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Marketing Research Communication

IME GSEVEE SURVEY ***ECONOMIC CLIMATE TRENDS***



European Union
European Social Fund



Co-financed by Greece and the European Union



February 2014

SURVEY SPECIFICATIONS

The survey was carried out by *Marc S.A.* – Registered under NCRTV No. 1 (ONE), in the framework of the subproject 3 “Repeated GSEVEE studies-Polls by GSEVEE on issues of interest for small enterprises” in the framework of the action “Reinforcing GSEVEE institutional and operational capacity”. The action is co-financed by Greece and the European Union in the framework of the Operational Programme “Human Resources Development”.

ON REQUEST OF..... IME GSEVEE

POPULATION UNDER CONSIDERATION Small and micro enterprises as a whole (0-49 employees).

SAMPLE SIZE 1.204 enterprises

PERIOD..... 10-14 February 2014

AREA Throughout Greece

SAMPLING METHOD Multistage random sampling using quota based on sector and geographical distribution.

METHOD OF DATA COLLECTION . Telephone interviews based on an electronic questionnaire.

marc S.A. is a member of SEDEA (Association of Greek Market & Opinion Research Companies), ESOMAR, WAPOR and respects the PESS regulation (on Quality Control for Data Collection) and the international codes of conduct on carrying out and publishing public opinion surveys.

SAMPLE STRUCTURE

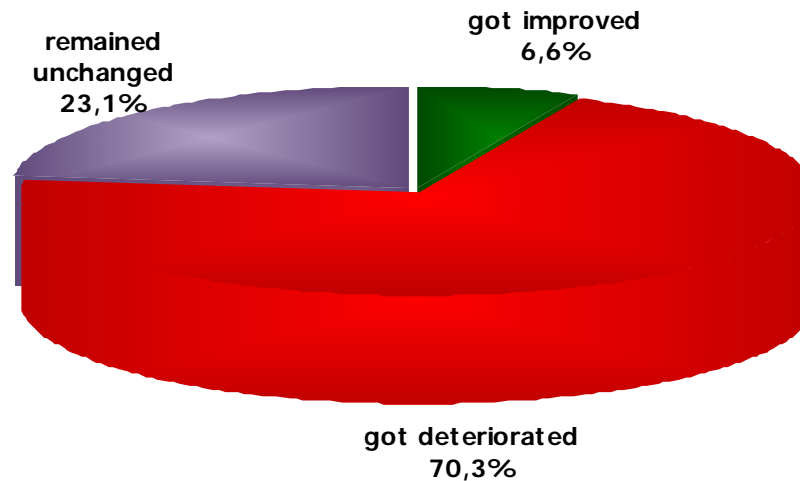
| | | |
|----------------------------|------------------------|------|
| SECTOR | Trade | 37,4 |
| | Manufacture | 24,3 |
| | Services | 38,3 |
| NUMBER OF EMPLOYEES | With no employees | 30,9 |
| | 1 person | 23,5 |
| | 2-3 persons | 25,3 |
| | 4-5 persons | 8,4 |
| | 5 persons and more | 11,3 |
| YEARS IN OPERATION | up to 5 years | 7,6 |
| | 5-10 years | 7 |
| | 10-15 years | 12,1 |
| | 15 years and more | 73,2 |
| TURNOVER | Below EUR 50 thousand | 44,6 |
| | EUR 50-100 thousand | 20,2 |
| | EUR 100-300 thousand | 16,8 |
| | Above EUR 300 thousand | 13,1 |
| AREA | Attica | 36 |
| | Rest of Greece | 64 |

SURVEY RESULTS

-
- PARTS OF THE SURVEY***
- 1. OVERALL ECONOMIC SITUATION***
 - 2. ENTREPRENEURIAL ACTIVITY***
 - 3. EMPLOYMENT - LABOUR MARKET***
 - 4. OBLIGATIONS - DEBTS***
 - 5. GENERAL ECONOMIC ISSUES***
-

OVERALL EVALUATION OF ENTERPRISES' COURSE (ASSESSMENT / OUTLOOK)

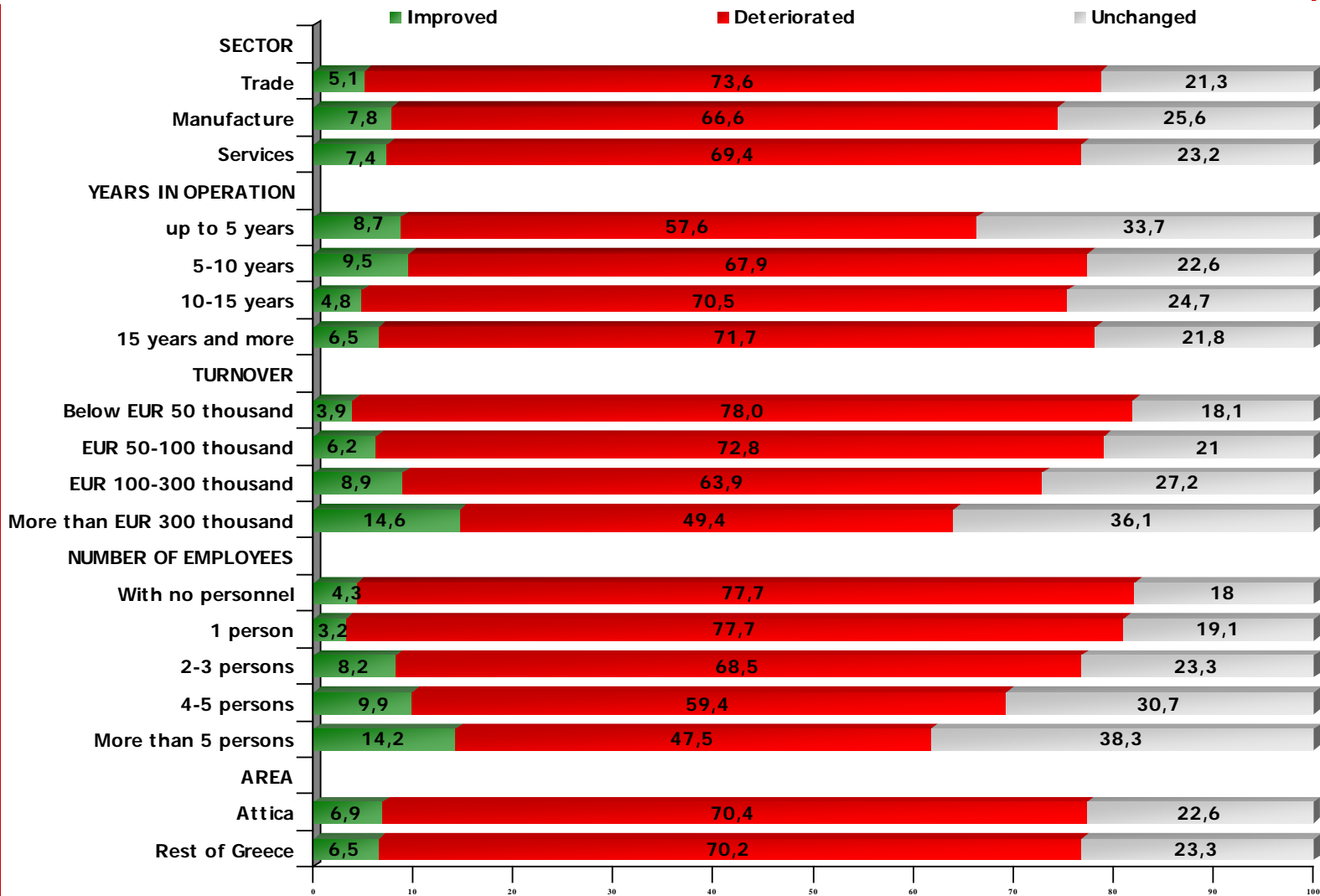
You consider that the situation of your enterprise during the past half:



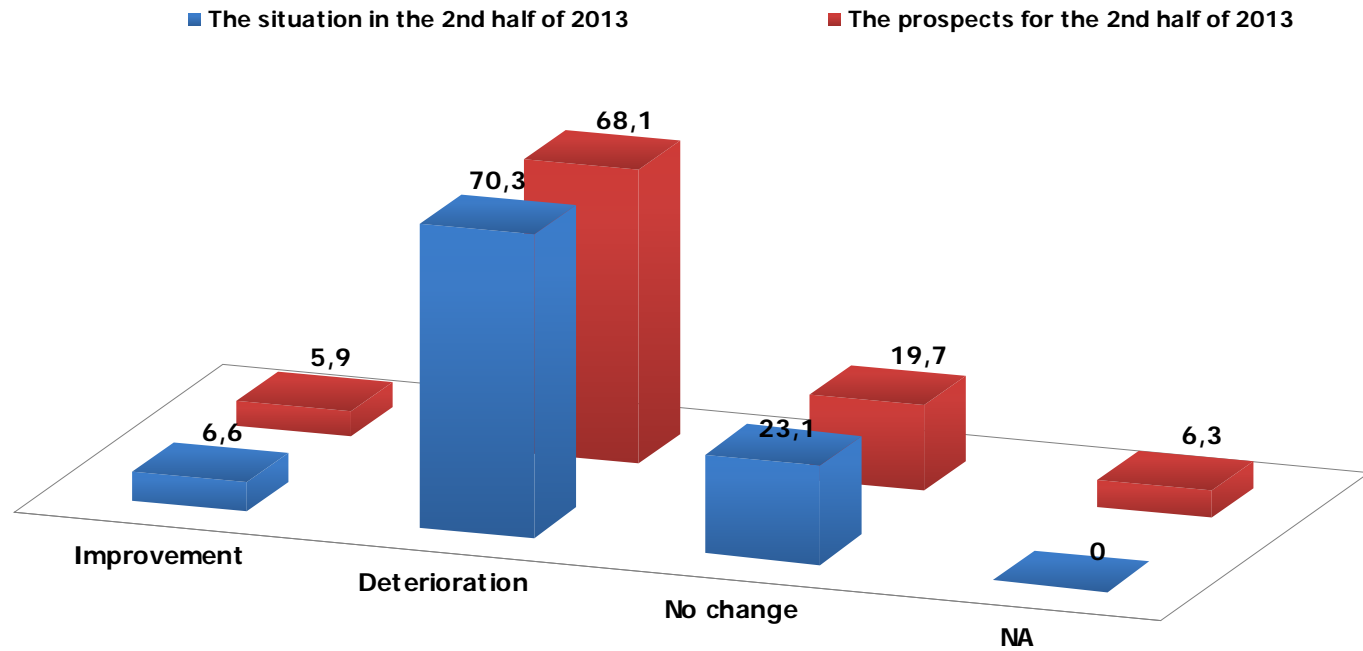
The overall assessment of the 2nd half of 2013 is still negative with respect to all indicators. More than 2 enterprises out of 3 **(70,3%)** show deterioration in their overall economic situation.

ASSESSMENT OF THE PAST HALF

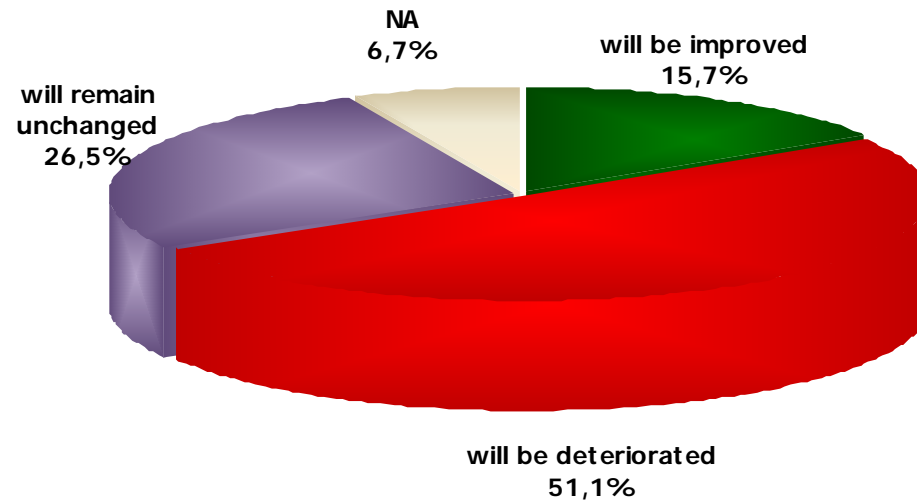
- per category -



PROSPECTS AND REAL SITUATION FOR THE 2nd HALF OF 2013 COMPARATIVE DATA JULY 2013 - FEBRUARY 2014

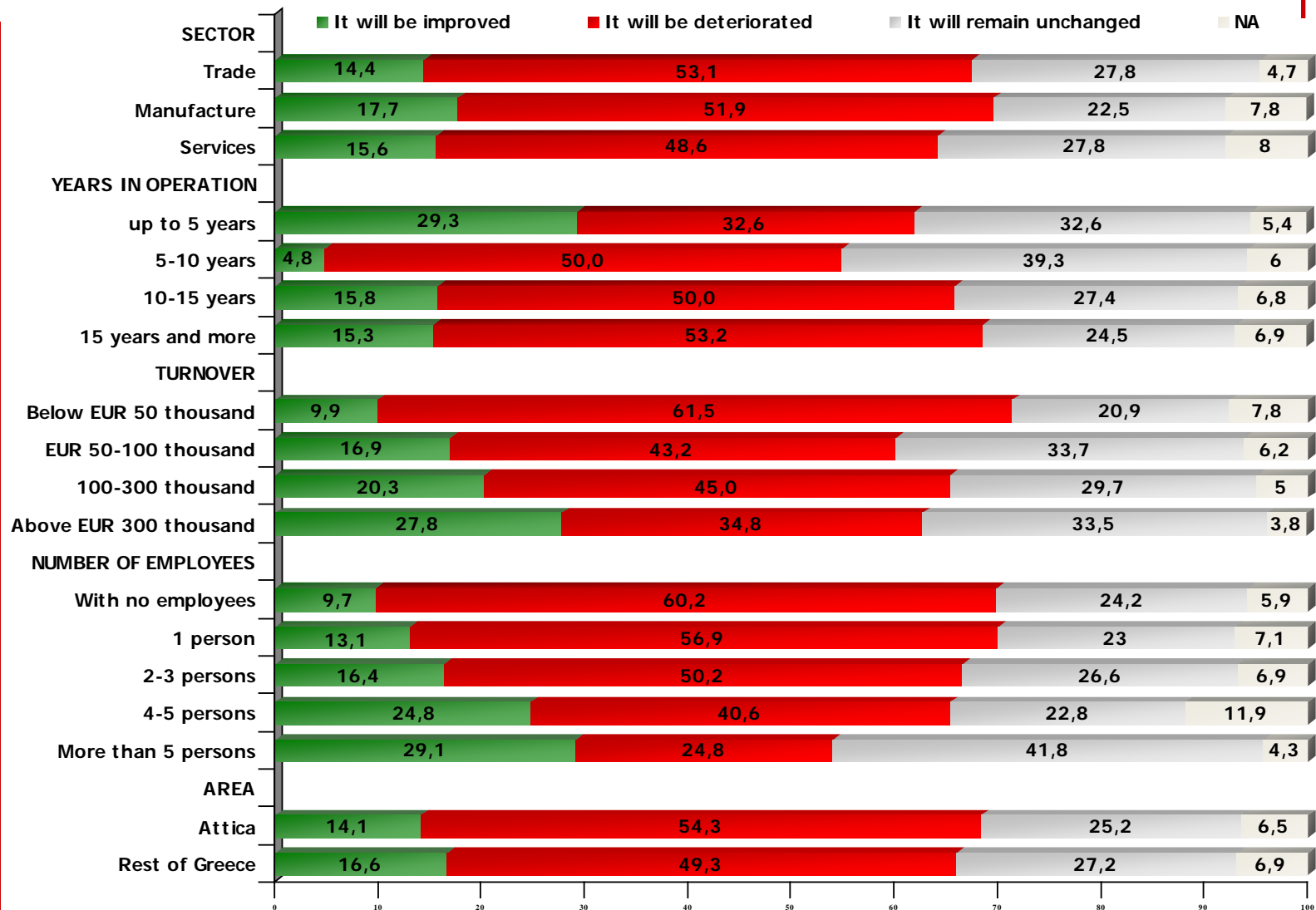


You expect that the situation of your enterprises during the next half:



PROSPECTS ON THE NEXT HALF

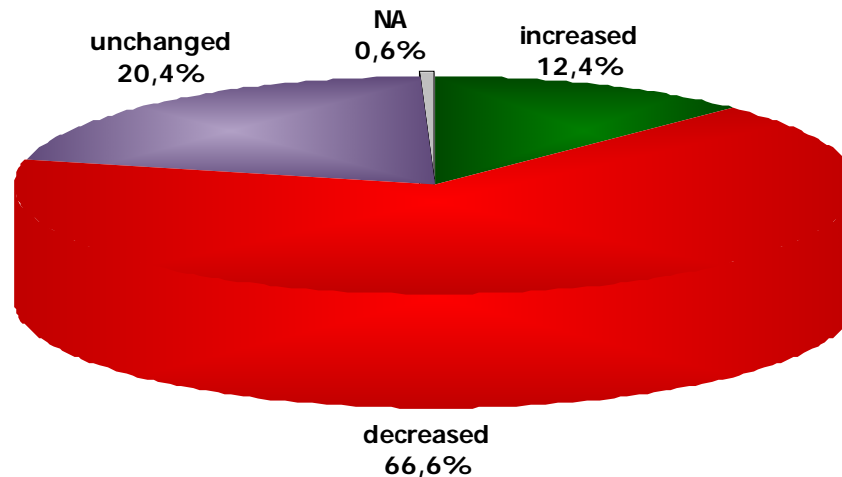
-per category -



***DETAILED EVALUATION OF KEY INDICATORS
(ASSESSMENT OF THE 1st OF HALF 2013)***

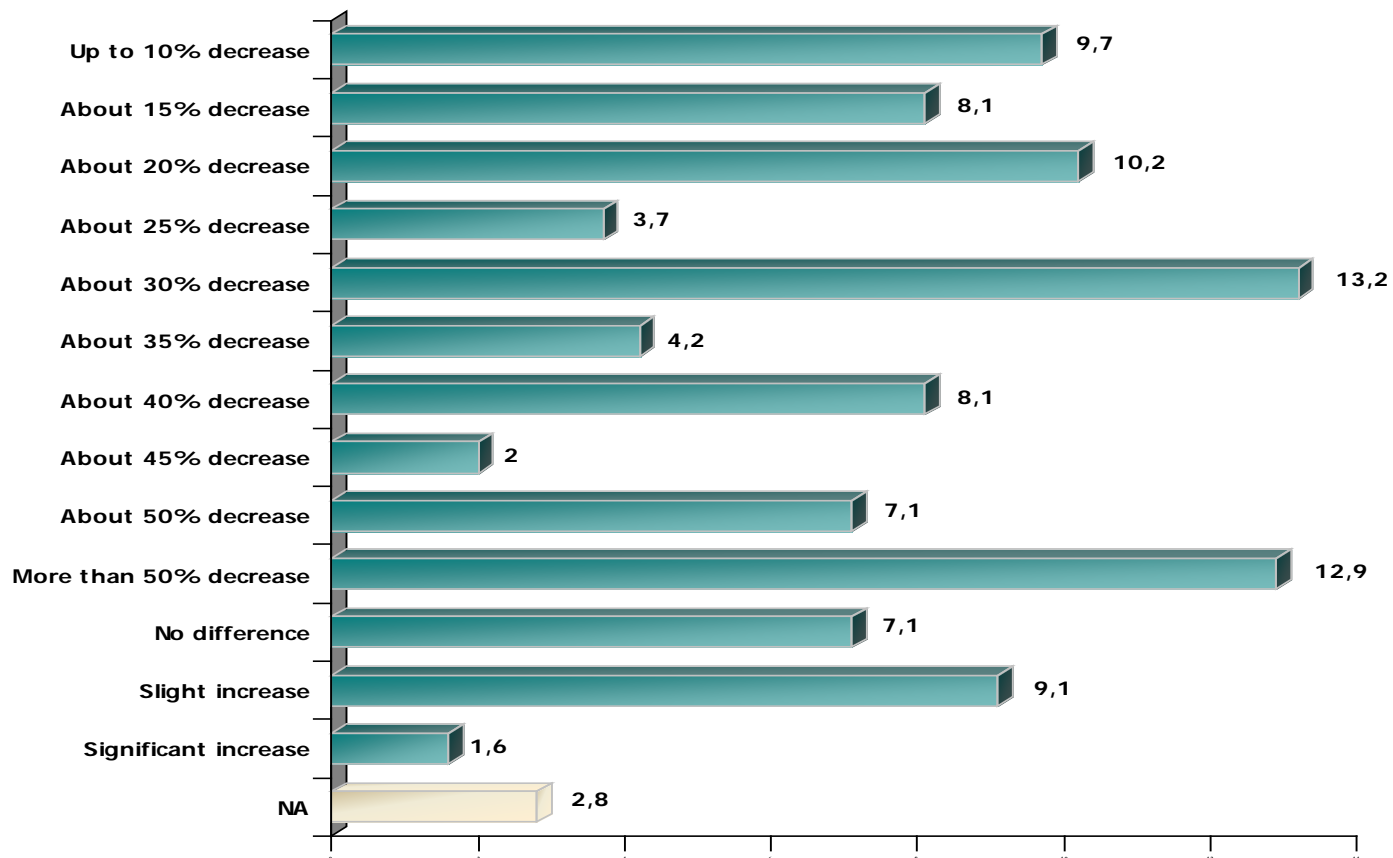
TURNOVER

Can you indicate whether, during the second half of 2013, it has been increased, decreased, or remained unchanged:



The figures are still negative in all economic indicators for enterprises. In 66,6% of enterprises there was a decline in turnover, with the largest one shown in **micro enterprises (81,7%)**.

What is the percentage difference noticed in your turnover on average in 2013 compared to the one in 2012?



Average turnover decrease:
22,92%

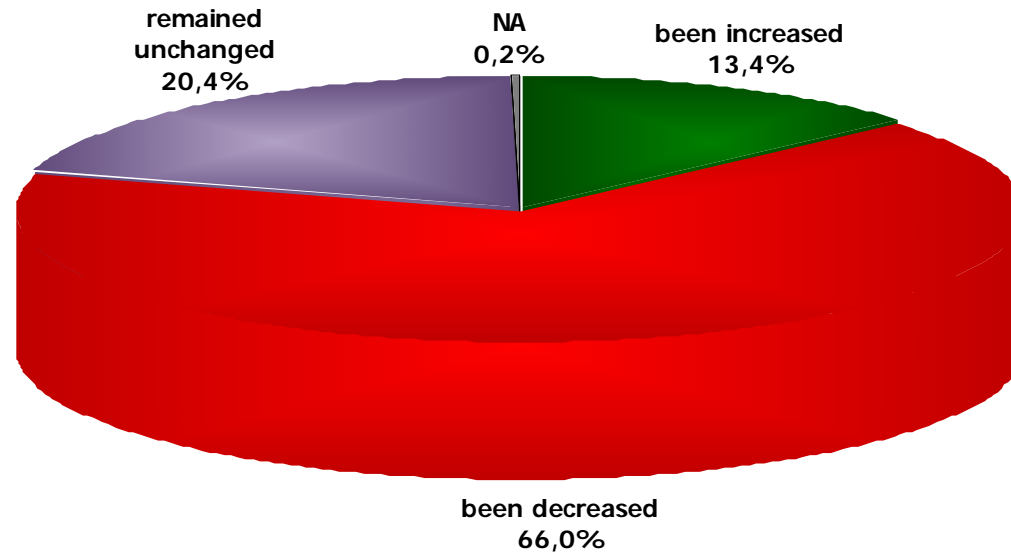
OVERALL TURNOVER DECREASE
EVOLUTION OVER TIME
JANUARY 2010– FEBRUARY 2014



The average decrease in turnover reaches 22,9%. In total, in small and medium-sized enterprises, the overall decrease comes close to an average of 65% since the begging of crisis.

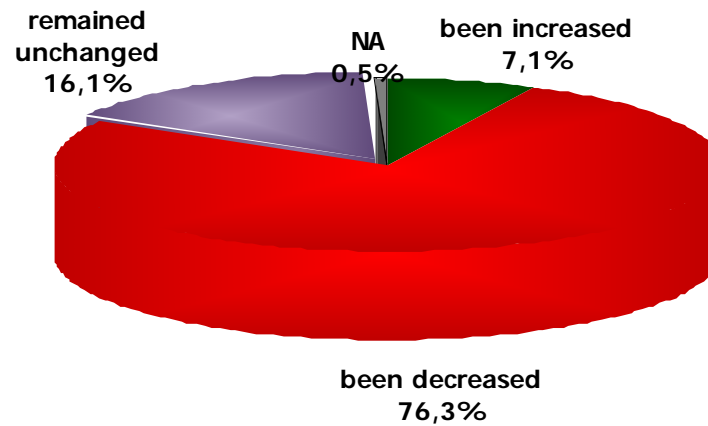
DEMAND

The demand for the products or services that your enterprise provides during the 2nd half of 2013 has:



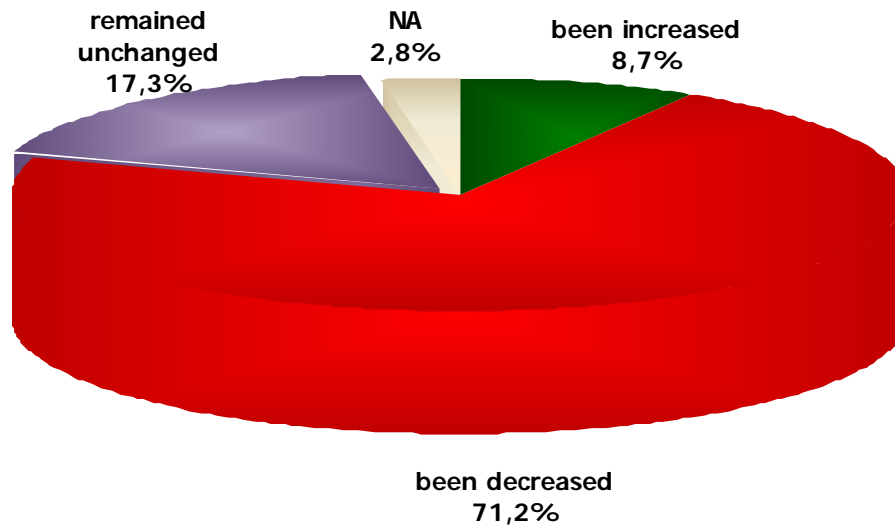
LIQUIDITY

The liquidity in your enterprise during the 2nd half of 2013 has:



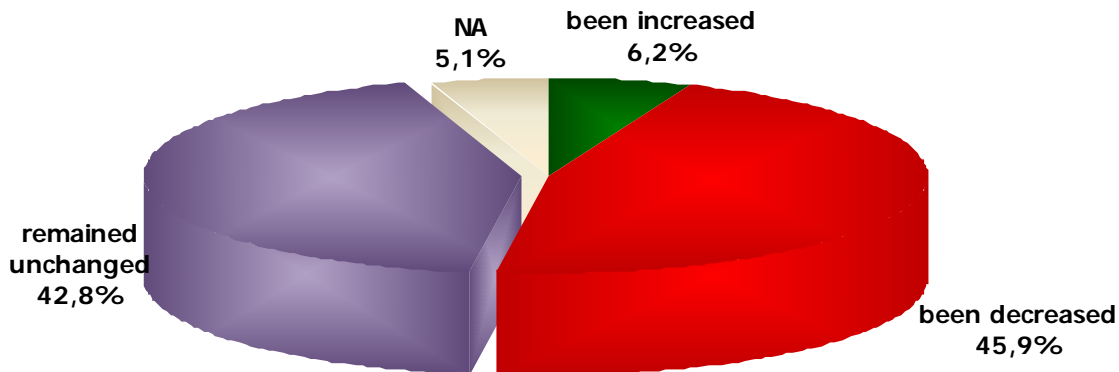
ORDERS

Orders towards your suppliers during the 2nd half of 2013 have:



INVESTMENT ACTIVITY

The investment activity of your enterprise during the 2nd half of 2013 has:

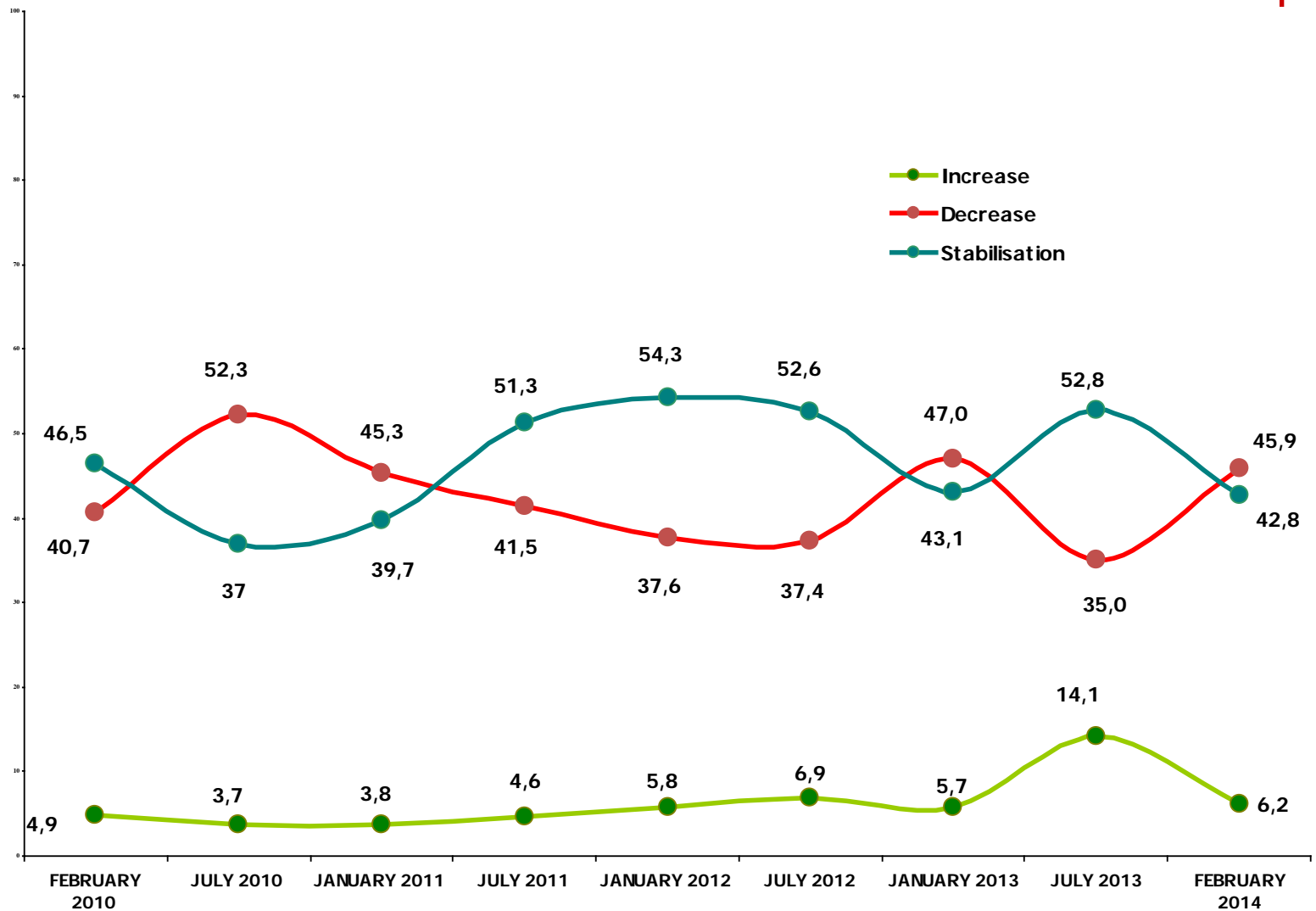


Real economy is in a deep sleep with regard to investments. The much-vaunted structural reforms have led to no essential result. According to the economic figures that enterprises show, the liquidity indicator and investment activity are still at a historically low level. Given that more than 200.000 enterprises closed down during the last four-year time (which is a moderate estimation according to the official data by the EU Commission), the accumulated debts and employment-freeze, **the prospects for a recovery seem extremely uncertain.**

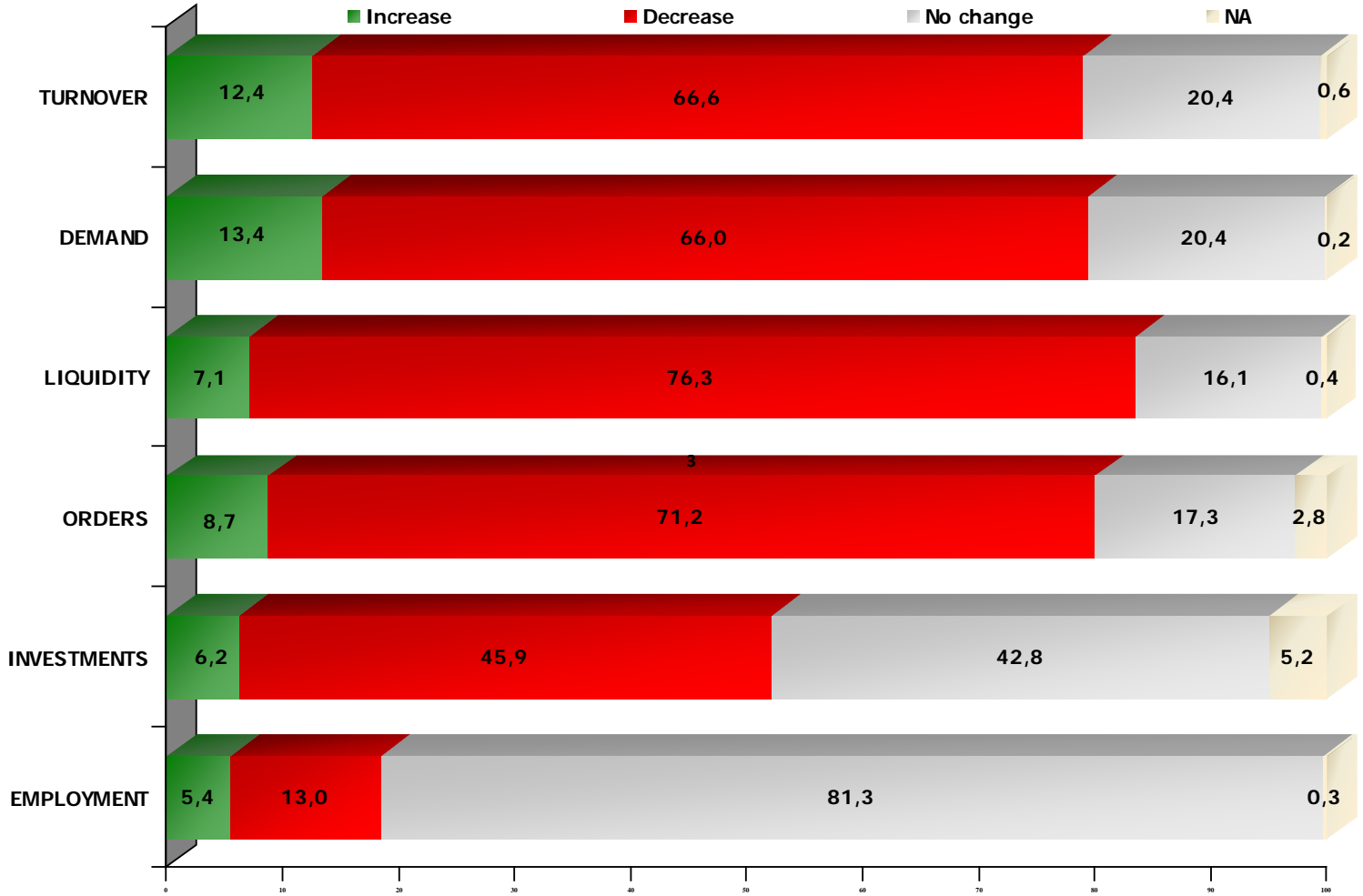
INVESTMENT ACTIVITY

ASSESSMENT OF THE PAST HALF

COMPARATIVE DATA OF PREVIOUS SURVEYS



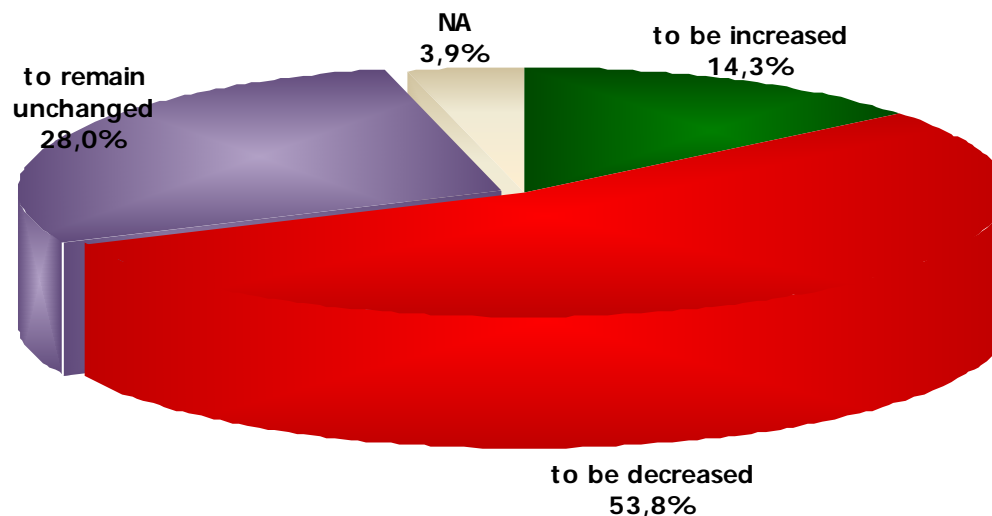
ASSESSMENT OF THE PAST HALF COMPARATIVE CHART



***DETAILED EVALUATION OF KEY INDICATORS
(OUTLOOK FOR THE NEXT HALF)***

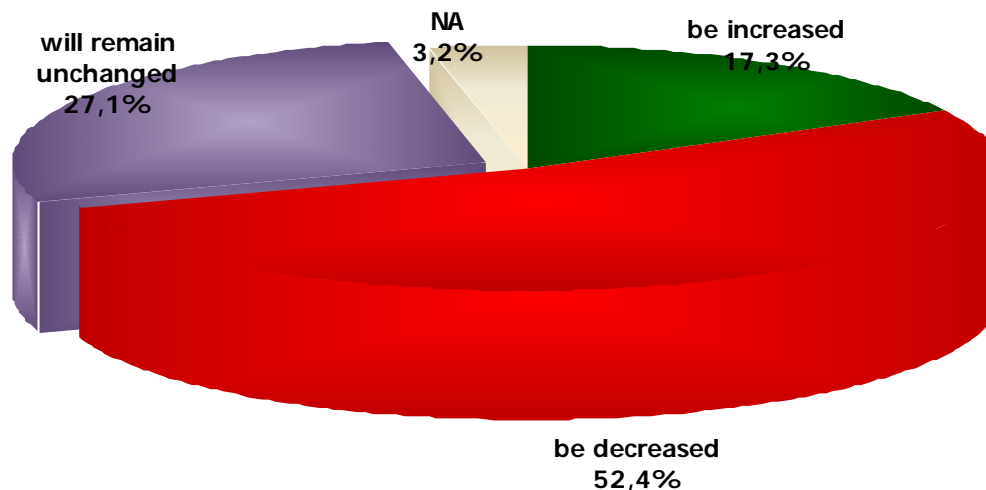
TURNOVER

During the next half (that is the 1st half of 2014), do you expect that the turnover of your enterprise will be increased, decreased, or it will remain stable?



The outlook regarding enterprises' course, during the next half, is still decreasingly negative, and steadily follows, even at lower levels, the trend in the assessments of the previous half. Prospects by entrepreneurs for the first half of 2014 are negative (51,1%). Enterprises act in an era of a decline in prospects, in an economic environment that is still volatile and uncertain.

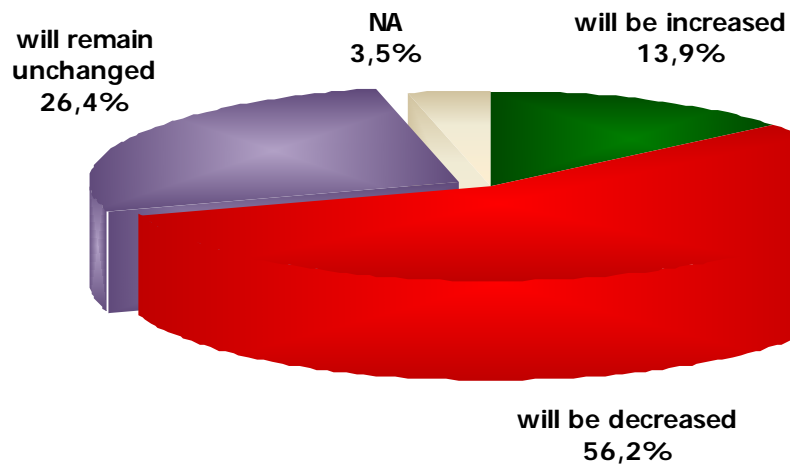
You expect that the demand for your products and services that your enterprise provides, during the next half:



Overall, in all economic climate indicators a pessimism is shown by more than half of enterprises. It should be noted that the degree of pessimism is larger in the smallest enterprises of the sample. It is estimated that government's palinodes on taxation decisions and the inability to adopt a stable and effective taxation plan, realistic towards market needs, have both a share in this situation.

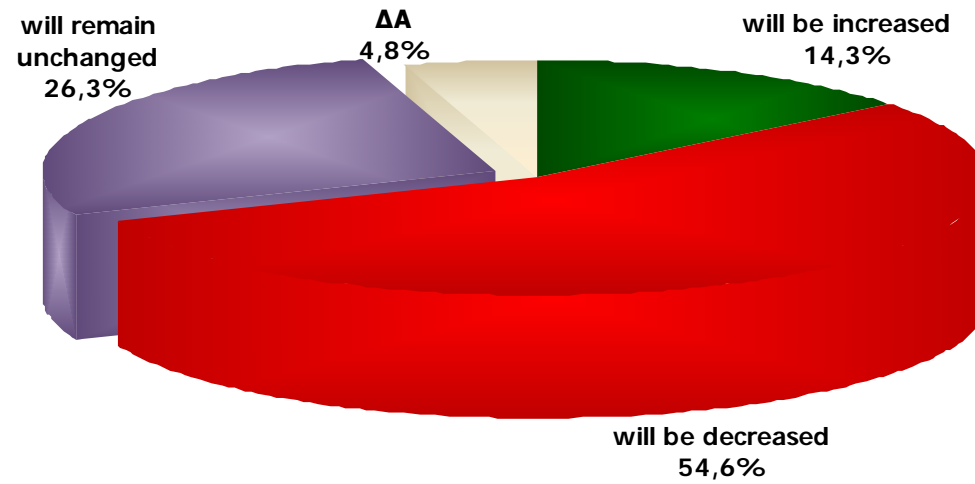
LIQUIDITY

You expect that liquidity in your enterprise during the next half:



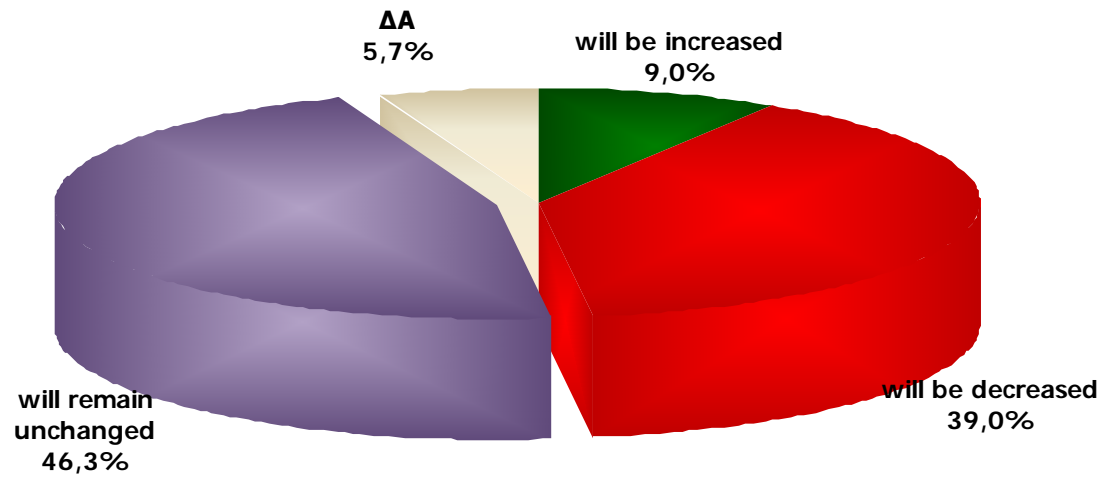
ORDERS

You expect that orders towards your suppliers during the next half:

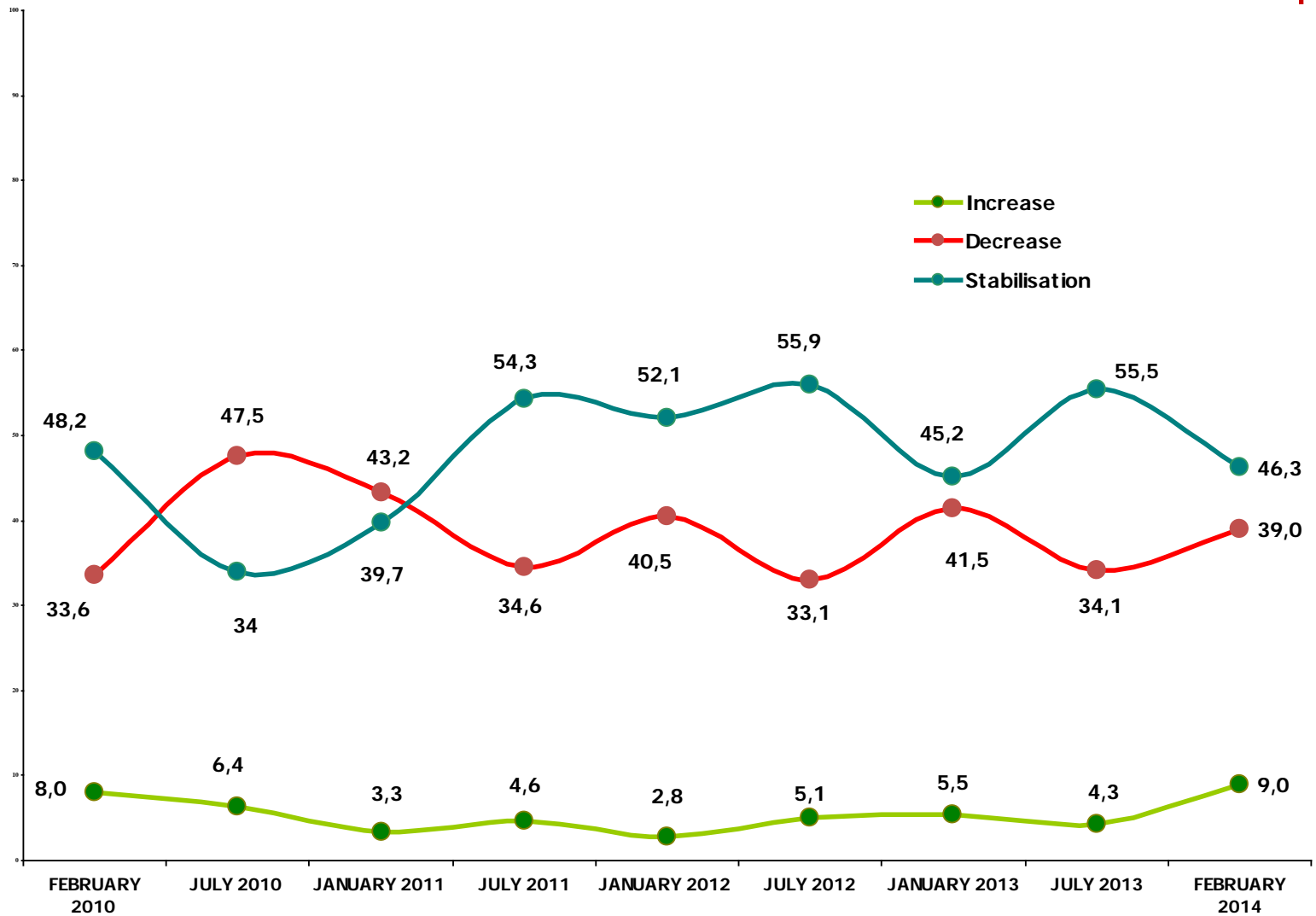


INVESTMENT ACTIVITY

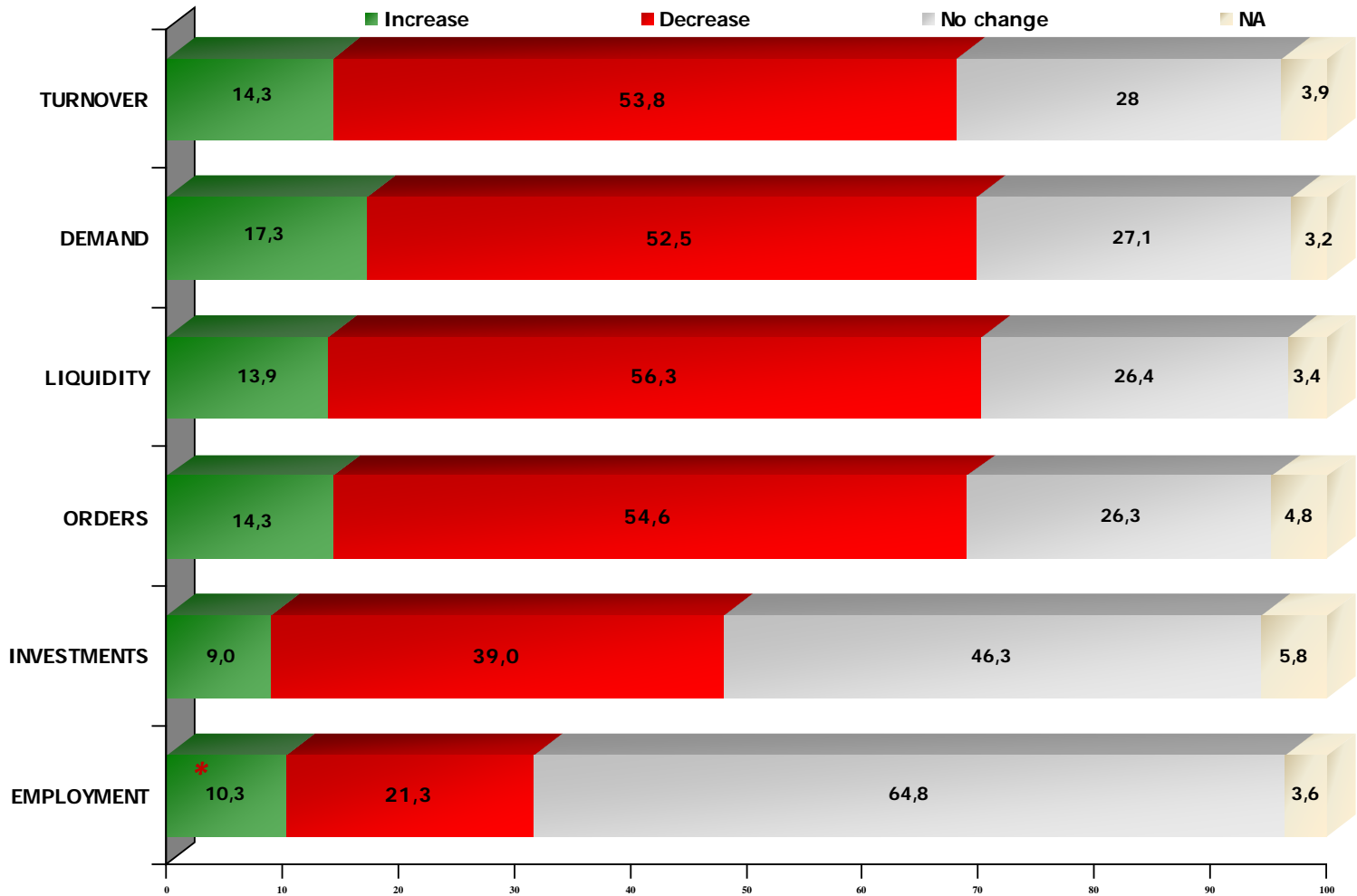
You expect that the investment of your enterprise during the next half:



INVESTMENT ACTIVITY OUTLOOK FOR THE NEXT HALF COMPARATIVE DATA WITH PREVIOUS SURVEYS



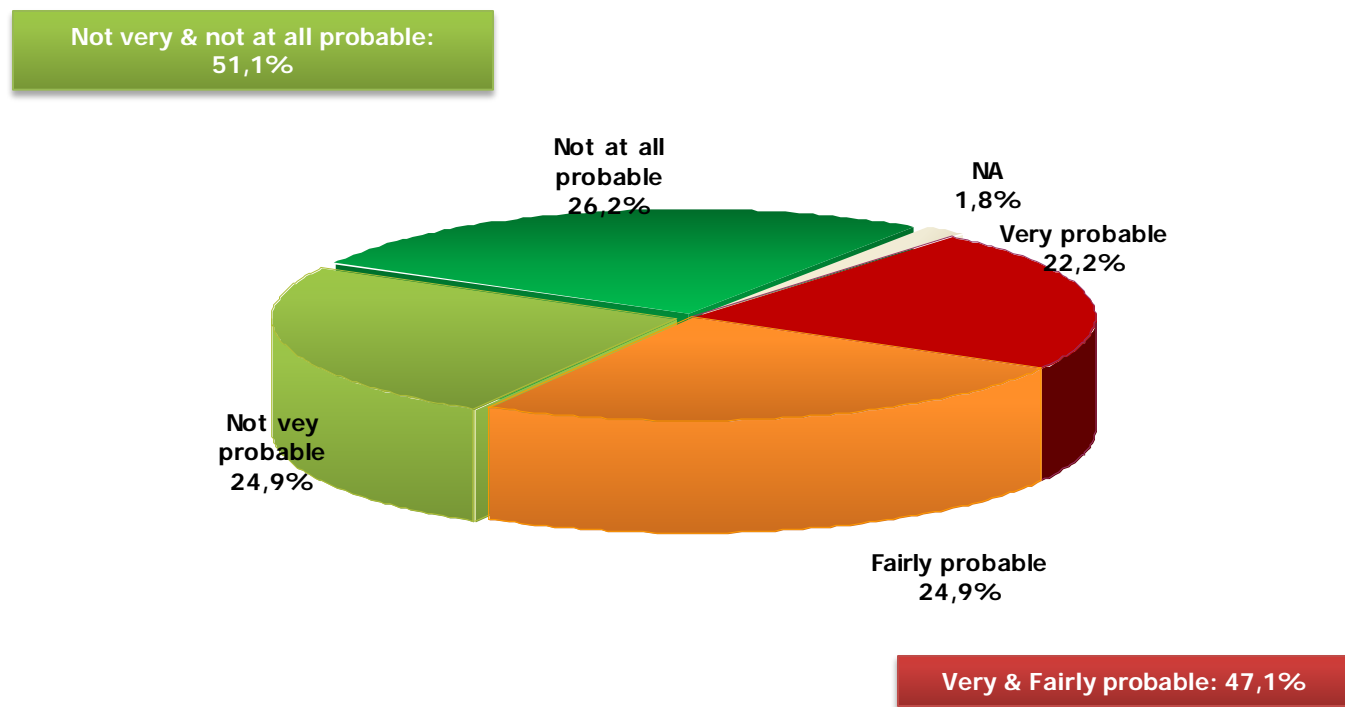
OUTLOOK FOR THE NEXT HALF COMPARATIVE CHART



* Reduced to enterprises with employees

WORRIES FOR MORE CLOSURES

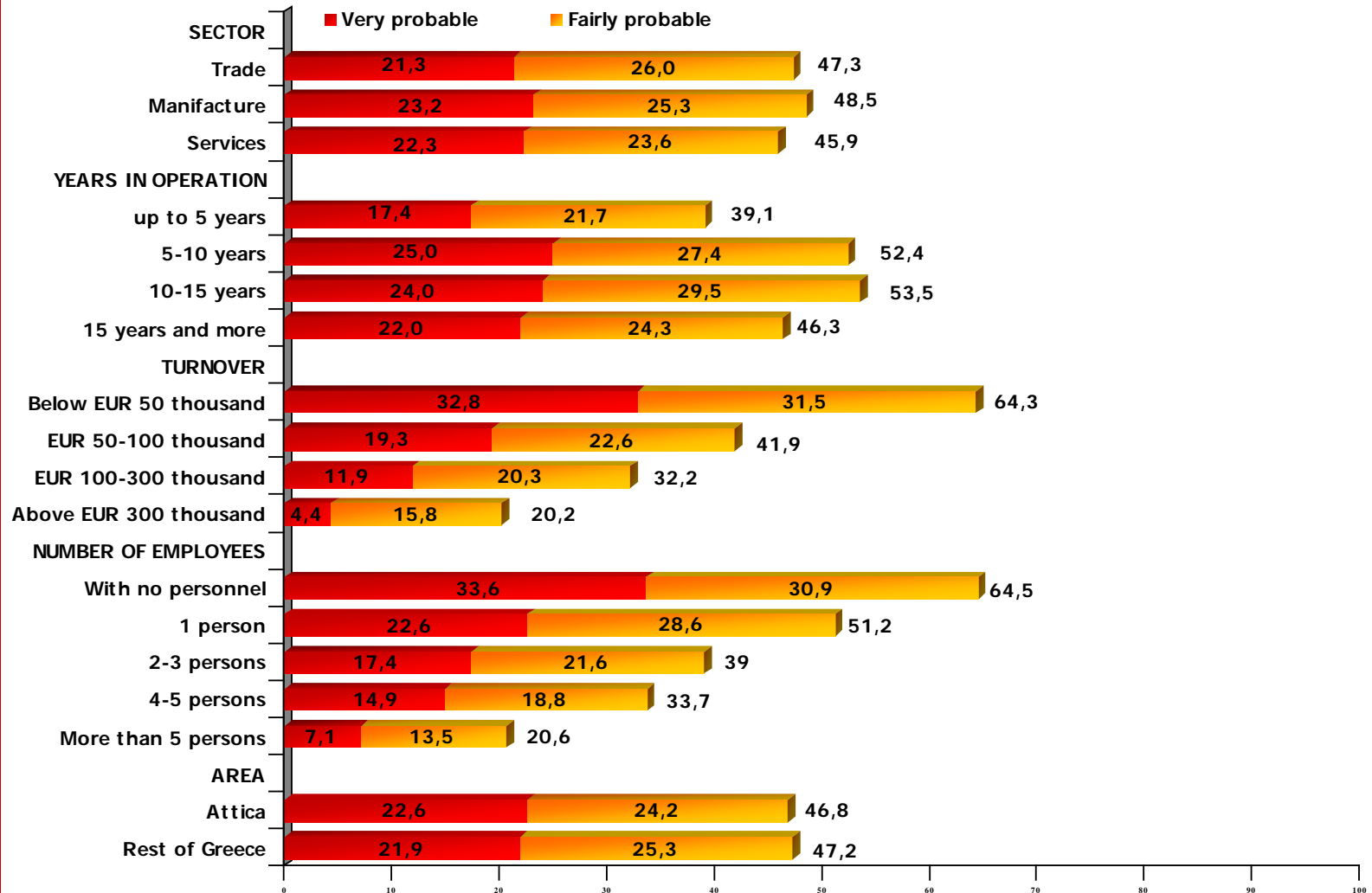
Under the existing conditions and the current prospects with regard to crisis, do you consider probable or not that your enterprise will be facing major problems during the period to come to an extent that it will be at risk of closing?



The figure of small enterprises that considers very or fairly probable that it will be facing major problems during the period to come to an extent that it will be at risk is still very high (47,1%). It should be noted that, in May 2009, the respective figure stood at 11,7%.

They consider probable that their enterprise will be facing major problems during the period to come to an extent that it will be at risk of closing

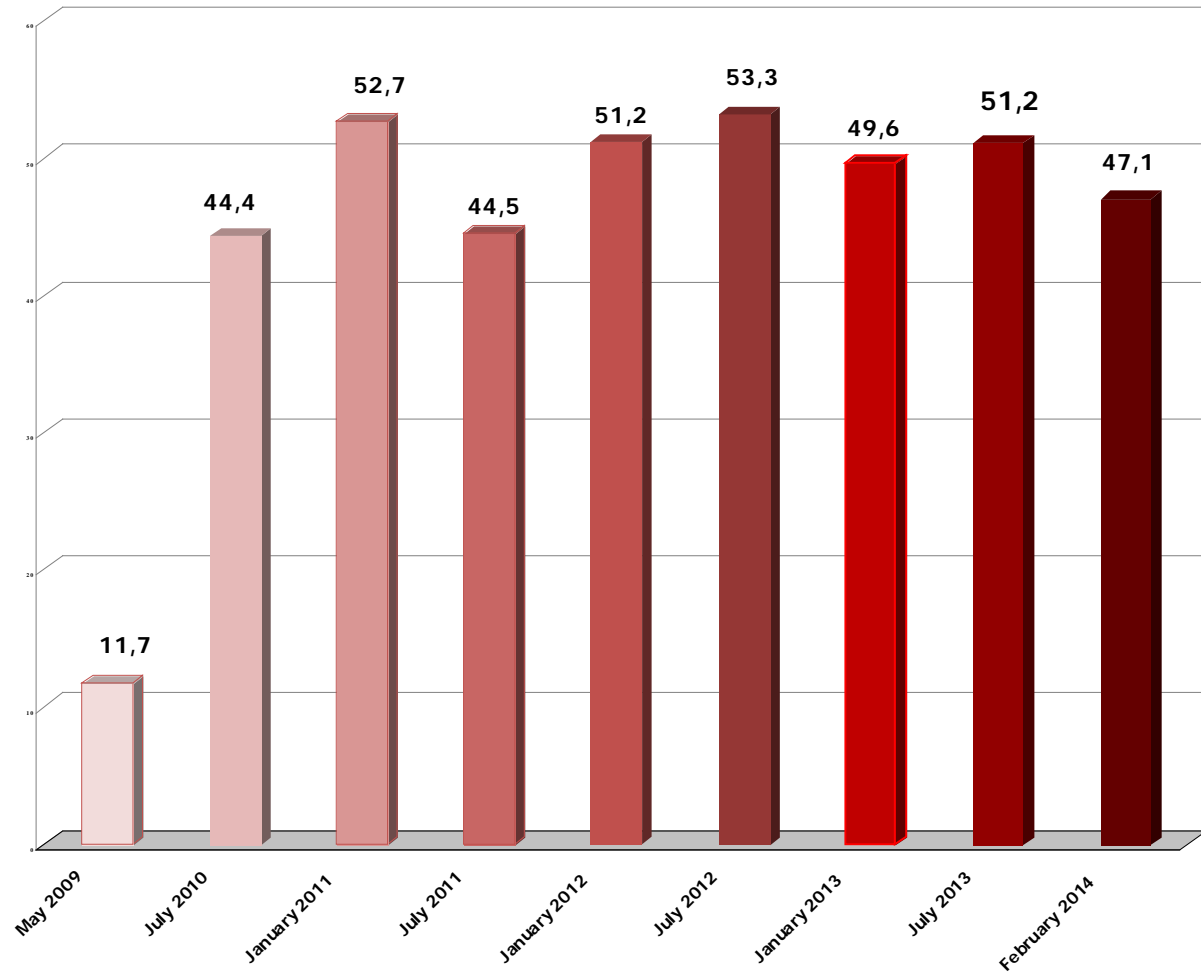
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FEAR FOR A PROBABLE BUSINESS CLOSURE

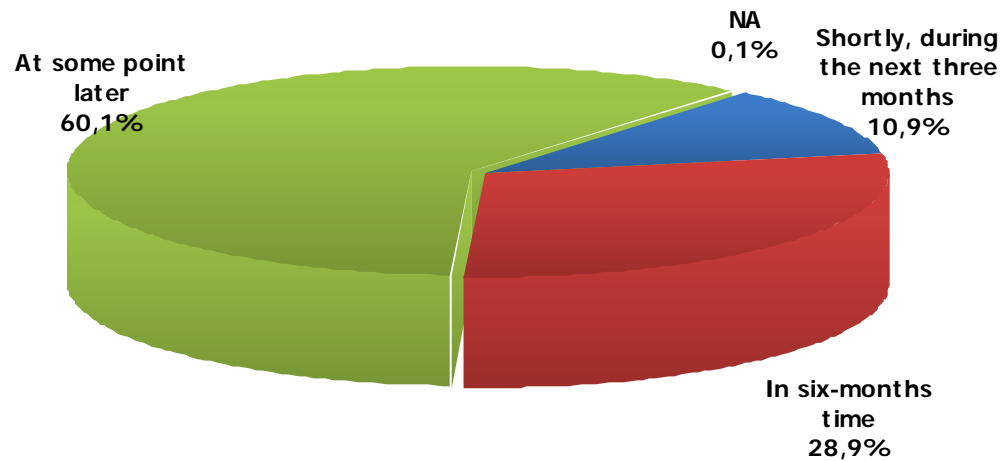
COMPARATIVE CHART

MAY 2009 – FEBRUARY 2014



In your opinion, when such an occurrence will take place?

Out of those considering probable that their enterprise will be facing major problems during the period to come to an extent that it will be at risk of closing down -



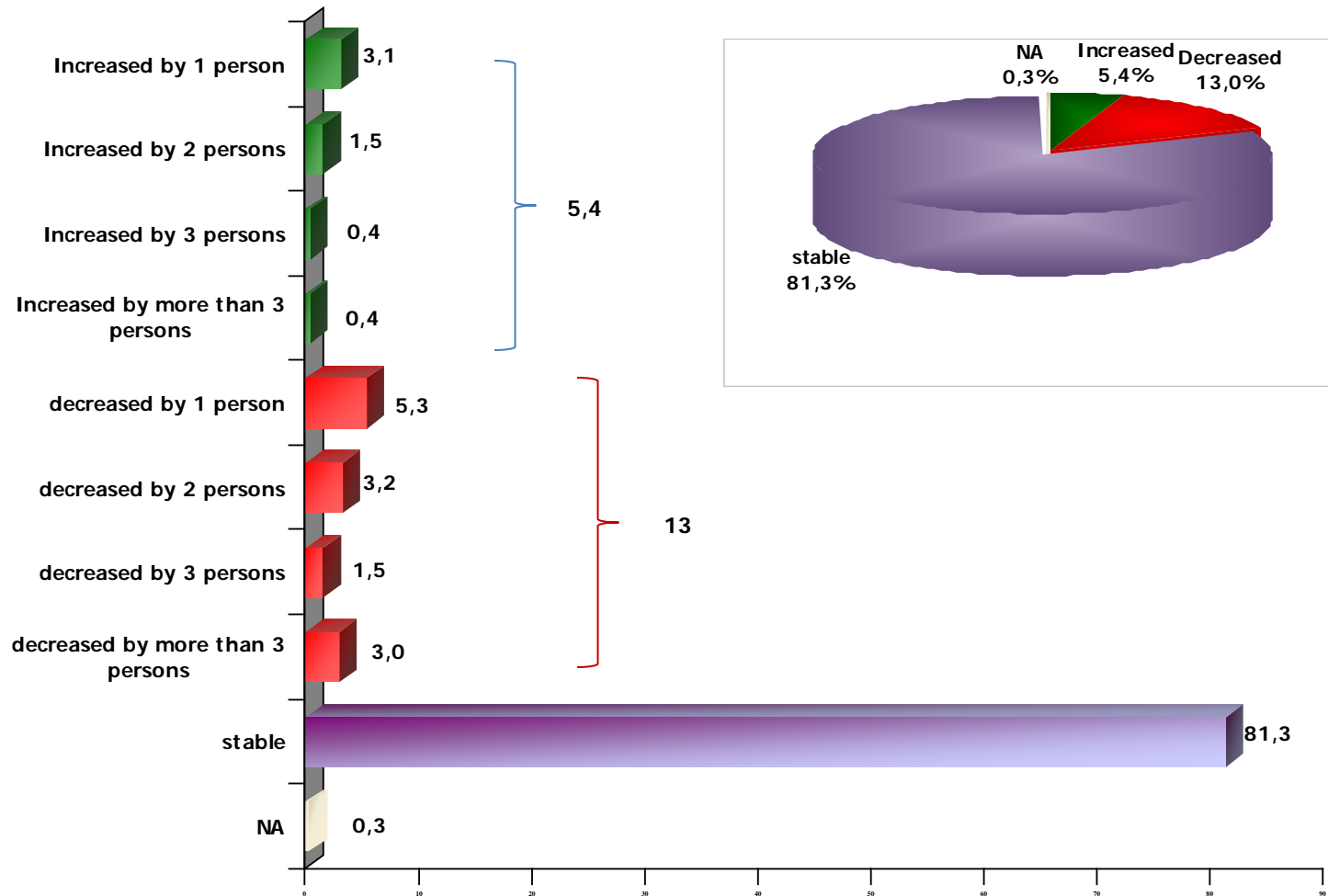
In absolute numbers, for 65.000 enterprises there is an "alarm". It is estimated that the net reduction of enterprises during the next year will be 27.000-30.000 and it will mainly concern micro enterprises.

EMPLOYMENT

EMPLOYMENT



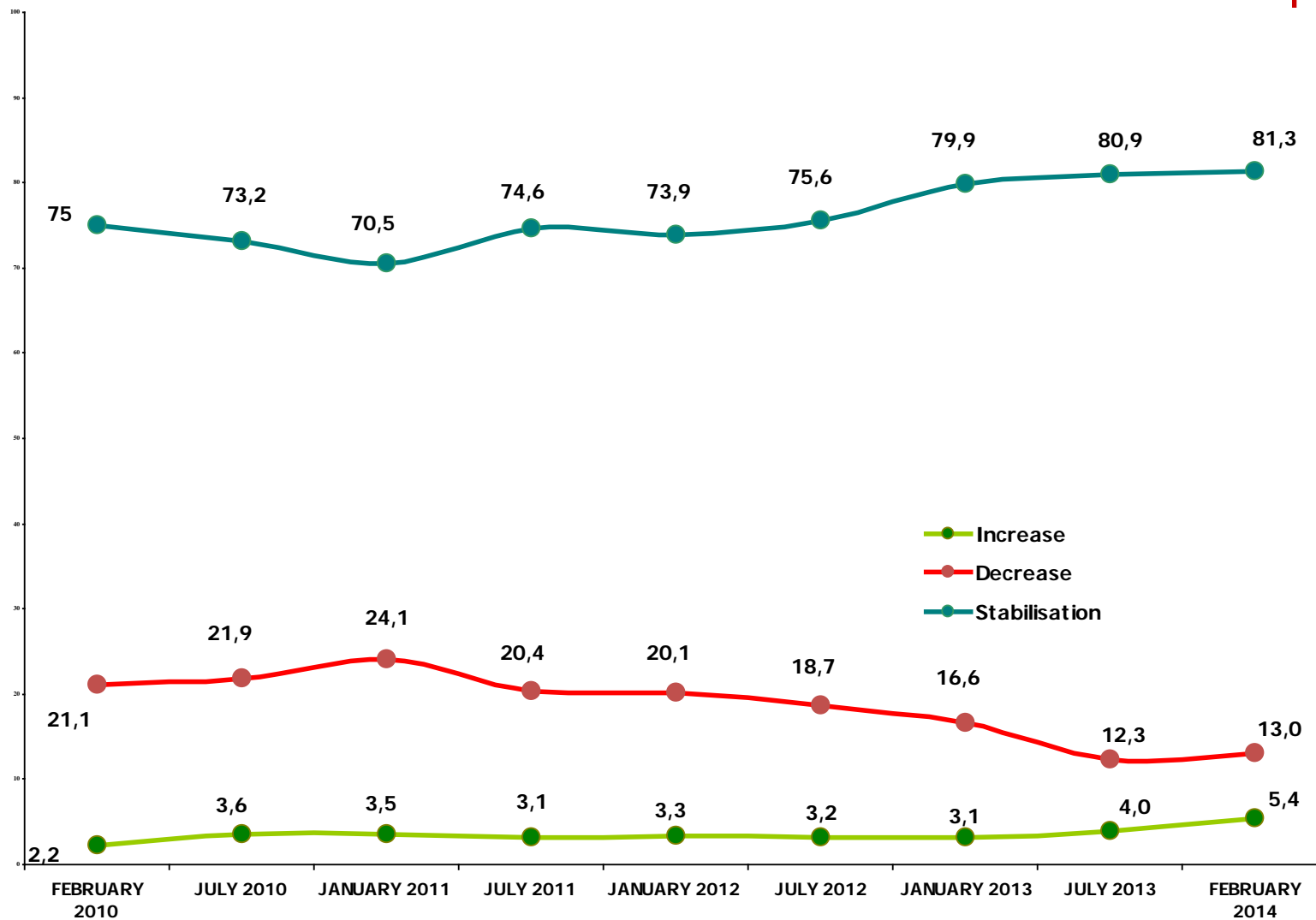
Has the personnel of your enterprise, during the past 6 months, been increased, decreased, or stable? (With regard to the July-December 2013 period)



EMPLOYMENT

ASSESSMENT OF THE PAST HALF

COMPARATIVE DATA OF PREVIOUS SURVEYS



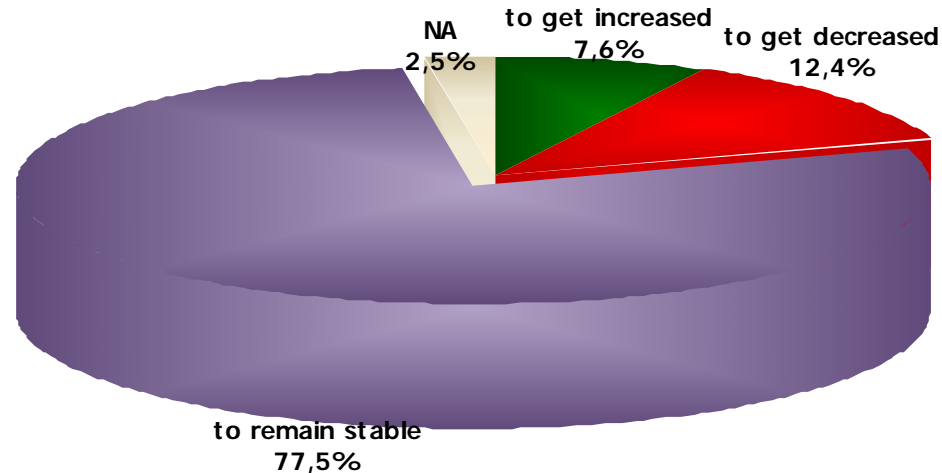
EMPLOYMENT
ASSESSMENT OF THE PAST HALF
COMPARATIVE DATA OF PREVIOUS SURVEYS

- 1) **In absolute numbers, the net jobs loss during the 2nd half of 2013 exceeds 50.000 employees, a figure confirmed by ELSTAT surveys on labour force and IME GSEVEE estimations in its climate survey, July 2013**
- 2) There is still a negative balance between recruitments and lay-offs. For each enterprise recruiting in the private sector, there about 2 enterprises laying off (in the previous survey this balance stood at 1:3, July 2013)

EMPLOYMENT



During the next 6 months, do you consider most probable the personnel of your enterprise to get increased, decreased, or to remain the same?

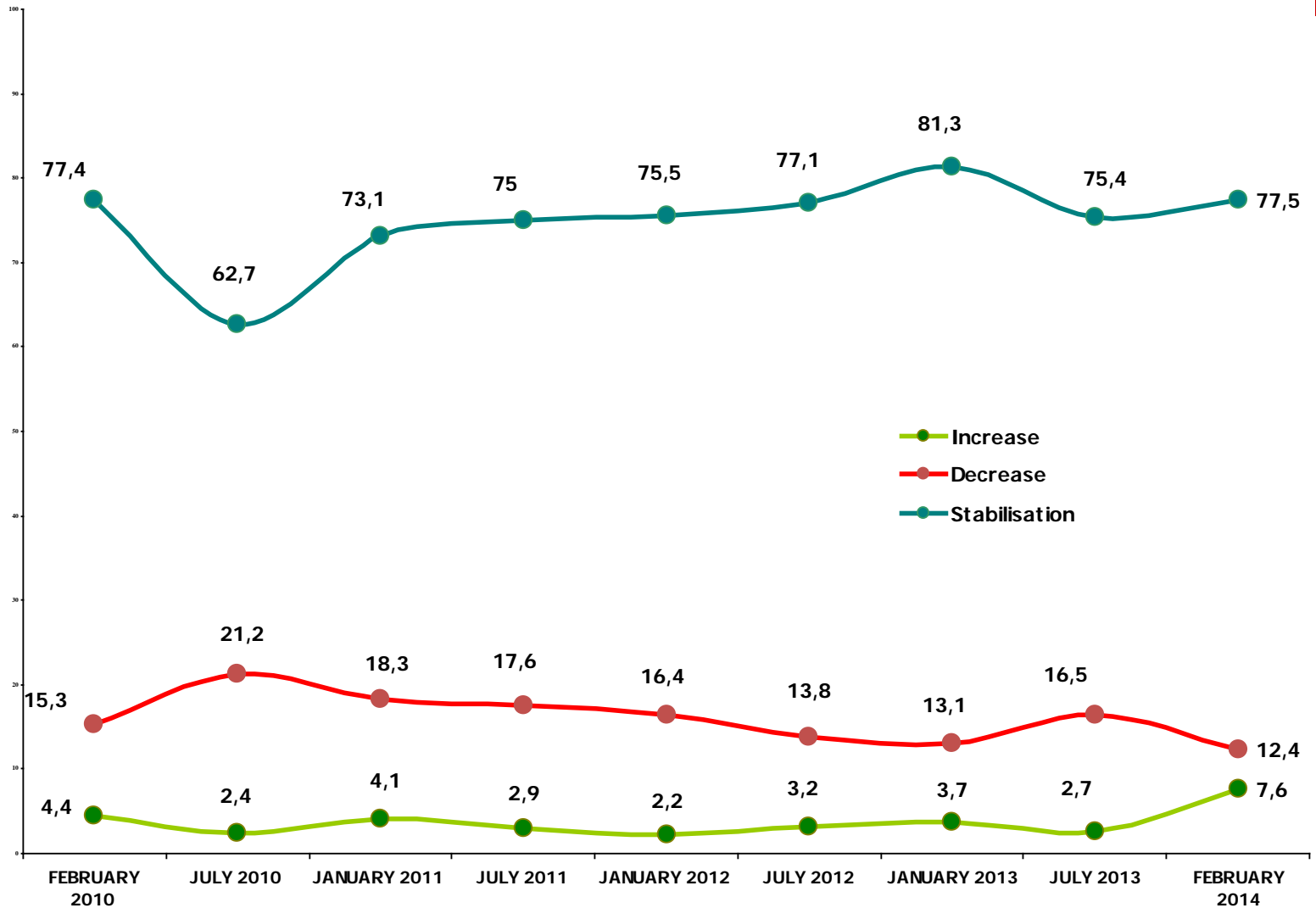


The findings on the prospects for employment are discouraging, as in the case that IME GSEVEE estimations get verified, **there is a risk of losing 47.000 employment posts in total** (employers, self-employed, employees) during the next half. As far as the prospects on the first half of 2014 are concerned, **the prospects are for a loss of 30.000 jobs.**

EMPLOYMENT

PROSPECTS ON THE NEXT HALF

COMPARATIVE DATA OF PREVIOUS SURVEYS

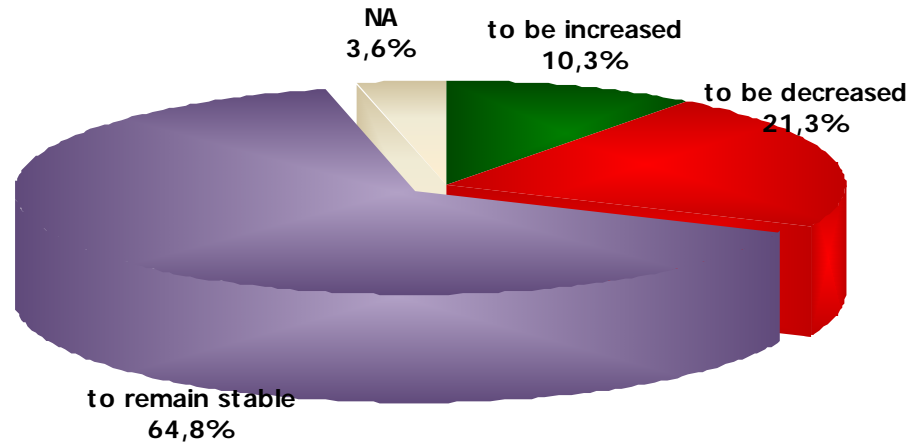


EMPLOYMENT



During the next 6 months, do you consider most probable the personnel of your enterprise to be increased, decreased, or to remain stable?

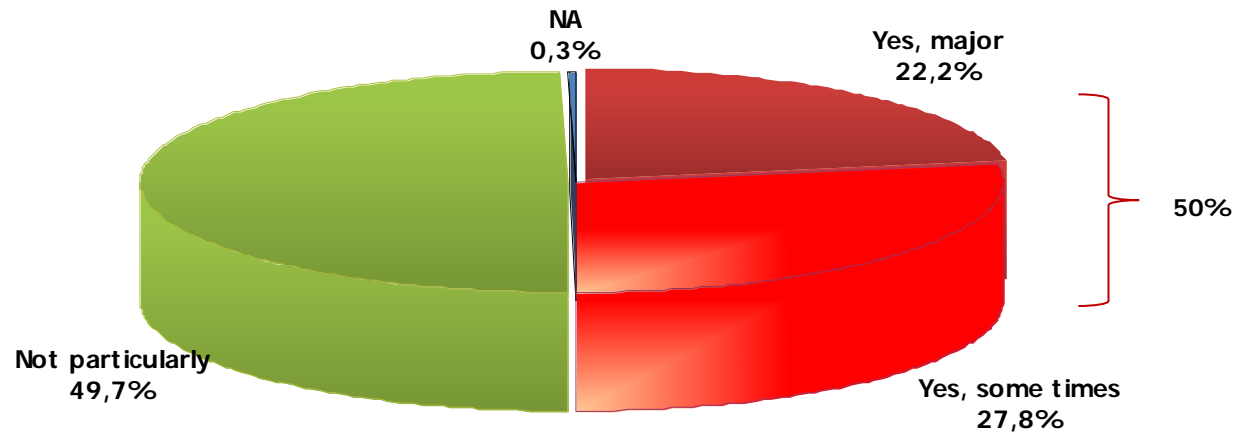
- Reduced to enterprises with employees -



WAGES AND WORKING HOURS

During the past 6 months have you faced difficulties in paying wages in time?

-Out of enterprises with paid employees-

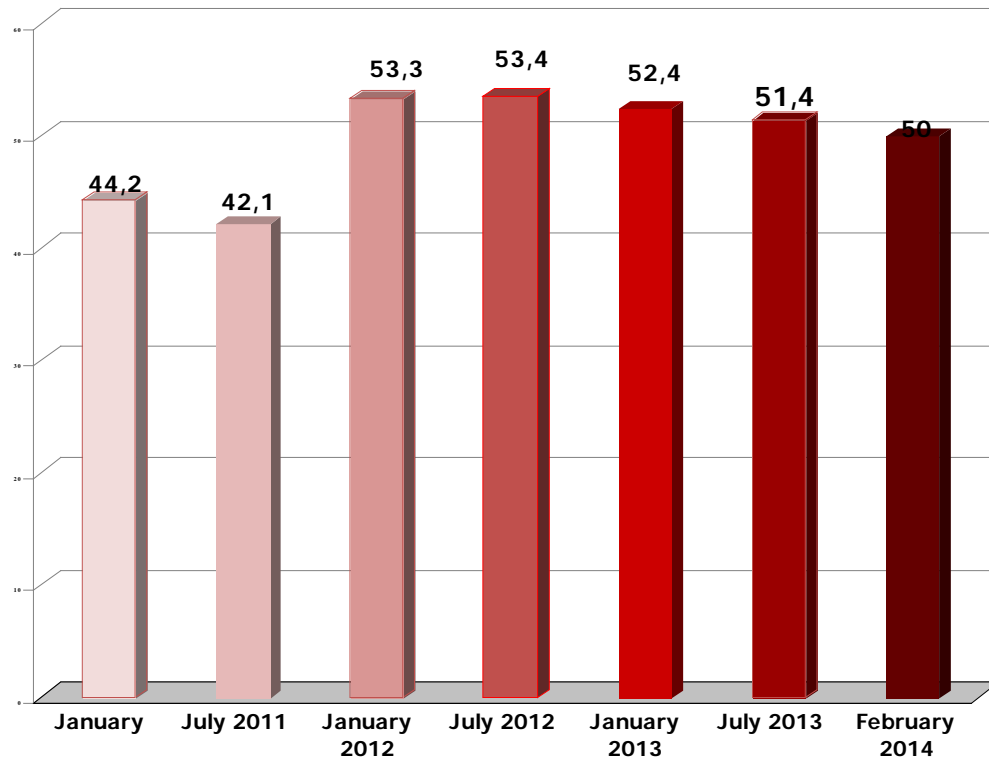


1 out of 2 enterprises faces difficulties in paying wages in time, a figure confirmed by the Labour Inspectorate's reports.

Having faced during the past 6 months difficulties in paying employees' wages in time

-Out of those with paid employees-

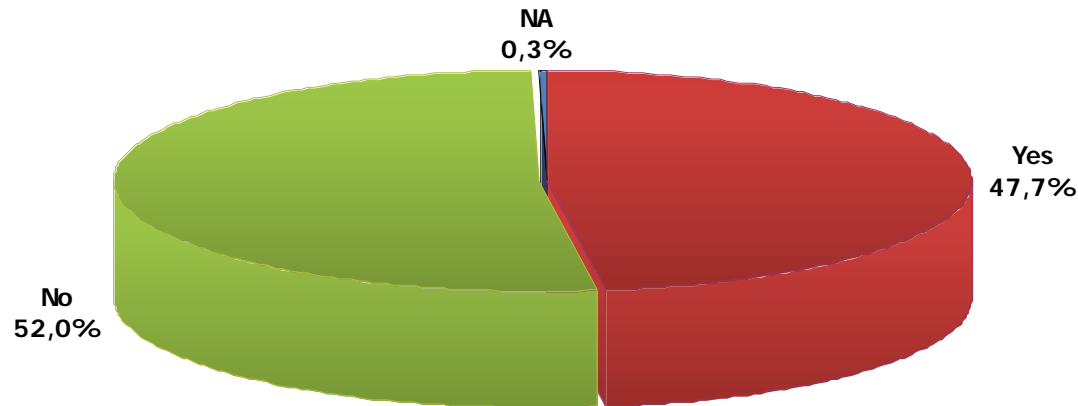
JANUARY 2011 – FEBRUARY 2014 COMPARATIVE CHART



Did you have to reduce, even occasionally, working hours or days for some employees?

-Out of enterprises with paid employees

47,7% of enterprises with employees has proceeded in an indirect reduction of the labour cost, by reducing working hours or days.

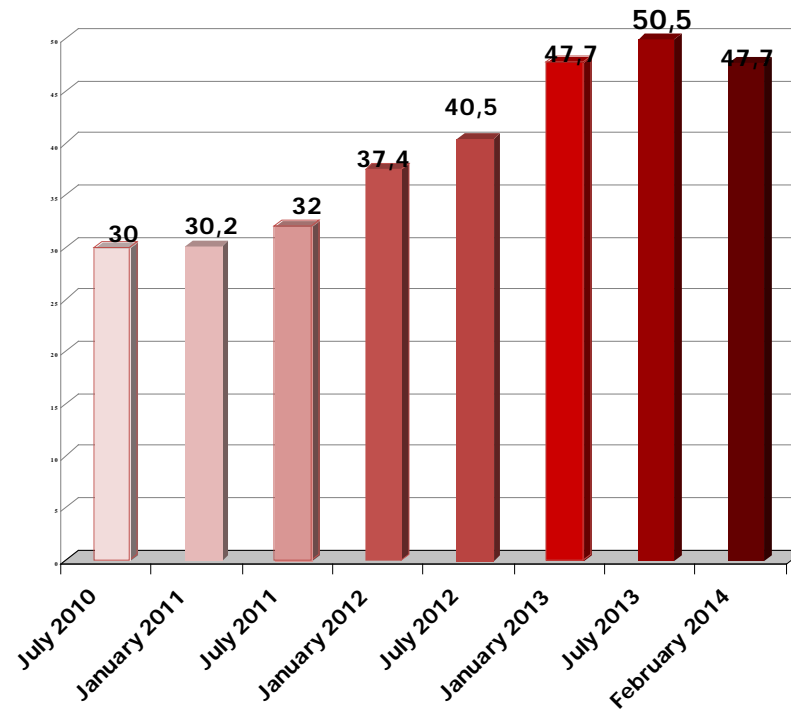


The scheme of implementing flexible forms of employment is getting stabilised and wider. **The grounds of this phenomenon lie upon, except of the need of entrepreneurial restructuring, the actual burden by the increase and accumulation of enterprises' financial liabilities (immovable property fees, trade taxes, over-taxation).**

Had to reduce, even occasionally, working hours or days for some employees

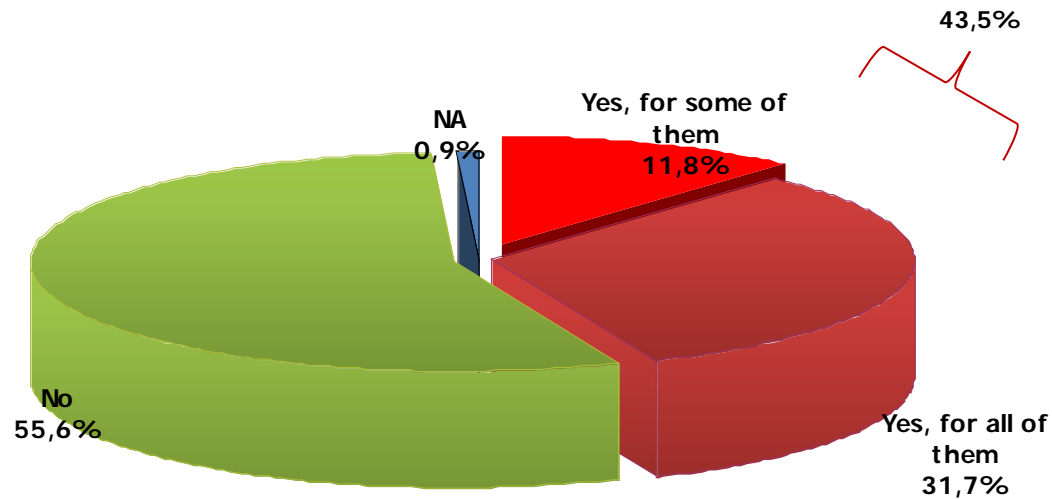
-Out of enterprises with paid employees -

JULY 2010 - FEBRUARY 2014 COMPARATIVE CHART



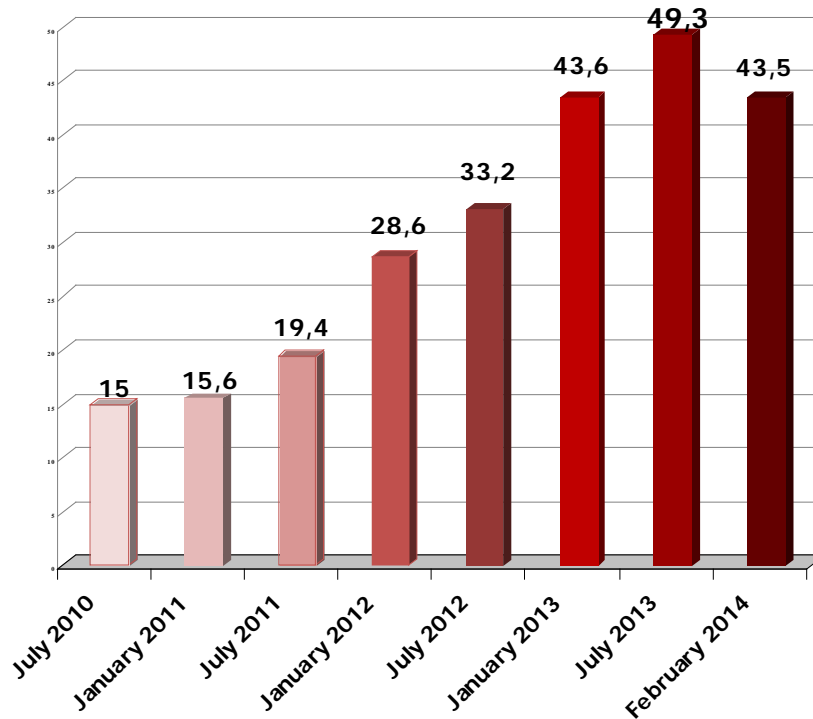
Did you have to reduce wages for some employees?

- Out of enterprises with paid employees -



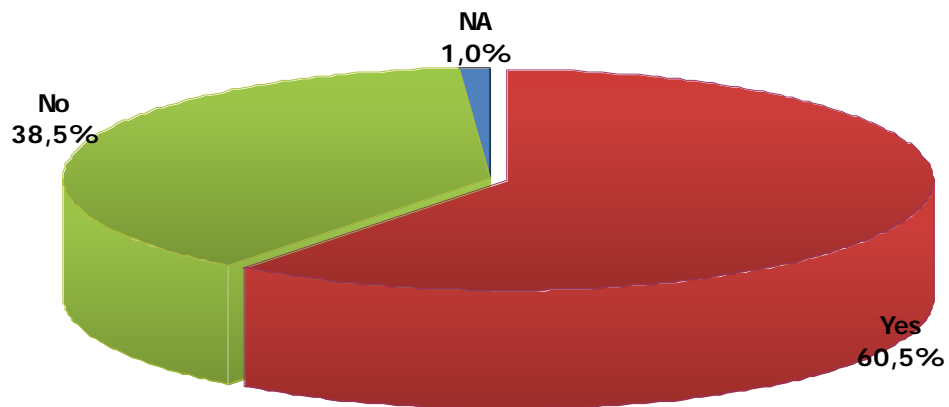
43,5% of enterprises has proceeded in a rapid readjustment of wage cost, by reducing wages.

They had to reduce wages for some employees
-Out of enterprises with paid employees -
JULY 2010 – FEBRUARY 2014 COMPARATIVE CHART



Did they have to reduce working hours/days or wages for some employees?

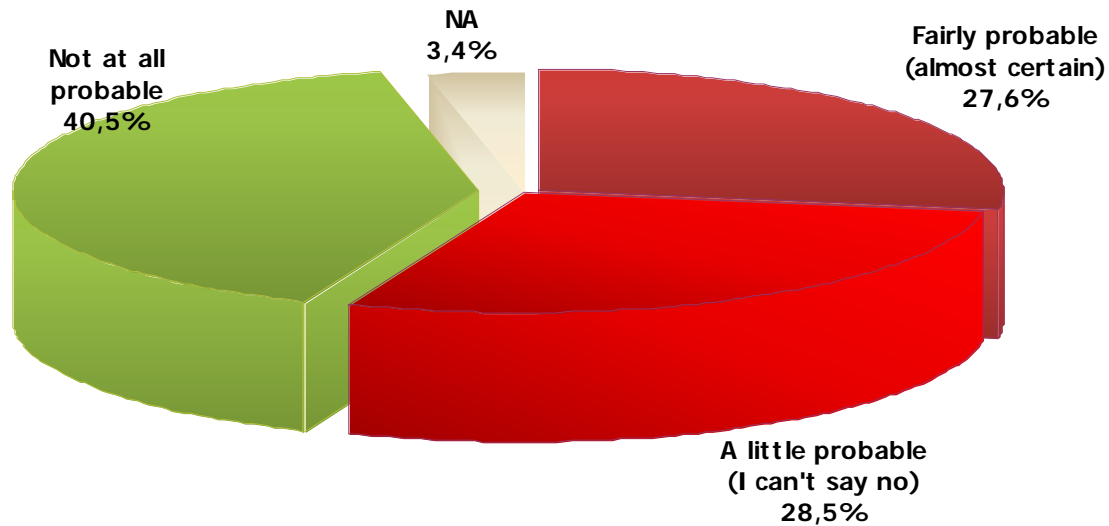
-Out of enterprises with paid employees -



60,5% of enterprises said that it has proceeded during the second half of 2013 in reducing working hours, or/and reducing wages.

How probable do you consider that you will have to reduce your employees' wages or working hours during the next half?

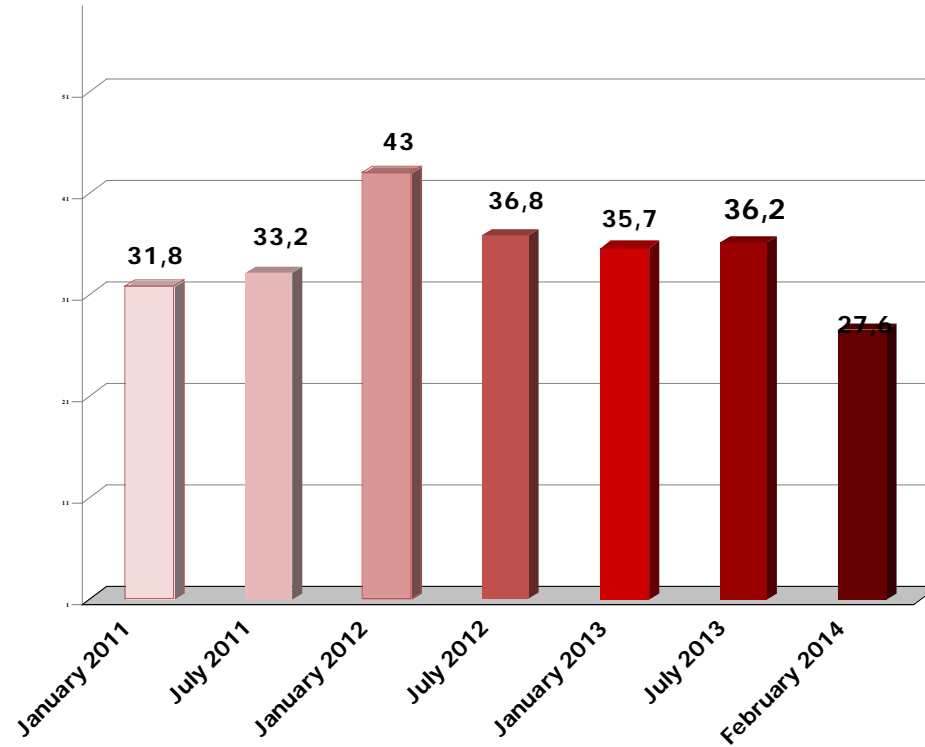
- Out of enterprises with paid employees -



They consider almost certain that they will have to reduce employees' wages or working hours during the next half

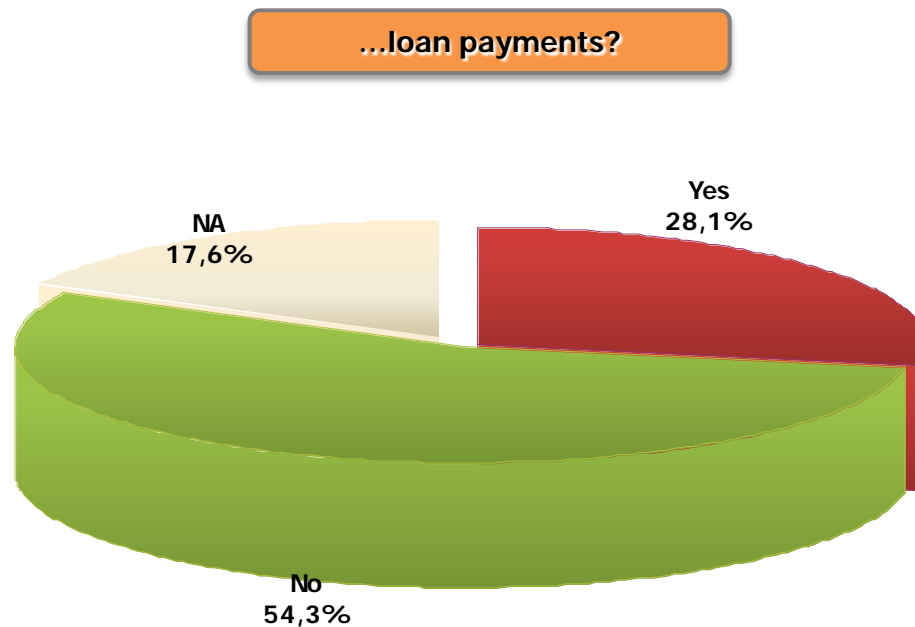


- Out of enterprises with paid employees -
JANUARY 2011 – FEBRUARY 2014 COMPARATIVE CHART



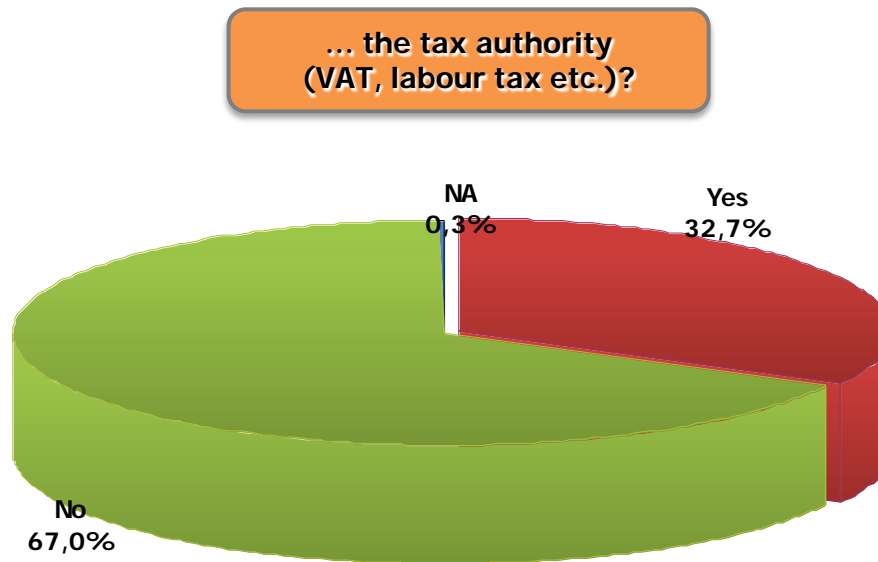
LIABILITIES AND DEBTS

Many enterprises reported that now they find it difficult to meet key obligations.
During the past half, did you have arrears towards...



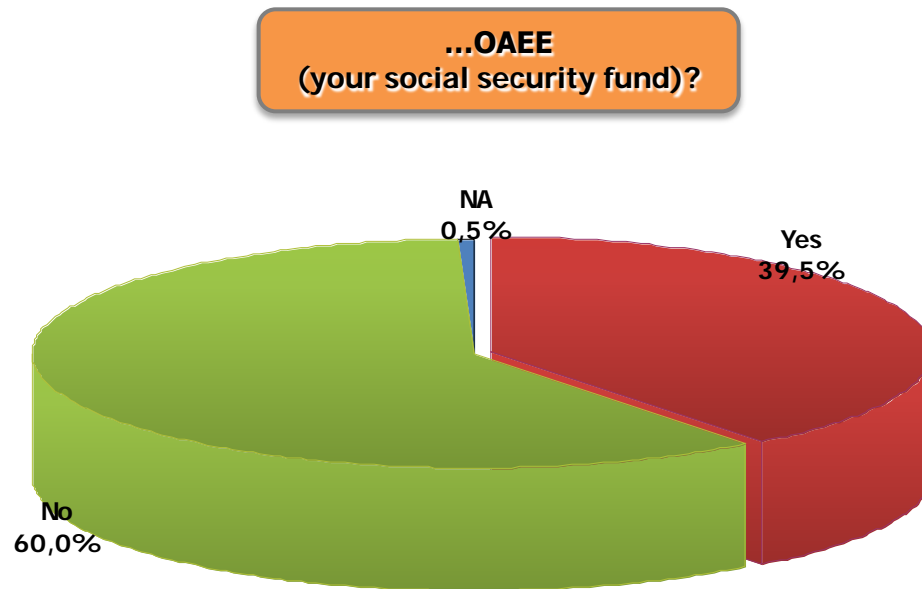
Non-performing loans or late loan payments towards banks amount to 28,1%.

Many enterprises reported that now they find it difficult to meet key obligations.
During the past half, did you have arrears towards...



1 out of 3 enterprises has arrears towards the tax authority.

Many enterprises reported that now they find it difficult to meet key obligations.
During the past half, did you have arrears towards...

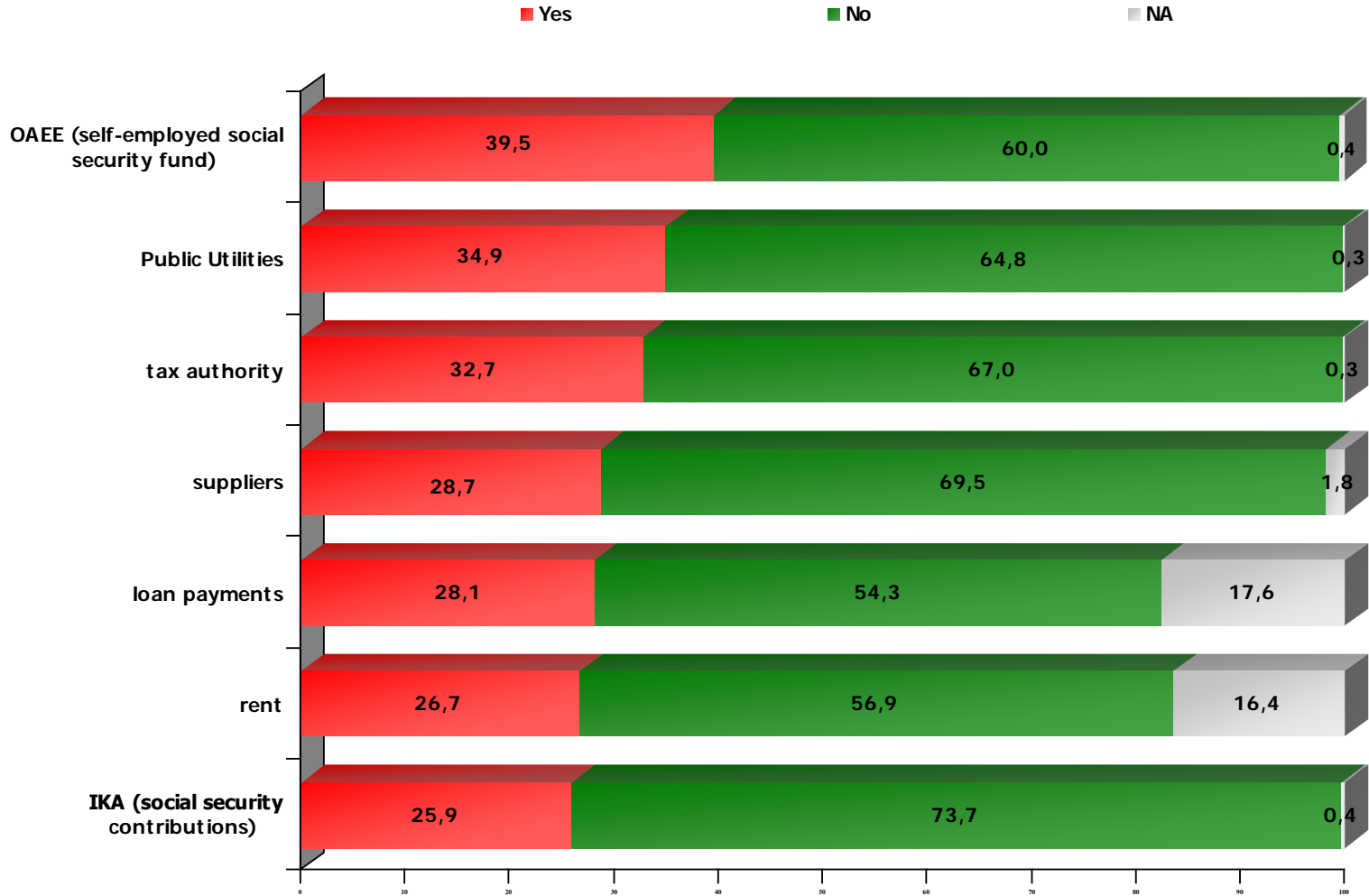


The largest part of enterprises' arrears has to do with social security debts towards OAE (about 40%).

Many enterprises reported that now they find it difficult to meet key obligations.

During the past half, did you have arrears towards...

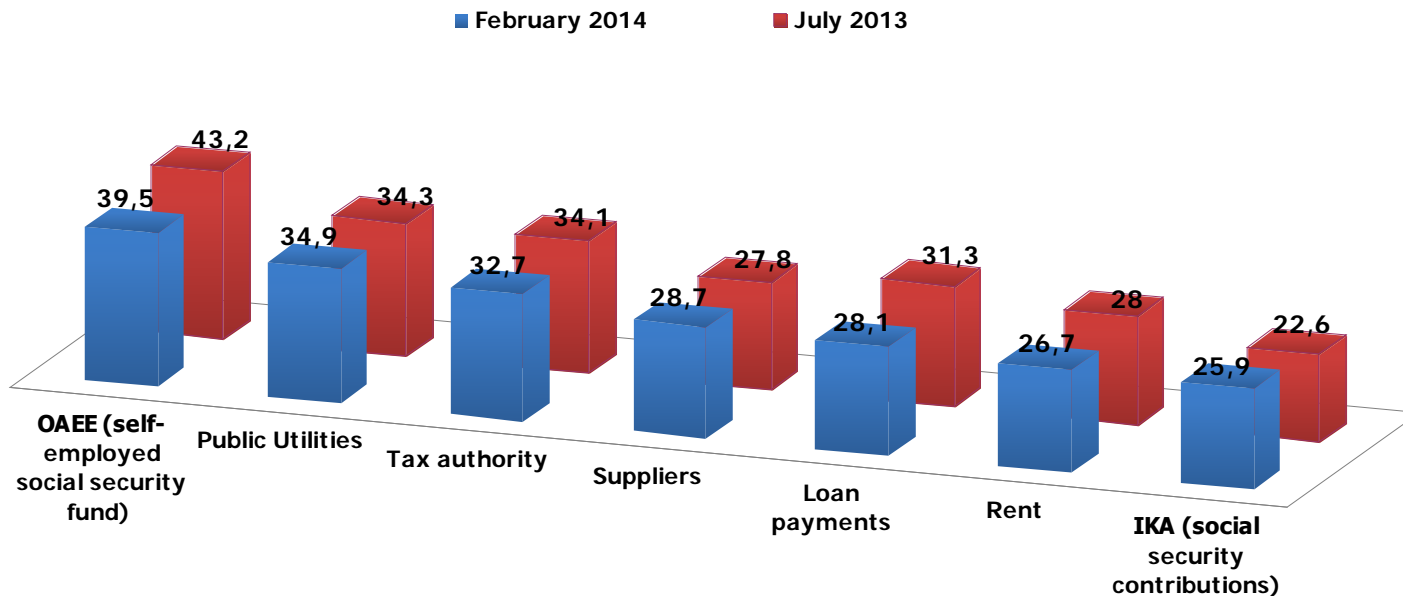
AGGREGATED CHART



Many enterprises reported that now they find it difficult to meet key obligations.

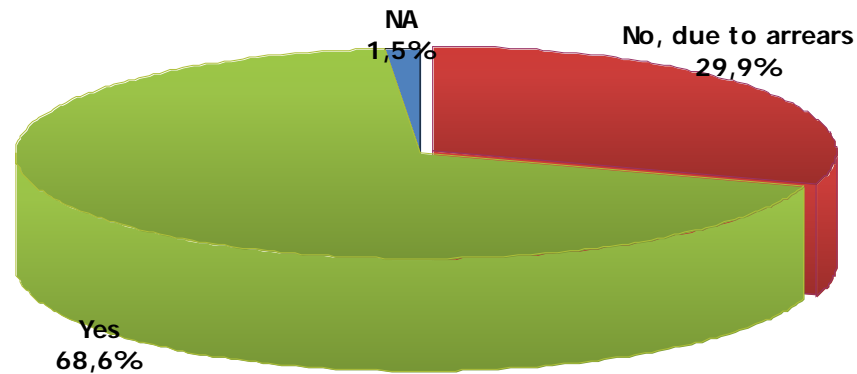
During the past half, did you have arrears towards...

JULY 2013-FEBRUARY 2014 COMPARATIVE DATA



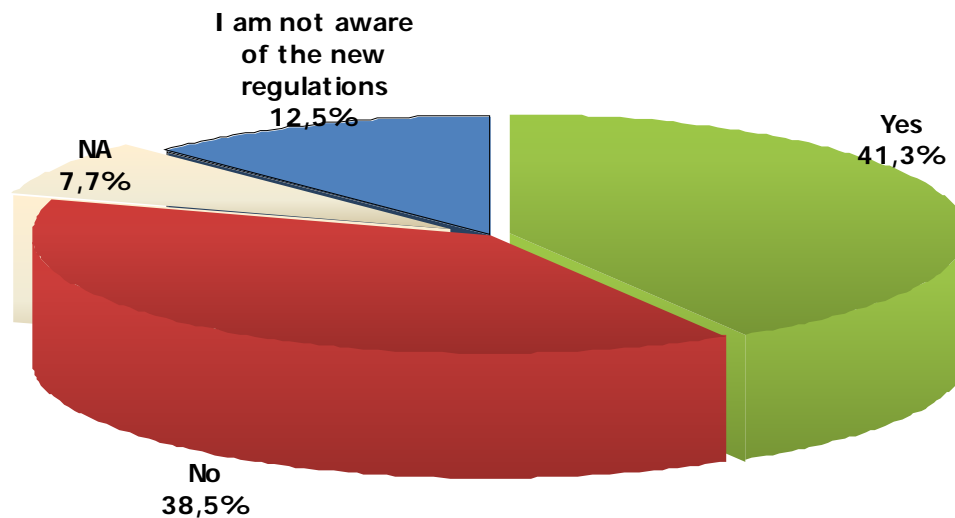
•During the past half, the figure of enterprises with arrears towards suppliers has been increased (28,7% from 27,8%) – a worrying fact for the prospects of the private sector – which has also been the case for IKA (25,9% from 22,6%).

Has your health insurance book been granted a renewal/approval by OAEE?
(entitled to health care under OAEE)



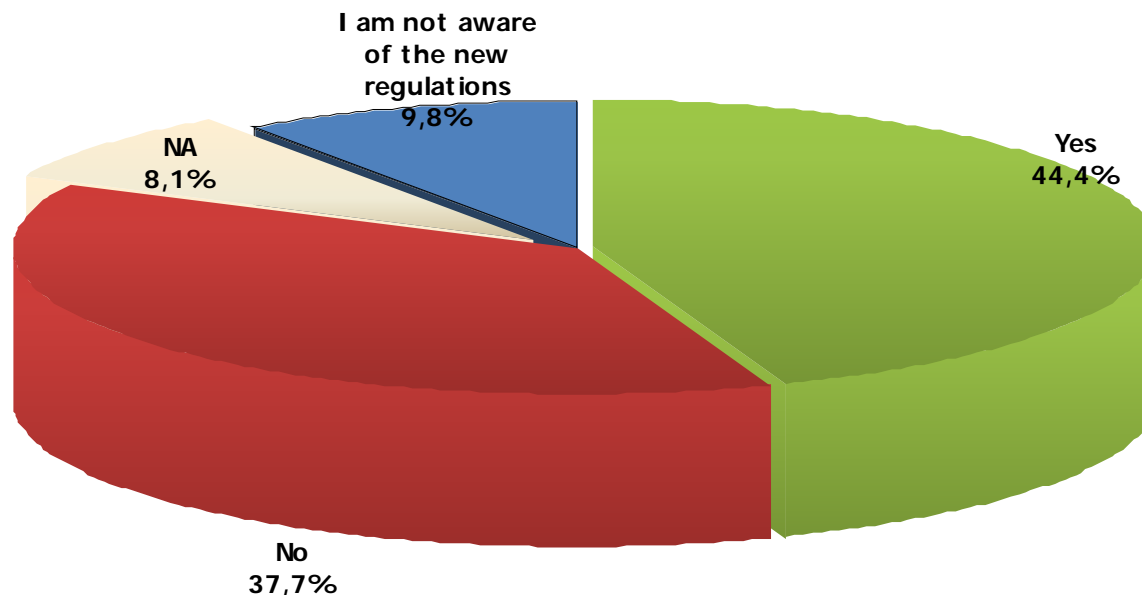
30% of entrepreneurs states that it is not entitled to health care due to accumulated arrears towards OAEE. This figure is higher for micro enterprises (34,8%) and enterprises between 5-10 years in operation (36,9%).

Do you think that will you be able in 2014 to meet your tax obligations
(VAT, labour tax etc.)?



About 4 in 10 enterprises estimate that in 2014 they will not be able to meet their tax obligations.

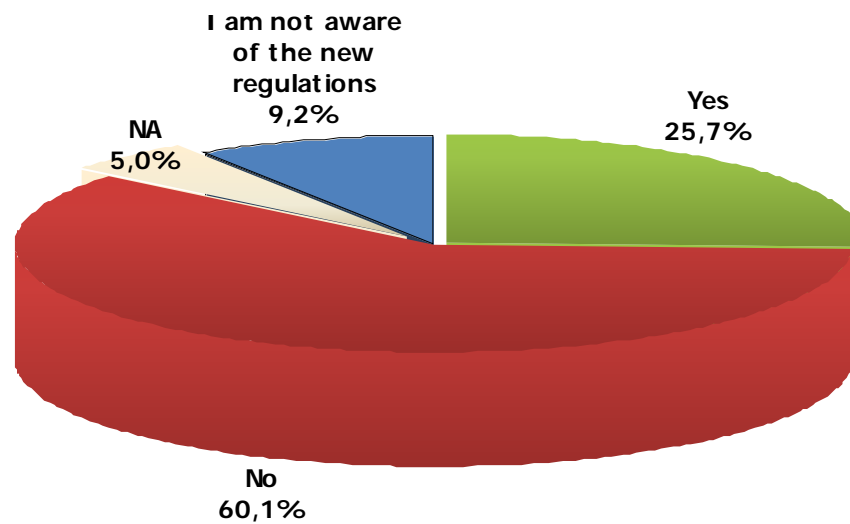
Do you expect that until the end of the year will you be able to meet your social security obligations?



37,7% of enterprises estimates that it will not be able to meet the social security obligations of the current year.

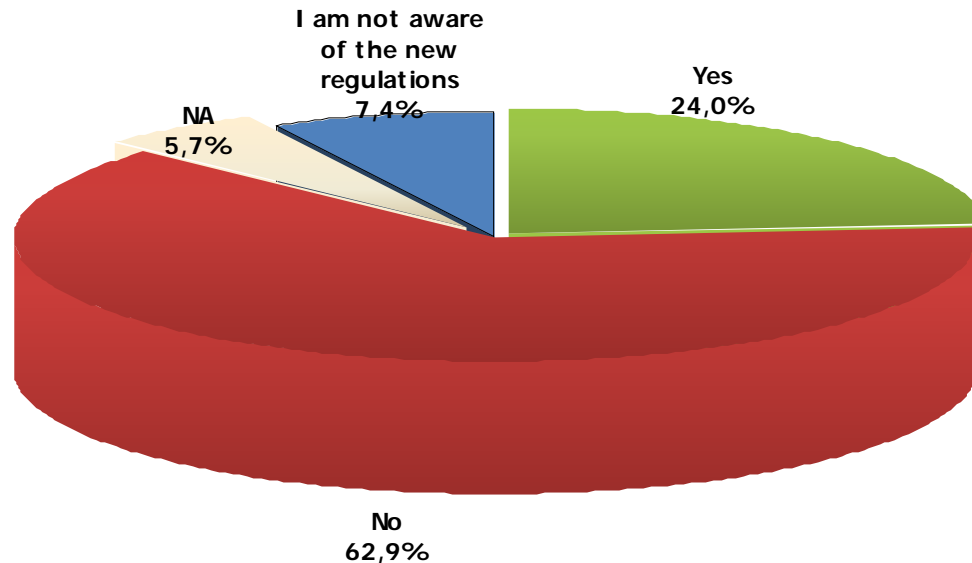
The successive taxation regulations, as well as the ineffective settlements for social security debts seem to have a negative effect on enterprises and form a regime of continuous insecurity that undermines any prospect for investments.

Do you expect that until the end of the year will you be able to meet your tax obligations?



* Out of those with arrears towards the tax authority

Do you expect that until the end of the year will you be able to meet your social security obligations?

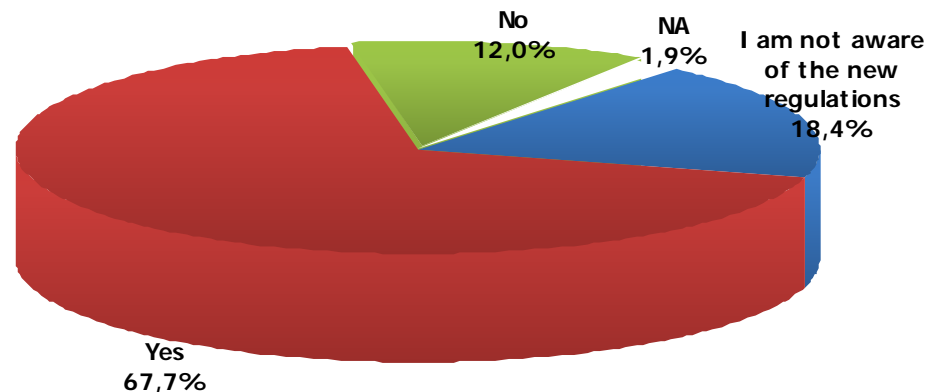


These figures hike to 60,1% and 62,9% for the categories stating already arrears.

* Out of those with arrears during the past half towards OAEE or/and IKA

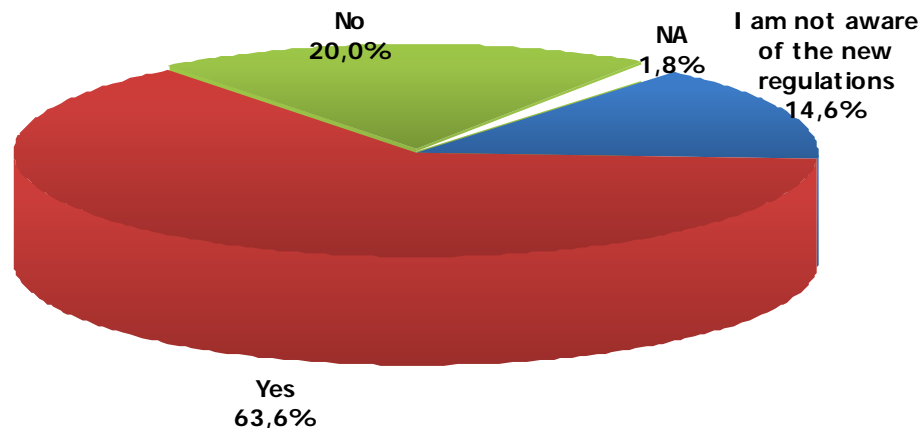
GENERAL ECONOMIC ISSUES

The regulations of the new taxation laws:
do they increase the administrative costs for your enterprise or not?



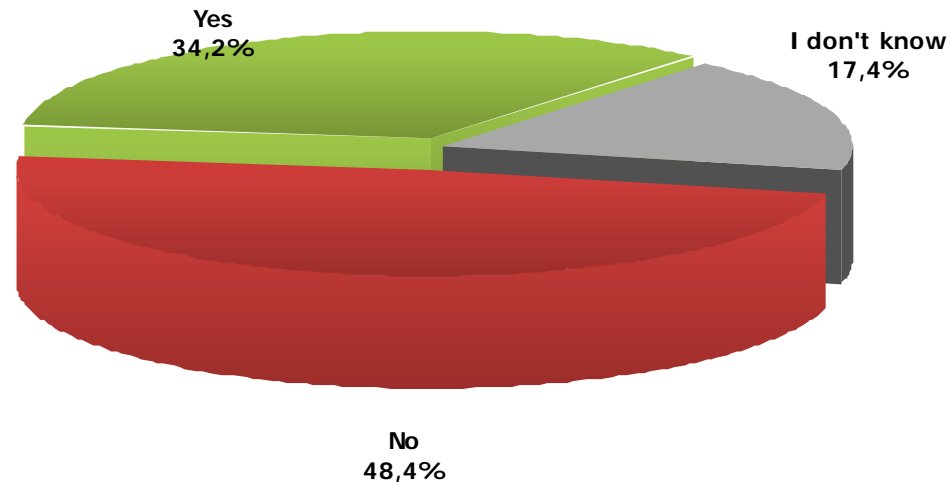
As far as the implementation of the new taxation laws is concerned, **2 out of 3 enterprises (67,7%) consider that they increase their respective administrative costs.**

The regulations of the new taxation laws: do they increase the risk of leading your entrepreneurial activity to an end or not?



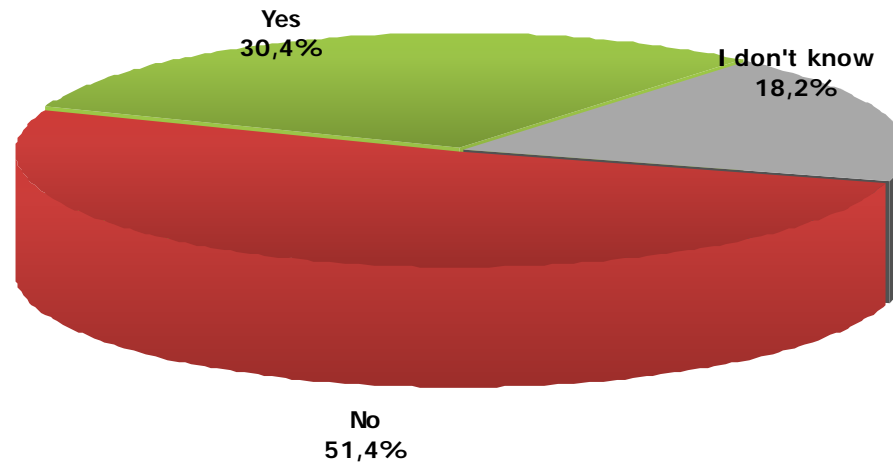
63,6% of enterprises states that the new taxation laws increase the risk for entrepreneurial activity to end. Enterprises in the manufacture sector and enterprises with employees seem to be particularly burdened.

Do you consider that liberalising product market and opening up professions
(as described in OECD reports) will lead to prices reductions or not?



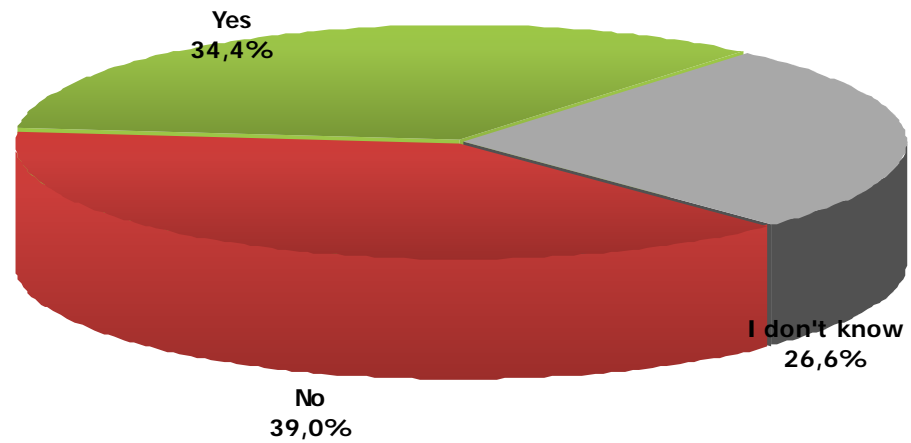
48,4% of professionals, against a 34,7%, considers that liberalising product market and opening up professions will not lead to prices reductions.

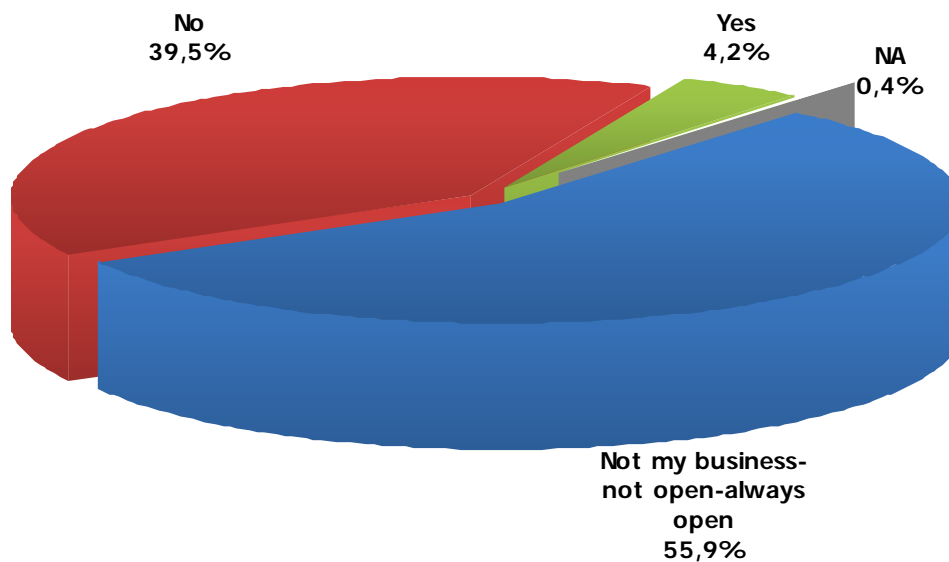
Do you consider that liberalising product market and opening up professions (as described in OECD reports) will help entrepreneurial activity or not?



51,4% considers that they will not help entrepreneurial activity.

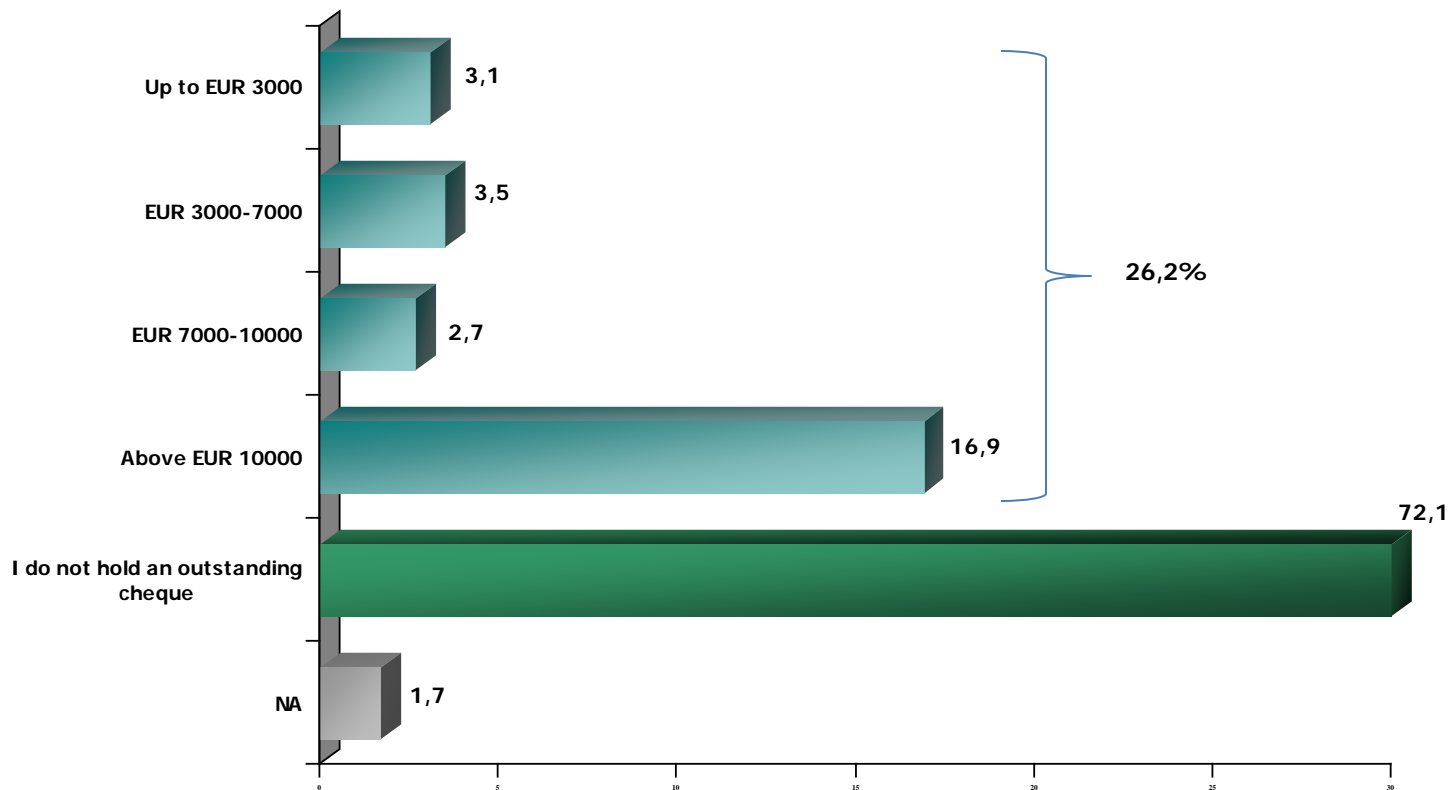
Do you agree with the liberalisation of commercial lettings or not?



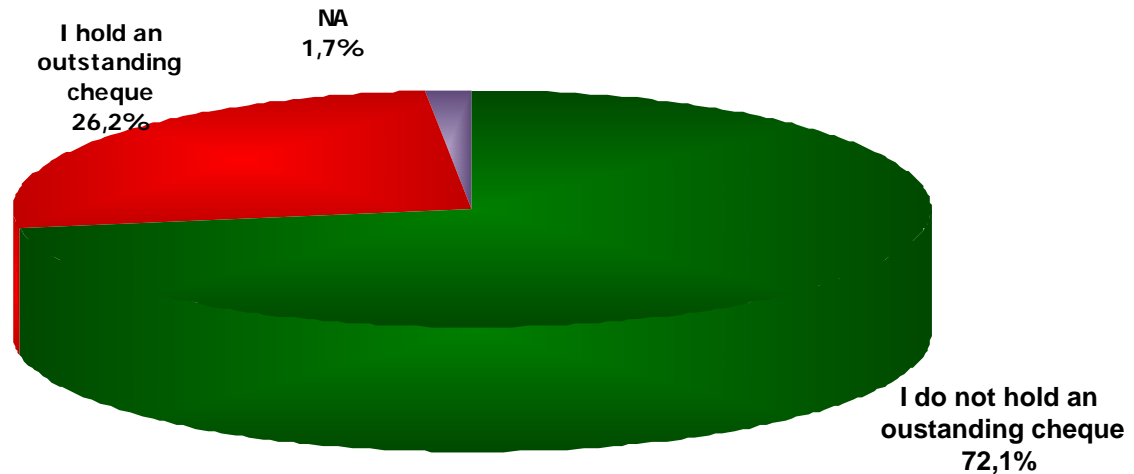


Barely a 4,2% of enterprises stated that its turnover has been reinforced by shops Sunday opening.

Do you hold any outstanding cheque by your customers? If you do hold, which is approximately their overall amount?



Do you hold any outstanding cheque by your customers? If you do hold, which is approximately their overall amount?



The survey also finds that 26,2% of enterprises are forced to retain an outstanding cheque (of a value above EUR 10.000 for 16,9%), while 17,5% expects receiving by the public sector. **These findings, in conjunction with the matured debts, make imperative a swift drawing up of an overall financial plan which will include realistic settlements for arrears, debts cross-entry, and partial write-off of loans.**

Are there outstanding debts by the Public sector (e.g. VAT, outstanding invoices etc.)?
If there are such debts, which is approximately their overall amount in terms of turnover?

