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**Conference Paper**

## International and Cross Border Entrepreneurship: The Case of Greece and Bulgaria

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# International and Cross Border Entrepreneurship: The Case of Greece and Bulgaria\*

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## Abstract

Although neighboring countries and both members of the EU, Greece and Bulgaria have very different social and economic environments in which entrepreneurial activities take place. At the same time, there are strong entrepreneurial ties between private firms of the two countries, initiated by organizations how see those different environments as opportunities to further develop their business by operating across the borders. In this paper, we map the entrepreneurial and investment activities between the two countries in order to better understand cross-border activities of the firms. In order to do so, we use quantitative data covering both entrepreneurial activities, such as joint ventures and the direct investments between the two countries in an effort to understand the direction, the spatial concentration and the sectoral dissemination of the entrepreneurial activities undertaken. We analyze data relevant to the existing cross border entrepreneurial activities and their orientation and both quantitative and qualitative information for the firms, joint ventures, public - private partnerships and other forms of formal collaborations. Our analysis provides interesting results on the regional and organizational strategies for the internationalization and the development of bilateral collaboration between the organizations of the two countries that could contribute positively in responding to the current economic crisis in Greece.

**Keywords:** cross border cooperation, international entrepreneurship, Greece, Bulgaria

**JEL Codes:** L26, F23, F21

**Paper:** Empirical paper

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## **Introduction**

Although neighbouring countries and both members of the EU, Greece and Bulgaria have very different social and economic environments in which entrepreneurial activities take place. At the same time, there are strong entrepreneurial ties between private firms of the two countries, initiated by organizations how see those different environments as opportunities to further develop their business by operating across the borders. This fact has result to a large number of private and public firms, mainly from the Greek side, that have moved their operations in Bulgaria as well as to many Bulgarian citizens who commute to the Greek side looking for work. Although this phenomenon has been well described in the literature, the research on understanding the actual reasons is only minimal.

Greece and Bulgaria are two countries with long and interesting financing history. Bulgaria has always been one of the one of the first investment objectives and destinations, initially for small and then for large and international Greek companies, whose gradual growth and expansion in market played an important role in the process of economic development of both countries. There is strong history coherence between the two neighboring countries, as their economic transactions, due to their regional proximity but also the multiple effects in Greek economy such as a dynamic impetus to exports, increased competitiveness and entrepreneurship, contribution to emergence of Greece to another outflow of investment capital.

In this paper, we map the entrepreneurial and investment activities between the two countries in order to better understand cross-border activities of the firms. In order to do so, we use quantitative data covering both entrepreneurial activities, such as joint ventures and the direct investments between the two countries in an effort to understand the direction, the spatial concentration and the sectoral dissemination of the entrepreneurial activities undertaken. We analyze data relevant to the existing cross border entrepreneurial activities and their orientation and both quantitative and qualitative information for the firms, joint ventures, public - private partnerships and other forms of formal collaborations.

The paper unfolds as follows: in the first section we discuss issues related to the regional profile of education and research in the cross border regions of the two countries. There we provide an overview of the regional R&D and innovation profile in the Greek and the Bulgarian side. in the third section we provide analytical information on the methodological approach of our research. We exhibit the data collected, the methods used and the analysis undertaken for our study. Finally, in the fourth section we present and analyse our findings for the case of Greece and Bulgaria. We perform both a qualitative and a quantitative analysis. Based on those results, our paper concludes with a discussion on the contribution of our research, future research suggestions and also by providing insights on such regional and organizational strategies for the internationalization and the development of bilateral collaboration between the organizations of the two countries that could them positively respond to the current economic crisis.

## **1 The Historical Perspective of Greek – Bulgarian Business Collaboration**

Bulgaria is an important trading partner for Greece, with an increasingly significant role in our country's foreign trade. The close trade relations between Greece - Bulgaria and the economic opening of Greece to Bulgaria and the Balkans in general are events that occurred in the last decades. The two countries have traditionally good trade relations. Greek – Bulgarian relations have been well established during the last 30 years. Bulgaria today is one of the most important trading partners for Greece, with an increasingly significant role in Greece's foreign trade. Based on data from the National Statistical Service of Greece from January to July 2005, the Greek - Bulgarian bilateral trade relations increased by about 30%. Greek exports during this period increased 29.5% as compared to the same period in 2004, while Bulgarian imports into Greece increased by 31.59%. Greece exports some 800 different products to Bulgaria, importing 580 products from Bulgaria. Greece holds second place among investors in Bulgaria behind Austria and ahead of Germany, over which it widened its lead. Greek investments are made in all sectors, with 40% in industry, 32% in services, 24% in trade and 4% in construction. The two countries have excellent tourism relations. Greece is Bulgaria's main source of tourists, with 300,000 arrivals in the first six months of 2005 (19.5% of the total), while Bulgarians are the second largest group of tourists visiting Greece (40,000 in the first six months of 2005 7% of the total).

Regarding the investments and the history of Greek - Bulgarian cooperation, the interest of Greek firms for entering the Bulgarian market began after the fall of communism in late 1989. The Greek companies saw the liberalization of the market in Bulgaria as an opportunity by expanding the scope of the investment action especially in areas which seemed to be saturated in Greece. The initial reluctance and hesitation of Western European companies to invest in a changing economic environment helped Greek companies how understood the region better to develop the first movers advance. The Greek business presence in Bulgaria became stronger during the early 1990s. According to Bitzenis (2006), Greek business presence can be divided into six successive periods.

The characteristics of those periods are illustrated on the following table (Table 1). More analytically, the main features of the first period, between 1992 and 1994 were both occasional activities and also the reluctance on the part of large businesses to expand locally. The second period begins from the end of 1994 (after the first crisis in Bulgaria) and lasted until the end of 1995. This period was mainly characterized by the entrance of some major Greek companies in the Bulgarian market. These firms directed their business in food products, durable consumer goods and in services, especially in the banking sector. On a smaller scale, Greek industrial activity in Bulgaria was focused on manufacturing industry, commercial activities and recreational services. In the third period, from 1996 to 1997, a significant number of the Greek companies based in Bulgaria, had in fact become effective due to the successive economic crises that had erupted in the neighboring country in 1996 and early 1997.

**Table 1: The storyline of Greek and Bulgarian Business activities**

<b>No.</b>	<b>Period - Years</b>	<b>Characteristics</b>	<b>Main Sectors</b>
1	1992 – 1994	Occasional activities and also the reluctance on the part of large businesses to expand locally	Food products, clothing and footwear and export of industrial products
2	1995 – 1995	Entrance of some major Greek companies in the Bulgarian market	Food products, durable consumer goods and in services, especially in the banking sector
3	1996 – 1997	Significant number of the Greek companies based in Bulgaria completely withdrew their businesses due to the economic crisis in Bulgaria	All sectors
4	1997 – 1998	Larger companies clearly dominated and created vertical and horizontal partnerships	Food, beverages, durable consumer goods and services
5	1998 – 2000	Acquisitions and participation in Bulgarian projects privatization	Banking sector, telecommunications
6	2001 – 2005	Bulgaria to become a reliable business destination for Greek businessmen	The increase in competition and saturation of the Greek market in specific areas turned the attention of many Greek SMEs in the region
7	2005 – 2010	The development period arrives at a maturity phase	Food, beverages, durable consumer goods and services
8	2010 - now	A mass movement of firms to Bulgaria, while at the same time we view an enlargement of the cross border transactions between the two countries	Food, beverages, durable consumer goods and services

Adapted from Bitzenis (2006).

In the fourth period, from mid 1997 until 1998, the situation improved significantly and Bulgaria tried to achieve political stability. Larger companies clearly dominated and created vertical and horizontal partnerships, focusing on production of food, beverages, durable consumer goods and services. The fifth period, from 1998 to 2000, was characterized by intense interest of major Greek banks to enter the market Bulgaria through acquisitions and participation in Bulgarian projects privatization. In the sixth period, from 2001 to 2005, the expectations for the integration of Bulgaria to the European Union before the end of the decade as well as the economic and political stability, coupled with the difficulties encountered in the Greek business environment, made Bulgaria to become a reliable business destination for Greek businessmen.

The analysis of Bitzenis (2006) ends in the year 2005. Our analysis is focused on examining the years following 2005 in order to understand the evolution of Greek and Bulgarian business activities. Our understanding shows that the seventh period, from 2005 to 2010 was characterized by a maturity in the phase of development. Many Greek firms have already established long standing relations in Bulgaria and in a variety of different sectors. During this period we see the development of the Greek business within the region of Bulgaria and the incorporation of their activities in the local conditions. Additionally, new Greek firms cross the borders in order to enlarge their market orientation and / or to achieve lower costs of production.

The eighth period begins in the year 2010 and is still open. This period is marked by the entrance of Greece into the economic and fiscal crisis. The new situation creates a totally new environment for business activities. What we now see is a mass movement of firms to Bulgaria, while at the same time we view an enlargement of the cross border transactions between the two countries. In addition the process of Greek business move to Bulgaria now takes a new perspective since we also view many Bulgarian firms that now enter the Greek market as well. Most of them enter the market not by establishing subsidiaries but instead they deliver their products in the Greek market, thus they get an advantage due to the low production costs in Bulgaria and the Greek market. This situation affects mostly the sectors of food, beverages, durable consumer goods and services. In the following table we exhibit the storyline of Greek and Bulgarian business activities. We highlight the years according to the analysis of Bitzenis (2006), and our contribution. Additionally, we present the characteristics of each period and the main sectors in which the business activities took place.

## 2 International and Cross Border Entrepreneurship

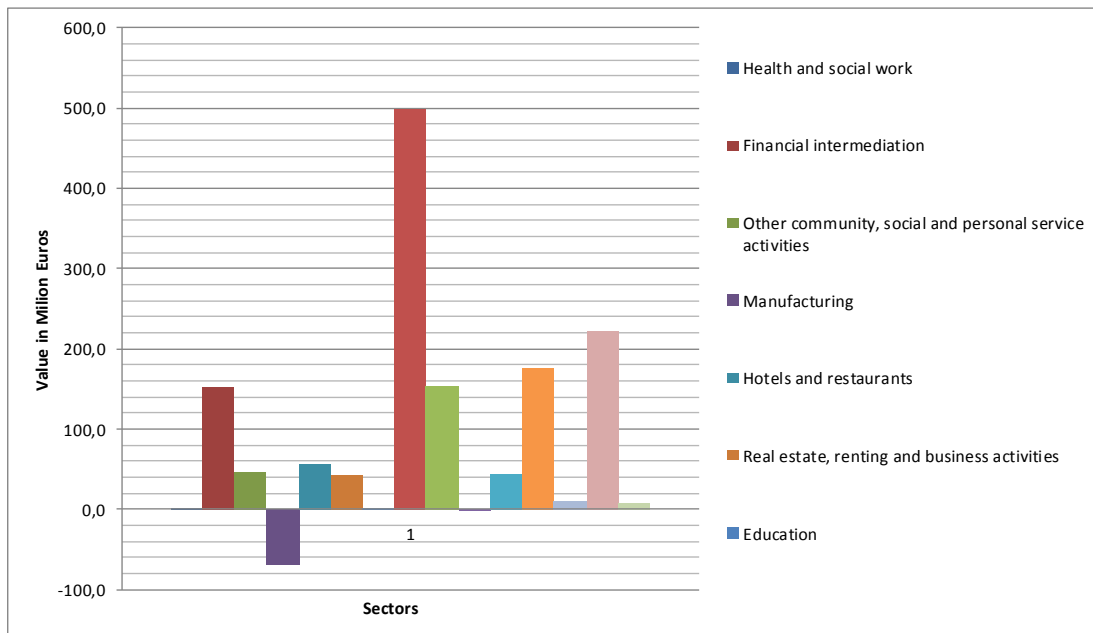
### 2.1 *The Greek Case: Crossing the Borders*

According to Bulgarian Ministry of Justice (Commercial Register), as referred to the annual report of the Embassy of Greece in Sofia – Office for Economic and Commercial Affairs (2010, p.41) the Greek registered companies with participation 5% to 100%, are 4.100. However, the number of the active ones is estimated at around 600 to 650, despite the fact that their exact number is hard to be calculated, as many of them (probably the most) are established with sole purpose the purchase of land or vehicle. Moreover, according to recent statistics of the Bulgarian National Revenue Agency, the number of the companies of Greek interests which have submitted tax declaration in 2010 was 2.072, three times higher of the data of 2006. Last but not least, the first semester of 2011, there were 800 companies of Greek interests recorded in the Bulgarian Commercial Register, and according to their estimates, by the end of 2011, the equal number establishment of Greek companies is expected.

Greek companies saw the Bulgarian market as a very good opportunity to expand the scope of their activities especially in areas where the Greek market was saturated, but also for addressing domestic and international competition. The relatively common cultural traditions and beliefs of the Greeks and the Bulgarians and the Balkan peoples in general is an important element for the social acceptance of foreign investment. Greek companies, mainly due to the lack of regional development in Bulgaria together with the lack of technical infrastructure (communication and transport networks), are forced to a large extent to settle in Sofia (70.7% rate). The centers of Greek direct investments are by order: Plovdiv (7.4%), Haskovo (2.5%) and Blagoevgrad (1.8%). According to the Bulgarian National Revenue Agency a total of 2.072 Greek owned firms submitted corporate tax information to the Bulgarian authorities for 2010, a three-fold increase compared with 2006. The highest number of Greek companies is registered in the southwestern city of Blagoevgrad – exactly 800 – or 39% of all fully Greek firms registered in Bulgaria. Another 699 are based in Sofia, 127 are registered in Plovdiv, and 58 – in Pazardzhik (data exhibit on the following table).

According to officials of the Bulgarian National Revenue Agency, the growing number of businesses from Greece move to the country is primarily due to the low taxes and the considerable recent reduction of the administrative requirements for start-up companies adopted by the Bulgarian authorities. Bulgaria currently has the lowest tax burden in the entire European Union, including flat 10% corporate and income tax rates. (Novinite.com). At the same time, other experts believe that firms from Greece are said to be drawn to moving to Bulgaria not just by the taxes, which are the lowest in the EU, but also by the macroeconomic stability, and lower labor costs, cheaper real estate properties, rents and transport services. All resources though, highlight the importance of the lower costs in Bulgaria in terms for attracting foreign investors. According to the Hellenic Business Council in Bulgaria (2011), Greek firms employ directly about 82.000 people in Bulgaria. Greek investments have increased the domestic standard of living after they have indirectly contributed to the

creation of 100,000 jobs, according to data of the Hellenic Ministry for Foreign Affairs. New job creation and growth, is a very critical factor for the social legitimacy of Greek investments activities in Bulgaria.



**Figure 1: Sectors and value of Foreign Direct Investments in Bulgaria**

Due to the economic crisis in Greece a part of Greek companies outsource their business in Bulgaria. This is confirmed by data from the Ministry of Justice - Registry of Commerce. The last two years (2010-2011) the number of new businesses with Greek participation is increasing exponentially. The Greek companies currently active on the Bulgarian market are estimated at about 4000 on 2011, according to data from the Ministry of Justice, Registry Agency ([www.brria.bg](http://www.brria.bg)). Greece still remains one of the biggest foreign investor in Bulgaria in number of companies demonstrating the strong Greek-Bulgarian relationships as to the investment sector and the wider economy.

The Bulgarian market is therefore an ideal environment for Greek investments and an important outlet for Greek firms that want to broaden their investment scope. The sector which has attracted more foreign investments the year 2011 was telecommunications. Got there, based on primary data, about 300 million euros, in a large percentage. Here are the mobile and fixed telephony, cable TV etc. The relations of Greek entrepreneurs with domestic partners are complementary and smooth since both sides have to gain from cooperation: the Greek partner contributes capital, administrative and managerial expertise while domestic partner contributes facilities, manpower, knowledge concerning the market contacts and networks. To the following graph pictures the development of the Greek direct investments in Bulgaria through 1999- 2010, according to the official data of the Bulgarian National Bank.



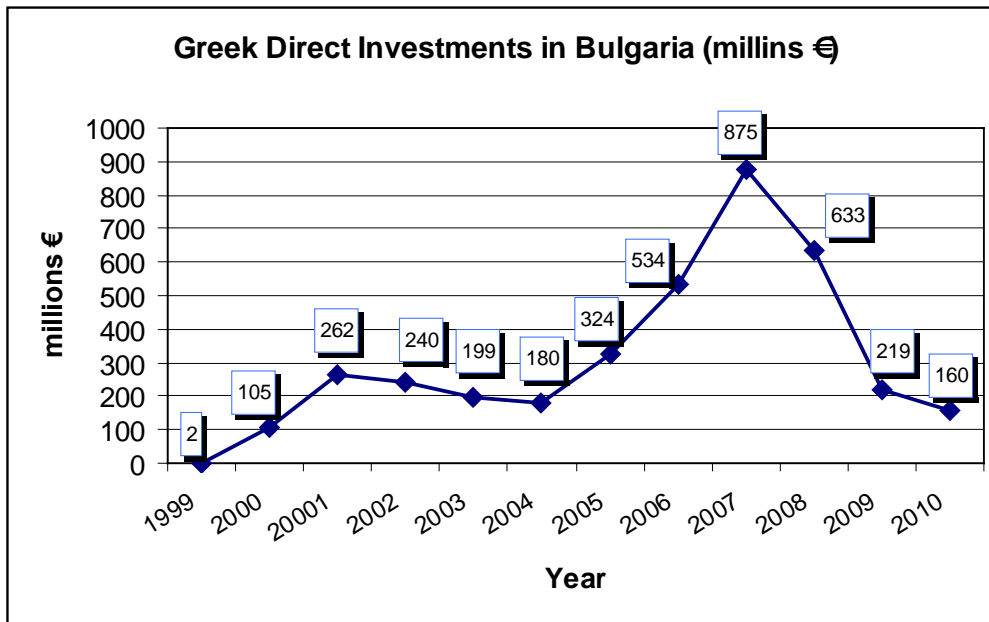


Figure 2: Greek FDIs Evolution in Bulgaria (Source: Bulgarian National Bank)

As seen from the above chart, the investment activity Greek companies in Bulgaria have seen a boost in 2000 and, after a temporary retreat during the years 2002-2004, they arrived a record level in 2007 to fall again in 2008 under the international and the Greek financial crisis. According to the National Bank of Bulgaria there is a revival of the Greek Direct Investments in Bulgaria for the first trimester of 2011 besides the financial crisis both countries face. This is of great importance as it confirms the focus of Greek companies in Bulgaria as an investment destination, while Greece holds the third place (in 2009 held forth place) to the overall ranking of foreign investors in Bulgaria right after Austria and Holland.

## 2.2 *The Bulgarian Case: Labor Mobility and Economic Immigration*

Personnel mobility and immigration are phenomena of the last fifteen years in Bulgaria. Before 1989, immigration workers were entirely controlled by the state following the course of communist ideology and government foreign policy. Until the year 1989, working abroad was allowed to Bulgarian citizens only if they went to countries of the former communist bloc and Arab countries like Libya, Syria and Iraq, countries who maintained good relations with the Bulgarian Communist Party. However, with the fall of the communism and the opening of borders the immigration wave from Bulgaria was not easy to be retained. This escape tendency was strengthened by the transient period where the Bulgarian economy was covering, abruptly passing in the economy of free market. The domestic infrastructures and the incomplete economic activity could not retain the existing population and satisfy his ambitions. As a result, the immigration of many Bulgarians in foreigner countries started, and Greece was the main one.

The first immigration wave to Greece began in 1989, immediately after the suppression of restrictions for the passports publication and conditions on the issuing visa. The second immigration wave was placed next year, in 1990. The third immigration wave began in the beginnings of 1991 and was the smaller one comparatively with the other two. However, the

major immigration wave was the years 1994 – 1995. During the period 1989 – 1991, 346.000 immigrants left, while 70.000 others were added in 1992”. From those immigrants, Greece received above the 40%. Bulgarian immigrants also went to other European countries as Italy, Germany and Spain since Greece was not the most desirable destination mainly for the lower wage of its economy.

**Table 2: First Wages of Bulgarian Personnel Mobility and Immigration to Greece**

Wage	Years - Period	Characteristics	Numbers
1 <sup>st</sup>	1989 – 1990	After the suppression of restrictions for the passports	346.000 immigrants initially and 70.000 others in 1992 left Bulgaria. Greece
2 <sup>nd</sup>	1990 – 1991	publication and conditions on the issuing visa	received above the 40% of them.
3 <sup>rd</sup>	1991 – 1993	Smaller number comparatively with the previous wage	
4 <sup>th</sup>	1994 – 1995	Major immigration	

The entrance of thousands of illegal immigrants mainly from the Balkan states afterwards 1989, forced Greek governments to proceed in their legislation with the legislative regulations in 1998 and 2001. The Bulgarian immigrants coming in the country settled in various parts, covering almost all the prefectures and the regions of Greece. This diffusion was of course expected since there is some limitation in ability to absorb labor from individual Greek labor markets. It would not be possible for about 25.000 Bulgarian immigrants to be absorbed within a short period of time from a Greek prefecture. Their distribution however was not isomeric in the all labor markets of Greece. According to statistics, the urban centers were those which attracted most Bulgarian immigrants. The choice of urban centers, as main labor markets can be explained by various socioeconomic reasons:

- Firstly, the Bulgarian immigrants who intended to remain some time in Greece and save up the largest possible amount of money, seek labor markets with high wages and these usually are the cities.
- Secondly, the urban centers provide employment opportunities to a wide range of specialties which favors immigrants who are mostly unskilled workers.
- Thirdly, in the urban centers, Bulgarian immigrants are very likely to find compatriots and relatives from which they can ask information, support and assistance in order to be organized in associations.
- Fourthly, the lifestyle of urban centers provides cultural, educational, religious opportunities, which may seek or need many Bulgarian immigrants.

The way in which Bulgarian immigrants enter the Greek market varies. However, the most usual method is through the “work offices” which with Greek employers undertake to find work to the immigrants. On the other hand, an important number of Bulgarian immigrants find work through Bulgarian friends or their relatives who are already in Greece, while few are those who find their own work or through newspapers. The majority of Bulgarian

immigrants usually offer non-skilled work in Greece. The most common occupations of immigrants from Bulgaria are domestic assistants, care of the old and baby sitters and hotel maids while a small percentage work in construction sector and industry.

**Table 3: Foreign Direct Investment in Bulgaria: FDI Flows by Economic Activity**

<b>Period</b>	<b>2011</b>
Health and social work	0,1
Financial intermediation	152,2
Other community, social and personal service activities	46
Manufacturing	-69,5
Hotels and restaurants	56,4
Real estate, renting and business activities	42,4
Education	0,1
Transport, storage and communication	498,4
Electricity, gas and water supply	153,5
Fishing	-0,2
Construction	44,4
Not allocated	175,9
Agriculture, hunting and forestry	9,5
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	223,2
Mining and quarrying	8,9
<b>TOTAL</b>	<b>1341,2</b>

### 3 Methodological Approach

In this paper, we map the entrepreneurial and investment activities between the two countries Greece and Bulgaria in order to better understand cross-border activities of the firms. In order to do so, we use quantitative data covering both entrepreneurial activities, such as joint ventures and the direct investments between the two countries in an effort to understand the direction, the spatial concentration and the sectoral dissemination of the entrepreneurial activities undertaken. We analyze data relevant to the existing cross border entrepreneurial activities and their orientation and both quantitative and qualitative information for the firms, joint ventures, public - private partnerships and other forms of formal collaborations.

#### 3.1 Data and Analysis

Data collected covers issues relevant to the existing greek-bulgarian entrepreneurial ventures operating in Bulgaria and their orientation. We use both quantitative and qualitative information for their operation, activities and their infrastructures. Since it was not possible to locate reliable data on the entrepreneurial activities of Bulgarian firms in Greece our analysis was mainly based on the use of data for the greek firms operating in Bulgaria. For that purpose, information was gathered from a variety of secondary resources and from a list of companies provided by the Embassy of the Hellenic Republic in Sofia, Bulgaria. We double checked the list of the firms of our sample since there is a suspicion that the actual number of Greek registered firms does not correspond to the number of companies operating (active). It

seems that a significant number of Greek companies exist only as a name for tax reasons or for other purposes, as to justify the ownership of real estate of other properties and do not really have any actual entrepreneurial activity in the country.

### **3.2 *Descriptive Statistics***

In our final dataset we found a total number of 529 firms. If we adopt the approach that the total amount of Greek firms operating in Bulgaria is about 800, this dataset much represent the majority (66%) of the population. Our sample includes firms operating not only in the cross border regions of Greece and Bulgaria but also in other parts of Bulgaria. In support of that, we have expanded the study in geographical context of our study in order to include all the regions Bulgaria for explicitness of information and in order to present a more thorough overview of the situation and achieve more coherent conclusions.

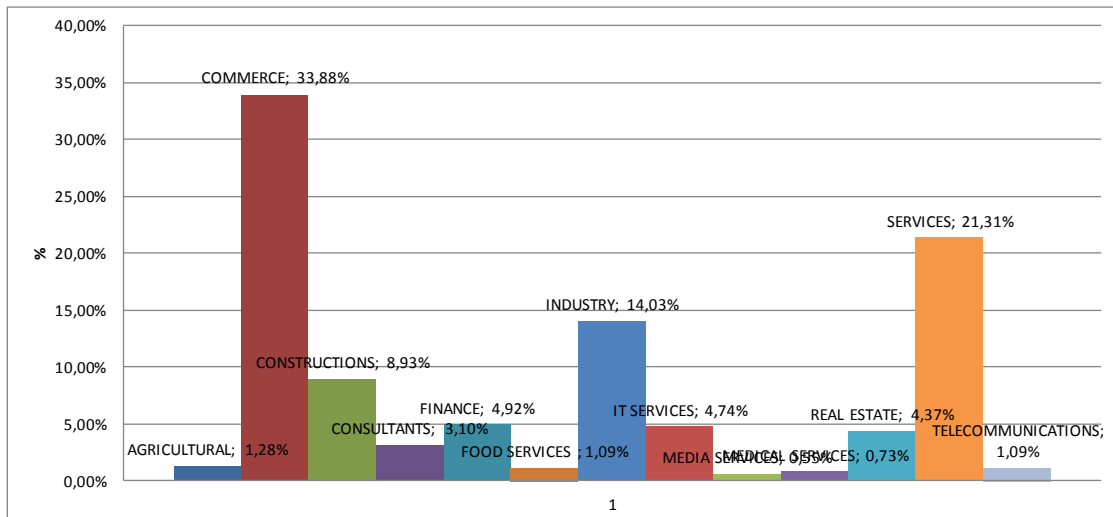
In the following paragraphs we present the results of our analysis. First, we proceed on undertaking a sectoral and then the regional analysis of the dissemination of firms in sectors and in space respectively. Following that, we checked for possible correlations between the two: the sectoral and the regional dissemination in order to understand how the entrepreneurial activities of the Greek firms are set in the geographical space of the Bulgarian Regions.

## **4 Analysis of the Results**

### **4.1 *Sectoral Analysis of the Entrepreneurial Activities***

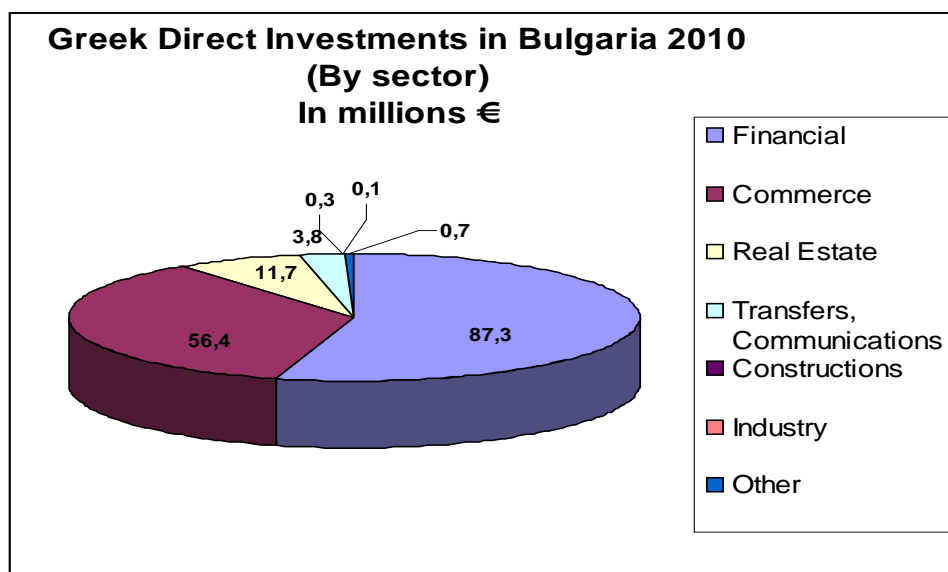
The first remark of the sectoral analysis of the entrepreneurial activities undertaken by Greek firms in Bulgaria should be that despite the dominant perception that Greek business investments in Bulgaria have a specific production orientation and are mainly, if not only, located in specific sectors, and regions, we view that Greek firms operate in a wide variety of sectors covering the whole economy. Thus, the perception that the existence of Greek firms in Bulgaria is still a result of the process of relocation of production / manufacturing activities, as it was in the past, now is not valid. Greek firms operate in all the sectors and their dissemination is probably relevant to the market opportunities found in these sectors.

As far as the results of the actual analysis are concerned, the majority of the firms of our sample are in the field of commerce (33,8%). Firms in the services sector come second (21,3%) while the industrial sector comes third (14%). This is another prove of the fact that manufacturing activities are not an important sector for the Greek firms operating in Bulgaria. Firms operating in the financial sector, the IT Services, real estate and are almost equally represented with a percentage from 5% to 4,3% respectively.



**Figure 3: Companies of Greek interest operating in Bulgaria**

The chart below shows the participation of key individual sectors of Greek investments in all Greek direct investment in Bulgaria in 2010 by sector. There is a wide dissemination of Greek investments in various sectors, with prominent the financial sector where the five banking groups: NBG, Alpha Bank, Eurobank EFG, Piraeus Bank and Emporiki Bank, represent a value almost half of the total Greek investments in Bulgaria. Although the number of firms operating in the financial sector is limited the investments taken there, account for the majority of the investments taken by Greek firms in the Bulgarian economy. We should note that Greek banks participate with 30% of the total banking assets, with 20% of total loans and above 30% in total deposits in Bulgaria. In the figure below, where we illustrate the Greek FDIs for the year 2010 by sectors, the dominance of the banking sector is obvious. In terms of value of the investments commerce comes second and real estate third.



**Figure 4: Greek Direct Investments in Bulgaria by sector, in value (million Euros)**

In the following section we shall analyse our data in terms of the spatial dissemination of the Greek firms operating in the Bulgarian regions.

#### 4.2 Regional Analysis of Entrepreneurial Activities

As far as the regional analysis of the entrepreneurial activities is concerned, the first findings of our study reveal the spatial dissemination of the firms, as shown on the following table (Table 3). The large majority of the firms are located in Sofia (69,6%). The rest of the firms are disseminated all over the rest of the country with the most important city Petrich (7,4%), a city close to the Greek – Bulgarian borders. Equally important are the cities of Blagoevgrad, Santanski and Plovdiv, all located in the southern regions of Bulgaria, while there is a number of 55 firms (10,40%) which are disseminated all over the country.

**Table 4: Spatial Dissemination of Greek Firms in Bulgaria**

City	Frequency	Percent	Cumulative Percent
Sofia	368	69,6	69,60%
Petrich	39	7,4	76,90%
Blagoevgrad	19	3,6	80,50%
Santanski	19	3,6	84,10%
Plovdiv	18	3,4	87,50%
Varna	6	1,1	88,70%
Gotse Delchev	5	0,9	89,60%
Rest of the cities	55	10,4	100%
<b>Total</b>	<b>529</b>	<b>100</b>	<b>100%</b>

The greatest accumulation of undertaking independent country origin is the capital, Sofia, and the most populated cities in Bulgaria that have better infrastructure and development as Sofia, Plovdiv, Bourgas and Varna. Although, Greek entrepreneurs, especially of the ones that operate small and medium firms - SMEs prefer the southern region of the country, especially because of the close distance from the Greek borders, as the most of the entrepreneurs are from the Northern – Eastern part of Greece (region of Central Macedonia: prefectures of Thessaloniki, Serres, and region of Eastern Macedonia; prefectures of Kavala, Komotini, Xanthi and Alexandroupolis).

Traditionally, estimates from both the Bulgarian and the Greek sides have argued that the main reasons increased preference of Bulgaria as an investment destination, by Greeks is the low taxation, the cheaper labor costs, the lower rents and transport services but simultaneously and the stable macroeconomic environment in the country. Data presented here can argue in supporting the claim that the Greek entrepreneurial activities in the region, nowadays, do not have the character of an opportunistic cross-bordering activity. The location of the majority of the firms is not a city close, not even near the borders, but instead they prefer to locate their activities in the large cities and urban agglomerations that Bulgarian firms would also operate. Thus, we can support the argument that Greek firms cross the borders in order to expand to a new market rather than to cut down labor costs.

## Conclusion and Discussion

In this paper, we mapped the entrepreneurial and investment activities between the two countries, Greece and Bulgaria to better understand cross-border activities of the firms. In order to do so, we used quantitative data covering both entrepreneurial activities between the two countries in an effort to understand the direction, the spatial concentration and the sectoral dissemination of the entrepreneurial activities undertaken. We analyze data relevant to the existing cross border entrepreneurial activities and their orientation and both quantitative and qualitative information for the firms, joint ventures, public - private partnerships and other forms of formal collaborations. Our analysis provides interesting results for the specific organizations, the conditions and targets for which they choose to cross the borders. Furthermore, our research sheds light on the competences and the competitive advantages those firms try to gain. Based on those results, our paper concludes by providing insights on the regional and organizational strategies for the internationalization and the development of bilateral collaboration between the organizations of the two countries that could contribute positively in responding to the current economic crisis in Greece.

For the current survey we managed to collect information on a sample of 529 firms of Greek origin or of Greek interests that are located and operate in the Bulgarian territory. These firms cover all the sectors and provide interesting insights on the actual structure of the Greek investments in Bulgaria. These data were used for a sectoral and regional analysis that took place in the paper. Our analysis confirms the previously mentioned information in terms of its spatial dissemination. The capital of Bulgaria, Sofia remains undeniably the most important city for the establishment of a Greek company. It is followed by the cities in the cross border regions of Greece – Bulgaria, namely, Petrich, Blagoevgrad, Santanski. Plovdiv and Varna are also major cities but quite far from the cross border region.

The first remark of the sectoral analysis of the entrepreneurial activities undertaken by Greek firms in Bulgaria should be that despite the dominant perception that greek business investments in Bulgaria have a specific production orientation and are mainly, if not only, located in specific sectors, and regions, we saw instead that Greek firms operate in a wide variety of sectors covering the whole economy. Thus, the perception that the existence of Greek firms in Bulgaria is still a result of the process of relocation of production / manufacturing activities, as it was in the past, now is not valid. Greek firms operate in all the sectors and their dissemination is probably relevant to the market opportunities found in these sectors.

In terms of the spatial dissemination of the entrepreneurial activities of Greek firms, the greatest accumulation is the capital, Sofia, and the most populated cities in Bulgaria that have better infrastructure and development as Sofia, Plovdiv, Bourgas and Varna. Traditionally, estimates from both the Bulgarian and the Greek sides have argued that the main reasons increased preference of Bulgaria as an investment destination, by Greeks is the low taxation, the cheaper labor costs, the lower rents and transport services but simultaneously and the stable macroeconomic environment in the country. Data presented here can argue in supporting the claim that the Greek entrepreneurial activities in the region, nowadays, do not

have the character of an opportunistic cross-bordering activity. The location of the majority of the firms is not a city close, not even near the borders, but instead they prefer to locate their activities in the large cities and urban agglomerations that Bulgarian firms would also operate. Thus, we can support the argument that Greek firms cross the borders in order to expand to a new market rather than to cut down labor costs. Greek firms are there to stay.

Future research should emphasize on understanding the dynamics of the Greek firms operating in Bulgaria. Within this context it would be of great interest to longitudinally examine both the spatial and the sectoral evolution of the firms over the last 20 years. Such an analysis would provide an opportunity to shed light on the transformations through which the Greek business presence in Bulgaria took, from opportunistic and cost cutting activities to permanent business development. Additionally, one should examine for possible correlations between the spatial and sectoral dimensions of the Greek firms in the country. The existence of such a statistically significant correlation could indicate an independent decision making process for the Greek entrepreneurs.



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