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Firm Competitive during the Financial Crisis: The Critical Role of firms' Resources & Capabilities in the Greek Context

Aikaterini Triantafyllidou

SCHOOL OF ECONOMICS, BUSINESS ADMINISTRATION & LEGAL STUDIES

A thesis submitted for the degree of
Master of Science (MSc) in Management

December 2019
Thessaloniki – Greece

Student Name: Aikaterini Triantafyllidou

SID: 1102180018

Supervisor: Dr. Lida Kyrgidou

I hereby declare that the work submitted is mine and that where I have made use of another’s work, I have attributed the source(s) according to the Regulations set in the Student’s Handbook.

December 2019

Thessaloniki-Greece

ACKNOWLEDGEMENTS

Writing my thesis paper is the concluding stage of a long journey towards entitling the Master’s degree. It has been quite a motivating and educative journey, yet a tough one as I combined full-time studying for the MSc degree in Management along with working. However, this would not have been achievable without the continuous support and fervent assistance of some quite important people.

I would sincerely like to thank my supervisor, Dr. Lida Kyrgidou, who has been a truly devoted mentor and without her valuable assistance and guidance I would have not been able to conduct and fully complete this dissertation. Not only has she supported me extensively during the research, the technical and the writing part of my thesis but she also provided me with ongoing support and mentoring through the difficulties that I have faced throughout the whole process. I would like to extend my wholehearted thanks to Professor Kyrgidou for the invaluable help, the advice and the notable suggestions and, above all, the amount of time she has devoted to my thesis. I would also like to express my gratefulness to all professors of the department for the provided knowledge and IHU stuff for all the organizational help.

Last but by no means least, I would like to genuinely appreciate and thank my family, friends and beloved ones for all the continuous support; I dedicate my dissertation thesis to them.

ABSTRACT

The Resource-Based View (RBV) is a fundamental theoretical underpinning explaining the dynamic relationship between firms' competitive advantage and organizational capabilities established by their tangible and intangible resources. Different types of organizational capabilities combined lead to superior performance and enhanced competitiveness, supporting the idea that when firms focus on their most valuable abilities by developing respective strategies, are able to perform better than their rivals. In this light, the aim of this thesis is to examine the relationship between firms' organizational capabilities and performance in the Greek financial crisis' context. In particular, it examines the impact of entrepreneurial, managerial, technical, and financial capabilities on Greek Small and Medium Enterprises' (SMEs') performance during the recent financial crisis, including a sample of 65 SMEs operating in the Food & Beverage (F&B) industry, while also presenting and analyzing a relevant case study of a firm in the sector, in order to further validate the results extracted, thus combining quantitative and qualitative research. According to the study's findings, it was found that Greek F&B SMEs performed relatively well during the crisis, by developing strategies built upon their organizational capabilities. It was particularly documented that entrepreneurial, managerial, technical, and financial capabilities have a positive and statistically significant impact on firms' performance. These findings have important managerial implications for Greek firms struggling to survive in the current turbulent economic environment, suggesting that companies' managers should place great emphasis on their most valuable resources and capabilities, while pursuing the best possible fits between them and their strategic choices. Overall, this study supports prior research highlighting the importance of different types of organizational capabilities for achieving superior performance, even in times of crises.

Keywords: RBV, organizational capabilities, performance, F&B industry, SMEs

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CHAPTER 1

INTRODUCTION

Small and Medium Enterprises (SMEs) play a critical role for the European and Greek economy, accounting for the majority of businesses across all sectors, including the Food and Beverage (F&B) industry, which is among the biggest employers and revenue generators in Greece, along with the pharmaceuticals and telecommunications/IT companies. Faced with several pressures and difficulties arising from the recent and ongoing financial crisis, firms of this industry struggle to adjust to the new market dynamics by employing new competitive strategies, while taking advantage of their available resources and capabilities. In the same time, they try to respond effectively to the challenges of the globalized food markets and supply chains, so as to be competitive and sustainable in the long-run, while improving their market position and performance.

The Resource-Based View (RBV) theory is a fundamental perspective explaining the dynamic relationship between firms' competitive advantage and organizational capabilities established by their tangible and intangible resources (Barney, 1991). According to this theory, firms' ability to combine VRIN (Valuable, Rare, Inimitable and Non-substitutable) resources in order to establish value-added organizational capabilities is of major importance for achieving superior performance and improving their competitive positioning in the markets (Crook et al, 2008). Furthermore, capabilities are organizational processes of obtaining, combining and deploying organizational resources, enabling firms to achieve a competitive advantage, while they can be categorized using several typologies (Morgan et al, 2004). Among the different types of capabilities, entrepreneurial, managerial, technical and financial ones have been recognized as very important (Zhang et al, 2010; Martin, 2011; Lee & McGuiggan, 2008; Li et al, 2018).

The aim of this thesis is to examine competitive strategies of Greek firms (SMEs) operating in the F&B industry, taking into account their organizational capabilities based on the RBV theory, as well as their impact on their performance during the recent financial crisis. In particular, this study aims to provide some insight on the relationship between firms' capabilities and their performance, while they try to adjust in the new economic reality and the current market conditions. Building on Kyrgidou & Spyropoulou (2013) research on the impact of entrepreneurial, managerial and technical capabilities on firms' innovativeness, we add financial capabilities in order to test for their combined and individual effect on firms' financial and market performance. In order to do so, 65 SMEs operating in the Greek F&B industry were included in the research sample, and were asked to complete a questionnaire of 45 questions in total. Data derived from the questionnaire were statistically analyzed, while a regression analysis was also performed in order to test for the impact of their strategies developed according to their organizational capabilities on their performance during the crisis. In addition, a case study of a Greek company operating in the wider F&B industry (restaurants) was also analyzed for the same research purpose and in order to further validate the results extracted, in an effort to provide a more complete, integrated and meaningful interpretation as to factors contributing to Greek firms' competitiveness, particularly during the several financial crises they currently undergo.

This thesis is organized as follows: Chapter 2 presents the literature review concerning the issue under investigation. In particular, in this chapter the theoretical foundation of the RBV perspective is presented, alongside with the four types of organizational capabilities that are examined in this research (entrepreneurial, managerial, technical, financial), and their impact on firms' performance. In addition, Chapter 2 discusses previous findings on SMEs' performance and strategies during the economic crisis, focusing on the Greek F&B industry. Chapter 3 presents the research methodology, including the research design, the sample and sampling methods, the research instrument (questionnaire), the statistical methods used, and the case study analysis' methodology, while Chapter 4 presents the research results. Lastly, Chapter 5 discusses the research findings in accordance with the previous research literature, presents the thesis' conclusions along with the respective recommendations and limitations.

CHAPTER 2

LITERATURE REVIEW

2.1 RBV THEORY AND ORGANIZATIONAL CAPABILITIES

2.1.1 Resource-based view theory

The Resource-Based View (RBV) theory has dominated over the past years the research regarding organizational strategy and competitive advantage. Barney's (1991) seminal paper is the foundation of the RBV theoretical perspective, suggesting that firms that possess valuable, rare, inimitable and non-substitutable resources are able to achieve and maintain sustainable competitive advantages and, thus, enhance their performance. According to this model, an organizational resource must meet the VRIN criteria, an acronym standing for valuable, rare, inimitable and non-substitutable types of resources. In particular, a valuable resource provides value of strategic nature to firms, as it supports them to spot and exploit market opportunities faster than their rivals. A rare resource means that it is relatively difficult to be found and possessed by all firms operating in the same industry, serving thus as a unique strategic feature. Accordingly, an inimitable resource is difficult to be copied and imitated by competitors, and lastly, non-substitutability means that a resource cannot be easily substituted by alternative resources (Barney, 1991).

The RBV theory makes a distinction between organizational resources and capabilities. Resources can take various forms, including physical (e.g. technological equipment, production plants, offices), human (e.g. talented employees, effective managers) and organizational ones (e.g. culture, knowledge, brand, know-how) (Barney, 1991). Additionally, capabilities refer to specific types of resources that improve other resources' performance, leading to the acquisition of a sustained competitive advantage (Chandler & Hanks, 1994). Resources and capabilities combined enable firms to develop competitive strategies that, in turn, result in higher sales' volumes, lower production costs, increased market share and enhanced organizational productivity, efficiency and performance (Crook et al, 2008). All in all, the RBV theory describes the relationships developed between organizational resources, capabilities and competitive advantage, suggesting that for a firm to achieve a competitive advantage, resources must be combined in such a way so as to establish organizational capabilities (Grant, 2002).

The RBV theoretical framework has been extensively used in the research literature concerning firms' competitive advantage and intra-firm differences in terms of performance or other related measures (e.g. innovativeness). According to Newbert (2007), firms' ability to combine VRIN resources in order to establish value-added organizational capabilities is of major importance for achieving superior performance and improving their competitive positioning in the markets. In general terms, it is assumed that if a firm possesses a pool of valuable resources and capabilities, which differ substantially among firms even in the same industry, then it is able to meet advanced performance results. In this light, organizational capabilities emerge as fundamental underpinnings of firms' strategy.

2.1.2 Organizational capabilities

According to the RBV theory, firms' access to superior organizational capabilities serves as a competitive advantage, as long as these capabilities are valuable, rare, inimitable and non-substitutable. Organizational capabilities have been defined in various ways, reflecting different theoretical perspectives. According to Morgan et al (2004), capabilities are organizational processes of obtaining, combining and deploying organizational resources, enabling firms to achieve a competitive advantage. Accordingly, organizational capabilities have been defined as the sum of individual capabilities within an organization that interact with the respective contextual variables leading to the creation of organizational knowledge (Matsusaka, 2001), as well as processes that firms employ in reference to key organizational issues (Dosi et al, 2000). Teece (2012) argue that organizational capabilities are firm-specific and refer to capacities of deploying tangible and intangible resources in order to perform organizational tasks and activities, while Helfat & Peteraf (2003) suggest that these capabilities involve abilities of performing coordinated tasks with the use of organizational resources with a specific purpose.

Organizational capabilities are closely linked to firms' performance and innovation (Kyrgidou & Spyropoulou, 2013). As such, they are dynamic in nature. In this sense, the concept of dynamic capabilities has dominated the respective literature, as in order for a capability to be valuable for an organization, it should be evolve according to the contextual factors and the market dynamics. Prahalad & Hamel (1990), who firstly introduced the concept of dynamic capabilities, argued that organizational capabilities are fundamental for achieving a competitive edge. Dosi et al (2000) also suggest that organizational capabilities refer to firms' ability to balance effectively its resources, strategy and environmental factors, so as to enhance their competitive position. Thus, the dynamic nature of organizational capabilities reflects firms' ability to perform and deploy new means of doing business, while accumulating new organizational knowledge and incorporating it in their respective processes (Gold et al, 2001). On the other hand, it should be also mentioned that organizational capabilities, although dynamic in nature, do not change rapidly, as they reflect rigid perspectives of the past and are firm-specific, as firms are highly heterogeneous, even when operating in the same industry.

Several typologies have been proposed for categorizing organizational capabilities. For example, Collis (1994) identified four types, i.e. first category capabilities (abilities for basic functional tasks), second-order capabilities (abilities for dynamic improvements), third-order capabilities (abilities for achieving competitive advantages), and meta-capabilities (abilities for organizational learning and continuous improvement). Additionally, organizational capabilities can be categorized according to the organizational area they serve, thus, being grouped into operational (e.g. work routines), functional (e.g. production competences), strategic (e.g. core abilities of strategic nature) and higher-order capabilities (e.g. knowledge integration) (Peng et al, 2008). Furthermore, organizational capabilities can be of different nature, taking into account the specific skills required in order to be valuable. For the scope of this research, organizational capabilities are identified as entrepreneurial, managerial, technical, based on Kyrgidou & Spyropoulou (2013) research on the impact these types of capabilities on firms' innovativeness, adding also financial ones, as further explained in the next sections.

2.2 TYPES OF ORGANIZATIONAL CAPABILITIES

2.2.1 Entrepreneurial capabilities

Entrepreneurial capabilities include a series of organizational capabilities regarding opportunity identification and resources' development in order to pursue and exploit such opportunities deriving from the external environment according to new market dynamics, to as to gain a sustainable competitive advantage (Arthurs & Busenitz, 2006). An "entrepreneurial" firm acts proactively to business opportunities, preparing their knowledge, technological and human base for radical changes and future market trends (Phillips & Tracey, 2007). Such firms engage systematically into market monitoring activities, gathering information about the dynamics shaping the external environment so as to respond effectively to new market requirements (Liao et al, 2009). Thus, lack of entrepreneurial capabilities hampers firms' opportunity awareness, as well as their potential of changing their resource base in order to be aligned with changing conditions.

Although there is not a widely accepted definition about what really constitutes an entrepreneurial capability, most researchers agree that this is primarily based on a firm's capacity of sensing, selecting and detecting business opportunities, while shaping their strategy and internal environment in order to be synchronized with these opportunities (Abdelgawad et al, 2013). The entrepreneur himself plays a decisive role in shaping a firm's entrepreneurial capability, taking into account his passion, awareness, innovativeness, prior knowledge, experience and alertness (Man et al, 2002). According to Woldesenbet et al (2012), entrepreneurial capacity is a higher-order characteristic involving several personality traits, competencies and skills, which are used in order to detect business opportunities which otherwise would be ignored. At a firm level, such a capability signals the ability to engage in risk-seeking activities regarding the evaluation and exploitation of market opportunities, while leveraging the organizational resources required for such purposes (Zhang et al, 2010).

Consequently, opportunity identification is the most crucial concept of entrepreneurial capabilities, as entrepreneurial firms are able to make the best possible fit between opportunities arising from the market and their available resources (Ardichvili et al, 2003). As such, a firm posing entrepreneurial capabilities can spot market opportunities and, thus, improve its competitiveness, long-term sustainability and performance. Indeed, it has been documented that entrepreneurial capabilities are significantly related to business performance, growth and innovativeness capacity, a relationship mediated by organizational resources (Wu, 2007). Accordingly, it can be suggested that entrepreneurial capabilities are of major importance in times of economic crisis when firms face increased difficulties, as they provide them with the capacity of spotting new market opportunities that can be exploited in order to enhance their performance and be competitive.

2.2.2 Managerial capabilities

Managerial capabilities are those capabilities that ensure the creation, extension and modification of all means used in order to align business opportunities with organizational resources (Martin, 2011). The most influential theoretical framework regarding managerial capabilities is that of Adner & Helfat (2003), who define them as the abilities of integrating organizational resources and competencies. According to this model, managerial capabilities are based on three resources, i.e. human capital, managerial social capital and managerial cognition. In particular, managerial human capital refers to managers' knowledge and experiences (e.g. educational level, leadership and entrepreneurial experience), managerial social capital includes the managers' social network ties and relationships (e.g. business contacts, diversity of networks), and managerial cognition refers to several knowledge structures and cognitive processes (e.g. entrepreneurial perceptions, mental regulation) (Adner & Helfat, 2003).

According to Castanias & Helfat (2001), managerial resources can be categorizes into three types, i.e. generic (related to managers' individual personality, knowledge and experience), industry-specific (related to the industry a firm is operating in) and firm-specific (related to the unique characteristics of a firm). All these types are combined in such a way so managers are valuable to every firm and, accordingly, managerial capabilities are difficult to imitate, at least for a short time period, providing for a competitive advantage (Castanias & Helfat, 2001). In addition, managerial capabilities are dynamic in nature and of major importance for achieving the best possible alignment between a firm's resources and market opportunities in a changing external environment (Sirmon & Hitt, 2009).

While firms reconfigure their position in a dynamic environment, managers play a dominant role as agents of change in spotting business opportunities and match organizational resources and competencies with their strategic positioning. In this process, managerial capabilities are instrumental for organizational success, competency combination and enhanced performance (Sadler-Smith et al, 2003). Indeed, numerous researchers have provided empirical evidence supporting the strong relationship between managerial capabilities and several measures of performance and success (Helfat & Martin, 2015). For example, Barbero et al (2011) showed that managerial capabilities, especially regarding a number of functional areas (e.g. marketing and environmental scanning activities), are strongly related to growth potential of small- and medium-sized enterprises in terms of market expansion. Thus, it can be argued that managerial capabilities lead to enhanced business performance, especially during hard times, as they provide for the capacity of building on the most valuable organizational resources.

2.2.3 Technical capabilities

Technical capabilities include organizational capabilities that are related to technical and technological skills and competencies, which support firms' adjustment to the market requirements according to the changing environmental conditions and respective business opportunities (Lee et al, 2001). In accordance, technical capabilities foster innovation and growth. Of course, not all technical capabilities constitute a competitive advantage for firms, as some of them refer to organizational routines in everyday functional areas that can be easily imitated. Benner (2009) makes a crucial distinction between static and dynamic (innovative) technical capabilities, from which dynamics ones should be the point of focus for businesses. In particular, static technical capabilities involve routine technologies applied in some functional areas and dealing with everyday problems, while dynamic ones are associated with internal knowledge production.

Thus, dynamic technical capabilities include all organizational activities related to organizational knowledge, such as Research and Development (R&D), use of advanced technologies and exploitation of added-value technical knowledge and expertise (Zou et al, 2010). A strong technical base not only supports firms spotting new market opportunities while decreasing associated risks, but most importantly, helps them to translate them into new products and services that provide them with a competitive advantage. Indeed, knowledge derived from environmental scanning while pursuing new business opportunities cannot be easily transformed into new product development if a firm does not possess sufficient technical capabilities and respective technological resources (Hsieh & Tsai, 2007). As Kyrgidou & Spyropoulou (2013) point out, technical capabilities enable firms to respond effectively and in a timely manner to market challenges and technological developments, especially in times of market uncertainty.

Accordingly, Prasnikar et al (2008) argue that technological capabilities primarily are valuable to firms when they provide them with a strong base for grabbing new market opportunities and translate them into new business structures. As such, this type of capabilities is crucial for achieving market and strategic flexibility, as not all technical skills can guarantee a long-term competitive advantage, necessary for organizational performance improvements. The relationship between technical capabilities and business performance has been a topic of great research interest. For example, Li et al (2018) found that firms' dynamic technological capabilities have a strong and positive impact on their organizational performance, as well as on their strategic flexibility in a changing environment. Thus, it can be suggested that technical capabilities constitute a group of organizational capabilities that can enhance business performance, especially in a turbulent economic environment, when strategic flexibility and adjustment is mostly required.

2.2.4 Financial capabilities

Financial capabilities is another group of organizational capabilities, which according to the RBV theory, can enhance business performance and support firms pursue and exploit new market opportunities. Financial capabilities refer to firms' abilities of using all available financial resources required for employing their strategy and gain a sustainable competitive advantage (Chatterjee & Wernerfelt, 1991). Firms possessing strong financial capabilities usually pursue a business strategy that has a high impact on investments, while having an effective access to several financial resources (Lee & McGuiggan, 2008). In addition, financial capabilities refer to firms' ability of performing a strong financial management, applying an effective credit and debt control system, adopting financial engineering measures when required in order to make their investments more productive, and using their financial resources in the best possible way (Marchica & Mura, 2010).

Accordingly, these capabilities also include other activities of added value, such as raising funds of low risk for investing in new market opportunities, building strong relationships with external financial stakeholders (e.g. banks), and complying with the regarding regulatory framework. In particular as regards SMEs, which typically have more limited financial resources and more strict access to external financing, financial capabilities are very important for achieving advantages when compared to their competitors. SMEs, especially in emerging economies or countries faced with economic difficulties, have main problems in accessing external financial resources in order to expand their operations and activities (Lee et al, 2015). On the other hand, it has been documented that access to international finance and other external resources is decisive factor for SMEs' sustainable competitive performance (Degong et al, 2018).

Consequently, it can be suggested that firms' financial capabilities are of major importance for their growth. Indeed, various studies have linked financial capabilities with firms' performance. For example, Andries et al (2018) demonstrated that smaller firms use more effective debt control measures in order to be competitive and sustainable in the long-run, although they face significant financial barriers during economic crises, and Berge et al (2014) showed that financial capabilities are very important for microenterprises' growth in terms of transforming financial capital into productive investments. Lastly, Khan et al (2019) found that investing in key intangible capabilities, including financial ones, has a strong impact on firms' sustainable competitive advantage and performance. All in all, organizational capabilities are strongly linked to business performance, including SMEs and taking into account the overall economic environment.

2.3 ORGANIZATIONAL CAPABILITIES AND SMEs' PERFORMANCE

As previously mentioned, the RBV theory has served as a primary theoretical framework for explaining and investigating firms' performance, suggesting that organizational capabilities lead to superior performance and sustainable competitive advantage. Furthermore, the positive link between organizational capabilities and firms' performance has also been established for SMEs, which is of particular importance for this research. Based on the RBV perspective, it has been documented that lack of organizational capabilities, especially managerial ones (e.g. application of effective performance measurement systems) is one of the main variables explaining limited performance in Italian SMEs (Garengo & Bernardi, 2007), as well as that superior performance of SMEs in Spain depends heavily on their entrepreneurial capabilities, including shared vision, environmental scanning for business opportunities, proactive strategy, flexibility and entrepreneurial orientation (Aragón-Correa et al, 2008). The same has been supported for managerial capabilities concerning knowledge management in SMEs (Gharakhani & Mousakhani, 2012).

Terziovski (2010) also found that several organizational capabilities combined with valuable technological resources are the main factors explaining innovativeness and performance in SMEs in the manufacturing sector, and Alegre et al (2015) showed that knowledge management together with other dynamic organizational capabilities act as a decisive factor for small-sized biotechnology firms. Based on the RBV theory, Lau et al (2004) provided evidence that organizational capabilities in terms of innovativeness, quality enhancement practices, cost-reduction processes and effective combination of organizational resources can significantly explain intra-firm differences of performance in SMEs, taking into account the dynamic business environment in which they operate, and Alpkan et al (2007) showed that entrepreneurial and managerial capabilities (market orientation, effective planning, opportunities' exploitation) are strongly and positively related with business performance in SMEs. It has also been found that technical capabilities are of equal importance, especially for export-orientated SMEs, in order to improve their competitive positioning in international markets (Zhang et al, 2008).

In addition, there is some evidence, although limited, regarding the relationship between organizational capabilities and firms' performance, including SMEs, during times of economic crises. Makkonen et al (2014) provided some insights about the global financial crisis of 2008 regarding firms operating in the food processing, maritime and media industries, suggesting that dynamic capabilities are crucial for surviving the crisis and achieving improved performance, as these capabilities enable firms to change according to the new market dynamics and adopt innovative strategies. Grewal & Tansuhaj (2001) used cases of economic crises in Asia, Eastern Europe and South America, demonstrating that market orientation and strategic flexibility capabilities are of major importance for firms' performance after the crisis has occurred. Similarly, Zouaghi et al (2018) showed that managerial capabilities in terms of human resources and knowledge management were the focus of low-tech firms during the recent financial crisis.

2.4 STRATEGIES AND PERFORMANCE OF GREEK SMEs IN THE FOOD INDUSTRY DURING THE CRISIS

2.4.1 Firms' strategies

The Food and Beverage (F&B) sector is one of the key pillars of the Greek economy and of particular importance for the manufacturing sector. It is a very dynamic and competitive industry, with significant investments, strong extroversion and business activity in Greece, the Balkans and throughout Europe. In particular, the food sector constitutes the largest processing sector in Greece, while when combined with the beverage sector, it accounts for approximately 1/3 (29%) of the total manufacturing industry. As such, it ranks first among all manufacturing industries, followed by metal products (14.7%) and clothing (7.8%). At the same time, the F&B industry is the largest employer of Greek manufacturing, employing more than 1/3 of all workforce (36%), i.e. approximately 111.000 employees (IOBE, 2019). The industry's presence is also of fundamental importance in purely economic terms, as its production value reaches the 24.7% of the manufacturing industry, its gross value added contributes to the 24.3%, while having the second position as regards turnover. It should also be noted that SMEs account for the largest proportion of all firms in the Greek F&B sector, with micro-enterprises (less than 10 employees) accounting for almost 90% of all businesses (IOBE, 2019).

During the recent financial crisis, the F&B industry faced many pressures, although it managed to perform relatively well, mainly thanks to the increase of food production which was in turn translated into increased exports. Strategies employed by firms of the F&D sector, taking advantage of their organizational capabilities, contributed significantly to these developments. Although there is limited evidence regarding these strategies, firms operating in the F&D industry tried to retain their competitive position by exploiting their resources and capabilities. According to a PwC study (2019), firms' strategies during the economic crisis can be categorized into four distinctive areas: (1) products (creation and development of innovative products and packaging, products' adaptation to different cultural perceptions), (2) production (increased production scales and flexibility, cross-sector integration of supply, minimum quantities of products compatible with minimum demand), (3) logistics (increased scale of inventories and distribution, supply chain management integration, products' distribution via international channels), and (4) marketing (demand aggregation, separation of supra and normal branded products, joint trade agreements, product differentiation, permanent in-house marketing infrastructure) (PwC, 2019).

Firms' strategies operating in the Greek F&B industry have been the topic of research of two more studies. In particular, Notta & Vlachvei (2015) investigated the changes in marketing strategies of food manufacturing companies during the economic crisis and found that these strategies are mostly orientated to new promotional practices, new product development, advertising and costs' reduction. In addition, Giannacourou et al (2015) focused on SMEs of the Greek F&D industry, and demonstrated that due to environmental uncertainties, firms tended to put greater emphasis on their managerial and entrepreneurial capabilities and in particular on formalization (more systematic task execution and use of increased level of information for decision-making), and innovation (seek for new market opportunities through product and technological innovations). It should be lastly noted that Greek SMEs' strategies operating in different sectors has also been explored by different standpoints. For example, it has been found that SMEs' survival during the Greek crisis depends on several organizational resources (e.g. innovative marketing strategies, product reengineering, use of stakeholders' information, export and market orientation, debt control practices, strategic management of market information, introduction of new production methods, use of information and communication technology systems) (Bourletidis, 2013; Bourletidis & Triantafyllopoulos, 2014; Trigkas et al, 2014).

2.4.2 Firms' performance

Greek firms' performance of the F&B industry has been investigated by several studies, confirming in general terms its resilience during the recent financial crisis, although significant differences in various financial and market measures have been documented between the pre- and after-crisis periods. Notta & Vlachvei (2014) investigated the impact of several market and financial measures on Greek F&B firms' profitability before and during the crisis, and found that in the pre-crisis period, only market share affected profits, meaning that the larger the firm size the greater its profitability. On the other hand, during the economic crisis, firms' profitability was also affected by other measures besides market share, including liquidity and leverage, both explaining intra-firms' differences in terms of financial performance (profits). Kontogeorgos et al (2017) explored firms' operating in the Greek cheese industry performance during the crisis, and found that the crisis had an adverse effect on their profitability, especially for SMEs, which experiences the greater efficiency and profitability losses. In accordance, Chytis et al (2018) investigate listed in the Athens Stock Exchange food companies' performance for the period 2008-2012, and found that the financial crisis had a significant impact on several performance indicators, including profitability and turnover. They also documented that firms' profitability is positively correlated with firm size and payables turnover, meaning that larger firms in terms of total assets managed to be more profitable during the crisis (Chytis et al, 2018).

Regarding the whole F&B industry in Greece, recent reports indicate that this sector was relatively resilient during the crisis. In the period 2012-2015, firms increased their revenues, maintained their profitability and made reasonable investments by controlling their total debt. According to a PwC study (2019), only the 27% of firms can be categorized as "zombies" (companies with declining revenues, zero or negative profitability and non-sustainable lending), while the 36% of firms can be described as "stars" (companies with systematic revenue and profit growth and reasonable lending at the end of the crisis). In general terms, the Greek F&B industry is quite competitive, showing improvements in several performance measures.

As regards sub-sectors of the industry, the 85% of them either maintained or improved their competitiveness between 2012 and 2015, with three sub-sectors being "stars" (fruits and vegetables, canned food, alcoholic beverages) and three "zombies" (poultry, fish, red meat). Food companies' revenue rose 3.4% annually from 2012 to 2016, and exports also increased during the same period, reaching €3.6 billion in 2016 from €2.5 in 2009. Exports now account for the 36% of total production and are mostly non-branded. According to an IOBE report (2019), Greek food companies' performance improved further during the last years, despite the impact of the financial crisis. Their mean turnover reached €10.47 billion in 2017, showing an increase of 2.8% from 2016 (€10.14 billion). Net profits before taxes have also increased by 47% in the same period, and after-tax profits are up by 69% in 2017 compared to 2016. Table 1 below presents F&B firms' performance in 2015, taking into account their categorization into "stars", "grey" and "zombies".

Table 1: F&B firms' performance measures

	Comp/ness index	Number of firms	Employees	Turnover (€ million)	EBITDA (€ million)	EBITDA margin	Working capital (€ million)	Net borrowing (€ million)	CAGR turnover (%) '12-'15	ROCE (%) '12-'15	Net Debt/EBITDA
STARS	27	22	2595	493	66	13.4%	234	8	18.9%	19.5%	0.13
	18	40	4909	1,174	133	11.3%	681	-60	9.6%	13.6%	NA
	12	41	6086	1,642	124	7.6%	1,002	156	1.8%	8.1%	1.3
	Subtotal	103	13590	3,309	324	10.8%	1,916	105	10.1%	13.7%	0.3
GREY	9	10	706	315	36	11.5%	201	-15	-2.6%	16.0%	NA
	8	29	4580	1,480	138	9.4%	1,205	488	1.7%	6.9%	3.5
	6	30	4295	1,077	61	5.7%	742	221	10.4%	3.5%	3.6
	4	38	7665	1,690	165	9.8%	1,351	737	1.7%	1.8%	4.5
	Subtotal	107	17246	4,562	401	9.1%	3,499	1.430	2.8%	7.1%	3.6
ZOMBIES	3	13	1957	314	8	2.7%	205	158	8.4%	-6.8%	18.8
	2	39	6737	1,230	90	7.3%	1,857	1.121	-3.4%	-2.2%	12.5
	1	30	2940	617	-152	-24.7%	532	846	-16.7%	-19.4%	NA
	Subtotal	82	11634	2,161	-54	-4.9%	2,594	2,124	-3.9%	-9.5%	NA
	Total	292	42470	10,032	671	5.4%	8,010	3,659	3.0%	3.8%	5.5

Source: PwC (2019)

Lastly, Table 2 below presents profitable and non-profitable firms from a sample of 848 F&B companies for 2016-2017.

Table 2: Firms with profits and losses 2017

Profits vs losses	Number of firms
Profitable firms 2017	582
Firms that have increased their profits in 2017 compared to 2016	256
Firms that have decreased their profits in 2017 compared to 2016	239
Firms that gone to profits in 2017 from losses in 2016	87
Firms with losses 2017	266
Firms that have increased their losses in 2017 compared to 2016	88
Firms that have decreased their losses in 2017 compared to 2016	91
Firms that gone to losses in 2017 from profits in 2016	87
Total sample of firms 2017	848
Firms with profits 2016	582
Firms with losses 2016	266

Source: IOBE (2019)

CHAPTER 3

RESEARCH METHODOLOGY

3.1 RESEARCH AIM AND HYPOTHESES

Building upon the RBV theory, organizational capabilities lead to firms' superior performance and sustainable competitive advantage. The positive link between performance and strategies exploiting organizational capabilities has been documented both for SMEs (Garengo & Bernardi, 2007; Aragón-Correa et al, 2008; Terziovski, 2010; Gharakhani & Mousakhani, 2012; Alegre et al, 2015), and businesses during times of economic crisis (Grewal & Tansuhaj, 2001; Makkonen et al, 2014; Zouaghi et al, 2018). Accordingly, the aim of this research is to investigate the impact of organizational capabilities on firms' of the Greek F&B sector performance during the recent financial crisis. In order to do so, a mixed (quantitative and qualitative) research method was adopted, by performing a survey in a sample of Greek SMEs with the use of a questionnaire, and by analyzing a case study of a Greek firm operating in the wider F&B industry (three restaurants under the same brand and ownership). The respective research hypotheses are the following:

H1: Entrepreneurial capabilities are positively associated with F&B firms' performance during the Greek financial crisis.

H2: Managerial capabilities are positively associated with F&B firms' performance during the Greek financial crisis.

H3: Technical capabilities are positively associated with F&B firms' performance during the Greek financial crisis.

H4: Financial capabilities are positively associated with F&B firms' performance during the Greek financial crisis.

3.2 EMPIRICAL RESEARCH

3.2.1 Research design

The quantitative research of this study involved a mail survey conducted with the use of a questionnaire (see next section), assessing Greek SMEs' ability to exploit their organizational capabilities (entrepreneurial, managerial, technical, financial) in order to improve their performance during the recent financial crisis. The sample of this research consists of 65 firms of the Greek F&B sector, which were contacted by e-mail, explaining the purpose of the study and requesting them to complete the questionnaire. The respondents were key informants, i.e. employees holding currently managerial positions, thus, able to provide relevant information. Completed questionnaires were returned by e-mail and data collected were statistically processed using the statistical package SPSS 20.0.

3.2.2 Research instrument

The research instrument of this survey is a questionnaire consisting of six parts (see Appendix). Part 1 includes five questions regarding F&B firms' profile (years in business, business sector, number of employees, annual turnover, impact of financial crisis). Parts 2,3,4, 5 and 6 correspond to the research variables, i.e. entrepreneurial capabilities, managerial capabilities, technical capabilities, financial capabilities, and performance, respectively. Entrepreneurial capabilities were operationalized with eight items (e.g. "We managed to take advantage of new market opportunities"), measuring the extent to which firms managed during the financial crisis to identify and exploit market opportunities, taking into account that an "entrepreneurial firm" acts proactively to business opportunities, being prepared for future market trends (Arthurs & Busenitz, 2006; Phillips & Tracey, 2007; Abdelgawad et al, 2013).

Managerial capabilities were measured by eight items assessing firms' ability to handle different management tasks (e.g. "We improved out performance by applying best practices in organizing and motivating our employees"), including human and organizational resources management, performance evaluation and benchmarking, R&D, and other managerial activities (Castanias & Helfat, 2001;

Adner & Helfat, 2003; Martin, 2011). Technical capabilities were also assessed by eight items capturing firms' technological skills and abilities (e.g. "We were able to perform well in technical and functional areas of business"), such as adoption of new technologies, alignment between technology and business strategy, and technical knowledge improvement (Lee et al, 2001; Hsieh & Tsai, 2007; Benner, 2009). It should be mentioned that these three types of capabilities were adapted by Kyrgidou & Spyropoulou (2013) study on organizational capabilities' impact on firms' innovativeness.

This study further adds financial capabilities assessed by eight items (e.g. "We employed a business strategy of high impact on investments"), including management of financial activities and tasks. Finally, performance was operationalized with eight items using a multidimensional approach, according to which performance is captured by market and financial measures (e.g. sales' growth, market share, profitability, cash flows). All capabilities were measured according to respondents' ratings assessing the extent to which their firms' used their capabilities during the financial crisis. The responsive scale is a 5-point Likert scale of agreement (1=strongly disagree, 2=disagree, 3=undecided, 4=agree, 5=strongly agree). Lastly, performance was measured by respondents' ratings of the respective items in a 5-point Likert scale (1=very poor, 2=poor, 3=acceptable, 4=good, 5=very good).

3.2.3 Data analysis

Data are presented with the use of both descriptive and inductive statistical tools. In particular, descriptive tools include frequencies and relative frequencies of responses for nominal variables, while numerical variables are analyzed through hierarchical and numerical Likert scales, with the use of the mean and standard deviation. In order to examine the impact of entrepreneurial, managerial, technical and financial capabilities of firms' performance, the OLS method is employed. Respective empirical results include in all cases the independent variables' coefficients of the regression models, along with the constant term, p-values, determination coefficients (R^2), F-statistics, and significance level (α=0.05). The regression OLS models examined are:

$$performance = \beta_0 + \beta_1 \times entepreneurial\ capabilities + \epsilon$$

$$performance = \beta_0 + \beta_1 \times managerial\ capabilities + \epsilon$$

$$performance = \beta_0 + \beta_1 \times technical\ capabilities + \epsilon$$

$$performance = \beta_0 + \beta_1 \times financial\ capabilities + \epsilon$$

$$performance = \beta_0 + \beta_1 \times entepreneurial\ capabilities + \beta_2 \times magerial\ capabilities + \beta_3 \times technical\ capabilities + \beta_4 \times financial\ capabilities + \epsilon$$

3.3 CASE STUDY RESEARCH

In order to further examine the impact of firms' strategies according to their organizational capabilities on their performance, a case study analysis is employed, concerning a Greek company operating in the wider F&B industry. In particular, the case study under examination involves three restaurants under the same brand ("To Neon") and ownership, serving three different areas in the city of Thessaloniki. This part of qualitative research analyses the firm's entrepreneurial, managerial, technical and financial capabilities, in line with the strategies adopted by the firm during the recent financial crisis (2009-2019), so as to draw conclusions on their effect in its performance. The case study analysis follows Yin's (1994; 2002; 2013) methodology on case studies, which are defined as descriptive analyses of contemporary phenomena within their real-life contexts. From this point of view, a case study is an empirical inquiry investigating a case by addressing "how" and "why" questions concerning the phenomenon of interest. In this case, the questions addressed concern the relationship developed between organizational capabilities and firms' performance, while the real-life context involves the Greek financial crisis.

According to Yin (1994; 2002; 2013), although there is no codified design for a case study like other research methodologies, there are generally four types of design that can be used, the single holistic, the single embedded, the multiple holistic and the multiple embedded design. In this case, a single holistic design is followed, requiring one unit of analysis (one firm). The five components of a case study design include the study's questions (if organizational capabilities are related to firms' performance), its proposition (strategies employed by exploiting organizational capabilities have a positive impact on firms' performance), the units of analysis (entrepreneurial, managerial, technical and financial capabilities, and performance), the logic linking the data to the propositions (firms that take advantage of their capabilities are able to enhance their performance even in times of crises), and the criteria for interpreting the findings (RBV theory). Lastly, as regards the sources of a case study, according to Yin (1994; 2002; 2013) these may include documents, archival records, interviews, observations and physical artifacts. In this case, internal documents and observations are mostly used, noting that the researcher is a member of the organization under examination (employee and member of the ownership).

CHAPTER 4

RESEARCH RESULTS

4.1 SURVEY RESULTS

Regarding to the business characteristics of the firms of this study sample, it appears that 14.3% of them operate in the F&B industry from 3 to 5 years, 28.6% from 6 to 10 years, 4.8% from 11 to 15 years, 14.3% from 16 to 20 years and 38.1% over 20 years. Additionally, the 4.8% of the firms operate in the meat sector, 4.8% in the vegetable and animal oil and fats sector, 23.8% in the bakery and floury sector, 14.3% in the fish sector, 14.3% in the dairy products sector, 9.5% in wholesale and 28.6% in other types of food products. Also, the 33.3% of the businesses employ 1 to 10 employees, 14.3% 11 to 50 employees, 33.3% 50 to 250 employees and 19.0% over 250 employees, while 61.9% of them achieved annual turnover up to 2 million euros and 38.1% over 2 million euros.

Table 3: Business characteristics

		%
Years in business	3-5	14.3%
	6-10	28.6%
	11-15	4.8%
	16-20	14.3%
	Over 20	38.1%
Business sector	Meat	4.8%
	Vegetable and animal oil and fats	4.8%
	Bakery and floury	23.8%
	Fish	14.3%
	Dairy products	14.3%
	Fruits and vegetables	0.0%
	Animal food products	0.0%
	Other types of food products	28.6%
	Wholesale	9.5%

Number of employees	1-10	33.3%
	11-50	14.3%
	50-250	33.3%
	Over 250	19.0%
Annual turnover (in euro)	0-1m	33.3%
	1-2m	28.6%
	2-5m	4.8%
	5-10m	9.5%
	10-25m	4.8%
	25-50m	9.5%
	Over 50m	9.5%

Also, as shown in Table 2, the performance of 14.3% of the firms during the financial crisis was not affected, while the same percentage was slightly affected. Moreover, for the 47.6% of the companies of the study sample, the financial crisis affected their performance moderately, for the 19.0% significantly, and for the 4.8% to a great extent. Overall, the financial crisis affected the performance of the companies in a moderate degree, as the corresponding mean value is equal to 2.86 (SD=1.06).

Table 4: Economic crisis impact on performance

		%	M	SD
To what extent your firm's performance has been affected by the economic crisis?	Not at all	14.3%		
	A little	14.3%		
	Moderately	47.6%	2.86	1.06
	Significantly	19.0%		
	To a great extent	4.8%		

As regards to the entrepreneurial capabilities of the companies, it appears that were developed in a high degree during the financial crisis (M=3.55, SD=0.69), especially in terms of customers' needs and preferences' identification and new high value added products and services' development.

Table 5: Entrepreneurial capabilities

	Strongly disagree %	Disagree %	Undecided %	Agree %	Totally agree %	M	SD
We managed to take advantage of new market opportunities	9.5%	14.3%	4.8%	47.6%	23.8%	3.60	1.30
We managed to identify customers' needs and preferences	0.0%	14.3%	4.8%	47.6%	33.3%	4.00	1.00
We developed new goods and services according to these needs	9.5%	14.3%	4.8%	33.3%	38.1%	3.76	1.37
We were alert towards identifying new market opportunities	9.5%	19.0%	28.6%	23.8%	19.0%	3.24	1.26
We used all organizational knowledge in order to take advantage of market opportunities	14.3%	9.5%	38.1%	23.8%	14.3%	3.14	1.24
We exploited new opportunities faster that our competitors	4.8%	9.5%	38.1%	42.9%	4.8%	3.33	0.91
We managed to develop new high value added products and services	9.5%	4.8%	19.0%	23.8%	42.9%	3.86	1.31
We performed extent market research in order to identify new market opportunities	4.8%	0.0%	57.1%	19.0%	19.0%	3.48	0.98
Entrepreneurial capabilities						**3.55**	**0.69**

Firms' managerial capabilities were also exploited for the development of respective strategies during the financial crisis, but in a lower degree than entrepreneurial ones, as the mean value of the corresponding factor is equal to 3.36 (SD=0.67).

Table 6: Managerial capabilities

	Strongly disagree %	Disagree %	Undecided %	Agree %	Totally agree %	M	SD

We improved out performance by applying best practices in organizing and motivating our employees	4.8%	14.3%	23.8%	52.4%	4.8%	3.38	0.97
We managed to organize our resources and coordinate business tasks effectively	9.5%	0.0%	23.8%	61.9%	4.8%	3.52	0.98
We managed to supervise. influence and lead employees in the best possible way	14.3%	0.0%	28.6%	47.6%	9.5%	3.38	1.16
We applied continuous performance evaluation and benchmarking techniques against clear benchmarks and performance targets	4.8%	14.3%	38.1%	33.3%	9.5%	3.29	1.01
We managed to build managerial capabilities in order to generate stakeholders' support	4.8%	38.1%	19.0%	33.3%	4.8%	2.95	1.07
We were able to confront structural weaknesses based on organizational knowledge and innovation	14.3%	4.8%	23.8%	52.4%	4.8%	3.29	1.15
We invested in research. development and innovation	9.5%	19.0%	33.3%	19.0%	19.0%	3.19	1.25
We managed to use our resources towards activities of higher value added	4.8%	4.8%	23.8%	33.3%	33.3%	3.86	1.11
Managerial capabilities						**3.36**	**0.67**

In addition, it is shown that firms managed to develop and take advantage of their technical capabilities in a great extent (M=3.63, SD=0.61), as they used in a high degree advanced materials and technologies, adopted new informational technologies and in general were able to perform well in technical and functional areas of business.

Table 7: Technical capabilities

	Strongly disagree	Disagree	Undecided	Agree	Totally agree		
	%	**%**	**%**	**%**	**%**	**M**	**SD**
We were able to perform well in technical and functional areas of business	4.8%	4.8%	33.3%	33.3%	23.8%	3.67	1.06
We managed to incorporate technical innovation in our goods and services	9.5%	19.0%	14.3%	33.3%	23.8%	3.43	1.33

We improved our current technical knowledge and skills	9.5%	14.3%	19.0%	33.3%	23.8%	3.48	1.29
We performed well in research and development activities	9.5%	4.8%	33.3%	28.6%	23.8%	3.52	1.21
We adopted new technologies						3.62	1.07
We adopted new informational technologies	4.8%	4.8%	38.1%	28.6%	23.8%	3.76	1.14
Advanced materials and technologies were crucial for our survival and development	9.5%	0.0%	19.0%	47.6%	23.8%	3.95	.80
We managed to align technology with our business strategy	0.0%	0.0%	33.3%	38.1%	28.6%	3.57	1.33
	14.3%	4.8%	14.3%	42.9%	23.8%		
Technical capabilities						**3.63**	**0.61**

Furthermore, firms also developed strategies according to their financial capabilities to a high degree (M=3.40, SD=0.62), especially in terms of financial management, high impact on investments employment, financial regulatory requirements compliance and financial resources use.

Table 8: Financial capabilities

	Strongly disagree	Disagree	Undecided	Agree	Totally agree		
	%	**%**	**%**	**%**	**%**	**M**	**SD**
We employed a business strategy of high impact on investments	0.0%	19.0%	23.8%	28.6%	28.6%	3.67	1.11
We performed financial engineering measures so our investments were more productive	9.5%	9.5%	23.8%	38.1%	19.0%	3.48	1.21
We performed effective financial management as a crucial part of running our business	9.5%	14.3%	0.0%	66.7%	9.5%	3.52	1.17
We applied effective credit and debt control systems	9.5%	23.8%	19.0%	47.6%	0.0%	3.05	1.07
We pursued effective and reliable relationships with other financial stakeholders (e.g. banks. investors)	4.8%	28.6%	19.0%	33.3%	14.3%	3.24	1.18

We managed to comply with the financial regulatory requirements (e.g. taxes)	14.3%	14.3%	0.0%	42.9%	28.6%	3.57	1.43
We used our financial resources in the best possible way	14.3%	4.8%	28.6%	14.3%	38.1%	3.57	1.43
We were able to raise funds effectively in order to fuel them in our business activities	9.5%	19.0%	28.6%	38.1%	4.8%	3.10	1.09
Financial capabilities						**3.40**	**.62**

Finally, it is found that firms performed relatively well during the financial crisis (M=3.39, SD=0.83), as their sales volume and growth was high and achieved high market share and ROE and lower debt to equity ratio.

Table 9: Financial crisis impact on business performance

	Very poor	Poor	Acceptable	Good	Very good		
	%	**%**	**%**	**%**	**%**	**M**	**SD**
Sales' volume	9.5%	0.0%	9.5%	42.9%	38.1%	4.00	1.18
Sales' growth	4.8%	14.3%	33.3%	14.3%	33.3%	3.57	1.25
Market share	14.3%	0.0%	38.1%	19.0%	28.6%	3.48	1.33
Return On Investment	14.3%	14.3%	28.6%	23.8%	19.0%	3.19	1.33
Return On Equity	4.8%	19.0%	28.6%	23.8%	23.8%	3.43	1.21
Profitability	19.0%	9.5%	33.3%	23.8%	14.3%	3.05	1.32
Cash flows	14.3%	19.0%	33.3%	23.8%	9.5%	2.95	1.20
Debt to equity ratio	4.8%	28.6%	19.0%	14.3%	33.3%	3.43	1.36
Business performance						**3.39**	**0.83**

In order to identify the nature and the volume of correlation between the factors under investigation, the Pearson's correlation coefficient is used. As presented below, in general there is a positive statistically significant correlation between entrepreneurial, managerial, technical, and financial capabilities and business performance during the crisis ($p<0.05$ in each case). This results sign that the companies' performance is highly linked to capabilities development during the crisis as firms that show high entrepreneurial, managerial, technical and financial capabilities tend to perform better.

Table 10: Correlation matrix

		Entrepreneurial capabilities	Managerial capabilities	Technical capabilities	Financial capabilities	Business performance
Entrepreneurial capabilities	r	1				
	p					
Managerial capabilities	r	.691	1			
	p	.001				
Technical capabilities	r	.603	.683	1		
	p	.004	.001			
Financial capabilities	r	.608	.649	.769	1	
	p	.003	.001	.000		
Business performance	r	.426	.489	.547	.622	1
	p	.044	.024	.010	.003	

Finally, by testing the impact of the entrepreneurial, managerial, technical, and financial capabilities on business performance, it is shown that this is positive and statistically significant. Thus, as entrepreneurial, managerial, technical and financial capabilities development increases, business performance also increases and vice versa. Nevertheless, it must be noted that when all independent variables are set together in the OLS regression model, none of them becomes statistically significant due to reduced degrees of freedom.

Table 11: OLS regressions results

	b	p	b	p	b	p	b	p	b	p
Constant	1.572	0.097	1.372	0.119	0.691	0.480	0.583	0.488	0.279	0.788
Entrepreneurial capabilities	0.511	0.044							-0.001	0.999
Managerial capabilities			0.600	0.024					0.135	0.723
Technical capabilities					0.744	0.010			0.162	0.721
Financial capabilities							0.825	0.003	0.609	0.169
R^2	0.182		0.239		0.299		0.387		0.404	
F(p)	4.220(0.054)		5.971(0.024)		8.120(0.010)		11.981(0.003)		2.714(0.067)	

4.2 CASE STUDY ANALYSIS

4.2.1 Introductory remarks

Following Yin's (2002) case study methodology, the following analysis discusses a Greek SME's organizational capabilities during the recent financial crisis, along with their impact on its performance. The analysis units investigated include entrepreneurial, managerial, technical and financial capabilities, as this case study analysis is aligned with the previous survey findings, based on the RBV theory. The organization under analysis is "Neon", a company operating with three restaurants in East Thessaloniki under the same ownership and brand, currently employing a total of 75 employees. Accordingly, its total serving capacity reaches approximately 400 seats, divided into 250, 100, and 50 seats for restaurants 1,2, and 3 respectively. The firm was first established in 1991, when it opened its first restaurant, followed by the two more in 2013 and 2017. During the recent financial crisis, "Neon" has managed to stand out in the city's restaurant market, offering a high-quality menu and attracting a wide customer portfolio, thanks to its organizational capabilities. As the following analysis explains, the three restaurant operating under the same brand tried not only to survive the crisis but also improve their performance, by focusing on key functional areas and, more importantly, by developing growth strategies built upon their organizational capabilities. In this light, the aim of the qualitative analysis performed for this case study is to examine the main entrepreneurial, managerial, technical and financial capabilities on "Neon" during the recent financial crisis, so as to draw conclusions on their impact on the firm's performance during the same period. As such, this case study comes to add further insight on the relationship between organizational capabilities and firms' performance in the Greek F&B industry, so as to further validate the survey's results and provide a more complete and integrated interpretation of this relationship in the Greek crisis' context. Thus, following a mixed quantitative and qualitative approach, this study aims to clarify the impact of firms' capabilities on their performance according to the RBV theory.

4.2.2 Entrepreneurial capabilities

Concerning the first set of capabilities, the company under investigation has managed during the Greek financial crisis to spot and exploit new market opportunities. Building upon its strong brand in the restaurant industry of east Thessaloniki, the company established its new store in 2017 in a neighborhood of increasing middle class population, which is also very vivid during the weekends, attracting families and young people. The new store has a modern design and a capability of serving more than 250 individuals daily, while offering a wide-ranged menu of contemporary Greek cuisine along with other F&B services (e.g. bar, fine drinking, wine menu, breakfast and branch during daytime). As such, the company has managed to rebuild its brand image, while preserving its familiarity with its customer base. In the same time, it has identified and took advantage of other market opportunities according to new consumer requirements, for example offering vegan and kids' menu, serving food while watching sports TV, and having a bar for "late" customers.

4.2.3 Managerial capabilities

The company has retained it family-owned managerial philosophy, which has been proven a key success factor for its growth during the financial crisis, while incorporating new members in its management. Its main value-added capabilities derive from the managers' social networks ties and relationships, especially as regards business contacts with key market stakeholders (e.g. key big customers and suppliers, financial stakeholders). Although marketing and environmental scanning activities continued to be performed in a non-typical and informal manner, stores' managers started during the last three years to organize regular meetings in order to discuss market opportunities and respective developments, while deciding on new business activities in key functional areas. A particular focus has been made on human resources management, by adopting informal motivational practices (e.g. recognition of achievements during professional meetings), more systematic supervision, mentoring of new personnel, and performance evaluation.

4.2.4 Technical capabilities

During the financial crisis, the company has pursued a business strategy of improving its technical and knowledge base, especially regarding some of its key functional areas (ordering, supplies management, inventory management). Its technical capabilities have been significantly improved mainly by adopting new informational technologies, which have been since proven crucial for its growth. In particular, the company has adopted in all its three stores a new unified software application, enabling central management and monitoring of all purchases and sales in multiple POS (points of sale). A new wireless ordering system was also adopted for achieving speed in service and increased customer satisfaction, while reducing kitchen lead times.

4.2.5 Financial capabilities

The company's growth during the financial crisis has also been driven by its financial capabilities in terms of using all its available financial resources, having effective access to financing and pursuing a high impact on investments. In particular, the company has managed to use effectively its available capital in order to finance its new investment for the new store established in 2017, while also using external financing of low risk (bank loan). In the same time, it built strong relationships with external financial stakeholders (new investors, banks), while complying with the respective regulatory framework. The firm has also applied an effective credit and debt control system by its managers, so as to decrease financial risks and make its best possible use of its financial resources. Strong financial management has been a key part of running business for "Neon", while employing a business strategy of high impact on investments, as reflected in the fast growth experienced by the new store. Lastly, raising funds for fueling them in its business activities also improved the company's financial capabilities, which were also enhanced by adoption of financial reengineering measures when needed.

4.2.6 Organizational capabilities and firm performance

The company's performance during the financial crisis has significantly improved due to exploiting its organizational capabilities and developing strategies based on them. Its improved performance is reflected both in financial and market measures. With regard to its financial performance, the company has managed to increase its profitability by 46% during the last three years, given the opening of the third restaurant, which also contributes to increased total capacity. Sales have also grown by 38% in monetary terms, while its customer base has also increased by almost 35%. As regards market measures, "Neon" has increased its market share in the East Thessaloniki area, although there are no available numerical data supporting this suggestion, which was concluded by the stores' managers. Lastly, enhanced performance is also reflected in customer satisfaction measures, given that "Neon" has been awarded by a Certificate of Excellence by TripAdvisor for gaining excellent reviews from visitors, while also receiving also 4.5 out of 5 stars in its Facebook account.

"Neon"s improved performance, as reflected in the aferomentioned market and financial measures, can be attributed to its strategies adopted based on its organizational capabilities. In particular, the firm managed by informal environmental scanning activities to spot new market opportunities, i.e. the growing demand for updated and modern restaurant services in East Thessaloniki's market, leading to the opening of a new restaurant which significantly contributed to its sales' and profitability's growth, along with increased serving capacity. Consequently, it can be argued that entrepreneurial capabilities were instrumental for the firms' improved performance. In addition, managerial capabilities also served as an important vehicle for achieving improved performance, as the owners' extensive business and customer network along with its effective personal relationships' management were crucial for translating these new market opportunities is improved business results (e.g. enlargement of the customer base, support provided by key customers, positive word-of-mouth due to good personal relationships). Special focus was also placed on human resources management, with "Neon" employees playing an important role as the firm's "representatives" especially for younger customers, due to their increased job satisfaction stemming from more advanced managerial practices (e.g. achievements' recognition, professional meetings).

Besides entrepreneurial and managerial capabilities, technical capabilities also affected the firm's performance during the financial crisis and especially after the new restaurant opening. While "Neon" had already built a strong brand name in the Thessaloniki's restaurant sector, the exploitation of new technologies further improved its image. For example, the adoption of a wireless ordering system in all its restaurants decreased lead times and, thus, increased customers' satisfaction with ordering times and service quality, both translated in positive word-of-mouth and customer loyalty. In the same time, the adoption of informational technologies for managing the supply chain had a positive impact on several performance areas (e.g. quality of raw materials used in the kitchen, relationships with suppliers, cost containment due to decreased waste). Lastly, financial capabilities are also an important factor explaining the firm's improved performance during the financial crisis, especially as regards its ability to finance its new investment (3^{rd} restaurant). If "Neon" had no access to adequate capital due to previous effective financial management practices adopted (e.g. debt and cost control measures, compliance with financial regulations), it could never be able to translate the new market opportunities in real business ventures.

CHAPTER 5

CONCLUSIONS

5.1 DISCUSSION

This research examined the impact of organizational capabilities on Greek F&B firms' performance during the financial crisis, building upon the RBV theory. According to the research results, it was found that firms developed strategies by exploiting their entrepreneurial, managerial, technical and financial capabilities, in order to survive the crisis and correspond effectively to the changing market conditions. Indeed, according to the RBV theory, firms' access to superior organizational capabilities serves as a competitive advantage, leading to enhanced performance (Helfat & Peteraf, 2003; Morgan et al, 2004; Kyrgidou & Spyropoulou, 2013). As regards entrepreneurial capabilities, this study supports that firms' ability to spot new market opportunities by performing regular environmental scanning and by adopting strategies in order to exploit them effectively is crucial for driving performance, a suggestion also supported by Wu (2007) and Kyrgidou & Spyropoulou (2013) , who documented that entrepreneurial capabilities are significantly related to business performance and innovativeness capacity. In addition, present findings revealed that business performance also depends on managerial capabilities as regards available resources' effective management, coming to agreement with Helfat & Martin (2015) and Barbero et al (2011) studies, who found that managerial capabilities have a strong relationship with performance in a number of functional and business areas. The same is also true for technical capabilities, as documented by these research findings and other relevant studies (Kyrgidou & Spyropoulou, 2013; Li et al, 2018). Lastly, financial capabilities are also important for translating business opportunities into improved performance, as prior research has also revealed (Lee & McGuiggan, 2008; Marchica & Mura, 2010).

Indeed, our results indicated that firms' entrepreneurial, managerial, technical and financial capabilities have a positive and statistically significant impact on their performance during the crisis, supporting all examined hypotheses. That is to say that effective management of organizational capabilities by Greek F&B companies was of major importance for surviving the crisis, a suggestion also supported by the case study analyzed in this thesis. In particular, the case analyzed in this thesis indicated that F&B firms' ability to identify new market opportunities, i.e. growing demand of restaurant services in a particular market of Thessaloniki, served as competitive advantage for driving performance reflected in sales' and profitability's growth, a finding coming to agreement with previous research suggesting that engaging into market monitoring activities is an effective means of responding to new market requirements (Liao et al, 2009). In addition, the case study's findings indicated that managerial capabilities in terms of exploiting business contacts and human resources management is crucial for translating these opportunities into effective business strategies, showing that this type of organizational capabilities are instrumental for business success and enhanced performance (Sadler-Smith et al, 2003). Furthermore, "Neon"'s technical capabilities as regards its key functional areas (ordering, supplies management, inventory management) also served as a tool for improving performance, providing for a strong base for grabbing new market opportunities, as it has previously found (Prasnikar et al, 2008). Lastly, financial capabilities (e.g. effective use of available capital, good relationships with financial stakeholders, debt control) also emerged as a vehicle for not only surviving the crisis for the examined firm but also for improving its performance, verifying that such capabilities are important for business success (Marchica & Mura, 2010).

Case study's findings are consistent with the survey's ones, which revealed that all types of organizational capabilities have a positive impact on F&B firms' performance during the financial crisis. Previous researches have indeed documented that several types of organizational capabilities significantly influence firms' performance across different industries, especially as regards SMEs (Garengo & Bernardi, 2007; Aragón-Correa et al, 2008; Alegre et al, 2015). This survey concluded that managerial capabilities have a positive effect on performance, as also supported by Gharakhani & Mousakhani (2012), as well as that performance is driven by technical capabilities combined with valuable technological resources, as also argued by Terziovski (2010). In accordance, regression analysis revealed that financial capabilities combine a crucial variable for enhancing performance, with Lau et al's (2004) research verifying that cost-reduction and other organizational capabilities significantly explain intra-firm differences in terms of performance. Lastly, this study verified that entrepreneurial capabilities are positively related to performance, a finding also supported by Alpkan et al (2007). In addition, it should be mentioned that firms' ability to adopt strategies based on their superior capabilities drive their performance and sustainability during times of economic crisis, as revealed by this research. As such, it can be suggested that the Greek F&B sector's good performance during the recent crisis (PwC, 2019; IOBE, 2019) can be partly attributed to the respective firms' strategic choices on building on their organizational capabilities. Other studies, although limited, have also verified the positive relationship between organizational capabilities and performance in times of economic crises (Grewal & Tansuhaj, 2001). In a similar economic context that this study adopted, it has been documented that dynamic capabilities are crucial for surviving the global 2008 financial crisis and achieving improved performance (Makkonen et al, 2014; Zouaghi et al, 2018). Overall, both case study's and survey's findings of this study suggest that the Greek F&B sector responded to the financial crisis by focusing on their superior capabilities and developing added-value strategies based on these capabilities, managing to enhance their performance.

5.2 IMPLICATIONS

Taking into account this study findings, several theoretical and managerial implications can be made. In theoretical terms, this research underscores the importance of the RBV theory in order to explain performance outcomes and its main drivers. Drawing on previous research and theoretical underpinnings using the RBV perspective, present findings enhance understanding of Greek F&B SMEs' performance during the financial crisis, given that this sector managed to perform relatively well compared to other industries, although faced with significant challenges. In addition, this study provides useful insights about the collective power of all types of organizational capabilities, as they were found to boost firms' performance when exploited simultaneously. Another theoretical implication of this research effort involves adding financial capabilities in the set of valuable organizational capabilities that should be included in respective theoretical frameworks based on the RBV trying to explain performance. Accordingly, it is supported that organizational capabilities play a significant role within the empirical and theoretical context of performance outcomes not only in stable market conditions but also in turbulent economic circumstances.

Regarding managerial implications, this study broadens the research agenda on Greek firms' performance during the financial crisis, and suggests that firms' managers of all industries should place greater emphasis on their superior organizational capabilities, while replacing non-adding value ones with respective innovations. For the F&B sector, constant environmental scanning and market opportunities' identification seems of great importance for achieving greater performance and adjusting to the new market conditions. In addition, pursuing a fit between organizational capabilities, available resources and strategies adopted is of equal importance, while it should be noted that focusing only on a selected set of capabilities is not enough for achieving the desired performance outcomes, as collective use of capabilities emerge as a key strategic considerations for F&B firms. On the other hand, recognizing which capabilities are of superior nature is also critical to avoid excessive costs and undesired investments, especially in times of economic crises when access to capital and external financing is difficult for all firms and particularly SMEs.

5.3 LIMITATIONS AND FUTURE RESEARCH

Present findings supporting a positive association between organizational capabilities and firms' performance are not generalizable to all industries or other market circumstances, as the study context is that of the Greek financial crises involving only SMEs of the F&B sector. Another research limitation involves the limited sample of firms examined in this study, as the response rate was rather narrow, a limitation partly handled by including the examined case study. This research is also limited by the fact that only four types of organizational capabilities were taken into consideration, although both the RBV theory and available empirical evidence suggest that there several other types of capabilities that can lead to superior performance and competitive advantage. Lastly, a case study's limitation should be noted involving the lack of comprehensive evidence of different types of resources for supporting the respective results, which were based mainly of empirical observations.

In this light, future research should further investigate firms' performance's antecedents by taking into account other types of organizational capabilities that could serve as competitive advantage sources. Accordingly, examining the relationship between organizational capabilities and performance by considering different performance measures is another matter that needs further examination. In addition, future research should use more enlarged study samples including both SMEs and larger companies, as well as firms from other industries. Lastly, future research efforts should further enhance the understanding of the importance of developing strategies building upon organizational capabilities within firms, considering their impact on competitiveness, innovativeness, long-turn sustainability and export performance, with the latter being of particular importance for the Greek F&B industry.

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APPENDIX

Demographics	
Years in business	☐ 3-5 ☐ 6-10 ☐ 11-15 ☐ 16-20 ☐ Over 20
Business sector	☐ Meat ☐ Vegetable and animal oil and fats ☐ Bakery and floury ☐ Fish ☐ Dairy products ☐ Fruits and vegetables ☐ Animal food products ☐ Other types of food products ☐ Wholesale
Number of employees	☐ 1-10 ☐ 11-50 ☐ 50-250 ☐ Over 250
Annual turnover (in euro)	☐ 0-1m ☐ 1-2m ☐ 2-5m ☐ 5-10m ☐ 10-25m ☐ 25-50m ☐ Over 50m
To what extent your firm's performance has been affected by the economic crisis?	☐ Not at all ☐ A little

	☐ Moderately ☐ Significantly ☐ To a great extent

Questions

Entrepreneurial capabilities

Please note your level of agreement with the following propositions regarding your firm's entrepreneurial capabilities during the economic crisis: **During the economic crisis of the last years in Greece:**	Strongly disagree	Disagree	Undecided	Agree
1. We managed to take advantage of new market opportunities 2. We managed to identify customers' needs and preferences 3. We developed new goods and services according to these needs 4. We were alert towards identifying new market opportunities 5. We used all organizational knowledge in order to take advantage of market opportunities 6. We exploited new opportunities faster that our competitors 7. We managed to develop new high value added products and services 8. We performed extent market research in order to identify new market opportunities				

Managerial capabilities

Please note your level of agreement with the following propositions regarding your firm's managerial capabilities during the economic crisis: **During the economic crisis of the last years in Greece:**	Strongly disagree	Disagree	Undecided	Agree

1. We improved out performance by applying best practices in organizing and motivating our employees
2. We managed to organize our resources and coordinate business tasks effectively
3. We managed to supervise, influence and lead employees in the best possible way
4. We applied continuous performance evaluation and benchmarking techniques against clear benchmarks and performance targets
5. We managed to build managerial capabilities in order to generate stakeholders' support
6. We were able to confront structural weaknesses based on organizational knowledge and innovation
7. We invested in research, development and innovation
8. We managed to use our resources towards activities of higher value added

Technical capabilities

Please note your level of agreement with the following propositions regarding your firm's technical capabilities during the economic crisis: **During the economic crisis of the last years in Greece:**	Strongly disagree	Disagree	Undecided	Agree	

1. We were able to perform well in technical and functional areas of business 2. We managed to incorporate technical innovation in our goods and services 3. We improved our current technical knowledge and skills 4. We performed well in research and development activities 5. We adopted new technologies 6. We adopted new informational technologies 7. Advanced materials and technologies were crucial for our survival and development 8. We managed to align technology with our business strategy					
Financial capabilities					
Please note your level of agreement with the following propositions regarding your firm's financial capabilities during the economic crisis: **During the economic crisis of the last years in Greece:**	Strongly disagree	Disagree	Undecided	Agree	Totally agree

1. We employed a business strategy of high impact on investments
2. We performed financial engineering measures so our investments were more productive
3. We performed effective financial management as a crucial part of running our business
4. We applied effective credit and debt control systems
5. We pursued effective and reliable relationships with other financial stakeholders (e.g. banks, investors)
6. We managed to comply with the financial regulatory requirements (e.g. taxes)
7. We used our financial resources in the best possible way
8. We were able to raise funds effectively in order to fuel them in our business activities

Business performance

How would you assess the following business performance areas for your firm currently?	Very poor	Poor	Acceptable	Good	
1. Sales' volume					
2. Sales' growth					
3. Market share					
4. Return On Investment					
5. Return On Equity					
6. Profitability					
7. Cash flows					
8. Debt to equity ratio					