

# **Overview of Family Business Relevant Issues**

## **Country Fiche Greece**

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This study has been elaborated with reasonable care. The authors and the project co-ordinator do not, however, accept responsibility for printing errors and/or other imperfections and potential (consequential) damage resulting thereof.

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## 1 Introduction

Although, family businesses make a major contribution to economic activity and employment and they comprise a significant part of the Greek economy, yet comparatively little Greek research has been done to identify their needs, aspirations and challenges. Moreover, there is little discussion about the issues that a family business faces.

However, the main topics of interest are the ability of the family members to effectively and professionally manage the business, especially when there is the transfer of ownership/management from one generation to another, the fair sharing of the business's assets between the members of the family, balancing different interests, the internal conflicts between the family members, and establishing professional business management.

An issue that is discussed is that while many family business founders have been charismatic in their managerial decisions and are considered successful managers, they have not prepared a succession plan and as a result confusion surrounds the business after their departure. It is usually said that the succession planning in a family business is often painful and emotionally charged as it signals the end of an era and the beginning of a new one.

Another topic in public and policy discussion regarding family business is focused on corporate governance (CG) in Greece. Since one of the main problems of the family-owned companies is the danger that power be exerted at the expense of the minority shareholders, the discussion on corporate governance (CG) in Greece focuses mainly on protecting individual and minority shareholders' interests that are practically isolated from the decision making process of the firm. The notion of CG was first introduced in Greece in 1998 through an introductory paper published by the Athens Stock Exchange (ASE). A series of conferences and discussions led, then, to the adoption of a voluntary code of conduct in 1999, initiated by the Hellenic Capital Market Commission (HCMC) in collaboration with all relevant agents in the Greek economy. A major contribution during 2000 to the enhancement of transparency and disclosure regarding the behavior of listed companies in the capital market has been the enactment of HCMC rule: "A code of conduct for companies listed in the ASE and their affiliated persons" (HCMC Rule 5/204/2000). In May 2002 the Ministry of the Economy amended the corporate law and incorporated fundamental CG obligations. The legislative framework of the Greek capital market is now fully harmonised with the guidelines and directives of the EU. In August 2001 the Federation of Greek Industries (FGI) introduced the Principles of Corporate Governance for all companies, but especially for the companies listed on the ASE. Although improvements in CG have occurred in Greece, they are mainly confined to a small number of large listed companies that are more in tune with the international corporate stage.

## 2 Understanding of “family businesses” in the national context

Even though there is no specific definition of a family business (according to the stocking, legal and administrative control), in most family businesses the definition of the total control of the company on behalf of the owner's family members is ingrained. It seems that often family businesses owners prefer less profit than having a new 'non-family member' as a shareholder.

Family businesses are considered the enterprises that are owned, managed and influenced by a family or families. In other words, **in family businesses both ownership and policy making are dominated by family members**. Concerning the proportion of shares or management board by family members, it is not officially defined.

According to Company Law (Law 2941/2001) there is no definition about family business. However, most of them are small family businesses and very often the terms SME and family business are used interchangeably, thus considered to be the same thing.

Since there is no official definition, family businesses take many legal forms, ranging from sole traders to private companies, depending on the number of employees. As mentioned above, family businesses are not officially defined, nevertheless one-person enterprises and sole proprietors could be considered as family businesses in the cases that their employees are family members. Even when it appears that only a single family member is formally the owner; the person depends on other family members supporting the business.

As already mentioned there are no legal regulations referring to family businesses and thereby giving a definition for them, whereas there are some legal regulations being beneficial for family businesses, particularly the Greek Tax Law and the new Investment Law.

Furthermore, the new **Investment Incentives Law** for the period 2007-2013 (Law 3522/2006, Article 37, Government Gazette 276 A', December 22, 2006) is placing particular emphasis on regional convergence and on the provision of important incentives for new investment projects, especially to small and medium sized enterprises and will cover up to 60% of the investment.

Concerning the awareness about the heterogeneity among the family business sector and a “typology” of family businesses, there are not significant data.

### 3 Importance of family businesses for the national economy

According to a research conducted by Grant Thornton (2006), an international audit control company, 80% of total business owners in Greece consider their business to be of family type. In addition, according to a research by the Hellenic Organization of Small Medium Sized Enterprises & Handicraft S.A.(EOMMEX, 2007) 52% of Greek companies are family-owned. Therefore, Greece has, proportionally, one of the largest numbers of small businesses than any other EU member-state (Kyriazopoulos P. and Samanta-Rounti I, 2007). Most of them are small family businesses that operate in traditional sectors such as tourism and agriculture. A developing high-technology sector also exists, but its epicentre remains the informatics area, which mainly targets local markets. Owing to the history and resources of Greece, there are also many powerful family businesses in the maritime and constructional sector.

Families often use the holding companies as investment vehicles to control indirectly a variety of listed (in ASE) and non-listed companies in different industries. Hence, the governance structures and the performance of the family firms affect largely the growth opportunities of the Greek capital market.

Although, there are no clear data regarding the size, the activity and other information about the Greek family business, according to a Greek academic study (Kyriazopoulos, 2007), it appears that family companies are more prolific in retail trade (41.6%) and services (26.3%) and construction activities (9.7%) and less prolific in wholesale trade (8.2%). Additionally, most of them (45%) are Sole Corporation, 42% are Unlimited General Partnership companies, 16% Limited Liability companies and only 1% Corporation (anonymous companies, S.A.). According to the same research only 32.4% of the family companies have a second-generation perspective and have been through ownership change. It also reveals that financial resources used by family businesses reflect a conservative borrowing profile.

## 4 Characteristics of family businesses

The family firm is an important and common form of business organisation in Greece. The common feature among most family firms is the fact that the ownership is closely tied to a group of people - the family. The family usually involves in the direct management of the firm. In other words, the principal characteristic among the majority of the family firms is that the main owner (family) is usually involved in the key-decision-making of the firm.

A very common argument favoring family firms is that agency costs are minimized, since the owner (family) and the management are the same person or at least different persons coming from the same family.

It is also important to note that the basic financial challenges and priorities, according to a recent PriceWaterhouseCoopers (PWC, 2006) study are: the control of the cost (78%), the improvement of cash flows (58%), the financing (36%) and the tax planning and the optimization regarding tax issues (22%). It is also interesting to note that 42% of the family businesses included in the survey expect a change in the ownership of the business, while a 6% expect the acquisition of the business by another company. Therefore, 29% have already calculated the potential tax impact in case they transfer the company to another person of the family or sell the company. They also consider some kind of administrative breakdown (e.g. per activity).

Some other important findings from the PWC research are described in the following paragraph. The family members' performance is considered to provoke internal conflicts by 38% of family businesses, while 79% of them have not adopted any procedures for resolving conflicts. 62% of family firms have examined the succession scenario, and 67% have decided the next CEO to be a non-family member. Concerning management practices, the management team consists of 4 people in 51% of Greek family businesses, 40% of them have a weekly meeting and 45% have established a Family Board.

Long-term perspective, family commitment and clear identity are some of the strengths associated with family firms. Altruistic behavior and trust can also produce many advantages in the family firm's context, e.g. collective ownership by all family members working in the firm, reduction of information asymmetries among family members and commitment of corporate leaders to the firm's long-term performance and strategy. They have a unique work environment that inspires employee care and loyalty.

Ownership dispersion in Greece is considered as middle to low. According to a recent study of the Hellenic Capital Market Commission (2001), in 370 listed companies in Greece average ownership dispersion was 47.22% when the major shareholder is defined as the shareholder owning at least 5%. In total, according to the study, the 370 listed companies were held by 974 major shareholders, while the major shareholders per listed company were 3. The results indicate that competition for control at the company level is low. Large families usually control most of the small-and-medium-sized companies and members of the controlling families are usually serving as the top manager. Large shareholders may act as an effective monitoring mechanism of management and, thereby, enhance firm performance. However, controlling blockholders can use their power to extract own private benefits, at the expense of minority shareholders. This kind of expropriation leads to sub-optimal levels of investment by minority. Therefore, the agency problem arises as a conflict between "strong

blockholders and weak minority owners", rather than between "strong managers and weak owners".

Greek family firms are "undergoverned" in terms of board of directors. Typically, the principal shareholder often serves as the CEO or chairman of the board and has the decisive vote in major corporate decisions. Even when the separation of the chair and CEO functions is the case, the two roles are usually interconnected. Board structures and operations are poor. External influences, from the independent non-executive directors in family firms are not so powerful, even though the Law 3016/2002 now requires that all listed companies have at least two independent non-executive directors. Most boards in family-owned firms have a majority of related directors, usually coming from the family. Independent director attendance at board meetings is not adequate. Making corporate boards more independent and effective is a huge challenge in Greek family firms. They also score very low in the establishment of board committees. The committee most commonly encountered on Greek boards is the audit committee. The family, on a more informal arena exercises strategic decision-making processes, through private interaction between the most influential actors. Many family firms confirm also that they do not have a formal orientation program for new directors. A note-worthy feature is that Greek firms seem to have a universal problem in the frequency of changing non executive directors.

Another characteristic of Greek family businesses is that in compliance with the Greek legislation shareholders rights appear to be well protected. The one-share, one-vote rule is legally imposed and any shareholder can be represented at the general meeting by a special authorised agent who will be either a spouse or another shareholder of the company. Family firms follow the framework defined by law regarding the timing and the range of issues submitted to the annual general meeting. What seems to be weak in the family firms is their internal organisation. Primarily as a matter of cost there are still family-owned listed companies without an effective autonomous shareholder department. Moreover, the use of modern technology (e.g. email, website) as an information mechanism is not sufficiently used by many family owned firms. The authorisation to vote by tele-transmission, including the Internet, is basically a problem attributed to the legal framework.

The main characteristics that distinguish the family firm from other types of corporations are the presence of one or more controlling family and the involvement of the owners in the management. Another issue that is believed to make Greek family businesses "different" from non-family businesses is the preservation of satisfactory relationships among members in order to survive in the long run. Furthermore, the management of people and especially recruitment, compensation, promotion and training decisions is quite different in family businesses in comparison to other companies.

Compared to non-family businesses, family businesses have lower recruitment and human resource costs and are more effective than other companies in labor-intensive businesses. They have a "family language" which allows them to communicate more efficiently and exchange more information with greater privacy. In terms of motivation, loyalty, and trust, family relationships generate unusual motivation, cement loyalties, and increase trust.



According to a survey conducted by Greek researchers (Spanos *et al*, 2005) family firms demonstrate poor governance compared with non-family firms and the ASE Index companies. There are many weaknesses that threaten family firms: not having appropriate risk management systems; not following appropriate norms of company board structure and management (e.g. directors' independence, board committees' establishment, CEO position); lacking CG commitment; confusing family matters and business matters and so on.

The weak points of the family-owned firms are associated with accounting practices and risk management. Family firms provide their balance sheet statements in accordance with the Greek accounting principles and rarely with the International Accounting Standards (IAS). However, the statutory provisions are in the process of being amended. The large majority of family firms do not have appropriate systems to handle issues of risk exposure and risk management.

Family firms do not have their own specific corporate governance guidelines and do not make a clear statement of their own commitment towards environment. Furthermore, assessment practices based on business competence are difficult to apply and often family members are promoted, while non-family members receive fewer opportunities, resulting in significant monitoring cost.

Another weak point of Greek family businesses is that they are generally lacking organisation despite the potential that innovation and the spread of technology offers. It is worthy adding that even though their significance with regard to the Greek economy is very important, their problems remain complex.

The basic challenge to the growth of a family business is implementation of an explicit business strategy, the development of the personnel and the transition to the next generation at a management level. The latent is one of the most difficult issues that a family business faces. The issue becomes even more complicated if some family members are involved in the company's activities and some not.

The basic obstacles in the development of the Greek family business are human resources issues, the bureaucracy, the unstable tax status and the competition by international companies. They range from complex legal and tax estate planning issues, to family conflicts, trials and tribulations from the progression of families and businesses through evolutionary but not compatible stages of development, and last but not least, lack of succession planning.

Another business barrier to family businesses is the existence of communication problems between members and different expectations of business between the two generations. The more the gap increases the more it will create impediments to the development and continuation of the family business. In addition, the second generation appears to lack proper training and has inadequate experience in a particular industry, as well as a lack of interest in running the family business. Also, the working style of the first generation is different from the second. It is apparent that the first generation did not receive a great deal of attention, a fact that affects the structure and review of such plans, which the second generation should adopt in their transition to the family business.

## 5 Institutional actors and their strategies, policies and initiatives

As already mentioned there is no institutional actor relating to Greek family businesses. However, O.A.E.E. (Organization for the Insurance of Liberal Professionals, a legal body of public law supervised by the Ministry of Labour and Social Insurance, which covers health care, maternity, invalidity, old-age, survivors and employment injuries of the self-employed), EOMMEX-Hellenic Organization of Small & Medium sized Enterprises and Handicraft S.A., and Chambers of SMEs could be considered to be beneficial to them.

	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>O.A.E.E. (Organization for the Insurance of Liberal Professionals)</b>
<b>nature of the actor</b>	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: A legal body of public law supervised by the Ministry of Labour and Social Insurance which covers health care, maternity, invalidity, old-age, survivors and employment injuries of the self-employed
<b>address</b>	18, Satovriandou Street ,10432, Athens, Greece
<b>contact person</b>	Mr. Tassopoulos, Mr Stathopoulos, Mr. Nomikos
<b>telephone</b>	(+30) 210 5228500, (+30) 210 3729500
<b>web-page</b>	<a href="http://www.tebe.gr/">http://www.tebe.gr/</a>
<b>e-mail</b>	<a href="http://www.tebe.gr/e-mail.htm">http://www.tebe.gr/e-mail.htm</a> web-based form to send an e-mail.
<b>content based features</b>	
<b>name of the strategy/initiative/regulation</b>	The Greek Social Security System for the self employed and their spouse
<b>type</b>	<input type="checkbox"/> fiscal regulation/tax law <input checked="" type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input type="checkbox"/> education/training measures <input type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input type="checkbox"/> networking <input type="checkbox"/> others, namely: Lobbying/policy advice

	Explanation
<b>content based features</b>	
objective	<ol style="list-style-type: none"> <li>1. Insurance and the prevention of temporary long-term disability/sickness</li> <li>2. Survivor's Pension</li> <li>3. Insurance of pregnancy (leave)</li> </ol>
initiation	The function of the Greek social security system, as has been developed since the 1950s, aims at covering social risks of the self employed and their spouse through the provision of social benefits and services, which address problems related to the reduction or loss of income gained through employment.
contents/description of the initiative/measure	<p><b>1. Insurance and the prevention of temporary long-term disability/sickness</b></p> <p><b>1.1. Self-employed</b></p> <p>If an injury occurs after the registration of the insured person with O.A.E.E. and is caused by a violent incident taking place during the exercise of a profession or because of it, the Organisation pays a benefit which is equal to three times the amount of the monthly social security contributions paid by the insured person on the day the injury occurs. This benefit is paid regardless of the insured person's paid-up membership status, provided the injury is reported within one (1) month after occurring. In exceptional cases, such as persons suffering from very serious illnesses which cannot be diagnosed and treated in Greece, O.A.E.E. covers hospitalization expenses incurred abroad. In the case of transferable insurance, the prospective pensioner is entitled to medical treatment from the social security organization he/she was insured with when the risk materialized. The self-employed do not receive a benefit in case of sickness. The reason why self-employed do not receive an allowance is that they can supposedly be replaced by a familiar person or another employee and self-employed may still derive profit from their work even if they are ill.</p> <p><b>1.2. Spouse</b></p> <p>O.A.E.E. provides insured persons with health benefits in kind and cash. The persons entitled to health benefits in kind are the persons insured directly with O.A.E.E. and their family members (spouse and children), provided they are in possession of a health book that must be renewed every year. Health benefits in kind include suppressive and preventive medical treatment (vaccinations, medical procedures, check ups/screening).</p> <p>Furthermore, O.A.E.E.'s insured persons are entitled to all kinds of microbiological test, radiological examination, and other special treatment prescribed by a doctor as necessary. For the above para-clinical examinations and special treatments, there are certain laboratories, hospitals, and clinics contracted with O.A.E.E. The contribution of insured persons to the cost of the examination is 25% of a fixed tariff price.</p>

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	<p>O.A.E.E. provides insured persons with all necessary medicines for the rehabilitation of their health or the relief of their pain, provided they have received a prescription from a doctor contracted with O.A.E.E. The contribution of insured persons to the cost of medicines is 25%. Medicines for chronic diseases are administered with a lower contribution or free of charge.</p> <p>O.A.E.E. is contracted with private and public hospitals, private clinics and other hospital institutions for the hospitalization of its insured persons. In exceptional cases, such as persons suffering from very serious illnesses which cannot be diagnosed and treated in Greece, O.A.E.E. covers hospitalization expenses incurred abroad. If the clinic is private there is a fixed hospitalization charge per day and per type of clinic.</p> <p><b>2. SURVIVOR'S PENSION</b></p> <p><b>2.1. Spouse and family members</b></p> <p>The family members of a deceased insured person or a pensioner are entitled to a survivor's pension. The following persons are treated as family members of the deceased:</p> <ul style="list-style-type: none"> <li>- His/her surviving spouse (man or woman), who is entitled to a pension for a three-year period starting from the first day of the following month, during which, the insured person or pensioner died. The pension continues to be paid even after the initial three-year period under certain conditions.</li> <li>- His/her unmarried children, and the natural (illegitimate) children of a deceased woman who was insured with the Fund (provided they are supported for the most part by her).</li> <li>- His/her grandchildren and stepchildren.</li> <li>- His/her parents, provided they are supported by the deceased person (man or woman) and the children or the surviving spouse (man or woman) do not use all the amount of the pension.</li> </ul> <p><b>3. Insurance of pregnancy (leave)</b></p> <p><b>3.1 Self-employed</b></p> <p>Self-employed are covered only in case of birth by the social security organization for the Self-employed (OAEE) which is their public insurance organization. In the case of birth, OAEE gives a birth allowance of € 612,9. This amount is increased by 50% in case of twins and 100% in case of triplets. In cases of labor with caesarean section or in cases of complications during normal labor, when hospitalization is sustained for more than 4 (four) days, O.A.E.E. will pay part of the cost of the extra stay in hospital, in addition to the normal child birth benefit payment.</p>

	Explanation
<b>user based features</b>	
eligibility criteria/target group	The Self employed and the Spouse of the self-employed
Promotion tools/information strategy	Web site of O.A.E.E
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	No costs for the participants

	Explanation
<b>institutional features</b>	
name of the actor	<b>EOMMEX-The Hellenic Organization of Small and Medium Sized Enterprises and Handicraft S.A. (EOMMEX S.A.)</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: Non-profit public Organization operating under the auspices of the Ministry of Development
address	16, Xenias Street ,115 28 Athens, Greece
telephone	(+30) 210 7491371-2
web-page	<a href="http://www.eommex.gr/">http://www.eommex.gr/</a>
e-mail	interel@eommex.gr
<b>content based features</b>	
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input checked="" type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input checked="" type="checkbox"/> financial support <input type="checkbox"/> marketing <input checked="" type="checkbox"/> networking <input type="checkbox"/> others, namely: Lobbying/policy advice

	Explanation
<b>content based features</b>	
objective	Enhancing competitiveness of the SMEs Promoting entrepreneurship and facilitating start-ups Facilitating ICT uptake Contributing to the efforts for simplifying and improving the administrative and regulatory environment Education and training for entrepreneurship
initiation	EOMMEX S.A. works for more than 30 years to the promotion and development of Small and Medium Enterprises
contents/description of the initiative/measure	EOMMEX provides policy advice to the Ministry of Development on: The SME sector, including the formulation of a national SME development strategy The impact of proposed and existing legislation on the SMEs sector Means of simplifying and facilitating the business environment And Implements the national policy in the area of SMEs through specific actions and programmes (business support measures) to the benefit of the SMEs aiming at the promotion, modernization and development of the SMEs so as to enable them to meet the requirements of the constantly changing business environment
<b>user based features</b>	
eligibility criteria/target group	All SMEs and the eligibility criteria depends on specific programs
Promotion tools/information strategy	Web-site Greek Press Workshops Conferences Newsletters
source of funding	<input checked="" type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	No costs for the participants
<b>performance based features</b>	
evolution	EOMMEX supports SMEs in the form of many programs. Each Programme has different evaluation-performance criteria and different evolutions.

	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>Ministry of Economy and Finance</b>
nature of the actor	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> government</li> <li><input type="checkbox"/> employers' organisation</li> <li><input type="checkbox"/> support service provider (information, advice, education)</li> <li><input type="checkbox"/> research centre</li> <li><input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies)</li> <li><input type="checkbox"/> others, namely:</li> </ul>
address	5-7 Nikis Street, Syntagma , 101 80 Athens,Greece
contact person	Special Secretary Leonidas Korres
telephone	(+30) 210 333 2000
web-page	<a href="http://www.mnec.gr/">http://www.mnec.gr/</a>
e-mail	<a href="mailto:sdit@mnec.gr">sdit@mnec.gr</a>
<b>content based features</b>	
name of the strategy/initiative/ regulation	<ul style="list-style-type: none"> <li>- Law 2238/94, Article13, Par. 1: tax regulation for family business transition among family members.</li> <li>- Investment Incentives Law: financial support to SMEs including family business.</li> </ul>
type	<ul style="list-style-type: none"> <li><input checked="" type="checkbox"/> fiscal regulation/tax law</li> <li><input type="checkbox"/> labour law/social security law</li> <li><input type="checkbox"/> company law</li> <li><input type="checkbox"/> awareness raising measures</li> <li><input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar</li> <li><input type="checkbox"/> education/training measures</li> <li><input type="checkbox"/> information/advice</li> <li><input type="checkbox"/> business transfer support instruments</li> <li><input checked="" type="checkbox"/> financial support</li> <li><input type="checkbox"/> marketing</li> <li><input type="checkbox"/> networking</li> <li><input type="checkbox"/> others, namely:</li> </ul>
objective	Financial tax relief for family business especially during transition process and encouragement of investment activities of small and medium sized enterprises
initiation	Since 1994: Income Taxation Law- Law 2238/94, Article13, Par. 1

	Explanation
<b>content based features</b>	
contents/description of the initiative/measure	<p>The Ministry of Economics and Finance encourages and supports the development of family owned businesses, through the reduction of tax rate in the case of business transition and the relief from capital gains tax.</p> <p>The Greek Tax Law (Income Taxation Law- Law 2238/94, Article13, Par. 1) is favouring the family owned business transition or shares of it to members of the family. Specifically, the tax rate in the case of A' degree relative family firm transition is 1,2%, while in the case of B' degree relative family firm transition is 2,4%, whereas in the case of firm transition to non family members the tax rate is 20%. In the case of retirement of the owner of sole corporation, general and limited partnership, when the sole corporation or shares of general and special partnership are transferred from parent to child or from husband to wife (and wife to husband) capital gains tax must not be paid. (Income Taxation Law- Law 2238/94, Article13, Par. 1).</p> <p>According to the Investment Incentives Law small and medium sized enterprises are encouraged to invest and expand through state financial support.</p>
<b>user based features</b>	
eligibility criteria/target group	<p>Family-owned business (in the case of Greek Tax Law that is mentioned above).</p> <p>All SMEs and the eligibility criteria depends on specific programs</p>
Promotion tools/information strategy	<p>Web-site</p> <p>Greek Press</p> <p>Workshops</p> <p>Conferences</p> <p>Newsletters</p>
source of funding	<p><input type="checkbox"/> EU-funds</p> <p><input checked="" type="checkbox"/> national funds (governments)</p> <p><input type="checkbox"/> membership fees</p> <p><input type="checkbox"/> others, namely:</p>
<b>performance based features</b>	
evolution	<p>Since the enactment of the Investment Incentives Law more than 4.000 private investment projects worth € 8,8 billion have been approved and are expected to create more than 21.000 new jobs.</p>



	Explanation
<b>institutional features</b>	
<b>name of the actor</b>	<b>Athens Chamber Of Small and Medium Sized Industries</b>
nature of the actor	<input type="checkbox"/> government <input type="checkbox"/> employers' organisation <input type="checkbox"/> support service provider (information, advice, education) <input type="checkbox"/> research centre <input type="checkbox"/> network/family business specific organisation (including interest groups/representative organisations/lobbies) <input checked="" type="checkbox"/> others, namely: Legal Entity under the Public Law and it is supervised by the Ministry of Development
address	18, Akadimias Street – 10671 Athens, Greece
contact person	N. Stefanatou
telephone	(+30) 210 3680 700
web-page	<a href="http://www.acsmi.gr/">http://www.acsmi.gr/</a>
e-mail	<a href="mailto:info@acsmi.gr">info@acsmi.gr</a>
<b>content based features</b>	
type	<input type="checkbox"/> fiscal regulation/tax law <input type="checkbox"/> labour law/social security law <input type="checkbox"/> company law <input checked="" type="checkbox"/> awareness raising measures <input type="checkbox"/> corporate governance codes, family governance, family protocols, family constitution, family council, family assembly or similar <input checked="" type="checkbox"/> education/training measures <input checked="" type="checkbox"/> information/advice <input type="checkbox"/> business transfer support instruments <input type="checkbox"/> financial support <input type="checkbox"/> marketing <input checked="" type="checkbox"/> networking <input type="checkbox"/> others, namely: Lobbying/policy advice
objective	<p>The protection of the interests of craftsmen and small businessmen, within the frame of the development of the national economy.</p> <p>The provision of information to the craftsmen and small businessmen so that they will take full advantage of the opportunities given by the state, on the basis of the community and Greek law.</p> <p>Act as a consultant to the various bodies of the State on issues regarding its members, namely: tax issues, funding, exports, exhibition policy, business premises etc.</p> <p>The certification of the activity (economic and entrepreneurial) of its members, when such certification is requested by any state organization.</p> <p>Provision of services to its members on all issues related to the establishing, changing or terminating their business activities.</p>

	Explanation
<b>content based features</b>	
initiation	The institution of the Chambers appeared for the first time in Greece in 1836. The Chamber of Professionals and Small and Medium Enterprises of Athens was established in 1925. Since 1940 it has been operating as Chamber of Small and Medium Enterprises of Athens (VEA)
contents/description of the initiative/measure	Deals with issues and problems that affect small and medium sized manufacturing businesses (spatial planning-location of facilities, funding, protection of industrial-professional premises lease, social security etc.). Makes recommendations to the government about laws and other issues that are of concern to its members. Informs its enterprise-members about development innovation new markets etc. Conducts evaluations and samplings and solves through arbitration commercial differences. Provides information regarding public tenders. Oversees specific sectorial issues, by conducting respective studies, etc. Initiates and undertakes leading role in the creation of Legal entities that serve its members (mutual guarantee companies, Network management E.U. programmes for S.M.Is etc.). Informs and activates its members on social issues. Follows business activity at national, European and international levels, for the promotion of SM supporting policies. Participates with representatives in a large number of permanent or temporary committees. Takes initiatives creating new services for its members.
<b>user based features</b>	
eligibility criteria/target group	All members Greek craftsmen and small businessmen
Promotion tools/information strategy	Web-site Greek Press Workshops Conferences Seminars Monthly magazines
source of funding	<input type="checkbox"/> EU-funds <input checked="" type="checkbox"/> national funds (governments) <input type="checkbox"/> membership fees <input type="checkbox"/> others, namely:
costs for participants/members	Membership annual fees are not the same for every year and vary depending on the legal form of the business. For the year 2007 membership fees vary between 55,00 € to 260,00 €
<b>performance based features</b>	
evolution	VEA is the biggest member of S.M.Is' in the country, having over 55.000 enterprises registered as members.

## 6 Future issues

Greek family businesses face the same challenges to non-family businesses that are related to the increase of firm profitability, improvement of cash flows, successful career path to their employees and high Return on Investment (ROI). However, the fact that Greek family businesses do not have a common ownership structure makes it quite complicated. In addition to that, the emotional attachment to the family business is a factor that can pose a threat to the well-being of the business.

According to the PWC research, one of the greatest challenges for Greek family businesses is business strategy formulation (70%). Some other mentioned challenges are staff employment (27%) and the issue of passing ownership or control to the next generation (22%).

An issue that is already mentioned and is a threat of family businesses is conflict resolution. Depending on whether there are multiple generations working on the business, there may well be several family groups, and contributions of all family members may not be positive. Additionally, just because all family members are related does not necessarily mean they will instantly socialize and there could be conflict among family members.

Another threat of family businesses is related to resistance to change, thus not taking advantage of the opportunities offered by the external environment. When some of the family business members (more often the younger ones) are engaging in innovative entrepreneurial activities that may threaten the family business culture, customs and values, conflicts and internal problems are arising. This could jeopardize the company's success or even its existence, since the business environment is nowadays characterized by high competition and threat of new entrants (in the case of attracting sectors).

The socio-demographic or demographic changes plays a role at the extend that they affect the transition of ownership from one generation to the next and the development of the personnel (family or non-family) and top management.

As the total business environment is getting more mature, there is more complete regulation, there is significant progress in the issue of the corporate governance, and a more challenging and demanding competitive set. In this context, the growth and development of family businesses could be sustained only through professional management and more effective organization. At the same time, public recognizes the importance of family businesses to entrepreneurship and economical growth, therefore there is quest to support them being transformed to modern and effective business organizations.

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