

MIGRANT AND YOUTH SOCIAL INCLUSION THROUGH ENTREPRENEURSHIP MY-SITE NATIONAL REPORT: GREECE 2018

Aya Burweila

SOLIDARITYNOW Senior Researcher & Public Policy
Officer



Funded by the Erasmus+
Program of the European Union

αλληλεγγύη

SOLIDARITY
NOW

This is our common ground

Table of Contents

Introduction:	2
Country Context	3
Legal, Policy and Institutional Framework	6
Opportunities and Facilitation Measures for Entrepreneurship	11
Challenges and Barriers for Entrepreneurs	18
Conclusion	30
Appendix	34

1. Introduction

After eight years and \$375 billion in international assistance, on August 20, 2018, Greece exited its third financial bailout, making it the last country to leave the financial bailouts the European Commission, the European Central Bank, and the International Monetary Fund extended to countries in the red since 2010.¹ Two months before, the Greek economy showed the biggest growth in a decade, sparking speculations of a long-awaited rebound. According to the Greek statistics service ELSTAT, output grew by 2.3 per cent in yearly terms between January and March, marking a fifth straight quarter of expansion. Analysts said the first quarter figure, the highest recorded in the past decade, matched projections by the EU and International Monetary Fund that gross domestic product would increase in 2018 by around 2 per cent. ELSTAT also pointed out that seasonally-adjusted data showed growth accelerating from an upwardly revised 2 per cent in the fourth quarter of 2017. Output measured on a quarterly basis grew by 0.8 per cent compared with an upwardly revised 0.2 per cent from October to December. Exports showed a year-on-year rise of 9.5 per cent, while imports declined by 2.7 per cent.² Unemployment had also dropped from a record high of 28%, a fact the current Prime Minister of Greece Alexis Tsipras and European officials cite as evidence of the country's recovery.³

Despite the economic crisis that emerged in 2010, according to attorney Gregorios Michailopoulos, Greece is still an appealing investment destination because it is a beneficiary of the European Structural and Investment Funds (ESIF). The ESIF plans to allocate 26 billion euros into the Greek economy to support the country's development between 2014-2020 and at the same time, The Investment Plan for Europe is also expected to play a crucial role in increasing investments and entrepreneurship in Greece. The new European Fund for Strategic Investment (EFSI) also plans to generate an estimated EUR 315 billion worth of investments into the European economy by providing guarantees for higher-risk projects. In addition, Greece is also entitled to a significant injection of funds through International Financial Institutions (IFIs) and the European Investment Bank (EIB).⁴

In fact, recent years has seen remarkable success stories from the nascent Greek start-up scene. For example, in the first half of 2017 Germany's Daimler bought the Greek start-up TaxiBeat for a reported 43 million euros,⁵ while in the second half of 2017, the Greek tech firm Innoetics, which specializes in text-to-speech (TTS) technology, was sold to Samsung for under 43 million euros.⁶ At that time, Andrew Pinnington, the CEO of the Daimler-owned MyTaxi which bought Taxibeat, said, "We are very impressed with the success of Taxibeat in Greece and we believe that Taxibeat is a perfect fit for MyTaxi."⁷ Nonetheless, though almost two-thirds of Greeks today believe that

¹Harrison, Jacobs, *After 8 years and \$375 billion of bailouts, I asked a Greek taxi driver how locals feel about the 'recover,' and his outlook is bleak*, (Business Insider, August 22, 2018)

² Kerin Hope, *Greek economy grows most by a decade*, (Financial Times, June 4, 2018)

³ Harrison Jacobs, *Greece is finally set to exit bailouts this month, but a local told me the 'recovery' hides a brutal reality for most Greeks*, (Business Insider, August 7, 2018)

⁴ Gregorios Michailopoulos, *Investments and Development The legal-institutional framework*, (*The Greek Law Digest*, July 11, 2016)

⁵ Ingrid Lunden, *Daimler closet buying Taxibeat in Greece for around \$43M*, (Tech Crunch, January 27, 2017)

⁶ Rayna Hollander, *Samsung just bought a multilingual voice tech startup to bolster its Bixby voice assistant*, (Business Insider, July 12, 2017)

⁷ Paul Sawers, *Daimler's MyTaxi acquires Greek rival Taxibeat to take on Uber in Europe*, (Venture Beat, 16 February 2017)

entrepreneurship is a smart career choice,⁸ the country remains a challenging environment for both native Greek and migrant entrepreneurs. The following report fully explores the context of youth and migrant entrepreneurship in Greece, what facilitates it and more importantly, what challenges it.

2. Country Context

According to EUROSTAT, the total population of Greece in 2017 is 10,768,193.⁹ In 2017, the unemployment rate of Greece was 21.5%. In February 2018, Greece's unemployment rate was 20.8%. Following the financial crises, the unemployment rate in Greece had been gradually increasing, reaching a peak in 2013 when it stood at 27.5%, and then began to gradually decrease in 2014. Currently, Greece has the highest unemployment rate in the European Union.¹⁰ Naturally then, Greece is also the country with the lowest employment rate, which in 2017, stood at 57.8% in 2017. The Europe 2020 target for the employment rate of people aged 20 to 64 in Greece is 70%.¹¹

According to the OECD, the self-employment rate in Greece in 2016 was 34.1%.¹² According to the same source, Greeks are much more likely to be self-employed than other EU citizens. For example: in 2015, the self-employment rate for Greece was 29.9%; which is slightly more than double the European Union (EU) average. As older people and the youth were the demographic group most disproportionately affected by the crisis, they showed high self-employment rates.¹³ To Andreas Gennimatas, entrepreneur and Vice President of The City of Athens Development and Destination Management Agency (ADDMA) which designs, plans and implements a wide range of projects to boost competitiveness and entrepreneurship in Athens, "the spirit of entrepreneurship is integrated in our culture and our DNA...a self-motivated, persevering, risk-taking and independent personality also plays a huge role" in the decision to start a business.¹⁴

According to the 2011 Population and Housing Census, the total number of immigrants who settled in Greece in 2010 was 79,554. Of this total number of immigrants, 43,341 were male and 36,213 were female.¹⁵ The last available yearly statistics from 2016 show that in that year alone, the total number of new immigrants arriving in Greece was 116,867, of which 70,384 were males and 46,483 were females. Of this number, 16,623 immigrants came from an EU country, 30,747 from Greece, (repatriating) and 69,497 immigrants originated from non-EU countries. Out of the 116,867 immigrants arriving, 25,508 were younger than 15 years old while 85,110 were between 15-64 years old, and 6,249 were over 65 years

⁸ *Global Report 2017/18*, (Global Entrepreneurship Monitor, 2018.) p.

⁹ EUROSTAT, *Population change - Demographic balance and crude rates at regional level*, (European Union, May 15, 2018)

¹⁰ EUROSTAT, *Statistic Explained*, (European Union, June 2018)

¹¹ EUROSTAT, *Europe 2020 employment indicators Employment rate of people aged 20 to 64 in the EU reached a new peak at 72.2% in 2017 Nine Member States already achieved their 2020 targets* (European Union, April 20, 2018)

¹² OECD (2018), Self-employment rate (indicator). doi: 10.1787/fb58715e-en (Accessed on 01 August 2018)

¹³ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016) p. 5

¹⁴ Interview with Andreas Gennimatas, September 12, 2018.

¹⁵ Hellenic Statistical Authority, 2011 Population and Housing Census, (Piraeus, Hellenic Republic, December 5, 2014)

old.¹⁶ Since 2016, 44,072 residence permits have been issued in Greece on the basis of 4 different reasons:

1. Family—23,598 permits issued (53.5% of total)
2. Education—902 permits issued (2% of total)
3. Employment—2,133 permits issued (4.8% of total)
4. Other—17,439 permits issued (39.6% of total)¹⁷

According to their report, *Working Together for Local Integration of Migrants and Refugees in Athens*, published on July 26, 2018, migrants -including native-born children with migrant parents- account for 23% of Athens' population, which stands at 664,046 people while the number of refugees and asylum seekers is currently estimated at 18,000 people.¹⁸

As of January 2018, the youth unemployment rate in Greece is at 42.7%, which translates into 108,000 people.¹⁹ According to the Global Entrepreneurship Monitor's annual report on entrepreneurship 2016-2017, there are around 380,000 active entrepreneurs in Greece, a decrease from the 450,000 entrepreneurs in 2015. The report also states that,

*“three out of four early stage entrepreneurs in the 2016 survey were older than 35 years old. In general, the participation of younger people - up to 34 years old - in entrepreneurship is lower compared to the group of innovation-driven economies. High participation of very young people in entrepreneurship is not necessarily a disadvantage considering that the lack of experience mitigates chances for success. In general, in more developed countries new business ventures are mainly created by older people, whereas in developing countries younger people are motivated to entrepreneurship as a means of improving their livelihood”.*²⁰

There is no recent data available for migrant entrepreneurship in Greece. However, there is one set of data available from the research and fieldwork of Labrianidis and Hadziprokopiou published in 2010 on migrant entrepreneurship in the city of Thessaloniki, Greece's second largest city. According to Labrianidis and Hadziprokopiou, the accuracy of official data on migrant entrepreneurship is limited while their reliability is problematic: immigrants do not appear as a separate category of entrepreneurs and there is no distinction between “migrants” and other foreign nationals such as investors. In addition, there is no account of the migrants who acquired Greek citizenship and the data does not disaggregate at regional or municipal level.²¹ The findings from their study of Thessaloniki is as follows: 28.8% have businesses in clothing, retail and wholesale; 13.6% in restaurants, fast-food and cafes; 18.6% in “migration” services which included translation, travel, money transfer and call centers; 16.9% in “ethnic products” retail which included mini-markets and food stores, press and books, DVDs and CDs, cosmetics and hair products etc.; 8.5 % in other general retail, and 13.6 percent in other services.²²

¹⁶ Eurostat Statistics Explained, File: Immigration by Citizenship, (Europa, March, 2018)

¹⁷ Eurostat Statistics Explained, File: First residence permits issued by reason, 2016, (European Union, November 15, 2017)

¹⁸ *Working Together for Local Integration of Migrants and Refugees in Athens* (OECD, July 26, 2018)

¹⁹ Eurostat, March 2018 Euro area unemployment at 8.5%, (European Union, May 2018)

<https://ec.europa.eu/eurostat/documents/2995521/8939932/3-31052018-AP-EN.pdf/a5d2c7ec-01c3-4cf8-ba33-a2ccadd91b93>

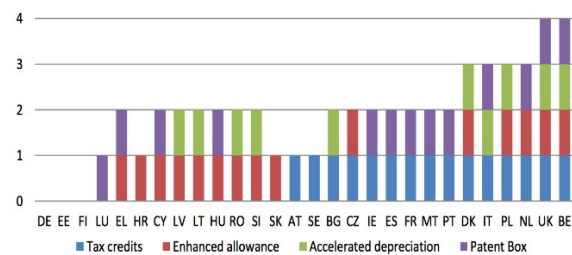
²⁰ Aggelos Tsakanikas, Ioannis Giotopoulos, Sofia Stavraki, Evangelia Valavanioti, *Annual Entrepreneurship Report 2016-2017: Early stage entrepreneurship rates decrease*, (Athens, Foundation for Economic and Industrial Research, November 2017)

²¹ Lois Labrianidis & Panos Hatziprokopiou, *Migrant Entrepreneurship in Greece: Diversity of Pathways for Emerging Ethnic Business Communities in Thessaloniki*, (Springer Science+Business Media B.V., April 9, 2010) p. 197

According to the OECD, as of 2015, there are 783,027 total enterprises and 1,439,440 active employees in Greece. With that being said, small and medium-sized enterprises account for more than 99% of all enterprises in Greece and large enterprises account for less than 1%. These small and medium-sized enterprises, in turn, account for 86% of total employment.²³ A small enterprise is defined as having fewer than 50 employees working for the company, medium enterprise is a company that employs between 50 and 249 persons, and a large enterprise would consist of 250 or more employees.

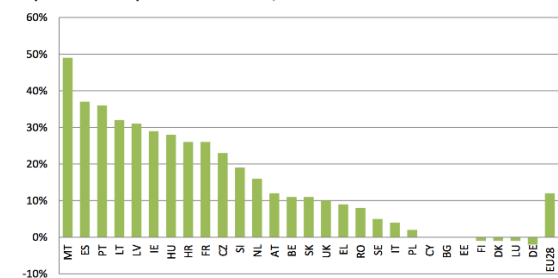
The tax incentives for new businesses or small businesses in Greece is as follows: In Greece, there are Research and Development (R&D) tax incentives that may support new or small businesses. There are two types of incentives that currently exist in Greece: enhanced allowance and patent box. There is one enhanced allowance tax incentive and two patent box incentives. The graphs of the tax subsidy rates below show that the majority of each euro that is invested in R&D is supported by the tax system. For instance, in Greece, if an enterprise invests one euro in R&D, an estimated 90 cents can be supported by the tax system.²⁴

Graph 2.4: Number of R&D tax incentives in the EU countries



Source: CPB(2014) and update by the Commission services where relevant. No R&D incentives in DE, EE and FI. The incentive can apply to corporate and personal income taxes, social security contributions and payroll taxes.

Graph 2.5: Tax subsidy rates to R&D in the EU, 2015



Source: OECD, R&D Tax Incentive Indicators, www.oecd.org/sti/rd-tax-stats.htm, July 2015 and European Commission (2016a). Subsidy rates as applicable for large companies.

According to the World Bank’s “Doing Business” index, Greece ranks 67th out of 190 in ease of doing business and 37th in starting a business.²⁵ According to the data from the Heritage Foundation’s Index of Economic Freedom, Greece ranks 115th out of 180 with an overall score of 57.3%. This puts Greece under the economic freedom category of being mostly unfree (59.9-50).²⁶ The main reasons cited for Greece’s score are the following: severe erosion of competitiveness, a rigid labor market that impedes productivity and job growth, corruption, an inefficient judicial system, a daunting debt burden, and a public sector that continues to consume over half of the country’s GDP. In addition, the Greek economy remains hostage to powerful public unions while the government’s statist model undermines entrepreneurs.²⁷

According to the Global Competitiveness Index 2017-2018, Greece ranks 87th out of 137 with an overall score of 4.02 for its economic performance. Greece performs best in health and primary education with a score of 6.1 out of a possible 7. The next leading pillars are infrastructure and higher education with both scoring 4.9. Additionally, Greece performs the worst in financial market development and

²³ Eurostat Statistics Explained, *Entrepreneurship - statistical indicators*, (European Union, June 2017) OECD, *SDBS Structural Business Statistics (ISIC Rev. 4)*

²⁴ European Commission, *Tax Policies in the European Union 2016 Survey*, (Luxembourg, European Union, 2016)

²⁵ The World Bank, *Doing Business*, (2017)

²⁶ The Heritage Foundation, *2018 Index of Economic Freedom* (2018)

²⁷ The Heritage Foundation, *Greece, 2018 Index of Economic Freedom* (2018)

innovation with scores of 2.5 and 3.3, respectively.²⁸ According to a Urenio paper titled *The system of innovation in Greece: structural asymmetries and policy failure*, Professor Nicos Komninos and Achilleas Tsamis from Aristotle University state that “The country (Greece) occupies the last positions in the Innovation Scoreboards rankings, something that did not change even after the enlargement of the EU with 10 new Member States from Central and Eastern Europe”.²⁹ Nonetheless, according to the Boston Consulting Group,

“Greece is emerging as a hub for innovative startups. Helping to fuel this transformation is Equifund, a platform established by the European Investment Fund. Equifund expects to provide Greek startups with up to €1 billion for early-stage and growth-stage funding by 2022; about €260 million has already been committed for this purpose. This infusion of capital will embolden growing startups and help investors fund young companies with high potential”.

The EquiFund’s purpose is to fund innovation, entrepreneurship and pave the way for new investments in Greece by financially supporting innovation-oriented researchers, undergraduates, postgraduates, and postdoctoral students, existing and new entrepreneurs. For this purpose, Equifund makes funding commitments to professional and independently managed funds to strengthen the venture capital market in Greece. This in turn provides aspiring young entrepreneurs with the financing they need to grow their businesses and attract private sector investment. It was created on the initiative of the Greek Ministry of Economy in cooperation with the European Investment Fund (EIF) and it is advised independently by the EIF. The European Investment Bank is also part of Equifund’s group of investors through the European Fund for Strategic Investments (EFSI). Strategic Partners of the fund also include the Onassis Foundation and the National Bank of Greece, who have also committed to many of the EquiFund supported funds.³⁰ Despite the presence of Equifund however, according to the same group, “only time can tell” whether Greece can transform its deficits in innovation into a strength that can enhance the country’s economy and move it up in international ranks.³¹

3. Legal, Policy and Institutional Framework

3. 1 Policy framework and Government Institutions Related to the Job Market

As small and medium-sized enterprises are the backbone of not only the Greek economy but also the European economy, there is a large number of European and national initiatives to support them. Since 2000, numerous measures have been developed to support and assist SMEs through various initiatives and strategies.³² According to the OECD, the Greek government developed numerous initiatives focused on strengthening entrepreneurship, placing particular emphasis on unemployed youth and women. Seniors and migrants however, are targeted to a much lesser extent.³³ The majority of the government’s initiatives on inclusive entrepreneurship in Greece are actualized

²⁸ Klaus Schwab, *The Global Competitiveness Report 2017-2018*, (Geneva, World Economic Forum, 2018)

²⁹ Nicos Komninos and Achilleas Tsamis, *The system of innovation in Greece: structural asymmetries and policy failure*, *International Journal of Innovation Regional Development*, Vol. 1, No. 1, 2008, (Geneva, Inderscience Enterprises Ltd, 2008)

³⁰ The Equifund, *About Equifund*, <https://equifund.gr/>

³¹ Vassilis Antoniadis, Markos Giakoumelos, Thanos Petkakis and Zacharias Zacharia, *Greece’s StartUp Ecosystem A Prime Opportunity for Economic Growth*, (Boston Consulting Group, April 2018)

³² European Commission, *The Small Business Act for Europe*, https://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act_en

³³ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016) p.10

with the support of the European Social Fund (ESF).³⁴ Greece also introduced a series of legislative reforms aiming at facilitating and enhancing the implementation of investment projects. The reforms on licensing legislation, the adoption of a 'fast-track' mechanism for strategic investments and the establishment of an Ombudsman were all measures designed to unblock the implementation of investment projects to improve the institutional business framework of Greece.³⁵

In Greece, the Ministry of Labour, Social Insurance and Social Solidarity (Υπουργείο Εργασίας και Κοινωνικής Ασφάλειας & Κοινωνικής Αλληλεγγύης, ΕΡΜΗΣ) is the government ministry responsible for all aspects of employment and doing business. The ministry also has an online platform where entrepreneurs can file all their required documentation.³⁶ The Hellenic Manpower Employment Organization (Οργανισμός Απασχόλησης Εργατικού Δυναμικού - Ο.Α.Ε.Δ.) is also the government institution related to unemployment, employment programs and job creation.³⁷ The Ministry of Economy and Development (Υπουργείο Οικονομίας & Ανάπτυξης) is also involved in initiatives on promoting entrepreneurship in Greece. The Enterprise Greece Agency, the Greek national investment agency, also provides initial assistance to investors and entrepreneurs in dealing with government institutions.³⁸ Also, for aspiring entrepreneurs, the Greek Financial Directory presents a detailed and updated profile for each company in the Greek market and contains more than 20,000 companies operating in all spheres of activity.³⁹

For migrants, following the passing of Law 4251/2014 Immigration, Social Integration Code, non-EU citizens have slightly better access to the labour market which includes self-employment.⁴⁰ Under this new law, non-EU citizens renewing their first permit receive a permit for employment or entrepreneurship with clearer conditions on setting up a business in Greece. Today, Migrant workers can only become entrepreneurs after becoming long-term residents. The new code also stipulates adequate knowledge of the Greek language, history and culture as a criterion for inclusion and granting a long-term residents permit. As of April 2016, Law 4375/2106 stipulates that all international protection beneficiaries such as refugees, beneficiaries of subsidiary protection and beneficiaries of humanitarian protection can have access to wage employment, or self-employment, on the same terms and conditions that apply for Greeks provided they hold a valid residence permit. Due to the economic and migration crises, the priorities for entrepreneurship for the government for the period 2014-20, focuses on the promotion of innovation, research and technological development. To promote innovation and entrepreneurship, these priorities are embodied in the government's new operational program called "Competitiveness, Entrepreneurship and Innovation" (EPAnEK), which is one of the five sectoral operational programmes of the Partnership Agreement of for the Development Framework. (Εταιρικό Σύμφωνο για Πλαίσιο Ανάπτυξης, ΕΣΠΑ)⁴¹

³⁴ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016) p. 5

³⁵ Gregorios Michailopoulos, *Investments and Development The legal–institutional framework*, (*The Greek Law Digest*, July 11, 2016)

³⁶ http://www.ermis.gov.gr/portal/page/portal/ermis/publicBodies?p_topic=11

³⁷ <http://www.greeknewsagenda.gr/index.php/topics/politics-polity/6534-maria-karamessini,-director-of-greek-employment-agency-oaed-reducing-unemployment-is-a-question-of-principle-for-the-left>

³⁸ UHY, *Doing Business in Greece*, (Athens, November 2017) p.10

³⁹ ICAP group, <https://www.icap.gr/Default.aspx?id=9941&nt=18&lang=2>

⁴⁰ *Law 4251/2014 - Immigration, Social Integration Code and other provisions*, (European Commission, April 1, 2014)

⁴¹ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016)

3.2 Legislation that Facilitates Entrepreneurship

The economic crisis that erupted in 2010, and the following austerity measures, created an atmosphere of risk aversion which affected the supply of financial resources available for aspiring entrepreneurs and investment financing. To facilitate economic growth, the government of Greece has passed legislative actions to help counter this environment, facilitating investments by co-financing via public funds and providing for aid and opportunities via public contracts.⁴²

The Greek government also passed Law 4399 in June 2016, on the “Institutional framework for Establishing Private Aid Schemes for the Country’s Regional and Economic Development Establishing the Development Council and Other Provisions.”⁴³ The purpose of the Investment Incentives Law 3908/2011 is to meet the needs of Greek investors and to create the best environment for open investment and business creation in a global economy. The law sets out conditions and regulations needed to promote entrepreneurship with the best combination of speed, clarity, transparency and business success, and with the least bureaucracy. The revised legal text is Law 4146/2013: “Creation of a Development Friendly Environment for Strategic and Private Investments”. The Investment Incentives Law describes seven main categories for investment, one of which is Youth Entrepreneurship, targeting investors aged between 20 and 40 years. For this target group, the law provides aid for virtually all project costs, including operational costs, for the first five years. According to the government, the total amount of aid may be up to €1,000,000.⁴⁴

Access to credit is also crucial for entrepreneurs, as lack of adequate financing is one of the main obstacles to developing a business. In this context, in 2010, the European Progress Microfinance Facility (Progress Microfinance) was launched to increase the availability of microcredit i.e. loans below €25,000 for EU citizens to set up a small business. This microfinance program is implemented through the EU’s EaSI program. The EaSI program does not directly finance entrepreneurs but instead enables selected microcredit providers in the EU to increase lending, by issuing guarantees, thereby sharing the providers' potential risk of loss. In addition, the European Commission is providing support for building the capacity of selected microcredit providers. The microcredit providers may be private or public banks, non-bank microfinance institutions and not-for-profit microcredit providers.⁴⁵ The conditions for microloans to entrepreneurs establishing amount, duration, interest rates and fees, a and timeframe to get a loan depend on the particular microcredit provider. In Greece, the banks that provide these microloans under this scheme are: The PanCretan Cooperative Bank, Eurobank Ergasias, and the Cooperative Bank of Karditsa.⁴⁶ People who are interested can apply directly to the bank. According to Paul Kidner, General Manager of the People’s Trust, a non-profit organization that provides micro-funding to entrepreneurs and other business support services, “Providing microfinancing in Greece is still very complicated -you still have to do that via a bank” while legislation aiming to change that has yet to be passed.⁴⁷

Also aimed at transforming Greece into a hub for entrepreneurship is the previously mentioned Equifund, a platform which was established by the European Investment Fund. Equifund aims to

⁴² Gregorios Michailopoulos, *Investments and Development The legal–institutional framework*, (*The Greek Law Digest*, July 11, 2016)

⁴³ UHY, *Doing Business in Greece*, (Athens, November 2017) p. 10

⁴⁴ Gabriel Lopez, *Startup Greece, a place to start a business with all the help you need*, (Europa, 31 May 2016)

⁴⁵ *EU Microfinance Support*, (European Union)

⁴⁶ *Access to Finance*, (European Union)

⁴⁷ Interview with Paul Kidner, September 5, 2018.

provide Greek startups with up to €1 billion euros for early-stage and growth-stage funding by 2022, while €260 million has already been committed to assist the establishment of new businesses in Greece.⁴⁸ Migrant entrepreneurs without sufficient resources however, often face difficulties accessing credit from mainstream institutions to finance their entrepreneurial ventures. Reasons for this include lack of credit history/non-transferability of credit history from other countries, lack of stable residence status, lack of collaterals, or more stringent criteria set up by credit institutions for loans to migrant entrepreneurs.⁴⁹ Credit institutions may encounter other issues when dealing with migrant entrepreneur clients, related to a lack of knowledge and understanding of this specific group of clients. For these reasons, migrant entrepreneurs usually rely on informal networks like family or community to obtain financial backing to establish their business.⁵⁰ According to Lois Labrianidis and Panos Hatziprokopiou's 2010 study and their field research, the majority of migrants access their own savings or acquire a loan from relatives, as illustrated in their table below:⁵¹

Table 1. Source of financing for setting up of business for migrant entrepreneurs:

Source of start-up capital	% of Migrants
Own savings	62.7%
Loan from relatives	15.3%
Own savings and loan from relatives	5.1%
State funding (OAED)	5.1%
Bank loan	5.1%
Combined financing through loans from relative/co-national and bank loan	3.4%
Own savings and state funding	1.7%
No response	1.7%

There exists no study to date covering the access of migrants to business financing in Athens.

3.3. Setting Up a New Business in Greece

Using the Investment Incentives Law as a tool, the Greek government launched the digital platform "Startup Greece" in 2011, a website that encourages and facilitates entrepreneurship in Greece by providing comprehensive information on how to start a business in Greece as well as

⁴⁸ Vassilis Antoniadis, Markos Giakoumelos, Thanos Petkakakis and Zacharias Zacharia, *Greece's StartUp Ecosystem A Prime Opportunity for Economic Growth*, (Boston Consulting Group, April 2018) p.

⁴⁹ *Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship Guidebook*, (Brussels, European Union, 2016) p.36

⁵⁰ Ibid.

⁵¹ Lois Labrianidis and Panos Hatziprokopiou, *Migrant Entrepreneurship in Greece: Diversity of Pathways for Emerging Ethnic Business Communities in Thessalonik*, (Journal of International Migration and Integration, April 9, 2010)

opportunities for funding for aspiring entrepreneurs.⁵² Startup Greece does not limit its advice and community discussion only to Greek entrepreneurs: anyone, including migrants, with an interest in business can benefit by joining the platform even if they are not eligible for grants.⁵³ According to the government's StartUp Greece website, a private company (PC) in Greece can have one or more legal founders. In the case of a single member private company, the name of the single partner must be submitted for publication in the General Electronic Commercial Register (GEMI). Under Art. 127 Greek Civil Code, as amended by Art. 3 of L.1329/83, natural persons must be at least 18 years old, while minors are only allowed to participate in the establishment of a PC only by a court order.

To establish a PC, a founder must first contact a "one-stop shop" where a Company's Article of Association is drafted and registered. These one-stop shops are accessed at the General Electronic Commercial Register, GEMI, (Γενικό Εμπορικό Μητρώο ΓΕ.ΜΗ) or the Citizens' Service Centers (Κέντρο Εξυπηρέτησης Πολιτών Κ.Ε.Π, ΚΕΠ), which have been certified by the government to act as one-stop shops. In cases where a notarial deed is required to draft the company's Articles of Association, the certified Notary Public that will draft the notarial deed of establishment will also serve as a one-stop shop for the business founder. Business founders can locate a one stop shop at the GEMI (www.businessportal.gr) website. At GEMI's website, entrepreneurs can find a list of agencies acting as one-stop-shops classified by type of company, address, and contact details.

The cost of setting up a private company in Greece is €70 euros and is also known as the Single Cost Note of Establishment. If the private company (PC) has more than three founders, there is an additional charge of €5 euros for each additional founder. The Single Cost Note of Establishment cannot be refunded in the event a company is dissolved. Also, there are additional costs: registration fees with GEMI costs €10 euros while the cost of Chamber membership is determined by each chamber of commerce. In Athens, a €5.80 duty must be paid to the Lawyers Welfare Fund which is 0.5% of the capital contribution. Where a PC is established by notarial deed, there are additional notarial fees: drafting of the contract costs €44.02 plus €6 per page, plus a VAT of 23%. The cost of copies of the contract is €5 per page, plus a VAT of 23%. The cost is collected by the notary itself and is not part of the Single Cost Note of Establishment. In addition, there are legal fees if the founder or one of the partners want to have a lawyer present. The fees are collected by the lawyers themselves and is not part of the Single Cost Note of Establishment. To establish a PC, it is not necessary to have a capital contribution which means the capital contribution can be zero. The PC must also specify a period of duration of up to 12 years, though failure to indicate a duration period are not grounds for annulment of the company.⁵⁴

Recently, on July 23, 2018, the Greek government launched an online platform where entrepreneurs can set up a new company in less than an hour. The new online service is a digital "one stop shop" that allows entrepreneurs to avoid the notoriously cumbersome Greek bureaucracy and to set up a company online in as little as 15 minutes, provided all the required data and documentation are at hand, such as licenses. The platform is initially available only to one-person companies. It is expected that by end of 2019, the service will extend to all other legal forms of companies. The new service is free of charge for the first year of operation. After one year, the cost will be 30 percent of the cost to set up a company offline. Any Greek or EU national who in possession of Greek tax numbers and codes is eligible to access the One Stop Shop portal.⁵⁵ So far, the electronic one stop shop portal is available

⁵² Gabriel Lopez, Startup Greece, a place to start a business with all the help you need, (Europa, 31 May 2016)

⁵³ Ibid.

⁵⁴ StartUp Greece, <https://startupgreece.gov.gr/procedures-laws-regulations/private-company-tips-how-start>

⁵⁵ *Greece launches One Stop Shop service to set up company online*, (Keep Talking Greece, July 23, 2018)

in Greek only.⁵⁶ In the European context, starting a business in Greece costs almost twice as the EU average: though technically the Single Cost Note is 70 euros, depending on the business, the cost of all permits necessary can amount to 910 euros as opposed to the EU average of 343 euros. Also, in Greece, it costs much more than the EU average to transfer assets, which costs 11.8% of the value of the assets in comparison to the 4.6% EU average.⁵⁷ The process of acquiring all the permits and licenses however, remains a complicated and unclear process. As Alec Mally, the director of Global Economic Affairs at Foresight points out, “It is important that these one-stop shops are not one-stop stops.”⁵⁸

4. Opportunities and Facilitation Measures for Entrepreneurship

“For the majority of youth, there is a lack of understanding of what society needs. The biggest challenge is not in the environment but to find a problem that needs to be solved and to find the market for it... That’s the number one challenge.” -Apostolos Apostolakis

According to Invest Europe, the European venture capital and private equity association, Greece has one of the lowest levels of venture capital and private equity activity in the entire EU - despite the fact that small and medium-sized enterprises (SMEs) are responsible for two out of three jobs in Europe and usually need access to equity financing to build and develop their businesses.⁵⁹ In this context, the following is a list of the most active venture capital groups in Greece that facilitate innovation, entrepreneurship and provide opportunities for young entrepreneurs:

4.1 Opportunities to Access Capital, Mentoring and Business Development Support

Venture Friends

Venture Friends is a Greek venture capital fund with the European Investment Fund, The Greek ESIF, FoF, Equifund, and both individual and family offices as limited partners. The founders of Venture Friends are Apostolos Apostolakis and George Dimopoulos. Venture Friends consists of a group of entrepreneurial investors with a strong background in finance, marketing and business and start up experience that use their extensive resources and background to support technology startups and transform them into sustainable businesses with an international dimension.⁶⁰ Their portfolio includes a wide range of Greek start-ups from E-table, an online restaurant reservation service to Efood.gr to Taxibeat. Since it was founded two years ago, Venture Friends has made 21 investments in mostly Greece-based start-ups. When Venture Friends was first created, it had an original fund of 20 million euros. In March 2018, it announced a new fund of 45 million euros.⁶¹

⁵⁶ *Greece launches One Stop Shop service to set up company online*, (Keep Talking Greece, July 23, 2018)

⁵⁷ Hellenic Confederation of Professionals, Craftsmen & Merchants (GSEVEE) National Confederation of Hellenic Commerce (ESEE) Union of Hellenic Chambers of Commerce (KEEE) Task Force for Greece of the European Commission (TFGR) and the Association of Greek Tourist enterprises (SETE), *The Development of SMEs in Greece*, (SYNTHESEI, 2014) https://www.gsevee.gr/press/mme_eng.pdf

⁵⁸ Interview with Alec Mally, August 21, 2018.

⁵⁹ Greek News Agenda, Equifund: a fund-of-funds to support innovation and SMEs, (Hellenic Republic General Secretariat for Media and Communication, April 27, 2018)

⁶⁰ Venture Friends, <http://www.venturefriends.vc/en/about-us>

⁶¹ Steve O’Heare, *VentureFriends,theAthens-basedVC,outsnew€45Mfund*, (TechCrunch, March 19, 2018)

Marathon Venture Capital

Marathon Venture Capital is also a venture capital fund that specifically targets Greek entrepreneurs. It offers investment, entrepreneurial, technical and operational skills and support towards the creation of internationally competitive tech companies. The Marathon fund receives capital from the Greek government, the European Investment Fund and the European Investment Bank. They provide 50-90% of the capital, and Marathon typically takes a 15-20% stake in companies. So far, the EIF, EIB and Greek Government have invested a total of \$320 million in nine different VC firms. Entrepreneurs receive investment on the condition that half of the investment must be spent in Greece and that part of the business team and company must be based in Greece as well. So far, Marathon Venture Capital has invested in five companies, creating 20 technology jobs in Greece while two more companies are scheduled. It currently aims to fund 20 companies over the next four years, with a target of employing two to three thousand people.⁶²

National Bank of Greece (NBG) Business Seeds Program

The Business Seeds program by the National Bank of Greece (NBG) is a program that facilitates innovative and export-oriented entrepreneurship among Greeks. It supports the showcasing of innovative ideas and projects, training and mentoring teams, and provides infrastructure, networking and financing to aspiring entrepreneurs. It holds competitions for funding and proposals, where winners are awarded with financing and implementation support. The NBG also works in partnership with the Athens University of Economics & Business (Οικονομικό Πανεπιστήμιο Αθηνών Ο.Π.Α., AUEB) to provide aspiring entrepreneurs with shortlisted proposal with business training programs and free service products from Amazon, Facebook and Microsoft. The NBG also provides targeted financial support in partnership with The People's Trust as well as mentoring and networking events in cooperation with Google, Grant Thornton, Watson, Farley & Williams, Israel Advanced Technology Industries (IATI), the Hellenic American Chamber of Commerce, Census, McKinsey, KEMEL (Center of Volunteer Managers – Greece) and Endeavor Greece. In the past 8 years, the NBG's Business Seeds program has provided guidance to business plans for 5, 120 participants, and evaluated and mentored 3,060 proposals. It has also provided 6.2 million euros in financing to start-ups. Since 2010, the program has been holding an "Innovation & Technology" competition to promote and foster youth entrepreneurship. The competition is held in cooperation with Greek universities to support entrepreneurial ideas sparked in university classrooms.⁶³

Other funds, which are private and can be accessed by young entrepreneurs are as follows:

Big Pi Ventures – focuses on technology transfer by assisting both research-based projects and companies;

Metavallon – an accelerator fund that focuses on pre-seed and seed stage fund companies, targeting technology and intellectual property (IP)-driven startups primarily in ICT and engineering products;

Velocity.Partners – a pre-seed and seed acceleration fund that focuses on Greek technology companies and provide them with global exposure and market traction;

Uni.fund – targets pre-seed and seed investments in the broad technology sector, aiming to leverage the hidden potential at Greek universities, R&D and technological space;

⁶² Jessica Bateman, *How Greece is Reversing Brain Drain*, (BBC, April 6, 2018)

⁶³ National Bank of Greece, *Business Seeds*, <https://www.nbg.gr/en/nbgseeds>

Elikonos 2 – providing financing solutions to companies in sectors that offer the strongest growth opportunities;

EOS Capital Partners – aims to establish a premier Greek private equity group with a long-term perspective that will support growth companies;

Synergia Hellenic Fund IV – is a fund that targets Greek SMEs in sectors that is deemed to offer great growth opportunities, while also adding value through active, hands-on partnership with investee companies' management.⁶⁴

4.2 Youth Empowerment Programs

The following is a list of existing initiatives that provide affordable offices to entrepreneurs to enable them to network and collaborate with each other, as well as initiatives that provide them with opportunities to access funding, prizes, awards, and mentoring opportunities:

The National Plan for Youth Employment

In January 2013, the Minister of Education and Religious Affairs, the Minister of Labour, Social Security and Welfare, and the Minister of Development and Competitiveness announced the National Plan for Youth Employment (NPYE). The goal of the NPYE is to implement policies that develop employment and entrepreneurship among youth between the ages of 15 to 35 years old while putting extra emphasis on the less qualified. The main actions of the plan focus on the reinforcement of apprenticeship systems and practical training, the establishment of programs for the transition from education to employment, the support of gaining work experience, as well as the promotion of youth entrepreneurship. The NPYE was the first comprehensive and integrated effort of the Greek government to support youth employment and entrepreneurship and was funded by the European Social Fund (ESF) and the European Regional Development Fund (ERDF).⁶⁵

Currently there are two programs being implemented under the umbrella of the NPYE and they are the “Start-Up Entrepreneurship” program and the “Fostering Self-employment Among Tertiary Education Graduates” program. The “Start-Up Entrepreneurship” Program supports start-ups that want to expand while the program for “Fostering Self-Employment among Tertiary Education Graduates” helps university graduates to start and sustain a business related to their field of study.⁶⁶

Reload Greece (RG)

Reload Greece is a charity in London whose purpose is to provide practical assistance to Greek start-ups, from mentoring to connecting them with potential investors.⁶⁷ Reload Greece's partners are the National Bank of Greece, RAYCAP, TITAN, and the John S. Latsis Foundation. RG has a Young Entrepreneurs Programme, a “pre-accelerator” program whose purpose is to inspire, coach and nurture aspiring entrepreneurs to develop and transform their early stage ideas into a viable business plan. The program has three stages: the first is the “Ignite” stage, which is a series of workshops support entrepreneurs to create and develop their business ideas; the second is the

⁶⁴ ‘EquiFund’ Setto Stimulate Greek Innovation, Entrepreneurship 26 April 2018.

⁶⁵ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016)

⁶⁶ Ibid.

⁶⁷ <https://www.reloadgreece.com/>

“Accelerate” stage where aspiring entrepreneurs with the most competitive business ideas receive coaching, mentorship, and masterclasses; the third and final stage is the “Pitch” stage, where entrepreneurs pitch their ideas before RG selected judges to win prizes and awards. So far, RG has played an active role in the establishment of 41 successful startups ranging from startups that have an economic impact to start-ups that have a social impact, like, like Vouli Watch, a startup that monitors the Greek parliament.⁶⁸

The Impact Hub Athens

The Impact Hub Athens is a community and incubator for entrepreneurship, social inclusion and integration, and is part of an international network of professionals. The Impact Hub provides entrepreneurs, who can acquire monthly membership at affordable prices, with work space where they can also schedule meetings, host events and collaborate. As an organization, they also organize networking events, workshops, lectures, presentations and programs that support entrepreneurship. They also offer its members access to tools and methodologies, expertise, mentors and financing opportunities as well as consulting services to professionals and organizations, from the idea generation stage to the incubation phase and finally, the acceleration and scaling stage of their business idea.⁶⁹ The Impact Hub also runs a “Do Business, Do it Yourself!” Program. This program is specifically designed to support young entrepreneurs in their first steps to establishing their own business and provides them with the necessary tools to help them save time and money by learning about the basics of a sustainable business. Through an intensive cycle of eight meetings in strictly small groups (up to 15 persons) the participants are provided with all the information and tools they need to start their social business. The cost of the program is €200 euros and take place at the Impact Hub premises in downtown Athens. Over the course of two months, aspiring young entrepreneurs, Greeks or migrants, attend seminars that are designed and delivered by international and domestic professionals who are well-known in their field as well as academics from Greece and abroad.⁷⁰

Corallia

Corallia is the first organization established in Greece for the structured and systematic management and development of innovation clusters. Its mission is to cultivate an environment “with the right framework conditions to allow sciences, innovation and entrepreneurship to flourish (again)” and accelerate the development of cohesive and productive innovation ecosystems.⁷¹ In cooperation with both domestic and international partners, Corallia also has a specific program called the “Youth Entrepreneurship Acceleration Programme” which is aimed at facilitating youth entrepreneurship. This program entails the following measures: Educational workshops for high-school students on innovation and high technology in Greece; Internship Days events for students where information on internship opportunities in innovative companies is provided; Educational Trips co-organized with Greek student associations from Stanford, Berkeley, MIT and Georgia Tech; Career Days that are networking events for Greek graduates who wish to explore the opportunities presented by the Greek high-tech industry and learn more about relevant updates on career prospects; egg-enter-grow-go program which is a corporate social responsibility initiative by Eurobank designed and implemented

⁶⁸ Reload Greece, <https://www.reloadgreece.com/start-ups/>

⁶⁹ <https://athens.impacthub.net/en/the-impact-hub/>

⁷⁰ <https://athens.impacthub.net/en/the-impact-hub/>

⁷¹ <http://www.corallia.org/en/activity-fields/yeap.html>

in cooperation with Corallia, which provides integrated incubation, acceleration and co-working programmes for youth.⁷²

EGG: “Enter, Grow, Go”

A corporate social responsibility initiative by Eurobank, and implemented in cooperation with Corallia, EGG, which stands for “Enter, Grow, Go”, is one of the most prominent accelerators for promoting youth entrepreneurship operating in Greece. The “enter, grow, go” program engages aspiring young entrepreneurs from all over Greece who wish to pursue their business ideas in any sector of the economy. The program acts as an integrated incubation, acceleration and coworking program to boost youth entrepreneurship and improve employment opportunities for young people in Greece. Run in yearly cycles, teams of young are hosted in fully equipped office premises and enjoy support services for startups and effective business training in order to accelerate their business ideas. This program is open to Greeks and migrants alike.⁷³

iQbility

iQbility is an initiative of Quest, a Group of Companies active in the Information Technology, Renewable Energy and Parcel Delivery fields. iQbility identifies, incubates and accelerates the development of the highest-potential startups in Greece by providing high quality mentorship, leadership, experiential education and corporate resources. The initiative focuses exclusively on IT enabled industries such as consumer internet, enterprise software, internet of things, mobile applications, big data, cloud services, and fintech. To date, they support 11 start-ups.⁷⁴

The Orange Grove

The Orange Grove is a flexible co-working space and community for young entrepreneurs in Greece and founded on the initiative of the Dutch embassy in Greece and financed by Dutch-Greek businesses and other grantmaking foundations. The Orange grove helps startups by providing incubation services, workshops, networking opportunities, and access to financing competitions. For example, past competitions include “The Squeeze” pitching competitions, with €15,000 and €10,000 money prizes.⁷⁵ Orange Grove members receive the following support from the Orange Grove: office space with all day access, free internet access, coffee, beverages and office amenities; access to competitions organized by the Orange Grove; mentoring and consulting services; seminars and workshops; in-house entrepreneurs who share their expertise and experience; entrepreneurship bootcamps in cooperation with Dutch and Greek universities; networking opportunities on a national and international level; legal and accounting business support services.⁷⁶

The Cube Athens

The Cube Athens is a start-up co-working space, accelerator and incubator. It provides its members with affordable offices, meeting rooms, seminar rooms, workshops and an event space and host 20 startup companies and provide networking opportunities and expertise sharing.⁷⁷

⁷² Corallia, Youth Entrepreneurship, <http://www.corallia.org/en/activity-fields/yeap.html>

⁷³ <https://www.theegg.gr/el>

⁷⁴ <http://www.iqbility.com/>

⁷⁵ The Orange Grove, <https://orangegrove.eu/about/>

⁷⁶ The Orange Grove, <https://orangegrove.eu/about/>

⁷⁷ The Cube Athens, <https://thecube.gr/>

The Found.ation

The Found.ation, a technology and innovation enabling platform, was established in 2011 and was one of the first co-working spaces in South Eastern Europe. It serves as a startup hub, a digital transformation accelerator for corporations and a tech education hive, and a consultant for tech businesses on how to evolve with digital technologies, new business models and culture shift. It educates aspiring and existing entrepreneurs on digital mentality, technology platforms and tools, and the skills for the future and creating a talent pool with new career opportunities. They also connect corporations, startups and young talent in an ecosystem of entrepreneurship.⁷⁸

SOLIDARITY NOW

Solidarity Now (SN) is a non-profit humanitarian organization active in the field of human rights and refugee work. Established in 2013 on the initiative of the Open Society Foundations, SN consists of a network of people and organizations whose goal is to assist and support those most affected by the economic and humanitarian crises in Greece. SN's primary donors include: UNHCR, UNICEF, CARE International, the Radcliffe Foundation, EEA Grants, and the Norwegian Embassy in Greece.⁷⁹ One of SN's new programs to facilitate youth entrepreneurship is "Business for Youth," a 40-hour, entrepreneurship training program by Solidarity Now with the support of the International Rescue Committee (IRC) and in collaboration with the social enterprise Knowl.⁸⁰ The program is for youth between the ages of 18 and 30 years old and provides participants with training and tools to actualize their business idea and takes place in Athens. The aim of the program, which is free of charge, is to provide participants with the knowledge skills necessary to take the first steps to starting a business and successful branding. The training program can accommodate up to 330 participants in total who must first apply to the program. Forty out of the total number of participants who successfully complete the program will also attend a mentorship program where they will receive counseling and guidance from entrepreneurs and professional mentors to further develop their business idea. The criteria for participation for this program are the following:

- Participants must be based in Athens for the duration of the program
- Young people aged between 18-30 years
- Refugees or asylum seekers legally residing in Greece, benefiting from the International Protection in Greece, immigrants with a residence permit for Greece, unemployed Greeks.
- Adequacy in at least one of the languages offered: Greek, English, Arabic, Farsi or French.

The training will be implemented in fifteen separate cycles and consists of 40 hours of training spaced over 4 weeks. Participants who complete the training program also receive a Certificate of Attendance from the organization.⁸¹ The first four educational cycles of the fifteen were completed between April and June 2018. 44 participants completed the training program with 70% attendance. 79% of participants demonstrated improved knowledge as shown by pre and post evaluation assessments. 100% of training participants reported that they were satisfied with the program. 24 of the 44 participants submitted a Business Model Canvas. 4 participants were selected for mentorship after pitching their idea before a panel of experts. It is important to note that this program almost equally benefitted refugees and Greeks: 36% of participants were Greeks; 32% were refugees, 2% had residence permits; and 14% were asylum seekers.⁸²

⁷⁸ The Found.ation <http://thefoundation.gr/startups/>

⁷⁹ SolidarityNow, <http://www.solidaritynow.org/en/>

⁸⁰ Knowl Social Enterpris <http://www.solidaritynow.org/en/> e <http://knowl.gr/en/>

⁸¹ *Business For Youth*, Solidarity Now, <https://www.solidaritynow.org/en/businessforyouth/>

⁸² *Cycles 1-4, Internal Report*, SolidarityNow, IRC, Knowl. (July 2018)

The EU Commission ERASMUS Program TREND Project

The Trend Project, which stands for Training Refugees in Entrepreneurial Skills in Digital Devices, is a program designed to train the trainers who work and train refugees on entrepreneurship. It will be carried out by a consortium of 5 organizations: The Academy of Entrepreneurship in Greece, Iepscf Jemappes in Belgium, KulturLife GmbH in Germany and Dun Laoghaire Institute of Art, Design and Technology in Ireland. During the first six months of the project, research will be developed by the consortium to map existing tools and methods aimed at training refugee entrepreneurs in the countries involved. At a later stage, trainers will be trained on how this knowledge can be passed onto end users of the program (refugees and migrants). The training process will use a blended learning approach, including the use of digital communication devices such as mobile and web applications. The project will run for three years and it began on November 26, 2017.⁸³

TOPEKO: Local Actions for Vulnerable Groups

Unemployed workers classified as belonging to a vulnerable group of the population (i.e. long-term unemployed with low qualifications and over 45 years old; people with disabilities; female victims of domestic violence; single parent families; immigrants; refugees; ex-detainees) were able to benefit from an intervention titled “Local actions for vulnerable groups (TOPEKO)”. The aim of this intervention was to mobilize local actors to create jobs and provide a set of services facilitating the integration of the unemployed. The intervention was implemented locally by Development Partnerships (DPs), which operate as non-profit organizations with the participation of public and private actors. Assisted individuals were given three options consisting of secure (subsidized) wage employment, self-employment, and training and counselling services. The intervention supported 11,839 persons. Most of the beneficiaries were long-term unemployed (36%) and persons at risk of poverty (34%). The disabled, lone parents and migrants also benefited (7%, 6%, and 4%, respectively).⁸⁴

ENDEAVOR GREECE

Endeavor is an international non-profit organization which identifies, selects and supports the most promising companies internationally and in Greece. It focuses on established businesses that have already shown a solid turnover, usually between 1 and 50 million euros per year. It has a global network of 3,000 business leaders and affiliates in over 20 countries. In Greece, its strategic partners are the NBG, EY and DDB/Tribal. Endeavor supports entrepreneurs in Greece in the following areas: access to markets, access to debt and investment, strategic advice for financial management, HR, branding and communication. In 2014, they collectively generated approximately \$8 billion in revenues. In the past four years, Endeavor in Greece reviewed 850 companies, of which 21 were selected for Endeavor support. These companies created 11,900 jobs, 80% of which were outside of Athens. These companies export to 96 countries, generated 236 million euros in revenue and received 96.5 million euros in investment.⁸⁵

⁸³ European Commission, *Greece: Programme to train those training refugees on entrepreneurship* (European Union, October 26, 2017)

⁸⁴ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016)

⁸⁵ Endeavor, *What We Do*,

<http://endeavor.org.gr/en/%CE%B1%CF%80%CE%BF%CF%83%CF%84%CE%BF%CE%BB%CE%AE/#>

As Katerina Theofanidou, founder of ProjectYou, which provides training and mentoring to entrepreneurs on all aspects of business⁸⁶ says, “An idea on its own won’t bring you money. The correct implementation will.” To illustrate the burgeoning entrepreneurial spirit in Greece, when ProjectYou held its first, free of charge entrepreneurship workshop in March 2012, 1,400 people applied. Theofanidou said, “The climate is challenging of course. But I insist that it is the mindset that is the most important.” Theofanidou asked her students, “If everything was perfect, are you sure that tomorrow morning you would start? The most important element for entrepreneurship is having a mindset of persistence and decisiveness... These kind of soft skills can be taught.” In post-crisis Greece, organizations such as ProjectYou and the ones listed above have played an important role in facilitating and expanding both businesses and the mentalities that help launch them.⁸⁷

5. Challenges and Barriers for Entrepreneurs

“People starting businesses in Greece over the last few years have required the kind of fearlessness that one usually associates with extreme sports.”⁸⁸

Though Greece has a high level of self-employment, which is almost double the EU average and a big majority of its new entrepreneurs express confidence in their knowledge and abilities to run a business (71%), Greece also has one of the highest level of people globally who express a “fear of failure” as a barrier to business creation. Nearly 70 percent of Greeks (68.4%) cite fear of failure as barrier, in contrast to the EU average of 47.5 %.⁸⁹ As the proportion of women, youth and older people who cited this barrier was approximately the same, the authors of the report believe that these figures have more to do with the difficult economic conditions entrepreneurs are expected to operate in rather than simply the economic crisis of 2010. To be specific, they suggest that the most significant cause of this sentiment among Greek entrepreneurs has to do with the structural and foundational weaknesses of the country’s bureaucracy, changing tax regulation, and lack of effective promotional mechanism. Compounding these weaknesses is the state’s inefficiency, lack of effective politicians in changing the environment and difficulties for entrepreneurs in finding financing, entering the market and surviving in the wider political and social circumstances.⁹⁰

Furthermore, while the previous section outlined important opportunities available for financing for young entrepreneurs, access to capital in itself is not enough to facilitate entrepreneurship. Echoing the sentiments of the IOBE report, according to the Boston Consulting Group, limited access to the right talent, undeveloped collaborative networks, and a hostile business environment and market structure also act as serious challenges and barriers to increasing entrepreneurship in Greece.⁹¹ The following sections will explore these barriers in further detail.

⁸⁶ ProjectYou, <https://www.projectyou.gr/en/>

⁸⁷ Interview with Katerina Theofanidou, September 24, 2018.

⁸⁸ Nick Malkoutzis, *Messageforstart-ups is ‘Don’t stop’*, (Kathimerini, November 12, 2017)

⁸⁹ Tasos Kokkinidis, *Heavy Taxation Discourages New Entrepreneurs in Greece – Report*, (Greek Reporter, December 19, 2017)

⁹⁰ Ibid.

⁹¹ Vassilis Antoniadis, Markos Giakoumelos, Thanos Petkakis and Zacharias Zacharia, *Greece’s StartUp Ecosystem: A Prime Opportunity for Economic Growth*, (Boston Consulting Group, April 2018)

5.1 Unfavorable Business Environment: Crushing Taxes

“Get your passport and leave”- Stathis Stasinopoulos, Greek entrepreneur.⁹²

According to the Foundation for Economic and Industrial Research’s 2017 annual report on entrepreneurship, early stage entrepreneurship rates have decreased in Greece. In Greece, the percentage of population aged 18-64, who were at the early stages of entrepreneurial activity in 2016 (including self-employment), dropped to 5.7% (approximately 380,000 people) from 6.7% (450,000 thousand people) in 2015. This rate is among the lowest recorded (2003-2016: 6.9%) and is below the average level of “innovation-driven economies” or developed countries globally (2016: 9.1%). This indicates that despite the stabilization of the Greek economy in 2016, uncertainties among the population remained strong enough to affect the level of entrepreneurship in Greece. Furthermore, in 2016 the percentage of population that saw good opportunities for starting a business in the next six months also remains very low at 13%, in contrast with 14% in the previous year. This was the lowest percentage worldwide.⁹³ One of the main reasons that few people started new businesses in 2016 is the uncertainty of the Greek market and the tax increases placed on entrepreneurs in Greece.⁹⁴ More recently, in 2017, the government increased workers’ monthly contributions to health care and pensions and even demanded that businesses pay steep taxes on earnings they had not even made yet but forecast for the following year. Emergency taxes on income and property were extended to continue beyond the end of Greece’s bailout program, breaking pledges made by successive governments.⁹⁵ This hostile tax environment in Greece is a huge deterrent towards entrepreneurship, regardless of age.

For example, the story of Stathis Stasinopoulos is considered a classic and cautionary tale for young Greek entrepreneurs. In 2014, Stasinopoulos invented an easy-folding bicycle and created a small company so that he can begin building them himself. In 2014, his company was short-listed for a national start-up award. A few years later, however, and citing crushingly high taxes and outdated bureaucracy, Stasinopoulos shut down his business and moved to Germany, where he opened another company. To illustrate the hopeless bleakness by which experienced entrepreneurs see the Greek business environment today, his advice now to young entrepreneurs is to “get your passport and leave.”⁹⁶ In fact, that is precisely what thousands of Greek businesses have done to avoid the debilitating tax system in Greece. According to Bulgarian authorities, the number of Greek owned businesses in Bulgaria, where the corporate tax rate is less than half of the Greek corporate tax rate at 10 percent, rose to 17,000 in 2015 from 2,000 in 2010.⁹⁷ According to the Greek embassy in Bulgaria, businesses that relocated from Greece generate around 5 billion euros (\$5.3 billion in 2014) and employ an estimated 53,000 people. According to the Bulgarian Registry Agency in 2016, an additional 3,642 Greek businesses have been registered in Bulgaria, an increase from 3,262 in 2015.⁹⁸ The burden of high taxation has plagued aspiring and existing Greek entrepreneurs for almost a decade. To

⁹² Derek Gatopoulos, *Greece finally growing, but taxes crushing new businesses*, (*The Associated Press*, October 31, 2017)

⁹³ Aggelos Tsakanikas, Ioannis Giotopoulos, Sofia Stavradi, Evangelia Valavanioti, *Annual Entrepreneurship Report 2016-2017: Early stage entrepreneurship rates decrease*, (Athens, Foundation for Economic and Industrial Research, November 2017)

⁹⁴ Tasos Kokkinidis, *Heavy Taxation Discourages New Entrepreneurs in Greece – Report*, (Greek Reporter, December 19, 2017)

⁹⁵ Derek Gatopoulos, *Greece finally growing, but taxes crushing new businesses*, (*The Associated Press*, October 31, 2017)

⁹⁶ *Ibid.*

⁹⁷ Lefteris Papadimas, Theodora Arvanitidou, Tsvetelia Tsolova, *Greek businesses move abroad to escape austerity*, (Reuters, November 23, 2016)

⁹⁸ *Ibid.*

illustrate, in October 2011, the Centre for Studies and Research of the Athens Chamber of Industry and Commerce conducted a comprehensive study on barriers faced by businesses operating in the Greek economy. In that period, they surveyed 1,104 companies and discovered the following barriers listed in the tables below, divided between most important and moderately important:

Table 1. The most important barriers to entrepreneurship in Greece.

Barrier	% of Respondents
Continuous changes in instability in the tax employment and insurance status	80%
Market psychology	78%
Height of tax rates and other fees that make up the cost of running a business	62%
Bureaucracy in dealing with the state	57%
Inability to control black markets and shadow economy	57%
Inability to fight tax evasion	55%
Corruption in transactions between business and state	52%
Reduction in purchasing power of workers and pensioners due to the lowering of salaries and pensions	51%
Difficulty in accessing the banking system for financing	49%
Height of social security contributions	41%
Large public sector	45%
Difficulty of accessing local national and European funding programs	37%

Source: *The MacroThink Institute*⁹⁹

⁹⁹ Panagiotis Kotsios and Vasilios Mitsios, *Entrepreneurship in Greece: A Way Out of the Crisis or a Dive In?*, (The Macrothink Institute, March 15, 2013)

Table 3. Moderately Important Barriers Met by Greek Enterprises

Barrier	% of Respondents
Wage costs	43%
Rent	33%
Delayed privatizations	26%
Demonstrations and marches	25%

Source: *The MacroThink Institute*¹⁰⁰

As Theodore Pelegidis writes for the Brookings Institution,

“...for both individuals and companies, there is not any incentive to invest or start up a business or even maintain an existing one. Under this very unfavorable tax environment, one can easily explain both the fall of gross capital formation as well as why it is so doubtful if any structural reforms can really help the economy to a strong recovery.”¹⁰¹

To illustrate, below are two tables provided by Pelegides that show the taxes companies face per 100 euros of profit:

Table 4: Taxes for each 100-euro profit since January 1, 2017 for VAT 24 percent for profit over 40.000

	Income	Coefficient %	Taxes in Euro	% Taxes/Income
VAT	100.00	24.00	19.35	19.35
Social Security	80.65	26.95	21.73	21.73
Income tax	58.91	45.00	26.51	26.51
Solidarity tax	80.65	7.50	6.05	7.50
Sum of taxes			73.65	73.65
In advance tax	26.51	100	26.51	26.51
Sum incl. in advance tax			100.16	100.2

¹⁰⁰ Panagiotis Kotsios and Vasilios Mitsios, *Entrepreneurship in Greece: A Way Out of the Crisis or a Dive In?*, (The Macrothink Institute, March 15, 2013)

¹⁰¹ Theodore Pelegidis, *Over taxation at the heart of Greece’s non-recovery economy*, (Brookings, September 6, 2017)

Table 5. Taxes for each 100-euro profit since January 1, 2017 for VAT 24 percent for profit, companies

	Income	Coefficient %	Taxes in Euro	% Taxes/Income
VAT	100.00	24.00	19.35	19.35
Social Security	80.65	26,95	21.73	21.73
Income tax	58.91	29,00	17,08	17.08
Solidarity tax	0.00	0.00	0.00	0.00
Sum of taxes			58.17	58.17
In advance tax	17.08	100.00	17.08	17.08
Sum incl. in advance tax			75.26	75.3

As the above tables illustrate, a company can be not only taxed out of all profit, but when advanced taxes are applied, can even find itself in the curious case of being in the red. As Yiorgos Kalaitzoglou, a businessman who left Greece said, “The taxman in Greece takes 70 to 90 percent of earnings, Greece simply doesn’t let you live” while Prokopis Makris, another businessman said, “We are bombarded with taxes in Greece, businesses are being annihilated.”¹⁰² John Psarros, who closed his bistro-restaurant The Wilbury in Kifissia this past May, said, “Taxes and social security were crippling and the amount you have to pay for each hire was extortion. It wasn’t worth it”¹⁰³ while Natasha Patricios, who also closed her gift shop, Charisma Gifts, said that taxes was a “huge factor...I had to pay taxes even before selling a single product, from the moment I registered my business.”¹⁰⁴ Not surprisingly, the excessive over-taxation illustrated above increased the already extensive tax evasion in Greece. According to the Institute for Applied Economic Research (IAW) in Germany, the shadow economy in Greece now accounts for 21.5 percent of the GDP.¹⁰⁵ As entrepreneur Nicholas Galanis points out, “once you start making money, taxes become punishing.”¹⁰⁶

5.2 Red Tape and High Taxes Stunt Growth and cause “Economic Death Spiral”

“Dealing with the inefficient public sector - which lacks an entrepreneurial mindset - kills the productive and limited resources of entrepreneurs and the negative effect of this non-value added activity on the Greek entrepreneurship ecosystem and the overall economy is tremendous.” - Andreas Stefanidis

¹⁰² Lefteris Papadimas, Theodora Arvanitidou, Tsvetelia Tsoleva, *Greek businesses move abroad to escape austerity*, (Reuters, November 23, 2016)

¹⁰³ Interview with John Psarros, September 24, 2018.

¹⁰⁴ Interview with Natasha Patricios, September 12, 2018.

¹⁰⁵ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece is a Tragedy* (Heritage Foundation, November 27, 2017)

¹⁰⁶ Interview with Nicholas Galanis, September 18, 2018.

According to Price Waterhouse Cooper's latest report on taxation in Greece, the taxation system in Greece is not only among the highest in Europe and across every category, but it does not even yield the anticipated revenue for the government. It also points out that while the total annual revenue from taxes remain stable, the tax parameters are constantly changing, leading to a discouraging economic and business environment. For entrepreneurs, lower taxes is not only important, but a stable tax system is also crucial for entrepreneurs so that they can have an idea of what their taxes will be and can plan accordingly.¹⁰⁷ For example, the corporate tax rate underwent 7 changes since 2005 while the VAT deficit is estimated at 34% due to tax evasion, tax avoidance and ineffectiveness in the tax collection mechanism.¹⁰⁸ According to DiaNEOsis, a non-profit think tank based in Athens, the Greek government misses out on 16 billion euros every year, which would amount to 32% of annual state revenues. The inefficiency of the tax collection mechanism combined with over-taxation has not only significantly reduced incomes but has also predictably, spurred tax evasion. Dianeosis also points out that there is an absence of genuine political will to combat this phenomenon.¹⁰⁹ In fact, Transparency International's Corruption Perceptions Index, which ranks 180 countries and territories by their perceived levels of public sector corruption according to experts and business people and uses a scale of 0 to 100, where 0 is highly corrupt and 100 is very clean, today gives Greece a score of 48, ranking it 59th globally.¹¹⁰

Little has changed since 2011 as entrepreneurs in Greece, both existing and aspiring still point out that the most important barriers they face are tax rates, employment and insurance status, market psychology and state of bureaucracy. More importantly, as the authors from the MacroThink institute point out, three out four of the most important barriers cited by entrepreneurs, which are continuous changes and instability in the tax employment and insurance status; market psychology; height of tax rates and other fees that make up the cost of running a business; bureaucracy in dealing with the state; are barriers that originate directly from the government while the other one market psychology can be tackled by government action e.g. investments and structural reforms. Compounding this problem, the authors further point out that,

*"the policies that have been proposed by the IMF and have been applied in Greece so far, have increased tax rates, changed more than once the employment and insurance status, "froze" market psychology, due to public and private sector wage cuts and did almost nothing to lessen bureaucracy."*¹¹¹

The excessive taxation and tax evasion of individuals and businesses in the last few years has led to a vicious cycle: while taxes are increasing, tax evasion too is increasing, causing a drop in revenues for the government. One result of this cycle is that just 1.6 percent of taxpayers, or 120,000 people, have to pay 2.7 billion euros or almost 30 percent of total income tax.¹¹² In addition to the barriers of excessive and over-taxation, Greek bureaucracy continues to act as a serious challenge to entrepreneurship. As the EU's guidebook on *Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship* points out, setting up and running a business requires awareness of regulations, administrative red tape, and the legal and institutional framework of a

¹⁰⁷ Interview with Andreas Gennimatas, September 12, 2018

¹⁰⁸ PwC, *World Tax Summaries: Taxation in Greece, 2016*

¹⁰⁹ Prokopis Hatzinikolaou, *The vicious cycle of Greece's tax system*, (Kathimerini, March 22, 2017)

¹¹⁰ Corruption Perceptions Index 2017, (Transparency International February 21, 2018)

¹¹¹ Panagiotis Kotsios and Vasilios Mitsios, *Entrepreneurship in Greece: A Way Out of the Crisis or a Dive In?*, (The Macrothink Institute, March 15, 2013)

¹¹² Prokopis Hatzinikolaou, *The vicious cycle of Greece's tax system*, (Kathimerini, March 22, 2017)

country, as well as the procedures for setting up a business, for example registering the enterprise, obtaining permits, filling out tax reports and so forth.¹¹³ The notorious Greek bureaucracy, despite recent efforts by the government, remains a nightmare for most, regardless of age group or citizenship status. As attorney Gregorios Michailopoulos says in the *Greek Law Digest*,

*“due to the lack of consolidation and codification of the incumbent legislation, investors are exposed to a legislative ‘labyrinth’, where a myriad of legal acts impose considerable difficulties in identifying and interpreting the optimum path. The arduous task of fully grasping the Greek legal environment becomes even more complicated, due to the recurring, for the implementation of a certain investment, involvement of various stakeholders, sometimes with overlapping roles and competences.”*¹¹⁴

To illustrate, the Association of Administrative Judges conducted a study showing that between 1975 and 2015, Greece passed 250 tax laws and amendments and 115,000 ministerial decisions. In addition, from 2015 to March 2017, the Greek parliament approved six tax laws with 177 articles, and another 17 laws that included 71 tax clauses. For those clauses, 111 ministerial decision and 138 explanatory circulars were issued.¹¹⁵ Though Greece rose rapidly up the World Bank’s *Doing Business* rankings until 2015, that changed when the coalition government led by Syriza, a radical left-wing party, came to power. The Syriza government rolled back on the previous government’s reforms, such as liberalizing highly regulated professions and curbing collective wage-bargaining.¹¹⁶ This environment serves as a formidable barrier to entrepreneurs regardless of age or background. For example, even the CEO and co-founder of Stockholm-based tech firm Norbloc, Astyanax Kanakakis, who received funding from Marathon Venture Capital to open a subsidiary in Greece, described the process of setting up a subsidiary in Greece - which now employs seven Greeks - as “extremely painful. If I were a new entrepreneur, I do not know if I would go to all the trouble.”¹¹⁷ This sentiment is widely shared. In fact, the latest European wide survey by PwC revealed that 71% of respondents in Greece cited government red tape as a major concern.¹¹⁸

Furthermore, it is not only red tape that has proven discouraging to aspiring entrepreneurs but also the wider, entrenched, policy and legal environment businesses are expected to operate in, with special regards to poor protection of property in Greece and the slow application of the rule of law.¹¹⁹ According to James Roberts, a Research Fellow in the Center for International Trade and Economics, and of the Kathryn and Shelby Cullom Davis Institute for National Security and Foreign Policy at The Heritage Foundation and George C. Bilros, a Professor of Political Economy, Emeritus, at the Athens University of Economics and Business, property rights in Greece were severely undermined in the 1970s by Article 106 in the 1975 constitution, which allows for the legal confiscation of property by the state and the judicial pretext for an expansion of the state deep into the economy by using

¹¹³ *Evaluation and Analysis of Good Practices in Promoting and Supporting Migrant Entrepreneurship Guidebook*, (Brussels, European Union, 2016) p. 36

¹¹⁴ Gregorios Michailopoulos, *Investments and Development The legal–institutional framework*, (*The Greek Law Digest*, July 11, 2016)

¹¹⁵ Propkopolis Hatzinikolaou, *The vicious cycle of Greece’s tax system*, (Kathimerini, March 22, 2017)

¹¹⁶ *Greece exits its bail-out programme, but its marathon has further to go*, (The Economist, August 2, 2018)

¹¹⁷ Jessica Bateman, *How Greece is Reversing Brain Drain*, (BBC, April 6, 2018)

¹¹⁸ Mark Smith and Peter Englisch, *European Private Business Survey*, (PwC, 2018)

¹¹⁹ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece Is a Tragedy* (Heritage Foundation, November 27, 2017)

nationalizations and funds from the state-controlled banking sector.¹²⁰ Roberts and Bilros point out that stories of abuses by bureaucrats across all economic sectors and activities using laws based on Article 106 of the constitutional provision are countless and endemic and have a highly destructive day-to-day impact on small-property owners and entrepreneurs.¹²¹ (Please See Article 106 in Appendix A) In the context of Article 106, successive Greek governments have systemically, through their market interventions, destroyed the incentives necessary for the growth of entrepreneurship, creating a statist and hostile environment where aspiring private entrepreneurs are subservient to the plans and investment choices of government bureaucrats and their clientele.¹²² Compounding this discouraging environment is how glacially slow Greek courts are in resolving civil conflicts in a timely and effective manner. Not surprisingly, the confidence of Greeks in the willingness of others to abide by the rules of society, in particular their perceptions of the quality of contract enforcement, the police, and the likelihood of crime and violence is very low.¹²³ Gennimatas points out that in cases of dispute, “the courts take too much time to decide. This has a huge impact of the business activities of either party.”¹²⁴ The Greek economy, according to Roberts and Bilros, remains:

“stifled by powerful public unions, does not support entrepreneurship. The rigid labor market impedes productivity and job growth, and corruption continues to be a problem. Empowered by a recklessly vague constitutional provision (Article 106), the threat of expropriation by the state of private property and private businesses perpetually hangs over the economy like a sword of Damocles—deeply damaging the investment climate.”¹²⁵

This proverbial “sword of Damocles” that the Greek government hangs over entrepreneurs is not only an impediment to native entrepreneurs, but also to foreign investors, who are very much aware of the hostile, precarious and mercurial legislative and business environment of Greece. As Alec Mally, points out, foreign companies are not only local job creators, which contributes to youth employment, but often also subcontract work to local businesses, making their presence profitable to native entrepreneurs as well.¹²⁶

5.3 Education, Skills Shortage and Cultural Barriers

*“Our society lacks a mindset of collaboration. For a competitive entrepreneurial environment, we need to build open minded eco-systems and not closed and segmented ego-systems.” - Andreas Stefanidis.*¹²⁷

One of the biggest obstacles preventing businesses from growing is skills shortage and lack of access to the right talent. In Greece, the economic losses due to skills shortage is 2 billion euros, which is 1.1% of the country’s GDP of 174 billion.¹²⁸ The skills shortage in Greece, as it is in Europe, is a structural issue since the availability of qualified workers is dependent not only on factors such as the free movement of labor, but also educational systems that provide graduates with the right

¹²⁰ Ibid.

¹²¹ Ibid.

¹²² Ibid.

¹²³ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece Is a Tragedy* (Heritage Foundation, November 27, 2017)

¹²⁴ Interview with Andreas Gennimatas, September 12, 2018

¹²⁵ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece Is a Tragedy* (Heritage Foundation, November 27, 2017)

¹²⁶ Interview with Alec Mally, August 21, 2018.

¹²⁷ Interview with Andreas Stefanidis, September 18, 2018.

¹²⁸ Mark Smith and Peter Englisch, *European Private Business Survey*, (PwC, 2018)

qualifications.¹²⁹ According to Diana Voutyrakou, a young robotics student who co-founded Unique Minds, a start-up that provides academic orientation for Greek senior high school students, the education system hinders the entrepreneurial spirit in teenagers by preventing them from deciding what they want to study at university which leads to many students choosing courses for the wrong reasons, which in turns leads them to lose their motivation after enrolling.¹³⁰ In addition, publicly funded universities do not provide students with specialized training courses on entrepreneurship, which is a lost opportunity to teach potential young founders how to launch, fund, and operate a successful and viable business. At the same time, large corporations rarely offer internships to young and aspiring entrepreneurs.¹³¹ Though this has been slowly changing in the past 5 years as new private and public sectors initiatives have provided new and valuable opportunities for entrepreneurship training , on a wider and more formal level, according to Carla Tanas, entrepreneur and co-founder of Industry Disruptors-Game Changers, a non-for-profit organization that focuses on empowering youth towards innovation and entrepreneurship both in Greece and abroad, “The education system doesn’t teach professional skill sets, leadership skills, customer ethics, and entrepreneurial mindsets...students are not taught to be problem solvers but learn to pass the responsibility to someone else instead.”¹³²

This skills shortage due to the educational system is compounded by the human capital flight from Greece that followed the crisis. By 2015, some 200,000 young Greeks had left the country in one of the biggest brain drains in modern times,¹³³ while according to ELSTAT, more than half a million Greeks had left the country since 2012.¹³⁴ To Tanas, such a “brain drain” affects the talent pool both native and migrant entrepreneurs can draw from to support their ideas and build their teams¹³⁵ This has been previously pointed out by a study released by the Bank of Greece in July 2016, which stressed how the failure of the local education system to produce high-quality human capital and the inability of the domestic economy to hold onto and attract talented workers contributed to the growth of Greece’s brain drain.¹³⁶ According to a study published by University of Macedonia in April, 2016, 50% of Greeks who left after 2010 were unemployed while 54% of those who left between 2010 and 2015 were under the age of 30.¹³⁷ The majority of those who left (75%) have at least a university degree or a degree from a technical school. Furthermore, within the segment of Greek migrants who are engineers, doctors, economists, lawyers, mathematicians, 73% have master’s degrees, 51% have PhDs and 41% have studied in high-tier universities. This brain drain also represents a huge loss of investment for the government. For example, according to the same study, the government spends 95,000 euros for the public education of each medical student, only to have them leave the country due to a lack of employment prospects. In addition, young Greeks who left the country did so not only because of poor economic and unemployment conditions but also because of the state’s failure to

¹²⁹Ibid.

¹³⁰ Nick Malkoutzis, *Messageforstart-ups is ‘Don’t stop’*, (Kathimerini, November 12, 2017)

¹³¹ Vassilis Antoniadis, Markos Giakoumelos, Thanos Petkakis and Zacharias Zacharia, *Greece’s StartUp Ecosystem: A Prime Opportunity for Economic Growth*, (Boston Consulting Group, April 2018)

¹³² Interview with Carla Tanas, September 13, 2018.

¹³³ Helena Smith, *Young, gifted and Greek: Generation G – the world’s biggest brain drain*, (The Guardian, January 2015)

¹³⁴ Kerry Kolasa-Sikiaridi, *ELSTAT: More Than 500,000 Greeks Left Greece Over Past 5 Years*, (Greek Reporter, January 5, 2017)

¹³⁵ Interview with Carla Tanas, September 13, 2018.

¹³⁶ *Brain drain amounted to 223,000 people in 2008-2013*, (Kathimerini, July 20, 2016)

¹³⁷ *Μεπτυχίο 7 στους 10 Έλληνεςμετανάστες*, (Kathimerini, April 17, 2016)

provide and generate opportunities for professional evolution.¹³⁸ According to Voula Verouchi in her working paper *Cultural Barriers to Prosperity: The Case of Greece*, a larger cultural context that informs education and political attitudes among Greeks is also a challenge to the facilitation of entrepreneurship.¹³⁹ In a rather candid manner, Verouchi describes the anti-capitalistic environment which plagues Greek civic life,

“Greece is infested by various interests and corruption, and seems to be closer to a country in transit when it comes to its economic and social structures. It presents all of those pathogeneses of the post-communist countries, or of the Latin American states. It supports a populist agenda and clientelism, its court system is overwhelmed, the media and public life are largely affected by corruption and the pressure they put on the public opinion is notable. Greece is a closed economy which nurtures ‘protectionism’ and paternalism in all areas of life. Furthermore, the hostility that the average person show towards capitalism can only be explained as a result of years of anti-imperialism, anti-capitalism, and anti-American rhetoric adopted by most political parties, as well as the conspiracy theories and ignorance that follow them. It is almost a criminal offence to be wealthy or better off than others. If you do not show your ‘solidarity’ in one way or another, you are labelled as a person without ‘heart’ or ‘filotimo’ or morality.”¹⁴⁰

Greek political culture and structural rigidity is regarded as one of the most intrinsic and fundamental barriers to the reforms the country needs to aid growth and facilitate entrepreneurship in the next generation. The failure of the Youth Guarantee Plan is an example of this.

5.4 The Youth Guarantee Implementation Plan

In mid-2013 there were about 240,000 young people in Greece aged 15-24 years old who were not in education, employment, or training (NEETs). Out of the 240,000 NEETs, around 150,000 were unemployed and the rest were “disengaged” youth. The Youth Guarantee Implementation Plan of 2013 was a series of measures designed to target approximately 181,000 NEETs in Greece through the implementation of structural reforms. It was supposed to be fully implemented by 2016. The YGIP measures are expected to target a total of around 181,000 NEETs who following the scheme’s work experience and training, should acquire employment within four months. The total EU budget for the YGP in Greece was 260 million euros for 2013-2016, of which 170 million euros were allocated to the Youth Employment Initiative (YEI) and 90 million euros to the European Social Fund.¹⁴¹

The Ministry of Labour, Social Security and Welfare is in charge of the strategic planning and implementation of the YGIP, with the Employment Directorate of the Ministry appointed as the National Coordinator and responsible for fostering dialogue and cooperation with all institutions involved. The Ministry of Labour is supported by the PES (OAED) and other actors including the Ministry of Education, Research and Religious Affairs, the Ministry of Rural Development and Food, the Ministry for Development and Competitiveness, the Ministry of Merchant Marine and Island Policy, the Ministry of Tourism, the Ministry of Culture, local authorities and social partners.¹⁴²

¹³⁸ *Brain drain amounted to 223,000 people in 2008-2013*, (Kathimerini, July 20, 2016)

¹³⁹ Voula Verouchi, *Cultural Barriers to Prosperity: The Case of Greece*, Working Paper 3, (The Fletcher School of Diplomacy, May 15)

¹⁴⁰ Ibid.

¹⁴¹ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes: Greece, 2016*, (OECD/European Union, 2016)

¹⁴² European Commission, *Youth Guarantee country by country, Greece* (EU, May 2018)

The Youth Guarantee Implementation Plan, however, fell drastically short of targets. According to the European Commission's latest report, six out of ten (60.2%) of those registered in Greece's YG scheme at any point during 2016 have been waiting for an employment offer for more than 4 months. Only two in five (41.4%) of those that left the YG in 2016 were known to be in a positive situation 6 months after leaving. Longer-term follow-up data for those leaving the YG in 2014 and 2015 suggest that the limited positive outcomes achieved are sustainable, with the proportion known to be in a positive situation remaining at similar levels (around 40%) 12 and 18 months after exiting the Youth Guarantee scheme. One of the main reasons the plan fell short in Greece is that while the plan can help NEETs acquire work experience or training, gaining sustainable employment requires the support from other policies, namely fiscal and structural measures that Greece has been resistant to. Most important of these is growth-friendly macroeconomic policies and institutional frameworks which have thus far been resistant to reform.¹⁴³

5.5 Additional Obstacles for Migrants

"When you're a migrant, you're more likely to get ripped off...foreigners get overcharged for everything, which adds to their costs of doing business. There's 100% discrimination against foreigners...They take you for a ride." - Nicholas Galanis¹⁴⁴

According to the OECD, the long-term unemployed, people at risk of poverty or exclusion from the labor market, and migrants, generally receive less public support in self-employment and business creation.¹⁴⁵ While targeted support measures for migrant entrepreneurs are less frequent in southern and eastern Europe in comparison to the rest of Europe.¹⁴⁶ For migrants, a different set of challenges is faced in addition to sharing the same challenges faced by their Greek counterparts. According to Liargovas and Skandalis, though the past decade showed a remarkable growth in entrepreneurship among immigrants in Greece, their participation and contribution to Greek society is still marred by issues of social integration, crime, exclusion, racism and discrimination. Their empirical research on the motivations of migrant entrepreneurship in Greece provided empirical insights into the factors which played a critical role in the starting and existence of migrant business. They found that the intention to becoming an entrepreneur depended on family survival needs, immigrant community ties, personality features or traits and market infrastructure as well as the general conditions of the Greek economy.¹⁴⁷ Their findings show that shares of entrepreneurs are surprisingly low among migrant populations in Greece and display little ethnic variation while immigrant entrepreneurship mostly related to services at the "lower end of the economy" and are necessity driven. Furthermore, only a limited number of sectors, such as retail trade, food & beverage services, and construction, attract more than 60% of all migrant entrepreneurial activities. Opportunities for innovative, technology-driven and knowledge-based businesses are scarce for immigrants. According to the authors, institutional rigidities concerning the labour market as well as the lack of any meaningful and

¹⁴³ László Andor and Lukáš Veselý, *The EU's Youth Guarantee: a broadly accepted reform in need of full implementation*, (OCE, January 2018)

¹⁴⁴ Interview with Nicholas Galanis, September 18, 2018.

¹⁴⁵ Dimitris Karantinos, David Halabisky and Sandra Hannig, *Inclusive Entrepreneurship Policies, Country Assessment Notes Greece, 2016*, (OECD/European Union, 2016)

¹⁴⁶ Maria Vincenza Desiderio, *Policies to Support Immigrant Entrepreneurship*, (Migration Policy Institute, August 2014)

¹⁴⁷ Panagiotis G. Liargovas and Konstantinos S. Skandalis, *Motivations of migrant entrepreneurship in Greece: a factor analysis approach*, (Journal of Small Business and Enterprise Development, Vol. 19 Issue: 4, 2012) pp.627-639,

supportive government initiatives accounts for this lack of entrepreneurship among migrants in Greece.¹⁴⁸ These findings are also corroborated by other reports.

According to the OECD, despite migrants showing higher rates of entrepreneurship in comparison to the native-born, migrant businesses have significantly lower survival rates than businesses created and run by native-born entrepreneurs.¹⁴⁹ In her report for the Migration Policy Institute (MPI), Maria Vincenza Desiderio, also summarizes other challenges faced by migrants, pointing out that credit constraint is also greater for immigrant entrepreneurs. For example, immigrants are more likely to lack collateral for banks such as owned homes or property. At the same time, migrant businesses also have higher failure rates and migrants may also face discrimination from banks who are simply not familiar with the migrant community. This lack of access to capital and microfinancing results in migrants being barred from entering businesses that pertain to the higher end of the sector, and limits them to businesses with low barriers to entry, such as construction, retail and catering.¹⁵⁰ Austerity measures that followed the Greek crises, inevitably, not only made banks reluctant to lend to Greeks, but more so to migrants for all the reasons listed above.

Indeed, it is not only young Greeks who have left Greece in search for less hostile business and labor environments in order to reach their full potential. Mike Wright, whose inability to do business in Greece motivated his departure from the country two years ago shares, "Greece is such a beautiful place, I wish they could sort it out but I'm not the type of person who can sit around and hope things will change for Greeks and non-Greeks." Upon completing his undergraduate studies in business administration in Deree College, Michael Wright tried to start a new business in Greece twice, the first to process foods and the second to set up a mini-golf course - only to be let down by the municipal authorities and red tape. His experience was disappointing and a text-book case of the challenges both Greeks and non-Greeks can face in setting up a business in Greece. He found that government officials and bureaucrats were unwilling to help and treated speaking "English like a taboo," causing major language barriers. The licensing process was obscure and 'not clear at all' and Wright was told during the licensing and permit process that his papers could be ready between one week or one year - depending on how much he was willing to pay in bribes. The moment he was told the speediness of establishing his business depended on him paying bribes, he halted all procedures to do business in Greece. Stressing the need for clear guidelines on what is required to register companies for municipalities to follow, Wright says, "the moment when the government and municipalities came into play, everything went down" - a common refrain among several migrant and native entrepreneurs. For young migrants studying business, Wright felt there was "nothing on navigating the political cauldron in Greece" in his formal education and points out that for non-Greeks who do not have a network or "connections," the process is "extremely difficult and off-putting...off-putting for life...I felt that creating a business here would be the start of something that would be a big regret in my life and I would be taken for a ride for a very long time." He also described the government websites describing how to set up a business were vague: "like IKEA giving you the stuff you need but without an instruction manual." In stark contrast, Wright describes the business and private companies were extremely helpful, encouraging and accommodating in guiding him through his market and product research and very generous with their time. Being foreign, Wright was warned by

¹⁴⁸ Costas Stampolas and Alexandra Tragaki, "Migrant Economic Activity in Europe: Migrant Entrepreneurs in the Wider Athens Area," The Jean-Monnet Papers on Political Economy, The University of the Peloponnese, 2017. https://jmcegovernance.files.wordpress.com/2016/09/jm_paper_16.pdf

¹⁴⁹ Maria Vincenza Desiderio, Policies to Support Immigrant Entrepreneurship, (Migration Policy Institute, August 2014)

¹⁵⁰ Ibid.

multiple people that simply having a foreign name would make him a target for corruption: “targeted because you’re more desperate than others and less likely to be connected and have a network. You’re not a potential liability for them and have no ability to ‘bite back.’” Today, Mike Wright is running his own successful recycling business in Zambia.¹⁵¹

Furthermore, while most entrepreneurship support programs by the government and private sector such as the ones described in the previous chapter are generally available to the entire young population of Greece regardless of citizenship status, in reality, migrants, and in particular newly arrived migrants, find it challenging to access and benefit from these programs due to fundamental obstacles such as language barriers. Francis Okwemba, a Kenyan migrant whom completed Solidarity Now’s Business for Youth program and launched his own online radio using a free, online radio host hopes to open his own music and video production studio to support both his own music and the music of other migrant artists. In his endeavor, he cites the language barrier as his “biggest challenge so far” in terms of reaching his market audience and making his website “Greek-friendly.”¹⁵² According to the OECD’s latest report on the integration of migrants and refugees in Athens, one of the major problems remains the language barrier migrants face as several migrants cannot make use of the integration opportunities, initiatives or programmes offered by municipal services due to limited knowledge of Greek. Limited familiarity with how to complete the required administrative procedures as well as limited knowledge of the initiatives is also a reason why migrants underuse of municipal services. There is no systematic language training in place at all levels of the municipal services.¹⁵³ At a more basic level, for first-generation migrants, the fact that they are new arrivals in a new country, often traumatized and struggling to adapt both to loss and a new and foreign environment, places them in an intrinsic disadvantage that must not be overlooked.¹⁵⁴

5. Conclusions and Recommendations

“Being an entrepreneur means you can never say I’m done” - Eleftheria Tseliou¹⁵⁵

According to the Panhellenic Exporters Association (PSE) which analyzed data provided by ELSTAT, Greek exports rose 15.6 percent and the trade deficit contracted by 10 percent in the first six months of 2018. PSE also showed that Greek exports, including fuel, grew by 2.2 billion euros to 16.2 billion, in comparison to 14 billion euros in the same period of the previous year. Exports excluding fuel, experienced an increase of 12.8 %, rising to 10.8 billion euros from the 9.6 billion euros from the same period in 2017. Because of this increase, Greece’s trade deficit shrank by 10 percent (1.12 billion euros) in the first half of 2018.¹⁵⁶ Despite the figures above, Greece fell to 61st place in the World Bank’s annual 2017 Doing Business survey.¹⁵⁷ According to ELSTAT, gross fixed capital formation in Greece fell by 8.3 per cent on an annual basis.¹⁵⁸ Businesses continue to hemorrhage to neighboring

¹⁵¹ Interview, Michael Wright, September 13, 2018

¹⁵² Francis Okwemba interview, September 28, 2018.

¹⁵³ *Working Together for Local Integration of Migrants and Refugees in Athens* (OECD, July 26, 2018)

¹⁵⁴ Interview, Paul Kidner, September 5, 2018

¹⁵⁵ Interview with Eleftheria Tselious, September 13, 2018.

¹⁵⁶ Despina Konti, “Exports grow, trade deficit shrinks in H1,” (Kathimerini, September 5, 2018)

<http://www.ekathimerini.com/232341/article/ekathimerini/business/exports-grow-trade-deficit-shrinks-in-h1>

¹⁵⁷ The World Bank. *Doing Business 2017*, (2017)

¹⁵⁸ Kerin Hope, *Greek economy grows most by a decade*, (Financial Times, June 4, 2018)

countries. Likewise, the brain drain in Greece continues. According to the IOBE, three out of four early stage entrepreneurs in the 2016 were older than 35 years old with 36.5% being between 45 and 54 years old. In general, the participation of younger people in entrepreneurship is lower compared to the group of innovation-driven economies. According to EUROSTAT, 22.2 percent of the Greeks experienced “severe material deprivation” in 2016.¹⁵⁹ While it is true the past five years has seen many changes that must be applauded, they are not regarded by entrepreneurs and experts as being enough. It is also important to note that the decrease in unemployment rates does not take into account that of all the new jobs are part-time or seasonal while for the poorest one-third of private sector workers, salaries are an average of 383 euros a month.¹⁶⁰ According to the Special Eurobarometer corruption study published in December 2017, 96% of Greeks surveyed agree that corruption in their country is widespread while 46% responded that they were personally affected by corruption in their daily life. Over nine in ten of Greeks surveyed (93%) said that there is corruption in national public institutions, 88% believe that the use of bribery and connections makes it easier to obtain certain public services and 84% believe that corruption is part of their country’s business culture.¹⁶¹ Without a doubt, urgent and comprehensive economic and political reform is needed in Greece. Our recommendations to rectify this environment is as follows:

Tax System Overhaul. Given that growth is one of the most fundamental ways to improve the business climate in Greece, tax rates must be cut and simplified while tax-free thresholds must be increased. Slashing the tax rates and providing tax breaks to SMEs will not only revive incentives for young entrepreneurs and enterprises but, will also stem tax evasion and facilitate growth. For example, a 10% increase in GDP could raise tax revenues by 11.3%.¹⁶²

Public sector must be reduced significantly, and public servants must be subject to evaluations for competitiveness. A survey by the Greek Federation of Enterprise revealed that public sector salaries are on average 38 percent higher than private sector salaries.¹⁶³ At the same time, despite its notorious lack of productivity, the politically influential public sector consumes over 50% of the GDP, increases national debt, stifles the economy and continues to undermine entrepreneurship.¹⁶⁴

Businesses must be more politically active and organize into vocal lobbying groups to pressure politicians and bureaucrats to becoming more aware and cautious on how their policies and regulations can harm the private sector, the ease of doing business, and the general environment for entrepreneurship¹⁶⁵ which in turn harms the country’s growth.

Overhaul the Education System. The educational system in Greece must be modernized. Education in digitization and entrepreneurship must be mainstreamed and must begin from an early age. The state must not interfere in the career choices of its students directly or indirectly. Furthermore, soft skills like problem solving, cooperation, leadership and emotional intelligence must also be emphasized in the educational system. In the same vein, principles of entrepreneurship and financial management

¹⁵⁹ EUROSTAT, Material deprivation and low work intensity statistics, (2016)

¹⁶⁰

¹⁶¹ Special Eurobarometer 470, Corruption, Fieldwork study, (October 2017)

¹⁶² PwC, *World Tax Summaries: Taxation in Greece*, (2016)

¹⁶³ John Psaropoulos, In Greek economy’s vicious cycle, workers lose most, (Al Jazeera, May 28, 2018)

¹⁶⁴ James Roberts and George Bilros, *The Lack of Economic Freedom in Greece Is a Tragedy* (Heritage Foundation, November 27, 2017)

¹⁶⁵ Mark Smith and Peter Englisch, European Private Business Survey, (PwC, 2018)

must be introduced early to students since knowing how to manage money is integral to the success of a business.¹⁶⁶ The mentality of entrepreneurship must be encouraged as vital to the economy, social welfare and competitiveness of the country, rather than dismissed as a taboo, capitalist, threat.

Change in Legislation. In addition to overhauling the tax system, Article 106 of the Greek constitution must be repealed to remove the environment of insecurity that it fosters for entrepreneurs and investors. Laws pertaining to the business environment must be clear and stable, rather than ever-changing according to what political party currently occupies the government. Legislation must also be updated to take into account innovation and new products and services. Long-awaited legislation to allow microfinancing services to be independent of banks must also come to pass. Migrants must also be allowed to open companies without a local Greek partner.

Integration. Communities must be encouraged to integrate and prevented both from being isolated by the larger community as well as self-isolated. The government must develop and implement comprehensive integration policy early, with a special focus on language acquisition and labor market integration. Public services should appoint cultural mediators and interpreters and ensure that administrative documents are translated in several languages.¹⁶⁷ The government must also expand existing efforts to provide supportive entrepreneurship programs and create new efforts that are tailored specifically to the needs of migrants. Maria Vincenzo Desiderio gives examples of what such targeted measures can include:

- ““Knowledge-based” services to help develop country-specific human capital and business skills, which should include business language courses, multilingual financial literacy and entrepreneurship training modules and an introduction to the host country’s business culture and environment, information on local business regulations and stakeholders and on available mainstream and targeted business-support services
- Mentoring and network-building initiatives to facilitate acquisition of country specific business skills and social capital including business to business advice and training, and enhanced opportunities to connect with mainstream business community, business associations, potential suppliers and customers.
- Tailored counseling and assistance on administrative procedures, recruitment practices, and compliance with tax regulations, labor law and social security obligations
- Targeted measures to facilitate access to credit such as the provision of guaranteed and quality assurance labels to improve the credit worthiness of migrant businesses, awareness raising campaigns among mainstream credit institutions on the behavior and bankability of immigrant groups, diversity training for mainstream credit institutions agents, and enhanced microcredit opportunities and access to other unconventional finances such as credit union loans.”¹⁶⁸

In conclusion, policies must improve the conditions that allow youth and migrant entrepreneurs to access finance, labor market policies must be revised, Article 106 of the constitution must be repealed, and regulatory and administrative requirements must be both simplified and stabilized. Greece must increase the ease of doing business and allocate more funds for research and development, which go

¹⁶⁶ Interview with Paul Kidner, September 5, 2018.

¹⁶⁷ *Working Together for Local Integration of Migrants and Refugees in Athens*, (OECD, July 26, 2018)

¹⁶⁸ Maria Vincenza Desiderio, *Policies to Support Immigrant Entrepreneurship*, (Migration Policy Institute, August 2014)

hand in hand with innovation and can encourage bright Greek minds who fled abroad to return. Greater outreach campaigns to migrant communities informing them of existing programs must also be implemented. More research is needed to quantify data on migrant entrepreneurship in Greece and to update existing data. Also, further emphasis must be placed on developing other Greek industries beyond tourism, which is a seasonal sector. As Paul Kidner of the People's Trust points out, it is also important to remember that the huge spike in tourism that Greece has seen in recent years is also the result of conflicts that have emerged in Greece's near neighbors that have driven tourists whom would otherwise go to say, Turkey or Egypt, to Greece.¹⁶⁹ Overall, a more sweeping and visionary approach is needed to take advantage of Greece's natural assets and human capital, and to make Greece a more competitive business environment not only in the European context, but globally as well. For that, cultures and mentalities must change, a slow but sure process in Greece that has already begun in the new and younger generation.

¹⁶⁹ Interview with Paul Kidner, September 5, 2018.

Appendix 1

List of Interviewees

Experts

1. Apostolos Apostolakis, co-founder of Venture Friends, August 2018
2. Alec Mally, Director of Foresight, August 2018
3. Paul Kidner, General Manager of The People's Trust, September 2018
4. Andreas Stefanidis, President of the Academy of Entrepreneurship, September 18, 2018.
5. Katerina Theofanidou, founder of ProjectYou, September 24, 2018.
6. Dr. Jennifer Cavounidis, researcher on labor and migration, September 24, 2018

Young Greek Entrepreneurs

1. Andreas Gennimatas –Vice President of The City of Athens Development and Destination Management Agency, September 12, 2018
2. Natasha Patricios -founder of Charisma Gifts, September 12, 2018
3. Eleftheria Tseliou – founder of Tseliou Gallery, September 13
4. Christina Economou – founder of March by Christina Economou, September 18, 2018.

Young Migrant Entrepreneurs

1. Michael Wright, co-founder of Northwood Environmental, September 12, 2018
2. Carla Tanas, co-founder of Industry Disruptors-Game Changers, September 13, 2018
3. Nicholas Galanis, entrepreneur, September 18, 2018
4. John Psarros, founder of The Willbury bistro-restaurant, September 24, 2018
5. Louise Lauren, September 24, 2018
6. Francis Edward Okwemba, September 28, 2018