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## Incentives to Promote Entrepreneurship in Greece: Results Based on the ‘New Innovative Entrepreneurship’ Program

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### Abstract

This paper examines a national case of providing incentives, which aims at promoting entrepreneurship and enhancing innovation. This national case concerns the case of Greece and the analysis is based on the participation of the Greek, existing and prospective, entrepreneurs and their project proposals in the ‘New innovative entrepreneurship’ program, which was launched in 2011. The analysis is based on the examination of a sample of 439 projects-proposals submitted by existing and prospective Greek entrepreneurs. Typically, the program under consideration provided incentives in the form of grants to promote entrepreneurship in Greece and was seen as a main driver for the upgrading of the country’s production structure and its redirection towards high added-value goods and services. The research findings show that half of projects are related to the manufacturing sector. Overall, however, the majority of projects concern the activities of information technology and its applications, while emerging sectors seem to be those of ‘scientific research and development’ and ‘architectural and engineering activities; technical testing and analysis’. In addition, nearly half of projects concern start-ups and very small and small new firms located in the region of Attica. Results also show that only the 16.9% of projects use the banking system as a complementary financing source. The 27.3% of projects has rights of intellectual property ownership related to the innovation introduced at the level of the Greek territory. The majority of the Greek entrepreneurs intend to introduce a new or significantly improved product or service in the market based on their innovative idea, aiming at diversifying and improving the quality of their products and/or services. Last but not least it seems that the Greek entrepreneurs have as main target the increase of their profitability and the further strengthening of their competitive position in the market.

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## 1. Introduction

Nearly 80 years ago, Schumpeter (1934) stressed the role that entrepreneurship plays in the development and spreading of innovation. He actually defined entrepreneurship as ‘the assumption of risk and responsibility in designing and implementing a business strategy or starting a business’. Gough (1969) argued that ‘entrepreneurship refers to a person who undertakes and operates a new enterprise or venture, and assumes some accountability for the inherent risks’. Klapper et al. (2010) interpreted entrepreneurship as the ‘activities of an individual or a group aimed at initiating economic activities in the formal sector under a legal form of business. Along complementary lines, Acs, Audretsch, Braunerhjelm, and Carlsson (2004) argued that the main contribution of entrepreneurship to economic growth consists in playing the role of a knowledge filter that transforms inventions into commercially viable products and processes. Based on the above definitions, it can be argued that the concepts of ‘discovery’, ‘creation’ and profitable exploitation for goods and services’ are implicit in the entrepreneurial process. Finally and focusing on the philosophy of policy practitioners, entrepreneurship has generally been viewed as the process of creating new wealth. Economic growth relies on both the fostering of entrepreneurship and the production of innovation. In fact there is a wide acknowledge of the significant role played by both entrepreneurship and innovation in economic growth (Baumol, 2002; Djankov et al., 2002; Klapper et al., 2006). Entrepreneurship is also very important for the dynamism of every economy, as it is usually expressed by the establishment of new firms, which create jobs and foster competition finally leading to economic growth. However, the assumption of risk, the taken up and running of a new business and the initiation of economic activities aren’t always easy, especially during periods of economic crisis and, more generally, during periods of economic instability. In such difficult cases and periods, the government intervention and the state aid could be more than ever justified. Government intervention can take many forms: Regulations, antitrust laws, public ownership (World Bank, 2004), the establishment of appropriate institutions (North; 1990), different schemes of financing, taxation, and measures for the encouragement of innovation activities (Harrison, Mason, & Girling, 2004). Thus, one form of intervention and aid is the so called national grants- subsidies. A subsidy is a grant or other financial assistance given by one party (e.g. central, regional, local government) for the support or development of another (e.g. producer, prospective entrepreneur. According to the OECD definition, a subsidy is a ‘measure that keeps prices for consumers below market levels, or keeps prices for producers above market levels or that reduces costs for both producers and consumers by giving direct or indirect support’ (OECD, 2006). Subsidies can be direct (cash grants, interest- free loans) or indirect (tax breaks, insurance, low- interest loans, depreciation write-offs, rent rebates). This form of support can be legal, illegal, ethical or unethical. Subsidies are used for a variety of purposes, including the growth of employment, the upgrading of production and the promotion of exports. Subsidies are often regarded as a form of protectionism or trade barrier by making domestic goods and services artificially competitive against imports. Subsidies may distort markets, and can impose large economic costs (Parkin, 2005; Amegashie 2006).

The objective of this paper is the study of a national case of providing incentives, which aims at promoting entrepreneurship and enhancing innovation. This national case concerns the case of Greece and the analysis is based on the participation of the Greek, existing and prospective, entrepreneurs and their project proposals in the ‘New innovative entrepreneurship’ program, which was launched in 2011. The analysis is based on raw data of projects-proposals and is further limited to those projects- proposals which have been included in the program ‘New innovative entrepreneurship’. The above program provides public funding in the form of national grants- subsidies. Greece has many and different schemes of grants- subsidies. The analysis basically presents first results on how the Greek individuals and prospective entrepreneurs as well as the existing ones perceive the issue of innovative entrepreneurship during a period that the country faces its deepest economic crisis, while implementing a very austere fiscal program imposed by the IMF and the European Union. The paper examines a topic, which hasn’t been studied so far. The paper is structured as follows: Section two discusses the theoretical and empirical framework of providing grants- subsidies, while describing the experience of a number of countries in this field. Section three describes the data that has been used and the methodology that has been applied in the study. Section four is focused on the main findings and empirical results of the study based on the Greek case. Section five synthesizes, further discusses the results, presenting at the same time some concluding remarks.

## 2. Literature Review

Entrepreneurship and economic growth are considered to be interrelated, while their relationship has concentrated the interest of local, regional, national and international authorities and agents of governance. Recent studies have shown that the contribution of the entrepreneurial sector to the growth of both employment and GDP is increasing (Audretsch & Thurik, 2001; Birch, 1987; Kumar & Liu, 2005). Another stream of empirical research has stressed the social implications of the entrepreneurial activity (Chell, 2007). As a consequence, the debate at political and policy level has highlighted the idea that government should intervene in the field of entrepreneurship reducing or even eliminating any constraints on entrepreneurship and, this way, stimulating and pushing upwards their economies (Acs et al., 2004; Minniti, Bygrave, & Autio, 2006). In practice, however, entrepreneurship policy presents a significant challenge since, more than for any other type of industrial policy, its effectiveness depends on the establishment of an appropriate trade-off between market concentration and productivity performance (Audretsch, 2004). Nowadays, it is widely accepted that entrepreneurship contributes significantly to economic growth. Entrepreneurship is responsible for the creation of new organizations, products, services, jobs, and opportunities for complementary economic activities. Nowadays, it is also widely accepted that a reciprocal and interdependent relationship exists among entrepreneurship, economic growth and innovation. Entrepreneurship becomes a difficult task in periods of crisis and, more generally, of economic difficulties. The economic crisis that started in 2008 has negatively affected the majority of countries. Nearly all OECD countries have suffered a fall in GDP and trade flows and an increase in unemployment due to the global economic crisis. The global economic crisis has also limited entrepreneurship and underpinned innovation, while the recorded severe drop in demand may have negative implications for long-term economic growth by, for example restricting the entry of innovative start-ups and diminishing knowledge transfer and the diffusion and adoption of technology. The crisis has revealed and amplified weaknesses (and strengths) which pre-existed, across countries, sectors and firms. Business innovation and R&D activities couldn't stay untouched. International figures show that Business enterprise R&D activities and expenditures as well as patent filings were hit by the crisis. However, large firms have recovered quickly, as confirmed by their growth rates in R&D investments and sales of top EU and US corporate R&D investors. Large medium-tech manufacturers (e.g. automobile) have been hit strongly. Generally, more destruction could be seen than creation (OECD, 2011). Recovery may be easier for large nations and firms, but is considered to be more difficult for small and problematic nations, in which the large majority of firms are small and medium sized. This is the case of many countries and, certainly, the case of Greece and this is the main reason why government funding, namely through national grants- subsidies, has always been a major part of the Greek policy and a main instrument for the promotion of entrepreneurship, the growth of employment and the enhancement of regional development and social cohesion. Especially during periods of crisis, government funding could be even more important, as access to financing becomes more difficult. Policy analysts argue that access to financing is one of the most significant challenges for the creation, survival and growth of SMEs (BIS, 2012; OECD, 2009). In addition, government funding has always been a significant mechanism that both the potential, as well as the existing Greek entrepreneurs mostly use in order to start and expand- modernize their economic activities respectively.

Grants- subsidies, generally defined as incentives, have been a source of controversy among economists for decades (see for a review the work of Baum, 1987): The group of economists being positive with grants-subsidies argues that there many cases where subsidies can increase both local and national economic welfare, leading therefore to economic growth. On the contrary, the negative ones argue that subsidies are unlikely to increase local economic welfare and are likely to decrease national economic welfare. In this context, the no need of such financial assistance schemes is stated in the research of Wren (1987). Studying and examining the effect of local authority financial assistance on the operation and employment of establishments over the period 1980-84 (using data collected as part of a survey of 201 establishments located in the North-East of England) he argues that local authority assisted projects performed well, but nearly two-thirds of these projects would have gone ahead without being assisted. For or against the provision of grants-subsidies, it is generally accepted that the provision of provision of financial assistance to a part or the whole economy has formed a growing and important part of the economic development policies of many countries.

### 3. Methodology and data

The data for this study is based on project documents, which have been collected in the form of paper sheets. The program 'New innovative entrepreneurship' ran under the Greek General Secretariat for Industry (a main general directorate of the Ministry of Development, Competitiveness Infrastructures, Transport and Networks). The program aimed at creating and enhancing the Greek entrepreneurship, which was seen as a main driver for the upgrading of the country's production structure and its redirection towards high added-value goods and services, by integrating the elements of knowledge and quality and a sense of environmental awareness into the existing or start-up activities of the Greek entrepreneurs. The Program provided financial support in the form of grants for setting up firms created by individuals over the age of 18 years. These individuals had, however, to turn an innovative idea and/or a proprietary know-how into a commercialized innovation. Thus, the idea and the know-how under consideration wouldn't have commercialized at the period of the submission. In addition, there was financial support for small and very small new firms with up to five (5) approved financial- accounting periods. For that category of support, firms had to commercialize innovative ideas, by placing new products and services on the market, expanding-diversifying their products and services and/or improving their production and distribution processes. Summarizing, the following forms of firms and entrepreneurs can benefit from the program: (1) Entrepreneurs intending to establish a new firm, (2) Newly established firms with less than one financial year of life. (3) New firms with less than 5 years of life. All categories of firms statuses can be included in the program [e.g. sole proprietorship firms, very small businesses (up to 9 employees), corporate firms, small firms (Up to 49 employees), partnerships/ cooperatives].

According to the program, financial support could be up to 60%. Two main categories of investment projects were financed: First, investment projects with budget from 30,000 to 300,000 euros for manufacturing projects and other projects, such as those of water supply, sewerage, waste management and remediation activities. Second, investment projects with budget from 20,000 up to 200,000 euros for investment plans of other eligible economic activities. The submission of investment plans started on 01/08/2011 and ended on 01/11/2011, while the total budget accounted for 30,000,000 euros. The funding amount could start from €12 000 to €180 000, the funding source was both the Greek State and the EU (co-financed program), while the funding vehicle was the NSRF - Operational Program Competitiveness & Entrepreneurship (EPAN II). While public funding couldn't exceed 60% of the total project budget, funding from own financial resources should be at least 25%. The 60% of the budget (18,000,000 euros) had to go for supporting investment plans of individuals or companies which have not yet closed their first financial year, and the resting 40% (€12,000,000 euros) had to go to existing companies.

The program could fund the following activities- works (eligible activities):

1. Machinery and laboratory equipment.
2. Costs related to wages and social security contributions for highly qualified staff members for a period of 12 up to 18 months.
3. Costs related to patenting- patenting modifications and, more general to the protection of intellectual property. Costs related to the use and protection of patents and intellectual property. Costs of transfer of know-how.
4. Costs related to the design and certification of products, services and procedures, costs related to management systems certification.
5. Prototype and pilot project development.
6. Costs related to technological, scientific and counseling support.
7. Operating costs for a period of 12 months, such as rents, wage and social security contributions expenses for specialized workforce, costs related to fire protection studies, environmental impact, occupational hazard (under conditions, only for start-up businesses and businesses not having an approved accounting period yet).
8. Promotion, advertisement and communication costs.
9. ICT costs.
10. Building matters, fitting-out of buildings and spaces, special facilities, construction and extension of buildings situated in institutionalized industrial and business regions and parks.
- 11.

The provided financial support took the form of grants to the eligible beneficiaries. The official call was announced in October 2011 and ended in November 2011. The beneficiaries were selected after appraisal in early 2012. The existence of a prototype, patents, relevant scientific publications or research results ensured a bonus in the

appraisal of the proposals although they were not prerequisites for the approval of the proposal. The selection criteria and their weights are as following: Innovativeness of the business idea (40%), credibility of the proposal (30%) and feasibility of the business plan (30%). The Programme is monitored by a Steering Committee which has the competent of decision regarding the implementation and the compliance of the projects to the requirements of the programme. The implementation of the program is also monitored by the Special Managing Authority of the "Operational Programme Competitiveness and Entrepreneurship" which has the responsibility of the overall Operational Programme.

Table 1. The program 'New innovative entrepreneurship'- Main phases of its implementation and monitoring

Phases of Implementation	Project	Rate of public funding
Advance payment	0%	50% by producing a bank guarantee letter with duration till the date of administrative completion of the project by the competent institution
Phase 1: Intermediate payment	Intermediate dose level certification by the natural & economic study of the project	Carried out after an interim progress report on the implementation of at least 50% of the total budget and the corresponding physical object.
Phase 2: repayment	Repayment level certification completion by the natural & economic study of the project	Carried out after submitting the final report. Upon receipt of the project, Determine the amount of eligible expenditure, the date of completion, the stock liquidation and shall be paid to the beneficiary, if any Due public funding either in percentage 100%, or in percentage 90%

Part of the monitoring and the implementation of the program is an interim report, which has to be submitted by the beneficiaries, when at least 50% of the works have been implemented and 50% of the budget has been spent. A final report is also submitted by the beneficiaries after the completion of each project. On-site visits are also performed by special 3-members groups of the ministry in order to check the implementation of the works and the eligibility of the expenses of the project. The following table presents the main phases of the implementation and monitoring of the program. As already mentioned the analysis for this study is based on data of those projects, which have been included in the program 'New innovative entrepreneurship'. A database is constructed and further elaborated, which basically exploits a part of the information of the project proposals in the form of paper sheets. Among other information, each project proposal contains a techno-economic analysis, which has also a part dedicated to a number of qualitative features- parameters related to innovation. More analytically, the database has the following information fields: (1) Name of the project (name of the firm), (2) project location (e.g. regional distribution), (3) project location 1 (e.g. location in an industrial region or related form, incubator, cluster, research center- institution or inside an OPAAX region), (4) economic activity, (5) total budget and public expenditure, (6) type of the firm (start- up, new, newly established firm), (7) woman entrepreneurship bonus, (8) banking sector participation and from (9) to (14) there are 6 qualitative features- parameters based on the a techno-economic analysis of each project. These qualitative features- parameters are the following: (1) type of innovation, (2) ownership of innovation and/or originality, (3) concession of the use of property rights' for the next eight years, (4) sources of innovation and/or originality, (5) expected results from the implementation of innovation and (6) project targets.

#### 4. Results

The program is implemented in the framework of the Operational Program on Competitiveness and Entrepreneurship (EPAN in Greek), and aims at fostering entrepreneurship and, thus, upgrading the Greek production structure by producing goods and services of high added value, integrating knowledge, enhancing quality and increasing the 'national' environmental sensitivity.

The program strengthens, through the provisions of subsidies, the start-ups by Greek individuals over the age of 18, who seek to transform an innovative idea and/or a proprietary know-how which has not so far been exploited commercially into a business innovation. The program also supports very small and small new firms (new firm is a firm which has been closed up to five complete management uses), which aim at commercially exploiting innovative ideas, through the introduction of new products and services, the diversification of products and services, and/or the improvement of the production and services process, in the case of services firms. Overall, the program has been well accepted despite the extremely difficult economic situation, exceeding the initial public budget and creating a need of public financing from 30 to 37,9 million euros. Totally 1,170 investment projects have been submitted with a total budget of 192,883,431 euros, which corresponded to 115,730,058 euros public funding. The program eventually funded in the form of grants 439 investment projects with a total budget of 63,135,109.78 euros corresponding to 37,881,065.87 euros of public funding. The sectoral distribution of the projects shows that both the manufacturing activities and the associated with the manufacturing sector economic activities concern the 49.65% of the investment proposals (table 2). The ‘manufacture of computer, electronic and optical products’ ranks first, the ‘manufacture of chemicals and chemical products’ second and three other manufacturing sectors third, having similar shares (e.g. manufacture of food products, printing and reproduction of recorded media and the manufacture of fabricated metal products). Overall, however and based on the total ranking half of projects are related to the industries of information technology and its applications (sectors: Computer programming, consultancy and related activities and Information service activities), while emerging sectors seem to be those of ‘scientific research and development’ and ‘architectural and engineering activities; technical testing and analysis’. The first group of industries account for 39.8% of projects (information technology and its applications), while the second group of industries gathers the 11.17% of projects.

Nearly half of the funded investment projects concerned start-ups and very small and small new firms located in the region of Attica, namely the region of the capital of Greece (46.7%), as it can be seen in table 3. Central Macedonia ranked second and Crete third with a total of 74 and 33 investment projects respectively (16.9% and 7.5% respectively). Location is further analysed according to whether firms are or intend to be located in an industrial region of related form (e.g. technological park), an incubator, a cluster, a research center- institution or inside a region, which has been characterised as a specialised region of rural development. Results in this field show that nearly 10% of firms are located in an industrial region of related form, 16 investment projects are related to an institutionalized firms’ incubator and 4 to a cluster. Thus, the great majority of the Greek entrepreneurs have chosen their firm location based on their own criteria (e.g. proximity to their home address, firm establishment in their own land). Combining the sectoral with the regional distribution of projects, the analysis shows for the 5 most important regions, based on the total number of projects, that:

- Attica with a total of 205 projects, 82 of them relating to manufacturing and other activities, 53 concerning the industry ‘computer programming, consultancy and related activities’, 43 in ‘information service activities’ and 72 in ‘scientific research and development’.
- Central Macedonia with a total of 74 projects, 14 in ‘computer programming, consultancy and related activities’, 10 concerning the industry ‘information service activities’ and 45 in manufacturing and other activities.
- Crete with a total of 33 investment projects, 13 relating to the industries of both ‘computer programming, consultancy and related activities’ and ‘information service activities’ and 20 in manufacturing and other activities.
- Peloponnesus with a total of 24 projects, where the funded projects are focused on manufacturing and other activities
- Western Greece with a total of 22 projects, the majority of projects are also related to manufacturing activities, while totally 8 projects concern the industries of ‘computer programming, consultancy and related activities’, ‘information service activities’ and ‘telecommunications’.

According to the size and type of the funded project, results show that half of them have been start-ups by Greek individuals over the age of 18 wishing to establish very small and small firms. A share of 43.7% is related to new very small and small firms (firms with at least one and up to five closed financial years) and the remaining 6.2% concern newly created very small and small firms (firms with have started up but they but have not closed a full financial year). Combining the regional distribution of the funded investment projects with their size and type of firm, regional variation can be recorded with the regions of Peloponnesus, South Aegean Islands and Sterea Ellada showing a larger percentage in start-ups firms and the regions North Aegean Sea and Epirus a smaller one.



Table 2. The program 'New innovative entrepreneurship' - Main features

Economic sector	Number	%
Crop and animal production, hunting and related service activities	3	0.7
Other mining and quarrying	1	0.2
Manufacture of food products	15	3.4
Manufacture of beverages	4	0.9
Manufacture of textiles	1	0.2
Manufacture of wearing apparel	2	0.5
Manufacture of leather and related products	2	0.5
Manufacture of wood and of products of wood and cork, except furniture; manufacture	6	1.4
Manufacture of paper and paper products	2	0.5
Printing and reproduction of recorded media	14	3.2
Manufacture of chemicals and chemical products	17	3.9
Manufacture of basic pharmaceutical products and pharmaceutical preparations	4	0.9
Manufacture of rubber and plastic products	9	2.1
Manufacture of other non-metallic mineral products	5	1.1
Manufacture of basic metals	2	0.5
Manufacture of fabricated metal products, except machinery and equipment	14	3.2
Manufacture of computer, electronic and optical products	24	5.5
Manufacture of electrical equipment	5	1.1
Manufacture of machinery and equipment n.e.c.	12	2.7
Manufacture of motor vehicles, trailers and semi-trailers	1	0.2
Manufacture of other transport equipment	2	0.5
Other manufacturing	12	2.7
Repair and installation of machinery and equipment	5	1.1
Water collection, treatment and supply	2	0.5
Sewerage	4	0.9
Waste collection, treatment and disposal activities; materials recovery	8	1.8
Remediation activities and other waste management services	6	1.4
Publishing activities	17	3.9
Telecommunications	8	1.8
Computer programming, consultancy and related activities	94	21.4
Information service activities	78	17.8
Architectural and engineering activities; technical testing and analysis	18	4.1
Scientific research and development	31	7.1
Other professional, scientific and technical activities	6	1.4
Libraries, archives, museums and other cultural activities	5	1.1
<b>Total</b>	<b>439</b>	<b>100</b>

Table. The program 'New innovative entrepreneurship'- Regional distribution (part 1), size and type of firm (part 2)

Greek Regions	Total number of investment projects	Total Budget		Public Expenditure	
		Total Budget	%	Public Expenditure	%
Western Greece	22	3,521,414.55 €	5.53	2,112,848.73 €	5.54
Epirus	12	1,594,518.43 €	2.50	956,711.06 €	2.51
Ionian Islands	6	722,843.66 €	1.13	433,706.20 €	1.14
Peloponnesus	24	3,695,047.01 €	5.80	2,217,028.21 €	5.81
Attica	205	26,782,026.00 €	43.00	16,069,215.80 €	43.11
Northern Aegean Islands	4	747,269.25 €	1.17	448,361.55 €	1.18
Southern Aegean Islands	8	991,842.68 €	1.56	595,105.61 €	1.56
Stereia Ellada	18	3,033,540.35 €	4.76	1,820,124.21 €	4.77
Crete	33	4,320,067.46 €	6.78	2,592,040.49 €	6.80
Thessaly	14	2,540,554.39 €	3.95	1,524,332.63 €	3.74
Central Macedonia	74	12,316,176.76 €	19.32	7,389,706.05 €	19.38
Western Macedonia	4	794,422.62 €	1.25	476,653.57 €	1.25
Eastern Macedonia- Thrace	15	2,075,386.29 €	3.26	1,245,231.77 €	3.22
Total	439	63,135,109.78 €		37,881,065.87 €	

Greek Regions	Small and Medium Sized Firms		
	Start-ups	New firms	Newly (created) established firms
Western Greece	13	9	
Epirus	4	8	
Ionian Islands	3	2	1
Peloponnesus	16	8	
Attica	91	95	19
Northern Aegean Islands	1	3	
Southern Aegean Islands	5	2	1
Stereia Ellada	11	5	2
Crete	18	14	1
Thessaly	8	5	1
Central Macedonia	42	31	1
Western Macedonia	2	2	0
Eastern Macedonia- Thrace	7	7	1
Total	221	191	27

The program, from its initial planning, offered a bonus of 10% to prospective women entrepreneurs taking into account their lower rates than the average in creating new firms. This bonus has been interpreted as an extra help to women in order to deal with the specific market failures that women face and their higher difficulty in having access to external or self-finance. Totally, 73 investment projects have been submitted by women entrepreneurs, which represent the 16.6% of projects. In addition and based on the main features of the submitted projects, the 87.9% of investment projects have features of industrial market, the 84.3% of investment projects have confirmed correlations of vertical production and distribution of a products and services, for the 80% of investment projects exist or will be partnerships- synergies with other related firms, while for the 58.8% of investment projects cooperation with scientific, research, technology organizations and laboratories for technical, scientific and technological support is



anticipated. Results also show that only the 16.9% of the investment projects use the banking system as a complementary financing source. The total amount of the banking lending accounted for 2,106,095.54 €, representing only 2.75% of the total of the budget (74 investment projects in total). Focusing on these 74 firms which have received bank lending, it can be seen that bank lending represented 14.4% of their total subsidised budget. The amount of the bank loan for these 74 firms varies from 5,500 euros to 45,000 euros and the average amount of bank lending amounts to 28,461 euros.

## 5. Conclusion

Entrepreneurship is essential for the continued dynamism of every modern market economy. Both competition and innovation are influenced by the creation of new firms, as well as by the rate of entry and start-ups in a country. One of the most important barriers for developing entrepreneurship is the existence of a market failure regarding the access to funding of young entrepreneurs. Funding can be even more difficult in periods of financial instability and economic crisis. At those periods, government intervention could have a more important role, intervening in the entrepreneurship by providing different in nature schemes and incentives to promote it. The current economic crisis has hit Greece severely and affected firms in different ways: Figures show that the crisis resulted in insufficient working capital for the 58% of firms and in insufficient sales for a respective 55% (OECD, 2009). In addition, the financial system in Greece is very conservative and avoids investing or providing credit to innovative and over the average risky ventures. According to the latest report of the Global Entrepreneurship Monitor for Greece (GEM, 2010), the share of necessity entrepreneurship is 26%, higher than in countries with high innovative activities (17%), and the opportunity entrepreneurship is 47%, while in innovative countries the share is 56%. Therefore, there is a challenge for Greece to increase the share of new entrepreneurs aiming at exploiting a business opportunity versus those who start a business by necessity. In this context, and in an effort to provide incentives to promote Entrepreneurship, the Greek government planned a targeted program and launched the 'New Innovative Entrepreneurship' program in 2011, which intended to support the opportunity entrepreneurship and especially the innovative entrepreneurship by providing grants to young entrepreneurs who don't have access to funding due to, among other factors, the existing market failure. The analysis showed that a number of 439 investment projects out of total of 1,170 were funded by this scheme. Half of them were associated with the manufacturing sector, while the majority of projects were related to the activities of information technology and its applications. Both the prospective Greek entrepreneurs and firm founders of very small firms were activated and responded to the call, while, as anticipated, the majority of these entrepreneurs were from Attica, being located in Attiki, namely the region of the capital of Greece. Attiki and more specific Athens suffered more than the other Greek regions and cities, as a consequence from the memorandum and the economic crisis. The analysis also showed that the Greek entrepreneurs don't collaborate with the local banking system, as few use it as their complementary financing source. This could mean four things: First, there is a problem of trust, possibly mutual (e.g. they don't trust it and the local banking system doesn't trust them). Second, there is a problem of ideas (e.g. the local banking system finds that the under consideration ideas have low possibility of success and as a result they don't partially fund it). Third, there is a problem of liquidity, which is true, but it is expected to be solved when the banks' recapitalization will be completed. Forth, the Greek entrepreneurs have their own financial resources, which could be family money. According to the main findings of the analysis, one third of the Greek entrepreneurs understand the importance of possessing intellectual property rights and rush to protect them firstly at national level, while the introduced and related to the intellectual property rights innovation aims at the creation of a new or significantly improved product or service in the market, which will diversify and improve the quality of their products and/or services. Lastly, and focusing on the main targets of the projects, it seems that the primary concern of the Greek entrepreneurs is the issue of profitability, and this is expressed in many ways, followed by the need for the further strengthening of their competitive position in the local and international market. However, there is also high concern for the maintenance or even growth of employment and this is extremely important for the Greek economy and society as a whole. Concluding, the provision of incentives to promote entrepreneurship in Greece, as expressed by the program 'New Innovative Entrepreneurship' performed well. New firms and particularly new innovative firms were established despite of the deep economic crisis that Greece faces and the structural problems that the country has to deal with.

The provision of incentives and, more generally, the implementation of government policy and intervention in the form of subsidies- grants has been criticized, being approved or denied, but measures and support in the form of subsidies- grants are often adopted by both developed and developing countries. Especially for developing countries this policy may be more meaningful. Incentives and subsidies- grants may be also meaningful during periods of economic crisis and financial difficulties. Incentives and subsidies- grants could be even more meaningful for Greece and a major national challenge: How a country can promote innovation and entrepreneurship with no or very low in budget financial resources and how the Greek entrepreneurs grasp this opportunity? Inevitably, the reply to this question needs a much deeper analysis, namely an ex-post evaluation which will describe what these firms have done three or five years after the completion of the program. Thus, future research in this field could investigate whether these firms have created jobs, fostered competition and contributed to the national economic growth. This paper could be the base for that and, thus, the starting point for this kind of analysis.

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