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FACULTY OF ECONOMICS AND MANAGEMENT

“MASTER IN BUSINESS ADMINISTRATION “

## **MASTER THESIS**

**“Entrepreneurship for Micro and Small Businesses in  
Greece.  
Weaknesses and Threats for Micro and Small  
Businesses in Greece during the crisis. How to  
overcome the crisis and survive”**

Irene Kalogera

Supervisor  
Dr. Stelios Markoulis

May, 2017

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**Master degree in *Business Administration (MBA)***

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## Summary

Micro and Small firms are the backbone of any country's economy. Especially for Greece, they reach the 99.6% of total firms, the 56.2% of total added-value and the 76% of total employment. The aim of this dissertation is to identify weaknesses and difficulties which affect performance of micro and small firms during the crisis and establish a "best practice" toolkit which can be used by either the entrepreneur or the service provider in order to change the "business plan" and search for alternative solutions. Many efforts have been made to minimize the administrative barriers for creating a new business and many support programs have been initiated to facilitate the financing of the first stages of business life-cycle. For the next stages however, entrepreneurs and small business owners seem not to be supported, since the guiding principle of "think small first" for all policy measures which requires policy makers to take SMEs interests into account at the early stages of the policy-making process is still underperforming and mentoring, helpdesks and early warning systems are not in place yet according to European Commission.

This Thesis is structured in four chapters. In the first chapter named "Introduction" the research' purpose and questions are presented as well as introductory data regarding Small-Medium Enterprises (SMEs) definition, figures and comparison EU with Greece. In the second chapter named "Literature Review", Entrepreneurship in general and distinctions between Entrepreneurs and Small Business Owners are described in the first part of the chapter. Determinants of Small Business success or failure as well as growth and performance according to Literature Review and already applied supporting practices are presented in the second part. In the third chapter named "Research and Analysis", methodology chosen-questionnaire addressed to Micro & Small firms- and variables to be investigated based on a multidimensional concept, are in the first part of this chapter. In the second part, the questions are described as well as analysis of the responses and possible conclusions. In the fourth and last chapter, the research' conclusions are presented as well as limitations and future research' possibilities.

Micro and Small firms, although many of them suffered over the last 5 years of the crisis by a reduction in their firms' turnover, their owners are neutral and moderately optimistic about the future of their firms' operations. Although they do not resist to changes for improvements on firm's operations, an absence on formal planning tools like cash flow, sales forecast and competition analysis appears. Uncertainty through Broader economic conditions, Regulation and Financing Needs impact their firms by Reduction in Sales and Cash flow problems. "Loss of a hard won standard of living" impact should not be underestimated. Sample Firms experience learnings through critical learning incidents and it should be at their benefit if these learnings could be also shared among other firms' owners through mentoring institutions. Accountants are preferred by Micro firms as first source of business advice while Bankers are not. Personal networks are in place but they do not seem strong. Finally, Accountants, although most of them probably deliver their statutory obligations of their firms-clients, should improve their service offering providing a detailed and advisory feedback on their firms-clients' operations, establishing loyalty relationships with their firms-clients and managing to differentiate.

## Περίληψη

Οι μικρές και πολύ μικρές επιχειρήσεις αποτελούν την ραχοκοκαλιά κάθε οικονομίας. Ειδικά για την Ελληνική Οικονομία αποτελούν το 99,6% του συνόλου των επιχειρήσεων, το 56,2% της συνολικής προστιθέμενης αξίας και το 76% της συνολικής απασχόλησης. Ο σκοπός αυτής της διπλωματικής εργασίας είναι να αναγνωρίσει τις αδυναμίες και δυσκολίες που επηρεάζουν την λειτουργία των μικρών και πολύ μικρών επιχειρήσεων και να δημιουργήσει ένα πλαίσιο καλών πρακτικών που θα χρησιμεύσουν σαν εργαλείο είτε στον επιχειρηματία είτε στον σύμβουλό του, ώστε να αλλάξει η «επιχειρηματική συνταγή» και να βρεθούν εναλλακτικές λύσεις. Πολλές προσπάθειες έχουν γίνει ώστε να περιοριστούν οι γραφειοκρατικές δυσκολίες για την δημιουργία νέων επιχειρήσεων, καθώς και να διευκολυνθεί η χρηματοδότηση στα πρώτα στάδια της επιχείρησης. Όμως για τα επόμενα στάδια της επιχείρησης, η υποστήριξη δεν φαίνεται να υπάρχει καθώς η κατευθυντήρια γραμμή της Ευρωπαϊκής Ένωσης “Think Small first” για την σχεδιασμό και την δημιουργία πολιτικών & πρακτικών που θα λαμβάνουν υπόψη τις ανάγκες των μικρομεσαίων επιχειρήσεων δεν φαίνεται να εφαρμόζεται ή υπολειτουργεί.

Αυτή η διπλωματική εργασία δομείται σε τέσσερα κεφάλαια. Στο 1<sup>ο</sup> κεφάλαιο- “Introduction”- αναφέρονται ο σκοπός της διπλωματικής εργασίας καθώς και οι ερωτήσεις της. Επίσης αναφέρονται στοιχεία σχετικά με τον ορισμό των “Small-Medium Enterprises-SMEs” καθώς και συγκριτικά στοιχεία των SMEs μεταξύ Ελλάδας και Ευρωπαϊκής Ένωσης. Στο 2<sup>ο</sup> κεφάλαιο-“Literature Review”- γίνονται αναφορές για την Επιχειρηματικότητα γενικά και τον διαχωρισμό Επιχειρηματιών από Ιδιοκτήτες Μικρών Επιχειρήσεων. Επιπλέον αναφέρονται σύμφωνα με την βιβλιογραφία οι καθοριστικοί παράγοντες που επηρεάζουν την επιτυχία ή όχι της επιχείρησης καθώς και την λειτουργία και ανάπτυξη της επιχείρησης, όπως και ήδη εφαρμοσμένες πρακτικές υποστήριξης των μικρών επιχειρήσεων. Στο 3<sup>ο</sup> κεφάλαιο -“Research and Analysis”- αναφέρεται η μεθοδολογία που επιλέχθηκε- αποστολή ερωτηματολογίου σε μικρές και πολύ μικρές επιχειρήσεις- καθώς και η επιλογή των ερωτήσεων σύμφωνα με το πολυδιάστατο εννοιολογικό πλαίσιο που επιλέχθηκε. Στην συνέχεια περιγράφονται οι ερωτήσεις καθώς και ανάλυση των απαντήσεων και πιθανά συμπεράσματα. Στο τέταρτο και τελευταίο κεφάλαιο αναφέρονται τα συμπεράσματα της διπλωματικής εργασίας καθώς και οι περιορισμοί και οι δυνατότητες μελλοντικής έρευνας στο συγκεκριμένο θέμα.

Οι ιδιοκτήτες μικρών και πολύ μικρών επιχειρήσεων της έρευνας μας, αν και των περισσότερων από αυτούς οι εταιρείες υπέστησαν μείωση τζίρου λόγω κρίσης, παραμένουν ουδέτεροι και συγκρατημένα αισιόδοξοι για το μέλλον της επιχείρησής τους. Αν και δεν είναι διστακτικοί σε αλλαγές που θα βελτιώσουν την λειτουργία της επιχείρησής τους, παρατηρείται έλλειψη επίσημων εργαλείων προγραμματισμού όπως «πρόβλεψη ταμειακής ροής», «πρόβλεψη πωλήσεων» και «ανάλυση ανταγωνισμού». Η Αβεβαιότητα μέσω «Γενικότερης οικονομικής κατάστασης», «Νομοθεσίας» και «Αναγκών Χρηματοδότησης» έχει επίπτωση στην λειτουργία των επιχειρήσεων τους με «Μείωση Ζήτησης» και «Προβλήματα Ταμειακής Ροής». Η «Απώλεια ενός δύσκολα κερδισμένου καλού επιπέδου διαβίωσης» σαν σημαντική επίπτωση λόγω Αβεβαιότητας δεν πρέπει να υποτιμηθεί. Το δείγμα μας «εκπαιδύεται» μέσω των σημαντικών επαγγελματικών εμπειριών του παρελθόντος και θα ήταν προς το συμφέρον των μικρών επιχειρήσεων αν αυτές οι εμπειρίες μπορούσαν να μοιραστούν σε άλλες επιχειρήσεις μέσω mentoring institutions. Οι Λογιστές αποτελούν για τις πολύ μικρές επιχειρήσεις την

πρώτη πηγή επαγγελματικής συμβουλής, ενώ οι συνεργαζόμενες Τράπεζες αντιθέτως καθόλου. Τα προσωπικά δίκτυα των επιχειρηματιών αν και υπάρχουν, δεν φαίνονται πολύ δυνατά. Τέλος οι Λογιστές, αν και πιθανότατα καλύπτουν τις τυπικές τους υποχρεώσεις βάσει νόμου για τις εταιρείες-πελάτες τους, θα πρέπει να βελτιώσουν το «πακέτο υπηρεσιών» τους, παρέχοντας αναλυτική συμβουλευτική ανατροφοδότηση (feedback) για την πορεία της επιχείρησης των πελατών τους, διασφαλίζοντας σχέσεις πίστης και αφοσίωσης με τους πελάτες τους καθώς και πετυχαίνοντας διαφοροποίηση έναντι του ανταγωνισμού.

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# Chapter 1

# Introduction

## 1.1 Research Background & Questions

Small and Medium Enterprises (SMEs) are the backbone of the country's economy and play a vital role in growth potential. The future of Greece depends on its ability to establish sustainable growth and job creation. In the years following Greek crisis, entrepreneurship has emerged as the hot trend for growth restoration and job creation. In an environment of unforeseen unemployment levels and almost complete lack of traditional employment options, entrepreneurship was declared by many as the way out and forward. Sporadic success stories were identified and widely publicized in the media. The crisis revealed or highlighted business opportunities. Many efforts have been made to minimize the administrative barriers for creating a new business and many support programs have been established to facilitate the financing of the first stages of business life. Small entrepreneurs however seem not to be fully supported by the already applied policies during crucial phases of business lifecycle. They face various challenges during the business lifecycle like:

- Economic crisis has caused drop of consumption and consequently lower sales. Do the entrepreneurs know how to overcome this?
- Collection of money has become difficult project. Capital controls have further reduced liquidity. Do they know how to manage the new cash flow situation?

- Consumers or customers demand has been shifted to essential products or services. Do entrepreneurs know how to react and how to change their products or services in order to survive?
- Correct cost allocation provide a better pricing. Do entrepreneurs know how to analyze their cost structure so that they find cost saving opportunities?
- A partner is quitting the business and becomes competitor. How the entrepreneur should react in order to secure his business and his customers?

## **1.2 Research Purpose**

This research' purpose is to identify weaknesses or difficulties which affect performance of small enterprises and establish a toolkit which can be used by either the entrepreneur or the support provider in order to change the "business plan" and look for alternative solutions. Most of the entrepreneurs of small businesses have neither previous managerial experience nor the required education for identifying that these issues can cause survival problems in their enterprise. Creating a "best practice" tool for managing critical issues and persuading them to use it, will help entrepreneurs to overcome the crisis and establish a healthier environment for their business. The research's methodology will be a quantitative statistical analysis based on a questionnaire addressed to micro and small firm owners.

Thesis' contribution and importance could redound to the benefit of Greek economy considering the important role of micro and small firms today. A more vital support mechanism after the start-up , for the next crucial phases of business' lifecycle will help micro and small firms survive and continue to exist in the long run to the benefit of their business as well as of Greek employment's and added value's growth. Therefore policies could be established in order to secure the continued entrepreneurship in the long run not only the start-up phase. Micro and small firm owners could be able to acknowledge the benefits of networking and mentoring as a running and effective support process and establish their appropriate vital network. Accountants and tax advisory consultants of micro and small firms as currently being their initial support

providers could also benefit of the results of this study in order to empower their service offering against their competition in the marketplace and create a competitive advantage for themselves.

This study will focus on the parameters-determinants that can influence small business success or failure, what has been written and done in US and Europe and what can be done in Greece to support small enterprises during crucial phases of their business lifecycle in order to overcome difficulties and survive.

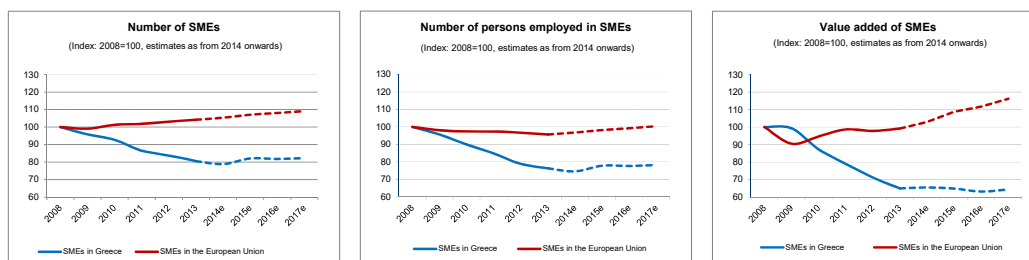
The crucial role of SMEs in local economies has been presented by many institutions worldwide like OECD which mentioned that SMEs are the key generators of employment and income and drivers of innovation and growth representing more than half of the labor force in the private sector (The SME and Entrepreneurship Division of the OECD, 2009). SMEs are defined according to the following figure (see **Figure 1**), (EU, Commission, 2011) :

Company category	Employees	Turnover	or Balance sheet total
Micro	<10	< € 2 million	< €2 million
Small	<50	< €10 million	< € 10 million
Medium	<250	< €50 million	< €43 million

**Figure 1: SMEs Definition**

In EU28, SMEs represent the **99.8%** of all enterprises in the non-financial sector, **66.8%** of all employment and **57.4%** of total added value generated within this sector (SBA Fact Sheet-GR, p.2) (EU,Commission, 2016). In EU28, SMEs evolution from 2008 to 2015 (2008=100) showed an increase by 3.3% in number of firms and a projection to reach 5.2% increase in 2017, in value added an increase by 8.6% and a projection for 2017 to reach 11.6% increase, while in employment is still below 2008 levels by 2.2% and a projection to reach 2008 levels in 2017 (Annual Report- EU SMEs 2015-16, p.52) (EU,Commission, 2016).

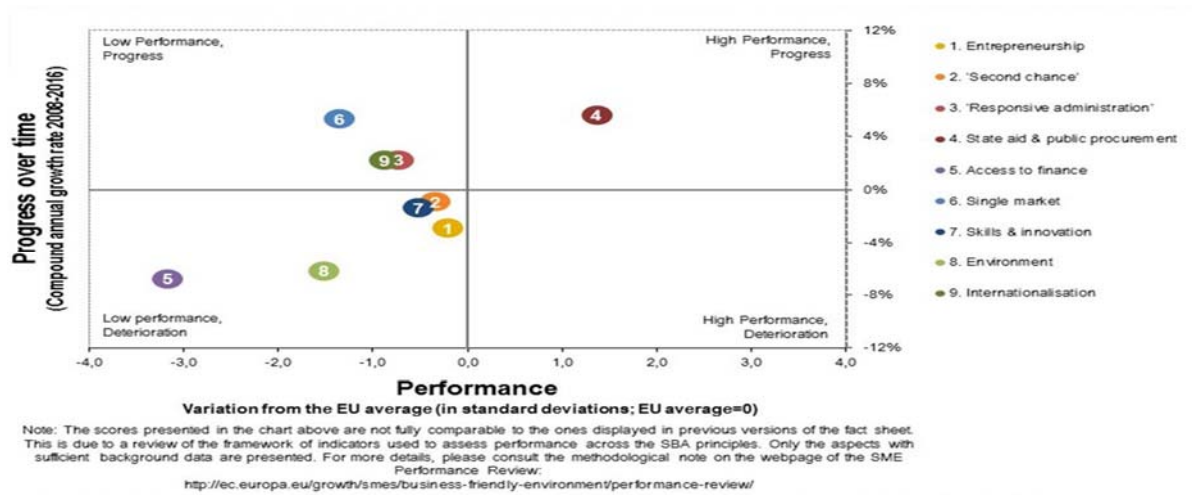
Greece is still behind 2008 figures in all three dimensions with -19% change in number of SMEs, -35% change in value added and -23% change in employment (the worst achievement in EU 28 for 2018-2015). Same levels are projected for 2016 and 2017 (see **Figure 2**). (EU,Commission, 2016)



**Figure 2: SMEs in GR compared to SMEs in EU28 in all three dimensions from 2008 to 2017.** (EU,Commission, 2016)

In Greece, the importance of SMEs is higher compared to EU28, where the share of SMEs is reaching the **99.9%** (EU28-99.8%) of total non-financial sector; the share of employment is reaching the **87.3%** (EU28-66.8%) and the share of value added is reaching the **75.1%** (EU28-57.4%). **Micro firms**, within the SME sector in Greece, account for **96.8%** (EU28-92.8%) of all enterprises, generating the **35.9%** (EU28-21.2%) of the added value and employing the **59.1%** (EU28-29.5%) of personnel. Together with **small firms**, they reach the **99.6%** (EU28 98.8%) of total firms, the **56.2%** (EU28 39.2%) of total added value and the **76%** (EU28 49.7%) of total employment (EU,Commission, 2016).

Greece however still lacks policy measures that shall facilitate “access to finance”, “environment” and “second chance” where it stands far beyond EU28 average (see **Figure 3**). Administrative barriers still exist although they are less than in the past - i.e. “responsive administration”. The guiding principle of “think small first” for all policy measures which requires policy makers to take SMEs interests into account at the early stages of the policy-making process is still underperforming. Mentoring, helpdesks and early warning systems are not in place yet according to report.



**Figure 3: Small Business Act (SBA) Performance of Greece; state of play and development from 2008 to 2016. (EU, Commission, 2016)**

Concluding, without expanding further on policy measures since this is not the task of this dissertation, the figures presented emphasize the crucial role that SMEs play in our economy.

# Chapter 2

## Literature Review

### 2.1 Entrepreneurship in General

In the work of Thurik & Wennekers, (Thurik & Wennekers, 2004), it is emphasized that entrepreneurship is seen as a driver of economic growth, competitiveness and job creation. It can also be a vehicle for personal development and resolve social issues.

Entrepreneurship is a multidimensional concept. Its determinants' definition depends mostly on the focus of the research undertaken and combines conceptual and theoretical framework of disciplines such as economics, psychology and sociology (Wennekers, et al., 2002). According to Schumpeterian tradition (Schumpeter, 1934), entrepreneurship should exist together with innovative actions, creativeness and imaginary performance. It is the driving force behind firm creation and market dynamics and is indeed seen as the consequence of entrepreneurial innovation. According to other academics like Knight (Knight, 1921) entrepreneurship is seen as a self-employment with two-folds: exercising responsible control and securing owners against uncertainty and fluctuations of their incomes. On the other hand Kirzner (Kirzner, 1997) describes the entrepreneur as a person not necessarily innovative and creative but to be deeply alert to price differentials which others had not yet noticed and really open to opportunities.

### 2.2 Small Business Owners vs Entrepreneurs

Entrepreneurs however are not identical to small business owners although, entrepreneurship denotes the creation of some combination which previously did not exist. According to James Carland et al. (Carland, et al., 1984), a major conceptualization



should be taken into consideration in order to differentiate entrepreneurs from small business owners and managers where entrepreneur on the one hand, is an individual who establishes and manages a business for the principal purposes of profit and growth and characterized by innovative behavior. On the other hand, a small business owner is an individual who establishes and manages a business for the principal purpose of covering personal goals (primary source of income) and perceiving the business as the extension of his personality, bound with family needs. Consequently, a small business venture differentiates from an entrepreneurial venture basically because it is independently owned, not dominant in its field and does not engage in any marketing or innovative practices.

Further analyzing the small business venture and separating micro from small family firms, we distinguish six significant differences where “small” firms are more likely to employ non-family member managers, are more likely to engage in the formulation of succession plans, are more likely to utilize outside advisory services, make greater use of sophisticated financial management methods, and have a more formal management style than “micro” firms; but the influence of the founder is greater in “micro” firms (Lussier & Sonfield, 2015).

Moving further on this study, we would like to clarify that when we are referring on small firms, we are including “micro” as well and when we are referring on entrepreneurship, we mainly focus on small business venture characteristics.

## **2.3 Determinants of Success or Failure, Growth or Performance**

Small business success or failure is influenced by many parameters according to most academics. Based on a study of Linda Shonesy and Robert D. Gulbro (Shonesy & Gulbro, 1998), there are a lot of factors which distinguish success from failure in small businesses but mostly strategic (capital and management experience), demographic (industry size and characteristics) and personal/owner characteristics. While it is certain that all of these factors will not work for every organization, each one should be

able to assess their weaknesses relative to the suggested factors, and be able to devise a plan to correct problems as needed. The information gathered by studying success factors may result in better decision making by owners.

Steiner and Solem (Steiner & Solem, 1988) reported that, key success factors in small manufacturing businesses would include an owner/manager with experience in the business or prior experience, adequate financial resources, a competitive advantage based upon customer and product specialization and strategic planning. Another study conducted by Stephen Perry (Perry, 2001) overemphasized the importance of planning as a crucial factor for success or failure of small firms in the US. The main conclusion was that very little formal planning goes on in U.S. small businesses; however, non-failed firms do more planning than similar failed firms did prior to failure.

Failure as a powerful mechanism to be used by entrepreneurs in order to manage risk and uncertainty is described by Rita McGrath (McGrath, 1999). In her study it is argued that by using real options reasoning, the focus is not at avoiding failure but managing the cost of failure by limiting the exposure to the downside while preserving access to attractive opportunities and maximizing gains.

Growth (as success or failure before) is an area of study for many researchers too. According to a research (Perry, et al., 1988), relationships between the growth of a small firm after a successful start-up and owner/manager personal characteristics appear to depend -among other parameters- upon the type of industry, economic conditions and stage of business life-cycle. In another research (Gupta, et al., 2013), all SMEs go through different stages of growth, also commonly called as life cycles but it is important to understand the growth path of an enterprise. There is a need to study how the internal\_and external environmental factors affect the growth path followed by the enterprises. The internal factors are those which are controllable and comprise the enterprise's personnel, its strategy, and its functional, operational, marketing, financial, and technical capabilities. The external factors are beyond the control of the enterprise and comprise economic, sociocultural, regulatory and legal, political, financial, trade, technological, demographics, geophysical factors, etc.

Other school of thoughts suggests that there can be abrupt changes in the growth path especially in small enterprises. Recent researches have shown that due to unpredictable intervening factors like knowledge and technology, absorption capabilities, appropriateness of the founder's judgment, and competitive environment, the sequences of stages may be heterogeneous in small enterprises (Phelps, et al., 2007); (Stubbart & Smalley, 1999). In a more straight-forward study some years earlier, Scott and Bruce (Scott & Bruce, 1987), developed a model for small business growth stating that , as a small business develops it moves through five growth stages, each with its own distinctive characteristics. Because the transition from one stage to the next requires change, it will be accompanied by some crisis. Crises tend to be disruptive and the problems of change can be minimized if managers are proactive rather than reactive. Prior knowledge of what generates crises and what to expect in each stage will smooth the process of change.

Another aspect of small firm growth is presented by Per Davidsson (Davidsson, 1991) who viewed growth as an indication of continued entrepreneurship. In his study, analyzing data from Swedish companies, it is argued that all previously defined explanatory variables for growth can be classified under three major determinants for growth; the ability, need and opportunity.

For family firms, growth is usually not a long-term prospect; on the contrary stagnation is decided in order to secure survival (Ward, 1997) . The firms which have grown however, over long-enough periods can demonstrate the best practices used like a) Assure fresh strategic insights, b) Attract and retain excellent non-family managers, c) Create a flexible and innovative organization, d) Create and conserve capital, e) Prepare successors for leadership and f) Exploit the advantages of family-owned firms.

Barriers to growth for small businesses in Canada according to a research conducted by Gill and Biger (Gill & Biger, 2012) have been indicated as the lack of financing, market challenges and regulatory issues. Speaking about financing for small businesses, we could also review the research of Berger and Udell (Berger & Udell, 1998) in the US about the issues surrounding capital structure for small businesses which are generally different than those for large corporations, and often involve the intertwining of the

personal finances of the entrepreneur and other insiders with the finances of the firm. It is argued that the degree of informational opacity is the key feature that drives the financial growth cycle of the small firm as well as the vulnerability to the macroeconomic environment, strongly pointed out in this research.

Resistance to change is also a serious obstacle to growth of small firms. As it is argued by Colin Gray (Gray, 2002), the self-employed and owner managers of micro firms may be more likely to exhibit endowment effects and show resistance to change. This could happen because of fear of loss of a hard won status of privilege or fear of the unknown or lack of trust or age-related conservatism.

Performance of small firms is also a field of study for many researchers. Effective performance management based on healthy managerial practices is very important for SMEs in order to ensure strong economic growth. As found in the relevant research study (Ates, et al., 2013), SMEs seem to be more focused on internal and short-term planning, whereas they spend less effort in possessing a long-term view on internal and external issues, such as communication, competition, sustainable competitive advantage, strategic market positioning and horizon scanning. Planning seems to be the most crucial phase of the identified closed-loop process.

A constructivist framework for identifying the entrepreneurship performance is set by Hamid Bouchikhi (Bouchikhi, 1993) who argues that taken alone, neither the personality of the entrepreneur nor the structural characteristics of the environment determine the outcome. Rather, it is argued that the outcome of the entrepreneurial process is emergent from a complex interaction between the entrepreneur, the environment, chance events and prior performance. Success in this process is defined in terms of generating an effective firm in the long term. This definition of success although it derives from common sense, is not conceptually less effective than that based on objective measures used by many researchers (like sales, market share, profit).

Entrepreneurial behavior affects business performance according to Georgellis et al. (Georgellis, et al., 2000). It is argued that small businesses motivated by a desire to grow in terms of sales and/or employees and to survive in a dynamic and competitive

environment need to be innovative. However, to what extent they will innovate successfully depends on their capacity to plan ahead and their willingness to take risk. Thus, what is important in a theory of entrepreneurial business is the way in which risk taking is articulated with an ambition to grow. Moreover, not all small firms are entrepreneurial businesses. However even the reactive firms may also innovate but do so within their current sets of business relationships.

Business planning is extremely important for the performance of both new and already established small firms according to an analysis conducted by J. Brinckmann et al. (Brinckmann, et al., 2010). Apart of the general development of business planning and performance towards the business success, the researchers investigated three factors which seem to provide more contextualized understanding of this relationship: the development stage of the firm, the form of business planning undertaken, and the cultural context in which the planning–performance relationship takes place (higher uncertainty or not). New small firms are not benefit to the same extent from the business planning due to lack of information. High uncertainty levels reduce the benefits of planning on the performance of the firms.

Importance of entrepreneurship skills to small business performance is highlighted in the research paper No 236, (Johnson, et al., 2015) of Department for Business Innovation and Skills (BIS) of UK (which is from July 16 renamed to Department for Business, Energy and Industrial Strategy-BEIS). In this research, it is highlighted that some skills can be categorized under the broad heading of “entrepreneurship skills” that can, to some extent, be distinguished from leadership and management skills that appear to be most relevant to larger organizations. In general, these skills can be described as competence in the process of opportunity identification (and/or creation), the ability to capitalize on identified opportunities and a range of skills associated with developing and implementing business plans to enable such opportunities to be realized.

Another research with focus on the dilemma of competency or flexibility for small firms is highlighted by Armstrong (Armstrong, 2013), who argued that small businesses can focus on both survival and growth when they pursue competency- based strategies, but

they risk their very survival when pursuing flexibility-based strategies. Even though most new ventures start with an entrepreneur's unique insights into a market opportunity, small firm owners and managers need to identify what unique competencies they can apply to the pursuit of the opportunity that other firms can't. After establishing routines that allow customers to experience the value of the owner or manager's competencies, small firms may be better off maintaining an inward focus rather than continuing to maintain an outward focus. Because of resource constraints, most small firms may find it too difficult to identify and acquire the flexible resources necessary to pursue different courses of action under changing environmental conditions. This reality may explain why so few firms experience long-term growth and why the majority of small firms remain small.

The extensive research of entrepreneurial skills in particular was the work of Chell (Chell, 2013), where it is argued that skills can be learnt through education and then can be strengthened through experience and training. Skills are multidimensional; they comprise a cognitive element, the emotional expression of carrying out the task, and behavior – the selected action be it strategic, tactical or personal. The entrepreneurial process is complex and it is appropriate to consider what skills are required at its various phases. The question then arises from a research perspective if investigation of the skills' set should be at individual or firm level. Organizational learning theories appear not to be appropriate for small firms as Deakins and Freel (Deakins & Freel, 1998) argue in the relevant research paper. They have also argued that the ability of the entrepreneur, or entrepreneurial team, to learn is crucial to the growth process. They have highlighted the importance for the small firms of learning from decisions, from mistakes, from experiences and from their networks. The learning process is characterized by significant and critical learning events. The ability of entrepreneurs to maximize knowledge as a result of experiencing these learning events will determine how successful their firm eventually becomes. The learning process of entrepreneurs in relation to the parallel processes of personal and business development is examined in the research of Cope & Watts (Cope & Watts, 2000). They have also highlighted the importance of critical incidents from the individual perspective and the role they play in the entrepreneurial process. Furthermore, experiential learning should not be underestimated. Importance of learning in the survival and development of small

businesses is strongly emphasized by Sullivan (Sullivan, 2000) who argued that effective learning is well served through a mentoring relationship where clients-firms are encouraged in reflective learning and where support is “just in time available”, often to consolidate earlier knowledge and learning. Support of a mentor with suitable skills, knowledge and experience together with access to available expertise elsewhere is the suitable support system.

Networks, role models and mentors are viewed as necessary support and guidance for small firms in order to have access to developmental relationships according to a study of Gaskill (Gaskill, 2001). It was noted a lack of access to such developmental relationships but in terms of functions performed, having a business colleague to confide in, and relate to, was of particular importance in gaining access to knowledge and support in decision-making. The important role of networks in the entrepreneurial process is highlighted by Birley S. (Birley, 1985), who studied the choice of networks during the start-up process. The informal network of family and own business contacts used by the entrepreneur may provide support but may not be qualified to provide an unbiased judgement. An efficient network is one in which, no matter where the entrepreneur enters the network, his needs are diagnosed and he is passed round the system until he gathers the necessary information and advice. The two types of networks existence, named “processes” are emphasized by Dubini & Aldrich (Dubini & Aldrich, 1991), the extended networks associated with organizations and the informal-personal networks associated with individuals. The extended networks are the collective result when interconnected personal networks are examined. Within firms, extended networks consist of all the relations between owners, managers, and employees, as they are structured by patterns of coordination and control. Between firms, extended networks consist of relations between all the members of each firm who fill boundary-spanning roles. The shift from personal networks to extended ones becomes crucial for very small firms. Effective entrepreneurs are more likely to systematically plan and monitor network activities and to undertake actions to increase their networks’ density and diversity.

A strong relationship of personal network of the owner manager with the competitive strategy of new venture is presented in another research by Ostgaard and Birley

(Ostgaard & Birley, 1994) who argued that entrepreneurs tend to have personal networks that are internally consistent with their concept of the business and that there may, indeed, be a relationship between the way the owner-manager conducts his or her networking activities and the way he or she conducts the firm. The resources, the owner manager devotes for the development and maintenance of his personal network cannot be ignored when attempting to understand the concept of “strategy” among new and small firms. Strategic networks as cooperative relationship among firms are the roots of many success stories in today’s management as Jarillo (Jarillo, 1988) argues. Both aspect of firm’s behavior both cooperative and competitive, are compatible and complementary aspects of a unique reality. The cooperative relations of a firm can be the source of its competitive strategy.

## **2.4 Applied Supporting Practices**

Given the theoretical background provided so far, we also focus on the practices that are successfully established mainly in US and Canada to support micro and small firms during their business lifecycle. In US almost fifty years now, free business advice through a network of volunteer business experts is provided through a non-profit association supported by US Small Business Administration (SBA) named SCORE (Score, US, 2017). This association helps every year thousands of entrepreneurs not only to start a small business but also to achieve new levels of success to their existing businesses. In addition, it strengthens the concept of volunteer mentoring as a way to return back to the community, it empowers the creation of networks among fellow business owners and it makes lifelong learning and education vibrant supporting tools of small business owners. In Canada, named FUTURPRENEUR CANADA (Futurpreneur, Canada, 2017), the only national non-profit organization offers free of charge personalized mentoring, supporting for every business stage and where needed financing almost two decades now for young entrepreneurs. Mentoring is provided by volunteers who have been qualified by the organization. Motto to inspire is *“Fuel the passion. Leave an impact”*. Support is provided through free templates and assistance. Networking is encouraged in order to share practical advices, business tips and lessons learned.



Based on our experience, volunteer but professional mentoring and networking can be offered to micro and small firms in Greece by their accounting and tax advisory consultants. These service providers have a good knowledge of the financial background of their customers, most of them have adequate financial education and usually they have a much extended network although they do not usually have previous managerial experience. The idea of using the accounting consultant as source of business advice in small firms has been investigated for Norwegian small firms (Gooderham, et al., 2004). It was argued that the ambition of small firms to grow was very important so that the firm's owners ask for advice and also the absorptive capacity, the firm's ability to value, assimilate, and apply new knowledge. Therefore, the micro and small firms should be capable to evaluate when they need help, advice or mentoring.

The literature review analyzed so far provides a strong theoretical background so that we evaluate our study's purpose which is to identify the weaknesses and threats which affect Greek micro and small firms during the crisis and how micro and small firms can be supported to overcome them and survive. We insist for the period "during crisis" because it is during this period that Greek SMEs have been affected by a dramatic decrease of sales due to consumption decline and consumption swift to alternative cheaper substitutes and are very vulnerable due to many parameters like: (The SME and Entrepreneurship Division of the OECD, 2009) 1)it is more difficult for them to downsize as they are already small, 2) they are individually less diversified in their economic activities , 3)they have a weaker financial structure (i.e. lower capitalization), 4)they have a lower or no credit rating, 5) they are heavily dependent on credit and 6)they have fewer financing options. However, we do not focus on the innovative technological start-ups which might easily be supported by the *business incubators* again however for a small period of their business life cycle.

Our contribution to the existing literature is that we focus on the Greek micro and small firms not necessarily innovative and entrepreneurial but definitely contributing to job creation and shared added value as well as growth restoration. We also focus on the next after the start-up phase of business lifecycle process. Furthermore, we also aim to contribute to the literature because we do not limit our research on funding issues, although still very critical, because even solving only "access to finance", continued

entrepreneurship is not secured. Moreover, we also aim to contribute to the literature because we believe that the Accountant or Tax Advisory consultant could play the major source for business advice in Micro and Small firms in Greece and at the same time create loyalty relationships with the firms-clients and differentiate against competition. We also aim to contribute to the literature because our approach combines a multidimensional concept as well as because we expect to provide a framework for solving trending issues.

# Chapter 3

## Research & Analysis

### 3.1 Introduction

Our aim is to investigate how micro and small firms perceive the following variables which according to theory influence success or failure, as well as growth and performance.

- Growth objective: how it is perceived; run a small business in the long run; increase profits.
- Behavior: Resistance to change.
- Internal environment of small firm- planning; cash flow analysis; strategy.
- External environment- uncertainty - how it is identified by the owner; counteractions.
- Strategic behavior: flexibility; competence.
- Learning in real work situation; from mistakes and experiences; from critical events.
- Networking: Personal networks; extended networks.
- Mentoring relationship if there is any.
- Tax advisory consultant as business adviser.

A Questionnaire of 20 questions was developed in English and distributed in Greek (in order to secure response). It was developed by Google forms tools and distributed via 150 e-mail addresses to companies mostly located in Athens and to 27 e-mail addresses of local chambers of commerce all over Greece. It was also shared in Facebook and

LinkedIn. Three distribution weekly waves were used in order to gather as many replies as possible. Total replies received 67 that make a response rate of 37%.

## 3.2 Structure of the Questionnaire

The Questionnaire was divided in 5 parts, where the first 6 questions aimed to provide details about our sample's identity, the 2<sup>nd</sup> part was about the internal environment of firm and the relevant planning tools, the 3<sup>rd</sup> about the external environment and how it influenced firm's operations, the 4<sup>th</sup> about critical learning incidents of the owners and how these influenced firm's operations and the last part about networking, mentoring and business advice support.

In order to identify either Micro or Small firm owners, only the "No of employees" parameter was used (Question No 1) because turnover figures would not be reported by the respondents. Within Micro firms, three clusters were segregated (no employees, 1-4 employees and 5-9 employees). Within Small firms, two clusters of 10-20 employees and 21-49 employees (literally used 50).

The pre-stated variables were investigated and the relevant questions (numbering according to questionnaire) are referred here-below as well as an initial analysis of the replies.

### 3.2.1 Sample Identity

**Question No 1:** How many employees does your company have?

- Self- employed
- 1-4 persons
- 5-9 persons
- 10-20 persons
- 21-50 persons

(See Table 1)

<b>Respondents</b>	<b>No of firms</b>	<b>%</b>
0 employees	15	22%
1-4 employees	27	40%
5-9 employees	16	24%
<b>Total Micro firms</b>	<b>58</b>	<b>86%</b>
10-20 employees	4	6%
21-50 employees	5	8%
<b>Total Small firms</b>	<b>9</b>	<b>14%</b>
<b>Total Respondents</b>	<b>67</b>	<b>100%</b>

**Table 1: Employees per “No of firms”**

We suggest using one cluster for the small firms since we have only 9 replies while for the micro ones to use all three clusters for this initial analysis. Our sample majority consists of Micro firms.

### 3.2.2 Growth objective

**Question No 2:** How many years has your company been operating?

(See Table 2)

<b>Respondents</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0	8	4	0	3	<b>15</b>
Micro 1-4	9	9	4	5	<b>27</b>
Micro 5-9	3	4	4	5	<b>16</b>
<b>Total Micro</b>	<b>20</b>	<b>17</b>	<b>8</b>	<b>13</b>	<b>58</b>
<b>%</b>	<b>35%</b>	<b>29%</b>	<b>14%</b>	<b>22%</b>	<b>100%</b>
Small	1	2	3	3	<b>9</b>
<b>Totals</b>	<b>21</b>	<b>19</b>	<b>11</b>	<b>16</b>	<b>67</b>
<b>%</b>	<b>31%</b>	<b>28%</b>	<b>17%</b>	<b>24%</b>	<b>100%</b>

**Table 2: Years of operations**

We realize that Small firms of our respondents operate for many years. On the other hand the 35% of Micro (=20) are really young, although we see some Micro firms (=13) operating more than 30 years.

We could say that an indication of continued entrepreneurship as an aspect of small firm's growth as described in the relevant research for Swedish companies (Davidsson, 1991) appears in our sample explaining the many years of operations. Furthermore, running an effective business in the long term is also defined as success (Bouchikhi, 1993).

**Question No 3:** How has the growth of your firm's turnover evolved over the last 5 years?

- Reduction > 10%
- Reduction < 10%
- No change
- Increase > 10%
- Increase <10%

(See Table 3: Turnover's evolution over the last 5 years

<b>Respondents</b>	<b>Reduction &gt;10%</b>	<b>Reduction &lt; 10%</b>	<b>No change</b>	<b>Increase &gt; 10%</b>	<b>Increase &lt; 10%</b>	<b>Totals</b>
Micro 0	6	3	0	3	3	<b>15</b>
Micro 1-4	15	2	6	3	1	<b>27</b>
Micro 5-9	9	1	4	2	0	<b>16</b>
<b>Total Micro</b>	<b>30</b>	<b>6</b>	<b>10</b>	<b>8</b>	<b>4</b>	<b>58</b>
<b>%</b>	<b>52%</b>	<b>10%</b>	<b>17%</b>	<b>14%</b>	<b>7%</b>	<b>100%</b>
Small	2	2	2	2	1	<b>9</b>
<b>Totals</b>	<b>32</b>	<b>8</b>	<b>12</b>	<b>10</b>	<b>5</b>	<b>67</b>
<b>%</b>	<b>48%</b>	<b>12%</b>	<b>18%</b>	<b>15%</b>	<b>7%</b>	<b>100%</b>

**Table 3: Turnover's evolution over the last 5 years**

We realize that although the 50% of Micro and Small firms (= 32) of our sample has a reduction of their firm's turnover above 10% over the last 5 years, still there is a 15%

(=10) which has an increase above 10%. However if we also analyze the “Increase>10%” & “Reduction > 10%” in relation to “years of operations” (see Table 4)

Respondents/ Years of operations	Increase > 10%					Reduction > 10%				
	0-10 ys	11- 20 ys	21- 30 ys	31+ ys	Totals	0-10 ys	11- 20 ys	21- 30 ys	31+ ys	Totals
Micro 0	3				3	1	3		2	6
Micro 1-4	3				3	1	7	4	3	15
Micro 5-9	2				2		3	2	4	9
<b>Micro</b>	<b>8</b>				<b>8</b>	<b>2</b>	<b>13</b>	<b>6</b>	<b>9</b>	<b>30</b>
<b>% of Total Micro</b>	<b>40%</b>				<b>14%</b>	<b>10%</b>	<b>76%</b>	<b>75%</b>	<b>69%</b>	<b>52%</b>
Small		1	1		2			1	1	2
<b>Totals</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>0</b>	<b>10</b>	<b>2</b>	<b>13</b>	<b>7</b>	<b>10</b>	<b>32</b>
<b>% of Totals</b>	<b>38%</b>	<b>5%</b>	<b>9%</b>		<b>15%</b>	<b>57%</b>	<b>68%</b>	<b>64%</b>	<b>63%</b>	<b>48%</b>

Table 4: Years of operations in relation to turnover’s evolution

We realize that a) Among the 15% of firms (=10) that had growth > 10% over the last 5 years, the 8 Micro firms are young firms (below 10 years of operations) and the 2 Small firms are of 20 and 25 years of operations; b) Among the 52% (=30) of Micro firms that had Reduction > 10% over the last 5 years, the majority(=28) are shown up in all three clusters of “years of operations“, except of the “0-10 years”. The 2 Small firms of “reduction > 10%” are of 25 and 35 years of operations. It seems that turnover’s increase >10% despite the crisis has occurred to young Micro firms while turnover’s reduction >10% to established Micro firms more than 10 years.

Therefore we could say that growth potential in the crisis environment have the young Micro firms that start from a very low base. Economic conditions and stage of business life- cycle seem to influence growth of small firms as already described by many researchers (Perry, et al., 1988), (Gupta, et al., 2013), (Gill & Biger, 2012).

**Question No 4:** In how many years of your operations has your company delivered profits?

- Please give your answer as a ratio, i.e 6/10 (6 years of profits out of 10), where the denominator is the number of years your company has been in operation. (See Table 5)

<b>Respondents/ Profit years to years of operation (%)</b>	<b>0-25% of years of operations</b>	<b>26%-50% of years of operations</b>	<b>51%-75% of years of operations</b>	<b>76-100% of years of operations</b>	<b>100% of years</b>	<b>Totals</b>
Micro 0	2	3	5	5	2	<b>15</b>
Micro 1-4	3	2	9	13	4	<b>27</b>
Micro 5-9	2	2	2	10	6	<b>16</b>
<b>Total Micro</b>	<b>7</b>	<b>7</b>	<b>16</b>	<b>28</b>	<b>12</b>	<b>58</b>
<b>%</b>	<b>12%</b>	<b>12%</b>	<b>28%</b>	<b>48%</b>	<b>21%</b>	<b>100%</b>
Small	1	1	2	5	3	<b>9</b>
<b>Totals</b>	<b>8</b>	<b>8</b>	<b>18</b>	<b>33</b>	<b>15</b>	<b>67</b>
<b>%</b>	<b>12%</b>	<b>12%</b>	<b>27%</b>	<b>49%</b>	<b>22%</b>	<b>100%</b>

**Table 5: Profit years in relation to years of operations**

To our surprise almost 50% of our sample (=33) has performed quite well delivering profits for more than the  $\frac{3}{4}$  of total years of operations. Moreover, almost half of these firms (=15) delivered profits for the 100% of years of operations. Although Micro and Small firms of our sample exhibit similar results of performance over the 4 clusters of “% of profit years over the years of operations”, when examining the outcome of strictly 100% of profits, we realize that Micro firms are at the 21% of total Micro (12 out of 58) while Small are at the 33% of total Small (3 out of 9). If we also analyze within Micro firms, it is the Micro 5-9 that delivered these exceptional results, higher than that of the other Micro (6 out of 16=38%).

The three respondents who did not provide any figure were ranked in the first group of 0-25%.

**Question No 5:** What are your future expectations regarding your firm’s operation?



- Please rank them in a scale of 1-5 where 5= I am very optimistic and 1= I am very pessimistic. (See Table 6)

Respondents	1=Very pessimistic	2	3	4	5= Very optimistic	Totals
Micro 0	4	3	4	4	0	15
Micro 1-4	5	3	11	6	2	27
Micro 5-9	0	4	8	3	1	16
<b>Total Micro</b>	<b>9</b>	<b>10</b>	<b>23</b>	<b>13</b>	<b>3</b>	<b>58</b>
<b>%</b>	<b>16%</b>	<b>17%</b>	<b>40%</b>	<b>22%</b>	<b>5%</b>	<b>100%</b>
Small	0	1	4	2	2	9
<b>Totals</b>	<b>9</b>	<b>11</b>	<b>27</b>	<b>15</b>	<b>5</b>	<b>67</b>
<b>%</b>	<b>14%</b>	<b>17%</b>	<b>40%</b>	<b>22%</b>	<b>7%</b>	<b>100%</b>

Table 6: Respondents on future expectations regarding firm's operations

The 30% of our respondents (=20) are "Very pessimistic" and "Pessimistic" about future operations- mostly Micro firms. If we analyze the results of No1 + No2 in relation to turnover's evolution over the last 5 years, we realize that in case of "Very pessimistic" & "Pessimistic" respondents, the 65% (=13) of them have suffered by a reduction in their firm's turnover > 10% which rather explains why they are so pessimistic about future expectations on firm's operations- all Micro firms (see Table 7).

Respondents of No 1="Very Pessimistic" & No2="Pessimistic" / Turnover's change	Reduction >10%	Reduction < 10%	No change	Increase > 10%	Increase < 10%	Totals
Micro 0	4	1		1	1	7
Micro 1-4	6		2			8
Micro 5-9	3		1			4
Small	0	1				1
<b>Totals</b>	<b>13</b>	<b>2</b>	<b>3</b>	<b>1</b>	<b>1</b>	<b>20</b>
<b>%</b>	<b>65%</b>	<b>10%</b>	<b>15%</b>	<b>5%</b>	<b>5%</b>	<b>100%</b>

Table 7: Future expectations of "Very Pessimistic" & "Pessimistic" in relation to turnover's evolution over the last 5 years

On the other hand the 62% of respondents (=42) stays rather neutral or moderately optimistic, which we believe is rather promising for adopting tools or practices that will

improve their operations. If we also analyze the results of No3-“Neutral” + No4-“Moderately optimistic” in relation to turnover’s evolution over the last 5 years (see Table 8) we realize that 43% (=18) have suffered by a reduction > 10%. This probably explains why they are not so pessimistic about future expectations on firm’s operations. We also realize that among all the firms that suffered by a reduction > 10% over the last 5 years (= 32, see question 3), 40% (=13) are pessimistic about the future but the 56% (=18) of them are not. It seems that the firms of our sample try to think positively about the future of their firm’s operations although they have suffered by a reduction of their firm’s turnover over the last 5 years.

<b>Respondents of No 3 “Neutral” &amp; No 4 “Rather “Optimistic” /Turnover’s change</b>	<b>Reduction &gt;10%</b>	<b>Reduction &lt; 10%</b>	<b>No change</b>	<b>Increase &gt; 10%</b>	<b>Increase &lt; 10%</b>	<b>Totals</b>
Micro 0	2	2	0	2	2	<b>8</b>
Micro 1-4	8	2	3	3	1	<b>17</b>
Micro 5-9	6	1	3	1		<b>11</b>
Small	2	1	2	0	1	<b>6</b>
<b>Totals</b>	<b>18</b>	<b>6</b>	<b>8</b>	<b>6</b>	<b>4</b>	<b>42</b>
<b>%</b>	<b>43%</b>	<b>14%</b>	<b>19%</b>	<b>14%</b>	<b>10%</b>	<b>100%</b>

Table 8: Future expectations of “Neutral” and “Rather Optimistic” in relation to turnover's evolution over the last 5 years

### 3.2.3 Resistance to change

**Question No 6:** How reluctant are you in introducing changes that are likely to improve the operations of your company regarding the following:

- Processes- (See Table 9)
- Product assortment-(See Table 10)
- Customer service- (See Table 11)
  - Please rank you answers in a scale of 1-5, where 5= I am very reluctant and 1= I am not reluctant at all.

<b>Respondents for Processes</b>	<b>1=I am not reluctant</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= I am very reluctant</b>	<b>Totals</b>
Micro 0	7	4	1	0	3	<b>15</b>
Micro 1-4	11	6	7	2	1	<b>27</b>
Micro 5-9	5	5	5	1	0	<b>16</b>
<b>Total Micro</b>	<b>23</b>	<b>15</b>	<b>13</b>	<b>3</b>	<b>4</b>	<b>58</b>
<b>%</b>	<b>40%</b>	<b>26%</b>	<b>22%</b>	<b>5%</b>	<b>7%</b>	<b>100%</b>
Small	5	2	2	0	0	<b>9</b>
<b>% Small</b>	<b>56%</b>	<b>22%</b>	<b>22%</b>			<b>100%</b>
<b>Totals</b>	<b>28</b>	<b>17</b>	<b>15</b>	<b>3</b>	<b>4</b>	<b>67</b>
<b>%</b>	<b>42%</b>	<b>25%</b>	<b>22%</b>	<b>5%</b>	<b>6%</b>	<b>100%</b>

Table 9: Resistance to change regarding Processes

<b>Respondents for Product/ service assortment</b>	<b>1=I am not reluctant</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= I am very reluctant</b>	<b>Totals</b>
Micro 0	9	1	2	1	2	<b>15</b>
Micro 1-4	13	6	5	2	1	<b>27</b>
Micro 5-9	6	4	4	2	0	<b>16</b>
<b>Total Micro</b>	<b>28</b>	<b>11</b>	<b>11</b>	<b>5</b>	<b>3</b>	<b>58</b>
<b>%</b>	<b>48%</b>	<b>19%</b>	<b>19%</b>	<b>9%</b>	<b>5%</b>	<b>100%</b>
Small	5	2	2	0	0	<b>9</b>
<b>% Small</b>	<b>56%</b>	<b>22%</b>	<b>22%</b>			<b>100%</b>
<b>Totals</b>	<b>33</b>	<b>13</b>	<b>13</b>	<b>5</b>	<b>3</b>	<b>67</b>
<b>%</b>	<b>49%</b>	<b>19%</b>	<b>19%</b>	<b>8%</b>	<b>5%</b>	<b>100%</b>

Table 10: Resistance to change regarding New product/Service Assortment

<b>Respondents for Customer Service</b>	<b>1=I am not reluctant</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= I am very reluctant</b>	<b>Totals</b>
Micro 0	9	3	1	1	1	<b>15</b>
Micro 1-4	17	6	2	2	0	<b>27</b>
Micro 5-9	10	2	2	2	0	<b>16</b>
<b>Total Micro</b>	<b>36</b>	<b>11</b>	<b>5</b>	<b>5</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>62%</b>	<b>19%</b>	<b>9%</b>	<b>9%</b>	<b>1%</b>	<b>100%</b>
Small	7	1	1	0	0	<b>9</b>
<b>% Small</b>	<b>78%</b>	<b>11%</b>	<b>11%</b>			<b>100%</b>
<b>Totals</b>	<b>43</b>	<b>12</b>	<b>6</b>	<b>5</b>	<b>1</b>	<b>67</b>
<b>%</b>	<b>64%</b>	<b>18%</b>	<b>9%</b>	<b>8%</b>	<b>1%</b>	<b>100%</b>

**Table 11: Resistance to change regarding Customer Service**

The ranking for **“I am not reluctant”** is (see Table 12):

<b>“I am not reluctant”</b>	<b>Total Ranking</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Customer Service	64%	62%	78%
Product/Service Assortment	49%	48%	56%
Processes	42%	40%	56%

**Table 12: “I am not reluctant” ranking**

Our sample seems rather not to resist to changes. The area of “Customer Service” is more open to changes while areas of “New products and Services” and “Processes” exhibit higher reluctance especially for Micro segment where the area of processes is below 50%. On the other hand, in Small segment, the area of Customer Service is recommended for changes by the majority of our sample.

If we analyze the Micro firms of “I am not reluctant at all” (40%- 23 out of 58) for the area of “Processes” where our sample exhibit higher reluctance compared to the other two areas, in relation to years of operations, we realize that the majority of Micro firms (16 out of 23) operate for many years (see Table 13).

<b>Respondents of “I am not reluctant “ to “Processes” /Years of operations</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0	3	2		2	<b>7</b>
Micro 1-4	3	3	1	4	<b>11</b>
Micro 5-9	1	1	2	1	<b>5</b>
<b>Total Micro</b>	<b>7</b>	<b>6</b>	<b>3</b>	<b>7</b>	<b>23</b>
<b>%</b>	<b>30%</b>	<b>27%</b>	<b>13%</b>	<b>30%</b>	<b>100%</b>

Table 13: "I am not reluctant" regarding processes in relation to years of operations

Therefore we could say that either forced by the circumstances (crisis or uncertainty) or because a respondent may easily consider himself not reluctant at all, we do not observe this resistance to change as described in the relevant research of UK firms (Gray, 2002).

### 3.2.4 Internal environment of Micro and Small firm

**Question No 7:** Do you usually prepare a formal sales forecast for the next 6-12 months?

- No
- Yes
  - If yes, does the current forecast show past sales and future ones, based on economic trends? (See Table 14)

<b>Respondents</b>	<b>No</b>	<b>Yes</b>	<b>Past sales &amp; econ. trends</b>	<b>Totals</b>
Micro 0	12	3	3	15
Micro 1-4	18	9	8	27
Micro 5-9	8	8	7	16
<b>Total Micro</b>	<b>38</b>	<b>20</b>	<b>18</b>	<b>58</b>
<b>%</b>	<b>66%</b>	<b>34%</b>		<b>100%</b>
Small	4	5	5	<b>9</b>
<b>Totals</b>	<b>42</b>	<b>25</b>	<b>23</b>	<b>67</b>
<b>%</b>	<b>63%</b>	<b>37%</b>		<b>100%</b>

Table 14: “Yes” or “No” to formal Sales Forecast

Although formal sales forecast is not in place for more than the 60% of our sample, for the rest who prepare a formal sales forecast, they use past sales and future economic trends. If we analyze the respondents of “No” to formal sales forecast in relation to “Years of operations” (see Table 15):

<b>Respondents of “No “ to formal sales forecast /Years of operations</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0	6	3		3	<b>12</b>
Micro 1-4	7	4	3	4	<b>18</b>
Micro 5-9	1	2	3	2	<b>8</b>
Small	1	2		1	<b>4</b>
<b>Totals</b>	<b>15</b>	<b>11</b>	<b>6</b>	<b>10</b>	<b>42</b>
<b>%</b>	<b>36%</b>	<b>26%</b>	<b>14%</b>	<b>24%</b>	<b>100%</b>

**Table 15: Respondents of "No" to formal Sales Forecast in relation to Years of operations**

Among the 63% of firms (=42) that do not prepare a formal sales forecast, only the 15 of them (36%) are young firms with less than 10 years of operations and half of these years in the crisis. Uncertainty of external economic environment, lack of information as well as absence of business planning structures and procedures could be the reason for not preparing a formal sales forecast for the young firms as already described by many researchers (Brinckmann, et al, 2010) . For the rest, there could be a combination of parameters such as the uncertainty of external environment, the strategic behavior of the firm and probably the business sector in which they belong like manufacturing, construction, trade & services that would make difficult to plan ahead due to demand’s lack of information .

If we also analyze the respondents of “No” to formal sales forecast in relation to “Turnover’s change over the last 5 years”, we see that half of them (19 out of 42) have suffered by a reduction in their firm’s turnover > 10%- all Micro firms (see Table 16).

<b>Respondents of "No" to formal sales forecast/Turnover's change</b>	<b>Reduction &gt;10%</b>	<b>Reduction &lt; 10%</b>	<b>No change</b>	<b>Increase &gt; 10%</b>	<b>Increase &lt; 10%</b>	<b>Totals</b>
Micro 0	6	3	0	2	1	<b>12</b>
Micro 1-4	9	2	4	3	0	<b>18</b>
Micro 5-9	4	1	2	1	0	<b>8</b>
Small		1	2	1		<b>4</b>
<b>Totals</b>	<b>19</b>	<b>7</b>	<b>8</b>	<b>7</b>	<b>1</b>	<b>42</b>
<b>%</b>	<b>45%</b>	<b>17%</b>	<b>19%</b>	<b>17%</b>	<b>2%</b>	<b>100%</b>

**Table 16: Respondents of "No" to formal Sales Forecast in relation to turnover's evolution over the last 5 years**

It could also be the perception that after 5 years of the crisis, it is very difficult to plan ahead due to uncertainty. It also appears that it is the external environment that influences the internal environment in this case as also described by Gupta et al. (2013).

**Question No 8:** Do you usually prepare a formal cash flow forecast for the next 6-12 months?

- No
- Yes
  - If yes, does the current forecast for the next 6-12 months show cash surpluses or cash shortages? (See Table 17)

<b>Respondents</b>	<b>No</b>	<b>Yes</b>	<b>Cash surpluses</b>	<b>Cash shortages</b>	<b>Totals</b>
Micro 0	10	5	2	2	15
Micro 1-4	16	11	4	7	27
Micro 5-9	9	7	3	4	16
<b>Total Micro</b>	<b>35</b>	<b>23</b>	<b>9</b>	<b>13</b>	<b>58</b>
<b>%</b>	<b>60%</b>	<b>40%</b>			<b>100%</b>
Small	3	6	3	2	9
<b>% Small</b>	<b>33%</b>	<b>67%</b>			<b>100%</b>
<b>Totals</b>	<b>38</b>	<b>29</b>	<b>12</b>	<b>15</b>	<b>67</b>
<b>%</b>	<b>57%</b>	<b>43%</b>			<b>100%</b>

**Table 17: "Yes" or "No" to formal Cash Flow forecast**

Cash flow forecast is better in place for Small firms (67%- 6 out of 9) than Micro ones (40%- 23 out of 58). Micro firms of 5-9 employees score better than other Micros. Among the firms that prepare a cash flow forecast, half of them show cash shortages. If we analyze the respondents of “Yes” and “Cash shortages” in relation to “Years of operations”, we realize that half of them operate more than 20 years (see Table 18). This could show that although the companies operating for many years should be familiar with cash flow planning tools due to the crisis, they are suffering from cash shortages.

<b>Respondents of “Yes” and “Cash shortages”/Years of operations</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0		1		1	<b>2</b>
Micro 1-4	2	2	3		<b>7</b>
Micro 5-9	1		2	1	<b>4</b>
Small	1		1		<b>2</b>
<b>Totals</b>	<b>4</b>	<b>3</b>	<b>6</b>	<b>2</b>	<b>15</b>
<b>%</b>	<b>27%</b>	<b>20%</b>	<b>40%</b>	<b>13%</b>	<b>100%</b>

**Table 18: Respondents of "Yes" to Cash Flow forecast and "Cash Shortages" in relation to Years of Operations**

Furthermore, if we analyze these respondents of “Yes” and “Cash shortages” in relation to Turnover’s change over the last 5 years (see Table 19) , we realize that 60% (=9) suffer by a reduction of their firm’s turnover > 10%. These firms may face problems that would affect growth, flexibility and probably survival if not solved.



<b>Respondents of "Yes" &amp; "Cash Shortages" / Turnover's change</b>	<b>Reduction &gt;10%</b>	<b>Reduction &lt; 10%</b>	<b>No change</b>	<b>Increase &gt; 10%</b>	<b>Increase &lt; 10%</b>	<b>Totals</b>
Micro 0	1				1	2
Micro 1-4	4	1	2			7
Micro 5-9	3			1		4
Small	1	1				2
<b>Totals</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>15</b>
<b>%</b>	<b>60%</b>	<b>13%</b>	<b>13%</b>	<b>7%</b>	<b>7%</b>	<b>100%</b>

**Table 19: Respondents of "Yes" to Cash Flow forecast and "Cash Shortages" in relation to turnover's evolution over the last 5 years**

On the other hand, if we analyze the respondents of "No" to formal Cash flow forecast- 60% of total respondents (= 38)- in relation to years of operation, we realize that it is not only young companies that do not prepare a formal cash flow forecast but also mature ones (see Table 20).

<b>Respondents of "No" to Formal Cash flow forecast/Years of operations</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0	6	3		1	10
Micro 1-4	5	6	1	4	16
Micro 5-9	2	3	1	3	9
Small		1		2	3
<b>Totals</b>	<b>13</b>	<b>13</b>	<b>2</b>	<b>10</b>	<b>38</b>
<b>%</b>	<b>34%</b>	<b>34%</b>	<b>5%</b>	<b>27%</b>	<b>100%</b>

**Table 20: Respondents of "No" to Cash Flow forecast in relation to Years of Operations**

If we also analyze these respondents of "No" in relation to "Turnover's change over the last 5 years", we realize that almost half of them (=20) have suffered by a reduction in their firm's turnover > 10% (see Table 21).

<b>Respondents of "No" to Formal Cash flow forecast/ Turnover's change</b>	<b>Reduction &gt;10%</b>	<b>Reduction &lt; 10%</b>	<b>No change</b>	<b>Increase &gt; 10%</b>	<b>Increase &lt; 10%</b>	<b>Totals</b>
Micro 0	5	3		2		<b>10</b>
Micro 1-4	9	1	4	2		<b>16</b>
Micro 5-9	6		2	1		<b>9</b>
Small			1	1	1	<b>3</b>
<b>Totals</b>	<b>20</b>	<b>4</b>	<b>7</b>	<b>6</b>	<b>1</b>	<b>38</b>
<b>%</b>	<b>53%</b>	<b>11%</b>	<b>18%</b>	<b>16%</b>	<b>2%</b>	<b>100%</b>

**Table 21: Respondents of "No" to Cash Flow forecast in relation to turnover's evolution over the last 5 years**

We could say that the absence of formal cash flow planning, in these years of uncertainty, could impact the survival of Micro and Small firms, because it is a planning tool that can help firm's owner to evaluate if cash coming in from sales, is enough for cash going out for expenses and if not, check for corrective actions. It also emphasizes the high degree of informational opacity of which most Micro & Small firms suffer and definitely create obstacles to get any bank finance as pointed out in the research of Berger and Udell (1998).

- Question No 9:** Do you often analyze competition and prepare a formal identification of goals and strategies that extend for 2 years in the future?
- No
  - Yes (See Table 22)
    - If yes, what are the main goals and strategies identified? (see Table 24)

<b>Respondents</b>	<b>No</b>	<b>Yes</b>	<b>Totals</b>
Micro 0	9	6	15
Micro 1-4	16	11	27
Micro 5-9	13	3	16
<b>Total Micro</b>	<b>38</b>	<b>20</b>	<b>58</b>
<b>%</b>	<b>66%</b>	<b>34%</b>	<b>100%</b>
Small	4	5	9
<b>Totals</b>	<b>42</b>	<b>25</b>	<b>67</b>
<b>%</b>	<b>63%</b>	<b>37%</b>	<b>100%</b>

Table 22: "Yes" or "No" to formal Identification of Competition

Again more than the 60% of Micro firms (38 out of 58) and 44% (4 out of 9) of Small firms do not prepare any formal analysis of goals and strategies.

The absence of strategic planning affects survival and performance of small firms as described by many researchers (Ward, 1997), (Steiner & Solem, 1988). Being proactive rather than reactive facilitates growth (Scott & Bruce, 1987) but also provides entrepreneurial characteristics to non-entrepreneurial firms (Georgellis, et al., 2000).

If we analyze these respondents of "No" in relation to "Years of operations", we realize that apparently this strategic planning is missing, not only to young companies but also to mature ones (see Table 23).

<b>Respondents of "No" to Formal identification of competition /Years of operations</b>	<b>0-10 years</b>	<b>11-20 years</b>	<b>21-30 years</b>	<b>31 and more</b>	<b>Totals</b>
Micro 0	6	2		1	<b>9</b>
Micro 1-4	5	3	3	5	<b>16</b>
Micro 5-9	2	3	5	3	<b>13</b>
Small	1	1	1	1	<b>4</b>
<b>Totals</b>	<b>14</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>42</b>
<b>%</b>	<b>34%</b>	<b>21%</b>	<b>21%</b>	<b>24%</b>	<b>100%</b>

Table 23: Respondents of "No" to formal Identification of Competition in relation to Years of Operations

On the other hand, the respondents of “Yes” to formal identification of goals and strategies to attack competition, report the following (see Table 24):

<b>Goals &amp; Strategies to attack competition/Frequency of responses</b>	<b>Micro 0</b>	<b>Micro 1-4</b>	<b>Micro 5-9</b>	<b>Small</b>	<b>Totals</b>	<b>Ranking</b>
Cost Reduction	1	1		1	3	3rd
<b>New markets/new customers/exports/ E-commerce</b>	3	2	1	1	7	1st
<b>Improve services</b>	1	2			3	3rd
Decrease prices/Pricing policy	1			1	2	
Differentiation leadership	1	1			2	
Training in new technologies/Cutting edge sectors		1	1		2	
Activities to maintain turnover level		1			1	
<b>New products/substitutes/promotions</b>		2	1	1	4	2nd
Establish Synergies			1		1	
Identify customers’ needs & purchasing power.			1	1	2	
Personnel training & supporting.				1	1	
Sales and after-sales strategy				1	1	

**Table 24: Goals & Strategies to attack competition**

Micro 0 & Micro 1-4 firms that prepare such a strategic analysis within our sample focus on identifying opportunities in new markets like exports and e-commerce and improve services as well as finding new products and substitutes. Cost reduction is also a topic. Micro 5-9 & Small firms, not only focus on new markets and new products-substitutes and promotions but also on identifying customer’s needs and the relevant purchasing power. Personnel training, after-sales strategy and establishment of synergies also outline this strategic planning as well.

### 3.2.5 External environment of Micro and Small firm-Uncertainty

**Question No 10:** When speaking about uncertainty which of the following are you referring to?

- Suppliers- (see Table 25)
  - Demand- (see Table 26)
  - Competition- (see Table 27)
  - Regulation- (see Table 28)
  - Financing needs- (see Table 29)
  - Broader economic conditions- (see Table 30)
- Please rank the above in order of importance (1= most important, 5= least important)

<b>Respondents for Suppliers</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	5	2	2	1	5	<b>15</b>
Micro 1-4	4	3	8	10	2	<b>27</b>
Micro 5-9	3	2	7	2	2	<b>16</b>
<b>Total Micro</b>	<b>12</b>	<b>7</b>	<b>17</b>	<b>13</b>	<b>9</b>	<b>58</b>
<b>%</b>	<b>21%</b>	<b>12%</b>	<b>29%</b>	<b>22%</b>	<b>16%</b>	<b>100%</b>
Small	0	1	4	3	1	<b>9</b>
<b>% Small</b>	<b>0%</b>	<b>11%</b>	<b>45%</b>	<b>33%</b>	<b>11%</b>	<b>100%</b>
<b>Totals</b>	<b>12</b>	<b>8</b>	<b>21</b>	<b>16</b>	<b>10</b>	<b>67</b>
<b>%</b>	<b>18%</b>	<b>12%</b>	<b>31%</b>	<b>24%</b>	<b>15%</b>	<b>100%</b>

Table 25: Ranking of "Suppliers" as Uncertainty

<b>Respondents for Demand</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	11	2	2	0	0	<b>15</b>
Micro 1-4	18	4	0	1	4	<b>27</b>
Micro 5-9	9	5	1	1	0	<b>16</b>
<b>Total Micro</b>	<b>38</b>	<b>11</b>	<b>3</b>	<b>2</b>	<b>4</b>	<b>58</b>
<b>%</b>	<b>66%</b>	<b>19%</b>	<b>5%</b>	<b>3%</b>	<b>7%</b>	<b>100%</b>
Small	3	1	3	0	2	<b>9</b>
<b>% Small</b>	<b>33%</b>	<b>11%</b>	<b>33%</b>		<b>23%</b>	<b>100%</b>
<b>Totals</b>	<b>41</b>	<b>12</b>	<b>6</b>	<b>2</b>	<b>6</b>	<b>67</b>
<b>%</b>	<b>61%</b>	<b>18%</b>	<b>9%</b>	<b>3%</b>	<b>9%</b>	<b>100%</b>

Table 26: Ranking of "Demand" as Uncertainty

<b>Respondents for Competition</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	4	6	3	2	0	<b>15</b>
Micro 1-4	6	8	11	1	1	<b>27</b>
Micro 5-9	2	6	6	2	0	<b>16</b>
<b>Total Micro</b>	<b>12</b>	<b>20</b>	<b>20</b>	<b>5</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>20%</b>	<b>35%</b>	<b>35%</b>	<b>9%</b>	<b>1%</b>	<b>100%</b>
Small	1	3	2	1	2	<b>9</b>
<b>% Small</b>	<b>11%</b>	<b>34%</b>	<b>22%</b>	<b>11%</b>	<b>22%</b>	<b>100%</b>
<b>Totals</b>	<b>13</b>	<b>23</b>	<b>22</b>	<b>6</b>	<b>3</b>	<b>67</b>
<b>%</b>	<b>20%</b>	<b>34%</b>	<b>33%</b>	<b>9%</b>	<b>4%</b>	<b>100%</b>

Table 27: Ranking of "Competition" as Uncertainty

<b>Respondents for Regulation</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	9	5	0	1	0	<b>15</b>
Micro 1-4	20	4	1	1	1	<b>27</b>
Micro 5-9	12	1	3	0	0	<b>16</b>
<b>Total Micro</b>	<b>41</b>	<b>10</b>	<b>4</b>	<b>2</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>71%</b>	<b>17%</b>	<b>7%</b>	<b>3%</b>	<b>2%</b>	<b>100%</b>
Small	3	1	4	0	1	<b>9</b>
<b>% Small</b>	<b>33%</b>	<b>11%</b>	<b>45%</b>		<b>11%</b>	<b>100%</b>
<b>Totals</b>	<b>44</b>	<b>11</b>	<b>8</b>	<b>2</b>	<b>2</b>	<b>67</b>
<b>%</b>	<b>66%</b>	<b>16%</b>	<b>12%</b>	<b>3%</b>	<b>3%</b>	<b>100%</b>

Table 28: Ranking of "Regulation" as Uncertainty

<b>Respondents for Financing Needs</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	3	5	4	1	2	<b>15</b>
Micro 1-4	14	3	3	5	2	<b>27</b>
Micro 5-9	5	6	4	1	0	<b>16</b>
<b>Total Micro</b>	<b>22</b>	<b>14</b>	<b>11</b>	<b>7</b>	<b>4</b>	<b>58</b>
<b>%</b>	<b>38%</b>	<b>24%</b>	<b>19%</b>	<b>12%</b>	<b>7%</b>	<b>100%</b>
Small	3	2	0	1	3	<b>9</b>
<b>% Small</b>	<b>33%</b>	<b>23%</b>		<b>11%</b>	<b>33%</b>	<b>100%</b>
<b>Totals</b>	<b>25</b>	<b>16</b>	<b>11</b>	<b>8</b>	<b>7</b>	<b>67</b>
<b>%</b>	<b>37%</b>	<b>24%</b>	<b>16%</b>	<b>12%</b>	<b>11%</b>	<b>100%</b>

Table 29: Ranking of "Financing Needs" as Uncertainty

<b>Respondents for Broader economic conditions</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	10	4	1	0	0	<b>15</b>
Micro 1-4	23	1	1	0	2	<b>27</b>
Micro 5-9	13	2	1	0	0	<b>16</b>
<b>Total Micro</b>	<b>46</b>	<b>7</b>	<b>3</b>	<b>0</b>	<b>2</b>	<b>58</b>
<b>%</b>	<b>79%</b>	<b>12%</b>	<b>5%</b>	<b>0%</b>	<b>4%</b>	<b>100%</b>
Small	4	2	2	0	1	<b>9</b>
<b>% Small</b>	<b>45%</b>	<b>22%</b>	<b>22%</b>		<b>11%</b>	<b>100%</b>
<b>Totals</b>	<b>50</b>	<b>9</b>	<b>5</b>	<b>0</b>	<b>3</b>	<b>67</b>
<b>%</b>	<b>75%</b>	<b>13%</b>	<b>8%</b>	<b>0%</b>	<b>4%</b>	<b>100%</b>

**Table 30: Ranking of "Broader Economic Conditions" as Uncertainty**

The ranking for “**most important**” parameters that influence uncertainty” is (see Table 31):

<b>“Most important” uncertainty</b>	<b>Total Ranking</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Broader economic conditions	75%	79%	45%
Regulation	66%	71%	33%
Demand	61%	66%	33%
Financing Needs	37%	38%	33%
Competition	20%	20%	11%
Suppliers	18%	21%	0%

**Table 31: Ranking of "Most Important" parameters for Uncertainty**

We could say that our sample faces uncertainty through broader economic conditions and regulation and third comes demand which relates directly with the entrepreneurial activities. However Small firms perceive uncertainty differently than Micro. For our Small segment, “broader economic conditions” is the most important parameter that



influences uncertainty and all the other follow at lower equal levels except Competition which is very low at 11%.

When we see both “Most Important “ & “Important” parameters for uncertainty (see Table 32), we realize that Small firms are referring to “Broader economic conditions” as 1<sup>st</sup> parameter, then to “Financing Needs” as 2<sup>nd</sup> one (as expected to be) and 3<sup>rd</sup> to Competition. Micro firms on the other hand, although ranking “Broader Economic conditions in the 1<sup>st</sup> place, rank “Regulation” in a strong 2<sup>nd</sup> place and 3<sup>rd</sup> the “Demand”.

<b>“Most important” + “important” Uncertainty</b>	<b>Total Ranking</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Broader economic conditions	88%	91%	67%
Regulation	82%	88%	44%
Demand	79%	85%	44%
Financing Needs	61%	62%	56%
Competition	52%	55%	45%
Suppliers	30%	33%	11%

**Table 32: Ranking of “Most Important” & “Important” parameters for Uncertainty**

We could say that after 5 years in the crisis, our sample faces uncertainty primarily through the instability of the economic environment. Demand is at very high levels as expected to be but as a result of this instability which causes the consumption decline. Competition appears at lower levels probably because “also competitors are on the same boat” as our sample and face the same instability. Regulation is treated as high uncertainty because of its impact on the entrepreneurial activities. The complex and unpredictable regulatory and heavy tax systems and the slow reflection of the Public Administration create an environment very unfriendly to entrepreneurial activities. Many researchers and institutions have pointed out the “Regulation” as part of external environment which although affects performance of small firms, it is not controllable by the firms and definitely differs among countries (Gupta, et al., 2013); as barrier to growth for small firms in Canada (Gill & Biger, 2012) ; or as “headwinds of our own making” for policy uncertainty in the US (Davis, 2017).

**Question No 11:** What is the impact of the above mentioned uncertainty on your firm's operations?

- Reduction in sales- (see Table 33)
  - Cash flow problems- (see Table 34)
  - Survival risk of the firm- (see Table 35)
  - Loss of a hard won standard of living- (see Table 36)
- Please rank the above in order of importance (1= most important, 5= least important)

<b>Respondents for Reduction in Sales</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	13	2	0	0	0	<b>15</b>
Micro 1-4	22	2	1	1	1	<b>27</b>
Micro 5-9	8	3	4	0	1	<b>16</b>
<b>Total Micro</b>	<b>43</b>	<b>7</b>	<b>5</b>	<b>1</b>	<b>2</b>	<b>58</b>
<b>%</b>	<b>74%</b>	<b>12%</b>	<b>9%</b>	<b>2%</b>	<b>3%</b>	<b>100%</b>
Small	2	5	1	0	1	<b>9</b>
<b>% only Small</b>	<b>22%</b>	<b>56%</b>	<b>11%</b>	<b>0%</b>	<b>11%</b>	<b>100%</b>
<b>Totals</b>	<b>45</b>	<b>12</b>	<b>6</b>	<b>1</b>	<b>3</b>	<b>67</b>
<b>%</b>	<b>67%</b>	<b>18%</b>	<b>9%</b>	<b>1%</b>	<b>5%</b>	<b>100%</b>

**Table 33: Impact of Uncertainty to "Reduction in Sales"**

<b>Respondents for Cash Flow problems</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	5	6	4	0	0	<b>15</b>
Micro 1-4	16	6	3	1	1	<b>27</b>
Micro 5-9	7	6	2	1	0	<b>16</b>
<b>Total Micro</b>	<b>28</b>	<b>18</b>	<b>9</b>	<b>2</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>48%</b>	<b>31%</b>	<b>16%</b>	<b>3%</b>	<b>2%</b>	<b>100%</b>
Small	4	4	0	0	1	<b>9</b>
<b>% only Small</b>	<b>45%</b>	<b>45%</b>	<b>0%</b>	<b>0%</b>	<b>10%</b>	<b>100%</b>
<b>Totals</b>	<b>32</b>	<b>22</b>	<b>9</b>	<b>2</b>	<b>2</b>	<b>67</b>
<b>%</b>	<b>48%</b>	<b>33%</b>	<b>13%</b>	<b>3%</b>	<b>3%</b>	<b>100%</b>

Table 34: Impact of Uncertainty to "Cash Flow problems"

<b>Respondents for Survival Risk of the firm</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	10	4	1	0	0	<b>15</b>
Micro 1-4	15	4	5	0	3	<b>27</b>
Micro 5-9	4	6	4	1	1	<b>16</b>
<b>Total Micro</b>	<b>29</b>	<b>14</b>	<b>10</b>	<b>1</b>	<b>4</b>	<b>58</b>
<b>%</b>	<b>50%</b>	<b>24%</b>	<b>17%</b>	<b>2%</b>	<b>7%</b>	<b>100%</b>
Small	2	4	1	1	1	<b>9</b>
<b>% only Small</b>	<b>22%</b>	<b>45%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>100%</b>
<b>Totals</b>	<b>31</b>	<b>18</b>	<b>11</b>	<b>2</b>	<b>5</b>	<b>67</b>
<b>%</b>	<b>46%</b>	<b>27%</b>	<b>16%</b>	<b>3%</b>	<b>8%</b>	<b>100%</b>

Table 35: Impact of Uncertainty to "Survival Risk of the firm"

<b>Respondents for Loss for a hard won Standard of Living</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	8	3	4	0	0	<b>15</b>
Micro 1-4	18	2	4	1	2	<b>27</b>
Micro 5-9	5	6	3	2	0	<b>16</b>
<b>Total Micro</b>	<b>31</b>	<b>11</b>	<b>11</b>	<b>3</b>	<b>2</b>	<b>58</b>
<b>%</b>	<b>54%</b>	<b>19%</b>	<b>19%</b>	<b>5%</b>	<b>3%</b>	<b>100%</b>
Small	2	3	3	1	0	<b>9</b>
<b>% only Small</b>	<b>22%</b>	<b>34%</b>	<b>34%</b>	<b>10%</b>	<b>0%</b>	<b>100%</b>
<b>Totals</b>	<b>33</b>	<b>14</b>	<b>14</b>	<b>4</b>	<b>2</b>	<b>67</b>
<b>%</b>	<b>49%</b>	<b>21%</b>	<b>21%</b>	<b>6%</b>	<b>3%</b>	<b>100%</b>

**Table 36: Impact of Uncertainty to "Loss of a hard won Standard of Living"**

The ranking for **"most important"** impact of the uncertainty on the firms' operations (also split for Micro & Small firms-see Table 37):

<b>"Most important" Impact of uncertainty</b>	<b>Total Ranking</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Reduction in Sales	67%	74%	22%
Cash flow problems	48%	48%	45%
Risk Survival of the firm	46%	50%	22%
Loss of hard won standard of living	49%	54%	22%

**Table 37: Ranking for "Most Important" impact of Uncertainty**

We realize that for Micro firms of our sample, the most important impact is the "Reduction in sales" and then comes the "Loss of the hard won standard of living". "Cash flow problems" comes at the 4<sup>th</sup> place after the "Risk survival of the firm". We believe that this is because in Micro firms, the firm is perceived as an extension of the founder's personality as also described by researchers (Carland, et al., 1984), (Gray, 2002).

If we see however the ranking in the next table (see Table 38) of both “Most important” & “Important”, “Cash flow problems” comes in the 2<sup>nd</sup> place for Micro firms.

<b>“Most Important + “Important” Impact of uncertainty</b>	<b>Total Ranking</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Reduction in Sales	85%	86%	78%
Cash flow problems	81%	79%	90%
Risk Survival of the firm	73%	74%	67%
Loss of hard won standard of living	70%	73%	56%

**Table 38: Ranking for “Most Important” & “Important” impact of Uncertainty**

For Small firms of our sample, the “most important” impact is the “Cash flow problems” and all the others follow by the same weight. We realize that Small firms (of our sample), exhibit a more entrepreneurial analysis of the uncertainty which is not linked directly with behavioral characteristics of the founder. In both “Most important” & “Important” table, almost all the Small firms (90%) rank Cash flow problems as the major one.

We also realize how important is for Micro & Small firms to establish planning tools for cash flow analysis.

**Question No 12:** What are your decisions/actions to respond to this uncertainty?

- Please state the three most important measures taken over the past 5 years. (See Table 39)

<b>Decisions &amp; actions /Frequency of responses</b>	<b>Micro 0</b>	<b>Micro 1-4</b>	<b>Micro 5-9</b>	<b>Small</b>	<b>Totals</b>	<b>Ranking</b>
Reduce running and personnel cost	5	12	8	4	29	1st
Decrease selling prices, run promotions & aggressive commercial strategy	4	8	3	1	16	2nd
Offer better quality (of product & services)	3	7	1	2	13	3rd
More personal work	4	5	1	1	11	4th
Find new products/services- differentiate	4	2	3	2	11	4th
Find new markets/customers & exports		3	5	2	10	5th
Achieve better purchasing prices (suppliers)		6	1		7	
Reduce working capital		1	4	2	7	
Advertising, planning & information	1	4	1		6	
Use automations and innovative ideas & be open-minded	3	2		1	6	
Low risk investments for growth and productivity		4		1	5	
Decrease insecure customers		3	1		4	
Close down & move abroad	2		1	1	4	
Cut <u>personal</u> cost	1	1	1		3	
Find synergies		1	1		2	
Decrease bank lending	1	1			2	
Achieve financing through ESPA		1			1	
Use of postdated checks	1				1	
Stop selling products of low profitability				1	1	
Improve moral of human resources				1	1	

**Table 39: Decisions/Actions to respond to Uncertainty**

We realize that the major action taken by the companies in our sample is to reduce running and personnel cost in order to respond to uncertainty. This action is by far the most preferred one with double frequency of responses than the 2<sup>nd</sup> one. Even Micro 0 with no personnel, report the reduction of running cost as first priority. Small firms of

our sample also seem to agree on this measure taken with almost half of the firms having reported it. Decrease of selling prices, running of promotions and generally implement an aggressive commercial strategy come in the 2<sup>nd</sup> place. However this is mostly preferred by Micro firms. We also realize that these two most preferred actions can be implemented with no delay upon decision making and they represent the urgent measures to be taken in order to respond to uncertainty.

Towards differentiation is the offering of better quality of product and better services. Micro 1-4 seem to prefer this measure as their 3<sup>rd</sup> choice. More strategic measure is the following of finding new products and services and to differentiate. Although firms of all segments have reported this measure, Micro 0 rank it as No 2 together with “decrease of selling prices”. Another strategic measure is the investigation of opportunities for new markets and exports and expanding customer base. This measure is preferred by Micro 5-9 as No 2 measure. Micro 0 did not report this measure at all. Negotiation with suppliers in order to achieve better prices is a measure taken by Micro 1-4 as No 4 in their ranking. It is strange that no other segment reported it. More personal work is an action taken mostly by Micro 0 & Micro 1-4. This shows that they need to strengthen their efforts to overcome the difficulties and problems they face in order not to hire an employee (Micro 0) or when at the same time they reduce personnel (Micro 1-4).

Trying to conclude per firm segment, we could say that:

- a) Micro 0 focus on reducing running cost, decrease selling prices and run promotions, find new products and services in order to differentiate and increase their personal work. Offer better quality of products and services and usage of automation in order to innovate, come at a lower place;
- b) Micro 1-4 focus on reducing personnel cost, decrease selling prices and run promotions, offer better quality of products and services offered to consumers, improve purchasing prices and increase their personal work. Use of advertising and low risk investments to improve growth and productivity come at a lower place.
- c) Micro 5-9 focus on reducing personnel cost at 1<sup>st</sup> place and then find new markets and expand customer base, reducing working capital and find new products and services to differentiate.

d) Small firms focus on reducing personnel cost and then offer better quality of products and services, find new products and services in order to differentiate , find new markets and expand customer base.

### 3.2.6 Strategic behaviour: flexibility; competence

**Question No 13:** Compared to your main competition, how do you differentiate your product/service?

- Higher quality- (see Table 40)
  - Better service- (see Table 41)
  - Lower price- (see Table 42)
  - New or previously unavailable products or services- (see Table 43)
- Please rank the above in order of importance (1= most important, 5= least important)

<b>Respondents for Higher Quality</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	12	2	0	1	0	<b>15</b>
<b>% Micro 0</b>	<b>80%</b>	<b>13%</b>		<b>7%</b>		<b>100%</b>
Micro 1-4	18	4	5	0	0	<b>27</b>
<b>% Micro 1-4</b>	<b>67%</b>	<b>15%</b>	<b>18%</b>			<b>100%</b>
Micro 5-9	10	3	2	0	1	<b>16</b>
<b>% Micro 5-9</b>	<b>63%</b>	<b>19%</b>	<b>12%</b>		<b>6%</b>	
<b>Total Micro</b>	<b>40</b>	<b>9</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>69%</b>	<b>15%</b>	<b>12%</b>	<b>2%</b>	<b>2%</b>	<b>100%</b>
Small	7	2	0	0	0	<b>9</b>
<b>% only Small</b>	<b>78%</b>	<b>22%</b>				<b>100%</b>
<b>Totals</b>	<b>47</b>	<b>11</b>	<b>7</b>	<b>1</b>	<b>1</b>	<b>67</b>
<b>%</b>	<b>70%</b>	<b>16%</b>	<b>10%</b>	<b>2%</b>	<b>2%</b>	<b>100%</b>

Table 40: Ranking of Differentiation by "Higher Quality"



<b>Respondents for Better Service</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	9	4	2	0	0	<b>15</b>
<b>% Micro 0</b>	<b>60%</b>	<b>27%</b>	<b>13%</b>			<b>100%</b>
Micro 1-4	23	4	0	0	0	<b>27</b>
<b>% Micro 1-4</b>	<b>85%</b>	<b>15%</b>				<b>100%</b>
Micro 5-9	10	3	2	0	1	<b>16</b>
<b>% Micro 5-9</b>	<b>63%</b>	<b>19%</b>	<b>12%</b>		<b>6%</b>	<b>100%</b>
<b>Total Micro</b>	<b>42</b>	<b>11</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>72%</b>	<b>19%</b>	<b>7%</b>	<b>0</b>	<b>2%</b>	<b>100%</b>
Small	5	4	0	0	0	<b>9</b>
<b>% only Small</b>	<b>56%</b>	<b>44%</b>				<b>100%</b>
<b>Totals</b>	<b>47</b>	<b>15</b>	<b>4</b>	<b>0</b>	<b>1</b>	<b>67</b>
<b>%</b>	<b>70%</b>	<b>22%</b>	<b>6%</b>	<b>0%</b>	<b>2%</b>	<b>100%</b>

Table 41: Ranking of differentiation by " Better Service"

<b>Respondents for Lower price</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	6	2	5	2	0	<b>15</b>
<b>% Micro 0</b>	<b>40%</b>	<b>13%</b>	<b>34%</b>	<b>13%</b>		<b>100%</b>
Micro 1-4	4	9	11	2	1	<b>27</b>
<b>% Micro 1-4</b>	<b>15%</b>	<b>33%</b>	<b>41%</b>	<b>7%</b>	<b>4%</b>	<b>100%</b>
Micro 5-9	2	5	6	3	0	<b>16</b>
<b>% Micro 5-9</b>	<b>12%</b>	<b>31%</b>	<b>38%</b>	<b>19%</b>		<b>100%</b>
<b>Total Micro</b>	<b>12</b>	<b>16</b>	<b>22</b>	<b>7</b>	<b>1</b>	<b>58</b>
<b>%</b>	<b>20%</b>	<b>28%</b>	<b>38%</b>	<b>12%</b>	<b>2%</b>	<b>100%</b>
Small	1	5	2	1	0	<b>9</b>
<b>% only Small</b>	<b>11%</b>	<b>56%</b>	<b>22%</b>	<b>11%</b>		<b>100%</b>
<b>Totals</b>	<b>13</b>	<b>21</b>	<b>24</b>	<b>8</b>	<b>1</b>	<b>67</b>
<b>%</b>	<b>19%</b>	<b>31%</b>	<b>36%</b>	<b>12%</b>	<b>2%</b>	<b>100%</b>

Table 42: Ranking of Differentiation by "Lower Prices"

<b>Respondents for New or previously unavailable products or services</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	10	3	2	0	0	<b>15</b>
<b>% Micro 0</b>	<b>67%</b>	<b>20%</b>	<b>13%</b>			<b>100%</b>
Micro 1-4	13	5	3	2	4	<b>27</b>
<b>% Micro 1-4</b>	<b>48%</b>	<b>19%</b>	<b>11%</b>	<b>7%</b>	<b>15%</b>	<b>100%</b>
Micro 5-9	5	5	5	0	1	<b>16</b>
<b>% Micro 5-9</b>	<b>31%</b>	<b>31%</b>	<b>31%</b>		<b>7%</b>	<b>100%</b>
<b>Total Micro</b>	<b>28</b>	<b>13</b>	<b>10</b>	<b>2</b>	<b>5</b>	<b>58</b>
<b>%</b>	<b>48%</b>	<b>22%</b>	<b>17%</b>	<b>4%</b>	<b>9%</b>	<b>100%</b>
Small	4	3	2	0	0	<b>9</b>
<b>% only Small</b>	<b>45%</b>	<b>33%</b>	<b>22%</b>			<b>100%</b>
<b>Totals</b>	<b>32</b>	<b>16</b>	<b>12</b>	<b>2</b>	<b>5</b>	<b>67</b>
<b>%</b>	<b>48%</b>	<b>24%</b>	<b>18%</b>	<b>3%</b>	<b>7%</b>	<b>100%</b>

Table 43: Ranking of Differentiation by "New or previously unavailable products or services"

We realize that the ranking among the various segments differs very much for “**Most important**” and the differences appear to be (see Table 44):

<b>“Most important” way of differentiation</b>	<b>Micro 0 Ranking</b>	<b>Micro 1-4 Ranking</b>	<b>Micro 5-9 Ranking</b>	<b>Small Ranking</b>
Higher Quality	80%	67%	63%	78%
Better Service	60%	85%	63%	56%
Lower prices	40%	15%	12%	11%
New or previously unavailable products or services	67%	48%	31%	45%

Table 44: “Most Important” ranking of Differentiation

a) Micro 0 offer “Higher Quality” at a very high level (80%) and “New products/services” (67%). It seems that since they are small, they want to differentiate by competence-based as well as flexibility-based strategies.

b) Micro 1-4 offer “Better service” at a very high level of preference (85%) and “Higher Quality” (67%). It seems that this segment pursues differentiation only by competence-based strategies focusing mostly on better service.

c) Micro 5-9 offer “Higher Quality” (63%) and “Better Service” (63%).

d) Small firms offer “Higher Quality” (78%) and at a lower level “Better Service” (56%) and “New products/services” (45%).

When we add “Most Important” and “Important” (see Table 45):

<b>“Most important” &amp; “Important” way of differentiation</b>	<b>Micro 0 Ranking</b>	<b>Micro 1-4 Ranking</b>	<b>Micro 5-9 Ranking</b>	<b>Small Ranking</b>
Higher Quality	93%	82%	82%	100%
Better Service	87%	100%	82%	100%
Lower prices	53%	48%	43%	67%
New or previously unavailable products or services	87%	67%	62%	78%

**Table 45: “Most Important” & “Important” ranking of Differentiation**

We realize that, some segments are committed 100% like Micro 1-4 to “Better Service” and Small to “Higher Quality” and “Better Service”. The “Lower Prices” appear not to be a preferred tool to differentiate for Micro firms in general. On the other hand the “New or previously unavailable products or services” appear to be more popular in Micro 0 & Small.

These two strategies of “Better Service” and “Higher Quality” are attractive to Small firms also in the US as described in the research of Armstrong (2013) while the “New or previously unavailable products or services” is not so popular. According to the researcher, this last strategic behavior encounters survival risk because demand is initially low and uncertain, especially during uncertainty of the external environment.

### 3.2.7 Learning in real work situation

**Question No 14:** Reflecting on the last 10 years of your company's operations, what are the 3 major incidents which you think have significantly/dramatically influenced your firm?

- Please rank them in order of importance (1= most important, 3= least important)

**Question No 15:** What lessons did you learn from these incidents? How did you incorporate your learnings into the business model of your company?

Critical learning incidents reported by segment Micro 0 (see Table 46):

Critical Incidents	Firm Level	External	Learning
Micro 0	New trends New technologies	International economic crisis	Be flexible with new ideas
Micro 0		Greek economic crisis, Capital controls & Uncertainty	Keep prices unchanged despite VAT increase
Micro 0	Reduction of European financial subsidies	Tax system change Insurance policy change	Try to adapt to new situation
Micro 0		Uncertainty	Secure small growth Readjustment of targets
Micro 0	Big investment in 2008 Decision to keep personnel Founders retirement		Wrong decision to invest in Greece
Micro 0	New technologies	Greek economic crisis	Readjustment of prices New markets opening Prudent management
Micro 0	Turnover reduction High overdue receivables		Customers payment in cash No bank loans
Micro 0		Increase of taxation & insurance cost	Feel unable to change the situation
Micro 0	Big turnover reduction in the beginning Stability and then growth	International economic crisis of 2009	Presence of mind, prudence and a lot of work
Micro 0	Cash flow and run. cost	Political changes	Cut running cost
Micro 0	Demand reduction	Increase of taxation Political instability	Feel unable to change the situation

**Table 46: Critical learning incidents of Micro 0 firms**

Critical learning incidents reported by segment Micro 1-4 (see Table 47):

Critical Incidents	Firm Level	External	Learning
Micro 1-4		Greek economic crisis	Feel unable to plan for the future
Micro 1-4		Greek economic crisis	Reduce running cost
Micro 1-4	Lack of experience Wrong choices of product assortment	Greek economic crisis	Product assortment to cover basic needs
Micro 1-4	Demand reduction	Increase of taxation & insurance cost	Need for Cross-selling tactics
Micro 1-4	Personal & firm changes	Political changes	Keep business moral and ethics
Micro 1-4		Greek economic crisis	Productivity improvement
Micro 1-4	Low cash liquidity	Political instability Regulation changes	Be alert Be informed Follow the plan
Micro 1-4		Greek economic crisis Wrong financial policy Lack of banking finance	Effective Management Reduce running cost Search for innovative systems Certify personnel & firm processes
Micro 1-4	Reduce of personnel cost Implementation of automations Suspension of payments by Public sector		Manage to reduce running cost thanks to automations
Micro 1-4	Improved products New partnerships new brand name		Products of broad acceptance Manage to get recognized
Micro 1-4		Greek economic crisis	Reduce running cost through better organization Careful follow up of firm's operations Implementation of innovative solutions
Micro 1-4	Demand decline Financing program accession		Higher quality of offered services Lower cost of offered services
Micro 1-4	Demand decline	Wrong financial policy Heavy taxation	Operate with less personnel. Customers payments in cash

**Table 47: Critical learning incidents of Micro 1-4 firms**

Critical learning incidents reported by segment Micro 5-9 (see Table 48):

Critical incidents	Firm Level	External	Learning
Micro 5-9	New partnerships		Operate with precision & discipline
Micro 5-9	Unfair competition	Greek economic crisis	Be proactive and secure demand
Micro 5-9	Business operations less than 10 years Unexpected high demands		Better internal organization Development of sales forecast procedures Secure customer service
Micro 5-9	Cooperation with transnational partners Know-how development in cooperation with academic institutes. Advertising & promotion through alternative channels		Organization change from hierarchy structured to team structured. Open to new technologies Move from static organization to learning organization. Change of marketing strategy
Micro 5-9	Insecure customers	Change of regulation system Taxation instability	Be very well informed Collect payments Stop insecure customers
Micro 5-9	Innovation and new technologies		Be innovative Take some risks
Micro 5-9	Production of innovative products. Exports Expand facilities		Firm should evolve & never stagnate
Micro 5-9	Stores merge Imports exclusivity Web site creation		Be careful on investments & costs Be careful on human resources

**Table 48: Critical learning incidents of Micro 5-9 firms**

Critical learning incidents reported by segment Small (see Table 49):

Critical incidents	Firm Level	External	Learning
Small	Demand decline	Taxation uncertainty Political uncertainty	Be extrovert Expand customer base Introduce new products
Small	Turnover's reduction Profit margin increase	Greek economic crisis	Offer premium products to affordable prices
Small	Participation in exhibition Software upgrade		Planning Organization Promotion Execution and Review results
Small	Big Investments in production, facilities and machinery Expand sales network Add commercial activities		Reduce commercial risk Be flexible
Small	New customers Got financed Introduce new products		Turnover's increase Bargain power increased through financing and got better prices

**Table 49: Critical learning incidents of Small firms**

We realize that due to the economic crisis lasting more than 5 years already in Greece, almost the majority of the firms of our sample, experience the economic crisis and all the consequences caused by the crisis, as critical incidents influencing firm's operations. In some extent, this issue limits the reports on critical incidents affecting the founders/owners and their firm because it is during the recent years that this is happening. However, we also realize that there is only very few firms within our sample (mainly Micro 0) that seem to be desperate and emotionally driven and not to know what to do.

Most of Small firms and a lot of Micro 5-9 focus only on firm level incidents and do not refer on the crisis in general, exhibiting a more entrepreneurial behavior and reactions. The learnings from these events focus on managerial tactics to ensure follow-up of

planning and organization. Information and adaptation to new technologies as well as ideas seem also critical. It is of high importance the collection of payments as well as the cease of insecure customers.

Micro 0 and Micro 1-4 as being very small, seem to be vulnerable by the economic crisis and the critical incidents reported mostly refer on demand decline and turnover' s reduction as well as the taxation and political uncertainty. The learnings from these events focus on readjustment of targets for prices, growth and running costs. They also focus on introducing products of broad acceptance or basic needs in order to secure sales. In these segments, we also see as learnings the urgent need of cash-flow follow up.

As also described by researchers based on case studies of small firms in UK, if the firm's owner manages to take advantage of his/her past experiences, mistakes or decisions, this will help firm survive and even grow (Deakins & Freel, 1998) . The emotionally-laden experiences as appeared in very few members of our group also appeared in the research of Cope & Watts (2000). How to facilitate and individualize this process of learning is very important as well as how to include "network actors" and "powerful others" in this learning process (Cope, 2005). Therefore it is for policy makers in Greece to capitalize the importance of these learning incidents to the benefit of Micro and Small businesses.

### **3.2.8 Networking; Mentoring; Tax advisory consultant as Business adviser**

**Question No 16:** When your company needs to hire a new employee, where do you address?

- Other firms' owners- (see Table 50)
  - Accountant (see Table 51)
  - Ad (see Table 52)
  - Local Chamber of Commerce- (see Table 53)
  - OAED- (see Table 54)
- Please rank them in order of importance (1= most important, 5= least important)



Hire a new employee/ address other firms' owners	1=Most important	2	3	4	5= Least important	Totals
Micro 0	6	1	2	1	5	15
Micro 1-4	8	5	5	2	7	27
Micro 5-9	2	1	4	3	6	16
<b>Total Micro</b>	<b>16</b>	<b>7</b>	<b>11</b>	<b>6</b>	<b>18</b>	<b>58</b>
<b>%</b>	<b>28%</b>	<b>12%</b>	<b>19%</b>	<b>10%</b>	<b>31%</b>	<b>100%</b>
Small	1	1	2	2	3	9
<b>% Small</b>	<b>11%</b>	<b>11%</b>	<b>22%</b>	<b>22%</b>	<b>34%</b>	<b>100%</b>
<b>Totals</b>	<b>17</b>	<b>8</b>	<b>13</b>	<b>8</b>	<b>21</b>	<b>67</b>
<b>%</b>	<b>25%</b>	<b>12%</b>	<b>19%</b>	<b>12%</b>	<b>32%</b>	<b>100%</b>

Table 50: Advice for "Want to hire a new employee" address to "Other firms' owners"

Hire a new employee/ ask Accountant	1=Most important	2	3	4	5= Least important	Totals
Micro 0	2	2	1	3	7	15
Micro 1-4	4	2	4	4	13	27
Micro 5-9	1	1	4	1	9	16
<b>Total Micro</b>	<b>7</b>	<b>5</b>	<b>9</b>	<b>8</b>	<b>29</b>	<b>58</b>
<b>%</b>	<b>12%</b>	<b>9%</b>	<b>15%</b>	<b>14%</b>	<b>50%</b>	<b>100%</b>
Small			3	1	5	9
<b>% Small</b>			<b>33%</b>	<b>11%</b>	<b>56%</b>	<b>100%</b>
<b>Totals</b>	<b>7</b>	<b>5</b>	<b>12</b>	<b>9</b>	<b>34</b>	<b>67</b>
<b>%</b>	<b>11%</b>	<b>7%</b>	<b>18%</b>	<b>13%</b>	<b>51%</b>	<b>100%</b>

Table 51: Advice for "Want to hire a new employee" address to "Accountant"

Hire a new employee/ Publish Ad	1=Most important	2	3	4	5= Least important	Totals
Micro 0	4	2	2	3	4	15
Micro 1-4	7	2	4	3	11	27
Micro 5-9	7	1	2		6	16
<b>Total Micro</b>	<b>18</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>21</b>	<b>58</b>
<b>%</b>	<b>31%</b>	<b>9%</b>	<b>14%</b>	<b>10%</b>	<b>36%</b>	<b>100%</b>
Small	2	2	1	1	3	9
<b>% Small</b>	<b>22%</b>	<b>22%</b>	<b>11%</b>	<b>11%</b>	<b>34%</b>	<b>100%</b>
<b>Totals</b>	<b>20</b>	<b>7</b>	<b>9</b>	<b>7</b>	<b>24</b>	<b>67</b>
<b>%</b>	<b>30%</b>	<b>10%</b>	<b>14%</b>	<b>10%</b>	<b>36%</b>	<b>100%</b>

Table 52: "Want to hire a new employee" just "Publish an Ad"

Hire a new employee/ address to Local Chamber	1=Most important	2	3	4	5= Least important	Totals
Micro 0	3		2	3	7	15
Micro 1-4	1	1	4	1	20	27
Micro 5-9			1	1	14	16
<b>Total Micro</b>	<b>4</b>	<b>1</b>	<b>7</b>	<b>5</b>	<b>41</b>	<b>58</b>
<b>%</b>	<b>7%</b>	<b>2%</b>	<b>12%</b>	<b>8%</b>	<b>71%</b>	<b>100%</b>
Small		1		1	7	9
<b>% Small</b>		<b>11%</b>		<b>11%</b>	<b>78%</b>	<b>100%</b>
<b>Totals</b>	<b>4</b>	<b>2</b>	<b>7</b>	<b>6</b>	<b>48</b>	<b>67</b>
<b>%</b>	<b>6%</b>	<b>3%</b>	<b>10%</b>	<b>9%</b>	<b>72%</b>	<b>100%</b>

Table 53: Advice for "Want to hire a new employee" address to "Local Chamber of Commerce"

Hire a new employee/ address to OAED	1=Most important	2	3	4	5= Least important	Totals
Micro 0	3		4	1	6	15
Micro 1-4	7	4	3	3	10	27
Micro 5-9	2	1	3	4	6	16
<b>Total Micro</b>	<b>12</b>	<b>5</b>	<b>10</b>	<b>8</b>	<b>22</b>	<b>58</b>
<b>%</b>	<b>21%</b>	<b>9%</b>	<b>17%</b>	<b>14%</b>	<b>39%</b>	<b>100%</b>
Small	1			2	6	9
	<b>11%</b>			<b>22%</b>	<b>67%</b>	<b>100%</b>
<b>Totals</b>	<b>13</b>	<b>5</b>	<b>10</b>	<b>10</b>	<b>28</b>	<b>67</b>
<b>%</b>	<b>20%</b>	<b>8%</b>	<b>15%</b>	<b>15%</b>	<b>42%</b>	<b>100%</b>

Table 54: "Want to hire a new employee" address to "OAED"

Adding "Most important" and "Important" (see Table 55):

"Most important" & "Important" choices for hiring an employee	Micro Ranking	Small Ranking
Other firms' owners	40%	22%
Accountant	20%	0%
Ad	40%	44%
Local Chamber	9%	11%
OAED	30%	11%

Table 55: "Most Important" & "Important" preferences of advice on "Want to hire a new employee"

For personnel hiring, Micro firms use their personal network as well as they publish an Ad. Within Micro firms, Micro 5-9 do not use their personal network for this reason. Small firms simply publish an Ad.

Since the "Least important" figures are very high, we could think that possibly none of the options presented are used because our firms do not hire any personnel in order to cut running cost.

**Question No 17:** When your company needs an advice on a financial issue regarding its operations, where do you address?

- Other firms ' owners- (see Table 56)
- Accountant- (see Table 57)
- Banker- (see Table 58)
- Local Chamber of Commerce- (see Table 59)
- Consulting firm- (see Table 60)
- Please rank them in order of importance (1= most important, 5= least important)

<b>Financial Issue/ Address to other firms' owners</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	4	4	1	2	4	<b>15</b>
Micro 1-4	4	6	3	9	5	<b>27</b>
Micro 5-9	1	1	5	5	4	<b>16</b>
<b>Total Micro</b>	<b>9</b>	<b>11</b>	<b>9</b>	<b>16</b>	<b>13</b>	<b>58</b>
<b>%</b>	<b>16%</b>	<b>19%</b>	<b>16%</b>	<b>27%</b>	<b>22%</b>	<b>100%</b>
Small	2	1		3	3	<b>9</b>
<b>% Small</b>	<b>23%</b>	<b>11%</b>		<b>33%</b>	<b>33%</b>	<b>100%</b>
<b>Totals</b>	<b>11</b>	<b>12</b>	<b>9</b>	<b>19</b>	<b>16</b>	<b>67</b>
<b>%</b>	<b>17%</b>	<b>18%</b>	<b>13%</b>	<b>28%</b>	<b>24%</b>	<b>100%</b>

**Table 56: Advice on "Financial Issue" address to "Other firms' owners"**

<b>Financial issue/ Address to Accountant</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	10	3	1		1	<b>15</b>
Micro 1-4	18	6	2	1		<b>27</b>
Micro 5-9	7	5	3		1	<b>16</b>
<b>Total Micro</b>	<b>35</b>	<b>14</b>	<b>6</b>	<b>1</b>	<b>2</b>	<b>58</b>
<b>%</b>	<b>60%</b>	<b>24%</b>	<b>10%</b>	<b>2%</b>	<b>4%</b>	<b>100%</b>
Small	3	3		1	2	<b>9</b>
<b>% Small</b>	<b>33%</b>	<b>33%</b>		<b>11%</b>	<b>23%</b>	<b>100%</b>
<b>Totals</b>	<b>38</b>	<b>17</b>	<b>6</b>	<b>2</b>	<b>4</b>	<b>67</b>
<b>%</b>	<b>57%</b>	<b>25%</b>	<b>9%</b>	<b>3%</b>	<b>6%</b>	<b>100%</b>

Table 57: Advice on "Financial Issue" address to "Accountant"

<b>Financial Issue/ Address to Banker</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	3	1	3	4	4	<b>15</b>
Micro 1-4	6	4	4	4	9	<b>27</b>
Micro 5-9	1	2	6	1	6	<b>16</b>
<b>Total Micro</b>	<b>10</b>	<b>7</b>	<b>13</b>	<b>9</b>	<b>19</b>	<b>58</b>
<b>%</b>	<b>17%</b>	<b>12%</b>	<b>22%</b>	<b>16%</b>	<b>33%</b>	<b>100%</b>
Small	1	3	1		4	<b>9</b>
<b>% Small</b>	<b>11%</b>	<b>33%</b>	<b>11%</b>		<b>45%</b>	<b>100%</b>
<b>Totals</b>	<b>11</b>	<b>10</b>	<b>14</b>	<b>9</b>	<b>23</b>	<b>67</b>
<b>%</b>	<b>17%</b>	<b>15%</b>	<b>21%</b>	<b>13%</b>	<b>34%</b>	<b>100%</b>

Table 58: Advice on "Financial Issue" address to "Banker"

<b>Financial issue /Address to Local Chamber</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	1	3	3	1	7	<b>15</b>
Micro 1-4		1	3	8	15	<b>27</b>
Micro 5-9		1		2	13	<b>16</b>
<b>Total Micro</b>	<b>1</b>	<b>5</b>	<b>6</b>	<b>11</b>	<b>35</b>	<b>58</b>
<b>%</b>	<b>2%</b>	<b>9%</b>	<b>10%</b>	<b>19%</b>	<b>60%</b>	<b>100%</b>
Small	1			2	6	<b>9</b>
<b>% Small</b>	<b>11%</b>			<b>22%</b>	<b>67%</b>	<b>100%</b>
<b>Totals</b>	<b>2</b>	<b>5</b>	<b>6</b>	<b>13</b>	<b>41</b>	<b>67</b>
<b>%</b>	<b>3%</b>	<b>7%</b>	<b>9%</b>	<b>20%</b>	<b>61%</b>	<b>100%</b>

Table 59: Advice on "Financial Issue" address to "Local Chamber of Commerce"

<b>Financial issue /Address to Consulting firm</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	2	1	2	4	6	<b>15</b>
Micro 1-4	2	1	4	5	15	<b>27</b>
Micro 5-9	3	3	2	4	4	<b>16</b>
<b>Total Micro</b>	<b>7</b>	<b>5</b>	<b>8</b>	<b>13</b>	<b>25</b>	<b>58</b>
<b>%</b>	<b>12%</b>	<b>9%</b>	<b>14%</b>	<b>22%</b>	<b>43%</b>	<b>100%</b>
Small	2	1	1	2	3	<b>9</b>
<b>% Small</b>	<b>22%</b>	<b>11%</b>	<b>11%</b>	<b>22%</b>	<b>34%</b>	<b>100%</b>
<b>Totals</b>	<b>9</b>	<b>6</b>	<b>9</b>	<b>15</b>	<b>28</b>	<b>67</b>
<b>%</b>	<b>13%</b>	<b>9%</b>	<b>13%</b>	<b>23%</b>	<b>42%</b>	<b>100%</b>

Table 60: Advice on "Financial Issue" address to "Consulting firm"

The "most important" and "Important" choices added (see Table 61):

<b>“Most important” &amp; “Important” choices for financial issue advice</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Other firms’ owners	35%	34%
Accountant	84%	66%
Banker	29%	44%
Local Chamber	11%	11%
Consulting Firm	21%	33%

**Table 61: “Most Important” and “Important” preferences for advice on “Financial Issue”**

For advice on financial issues, Micro firms address to their Accountant first and then to their personal network. Their Banker comes on the 3<sup>rd</sup> place. We believe that Micro firms exhibit so high levels of “preference” for their Accountant because he is considered easily accessible due to their cooperation and mostly because he is considered to have the knowledge to provide information on such issues. Moreover, the Accountant is supposed to intervene to the Banker instead of the firm’s owner in case he cannot respond to this issue.

Small firms, although using the Accountant as first choice, they also address to their Banker. Probably they have more cooperation with their Bank than Micro firms and they feel free to communicate. To our surprise, personal network is used equally with consulting firm. We believe that Small firms try to use all possible networks they have available or they are aware of in order to secure quality of information.

We also realize that in case of Local Chamber of Commerce the results of “Least important” are very high (>60%). It seems that the local Chamber of Commerce does not play the supportive and informative role to the benefit of local entrepreneurs as it is supposed to at least among the firms of our sample.

**Question No 18:** When your company needs to buy special equipment/ supplies, where do you address?

- Other firms ‘ owners- (see Table 62)
- Accountant- (see Table 63)
- Cold contact-internet- (see Table 64)
- Consulting firm- (see Table 65)
  - Please rank them in order of importance (1= most important, 5= least important)

<b>Buy special equipment/ address to other firms' owners</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	7	1	4		3	<b>15</b>
Micro 1-4	10	5	7	3	2	<b>27</b>
Micro 5-9	1	5	3	2	5	<b>16</b>
<b>Total Micro</b>	<b>18</b>	<b>11</b>	<b>14</b>	<b>5</b>	<b>10</b>	<b>58</b>
<b>%</b>	<b>31%</b>	<b>19%</b>	<b>24%</b>	<b>9%</b>	<b>17%</b>	<b>100%</b>
Small		1	1	4	3	<b>9</b>
<b>% Small</b>		<b>11%</b>	<b>11%</b>	<b>45%</b>	<b>33%</b>	<b>100%</b>
<b>Totals</b>	<b>18</b>	<b>12</b>	<b>15</b>	<b>9</b>	<b>13</b>	<b>67</b>
<b>%</b>	<b>27%</b>	<b>18%</b>	<b>22%</b>	<b>13%</b>	<b>20%</b>	<b>100%</b>

Table 62: Advice on "Want to buy special Equipment" address to "Other firms' owners"

<b>Buy special equipment /address to Accountant</b>	<b>1=Most important</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5= Least important</b>	<b>Totals</b>
Micro 0	1	1	3	1	9	<b>15</b>
Micro 1-4	1	3	3	3	17	<b>27</b>
Micro 5-9		4	2	3	7	<b>16</b>
<b>Total Micro</b>	<b>2</b>	<b>8</b>	<b>8</b>	<b>7</b>	<b>33</b>	<b>58</b>
<b>%</b>	<b>3%</b>	<b>14%</b>	<b>14%</b>	<b>12%</b>	<b>57%</b>	<b>100%</b>
Small		2	2	1	4	<b>9</b>
<b>% Small</b>		<b>22%</b>	<b>22%</b>	<b>11%</b>	<b>45%</b>	<b>100%</b>
<b>Totals</b>	<b>2</b>	<b>10</b>	<b>10</b>	<b>8</b>	<b>37</b>	<b>67</b>
<b>%</b>	<b>3%</b>	<b>15%</b>	<b>15%</b>	<b>12%</b>	<b>55%</b>	<b>100%</b>

Table 63: Advice on "Want to buy special equipment" address to "Accountant"



Buy special equipment /search in the internet	1=Most important	2	3	4	5= Least important	Totals
Micro 0	10	2	1		2	15
Micro 1-4	11	10	3	2	1	27
Micro 5-9	11	4	1			16
<b>Total Micro</b>	<b>32</b>	<b>16</b>	<b>5</b>	<b>2</b>	<b>3</b>	<b>58</b>
<b>%</b>	<b>55%</b>	<b>28%</b>	<b>9%</b>	<b>3%</b>	<b>5%</b>	<b>100%</b>
Small	4	2	3			9
<b>% Small</b>	<b>45%</b>	<b>22%</b>	<b>33%</b>			<b>100%</b>
<b>Totals</b>	<b>36</b>	<b>18</b>	<b>8</b>	<b>2</b>	<b>3</b>	<b>67</b>
<b>%</b>	<b>54%</b>	<b>27%</b>	<b>12%</b>	<b>3%</b>	<b>4%</b>	<b>100%</b>

Table 64: Advice on "Want to buy special equipment" search "in the internet"

Buy special equipment /address to Consulting firm	1=Most important	2	3	4	5= Least important	Totals
Micro 0	1		2	1	11	15
Micro 1-4	2	3	2	2	18	27
Micro 5-9	1	2	4	3	6	16
<b>Total Micro</b>	<b>4</b>	<b>5</b>	<b>8</b>	<b>6</b>	<b>35</b>	<b>58</b>
<b>%</b>	<b>7%</b>	<b>9%</b>	<b>14%</b>	<b>10%</b>	<b>60%</b>	<b>100%</b>
Small		3	2	2	2	9
<b>% Small</b>		<b>34%</b>	<b>22%</b>	<b>22%</b>	<b>22%</b>	<b>100%</b>
<b>Totals</b>	<b>4</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>37</b>	<b>67</b>
<b>%</b>	<b>6%</b>	<b>12%</b>	<b>15%</b>	<b>12%</b>	<b>55%</b>	<b>100%</b>

Table 65: Advice on "Want to buy special equipment" address to "Consulting firm"

The "Most Important" and "Important" choices put together (see Table 66):

<b>“Most important” &amp; “Important” choices for special equipment supply</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Other firms’ owners	50%	11%
Accountant	17%	22%
Internet	83%	67%
Consulting Firm	16%	34%

**Table 66: “Most Important” & “Important” preferences for advice on “Want to buy special equipment”**

Micro firms use the Internet when they want to buy special equipment. They also use their personal network. We believe that Micro firms have this attitude because probably their equipment is of low budget or low complexity and they believe they can handle this process by themselves.

On the other hand, Small firms also address to Consulting firms for this reason probably because they have to buy equipment that requires specific knowledge and know-how.

**Question No 19:** When your company needs an advice on a strategic issue like changing assortment, or changing partner, or changing legal entity where do you address?

- Lawyer- (see Table 67)
- Accountant- (see Table 68)
- Banker- (see Table 69)
- Local Chamber of Commerce- (see Table 70)
- Other firms’ owners- (see Table 71)
- Consulting firm- (see Table 72)
  - Please rank them in order of importance (1= most important, 5= least important)

Strategic issue/ address to Lawyer	1=Most important	2	3	4	5= Least important	Totals
Micro 0	4	3	2	2	4	15
Micro 1-4	9	4	5	2	7	27
Micro 5-9	7	5	2	2		16
<b>Total Micro</b>	<b>20</b>	<b>12</b>	<b>9</b>	<b>6</b>	<b>11</b>	<b>58</b>
<b>%</b>	<b>35%</b>	<b>20%</b>	<b>16%</b>	<b>10%</b>	<b>19%</b>	<b>100%</b>
Small	3	2	1		3	9
<b>% Small</b>	<b>33%</b>	<b>23%</b>	<b>11%</b>		<b>33%</b>	<b>100%</b>
<b>Totals</b>	<b>23</b>	<b>14</b>	<b>10</b>	<b>6</b>	<b>14</b>	<b>67</b>
<b>%</b>	<b>34%</b>	<b>21%</b>	<b>15%</b>	<b>9%</b>	<b>21%</b>	<b>100%</b>

Table 67: Advice on "Strategic Issue" address to "Lawyer"

Strategic issue/ address to Accountant	1=Most important	2	3	4	5= Least important	Totals
Micro 0	6	3	2		4	15
Micro 1-4	12	3	5	3	4	27
Micro 5-9	7	3	4		2	16
<b>Total Micro</b>	<b>25</b>	<b>9</b>	<b>11</b>	<b>3</b>	<b>10</b>	<b>58</b>
<b>%</b>	<b>43%</b>	<b>16%</b>	<b>19%</b>	<b>5%</b>	<b>17%</b>	<b>100%</b>
Small	1	2	2	1	3	9
<b>% Small</b>	<b>11%</b>	<b>22%</b>	<b>22%</b>	<b>11%</b>	<b>34%</b>	<b>100%</b>
<b>Totals</b>	<b>26</b>	<b>11</b>	<b>13</b>	<b>4</b>	<b>13</b>	<b>67</b>
<b>%</b>	<b>39%</b>	<b>17%</b>	<b>19%</b>	<b>6%</b>	<b>19%</b>	<b>100%</b>

Table 68: Advice on "Strategic Issue" address to "Accountant"

Strategic issue/ address to Banker	1=Most important	2	3	4	5= Least important	Totals
Micro 0		2	2	5	6	15
Micro 1-4	1	3	4	6	13	27
Micro 5-9	1	4	4	2	5	16
<b>Total Micro</b>	<b>2</b>	<b>9</b>	<b>10</b>	<b>13</b>	<b>24</b>	<b>58</b>
<b>%</b>	<b>3%</b>	<b>16%</b>	<b>17%</b>	<b>23%</b>	<b>41%</b>	<b>100%</b>
Small		3		1	5	9
<b>% Small</b>		<b>33%</b>		<b>11%</b>	<b>56%</b>	<b>100%</b>
<b>Totals</b>	<b>2</b>	<b>12</b>	<b>10</b>	<b>14</b>	<b>29</b>	<b>67</b>
<b>%</b>	<b>3%</b>	<b>18%</b>	<b>15%</b>	<b>21%</b>	<b>43%</b>	<b>100%</b>

Table 69: Advice on "Strategic Issue" address to "Banker"

Strategic issue/ address to Local Chamber	1=Most important	2	3	4	5= Least important	Totals
Micro 0	1	1	2	3	8	15
Micro 1-4	1	2	5	6	13	27
Micro 5-9		1	2	4	9	16
<b>Total Micro</b>	<b>2</b>	<b>4</b>	<b>9</b>	<b>13</b>	<b>30</b>	<b>58</b>
<b>%</b>	<b>3%</b>	<b>7%</b>	<b>16%</b>	<b>22%</b>	<b>52%</b>	<b>100%</b>
Small	1		1	1	6	9
<b>% Small</b>	<b>11%</b>		<b>11%</b>	<b>11%</b>	<b>67%</b>	<b>100%</b>
<b>Totals</b>	<b>3</b>	<b>4</b>	<b>10</b>	<b>14</b>	<b>36</b>	<b>67</b>
<b>%</b>	<b>4%</b>	<b>6%</b>	<b>15%</b>	<b>21%</b>	<b>54%</b>	<b>100%</b>

Table 70: Advice on Strategic Issue" address to "Local Chamber of Commerce"

Strategic issue/ address to other firm's owners	1=Most important	2	3	4	5= Least important	Totals
Micro 0	4	2	1	4	4	<b>15</b>
Micro 1-4	4	4	8	2	9	<b>27</b>
Micro 5-9		4	3	6	3	<b>16</b>
<b>Total Micro</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>12</b>	<b>16</b>	<b>58</b>
<b>%</b>	<b>13%</b>	<b>17%</b>	<b>21%</b>	<b>21%</b>	<b>28%</b>	<b>100%</b>
Small	1		4	2	2	<b>9</b>
<b>% Small</b>	<b>11%</b>		<b>45%</b>	<b>22%</b>	<b>22%</b>	<b>100</b>
<b>Totals</b>	<b>9</b>	<b>10</b>	<b>16</b>	<b>14</b>	<b>18</b>	<b>67</b>
<b>%</b>	<b>13%</b>	<b>15%</b>	<b>24%</b>	<b>21%</b>	<b>27%</b>	<b>100%</b>

Table 71: Advice on "Strategic Issue" address to "Other firms' owners"

Strategic issue/ address to Consulting firm	1=Most important	2	3	4	5= Least important	Totals
Micro 0	2	1	1	2	9	<b>15</b>
Micro 1-4	3	2	5	2	15	<b>27</b>
Micro 5-9	4	2	1	3	6	<b>16</b>
<b>Total Micro</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>7</b>	<b>30</b>	<b>58</b>
<b>%</b>	<b>15%</b>	<b>9%</b>	<b>12%</b>	<b>12%</b>	<b>52%</b>	<b>100%</b>
Small	1	2	3	1	2	<b>9</b>
<b>% Small</b>	<b>11%</b>	<b>22%</b>	<b>34%</b>	<b>11%</b>	<b>22%</b>	<b>100%</b>
<b>Totals</b>	<b>10</b>	<b>7</b>	<b>10</b>	<b>8</b>	<b>32</b>	<b>67</b>
<b>%</b>	<b>15%</b>	<b>10%</b>	<b>15%</b>	<b>12%</b>	<b>48%</b>	<b>100%</b>

Table 72: Advice on "Strategic Issue" address to "Consulting firm"

The "Most Important" and "Important" choices put together (see Table 73):

<b>“Most important” &amp; “Important” choices for strategic issue advice</b>	<b>Micro Ranking</b>	<b>Small Ranking</b>
Lawyer	55%	56%
Accountant	59%	33%
Banker	19%	33%
Local Chamber	10%	11%
Other firms’ owners	30%	11%
Consulting firm	24%	11%

**Table 73: "Most Important" & "Important" preferences for advice on "Strategic Issue"**

In case of advice on strategic issue, we realize that almost 60% of Micro segment choose the Accountant first. Their lawyer comes in the 2<sup>nd</sup> place by 55% of “preference”. Their personal network is at lower levels very close to the Consulting firm. Again their Banker comes at last. It seems that Micro firms do not feel “networked” with Banks at all. Probably because it is perceived that, Banks focus their business and communication plans on bigger firms and do not try to adjust to the needs of Micro firms.

Small segment rank Lawyer first (as expected) and then Accountant and Banker on the same level. Personal networks do not appear here.

As a general conclusion from the findings of questions 16-19, we could say that Micro firms have their Accountant as first choice of preference in case of advice on financial or strategic issue. They also use their personal network for all issues that may arise. The Lawyer is also used in case of strategic issue probably when the Accountant cannot support that issue.

Small firms on the other hand exhibit a more balanced behavior in case of advice on strategic issue (Lawyer) while on financial issue they address to their Accountant first but also to their Banker as a strong 2<sup>nd</sup> choice. Consulting firms are partly addressed by small firms in case of financial issues and purchase of specific equipment.

Therefore, we could say that the use of personal networks as “strong diverse ties” (Dubini & Aldrich, 1991) is not so obvious by the replies we received by our sample of Micro & Small firms. Furthermore, it was neither obvious an informal networking with and among other business owners sharing ideas and experiences (Gaskill, 2001),

probably because of the close-ended questions. What however is obvious, at least for our Micro firms, is the existence of the “just in time available” support of the Accountant (Sullivan, 2000), although it may not be a mentoring relationship yet. It also seems that local Chambers of Commerce did not manage to establish a mentoring relationship with their clients-firms as the one we see in Canada (Futurpreneur, Canada, 2017) and the US (Score, US, 2017).

**Question No 20:** How often your Tax advisory consultant/Accountant informs you on the progress of your company’s operations?

- Every 3 months
- Every 6 months
- At the end of the fiscal year
- Only when I ask for it

(See Table 74)

<b>Respondents</b>	<b>Every 3 months</b>	<b>Every 6 months</b>	<b>At the end of fiscal year</b>	<b>Only when I ask for it</b>	<b>Totals</b>
Micro 0	7	1	2	5	<b>15</b>
<b>% Micro 0</b>	<b>47%</b>	<b>7%</b>	<b>13%</b>	<b>33%</b>	<b>100%</b>
Micro 1-4	19	1	1	6	<b>27</b>
<b>% Micro 1-4</b>	<b>70%</b>	<b>4%</b>	<b>4%</b>	<b>22%</b>	<b>100%</b>
Micro 5-9	10	1	3	2	<b>16</b>
<b>% Micro 5-9</b>	<b>63%</b>	<b>6%</b>	<b>19%</b>	<b>12%</b>	<b>100%</b>
<b>Total Micro</b>	<b>36</b>	<b>3</b>	<b>6</b>	<b>13</b>	<b>58</b>
<b>%</b>	<b>62%</b>	<b>5%</b>	<b>10%</b>	<b>23%</b>	<b>100%</b>
Small	6	1	0	2	<b>9</b>
<b>% Small</b>	<b>67%</b>	<b>11%</b>		<b>22%</b>	<b>100%</b>
<b>Totals</b>	<b>42</b>	<b>4</b>	<b>6</b>	<b>15</b>	<b>67</b>
<b>%</b>	<b>63%</b>	<b>6%</b>	<b>9%</b>	<b>22%</b>	<b>100%</b>

**Table 74: Feedback provided by the Accountant on firm's operations**

We realize that, although almost 60% of our sample is informed by their accountant at the end of each quarter as they should to, there is another 20% of our sample who consider that they receive feedback on company's operations only when they ask for it.

Summarising (see Table 75):

<b>Feedback provided by the Accountant</b>	<b>Micro 0 Ranking</b>	<b>Micro 1-4 Ranking</b>	<b>Micro 5-9 Ranking</b>	<b>Small Ranking</b>
Every 3 months	47%	70%	63%	67%
Every 6 months	7%	4%	6%	11%
At the end of fiscal year	13%	4%	19%	0%
Only when I ask for it	33%	22%	12%	22%

**Table 75: Feedback provided by the Accountant on firm's operations per firm segment**

If we also see the ranking among the segments, we realize that in Micro 0, only the 50% of the firms receive a feedback every quarter and there is a 33% of firms that considers that this service offered by the Accountant (to provide a feedback) is only deliverable upon request.

In Micro 1-4 and Small firms, it is considered that the feedback provided by the Accountant is deliverable upon request in the 22% of the firms responded.

To our understanding, the Accountant plays a vital role of support especially in Micro firms in almost all issues arising from the entrepreneurial activities not only the book-keeping. The service offered to Micro and Small firms regarding advisory feedback on the progress of firm's operations should be at every quarter's end in order the owner to be able to react and adjust the business plan of the firm in case of issues. There are some studies dealing with the potentiality of an extended service offering provided by the Accountants. It appears to be significant potential for professional accountants to expand the management accounting services they provide to smaller companies in UK (Marriott & Marriott, 2000) and also Norway (Gooderham, et al., 2004). Again in UK, a study of small businesses also indicates that an important task for an accountant is to act as a consultant to the owner in areas where an owner-manager of a small firm often lacks competence. (Deakins, et al., 2001). Therefore, we believe that there is an opportunity as well as a challenge for Accountants to differentiate and provide an



advanced service offering creating a competitive advantage for them as well as loyalty relationships with their firms-clients.

# Chapter 4

## Conclusions, Limitations & Future Research

### 4.1 Conclusions

This research' purpose was to identify weaknesses and threats which affect performance of Micro and Small firms in Greece during the crisis and establish a "best practice" toolkit that can be used either by the entrepreneur or the service provider for managing these critical issues. Having in mind that Micro and Small businesses in Greece are the backbone of Greek economy, reaching the 99.6% of total firms, the 56.2% of total added value and the 76% of total employment, a vital support mechanism is necessary to allow these firms survive and exist in the long run.

A multi-dimensional concept has been developed for our questionnaire addressed to Micro & Small firms in Greece in order to identify our research questions. We focused on all Micro and Small firms independently if being innovative and entrepreneurial or not and independently if being young or mature ones. We did not limit our research on funding issues, yet very critical but not the only ones. We also exhibited that the Accountant or Tax advisory Consultant of Micro and Small firms can play a supporting and mentoring relationship with client-firms and also that the multidimensional concept we used, can provide a framework for trending issues.

Our sample consists of 58 Micro firms and 9 Small firms. The Micro firms were split in 3 segments: Micro 0 of “0 employees”, Micro 1-4 of “1-4 employees” and Micro 5-9 of “5-9 employees”. The majority of our firms operate for more than ten years. Half of the firms have suffered by a reduction in their firm’s turnover greater than 10% during the last 5 years. These firms are mature ones. On the other hand, some young Micro firms have exhibited growth in their firm’s turnover greater than 10% during the last 5 years. Growth potential exists during the crisis for Micro young firms that start of low base. A percentage of 22% of the firms questioned exhibited profits for all years of operations.

Our sample seems very eager to apply changes in the area of Customer Service, while less eager in the areas of Product/service assortment and Processes. Analyzing the internal environment of the firm, we found out that very little formal planning is used for sales forecast, cash flow analysis and competition analysis mainly by the Micro firms. Especially for cash flow planning, in half of the firms that was applied, it mostly showed cash shortages. We believe that the absence of formal cash flow analysis is a major issue for the survival of the firms during the crisis.

Analyzing the external environment of the firm, we found out that our Micro firms face uncertainty through “Broader economic conditions” and “Regulation” while Small firms of our sample rank “Financing Needs” as the second reason of uncertainty. “Regulation” implies that policy makers should take into account as already indicated by EU, the guiding principal of “think small first” when developing policies and legislation for Micro & Small firms in Greece.

The impact of uncertainty in firms’ operations appeared to be the “Reduction in Sales” and the “Cash flow problems” for Micro and Small firms with a little different weight. The Loss of hard won standard of living appears to be very important for Micro firms. It appears also here that the Cash flow analysis is crucial for Micro & Small firms.

Micro and Small firms of our sample choose competence based strategies in order to differentiate like “Higher Quality” and “Better Service”. The Micro firms of no employees also choose flexibility- based strategies like “New or previously unavailable products or services”. This strategy however could imply survival risk due to uncertainty.

When asked about “Critical learning incidents” and how these have been incorporated into their business model, it appears that Micro 5-9 and Small firms exhibit a more entrepreneurial behavior and focus on managerial tactics to ensure follow- up of planning and organization. The Micro 0 and Micro 1-4 firms on the other hand mostly consider “Economic crisis” as critical incident. It would be very important, if policy makers could capitalize the importance of these learning incidents to the benefit of Micro & Small firms, like mentoring institutions.

Micro firms of our sample use their Accountant as the 1<sup>st</sup> source of advice in case of financial and strategic issue. Personal networks although used to some extent, do not seem to be strongly connected. Small firms on the other hand seem to exhibit a more

balanced and entrepreneurial behavior regarding networks. Bankers are hardly accessible by Micro firms while Local Chambers are not considered a source of advice at all. Accountants, although probably delivering the statutory obligations for their client-firms, should improve their service offering providing a more detailed advisory feedback about firm's operations and create a competitive advantage against competition as well as loyalty relationships with their client-firms

.

## **4.2 Limitations**

Although, the research has reached its aims, there are some unavoidable limitations due to the very small number of respondents in Small firms; therefore the results may not be representative for Small firms in general. The questions investigating networking and mentoring relations were close-ended; this probably narrowed the number of "preferences". Finally, the geographical distribution of the respondents is mainly Athens area; therefore the findings may not cover possible local issues.

## **4.3 Future Research**

The conclusions arising of the research undertaken, allow for future testing on a more extended sample of Micro and Small firms.

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