Chapter 14

Competitiveness, Entrepreneurship, and the Business Environment in Greece: Aspects from the EU South

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ABSTRACT

The purpose of this chapter is to determine the competitiveness, exercise of entrepreneurship and quality of the business environment in Greece, based on the analysis of the motives and barriers of inward foreign direct investment (FDI) for the period 1995-2003. The analysis was based on research that was carried out using a questionnaire, which was sent to 150 multinational enterprises (MNEs) that had invested in Greece in the aforementioned period. The sample size consisted of fifty-two MNEs and the response rate was 34.6 percent. According to the questionnaire results, the main motives for FDI in Greece, which is considered as a proxy for the level of entrepreneurship in Greece, were: the prospects for market growth, political stability, economic stability, the size of Greek market, social stability, and the 2004 Olympic Games. The primary barriers to entrepreneurship in the Greek market mentioned by MNEs were bureaucracy, followed by the taxation system, corruption, and the labor market. Government officials and policy makers in Greece, students of economics, in particular, of international development and international business/management, would benefit from this novel approach in determining motives and barriers of FDI in Greece as a proxy for the level of entrepreneurship and, consequently, developing the appropriate policy response with the goal of further stimulating FDI in Greece.

INTRODUCTION

The level of entrepreneurship and the business environment in Greece undoubtedly has been questioned by both domestic and international investors. This is a major concern as the level of entrepreneurship and the business environment in Greece directly influences the level of both foreign and local investments, and thus production, economic growth, unemployment, and living standards. The purpose of this chapter is to determine the level of competitiveness, entrepreneurship, and the business environment in Greece by examining the motives and the barriers that resulted in limited inward foreign direct investment (FDI) in Greece during the period 1995-2003. Our critical analysis is based on research by Bitzenis and Tsitouras (2007a; 2007b) and Bitzenis et al. (2009a; 2009b) that used a questionnaire survey with the participation of fifty-two multinational enterprises (MNEs) that had invested in Greece. Moreover, the project sought to determine whether there is any correlation between the sector within which the MNE operates with the consideration of specific FDI motives and barriers that the foreign firms encountered before or during their investment project in Greece.

The motives and barriers that determine the participation of MNEs in Greece reported in this survey are uncritical indications of entrepreneurship and the level of business environment in Greece. According to our knowledge, on the one hand, while the FDI's contribution to social and economic development in Greece has been analyzed extensively, on the other hand, determining the motives and barriers to entry by MNEs in the Greek market through a questionnaire survey has not been explored. Government officials and policy makers in Greece, students of economics, in particular, of international development and international business/management, would benefit from this novel approach in determining motives and barriers of FDI in Greece as a proxy for the level of entrepreneurship and, consequently, developing the appropriate policy response with the goal of further stimulating FDI in Greece. The chapter wishes to contribute empirically to the economics literature, especially within the context of the international business and entrepreneurship literature, by demonstrating the relevance of theoretical propositions by using Greece as a case study. Greece was chosen as a case study because Athens in Greece was selected as the host city of the 2004 Olympic Games and, within this context, the investment motives and barriers to entry by MNEs using a questionnaire survey have not been investigated in the literature.

The chapter is organized as follows. Section one presents the theoretical issues of the theme. Section two develops the research methodology and design. Section three provides the research findings by tabulating the most important motives and barriers, and further analyzes each motive and barrier in detail. Finally, section four supports the concluding remarks and policy implications.

THEORETICAL ISSUES

Competitiveness as a catchall phrase in the twentieth century has been at the core of the economic analysis. The term, as a comparative concept, can equally refer to microeconomic as well as to macroeconomic analysis. At a microeconomic level the concept deals with the performance of a firm's productivity, while at a macroeconomic level it is concerned with the effectiveness of national productivity. According to Porter (1990: 73), "a nation's competitiveness depends on the capacity of its industry to innovate and upgrade." Particularly, national competitiveness should be analyzed as a function of the business environment, the level of FDI, and the quality of entrepreneurial activity. To our view, the enhancement of competitiveness is strongly correlated with a positive business environment and with a flourishing entrepreneurship. For that reason, the subsequent analysis begins with the inquiry of the entrepreneurship concept.

The origination of the term entrepreneurship traces back to Schumpeter's economic thought. In Schumpeter's view (1934), the entrepreneur is the person who takes the risk to: establish a new organization; introduce a new good or service; create a novel method of production; enter in a new market; and acquire new raw materials to establish a supply chain. Thus, as it has been argued by Bitzenis and Nito (2005), and Howorth et al. (2005), an entrepreneur can be an innovator, a risk taker, a person who operates resources, recognizes opportunities, and establishes one or more businesses. An entrepreneur also develops, builds and sustains a business based on new ideas, maximizes benefits and profits, and meets personal objectives (Hayek 1937; Schumpeter 1950; von Mises 1963; Knight 1971; Kirzner 1973; Ritchie and Brindley 2005).

In the last twenty years, the idea of entrepreneurship has become the fundamental bedrock in understanding the evolution of economic development. Indeed, current economic scholars, such as Gartner (1988), Jarilo (1989) and Wiklund and Shepherd (2005), regard entrepreneurship as one of the driving forces of economic growth. It is, therefore, important to stimulate competitiveness through entrepreneurship and a positive business environment via the formation and expansion of commercial businesses and enterprises, which can play a key role in employing underused resources for the creation of wealth.

In this vein, the Greek case is coming to the forefront. The purpose of this section is to display a picture of the literature concerning the state of competitiveness and entrepreneurship in Greece which influences the Greek business environment. The following surveys approach the notion of entrepreneurship in terms of market structure, organizational form of firms, and behavioral pattern of the entrepreneur, and apply a number of factors that affect competitiveness, the exercise of entrepreneurship, and the development of an optimistic business environment. The methodology that is adopted encompasses the common methods of statistical analysis, questionnaires and interviews. More or less, all the surveys discover that the socio-economic environment in Greece does not encourage advance of entrepreneurial activities, negatively influencing competitiveness and the business environment and thus numerous economic and policy implications are derived.

To embark on our analysis, a historical retrospection of Greek industrial development aspects of competitiveness is required. According to Giannitsis (1988: 17-38), there were three crucial factors that determined the degree of Greek industrial development from the end of World War II to the early 1980s: firstly, the way that accumulation of capital took place; secondly, the integration of the Greek market into international markets; and thirdly, governmental functions and policies. Regarding the first, the accumulation of capital in the manufacturing field was relatively low. Indicatively, during the period of 1960-76, investments at the manufacturing field represent the lowest proportion in terms of GDP among OECD countries. Additionally, domestic entrepreneurs were focusing on more speculative investments instead of developing a sustainable productive industrial model. What is striking is that the rate of industrial development during this period was based mainly on FDI and foreign technology rather than on endogenous (domestic) productive forces. Moreover, the association of the inward-looking character of FDI (not export oriented) and the parallel rise of a westernized consumption model created large deficits to the balance of payments. At the same time, the substitution of market functions continually by government intervention established an unproductive and costly bureaucracy which had significant negative effects on Greek competitiveness.

For the subsequent decades, 1980s-2000s, the entrance of Greece to the European Union (EU) and to EU's Economic and Monetary Union (EMU), as well as the introduction of the single currency Euro was considered a historical opportunity for the Greek economy to overcome structural weaknesses and to be adjusted to the contemporary needs of international competition and globalization. However, the course of events did not confirm the above expectations. Regarding the business environment, a twofold effect has been in progress. On the one hand, the Greek business environment has become more stable and secure via the monitoring of EU institutions and organizations (EU Central Bank, Euro, European directives). On the other, through the openness and internationalization of the Greek market, as a part of the European market, the business environment has been exposed to more risky and hazardous conditions of globalized exchanges.

As the public sector has always been the major employer in Greece, the primary concern is whether the restrictions on public spending imposed by the Stability and Growth Pact (SGP) are able to affect growth. The cessation of any negative effects of public investment spending on private investment as an indirect effect of the SGP, the constant effort for privatization and deregulation, and the aid of structural funds, were and are still expected to substitute public investment with private, domestic and foreign, direct investment (Apergis 2000; Mamatzakis 2007). This change of direction in the organization of the Greek economy is the result of the assumption that EMU membership implies greater FDI inflows. Studies indicate that after the introduction of the Euro, the FDI that reached the Euro area was largely a manifestation of the end-of-century takeover boom, a global phenomenon of which the Euro was only a subsidiary cause. Even though the intra-Euro area FDI turned out to be weak, both in relation to previous trends and as a share of major economies' global FDI flows, the Euro appears to have given a modest stimulus to inflows from major investing economies outside the Euro area (Petroulas 2007; Taylor 2008).

The scope of EMU is economic competitiveness and flexibility to be accompanied by greater opportunities and stronger social cohesion. Greece, Ireland, Italy, Portugal, the Netherlands, and Spain experienced a significant decline in their competitiveness position *vis-a-vis* the rest of the Euro area. With the exception of the Netherlands, all countries in this group were still on an appreciation trajectory at the end of 2007, regarding the improvement of their competitiveness position (European Commission 2008).

The implementation of a number of structural policies are required in order to improve Greece's long-term economic performance and help speed economic and social convergence with average EU member countries: more flexible and effective labor market policies; competition policy reform; the liberalization of product markets, in particular the energy, telecommunication, and transport sectors; policies to foster entrepreneurship; and financial market reform, including the implementation of a better corporate governance regime. These areas are particularly important for rapid growth as they offer substantial scope for catching up with international levels of competitiveness (Koutsogeorgopoulou and Ziegelschmidt 2005).

Export market share losses appear associated with rigidities in resource allocation (sectoral, geographical, technological) relative to peers and lower productivity gains in high value-added sectors. Increased import penetration, offshoring and FDI could improve productivity and export performance (Bennett et al. 2008). Changes in manufacturing shares have a positive and significant impact on competitiveness measured by per capita income, confirming that manufacturing matters (Pitelis and Antonakis 2003).

Significant empirical research has also been carried out in three Greek national reports, Ioannidis (2004), Ioannidis, Politis and Tsakanikas (2005), and Ioannidis and Tsakanikas (2006)—all supported by the Foundation for Economic and Industrial Research (IOBE), published by the Global Entrepreneurship Monitor (GEM). These reports use a number of methodological tools for the monitoring and evaluation of policies and actions toward the promotion of competitiveness, entrepreneurship, and a positive business environment. The research output is derived from adult population surveys, questionnaires, face to face interviews, and macroeconomic data. Specifically, the data is collected from a population telephone survey (approximately 2,000 people), and also from thirty-six interviews with the country's experts and with the help of statistical data received from the World Bank, the IMF, Eurostat, the United Nations (UN), and the Organization of Economic Co-operation and Development (OECD) (Ioannidis 2004: 4; Ioannidis, Politis and Tsakanikas 2005: 110; Ioannidis and Tsakanikas 2006: 136).

With the aforementioned methodological approaches, the reports attempt to describe the entrepreneurial landscape of Greece and, thus, the prevailing business environment. Therefore, these studies capture a holistic approach to the study of competitiveness, entrepreneurship, and provide a variety of factors determining the level of entrepreneurial activity and the business environment. As a result, a framework of nine conditions was employed in order to analyze the structure of the Greek entrepreneurial environment. These were: the financial support (the ability to finance a new venture or to extend an already existing entrepreneurial activity), government policies (the extent to which the specific policies encourage or discourage new and growing firms), government programs (specialized programs for the enhancement of national, regional, and municipal entrepreneurship), education and training (how the educational level is associated with more intense entrepreneurial activity), research and development (R&D) transfers (whether or not R&D leads to new commercial opportunities), commercial and professional infrastructure (the legal and institutional framework for the promotion of entrepreneurship), market openness-barriers to entry (the degree of liberalization of the market), access to physical infrastructure (the facility to obtain physical resources, utilities, transportation, land, etc. for operating a new venture) and cultural and social norms (the extent to which the overall informal institutional structure of the society advances individual initiatives of conducting business) (Ioannidis 2004: 6-8; Ioannidis, Politis and Tsakanikas 2005: 106-9; Ioannidis and Tsakanikas 2006: 133-35).

The key conclusions of the three Greek national reports and the proposals concerning the development of competitiveness, entrepreneurship, and a positive business environment in Greece can be summarized as follows. The Europeanization and globalization of the Greek economy and particularly the entry to the EMU constitute the contemporary economic environment where entrepreneurs are activated. However, the structure of Greek entrepreneurship in terms of sectoral distribution appears to be vastly different from the counter-structure of entrepreneurship in many other European countries. As Ioannidis and Tsakanikas (2006: 39-42) remark, Greek entrepreneurs continue to be overwhelmingly focused on consumer-oriented endeavors. These activities represent 61.4 percent of the whole entrepreneurial actions in Greece, in contrast to 34.2 percent of Europe's average. The inference is of a "shallow entrepreneurship" since businesses based mostly on the consumer sector (contrary to the extractive sector, industrial sector, or business services) are anticipated to have limited effect in terms of economic growth, employment, exports, etc. This is because an entrepreneurial activity centered mostly on the consumer sector is related with the last link of the "value chain" that is the final consumer and thus has rather limited growth potential.

Furthermore, competitiveness and entrepreneurship in Greece present inherent structural weaknesses attributed to specific behavioral traits and to prevailing socio-political conditions creating a negative business environment. Related to the former, Ioannidis, Politis and Tsakanikas (2005: 80) stress as the determinant behavioral trait the "fear of failure factor" that discourages individuals to start up an entrepreneurial activity. As a result, less innovative and less risky ventures actually take place in the economy, thus negatively affecting the business environment. In addition, Ioannidis, Politis and Tsakanikas (2005: 81) and Ioannidis and Tsakanikas (2006: x-xi), also record the ambiguous attitude of Greek society toward the notion of entrepreneurship. Although individuals consider entrepreneurship as a desirable career choice (i.e., high level of status and respect for entrepreneurs), on the other hand, due to the fact that the notion of entrepreneurship is considered as a means of wealth creation rather than as a means of redistribution (i.e., individuals detest disparities in income levels preferring that everyone had a similar standard of living), there is the belief that entrepreneurship is valueless in terms of social justice creating in this way a negative business environment. Regarding the prevailing socio-political conditions, Ioannidis and Tsakanikas highlight bureaucracy (2006: 112-13) and the educational system (2006: x) as the most severe barriers in the promotion of entrepreneurial activities. Specifically, in Greece, the "monster" of bureaucracy generates considerable rigidities for starting up a new business. As well, the educational system does not provide sufficient practical skills to graduates required to start-up a business.

In the end, the three national reports recommend the necessary policy implications for the enhancement of competitiveness, entrepreneurial activity, and creating a positive business environment. What is proposed is in line with the aforementioned problems. Thus, some of the suggestions are to diminish the barriers that prevent the establishment of businesses and to implement uncomplicated procedures for starting up a venture. Aiming to encourage individuals to take the risk by initiating a new business, bankruptcy laws should be modified in the direction of allowing the entrepreneur a second chance, consequently enhancing the business environment. Moreover, Greece has to "update" the educational system to encourage universities to develop an entrepreneurial culture, thus stimulating a positive business environment. Eventually, an ultimate suggestion for embedding the idea of entrepreneurship in Greek society is to promote its positive effects (Ioannidis 2004: iv-vi; Ioannidis, Politis and Tsakanikas 2005: 100; Ioannidis and Tsakanikas 2006: 112-25). As is evident, the above national reports adopt a wide approach, exhibiting a panorama of the current entrepreneurial activities in Greece. Meanwhile, the following surveys deal with competitiveness, the concept of entrepreneurship, and the business environment by focusing on more specific aspects.

Souitaris (2002) espoused a Schumpeterian view by emphasizing the role of innovation. The author was concerned about identifying the determinant factors that influenced the intensity of the innovation process in Greece. Especially, Souitaris (2002) attempted to estimate the correlation between seventeen firm-specific competency factors with the technological innovation in the Greek industry and attempted to elucidate the results by providing the particular socio-economic context of Greece. For that reason, he developed a four-dimensional framework associating market, human resources, and technical and organizational competencies of the firm with innovation activity (Souitaris 2002: 63-66). The author identified seventeen innovation-determining factors (which range from intensity of R&D and the strength in marketing, to interdepartmental teamwork, and the thinking time of engineers and managers) and ranked them into "major importance," "moderate importance," and "unimportant" categories by using a regression analysis. The "most important" were identified as the intensity of R&D, the proportion of the highly educated employees, the strength in marketing, the high proportion of staff with managerial responsibilities and previous experience, and the ability of the firm to give incentives to the employees to contribute to innovation (Souitaris 2002: 68-70). His aim was to test the "awareness" of Greek managers with the aforementioned "objective" results. In other words, Souitaris (2002) investigated whether Greek managers are generally aware of the important firm-specific competencies advancing technological innovation. Using a questionnaire (having a 100 percent response rate of 105 firms), he concluded that with a few exceptions, Greek managers were very well aware of the critical factors that determined the level of a firm's innovation (Souitaris 2002: 71-72).

Given these findings, Souitaris purported to determine the extent to which the business environment accelerated the intensity of innovation and thus enhanced the business environment. He revealed that the most critical determinants of technological innovation were generally scarce in the Greek case. Greek SMEs, with low financial resources, were weak in the promotion of their products. The educational system was characterized as "outdated" and the result was that firms were staffed with low quality graduates. Additionally, low labor mobility in Greece implied a low proportion of managers and employees with previous work experience. Besides, Greek entrepreneurs were usually reluctant to allocate responsibilities when their businesses grew and, as a consequence, there was a low proportion of staff with managerial responsibilities. As well, Greek firms did not give incentives to the lower level employees to contribute to the innovation process (Souitaris 2002: 72). The conclusion was that these inherent rigidities and obstacles did not stimulate the innovation process and thus did not promote entrepreneurial initiatives and/or a positive business environment.

Drawing upon the experience of the function of Greek firms, Makridakis et al. (1997) offered a different perspective in the study of entrepreneurship. They attempted to appraise the level of entrepreneurship under the view of what the authors labeled as the "dualism" of firms: the spectrum possessing in one pole the family-owned enterprises and, to other extreme, the multinational subsidiaries (Makridakis et al. 1997: 385-88). Using the ordinary methods of questionnaires and interviews (300 out of 2,027 firms responded), they investigated if there was any difference in the performance between the family-owned firms and multinational subsidiaries. Family-owned enterprises are administrated by Chief Executive Officers (CEOs), who are usually the owners, founders, or descendants, contrasting to the CEOs in multinational subsidiaries, who are professional managers with international experience. The upshot is that the productivity and overall performance of the former lags considerably behind the latter. Given the above and taking into consideration that family-owned enterprises mainly typify the majority of firms in Greece, a deficit in the level of entrepreneurship in Greece is demonstrated (Makridakis et al. 1997: 399). Accordingly, the conclusion is straightforward as authors mainly assign the weakness of Greek entrepreneurship and the negative business environment to the managerial skills of the person who manages the family-owned company, who is uneducated, autocratic, and paternalist contrary to well-educated and cosmopolitan professional CEOs of multinational subsidiaries.

In contrast, Naumes and Naumes (1994) argued that the profile of professional Greek CEOs was not too different from that of American CEOs. Looking at similarities and differences in the behavioral patterns of Greek and American entrepreneurs, the authors discerned a more or less similar mode of decision-making. Particularly, the results, obtained from 398 questionnaires (including 381 responses from U.S. entrepreneurs and 17 replies from Greek CEOs), indicate that the risk propensity is similar between the two groups. In addition, it is asserted that the Greek and U.S. entrepreneurs' economic and political values are also consistent. The outcome is that both groups share in a same manner of decision-making, achieving their objectives in a rational and self-interested fashion. What is interesting is that Naumes and Naumes (1994: 10-11) argued that the above similarities tend to moderate the effects drawing from their cultural disparities. On the other hand, Kalantaridis' (1997) endeavor was toward the opposite direction. He attempted to demonstrate how cultural homogeneity and local social factors prompt entrepreneurial activities and quality of the business environment. Using a historical and social analysis, he pointed out that the embeddedness of entrepreneurship in small communities was not only determined by strictly market conditions and profit opportunities, but was also influenced by the presence of local social values. Based upon the experience of the Polikastro-Peonia's garment producing district of Northern Greece, he argued that the establishment and advancement of entrepreneurial activities and a positive business environment in this area can be traced also to the close relationships of kin and friendship that have been primarily attributed to locality.

In preparation for our analysis, we have attempted in this section to outline the main literature concerning the state of Greek competitiveness, entrepreneurship, and business environment. From a methodological and analytical viewpoint, it could be argued that the majority of the aforementioned literature shares a common perspective: the analysis of competitiveness, entrepreneurship, and the business environment from an "inside" perspective. This approach deals with competitiveness, entrepreneurship, and the business environment based on internal market conditions by domestic players. This means that only domestic players and factors are taken into examination, constituting a "narrow" point of view. However, the intensity of the globalization process imposes the embodiment of "foreign" factors and thereby the adopting of an "outside" approach for the study of competitiveness, entrepreneurship, and the business environment. In other words, what follows is an attempt to enrich and incorporate factors of global competition in the appreciation of Greek entrepreneurship and the business environment concomitantly. The aforementioned reports describe the influence of the local environment on domestic entrepreneurship. These reports and their results may not be directly applicable to MNEs, as MNEs differ in the way that the investment decision-making is influenced by the local business environment.

For the aforementioned reasons, inward FDI as an additional factor determining competitiveness, entrepreneurial activity, and the business environment is introduced. The aim of the current research is to determine the level of competitiveness, entrepreneurship, and the business environment in Greece by examining the motives and the barriers that resulted in limited inward FDI during the period 1995-2003. Previous studies concerning FDI inflows in Greece focused on FDI attractiveness and highlighted inefficient public governance, high taxation, inefficient infrastructure, and general macroeconomic conditions as the decisive factors of foreign investors' averseness (Apergis and Katrakylidis 1998; Filippaios and Kottaridi 2004; Pantelidis and Nikolopoulos 2008). No more than two references exist on the determination of motives for inward FDI in Greece. The work of Georgopoulos and Preusse (2006) indicates Greece's inability to attract considerable market-seeking, export-oriented, and efficiency-seeking FDI due to location weaknesses. Pantelidis and Nikolopoulos (2008) imply in their study that the primary FDI inflows to the Greek economy are market and efficiency-seeking motives for FDI.

RESEARCH METHODOLOGY AND DESIGN

Bitzenis and Tsitouras (2007a; 2007b) and Bitzenis et al. (2009a; 2009b) designed a questionnaire to extract valuable information regarding the determinants of FDI, that is, the motivations and entry barriers for inward FDI in Greece that resulted in limited inward FDI during the period 1995-2003, as demonstrated in Table 14.1.

TABLE 14.1
FDI Inflows in Greece, 1970-2003 (in millions of US$)

Year	FDI Inflows ($ millions)	% Change over Previous Period	Year	FDI Inflows ($ millions)	% Change over Previous Period
1970	76.2		1987	391.1	27.9
1971	83.6	9.7	1988	599.2	53.2
1972	90.2	7.9	1989	639.4	6.7
1973	145.1	60.9	1990	900.5	40.8
1974	189.3	30.5	1991	1,135.0	26.0
1975	199.1	5.2	1992	1,144.0	0.8
1976	221.2	11.1	1993	977.0	-14.6
1977	273.4	23.6	1994	981.0	0.4
1978	325.3	19.0	1995	1053,0	7.3
1979	364.2	12.0	1996	1,058.0	0.5
1980	502.4	37.9	1997	984.0	-7.0
1981	409.8	-18.4	1998	85.0	-91.4
1982	304.1	-25.8	1999	571.0	571.8
1983	313.4	3.1	2000	1,089.0	90.7
1984	246.1	-21.5	2001	1,589.0	45.9
1985	289.6	17.7	2002	50.0	-96.9
1986	305.9	5.6	2003	47.0	-6.0

Source: Bank of Greece, various years; UNCTAD 2003, 2004.

The importance of FDI, reflecting the level of competitiveness, entrepreneurship, and the business environment in the European Union (EU), has increased significantly over the years as indicated by the ratio of FDI inward stock to GDP, which has risen from 10.6 percent in 1990 to 31 percent in 2001. Also, an increasing share of FDI flows worldwide has been absorbed by the EU, which, to a great extent, coincides with the Single Market Program (SMP). Greece, however, has not followed similar patterns in terms of FDI inflows reflecting the level of competitiveness and entrepreneurship and the negative, to some extent, business environment. In general, the share of Greece in total FDI inflows to the EU has not exceeded 1.0%, which is the lowest among the member states (UNCTAD 2003). At the end of 2002, according to UNCTAD (2004), 701 foreign MNEs operated in Greece with a number of 87,558 employees (2 percent approximately, of the total employees of Greece) and sales of $20,489 billion. Worse still is the fact that the share of Greece in total FDI in the EU has continued to fall since the 1990s, because of Greece's poor location, negative business climate, and weak skills base (EIU 2004). Athens was chosen as the host city of the Olympic Games of 2004 during the 106th IOC Session held in Lausanne on September 5, 1997. Academic/scientific literature suggests that hosting major sporting events has a positive contribution to the host area economy, expecting a boost in infrastructure, financial flows, and economic development (Berman et al. 2000; Veraros et al. 2004). This announcement can be considered as one of the most decisive factors responsible for the FDI boom that took place in Greece in the time period after the announcement and before the conduct of the Olympic Games of 2004. Thus, in the time period 1999-2001 Greece received more than US$3 billion.

The application of a logit or probit model would be appropriate for the examination of such data (Salavrakos and Petrochilos 2003). If this was the case, the dependent variable in this study would represent only foreign enterprises investing directly in Greece, leading to a biased outcome. Instead, descriptive statistics are employed, keeping in mind that Holland et al. (2000) concluded that econometric evidence supports the findings of survey studies.

The questionnaires of the survey reported in this chapter were collected between June and September of 2004. The construction of the three-part questionnaire was mainly based on Dunning's (1988; 1993) theory, the eclectic theory (OLI—eclectic paradigm of international production), although the Universal model was also used (Bitzenis 2003). The questionnaire used in the research study consisted of three parts. In the first part, the questions provided the necessary background information on certain issues that were considered important in characterizing the sample population. In the second part, one question included seven groups of sub-questions with related factors that were considered to be of major importance and allowed the managers of the enterprises to select the most appropriate answer for their case. These groups of sub-questions were initially selected based on Dunning's OLI theory, but necessary amendments were made using the Universal model (Bitzenis 2003).

Therefore, in the second part of the questionnaire, seven groups of hunters (seekers) have been created: locational hunters (historical links, cultural closeness or distance, geographical proximity, stability, climate etc.), factor hunters or natural resource hunters (access to low cost of acquiring natural resources and raw materials Dunning 1988: 13), market hunters (size of the market, prospects for market growth, increasing market share), strategic market hunters (follow the competition, follow the clients, a way to survive, acquiring of assets, international pressures, globalization etc.), efficiency hunters (economies of scale, of scope, risk diversification), exploiting the ownership advantages hunters (brand name, know-how, past experience, existing business links etc.), and hunters of financial aspects (favorable investment law framework, subsidies, tax exemptions).

In the third part, there are twenty entry barriers (instability, bureaucracy, corruption, unstable legal system, etc.). In accordance with Dunning (1998; 1993), we have included in our survey: the Locational (L) (natural resources availability and cost, investment incentives, characteristics of the country—language, culture…), Internalization (I) (avoid costs, control supplies, avoid or exploit government intervention), and Ownership advantages (O) (intangible asset advantages, product innovations, know-how, multinationality). Dunning (1993; 1988) also defines natural resource seeking (vertical integration, availability, cost), market seeking (market size and characteristics, investment incentives Dunning 1993: 82), efficiency seeking (economies of scale and scope, risk reduction through product diversification Dunning 1988: 13) and strategic asset seeking (gain new product lines or markets, economies of synergy, economies of common governance, improved competitive or strategic advantage, reduce or spread risks Dunning 1993: 82).

A descriptive/analytical type of research was undertaken, as it was best suited for the research objectives examined. The sample was determined on a quota basis (non random selection) involving the selection of subjects based on the identification of specific characteristics to increase representativeness. In quota sampling, the target population is divided into subgroups on the basis of different characteristics. In the case of this survey, the subgroups were: the companies from different types of industries, the volume of investments, and the number of employees, then a quota was determined for each subgroup. Thus, based on the criterion of the largest investment deals in Greece, a quota was made with the help of a few official documents which were retrieved from the Hellenic Center for Investment (ELKE) consisting of 101 foreign companies. Another forty-nine companies were added from the authors' research from directories of various Chambers of Commerce and Industry as well as embassies. As a result, a final list of 150 foreign companies was developed. The aim of this chapter is to analyze and to draw conclusions regarding the motives and barriers of FDI during the period 1995-2003 as indicators of entrepreneurship and the business environment in Greece.

To determine the most appropriate sample and sampling technique, the authors took into consideration the aim of the current study, which was to identify the motives and barriers that foreign firms had evaluated when they decided to invest in Greece as indicators of entrepreneurship and the business environment. Bitzenis and Tsitouras (2007a; 2007b) and Bitzenis et al. (2009a; 2009b) chose to adopt the non-probability sampling method, using the technique of purposive sample. This strategy was considered the most appropriate because the questions contained within the questionnaire required the views of people who were or would have been involved in the examination of Greek business factors/conditions that was FDI motives/obstacles.

Furthermore, it was investigated whether there was any relation of the sector that each MNE belonged to in determining the specific motives and barriers that encouraged or discouraged MNEs to undertake FDI projects in Greece. Thus, it was necessary for Bitzenis and Tsitouras (2007a; 2007b) and Bitzenis et al. (2009a; 2009b) to have a proportional distribution of MNEs in the field of economic activity. Finally, the survey instrument was pre-tested by interviews with three managers of MNEs. The overall aim of this study was to identify the kind and the type of incentives and barriers that foreign firms considered in order to decide whether they should make an investment in Greece. The study went beyond the simple description of events, and sought to find answers to all reasonable queries. Subsequently, the level of FDI determined, to a great extent, the aspect of Greek economic competitiveness.

Fifty-two out of 150 MNEs responded, which equates to a response rate of 34.6 percent. Literature has shown that this response rate in the subject area is sufficient and, according to statistics, a response rate of 10 percent of the population of interest is regarded as big enough to allow secure inferences about the population of interest. The usual way of replying to questionnaires, via mail, was extremely low in this study. Only 5.78 percent of the companies replied in this way. The highest yield was the result of email or internet websites with 57.69 percent of the total response rate, followed by fax and telephone with 28.84 percent. The one to one interviews had success in 7.69 percent of the total response rate (see Figure 14.1).

The sample is representative because there is a proportional distribution of MNEs in various sectors of economic activities. The industrial sector accounted for 53.84 percent (Mining 5.77 percent + Manufacturing 40.38 percent + Construction 7.69 percent, see Figure 14.2), while the FDI inflows in Greece in the same sector and at the same period were 52.69 percent (Mining 5.04 percent + Manufacturing 44.10 percent + Construction 3.55 percent). Furthermore, the trade sector in the survey questionnaire accounted for 25 percent of respondents, while the FDI inflows in Greece in the same sector were 11.53 percent. Finally the responses from the services sector accounted for 21.16 percent (Transportation & Communication 7.69 percent + Leasing/Real Estate 5.77 percent + Hotels 3.85 percent), while the FDI inflows in Greece in the same sector and at the same period were 35.78 percent (Transportation & Communication 21.51 percent + Leasing/Real Estate 4.19 percent + Hotels 10.08 percent) (see Figure 14.2).

The total investment amount for the fifty-two foreign companies was US$ 1,465,022,000 which is 29.90 percent of the total Greek FDI inflows (US$ 5,051,800,000) during the period 1995-2003. The majority of respondents invested between US$ 25 and US$ 50 million (41.38 percent) in Greece, followed by foreign investors that invested between US$ 50 and US$ 100 million (33.69 percent). A significant number of respondents (20.16 percent) invested between US$ 1 and US$ 25 million (see Figure 14.3).

In administering the survey, particular attention was directed toward ensuring that individual survey respondents were equipped to represent the position of the company as a whole. About one third of respondents held a top position such as Chief Executive Officer, President, Chief Financial Officer, or Chairman, and nearly all other respondents held senior management posts, and/or were involved directly in strategic planning (see Figure 14.4).

FIGURE 14.1
Method of Reply of Respondents

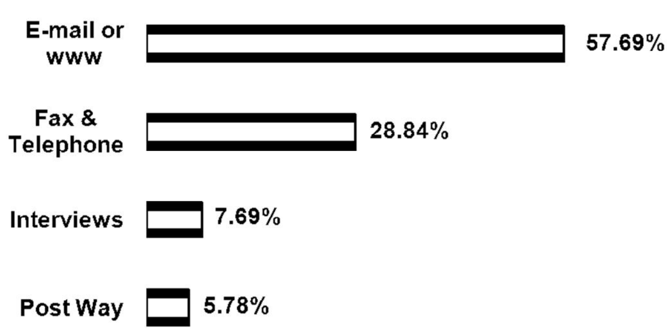


FIGURE 14.2
Respondents by Industry in Percent

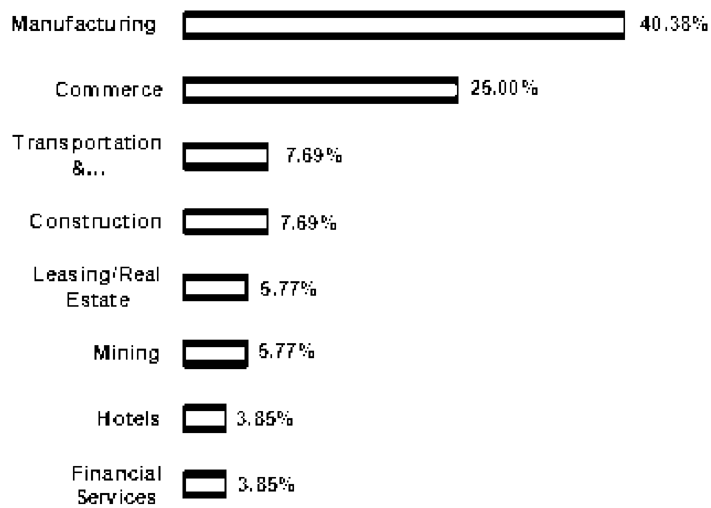


FIGURE 14.3
Respondents by Amount of Investment in Million US$

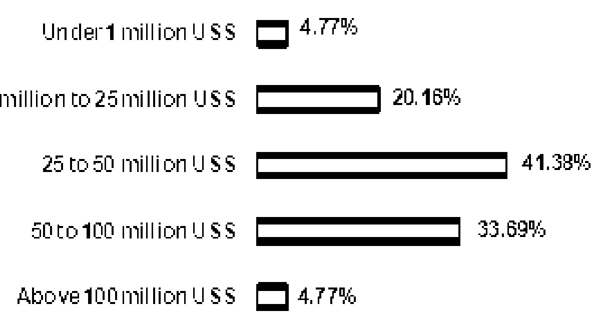
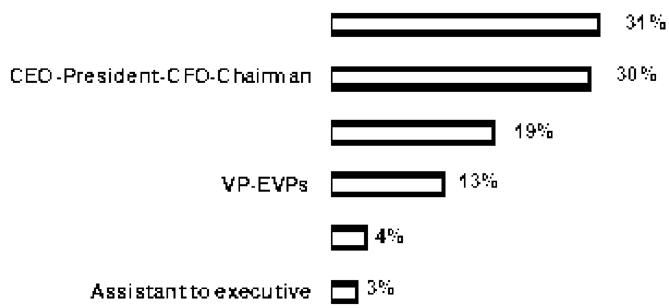


FIGURE 14.4
Positions Held by Individual Respondents in Percent



RESEARCH FINDINGS: MOTIVES AND BARRIERS OF FDI IN GREECE

The statistical literature has shown that the response rate, 34.6 percent is sufficient to allow secure inferences about the population of interest. The managers that were surveyed were asked to mention any number of motives and barriers that they considered to be the most decisive for their company in undertaking an FDI project in Greece. Therefore, the sum of the percentages found in the Tables is not equal to 100 percent. From Table 14.2, it can be pointed out that the main motives for FDI in Greece reflecting the entrepreneurship and the business environment in the Greek market were the prospects for market growth (86 percent), political stability (78 percent), economic stability (77 percent), the size of the Greek market (61 percent), social stability (59 percent), and the Olympic Games 2004 (58 percent).

TABLE 14.2
The Most Important Motives for FDI in Greece

Motives	**Percentage of Respondents**	**Sector Relevance**
Prospects for Market Growth	86.50	No
Political Stability	78.80	No
Economic Stability	76.90	No
Size of Greek Market	61.50	Yes
Social Stability	59.60	No
Olympics Games 2004	57.70	No

Source: Authors' questionnaire results.

From Table 14.2 it is revealed that the prospects for market growth ranks first at 86.5 percent; it received 61.5 percent of the positive responses. MNEs from all sectors that considered Greece as a promising market responded positively. All multinationals belonging to the banking/services sector argued that this is an important motive, while 92.3 percent of MNEs operating in the trade and food industry and 78.6 percent in the industrial/

manufacturing sector also determined that this was an important motive. Thus, the sector within which the MNE operates does not influence this motive. Although Greece is not a big market, this high percentage in considering the prospects for market growth as a decisive motive is mainly due to the preparation of the Olympic Games. From Table 14.1, we can see that this is the case. The "Host to the Olympics 2004 in Greece" as an FDI motive was mentioned by 57.7 percent of MNEs. It is also worth pointing out that the MNEs that mentioned the FDI motive, prospects for market growth, as significant also considered "Host to the Olympics 2004 in Greece" as a motive for FDI in 90 percent of the cases. It is obvious that the tremendous infrastructure investments, which took place prior to the Athens 2004 Olympics, will provide a solid platform for future market growth. These findings are consistent with the Ioannidis and Tsakanikas (2006: 39-42) conclusion that Greek entrepreneurs focus on consumer-oriented endeavors. It appears that FDI in Greece during the period of investigation is also consumer-oriented, especially due to the hosting of the Olympics 2004, which created a positive business environment for increasing final consumption.

The existence of the combined motive "Economic and Political Stability" in the second and third place was an expected outcome since Greece has been the only member country in the EU region since 1981 and until May 2004, and a full member of the Eurozone as of January 2001. Greece has undergone extensive restructuring, enough to secure, at least, a nominal convergence with its European Union partners. Political stability as a motive to enter the Greek market received 78.8 percent positive responses. Regarding the sectors to which each MNE belongs, 75 percent from manufacturing sector, 84.6 percent from trade and food sector, and 81.8 percent from banking/services sector argued that political stability was a significant motive. Thus, the sector within which the MNE belongs does not influence the political stability motive. With regard to economic stability as a motive, it received a positive response of 77 percent; again the sector in which the MNE operates does not influence this motive: 75 percent from the industrial/ manufacturing sector, 84.6 percent from the trade/food sector, and 72.7 percent from the banking/services sector argued that political stability was a significant motive. Therefore, the aforementioned finding in connection with Naumes and Naumes' (1994) deduction that Greek and U.S. entrepreneurs share quite similar economic and political values, could provide a rationale for the fact that the majority of FDI in Greece is originated in the United States. Another reason may be due the fact that a lot of Greeks migrate to the United States and as a result there is a strong Greek community in the United States establishing trade relations between the United States and Greece.

Of the fifty-two multinationals that responded to the survey, thirty-two (61.5 percent) argued that the size of the Greek market is an important motive. Regarding the sectors to which each MNE belongs, 42.9 percent from the industrial/manufacturing sector, 92.3 percent from the trade/food sector, and 72.7 percent from the banking/services sector argued that it was a significant motive to enter the Greek market. Thus, it appears that the sector within which the MNE operates influences the significance of this motive. The size of the Greek market (around eleven million possible consumers) is more important mainly for the MNEs in the trade/ food sector and the services sector than for other sectors such as the industrial or the manufacturing sector due to the proximity of these sectors to consumers. Hence, in addition to Ioannidis and Tsakanikas' (2006: 39-42) inference that the Greek entrepreneurs mainly focus on consumer-oriented activities, it is also deduced that FDI in Greece is consumer-oriented. Furthermore, FDI is inward-looking and the subsequent inward technology has as the result the shortage of Greek technological innovations. This means that Greece has been a "consumer" rather than a "producer" of R&D and technology, with profound negative implications for Greek industrial development and competitiveness.

Social stability as a motive to enter the Greek market received a 59.6 percent positive response. There is no impact of the specific sector that the MNEs operate, as 53.6 percent from industrial/manufacturing sector, 61.5 percent from trade/food sector, and 72.7 percent from banking/services sector argued that social stability is an important motive. This finding is consistent with Kalantaridis (1997) that social values and hence social stability enhance entrepreneurship and stimulate an optimistic business environment.

The decision that Greece would host the 2004 Olympics was announced in 1997. This decision encouraged many multinationals to enter the Greek market prior to the 2004 Olympics. At the same time, the findings from the questionnaire reveal that 57.7 percent of MNEs considered the Olympics as an important FDI motive. Olympics 2004 created numerous opportunities for foreign companies in the field of security, transportation, construction, catering, etc. The companies from the various sectors that responded positively have seen more or less this motive in the same way. So, the sector that each multinational belongs to was indifferent in the consideration of this motive as a decisive FDI motive. 53.6 percent of multinationals from the industrial/manufacturing sector, 61.5 percent multinationals from the trade/food sector, and 63.6 percent multinationals from the services/banking sector considered this motive as vital. This re-confirms, in addition to Ioannidis and Tsakanikas' (2006: 39-42) characterization of the Greek entrepreneurship as "shallow," the above assertion that FDI in Greece is also consumer-oriented.

The primary barriers with which investors had to deal, reflecting entrepreneurship and the business environment in the Greek market, is shown in Table 14.3. The biggest obstacle was bureaucracy (86.53 percent), followed by the taxation system (71.15 percent), corruption (65.78 percent), high corporate tax (63.46 percent), the labor market (61.53 percent), and the legal system (55.76 percent). In the following, we analyze each motive and barrier in detail and discuss the studies analyzed in the literature review under a comparative/critical perspective with the goals of the current study.

The high percentage of 86.5 percent of the surveyed companies mentioned bureaucracy as an important barrier for their FDI in Greece negatively affecting entrepreneurship and the business environment (Table 14.3), which is consistent with Ioannidis and Tsakanikas (2006: 112-13). Using the survey, we found that the sector that each MNE belongs to does not play a significant role in the consideration of bureaucracy as a barrier for FDI. In other words, 85.7 percent of MNEs of the industrial/manufacturing sector, 100 percent of the services sector, and 76.9 percent of the trade/food sector looked upon bureaucracy as a decisive FDI barrier. These are extremely high percentages. Also, the high percentage of 71 percent of the surveyed companies mentioned the Greek tax system as an important barrier for their investment in Greece negatively affecting entrepreneurship and the business environment. The sector that each MNE belongs to does not play any role whatsoever in the consideration of the Greek tax system as a barrier. In other words, 75 percent of MNEs of the industrial/manufacturing sector, 69.2 percent of MNEs of the trade/food sector, and 63.6 percent of MNEs of the services/banking sector recognized the Greek tax system as a decisive FDI barrier. These percentages are indeed very high.

TABLE 14.3
The Most Important Barriers to FDI in Greece

Barriers	**Percentage of Respondents**	**Sector Relevance**
Bureaucracy	86.53	No
Taxation System	71.15	No
Corruption	65.78	Yes
Corporate Tax	63.46	Yes
Labor Market	61.53	No
Legal System	55.76	Yes

Source: Authors' questionnaire results.

From the questionnaire responses we note that 65.78 percent of the total foreign MNEs listed corruption, bribery or other illegal actions as important obstacles for their FDI projects in Greece negatively affecting entrepreneurship and the business environment: 78.6 percent foreign MNEs from the industrial/manufacturing sector and 76.9 percent MNEs from the trade/food sector saw corruption as an important FDI barrier. However, only 18.2 percent of the services and banking companies were affected negatively by corruption. Thus, it can be argued that the sector that each MNE belongs to plays a decisive role in the consideration of corruption as an FDI barrier. It appears that banking/services sector is not affected easily by corruption as the regulatory framework is mostly determined by the European Commission, the European Central Bank (ECB) and, in general, the Economic and Monetary Union (EMU) since in 2001 Greece became an EMU member and adopted the Euro as its national currency.

A possible solution to the problems of corruption and the ambiguous attitude of Greeks toward entrepreneurship (Ioannidis, Politis and Tsakanikas 2005: 81; Ioannidis and Tsakanikas 2006: x-xi) could be to combat bureaucracy by diminishing the considerable rigidities for starting up a new business, and the modernization of the educational system concomitantly. Regarding the latter, the modernization of the educational system provides practical skills to graduates, cultivates an entrepreneurial culture and, consequently, leads to the embeddedness of entrepreneurship in the Greek society (Ioannidis 2004: iv-vi; Ioannidis, Politis and Tsakanikas 2005: 100; Ioannidis and Tsakanikas 2006: 112-25; Souitaris 2002; Makridakis et.al. 1997). Moreover, the fight against corruption could be realized via the rationalization of bureaucratic *modus operandi*. Simplifying and facilitating the procedures of starting up a business leads to lower transaction costs and therefore enhances the efficiency of the business environment. Hence, it diminishes the reasons for corruption.

Moreover, from the total MNEs that were surveyed, 63.5 percent perceived the corporate tax as a barrier, thus negatively affecting entrepreneurship and the business environment. The examination of the high corporation taxation rate as an FDI barrier based on the sector that each multinational belongs to, reveals that there is a difference in the consideration of this barrier on the basis of sectors. Regarding the sectors that each MNE belongs to, 64.3 percent from the industrial/manufacturing sector, 76.9 percent from the trade/food sector, and 45.5 percent from the banking/services sector argued that the corporate tax was a significant barrier to enter the Greek market. It appears again that the banking/services sector is not affected as much by high corporate taxes for the same reason as explained above, as the regulatory framework is mostly determined externally by the administrative bodies of the EU. Thus, the sector in which the MNEs operate is important in determining whether a high corporate tax is a barrier to entry.

A high percentage of 61.5 percent of the surveyed companies saw the labor market structure in Greece as an important barrier for their foreign direct investment projects in Greece negatively affecting entrepreneurship and the business environment. Furthermore, no significant differences among business sectors exist: 67.9 percent of MNEs of the industrial/manufacturing sector and 61.5 percent of the trade/food sector looked upon labor market structure as a decisive FDI barrier. At the same time, 45.5 percent of the MNEs of the banking/services sector mentioned the above as a decisive barrier. Hence, we can underpin that the sector that each MNE belongs to and the importance of the above barrier as a decisive FDI obstacle are indifferent.

A relatively high percentage (55.8 percent) of MNEs responded that the Greek legal framework was a significant FDI barrier negatively affecting entrepreneurship and the business environment. This is consistent with the suggestions to diminish the barriers that prevent the establishment of businesses and to implement uncomplicated procedures for starting up a venture, and also that bankruptcy laws should be modified in the direction of allowing the entrepreneur a second chance (Ioannidis 2004: iv-vi; Ioannidis, Politis and Tsakanikas 2005: 100; Ioannidis and Tsakanikas 2006: 112-25). MNEs of the banking/services sector with an extremely high ratio of 81.8 percent referred to the above barrier as significant. Moreover, 57.1 percent of the MNEs of the industrial/manufacturing sector also saw the Greek legal framework as a decisive FDI barrier. The percentage was lower somewhat (30.8 percent) in the food/trade sector. One can conclude that the unstable legal framework affects mostly the MNEs in the banking/services sector. It appears that the banking/services sector is mostly affected by the instability resulting from contradictions created between the Greek legal system and the regulatory environment determined by the European Commission, the ECB, and the EMU. This outcome is different from the aforementioned. The banking/services sector has not mostly been affected by corruption but rather by an unstable legal framework. Generally speaking, an unstable legal framework incorporates constant changes in laws, lack of laws, non-enforcement of laws, discrimination in the enforcement of laws, bureaucratic procedures and contradictory laws, and different domestic laws compared with laws in other Economic and Monetary Union (EMU) countries; all these inadequacies leave space for corruption.

The aforementioned barriers tend to diminish the level of Greek competitiveness. In terms of economic policy, the key factor of "competitiveness deficit" is that Greek industrial development has been based on increasing demand, while neglecting policies that would affect supply. Implemented policies have had the exclusive aim of increasing aggregate demand and, as a consequence, also raised imports to the exclusion of development of an export-oriented productive model.

CONCLUSION

In order to determine the motives and barriers of FDI inflows in Greece, Bitzenis and Tsitouras (2007a; 2007b) and Bitzenis et al. (2009a; 2009b) ran a survey for the period 1995-2003. The survey was carried out using a questionnaire, having as a target the biggest foreign investments in Greece. From the population and via a quota sampling a total number of 150 MNEs was selected as a target sample and fifty-two multinationals participated, and thus the response rate was 34.6 percent, consisting of 29.90 percent of the total Greek FDI inflows during the same period. In this chapter, we use this survey as a proxy for the level of entrepreneurship and business environment in Greece and extending the statistical analysis and the critical discussion of the results in order to conclude the main motives and barriers for FDI in Greece affecting the entrepreneurship and the business environment in the Greek market. More specifically, in the order of importance, we conclude that the prospects for market growth, political stability, economic stability, the size of Greek market, social stability, and the Olympic Games 2004 were the most decisive factors for a preferable business environment that favored sound entrepreneurship and competitiveness. The size of the Greek market is more important for the MNEs in the trade/food and services sectors than for other sectors due to the proximity of this sector to consumers. The primary barriers in the Greek market reflect an unfavorable business environment as well as a deficit in entrepreneurship and competitiveness. In the order of importance are bureaucracy, followed by the taxation system, corruption, corporate tax, the unfavorable labor market structure, and the unstable legal system. It appears that the banking/services sector is not affected by corruption as the regulatory framework is mostly determined by the European Commission, the ECB, and the EMU. However, at the same time, the framework creates inconsistencies with the Greek legal system producing an unstable legal environment negatively affecting the sector.

The chapter contributes to the body of knowledge regarding the level of competitiveness, entrepreneurship, and the business environment in Greece by determining the motives and barriers to entry by MNEs in the Greek market through a questionnaire survey. Prior studies on entrepreneurship in Greece have concentrated only on domestic players and factors. However, the globalization process imposes the embodiment of international players and conditions to derive a more accurate study of entrepreneurship and the business environment. In other words, this chapter is an attempt to enrich and incorporate factors of global competition in the appreciation of Greek entrepreneurship and the business environment in tandem. For that reason, inward FDI as an additional factor for determining entrepreneurial activity and the business environment was introduced. In addition, our study investigated the relevance of the sector in which the MNE is initiating the investment in determining the motives and barriers to entry by MNEs. Our findings of the questionnaire survey of fifty-two MNEs that had invested in Greece, with respondents holding a top position such as Chief Executive Officer, President, Chief Financial Officer, Chairman, senior management and/or involved directly in strategic planning, do not reveal a contradiction with the previous literature, but rather provide a more holistic picture. As with Greek entrepreneurship, it appears that FDI in Greece during the period of investigation is also consumer-oriented, and economic, political, and social stability is valued highly. Meanwhile, as with Greek entrepreneurship, bureaucracy, corruption, and the legal framework negatively affect FDI. In extending previous research, our study also revealed that hosting the Olympics 2004 created a positive business environment for FDI, while the size of the market depends on the sector initiating the investment. Regarding the barriers to entry by MNEs, the taxation system, corporate taxes, and the labor market affected negatively the decision to enter, which was not mentioned in previous research. Meanwhile, the sector initiating the FDI plays an important role in determining whether corruption, corporate taxes, and the legal system are significant barriers to entry.

Issues of concern and limitations with our study is that the investigation of the motives and barriers of MNEs when investing in Greece has been done by using questionnaires and interviews of the local managers of the MNEs' subsidiaries. The underlying assumption made is that the views of the local managers will reflect the views of the mother company when deciding to invest. This assumption is not necessarily true. A local subsidiary's manager can have a different perception of the domestic environment than the headquarters' managers. Also, we discuss the motivations in 2004 when the research took place whilst an investment might have been made between 1995 and 2004. Given that there is a time difference, the current evaluation of the local environment from the domestic managers of MNEs does not necessarily reflect the motivations of the MNE in the past when they entered the Greek market, at the time when they actually made the decision to invest in Greece. Our questions were directed at the time that the investment took place, but the influence of current conditions cannot be avoided. Meanwhile, as a goal for future research, a full sample should include those MNEs that considered Greece as an option but at the end opted out in pursuing the investment; in the case that we investigated the motives proved stronger than the obstacles. Thus, it can be argued that the sample may be biased. Independent of the issues just outlined, we still strongly believe that there is a contribution to the literature from this novel approach in determining motives and barriers of FDI in Greece.

Directions for further research, in addition to overcoming the aforementioned weaknesses of our study, should target the impact of the Olympics 2004 on the level of entrepreneurship and the business environment by identifying whether the momentum associated with the positive outcomes due to the Olympics was further exploited and changed the business landscape in Greece on a permanent basis. Therefore, it can be concluded that it is crucial for Greece to enhance the motives and reduce the barriers to FDI so as to stimulate entrepreneurship and create a positive business environment in order to receive significant FDI inflows. The research reveals that while the Olympic Games cannot be a motive anymore for FDI, policy makers have to enhance and maintain the momentum after the Olympic Games by translating the Olympic Games motive into market growth, and maintaining political, economic, and social stability. Modernizing the education system is imperative for the development of skills and fighting corruption. At the same time, the rationalization of the bureaucratic *modus operandi* will diminish the reasons for corruption. With regard to the barriers to FDI of bureaucracy, taxation system, corruption, and the labor market, there is a need for Greece to adopt a regulatory framework that would reduce these impediments. In particular, the research reveals that care should be taken with the banking/services sector. In sum, there is a need for Greece to modernize and to upgrade state administration by adopting more effective organizational and governmental policies, to reduce the barriers to entry and, at the same time, to enhance the motives for entry. Greece needs to adopt regulatory reforms to foster entrepreneurship, competitiveness, and create a positive business environment by enhancing and maintaining the momentum after the Olympic Games.

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