

eNdeavor
GREECE

CREATING JOBS FOR YOUTH IN GREECE

EXCLUSIVE DONOR



ΙΔΡΥΜΑ ΣΤΑΥΡΟΣ ΝΙΑΡΧΟΣ
STAVROS NIARCHOS FOUNDATION

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INTRODUCTION

This is not a happy story. But it's a story that strongly hints at an exciting sequel.

Thanks to the ability and willingness of the country's youth to clean up the current mess and build their own future, founded on extroversion, true entrepreneurial spirit and collaboration. With the support of the country's bright entrepreneurs, professionals, academics and thought leaders that are willing not to teach, but to share.

After five years of downfall, Greece seems to have hit rock bottom. The price of the country's adjustment has been devastating and will remain so for years. Greece has indeed been a special case compared to the other usual suspects of the European South.

The Greek youth, Greece's 'Generation We', has been hit the hardest, although they are the last to blame for the unsustainable path the country had followed for decades.

Young Greeks face unbelievable unemployment levels, are burdened with an unmanageable debt, are still surrounded by ineffective institutions and have been exposed to an individualistic mentality, in which transactional corruption was common.

This generation is characterized by many as the Lost Generation. Not really.

As Greece hits bottom, change will inevitably come from the bottom up.

Greece's 'Generation We' is the first that clearly separates itself from the country's past and shares more with young people around the globe than with Greece's previous generations.

Entrepreneurial, tech savvy, flexible, internationally mobile and socially active, Greek youth is not any different from other young people all over the world.

But they are definitely more equipped than the previous generation to view the crisis as an opportunity; they have the willingness to overcome the chronic resistance to change and build a new solid basis for the country to grow on.

Our collective mission is to provide them with opportunities, connect them with the ones that can inspire, and help them reach the tipping point for change.

They will then do their magic.



1 A NEW CONTEXT FOR GREEKS

The background of how Greece got into trouble is more or less familiar.

Decades of fiscal indiscipline, an introvert growth model, driven by consumption, widespread corruption and lack of transparency, a low degree of innovation and a hostile environment for entrepreneurship are only a few of the features in the economy that led to the crisis in Greece.

After five years of decline, the end of difficult times may not yet be in sight, but hopefully the worst is now over. However, the figures are devastating:

Greece lost an unbelievable 25% of its GDP in the last six years.

[Note: The whole World War II cost Western Europe and the United States ~25% of their GDP while the recently hit countries of Southern Europe (Spain, Portugal, Italy) all lost less than 6% of total output.]

Reforms have been legislated and some implemented, addressing chronic market rigidities, and succeeding in improving Greece's position in international indices, such as World Bank's Doing Business. At the same time the country went through an unforeseen fiscal adjustment to restore balance in its finances. Taxation was raised, while consumption dropped by approximately 25%. Bank financing to businesses prac-

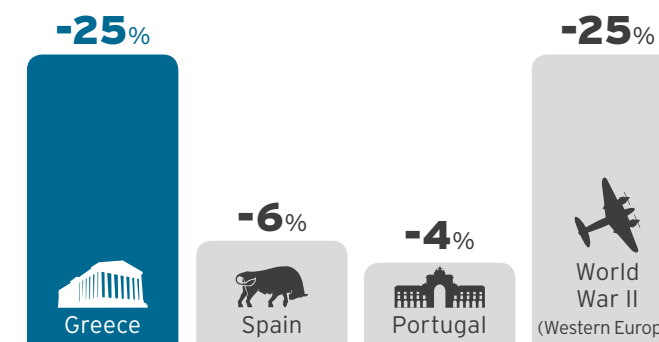
tically stopped. Activity in major sectors of the economy dropped by up to 78%. Even in tourism, despite the increase in number of international visitors, total income decreased by 36%. Government spending was aggressively cut across the board, even in sensitive areas, such as education, where public expenditure dropped by 1/3.

This internal devaluation path brought questionable results. Unit labor cost decreased by more than 20%, but prices proved to be sticky. Although they started slowly to de-escalate in 2012, it was by only a small fraction compared to the disposable income drop. The trade balance was corrected, but mainly due to the drastic drop in imports (-36%). Unfortunately, Greece - unlike Spain and Portugal - did not manage to aggressively increase its exports, which are still below pre-crisis levels.

In short, for the past five years, Greece has gone through a violent rebalancing, with seismic effects across sectors and while certain structural reforms are underway, there has been limited improvement in the economy's extroversion.

Undoubtedly, the most devastating characteristic of the Greek crisis has been the unbelievably high unemployment, affecting the entire population, and in particular the country's youth.

Unprecedented GDP reduction



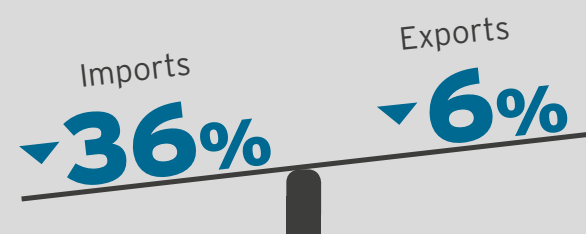
Economic activity stalled



Top in reforms but still uncompetitive

Reforms **1/20**
Competitiveness **91/148**

Trade balance improved due to imports



of new companies per year

▼25%

Unemployed

Total **▲280%** Youth <35 years old **▲200%**

Source: Hellenic Statistical Authority / Bank of Greece / Europlus Monitor / WEF

2 GREECE'S WORKFORCE IN A SNAPSHOT

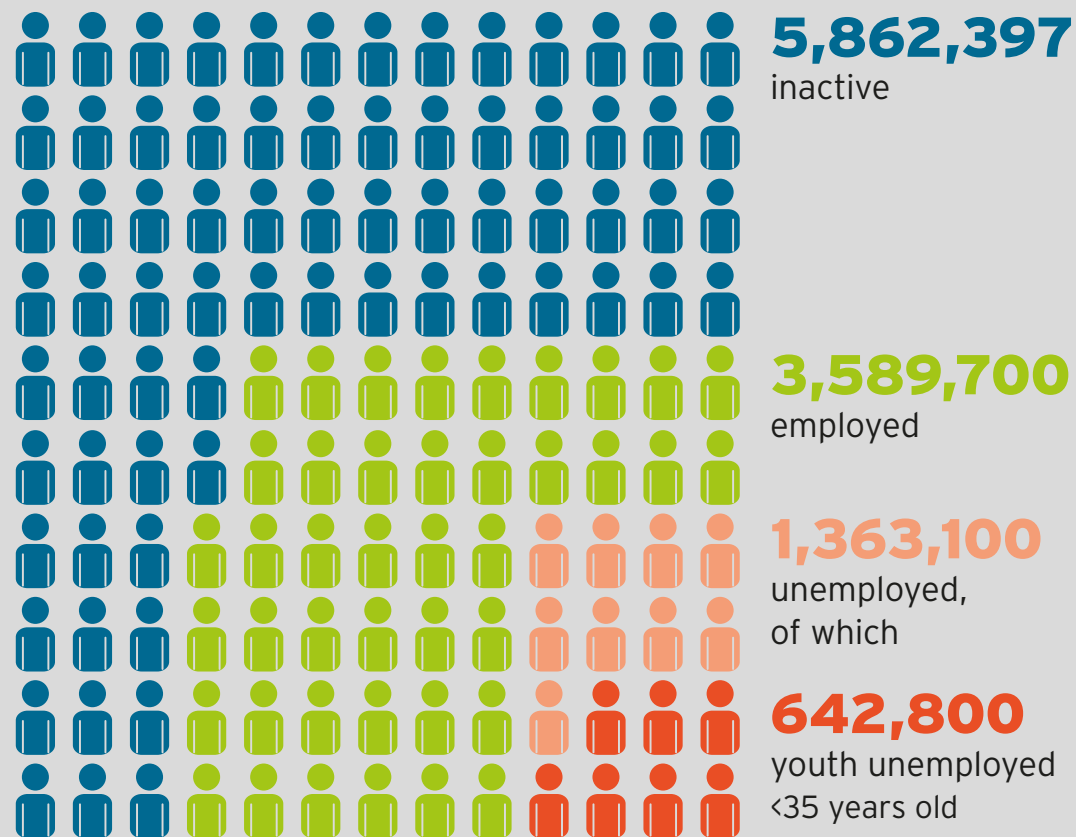
Of Greece's population of ~11 million, 55%, i.e., approximately 6 million are not actively participating in the workforce, due to their age or by choice. Of the remaining 5 million, 72% are formally employed, while 1.4 million are unemployed, 642,800 of whom are younger than 35 years old.

This distorted workforce structure creates enormous financial and social pressure on the unemployed - especially the 71% who are long-term unemployed - but also on the shrinking group of the employed which corresponds to only 33% of Greece's total population.

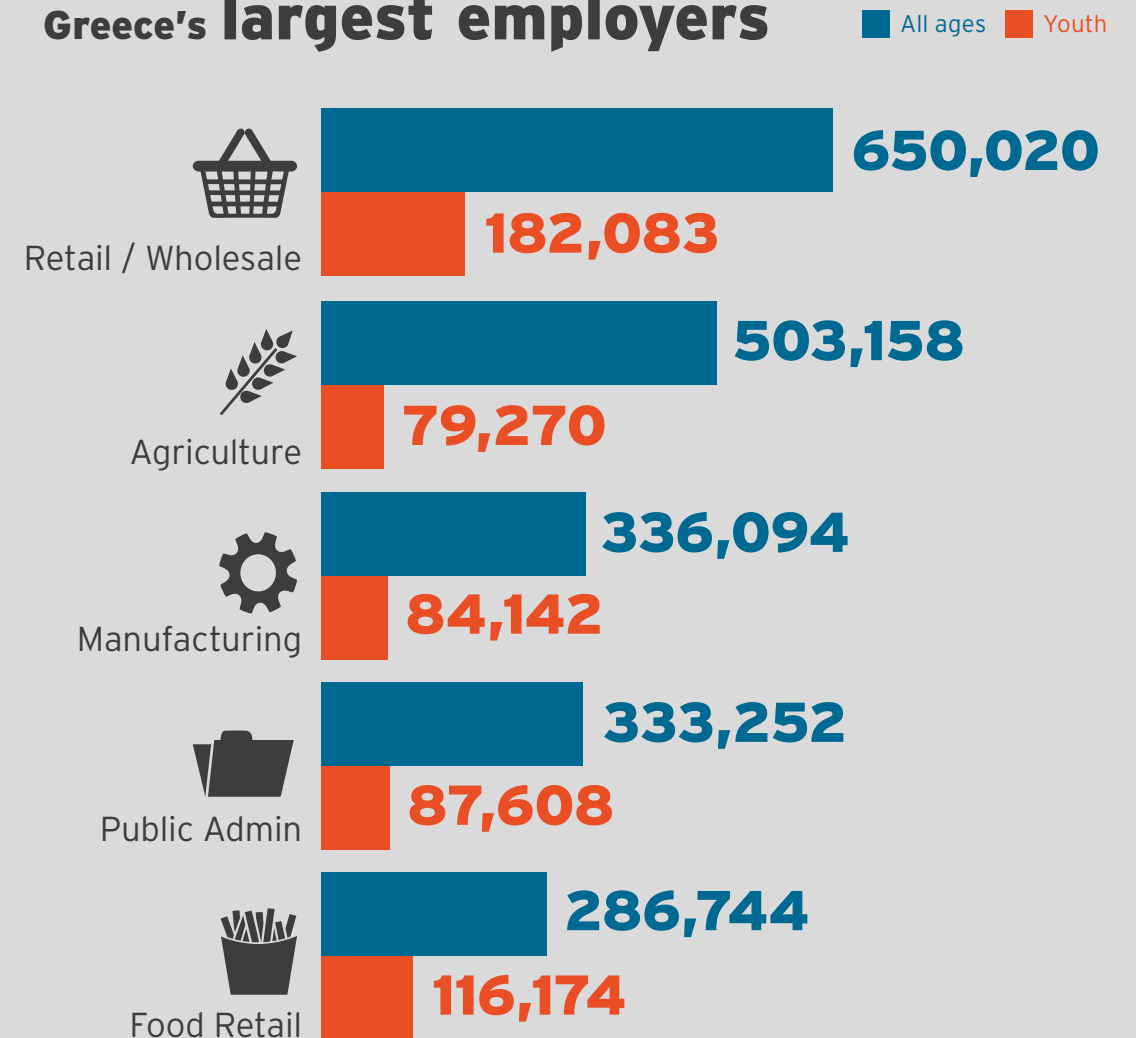
In terms of sectoral mix, the retail/wholesale sector remains the largest in employment, with 650,000 employees. Agriculture comes second, employing approximately half a million, while manufacturing and public administration each employ a workforce of 330,000. Half the employees in Greece

are employed in one of the above four sectors. Structure and concentration is similar in youth employment mix, with the exception of food retail, which is the second largest in employees younger than 35.

10.815.197 population



Greece's largest employers



200,000 Greeks employed abroad*

Source: Employment registration data in receiving countries

*Refers to post-crisis emigration only

The ten largest groups of youth unemployed

*Numbers in thousands

| PREVIOUS EXPERIENCE | EDUCATION | | | TOTAL |
|---------------------|-----------|------------|------------|------------|
| | PRIMARY | SECONDARY | TERTIARY | |
| No experience | 16 | 124 | 124 | 264 |
| Retail/Wholesale | 4 | 42 | 27 | 73 |
| Food Retail | 3 | 25 | 10 | 38 |
| Construction | 6 | 23 | 6 | 35 |
| Manufacturing | 4 | 20 | 12 | 36 |
| Public Admin | 1 | 12 | 16 | 29 |
| Education | <1 | 2 | 22 | 25 |
| Healthcare | <1 | 3 | 17 | 21 |
| Other | 13 | 46 | 63 | 122 |
| TOTAL | 49 | 297 | 297 | 643 |

265,000 in need of solid
practical experience

More than
150,000
in need of re-skilling to
shift sector

More than **60,000**
dependent
upon recovery of infrastructure works

3 ONE MILLION JOBS LOST ENTIRE SECTORS VANISHED

The sudden drop in disposable income, bank financing and government spending led to rapid job destruction. Greece has lost approximately 1 million jobs over the last six years, corresponding to ~21% of the total jobs in 2008. Many - but not all - were in sectors that were fueled by the consumption bubble of the past.

Three sectors alone account for 2/3 of the

1 million lost jobs:

1. Construction sector lost 232,000 jobs (~60% of total)
2. Non-food manufacturing sector lost 206,000 jobs (~50% of total)
3. Retail/wholesale sector lost 180,000 jobs (~20% of total)

At the same time entire areas of activities, such as real estate and textiles & fabrics lost

more than 60% of their jobs. Even accommodation, a subsector of tourism lost 17% of employment between 2008 and 2013.

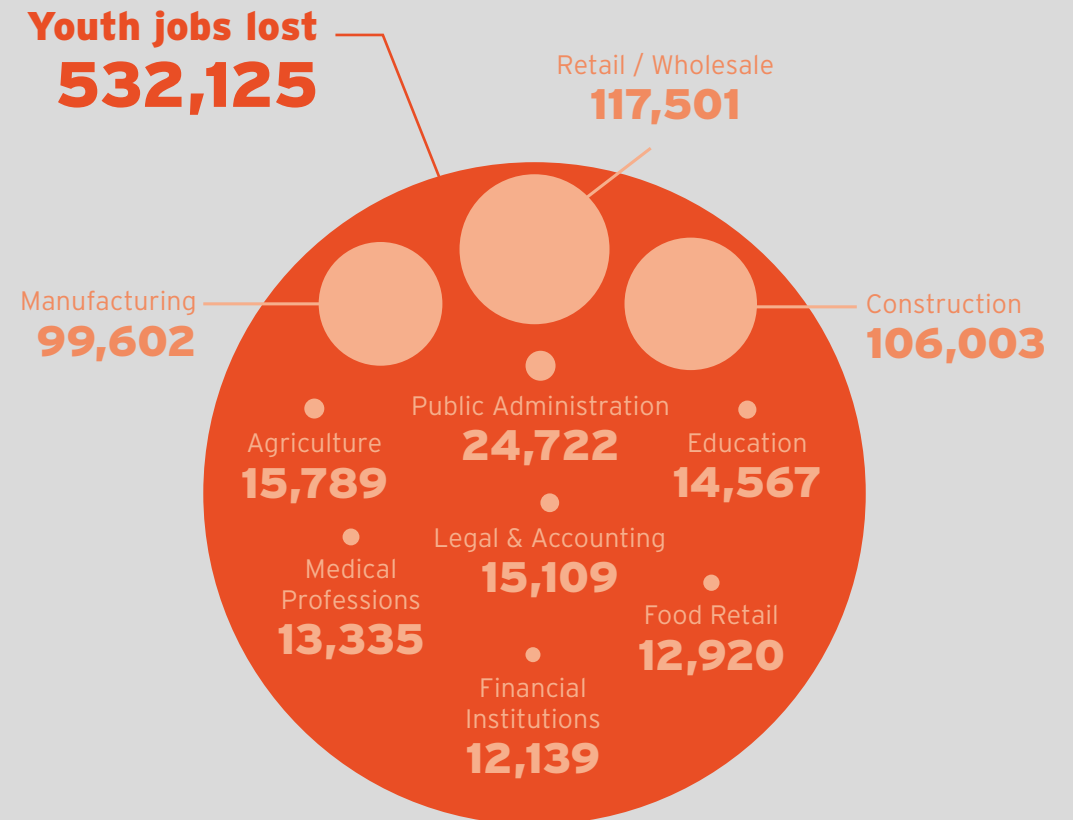
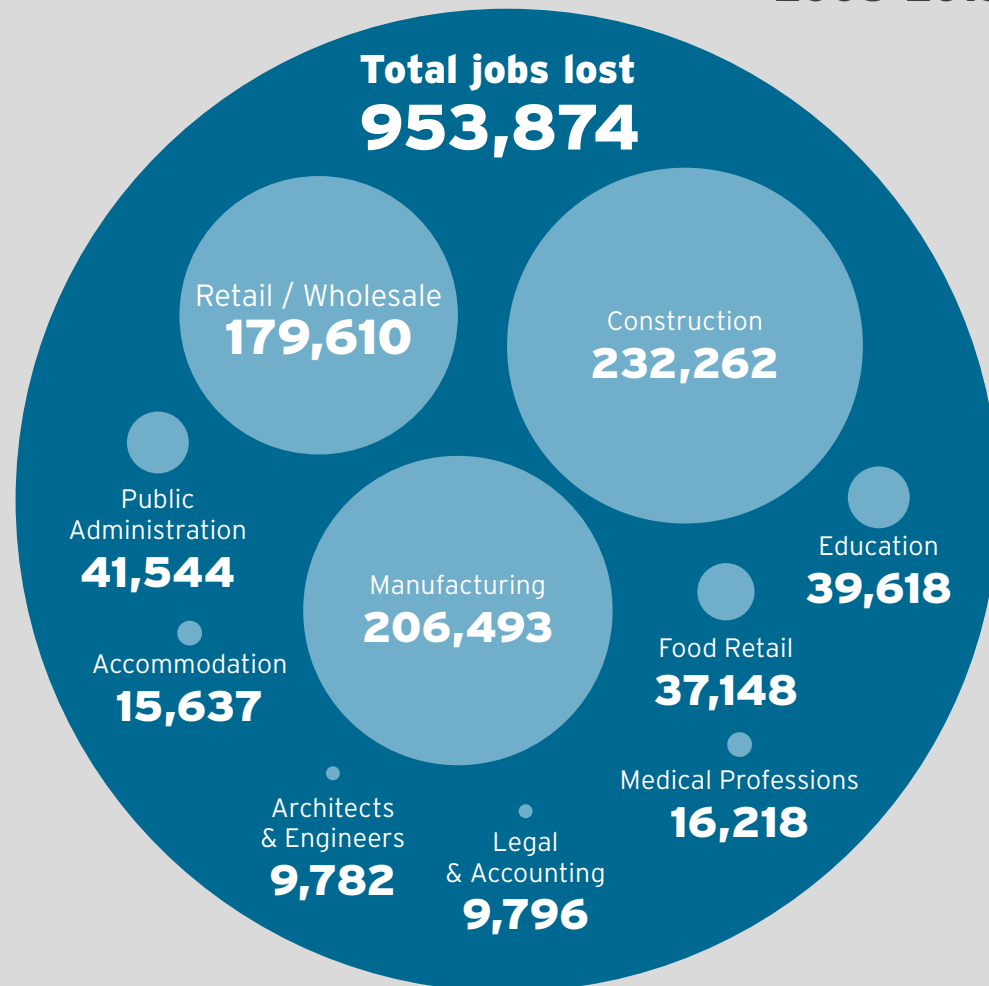
Three sectors have managed to retain and even increase employment during the turbulence of the crisis. ICT increased employment by 6%, while agricultural and food manufacturing maintained employment at 2008 levels.

Sectors that held up 2008 -2013

Numbers: Employed in thousands



Sectors that lost most jobs between 2008-2013



4 THE COLLAPSE OF THE GREEK DREAM

Young people have been disproportionately hit by unemployment. However, only half of youth unemployment is due to the economic slowdown. The other half is due to the fact that young Greeks have been outsiders in a labor market that has continued to favor insiders - even in times of crisis.

Although under 35's represent less than half of the 35+ population, the jobs lost in the youth sector correspond to 55% of the total jobs reduction. If job destruction was proportionate to the population, unemployed youth would total 400,000. Even if the unemployment rates followed the pre-crisis pattern, the figure would be 500,000. Instead, it is higher than 600,000.

To make matters worse, due to the hire freeze, entire subsectors shut down jobs for youth, while they sustained or even increased their 35+ workforce. The insider/outsider disadvantage for youth is fiercer than ever.

- **In agriculture:** the sector maintained the total number of jobs at the expense however of young people. The sector now employs ~10,000 more Greeks of an older age, but destroyed ~17,000 jobs for young Greeks. It is a myth that there has been massive job creation in primary sector for youth.
- **In food manufacturing:** the sector maintained the total number of jobs at the expense of ~7,000 youth jobs.
- **In accounting and legal professions:** the total number of employed accountants and lawyers aged 35+ increased by ~5,000 over the last 5 years. However, the number of jobs for youth in the sector dropped by ~15,000. The entire job destruction burdens

young Greeks.

- **In medical professions:** 82% of the ~16,000 lost jobs are youth jobs.
- **In the financial sector:** In the entire sector, ~9,000 jobs were lost. Youth lost ~12,000 jobs.
- **In advertising:** Almost 100% of total jobs lost were jobs previously held by youth.

Positive job creation for youth exceeding the 35+ age group was seen in three sectors only:

1. Social sector
2. ICT
3. Admin and secretarial support







In short:

More than 1 million jobs were lost. The chronic disadvantage of youth, which has translated into youth unemployment rates even higher than before the crisis, was further aggravated in the years of recession.

Greek youth not only suffered from job destruction that was due to economic slowdown. They suffered even further from the fact that they are outsiders in a labor market that favors older employees. **As a result, even in sectors that managed to retain total employment, there was still uncontrolled job loss for youth. More so, this is the case in professions that have been the traditional dream for the Greek family: lawyers, doctors, bank employees.** Youth seem to seek a way out mainly in sectors that are either underdeveloped (e.g., the social sector), or require skills only they have (e.g., ICT). If not, they are offered secretarial positions.

The fierce insider/outsider game

Net job creation 2008-2013

| Sector | Non youth | Youth |
|--|-----------|---------|
|  Agriculture | +9,600 | -16,800 |
|  Food Manufacturing | +6,100 | -7,100 |
|  Legal & Accounting | +5,300 | -15,100 |
|  Medical Professions | -2,900 | -13,300 |
|  Financial Institutions | +3,600 | -12,100 |
|  Advertising | +800 | -5,800 |

5 IS IT BRAIN DRAIN IF IT'S YOUR BRAIN?

More than 200,000 Greeks, most of them younger than 35 years old, have left the country and are currently employed abroad. This group, typically highly educated and skilled, pursues a career mainly in the EU (71% of total). Within EU, Germany and UK are the most popular career destinations, absorbing more than 50% of migrating Greeks. At the same time there seems to be a clear sectoral segmentation by country, with specific countries absorbing specific professionals (e.g., finance in UK, medicine in Germany, high-tech in US, engineering in the Middle East). Emigration figures were the highest in 2013, tripled in comparison

to pre-crisis period, and are expected to remain high in 2014 and 2015, especially since the approximately 35,000 young Greeks studying abroad decide to stay abroad to seek employment and ~46% of Greeks living in the country consider relocating.

On a macro level, this movement is a clear brain drain. On a micro level, it is all about pursuing opportunities where they are, i.e., it helps build the extrovert mentality and skills that the Greek labor market has failed to create.

Young Greek graduates and professionals leave the country to 'earn and learn'.

For their brain, drain mainly occurs within Greece. Even when abroad, these internationally mobile Greeks stay well connected with their country and families. They follow local developments and the vast majority of them would consider returning if a good opportunity presented itself or if the general environment significantly improved.

So, beyond brain drain, this trend can turn into brain circulation. Rather than preventing it, the challenge for the country is three-fold:

a. To sustain links to this new generation of international Greeks.

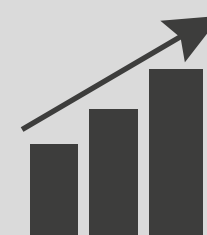
b. To create an environment for them to return to and implant their acquired skills and mindset, especially in two 'windows of opportunity': after 2-3 years of work abroad, and after 8-10 years of work abroad.

c. To retain in the country- at all costs - a critical mass of 'change agents', i.e., young professionals who are willing to explore local opportunities and become the change ambassadors for tomorrow, without being contaminated by the prevailing inertia and misery.

Brain drain or brain circulation?



200,000
Greeks employed abroad



300%
increase vs. pre-crisis



50%+
in Germany & UK



6 TOWARDS EXPORT-LED GROWTH

A. 2/3 of lost jobs are not recoverable. 640,000 will need to change sector

All growth studies that describe a new sustainable growth model for Greece allude to a radically different structure for the country's economy.

In this new structure, specific export-led sectors where Greece possesses some competitive advantage (e.g., agri/food, tourism, certain manufacturing activities, ICT, green-tech, logistics) will need to aggressively grow to replace a share of activity previously allocated to other sectors.

Assuming that the required reforms for such a large-scale change are indeed legislated and implemented, this reasonable growth agenda would have some obvious and radical consequences in the structure of the job market. These consequences are systematically underestimated.

As the country shifts to a different sector mix, the workforce will need to move between sectors, develop new skills and relocate.

We estimate that of the million jobs lost, 640,000 cannot be recovered within the same sectors even over a period of ten years.

These jobs used to be found in sectors that were fueled by an unsustainable boom, e.g., in retail or construction, but have now crashed and are not expected to recover soon to pre-crisis levels. As a result of this partial recovery of activity, a large number of previous employees of the sector will have to seek opportunities in other sectors when they are created.

Again, we estimate this number will be 640,000.

B. 500,000 residents of Athens and Thessaloniki will need to relocate

There is no doubt that Greece should further develop the tourism and agricultural sectors over the next year. It makes sense.

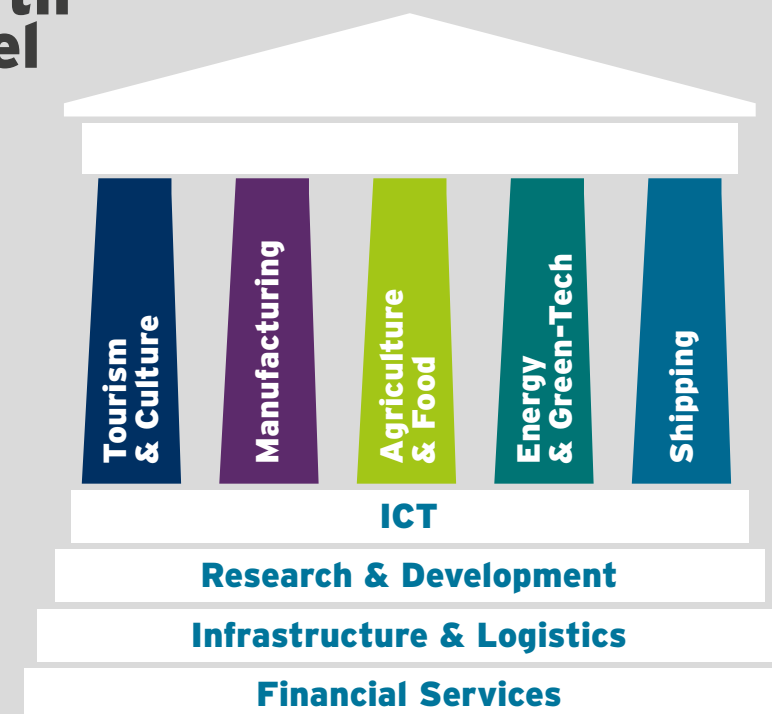
To do so, there needs to be a significant shift from urban centers to Greece's periphery in order to boost activity and employment in the respective sectors. Contrary to what is believed, there still has not been a massive movement out of cities like Athens and

Thessaloniki towards the Greek periphery.

To date, these internal movements are estimated at only a few thousand.

Based on the optimistic growth estimates and the sectoral shifts described above, the required population relocation out of the large urban centers is estimated at over half a million.

Greece's aspired growth model



2/3 of lost jobs are not recoverable



640,000 will need to shift sector



500,000 will need to relocate

7

WHO WILL CREATE THE NEW JOBS? A CLEAR EMPLOYER GAP

All job creation before the crisis was attributed to SMEs. In absolute terms it was actually led by micro companies (<9 employees) that grew horizontally, i.e., grew in number, not in size. In the years before the crisis, the total number of companies kept increasing, with each company steadily employing an average of 1.8 employees. These companies mainly addressed local consumption needs, as a self-employment solution that does not create employment for others and apparently lacking the required structure to offer proper employee development or address an international audience.

On the other hand, although large companies in Greece may have created decent organizational and operational structures, they have been - on the whole - net job destructors even during the 'good' pre-crisis

times. Only 22% exhibited positive employment growth between 2002 and 2009, which however was not enough to counterbalance the total job destruction from the rest. Obviously, the crisis disproportionately hit the smaller companies, which lost a significantly higher share of employees compared to the larger ones.

In addition, the quality of employment as described by employees, and especially youth, is disappointing:

More than 70% of youth believe that employers do not invest in coaching or training their employees, that there are no career prospects or development path and that there is a clear mismatch between their role and qualifications. Dissatisfaction is even higher as far as compensation is concerned.

It is important to note that company size appears to be largely correlated with employee happiness. The smaller the company, the lower the satisfaction across areas, driven by the lack of appropriate structure and policies for employee development, reward schemes and role allocation.

Clearly, the aspired export-led growth and the required transformation of problematic sectors of economic activity cannot be supported (let alone be led) by companies that lack appropriate size, focus, and the required organizational, operational or financial structure. Similarly, the vast majority of large companies cannot lead job creation either, since they failed to do so even during the happy times of the past.

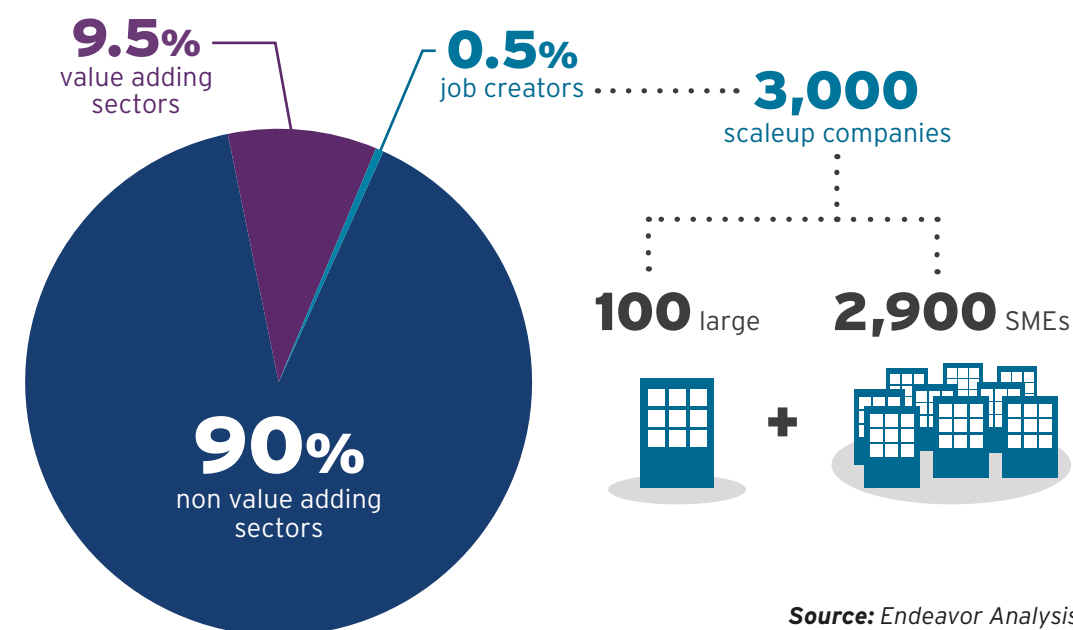
In short, of the existing companies in Greece, 99.5% cannot support massive job creation, let alone youth job creation in the years to come.

So who can create jobs?

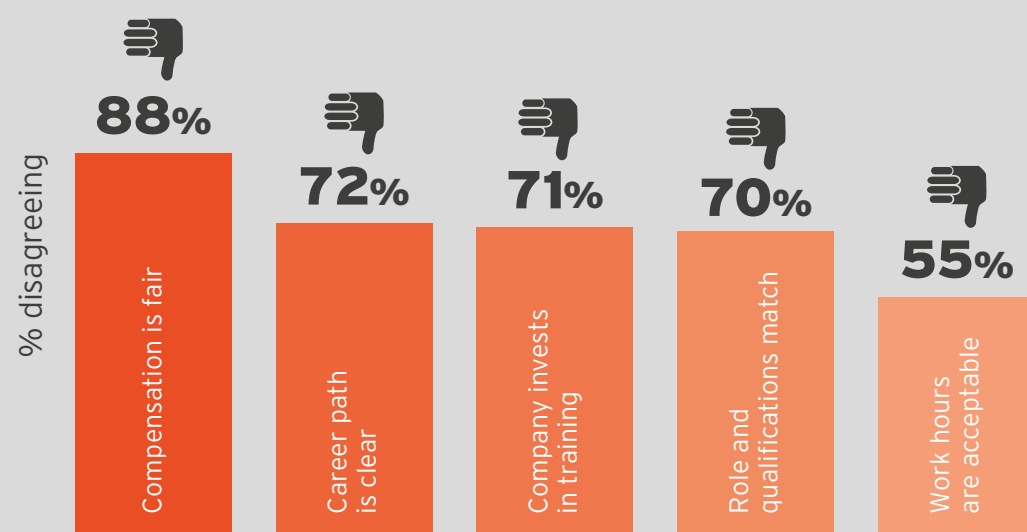
There is a very small minority of 0.5%, corresponding to 3,000 existing high-growth companies of various sizes which have the fundamentals to rapidly grow and absorb significant shares of the unemployed.

Out of these 3,000 high-growth companies, ~2,900 are currently micro, small or medium, and ~100 are large. All of them are in an aggressive scale-up mode, expanding their operations, transforming their sectors and typically addressing international markets.

Current companies cannot support job creation



Low quality of employment



Source: QED Research

Source: Endeavor Analysis

However, all these 3,000 companies combined cannot create the missing one million jobs or 600,000 youth jobs. They can collectively create up to 200,000 new jobs, 100,000 of which for youth both directly and indirectly. 80% of these jobs are expected to be created not by large companies, but by SMEs scaling up.

This leaves a substantial 80% of new jobs (85% of youth jobs) that need to be created by new companies.

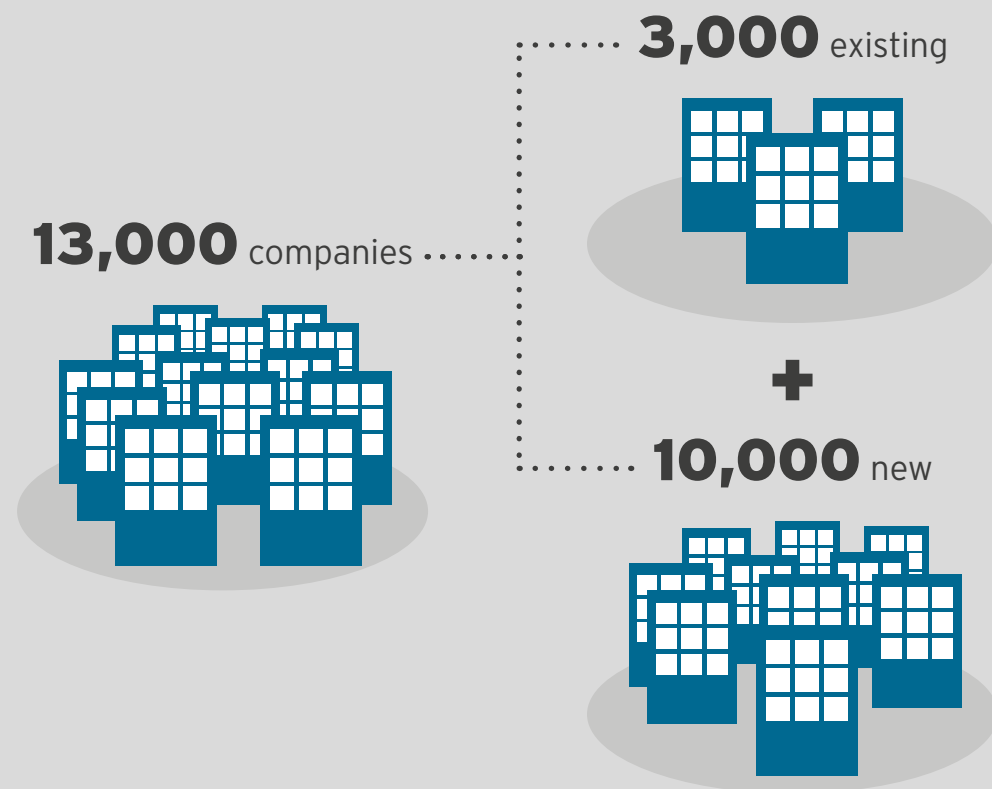
To cover this gap, Greece needs 10,000 new high-growth companies, which will rapidly grow to reach a critical size of ~50 employees each. Along with the 3,000 existing high-

growth companies, this group of entrepreneurs will transform Greece's economy, labor market and society and restore unemployment to sustainable levels.

employee satisfaction improves. It is the transition stage from micro/small to medium and beyond. That is the area on which Greece should primarily focus.

This is the 'sweet spot' where growth becomes exponential, job creation increases, appropriate structures are put in place and

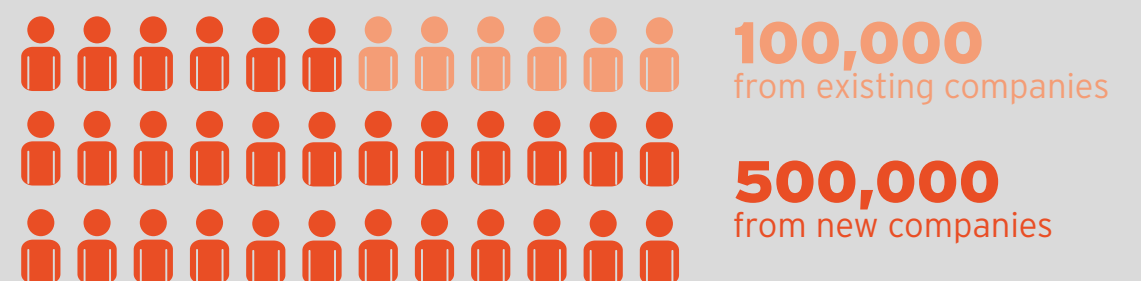
10,000 new high-growth companies will drive job creation



1,000,000 new jobs



600,000 new youth jobs



8 10,000 NEW HIGH-GROWTH COMPANIES? IS THIS POSSIBLE?

Yes. It is more a matter of how long it will take, which will be determined by the prevailing environment for company launch and scale-up.

Today, ~40,000 new companies are established every year in Greece. However, only 10% (4,000) focus on relevant sectors and less than 400 demonstrate higher probability for growth. Only 40 are truly high-impact. Based on today's pattern, it will take Greece

approximately 20 years to create the number of high-growth companies needed to transform its economy and bring down unemployment.

Obviously, 20 years is too long. So, what would it take to create the necessary number of high-growth companies within seven years?

a. We do not need more new companies every year: The existing number of 40,000 new

companies every year is already high for Greece's size.

b. We need tripling of the share of companies focusing on high value adding sectors: This figure - currently standing at 10% - needs to triple to a decent 30% within 2 years maximum. 30% may still sound low, but this shift represents a major change in the mindset that has been dominant for decades.

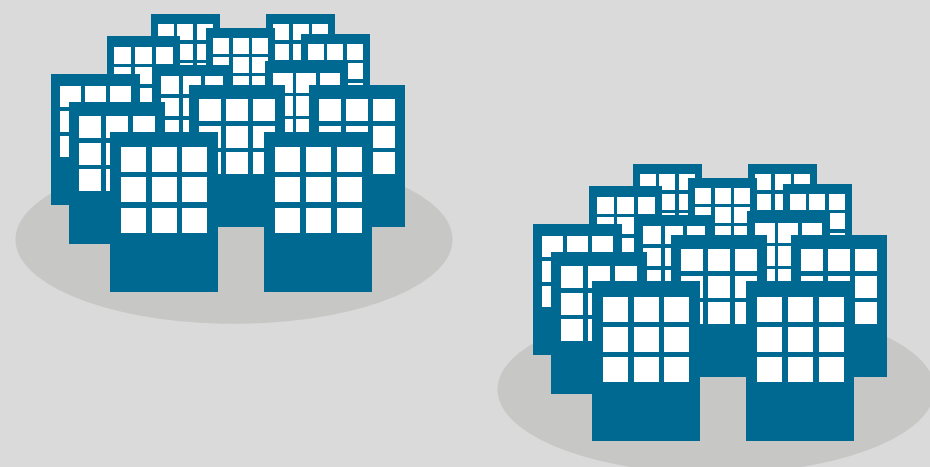
c. We need doubling of their success rate:

Currently, this probability is around 10% and needs to increase to 20% within 2 years maximum.

Creating the change described above will allow Greece to create a total of 10,000 new high-growth firms of medium size, which in combination with the existing 3,000 high-growth companies can create 1 million new jobs within seven years.

Creating 10,000 new high-growth companies in 7 years

Same number of new companies **per year**
(~40,000)



3x focus on **value-adding sectors**
(from 10% to 30%)

2x **success rate**
(from 10% to 20%)



WE NEED START-UPS TO CREATE SCALE-UPS

There is currently a booming start-up community in Greece.

The number of new startups has increased 9 times since 2010 and this figure almost doubles every year. With the support of recently established funds and more than 60 supporting institutions, Greek startups will play a critical role in the country's effort to establish sustainable growth.

It should be made clear: Greece needs startups. Not only to create jobs. More so, to create role models that will inspire others to create more startups that will eventually lead to more scale-ups. More scale-ups should be the end-goal, since they will drive job creation across sectors in the years to come.

The total number of startups in Greece is of course very low compared to the daunting figure of 10,000 new high-growth companies and 1 million new jobs needed. The gap is even bigger, given that only a fraction of startups are really high-impact, plus they are overly geared towards specific sectors (e.g., ICT).

But that is fine.

We should not burden these early startups with the responsibility to create hundreds of thousands of jobs today. Instead, we should leverage them in order to:

- a. Change the perception of entrepreneurship and create healthy role models for the larger masses of Greeks, especially Greek youth.**
- b. Enforce innovation, extroversion and collaboration as a key pre-requisite for business success.**
- c. Create true success stories, that will drive - if not job creation - transformation of their sectors.**

There is huge pressure and publicity surrounding Greek startups, both nationally and internationally. Recently, public money has been invested in the country's emerging ecosystem, plus there has been an increase in the number of 'mentors' and 'experts'. There is a clear risk of missing pure business focus for the 'local star' syndrome. Therefore, support to Greece's emerging entre-

preneurs should be provided with care, in a targeted way and calibrated to serve true business expansion needs.

We need more and better startups.

New entrepreneurial activity and corresponding support should expand, in order to:

- a. Cover the entire set of sectors where Greece holds some competitive advantage, i.e., beyond ICT that is currently the main focus.**
- b. Cover not only early stage startups or business ideas, but also more mature companies in their scale-up phase.**
- c. Reach not only young graduates, but also the more seasoned professionals that seem to have higher success rates.**

By sustaining the current increase in the number of startups, calibrating their sectoral focus and pulling in more experienced professionals in the entrepreneurial journey, Greece can achieve the required number and quality of new entrepreneurial ventures.

However, more startups is only the first part

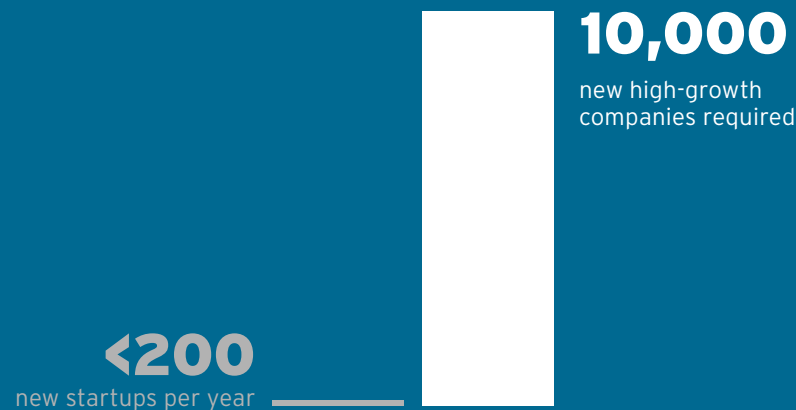
of the journey. Actually, it is the piece of the puzzle where Greece seems to be performing relatively well, also with the business startup procedures significantly improved over the last years on the regulatory front as well.

The most important piece that is directly linked to job creation and economic growth is the scale-up factor. I.e., how the high-potential companies (startups or not) can actually scale-up their operations and create a large number of jobs within the country.

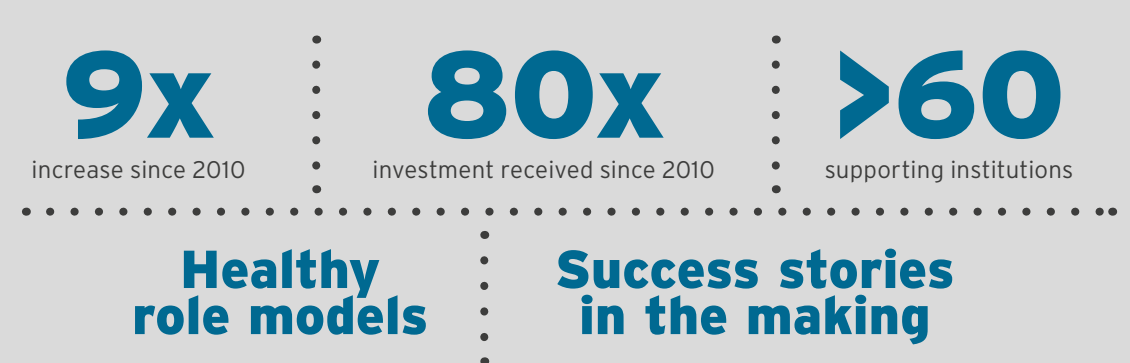
This is still a painful area for Greek entrepreneurs and involves the already known set of regulatory, licensing, market or financial barriers that need to be overcome for a company to sustain revenue and employment growth.

In short, startups are not the end objective. They are in great part the means for achieving the ultimate objective which involves changing mentalities and creating more scale-up companies, which in turn drive the long-needed creation of jobs.

Startups still not sufficient to address job gap



But they are critical in establishing a new growth era



10 YOUTH AT THE WHEEL

Both youth and general unemployment should not be viewed solely as an input to Greece's aspired growth model. It is mainly an output of the failed growth model of the past. Therefore, the key question should not be: 'There are 640,000 unemployed young people, what should we do with them?'. Instead it should be: What role will youth play in leading sustainable growth for the country?'

In this context, youth need to lead - and not follow - the transformation of Greece, in a dual role.

- a. As entrepreneurs that already lead or will create some of the country's high-growth companies
- b. As high-potential employees that will become the engine for growth

Are Greek youth ready, capable and willing to assume such a leadership role?

The Greek State and society have done very little to infuse extroversion, creativity and collaboration into the country's younger generations. However, Greek youth demonstrate an inherent flexibility, mobility and willingness to drive change.

And they will do so.

For decades, Greece has done extremely little to provide youth with decent quality education, job market readiness or even broader well-being. International statistics demolish the perception of a cohesive society although - in theory - solidarity, especially towards youth, has always been the case. The crisis has aggravated longstanding problems across many areas within Greek society.

Reality #1: Greek youth are not over-educated and are not offered proper quality of education; bright exceptions increasingly emerge

It is a myth that Greeks are in general more educated than their counterparts in EU or OECD: In fact a lower proportion of youth attain tertiary education with a large number not even attending high school.

On the contrary, it is true that as a whole, the Greek education system is ineffective and ranks last in Europe: Primary and secondary education results are miserable, with the average Greek student scoring less than the OECD average in basic skills (reading, math, science); the average quality of tertiary education institutions is also considerably low and further deteriorating.

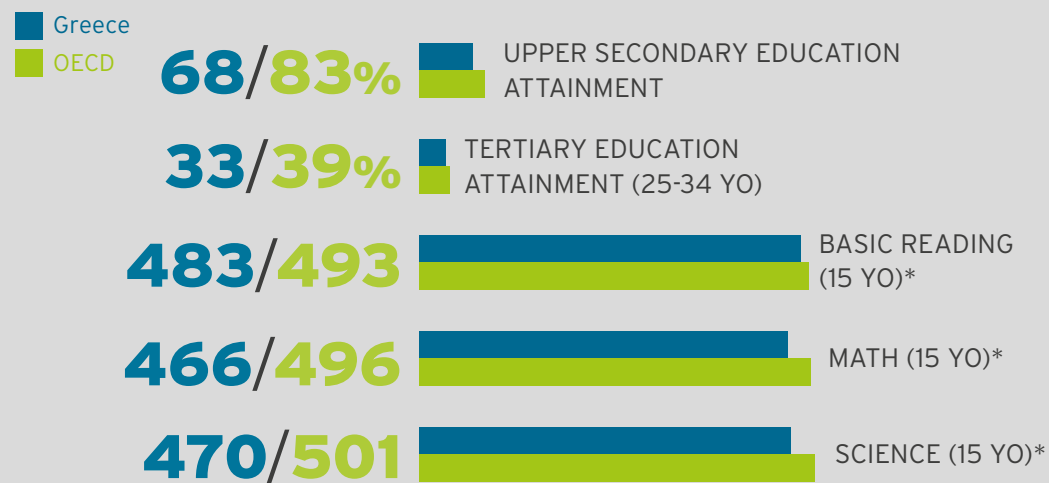
On the positive side, there are increasingly some bright examples of academics that are sources of inspiration and university efforts that teach entrepreneurship and bring education closer to the job market.

Reality #2: Education and employment preferences do not follow job market trends

The most popular tertiary education specializations are the ones that have been hit the hardest by the crisis and often lead to higher unemployment rates upon graduation. For example medical, or law schools are still the most popular (based on admission grade), but they correspond to extremely unfavorable areas of employment. Unfortunately, this sticky preference to specific education areas is typically not a result of personal passion, but mainly a social stereotype, enforced by family perceptions.

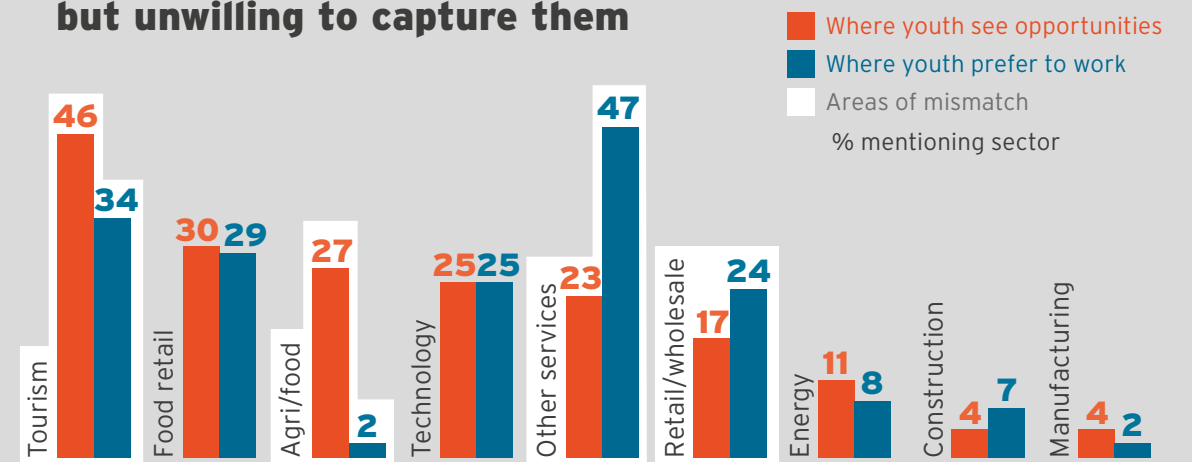
At the same time, 78% of employers report specific areas where they cannot find sufficient talent. **However, there does not seem to be a widespread employee skill gap, which in any case seems to be significantly lower than the employment gap described above.**

Reality #1 Greeks are not properly educated



* pisa 2012 results

Reality #2 Seeing opportunities but unwilling to capture them



Source: QED Research

Reality #3: Greek youth are ill prepared for job market

More than 80% of both youth and employers believe that the Greek education system does not provide adequate guidance of preparation for the Greek market. At the same time, Greek employers experience as a major weakness in candidate employees.

On the other hand, 87% of open job positions require at least 2 years of practical experience.



So how does a young graduate attain the required experience?

Theoretically, one way would be internships. Young Greeks believe in them as a tool that will increase their chances to find a job. However, 75% of them have never participated in an internship program. To make matters worse, the way internships are structured

today does not seem to significantly increase chances to secure employment. Job placement is overall the same for people with and without internships on their CV.

Reality #4: Employment support programs are unknown and un-leveraged

78% of young Greeks have little or no knowledge of public programs for employment support. Surprisingly, the percentage is similar even when the unemployed are asked. Similarly, less than 35% of high-impact employers seem to have made use of such programs.

Less than 7% of employees tend to search for a job through the Manpower Employment Organization (OAED) and less than 5% of quality employers leverage the OAED channel to recruit quality candidates.

Reality #5: Employment with no proper role, development or compensation

Even the few young Greeks who manage to get a job, come across the realities of the local market. As discussed, a disappointingly high share of employed youth maintain that their role does not match their skills, that they receive no formal or informal development opportunities and that their compensation is unsustainably low. It is important to note that working long hours is not the major concern of young Greeks but rather the lack of quality employment depicted by development opportunities, role assignment and reward.

Reality #6: Greek youth feel disconnected from Greece's previous governments and generations which they consider responsible for unemployment

A small share of youth (7%) believes that youth themselves are responsible for being unemployed. 16% believe that foreign

governments bear the responsibility. 74% believe that Greece's past governments and generations are the ones responsible. Greece's 'Generation We' is the first to soberly draw a defining line, separating themselves from the country's past and having more in common with young people around the globe than with the country's previous generations.



Employers' opinion

What are the most significant competitive advantages of Greece as an investment destination?



Despite the complete lack of a support system that nurtures high-impact citizens, Greek youth are:

- a. Domestically and internationally mobile:** More than 55% are willing to relocate within Greece in pursuit of a promising job opportunity; almost half are willing to move abroad.
- b. Private-sector focused:** More than 60% would prefer a job in the private rather than in the public sector, even if compensation was equal.
- c. Entrepreneurial:** Despite the fact that more than 70% of youth believe that the business environment in Greece is nega-

tive in all aspects (transparency, financing, bureaucracy), more than 50% are interested in exploring and pursuing entrepreneurship opportunities.

- d. Aware of opportunities:** Young Greeks understand that Greece's main competitive advantages rest in productive sectors. They assess tourism, agri/food and technology within the top-5 sectors that are attractive for new entrepreneurial ventures. On the downside, food outlets and retail are also considered attractive, as they are still believed to be a source of 'easy money'.

e. International citizens: More than 85% are regular internet and social media users and consider themselves global rather than national citizens.

f. Optimistic and positive: More than 55% of youth believe that things can and will become better for them in the next 2 years. The figure increases to 70% for the 5-year projection.

Based on their combined flexibility/mobi-

lity, entrepreneurial readiness and drive for change, we see five distinct groups of Greek youth.

1. The 'change ambassadors': 9% of Greek youth are flexible to relocate, willing to pursue entrepreneurial activity, properly aware of opportunities and optimistic about their future.

2. The 'skeptical': 6% of Greek youth are flexible, mobile and entrepreneurial, but

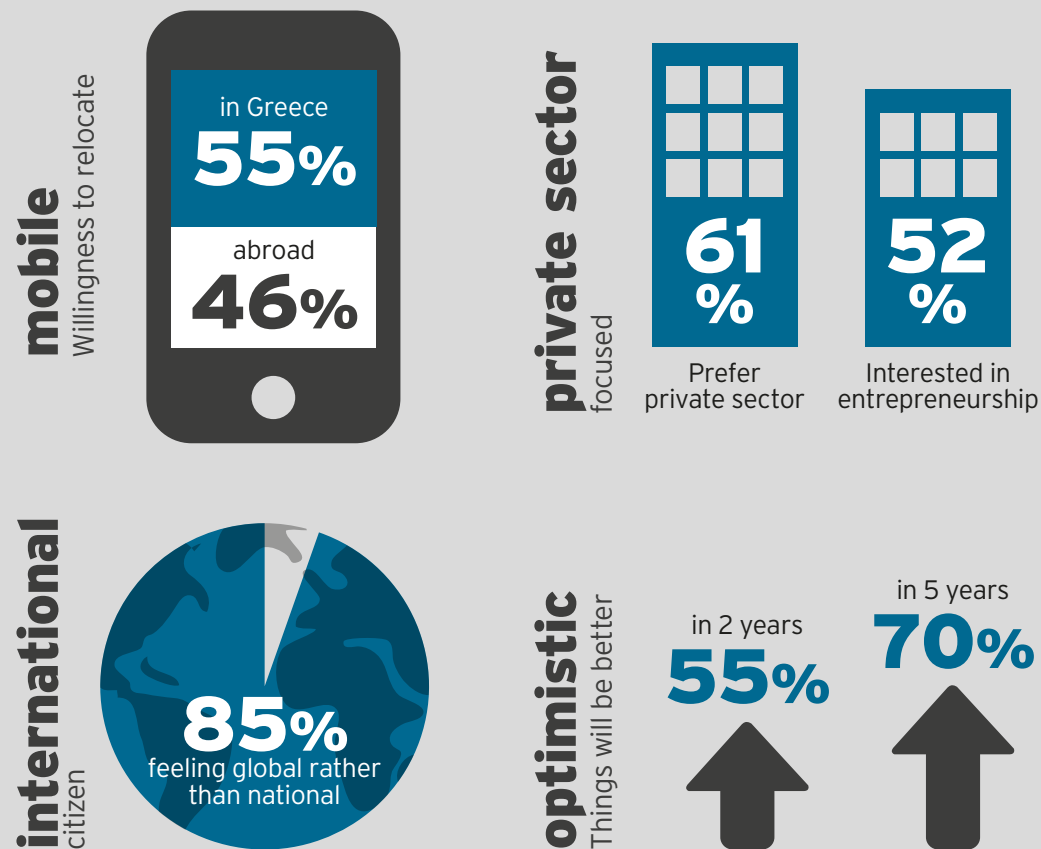
do not feel optimistic.

3. The 'settled': 12% of youth feel happy with the way they are, and are not willing to move around or pursue new opportunities.

4. The 'disappointed': 10% of the youth population feel pessimistic about the future, and at the same time are unwilling to pursue alternative employment or entrepreneurship options.

5. The 'willing': 65% of Greek youth are flexible and willing to pursue employment in various locations, or explore an entrepreneurial venture, but are not aware of the proper growth opportunities or value adding sectors that could be relevant to them.

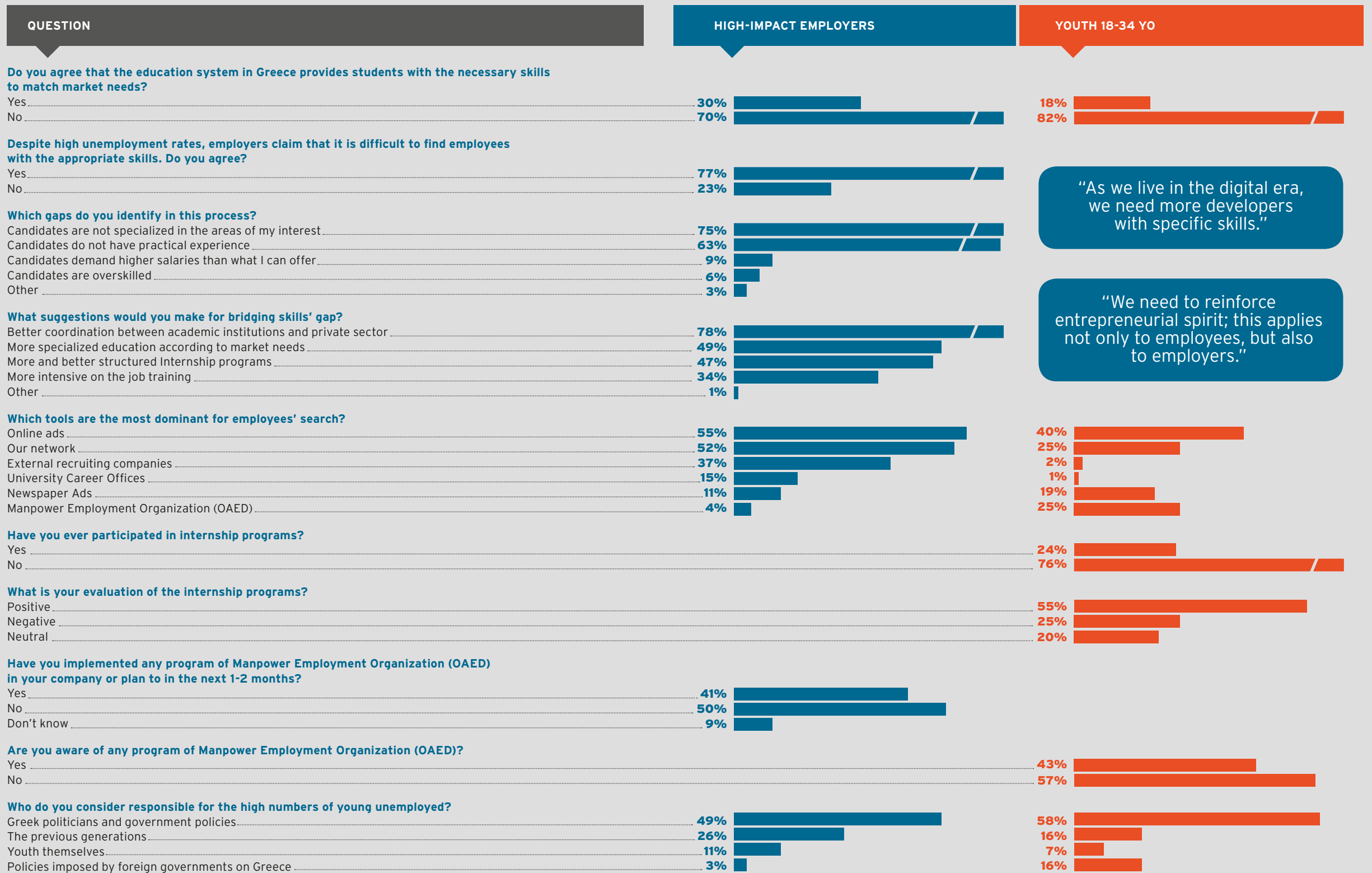
The Promising Greek youth



Five Groups of Greek youth

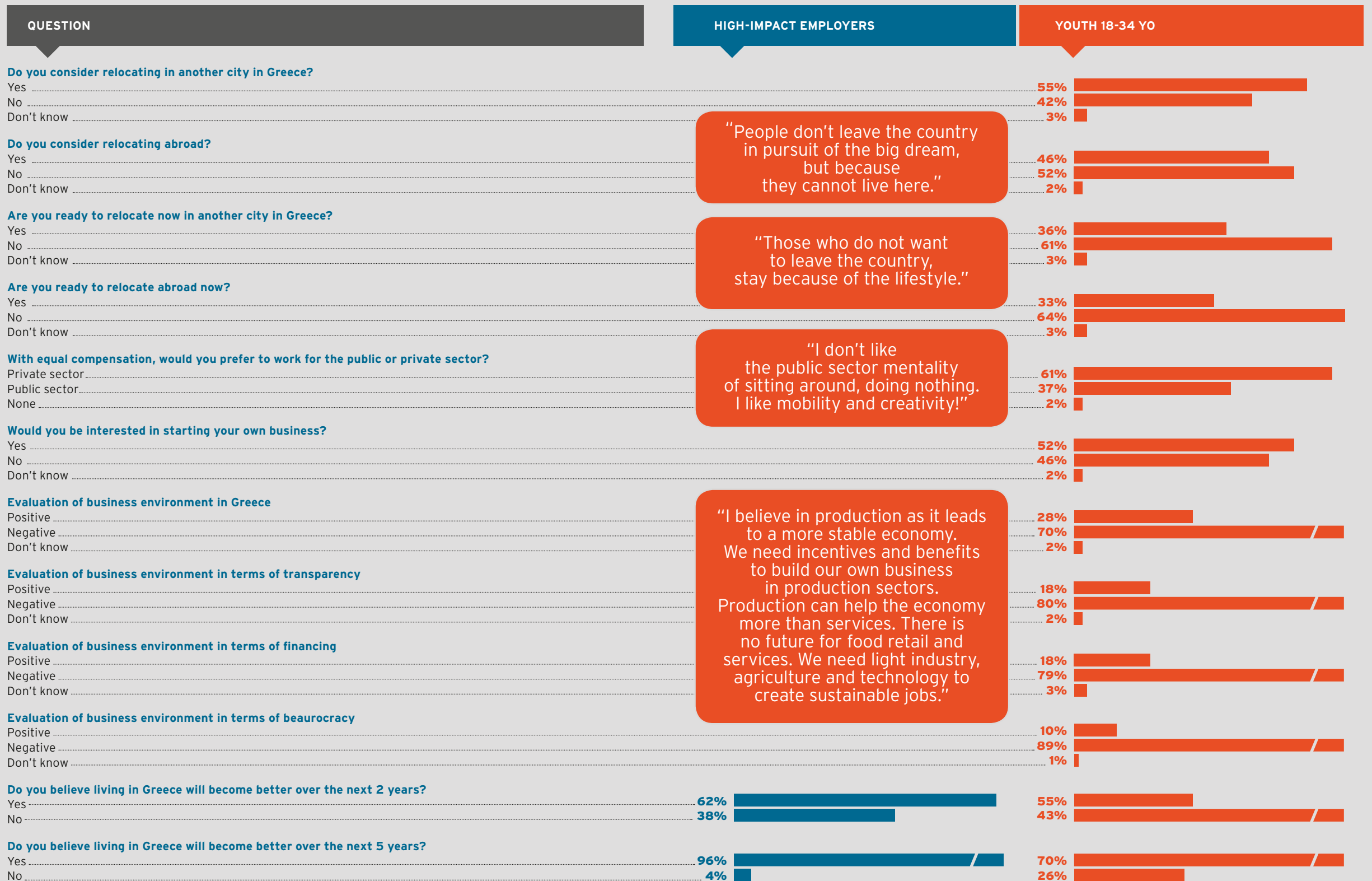
| | Pessimistic | Optimistic |
|----------------------|---------------------------|--------------------------------|
| Aware & Flexible | "The Skeptical" 6% | "The Change Ambassadors" 9% |
| Unaware but Flexible | "The Willing" 65% | |
| Unaware & Inflexible | | |
| | "The Disappointed" 10% | "The Settled" 12% |

DETAILED RESULTS



"As we live in the digital era, we need more developers with specific skills."

"We need to reinforce entrepreneurial spirit; this applies not only to employees, but also to employers."



11 THE CALL TO ACTION

Initiatives for rapid job creation, especially regarding youth, should not be confused with the uniform social policies that aim at the short-term support of the unemployed. The objective of social policies should be to provide a minimum standard of living, safety, health and education for everybody in need, while rapid job creation aims at leveraging the most effective tools and manpower to create as many sustainable jobs as possible, as soon as possible. The former is primarily a social welfare topic, while the latter concerns economic development; they are certainly linked but not identical.

In this context, instead of trying to rectify a largely malfunctioning labor market, it makes more sense to focus all available resources on:

- Reinforcing what already exists and works (small set of existing high-growth companies, rising number of startups, high-potential youth, emerging initiatives for quality education)
- Building from scratch, rather than just fixing
- Connecting all the above

What would the above practically entail?

1. Identifying and focusing resources on the small set of 3,000 existing high-growth companies:

- a. Identify the set of high growth firms.** Hard criteria are used to identify

Greece's top 2,900 SME and 100 large high-growth companies. These include track records in revenues and employee base over the last years, degree of extroversion or transformation effect in sector, and most importantly solid assessment of future growth potential. These are the currently small, medium or large companies that will drive a big share of job creation, but also employee development;

- b. Support individual high-growth companies, not entire sectors;**

- c. Provide full range support linked to scale-up,** including favorable financing, tax breaks, easier and quicker access to EU/State support schemes, linked to growth trajectory; facilitate interaction with State authorities;

- d. Provide incentives for high-impact employers to hire and offer internships to high-potential youth.**

2. Accelerating the creation of 10,000 new high-growth companies:

- a. Raise the share of companies focusing on relevant sectors:** Raise awareness of attractive sectors, entrepreneurship opportunities and funding options, primarily focusing on areas of talent oversupply (e.g., services), or shortage (e.g., agriculture);

- b. Attract seasoned professionals into entrepreneurship.**

They tend to demonstrate higher probabilities to lead successful businesses, leveraging their own experience and network;

- c. Create the ground for easy start-up.** Establish the basic processes and flexible structures for fast and simple corporate set-up, maximize use of e-tools for interaction with State authorities;

- d. Re-route public funds to direct seed-funding.** Create solid business angel networks, offer equity free financing to selected startups based on criteria and international practice; clearly exclude specific types of businesses;

- e. Expand funding options to non-ICT sectors.** Despite some criticism, the Jeremie structure has had positive effects on the development of an early-stage ICT ecosystem;

- f. Provide clear incentives linked to rapid scale-up,** similar to those offered to existing high-growth companies (taxation, financing, access to State support and authorities);

- g. Connect** with existing high-impact companies in Greece and abroad.

3. Introducing youth to high-impact employers and education efforts:

- a. Improve transparency in career prospects and opportunities;**

- b. Focus internships on existing and new high-growth companies.** Address the lack of practical experience through promotion of internships in the defined set of high-growth firms, either existing or emerging. They are the most likely to offer high-quality experience to the interns;

- c. Expand high-quality educational efforts** from public or private institutions and enhance connections between employers and investors; leverage e-learning tools;

- d. Start** with the youth that can become Greece's change agents.



CONCLUSIONS

After five years, Greece seems to have hit rock bottom. The price of adjustment has been devastating, with severe slowdown of economic activity, sharp reduction of income, and - above all - a surge of unemployment, especially among youth.

Greece lost 1,000,000 jobs during the last five years. More than half come from three sectors - construction, retail/wholesale and manufacturing - while entire areas, such as real estate, practically vanished. Three sectors managed to sustain or increase total employment: agriculture, food manufacturing, and ICT.

Young Greeks were disproportionately hit with more than half a million jobs lost. However, only half of youth unemployment is due to economic slowdown. The rest is due to the outsider disadvantage that youth traditionally have, which became even more intense during the crisis. Entire sectors shut down jobs for youth, although they sustained or even increased their non-youth jobs. These sectors include agriculture and food processing, but also most of the professions considered dream-jobs within the Greek family- doctors, lawyers, bankers, accountants.

In such an environment, more than 200,000 Greeks, most of them young and qualified, have left the country seeking employment abroad. Greek talent mainly moves within Europe, primarily in UK and Germany. Rather than pure brain drain, this movement can evolve into brain circulation, providing Greeks with the extrovert mentality and skills that the local market fails to provide on a large scale.

To establish sustainable growth, it has become clear that Greece needs to focus on specific sectors (e.g., agri/food, tourism, logistics, ICT) where it possesses some structural advantage. Apart from major reforms and infrastructure upgrades, this big shift of economic activity requires the re-skilling and relocation of hundreds of thousands. More than 640,000 will need to change sector, as two thirds of the jobs lost are not recoverable. At the same time, more than 500,000 will need to move out of Athens and Thessaloniki to seek employment in other parts of Greece.

Who can create high-quality jobs in the various sectors of the Greek economy? Not the vast majority of existing companies, either small or large. There is a minority of ~3,000 high-growth existing companies (~2,900 SMEs and ~100 large) that have the fundamentals to rapidly scale-up and create meaningful jobs. Collectively they can create up to 200,000 new jobs, most of them for youth.

The remaining 800,000 jobs need to be created by new companies. We need approximately 10,000 new high-growth companies with the appropriate extrovert focus and high-impact mentality.

With the current pace and mix of company creation (~40,000 every year, but only 10% focusing on value-adding sectors and only 1% exhibiting significant growth), it will take Greece 25 years to create the jobs needed. Achieving this in less than a decade would require the tripling of efforts focusing on value-adding sectors and the doubling of their success rate. Above all, it would require the creation of a proper business eco-

system which nurtures, supports and connects high-impact ventures.

The current boom in startups is a good beginning. We do not however expect the ~200 startups that are launched every year to create the hundreds of thousands of jobs needed. Especially since most of them are focused on a single sector and only a fraction of them can be considered high-impact. However, as their number doubles every year and as they attract local and international investment, they rapidly change perception of entrepreneurship, establish inspiring role models and create solid success stories. We do need more and higher quality start-ups, better balanced among sectors and appropriately supported from idea to maturity in order to create more scale-ups and spin a multiplier effect.

The young need to lead Greece's transformation. As high-impact entrepreneurs or employees, they have the fundamentals to overcome Greece's chronic resistance to change. The country has done very little to provide young Greeks with proper education, employment opportunities, extrovert mindset, collaborative spirit, and inspiration. However, Greek youth demonstrate an impressive mobility, entrepreneurial attitude and optimism to drive change. ~15% of youth appear to be settled or completely disengaged; the dominant 85% is willing to pursue opportunities where they exist. 9% are ready to become the catalyst of change.

What is missing?

- **Better transparency** as to where potential truly lies.

- **Better employers** offering more and better opportunities for high-quality education and employment.

- **Selective skill upgrade** mainly through meaningful education and practical experience, led by selected employers and education institutes.

- **Mobilization of youth and inspiration** to step out of comfort zone and consider alternative paths.

- **Introduction** to high-potential employers, entrepreneurs, professionals and academics.

What do we need to do?

- **Identify and focus resources on the small set of 3,000 existing high-growth companies.**

- **Accelerate the creation and scale-up of 10,000 new high-growth companies.**

- **Connect youth with high-impact employers and education efforts.**

We need a critical mass of change agents to transform Greece's economic model. The tipping point is around 10% of the population, i.e., approximately 1 million employers and employees. We must identify, support and connect those who can get us there; the vast majority of Greek youth, inspired by a few true leaders from Greece's current establishment.



In the context of this report, “youth” refers to all individuals of age <35. It is based on analysis of employment demographics (2008 and 2013) from the Hellenic Statistical Authority, unemployment statistical data from Manpower Employment Organization (OAED) and the findings of two surveys.

The first survey was conducted by QED and included quantitative and qualitative research. The quantitative research was conducted through phone interviews to a representative sample of 300 individuals and a sample of unemployed individuals aged 18-34. The qualitative part included 10 in-depth interviews of young individuals aged 18 to 34 who are either unemployed or have managed to find a job during the crisis.

The second survey was conducted by Endeavor Greece with a sample of 400 entrepreneurs/ top level executives through email and in-depth interviews with 12 business leaders and opinion formers.

The Stavros Niarchos Foundation (www.SNF.org) is the exclusive donor of this initiative. The Stavros Niarchos Foundation is one of the world’s leading international philanthropic organizations, making grants in the areas of arts and culture, education, health, medicine and sports, and social welfare. In 2012 and 2013, the Foundation announced two new initiatives of €100,000,000 (\$130 million) each, to help the efforts to address the crisis in Greece. While the initiative in 2012 aimed to provide immediate relief against the adverse effects of the deepening crisis, the one in 2013 aims to address the high percentage of youth unemployment, seeking to create better employment prospects and new opportunities for the young.



These entrepreneurs, with Endeavor’s support, lead job creation and wealth generation internationally and become leading role models. Since 1997, the 900+ Endeavor Entrepreneurs selected throughout Latin America, Middle East and Southeast Asia have created more than 200,000 jobs and generate over \$5billion in revenues every year.

Endeavor launched its first European operations in Greece in September 2012, supported by a local Board of prominent business leaders from various sectors. These are surrounded by 40 high profile business owners and top level professionals who serve as mentors, offering time and expertise to the selected set of entrepreneurs that join our network.



Endeavor is an international non-profit organization which promotes **High-Impact Entrepreneurs** supported by some of the most prominent business leaders and investors globally. High-impact stands for individuals with the greatest potential to create companies that matter and grow, and the highest likelihood to inspire others.

Through its affiliates in 20 countries, Endeavor identifies the best entrepreneurs that lead innovative scale-up companies across sectors and helps them unleash their potential with an unrivaled network of seasoned business leaders, who provide the key ingredients of business success: mentorship, strategic advice, inspiration and access to investors.

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