Reasons for Promoting Fixed Asset Investment Projects in the Region of Greece.
The Example of the Prefecture of Serres. A Qualitative Research

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Abstract

The evaluation of the disposal of both resources and modes of decision making with specific criteria, regarding the promotion of fixed investments, is the first step to the lasting and successful course of a business. This paper presents the results of a qualitative research with reference to the reasons for promoting the fixed assets investments in the region of Greece. The survey was conducted through in-depth interviews of 21 executives in the Prefecture of Serres. The results of the survey showed that the fundamental promotion factor is the existence of low investment risk accompanied with both reasonable and stable profitability, during the investment's useful life.

Keywords: Investment decisions, risk, fixed assets, investment capital, investment appraisal.

1. Introduction

On a macroeconomic level, an investment is defined as the total cost of economy for new plants and machinery aiming at the increase of stocks of raw materials and products for new homes (Magoulios, 2006: 15). According to Philippa (2005:21), the term investment is defined as the commitment of a certain amount of capital, during the current period, whose incentive is the expectation for higher earnings in the future. On the other hand, an investor can be defined as an individual, a government, a savings or pension agency, or a business coalition (Reilly and Brown, 2003:5).

If we take into consideration various variants, the conventional definition of investment contains, in a definite way, the element of the purchase cost or the construction of engineering and capital equipment for a specific period of time (Malindretou, 1998: 23).

In addition, the investment decision (also known as capital budgeting) is one of the fundamental decisions of business management. Managers determine the investment value of the assets that a business enterprise has within its control or possession (Sheffrin, 2003:271).

One of the main problems is the financial management and therefore the appraisal of investments made (Psimarni-Voulgari and Zopounidis, 2000 :88-94). Certainly the problem of taking investment decisions is common to all businesses, regardless of their size, and is treated by the economy theorists in a unified framework.
The main purpose of the research presented here is the investigation of the reasons for promoting investments by Greek companies that are located in the region. For this reason, the prefecture of Serres is used as a field of research. The specific research objectives are: a) The examination of the capital structure as well as the financing methods of such investments. b) According to investors, which are the main investment risks and must be, therefore, avoided.

The article is divided into nine sections. After the introduction, there is a brief presentation with reference to the investment criteria and, further to, we present the division between assets and investment features. The fourth section deals with the investment appraisal methods while the fifth section deals with the financing capital structure and the sixth section with the relationship between risk and investment. The seventh section develops the research methodology, while the eighth section analyzes the research results. Finally, the ninth section presents the conclusions.

2. Investment Criteria

Although literature in connection with investment promotion is rich, as for the Greek region (apart from Athens and Thessaloniki) and, mainly, the prefecture of Serres, there is no literature at all. Thus, all companies that wish to make an investment use some of the investment criteria which, however, differ from one type of investment to another. When multinational companies, for example, wish to invest, they look into their eventual investments in the light of the following criteria: a) market size, b) per capita income average, c) availability of qualified staff, d) regions with infrastructure, e) development policies, f) macroeconomic stability. (Herrmann and Lipsey, 2003:39).

These criteria vary depending on the type of business. So, for example, the goals of the information systems investments are mainly the following: a) Factors which will affect in a positive way the demand for the product obtained, b) Productivity increase, cut of expenses and increase of the company's value, c) Beneficial outcomes for workers, d) Positive impact on customers, e) Restructuring and change of the company's management (Ukai, 2005).

On the other hand, if the investor is an individual, namely a person who wishes to invest in order to increase his personal wealth, the criteria differ and often aim at: a) the clarification of the reasons that affect a specific interest rate, b) the understanding of the implementation tools of the monetary policy and the way economy works, c) the understanding of the markets' supply methods with cash d) the explanation of how the various governmental policies affect loan and saving rates, e) the seasonality of certain companies and the understanding of the reasons that affect the companies' performance (Mayo, 2003:355-356).

In many industries, investment is part of the most important planning activities. In the past decades, mathematical programming models have been widely used in capacity planning and facility location to support investment decisions. Such initial techniques evolved to the use of enterprise portfolio management. Nowadays, risk management is one of the top priorities in the planning processes of companies. As a consequence, state of the art planning models are stochastic, and usually consider some kind of risk measure as well as financial instruments to hedge the investment portfolio (Krokhmal, Palmquist, and Uryasev, 2002).

The term Capital budgeting (or investment appraisal) is the planning process used to determine whether a firm's long term investments such as new machinery, replacement machinery, new plants, new products, and research development projects are worth pursuing. It is budget for major capital, or investment, expenditures.

Many formal methods are used in capital budgeting, including techniques such as

- Accounting rate of return
- Net present value
- Profitability index
- Internal rate of return
- Modified internal rate of return
- Equivalent annuity (Alastair and Hutchison, 2005).

According to Wang and Halal,(2010) the path from financial option to real option pricing should to be adjusted. The risks of real asset investment include political, economic, industrial, technological uncertainties. Their features are different from the financial security risks measured by fluctuations of the trading prices. The risk of these two groups cannot be measured in a same complete market.

A term which is widely used in the methodology of qualifying investments and should be clarified is "value". There are three general groups of methodologies for determining value. These are usually referred to as the "three approaches to value" which are generally independent of each other:

- The cost approach
- The sales comparison approach and
- The income approach

However, the recent trend of business tends to be clinging to the scientific methodology of appraisal which relies on the foundation of quantitative-data, risk, and geographical based approaches . Pagourtzi *et al*. (2003) have provided a review on the methods used in the industry by comparison between conventional approaches and advanced ones.

3. Division between assets and investment features

Assets are divided into Financial Assets and non-Financial Assets. The latter include Real Assets, or Tangible Assets and Intangible Assets. Real Assets constitute a wide variety of tangible assets, such as machinery, factories, offices, shops, houses etc. Intangible assets include technological expertise and experience, trademarks, copyrights, etc. (Malindretou 1998:28).

Investments, to the extent that increase the Real Assets, constitute net investments, while total gross investments include the depreciation of capital equipment.

3.1 Investment features

Conventional investments include direct investments, natural or fixed investments, which cause various forms of rights to themselves or their owners or their creditors, namely the Financial investments. Further investments have a specific life span and, in case they are defined as flows, they are analyzed into outflows and inflows (Scott et al, 1999).

Overall, investments produce a wide variety of direct and indirect services: from direct consumer services, in the case of consumer durable goods and housing, to a certain financial performance, in the case of assets or financial investments.

From a socio-economic point of view, the term “investment” covers, in a conventional way, all real investments in connection with the purposes of developmental and social policy (e.g. productive infrastructure projects, hospitals, schools etc), which are assessed based on socio-economic criteria.

Debt is, by default, perceived as a negative investment. Thus, the term “net investment” is used with two alternative meanings. The first meaning concerns gross investments less depreciation in the case of investment in fixed assets. According to the second meaning, “net investments” in a certain time period is the increase of assets over this time period less the debt assumed by the investor for the fulfilment of this increase (Stevenson et al, 1988).

3.2 Target investment features

Fund management companies, in their effort to optimize the results for the benefit of their clients, evaluate various features which should be applied by the investment companies. These features vary from among companies. Huffman, Dave (2012), of the Draper Fisher Jurvetson Portage fund management company, believes that in order for someone to choose the best possible investment, the following criteria should be first appraised: a) capable management team with previous successful business course, b) business environment with an upward state sector and geographic area, c) sustainable profitability with stable performance and d) companies with innovative products / services.

John Ward, (2012), Chief Executive Officer of the company “Key Venture Partners”, believes that the companies that meet the following criteria have a greater probability of success: a) strong management team with a variety of knowledge (economists, accountants, lawyers, etc.), b) production of innovative goods with competitive advantages, c) growth markets, d) companies with stable fixed costs.

Virginia Bonker (2012), founder of the company “Blue Rock Capital”, believes that the most important criteria that should be met by a capital investment company are the following: a) strong management team with experience and integrity, b) the company should be activated in an attractive market environment leaving room for further development, c) production of goods of technological excellence and d) high level of cooperation among the company’s staff.

The company "Eureka Venture Capital" (2010), seated in Belgium, believes that the most important features a company should have are: a) the company should be activated in a growth and promising market, b) production of goods that have a competitive advantage over other competitive products, c) a strong team of capable executives and d) ability to produce a product that can not be copied.

The Sunsino company through Sam Liu (2012), seated in Taiwan, examines the following criteria: a) unique innovative technology, b) activation in a strong market with industries of high development, c) skilled managerial group and d) reasonable development.

Ken Gaebler (2010), CEO of the company Gaebler, rates the criteria as follows: a) strong management team, b) production of goods differentiated from competition, c) great investment opportunities, d) to present barriers to the competition entry in its market share.

We note that, apart from the hierarchy criterion, all capital investment companies have the same criteria.

4. Investment appraisal

An investment is usually examined and appraised either in terms of the investment body or in terms of the National economy (Kiochos, Papanikolaou, 1994:223).

As for the first case, namely the private efficiency, we examine whether the investment has yielded to the entrepreneur-investor, the corresponding benefits of personal nature (usually financial profitability) compared to the capital invested.

When appraising an investment plan, in terms of Community, we are interested in the economic and social efficiency, namely whether the investment is profitable for the community or the National Economy.

4.1. Private investment evaluation

An investment normally qualifies with the view to serve the purpose for which it was made.

According to Tzoannos (1999: 92), depending on the goal set by the company, investments are divided into: a) investments of regular importance and b) investments of strategic importance. Investments of regular importance aim at maintaining the position achieved by the company. Such investments include replacement of mechanical equipment, maintenance of building and engineering facilities, etc. Investments of strategic importance aim at the creation of new jobs by the company. This category includes the resources availability, aiming at the development of new products, the expansion of the company's turnover, finding new production methods, etc.

Moreover, investments, with reference to the annuity achieved, set the following goals:

a) Profit. The inflows in this case should be higher than the outflows, b) Maintenance or improvement of the efficiency of the investments that have already been made, c) Advisability designed to facilitate the business works or to raise the company’s prestige, d) Legitimacy as they should comply with the rules set by the Law or Society.

According to Dean (1951:45-155), an investment decision is influenced by the motivation system. This distinction has to do with the expenditures of the following types of investments:

1. Replacement investments: replacement of the depleted or obsolete assets with new ones.
2. Extension investments: decision taking regarding the "expansion of the capital", so that the company's dynamic growth is facilitated.
3. Modernization investments: decision taking regarding the "thorough examination of the capital", so that the company's efforts to reduce the production cost are facilitated.
4. Strategic investments: investments which aim at cost reduction, productivity and sales increase.

4.2. Social appraisal

We proceed to a wider examination of the impact of the investment plan. In this case, the cost and benefit flows are properly adjusted with the view to look into the impact of the investment plan on saving and consumption, on the income distribution and generally on all macroeconomic sizes. To be more specific, we examine:

a) Whether the Society's few resources that were allocated in the investment plan (labour, nature, capital, etc.) were invested in the best possible way.
b) Whether the investments had a positive financial result, namely surplus funds - preponderance of benefits over costs.
c) Whether all the community's objective goals were satisfied: increase of savings, improvement of the income's distribution among individuals and areas, positive impact on the payment balance (e.g. increase of exports), production of socially desirable goods, etc.

According to Karvounis (1993:31), the appraisal of an investment, from a national perspective, includes topics such as: the product, the plant size, the location to be installed, the selection of the technological method, the use of different raw materials, the expertise extent, opportunities for future expansion, schedules, etc., so that the investment is considered as a whole and becomes part of a broader national plan.

5. The structure of the investment capital

An important decision that must be taken by the potential investor is the structure of the capital which will finance the future investment. According to Lazarides (2001: 17-22), the factors that influence this structure are five:

1) Preservation of the company's control even in case of an eventual capital increase. One of the main problems many companies face is the high degree of consolidation and maintenance for a long time. It is difficult for individual and private companies to meet these needs. In capital companies, in case of issuing new shares via votes, there is the risk for the old shareholders to lose control of the company. In many cases of capital increase, some companies issue shares without vote or invent other tricks with the view to limit the participation rights of new shareholders. Creditors are likely to act on the decision taking of a company because of the fact that they can put restrictions on the loan agreement relating to the financial activities of the company.
2) Preservation of the lower cost of capital. Businesses have often financed new investment by issuing new shares, but there are reasons why it is advisable that the funding stems from long-term foreign funds. One reason for the preferential financing through loan is the fact that the cost of borrowing or its interest constitute an acceptable deduction in the calculation of the company's income tax, which does not apply to the dividends. Naturally, each method of financing may involve a different burden for the business. The final selection of the mode of financing will affect all those factors that shape the final capital sourcing cost of each category (Brigham and Joel, 2007).
3) Avoidance of excessive fixed costs. Generally, it is desirable to finance the purchase of fixed assets and equipment on equity and long-term foreign capital. The reason for this preference is associated with the flow of inflows arising from the use of these assets. The recovery of an investment is usually a slow process and should therefore be no direct relationship between the termination year of the business obligations and the time availability of the respective liquid funds.
4) State influence. State interventionism is strong in many businesses and industries because of their specificity and importance, as happens in some areas of transport (e.g. railways) which operate as public companies. Income tax rates also affect, to a large extent, the company's capital structure. Eventual increase in the rates of personal income tax can contribute to the companies' profit retaining and the tendency for investment financing by them. It is also likely that any eventual increase in the relative corporate tax rates will make borrowing more attractive than other types of non-debt capital, as far as the remaining profits after taxes are concerned. The companies' decisions relating to the establishment of their capital are still affected by special rules and restrictions. This situation mainly concerns public or subsidized enterprises where often the choice of their capital sourcing is made according to private-economic criteria and not socioeconomic ones. In many cases there are government grants and guarantees, on behalf of governments, on loans and interests. This fact affects not only subsidized enterprises but also all other competitive enterprises.
5) Determination of the financing period. After a company determines the size of the investment as well as the appropriate capital establishment, it has to deal with the problem of the investment financing period. This investment should be examined under the conditions of money market, global supply, demand for products and the cash flows that will be created.

6. Investments and risk

The concept of compensation between risk and investment return is an integral part of the financial theory and practice as well as a key factor in qualifying investments (Tsaklagkanos, 2000: 4-5).

When assessing a business decision, the information that interest the company is the initial cost of the decision and the change in the company's value, at the end of the period (Tsaklagkanos ,1985:7-9). However, since reality is uncertain about what will happen in the future, the wealth gained in a future period can not be predicted with certainty and is likely to find deviations from the expected level (Karvounis, 2000: 13 -16). The likelihood of deviation from the expected level of an investment yield can be regarded as a risk. According to Groppeli and Nikbakht (2002:75-76), risk and yield are the foundations for any reasonable and intelligent investment. Risk is a measure of the yield volatility (uncertainty) and yield (in the sense of profit) is the profit or cash flows arising from an investment. Sometimes, there is confusion between the terms uncertainty and risk. According to Tsaklagkanos (2007:49-56), uncertainty relates to the case where the future cash flows are random stochastic variables and, at the same time, there is ignorance regarding the probabilities of the alternative values that can be taken by these variables. The risk relates to the case where the probabilities of the alternative values that may be received by the future flows are known.

Several terms that are widely used by various financial executives with reference to risk and investment are: business risk, financial risk, market risk, interest rate risk, inflation risk, etc. (Filippatos and Athanasopoulos, 1985:387-388). Generally, when referring to business activities, these terms express the potential loss or the probability of a company's incapability to fulfil its obligations or even to go bankrupt, or at least to fail to meet certain expectations (Athianos and Konstantinoudis, 2004:19-27).

Following the formal technocratic analysis, we can classify risks into risks of technological progress, investment risks, business risks, natural risks, etc. (Malindretou, 1998:314-315).

6.1 Natural risks

Risk is an integral part of human life. If the feeling of fear and death prevailed, men would not have motives to make investments in order to improve their lives. On the contrary, investments are the best evidence for the cultural, technological and economic progress and prosperity of mankind. From a natural point of view, if we placed our available movable property or wealth in an area susceptible to natural events, such as floods, earthquakes, fires, etc., we would certainly not feel so safe as an investor who has divided the same property into two smaller parts, but at different locations.

6.2 Technological risks

Technology affects, in a decisive way, complementarity and substitution of investments and, therefore, all risks that arise from them. Thus, business investments in fixed assets are divided according to the criteria of technical complementarity (e.g. machines, tools, etc.), the assumption of the diminishing marginal return and the high business risk.

Moreover, there is the problem of investment indivisibility which is caused by technological or natural reasons but can be partially dealt with, through the implementation of various methods (joint ownership, ownership rates, etc.). The problem of indivisibility has a tendency to be eased thanks to the progress of technology and increased competition. Thus, although many types of investments used to be business investments, they have turned into investments of durables. Similarly, savers have gradually turned into investors, within the framework of ownership diversification by the business management, the rise of living standards and the development of the financial system.

6.3 Financial and social risks

In terms of economic factors, the prices and investment yield volatility, which is regarded as a risk of the above, is usually classified into investment and business risk; it should be also noted that volatility is not related to the overall situation and the prospects of national and international economy. The larger the development and internalization of the money and capital market, the bigger the importance of monitoring the national and international economy.

There is also the factor of social preferences and the factor of goals and of investors' preferences. The connection of investments to the selection of investment goals, which differ according to profession, life stage, heritage for offspring etc., increases the investment alternatives for many investors. But even in these cases, and in a state of competition increase and replacement investment types (new financial products, durables) with more beneficial terms for the investor, the redistribution of old and new investment types is possible.

The most common investment risks of this category are those that are linked to price fluctuations, technology, demand alteration, change of debtors' financial situation, strengthening of competition etc. (Hill, 1998).

6.4 Other risks

Investing in durables and fixed assets is a reasonable choice, which is approached separately, individually and partially like a demographics problem, an investment problem etc. Investments however are a complex choice, which is directly linked to the institutional framework and the system of values, the level of economic growth, a person's social status criteria etc. The creation of a different social hierarchy or its alteration, also changes the structure and the replacement of investments.

6.5 Interdependence of risks

Risks are a problem directly connected to life, social and economic structure and technological progress often arising in the event of investment innovations with regard to the production of materials and financial products and services. Risks can be overcome by taking business and investment initiatives which also involve the risk of asset losses, deductions and devaluation. In general every business and economic activity is mainly based on investments and is therefore exposed to risks.

These risks depend on the nature of the business activity and since they are not insurable they incorporate, according to common practice, the social acceptance of business profit as an additional characteristic of business investment efficiency. This is considered an incentive for taking business initiatives in the hope of an adequate reward for dealing with the risk of production and supply of goods and services for society. So, risks are interdependent with return of investment, i.e. the reward for risks not only include interest rates on capital investments but also business profit. Therefore risks are part of our life and the whole spectrum of investments. In this context, people do not instinctively accept risks, but try to minimize them through investments or more precisely, to minimize the effects of future and unpredictable events.

7. Research methodology

The authors conducted a qualitative research due to the lack of similar studies and the investigative character of this research (Creswell, 2003:30, Marsall and Rossman, 1989: 40-67) and the need to analyze a business problem (Hair *et.al.*, 2003: 213). Another reason for the conduction of a qualitative research was the need to analyze behaviors, trends and justifications of business activities (Petrakis, 1999:233) and the need for a deeper understanding of the subject and the way of dealing with it (Healy and Perry, 2000). Additionally, qualitative analysis is cost effective compared to a field study and does produce representative and realistic results (Priporas, 2006).

The data collection method used was in depth interviews, (Stathakopoulos, 2001:101, Malhorta 1996:200) and the goal was to research and process the behavior and decisions of entrepreneurs. In depth interviews minimize the 'distance' between the researcher and the interviewee (Johns and Lee-Ross, 1998:150). According to Palmerino (1999) this method should be used more often by researchers because it provides more qualitative information, more depth, a wider representation and more valuable conclusions. By reasons of this research the use of a semi-structured questionnaire was deemed appropriate (Churchill and Brown, 2004:295-297) with a combination of closed, semi closed and open answers for the collection of more information (Goetz and Ash, 1992:670-674).

The survey was carried out during February – May 2010 in the Media of the Prefecture of Serres. The enterprises of the sample were selected from the register of the commercial and industrial chamber of Serres. In order for the sample to be representative of the population, the method of random sampling was used so that every statistical unit has an equal chance of being included in it. Out of the 53 selected enterprises, most of them (i.e. 39.6%) accepted to be interviewed which is considered a good percentage for this kind of surveys (Henry, 1998:123, Slery and Lemeshow, 1995:51-96).

Before the interview we called them and asked if they accepted to be interviewed and if they accepted we asked them to appoint a representative on their behalf (Kotler, 1997:257). A pilot survey of the questionnaire was carried out (Pierson, 1996) and the draft of the survey was finalized (Damianou, 1992:22). After asking the entrepreneurs for their consent a tape recorder was used during the conversations in order to record the interview and to achieve more effective data collection since the researcher is more focused (Patton, 1987:130-145). At the same time the researcher took handwritten notes. The whole procedure lasted approximately 45-60 minutes.

7.1 Sample

The participants, aged 31-58, were in charge of promoting their enterprises' investments. They were mainly men (15 of them, i.e. 80.9%). The majority (15 people) were high school graduates (71.5%), 5 of them had a university degree or a degree from a technical educational institute (TEI) (23.8%) and one of them (4.7%) had basic training. With regard to their business activities the participating enterprises were involved in commerce (52.4%), processing (28.6%) and services (22.2%). Finally with regard to the annual turnover we have the following:

8. Results

The discussions were transcribed and analyzed together with the handwritten notes in order to produce the qualitative data after first codifying the participants as E1, E2,…E21.

The analysis of the data regarding the first question of the semi-structured questionnaire about the main factor influencing investment promotion showed that out of the sample's 21 enterprises the 10, i.e. 47.6% believe that the main factor is small investment risk. Six, i.e. 28.5%, believe that a fixed profit during the useful life of the investment is the most significant factor and three (14.3%) consider the quick return of investment as the most important factor. Finally with regard to the first question, only two enterprises, i.e. 9.6%, consider the creation of high profit through the investment as the most important factor for the promotion of investments. The entrepreneurs' following statements are representative of what's mentioned above:

E2: I believe that in the difficult environment (with regard to timing and geographic location) that my enterprise is conducting its business the most important is the spread of reasonable profit during the useful life of the investment. This means stability for my enterprise both in terms of resources and in terms of funds.

E7: The existence of small risk for the investment means a small financing cost and also a potential for high and stable profitability. Despite this, the international and also Greek economic climate imposes that some profit is sacrificed on the condition of lower risk.

The answers regarding the first question are considered normal and in line with the existing economic situation in Greece, where uncertainty is the main characteristic. Despite this fact the lack of risk compared even to the aggregate of answers regarding profitability: high and stable profit, 33.1%, ranks in the first place among the criteria of investment promotion.

The results of the second question where the 21 entrepreneurs answered the questions about the objective of their investment are quite interesting. The selected answers and the representative percentages of every category are listed in the following table.

Question: What is the objective of your investments?

With regard to point *g* the researches got the following answers:

E13: My enterprise is in the dairy products business. Up until recently I rented a space in existing facilities. But from the moment turnover increased I thought that I should invest in creating my own dairy products preservation facilities.

The researchers classify this answer in the category of complementary investments (Tzoannos, 1992:92-93).

Even though the answers to questions 1 and 2 regarding the main objective of this paper initially appear contradictory, after more detailed study they reach to the conclusion suggested by the theory of investment decision making: profitability at low risk (Filippatos, 1985:252-253, Groppeli and Nikbakht, 2002:75-82).

With regard to the way of deciding upon the structure of the financing capital of the investment, most of them referred to the existence and adequacy of financial resources. In specific they stated the following:

E18: 'The first thing that interests me is if there is or not some subsidy for the investment provided for by developmental laws and European Programs. Then and according to my available funds I look for bank funding'. Then and upon a relevant question posed by the researchers regarding the exact way he sees bank funding, he replied: 'first of all through standard loans, where I look for the lowest interest rate among banks and then through modern financing methods, e.g. leasing, venture capital etc.'

E8: 'The biggest incentive for me to choose financing is the existence of liquidity in my enterprise. So, I search for financing types which provide me this liquidity, e.g. leasing. Secondly, if I am forced to get a bank loan then I make sure that the terms for granting this loan are the least oppressive'.

With regard to the financing type for investments the researchers got the impression that the existence of a subsidy plays the key role. The second most important concern is searching for beneficial interest rates when choosing the standard bank loan. It is interesting that they search for liquidity and less oppressive loan terms (registration of future mortgage, signature of solvent guarantor etc.). The rate of return for the funding and the lack of tiring and time consuming procedures were also recorded as motives in the selection of financing capital. Finally with regard to what they consider to be the gravest investment risk they stated the following:

E11: 'I think that the greatest risk is the reduction of consumers' income, i.e. reduction of investment return. Technology has also a negative impact because it constantly develops new and more effective production methods making us, who depend on technologically obsolete equipment, non competitive'.

E17: 'The modern capitalistic society turns man into capital's pawn. So, we as entrepreneurs are also defenseless against the mood of the moneyed classes which increase the loan interest retroactively and arbitrarily in order to accumulate wealth at the expense of the people'.

E8: 'The risks are many. I think the main risk is the situation of the economy and the increase of foreign competition (China, India). I also fear for a social outburst due to the increase of poverty'. To sum up, the risks mentioned are the following: a) investment risk where the fear of increasing loan interests is the greatest, b) business risk, i.e. in general the failure of a business move, c) the risk arising from technological development, i.e. technical obsolescence, d) natural risk, 3) competition risk.

Conclusions

The main goal of the research was to study the reasons behind the promotion of investments in Greece by enterprises located regionally and the research field was the prefecture of Serres. The empirical results showed that the main factor for promoting an investment is the existence of low investment risk with reasonable and stable profitability during the usable life of the investment.

The way in which these investments are funded is analyzed through the second goal of the paper where the researcher observed that the existence of a subsidy, whether state aid or European funds, plays the main role in structuring the financing of the investment. The potential liquidity after the investment also plays an important role in this and in the selection of the financing means.

With regard to the third objective of the research, i.e. analyzing the basic risks for investments, we noted that investors think that the main risk is the dire economic climate currently existing in Greece and world-wide and the fear of foreign competition also troubles potential investors a lot.

Note that the results of the beforehand qualitative research should be interpreted in line with its restrictions, i.e. its investigative nature and the sample which serves the needs of this research but can not lead to the generalization of the results. More research is needed in order to understand the trends of investors, the way they finance their investments and also the way they see risks they deem significant for the future of their investments.

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Table 1

Annual turnover	%
less than 150.000 Euros	9.5%
from 150.000 to 290.000 Euros	23.8%
from 290.000 to 1.500.000 Euros	47.7%
from 1.500.000 to 3.000.000 Euros	14.3%
3.000.000 Euros and more	4.7%

Table 2

	No of Enterprises	%
a) Profit	12	57,1%
b) Upgrading competitiveness	2	9,5%
c) Preserving the enterprise's status	2	9,5%
d) Personal social recognition	1	4,8%
e) Renewal of obsolete equipment	1	4,8%
f) Compulsory investment provided for by laws	2	9,5%
g) Other	1	4,8%