Greece impacts SMEs and what SMEs consider as possible solutions that can be applied in order to overcome current negative circumstances are going to be checked through a research conducted on an estimated sample of 150-200 SMEs companies in the area of Thessaly. These 150-200 companies will come from both industrial and services/trade industries, in order for the sample to be representative.

The project is based on a data-gathering method, using questionnaire surveys. The sampling was by banks' clients and the information was gathered by various ways. First of all, questionnaires were distributed to the clients of the bank that the writer is working at Trikala and at the same time to the clients of the other three (3) branches, at Larissa, Volos and Karditsa. Another source was the colleague's clients at various banks all over Thessaly and finally the friends and the familiar enterprises to the writer.

Questionnaires were sent via fax or e-mail but mostly they were distributed personally to the companies and were addressed to the general managers (sometimes concur with owner) or operations managers or CFO (if none of those available). According to Andrews (1984) the formed questions for each item were as short as possible and clearly expressed as their main point is to evaluate each specific item.



#### 4.5. Questionnaire Design

Questionnaires were being structured based on specific items (financial & operational issues) and they were being pilot tested before they were distributed to the sample organizations. The questionnaires contain statements to which respondents were be encouraged to answer by indicating their level of agreement on a five-point Likert scale (1 to express strong disagreement to 5 to express strong agreement or 1 very bad.....5 very good-depending the question). The items were all found in and selected from relevant literature. The questionnaire contains fourteen (14) questions in order to cover all possible aspects (this will depend from the pilot tested questionnaire).

The questionnaire was translated in Greek language since the participants were Greek. The English version of the questionnaire can be seen in the Appendix I. The writer ended in the final figure of the questionnaire, after meetings and discussions with representatives of the Chamber of Trikala and of the Association of Industries of Thessaly and Central Greece respectively.

The questionnaire is separated in four (4) parts. The first part, the first four (4) questions include questions about the consequences of the fiscal crisis, the problems, the actual financial situation of the firms and their relationship with the banks. Next, there are three (3) questions about actions in order to lessen the consequences' crises and actions in relation to the payroll cost. The next six (6) questions refer to the future, the possible opportunities, the business openings and the potential movement of the firm. At the fourth and last part there is a question about the optimism or not in relation to the fiscal crisis and the period that it will last.

At the beginning of the questionnaire the participant is informed that questionnaires are anonymous, the information is confidential and the answers will be presented in tabular form and will be used only for research reasons. Finally, 205 questionnaires were distributed in the area of Thessaly and 170 of them were collected.



## 5. Research Analysis

The survey was conducted at the SMEs of Thessaly at the regions of Trikala, Larissa, Magnesia and Karditsa from January 2012 to March 2012. As it was mentioned before, the data collection was made through questionnaires in order to measure the consequences of the fiscal crisis on the SMEs of Thessaly and to suggest ways to improve the current situation. 170 questionnaires were gathered of the 205 distributed, so the percentage of return was 83%.

### 5.1. Questionnaire Analysis

In relation to the sample the enterprises are divided to six (6) categories with the four (4) of them to have subcategories. The categories are i) Construction ii) Retail Trade iii) Wholesale Trade iv) Services v) Manufacturing and vi) Other Enterprises (Table 10). At the first category, there are two (2) subcategories, the technical and the metal constructions. The second category includes foods, bookshops, clothes-cosmetics-jewelry, pharmacies and other firms; the third includes pharmaceuticals enterprises and agricultural equipment. Finally, the fourth category has as subcategories dry-cleaners, tailors' shops-fixings, parking-repair workshops and food-beverage.

There are fifteen (15) constructive firms, nine (9) of them are technical enterprises and the other six (6) are the metal constructions. The retail trade includes sixty five firms, with twenty two (22) enterprises with foods, five (5) bookshops, ten (10) shops with clothes, cosmetics and jewelry, three (3) pharmacies and twenty (20) other enterprises. The wholesale trade has sixteen (16) firms; two (2) pharmaceuticals, five (5) with agricultural equipment and nine (9) other enterprises. The field of the services with sixty (60) firms includes five (5) dry-cleaners, tailors' shops-fixings, five (5) parking-repair workshops, twenty-seven (27) food and beverage and twenty-three (23) other services. The manufacturing field and the other enterprises have seven (7) firms respectively.

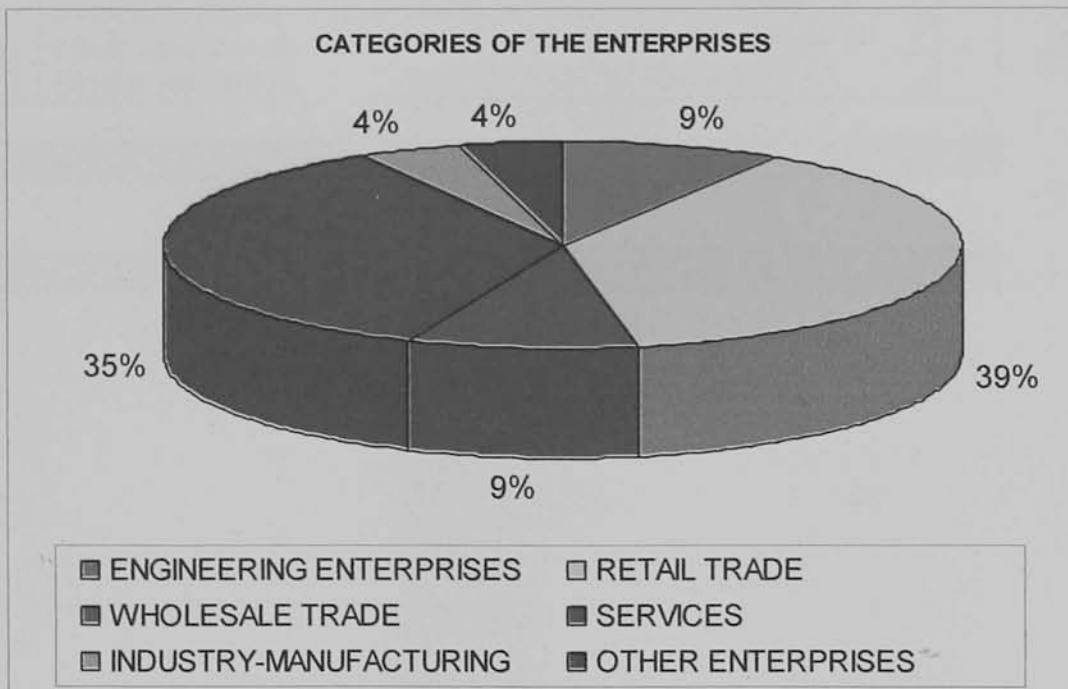
**Project Management Department**

There are four (4) different prefectures; the prefecture of Trikala, of Larissa, of Magnesia and of Karditsa. As it was mentioned before, the survey was conducted at 170 enterprises; 72 were at the prefecture of Trikala (42, 35%), 48 at the prefecture of Larissa (28, 24%), 32 at the prefecture of Magnesia (18, 82%) and 18 at the prefecture of Karditsa (10, 59%), as we can see below at Table 9.

**Table 9:** Geographical distribution of the sample

| PREFECTURES            |            | PERCENTAGE     |
|------------------------|------------|----------------|
| PREFECTURE OF TRIKALA  | 72         | 42,35%         |
| PREFECTURE OF LARISSA  | 48         | 28,24%         |
| PREFECTURE OF MAGNESIA | 32         | 18,82%         |
| PREFECTURE OF KARDITSA | 18         | 10,59%         |
| <b>TOTAL</b>           | <b>170</b> | <b>100,00%</b> |

The categories of the enterprises are six (6) and they are i) Construction ii) Retail Trade iii) Wholesale Trade iv) Services v) Manufacturing and vi) Other Enterprises, as we can see below.



**Figure 14:** The categories of the enterprises



Analytically, the categories and the subcategories are, as we can see below;

**Table 10:** The categories and the subcategories of the firms

| CATEGORIES OF THE ENTERPRISES |   |    |
|-------------------------------|---|----|
| 1                             | CONSTRUCTION                            | 15 |
|                               | CONSTRUCTIVE ENTERPRISES                | 9  |
|                               | OTHER ENTERPRISES                       | 6  |
| 2                             | RETAIL TRADE                            | 65 |
|                               | FOODS                                   | 22 |
|                               | BOOKSHOPS                               | 5  |
|                               | CLOTHES - COSMETICS - JEWELLERY         | 10 |
|                               | PHARMACIES                              | 3  |
|                               | OTHER ENTERPRISES                       | 20 |
|                               | LIQUID FUEL                             | 5  |
| 3                             | WHOLESALE TRADE                         | 16 |
|                               | PHARMACEUTICS ENTERPRISES               | 2  |
|                               | AGRICULTURAL EQUIPMENT                  | 5  |
|                               | OTHER ENTERPRISES                       | 9  |
| 4                             | SERVICES                                | 60 |
|                               | DRY-CLEANERS - TAILOR'S SHOPS - FIXINGS | 5  |
|                               | PARKING - REPAIR WORKSHOPS              | 5  |
|                               | FOOD AND BEVERAGE                       | 27 |
|                               | OTHER SERVICES                          | 23 |
| 5                             | INDUSTRY-MANUFACTURING                  | 7  |
| 6                             | OTHER ENTERPRISES                       | 7  |



### CONSTRUCTIVE ENTERPRISES

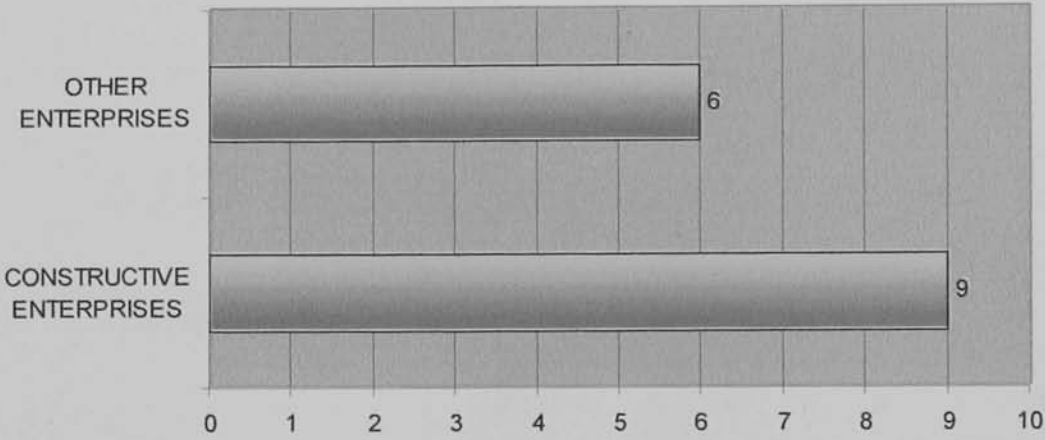


Figure 15: The Constructive enterprises

### RETAIL TRADE

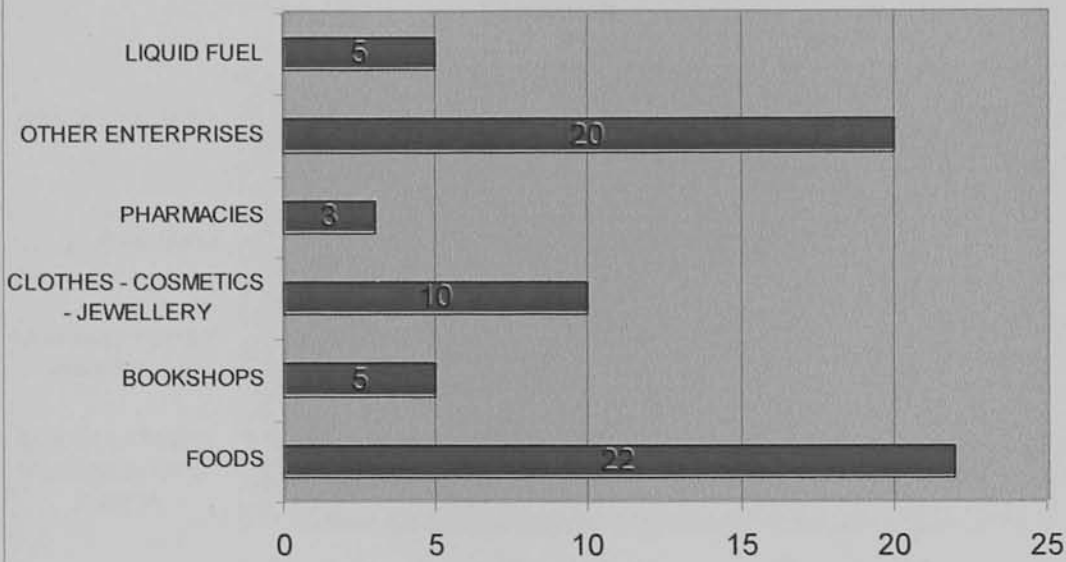


Figure 16: Retail trade

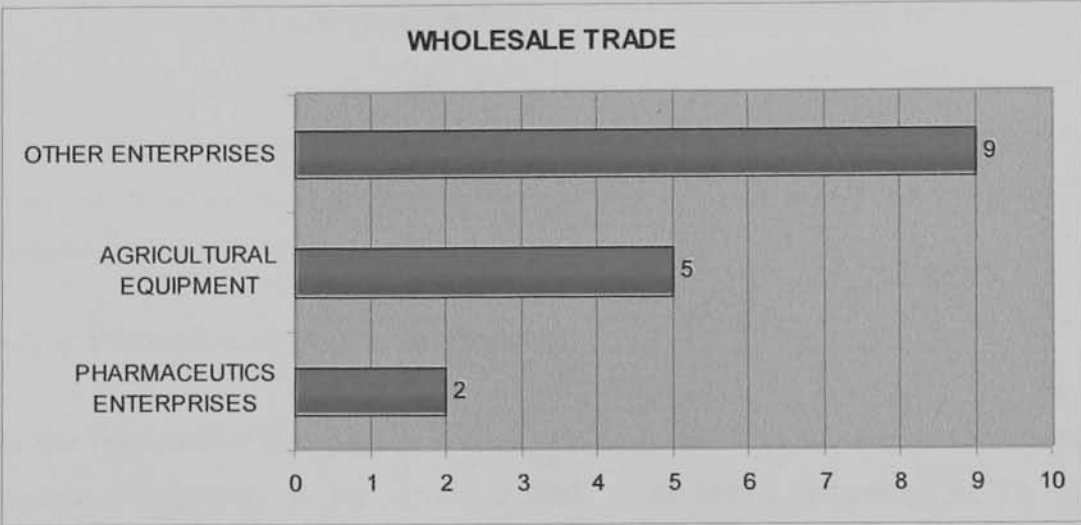


Figure 17: Wholesale trade

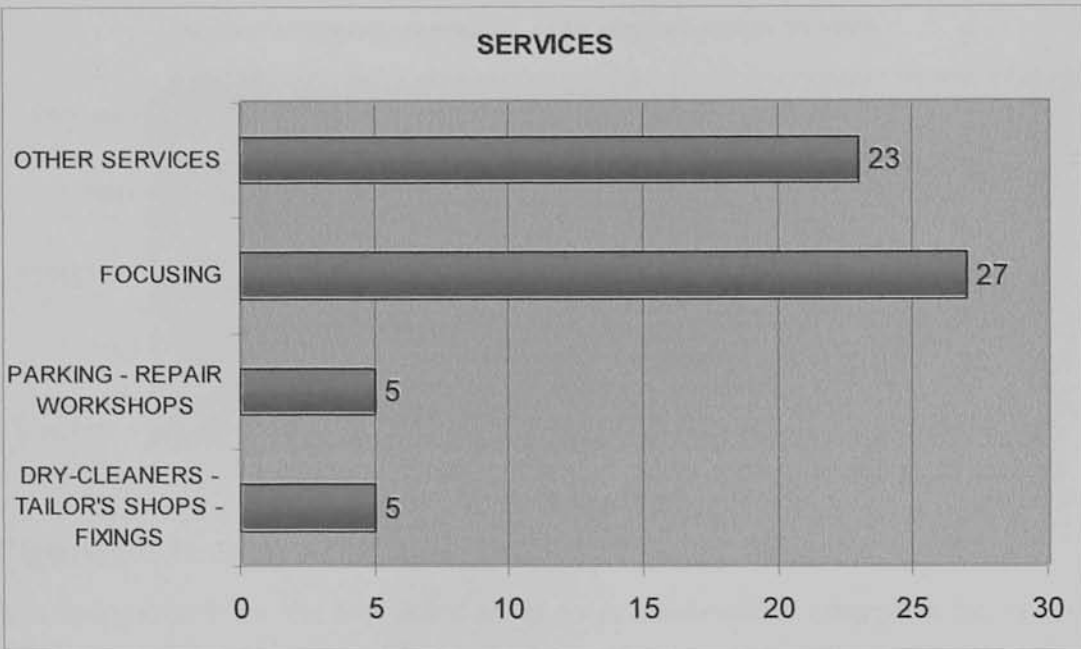


Figure 18: Services





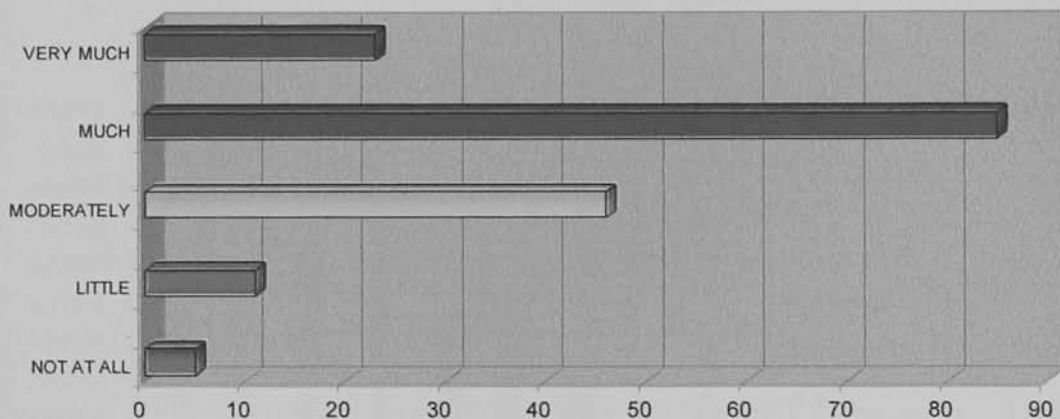
## 6. Research Findings, Conclusions and Limitations of the study

In this section the major findings of the study are discussed in relation with the theories and the research objectives concerning SMEs. Next, the conclusions of the study are presented along with some recommendations; last the chapter includes the limitations of this research.

### 6.1. Discussion on Research Findings

At the first part of the analysis section, we saw that 85% of the enterprises has affected dramatically by the economic crisis while only a percentage of 5% has remained unaffected (Figure 19) while the research of the ALBA Graduate Business School at American College of Greece for the second semester of 2012 about the recruitment confidence index showed that the 59, 4% has affected dramatically of the fiscal crisis and the 0, 9% is unaffected.

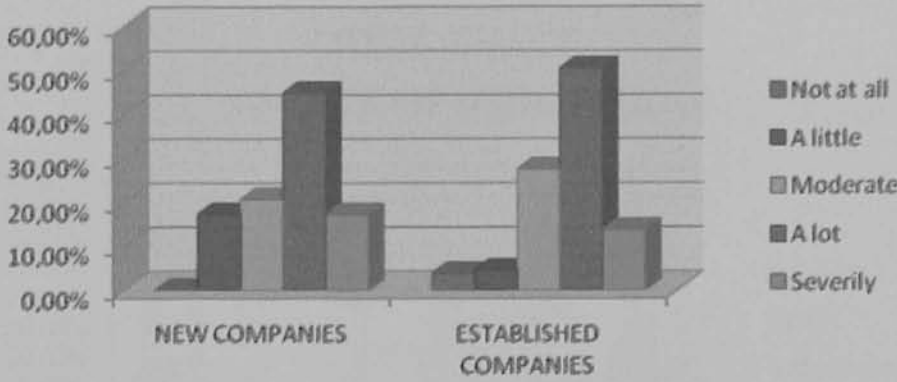
TO WHAT EXTENT HAS THE FINANCIAL CRISIS AFFECTED YOUR ENTERPRISE?



**Figure 19:** The effect of the crisis

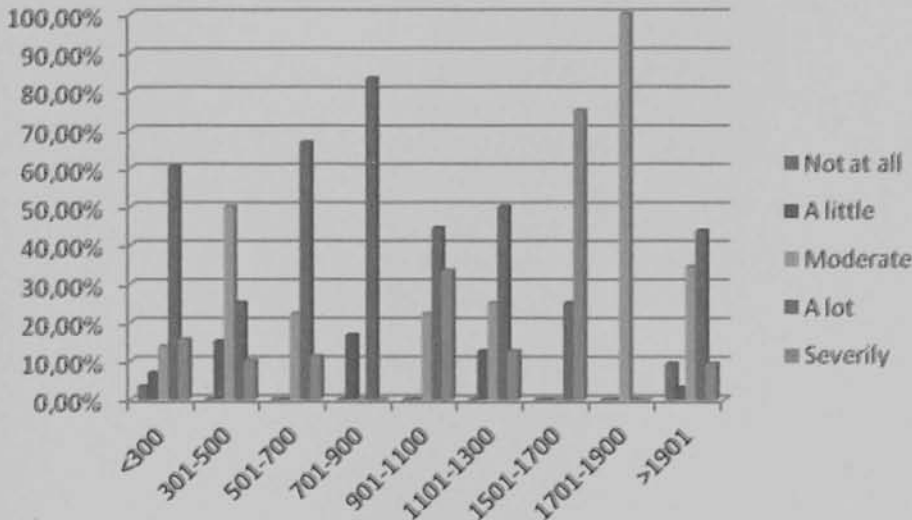
It is really impressive the fact that there is no new established enterprise that has not been affected from the crisis, with almost 45% of them to state a significant affection. It is also remarkable that the 50, 38% of the established enterprises has been affected dramatically from the fiscal crisis (Figure 20).

### CRISIS EFFECT VS ESTABLISHMENT



**Figure 20:** The effect of the crisis according to the time of establishment

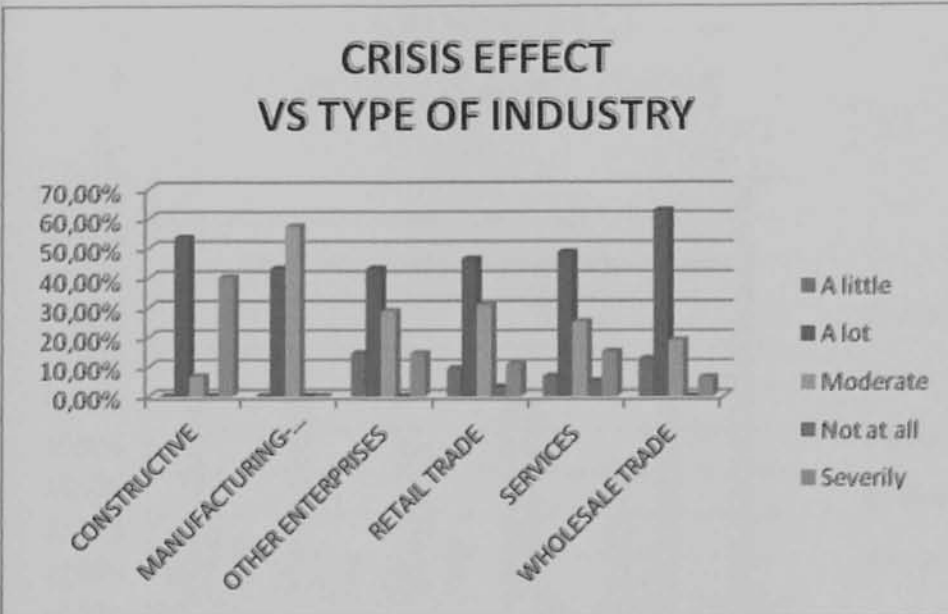
Regarding the crisis's effect by companies' turnover, only the 3, 45% of the ones belong to <300 and 9, 48% of >1901 stated zero affection (Figure 21).



**Figure 21:** The effect of the crisis according to the turnover

**Project Management Department**

In addition, only 3, 08% and 5, 00% of retail trade and services sectors irrespectively stated not at all affection (Figure 22).



**Figure 22:** The effect of the crisis according to the type of industry



At last, only a small percentage of companies who have up to ten (10) employees replied negative for the affection degree (Figure 23).

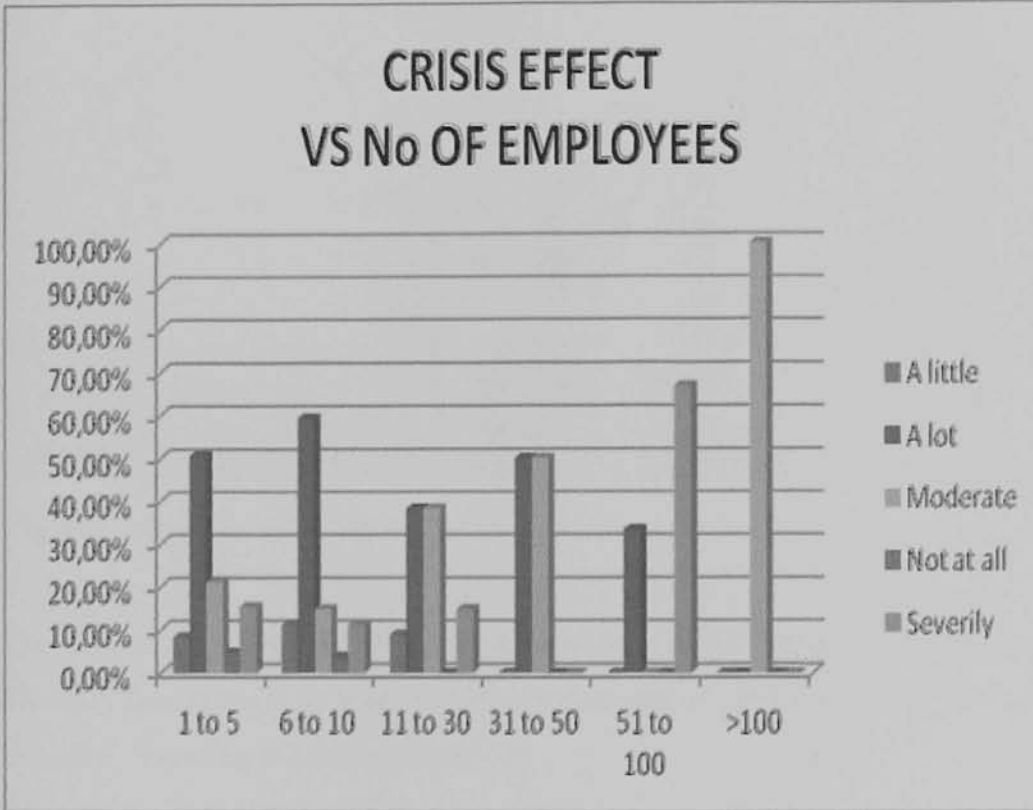
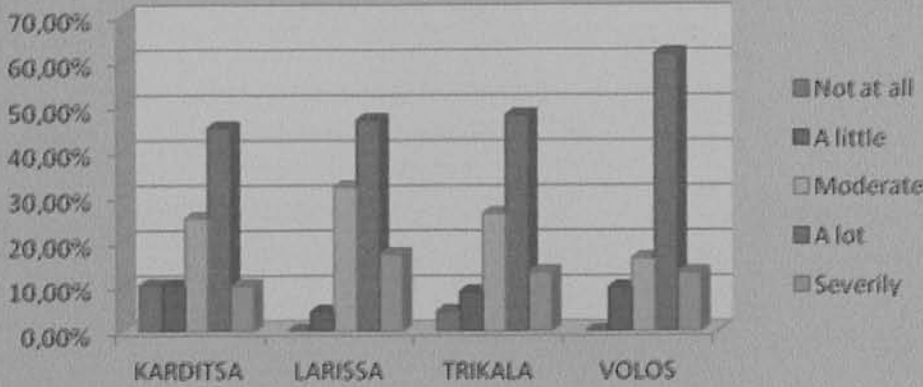


Figure 23: The effect of the crisis according to number of employees

Regarding crisis effect according to each region separately, it can be seen that the most negative affection (answers “a lot” & “severely”) appears in Volos with almost 74, 19% of the companies asked to state this bad situation, with Larissa following at a proportion of 63, 83%, Trikala with 60, 87% and Karditsa with less negative affection of 55%. (Figure 24).

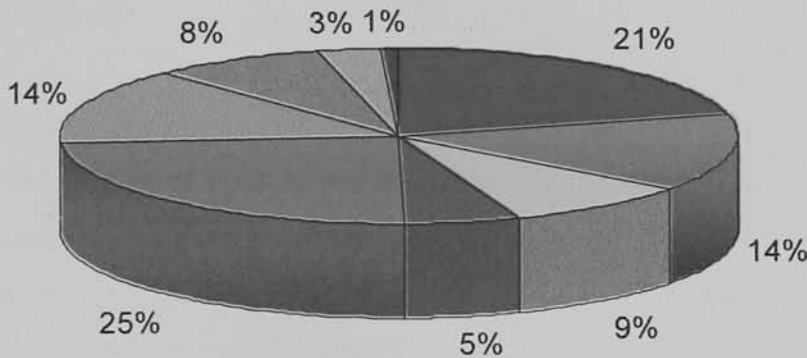
### CRISIS EFFECT VS REGION



**Figure 24:** Crisis effect according to each region

The biggest problem that the small and medium sized enterprises of the region of Thessaly face is the high taxation with the decrease of turnover and the limited access to banks' financing to follow (Figure 25).

2. WHICH IS THE BIGGEST PROBLEM THAT YOUR ENTERPRISE CONFRONTS BECAUSE OF THE CRISIS?

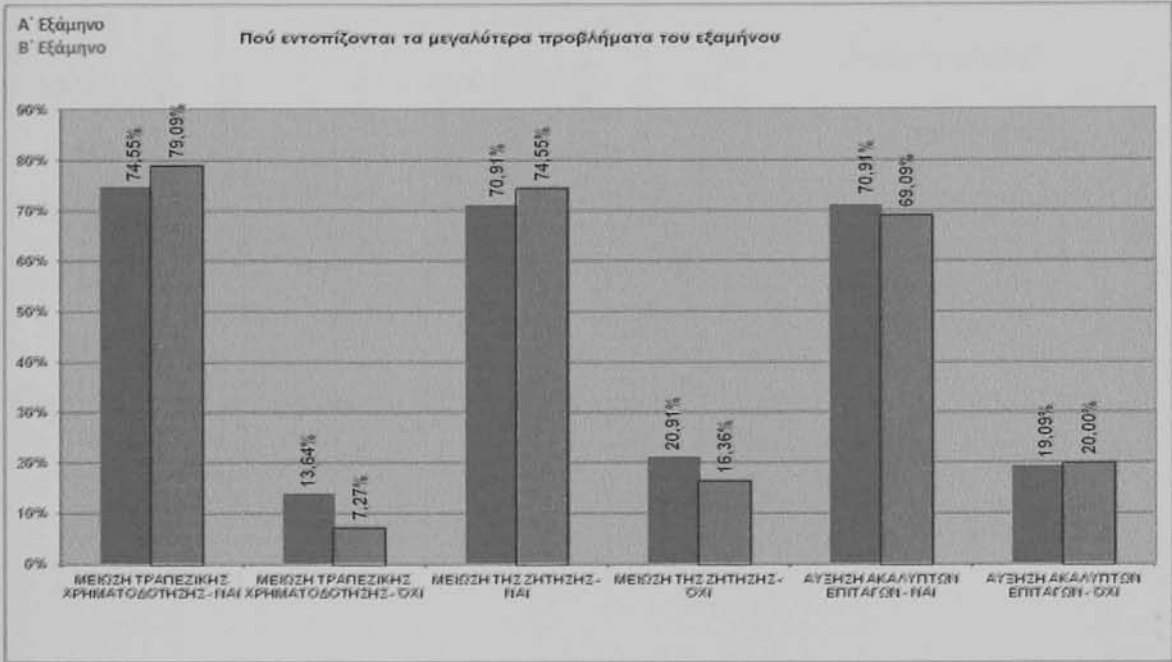


- DECREASE OF TURNOVER
- LIMITED ACCESS TO BANKS' FINANCING
- HIGH PRODUCTIVE COST
- INCREASE OF THE LABOUR COST
- HIGH TAXATION
- DIFFICULTY AT THE COLLECTION OF THE CLIENTS' REQUIREMENTS
- DELAY OF THE GOVERNMENT TO PAY ITS LIABILITIES
- DIFFICULTY AT THE TRANSACTIONS WITH ABROAD BECAUSE OF THE DOWNGRADING OF THE COUNTRY'S RELIABILITY
- OTHER

**Figure 25:** The biggest problem because of the crisis

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**

The research of the Association of industries of Thessaly and Central Greece for 110 enterprises from 16/12/2011 to 31/12/2011 showed that the biggest problems of the firms are the decrease of the banking finance and the decrease of the demand (Figure 26).

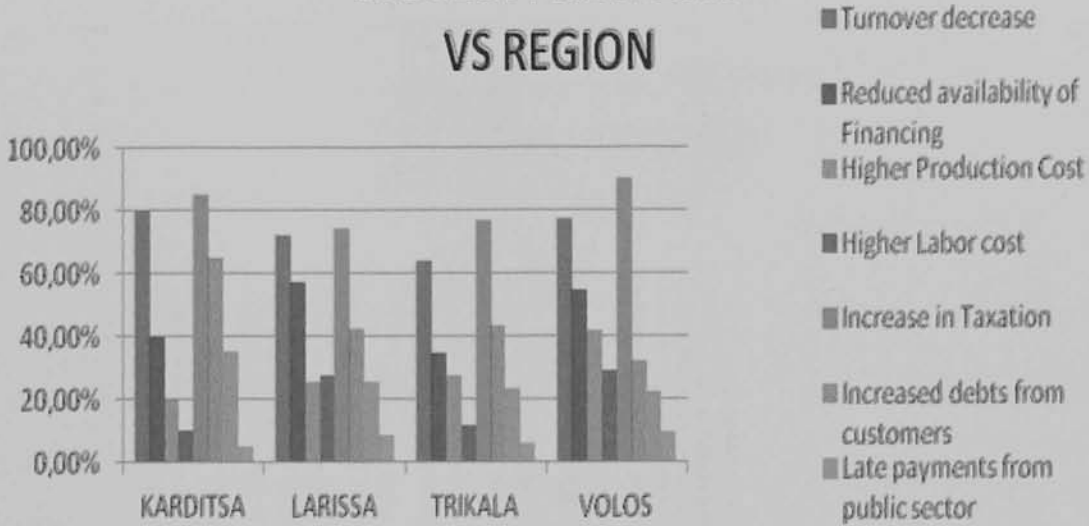


**Figure 26:** The biggest problems in relation to the crisis  
Source: [www.sbtke.gr](http://www.sbtke.gr)

If analyzing by region, we see that the results much the above analysis and more specifically, Volos seems to face the biggest problem about taxation with 90, 32% positive answers, with the 80, 00% of companies belong to region of Karditsa state indicate the problems about turnover decrease, and 57% of Larissa companies state the problems of banks financing (Figure 27).



## BIGGEST PROBLEMS VS REGION



**Figure 27:** Biggest problems according to region

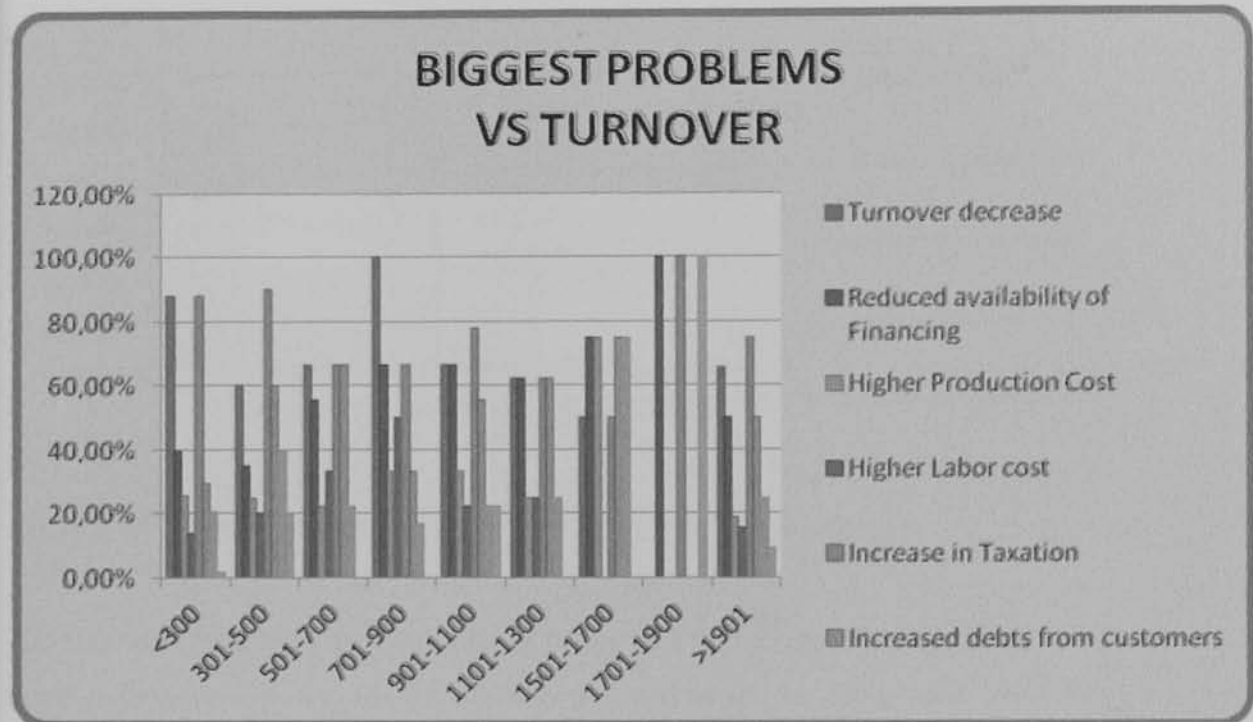


TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

Especially companies with turnover < 300 seem to have the biggest problems (Figure 28).



**Figure 28:** Biggest problems according to companies' turnover

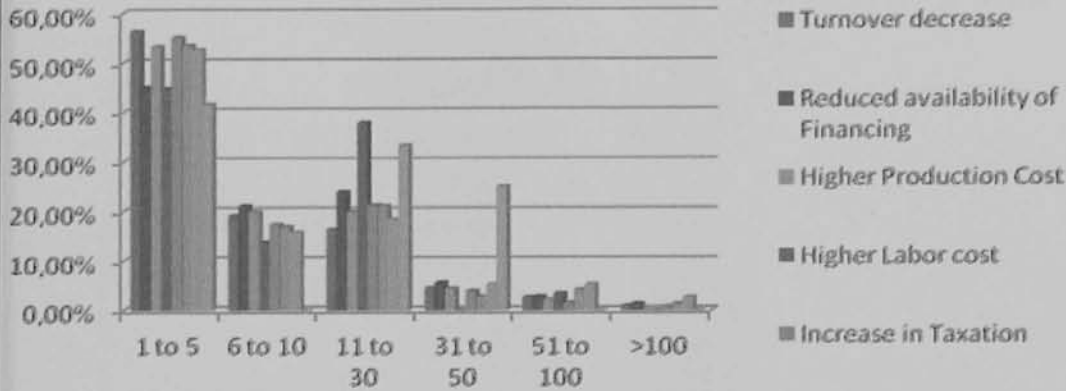
What seems strange is that companies with up to 30 people personnel seem to be more affected than companies with personnel more than 30 people (Figure 29).

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**





## BIGGEST PROBLEMS VS No OF EMPLOYEES



**Figure 29:** Biggest problems according to number of employees

The taxation (59 firms), the liquidity (42 firms) and the investments (42 firms) are the three indicators relevant to the economic situation of the firms that have more changed to the worse for the last twelve (12) months results similar with the ones of the Local Economy and Entrepreneurship in the Region of Thessaly Survey 2010.

The constructive industry seems that the indicator changed most is the one of sales with the liquidity and taxes following, while manufacturing, retail and wholesale trade have the worst change in taxation. At last services sector states that its liquidity indicator has the worst performance among others during the current crisis (Figure 29).



## CHANGE IN BASIC INDICES VS TYPE OF INDUSTRY

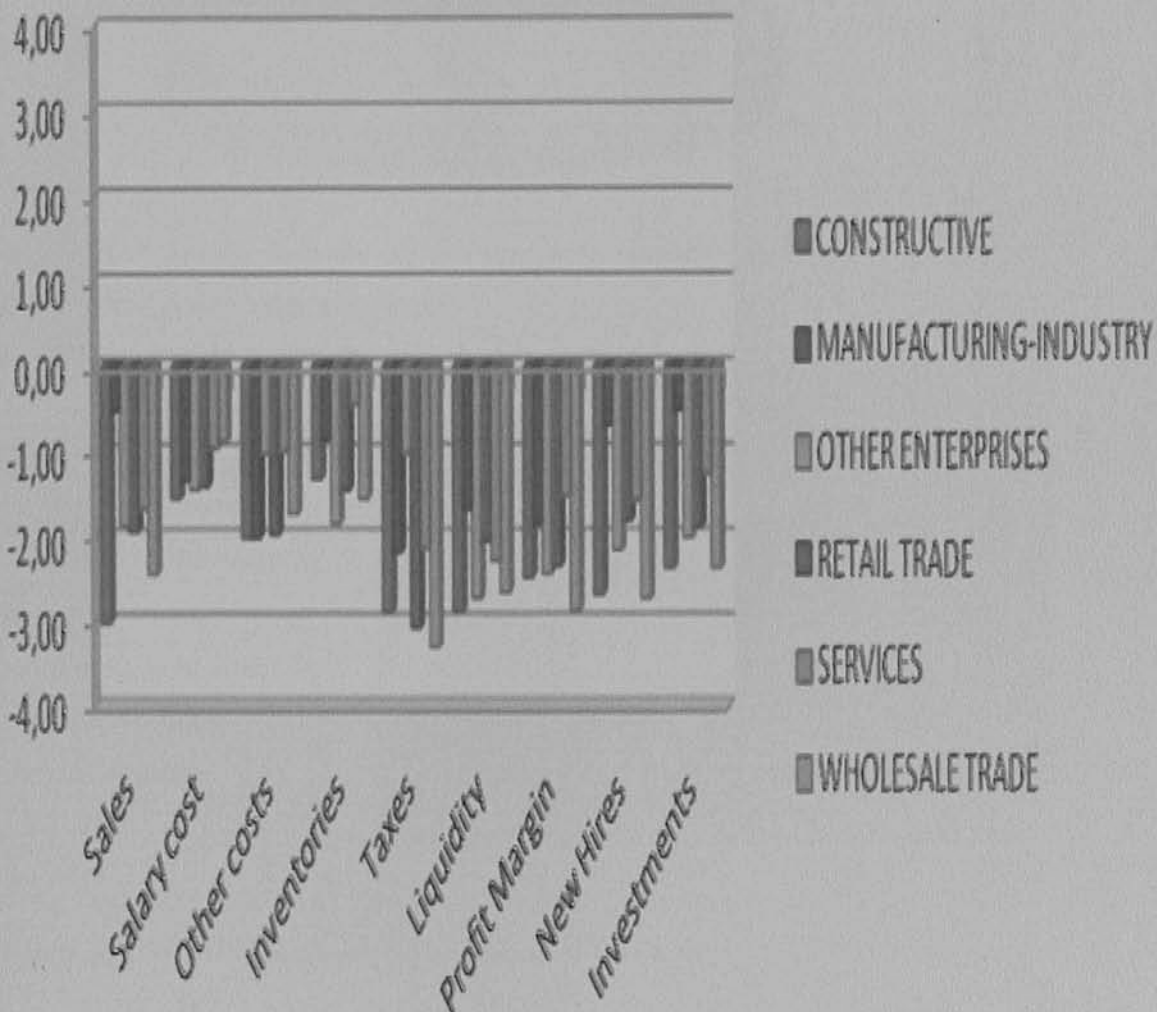


Figure 30: Indices' change according to industry

As it concerns the co-operation with the banks, a great number of firms (101) refer that confronts problems with the banks while the other sixty nine (69) do not face any problem (Figure 31). The biggest problem that they confront is the limitation of

financing (39, 4), the second problem is the increase of the borrowing cost (31, 2%) and the demand of stronger guarantees (30, 6%) (Figure 32).

4. DO YOU CONFRONT PROBLEMS IN RELATION TO THE BANKS THAT YOU CO-OPERATE BECAUSE OF THE CRISIS?

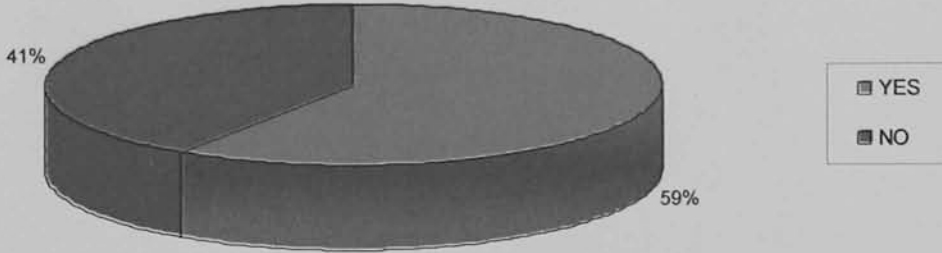


Figure 31: Cooperation with banks

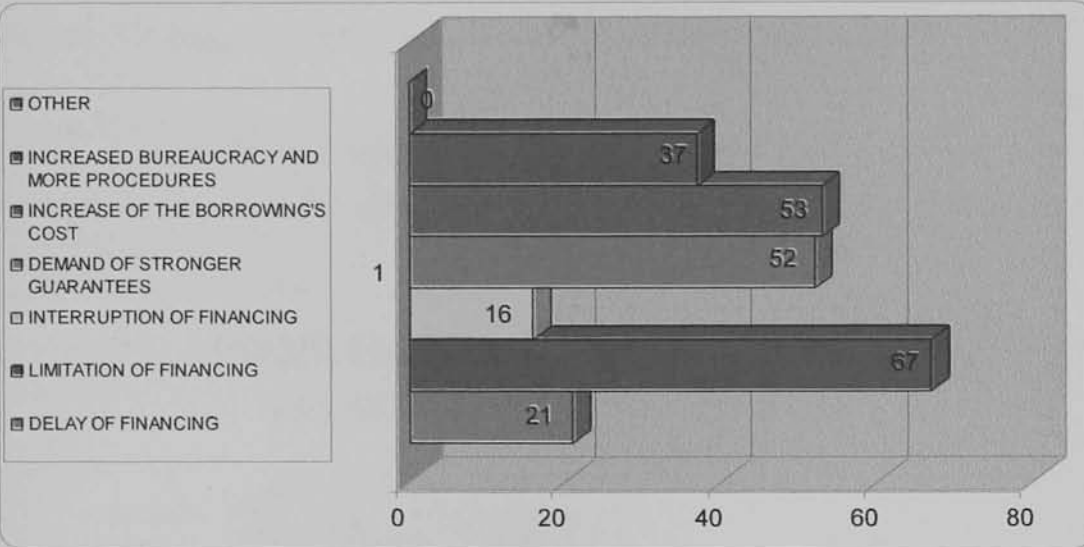
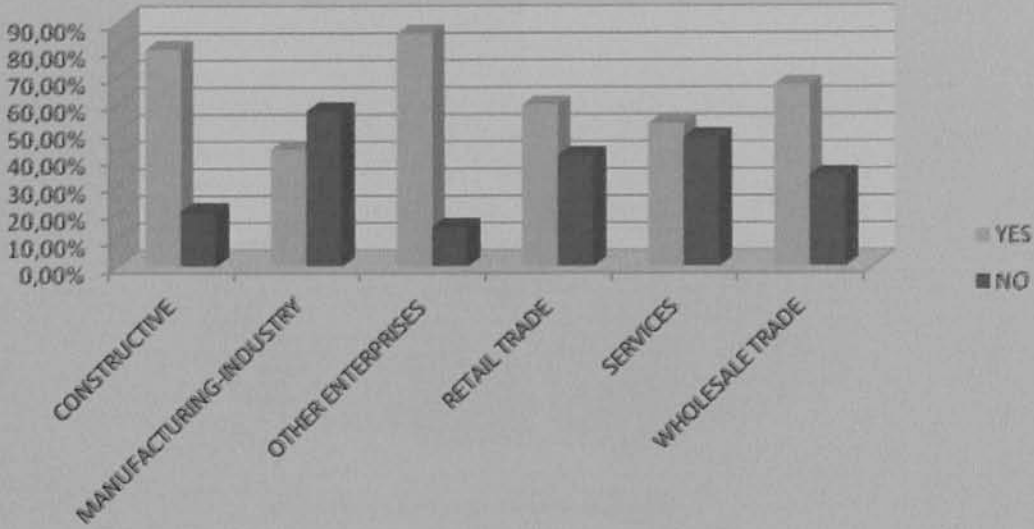


Figure 32: The biggest problem in relation to the banks

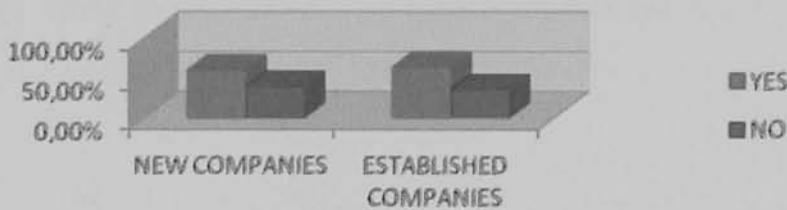
PROBLEMS WITH BANKS VS TYPE OF INDUSTRY



**Figure 33:** Biggest problem in relation to the banks according to industry

At last, as it can be seen according to the following figure, all companies, new or established, face problems with banks at a percentage of 60% and 64% respectively (Figure 34).

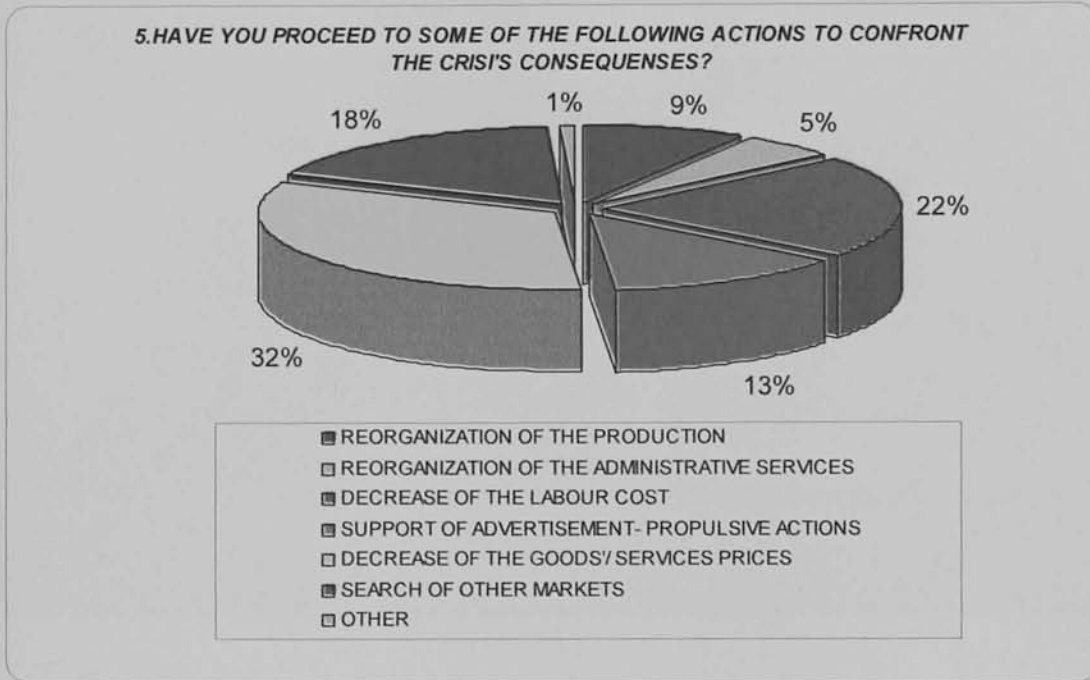
PROBLEMS WITH BANKS  
VS ESTABLISHMENT



**Figure 34:** Problems with banks according years of establishment

**Project Management Department**

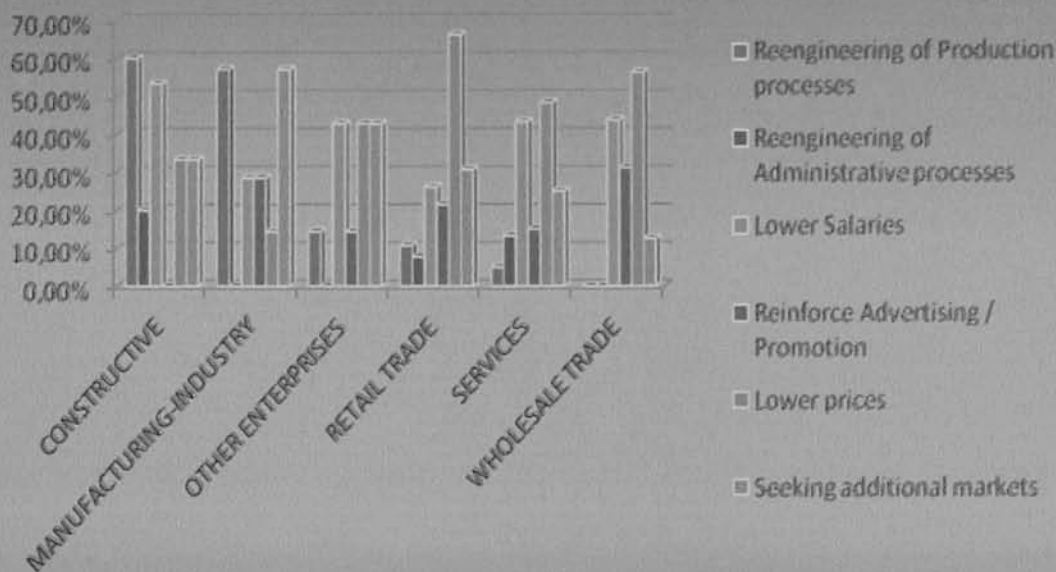
The SMEs in order to confront the fiscal crisis's consequences decrease the prices of the goods/services at a percentage of 53, 5%, decrease the labor cost (35, 3) and search of other markets (29, 4%) (Figure 35).



**Figure 35:** Actions to confront the crisis

From the analysis it can be seen that in order companies to deal with the crisis, 60% of the constructive ones reorganize their production while 66, 15% companies by Retail trade proceed to "lower prices". Moreover 31,2 5% by companies of Wholesale Trade sector reinforce advertise/promotion and 57, 14 of Manufacture Industry are seeking for additional markets. (Figure 36).

### ACTIONS TO OVERCOME CRISIS VS TYPE OF INDUSTRY

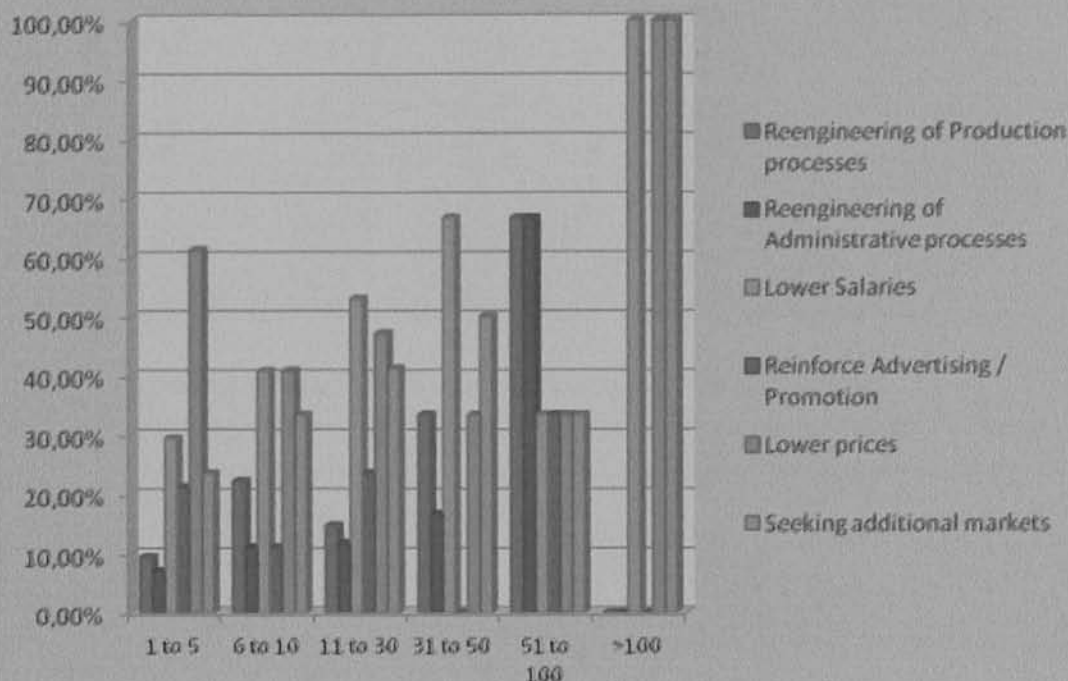


**Figure 36:** Actions to confront the crisis regarding industry type

Regarding the size of the companies in terms of employees, we see that 61, 18% of the companies with 1-5 people “lower their prices” and 60% of companies with 51-100 employees “reinforce their advertising & promotional actions” (Figure 37).



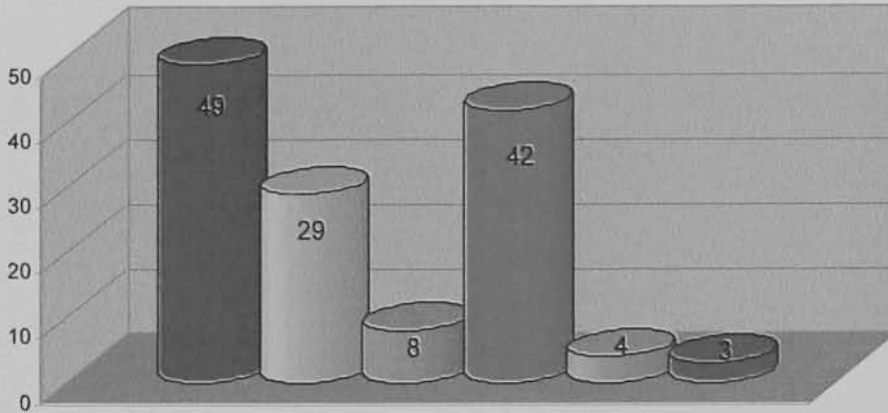
### ACTIONS TO OVERCOME CRISIS VS No OF EMPLOYEES



**Figure 37:** Actions to confront the crisis regarding the number of employees

The decrease of the salary with simultaneous decrease of the working hours is the most popular way to decrease the labor cost with the replacement of the old employees with high salaries with new employees and lower salaries to be the second way. The research showed that employees were dismissed by the 31% of the 135 firms that answered (Figure 38) while the research of the Association of Industries of Thessaly and Central Greece showed that the 23, 64% of the enterprises realized dismissals for the second semester of 2011 (Figure 39).

6. NOTE THE WAY YOU USED TO DECREASE THE LABOR COST



- DECREASE OF SALARY WITH SIMULTANEOUS DECREASE OF THE WORKING HOURS
- DECREASE OF SALARY WITHOUT SIMULTANEOUS DECREASE OF THE WORKING HOURS
- REPLACEMENT OF OLD EMPLOYEES WITH HIGH SALARIES WITH NEW EMPLOYEES WITH SHORTER SALARIES
- DECREASE OF THE NUMBER OF EMPLOYEES
- OUTSOURCING
- OTHER

Figure 38: Ways to decrease the labor cost



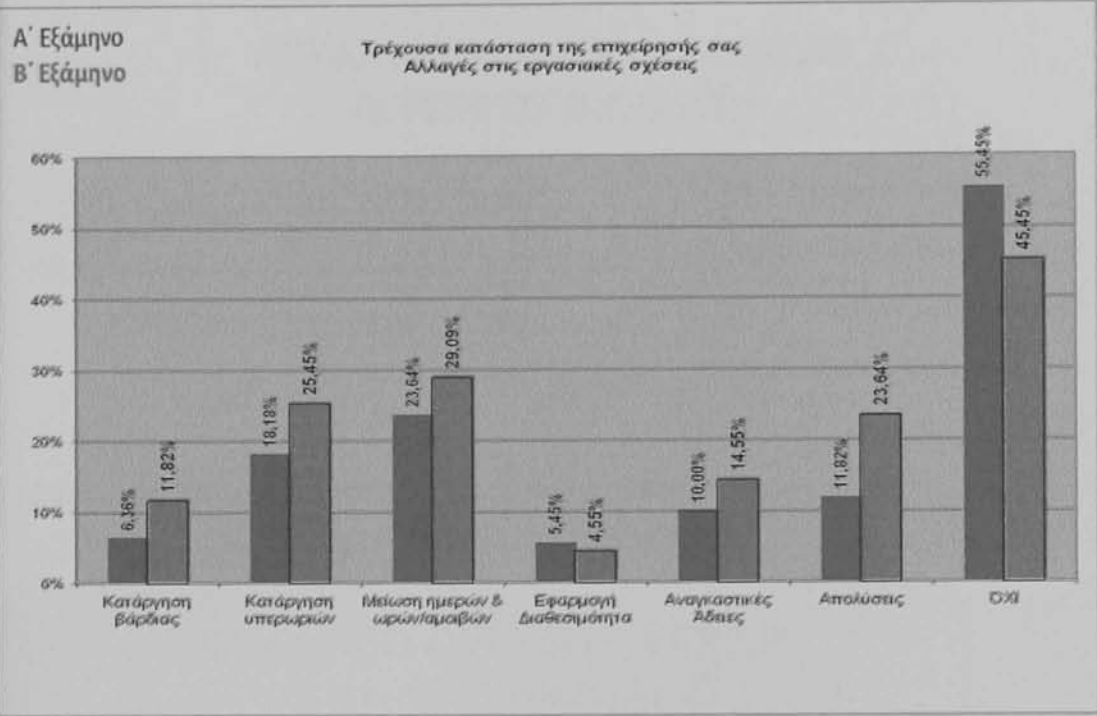


Figure 39: Changes on the employment

Source: [www.sbtke.gr](http://www.sbtke.gr)

Regarding their category and their size in terms of personnel & turnover it is remarkable that for all categories the preferable action is the one of salaries decrease with simultaneous decrease of working hours. (Figure 40).

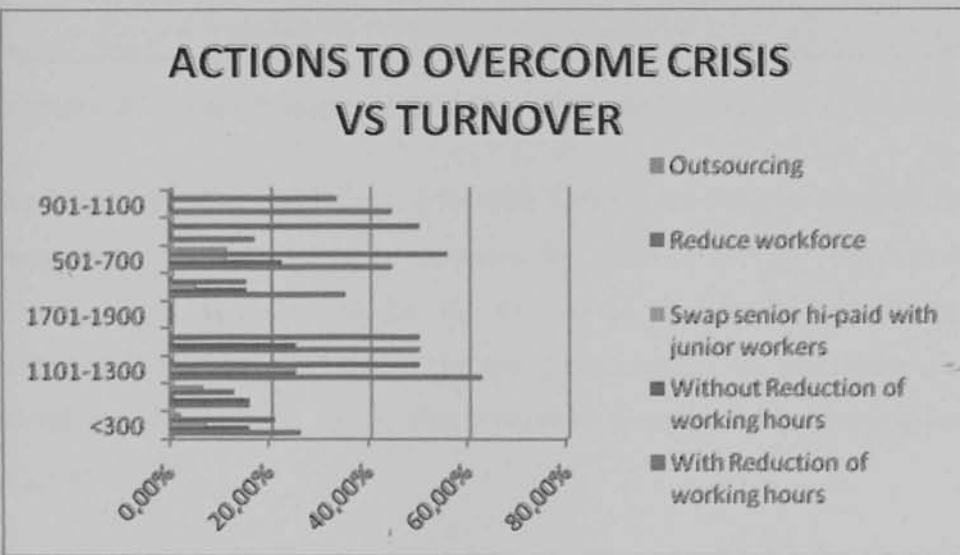
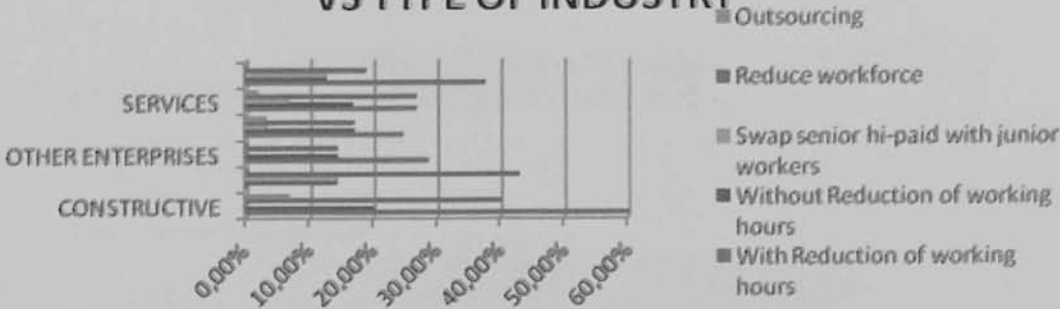


Figure 40: Ways to decrease the labor cost regarding turnover

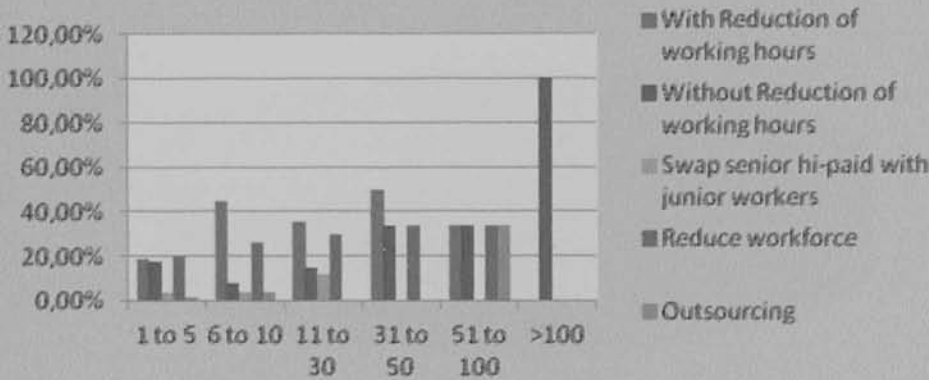
THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY

### ACTIONS TO OVERCOME CRISIS VS TYPE OF INDUSTRY



**Figure 41:** Ways to decrease the labor cost regarding industry type

### ACTIONS TO OVERCOME CRISIS VS No OF EMPLOYEES



**Figure 42:** Ways to decrease the labor cost regarding number of employees

As it concerns the employees, fifty-nine firms from the one-hundred fifty-one that answered (39%) are going to decrease the number of their employees while the research of ALBA showed that the 41, 7% of the sample is going to dismiss to decrease the labor cost. However, the great number do not know yet when the dismissals will be done, saying that it depends from the future developments (Figures 43, 44).

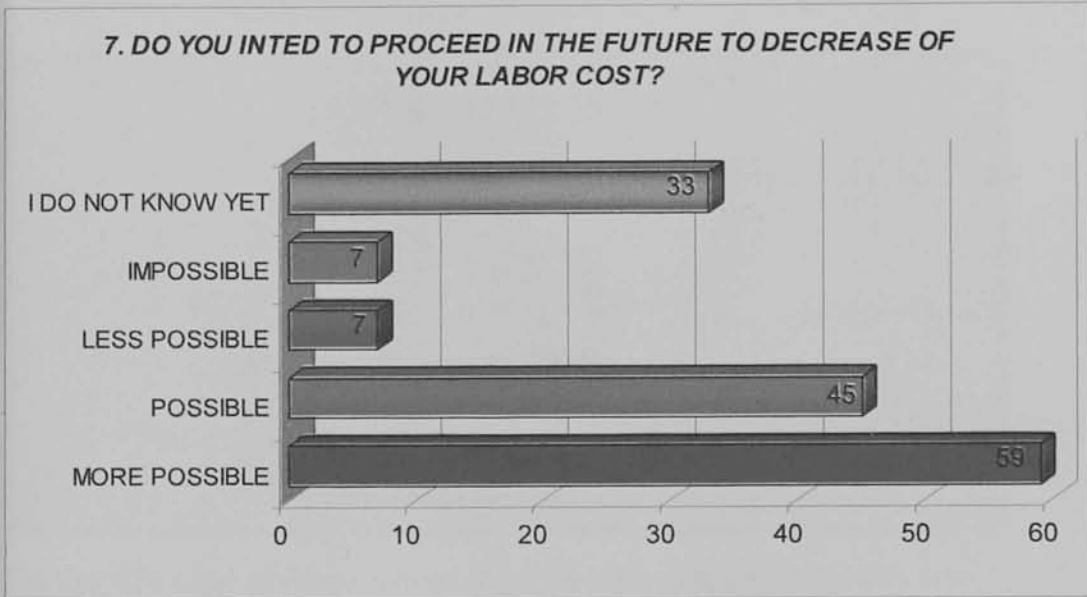


Figure 43: Future actions about the labor cost

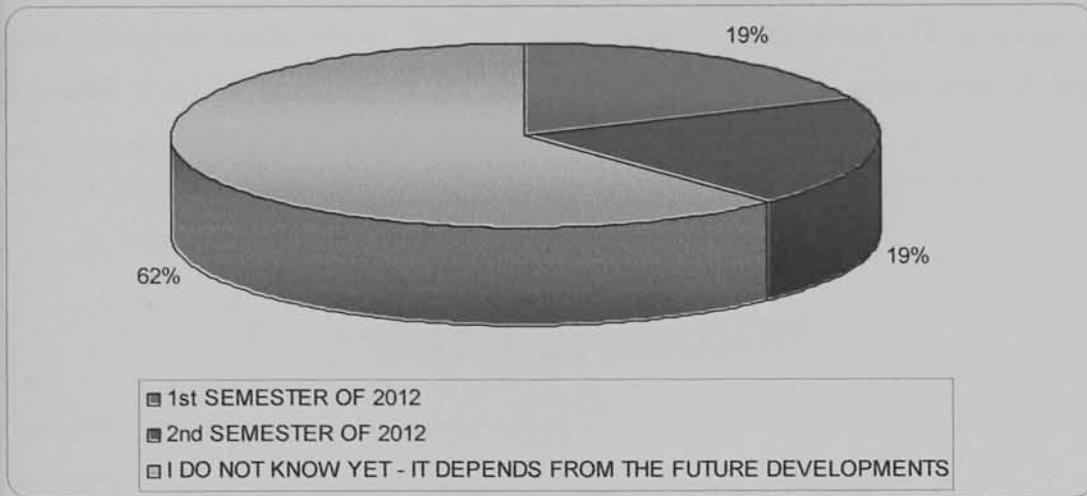
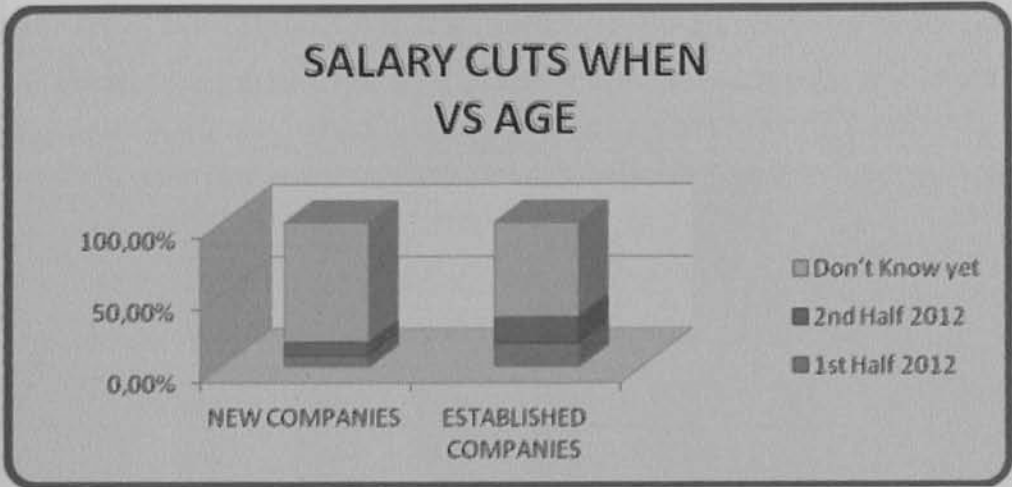


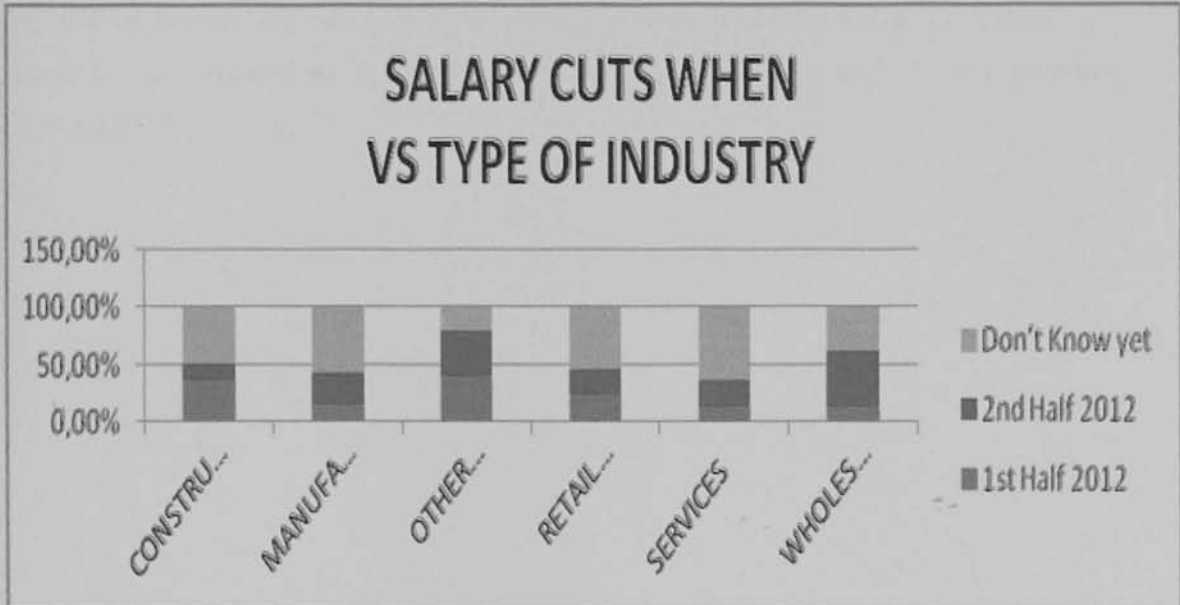
Figure 44: Time of future actions about the labor cost

Regarding future actions in cutting salaries according to age, 82, 76% of new established companies which are “positive” are not sure about the exact time of implementing their changes, while the percentage for established companies is almost 66% (Figure 45).



**Figure 45:** Time of future actions about the labor cost categorized by age

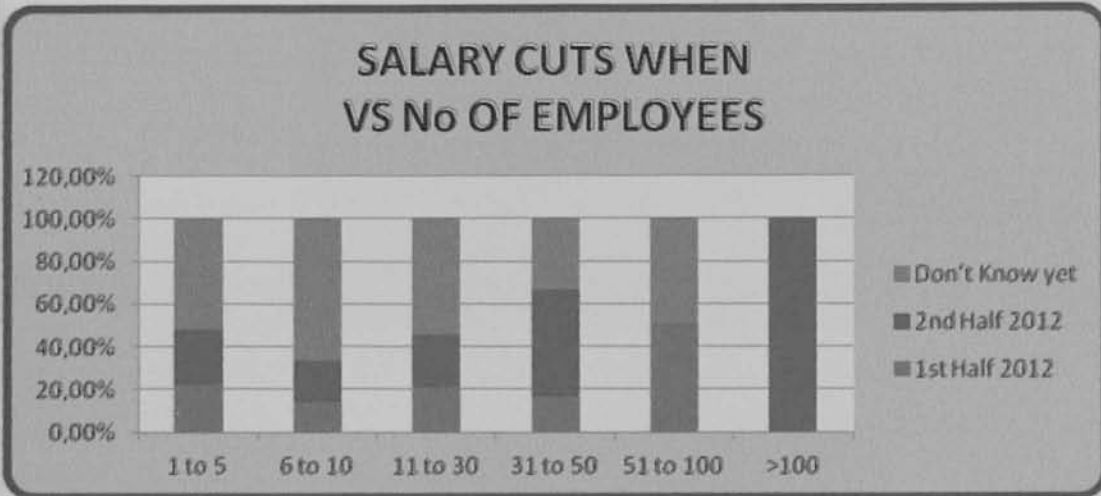
Regarding the type of industry companies belong we can see that in almost every industry the majority states its uncertainty for the time of salary decreases, except from wholesale trade where 50% of the “positive” companies will proceed in decreases at the 2<sup>nd</sup> semester of 2012 and other enterprises where the 80% of them will decrease their salaries during 2012 (Figure 46).



**Figure 46:** Time of future actions about the labor cost categorized by industry



Categorizing companies according to the number of employees they occupy, we see that 52% of the companies with less than five (5) people personnel do not know when the changes in salaries will take place, while the percentage of companies with personnel from 6-10 is of about almost 67% (Figure 47).



**Figure 47:** Time of future actions about the labor cost categorized by employees number

The impressive of the ALBA's research is that despite the general negative situation, one out of two enterprises (51, 2%) remain optimistic about the future while our research demonstrates as optimistic only the 18, 2% while the 33, 5% remains pessimistic (Figure 48).



8. HOW DO YOU SEE THE FUTURE OF YOUR ENTERPRISE?

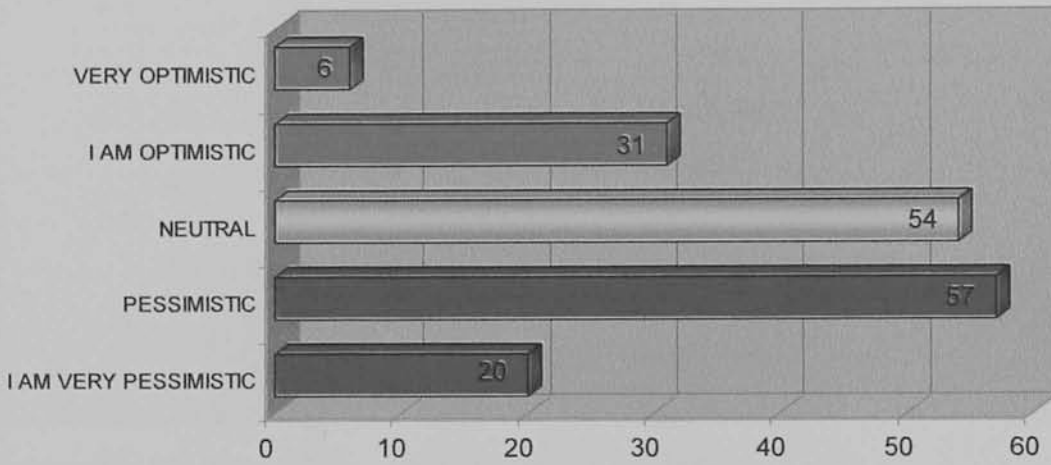


Figure 48: The future of the enterprise

FUTURE OF COMPANY VS ESTABLISHMENT

0,00% 20,00% 40,00% 60,00% 80,00% 100,00%

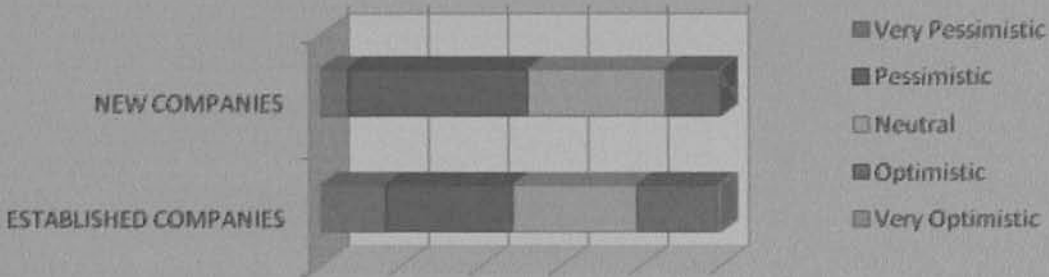
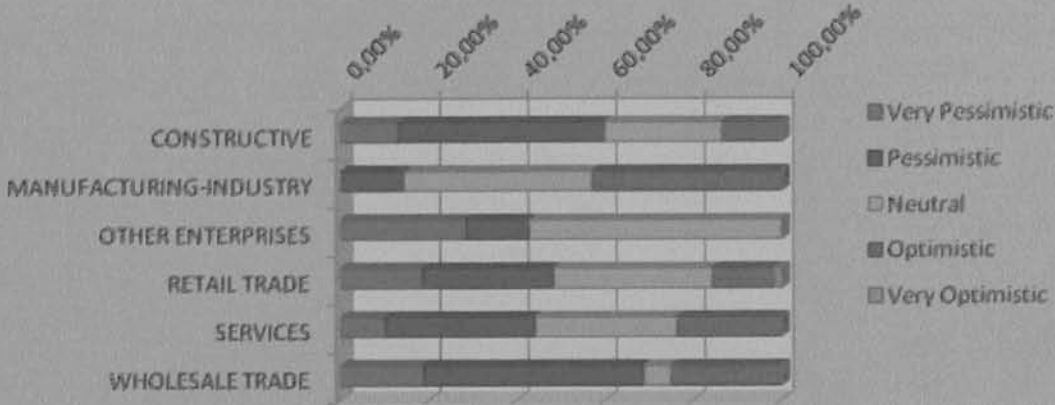


Figure 49: The future of the enterprise vs. year of establishment

In addition 50% of wholesale trade companies state pessimistic. Construction companies are the less optimistic regarding their existence (13, 33%) while other enterprises are no optimistic at all (Figure 50).

### FUTURE OF COMPANY VS TYPE OF INDUSTRY

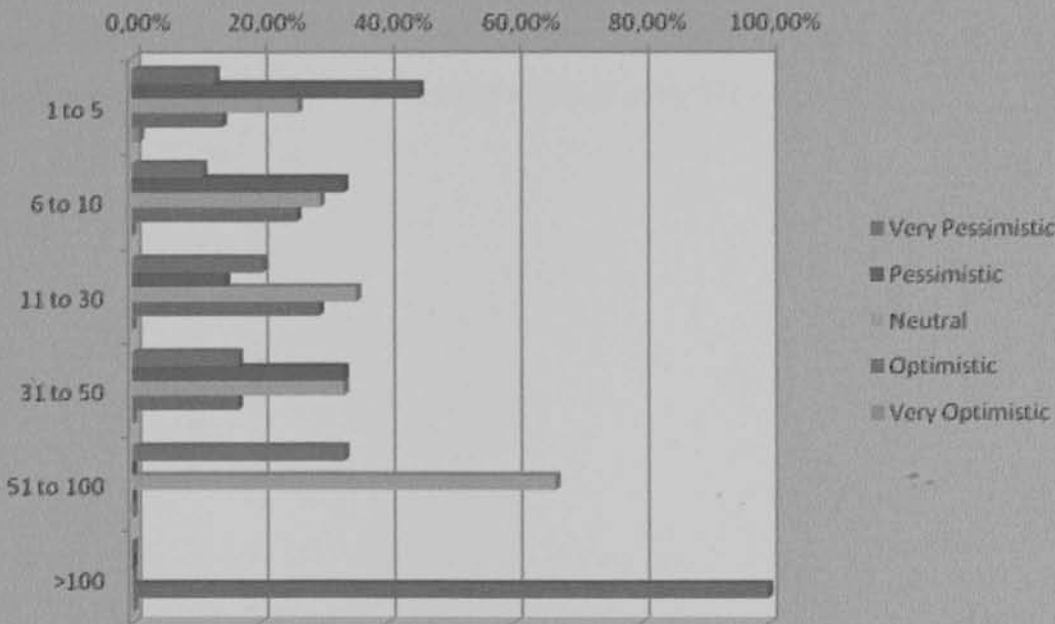


**Figure 50:** The future of the enterprise by category industry

Almost 45% of companies with less than five (5) people personnel are pessimistic regarding their future while >5 companies' percentage is of about 32%.

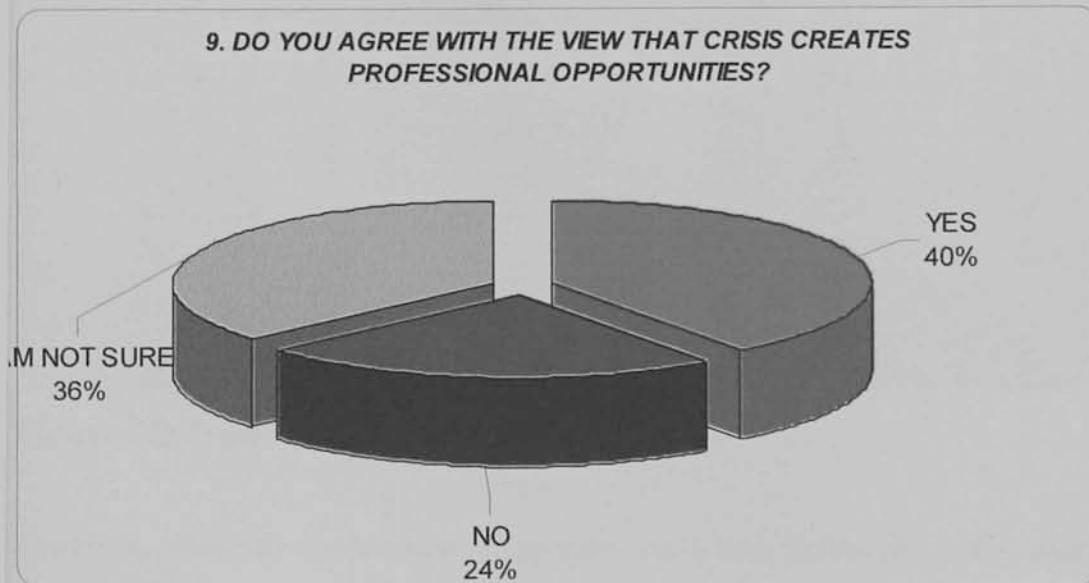
At least 45% of companies with personnel 1-5 are pessimistic for the future (Figure 51).

### FUTURE OF COMPANY VS No OF EMPLOYEES



**Figure 51:** The future of the enterprise categorized by personnel

The 40% of the SMEs believes that the crisis creates professional opportunities in contrast with the 23, 5% that has the opposite opinion (Figure 52).

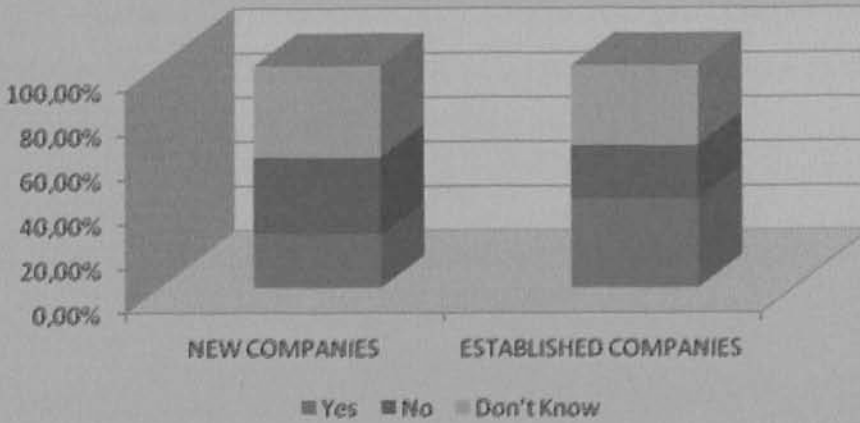


**Figure 52:** Crisis's opportunities

It is worth to mention that 42% of companies with 1-5 personnel cannot tell for sure if opportunities are born due crisis while 40% of companies with more than five employees state that crisis creates opportunities (Figure 53).



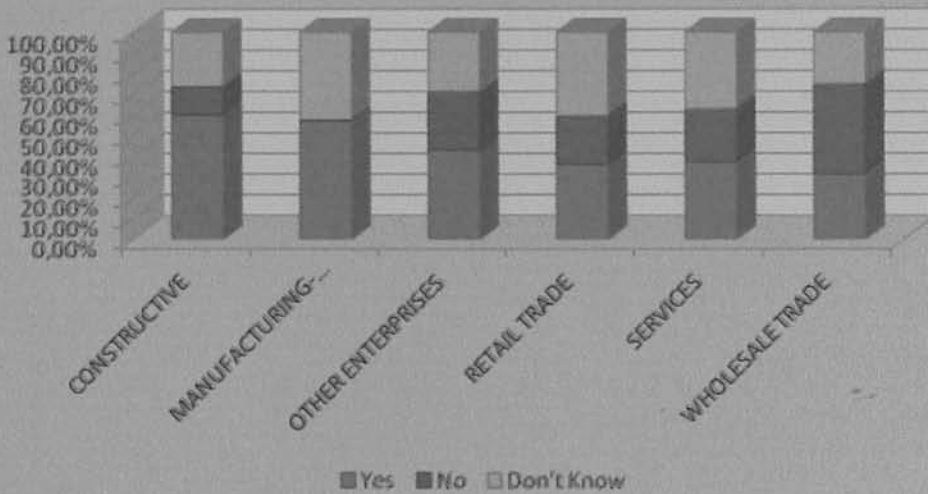
### CRISIS CREATES OPPORTUNITIES VS ESTABLISHMENT



**Figure 53:** Crisis's opportunities and age of companies

Moreover, 60% of construction companies state that definitely crisis creates opportunities while 57% of manufacturing states the same (Figure 54).

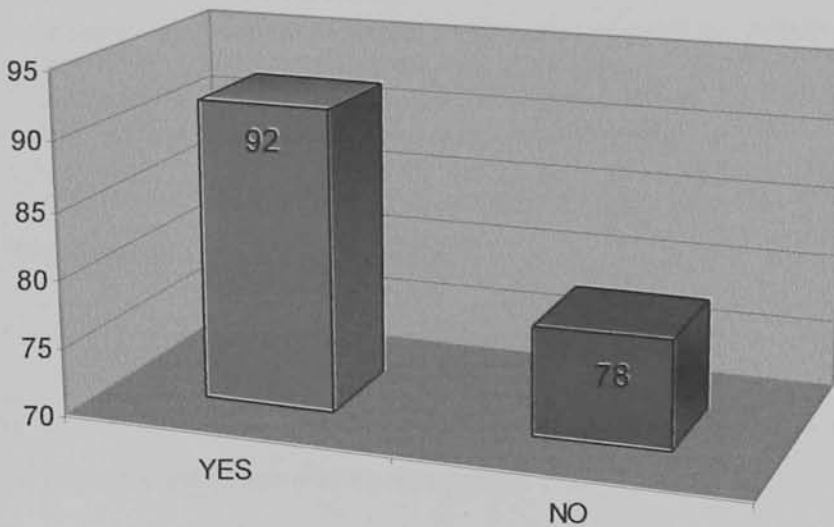
### CRISIS CREATES OPPORTUNITIES VS TYPE OF INDUSTRY



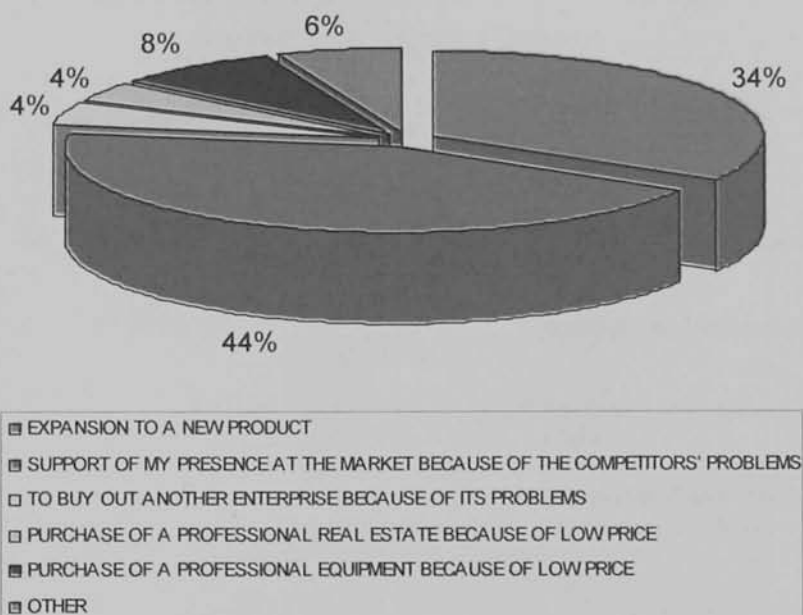
**Figure 54:** Crisis's opportunities and industry type

Ninety-two (92) enterprises intend to proceed to a business action the following period. The movements are; expansion to a new product (33, 6%), support of their presence at the market (44, 2%) because of the competitors' problems, the buy out of another firm because of its problems (4, 4%), the purchase of a professional real estate because of low price (3, 5%), the purchase of professional equipment because of low price (8%) and something other (6, 2%) (Figures 55, 56).

**10. DO YOU INTEND TO PROCEED TO A BUSINESS ACTION THE FOLLOWING PERIOD**



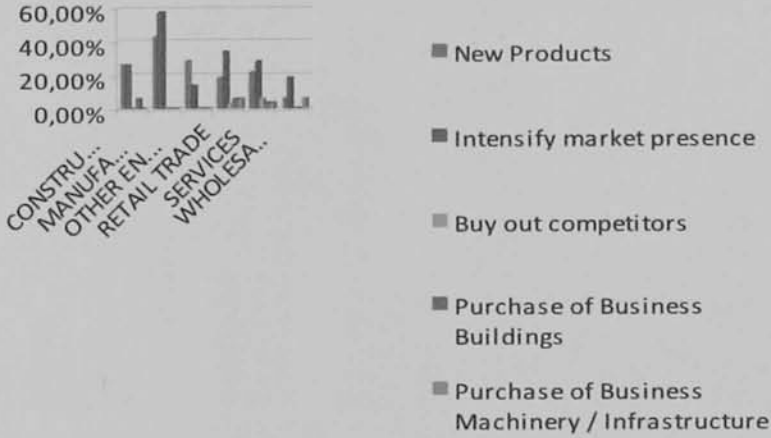
**Figure 55:** Intention of a business action



**Figure 56:** Ways of a new business action

According to industry type, it is worth to mention the 57, 14% of manufacture companies which would proceed to market presence intensification.

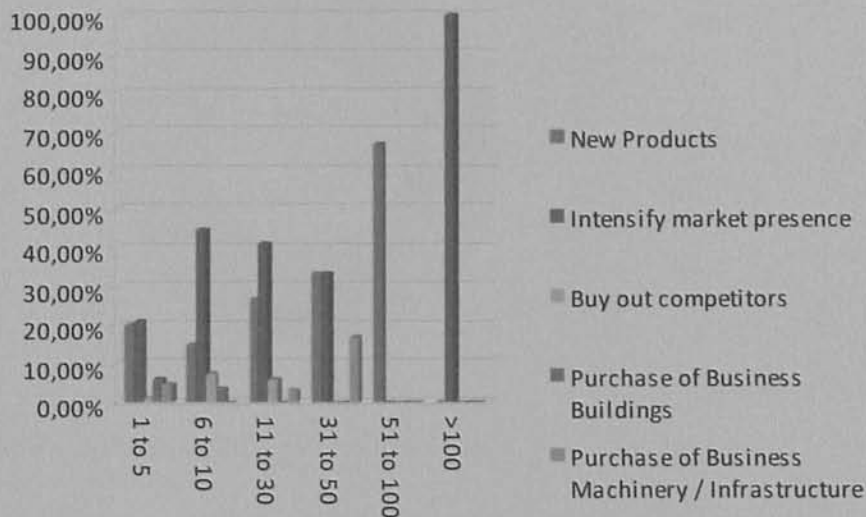
## INTENTIONS FOR NEW BUSINESS VS TYPE OF INDUSTRY



**Figure 57:** Ways of a new business action according to business category

As for analyzing by number of employees, 67% of companies belong to 51-100 employee category, intends to new product strategy, while 44% of 6-10 category will intensify its market presence (Figure 58).

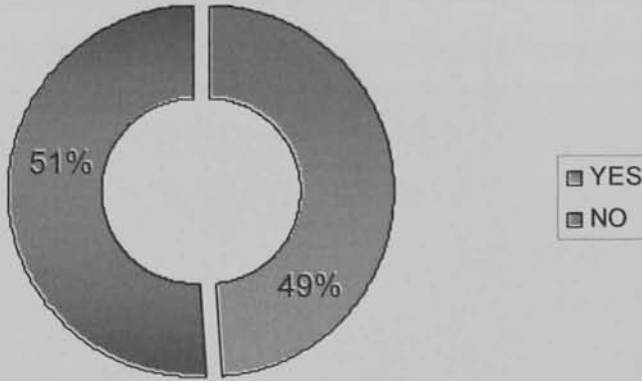
### INTENTIONS FOR NEW BUSINESS VS No OF EMPLOYEES



**Figure 58:** Intention of a business action & companies personnel

The fiscal crisis drove to the cancellation of a business plan the 48, 8% of the SMEs with the great majority (45 firms) to have postponed the expansion to a new activity (Figure 59) while the research of the Association of Industries of Thessaly and Central Greece showed that the 60% of the firms did not realize any investments the second semester of 2011 (Figure 60).

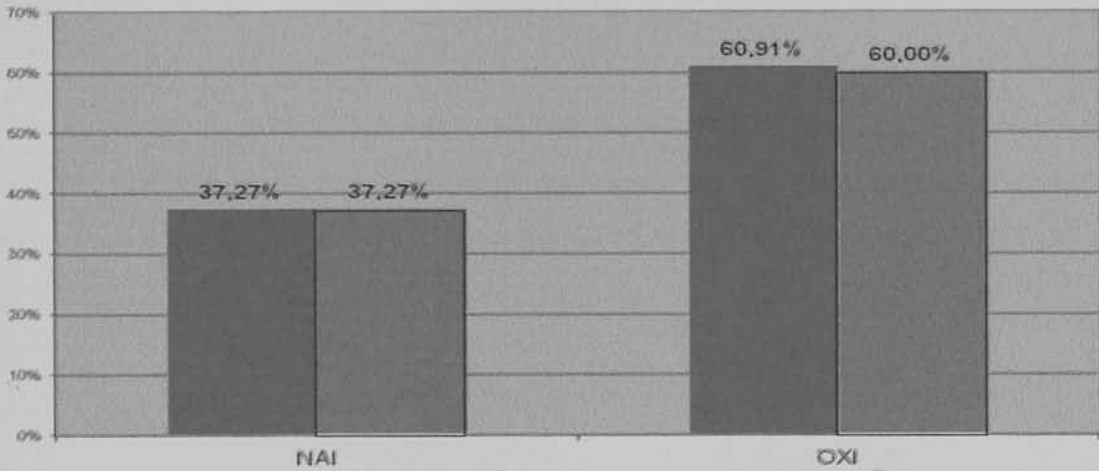
**11. DO YOU HAVE POSTPONE A PROFESSIONAL PLAN BECAUSE OF THE CRISIS?**



**Figure 59:** Postponement of a professional plan

A' Εξάμηνο  
B' Εξάμηνο

Πραγματοποίησε η επιχείρησή σας επενδύσεις μέσα στο 2011:

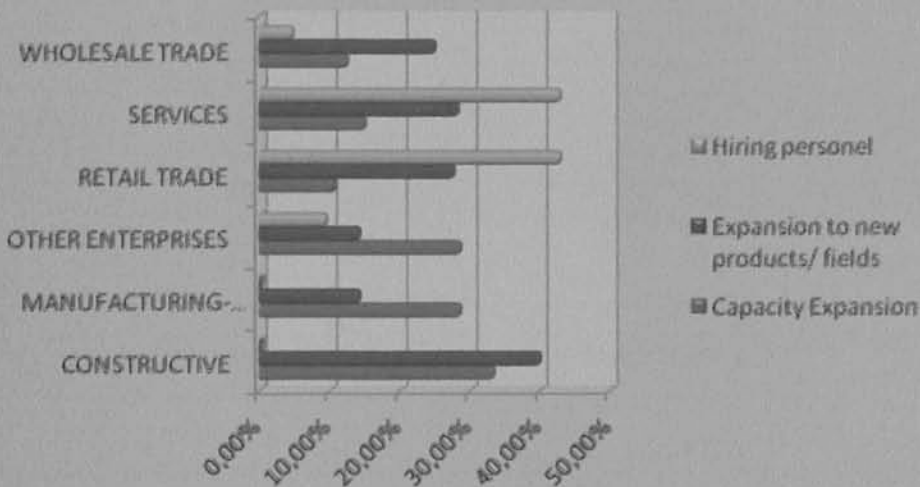


**Figure 60:** Investments in 2011

Source: [www.sbtke.gr](http://www.sbtke.gr)

From the following figure 61 it is concluded that 40% of Construction companies postponed their expansion to new products/fields, while 42, 86% of services and retail trade companies respectively, postponed hiring personnel actions due to crisis effects.

### POSTPONE BUSINESS ACTIVITIES VS TYPE OF INDUSTRY



**Figure 61:** Postponement of a professional plan & industry

To the question “In how many years do you believe that you realize the above investment that you postponed because of the crisis”, the 48, 2% answered that it depends from the economic developments and the 16, 9% in three (3) to five (5) years (Figure 62).

12. IN HOW MANY YEARS DO YOU BELIEVE THAT YOU WILL REALIZE THE ABOVE INVESTMENT THAT YOU POSTPONED BECAUSE OF THE CRISIS

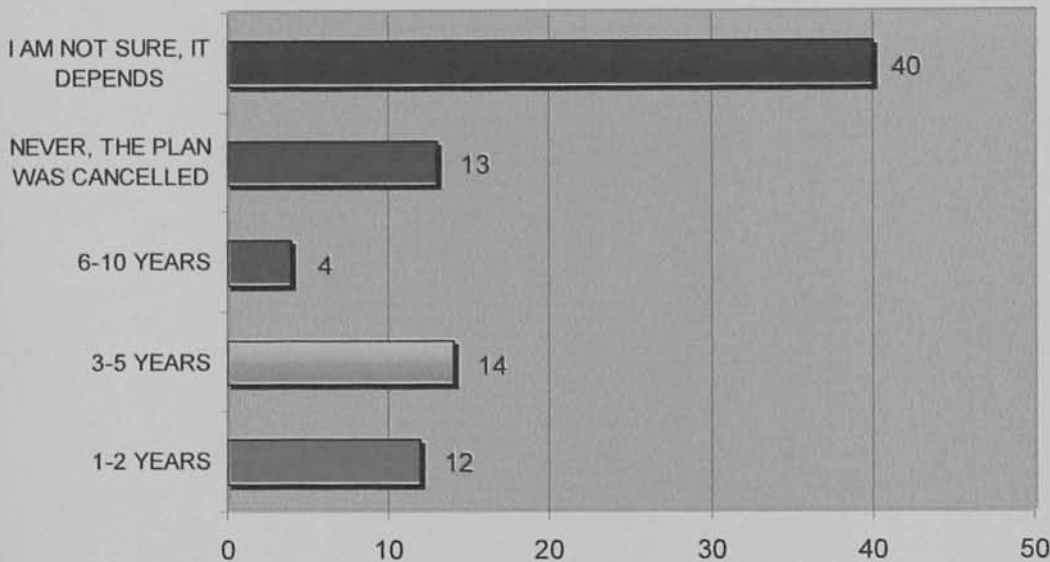


Figure 62: Period of realization of the above investment

Regarding companies year of establishment, 72, 41% of new established companies and 74, 81% of established ones are not sure for the exact time of completing the investment (Figure 63) with the Wholesale and Retail Trade being unsure of all (87, 5 and 80% respectively) (Figure 64).

YEARS TO MATERIALIZATION  
VS ESTABLISHMENT

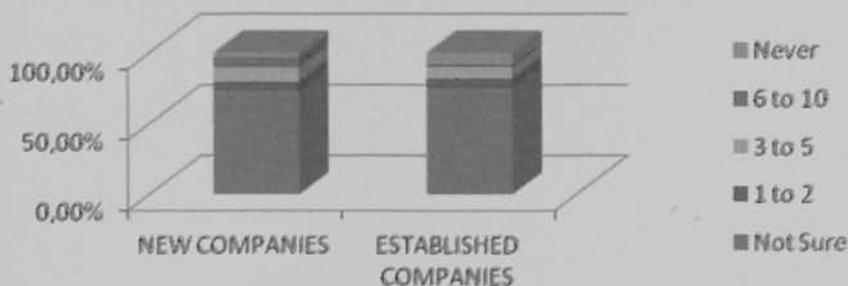
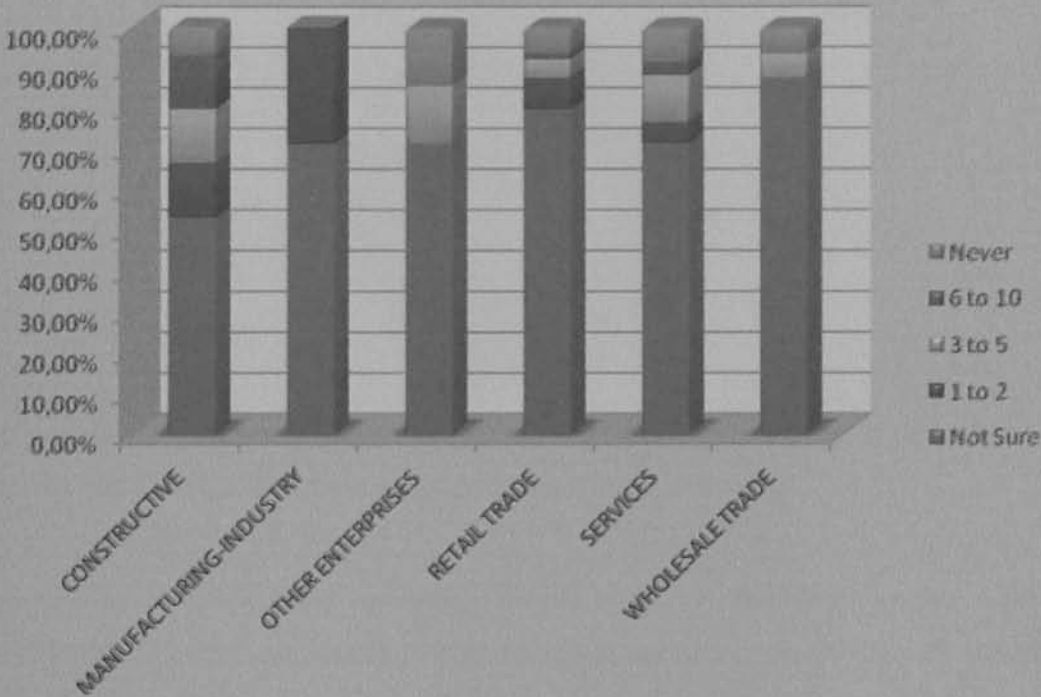


Figure 63: Making an investment according to year of establishment



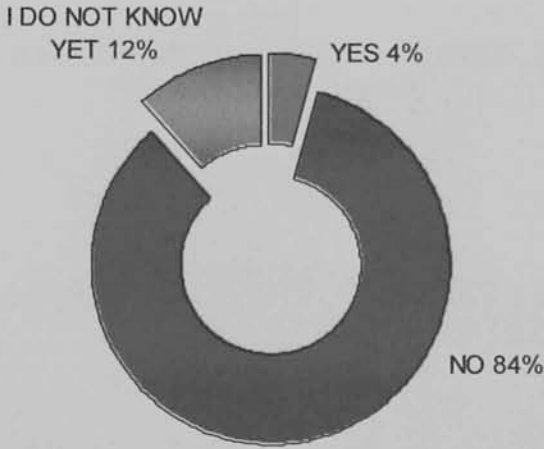
### YEARS TO MATERIALIZATION VS TYPE OF INDUSTRY



**Figure 64:** Making an investment & industry

Despite of the bad situation of the economy, only the 4% has in mind to shift all the professional activity or a part of it to another country while the 84, 1% does not think about it (Figure 65).

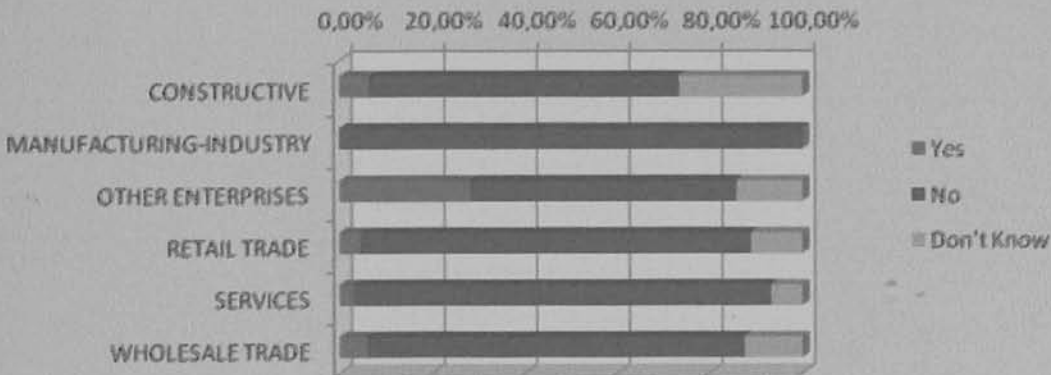
**13. DO YOU HAVE IN MIND TO SHIFT ALL YOUR PROFESSIONAL ACTIVITY TO ANOTHER COUNTRY**



**Figure 65:** Shift of the professional activity to another country

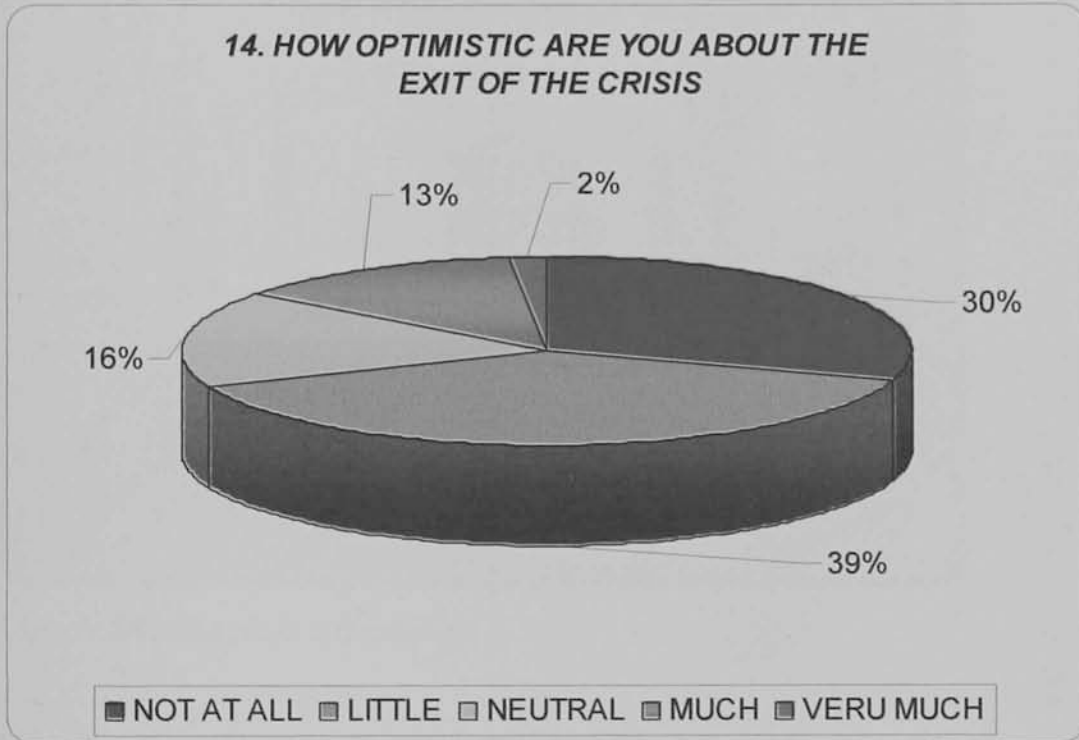
Almost 67% of construction companies do not intend to relocate to another country while all manufacturing companies participated in the survey stated the same (Figure 66).

**POSSIBLE TRANSFER OF COMPANY VS TYPE OF INDUSTRY**



**Figure 66:** Company relocation and industry

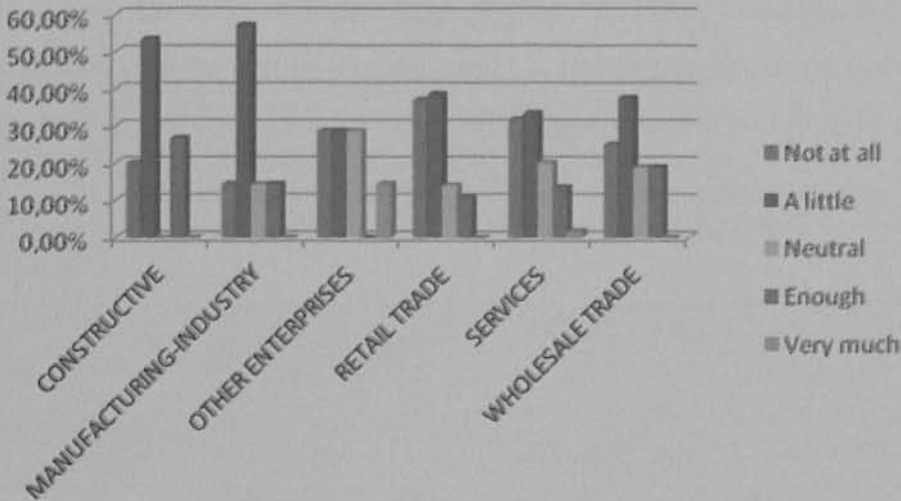
The 38, 8% answered that is little optimistic about the country's exit of the crisis while the 30% is not at all optimistic (Figure 67).



**Figure 67:** Optimism about the exit of the crisis

Constructive and manufacturing companies are the less optimistic regarding that Greece will go through crisis, with percentages of 53% and 57% respectively (Figure 68).

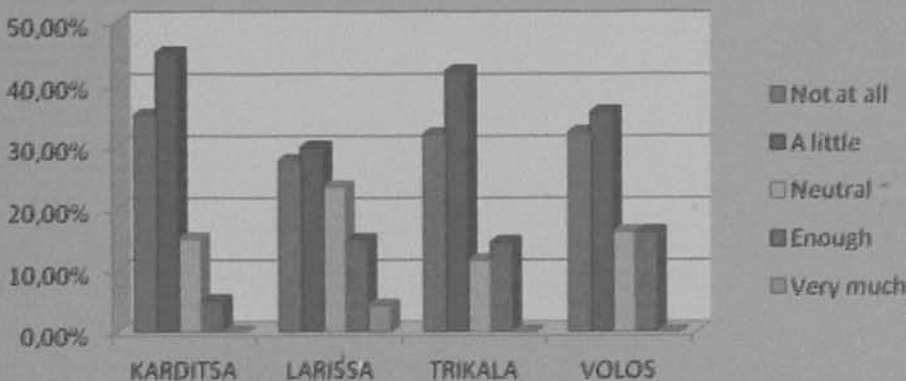
### OPTIMISM END OF CRISIS VS TYPE OF INDUSTRY



**Figure 68:** End crisis and industry

Regarding optimism and region from the survey conducted it is seen that in all regions the majority of answers was given at the option “a little”, with 45% of companies participated from Karditsa, 29, 79% from Larissa, 42, 03% from Trikala and 35, 08% from Volos (Figure 69).

### OPTIMISM END OF CRISIS VS REGION

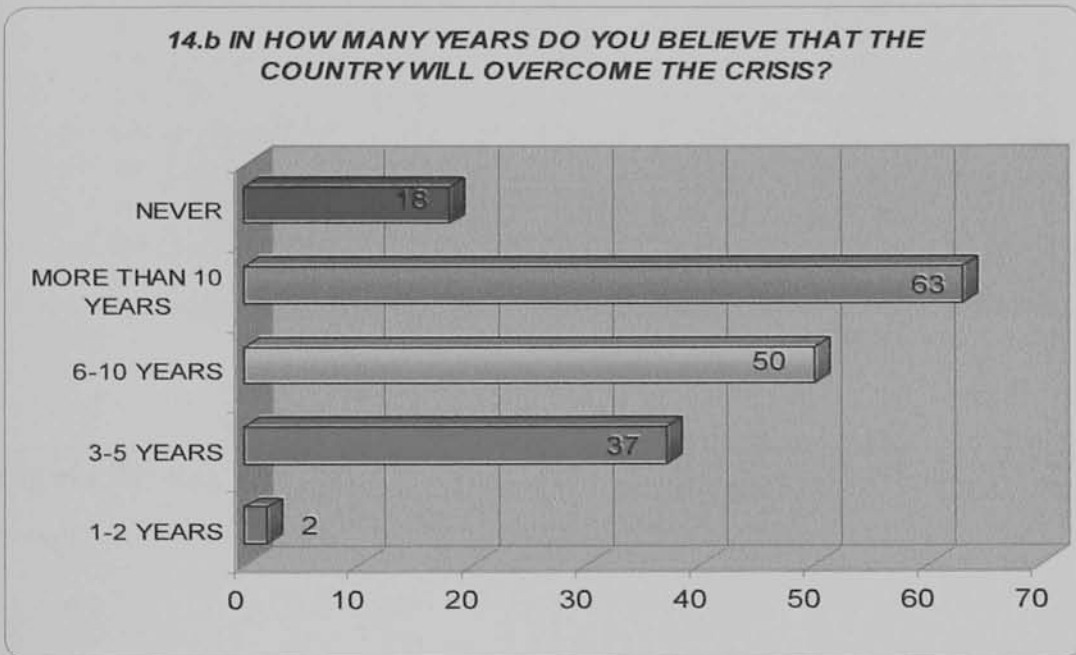


**Figure 69:** Optimization according to region

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**

**Project Management Department**

As it concerns the period that the firms believe that the country will overcome the crisis, a percentage of 37% believes that it will take more than ten (10) years, 22% answered three (3) to five (5) years while only a percentage of 1, 2% believes that this will happen the next two (2) years (Figure 70). The equivalent research of the Association of Industries of Thessaly and Central Greece showed that the 90% of the firms believe that the exit of the crisis will happen after the year of 2012 (Figure 71).



**Figure 70:** Years of overcoming the crisis



Α' Εξάμηνο

Β' Εξάμηνο

Θεωρείτε ότι η έξοδος από την κρίση της ελληνικής οικονομίας θα αρχίσει

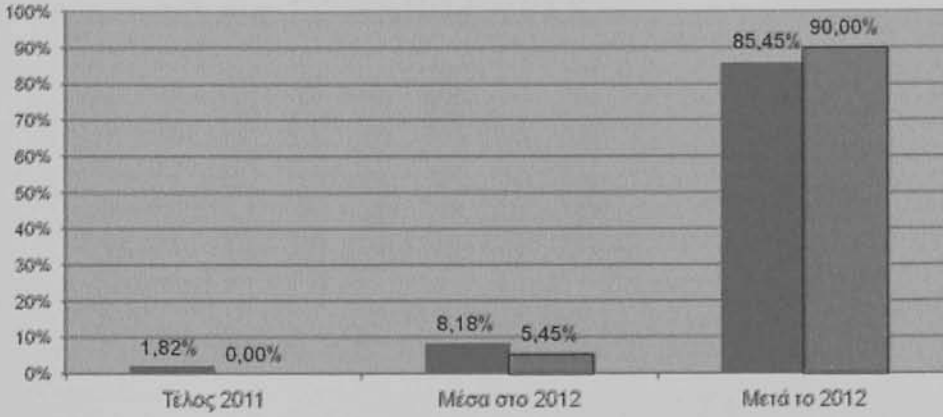


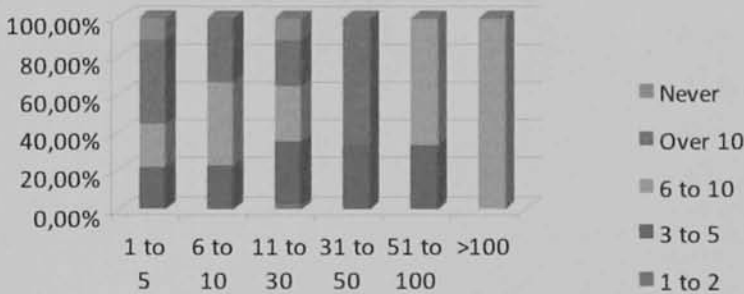
Figure 71: Exit of the crisis

Source: [www.sbtke.gr](http://www.sbtke.gr)

**Project Management Department**

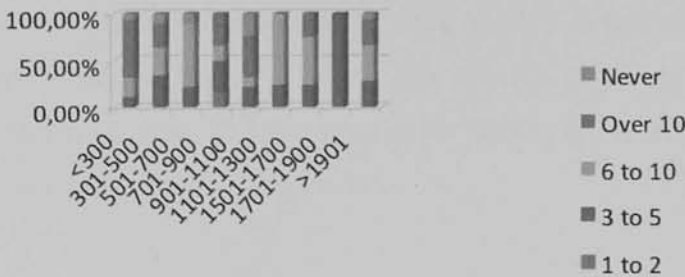
More specifically 43, 53% of companies with 1-5 personnel believe that the crisis will pass after ten (10) years from now (Figure 72), while 62% of companies with turnover <300 have the same feeling (Figure 73).

**YEARS TO EXIT CRISIS  
VS No OF EMPLOYEES**



**Figure 72:** Years to exit crisis vs. number of employees

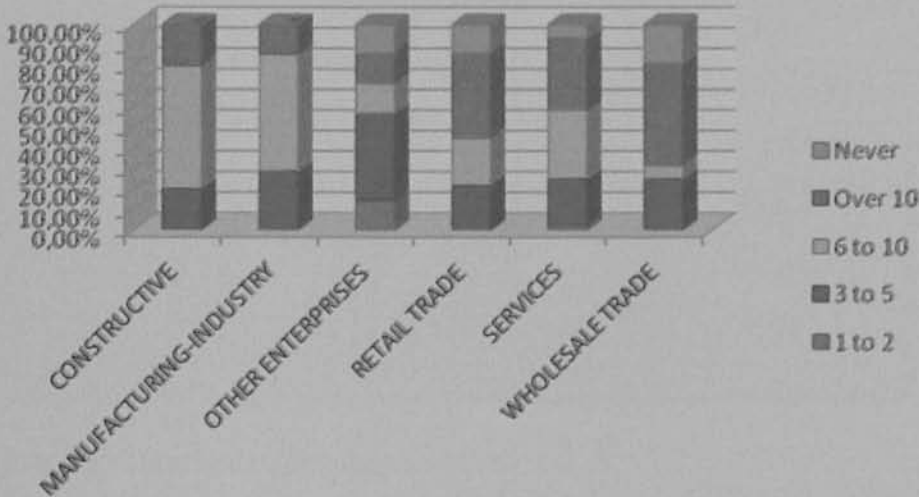
**YEARS TO EXIT CRISIS  
VS TURNOVER**



**Figure 73:** Years to exit crisis vs. turnover

A significant percentage of construction companies (60%) believe that the crisis will not be over in less than 6-10 years with manufacturing industry percentage reaching almost 57% (Figure 74).

### YEARS TO EXIT CRISIS VS TYPE OF INDUSTRY

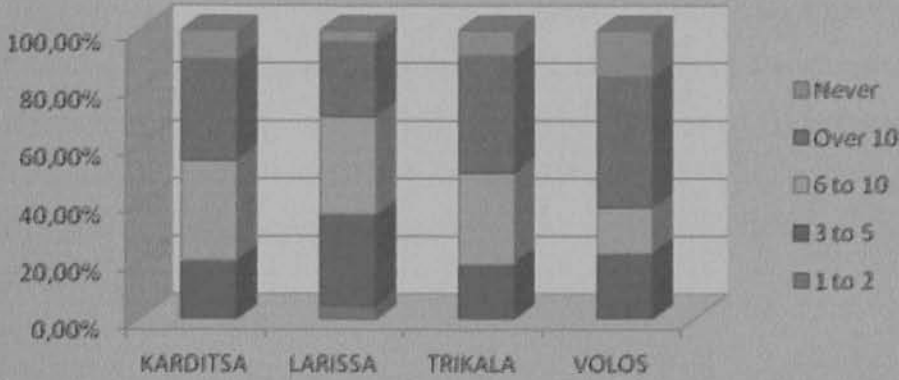


**Figure 74:** Time and industry for exit crisis

At last, regarding the perception of the time needed to overcome the crisis, it is found that 35% companies from Karditsa believe that the crisis will “disappear” in 6-10 years with the same percentage believing that the necessary time is over ten years. A little more optimistic seem to be Larissa companies with 31,91% of them having the perception that the time needed is from 3-5 years. The 40,58% of companies from Trikala has the feeling that more than 10 years needed for Greece to “reset” while the percentage of Volos reaches almost 45% (Figure 75).



### YEARS TO EXIT CRISIS VS REGION



**Figure 75:** Time and region for exit crisis

## 6.2. Conclusions of this study

The fiscal crisis, that started in the U.S. mortgage market quickly spread throughout the world, arriving at our neighborhood, Europe, and at Greece eventually. After many years of economic prosperity, the decline was inevitable, according to the economic rules. As difficult it was for some to predict the crisis, it was equally easy for others, like John Paulson, the American fund manager, who successfully predicted the collapse of the subprime mortgage market in the U.S. in 2007 and earned \$ 3, 7 billion. Apart from the crisis itself, surprise was also caused by its intensity and duration.

Greek SMEs would be extremely difficult to stay unaffected by the fiscal crisis. According to OECD (2009) SMEs are an important part of each economy and are necessary for the economic recovery of a country. The Greek SMEs represent a very large share of the Greek economy and need special attention in the current economic recession. Overcoming the present difficult conditions for SMEs and entrepreneurs requires effective short-term measures that need, however, to be linked to structural



improvements in the SME financial environment over the longer term in order to be successful and to restore growth.

In Greece, the establishment of the General Commercial Registry (GCR), in conjunction with the upgrading of the role of Chambers of Commerce through their transformation into “one stop shops”, are key changes simplifying the whole process of the business environment, which are both designed to meet the needs and demands of all types of stakeholders, and the effective use and exploitation of the information collected.

The function of a modern central database will update the business register procedure immeasurably and will help facilitate paperwork creating or changing business status. This should greatly simplify issuing certificates and increase business awareness for almost all the transactions of a firm. At the same time, a general and unified business register can create broader information requirements and operational information for the entire public sector. Should this become implemented it would be possible to effectively monitor the statistical data of enterprises and furthermore, apply tailored policy or legislative initiatives to businesses. As a result, GCR will:

- Establish a regime of transparency in the exercise of commercial activity.
- Consolidate security in general trading.
- Serve publicity of commercial activity in the most appropriate and desirable way.
- Ensure conditions for the exercise and protection of legitimate commercial activity.
- Fight red tape by introducing modern information and communication technologies.

The implementation of the GCR will result in significant economic and social benefits:

***THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY***



- Flexible and fast tracking of commercial enterprises.
- Quick release documents (certificates) which can easily be formulated and derived from the information found in the database.
- Abundance of statistics which will show clearly the overall performance of businesses in specific sectors. These data sets will greatly aid in the formulating of policy by the state helping to identify criteria and methodologies that will lead to proper distribution of benefits.
- Synergy with other projects in the public sector for the effective utilization of information between public services and the activation and utilization of public infrastructure to achieve economies of scale and ultimately better services to the entrepreneur.

It is expected that current economic crisis adversely impacts most of the SMEs, reducing the development rate and increasing the number of bankruptcies. The main challenges most SMEs in Greece, and particularly in Thessaly, have to cope with as a result of the economic-financial crisis are sudden rises in the prices of raw materials, energy and food, liquidity and credit related problems, a marked decline in the demand for products and services, considerable variations in the exchange rate<sup>2</sup>, and inflation. This phenomenon is spreading quite rapidly to a growing number of companies.

SMEs facing difficulties where in turn forced to either shut down or cut back on expenses, postpone investments, reduce their inventory and lay off employees. Because SMEs provide much of the employment in Greece and contribute a considerable portion of the Greek GDP, these responses to the current economic depression acted in a pro-cyclical way further deepening the recession. Therefore we can once more say that the problems faced by SMEs and the current economic recession are linked in a vicious downward spiral. The continuing contraction of the

---

<sup>2</sup> For these companies importing raw materials outside Euro zone.



economy acts as a self fulfilling prophecy with respect to SMEs; the drop in GDP will cause SMEs to fail and the failure of SMEs will cause a further reduction of the GDP, a shortfall in government revenue and further fiscal difficulties.

When the 85% of the firms declares that the crisis's consequences are dramatic, movements like the decrease of the working hours and the dismissals are inevitable. They have to solve problems in relation to their liquidity, the decrease of turnover and the limited access to bank's finance at a period that the high taxation deteriorates even more their bad economic situation. As it concerns the government, it is absent and incapable to absorb the community allocations of the E.U., leaving the SMEs alone.

According to the Local Economy and Entrepreneurship in the Region of Thessaly Survey 2010, the current economic crisis has had a severe impact on the SMEs of the region. Prioritizing the problems faced by entrepreneurs, almost 50% of all respondents mentioned lack of liquidity as their primary issue, as our research showed too, followed closely by business competition (30%) and reduced clientele (40%).

Regarding involvement in a new industry in the next three (3) years, about half of entrepreneurs appear negative (over 50% said definitely not) while the corresponding percentage about the possibility of offering new products / services is about the same. Our research showed that ninety-two (92) enterprises intend to proceed to a new business action the following period.

The SMEs in order to confront the fiscal crisis's consequences decrease the prices of the goods/services at a percentage of 53, 5%, decrease the labor cost (35, 3%) and search of other markets (29, 4%).

According to data from the Employment Agency for April 2012, the registered unemployed in the Thessaly region totalled 68, 900 people, of whom 52, 405 were seeking work. Our research showed that employees were dismissed by the 31% of the 135 firms that answered. It is impressive that almost the 83% of companies with less



than five (5) people personnel who stated “positive” in salary cuts, are not sure for the period of cutting salaries, with the percentage of companies >5 personnel being at a percentage of nearby 66%.

On the state of employment, compared to 2009 about 70% of entrepreneurs said that the number of employees has remained constant. Staff reductions of approximately 20% were declared in the survey, while the percentage of reductions in the 2009 survey was 22%. In Larissa, especially in the construction industry, reductions reached 55, 6%.

Despite of the bad situation of the economy, only the 4% has in mind to shift all the professional activity or a part of it to another country while the 84, 1% does not think about it.

Almost 67% of construction companies do not intend to relocate to another country while all manufacturing companies participated in the survey stated the same.

As it concerns the period that the firms believe that the country will overcome the crisis, a percentage of 37% believes that it will take more than ten (10) years, 22% answered three (3) to five (5) years while only a percentage of 1, 2% believes that this will happen the next two (2) years.

More specifically 48, 28% of companies with 1-5 personnel believe that the crisis will pass after ten (10) years from now, while 62% of companies with turnover <300 have the same feeling.

A significant percentage of construction companies (60%) believe that the crisis will not be over in less than 6-10 years with manufacturing industry percentage reaching almost 57%.



### 6.3. Limitations of this study

This research has the following limitations:

- The distribution of the questionnaires was difficult, as the author has to distribute these all over Thessaly, at four different cities. Both colleagues of ten (10) different banking establishments of the Bank of Thessaly were to be coordinated and colleagues and friends of other banks at Thessaly. Many questionnaires were allocated during working hours and each employee had to explain to the client the purpose of this research. So a large number of “volunteers” worked for the completion of this research.
- The nature of the research and the type of the questions was another problem since some of the respondents did not wish to show their bad economic situation, the situation of their economic indexes, the fact that they have proceed to dismissals and that they confront problems with the co-operative banks. So, they maybe present a better image of their firm than the actual.

Also, some did not answered to all the questions and to questions that had an option “Yes” or “No” ant only those that have answered “Yes” had to answer to sub questions, those that have answered “No” answered also to the sub questions.

- Although, there was real time for the completion of this dissertation, the available time was constraint due to a very demanding job with many overtimes and seminars and a very busy routine of the author.

### 6.4. Further Research Directions and contribution of this study

The fiscal crisis is an issue of our days but unfortunately it will continue to be a big problem the next years. The SMEs of Thessaly and the crisis are only an issue for



research. SMEs of other regions could be examined; not only SMEs of a geographical department but of a city or a region only. Also, someone could limit further the research, examining certain sectors or indexes of economy. For example, a proposal for further research could be the Greek fiscal crisis's consequences on the retail trade of Thessaly or the consequences on the unemployment at the cities of Thessaly.

The certain research could be used from both the small and medium sized enterprises and the various government agencies. First of all, the SMEs could understand better through this research the condition of their sector and to realize how similar and not only enterprises confront the fiscal crisis. Also, they could better comprehend the economic environment and to find ways for their survival and then for their development.

The various government agencies could be helped on the appreciation of the current economic situation of the enterprises and on the valuation of their bad condition because of the fiscal crisis. The research shows the problems of the SMEs, their worries, the effort for survival, their plans, the labor relations; all these could be used from the agencies to perform an effective economic and social policy. Furthermore, they could study the results of the research so as to create opportunities for development and employment.

There are differences among this research and other similar ones. In relation to the research of the Association of Industries of Thessaly and Central Greece the differences are the following;

- Our research contains more recent data, as the previous one was from 16/12/2011 to 31/12/2011.
- The sample was 110 enterprises in contrast to ours, which was 170 firms.
- Another different point is that the Association's questionnaire contains seven (7) questions while our contains fourteen (14) questions.



TEI Larissa

**Project Management Department**

120

*Staffordshire*  
**UNIVERSITY**



- The research of this thesis is a research for the SMEs of Thessaly of various sectors while the Association's research refers only to the manufacturing firms of Thessaly and Central Greece.





## 7. Reflection on Learning

Working on this dissertation, was proved to be quite beneficial for the author. First, the whole process provides experience of conducting a research of this kind. Secondly, it was given the author the opportunity to possess knowledge related with the biggest problem of our days: the fiscal crisis. Due to the fact that the author's work at a bank is relevant to the study's topic, it was a very beneficial and useful research for her work. Having knowledge on the crisis's consequences on the small and medium-sized enterprises in the area of Thessaly helped the writer to understand better the situation of the bank's clients and the problems that they confront. The conclusions reached from the whole study were interesting and also helpful in watching the fiscal crisis by a more professional sight. Also, trying to understand how a whole country reached to this point helped the author to comprehend how lame was a whole society and all the political system and how for many years the people of a country were living with borrowed money, without any meritocracy and social justice. The author realized from this observation that through the rational political decisions, the reorganization of a broken public sector, the eradication of the tax evasion, the support of the young businessmen, the back to the domestic production and consumption and the quick adaptation on the new conditions this country may survive.

## References

Aghion, P. and Howitt, P., (1998), "Endogenous Growth Theory", Massachusetts, 2<sup>nd</sup> edition, *The MIT Press*.

Andrews, F.M., (1984), "Construct validity and error components of survey measures: a structural modeling approach", *Public Opinion Quarterly*, Vol. 48, pp. 48-59.

Barney, J., (1991), "Firm Resources and Competitive Advantage", *Journal of Management*, Vol. 17, pp. 99-120.

Barro, R. J. and Sala-i-Martin, X., (2004), 2<sup>nd</sup> edition "Economic Growth", 2<sup>nd</sup> edition Massachusetts, *The MIT Press*.

Beck, Thorsten, Demirguc – Kunt Asli, Levine Ross, (2005), "SMEs, Growth and Poverty", *NBER Working Paper Series*, Working Paper 11224.

Blanchard, O. J. and Fischer, S., (1989) Lectures on Macroeconomics, Massachusetts, The MIT Press.

Brace, I , (2004), "Questionnaire Design", *Kogan Page Publishers*, New York.

Brewerton, P. and Millward, L., (2001), "Organizational Research Methods", *Sage publications*, London.

Burns, P., (1996), "Introduction: The significance of small firms", in *P. Burns & J.*

Dewhurst , "Small Business and Entrepreneurship", 2nd ed., pp. 1-19,  
Basingstoke, Macmillan.



Charter, David., (2010), "Storm over bailout of Greece, EU's most ailing economy".  
*Time Online: Brussels.*

Creswell, J.W. , (2008), 3<sup>rd</sup> edition "Educational research: Planning, conducting, and evaluating quantitative and qualitative research", *Upper Saddle River, NJ: Prentice Hall.* 2008 ISBN 10 0136135501 pages. 8-9.

Dunlop, W., (1992), "Small vs. Large Firms in Australian Manufacturing", *Small Business Economics*, 4 (1), p.45-58.

Edmiston, Kelly D. (2004), "*The Role of Small Businesses in Economic Development*", *The Federal Reserve Bank of Kansas City*, Working Paper

European Commission, Observatory of European SMEs, "Analytical Report 2007 - Flash EB No 196", Publication Office.

European Commission, Observatory of European SMEs, "SMEs in Europe 2003", *Publication Office.*

Petraki, A. and Kotti, G., (2001), "Mico-Economic Policy, Measures and Applicitations", *Tipothito*, Athens.

Hardouvelis, G., (2009) "The fiscal crisis ant the future of the global economy"  
Eurobank Research, *Economy and Markets*, Vol. IV, Issue 8.

Hodorogel R. (2009), "The Economic Crisis and its Effects on SMEs", *Theoretical and Applied Economics*, Vol. 05, Issue 05, p. 79-88.



- Hyz, A., (2006), "The Development of Entrepreneurship and Small Business in Poland", Festschrift in honour of professor Maria Negreponi – Delivani, University of Macedonia, *Economic and Social Sciences*, Thessaloniki, p.37-61.
- Hyz, B. A. (2011), "Small and Medium Enterprises (SMEs) in Greece - Barriers in Access to Banking Services. An Empirical Investigation", *International Journal of Business and Social Science*, Vol. 2, no. 2, February 2011, p. 161-65.
- Julien, Pierre – Andre (1993), "Small Businesses as a Research Subject: Some Reflections of Knowledge of Small Businesses and its Effects on Economic Theory", *Small Business Economics*, 5, p.157 – 166.
- Krugman, Paul, (2008), 2<sup>nd</sup> edition "The Return of Depression Economics and the Crisis of 2008", *Penguin Books Ltd.*, London, 2008.
- Lucas, R. E. Jr., (1988), "On the Mechanics of Economic Development", *Journal of Monetary Economics*, 22, p.3-42.
- Major, Clark L. and Saade Radwan N., (2010), "The Role of Small Business in Economic Development of the United States: From the End of the Korean War (1953) to the Present", U.S.A. *Small Business Administration* Working Paper.
- Minsky, H.P., (1972), "Financial stability revisited: the economics of disaster", *Board of Governors of the Federal Reserve System*, Reappraisal of the Federal Reserve Discount Mechanism, 3, Washington DC, p.95-136.
- Mishkin, F. S., (1992): "Anatomy of a financial crisis", *Journal of evolutionary Economics*, 2, p.115-130.
- Mishkin, S.F., (1996), "Understanding Financial Crises: A Developing Country Perspective", *National Bureau of Economic Research*, Working Paper 5600.

**Project Management Department**

Panagiotou P., (2011), “ The case: Greek crisis”, Divani.

Roubini, N. and Sala-i-Martin X. (1992), “Financial Repression and Economic Growth”, *Journal of Development Economics*, 39, p.5-30.

Shuttleworth, Martyn (2008). “Definition of Research”, *Experiment Resources*. Experiment-Research.com. Retrieved 14 August 2011.

Stiglitz, Joseph E., (2000), “Capital Market Liberalization, Economic Growth and Instability”, *World Development*, 28 (6), p.1075 – 1086.

Stiglitz, Joseph, Freefall, (2010), “Free Markets and the Sinking of the Global Economy”, *Penguin Books Ltd.*, London.

Summers, L.H., (2000), “International Financial Crises: Causes, Prevention, and Cures”, *The American Economic Review*, Vol. 90, No. 2, Papers and Proceedings of the One Hundred Twelfth Annual Meeting of the American Economic Association (May, 2000), p. 1-16.



## Web References

[www.alba.edu.gr/News/Documents/Παγκοσμια\\_Χρηματοπιστωτική\\_Κρίση\\_ΑιτιαΕπιπτώσεις\\_20\\_11\\_2008.pdf](http://www.alba.edu.gr/News/Documents/Παγκοσμια_Χρηματοπιστωτική_Κρίση_ΑιτιαΕπιπτώσεις_20_11_2008.pdf)

<http://www.alba.edu.gr/RCI/Pages/News.aspx>

[http://www.bankofgreece.gr/BogEkdoseis/Summary\\_Annrep2009.pdf](http://www.bankofgreece.gr/BogEkdoseis/Summary_Annrep2009.pdf)(Bank of Greece (2010), “Summary of the Annual Report”, April 2010).

<http://www.career.uth.gr/en/announcements/general/1329--a->

[www.casss.gr/PressCenter/Articles/1649.aspx](http://www.casss.gr/PressCenter/Articles/1649.aspx)

<http://www.e-erevna.gr/story.aspx?ID=117711.000>(EOMMEX - Ellenic Organization of Small and Medium Sized Enterprises and Handicraft (2011), “Annual Report 2008 – Current Situation and Perspectives of the Greek SMEs Summary”).

<http://www.enet.gr/?i=news.el.article&id=310398>, [http://www.lsk.gr / feeditem / oikonomiko-thayma-me-pathogeneies-i-kathimerini](http://www.lsk.gr/feeditem/oikonomiko-thayma-me-pathogeneies-i-kathimerini)

[http://en.wikipedia.org/wiki/Credit\\_default\\_swap](http://en.wikipedia.org/wiki/Credit_default_swap).

[http://el.wikipedia.org/wiki/Economy\\_of\\_Greece](http://el.wikipedia.org/wiki/Economy_of_Greece)

[http://en.wikipedia.org/wiki/Credit\\_default\\_swap](http://en.wikipedia.org/wiki/Credit_default_swap)

[http://www.epixeiro.gr/index.php?option=com\\_content&view=article&id=1155:2011-10-24-13-49-20&catid=84:2011-03-10-17-31-00&Itemid=257](http://www.epixeiro.gr/index.php?option=com_content&view=article&id=1155:2011-10-24-13-49-20&catid=84:2011-03-10-17-31-00&Itemid=257)

<http://www.espa.gr/el/Pages/Default.aspx>

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



[http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/countries-sheets/2010-2011/greece_en.pdf)

[http://ec.europa.eu/enterprise/policies/sme/files/craft/sme\\_perf\\_review/doc\\_08/spr08\\_fact\\_sheet\\_gr\\_en.pdf](http://ec.europa.eu/enterprise/policies/sme/files/craft/sme_perf_review/doc_08/spr08_fact_sheet_gr_en.pdf), 06/06/2011(European Commission (2008), "SME Fact Sheets - Greece", Spring 2008).

<http://www.economics.harvard.edu/faculty/benmelech/files/MacroAnnual.pdf>

<http://europa.eu/rapid/pressReleasesAction.do?reference=IP/03/652&format=HTML&aged=0&language=EN&guiLanguage=en>

<http://finance.wharton.upenn.edu/~allenf/download/Vita/BankofFrance-MTM-24June08-final.pdf>

[www.heaven.gr/news/news/id/8620](http://www.heaven.gr/news/news/id/8620).

[http://www.iene.gr/energyweek08/articlefiles/page03\\_04/a\\_omilia\\_stournara.pdf](http://www.iene.gr/energyweek08/articlefiles/page03_04/a_omilia_stournara.pdf)

[www.in.gr](http://www.in.gr), degradation of the Greek economy from Standard & Poor's, 16-12-2009, Kathimerini, third degradation of the Greek economy in December, 23/12/2009

<http://www.moodys.com/sites/products/AboutMoodysRatingsAttachments/MoodysRatingsSymbolsand%20Definitions.pdf>).

[http://www.oaed.gr/Pages/SN\\_1649.pg](http://www.oaed.gr/Pages/SN_1649.pg)

[http://www.oaed.gr/Pages/SN\\_1649.pg](http://www.oaed.gr/Pages/SN_1649.pg) , Public Employment Agency, Data of unempolyment April 2012

[http://observatory.eommex.gr/eommex/154\\_ENG\\_HTML.aspx](http://observatory.eommex.gr/eommex/154_ENG_HTML.aspx)

[http://observatory.eommex.gr/eommex/Annual\\_report\\_2008\\_eng\\_f.pdf](http://observatory.eommex.gr/eommex/Annual_report_2008_eng_f.pdf), 04/06/2011.

<http://www.oecd.org/dataoecd/36/27/42514077.pdf>(OECD(2009), “Impact of the Global Crisis on SME & Entrepreneurship Financing and Policy Responses”, Turin Round Table, held at Intesa Sanpaolo, Palazzo Turinetti Turin, Italy 26-27 March 2009).

[www.naftemporiki.gr/video/video.asp?id=24224](http://www.naftemporiki.gr/video/video.asp?id=24224)

[http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1831345&http://www.google.gr](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1831345&http://www.google.gr)

<http://www.pedthessalias.gr/2012-01-12-13-29-02/topothesisia-xarakthristika>

<http://www.sbtke.gr/>

[http://www.skai.gr/files/1/pdf/esee\\_22032012%5b1%5d.pdf](http://www.skai.gr/files/1/pdf/esee_22032012%5b1%5d.pdf)

[http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/A0703/PressReleases/A0703\\_SEL48\\_DT\\_AN\\_00\\_2009\\_01\\_P\\_GR.pdf](http://www.statistics.gr/portal/page/portal/ESYE/BUCKET/A0703/PressReleases/A0703_SEL48_DT_AN_00_2009_01_P_GR.pdf)

<http://www.swinburne.edu.au/lib/ir/onlineconferences/agse2011/000053.pdf>,  
06/06/2011(Wan L., Riding A. and Chamberlin T.(2011), “The Global Financial Crisis: Impacts on SMEs and Public Policy Responses”, Proceedings of the 8th AGSE International Entrepreneurship Research Exchange, Swinburne University of Technology, Melbourne, Australia, 1-4 February, 2011, pp. 1222-1242)

<http://tvxs.gr/news/ellada/goldman-sachs>

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



**Project Management Department**

<http://userec.iacm.forth.gr/docs/De117.pdf>, 04/06/2011 (Anastasopoulou, A. and Dougalis, V. (2010), “Upgrading Self Reflective Competencies in SMEs – National Report for Greece”, project no. 2009-1-GR1-LEO 05-01881, September 2010).

<http://www.weforum.org/pdf/GCR09/GCR20092010fullreport.pdf>.

[http://web.xrh.unipi.gr/attachments/131\\_Hardouvelis\\_Crises\\_Feb\\_2011.pdf](http://web.xrh.unipi.gr/attachments/131_Hardouvelis_Crises_Feb_2011.pdf).



TEI Larissa

Project Management Department

## Appendices

### Appendix I: THE QUESTIONNAIRE

Staffordshire University, Business School



Staffordshire  
UNIVERSITY

Technological Educational Institute of Larissa  
Department of Project Management  
School of Business Administration



### QUESTIONNAIRE

Within the postgraduate course MBA OF STAFFORDSHIRE UNIVERSITY, a dissertation is conducted on "**The impact of the financial crisis on SMEs in Thessaly**" based on the following questionnaire.

**Please note that the survey is confidential and that the results will be presented exclusively in the form of aggregate tables.**

Please return this completed questionnaire to Ms. Platara Triantafyllia by Fax: **2431076962** or e-mail at: **fyllio\_14@hotmail.com**

Thank you in advance for your cooperation. The survey results will be available after its completion

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



**1. COMPANY INFORMATION**

1.1 COMPANY NAME: .....

ADDRESS .....

Fax ..... PHONE .....

e-mail .....

1.2 CONTACT PERSON .....

1.3 NUMBER OF EMPLOYEES

A. 1-5 B. 6-10 C. 11-30 D. 31-50 E. F. 51-100 > 100

1.4 ACTIVITY: .....

.....

1.5 AREA OF ACTIVITY: .....

1.6 YEARS OF OPERATION: .....

**2. COMPANY FINANCIAL DATA**

2.1 ANNUAL TURNOVER IN THE LAST FINANCIAL YEAR (IN € '000s)

<300  301-500  501-700  701-900  901-1100  1101-1300

1301-1500  1501-1700  1701-1900  >1901



QUESTIONS

1. TO WHAT EXTENT HAS THE FISCAL CRISIS AFFECTED YOUR BUSINESS;

- Not at all
- Little
- Moderately
- Much
- Very Much

2. WHAT IS THE BIGGEST PROBLEM THAT YOUR BUSINESS IS FACING TODAY DUE TO THE FINANCIAL CRISIS;

(SELECT UP TO 4 ANSWERS, GRADING THE MOST SIGNIFICANT WITH 1 AND THE NEXT WITH 2, 3, 4)

- Reduced turnover
- Limited access to financing from banks
- Increased cost of production
- Increase in labor costs
- Increased Tax (VAT, extra charges, property charges, etc.)
- Difficulty / inability to collect receivables from customers
- Delay in payment of debts
- Difficulty in dealing abroad (suppliers, customers, etc.) because of deterioration of the creditworthiness of the country
- Other .....

THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY



**3. THE FOLLOWING ARE INDICATORS RELATING TO THE FINANCIAL SITUATION OF YOUR BUSINESS. IDENTIFY THE CHANGE FOR THOSE INDICATORS IN THE PAST 12 MONTHS**

**(-4 WORST, +4 BEST)**

|  |    |    |    |    |   |   |   |   |   |
|--|----|----|----|----|---|---|---|---|---|
| <b>TURNOVER</b>                                | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>COST OF SALARIES</b>                        | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>OTHER COSTS (RAW MATERIALS, ENERGY ...)</b> | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>STOCK</b>                                   | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>TAXATION (direct &amp; indirect)</b>        | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>LIQUIDITY</b>                               | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>PROFIT MARGIN</b>                           | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>NEW EMPLOYEES</b>                           | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |
| <b>INVESTMENTS</b>                             | -4 | -3 | -2 | -1 | 0 | 1 | 2 | 3 | 4 |

**4. DO YOU FACE PROBLEMS IN YOUR RELATIONSHIP WITH COOPERATING BANKS DUE TO THE CRISIS;**

Yes  No

If your answer is yes, please provide details:

Delays in funding

Reduced funding

Suspension of all financing

Stronger guarantees required

Increase in borrowing costs

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



Increased bureaucracy and more procedures

Other .....

**5. DID YOU TAKE ANY OF THE FOLLOWING ACTIONS IN ORDER TO LESSEN THE CONSEQUENCES OF THE FINANCIAL CRISIS; IF YES, PLEASE NOTE IF THEY HAD ANY EFFECT**

Reorganization of production

Reorganization of administrative services

Reduction of labor costs

Increased advertising /product promotions

Reduced price of products / services

Search for new markets

Other .....

**6. IF YOU HAVE MADE A REDUCTION IN THE COST OF SALARIES IN ORDER TO FACE THE CONSEQUENCES OF THE FINANCIAL CRISIS, PLEASE INDICATE HOW YOU DID IT**

Reduced salaries while reducing working hours

Reduced salaries without reducing working hours

Replaced older employees with higher salaries with people with lower salaries

Reduced number of employees

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



**Project Management Department**

- Outsourcing  
 Other .....

**7. PLANNING TO PROCEED IN THE FUTURE IN ACTIONS IN ORDER TO REDUCE YOUR PAYROLL COST;**

- Very likely  Likely  Unlikely  Very unlikely  
 I do not know yet

**IF YES, WHEN DO YOU ESTIMATE THAT WILL HAPPEN;**

- First half of 2012  
 Second half of 2012  
 I do not know yet, depending on future developments

**8. HOW DO YOU SEE THE FUTURE OF YOUR BUSINESS;**

- Very pessimistically  Pessimistically  Neutrally  Optimistically  
 Very optimistically

**9. DO YOU AGREE THAT "THE CRISIS CREATES BUSINESS OPPORTUNITIES";**

- Yes  No  Not sure



TEI Larissa

Project Management Department

Staffordshire  
UNIVERSITY

**10. ARE YOU PLANNING TO PROCEED IN A BUSINESS OPENING THE NEXT YEARS;**

**IF YES, WHAT WILL YOUR MOVEMENT BE**

- Expansion into a new product
- Strengthening my presence in the market due to problems of my competitors
- Acquisition of my competitors because of their problems
- Purchase of commercial property due to low prices
- Purchase of professional equipment due to low prices
- Other.....

**11. HAVE POSTPONED YOU ANY BUSINESS PLANS BECAUSE OF THE CRISIS;**

YES  NO

**IF YES, IT WAS;**

- Expansion of existing plant or production line;
- Expansion in a new product;
- Staff Recruitment;
- Other .....

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**





TEI Larissa

Project Management Department



**12. IN HOW MANY YEARS WILL YOU CONSIDER IMPLEMENTING THE ABOVE POSTPONED INVESTMENT DUE TO THE CRISIS;**

- 1-2
- 3-5
- 6-10
- The project was canceled altogether
- Not sure, depending on economic developments

**13. DO YOU THINK, YOU SHOULD MOVE YOUR ENTIRE OR PART OF YOUR BUSINESS ACTIVITY IN ANOTHER COUNTRY;**

- YES  NO  DO NOT KNOW YET

If yes, which country; .....

**14. HOW OPTIMISTIC ARE YOU FOR THE FINANCIAL CRISIS;**

- NOT AT ALL  A LITTLE  MODERATELY  QUITE  VERY

**IN HOW MANY YEARS DO YOU THINK, GREECE WILL ESCAPE THIS CRISIS**

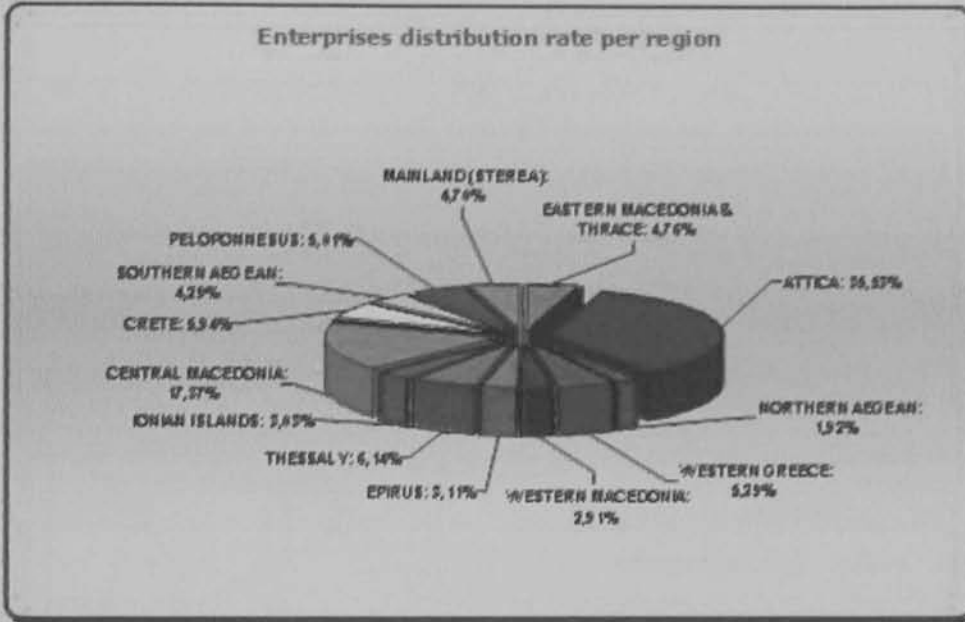
- 1-2  3-5  6-10  MORE THAN 10  NEVER

**THANK YOU FOR YOUR TIME AND EFFORT**



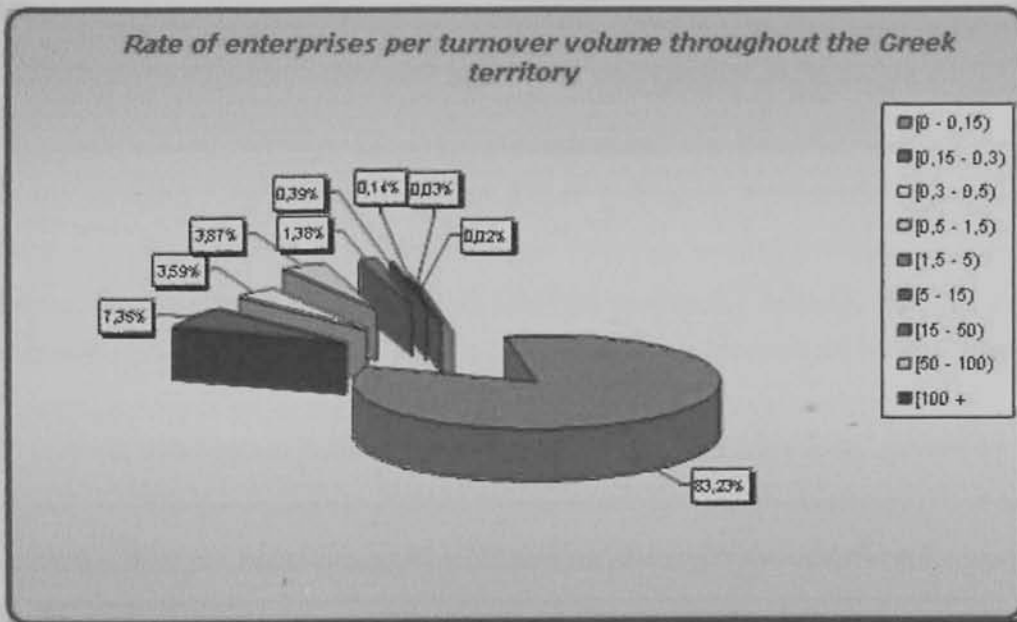
Appendix II: Figures

Figure 76: SMEs Distribution per Region in Greece



Source: EOMMEX (2011)

Figure 77: Rate of SMEs per Turnover Volume throughout the Greek Territory



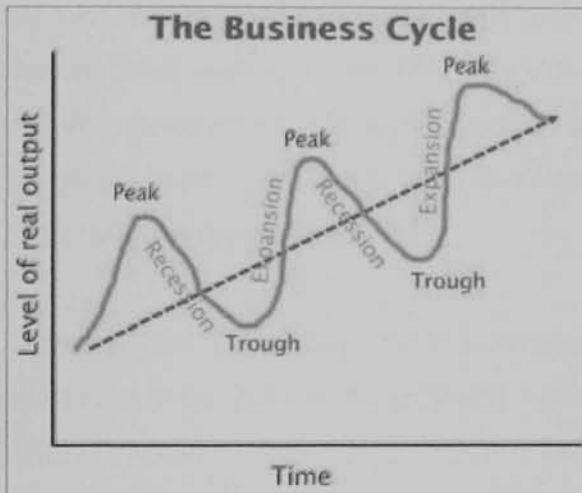
Source: EOMMEX (2011)

THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY

## Appendix III

### Global Economic Environment and the Region of Thessaly

If we were to examine a graph depicting global GDP over the past hundred years we would notice a general upward trend. If we were to look more closely we would notice oscillations from this trend, some of them gradual while others may seem more violent. These oscillations represent economic booms and recessions which have been an inevitable part of the global economy ever since the first agricultural revolution and the forming of agrarian societies. Since the great depression of 1929, the global



**Figure 78:** A classic business cycle graph

economy has experienced oscillations of the milder kind; recessions would tend to be short lived without very large unemployment spikes and growth would quickly resume. During this period the economic cycle was twice declared dead; once during the post second world war economic boom when the Phillips curve was thought to be able to tame the business cycle

(Blanchard O. J. and Fischer S., Lectures on Macroeconomics, Massachusetts, The MIT Press, 1989). More recently, Nobel laureate Robert Lucas during his presidential address to the American Economic Association declared that the “central problem of depression prevention [has] been solved, for all practical purposes ( Krugman, Paul, The Return of Depression Economics and the Crisis of 2008, Penguin Books Ltd., London, 2008 (second edition).

Economic stabilization policies using both fiscal and monetary tools appeared to have ironed out the excessive oscillations of the economic cycle. Although the economic crisis faced by the Asian Tigers in 1997 and the ensuing burst of the dot – com bubble in the early 00s were clear warnings of global economic instability, the successful handling of these affairs put policy makers at ease. The massive leveraging of the

#### **THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



global economy by the financial sector was not perceived as a threat; the almost faith based belief in the ability of monetary tools to solve any problem shrouded the problem from sight.

The current economic crisis started as early as 2006 when the first signs that the mortgage market in the US was foundering showed up. Very simply put, investors suddenly realized that complex financial products which leveraged the capital of investment and commercial banks many times over were not as secure or as liquid as they were perceived. This sudden loss of faith in these products caused a massive sell off which started as a liquidity crisis and quickly evolved in the freezing of the market. What started as a free fall of the US financial sector, quickly transformed into a global credit crunch. Although a systemic economic meltdown was averted in 2008, the global economy plunged into a recession the likes of which had not been seen since the great depression of 1929.

In Europe and specifically in the Euro zone area, policy makers thought that their economies were sufficiently insulated against the economic backlash and that the damage would be contained within those financial institutions which had US exposure. However, what started as a financial crisis quickly evolved into a liquidity crisis for the Euro zone states. This evolution of the economic crisis was as much due to increasing levels of economic uncertainty as well as the structural failings of the Euro zone as an optimal currency area. The inability of the ECB to act as a lender of last resort and the absence of adequate convergence and risk sharing mechanisms within the Euro zone enabled the conversion of speculative attacks against state debt into self fulfilling prophecies of bankruptcies.



TEI Larissa

Project Management Department



The Greek economy met these challenges with structural problems of its own. The Greek economy, already overburdened with public debt, faced the global downturn saddled with both fiscal and foreign accounts deficits. These problems coupled with unfortunate crisis management and investor uncertainty led Greece to apply for IMF and Euro zone financial aid. Since the Greek government lacked traditional monetary tools to give short term relief to the liquidity crisis, a slow and painful policy of depreciation was the only option left. This translated into severe austerity measures which caused the recession to deepen.

The Greek economy has entered a vicious depression cycle where the recession causes shortfalls in government revenue which in turn imposes harsher austerity measures which cause yet more fall in the GDP. In this economic environment, the once robust banking sector now faces mortal perils of its own, especially after its once fully liquid government bonds suffered substantial losses after the PSI program. Naturally in such an environment the last thing that commercial banks are thinking about is credit expansion. The shut down of credit has hit both households and SMEs particularly hard since they were among the first to be shut off from bank lending. The structure of the Greek economy with about 50% of the populace being either self employed or employed in small and medium enterprises further exacerbated the problem. To add to this there are two more key factors which act pro cyclically in the Greek case. The first one has to do with the family nature of most SMEs in Greece.

This means that when a SME fails so does the attached household since these SMEs usually access the credit market by leveraging household assets. The second one has to do with the structuring of short term commercial credit in Greece. The usage of bank cheques in place of commercial paper resulted in a totally unrestricted and faith based market. Thus when SMEs started failing this caused a cascade effect which pulled down seemingly healthy enterprises which were not laden with debt. In any case, the nature of this depression is so severe that it has affected all sectors of the Greek economy regardless of the size of the firm.

***THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY***

**Project Management Department**

We will now proceed to examine the relationship between SMEs and the economic environment within the geographical boundaries of the region of Thessaly. Before we proceed we have to present a few facts about the said location. The region of Thessaly contains 14.037 square kilometers of land of which 6.474 square kilometers (46%) are considered mountainous regions. Within the boundaries of Thessaly we find the biggest fertile plain in Greece; the Thessaly plain. The region is defined by its four major urban centers and more specifically, by the cities of Volos, Larissa, Karditsa and Trikala. The city of Volos is more industry and services oriented (steel processing, cement industry, etc) while Larissa is considered the heart of the agricultural region.

**Πίνακας 2 Βασικά στοιχεία για το ΑΕΠκκ (σε ΜΑΔ)**

|                      | μό. 2001-03 |         | ΑΕΠκκ<br>2003<br>σε ΕΕ25 | Καθεστώς ενι-<br>σχύσεων | Παραγωγικότη-<br>τα εργασίας |
|----------------------|-------------|---------|--------------------------|--------------------------|------------------------------|
|                      | σε ΕΕ25     | σε ΕΕ15 |                          |                          |                              |
| ΕΕ25                 | 100         |         | 100                      |                          | 51.473                       |
| ΕΕ15                 | 109,4       | 100     | 109,1                    |                          |                              |
| ΕΛΛΑΔΑ               | 77,2        | 70,6    | 76,4                     |                          | 36.062                       |
| Ηπειρος              | 62,7        | 57,4    | 66,4                     | αμιγής σύγκλιση          | 31.301                       |
| Θεσσαλία             | 69,1        | 63,2    | 73,2                     | αμιγής σύγκλιση          | 31.833                       |
| Στερεά Ελλάδα        | 109,7       | 100,3   | 115,7                    | phasing in               | 54.627                       |
| ΧΕ ΘΣΗ               | 80,9        | 74,0    | 86,2                     |                          | 39.233                       |
| Αμιγής σύγκλι-<br>ση | 66,2        | 60,5    | 71,1                     |                          | 31.675                       |

Πηγή: Eurostat 2006, και επεξεργασίες ομάδα σύνταξης ΠΕΠ.

**Table 11:** GDP and Purchasing Power comparison (2006)

Project Management Department

According to the above Eurostat data, the region of Thessaly is considered a convergence region, still in need of EU policies which foster income and productivity augmentation. In terms of purchasing power, Thessaly clearly lags behind the EU25 median and the same is true in terms of labor productivity. In terms of labor disposition, approximately a quarter of the work force is employed in the primary sector (mainly agriculture), one fifth is employed in the manufacturing sector and the remaining majority is employed in the services sector. In terms of GDP, as can be seen from the graph below, Thessaly represents about 5% of the national total.

Διάγραμμα 1: Συμμετοχή των περιφερειών στο σχηματισμό της ακαθάριστης προστιθέμενης αξίας Έτος 2009

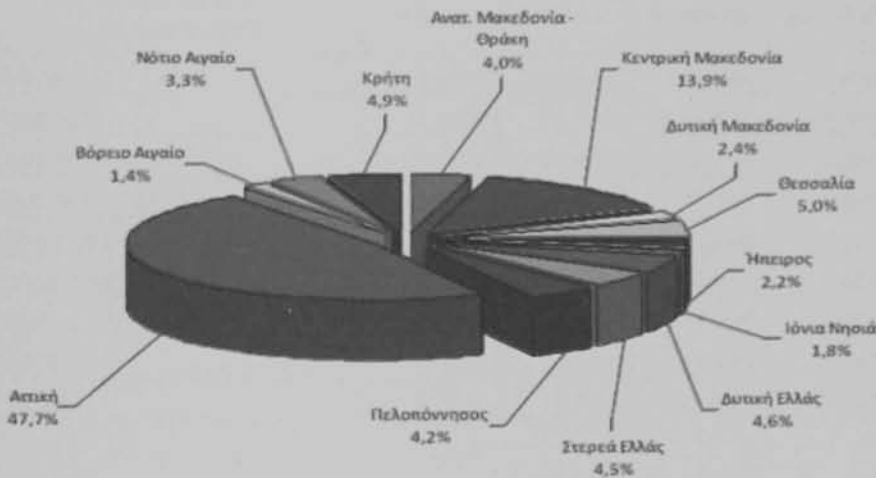


Figure 79: Hellenic GDP composition by regions (2009)

If we were to look more specifically at the economic performances of firms based in Thessaly we would clearly see that their results follow closely the general economic downturn. In 2009, 6 out of 10 firms in Thessaly reported some sort of profits, while in 2010 only half of the firms queried showed any profit at all. Due to the severe credit crunch and massed losses this had led to a rise in bankruptcies with SMEs being particularly hard hit, since by their very nature, they are much more vulnerable to liquidity crises.

## Appendix IV: Tables

### Question 1

Table 12

| CRISIS EFFECT VS AGE | A little | A lot  | Moderate | Not at all | Severily | SUM     |
|----------------------|----------|--------|----------|------------|----------|---------|
| 0-5                  | 17,24%   | 44,83% | 20,69%   | 0,00%      | 17,24%   | 100,00% |
| 6-10                 | 3,33%    | 43,33% | 33,33%   | 3,33%      | 16,67%   | 100,00% |
| 11-20                | 2,13%    | 51,06% | 21,28%   | 4,26%      | 21,28%   | 100,00% |
| >20                  | 7,41%    | 53,70% | 29,63%   | 3,70%      | 5,56%    | 100,00% |
| TOTAL                | 7,53%    | 48,23% | 26,23%   | 2,82%      | 15,19%   | 100,00% |

Table 13

| CRISIS EFFECT VS TURNOVER | A little | A lot  | Moderate | Not at all | Severily | SUM     |
|---------------------------|----------|--------|----------|------------|----------|---------|
| <300                      | 6,90%    | 60,34% | 13,79%   | 3,45%      | 15,52%   | 100,00% |
| 301-500                   | 15,00%   | 25,00% | 50,00%   | 0,00%      | 10,00%   | 100,00% |
| 501-700                   | 0,00%    | 66,67% | 22,22%   | 0,00%      | 11,11%   | 100,00% |
| 701-900                   | 16,67%   | 83,33% | 0,00%    | 0,00%      | 0,00%    | 100,00% |
| 901-1100                  | 0,00%    | 44,44% | 22,22%   | 0,00%      | 33,33%   | 100,00% |
| 1101-1300                 | 12,50%   | 50,00% | 25,00%   | 0,00%      | 12,50%   | 100,00% |
| 1501-1700                 | 0,00%    | 25,00% | 0,00%    | 0,00%      | 75,00%   | 100,00% |
| 1701-1900                 | 0,00%    | 0,00%  | 100,00%  | 0,00%      | 0,00%    | 100,00% |
| >1901                     | 3,13%    | 43,75% | 34,38%   | 9,38%      | 9,38%    | 100,00% |

Table 14

| CRISIS EFFECT VS TYPE OF INDUSTRY | A little | A lot  | Moderate | Not at all | Severily | SUM     |
|-----------------------------------|----------|--------|----------|------------|----------|---------|
| CONSTRUCTIVE                      | 0,00%    | 53,33% | 6,67%    | 0,00%      | 40,00%   | 100,00% |
| MANUFACTURING-INDUSTRY            | 0,00%    | 42,86% | 57,14%   | 0,00%      | 0,00%    | 100,00% |
| OTHER ENTERPRISES                 | 14,29%   | 42,86% | 28,57%   | 0,00%      | 14,29%   | 100,00% |
| RETAIL TRADE                      | 9,23%    | 46,15% | 30,77%   | 3,08%      | 10,77%   | 100,00% |
| SERVICES                          | 6,67%    | 48,33% | 25,00%   | 5,00%      | 15,00%   | 100,00% |
| WHOLESALE TRADE                   | 12,50%   | 62,50% | 18,75%   | 0,00%      | 6,25%    | 100,00% |



Table 15

| CRISIS EFFECT<br>VS No OF EMPLOYEES | A little | A lot  | Moderate | Not at all | Severily | SUM     |
|-------------------------------------|----------|--------|----------|------------|----------|---------|
| 1 to 5                              | 8,24%    | 50,59% | 21,18%   | 4,71%      | 15,29%   | 100,00% |
| 6 to 10                             | 11,11%   | 59,26% | 14,81%   | 3,70%      | 11,11%   | 100,00% |
| 11 to 30                            | 8,82%    | 38,24% | 38,24%   | 0,00%      | 14,71%   | 100,00% |
| 31 to 50                            | 0,00%    | 50,00% | 50,00%   | 0,00%      | 0,00%    | 100,00% |
| 51 to 100                           | 0,00%    | 33,33% | 0,00%    | 0,00%      | 66,67%   | 100,00% |
| >100                                | 0,00%    | 0,00%  | 100,00%  | 0,00%      | 0,00%    | 100,00% |

## Question 2

Table 16

| BIGGEST<br>PROBLEMS<br>VS<br>TURNOVER | Turnover<br>decrease | Reduced<br>availability<br>of<br>Financing | Higher<br>Production<br>Cost | Higher<br>Labor<br>cost | Increase<br>in<br>Taxation | Increased<br>debts<br>from<br>customers | Late<br>payments<br>from<br>public<br>sector | Difficulties<br>in Int'l<br>trade |
|---------------------------------------|----------------------|--|------------------------------|-------------------------|----------------------------|---|--|-----------------------------------|
| <300                                  | 46,79%               | 32,86%                                     | 39,47%                       | 29,63%                  | 43,22%                     | 25,76%                                  | 31,58%                                       | 9,09%                             |
| 301-500                               | 11,01%               | 10,00%                                     | 13,16%                       | 14,81%                  | 15,25%                     | 18,18%                                  | 21,05%                                       | 36,36%                            |
| 501-700                               | 5,50%                | 7,14%                                      | 5,26%                        | 11,11%                  | 5,08%                      | 9,09%                                   | 5,26%  | 0,00%                             |
| 701-900                               | 5,50%                | 5,71%                                      | 5,26%                        | 11,11%                  | 3,39%                      | 3,03%                                   | 2,63%  | 0,00%                             |
| 901-1100                              | 5,50%                | 8,57%                                      | 7,89%                        | 7,41%                   | 5,93%                      | 7,58%                                   | 5,26%  | 18,18%                            |
| 1101-1300                             | 4,59%                | 7,14%                                      | 5,26%                        | 7,41%                   | 4,24%                      | 7,58%                                   | 5,26%  | 0,00%                             |
| 1501-1700                             | 1,83%                | 4,29%                                      | 7,89%                        | 0,00%                   | 1,69%                      | 4,55%                                   | 7,89%  | 0,00%                             |
| 1701-1900                             | 0,00%                | 1,43%                                      | 0,00%                        | 0,00%                   | 0,85%                      | 0,00%                                   | 0,00%  | 9,09%                             |
| >1901                                 | 19,27%               | 22,86%                                     | 15,79%                       | 18,52%                  | 20,34%                     | 24,24%                                  | 21,05%                                       | 27,27%                            |
| <b>SUM</b>                            | <b>100,00%</b>       | <b>100,00%</b>                             | <b>100,00%</b>               | <b>100,00%</b>          | <b>100,00%</b>             | <b>100,00%</b>                          | <b>100,00%</b>                               | <b>100,00%</b>                    |

Table 17

| BIGGEST PROBLEMS VS TYPE OF INDUSTRY | Turnover decrease | Reduced availability of Financing | Higher Production Cost | Higher Labor cost | Increase in Taxation | Increased debts from customers | Late payments from public sector | Difficulties in Int'l trade |
|--------------------------------------|-------------------|-----------------------------------|------------------------|-------------------|----------------------|--------------------------------|----------------------------------|-----------------------------|
| CONSTRUCTIVE                         | 11,67%            | 10,13%                            | 10,42%                 | 9,38%             | 8,09%                | 13,51%                         | 20,45%                           | 7,69%                       |
| MANUFACTURING-INDUSTRY               | 1,67%             | 3,80%                             | 8,33%                  | 6,25%             | 4,41%                | 5,41%                          | 6,82%                            | 0,00%                       |
| OTHER ENTERPRISES                    | 3,33%             | 5,06%                             | 4,17%                  | 9,38%             | 3,68%                | 4,05%                          | 2,27%                            | 7,69%                       |
| RETAIL TRADE                         | 37,50%            | 41,77%                            | 33,33%                 | 34,38%            | 39,71%               | 39,19%                         | 38,64%                           | 38,46%                      |
| SERVICES                             | 35,83%            | 30,38%                            | 29,17%                 | 25,00%            | 32,35%               | 37,84%                         | 20,45%                           | 30,77%                      |
| WHOLESALE TRADE                      | 10,00%            | 8,86%                             | 14,58%                 | 15,63%            | 11,76%               | 0,00%                          | 11,36%                           | 15,38%                      |
| SUM                                  | 100,00%           | 100,00%                           | 100,00%                | 100,00%           | 100,00%              | 100,00%                        | 100,00%                          | 100,00%                     |

Table 18

| BIGGEST PROBLEMS VS No OF EMPLOYEES | Turnover decrease | Reduced availability of Financing | Higher Production Cost | Higher Labor cost | Increase in Taxation | Increased debts from customers | Late payments from public sector | Difficulties in Int'l trade |
|-------------------------------------|-------------------|-----------------------------------|------------------------|-------------------|----------------------|--------------------------------|----------------------------------|-----------------------------|
| 1 to 5                              | 56,36%            | 45,07%                            | 53,33%                 | 44,83%            | 55,12%               | 53,52%                         | 52,63%                           | 41,67%                      |
| 6 to 10                             | 19,09%            | 21,13%                            | 20,00%                 | 13,79%            | 17,32%               | 16,90%                         | 15,79%                           | 0,00%                       |
| 11 to 30                            | 16,36%            | 23,94%                            | 20,00%                 | 37,93%            | 21,26%               | 21,13%                         | 18,42%                           | 33,33%                      |
| 31 to 50                            | 4,55%             | 5,63%                             | 4,44%                  | 0,00%             | 3,94%                | 2,82%                          | 5,26%                            | 25,00%                      |
| 51 to 100                           | 2,73%             | 2,82%                             | 2,22%                  | 3,45%             | 1,57%                | 4,23%                          | 5,26%                            | 0,00%                       |
| >100                                | 0,91%             | 1,41%                             | 0,00%                  | 0,00%             | 0,79%                | 1,41%                          | 2,63%                            | 0,00%                       |
| SUM                                 | 100,00%           | 100,00%                           | 100,00%                | 100,00%           | 100,00%              | 100,00%                        | 100,00%                          | 100,00%                     |

### Question 3

Table 19

| CHANGE IN BASIC INDICES VS AGE | Sales | Salary cost | Other costs | Inventories | Taxes | Liquidity | Profit Margin | New Hires | Investments |
|--------------------------------|-------|-------------|-------------|-------------|-------|-----------|---------------|-----------|-------------|
| 0-5                            |       |             |             |             |       |           |               |           |             |
| 6-10                           |       |             |             |             |       |           |               |           |             |
| 11-20                          |       |             |             |             |       |           |               |           |             |
| >20                            |       |             |             |             |       |           |               |           |             |
| AVERAGE                        | 0,00% | 0,00%       | 0,00%       | 0,00%       | 0,00% | 0,00%     | 0,00%         | 0,00%     | 0,00%       |

THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY

**Table 20**

| CHANGE IN BASIC INDICES VS TURNOVER | Sales        | Salary cost  | Other costs  | Inventories  | Taxes        | Liquidity    | Profit Margin | New Hires    | Investments  |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| <300                                | -2,50        | -1,44        | -2,13        | -1,37        | -3,13        | -2,62        | -2,29         | -2,25        | -2,08        |
| 301-500                             | -1,63        | -1,39        | -1,06        | -0,82        | -2,82        | -2,39        | -2,68         | -1,89        | -1,63        |
| 501-700                             | -2,43        | -2,25        | -1,83        | -1,00        | -2,14        | -3,00        | -3,00         | -2,71        | -2,71        |
| 701-900                             | -2,40        | -1,60        | -1,20        | -0,40        | -2,80        | -2,40        | -2,40         | -1,80        | -2,00        |
| 901-1100                            | -0,89        | -0,22        | -1,11        | -0,67        | -1,89        | -2,22        | -1,89         | -1,89        | -2,44        |
| 1101-1300                           | -2,50        | -1,00        | -1,86        | -0,50        | -2,50        | -1,88        | -1,71         | -1,00        | -1,33        |
| 1501-1700                           | -1,50        | -1,00        | -2,00        | -1,75        | -1,67        | -3,00        | -2,00         | -2,50        | -2,67        |
| 1701-1900                           | 1,00         | 0,00         | 3,00         | 0,00         | 2,00         | -2,00        | -1,00         | 0,00         | 0,00         |
| >1901                               | -1,27        | -0,52        | -0,74        | -0,63        | -1,76        | -1,37        | -1,32         | -0,54        | -0,04        |
| <b>AVERAGE</b>                      | <b>-1,57</b> | <b>-1,05</b> | <b>-0,99</b> | <b>-0,79</b> | <b>-1,86</b> | <b>-2,32</b> | <b>-2,03</b>  | <b>-1,62</b> | <b>-1,66</b> |

**Table 21**

| CHANGE IN BASIC INDICES VS TYPE OF INDUSTRY | Sales        | Salary cost  | Other costs  | Inventories  | Taxes        | Liquidity    | Profit Margin | New Hires    | Investments  |
|---|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| CONSTRUCTIVE                                | -3,00        | -1,53        | -2,00        | -1,31        | -2,87        | -2,87        | -2,47         | -2,67        | -2,36        |
| MANUFACTURING-INDUSTRY                      | -0,50        | -1,33        | -2,00        | -0,83        | -2,17        | -1,67        | -1,83         | -0,67        | -0,50        |
| OTHER ENTERPRISES                           | -1,86        | -1,43        | -1,00        | -1,83        | -1,00        | -2,71        | -2,43         | -2,14        | -2,00        |
| RETAIL TRADE                                | -1,93        | -1,39        | -1,96        | -1,44        | -3,06        | -2,04        | -2,33         | -1,80        | -1,88        |
| SERVICES                                    | -1,65        | -0,94        | -0,98        | -0,43        | -2,12        | -2,27        | -1,51         | -1,56        | -1,25        |
| WHOLESALE TRADE                             | -2,43        | -0,86        | -1,71        | -1,54        | -3,29        | -2,64        | -2,86         | -2,71        | -2,36        |
| <b>AVERAGE</b>                              | <b>-1,89</b> | <b>-1,25</b> | <b>-1,61</b> | <b>-1,23</b> | <b>-2,42</b> | <b>-2,37</b> | <b>-2,24</b>  | <b>-1,92</b> | <b>-1,72</b> |



Table 22

| CHANGE IN BASIC INDICES VS No OF EMPLOYEES | Sales        | Salary cost  | Other costs  | Inventories  | Taxes        | Liquidity    | Profit Margin | New Hires    | Investments  |
|--|--------------|--------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|
| 1 to 5                                     | -2,03        | -1,25        | -1,78        | -1,09        | -2,90        | -2,28        | -2,29         | -1,99        | -1,78        |
| 6 to 10                                    | -1,85        | -1,04        | -1,26        | -0,67        | -2,35        | -2,11        | -1,81         | -1,63        | -1,62        |
| 11 to 30                                   | -1,65        | -1,34        | -1,10        | -1,28        | -2,00        | -2,35        | -1,81         | -2,00        | -1,86        |
| 31 to 50                                   | -2,00        | -1,00        | -1,80        | -1,00        | -3,00        | -2,60        | -1,00         | -1,00        | -1,20        |
| 51 to 100                                  | -3,00        | -0,67        | -2,33        | -1,33        | -1,33        | -2,67        | -3,00         | -1,33        | 0,50         |
| >100                                       | 0,00         | 2,00         | 2,00         | 3,00         | -3,00        | -4,00        | -2,00         | 1,00         | 3,00         |
| <b>AVERAGE</b>                             | <b>-1,75</b> | <b>-0,55</b> | <b>-1,05</b> | <b>-0,39</b> | <b>-2,43</b> | <b>-2,67</b> | <b>-1,99</b>  | <b>-1,16</b> | <b>-0,49</b> |

## Question 4

Table 23

| PROBLEMS WITH BANKS VS AGE | YES    | NO     | SUM     |
|----------------------------|--------|--------|---------|
| <=5                        | 60,47% | 39,53% | 100,00% |
| >5                         | 64,29% | 35,71% | 100,00% |

Table 24

| PROBLEMS WITH BANKS VS TYPE OF TURNOVER | YES     | NO     | SUM     |
|---|---------|--------|---------|
| <300                                    | 59,65%  | 40,35% | 100,00% |
| 301-500                                 | 40,00%  | 60,00% | 100,00% |
| 501-700                                 | 75,00%  | 25,00% | 100,00% |
| 701-900                                 | 83,33%  | 16,67% | 100,00% |
| 901-1100                                | 66,67%  | 33,33% | 100,00% |
| 1101-1300                               | 75,00%  | 25,00% | 100,00% |
| 1501-1700                               | 75,00%  | 25,00% | 100,00% |
| 1701-1900                               | 100,00% | 0,00%  | 100,00% |
| >1901                                   | 68,75%  | 31,25% | 100,00% |



Table 25

| PROBLEMS WITH BANKS<br>VS TYPE OF INDUSTRY | YES    | NO     | SUM     |
|--|--------|--------|---------|
| CONSTRUCTIVE                               | 80,00% | 20,00% | 100,00% |
| MANUFACTURING-INDUSTRY                     | 42,86% | 57,14% | 100,00% |
| OTHER ENTERPRISES                          | 85,71% | 14,29% | 100,00% |
| RETAIL TRADE                               | 59,38% | 40,63% | 100,00% |
| SERVICES                                   | 52,54% | 47,46% | 100,00% |
| WHOLESALE TRADE                            | 66,67% | 33,33% | 100,00% |

Table 26

| PROBLEMS WITH BANKS<br>VS No OF EMPLOYEES | YES     | NO     | SUM     |
|---|---------|--------|---------|
| 1 to 5                                    | 57,65%  | 42,35% | 100,00% |
| 6 to 10                                   | 62,96%  | 37,04% | 100,00% |
| 11 to 30                                  | 57,58%  | 42,42% | 100,00% |
| 31 to 50                                  | 66,67%  | 33,33% | 100,00% |
| 51 to 100                                 | 100,00% | 0,00%  | 100,00% |
| >100                                      | 100,00% | 0,00%  | 100,00% |

## Question 5

Table 27

| ACTIONS TO<br>OVERCOME CRISIS<br>VS AGE | Reengineering<br>of Production<br>processes | Reengineering of<br>Administrative<br>processes | Lower<br>Salaries | Reinforce<br>Advertising /<br>Promotion | Lower<br>prices | Seeking<br>additional<br>markets |
|---|---|---|-------------------|---|-----------------|----------------------------------|
| <=5                                     |   |   |                   |   |                 |                                  |
| >5                                      |   |   |                   |   |                 |                                  |
| <b>SUM</b>                              | <b>0,00%</b>                                | <b>0,00%</b>                                    | <b>0,00%</b>      | <b>0,00%</b>                            | <b>0,00%</b>    | <b>0,00%</b>                     |



Table 28

| ACTIONS TO OVERCOME CRISIS VS TURNOVER | Reengineering of Production processes | Reengineering of Administrative processes | Lower Salaries | Reinforce Advertising / Promotion | Lower prices   | Seeking additional markets |
|--|---------------------------------------|---|----------------|-----------------------------------|----------------|----------------------------|
| <300                                   | 22,73%                                | 18,75%                                    | 33,93%         | 29,63%                            | 43,84%         | 18,18%                     |
| 301-500                                | 9,09%                                 | 18,75%                                    | 8,93%          | 22,22%                            | 20,55%         | 25,00%                     |
| 501-700                                | 18,18%                                | 12,50%                                    | 5,36%          | 11,11%                            | 5,48%          | 4,55%                      |
| 701-900                                | 9,09%                                 | 6,25%                                     | 5,36%          | 7,41%                             | 5,48%          | 4,55%                      |
| 901-1100                               | 4,55%                                 | 12,50%                                    | 10,71%         | 11,11%                            | 6,85%          | 9,09%                      |
| 1101-1300                              | 13,64%                                | 0,00%                                     | 14,29%         | 0,00%                             | 2,74%          | 4,55%                      |
| 1501-1700                              | 4,55%                                 | 6,25%                                     | 5,36%          | 3,70%                             | 0,00%          | 2,27%                      |
| 1701-1900                              | 0,00%                                 | 0,00%                                     | 1,79%          | 0,00%                             | 0,00%          | 2,27%                      |
| >1901                                  | 18,18%                                | 25,00%                                    | 14,29%         | 14,81%                            | 15,07%         | 29,55%                     |
| <b>SUM</b>                             | <b>100,00%</b>                        | <b>100,00%</b>                            | <b>100,00%</b> | <b>100,00%</b>                    | <b>100,00%</b> | <b>100,00%</b>             |

Table 29

| ACTIONS TO OVERCOME CRISIS VS TYPE OF INDUSTRY | Reengineering of Production processes | Reengineering of Administrative processes | Lower Salaries | Reinforce Advertising / Promotion | Lower prices   | Seeking additional markets |
|--|---------------------------------------|---|----------------|-----------------------------------|----------------|----------------------------|
| CONSTRUCTIVE                                   | 37,50%                                | 18,75%                                    | 12,70%         | 0,00%                             | 5,56%          | 10,20%                     |
| MANUFACTURING-INDUSTRY                         | 16,67%                                | 0,00%                                     | 3,17%          | 6,45%                             | 1,11%          | 8,16%                      |
| OTHER ENTERPRISES                              | 4,17%                                 | 0,00%                                     | 4,76%          | 3,23%                             | 3,33%          | 6,12%                      |
| RETAIL TRADE                                   | 29,17%                                | 31,25%                                    | 26,98%         | 45,16%                            | 47,78%         | 40,82%                     |
| SERVICES                                       | 12,50%                                | 50,00%                                    | 41,27%         | 29,03%                            | 32,22%         | 30,61%                     |
| WHOLESALE TRADE                                | 0,00%                                 | 0,00%                                     | 11,11%         | 16,13%                            | 10,00%         | 4,08%                      |
| <b>SUM</b>                                     | <b>100,00%</b>                        | <b>100,00%</b>                            | <b>100,00%</b> | <b>100,00%</b>                    | <b>100,00%</b> | <b>100,00%</b>             |

**Table 30**

| ACTIONS TO OVERCOME CRISIS VS No OF EMPLOYEES | Reengineering of Production processes | Reengineering of Administrative processes | Lower Salaries | Reinforce Advertising / Promotion | Lower prices   | Seeking additional markets |
|---|---------------------------------------|---|----------------|-----------------------------------|----------------|----------------------------|
| 1 to 5  | 34,78%                                | 37,50%                                    | 41,67%         | 60,00%                            | 62,65%         | 41,67%                     |
| 6 to 10                                       | 26,09%                                | 18,75%                                    | 18,33%         | 10,00%                            | 13,25%         | 18,75%                     |
| 11 to 30                                      | 21,74%                                | 25,00%                                    | 30,00%         | 26,67%                            | 19,28%         | 29,17%                     |
| 31 to 50                                      | 8,70%                                 | 6,25%                                     | 6,67%          | 0,00%                             | 2,41%          | 6,25%                      |
| 51 to 100                                     | 8,70%                                 | 12,50%                                    | 1,67%          | 3,33%                             | 1,20%          | 2,08%                      |
| >100  | 0,00%                                 | 0,00%                                     | 1,67%          | 0,00%                             | 1,20%          | 2,08%                      |
| <b>SUM</b>                                    | <b>100,00%</b>                        | <b>100,00%</b>                            | <b>100,00%</b> | <b>100,00%</b>                    | <b>100,00%</b> | <b>100,00%</b>             |

**Question 6**

**Table 31**

| ACTIONS TO OVERCOME CRISIS VS AGE | With Reduction of working hours | Without Reduction of working hours | Swap senior hi-paid with junior workers | Reduce workforce | Outsourcing  |
|-----------------------------------|---------------------------------|------------------------------------|---|------------------|--------------|
| <=5                               |                                 |                                    |   |                  |              |
| >5                                |                                 |                                    |   |                  |              |
| <b>SUM</b>                        | <b>0,00%</b>                    | <b>0,00%</b>                       | <b>0,00%</b>                            | <b>0,00%</b>     | <b>0,00%</b> |

**Table 32**

| ACTIONS TO OVERCOME CRISIS VS TURNOVER | With Reduction of working hours | Without Reduction of working hours | Swap senior hi-paid with junior workers | Reduce workforce | Outsourcing    |
|--|---------------------------------|------------------------------------|---|------------------|----------------|
| <300                                   | 34,88%                          | 40,91%                             | 50,00%                                  | 33,33%           | 25,00%         |
| 301-500                                | 16,28%                          | 13,64%                             | 12,50%                                  | 8,33%            | 0,00%          |
| 501-700                                | 9,30%                           | 9,09%                              | 12,50%                                  | 13,89%           | 25,00%         |
| 701-900                                | 2,33%                           | 0,00%                              | 0,00%                                   | 8,33%            | 0,00%          |
| 901-1100                               | 9,30%                           | 0,00%                              | 0,00%                                   | 8,33%            | 0,00%          |
| 1101-1300                              | 11,63%                          | 9,09%                              | 25,00%                                  | 11,11%           | 0,00%          |
| 1501-1700                              | 4,65%                           | 4,55%                              | 0,00%                                   | 5,56%            | 0,00%          |
| 1701-1900                              | 0,00%                           | 0,00%                              | 0,00%                                   | 0,00%            | 0,00%          |
| >1901                                  | 11,63%                          | 22,73%                             | 0,00%                                   | 11,11%           | 50,00%         |
| <b>SUM</b>                             | <b>100,00%</b>                  | <b>100,00%</b>                     | <b>100,00%</b>                          | <b>100,00%</b>   | <b>100,00%</b> |

**Table 33**

| ACTIONS TO OVERCOME CRISIS VS TYPE OF INDUSTRY | With Reduction of working hours | Without Reduction of working hours | Swap senior hi-paid with junior workers | Reduce workforce | Outsourcing    |
|--|---------------------------------|------------------------------------|---|------------------|----------------|
| CONSTRUCTIVE                                   | 18,37%                          | 10,71%                             | 0,00%                                   | 15,00%           | 25,00%         |
| MANUFACTURING-INDUSTRY                         | 0,00%                           | 3,57%                              | 11,11%                                  | 7,50%            | 0,00%          |
| OTHER ENTERPRISES                              | 4,08%                           | 3,57%                              | 0,00%                                   | 2,50%            | 0,00%          |
| RETAIL TRADE                                   | 32,65%                          | 39,29%                             | 22,22%                                  | 27,50%           | 50,00%         |
| SERVICES                                       | 32,65%                          | 35,71%                             | 44,44%                                  | 40,00%           | 25,00%         |
| WHOLESALE TRADE                                | 12,24%                          | 7,14%                              | 22,22%                                  | 7,50%            | 0,00%          |
| <b>SUM</b>                                     | <b>100,00%</b>                  | <b>100,00%</b>                     | <b>100,00%</b>                          | <b>100,00%</b>   | <b>100,00%</b> |

**Table 34**

| ACTIONS TO OVERCOME CRISIS VS No OF EMPLOYEES | With Reduction of working hours | Without Reduction of working hours | Swap senior hi-paid with junior workers | Reduce workforce | Outsourcing    |
|---|---------------------------------|------------------------------------|---|------------------|----------------|
| 1 to 5  | 36,36%                          | 57,69%                             | 37,50%                                  | 45,95%           | 33,33%         |
| 6 to 10                                       | 27,27%                          | 7,69%                              | 12,50%                                  | 18,92%           | 33,33%         |
| 11 to 30                                      | 27,27%                          | 19,23%                             | 50,00%                                  | 27,03%           | 0,00%          |
| 31 to 50                                      | 6,82%                           | 7,69%                              | 0,00%                                   | 5,41%            | 0,00%          |
| 51 to 100                                     | 2,27%                           | 3,85%                              | 0,00%                                   | 2,70%            | 33,33%         |
| >100  | 0,00%                           | 3,85%                              | 0,00%                                   | 0,00%            | 0,00%          |
| <b>SUM</b>                                    | <b>100,00%</b>                  | <b>100,00%</b>                     | <b>100,00%</b>                          | <b>100,00%</b>   | <b>100,00%</b> |

**Question 7**

**Table 35**

| SALARY CUTS INTENSIONS VS AGE | Don't Know yet | Not Likely | Little Possible | Possible | Very Possible | SUM            |
|-------------------------------|----------------|------------|-----------------|----------|---------------|----------------|
| <=5                           | 41,38%         | 3,45%      | 6,90%           | 34,48%   | 13,79%        | <b>100,00%</b> |
| >5                            | 28,24%         | 3,05%      | 3,05%           | 25,95%   | 39,69%        | <b>100,00%</b> |



**Table 36**

| SALARY CUTS WHEN VS AGE | 1st Half 2012 | 2nd Half 2012 | Don't Know yet | Possible |
|-------------------------|---------------|---------------|----------------|----------|
| <=5                     | 6,90%         | 10,34%        | 82,76%         | 100,00%  |
| >5                      | 16,03%        | 18,32%        | 65,65%         | 100,00%  |

**Table 37**

| SALARY CUTS INTENSIONS VS TURNOVER | Don't Know yet | Not Likely | Little Possible | Possible | Very Possible | SUM     |
|------------------------------------|----------------|------------|-----------------|----------|---------------|---------|
| <300                               | 37,93%         | 1,72%      | 3,45%           | 25,86%   | 31,03%        | 100,00% |
| 301-500                            | 40,00%         | 5,00%      | 0,00%           | 30,00%   | 25,00%        | 100,00% |
| 501-700                            | 0,00%          | 0,00%      | 0,00%           | 22,22%   | 77,78%        | 100,00% |
| 701-900                            | 0,00%          | 0,00%      | 0,00%           | 50,00%   | 50,00%        | 100,00% |
| 901-1100                           | 22,22%         | 0,00%      | 0,00%           | 33,33%   | 44,44%        | 100,00% |
| 1101-1300                          | 12,50%         | 0,00%      | 12,50%          | 25,00%   | 50,00%        | 100,00% |
| 1501-1700                          | 0,00%          | 0,00%      | 0,00%           | 50,00%   | 50,00%        | 100,00% |
| 1701-1900                          | 0,00%          | 0,00%      | 0,00%           | 100,00%  | 0,00%         | 100,00% |
| >1901                              | 34,38%         | 9,38%      | 9,38%           | 21,88%   | 25,00%        | 100,00% |

**Table 38**

| SALARY CUTS WHEN VS TURNOVER | 1st Half 2012 | 2nd Half 2012 | Don't Know yet | Possible |
|------------------------------|---------------|---------------|----------------|----------|
| <300                         | 14,29%        | 31,43%        | 54,29%         | 100,00%  |
| 301-500                      | 18,18%        | 18,18%        | 63,64%         | 100,00%  |
| 501-700                      | 55,56%        | 11,11%        | 33,33%         | 100,00%  |
| 701-900                      | 16,67%        | 33,33%        | 50,00%         | 100,00%  |
| 901-1100                     | 28,57%        | 0,00%         | 71,43%         | 100,00%  |
| 1101-1300                    | 57,14%        | 14,29%        | 28,57%         | 100,00%  |
| 1501-1700                    | 0,00%         | 50,00%        | 50,00%         | 100,00%  |
| 1701-1900                    | 0,00%         | 100,00%       | 0,00%          | 100,00%  |
| >1901                        | 16,67%        | 38,89%        | 44,44%         | 100,00%  |

**Table 39**

| SALARY CUTS INTENSIONS<br>VS TYPE OF INDUSTRY | Don't<br>Know yet | Not<br>Likely | Little<br>Possible | Possible | Very<br>Possible | SUM     |
|---|-------------------|---------------|--------------------|----------|------------------|---------|
| CONSTRUCTIVE                                  | 6,67%             | 0,00%         | 6,67%              | 40,00%   | 46,67%           | 100,00% |
| MANUFACTURING-INDUSTRY                        | 0,00%             | 0,00%         | 14,29%             | 28,57%   | 57,14%           | 100,00% |
| OTHER ENTERPRISES                             | 28,57%            | 0,00%         | 0,00%              | 42,86%   | 28,57%           | 100,00% |
| RETAIL TRADE                                  | 33,85%            | 3,08%         | 1,54%              | 21,54%   | 40,00%           | 100,00% |
| SERVICES                                      | 31,67%            | 5,00%         | 6,67%              | 23,33%   | 33,33%           | 100,00% |
| WHOLESALE TRADE                               | 50,00%            | 0,00%         | 0,00%              | 37,50%   | 12,50%           | 100,00% |

**Table 40**

| SALARY CUTS WHEN<br>VS TYPE OF INDUSTRY | 1st Half<br>2012 | 2nd Half<br>2012 | Don't<br>Know yet | Possible |
|---|------------------|------------------|-------------------|----------|
| CONSTRUCTIVE                            | 35,71%           | 14,29%           | 50,00%            | 100,00%  |
| MANUFACTURING-INDUSTRY                  | 14,29%           | 28,57%           | 57,14%            | 100,00%  |
| OTHER ENTERPRISES                       | 40,00%           | 40,00%           | 20,00%            | 100,00%  |
| RETAIL TRADE                            | 24,39%           | 21,95%           | 53,66%            | 100,00%  |
| SERVICES                                | 13,16%           | 23,68%           | 63,16%            | 100,00%  |
| WHOLESALE TRADE                         | 12,50%           | 50,00%           | 37,50%            | 100,00%  |

**Table 41**

| SALARY CUTS INTENSIONS<br>VS No OF EMPLOYEES | Don't<br>Know yet | Not<br>Likely | Little<br>Possible | Possible | Very<br>Possible | SUM     |
|--|-------------------|---------------|--------------------|----------|------------------|---------|
| 1 to 5                                       | 37,65%            | 3,53%         | 3,53%              | 25,88%   | 29,41%           | 100,00% |
| 6 to 10                                      | 22,22%            | 0,00%         | 3,70%              | 33,33%   | 40,74%           | 100,00% |
| 11 to 30                                     | 26,47%            | 2,94%         | 8,82%              | 23,53%   | 38,24%           | 100,00% |
| 31 to 50                                     | 0,00%             | 0,00%         | 0,00%              | 50,00%   | 50,00%           | 100,00% |
| 51 to 100                                    | 0,00%             | 33,33%        | 0,00%              | 0,00%    | 66,67%           | 100,00% |
| >100   | 0,00%             | 0,00%         | 0,00%              | 100,00%  | 0,00%            | 100,00% |

**Table 42**

| SALARY CUTS WHEN VS No OF EMPLOYEES | 1st Half 2012 | 2nd Half 2012 | Don't Know yet | Possible |
|-------------------------------------|---------------|---------------|----------------|----------|
| 1 to 5                              | 22,00%        | 26,00%        | 52,00%         | 100,00%  |
| 6 to 10                             | 14,29%        | 19,05%        | 66,67%         | 100,00%  |
| 11 to 30                            | 20,83%        | 25,00%        | 54,17%         | 100,00%  |
| 31 to 50                            | 16,67%        | 50,00%        | 33,33%         | 100,00%  |
| 51 to 100                           | 50,00%        | 0,00%         | 50,00%         | 100,00%  |
| >100                                | 0,00%         | 100,00%       | 0,00%          | 100,00%  |

**Question 8**

**Table 43**

| FUTURE OF COMPANY VS AGE | Very Pessimistic | Pessimistic | Neutral | Optimistic | Very Optimistic | SUM     |
|--------------------------|------------------|-------------|---------|------------|-----------------|---------|
| <=5                      | 6,90%            | 44,83%      | 34,48%  | 13,79%     | 0,00%           | 100,00% |
| >5                       | 16,28%           | 31,78%      | 31,01%  | 20,16%     | 0,78%           | 100,00% |

**Table 44**

| FUTURE OF COMPANY VS TURNOVER | Very Pessimistic | Pessimistic | Neutral | Optimistic | Very Optimistic | SUM     |
|-------------------------------|------------------|-------------|---------|------------|-----------------|---------|
| <300                          | 17,54%           | 47,37%      | 28,07%  | 5,26%      | 1,75%           | 100,00% |
| 301-500                       | 20,00%           | 25,00%      | 20,00%  | 35,00%     | 0,00%           | 100,00% |
| 501-700                       | 11,11%           | 44,44%      | 33,33%  | 11,11%     | 0,00%           | 100,00% |
| 701-900                       | 16,67%           | 50,00%      | 33,33%  | 0,00%      | 0,00%           | 100,00% |
| 901-1100                      | 0,00%            | 44,44%      | 44,44%  | 11,11%     | 0,00%           | 100,00% |
| 1101-1300                     | 12,50%           | 12,50%      | 62,50%  | 12,50%     | 0,00%           | 100,00% |
| 1501-1700                     | 25,00%           | 0,00%       | 50,00%  | 25,00%     | 0,00%           | 100,00% |
| 1701-1900                     | 0,00%            | 0,00%       | 100,00% | 0,00%      | 0,00%           | 100,00% |
| >1901                         | 12,50%           | 18,75%      | 31,25%  | 37,50%     | 0,00%           | 100,00% |



Table 45

| FUTURE OF COMPANY<br>VS TYPE OF INDUSTRY | Very<br>Pessimistic | Pessimistic | Neutral | Optimistic | Very<br>Optimistic | SUM     |
|--|---------------------|-------------|---------|------------|--------------------|---------|
| CONSTRUCTIVE                             | 13,33%              | 46,67%      | 26,67%  | 13,33%     | 0,00%              | 100,00% |
| MANUFACTURING-INDUSTRY                   | 0,00%               | 14,29%      | 42,86%  | 42,86%     | 0,00%              | 100,00% |
| OTHER ENTERPRISES                        | 28,57%              | 14,29%      | 57,14%  | 0,00%      | 0,00%              | 100,00% |
| RETAIL TRADE                             | 18,75%              | 29,69%      | 35,94%  | 14,06%     | 1,56%              | 100,00% |
| SERVICES                                 | 10,17%              | 33,90%      | 32,20%  | 23,73%     | 0,00%              | 100,00% |
| WHOLESALE TRADE                          | 18,75%              | 50,00%      | 6,25%   | 25,00%     | 0,00%              | 100,00% |

Table 46

| FUTURE OF COMPANY<br>VS No OF EMPLOYEES | Very<br>Pessimistic | Pessimistic | Neutral | Optimistic | Very<br>Optimistic | SUM     |
|---|---------------------|-------------|---------|------------|--------------------|---------|
| 1 to 5                                  | 13,10%              | 45,24%      | 26,19%  | 14,29%     | 1,19%              | 100,00% |
| 6 to 10                                 | 11,11%              | 33,33%      | 29,63%  | 25,93%     | 0,00%              | 100,00% |
| 11 to 30                                | 20,59%              | 14,71%      | 35,29%  | 29,41%     | 0,00%              | 100,00% |
| 31 to 50                                | 16,67%              | 33,33%      | 33,33%  | 16,67%     | 0,00%              | 100,00% |
| 51 to 100                               | 33,33%              | 0,00%       | 66,67%  | 0,00%      | 0,00%              | 100,00% |
| >100                                    | 0,00%               | 0,00%       | 0,00%   | 100,00%    | 0,00%              | 100,00% |

## Question 9

Table 47

|     | Yes    | No     | Don't<br>Know | SUM     |
|-----|--------|--------|---------------|---------|
| <=5 | 24,14% | 34,48% | 41,38%        | 100,00% |
| >5  | 40,00% | 23,85% | 36,15%        | 100,00% |



Table 48

| CRISIS CREATES OPPORTUNITIES VS TURNOVER | Yes     | No     | Don't Know | SUM     |
|--|---------|--------|------------|---------|
| <300                                     | 26,79%  | 30,36% | 42,86%     | 100,00% |
| 301-500                                  | 60,00%  | 20,00% | 20,00%     | 100,00% |
| 501-700                                  | 55,56%  | 11,11% | 33,33%     | 100,00% |
| 701-900                                  | 16,67%  | 50,00% | 33,33%     | 100,00% |
| 901-1100                                 | 11,11%  | 22,22% | 66,67%     | 100,00% |
| 1101-1300                                | 50,00%  | 25,00% | 25,00%     | 100,00% |
| 1501-1700                                | 0,00%   | 50,00% | 50,00%     | 100,00% |
| 1701-1900                                | 100,00% | 0,00%  | 0,00%      | 100,00% |
| >1901                                    | 53,13%  | 15,63% | 31,25%     | 100,00% |

Table 49

| CRISIS CREATES OPPORTUNITIES VS TYPE OF INDUSTRY | Yes    | No     | Don't Know | SUM     |
|--|--------|--------|------------|---------|
| CONSTRUCTIVE                                     | 60,00% | 13,33% | 26,67%     | 100,00% |
| MANUFACTURING-INDUSTRY                           | 57,14% | 0,00%  | 42,86%     | 100,00% |
| OTHER ENTERPRISES                                | 42,86% | 28,57% | 28,57%     | 100,00% |
| RETAIL TRADE                                     | 35,94% | 23,44% | 40,63%     | 100,00% |
| SERVICES   | 37,29% | 25,42% | 37,29%     | 100,00% |
| WHOLESALE TRADE                                  | 31,25% | 43,75% | 25,00%     | 100,00% |

Table 50

| CRISIS CREATES OPPORTUNITIES VS No OF EMPLOYEES | Yes     | No     | Don't Know | SUM     |
|---|---------|--------|------------|---------|
| 1 to 5  | 29,41%  | 30,59% | 40,00%     | 100,00% |
| 6 to 10   | 40,74%  | 11,11% | 48,15%     | 100,00% |
| 11 to 30  | 52,94%  | 20,59% | 26,47%     | 100,00% |
| 31 to 50  | 50,00%  | 16,67% | 33,33%     | 100,00% |
| 51 to 100                                       | 33,33%  | 33,33% | 33,33%     | 100,00% |
| >100  | 100,00% | 0,00%  | 0,00%      | 100,00% |



TEI Larissa

Project Management Department

**Question 10****Table 51**

| INTENTIONS FOR NEW BUSINESS VS AGE | New Products | Intensify market presence | Buy out competitors | Purchase of Business Buildings | Purchase of Business Machinery / Infrastructure |
|------------------------------------|--------------|---------------------------|---------------------|--------------------------------|---|
| <=5                                |              |                           |                     |                                |   |
| >5                                 |              |                           |                     |                                |   |
| <b>SUM</b>                         | <b>0,00%</b> | <b>0,00%</b>              | <b>0,00%</b>        | <b>0,00%</b>                   | <b>0,00%</b>                                    |

**Table 52**

| INTENTIONS FOR NEW BUSINESS VS TURNOVER | New Products   | Intensify market presence | Buy out competitors | Purchase of Business Buildings | Purchase of Business Machinery / Infrastructure |
|---|----------------|---------------------------|---------------------|--------------------------------|---|
| <300                                    | 29,03%         | 22,22%                    | 0,00%               | 42,86%                         | 20,00%  |
| 301-500                                 | 16,13%         | 24,44%                    | 16,67%              | 0,00%                          | 0,00%   |
| 501-700                                 | 6,45%          | 11,11%                    | 16,67%              | 28,57%                         | 40,00%  |
| 701-900                                 | 3,23%          | 4,44%                     | 16,67%              | 0,00%                          | 20,00%  |
| 901-1100                                | 3,23%          | 0,00%                     | 16,67%              | 14,29%                         | 0,00%   |
| 1101-1300                               | 3,23%          | 8,89%                     | 16,67%              | 0,00%                          | 0,00%   |
| 1501-1700                               | 3,23%          | 2,22%                     | 0,00%               | 0,00%                          | 0,00%   |
| 1701-1900                               | 3,23%          | 0,00%                     | 0,00%               | 0,00%                          | 0,00%   |
| >1901                                   | 32,26%         | 26,67%                    | 16,67%              | 14,29%                         | 20,00%  |
| <b>SUM</b>                              | <b>100,00%</b> | <b>100,00%</b>            | <b>100,00%</b>      | <b>100,00%</b>                 | <b>100,00%</b>                                  |

**Table 53**

| INTENTIONS FOR NEW BUSINESS VS TYPE OF INDUSTRY | New Products   | Intensify market presence | Buy out competitors | Purchase of Business Buildings | Purchase of Business Machinery / Infrastructure |
|---|----------------|---------------------------|---------------------|--------------------------------|---|
| CONSTRUCTIVE                                    | 11,43%         | 7,84%                     | 0,00%               | 14,29%                         | 0,00%   |
| MANUFACTURING-INDUSTRY                          | 8,57%          | 7,84%                     | 0,00%               | 0,00%                          | 0,00%   |
| OTHER ENTERPRISES                               | 5,71%          | 1,96%                     | 0,00%               | 0,00%                          | 0,00%   |
| RETAIL TRADE                                    | 34,29%         | 43,14%                    | 33,33%              | 57,14%                         | 57,14%  |
| SERVICES  | 37,14%         | 33,33%                    | 66,67%              | 28,57%                         | 28,57%  |
| WHOLESALE TRADE                                 | 2,86%          | 5,88%                     | 0,00%               | 0,00%                          | 14,29%  |
| <b>SUM</b>                                      | <b>100,00%</b> | <b>100,00%</b>            | <b>100,00%</b>      | <b>100,00%</b>                 | <b>100,00%</b>                                  |

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



Table 54

| INTENTIONS FOR NEW BUSINESS VS No OF EMPLOYEES | New Products   | Intensify market presence | Buy out competitors | Purchase of Business Buildings | Purchase of Business Machinery / Infrastructure |
|--|----------------|---------------------------|---------------------|--------------------------------|---|
| 1 to 5   | 50,00%         | 38,30%                    | 20,00%              | 83,33%                         | 66,67%  |
| 6 to 10  | 11,76%         | 25,53%                    | 40,00%              | 16,67%                         | 0,00%   |
| 11 to 30                                       | 26,47%         | 29,79%                    | 40,00%              | 0,00%                          | 16,67%  |
| 31 to 50                                       | 5,88%          | 4,26%                     | 0,00%               | 0,00%                          | 16,67%  |
| 51 to 100                                      | 5,88%          | 0,00%                     | 0,00%               | 0,00%                          | 0,00%   |
| >100   | 0,00%          | 2,13%                     | 0,00%               | 0,00%                          | 0,00%   |
| <b>SUM</b>                                     | <b>100,00%</b> | <b>100,00%</b>            | <b>100,00%</b>      | <b>100,00%</b>                 | <b>100,00%</b>                                  |

## Question 11

Table 55

| POSTPONE BUSINESS ACTIVITIES VS AGE | Capacity Expansion | Expansion to new products/ fields | Hiring personnel |
|-------------------------------------|--------------------|-----------------------------------|------------------|
| <=5                                 |                    |                                   |                  |
| >5                                  |                    |                                   |                  |
| <b>SUM</b>                          | <b>0,00%</b>       | <b>0,00%</b>                      | <b>0,00%</b>     |

Table 56

| POSTPONE BUSINESS ACTIVITIES VS TURNOVER | Capacity Expansion | Expansion to new products/ fields | Hiring personnel |
|--|--------------------|-----------------------------------|------------------|
| <300                                     | 12,00%             | 37,50%                            | 33,33%           |
| 301-500                                  | 24,00%             | 10,00%                            | 27,78%           |
| 501-700                                  | 8,00%              | 7,50%                             | 11,11%           |
| 701-900                                  | 4,00%              | 5,00%                             | 0,00%            |
| 901-1100                                 | 16,00%             | 10,00%                            | 22,22%           |
| 1101-1300                                | 12,00%             | 2,50%                             | 5,56%            |
| 1501-1700                                | 8,00%              | 2,50%                             | 0,00%            |
| 1701-1900                                | 0,00%              | 0,00%                             | 0,00%            |
| >1901                                    | 16,00%             | 25,00%                            | 0,00%            |
| <b>SUM</b>                               | <b>100,00%</b>     | <b>100,00%</b>                    | <b>100,00%</b>   |

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



Table 57

| POSTPONE BUSINESS ACTIVITIES<br>VS TYPE OF INDUSTRY | Capacity<br>Expansion | Expansion to new<br>products/ fields | Hiring personel |
|---|-----------------------|--------------------------------------|-----------------|
| CONSTRUCTIVE  | 18,52%                | 12,77%                               | 0,00%           |
| MANUFACTURING-INDUSTRY                              | 7,41%                 | 2,13%                                | 0,00%           |
| OTHER ENTERPRISES                                   | 7,41%                 | 2,13%                                | 9,52%           |
| RETAIL TRADE  | 25,93%                | 38,30%                               | 42,86%          |
| SERVICES  | 33,33%                | 36,17%                               | 42,86%          |
| WHOLESALE TRADE                                     | 7,41%                 | 8,51%                                | 4,76%           |
| <b>SUM</b>  | <b>100,00%</b>        | <b>100,00%</b>                       | <b>100,00%</b>  |

Table 58

| POSTPONE BUSINESS ACTIVITIES<br>VS No OF EMPLOYEES | Capacity<br>Expansion | Expansion to new<br>products/ fields | Hiring personel |
|--|-----------------------|--------------------------------------|-----------------|
| >100   | 0,00%                 | 0,00%                                | 0,00%           |
| 1 to 5   | 32,00%                | 51,16%                               | 55,00%          |
| 11 to 30   | 40,00%                | 30,23%                               | 25,00%          |
| 31 to 50   | 8,00%                 | 6,98%                                | 0,00%           |
| 51 to 100  | 4,00%                 | 2,33%                                | 0,00%           |
| 6 to 10  | 16,00%                | 9,30%                                | 20,00%          |
| <b>SUM</b>   | <b>100,00%</b>        | <b>100,00%</b>                       | <b>100,00%</b>  |

Table 59

| YEARS TO MATERIALIZATION<br>VS AGE | Not Sure | 1 to 2 | 3 to 5 | 6 to 10 | Never | SUM     |
|------------------------------------|----------|--------|--------|---------|-------|---------|
| <=5                                | 72,41%   | 6,90%  | 10,34% | 6,90%   | 3,45% | 100,00% |
| >5                                 | 74,81%   | 6,87%  | 8,40%  | 1,53%   | 8,40% | 100,00% |



**Table 60**

| YEARS TO MATERIALIZATION VS TURNOVER | Not Sure | 1 to 2 | 3 to 5 | 6 to 10 | Never  | SUM     |
|--------------------------------------|----------|--------|--------|---------|--------|---------|
| <300                                 | 77,59%   | 6,90%  | 5,17%  | 3,45%   | 6,90%  | 100,00% |
| 301-500                              | 55,00%   | 10,00% | 20,00% | 5,00%   | 10,00% | 100,00% |
| 501-700                              | 66,67%   | 0,00%  | 33,33% | 0,00%   | 0,00%  | 100,00% |
| 701-900                              | 66,67%   | 0,00%  | 16,67% | 0,00%   | 16,67% | 100,00% |
| 901-1100                             | 66,67%   | 0,00%  | 22,22% | 0,00%   | 11,11% | 100,00% |
| 1101-1300                            | 75,00%   | 12,50% | 0,00%  | 0,00%   | 12,50% | 100,00% |
| 1501-1700                            | 75,00%   | 25,00% | 0,00%  | 0,00%   | 0,00%  | 100,00% |
| 1701-1900                            | 100,00%  | 0,00%  | 0,00%  | 0,00%   | 0,00%  | 100,00% |
| >1901                                | 78,13%   | 6,25%  | 3,13%  | 3,13%   | 9,38%  | 100,00% |

**Table 61**

| YEARS TO MATERIALIZATION VS TYPE OF INDUSTRY | Not Sure | 1 to 2 | 3 to 5 | 6 to 10 | Never  | SUM     |
|--|----------|--------|--------|---------|--------|---------|
| CONSTRUCTIVE                                 | 53,33%   | 13,33% | 13,33% | 13,33%  | 6,67%  | 100,00% |
| MANUFACTURING-INDUSTRY                       | 71,43%   | 28,57% | 0,00%  | 0,00%   | 0,00%  | 100,00% |
| OTHER ENTERPRISES                            | 71,43%   | 0,00%  | 14,29% | 0,00%   | 14,29% | 100,00% |
| RETAIL TRADE                                 | 80,00%   | 7,69%  | 4,62%  | 1,54%   | 6,15%  | 100,00% |
| SERVICES                                     | 71,67%   | 5,00%  | 11,67% | 3,33%   | 8,33%  | 100,00% |
| WHOLESALE TRADE                              | 87,50%   | 0,00%  | 6,25%  | 0,00%   | 6,25%  | 100,00% |

**Table 62**

| YEARS TO MATERIALIZATION VS No OF EMPLOYEES | Not Sure | 1 to 2 | 3 to 5 | 6 to 10 | Never  | SUM     |
|---|----------|--------|--------|---------|--------|---------|
| 1 to 5                                      | 76,47%   | 8,24%  | 4,71%  | 4,71%   | 5,88%  | 100,00% |
| 6 to 10                                     | 81,48%   | 0,00%  | 11,11% | 0,00%   | 7,41%  | 100,00% |
| 11 to 30                                    | 64,71%   | 8,82%  | 14,71% | 2,94%   | 8,82%  | 100,00% |
| 31 to 50                                    | 66,67%   | 0,00%  | 16,67% | 0,00%   | 16,67% | 100,00% |
| 51 to 100                                   | 66,67%   | 0,00%  | 0,00%  | 0,00%   | 33,33% | 100,00% |
| >100  | 100,00%  | 0,00%  | 0,00%  | 0,00%   | 0,00%  | 100,00% |

**THE GREEK FISCAL CRISIS'S CONSEQUENCES ON THE SMALL- AND- MEDIUM SIZED ENTERPRISES IN THE AREA OF THESSALY**



## Question 13

Table 63

| POSSIBLE TRANSFER OF COMPANY VS AGE | Yes   | No     | Don't Know | SUM     |
|-------------------------------------|-------|--------|------------|---------|
| <=5                                 | 3,57% | 85,71% | 10,71%     | 100,00% |
| >5                                  | 5,38% | 83,85% | 10,77%     | 100,00% |

Table 64

| POSSIBLE TRANSFER OF COMPANY VS TURNOVER | Yes    | No      | Don't Know | SUM     |
|--|--------|---------|------------|---------|
| <300                                     | 1,79%  | 89,29%  | 8,93%      | 100,00% |
| 301-500                                  | 21,05% | 73,68%  | 5,26%      | 100,00% |
| 501-700                                  | 11,11% | 77,78%  | 11,11%     | 100,00% |
| 701-900                                  | 0,00%  | 100,00% | 0,00%      | 100,00% |
| 901-1100                                 | 0,00%  | 88,89%  | 11,11%     | 100,00% |
| 1101-1300                                | 0,00%  | 87,50%  | 12,50%     | 100,00% |
| 1501-1700                                | 0,00%  | 50,00%  | 50,00%     | 100,00% |
| 1701-1900                                | 0,00%  | 100,00% | 0,00%      | 100,00% |
| >1901                                    | 3,13%  | 81,25%  | 15,63%     | 100,00% |

Table 65

| POSSIBLE TRANSFER OF COMPANY VS TYPE OF INDUSTRY | Yes    | No      | Don't Know | SUM     |
|--|--------|---------|------------|---------|
| CONSTRUCTIVE                                     | 6,67%  | 66,67%  | 26,67%     | 100,00% |
| MANUFACTURING-INDUSTRY                           | 0,00%  | 100,00% | 0,00%      | 100,00% |
| OTHER ENTERPRISES                                | 28,57% | 57,14%  | 14,29%     | 100,00% |
| RETAIL TRADE                                     | 4,76%  | 84,13%  | 11,11%     | 100,00% |
| SERVICES   | 3,39%  | 89,83%  | 6,78%      | 100,00% |
| WHOLESALE TRADE                                  | 6,25%  | 81,25%  | 12,50%     | 100,00% |

**Table 66**

| POSSIBLE TRANSFER OF COMPANY VS No OF EMPLOYEES | Yes    | No      | Don't Know | SUM     |
|---|--------|---------|------------|---------|
| 1 to 5  | 4,76%  | 88,10%  | 7,14%      | 100,00% |
| 6 to 10   | 3,70%  | 85,19%  | 11,11%     | 100,00% |
| 11 to 30  | 6,06%  | 81,82%  | 12,12%     | 100,00% |
| 31 to 50  | 16,67% | 66,67%  | 16,67%     | 100,00% |
| 51 to 100                                       | 0,00%  | 66,67%  | 33,33%     | 100,00% |
| >100  | 0,00%  | 100,00% | 0,00%      | 100,00% |

### Question 14.1

**Table 67**

| OPTIMISM END OF CRISIS VS AGE | Not at all | A little | Neutral | Enough | Very much | SUM     |
|-------------------------------|------------|----------|---------|--------|-----------|---------|
| <=5                           | 34,48%     | 37,93%   | 20,69%  | 3,45%  | 3,45%     | 100,00% |
| >5                            | 30,53%     | 38,17%   | 14,50%  | 16,03% | 0,76%     | 100,00% |

**Table 68**

| OPTIMISM END OF CRISIS VS TURNOVER | Not at all | A little | Neutral | Enough | Very much | SUM     |
|------------------------------------|------------|----------|---------|--------|-----------|---------|
| <300                               | 39,66%     | 36,21%   | 13,79%  | 8,62%  | 1,72%     | 100,00% |
| 301-500                            | 25,00%     | 40,00%   | 20,00%  | 15,00% | 0,00%     | 100,00% |
| 501-700                            | 22,22%     | 55,56%   | 11,11%  | 11,11% | 0,00%     | 100,00% |
| 701-900                            | 33,33%     | 33,33%   | 16,67%  | 0,00%  | 16,67%    | 100,00% |
| 901-1100                           | 44,44%     | 33,33%   | 22,22%  | 0,00%  | 0,00%     | 100,00% |
| 1101-1300                          | 12,50%     | 37,50%   | 12,50%  | 37,50% | 0,00%     | 100,00% |
| 1501-1700                          | 25,00%     | 75,00%   | 0,00%   | 0,00%  | 0,00%     | 100,00% |
| 1701-1900                          | 0,00%      | 100,00%  | 0,00%   | 0,00%  | 0,00%     | 100,00% |
| >1901                              | 25,00%     | 37,50%   | 12,50%  | 25,00% | 0,00%     | 100,00% |

**Table 69**

| OPTIMISM END OF CRISIS VS TYPE OF INDUSTRY | Not at all | A little | Neutral | Enough | Very much | SUM     |
|--|------------|----------|---------|--------|-----------|---------|
| CONSTRUCTIVE                               | 20,00%     | 53,33%   | 0,00%   | 26,67% | 0,00%     | 100,00% |
| MANUFACTURING-INDUSTRY                     | 14,29%     | 57,14%   | 14,29%  | 14,29% | 0,00%     | 100,00% |
| OTHER ENTERPRISES                          | 28,57%     | 28,57%   | 28,57%  | 0,00%  | 14,29%    | 100,00% |
| RETAIL TRADE                               | 36,92%     | 38,46%   | 13,85%  | 10,77% | 0,00%     | 100,00% |
| SERVICES                                   | 31,67%     | 33,33%   | 20,00%  | 13,33% | 1,67%     | 100,00% |
| WHOLESALE TRADE                            | 25,00%     | 37,50%   | 18,75%  | 18,75% | 0,00%     | 100,00% |

**Table 70**

| OPTIMISM END OF CRISIS VS No OF EMPLOYEES | Not at all | A little | Neutral | Enough  | Very much | SUM     |
|---|------------|----------|---------|---------|-----------|---------|
| 1 to 5                                    | 36,47%     | 43,53%   | 10,59%  | 8,24%   | 1,18%     | 100,00% |
| 6 to 10                                   | 29,63%     | 40,74%   | 14,81%  | 14,81%  | 0,00%     | 100,00% |
| 11 to 30                                  | 17,65%     | 29,41%   | 29,41%  | 20,59%  | 2,94%     | 100,00% |
| 31 to 50                                  | 66,67%     | 16,67%   | 0,00%   | 16,67%  | 0,00%     | 100,00% |
| 51 to 100                                 | 33,33%     | 0,00%    | 33,33%  | 33,33%  | 0,00%     | 100,00% |
| >100                                      | 0,00%      | 0,00%    | 0,00%   | 100,00% | 0,00%     | 100,00% |

## Question 14.2

**Table 71**

| YEARS TO EXIT CRISIS VS AGE | 1 to 2 | 3 to 5 | 6 to 10 | Over 10 | Never  | SUM     |
|-----------------------------|--------|--------|---------|---------|--------|---------|
| <=5                         | 3,45%  | 24,14% | 13,79%  | 48,28%  | 10,34% | 100,00% |
| >5                          | 0,76%  | 22,90% | 34,35%  | 34,35%  | 7,63%  | 100,00% |



Table 72

| YEARS TO EXIT CRISIS<br>VS TURNOVER | 1 to 2 | 3 to 5  | 6 to 10 | Over<br>10 | Never  | SUM     |
|-------------------------------------|--------|---------|---------|------------|--------|---------|
| <300                                | 1,72%  | 10,34%  | 20,69%  | 62,07%     | 5,17%  | 100,00% |
| 301-500                             | 0,00%  | 35,00%  | 30,00%  | 25,00%     | 10,00% | 100,00% |
| 501-700                             | 0,00%  | 22,22%  | 66,67%  | 0,00%      | 11,11% | 100,00% |
| 701-900                             | 16,67% | 33,33%  | 16,67%  | 33,33%     | 0,00%  | 100,00% |
| 901-1100                            | 0,00%  | 22,22%  | 11,11%  | 44,44%     | 22,22% | 100,00% |
| 1101-1300                           | 0,00%  | 25,00%  | 75,00%  | 0,00%      | 0,00%  | 100,00% |
| 1501-1700                           | 0,00%  | 25,00%  | 50,00%  | 25,00%     | 0,00%  | 100,00% |
| 1701-1900                           | 0,00%  | 100,00% | 0,00%   | 0,00%      | 0,00%  | 100,00% |
| >1901                               | 0,00%  | 28,13%  | 37,50%  | 28,13%     | 6,25%  | 100,00% |

Table 73

| YEARS TO EXIT CRISIS<br>VS TYPE OF INDUSTRY | 1 to 2 | 3 to 5 | 6 to 10 | Over<br>10 | Never  | SUM     |
|---|--------|--------|---------|------------|--------|---------|
| CONSTRUCTIVE                                | 0,00%  | 20,00% | 60,00%  | 20,00%     | 0,00%  | 100,00% |
| MANUFACTURING-INDUSTRY                      | 0,00%  | 28,57% | 57,14%  | 14,29%     | 0,00%  | 100,00% |
| OTHER ENTERPRISES                           | 14,29% | 42,86% | 14,29%  | 14,29%     | 14,29% | 100,00% |
| RETAIL TRADE                                | 0,00%  | 21,54% | 23,08%  | 41,54%     | 13,85% | 100,00% |
| SERVICES                                    | 1,67%  | 23,33% | 33,33%  | 35,00%     | 6,67%  | 100,00% |
| WHOLESALE TRADE                             | 0,00%  | 25,00% | 6,25%   | 50,00%     | 18,75% | 100,00% |

Table 74

| YEARS TO EXIT CRISIS<br>VS No OF EMPLOYEES | 1 to 2 | 3 to 5 | 6 to 10 | Over<br>10 | Never  | SUM     |
|--|--------|--------|---------|------------|--------|---------|
| 1 to 5                                     | 1,18%  | 20,00% | 23,53%  | 43,53%     | 11,76% | 100,00% |
| 6 to 10                                    | 0,00%  | 22,22% | 44,44%  | 33,33%     | 0,00%  | 100,00% |
| 11 to 30                                   | 2,94%  | 32,35% | 29,41%  | 23,53%     | 11,76% | 100,00% |
| 31 to 50                                   | 0,00%  | 33,33% | 0,00%   | 66,67%     | 0,00%  | 100,00% |
| 51 to 100                                  | 0,00%  | 33,33% | 66,67%  | 0,00%      | 0,00%  | 100,00% |
| >100                                       | 0,00%  | 0,00%  | 100,00% | 0,00%      | 0,00%  | 100,00% |