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Support of Local Entrepreneurship During Periods of Crisis: A Case Study for Serres-Greece on NSRF Programmes

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Abstract

The role of Small and Medium Enterprises (SME's) to regional development is crucial. Taking as a granted that National Strategic Reference Framework (NSRF) focuses on regional disparities reduction, the main scope of this paper is to examine the influence of the NSRF programs on Regional Unity of Serres taking under consideration the existence of great intraregional disparities in region of Central Macedonia.

Recently, peripheral disparities undoubtedly deteriorate Greek recession, something that is underlined at the relevant literature. According to Joseph Stiglitz “with inequality at its highest level since before the Depression, a robust recovery will be difficult in the short term” Also, Paul Krugman adds “countries doing a lot of redistribution have, if anything, weathered the crisis better than those that do less”

As enterprises confront huge sustainability problems, their investments are deteriorated. Greek state, under the framework of NSRF 2007-2013, announced on spring 2013 the program “Support of SME's which are activated in Manufacturing - Tourism - Commerce & Services” (the program will be completed until the end of 2015). The NSRF provide subsidizes using general geographical-economic (mainly income) criteria (at regional level NUTS2) without examining the NUTS3 level.

It is common knowledge that Greek banks nowadays do not support firms sufficiently. Thus, many of the eligible (under the umbrella of the examining program) investments may not be completed. Hellenic Fund for Entrepreneurship and Development (ETEAN), the associated institution, does not provide the necessary funds to all the entrepreneurs.

During the last 4 years the 20% of local enterprises have been closed. It is obvious that crisis badly affected local entrepreneurship. According to Serres Chamber of Commerce and Industry the number of enterprises at Regional Unity of Serres have been reduced from 14.103 (January 2010) to 10.715 (January 2015).

All the above mentioned are analyzed in our theoretical part.

Our empirical research was conducted in February 2014. The survey consists of two parts. At the first part, a comparative analysis between the region of Central Macedonia and the Borough of Serres takes place. At the second part, all the local eligible

enterprises, that will receive subsidizes from ESPA were participated in this research (total 123 ones). The used methodology is the calculation of the main descriptive statistical measures (the average, the standard deviation and the coefficient of variation) and the statistical moment of distribution (the coefficient correlation).

According to our main findings, the contribution of NSRF programs as they are regulated by the developmental national laws to the survival and development of local enterprises has been significant, although the legislator disregarded the fact that borough of Serres is poorer than the core region Thessaloniki. The intraregional disparities (which have been indicated both in the theoretical and in the empirical part) should be taken under consideration when a low is reconsidered. Finally it should point out that the general results of our empirical research are relying to the relevant used literature.

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Keywords: Crisis; entrepreneurship; development; NSRF; Serres; Greece

1. Introduction

Greek economy and Greek Society suffer from the greatest post-war depression. Taking as a granted that Small and Medium Enterprises (SME's) constitute the main employment provider sector and have a major contribution to the formation of the development prospect of the Greek economy, Greek state in its effort to support local SME's and reduce regional disparities uses -among others- the programs of National Strategic Reference Framework (NSRF).

The main objectives of this article are to examine in one hand the effectiveness and the contribution of NSRF program into local development on Regional Unity of Serres, Central Macedonia, Greece and on the other hand to indicate how regional and intraregional disparities restrains growth.

It is common knowledge that inequalities deteriorate recession. Especially in Greece, huge disparities (such as peripheral ones) resulted in nowadays greatest humanity crisis since the Second World War. The academic literature on this field is extensive, thus we will refrain from a comprehensive review and concentrate only on recently selected work. Nobel nominated scientists such as and J. Stiglitz and P. Grugman have occupied with interaction between inequalities and crisis. Characteristically, J. Stiglitz (2013) refers: "Inequality stifles, restrains and holds back our growth. When even the free-market-oriented magazine *The Economist* argues — as it did in a special feature in October — that the magnitude and nature of the country's inequality represent a serious threat to America, we should know that something has gone horribly wrong» and he adds: "we must all face the fact that our country cannot quickly, meaningfully recover without policies that directly address inequality". In addition P. Grugman (2013) writes: "inequality is a big factor of our slow Recovery", and he adds (2014) "extreme income inequality is a bad thing", "nations with relatively low income inequality do better at achieving sustained economic growth" and "redistribution appears generally benign in terms of its impact on growth".

This paper contributes to the literature by indicating the role of developmental Lows on local entrepreneurship and how regional and intraregional inequalities hold back recovery in Greece.

This article is structured as follows. In the first part which is the theoretical one, firstly, we make a presentation of the program "Support of SME's which are activated in Manufacturing - Tourism - Commerce & Services" and also we present shortly the "Hellenic Fund for Entrepreneurship and Development (ETEAN)". Our data were extracted during the last year by the extensive use of web links on the internet. Most data were taken from the websites of above mentioned NSRF, ETEAN, governmental websites etc. Then we will refer to crisis on local enterprises using data provided to us from Serres Chamber of Commerce and Industry.

In the second empirical part which is divided in two chapters there are presented a comparative analysis between the region of Central Macedonia and the Borough of Serres and the results of a questionnaire-based research from all the local eligible enterprises, that will receive subsidizes from NSRF.

According the current collected findings, our results show that programs which aim to reduce inequalities contribute to regional development. Finally, the paper ends with the presentation of the research's main conclusions, policy proposals to reduce regional and intraregional disparities and questions/ challenges for further research.

2. Theoretical grounds

1.1. Peripheral policy and disparities

Taking as a granted that our research focuses on Region of Central Macedonia and Regional Unity of Serres we firstly present the following maps of Greece.



Figure 1: Map of Greece-Region of Central Macedonia

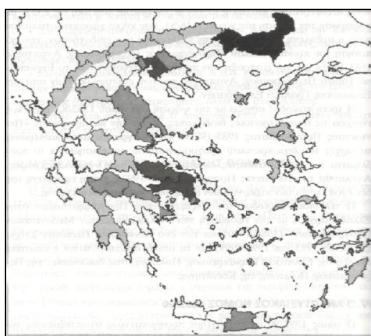







Figure 2: Map of Greece-Regional Unity of Serres

Since the end of Second World War, Greek State attempts to apply programs with the aim of succeed in balanced regional development. We can see at the following Table 1 and the map the providing motives for the 5 zones in Greece according to the Law 1982/1990. Former prefecture of Serres has been divided in two zones, the north part (the border zone) received subsidizes up to 50% while the rest areas received subsidizes up to 35%. In one of our previous researches (Balomenou & Maliari 2014) we come to the concussion that Border zone in Serres is now an underdevelopment zone. At the empirical second part we will make a reference to the border zone.

Table 1: Subsidizes (%) on motivation areas for investments according to the Law 1982/1990

KIND OF INVESTMENT	ZONE A	ZONE B	ZONE C	ZONE D & THRACE
Industries, farming enterprises e.t.c.	15%	25%	35%	50%
Hotels	10%	15%	25%	35%



	ZONE A
	ZONE B
	ZONE C
	ZONE D
	THRACE

Source: Konsolas N. 1997

According to the law 3299/2004 the country is divided in 3 zones as we can see on the following table 2.

Table 2: Subsidizes (%) on Motivation Areas (Law 3299/2004)

AREAS	CATEGORIES	PERCENTAGE
Area A'	Category 1	20%
Prefecture of Attica & Thessaloniki except industrial areas and islands	Category 2	15%
Area B'	Category 1	30%
Regions of Thessaly, North Aegean, Ionian Islands, Crete, West Macedonia, Central Greece and Central Macedonia (except Thessaloniki)	Category 2	25%
Area C'	Category 1	40%
Regions of East Macedonia & Thrace, Epirus, North Aegean, Peloponnese and West Greece	Category 2	35%

Source: Government Gazette A 261 /23-12-2004

At the following table 3 bellow we present the comparative Gross Domestic Product (Country mean =100) of Prefectures of Greece and subsidizes given to each prefecture.

Table 3: GDP and subsidizes by Greek prefectures according to the enterprises size

RANKING LIST	PREFECTURE	CDP 2007 (COUNTRY MEAN =100)		LARGE	MEDIUM	SMALL & MICRO
		MEAN =100)	ZONES			
1	Viotia	148,17	A	15%	20%	25%
2	Attica	134,48	A	15%	20%	25%
3	Cyclades	114,66	C	15%	25%	35%
4	Korinthos	106,36	B	30%	35%	40%
5	Dodecanese	102,69	C	15%	25%	35%
6	Zakynthos	101,62	C	30%	40%	50%
7	Arcadia	98,06	B	30%	35%	40%
8	Lasithi	94,61	B	30%	35%	40%
9	Kozani	92,78	B	30%	35%	40%
10	Iraklion	92,67	B	30%	35%	40%
11	Chania	91,7	B	30%	35%	40%
12	Kefallinia	91,16	C	30%	40%	50%
13	Magnesia	87,72	B	30%	35%	40%
14	Thessaloniki	85,56	B	30%	35%	40%
15	Chios	85,45	C	30%	40%	50%
16	Fthiotida	84,05	B	15%	25%	35%
17	Rethymno	82,22	B	30%	35%	40%
18	Evia	81,79	B	15%	25%	35%
19	Kilkis	79,31	C	30%	40%	50%
20	Argolida	78,99	B	30%	35%	40%
21	Chalkidiki	78,66	B	30%	35%	40%
22	Ioanina	78,66	C	40%	45%	50%
23	Achaia	77,48	C	40%	45%	50%
24	Larissa	76,51	B	30%	35%	40%
25	Kavalla	76,19	C	40%	45%	50%
26	Fokida	75,54	B	20%	30%	40%
27	Thespotia	75,22	C	40%	45%	50%
28	Corfu	74,78	C	30%	40%	50%
29	Lefkada	74,68	C	30%	40%	50%
30	Florina	73,6	C	30%	40%	50%
31	Samos	72,95	C	30%	40%	50%
32	Lesvos	71,88	C	30%	40%	50%
33	Imathia	71,55	C	30%	40%	50%
34	Preveza	71,23	C	40%	45%	50%
35	Evros	69,18	C	40%	45%	50%
36	Kastoria	68	C	30%	40%	50%
37	Messenia	67,67	C	30%	40%	50%
38	Laconia	65,63	C	30%	40%	50%
39	Xanthi	64,98	C	40%	45%	50%

40	Pella	64,66	C	30%	40%	50%
41	Pieria	64,44	C	30%	40%	50%
42	Grevena	64,44	C	30%	40%	50%
43	Drama	63,15	C	40%	45%	50%
44	Trikala	61,75	C	30%	40%	50%
45	Arta	61,64	C	40%	45%	50%
46	Etoloakarnania	60,24	C	40%	45%	50%
47	Rodopi	57,54	C	40%	45%	50%
48	Serres	56,47	C	30%	40%	50%
49	Karditsa	54,42	C	30%	40%	50%
50	Evrytania	53,45	C	20%	30%	40%
51	Iliia	52,26	C	40%	45%	50%

Source: General Secretariat for Investment (www.ggea.gr & www.ependyseis.gr)

It is worth referring to the fact that subsidizes are provided using economical criteria at NUTS 2 level. Intra-regional disparities at NUTS 3 level were not taken under consideration. Thus, poor prefectures as Serres and Evrytania receive less subsidizes than Ioanina and Achaia. Serres is part of the “rich” region of Central Macedonia - the large size of Thessaloniki increases the average income of this region, Evrytania is part of Central Greece-Viotia is the richest prefecture in Greece for decades (Kyrkilis & Semasis, 2012) while Ioanina and Achaia are part of the poor regions Epirus and West Greece respectively. (At our empirical second part we will emphasize on intra-regional disparities)

Finally this chapter ends with a short presentation of the Law 4072/2012. Greek state in its effort to support entrepreneurship vote the above Law (Government Gazette A 86) (Part Two - Articles 43-120) which established new corporate form, the Private (Equity) Company (PC or IKE in Greek language). A PC has the form of a capital company with a legal personality and it has a commercial nature even if it is not established for commercial purposes. Only the company is liable for its obligations with its assets with the exception of the liability primarily assumed by the partner who participates with a guarantee contribution. Its main feature is that at least one partner must participate by acquiring at least one share equal to a capital contribution (at least €1). However, there is the possibility for partners to participate and acquire shares by using different kinds of contributions such as non-capital and guarantee contributions whose value cannot exceed 75% of the amount of the liability assumed by the partner towards the company's creditors. The great importance of the new Law has been recognized by World Bank. In its report for supporting business development (republished in Serres Chamber Magazine 10/31/2014) Greece is making progress and from the 65th position moves to 61st position. (At our empirical second part we will refer to IKE as well)

1.2. National Strategic Reference Framework (NSRF)

The Ministry of Development, Competitiveness, Infrastructure, Transport & Networks, under the framework of the Regional Operational Programs of the NSRF 2007-2013, taking into account the specific needs of the thirteen Greek Regions announced during last spring (2013) the program "Support of SME's which are activated in Manufacturing - Tourism - Commerce & Services". The NSRF constitutes the reference document for the programming of European Union Funds at national level for the period since 2007 to 2013. It was elaborated within the framework of the new strategic approach to the Cohesion Policy of the European Union, according to which NSRF "...ensures that the assistance from the Funds is consistent with the Community strategic guidelines on cohesion and identifies the link between Community priorities, on the one hand, and the national reform program, on the other." At the tables 4-8 below data from the website of NSRF are presented to underline the significance of this program.

Table 4: Distribution of the budget by Region for new enterprises

GREEK REGIONS	Total Budget per Region (in Euros)
EAST MACEDONIA & THRACE	4.500.000,00
CENTRAL MACEDONIA	27.000.000,00
WEST MACEDONIA	6.750.000,00
EPIRUS	4.500.000,00
CENTRAL GREECE	5.400.000,00
THESSALY	6.750.000,00
IONIAN ISLANDS	4.500.000,00
PELOPONNESE	6.750.000,00
WEST GREECE	6.750.000,00
NORTH AEGEAN	4.500.000,00
SOUTH AEGEAN	3.000.000,00
CRETE	4.500.000,00
ATTICA	26.100.000,00
TOTAL	111.000.000,00

Source: National Strategic Reference Framework (www.espa.gr)

Table 5: Distribution of budget by Region and per Sector for existing (old) enterprises

GREEK REGIONS	Total Budget per Region (in Euros)	Second Industry (€)	Tourism (€)	Commerce & Services (€)
EAST MACEDONIA & THRACE	18.000.000,00	7.200.000,00	3.600.000,00	7.200.000,00
CENTRAL MACEDONIA	63.000.000,00	28.980.000,00	18.900.000,00	15.120.000,00
WEST MACEDONIA	15.750.000,00	7.087.500,00	1.575.000,00	7.087.500,00
EPIRUS	18.000.000,00	4.500.000,00	4.500.000,00	9.000.000,00
CENTRAL GREECE	12.600.000,00	5.040.000,00	2.520.000,00	5.040.000,00
THESSALY	15.750.000,00	6.300.000,00	5.670.000,00	3.780.000,00
IONIAN ISLANDS	18.000.000,00	5.400.000,00	7.200.000,00	5.400.000,00
PELOPONNESE	15.750.000,00	6.300.000,00	4.725.000,00	4.725.000,00
WEST GREECE	15.750.000,00	6.300.000,00	3.150.000,00	6.300.000,00
NORTH AEGEAN	18.000.000,00	7.200.000,00	5.400.000,00	5.400.000,00
SOUTH AEGEAN	12.000.000,00	3.600.000,00	6.000.000,00	2.400.000,00
CRETE	18.000.000,00	4.500.000,00	6.300.000,00	7.200.000,00
ATTICA	104.400.000,00	41.760.000,00	20.880.000,00	41.760.000,00
TOTAL	345.000.000,00	134.167.500,00	90.420.000,00	120.412.500,00

Source: National Strategic Reference Framework (www.espa.gr)

Table 6 : Support Percentages of operational cost for new enterprises -Article 14 of Regulation (EC) 800/2008 (All Greek Regions)

% Public Subsidizes for Middle enterprises	% Public Subsidizes for Small & micro enterprises	% Private contribution for Middle enterprises	% Private contribution for Small & micro enterprises
-	25	100	75

Source: National Strategic Reference Framework (www.espa.gr)

Table 7: Support Percentages by Region (excluding payment of operational cost)

GREEK REGIONS	% Public Subsidizes for Middle enterprises	% Public Subsidizes for Small & micro enterprises	% Private contribution for Middle enterprises	% Private contribution for Small & micro enterprises
EAST MACEDONIA & THRACE	50	60	50	40
CENTRAL MACEDONIA	40	50	60	50
WEST MACEDONIA	40	50	60	50
EPIRUS	50	60	50	40
CENTRAL GREECE	40	50	60	50
THESSALY	40	50	60	50
IONIAN ISLANDS	40	50	60	50
PELOPONNESE	50	60	50	40
WEST GREECE	40	50	60	50
NORTH AEGEAN	40	50	60	50
SOUTH AEGEAN	40	50	60	50
CRETE	40	50	60	50
ATTICA	40	50	60	50

Source: National Strategic Reference Framework (www.espa.gr)

Table 8 : Maximum percentage or amount

A/A	KIND OF EXPENSES	Second Industry	Tourism	Commerce & Services
1.	Buildings, facilities & surroundings	60%	80%	60%
2.	Equipment	100%	100%	100%
3.	Vehicles (only for professional use)	15.000	15.000	10.000
4.	Equipment and facilities for Environmental Protection and Energy Saving	100%	100%	100%
5.	Expertise permissions	20%	20%	20%
6.	Certification of quality assurance systems	6.000 €	6.000 €	6.000 €
7.	Software	30.000 €	30.000 €	10.000 €
8.	Promotion	20.000 €	30.000 €	10.000 €
9.	Consulting services	10.000 €	10.000 €	10.000 €
10.	Operational cost only for new enterprises (Public subsidizes 25%)	40%	40%	40%

Source: National Strategic Reference Framework (www.espa.gr)

1.3. Hellenic Fund for Entrepreneurship and Development

It is unanimously agreed that banks provide funds to enterprises based mainly on the criterion of the level of the undertaken risk. Each enterprise has to succeed in persuading a bank that the undertaken risk, from its loan providing, is acceptable. The SMEs encounter the risk to be “stuck in the middle” (Porter, 1998) thus banks do not undertake the hazard. Entrepreneurs on order to complete their investments have the ability to use the funds of Hellenic Fund for Entrepreneurship and Development (ETEAN SA in Greek language)

ETEAN SA was established by Law 3912/2011 (Government Gazette A17/17.2.2011) as the successor of Greek Guarantee Fund for Small and Very Small Enterprises (TEMPME SA). The Fund is fully owned by the Greek State bearing an initial share capital of Euro 1.7 billion, of which Euro 1.5 billion in Greek Government Bonds (GGBs) and approximately € 213 million in cash.

ETEAN SA is a valuable element in the integration of Micro, Small and Medium size enterprises (MSMEs) financing cycle, through the collateralization of the fraction of business risk not accepted by the banking system, thus amplifying the scope of viable entrepreneurial initiatives undertaken by MSMEs.

Through a much focused business agenda, continuously adjusted to counterbalance the negative effect of the difficult macro- economic environment on MSMEs sustainability. ETEAN aspires to become a reference institution in the provision of supplementary funding for the Greek MSME market, and as such a growth model for the local economy.

As many investments can not be completed (as we will see at the 3.4 part), the efficiency of ETEAN to provide the necessary funds to enterprises is taken under serious consideration.

1.4. Crisis on local enterprises and new business trends

We present at the following table 9 data for local entrepreneurs. It is obvious that crisis becomes deeper in this area as the number of enterprises is continuing to reduce after 5 continuing years of depression.

Table 9: Number of enterprises on Regional Unity of Serres

Sectors	JANUARY 2010	JANUARY 2012	JANUARY 2014	JANUARY 2015
COMMERCIAL	4.180	4.423	4.146	3.922
SECONDARY INDUSTRY	4.026	1.641	1.531	1.461
SERVICES	5.897	5.828	5.663	5.332
TOTAL	14.103	11.892	11.340	10.715

Source: Serres Chamber of Commerce and Industry –January 2015

Taking under mind the fact that credit institutions are undertaken great risks duo to macroeconomic environment - that is described in the argument of Mr P. Provos, ex-president of Commercial Union of Serres “The problem which micro and small enterprises confront is the low consumption from our customers as they become poorer. Without increasing customers’ consumption the only real outcome that will occur for the enterprises is the increasing debt. This debt under those circumstances would probably never be paid-off”, the strengthen of local entrepreneurs is vital.

In our effort to give a hopeful message, we interviewed the executive of Developmental Company of Serres (AN.E.SER. in Greek language). AN.E.SER. has the form of the Development Limited Company, with shareholders Authorities (A and B degree) of Regional Unity of Serres and local institutions. Furthermore, AN.E.SER. is supervising the LEADER program. Mr N. Anixiadis told as that recently there are many investments on light processing oriented industries and standardization & packaging of local agricultural products as almonds. These investments will increase the added value of local agro food products and as a consequence these efforts will increase employment and bust recovery.

3. Empirical part- Comparative analysis and Research on local enterprises

1.5. Data

In order to perform the comparative analysis between region of Central Macedonia and R. U. of Serres, we collected our data from Serres Chamber of Commerce & Industry.

Furthermore, we conducted a question -based research relied upon a formalized questionnaire addressed to 123 local entrepreneurs at Serres. All the eligible enterprises (67) and the possible eligible ones (56) at R. U. of Serres, which will receive subsidizes from NSRF program (specific invitation "Support of SME's which are activated in Manufacturing - Tourism - Commerce & Services under the NSRF 2007 - 2013 ") were participated in this research. The research took place on February 2014. Companies administration buildings were situated either in the city of Serres (population 76.000 according to the last census) a rather urban area, in towns seats of the Municipalities (semi-urban areas), in small villages (rural areas), in the national road or in the Industrial Area (zones with entrepreneurial activity) and local entrepreneurs who invest in a different regional unity like the neighboring core region Thessaloniki.

Finally we pose a different questionnaire to the above mentioned entrepreneurs on December 2014. From the 123 businessmen 114 ones participated. This part of our research has not finished yet.

1.6. Methodology implementation- Descriptive statistics and correlations

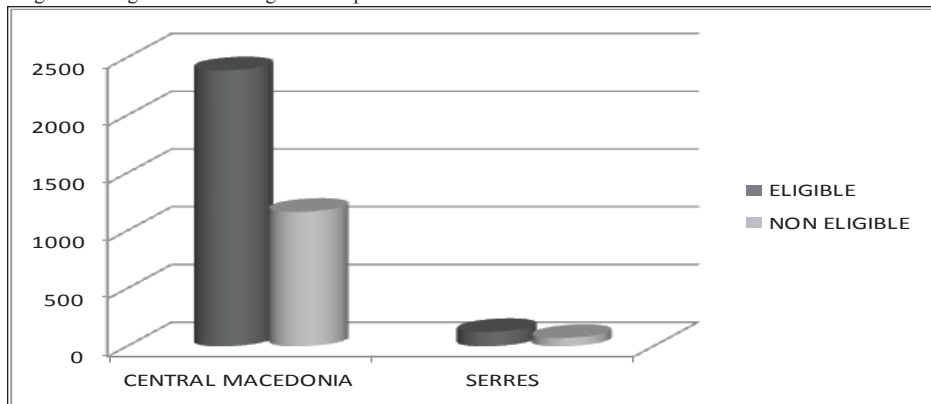
At the beginning of the study a comparative analysis between region of Central Macedonia and R. U. of Serres (that is a part of C. Macedonia) based on the above referred NSRF program will take place. We will analyze the results of the comparative analysis using the variables 1 for Region of Central Macedonia and 2 for R. U. of Serres. Thus we will calculate the main descriptive statistical measures (the average, the standard deviation and the coefficient of variation) and the statistical moment of distribution (the coefficient of correlation).

Then, we will present the results of our research (which took place on February 2014) and the first results of our research (which took place on December 2014). Afterwards, we will analyze the results of the question-based research, using either variables 1 and 2 for the questions with 2 choices or the variables 1 -5 for the questions with more choices. Finally, we will calculate the average, the standard deviation, the coefficient of variation and the coefficient of correlation

1.7. Results ¹- Comparative Analysis between Region of Central Macedonia and Regional Unity of Serres

The great majority of enterprises either in Region of Central Macedonia or in R.U. of Serres has characterized as eligible ones. The percentage of the non eligible enterprises is slightly higher in Serres as we show at the diagram 3.

Diagram 3: Eligible and non eligible enterprises

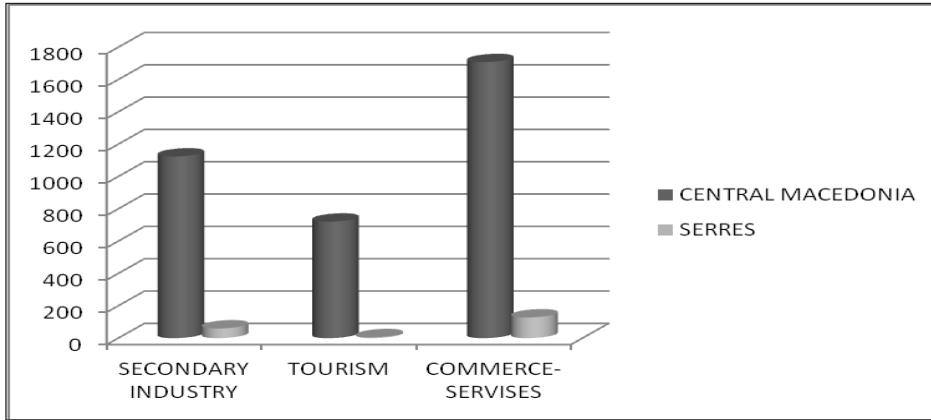


Comparing the region of Central Macedonia and Serres, we conclude that this intense interest for touristic investments (although Greece is suffering from depression) is obvious only at the rest Boroughs of the region (especially at Chalkidiki). On the contrary, there is no interest for touristic investments at Serres, something that probably will be changed due to the new archaeological ancient findings of Amfipoli. It is worth referring to the fact that in Serres (a typical rural area) the majority of investments are on commerce and services and there are not many investments on Second Industries. That is to say, as the motives according to NSRF for investments are the same

¹According to the above mentioned methodology all our results are based on statistical analysis.

either to Thessaloniki or at the border zone, businessmen prefer to invest on core regions like Thessaloniki. At the diagram 4 we present eligible enterprises.

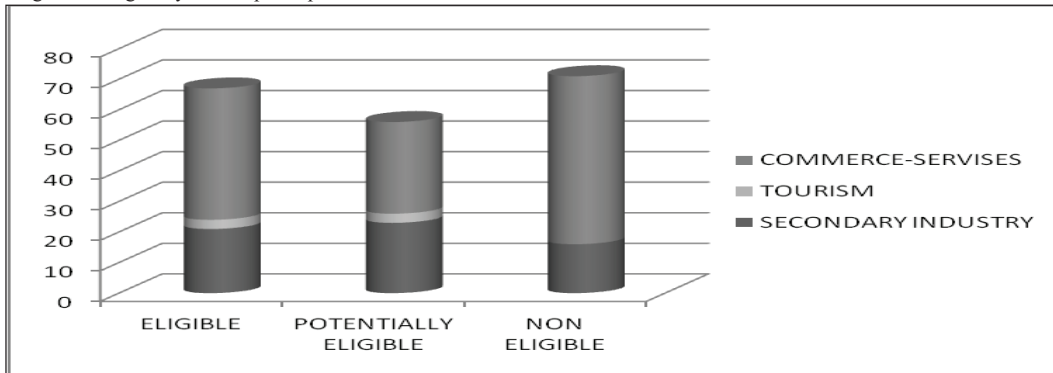
Diagram 4: Eligible enterprises per sector



1.8. Results ¹-Question-based research on local entrepreneurs (February 2014)

The majority of the non-eligible investments are ones on commerce and services. In general, we have much more investments on commerce and services than those on the secondary industries (there are only 6 investments on tourism). Taking under consideration the fact that Serres is a rural area, we came to the conclusion that the Added Value from Second Industry is at a minimum. As we have already referred at our first part, if the only criterion for providing subsidizes and other motives is the income at NUTS 2 level (region), instead of the income at NUTS 3 level (regional unity), intraregional inequalities increase. At the following diagram 5 we present enterprises' eligibility.

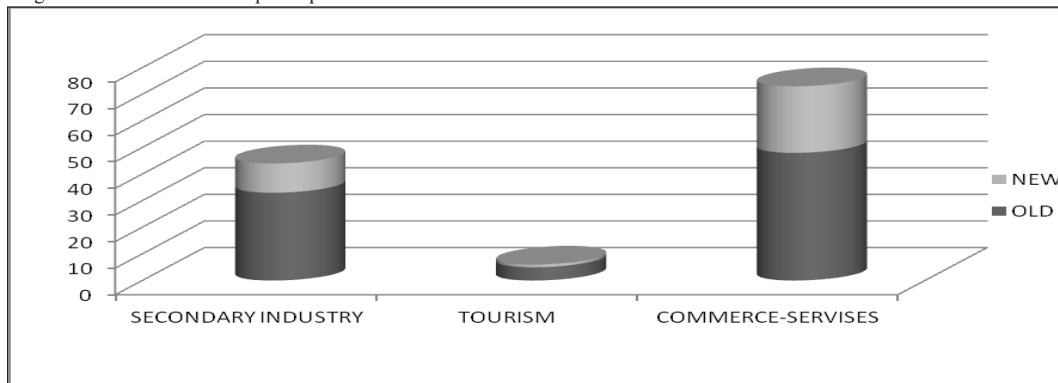
Diagram 5: Eligibility of enterprises per sector



¹According to the above mentioned methodology all our results are based on statistical analysis.

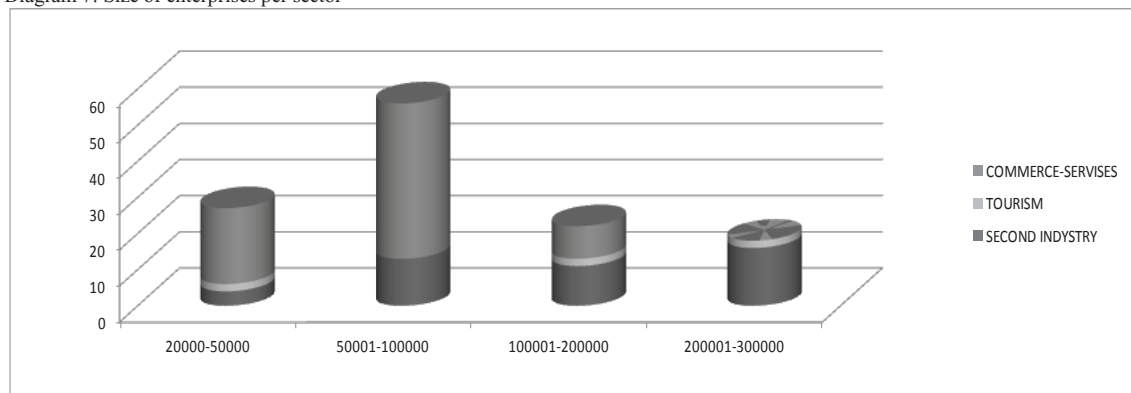
According to our findings, more new enterprises fall at tertiary sector of economy (commerce and services) than those on secondary sector of economy. There is only 1 new touristic enterprise. As we present at the following diagram 6 new enterprises are not established on poor areas. Thus, due to lack of motives poor areas become poorer.

Diagram 6: New and old enterprises per sector



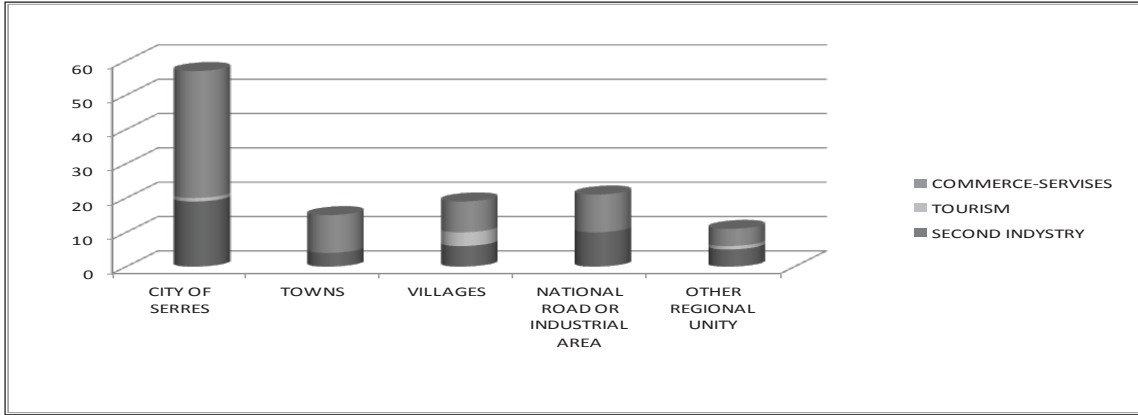
Taking as a granted that enterprises' size is analogue to the size of investment at the diagram 7 below we present the size of enterprises per sector. As it is expected, great investments go to secondary industry.

Diagram 7: Size of enterprises per sector



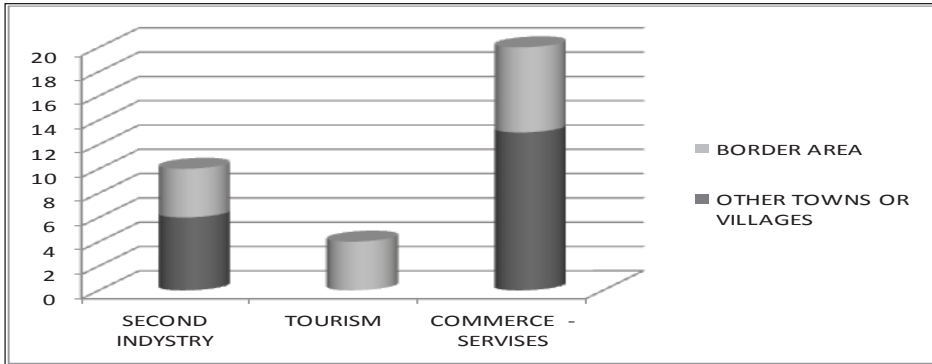
At the following diagram 8 we present administration buildings situation per sector. Industries such as food industries are far away from rural areas as towns and villages. Thus agricultural products are transferred from the countryside without any added value on them. A different conclusion is that there is no new activity on the Industrial Zone. In one of our previous researches (Balomenou & Maliari 2011) we noticed "it has been formed a status of an abandoned Industry Zone"

Diagram 8: Location of enterprises per sector



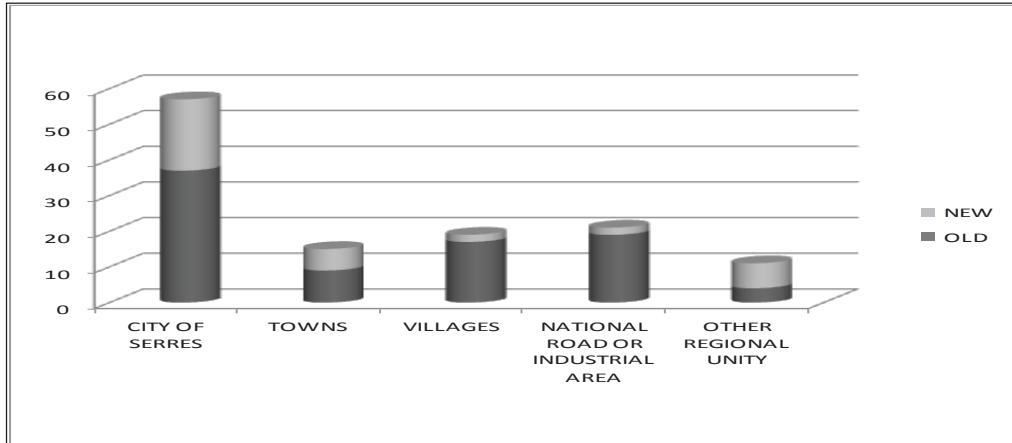
We mentioned at the beginning the Law 1982/1990 which divided Greece in Zones. Enterprises at the border zone D have received increased subsidizes for two decades. Although there is a small sample of 15 enterprises (and 19 are the ones in other towns and villages), as we see at the diagram 9, there is a rather balanced development of the three economy sectors in this area.

Diagram 9: Enterprises per sector at the border zone



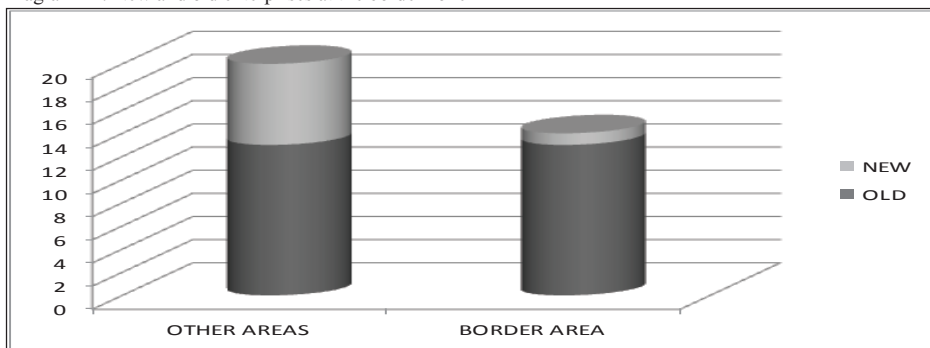
We included in our research local entrepreneurs who invest in a different regional unity as it is the neighboring Thessaloniki -core region. It is worth mentioning (as we see at the diagram 10 below) that entrepreneurs from Serres prefer during periods of crisis to start a business in core regions. According to one of our previous researches (Balomenou & Maliari, 2013) “It is also mentionable that enterprises sited at core regions (as Thessaloniki) have been affected from the crisis less than all”. Moreover, as it is well known in Regional Science, in periods of recession, the crisis policy responses focus on more resources in core regions (Konsolas, 1997).

Diagram 10: Location of new and old enterprises



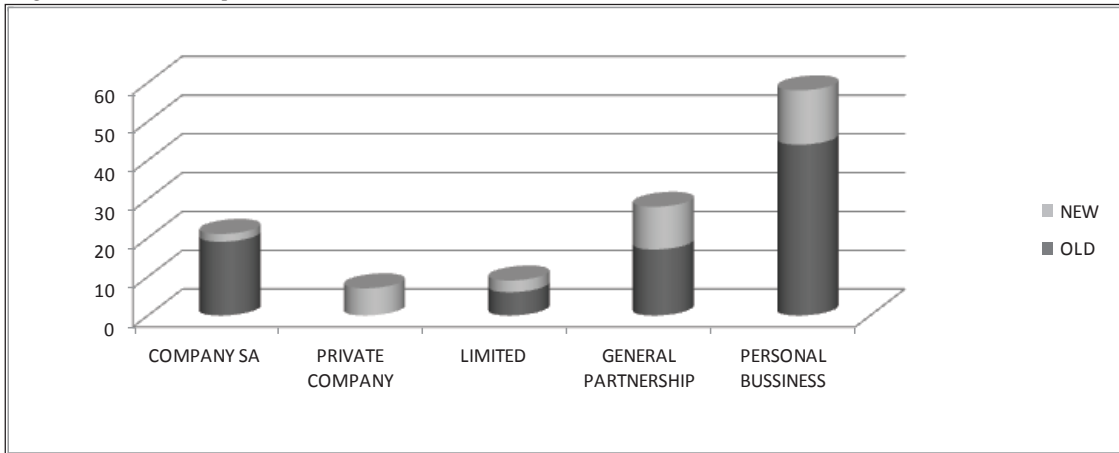
As we can see at the following diagram 11, border zone is characterized by the absence of new activity. Thus we conclude that the underdevelopment areas of a country will never be developed if there are no special motives. According to Nijkamp (cited at Consolas 1997) “Opposite to the past now border zones are not considered to be break even points”. Taking under consideration that there is only one new enterprise at the border zone, we conclude that this area is continuing to be a break even point.

Diagram 11: New and old enterprises at the border zone



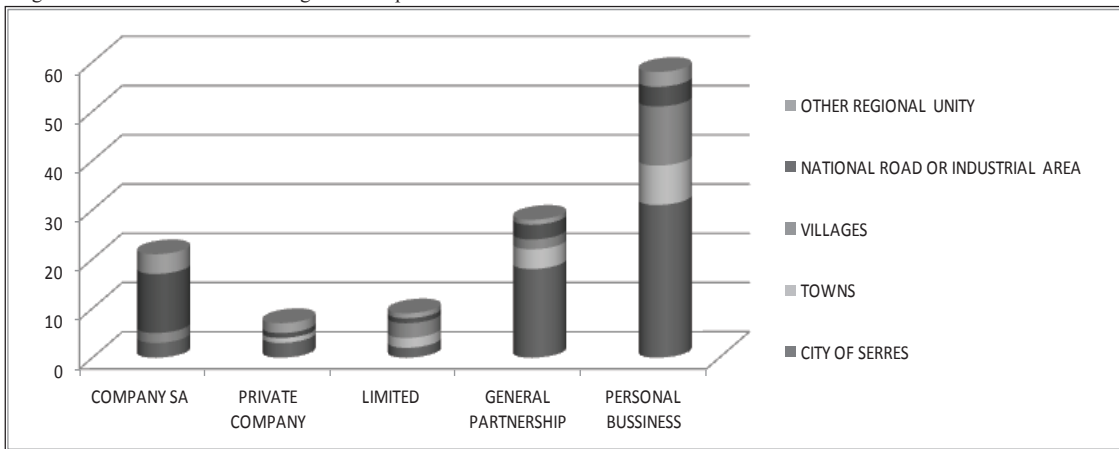
Analyzing the results at the diagram 12 below we mention many new firms have the form of Private Company (IKE). The Law 4072/2012 supports entrepreneurship as reduces Greek Bureaucracy.

Diagram 12: New and old per form of business



National roads and Industrial area is the administration buildings situation for the majority of Companies S.A. Taking under consideration that for decades there existed motives for investments at the Industrial areas, companies at the past preferred to locate at the Industrial zones.

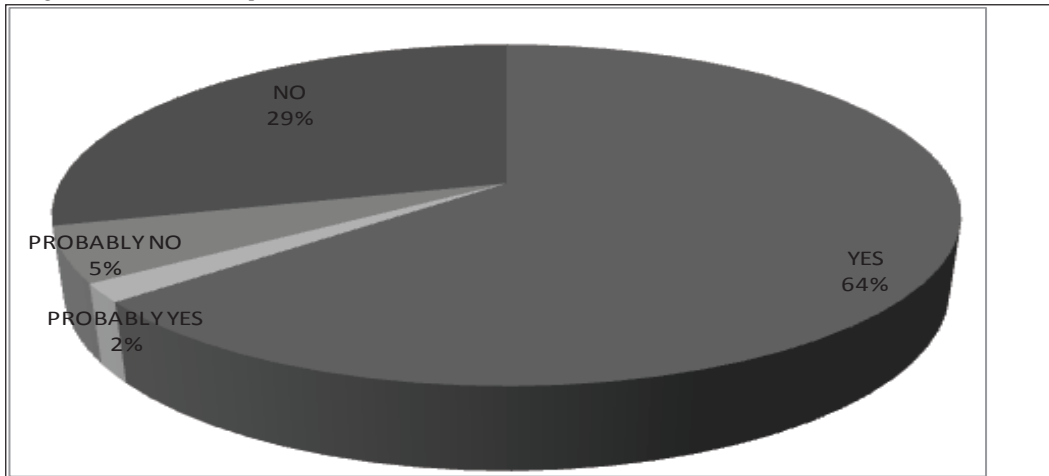
Diagram 13: Administration buildings location per form of business



1.9. Results¹-Question-based research on local entrepreneurs (December 2014)

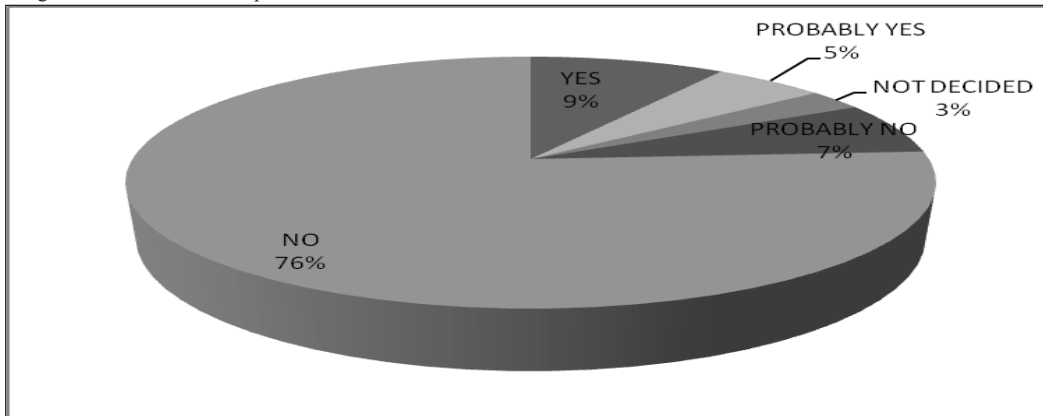
As we have already referred to, 9 (up to 123) entrepreneurs did not take part in this research. From the 114 participants who participated, 2 of the 3 will use the NSRF program and they will complete their investment. The lack of funds is the main cause of the missing investments. At the table 14 below we present the implementation of the investments in Serres.

Diagram 14: Investments implementation



Only 75 local entrepreneurs will implement their investments and the great majority will not receive any kind of loan. Most local business has no access to loan providing funds. At the table 15 below we present loans reception from the enterprises.

Diagram 15: Loans for the implementation of the investments



¹According to the above mentioned methodology all our results are based on statistical analysis.

4. Concussion

Taking under mind that regional and intraregional disparities undoubtedly deteriorate Greek recession, intraregional disparities should be taken under consideration when a low is reconsidered.

Developmental Laws should provide extra motives for underdevelopment areas as the border zones, something that took place in Greece up to 2004.

It is common knowledge that Greek banks nowadays do not support firms sufficiently. Thus, many of the eligible (under the umbrella of the examining program) investments may not be completed. Hellenic Fund for Entrepreneurship and Development (ETEAN), the associated institution, does not provide the necessary funds to all the entrepreneurs. Our empirical investigation in this part is continuing.

During the last 4 years the 20% of local enterprises have been closed. It is obvious that crisis badly affected local entrepreneurship. According to Serres Chamber of Commerce and Industry, enterprises at Regional Unity of Serres have been reduced from 14.103 (January 2010) to 10.715 (January 2015).

Comparing the region of Central Macedonia and R.U. of Serres, we conclude that this intense interest for touristic investments (although Greece is suffering from depression) is obvious only at the rest Boroughs of the region (especially at Chalkidiki). On the contrary, there is no interest for touristic investments at Serres, something that probably will be rapidly changed due to the new archaeological ancient findings of Amfipoli.

Furthermore it should be noted that according to our findings, we have much more investments on commerce and services than those on the secondary industries.

Additionally, the majority of new Equity companies that are established under the frame of the Law 4072/2012 are Private (Equity) Companies.

Coming to a conclusion, although there are several arising difficulties, the impact of subsidizes on the supporting of local entrepreneurship and consequently on regional development is crucial, especially in the present context that is marked by the current crisis.

Finally, a possible application is our proposal for further research on the results of the second questionnaire which we pose to the local businessmen on December 2014.

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