



European
Investment
Bank

The EU bank



Greece

EIBIS 2016

EIB Group Survey on
Investment and
Investment Finance 2016

Country Overview

EIB Group Survey on Investment and Investment Finance Country Overview: Greece

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of 12,500 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

About this publication

This Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

About the Economics Department of the EIB

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 30 economists, is headed by Debora Revoltella, Director of Economics.

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Disclaimer

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

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Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

EIBIS 2016 – COUNTRY OVERVIEW

Greece

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and sustainability across all 28 EU member States.

EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 425 firms in Greece in 2016. The results are weighted by value-added, reflecting firms' contribution to the economy, reflecting firms' contribution to the economy.

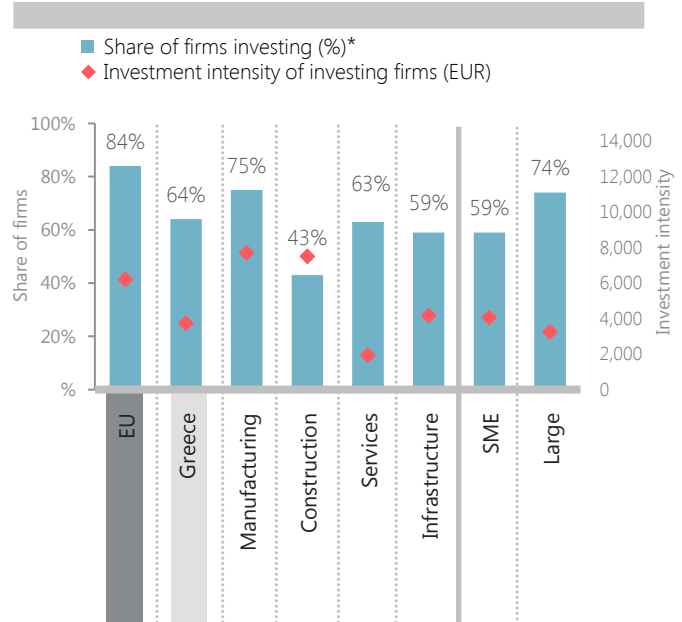
Key results

Investment outlook:	Firms in Greece are positive about their investment outlook , and expect to expand investment from a low base, except for those in the infrastructure and construction sectors.
Investment activity:	Investment in machinery and equipment dominates: Still, intangibles form a significant share of investment, with SMEs, and firms in the service and infrastructure sectors leading the way.
Investment gap:	Over one in five firms report having invested too little over the last three years. Construction firms and SMEs are more likely to report having invested too little compared to the country average.
Investment barriers:	The political and regulatory climate is considered as the main barrier to implementing planned investment in Greece in the current financial year. A remarkable share of Greek firms consider "uncertainty about the future" and "business regulations" as the biggest long-term barriers to investment. Unlike the wider EU, Greek firms do not suffer from unavailability of staff with the right skills.
External finance:	Thirteen per cent of firms finance constrained: the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying. Overall firms in Greece want more of the type of external finance they are already using.
Firm performance:	Firms in Greece have lower productivity than the EU average. The infrastructure sector firms within Greece are the most productive.

INVESTMENT DYNAMICS

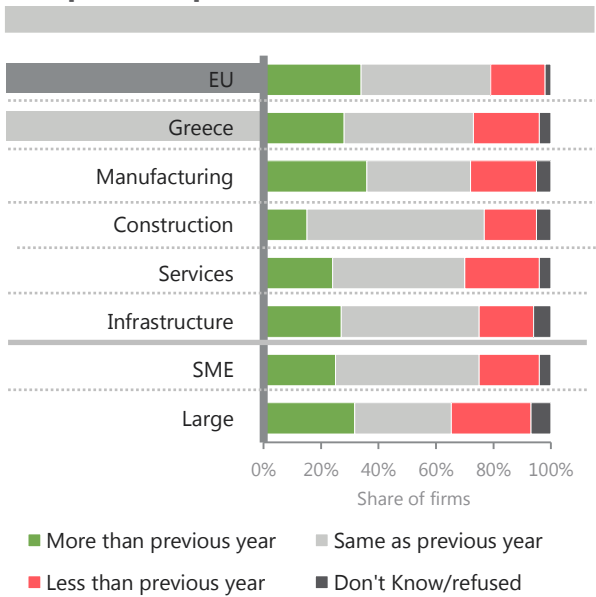
- Nearly two-thirds of firms in Greece invested in the last financial year, as compared with 84% across the EU as a whole.
- The intensity of investment (investment per employee) is lower than the EU average, with services having particularly low intensity, while manufacturing and construction having high intensity.

Investment activity in last financial year



Base: All firms (excluding don't know/refused responses)
 *The blue bars indicate the proportion of firms who have invested in the last financial year.
 A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.
 Investment intensity is the median investment per employee of investing firms.

Investment activity in last financial year compared to previous

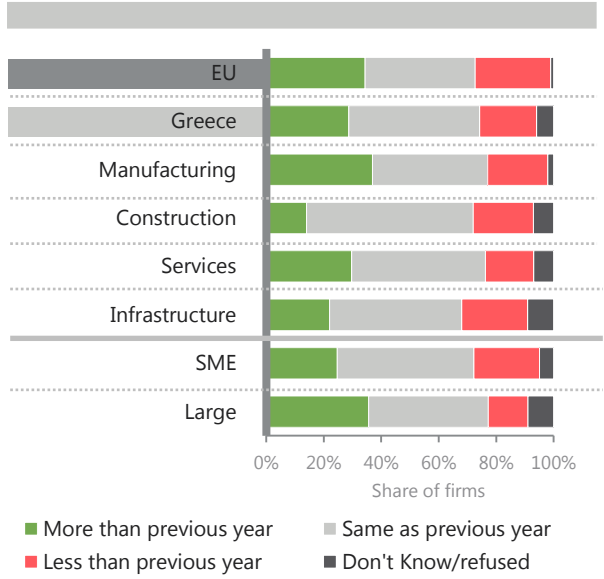


Base: All firms who invested in the last financial year
 Q. Overall was this more, less or about the same amount of investment as in the previous year?

- Compared to the EU, where firms with a positive balance on investment dominated in the last financial year (net 15%), a relatively small share of firms in Greece have increased investment than decreased it in 2015 vis-à-vis 2014 (net 5%).
- Construction firms in Greece have been particularly hesitant to change the amount invested.

- A significantly higher proportion of firms in Greece expect to invest around the same amount in current financial year compared with the EU as a whole.
- Large firms and those active in manufacturing expect to expand investment.

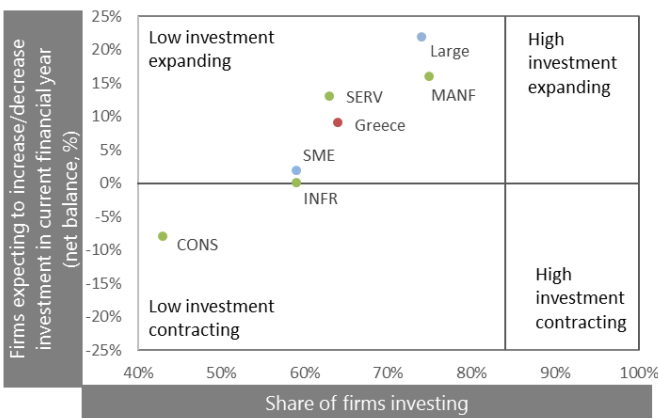
Expected investment in current financial year compared to last one



Base: All firms

Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

Investment cycle



Base: All firms

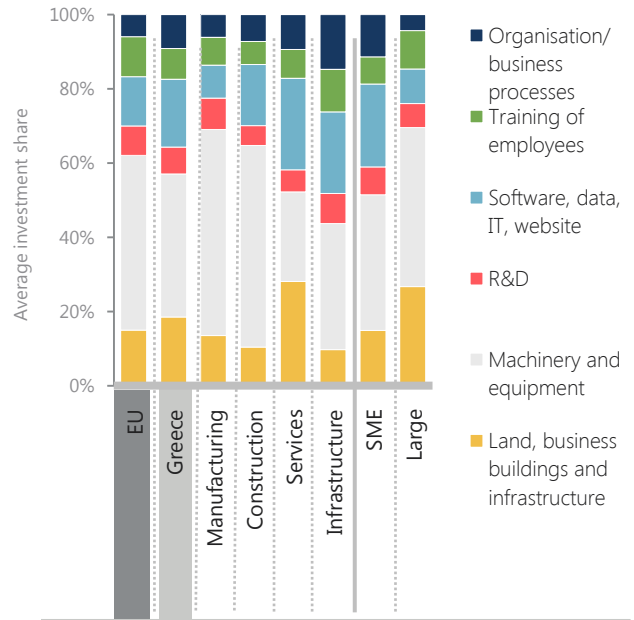
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

- Firms in Greece are positive about their investment outlook and expect to expand investment from a low base, except for those in the infrastructure and construction sectors.

INVESTMENT ACTIVITY

- The highest share of investment spend in Greece goes into machinery and equipment (39%), followed by land, business buildings and infrastructure (19%), and software, data, IT and websites (18%).
- With over 18% allocated to software, IT and data items, Greece tops this category among the Member States.
- Large firms in Greece allocate the highest share of their investment spend to machinery and equipment (38%).

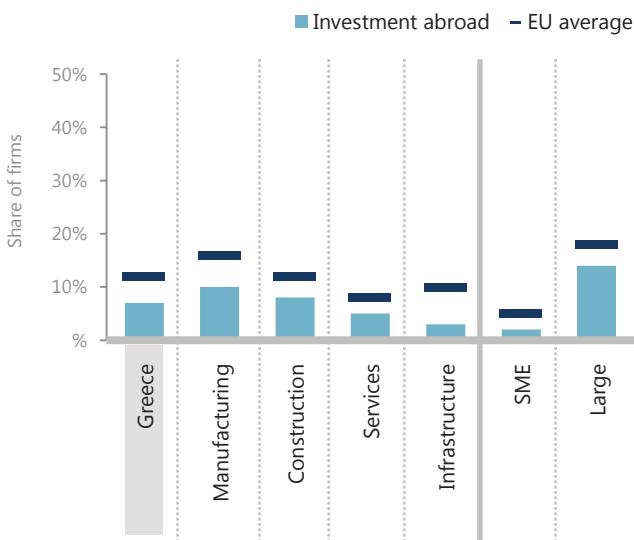
Investment areas



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

Investment abroad

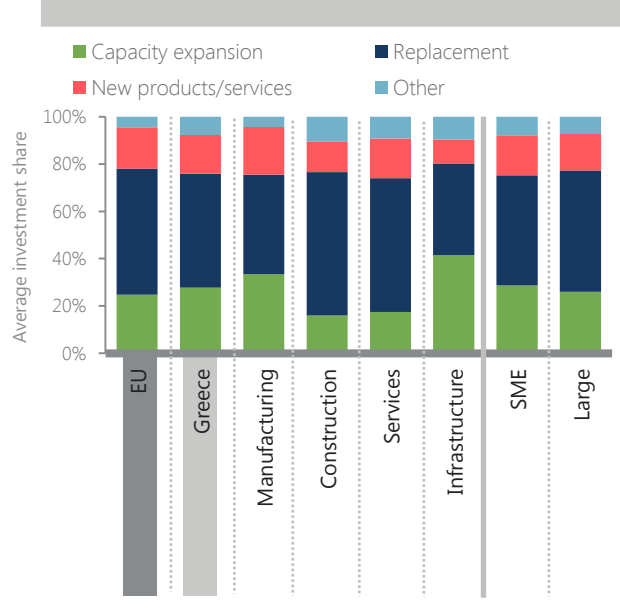


Base: All firms who invested in the last financial year
Q. In the last financial year, has your company invested in another country?

- Investment abroad is not a particularly common activity for Greek firms.

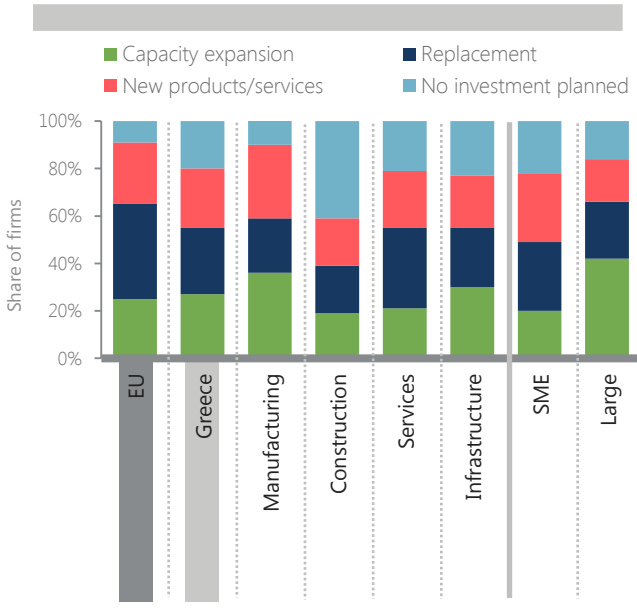
- The highest share of investment spend in Greece is directed towards the replacement of buildings, machinery, equipment and IT, similar to the pattern observed across the EU.
- The share of expenditure on capacity expansion was highest in the manufacturing and infrastructure sectors.
- The manufacturing and services sectors had the highest share of investment spend in new product and services investment.

Purpose of investment in last financial year



Base: All firms who invested in the last financial year (excluding don't know/refused responses)
Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Future investment priorities



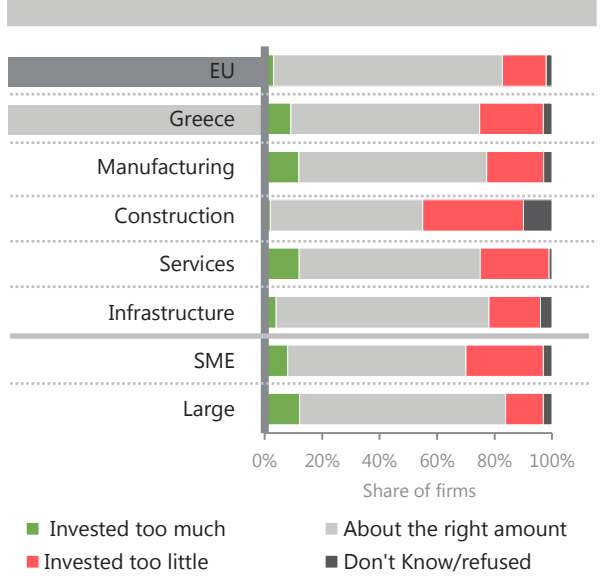
Base: All firms (excluding don't know/refused responses)
Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Notably, 20% of firms in Greece have no investment planned over the next three years. About similar shares of firms consider replacement (28%), capacity expansion (27%), and new products and services (25%) as important investment priorities.
- Large firms (42%) and manufacturing companies (36%) are more likely than average to prioritise capacity expansion.
- On average, manufacturing companies intend to invest the highest share in new products (31%).

INVESTMENT NEEDS

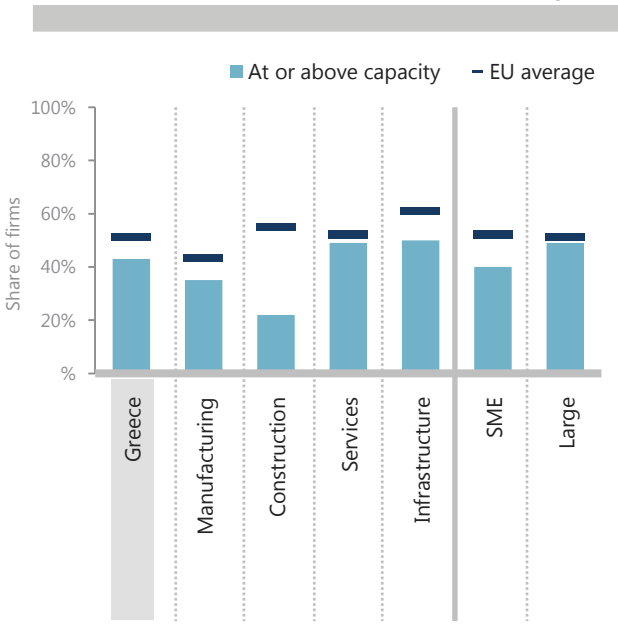
- Nearly two-thirds of firms in Greece believe their investment over the last three years was about the right amount. This compares to the three quarters of firms EU-wide, and places Greece at the lower end of the scale across the Member States.
- Construction firms and SMEs are more likely to report having invested too little compared to the country average.

Perceived investment gap



Base: All firms (excluding 'Company didn't exist three years ago' responses)
Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount to ensure the success of your business going forward?

Share of firms at or above full capacity



Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

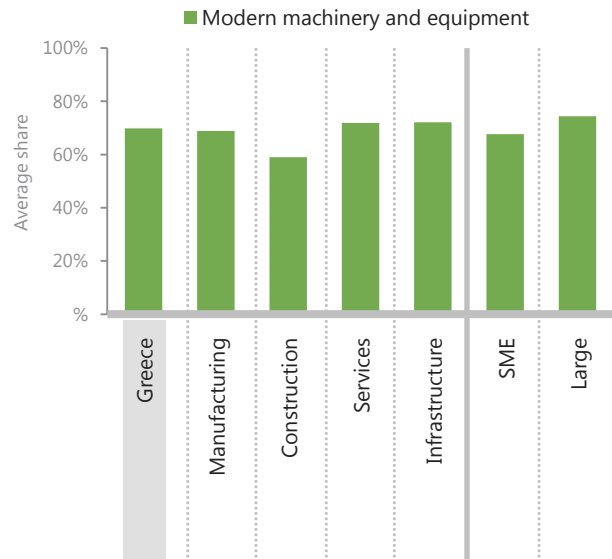
Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances? 6

- Compared to EU peers, a lower share of Greek firms run at full capacity (51% versus 43%): this is the fourth-lowest share among the Member States.
- Reported capacity utilisation was particularly low in the construction sector, where a mere 22% reported as running at full capacity.

- The average share of machinery and equipment considered modern by firms in Greece is 70%.
- Data for Greece are difficult to compare with those of the remainder of the EU as the Greek translation may have influenced interpretation of the question. This will be addressed in the next round of interviews.

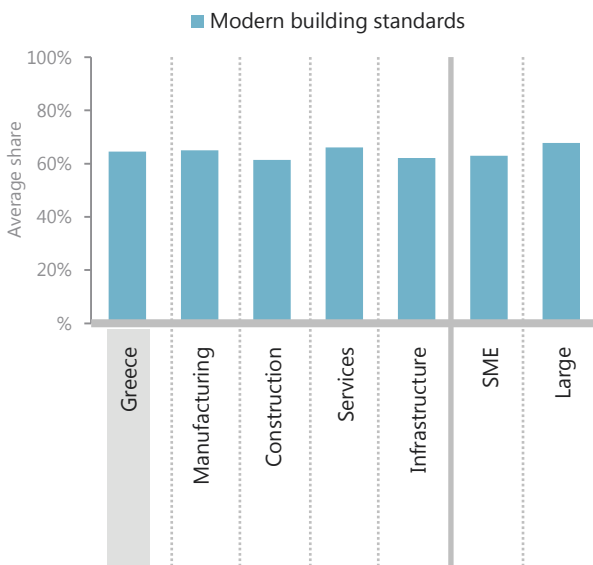
Average share of state-of-the-art machinery and equipment



Base: All firms

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art? NOTE: Due to translation issues, the shares reported here are not comparable to those in other countries.

Average share of building stock meeting high energy efficiency standards



Base: All firms

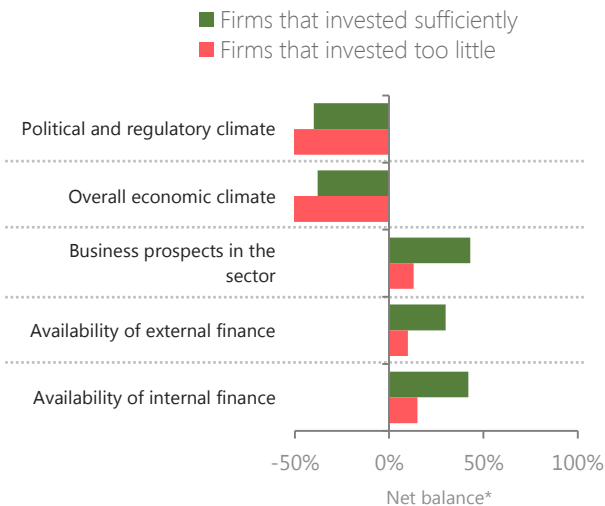
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards? NOTE: Due to translation issues, the shares reported here are not comparable to those in other countries.

- Firms in Greece say an average of 63% of their building stock satisfies modern efficiency standards.
- Data for Greece are difficult to compare with those of the remainder of the EU as the Greek translation may have influenced interpretation of the question. This will be addressed in the next round of interviews.

INVESTMENT CONSTRAINTS

- In line with the EU, the political and regulatory climate is considered as the main barrier to implementing planned investment in Greece in the current financial year; yet the net balance of 44% is much higher compared to the overall EU figure of 17%.
- Another major constraint to investment in Greece is the overall economic climate, with a net balance of 41%.

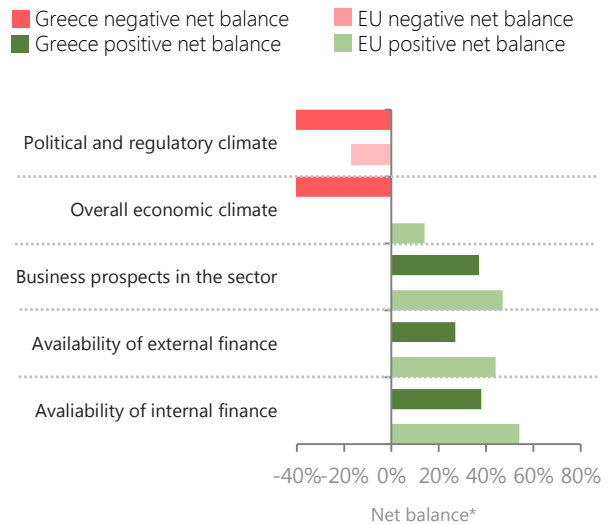
Short term influences by investment performance



Base: All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

Short term influences on investment



Base: All firms who have planned to invest in the current financial year

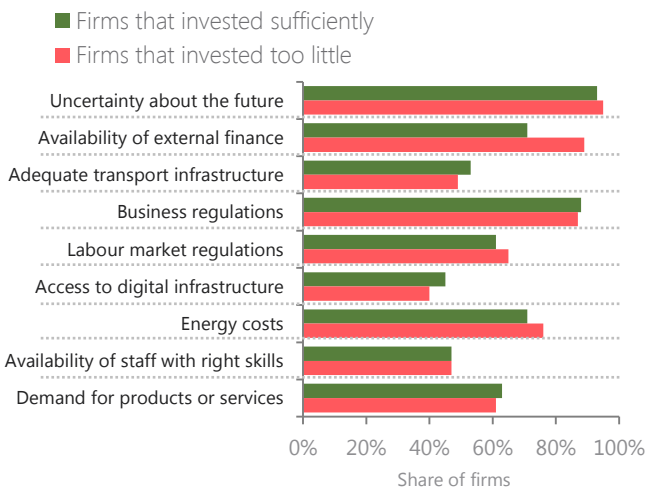
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- About 6 in 10 firms that have invested too little in the last three years say that they are negatively affected by the political and regulatory as well as overall economic climate.
- The share of firms reporting a negative effect of political and regulatory and the overall economic climate is also high among the those who invested sufficiently in the last three years (about 40%).

- Though also noted as major factors in the wider EU, a remarkable share of Greek firms consider uncertainty about the future and business regulations as the biggest long-term barriers to investment.
- Unlike the wider EU, the availability of finance remains a critical issue as do the energy costs.
- The availability of staff with the right skills, on the other hand, is a relatively less prominent concern for the firms in Greece compared to the EU.

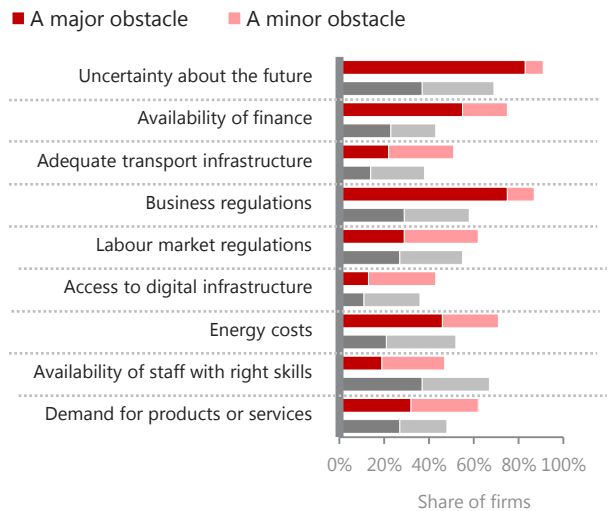
Long term barriers by investment performance



Base: All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

Q. Thinking about your investment activities in Greece, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Long term barriers to investment



Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

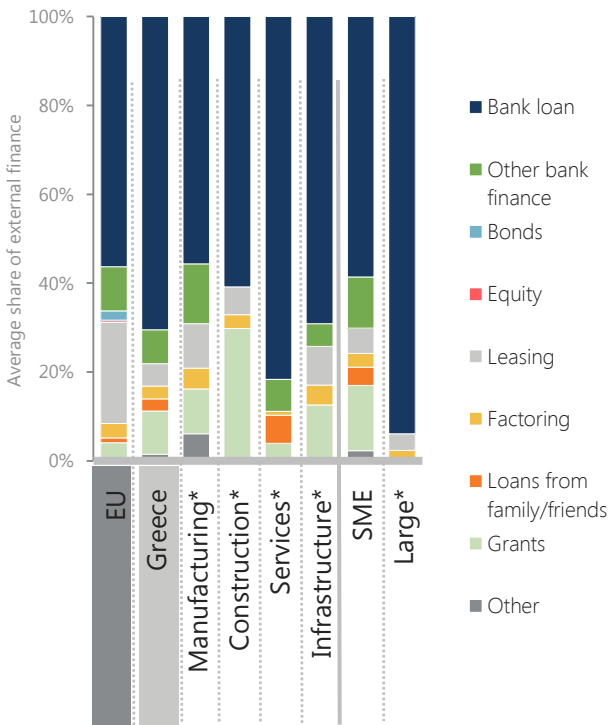
Q. Thinking about your investment activities in Greece, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

- Firms which invested too little and those which invested sufficiently are fairly consistent in their rankings of barriers to long-term investment except for the availability of external finance.
- Firms which reported investing too little are significantly more likely to consider the availability of external finance as an obstacle than those which reported investing sufficiently.

INVESTMENT FINANCE

- Among EU peers, firms in Greece are most likely to rely on internal funding (82% compared to 64% for the EU as a whole).
- Grants seem to form an important part of financing for SMEs, construction and infrastructure firms.
- Collateral requirements and cost of funding are among the least attractive aspects of external financing.

Type of external finance used for investment activities

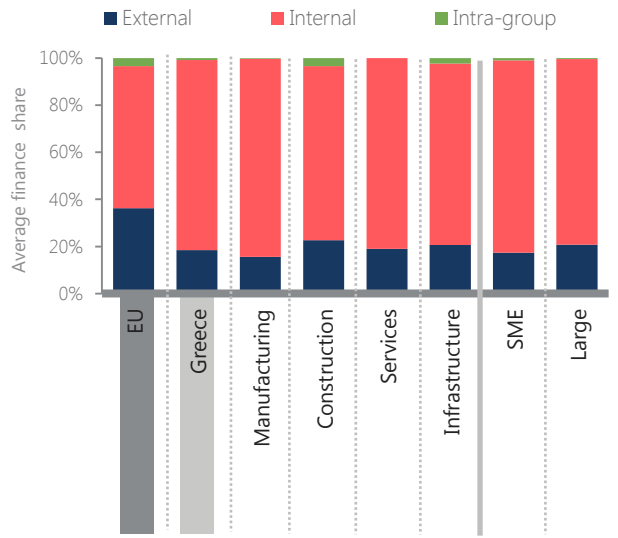


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

* Caution very small base size less than 30

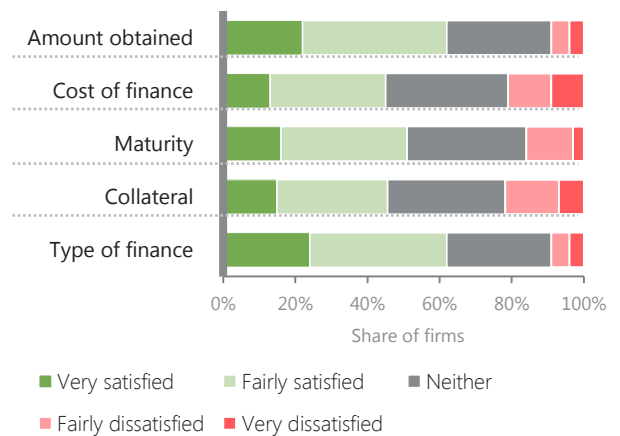
Source of investment finance



Base: All firms who invested in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

Satisfaction with external finance

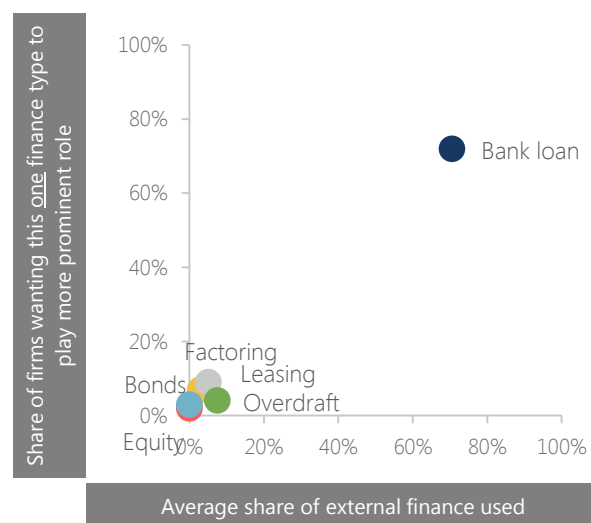


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with ...?

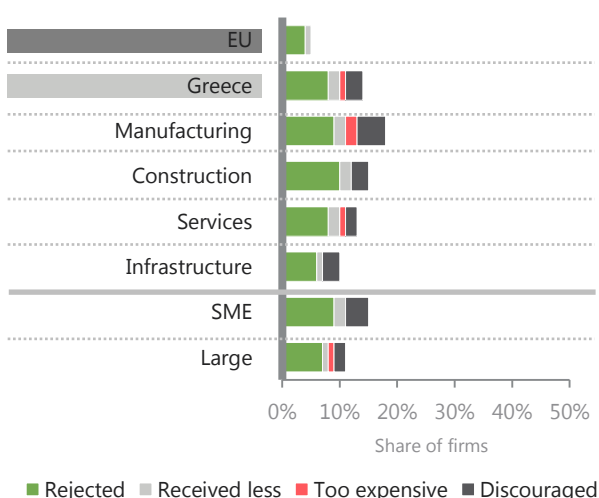
- Overall firms in Greece would like more of the type of external finance they are already using, with a lot of gravity around bank loans.
- Overall 13% of firms in Greece can be considered constrained by external finance – and are significantly more likely to have been discouraged in seeking external finance than firms across the EU as a whole.
- Firms in the infrastructure sector are the least likely to be finance constrained, while those in manufacturing and construction most constrained.

Types of finance used versus the one type of finance firms want to use more



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

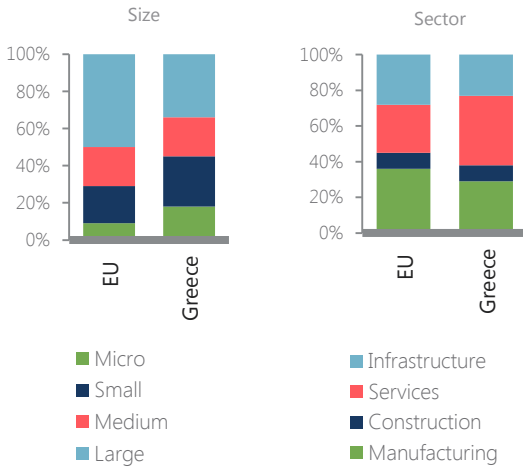
Share of finance constrained firms



Base: All firms
Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

PROFILE OF FIRMS

Contribution to Value-Added

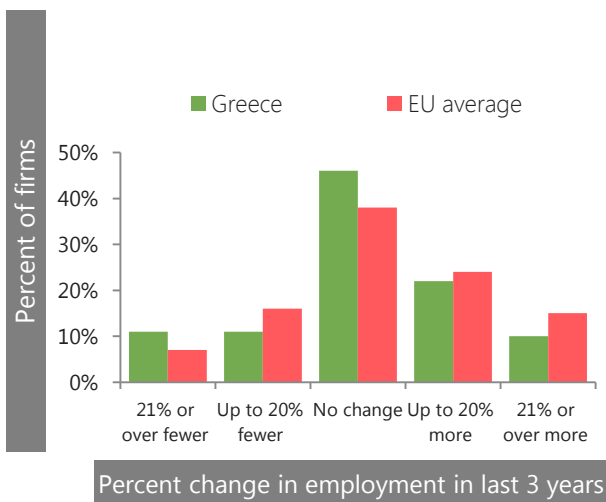


- The firm-size distribution in Greece is skewed toward smaller companies.
- A majority of firms in Greece operate in the service sector (39%), higher than the EU average of 27%. Manufacturing firms account for 15% in Greece, as compared with 22% across the EU as a whole.
- Employment growth in Greece is below the EU average.
- Greek firms are distributed across the lower spectrum of EU firm-level productivities, and at the lower end of that of non-cohesion countries.

Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+.

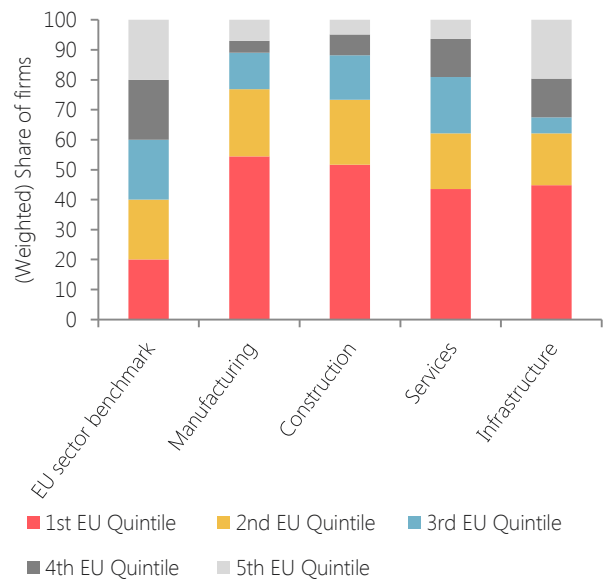
Employment dynamics in last 3 years



Base: All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

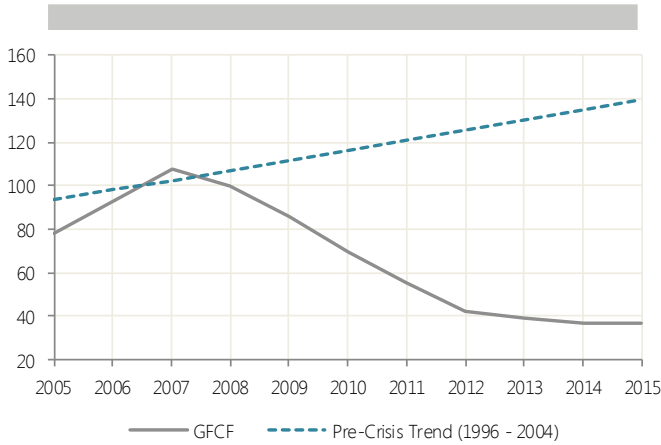
Within country productivity comparison



Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

MACROECONOMIC INVESTMENT CONTEXT

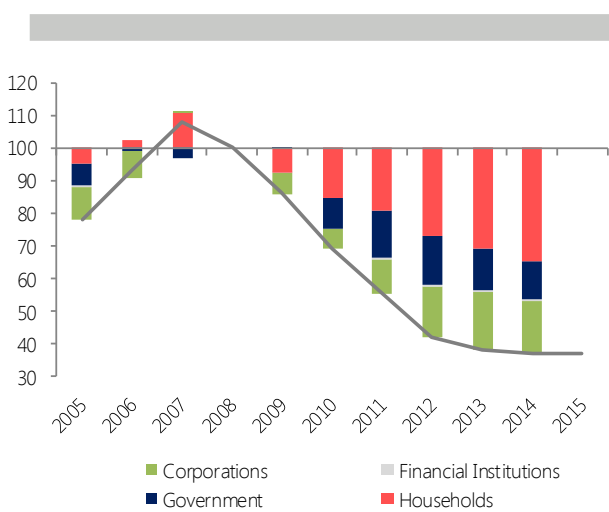
Investment Dynamics over time



- Investment has collapsed since 2008, with the impact of the crisis being felt across the entire economy.

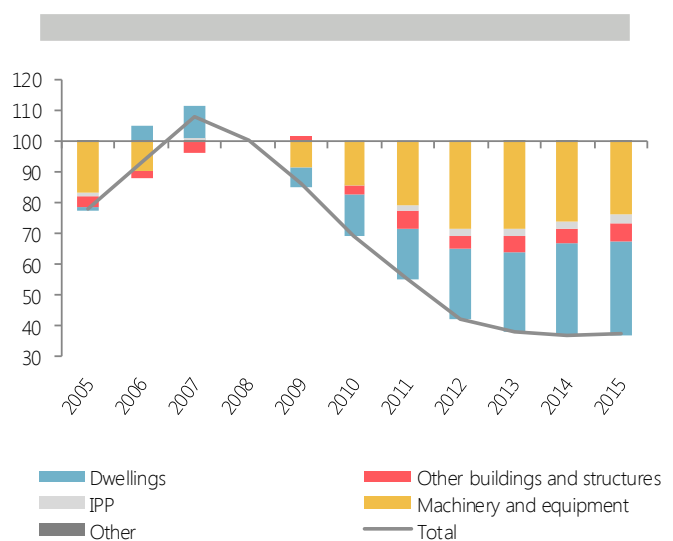
The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend'. The data has been indexed to equal 100 in 2008. Source: Eurostat .

Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. Source: Eurostat.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

The final data are based on a sample, rather than the entire population of firms in Greece, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Greece	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(425)	(109)	(97)	(109)	(109)	(355)	(70)	(12483 vs 425)	(97 vs 109)	(355 vs 70)
10% or 90%	1.0%	2.8%	5.2%	5.2%	5.2%	5.1%	2.9%	6.2%	3.0%	7.4%	6.8%
30% or 70%	1.5%	4.3%	8.0%	7.9%	8.0%	7.7%	4.5%	9.4%	4.6%	11.2%	10.4%
50%	1.7%	4.7%	8.7%	8.6%	8.7%	8.4%	4.9%	10.3%	5.0%	12.3%	11.3%

Glossary

Investment	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
Investment cycle	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

Base sizes

Base definition and page reference	EU	Greece	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	425	109	97	109	109	355	70
All firms (excluding don't know/refused responses), p. 2	11838	407	107	93	106	100	343	64
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	404	107	90	104	102	338	66
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	418	109	93	109	106	351	67
All firms (excluding don't know, refused and missing responses), p. 13	12162	412	106	96	107	103	349	63
All firms who invested in the last financial year, p. 2	12281	424	109	97	109	108	354	70
All firms who invested in the last financial year, p. 4	10881	290	91	47	79	72	235	55
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	246	75	43	69	59	212	34
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	251	79	43	67	61	209	42
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	249	74	43	68	63	207	42
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	286	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	87	23	18	24	21	72	15

Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.






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The EU bank

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