

New Trends in Greek Financial Environment and Solution Proposed for the Survival and Development of SMEs and Small Business in the Insufferable Economic Inequalities

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ABSTRACT— *It is actually a fact that almost nothing changed in a spectacular way in the country of Greece, during the last period of three years; but what really changed for most people in Europe and countries worldwide is the world economic situation and the financial environment in which also Greece is placed. The main causes of this phenomenal situation are considered to be the basic form of liquidity crisis among business, the extreme shrinkage that almost all the economies of various countries faced, the public debts which started to increase in an uncontrollable way having as a result business and civilians to ask for loans so as to cover their daily needs, and the psychology crisis which appeared where civilians in countries started to face an economic recession and politicians started to seek for solutions in problems which seemed to be unsolved. Inside this insufferable and inauspicious environment, most of commercial business and/or SMEs started to “lose” ground in Greek market, while suffering serious financial problems even for their existence in present and near future time. The purpose of this paper is to propose to managers avenues in order to operate competitively and to promote their products and services so as to attract as much customers as possible. The suggestions of this paper are mostly based on secondary data as the specific topic is considered to be a later one and scarce empirical evidence exists.*

Keywords—SMEs, Financial Environment, Hellenic Chamber

1. INTRODUCTION

It was actually in March of year 2008, where the authorities of International Monetary Fund reported that Greek Economy achieved to be intensively developing for some years but this is going to stop, as conditions in EU and worldwide are going to be hard due to the higher costs of petroleum, the financial convulsion, and the financial deceleration of the main countries that Greece has build a commercial cooperation for the creation of Euro strengthening, resulting difficulties in the prospective of Greece’s development [1].

The same report also highlighted that probably those expected opinions about the Greek economy might appear to have an aberration from the real processes, which could guide to a higher and worsening aggravation by the expected one. This could be derived by the international financial convulsion in worldwide basis. The aforementioned insistence could also drive to the decrease of liquidation in banks and to their dependence in immediate financing as also to an imposed role of those for the postponement of their business plans [2].

This insistence is also expected to cause a stronger “hit” in the range of exports and at variance with the one mentioned in the above explained scenario. Moreover, there was a general agreement that the shortage of the commercial exchanges during 2008, would remain in same levels and above the percentage of 14% of the Gross National Product till 2010. But all those details and expectations not only became true in a simple way, but also affirmed specialists’ thoughts and opinions in the most frightening way [3]. Definitely, one of the countries inside Europe that suffered the most disfavor consequences for its citizens and their daily needs is Greece. In a sudden way and in a period where nobody could believe, Greek Government and relevant authorities announced that Greece was obliged to ask financial assistance from the European Union and the International Monetary Fund. This was also the time (February 2010) that Greece’s debt was boosted to the percentage of

150% and in proportion with its Gross National Product accordingly. Then in March of 2010, Greek Government announced some basic financial measures and in order to get the loans which were agreed both by the International Monetary Fund and European Committee, upon purpose to be able to pay all its national debts and monthly expenses as also to repay all international loans accordingly [4].

For all the above reasons, someone could say that one possible explanation for that is what mentions that from year 2000 and onwards, all developed countries entered into a cycle of decreased development while suffered two stressed financial crisis, first in period 2002-2003 upon the collapse of the stock market and the international economic recession and the second in mid of 2006 and onwards, upon the effect of the real estate collapse in USA and in many other countries. All the above, were also followed by the banking / financing crisis, the failure of international stock market in 2008 as also the deep economic recession which was perceived to be bigger than this of 1929, which was the biggest of the last eight (80) years [5].

Unfortunately, inside this bad economic environment and the new trends which were formed as to the operation of commercial business, owners and managers in SMEs are obliged to adapt their business operation into some new forms for attraction of new customers and preservation of existed one, to find some new methods and techniques so as to be perceived as competitive where also to achieve to have access into new local and international markets accordingly.

2. RESEARCH RESULTS AND DISCUSSION

2.1 Main Causes of Commercial Business' Financial Situation Worsening in Greece

There are actually civilians in Greece in our days who wonder what went wrong and their financial situation has become into such a mess and at the worst possible point ever. Especially, those people who are engaged in the commercial SMEs and in trading of various products, are seeking to provide solutions to their daily problems and to the financial operation of their business. Most of those believe that Greece has come to this situation due to the serious consequences of the aggravation of international environments to Greece [6].

It is actually a fact that Greek exchange stock market faced a terrible decrease from 5.346 to 1.457 units, “losing” by this way a percentage of 73% of its value within a period of 1,5 year. Even in case that the international environment was characterized as completely “healthy”, such a crash would be enough to force the Greek economy to face a similar recession, as the most major commercial business observed their capital stocks to decrease and their business plans not to be adopted. All those had as a result the “freezing” of the investments and the new employments, where it was actually noticed that most of the companies in Greece proceeded to minimization of wages and salaries in combination to dismissals of employees [7].

It should also be noticed that SMEs were seriously affected by the hit to the commercial banks, as exactly had been mentioned in the first report of International Monetary Fund in March of 2008. Of course, it was the period where Greece started to face the economic recession of banks upon crisis of liquidity that brought problems to the exchange of capital stocks and caused a financial “strangulation” to thousands of SMEs and further to decrease of employments and increase of dismissals as the provisioning also of a churlish cycle of economic harassment. In advance, considerable Central Banks demanded the increase of banks' reserve funds in combination with the adoption of harder criteria for submission of loans upon result the lending of civilians and especially of business to be ceased suddenly, causing a “heart attack” to the economic situation of Greece. Till 2008, banks chased the civilians and SMEs so as to convince those to get some new loans and after that year, they only call those continuously upon purpose to make them pay back the loans, they had been lending before [8].

Lastly, managers inside SMEs and in commercial business believe that one major fact for the big problems which were caused to their operation, is actually the delay on behalf of people who are involved to financial matters as to the understanding of the actual size of economic crisis existed in Greek commercial sector. This crisis made its appearance in summer of 2006 and spread out in 2007. Although, Greek Government seemed to face this matter in a wingy way, hoping that it's banking sector would be less exposed to that crisis. As a result, there was a crucial delay to the understanding of crisis' nature which brought the country in front of unpleasant effects [9].

2.2 Unpleasant Effects of Economic Crisis for SMEs in Greek Market According to Research Estimations

According to the research by the Central Union of Chamber in Greece, between October and December of 2010 [10], more than 4.000 industrial, commercial businesses as SMEs throughout Greece, were forced to terminate their operation due to inability to accomplish their financial obligations. The things seem to be worse in the period between June and September 2010, as about 16.000 SMEs terminated their operation accordingly due to same problems.

Moreover, representatives of the Chamber of Small Industries in Athens have stated that were founded in Athens about 1.400 small businesses while at the same period, 2.657 of those terminated their operation [11]. This phenomenon has actually been boosted not only in the region of Athens but also throughout Greece and in huge urban areas of Salonica, Heraclion in Creta Island, Patra, Volos and Larissa as well. As an example it could be mentioned the case of one of the most famous trading streets (i.e. Panepistimiou str. Athens), the percentage of the commercial stores which remain close for more than a year, is coming to that of 20% while in Stadiou Str. comes to 25% [11]. Taking as an example also the case of Heraclion in Creta Island, the period of the first nine months between January to September 2010, 168 SMEs and Small Businesses were founded while 329 terminated their operation.

According to another research that was made by the National Confederation of Workers in Greece in January of 2011 [10], it was founded that during 2010, a percentage of 14,8% of the commercial shops in Athens, 10,1% of those in Salonica, 11,5% in Larisa, 10,1% in Kavala, 18% in Kozani, 8,9% in Veria and 15,6% in Edessa, terminated also their operation. Additionally, the percentage of loan's rejection for owners of SMEs and Small Businesses, keeps to increase. According to specialists' estimations, banks reject about 60% of the daily applications made for submission of loans while in some extreme case; this percentage comes to 80%. Of course the main cause for that process, comes to the existence of the already several pending loan debts of the applicants.

2.3.Solutions Which Could Be Adopted by SMEs and Small Businesses in Greece so as to Expand their Operation into New Markets and be Considered as Competitive

Due to the worse situation of Greek economy, which seriously affected the operation of SMEs and Small Businesses during the last year, managers and owners have to seek for competitive solutions that would guide to successful operation and would definitely set the basis for expansion of operation into some new markets while, they will be able to survive inside that disappointing commercial environment.

Thus, there are some specific measures and guidelines proposed by the National Confederation of Greek Trade and so for the SMEs and Small Businesses in country to be able to survive inside this insufferable environment as also to form their operation inside particular market by being able to expand into some new markets accordingly [10]. Some of the proposed methods include actually the following changes:

- Changes in the working hours and operation of commercial shops according to European standards by staying open for more than one Sunday every month
- New Status Quo on behalf of owners of those commercial shops as to the existence of sales and offers to clients, so as new customers to be attracted and new markets to be created
- Working hours that will be in continuous basis for commercial shops even in local markets upon opening of those at 11.00 hrs in the morning but the problem to that solution is that most of the owners believe that they should open their shops at 09.00 hrs in the morning till 09.00 hrs in the evening upon choice on behalf of owners for change in the time of closing
- According to today's data and operation of commercial shops, some of those to close as from 14.00 to 17.00 hrs and instead of that, they could open about 2 hours later so as to stay open even at that time by being able the customers who work in other businesses to cover their needs accordingly.

Yet, it is not only the operation of the commercial shops in markets of Greece that need considerable solutions to be proposed for their survival but also the existence of SMEs where their managers need to seek for new basic forms of operation in order for those to expand into some new markets and be considered as competitive. To that point, managers and owners of SMEs believe that the new "trends" inside the insufferable environment have to be rehabilitated in a completely new trading decretive frame upon purpose the operation of markets. Same people also state that employees will not be affected and before any change they will speak with their representatives so as to discuss all such matters and conclude together in the steps that need to be adapted accordingly [9]. President of National Confederation of Workers in Greece, Mr. Korkidis was mentioned to the new demanded trends that need to be formed in today's working environment and to the fact that all included parties, i.e. owners and employees who have to seat all together and discuss the changes that need to cover the totally new trading decretive framework.

By trying accordingly to provide some considerable solutions for the survival of SMEs and Small Business in Greece, the Chamber of Small Industries in Athens in cooperation with the National Confederation of Workers in Greece, have proceeded to the following proposals by stating [10]:

- The need of existence of two (2) new financing programs, i.e. Go2Market upon budget of 70 million Euros and the program for the enforcement of competitiveness of SMEs and Small Business on a budget of 30 million Euros
- The improvement for certification of products which will be characterized by absolute quality
- Elimination of trade barriers upon purpose the increase of export procedures based on Business friendly Greece Program 2011
- Creation of Governmental Groups responsible for the better coordination with Export Union
- Reformation and modernization of the National Council for Development and Competitiveness
- Reformation of the relative organizations like that of Insurance of Export Credits and the National Organization of Foreign Trade
- Establishment of an information network which will have cooperation with the Unions of Exporters, in national and local basis

To all the above have to be added the facts which mention that during the last year, there are some basic data which state a particular increase in the existence of exports from Greece to European countries and not only. According to research [10], there was observed an increase of 8,3% to exports made in 2010 and a forecast of +5,5% for 2011. On that side, the shortage on the balance of present exchanges for 2010 was varied to 34%, something that is not so hopeful for our days. Of course it is a fact that Greece's low position in the ranking of competitiveness among other European countries, is something that comes from the lack of the extraversion but mainly is considered to be the cause of the country's relationships upon developing countries in combination with the almost zero taxes which operate only for our imports and not for the exports as well.

Therefore, the main purpose should be the seeking for a new model of development on the basis for the increase of exports which will also increase the income of SMEs and Small Businesses accordingly. Exports are considered to be the most valuable solution to the problems of crucial survival and development of such a business. There are also some owners and managers inside business who might have a good intention to make exports, but actually only some of those could achieve so. However, there is a need, especially in our days, new businessmen in Greece to look for some new chances in the international trading environment so as to be more productive. In seasons where chances for making money in local markets are rare, owners of SMEs have to look into foreign markets so as to sell either their products or services, People who really think to try to make trade "openings" in international markets, they need to know well the secrets of each of the markets that they wish to invest.

Synoptically, both businessmen and employees inside business they have to be well prepared and have knowledge of the international market as also to appraise a clear and complete "education" in the export procedures. Lastly, it has to be mentioned that the following ten points about the details of exporting procedures have always to be maintained by managers and owners, so as to achieve successful operation of their business based on the knowledge of:

- Marketing on exports and markets' development
- Research and selection of foreign markets
- Target markets
- Procedures for imports and exports
- International, combined markets
- Duties procedures and e-customs
- Taxes procedures
- Professional techniques and methods of negotiations
- Reliability, quality and cooperation

3. CONCLUSION

As a conclusion, it could be said that the future of Greek trade is detected in the increase of exports provided that aspects of "good deal", "cooperation", "consistency" and "continuality" will also exist. People in Greek market should fight back to what is happening today in the market, which has been caused by the insufferable financial environment. In order to be able to exit from that crisis as winners and gain back their "lose" reliability in international market, they have to show a degree of Greek business patriotism and to aspire by far the development of exports.

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