GREECE
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1. The socio-economic and cultural background

Greece, along with Italy, has the largest proportion of firms per inhabitant in the EU: 694.4 and 683 firms per 10 000 inhabitants respectively, against 546.4 firms in the EU (Eurostat, 2001). In Greece, there exist over 800 000 SMEs ¹, which constitute 99% of all firms (see Table 1). In the manufacturing sector, where SMEs also constitute 99% of firms, they contribute 27% to manufacturing GDP and account for 63.6% of total employment in the sector. In the commercial sector, SMEs constitute 96.5% of firms, they contribute 20% to GDP and account for 14% of total employment (Economic and Social Committee 2003). SMEs, also, amount considerably to the creation of new jobs. The vast majority (95%) of firms are micro-business employing less than 10 employees and are mostly family-run. ² These micro-firms account for 65.5% of total employment. [National Action Plan of Employment, 2003] Self-employment is very widespread in Greece (41.8% of total employment), as opposed to the EU average (14.6%) (Employment in Europe 2002). On the other hand, firms employing less than 50 employees account for 73.5% of total employment and 59.2% of firms’ revenues (Economic and Social Committee 2001).

Table 1
SMEs according to size
2001

<table>
<thead>
<tr>
<th>Size</th>
<th>Number of Firms (N)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (0-9)</td>
<td>797 000</td>
</tr>
<tr>
<td>Small (10-49)</td>
<td>17 000</td>
</tr>
<tr>
<td>Medium (50-249)</td>
<td>2000</td>
</tr>
<tr>
<td>Large (≥250)</td>
<td>1000</td>
</tr>
<tr>
<td>Total</td>
<td>817 000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Size</th>
<th>Number of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Micro (0-9)</td>
<td>1 068 000</td>
</tr>
<tr>
<td>Small (10-49)</td>
<td>319 000</td>
</tr>
<tr>
<td>Medium (50-249)</td>
<td>238 000</td>
</tr>
<tr>
<td>Large (≥250)</td>
<td>249 000</td>
</tr>
<tr>
<td>Total</td>
<td>1 872 000</td>
</tr>
</tbody>
</table>

Source: Micha van Lin, EIM Business and Policy Research

It is worth pointing out, however, that the viability of newly established firms is very precarious: according to a recent survey carried out by the Federation of Greek Industries (SEV), 7 out of 10 newly established firms close down within 12 months, whilst the number of closures exceeds that of new establishments.

Organised business interests in Greece are differentiated not only according to the type of business activity and the size of firms, but also along political party affiliations. This was more pronounced in the past, when political parties had virtually “colonised” organised interests. ³ Nowadays, the boundaries between political parties and interest groups have become

¹ Although in Greece, there are no universally accepted criteria for defining a firm as an SME, for the purpose of this report, we will adopt the definition set out in the EU Recommendation of 6-5-2003, whereby a firm is considered medium-sized if it employs between 50-249 employees, small size if it employs between 10-49 employees and a micro firm if it employs less than 10 employees. However, a more refined definition would be more appropriate to grasp the special category of self-employed entrepreneurs, which, in Greece, are an important business group.

² Owing to inadequate and unreliable data, it is difficult to establish the full extent of business activity in Greece, especially regarding the micro-firms’ sector. See Economic and Social Committee, 2003.

³ The term “colonised” is used in Lanza & Lavdas, 2000
more distinct and business is organised along more autonomous lines. Given that the overwhelming majority of firms are small and micro-firms, the main divide in business representation is between the SMEs, on one hand, and the remaining part of business, on the other.

**Major problems facing SMEs in Greece**

Despite some undisputable improvements in the business environment over the past few years, SMEs in Greece are still faced with a number of chronic problems that hold up their unrestrained development. The most important of these problems include:

- difficult access to outside financing
- complicated and time-consuming procedures to establish a firm
- excessive regulation and “red tape”, that create a disproportionate administrative burden on small firms as compared to larger firms
- a complicated and unfair taxation system that discriminates against entrepreneurial activities
- an ineffective public administration
- unfair competition, exacerbated by regulated markets, illicit trade and the persistence of a number of “closed professions”, where free access is denied (e.g. lawyers, notaries, accountants, pharmacists, etc.)
- a low-skilled workforce (only 1.2% of the adult labour force participates in lifelong learning)
- excessive non-wage labour costs due to high employers’ social security contributions (43.9% of the wage bill, one of the highest proportions in the EU)
- lack of technical support from the state authorities
- social security problems (low pensions, inadequate coverage, sustainability problems).

**Main weaknesses**

Moreover, the majority of SMEs suffers from a number of long-standing shortcomings that are responsible for their low competitiveness.

- low educational level of entrepreneurs
- traditional managerial structure, often family-owned business
- low-risk culture
- low penetration of information and communication technologies, low access to electronic business and the digital society
- very low R&D expenditure and propensity to innovate
- absence of a partnership approach (networking, corporate social responsibility, etc.)
- most SMEs lack the human and technical resources that would allow them to reap the full benefits of the special programmes directed to them through the Community Support Frameworks

Overall, the SMEs operate in a socio-economic context that is greatly improved compared to the recent past: participation of the Greek economy in the EMU and the euro-zone, high growth rates, a stabilised economy, social peace, a modernised public infrastructure, steady influx of EU funding, etc. On the other hand, the Greek economy is still lagging behind in a number of crucial indicators: high public debt, low labour productivity, low international

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4 The taxation system in Greece suffers from many inconsistencies, and is unable to restrain extensive tax evasion. On the other hand, the contradictory and short-lived measures taken for its rationalisation, are more adjusted to large firms, than SMEs, that are the backbone of the Greek economy.
competitiveness\(^5\), declining attraction of foreign investments, an ineffective and overgrown public sector, rigid labour market structures, high unemployment rates (9.3% in 2003), an obsolete educational system, etc.

**Policy recommendations**

A number of policy proposals have occasionally been put forward, by various actors, regarding the SMEs. The most coherent set of proposals originate from the special working group that was set up in autumn 2003 by the Economic and Social Committee, in view of updating an earlier opinion issued in 2001 on the future prospects of the Greek SMEs. The most important recommendations include the following (Economic and Social Committee 2003):

- establishment of a central political agency, such as the National Council for SMEs, that will have the capacity to co-ordinate all policies affecting the SMEs and will constitute a permanent social dialogue forum; the operation of the National Competitiveness Council alone cannot provide adequate co-ordination
- active participation of the social partners in the design (from the beginning) and the implementation of policies regarding the SMEs;
- establishment of a Technology and Design Institute for the SMEs;
- simplification of the process of starting a business and establishment of one stop shops;
- need for targeted policies in critical sectors;
- enhanced participation of the SMEs’ interest associations in the social consultation process;
- development of a new entrepreneurial culture, adjusted to the new international environment; participation in the new economy;
- alleviation of the excessive bureaucratic burden;
- access to public procurement policies.

2. The institutional framework and its practical implications

**Statutory provisions**

The major institutional initiative to regulate the association rights of the SMEs was introduced as late as 1987, with law 1712/1987 on the "modernisation of professional associations of traders, artisans and other professionals", following concerted and long lasting pressures from the SME’s associational movement. Until then, the internal organisation and functioning of employers’ organisations was regulated by a law dating back to 1914, by the civil code provisions on associations, and by other more or less irrelevant laws.\(^6\) The absence of an explicit and coherent institutional framework inhibited the formation of associations and led to a multitude of contradictory and fragmentary provisions that caused unequal treatment of the various organisations. Depending on the organisation, there existed different electoral systems and different membership criteria. These irregularities were cancelled out when the 1987 legislation came into effect. This law introduced uniform regulations for the professional organisations of artisans and traders and imposed the clearing of registers from ghost

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\(^5\) Greece ranks 36\(^{rd}\), according to the IMD ranking, and, 43\(^{rd}\) in the Davos ranking (see IMD National Competitiveness, Trends overall, 2002 and World Economic Forum: Current Competitiveness Index Ranking, 2001). In the enlarged EU-25, Greece ranks 21\(^{st}\) (World Economic Forum, 2004).

\(^6\) In fact, until 1982, the associational status was mandatory for all professional organisations.(Moudopoulos 1994).
organisations. Its main provisions stipulated that: (a) only individuals can become members of the professional organisations of traders, artisans and professionals; (b) the autonomy of the organisations is reinforced; (c) a member can belong to up to 2 primary level associations but can only vote once; (d) the proportionate electoral system is introduced, in view of enhancing the democratic functioning of the organisations, and (e) the financial autonomy of professional associations is established (Vassiliou 2001).

Law 1712/87 was not implemented right away. It came into full effect only in 1994, after having incorporated a number of amendments. The most important amendments were introduced in 1992, (law 2081/92); they aimed at curtailing the influence of sectoral federations affiliated to GSEVEE and favoured the establishment of a new confederation of commercial firms. The 1992 amendments were eventually abolished in 1999, by virtue of law 2741/99, that also provides for the financial support of professional associations (i.e. the primary, secondary or tertiary-level organisations representing the traders, artisans and other professionals), through an 8% levy on the annual contributions of the Chambers’ members. According to this provision, 60% of the 8% levy is distributed to the confederal organisation GSEVEE and the remaining 40% to the confederal organisation ESEE. In turn, these two confederations have to give 10% of the amount awarded to them to the Panhellenic Exporters’ Association, and an unspecified part also to their member federations and the primary associations, according to the number of members they have.

Overall, the new legislation was welcomed by the organisations concerned, as it solved long-standing institutional problems of representativity and resource endowment. However, it did not effectively address the problem of the fragmentation of primary associations into a plethora of weak and very small organisations, with limited resources, bargaining power and mobilisation capacity.

The right to conclude collective agreements

The right to conclude collective agreements on behalf of business derives from the provisions of law 1876/1990, which recognized the right of the representative organisations of the social partners to create their own system of collective bargaining. Article 6, in particular, defines the criteria by which union and employers’ organisations are vested with the capacity to conclude a collective labour agreement at all five recognized levels: the national level, the industry-wide (sectoral) level, the occupational level, the local occupational level, and the company-level. Any individual employer with at least 50 employees has the right to sign a collective labour agreement with the most representative union, which can be either the company union or a primary sectoral union. The capacity of an employers’ organisation to sign a collective agreement can be contested by another employers’ organisation, also vested with the capacity to sign a collective agreement, through the same procedure that applies to union organisations: i.e., the contesting party must appeal to a special committee established by law 1264/1982, within 10 days after the document calling for negotiations has been notified to the Labour Inspectorate. The decision taken by the above committee is final.

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7 The distinction between commercial federations and the rest introduced in law 2081/1992, constitutes an unfair treatment of the artisans and professionals. Article 9, in fact, provides that at the secondary level, each federation (which can be either occupational or sectoral) must consist of a minimum of 4 commercial associations or 6 artisans’ or professionals’ associations; and at the tertiary level, each confederation must consist of a minimum of either 8 federations representing traders, or 12 federations representing artisans and professionals. Moreover, the representatives of the federations are deprived of the right to elect the governing bodies of the confederation, although they maintain the right to be elected.
The recognition system

Labour legislation recognises as representative those bodies that fulfil the relevant legal provisions and are authorised to represent labour or management in a specific sector and to conclude collective agreements.

Recognition rules between the social partners organizations are set out in law 1876/90 on “Free collective bargaining”. This law was introduced in 1990 and constituted a major breakthrough in modernizing industrial relations in Greece. The new regulation replaced the old centralized and authoritarian regulatory system that was characterized by pervasive state intervention and legalism. It established decentralized, democratic and voluntary procedures for settling industrial disputes, thus replacing the traditional practice of having recourse to obligatory arbitration and courts’ intervention. The underlying philosophy of law 1876/90 was to encourage the social partners to engage in collective negotiations in view of arriving at a consensus on industrial relations issues.

**Recognition criteria**

The principle of mutual recognition between the social negotiators applies at all levels of collective bargaining.

So far, despite the low level of union density (25%) and the weak representativity of the major employers’ organizations, which unite an array of heterogeneous forces, traditional actors seem to be retaining their status of social negotiators without being seriously contested by another interested party.

**Extension procedures**

The extension procedure in Greece is quite widely used. The collective agreements that are concluded between the recognised parties can be extended to all firms, whether they are members of the social partner organisation or not. There are three ways of extending a collective agreement:

(a) the Labour Minister, following an opinion issued by the Supreme Labour Council, can extend the agreement to the whole sector (or occupation), if the employers that have signed it employ at least 51% of the workforce employed in that sector (or occupation)

(b) a non-signatory union or employers’ organisation that is not bound by a collective agreement (occupational or industry-wide) can unilaterally adhere to one, by making a formal request to the Ministry of Employment for the extension of an agreement signed by another party.

(c) an employers’ organisation and a union can jointly request to adhere to a collective agreement that regards their sector, by notifying a private document to the original signatory parties. This document must also be registered at the Labour Ministry authorities.

**Special policy programs in favour of SMEs**

Since 1977, state policy programs in favour of SMEs have traditionally been implemented by the National Organisation of Small and Medium-sized Handicraft Production Firms
Following its recent contraction of activities, there is no central institution providing adequate support to SMEs. The establishment of the Centres for the Development of Enterprises and of the Centres of Young Entrepreneurs have, so far, had a limited effect in boosting entrepreneurial activity. The on-going operational programme on Competitiveness includes actions aimed at creating support structures for SMEs. It is mostly the business associations themselves that have created their own structures, lending support to the SMEs.

The confederal employers’ organisations are being increasingly involved in the formulation and implementation of policies regarding the SMEs. However, despite certain policy initiatives undertaken since the Lisbon Council, aimed at increasing the competitiveness of SMEs in Greece as elsewhere in the EU, the situation has only marginally improved. The firms seem unable to take advantage of the new policy instruments and to adjust to the new environment and challenges ahead.

3. The social dialogue system and public policy making

At the confederal, cross-sectoral level, the General Confederation of Greek Workers (GSEE) negotiates the National General Collective Labour Agreement signed every one or two years, with the three employers’ organisations, the Federation of Greek Industries (SEV), the General Confederation of Greek Small Business and Trades (GSEVEE) and the National Confederation of Hellenic Commerce (ESEE). These three employers’ organisations conduct joint negotiations with GSEE. Accordingly, the sectoral unions negotiate the industry-wide collective agreements with either the tertiary-level (confederal) employers organisations, or/and the sectoral employers’ federations.

A distinction should be made here between the employers’ organisations with a mandate to negotiate and other business interests associations, which are not recognised as social partners. Such is the case, for example, with the 58 local Chambers of industry, commerce, arts & crafts and professions. [For a detailed account, see section 4.2.]. Hence, the privileged interlocutors of the government, regarding economic policy and industrial relations issues, are SEV, GSEVEE, and ESEE. However, SEV is perhaps the most prestigious business association, with increasing authority and an influential position in policy-making.

The institutional reforms introduced over the past 20 years, and in particular during the 1990s, have given a new impetus to the social dialogue process that was until then largely underdeveloped and informal. The four social partners’ organisations [i.e. GSEE, SEV, GSEVEE and ESEE], actively participate in the preparation of reforms on public policy issues.

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8 EOMMEX is a non-profit public institution supervised by the Ministry of Development. Its Board of Directors (appointed by the Minister of Development) consists of representatives from the SMEs sector of the economy. Its main mission is to provide policy advice to the Ministry of Development on the formulation of a national strategy for the development of SMEs, on the impact of legislation on the SMEs, and on ways of simplifying and improving the business environment. EOMMEX is also charged with implementing the national policies regarding the SMEs, through specific, business support measures, actions and programmes.

9 Generally speaking, in Greece, the involvement of the social partners’ organisations in the social consultation process is often more formalistic than substantial and qualitative. As a result, their real impact remains limited in significant areas of socio-economic life, such as vocational training, skills’ accreditation, programme implementation, industrial relations, etc. (Economic and Social Committee 2001).

10 For a detailed account of the privileged relations of SEV with the parties in power, see Lanza & Lavdas (2000).
such as social security, labour market flexibility, taxation system, etc. They have the capacity to nominate their representatives in a wide array of public bodies; thus, they participate in a large number of institutions, decision-making bodies, ministerial committees, steering committees, monitoring committees of EU funded programs, etc., the most important of which are listed below:

- the Economic and Social Committee (OKE)

| The Economic and Social Committee (OKE), is the main social dialogue institution established by law 2232/1994. It is modelled on the EU Economic and Social Committee, which is based on the tripartite organisation of represented interests and is fully independent of the state. OKE plays generally an advisory role and is required to issue a reasoned (but not binding) opinion on every draft law submitted to it on important social and economic issues regarding industrial relations, social security, taxation, regional development, investment policies, exports policies, consumer protection and competition. It can also express an opinion at its own initiative on similar issues. So far, since its establishment in 1994, OKE has issued over 100 opinions. The Economic and Social Committee consists of 48 members, broken down in three distinct groups with 16 members each, the first representing the major employers’ organisations, the second representing workers’ organisations, and the third the other productive classes (farmers, independent professions, local government, consumers). Since the introduction of law 3220/2004, the President of OKE is in turn elected from one of the above three groups for a three-year term. |

- the National Competitiveness Committee
- the National Council for Competitiveness and Growth
- the Manpower Employment Organisation (OAED) and its two subsidiary companies (i.e. the Vocational Training SA and the Employment Observatory SA)
- the Mediation and Arbitration Organisation (OMED)
- the Employment & Vocational Training Fund (LAEK)
- the Hellenic Institute for Health & Safety at Work (ELINYAE)
- the Supreme Labour Council
- the National Employment Committee
- the National Social Protection Committee
- the Organisation for Vocational Education and Training (OEEK)
- the National System Associating Vocational Education and Training with Employment (ESSEEKA)
- The National Committee for the Definition of Professional Rights
- the Competition Committee
- the Capital Market Committee
- the National Export Council
4. The associational system of business and its actors

4.1. Business interests associations in Greece

The demarcation lines between the three confederal [i.e. peak-level] employers’ organisations are quite blurred by traditional standards, since 99% of all firms in Greece are SMEs. However, micro-business and the more labour-intensive SMEs tend to organise in GSEVEE, whilst larger firms and capital-intensive SMEs prefer to be represented by SEV. Finally, commercial firms, irrespective of size, are represented mostly by ESEE. Hence:

(a) **SEV** is the leading nation-wide business interest association (BIA)
(b) **GSEVEE** is the largest ASME, representing traders, artisans and professionals.
(c) **ESEE** is the second largest confederation representing traders, and the main government interlocutor on commercial sector issues.

Membership in the above associations is low, although their participation in public bodies is very broad. This is true also for the private-sector union confederation GSEE and reflects a paradox, whereby the low representativeness of the social partners’ organisations goes hand in hand with their enhanced status in the social consultation process. It should be stressed, however, that low membership is not the result of an unfavourable institutional framework or industrial relations context, but rather an expression of a particular cultural attitude of entrepreneurs, especially small entrepreneurs, that are reluctant to associate. And this, despite the fact that, owing to their more limited resources, SMEs need more support from business associations in terms of representation and services, than large companies that are more autonomous in pursuing their interests.

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*Federation of Greek Industries*  
*SEV*

The Federation of Greek Industries (SEV), an independent non-profit association, governed by the provisions of the Civil Code, was established in Athens in 1907. It is the most powerful and influential employers’ organisation, as it includes among its members the most important sectors of the economy, as well as the largest firms. However, the fact that the Greek economy is dominated by small business, has not allowed SEV to claim representation of the industry as a whole. The Federation is sustained by the contributions (dues) paid by its members. Since 1988, following a change in its statute (article 4), SEV can represent the interests not only of manufacturing but also of service firms related to and supporting the
development of the manufacturing sector (banks, insurance companies, transport companies, IT companies, etc.). According to its statute, SEV represents firms employing over 50 employees, which are considered medium-sized and large by Greek standards. Although SEV membership increasingly covers a broad spectrum of economic activity (ranging from small entities to large corporations, including privatised public utility companies), it represents in practice the “big” and long-established manufacturing companies.

SEV is a mixed business association. It collectively represents the interests of Greek industry vis-à-vis the state authorities and the other social partner organisations. SEV is directly engaged in collective bargaining and plays a central role in negotiating the National General Collective Agreement, as well as 67 sectoral and occupational agreements.

The Federation is governed by an Administrative Board (20 members) that is elected by the General Assembly with a two-year mandate. The General Assembly (90 members) is the supreme body, where all members are represented. Staff members include 44 full time employees (professional officers, secretaries, support personnel). The organisation has recently upgraded its infrastructure by refurbishing its headquarters, updating its IT systems, and improving the content and operation of its website.

SEV remains a business organisation, consisting of both associations and firms, but not individuals. The affiliated members (private law legal entities) can be organised at either the sectoral or the regional level. Membership in SEV is voluntary. Each representative (whether an individual firm or a sectoral or regional association and irrespective of the level of annual dues paid to the Federation) has one vote in the General Assembly. According to unofficial but reliable sources, membership consists of approximately 560 private companies, 70 sectoral and 7 regional associations. During 2003, 46 new members were admitted. Although most sectoral business associations are members of SEV, this is true for less than half of the regional associations.

**Total number of employees working in the companies that are either directly or indirectly members of SEV**

(a) data on membership for 2004: 560 firms +70 sectoral organisations+7 regional organisations
(b) number of companies which are potential members of SEV: the formal membership domain includes all firms with over 50 employees in the manufacturing sector, but increasingly also in the service industry, i.e. 3000 firms (see Table 1 in section 1)
(c) number of companies which are directly or indirectly affiliated to SEV: appr. 560 directly affiliated and an unknown number affiliated indirectly through the sectoral and regional organisations
(d) number of employees in (b): 487 000 employees, i.e. 38% of total employment in the firm sector (see Table 1 in section 1)
(e) number of employees in (c): approx. 95 000 employees
(f) density ratio in terms of companies/employees: according to unofficial but realistic estimates, the density ratio is approx. 1 in 5 (20% density), in respect of both companies and employees.

11 SEV does not make public its membership figures.
One of the main missions of the organisation is to provide a wide range of services (free of charge) to its members, relating to the following issues:

(a) industrial relations (collective bargaining, labour disputes, etc.)
(b) economic policy programs (advice for public grants and subsidies)
(c) exchange relations with suppliers and customers (information, export promotion): through the Exports’ forum, the organisation of business missions abroad, participation in exhibitions, etc.
(d) vocational training and further training of staff
(e) problems facing members: claiming their rights before the state and the EU authorities.

Despite the wide range of services offered, the main focus of activities is on the representation of member interests and the pursuit of SEV's principles, which are devoted to establishing a more favourable business environment. This is illustrated by the large number of policy-making bodies on which SEV is represented (see section 3).

SEV participates in the formulation of public schemes for:

(a) vocational training. SEV participates in the National System Associating Vocational Education and Training with Employment (ESSEEKA). It is also a founding member of the Association of Industrial and Professional Training, providing continuous training to technical staff, and of the Athens Laboratory for Business Administration, which offers its students an MBA course.
(b) business aid. SEV actively participates in –and is also the initiator of –the National Council for Competitiveness and Growth, which is responsible for the elaboration of the national strategy on competitiveness.
(c) standardisation of products and product quality. SEV participates in various committees set up by the Hellenic Organisation for Standards (ELOT) charged with issuing standards.

Overall, SEV is represented in 90 committees, board of directors, managerial units, monitoring committees, councils, etc, established to design and implement policies that affect, directly or indirectly, the business environment and the competitiveness of Greek industry.

| Confederation of Small and Medium-Sized Enterprises of Greece |
| GSEVEE |

GSEVEE is the tertiary-level association representing the interests of artisans, traders and professionals, and one of the recognised social partner organisations, along with SEV, ESEE,  

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12 A tertiary organisation is the confederal (i.e. peak-level) organisation, consisting of the various sectoral organisations or federations, which constitute the secondary level of organisation. The federations, in turn,
and GSEE. Its membership consists of 69 federations (48 local federations, 20 sectoral federations and one pensioners’ federation) and 1359 associations with 101,883 registered members (entrepreneurs). It was established in 1919 under the name of “Association of Greek Handicrafts” and has gradually evolved into the largest association for the SMEs. GSEVEE is governed by a Board of Directors (51 members) and a Presidium (13 members), elected for a three-year term. The supreme organ is the General Assembly, which consists of the representatives of the member associations. The staff includes 10 full-time employees (excluding those working for the vocational training centre). Recently, GSEVEE has channelled resources towards the improvement of its infrastructure (headquarters, telecommunications, IT). Its financial means consist of the registration fees, the contributions paid by its members and income earned from property, donations, deeds, etc.  

GSEVEE is an employers’ organisation that represents the self-employed entrepreneurs (around 330,000 firms), the micro-business (firms employing less than 10 employees), small firms (employing between 10-49 employees), and medium-sized business (firms employing between 50-250 employees). As compared to this formal membership demarcation, however, in practice, it is mostly the self-employed and the micro and small business with up to 50 employees that tend to affiliate to GSEVEE. Larger SMEs (with over 50 employees) usually choose to be represented by SEV, whilst commercial SMEs, alternatively, can be represented by ESEE (see below), although the criteria for choosing one or another of the organisations are often influenced by political considerations rather than a pure business approach. A case in point is the competition between GSEVEE and ESEE for the representation of small commercial firms.

Membership in GSEVEE is on a voluntary basis. According to the provisions of law 1712/1987, only those engaged in an entrepreneurial activity, and in doing so, possessing the formal and substantial qualifications, can become members of the primary organisations.[Is there an analogous link between access to membership and qualification in the case of SEV and ESEE? Or is this link unique to GSEVEE? It is unique to GSEVEE.] A primary association consists exclusively of traders, artisans and professionals as natural persons and not as legal entities. A federation must consist of at least three primary organisations. The General Assembly of the federation elects its representatives for the confederation. The number of representatives is determined by the statutes of the association, and is related to the number of members that voted in the primary associations. Only representatives that are legitimised by the primary associations have the right to vote for the representatives that will participate in the confederal organisation. The seats are distributed proportionally, according to the number of votes.

consist of the primary associations, which are the first-level organisations. This three-level system applies to both employers' and union organisations.

13 The scarcity of resources is one of the major problems facing organized business, since members' contributions and mandatory subsidies collected through the local Chambers are inadequate to cover the increasing demand for modern organisational structures, elaborated strategies and specialised services. On the other hand, the confederal organisations are reluctant to charge a fee for the services they provide to their members, as this may be considered a lucrative and gainful activity, which is not consistent with common associational practice.
Voting rights of members are defined according to the principle “one member, one vote”. Decisions in the General Assembly of the associations are taken by the absolute majority of the present members. No voting by authorisation (by proxy) is allowed.  

GSVEE is directly engaged in collective bargaining. It negotiates and concludes the National General Collective Labour Agreement with the confederal union organisation GSEE and the various sectoral collective agreements with the different workers’ federations. It is worth noting that, in firms employing less than 20 employees, the law forbids the creation of a company union that would be able to negotiate a collective agreement with the employer. As a result, in 98.4% of firms, accounting for 65% of total employment, there is no company-related level union representation. 

Apart from participating in the policy making institutions mentioned in section 1 (along with the other social partner organisations), GSEVEE is also represented on an array of regional and local committees, Arts & Crafts Chambers, etc.

Services provided by GSEVEE to its members

The services provided to its members are free of charge and cover areas such as:

(a) economic policy programs (advice for public grants and subsidies)
(b) exchange relations with suppliers and customers (information, export promotion)
(c) vocational training and further training for staff: GSEVEE has established its own accredited vocational training centre with 5 local branches, targeted at the employees, the self-employed and employers of small commercial and manufacturing firms
(d) documentation services: GSEVEE is setting up its own portal, in view of providing daily updated information on all issues of interest to its members, and eventually also distant training. Moreover, through its vocational training centre, it conducts studies and research, with special emphasis on skills, innovation and know-how issues.

Representational activities performed by GSEVEE

➢ Representation of interests on labour market and competition issues
➢ The focus of the organisation’s activities is mostly on interest representation.

Total number of employees working in the companies that are either directly or indirectly members of GSEVEE

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14 I should be stressed that until 1987, there were no legal provisions regarding the electoral system in the associations. In practice, the system was regulated by the statutes of each association. The absence of a universal legal framework was in fact a source of inequalities, distortions and undemocratic practices that permeated all levels of association. The introduction of the proportionate electoral system as mandatory (law 1712/1987) was in fact the catalyst that introduced democracy into the associational system and consolidated the equality of votes. (Vassiliou, 2001)

15 The employees working in firms with less than 20 employees are covered by the provisions of the National General Collective Labour Agreement.
According to the organisation’s estimates, 96% of total membership consists of SMEs that employ less than 10 employees (of which around half are self-employed entrepreneurs), whilst the remaining 4% consists of SMEs employing between 10-50 employees.

| (a) data on membership for 2002: 69 federations and 1359 associations |
| (b) number of companies which are potential members of GSEVEE: 816 000 SMEs (see Table 1) |
| (c) number of companies which are directly or indirectly affiliated to GSEVEE: 101 883 registered members |
| (d) number of employees in (b): 1 625 000 employees (see Table 1) |
| (e) number of employees in (c): n.a. |
| (f) density ratio in terms of companies/employees: 1 in 7 (according to GSEVEE officials); or 1 in 8 (according to the author) |

It should be stressed that, for various reasons, membership figures in both employers’ and workers’ organisations are always exaggerated. Also, an important distinction should always be made between the registered members and the voting members (those who are entitled to vote after having paid their fees and contributions).

The organisation participates in the formulation of public schemes for:

(a) vocational training: through its participation in the Organisation for Vocational Education and Training (OEEK), and in the National System Associating Vocational Education and Training with Employment (ESSEEKA)

(b) business aid: GSEVEE participates in the National Council for Competitiveness and Growth, which is responsible for the elaboration of the national strategy on competitiveness

(c) standardisation of products and product quality: GSVEE does not participate in the Hellenic Standardisation Organisation (ELOT).

**National Confederation of Hellenic Commerce**

**ESEE**

The National Confederation of Hellenic Commerce (ESEE), established in 1994, is a nationwide confederal organisation representing commercial firms irrespective of size. In practice, however, the Confederation mostly represents small commercial firms employing less than 10 employees. Its official membership domain widely overlaps with that of GSEVEE.

Commercial enterprises cover three sectors of activity: retail trade, wholesale trade, and trade of automobiles & motorbikes. They account for 16% of GDP, 17% of total employment and 45% of all enterprises of the secondary and tertiary sector.
ESEE membership consists of 14 commercial federations and 185 commercial associations, spread all over the country. The affiliated members of the Confederation represent approx. 50 000 commercial enterprises (with an estimated number of 125 000 employees), out of a total of 281 126 commercial enterprises (2000) and an overall employment of 698 000 employees (2003).

The Confederation is set to exert its influence on government policies in order to improve the business environment, rationalise the taxation system, minimise bureaucracy and maximise the public sector’s efficiency, increase labour market flexibility and enhance the overall competitiveness of the Greek economy. Its main focus of activities is the representation of its members’ interests. However, it provides a number of services to its members, free of charge.

The main fields of services provided by ESEE to its members include:

(a) vocational training of employees, unemployed and entrepreneurs: the Confederation has established its own, accredited, vocational training structures
(b) transfer of know-how and systematic study and documentation of commercial issues
(c) the establishment of a web portal that provides up-to-date information to Greek traders and foreign business, and possibilities for cooperation with partners abroad.
(d) networking and dissemination of e-commerce.

The ESEE participates as a social partner in the collective bargaining procedures with the General Confederation of Greek Workers (GSEE), leading to the signing of the National General Collective Labour Agreement. It also concludes separate sectoral agreements with the respective secondary-level workers’ federation OIYE. It participates in a number of nationwide and local policy-making institutions, such as: the Economic and Social Committee, the National Committee for Employment, the National Committee for Social Protection, the OAED, the Employment and Vocational Training Fund, the Vocational Education and Training Organisation, the Mediation and Arbitration Organisation, the Hellenic Institute for Health & Safety at Work, the National Competitiveness and Development Council, the Social Security Foundation, the Supreme Labour Council, the National Centre for Vocational Orientation, the Athens Chamber of Commerce and Industry, and a plethora of other institutions and bodies. The Confederation also actively participates in committees established to monitor and absorb the various community funds.

4.2. Chambers of industry, commerce, arts & crafts and professions

The Chambers – “a mandatory, autonomous association of natural and legal persons with business activities”- are a state institution, advising the government on business issues, and a collective expression of the interests of its members. All Chambers are public-law legal entities, run by democratically elected entrepreneurs. The operation of the Chambers – which are independent and self-financed institutions supervised by the Ministry of Development- is regulated by law 2081/1992. This law gave new impetus to the operation of the Chambers, by guaranteeing their administrative and managerial independence. The governing bodies of the chambers (the General Assembly and the Executive Committee) are elected every 4 years. The Chambers are important lobbies but they do not have the status of social partners. The Athens Chamber of Commerce and Industry, for instance, has a membership of approximately

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16 GSEVEE contends that ESEE has 10 000 to 30 000 members, rather than 50 000.
50,000 firms and participates in the Economic and Social Committee (OKE) with one member, but it has no right to negotiate collective agreements.

Membership in the chambers is compulsory. Approximately 820,000 firms of every size are affiliated to the Chambers (trade, manufacturing, handicraft and professional) that are established all over the country. Every prefecture has a multi-sector Chamber, whilst the three largest cities (Athens, Thessalonica and Piraeus) have three different Chambers each: a commerce & industry chamber, an arts & crafts chamber and a professional chamber. Firms belong to the respective Chamber, according to their type of activity.

The umbrella organisation of the 58 local Chambers is the Central Association of Hellenic Chambers (KEEE), established in 1980. KEEE is an inter-professional association of entrepreneurs covering all sectors of the economy and expressing the common denominator of business interests. It also represents the 58 Chambers internationally and participates in the Eurochamber, in the Association of Balkan Chambers, and in the Chambers’ Association of the Black Sea Zone. The scope of activities performed by KEEE include: promotion of the interests of the entrepreneurs; intervention in the decision-making process; contribution to the formulation of business strategies and economic policies; mediation between the firms and the state; diffusion of information on markets, the legal framework on business activities, collaboration opportunities, funding opportunities, financial tools, community programmes, technology and innovation, etc.

This extended business network consisting of the Central Association of Chambers and the 58 local chambers is mostly addressed to the SMEs, as larger firms usually have their own information networks.

5. Concluding remarks

For many years, the system of interest intermediation in Greece had been marked by strong state interventionism, clientelist politics and weak social consultation structures. Following a transformation process that had gathered momentum in the early 1980s (when the socialists had come to power), interest politics were gradually disentangled from party dependency and state dominance and acquired greater autonomy (Lanza and Lavda 2000).

Over the past 20 years, the institutions and processes of the social dialogue made considerable progress. Likewise, the business associations became more autonomous from the state and thus stronger. To a large degree these advances were triggered off by developments in the EU, namely by the Europeanisation of organised interests. The participation of Greek business interest associations in the European institutions reinforced their bargaining power vis-à-vis the Greek state, boosted their self-confidence and opened up new opportunities for action at the national level, namely through:

- the diffusion of knowledge and information
- the accumulation of experience
- the modernisation of their organisational structures and their infrastructure, and
- their increased capacity to express their opinion and participate in the shaping of developments in the EU (Aranitou 2002).

This rise of organised business in Greece has been described by scholars as an “artificial neo-corporatism”, owing to the fact that it was not caused by a genuine, endogenous expansion of its influence, but rather by “a bottom-up approach”, aimed at meeting the increased operational requirements of political management and EU processes (Aranitou 2002).
Although the influence of the social partner organisations has increased considerably and their scope of public policy intervention has expanded, the state remains an important actor in industrial relations issues, despite the formal limitation of its interventionist role. State legislation continues to play an important role in the IR system, including the regulation of the terms and conditions of the social dialogue process (Aranitou 2003).

Notwithstanding the economic weight of SMEs, the representation of the interests of this business group was for a long time mediated by party politics and state intervention. The absence of a coherent and universally accepted institutional framework inhibited the formation of associations and led to the unequal treatment of the various organisations. This has changed considerably and at present, the collective representation bodies of the SMEs are organised according to the democratic rules established in the late 1980s and early 1990s. Moreover, through their participation in the various social consultation fora, they are playing a notable role in the formulation of policies regarding the SMEs and in establishing a more friendly environment for small business.

However, SMEs have still a long way to go in view of gaining greater control over the allocation of public resources and community funding, in establishing a stable and favourable business environment, and in effectively improving their international competitiveness, especially in an enlarged EU. The business associations representing the interests of SMEs are, hence, faced with the challenge of articulating and mediating their interests in a much more effective way, as compared to given practices. This implies addressing several problems which still burden their associational action: internal divisions and fragmentation, "introverted" attitudes, their particularistic approach to collective issues, their traditional structures and their short-term strategies. Most of all, there is a need to actually develop a culture for social consultation and collective action, and to strengthen even further their autonomy vis-a-vis the omni-present party system and state paternalism.

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Economic and Social Committee, (2003), Opinion no. 98, November, Athens (in Greek)

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SEV, (2003), “With the aim of bringing forward the implementation of the Lisbon strategy. Promoting real convergence”. First report, Athens, February (in Greek)


Vassiliou, St., (2002), “The union movement of SMEs”, *Viotechnika Themata*, March (in Greek)

Vassiliou, St., (2001), “Legislation on union rights for the traders, artisans and professionals”, *Viotechnika Themata*, May (in Greek)

**Useful websites**

- www.acci.gr
- www.acsmi.gr
- www.commex.gr
- www.europa.eu.int
- www.eurostat.com
### Table I

**Key employment indicators, Greece**  

<table>
<thead>
<tr>
<th></th>
<th>1995</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total population (000)</td>
<td>10.238</td>
<td>10.321</td>
<td>10.356</td>
<td>10.373</td>
</tr>
<tr>
<td>Total employment (000)</td>
<td>3.820</td>
<td>3.898</td>
<td>3.894</td>
<td>3.914</td>
</tr>
<tr>
<td>Employment rate (% population 15-64)</td>
<td>54.7</td>
<td>55.7</td>
<td>55.4</td>
<td>56.7</td>
</tr>
<tr>
<td>Employment rate (% population 15-24)</td>
<td>26.3</td>
<td>27.1</td>
<td>26.0</td>
<td>26.6</td>
</tr>
<tr>
<td>Employment rate (% population 25-54)</td>
<td>68.9</td>
<td>70.0</td>
<td>70.1</td>
<td>71.1</td>
</tr>
<tr>
<td>Employment rate (% population 55-64)</td>
<td>41.0</td>
<td>38.6</td>
<td>38.0</td>
<td>39.7</td>
</tr>
<tr>
<td>FTE employment rate (% population aged 15-64)</td>
<td>54.2</td>
<td>55.3</td>
<td>55.1</td>
<td>56.3</td>
</tr>
<tr>
<td>Self-employed (% total employment)</td>
<td>45.8</td>
<td>44.3</td>
<td>43.3</td>
<td>41.8</td>
</tr>
<tr>
<td>Part-time employment (total employment)</td>
<td>4.8</td>
<td>4.5</td>
<td>4.0</td>
<td>4.5</td>
</tr>
<tr>
<td>Fixed-term contracts (% total employment)</td>
<td>9.4</td>
<td>12.8</td>
<td>12.6</td>
<td>11.2</td>
</tr>
<tr>
<td>Employment in Services (% total employment)</td>
<td>55.9</td>
<td>59.1</td>
<td>59.5</td>
<td>60.0</td>
</tr>
<tr>
<td>Employment in Industry (% total employment)</td>
<td>24.5</td>
<td>24.1</td>
<td>24.2</td>
<td>23.8</td>
</tr>
<tr>
<td>Employment in Agriculture (% total employment)</td>
<td>19.6</td>
<td>16.7</td>
<td>16.3</td>
<td>16.1</td>
</tr>
<tr>
<td>Activity rate (% population aged 15-64)</td>
<td>60.4</td>
<td>62.9</td>
<td>62.1</td>
<td>63.1</td>
</tr>
<tr>
<td>Activity rate (% population aged 15-24)</td>
<td>37.1</td>
<td>38.5</td>
<td>36.2</td>
<td>36.1</td>
</tr>
<tr>
<td>Activity rate (% population aged 25-54)</td>
<td>74.3</td>
<td>77.5</td>
<td>77.2</td>
<td>78.1</td>
</tr>
<tr>
<td>Activity rate (% population aged 55-64)</td>
<td>42.4</td>
<td>40.2</td>
<td>39.7</td>
<td>41.4</td>
</tr>
<tr>
<td>Total unemployment (000)</td>
<td>386</td>
<td>484</td>
<td>447</td>
<td>435</td>
</tr>
<tr>
<td>Unemployment rate (% labour force 15+)</td>
<td>9.2</td>
<td>10.9</td>
<td>10.2</td>
<td>10.0</td>
</tr>
<tr>
<td>Youth unemployment rate (% labour force 15-24)</td>
<td>28.5</td>
<td>29.4</td>
<td>28.1</td>
<td>26.4</td>
</tr>
<tr>
<td>Long term unemployment rate (% labour force)</td>
<td>4.6</td>
<td>6.1</td>
<td>5.4</td>
<td>5.1</td>
</tr>
<tr>
<td>Youth unemployment ratio (% population aged 15-24)</td>
<td>10.5</td>
<td>11.1</td>
<td>10.2</td>
<td>9.6</td>
</tr>
</tbody>
</table>
### Table II
Employment (of over 15 years of age) in SMEs with less than 10 employees, as a share of total employment in firms
Greece

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>66.1</td>
<td>66.4</td>
<td>67.4</td>
</tr>
<tr>
<td>2000</td>
<td>65.8</td>
<td>66.0</td>
<td>65.5</td>
</tr>
<tr>
<td>2001</td>
<td>63.0</td>
<td>63.4</td>
<td>62.5</td>
</tr>
<tr>
<td>2002</td>
<td>63.0</td>
<td>63.3</td>
<td>62.6</td>
</tr>
<tr>
<td>2003</td>
<td>65.5</td>
<td>65.8</td>
<td>65.0</td>
</tr>
</tbody>
</table>


### Table III
Employment (of over 15 years of age) in SMEs with less than 50 employees, as a share of total employment in firms
Greece

<table>
<thead>
<tr>
<th>Year</th>
<th>Total</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>89.6</td>
<td>89.8</td>
<td>89.3</td>
</tr>
<tr>
<td>2000</td>
<td>89.7</td>
<td>89.5</td>
<td>90.0</td>
</tr>
<tr>
<td>2001</td>
<td>89.4</td>
<td>89.3</td>
<td>89.7</td>
</tr>
<tr>
<td>2002</td>
<td>89.0</td>
<td>88.8</td>
<td>89.4</td>
</tr>
<tr>
<td>2003</td>
<td>89.5</td>
<td>89.2</td>
<td>89.9</td>
</tr>
</tbody>
</table>

### Table IV

Confederal Business Associations – Greece  
Basic features, 2003

<table>
<thead>
<tr>
<th>Association</th>
<th>Scope of functions</th>
<th>Membership domain</th>
<th>Members</th>
<th>Employees covered</th>
<th>Voting rights</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SEV</strong> (Federation of Greek Industries)</td>
<td>Mixed (representation of collective interests and provision of services, free of charge)</td>
<td>Manufacturing businesses and related activities / firms with over 50 empl.</td>
<td>560 companies + 70 sectoral organisations + 7 regional organisations (1998 data)</td>
<td>95 000 (1998 data)</td>
<td>One member, one vote*</td>
</tr>
<tr>
<td><strong>GSEVEE</strong> (Confederation of Small and Medium-Sized Enterprises of Greece)</td>
<td>Mixed (representation of collective interests and provision of services, free of charge)</td>
<td>Traders, artisans and professionals (self-employed or employing up to 50 employees)</td>
<td>69 federations +1359 associations (101 833 registered members)</td>
<td>n.a.</td>
<td>One member, one vote*</td>
</tr>
<tr>
<td><strong>ESEE</strong> (National Confederation of Hellenic Commerce)</td>
<td>Mixed (representation of collective interests and provision of services, free of charge)</td>
<td>Commercial firms, irrespective of size (in practice, small firms with less than 10 empl.)</td>
<td>14 federations + 185 associations (50 000 registered members)</td>
<td>125 000</td>
<td>One member, one vote*</td>
</tr>
<tr>
<td><strong>KEEE</strong> (Central Association of Hellenic Chambers)</td>
<td>Representation of local chambers and provision of services</td>
<td>Interprofessional association of entrepreneurs, covering trade, manufacturing, handicraft and professional sectors</td>
<td>820 000 firms 58 local chambers</td>
<td>-</td>
<td>One member, one vote</td>
</tr>
</tbody>
</table>

* According to law

### Table V

Services provided by SEV and GSEVEE to their members - Greece

<table>
<thead>
<tr>
<th>Service</th>
<th>SEV</th>
<th>GSEVEE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial relations</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Vocational training</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Economic policy programs</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Social consultation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Standardization of products and product quality</td>
<td>✓</td>
<td>x</td>
</tr>
<tr>
<td>Exchange relations with suppliers and customers</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Documentation</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Legal support of members</td>
<td>✓</td>
<td>x</td>
</tr>
</tbody>
</table>
Table VI
Voluntary and compulsory associations
Greece

<table>
<thead>
<tr>
<th>Name of the organisation</th>
<th>Type of the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SEV</td>
<td>voluntary</td>
</tr>
<tr>
<td>GSEVEE</td>
<td>voluntary</td>
</tr>
<tr>
<td>ESEE</td>
<td>voluntary</td>
</tr>
<tr>
<td>KEEE</td>
<td>compulsory</td>
</tr>
</tbody>
</table>