



## Project

### Mapping the Startup Ecosystem during the Crisis

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## “Incubated early stage startupper and their initiatives in Athens during the Crisis (2010-2016)”

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**Keywords:** demography, entrepreneurship, startupper, early stage initiatives, socio-economic indicators, drivers of success, incubators, Economic Crisis, Athens.

### Executive Summary

#### Introduction

In the years following the outbreak of the economic Crisis in Greece in 2009, a new outward looking and innovative enterprise enclave emerged. Intrigued by this development, in **2016**, we started collecting material on a ‘big’ unknown: **the ecosystem of incubated startups and with the financial assistance of two AUEB funded programs** we have constructed a **unique dataset** that specifically contains a total of **sixteen key socio-economic indicators** for the **443 early stage startupper** and their **255 initiatives**<sup>3</sup> hosted in the **seven most seminal incubators in Athens** throughout the crucial years of **2010-2016**-a period during which the economic Crisis was deepening.

Our work fills an important gap in the literature. Our substantial data base and variety of socioeconomic indicators as noted above, in addition to our: **evolutionary/annual perspective**, examination of **two important subgroups** and combination of **qualitative and quantitative methodology** allow for an in depth analysis of the early stage startup ecosystem, our purpose being to understand its drivers.

This study is indeed timely:

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<sup>3</sup> In this paper we use the terms initiative, startup, firm interchangeably.



The 2019 STARTUP HEATMAP EUROPE shows that in spite of an improving economic climate, around forty percent of startupper eventually leave the country in order to evolve entrepreneurially and this share is substantially higher than what is the case in other countries of Southern Europe. We hope to contribute towards informing the debate on policy actions necessary for a reversal of the brain drain and the further dissemination of an innovative extrovert business ecosystem which is recognized by all today as a sine qua non for a sustainable and tenable path of economic development for Greece.

Moreover, there is an interesting and diverse international literature on entrepreneurship and startups, but **for the case of Greece there are important gaps in knowledge** on the subject. We aim to fill part of this gap with our analysis which draws methodological elements from the international qualitative and quantitative literature on startups.

#### The selected Incubators

- **Acein (est. 2014)**
- **EGG (est.2013)**
- **Ekinisi Lab (est. 2014)**
- **Iqbility (est. 2013)**
- **MIT Enterprise Forum Greece (est. 2013)**
- **NBG Business Seeds (est.2010)**
- **Orange Grove (est.2013)**

#### Database Construction and Methodology

Our data base consists of 443 individual entrepreneurs and their first stage 255 incubated young enterprises (nascent ventures) and we examine in total sixteen socio-economic indicators. These indicators are divided in two groups:

The first group consists of **seven startupper/founder** specific indicators:

1. **Age**
2. **Gender**
3. **Level of education**
4. **Field(s) of education**
5. **Variety in skills**
6. **Whether the company sector is related to the founder's education**
7. **Whether the founder has experience abroad**

The second group consists of **nine startup/firm** specific indicators:

1. **Geographical Location**
2. **Business Sector**
3. **High Tech vs Low Tech in terms of Sector**



4. **High Tech vs Low Tech in terms of process of production**
5. **Whether the good offered is a Physical Product or Service**
6. **Whether the good offered is b2c or b2b**
7. **Whether the startup has customers abroad**
8. **Number of founders per startup**
9. **Whether among the founders there exist relatives**

For each of the aforementioned sixteen socioeconomic indicators we present our findings both statically (for the period as a whole, 2010-2016) and whenever possible, given data constraints dynamically (per annum). In addition to descriptive statistics we also include a **filter based selection method (univariate analysis)**.

### Findings

This ecosystem was **flexible** and responded to changing conditions over this seven year period. Incubated startupperes were on the whole **young, well educated, cosmopolitan and well rounded** (had diversity in skills). As for incubated startups they consisted largely of **advanced business activities/processes, b2c was important but b2b was also quite widespread and a little over one in ten was based abroad**.

In order to enrich our analysis, we also embrace the focus of the international literature on two key areas: the drivers of **business success** and **internationalization**. For this reason we have also created two cohorts/ subsamples of the total population of the sample.

The **first cohort** consists of the population of **survivors**: Namely, those startups that were still in existence in 2018 and we compare the findings for the sixteen socio-economic indicators of this survivor cohort with the findings for the total population of our sample.

The **second subsample** consists of the population of those **startups that had customers abroad**. This is the only firm specific indicator for early stage startups that can be used as an indicator of internationalization.

### Epilogue

At the moment, as we are preparing for our next stage of research, we would like to share certain observations resulting from these first findings from our data base analysis.

Firstly, the emergence of a novel nexus of **'visionaries'**. In Greece **traditionally** business is oriented towards the **domestic market, low technology processes and products/services**, but this ecosystem which we have observed, though small in size diverged from



this pattern ...within the sea of despair in the country and deepening deindustrialization this enclave was a breath of fresh air and an emblem of hope.

Secondly, the existence of an **entrepreneurial oriented sophisticated/well educated pool of talent in Greece** committed to high value/opportunity driven entrepreneurship that actually in part ameliorates that large brain drain during the crisis as it has formed links with neo-high knowledge emigrants abroad.

Thirdly, the **high flexibility of this ecosystem** and its ability to detect and unlock new opportunities. Following the imposition of capital controls there was a slowdown in startup births and pivoting in terms of headquarters while in the years following our period of study there was an upturn in startup births as the economic climate improved, and as a result, more than 150 startups from the selected incubators were born.

Finally, we would like to note that certain findings are informative for policy makers. Among them we would like to pinpoint the **stronger links with academia in the survival subcohort** as well as the **larger presence of female founders** in this group. Also, policy making should be informed by the fact that agricultural startups had a low survival rate and this is something the country cannot afford given the huge food deficit trade.

Regarding the **customers abroad cohort** among the most interesting findings are that **fewer startups had their headquarters in Athens**, there was a **larger presence of the 30s age group** and a **higher presence of high technology goods and processes**.

Our next step moving forward is clearly defined as we have already started data collection and discussing the methodology pivoting. We are expanding our data base so as to include incubees from all the incubators operating in Athens in the time period examined 2010-2016 (**currently 300 startups**) and we are also moving towards enhancing our quantitative methodology with a multivariate analysis.

You can find the research [here](#)