

Chapter 19

Micro–Enterprise and Micro–Innovation in a Turbulent Era: A Southern European Union Perspective

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ABSTRACT

Sustainability, local development and regional development are crucial issues in our days. A success factor for the above is the micro innovation of the micro enterprise. In the present chapter, we are going to focus on the southern European Union area and more specifically in the case of Greece. The development of innovative small and medium enterprises in the Greek regions (with emphasis on the region of Crete) is going to be the key element of sustainability, local development and regional development.

INTRODUCTION-BASIC PRINCIPLES

The Schumpeterian Lines: Schumpeter Mark I (Small Enterprise)

J.Schumpeter is well known as a co-founder of the term innovation¹. According to Schumpeter theory *Mark I* the entrepreneur is the key person in order to innovate and create economic development in the macroeconomic level. The reason is the ability that the entrepreneur has to create all the time new products/services. In this way the entrepreneur destroys products/services that are very common and with no use. At the same time the entrepreneur creates new products/services which are going to replace the above in the near future (Storey D. & Greene F., 2011).

The theory of Schumpeter (1934) *Mark I* reflects his early thoughts about the entrepreneurship. The main characteristic of this theory is the *entrepreneur capitalism*. The *entrepreneur capitalism* emphasizes in the entrepreneurs. These entrepreneurs are the small enterprises. A basic feature of the entrepreneur is the creativity. Furthermore the entrepreneur is a person of action (Antonelli C. Patrucco P. & Quatrano., 2011). The motivations of the entrepreneur are the independency and the creativity and not the profit. The entrepreneur can be an inventor. The entrepreneur borrows capital in order to start the production

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Table 1. Share of enterprises with employment increase or decrease during 2009Q4-2010Q4 by size class and innovativeness, for the EU37 business economy

Employment change	Micro (2-9)		Small and Medium (10-249)		Large (250+)	
	Innovative	Not Innovative	Innovative	Not Innovative	Innovative	Not Innovative
Decrease	26%	24%	28%	31%	29%	36%
No change	59%	68%	46%	55%	38%	36%
Increase	15%	8%	27%	14%	33%	29%
Total	100%	100%	100%	100%	100%	100%

Source: EIM Business and Policy Research, (2011), p.78

activity. The imitation is a basic threat not only for the profits of the entrepreneur but also for the future of the enterprise (Schumpeter J., 1934).

THE SOUTHERN EUROPEAN UNION PERSPECTIVE- REGIONAL DEVELOPMENT IN GREECE

Firm Size and Innovation

An overview of the main features of enterprises, countries and workforce has given to the analyst the assumption that the employment growth rate is heavily related to the innovativeness of individual enterprises as well as the innovativeness of countries (EIM Business and Policy Research, 2011). Table 1 demonstrates that innovation outcomes depend on the employment change and the size class of the enterprises. Therefore the bigger the size of the enterprise the stronger result in the innovation and the increase in the employment. Economy of scale is occurring among innovation and employment.

The Greek SMEs in the Greek Regions

The sector of SMEs includes the 99.9% of the enterprises in Greece and the 99.8% in the EU 27 (Table 2) (Institute of Small Enterprises, 2014). However the micro-enterprises are more in Greece (96.7%) in comparison with the EU27 (92.1%). The large enterprises are more in EU27. It is quite obvious that in Greece the sector of the SMEs is the small bone of the economy. It also includes the 2/3 of the total employment. The collapse of the small bone of the Greek economy because of the crisis is more than obvious. In only two years times (compare to 2011) two hundred thousand small to small enterprises have closed down. The number of the small enterprises that have closed down is about seven thousand. Also three hundred medium enterprises and twenty large enterprises have closed down.

Table 3 shows the number of enterprises in the Greek geography for 2013. Almost the half of the entrepreneurship activity in Greece is based in the region of Attiki (40,28%). The region of Kentriki Makedonia is second with a congregation of 16,53%. Afterwards is the region of Kriti with a share of 5,98%. Last but not least is the region of Voreio Aigaio (1,69%). The final number of the enterprises is 202.983 (Ministry of Employment & Social Security, 2013).

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