

EVOLUTION OF SMEs IN GREECE

ASSESS AND COMPARISON OF EFFICIENCY AND FLEXIBILITY OF SMEs AND LARGE SCALE MANUFACTURING FIRMS

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Abstract

This study aims to assess possible differences existing in the production technologies between small and large firms in the Greek manufacturing sector. Its focus is in particular on estimating the degree of exploitation of returns to scale existing in various activities and, therefore, make inferences regarding the efficiency of small firms relative to large firms. It also tries to assess the possibility of differences in factor substitution in the production of small and large establishments. Its findings support the hypothesis of a superior efficiency of large establishments compared with the smaller ones. Furthermore both large and small firms appear to be quite flexible in Greece, but with flexibility increasing with size contrary to what should be expected. Therefore, achieving the appropriate large (by Greek standards) size by firms in Greece appears to be a necessary condition for efficient and flexible production.