

## **Business Activities of Greek Companies (Serres Prefecture) in Bulgaria, from the standpoint of Legal Form**

**George Magoulios**

Department of Accounting & Finance, School of Business Administration  
Technological Education Institute (TEI) of Central Macedonia (Serres)  
[magoulios@teiser.gr](mailto:magoulios@teiser.gr)

**Stergios Athianos**

Department of Accounting & Finance, School of Business Administration  
Technological Education Institute (TEI) of Central Macedonia (Serres)  
[dkydros@teiser.gr](mailto:dkydros@teiser.gr)

**Dimitris Kydros**

Department of Accounting & Finance, School of Business Administration  
Technological Education Institute (TEI) of Central Macedonia (Serres)  
[as@teiser.gr](mailto:as@teiser.gr)

### **Abstract**

*The aim of this paper is to investigate the cross-border business cooperation in the region of Serres (Greece) - Bulgaria and the impact of the accession of Bulgaria to the EU, in particular under the standpoint of the legal form of business. Based on the literature in relation to the impact of EU enlargement, and especially in border areas, in this research paper we present findings that are based on primary research on businesses of the prefecture of Serres. More specifically, we examine the hypothesis, whether the legal form of the business and relative characteristics (degree of organization, capital adequacy, etc.) is associated with the degree of their extroversion. In particular, we investigate how the legal form of the business, at the year starting of cross-border cooperation, affects the ratio of extroverted activity, the business efficiency indicators, the degree of utilization of the opportunities as well as the impact of assessment in the region according to the accession of Bulgaria to the EU, and the priorities of development interventions in the region. Results indicate that (in the case of firms from Serres) legal form differentiates capabilities extroversion, reasons and motivations of entrepreneurial initiatives in Bulgaria, the assessment of effectiveness indicators, the assessment of implications of the inclusion of Bulgaria in the EU as well the priorities of the necessary development interventions in the region of Serres for strengthening cross-border business cooperation.*

**Keywords:** Cross-border Cooperation, Companies Legal Form

JEL Classification: F02, F59.

### **EU enlargement and economic and business cooperation, a theoretical overview**

According to the European Commission, regarding internal market and cross-border commerce, the EU enlargement has had the potential to boost internal market to a higher degree than any benefits coming from lifting up of the present obstacles. Transactions between present and future member states were sharply increased, bearing an almost eight times increase between 1995 and 2000. However, financial models

suggest that despite this increase, exports from future member states could double, even in today's levels of growth. A Directive Proposal from the European Commission (2004) on services in the internal market (IP/04/37 and MEMO/04/3), notes that by eliminating bureaucracy, encouraging cross-border economic activities and boosting competition, the enlargement will increase choice, improve quality and reduce prizes for consumers and businesses that use services. The European Commission commenced this action plan, entitled "Modernizing Company Law and Enhancing Corporate Governance in the European Union" (IP/03/716 and MEMO/03/112), which will assist companies to get efficiently involved in internal market and invigorate trust in capital markets, after recent corporate scandals (European Commission, 21/01/2004). Trade liberalization between the EU and Central and East European Countries (CEE) has boosted bilateral relations. From results coming from a gravity model developed to investigate factors affecting total and sectoral trade flows between CEEs and between CEEs and EU countries, it is deduced that geographical and economic factors should be taken into account in the process of predicting consequences of the enlargement on trade. Another conclusion of this research is that further improvement of trading relations is possible, mainly because of economic growth of new member states (Caetano Josi, Galego Aurora, 2006, pp. 83-84).

In a paper researching the subject of economic integration and spatial inequalities in the international production distribution, it is found that low costs in business creation and easy introduction of businesses seem to be important factors of entrepreneurial power in international spatial decisions and generally in financial performance. A "business deficit", due to complex and expensive procedure for business introduction, may become an important disadvantage for a country, thus destroying in the long term its economic growth (Kristian Behrens, Jacques-Francois Thisse, 2006, pp. 868, 878-879).

When comparing SE Balkan countries with an emphasis in business climate, in-regional trade and investments the following finding occur (Zashev Peter, 2008, pp. 16-17):

- 1 Despite important differences in socio-political evolutions during the last 100 years, Bulgaria, Greece, FYROM, Romania, Serbia and Turkey from many aspects seem to compose a common economic space at the levels of total economic growth, similar problems faced in their economies and practically similar levels of competitiveness.
- 2 In intraregional commerce and investment opportunities, possibilities for regional integration and economic growth are at best underused.
- 3 Regarding the future and EU enlargement, intensive regional cooperation will definitely improve competition and general competitiveness of the region as a whole.

According to (Petraikos George, 2000, pp. 100-102), reasons that opt for the development of regional trade in the Balkan peninsula are related to geographical proximity of countries and the minimization of transport costs, the effect of regional multipliers of transactions, the safeguarding of internal and external economies of scale, the sectoral composition of transactions as well as the need to cultivate a climate of stability, security and cooperation.

Greece is one of the small regional countries of OECD that has met with advantages from the East European markets opening. Greek investors became dynamic foreign investors in the region (Demos A., Filippaios F. et al., 2004, pp. 330, 342). Some reasons that attracted Greek businesses in the Balkans are the following. Low labour costs, compared to the Greek and other EU developed countries. Geographical proximities and relevant reduced transportation costs. Lower taxation in host countries compared to the Greek one. New markets operations and lower volume of competition compared to mature and developed countries, etc.

At the same time, together with the Greek corporate expansion in the Balkans, a dispute started concerning the consequences on economy and employment. A certain view that moving productive activities in neighbor countries is not catastrophic has been stated, in the sense that it can become a basis to strengthen the economy and that the actual choice is not whether to keep these activities in Greece or abroad but whether they are going to be completely stopped or moved to a neighbor country. Some positive consequences have been reported, such as the strengthening of migrating businesses, their survival through production reconstruction and the exploitation of economics of scale (Thomopoulos Panagiotis, 2004). It has also been claimed that despite the job losses as a result of businesses stopping their activities in Greece, cross-border development of the Greek corporate activity has many positive aspects. It is a healthy way to expand businesses, it brings profits that are reinvested in Greece or abroad and it increases employment of skilled Greeks. Hence, it drives towards the restructure of employment towards high productivity jobs and therefore has a long term benefit for the Greek economy (Eurobank, 2006). At the same time, negative consequences from the business migration to the Balkan countries are been continuously pointed out, especially coming from Trade Unions in Greece. They maintain that productive investments are significantly reduced in Greece, thus available jobs in the country are continuously shrunk so the levels and quality of life is deteriorating.

The dominant up to now perception about the positive results for countries of origin of investments, is now faced with skepticism and emphasis is given to multiple, non univocal results for the countries of origin. More specifically, multiple consequences are reported on the balance of payments (investment or consumer expenditures substitution in the country of origin, reduction in reserves but also possible potential of income inflow) and employment (increase of unemployment especially in affected sectors but also new jobs in relevant sectors and supporting services). In this general discussion of multiple consequences, the characteristics of the migrating businesses should be taken into account, which in the case of Greece are businesses with low additive value. For these reasons, the viewpoint that Greek investments in the Balkans will automatically improve Greek economy, are questioned (Lamprianidis L., 2000, pp. 374-376).

### **Business collaboration between Greece and Bulgaria in the area of Serres**

According to European Commissions data, in 2012, a total of 760000 businesses were active in Greece (out of 860000 in 2007). Among them, Small and Medium sized Enterprises (SMEs) represent 99,9% of the total

number of businesses and cover 69,9% of the economic added value and 85,1% of employment in the private sector (excluding the financial sector). Regarding the legal form of businesses, according to ELSTAT (the Greek Statistical Authority), in 2002 out of the total 879377 Greek businesses, 713628 (81,15%) were sole proprietorships, 71098 (8,08%) were General Partnerships (GP), 10918 (1,24%) were Limited partnership (LP), 18857 (2,14%) were Limited (Ltd), 27816 (3,16%) were SAs, 15050 (1,71%) were Joined Ventures, 5418 (0,63%) Entrepreneurial Societies, 764 (0,09%) Shipping co-ownerships, 883 (0,1%) Shipping and 14.945 (1,70%) were Others.

Furthermore, according to ELSTAT, in Greece there exist about 12000 businesses that have exporting activities, either permanently or coincidentally (2011, 1,75% of the total). A research from the Greek Exporting Association (GEA), on the registrations of new members in the GEA, but also registrations in the Commercial Chambers in Greece, show that during the period 2010-2012, a total of about 2000 businesses have acquired an exporting orientation. These companies were either established with an aim in exports or changed their orientation in this time period, while in the previous time period their productive and commercial activity was exclusively oriented towards the domestic market. According to this GEA research, regarding the legal form of exports oriented businesses in the time period 201-2012, a period that coincides with the burst of recessionary phenomena in the Greek economy, 31,6% of the exports oriented businesses are SAs, 23,3% are LLCs, 18,3% are sole proprietorships 8,3% are LPs and a mere 1,6% agricultural cooperatives. If indices regarding numbers of employees and annual turnovers are included, the vast majority (3 out of 5) of new extrovert businesses are ranked as SMEs. It should be noted that according to the Exports Registry of GEA, before 2010, 23% of export businesses were Large and Very Large Companies, 44% were Medium Sized Companies and 33% Small and Very Small Companies. Regarding the legal forms in this time period 43,3% are SAs and 25,8% are sole proprietorships. The above situation confirms the expanding tendency of exporting basis of the country, since SMEs, being the vast majority and the main productive web in Greece, gradually integrate exports in their business strategies, not only coincidentally but as a development choice (Greek Exports Association, Centre of Exports Research and Studies, 2013).

A different study of GEA (Greek Exports Association, Centre of Exports Research and Studies, 2009), when investigating the influence of the investments activity of Greek Companies on Greek Exports, find out that an increase of investments in a country abroad results in increase of commerce between the country that invests and the host country. The large increase of the size of many Greek Companies, since the beginning of 1990s, is largely connected with the installation of productive and commercial activities abroad. This increase in size is not only a quantitative matter but also a quality leap forward. Small and Very Small Greek businesses acquire competitive sizes, making them able to face international competition more efficiently and take part more successfully in export commercial activities. Relevant research shows that there exists a clear positive correlation between the increase of the companies' sizes and installations of units abroad and the increase of exporting activities in parallel with their increase in size. Regarding increase in size and consequences of export activities it is observed that the value of the company becomes higher or much higher, as the initial company expands and grows.

The semiannual conjuncture research on SMEs by the National Bank of Greece (December 2013), reports recovery conditions of the business sector in Greece (on a sample of about 1000 companies). This research underlies the financial weight of innovation, which seems to significantly enhance fiscal health of SMEs: innovative SMEs are more energetic with a 40% of them to target in development compared to 23% for the non-innovative ones. They seem to be more resistive to the crisis, with 70% of them having no liquidity problems (compared to 60% for the non-innovative). Their level of extroversion is also higher (48%) than the counter 31% ones. Innovative products or services cover 37% of their annual turnover. Thus the need for innovation is combined with a tendency of extroversion.

From the IOBE study (2007) entitled: "The role of Greek Multinational Companies and conditions for their further development" the following findings have emerged among others. Greek multinationals have developed a widespread international production network with an intense regional character, having as most prominent host geographical region to be the Balkans. The most important incentives to commence multinational activities are ranked as follows: the exploitation of new markets, the preservation of a competitive position in international markets, and three more factors relating to the quest for new markets which are client servicing, horizontal integration and covering of consumer needs in host countries. Following incentives in rank are: exploitation of economies of scale, changes in demand conditions, restructuring of productive activities, the exploitation of lower costs in host countries and the preservation of a competitive position in the internal market. After getting involved with investment activities abroad, inland multinational companies have strengthened their competitiveness, resulting in recordings of good rates of sales increase and the preservation of a healthy financial position. Businesses of the sample, on the level of association, increase their exports in explosive rates, achieving an average annual increase rate of about 170% during 2001-2004. During the same period, the average annual exports rate was about 18%, meaning that multinational companies move 10 times faster compared to the average of inland economy. Greek multinationals are also distinguished by dynamic increases in employment, with an average annual increase rate of 7,9% during 2001-2005. This increase rate is almost 4 times larger from the average increase rate of employment in Greece (about 2% for the same time period).

During the last thirteen years, the total Direct Foreign Investments (DFI) in Bulgaria is estimated to be €35,9 bil. EU countries contribute with 84,7% in total investments and 87,9% DFI inflows in 2010. The first four countries in investments are Holland (€7,4 bil.), Austria (€5,4 bil.), Greece (€3,2 bil.) and the UK (€2,7 bil.), contribute with a total percentage of more than 50% in the total invested capitals in the country. Furthermore, according the data from Invest Bulgaria (state agency for investments), Greece is second, after Russia in direct investments in the country, given the fact that an important part of the inflows of investment capitals of Greek companies come from Luxemburg, where they are installed. During the decade 2000-2009, Greek investments in Bulgaria rose to 3387,4 million Euros. After 2005, facing the EU - - Bulgaria accession, Greek investments rise considerably, while the largest increase is recorded in 2007 the actual year of the Bulgarian accession in the EU. A considerable reduction is seen in 2009, which must be due to the economic crisis (Central Bank of Bulgaria, BNB).

The prefecture of Serres is described as an economy of Very Small Businesses. Base on the anthropography and economic data of the region, agriculture is a fundamental activity for the prefecture of Serres which indirectly preserves the purchasing power of almost the whole of the population. Furthermore, the local market faces a sharpening recession due to the reforms in the Common Agricultural Policy (CAP) and the migration of small industries in Bulgaria. Local businesses are not in general of high technology, bear a low degree of innovation and have a low additive value, while the current number of shops is unable to create employment which would increase the local available income.

Serres is relatively isolated, given the fact that they are away from airports or ports. Thus the city faces an extra transportation cost, a fact that discourages investors from coming to the area. The sharpening of prices competition in the local level brings negative consequences in the local trade, since many Greeks travel to buy products from Bulgaria (with a controversial benefit for the commuting consumers). In this framework, prizes competition as a factor of forming investment climate comes from Bulgaria. The biggest obstacles in Greek-Bulgarian cross-border business collaboration are the insufficient transportation infrastructure, the lack of decentralization mechanisms in Greece and especially in the prefecture of Serres, difficulties in business funding and incompatibilities between the legal legislation of the two countries. Furthermore socioeconomic difficulties faced by the local population on both sides of the borders do not opt for the development of cross-border relations (EBES, Interreg (2000 - 2006), pp. 141-144, 148-152).

### **Empirical Research - Results**

The empirical research was applied on a sample of four hundred (400) businesses from the prefecture of Serres, representative regarding the sectors, based on the registry of the Commercial Chamber of Serres (EBES). A structured questionnaire was used in order to collect the relevant data. Questionnaires were filled by personal interviews from representatives of these businesses. The data collection period spanned from 01.11.2013 to 20.12.2012. The questionnaire was comprised of three sections, the first one regarding general data from the company and the representative, the second section regarded cross-border business collaboration and the third section regarded perceived consequences in the region after the accession of Bulgaria to the EU. SPSS was used to process quantitative data (Papayannakis Apostolos, 2012).

On the legal form of businesses in the sample, their majority (77%) were Private Ownerships (PO), 12,5% were General Partnerships (GP), 8% were SAs, while a small number were Limited Partnerships (LP) and a mere 0,8% were LLCs. Commerce and services are the two most important sectors were local companies are activated with percentages of 38% and 33% respectively, folowed by manufacturing (20%) and constructions (9%). The majority of the companies was found after 1985, while the installment years are equally amortize in three time periods, 1985-1994, 1995-2004 and 2005-today, with percentages of 27%, 28% και 29% respectively.

Out of the total of 400 businesses in the primary research, only fifty five (55), about 14% of them, have engaged in some activity in the Bulgarian market, while the rest 86% have not done so (Table 1).

**Table 1: Has your company been activated in the Bulgarian Market?**

	Population	%
YES	55	13,7
NO	345	86,3
Total	400	100,0

Source: All consecutive tables from the findings of the primary research.

A very low degree of international orientation and extroversion is clearly seen, meaning that there exists a lack in any utilization of potentials to engage in the Bulgarian Market on behalf of Serres' businesses. This result seems to coincide with other literature findings, according to which potential in interregional trade and investment activities in the area of SE Europe, is at best underused.

On the legal forms of businesses activated in the Bulgarian market, 2 out of 5 are main SAs, followed by private ownerships (29,1%) and GPs (25,5%) (Table 2).

**Table 2: Legal form of company and activation in Bulgaria**

Legal Form	Has your company been activated in the Bulgarian market up to now?	
	Count	Percentage
Private Ownership (PO)	16	29,1%
General Partnership (GP)	14	25,5%
Limited Partnership (LP)	1	1,8%
Limited (Ltd)	1	1,8%
SA	23	41,8%
<b>Total</b>	55	100,0%

It can be seen that while SAs represent only 8% of the total sample, they hold 41,8% of the total of businesses engaging in Bulgaria. It is henceforth deduced that the degree of international orientation and extroversion of SAs is many times larger than that of other companies. It seems that the legal form of companies designate their size and is related to the degree of organization, the quality of their management and the degree of their competitiveness. It is also verified that big businesses have easier access to foreign markets, mainly due to better organization, capital sufficiency and executives, thus having a higher potential for strategic design in the international competitive environment.

Based on the year of commencing business activities in Bulgaria, the most intense activity is found during the seven-years period 2006-2012, with a percentage of 53% (43,5% of SAs) to state that their activation started at the particular time period obviously because of the Bulgaria accession to the EU, but also due the economic crisis in the latest years. It is worth noted that this activation starts to develop during the five-year period 2000-2005 for 20% of companies (13% of SAs), probably because of the Greek integration with the Eurozone. The remaining 27% of the total maintains business relationships with Bulgaria since the 1990-1999 decade (26,1% of SAs) (Table 3).

**Table 3: If YES, did your activity commenced during the period:**

Period	Total (%)	PO (%)	GP (%)	LP (%)	Ltd (%)	SA (%)
2006 - 2012	52,7	62,5	50,0	100,0	100,0	43,5
2000 - 2005	20,0	25,0	28,6	0,0	0,0	13,0
1995 - 1999	12,7	6,3	14,3	0,0	0,0	17,4
1990 - 1994	14,5	6,3	7,1	0,0	0,0	26,1
Totals	100,0	100,0	100,0	100,0	100,0	100,0

It can be seen that the Bulgarian accession to the EU has positively affected the businesses' decision on commencing activities in the area, since their majority started a shortly before or after the accession. A differentiation can be seen in SAs, for which a larger percentage started their involvement during the time period 1990-1999.

Within the framework of the primary research, all 55 businesses involved in activities in Bulgaria were asked to rank seven (7) particular factors that favor the development of business with the neighbor country.

From the results of this question (Table 4), based on weighted averages (WA) and percentages of rankings in the 1 to 7 scale, it is seen that the most important factors are as follows: market enlargement and small distances, followed by low taxation and low labor costs. Low competition levels were of much less importance, while similar consumer habits and cultural bonds were considered of secondary importance. These rankings of factors that favor the development of business activities from companies from the prefecture of Serres, confirm in general the main reasons that have attracted Greek (from all over the country) businesses in Bulgaria, which are low labor costs, geographical proximity, low cost of transport, and low taxation.

Based on the legal form of the companies and their rankings of the importance of factors to commence business activity in Bulgaria it can be seen that SAs consider factor "market enlargement" to be of higher importance than private ownerships and general partnerships. Regarding factor "small distances", SAs and POs give the same importance, higher than GPs. On the contrary, private ownerships consider "Low taxation" and "Low labor costs" as very important. This result proves that large companies possess "mechanisms" that help them better manage their taxation and labor issues. What really interests them more is the creation of production functions that will increase their turnovers through by expanding the markets where their products are distributed and reductions in transportation costs (due to small distances to the Bulgarian Market).

**Table 4: Legal form of company and ranking of reasons that drive towards activation in Bulgaria**

4.1 Market enlargement		PO	GP	LP	Ltd	SA	TOTAL
		%	%	%	%	%	%
RANK	1	18,8%	42,9%	100,0%	100,0%	52,2%	41,8%
	2	12,5%	14,3%	0,0%	0,0%	8,7%	10,9%
	3	12,5%	0,0%	0,0%	0,0%	8,7%	7,3%
	4	6,3%	7,1%	0,0%	0,0%	8,7%	7,3%
	5	0,0%	0,0%	0,0%	0,0%	8,7%	3,6%
	6	12,5%	0,0%	0,0%	0,0%	0,0%	3,6%
	7	6,3%	0,0%	0,0%	0,0%	0,0%	1,8%
	N/A	31,3%	35,7%	0,0%	0,0%	13,0%	23,6%



<b>4.1 Market enlargement</b>		<b>PO</b>	<b>GP</b>	<b>LP</b>	<b>Ltd</b>	<b>SA</b>	<b>TOTAL</b>
		%	%	%	%	%	%
RANK	1	18,8%	42,9%	100,0%	100,0%	52,2%	41,8%
	2	12,5%	14,3%	0,0%	0,0%	8,7%	10,9%
	3	12,5%	0,0%	0,0%	0,0%	8,7%	7,3%
	4	6,3%	7,1%	0,0%	0,0%	8,7%	7,3%
	5	0,0%	0,0%	0,0%	0,0%	8,7%	3,6%
	6	12,5%	0,0%	0,0%	0,0%	0,0%	3,6%
	7	6,3%	0,0%	0,0%	0,0%	0,0%	1,8%
	N/A	31,3%	35,7%	0,0%	0,0%	13,0%	23,6%
TOTAL		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

<b>4.2 Small distance</b>		<b>PO</b>	<b>GP</b>	<b>LP</b>	<b>Ltd</b>	<b>SA</b>	<b>TOTAL</b>
		%	%	%	%	%	%
RANK	1	12,5%	0,0%	0,0%	0,0%	8,7%	7,3%
	2	25,0%	14,3%	0,0%	0,0%	30,4%	23,6%
	3	25,0%	14,3%	0,0%	0,0%	21,7%	20,0%
	4	0,0%	7,1%	0,0%	0,0%	4,3%	3,6%
	5	0,0%	0,0%	0,0%	0,0%	8,7%	3,6%
	6	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	7	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	N/A	37,5%	64,3%	100,0%	100,0%	26,1%	41,8%
TOTAL		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

<b>4.3 Low taxation</b>		<b>PO</b>	<b>GP</b>	<b>LP</b>	<b>Ltd</b>	<b>SA</b>	<b>TOTAL</b>
		%	%	%	%	%	%
RANK	1	12,5%	7,1%	0,0%	0,0%	17,4%	12,7%
	2	25,0%	7,1%	0,0%	0,0%	13,0%	14,5%
	3	12,5%	14,3%	0,0%	0,0%	8,7%	10,9%
	4	6,3%	7,1%	0,0%	0,0%	4,3%	5,5%
	5	,0%	,0%	0,0%	0,0%	0,0%	0,0%
	6	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	7	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	N/A	43,8%	64,3%	100,0%	100,0%	56,5%	56,4%
TOTAL		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

<b>4.4 Low labor cost</b>		<b>PO</b>	<b>GP</b>	<b>LP</b>	<b>Ltd</b>	<b>SA</b>	<b>TOTAL</b>
		%	%	%	%	%	%
RANK	1	31,3%	14,3%	0,0%	0,0%	8,7%	16,4%
	2	6,3%	14,3%	0,0%	0,0%	13,0%	10,9%
	3	6,3%	7,1%	0,0%	0,0%	8,7%	7,3%
	4	0,0%	0,0%	0,0%	0,0%	4,3%	1,8%
	5	0,0%	7,1%	0,0%	0,0%	4,3%	3,6%
	6	6,3%	0,0%	0,0%	0,0%	4,3%	3,6%
	7	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	N/A	50,0%	57,1%	100,0%	100,0%	56,5%	56,4%
TOTAL		100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

According to the majority of answers from businesses in a relevant question, the business activities they developed in Bulgaria had a positive and very positive effect on exports (71%), on their annual turnover (66%), on profits (65%) and on their image - status (55%). These largely positive answers are reduced regarding clients (45%), costs (44%), imports (44%), investments (44%) and employment (33%). In these indices, most companies express neutrality, considering that there are neither positive nor negative consequences, with percentages of 49%, 50%, 50%, 62% and 64% respectively. Positive and very positive effects on exports, turnovers and profits are directly related to the actual activity of the company, since the largest percentage of them are exporters. It also explains the high degrees of satisfaction from their involvement in the Bulgaria market. Considering the legal forms

of companies, SAs value much higher positive and very positive effects on their exports (76,2%) from the Bulgarian Accession to the EU than private ownerships (66,7%) and GPs (61,5%) (Table 5). This also exhibits the dynamism and extroversion of SAs, due to better organization, strategy, size etc. Furthermore, positive and very positive effects on annual turnovers appear higher in private ownerships (75%) and lower in general partnerships (69,2%) and SAs (54,6%). On profits, GPs value them higher (76,9%) than POs (68,8%) and SAs (52,4%).

**Table 5: Legal forms and effects on indices**

5.1 Exports:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Very positive	6,7%	0,0%	0,0%	0,0%	9,5%	5,9%
Positive	60,0%	61,5%	100,0%	100,0%	66,7%	64,7%
Neutral	33,3%	38,5%	0,0%	0,0%	23,8%	29,4%
Negative	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Very negative	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

5.2 Turnover:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Very positive	0,0%	7,7%	0,0%	0,0%	9,1%	5,7%
Positive	75,0%	61,5%	100,0%	100,0%	45,5%	60,4%
Neutral	25,0%	30,8%	0,0%	0,0%	45,5%	34,0%
Negative	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Very negative	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

5.3 Profits:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Very positive	0,0%	7,7%	0,0%	0,0%	0,0%	1,9%
Positive	68,8%	69,2%	100,0%	100,0%	52,4%	63,5%
Neutral	25,0%	23,1%	0,0%	0,0%	42,9%	30,8%
Negative	6,3%	0,0%	0,0%	0,0%	4,8%	3,8%
Very negative	0,0%	0,0%	0,0%	0,0%	,0%	0,0%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Out of the total of 400 businesses, 42% assess that the Bulgarian accession to the EU is a positive or very positive evolution for the prefecture of Serres. On the contrary, 34% of businesses consider the accession as negative or very negative, while 25% express neutrality (neither positive nor negative). Their legal forms and the corresponding evaluations are as follows: SAs evaluate the Bulgarian accession to a very high percentage (87%) as positive or very positive evolution for Serres than GPs (64,2%) and private ownerships (56,3%). As for real consequences for the prefecture of Serres, after the accession of Bulgaria to the EU, SAs consider them positive or very positive (60,8%), while POs (43,8%) and GPs do not do so (42,8%) (Table 6). A positive position is mostly stated by SA's representatives than PO and GP ones who record lower levels of positive opinions.

**Table 6: Legal form of company and assessment of the Bulgarian accession to the EU**

6.1 In your opinion, is the Bulgarian accession to the EU a positive or negative evolution for your region and the prefecture of Serres?

Your opinion:	PO	GP	LP	Ltd	SA	TOTAL
---------------	----	----	----	-----	----	-------

	%	%	%	%	%	%
Very positive	6,3%	7,1%	0,0%	100,0%	17,4%	12,7%
Positive	50,0%	57,1%	100,0%	0,0%	69,6%	60,0%
Neutral	37,5%	14,3%	0,0%	0,0%	8,7%	18,2%
Negative	0,0%	21,4%	0,0%	0,0%	4,3%	7,3%
Very negative	6,3%	0,0%	0,0%	0,0%	0,0%	1,8%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

**6.2 In your opinion the consequences for the prefecture of Serres after the Bulgarian accession to the EU are:**

Your opinion:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Very positive	6,3%	21,4%	0,0%	0,0%	13,0%	12,7%
Positive	37,5%	21,4%	0,0%	100,0%	47,8%	38,2%
Neutral	43,8%	28,6%	0,0%	0,0%	30,4%	32,7%
Negative	6,3%	28,6%	100,0%	0,0%	8,7%	14,5%
Very negative	6,3%	0,0%	0,0%	0,0%	0,0%	1,8%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

A percentage of 74% of the total number of 400 businesses from Serres, consider that this target has been promoted in a small satisfactory or not satisfactory manner. Only 21% consider that the target is promoted satisfactory, while a mere 5% in a very or absolute satisfactory manner. Regarding the legal forms, GPs (71,5%), SAs (68,2%) and POs (68,8%) consider that this target has been promoted with little or no satisfaction, while SAs show satisfaction followed by POs and GPs (Table 7).

**Table 7: According to the Regional Framework of Spatial Design and Sustainable Growth of the Region of Central Macedonia (2004), the prefecture of Serres is about to operate as a pole for development and as a centre for cross-border collaboration. Has this target been promoted to a satisfactory degree?**

Your opinion:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Absolutely satisfactory	6,3%	0,0%	0,0%	0,0%	4,5%	3,7%
Very satisfactory	6,3%	7,1%	0,0%	100,0%	0,0%	5,6%
Satisfactory	18,8%	21,4%	0,0%	0,0%	27,3%	22,2%
Little satisfactory	43,8%	42,9%	0,0%	0,0%	50,0%	44,4%
Not satisfactory	25,0%	28,6%	100,0%	0,0%	18,2%	24,1%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

The majority (74%) of the total of businesses, states that the utilization of opportunities from the Bulgarian accession to the EU is small or not satisfactory at all, while 24% believes that this utilization is satisfactory and only 2% consider it to be very or absolutely satisfactory. Based on their legal forms the assessment that opportunities have not been satisfactory utilized, first come GPs (64,3%), followed by SAs (59,1%) and POs (56,3%) (Table 8).

**Table 8: In your opinion the up-to-now utilization of opportunities from the Bulgarian accession to the EU is:**

Your opinion:	PO	GP	LP	Ltd	SA	TOTAL
	%	%	%	%	%	%
Absolutely satisfactory	0,0%	0,0%	0,0%	100,0%	0,0%	1,9%
Very satisfactory	6,3%	7,1%	0,0%	0,0%	4,5%	5,6%

Satisfactory	37,5%	28,6%	0,0%	0,0%	36,4%	33,3%
Little satisfactory	43,8%	28,6%	0,0%	0,0%	50,0%	40,7%
Not satisfactory	12,5%	35,7%	100,0%	0,0%	9,1%	18,5%
TOTAL	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%

Within the framework of the primary research, the 400 businesses were asked to rank four (4) specific factors in order of priority regarding accountability. These factors might be responsible for the utilization or not of opportunities and the resolution of problems created by the Bulgarian accession. It is clear that businesses blame responsibilities as follows: first of all, mainly to central authorities, then to local authorities and local institutions and finally to plain citizens.

The representatives of the 400 companies evaluated the need to improve and intervene on special development sectors, policies and infrastructures that have a target to enable Serres to operate as a centre of cross-border collaboration. The sectors on which any improvement is considered to be important or very important are ranked as follows: the completion of the Industrial Area of Serres (69%), the zone of manufacturing and trade on the Serres - Sidirokastro axis (67%), infrastructure to support businesses' and institutions' extroversion (64%), the upgrading of the border station of Promahon and cross-border services (64%), the road network (62%), infrastructure of the border trade centre of Promahon (60%), decentralization of public services (60%), το σιδηροδρομικό δίκτυο (57%), the interstate design between Greece and Bulgaria in cross-border spatial development and infrastructures (56%), research / technology / innovation (49%). It seems that on the needs to improve and intervene in specific sectors, business representatives give more emphasis to sectors with local and not national or international dimension.

## Conclusions

Easy access, according to literature, is a key factor that enables corporate dynamism in international location decisions and generally in financial efficiency. Furthermore, considering the legal form and the size of companies that were oriented towards exports during the period 2010-2012, a large proportion (more than half) of them are share capital companies, like SAs and Ltds. On top of these there seems to exist a clear relation between the growth size of businesses with installation of some of their units abroad, together with the increase of their exporting activities in parallel with their size growth.

The most important motivations to engage into multinational activities, are ranked as follows: the exploitation of new markets, the preservation of a competitive position in the international market, the horizontal integration, clients service and covering of consumer needs in host countries, followed by the exploitation of economies of scale, changes in demand conditions, restructuring of production methods, the exploitation of lower costs in host countries and maintaining a competitive position inland.

From a primary research in businesses from Serres, it is found that the degree of international orientation and extroversion of SAs is much larger from the respective ones in other forms of companies. It seems that legal form of companies identifies their size and is

related to the degree of their internal organization, quality of management and the degree of their competitiveness. It is also confirmed that larger companies (SAs) have easier access to foreign markets, mainly due to better organization, capital and executive adequacy and henceforth better abilities for strategic design in the international competitive environment. These are the factors that differentiate SAs regarding the year of commencing their activities in the Bulgarian Market, since to a large extent they started these activities quite earlier than other forms of companies.

Regarding activation in Bulgaria incentives it is found that SAs give much greater importance to factors like "market expansion" and "short distances" than private ownerships and general partnerships, while private ownerships pay much attention factors like "low taxation" and "low labor cost". This proves that larger companies have "mechanisms" to better manage taxation and labor issues and what really interests them is conquering a production function that will increase turnover through an expansion of the markets where they sell their products and the reduction of transport costs, due to short distances towards the Bulgarian market.

SAs value much higher any positive consequences on their exports from the Bulgarian accession to the EU than private ownerships and General Partnerships. This also shows the greater dynamism and extroversion of SAs, due to better organization, strategy, size, etc. According to the legal form of companies, evaluations of the consequences are changed for the prefecture of Serres, since SAs value them as positive and very positive to a greater extent than the rest forms of companies.

### **Acknowledgements**

This research on the economic collaboration between Greece and Bulgaria and its consequences on the Prefecture of Serres after the Bulgarian accession to the EU has been co-financed by the European Union (European Social Fund - ESF) and Greek national funds through the Operational Program "Education and Lifelong Learning" of the National Strategic Reference Framework (NSRF) - Research Funding Program: ARCHIMEDES III "Strengthening Research Groups at the TEI of Serres" (mis 380873), "Investing in knowledge society through the European Social Fund".

### **References**

- Caetano Jost, Galego Aurora, 2006, "Trade flows among CEEC and EU Countries: what are the future Perspectives?", *Revista de Economía mundial* 15, pp. 83-84.
- Demos Antonis, Filippaios Fragkiskos et al., 2004, "An Event Study Analysis of Outward Foreign Direct Investment: The Case of Greece", *International Journal of the Economics of Business*, Vol. 11, No. 3, pp. 330, 342.
- Chamber of Serres, Interreg 2000 - 2006, "Study on the existing investment situation Greece / Bulgaria" within the project "Center for Business Cooperation and Development," Chamber of Serres, Discovering Value Associates SA, pp. 141-144, 148 -152.
- National Bank of Greece, Semi-annual conjuncture research on SMEs December 2013.
- ELSTAT (G.S.E.SYE), 2002, Index of Companies.
- Eurobank, 2006, "Greek investment and relocation abroad".

- European Commission, "Report on the implementation of the strategy for the internal market», 21/01/2004, [http://ec.europa.eu/internal\\_market](http://ec.europa.eu/internal_market).
- Zashev1 Peter, 2008, "The South-Eastern Balkans as a Common Economic Space: Comparison of Business Environments", World Journal of Management & Economics, Volume 2, Issue 1, pp. 16-17.
- Thomopoulos Panagiotis, 2004, "Greece in the International Market Investment".
- IOBE, 2007, "The role of Greek Multinational Companies in economy and conditions on their further development" (in Greek).
- Central Bank of Bulgaria (BNB).
- Kristian Behrens, Jacques-Francois Thisse, 2006, «Agglomeration Versus Product Variety: Implications for Regional Inequalities», Journal of Regional Science, Vol. 46, No 5, pp. 868, 878-879.
- Labrianidis Lois, 2000, "The reconstruction of the Balkans and Greece's role: A Critical Approach", in "The development of the Balkans", ed. University of Thessaly, Volos, pp. 374-376.
- Greek Exports Association (GEA), Centre of Exports Research and Studies, "The profile of new extrovert businesses in Greece: Legal forms, Sectors and Spatial distribution (2010-2012)", Highlights No 65, January 2013 (in Greek).
- Greek Exports Association (GEA), 2009, Centre of Exports Research and Studies, "Exports in Central And East Europe and Investments", pp.6, 10 (in Greek).
- Papayannakis Apostolow, 2012, W.P.4, "Statistical Analysis of primary research on businesses", member of the research team of the project under the framework if Archimidis III.
- Petrakos George, 2000, "The Development of the Balkans", ed. University of Thessaly, Volos, pp. 100-102.