

**“Micro wholesaling businesses involved in the
sector of confectionary products – Strategies of
survival and growth”**

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*Dedicated to my family and those that helped me
complete the DBA; especially dedicated to my
father Spiros, my mother Areti and to Maria*

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

Definition and Mapping of Research Questions

Document 1

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1. Overview

The scope of this document is to present the research problem and to introduce its purpose along with the research questions that will be raised and analysed followed by a discussion of the contribution of the study. What is more, the structure of the whole dissertation in outline is provided. This dissertation seeks to explore the issue that is faced by Greek Small and Medium Sized Businesses (SMEs) nowadays. In particular, the problem of the wholesale sector of sweet products in Greece and its survival will be examined; the managers/owners of these companies will be asked to identify what they believe to be the major problems of the sector and as a consequence a number of strategies that can be put forward as a possible solution to this issue.

The outcomes of this study may prove to be helpful to the managers of Greek SMEs that are struggling to survive, to those who support entrepreneurship and can influence decision-making and in general to the people/researchers who are interested in exploring that topic.

In this document, a general outline of how the problem will be scrutinized is discussed, while the main topics of the subject are also explored.

More specifically, the following themes are mentioned:

- The objective of the dissertation.
- The research questions.
- The proposed methodology and its reasoning.
- The broad findings of the literature review.
- The general structure of the remaining documents.
- The issues and conclusions that will arise.

2. Subject and Objectives

Current Situation in the Greek Economy and Background of the Problem

In spite of the fact that the Small and Medium Sized Businesses (SMEs) in the developed European countries are supposed to be more protected, especially after the Lisbon Strategy (1),

(1) The Lisbon strategy: In the face of international competition and an ageing population, growth could soon decrease to 1% per year. In order to avoid this, Heads of State and Government of the European Union met in Lisbon in 2000 and launched a series of ambitious reforms at national and European level. By establishing an effective internal market, by boosting research and innovation and by improving education, to name only a few reform efforts, they aimed to make the European Union “the most dynamic and competitive knowledge-based

the Greek economy seems to have a disadvantage in comparison to the other European economies; this drawback has to do with the functioning conditions of the markets of the goods and services. What is more, E.U.'s expansion eastwards will absolutely have a negative impact on the Greek economy, as the small Greek enterprises will no longer be the main beneficiaries of the European funds.

According to Mr. George Alogoskoufis, Greek Minister of Economics and Finance, in his article to "Vima" (27th of September 2004), in the last few years, despite the high pace of development of the Greek economy, the basic fiscal indicators have worsened (the most representative example is the decrease in the competitiveness of the Hellenic economy). In 2004, increases in wages as well as the euro appreciation against dollar were the main factors for the worsening of the Greek economy's competitiveness. According to economists in the Ministry of Finance, the picture can be ameliorated only if competitiveness is improved and unemployment is reduced. The latter can be achieved through the creation of new businesses and through active policies that will coordinate the offer and demand in the labor market as well as the proper utilization of the Community Support Framework (C.S.F.) capitals.

The Minister continues by stressing that "the relatively high development pace was mainly based on external factors that partially related to the incoming funds from the C.S.F. capitals of the E.C. as well as the rapid development of the consuming faith that financed a significant part of the increase of the household consumption. As it is clear, these factors cannot be retained on a long term basis and create the skeleton for a self-funded development". As a result, it is obvious that anticipation for the continuation of this high development pace is not hopeful, if the same way of strengthening the economic activity remains.

economy in the world" by 2010. We are now half-way through the process and the results are not very satisfactory, since the implementation of reform in Member States has been quite scarce. The reform package consists of 28 main objectives and 120 sub-objectives, with 117 different indicators. The reporting system for 25 Member States adds up to no fewer than 300 annual reports, but nobody reads all of them. To remedy this lack of commitment of Member States, the Commission proposed to establish a new kind of partnership with Member States. It also decided to focus efforts on two main areas: productivity and employment. To make things simpler and more coherent, there shall be just one national growth programme and one E.U. growth plan.

On the other hand, a remarkable change in the structure of the market has become all too clear to objective observers; retail mega stores have overtaken the wholesale sector. An action causes a reaction and the wholesale sector needs an answer to the retail competition; wholesalers are looking for alternatives in order to survive and to respond to the needs of the market. Wholesale clusters are usually created so that the purchasing power of the wholesale sector is increased, but this choice is not always the most suitable one.

According to surveys conducted by the Greek Statistical Service (G.S.S.), competition has become more intense in all sectors, while tendencies of concentration through buyouts, mergers and acquisitions and strategic alliances are shown. Large companies have the target to geographically develop their sales network and as a result they are internally organized, control the functional expenses and specialize their customer service.

According to the Greek newspaper "Ta Nea" (November 20th 2004), the retail commerce enterprises show higher profits. In particular, the newspaper points out the results of the KANTOR CAPITAL company review, where it is concluded that most of the retail businesses have overcome the difficulties of the years 2001 and 2002 and show positive signs for development in the future. The most important factor for the increase of the sales and profits was the strong presence of a private label, which helped these large companies exploit the economies of scale for those products.

In Greece, this positive picture is a result of the increase of the private consumption; the sector of supermarkets has become even stronger. This is the most developed sector of the retail commerce with a 54% of market share (car commerce is 2nd with 17% share and clothing/shoes commerce is 3rd with 12% market share). But, apart from the aforementioned trend, a shift of the indicator of retail sales is observed; the general index has been reduced from 9,6% in 3,9% in 2004, while most of the different categories show a similar tendency (figure 1). According to the G.S.S., in 2004, dud cheques have been increased by almost 30% (or € 300.000.000,00) in comparison to 2003. To make matters worse, in 2004 consumer loans in Greece have reached €16.000.000.000,00 (which means more than 10% of the Greek Gross Domestic Product).

But even these Greek supermarkets are threatened by huge international companies-German oriented- like LIDL, TENGELMANN and MEDIA MARKT (in electronic devices) that offer "cheap" (discount) products (figure 2). The turnover for the private labeled products from 4,3% of the total turnover of retail commerce in 2003 is estimated to reach 12% in 2005. According to the official Greek Statistical Service, in 1999, only 13% of the consumers were buying at least one product with a private label, while in 2004 this percentage has reached 46%.

	<u>2003</u>	<u>2004</u>
General Index	9.6	3.9
Sales (stores excluded)	11.2	2.3
Books, stationery, gifts	12.1	6.4
Furniture, domestic equipment, electrical devices	3.4	0.3
Clothing, shoeing	3.6	6.1
Pharmaceutical, cosmetics	13.0	2.2
Foods, beverages and tobacco	14.9	1.1
Department stores	6.9	6.9
Big stores of foods	13.7	6.2

Figure 1: Alteration (%) of the Retail sales index value (source: “Imerisia” – February 12th 2005)

Company	“LIDL” (5.960 stores in 2003)	“TENGELMANN” (5.504 stores in 2003)	“MEDIA MARKT” (330 stores in 2003)
International presence	In 25 Countries	In 20 Countries	In 15 countries
Country of origin	Germany	Germany	Germany
Sector	Products of private label	Super Markets, drugstores, wine and liquor shops	Electronic devices of private label

Figure 2: “Invasion” of German discount chain stores in the Greek market (source: “Ta Nea” - November 20th 2004)

Why we study SMEs in the wholesale sector - The wholesale sector structure

During the annual Congress of the Wholesale sector for sweet products (2), Mr. Dimitrios Yfantis, member of the Greek wholesale sectors’ committee, stresses that “the years after the war (early 50s), the need for Distribution became intense; the products and the places for retailing were too many; as a result, organized distribution channels were necessary and wholesale begun to exist at that period; wholesale was not organized enough but on the other hand it used to be very dynamic and fast responding. The personal devotion, labor and contact of the wholesaler made the profession profitable. The product companies and later importing of pastry products found in the wholesaler the salesman, the distributor, the storage keeper, according to and depending on the circumstances. As a result, more and smaller storage places that had high turnovers were created in Greece. Gradually, the units that produced and imported goods stopped functioning their retail departments, as the cost was too heavy and the wholesaler could achieve the same goal at a lower cost”.

According to the G.S.S., in the decade between 1980 and 1990, in Attica, 400 pure wholesale pastry product companies were developed out of 600 enterprises that were distributing different kinds of products; each wholesale company increased the range of products it distributed by almost 300%.

The distribution requirements were increased, as well as demand; new products were introduced in the market and required more intense promotion, more specialized staff, electronic follow up, more means of transportation and consequently higher costs. According to the same source, in 1994 there were 1.557 companies and 1.114 of them were involved to the Wholesale sector of Food, Beverages and Tobacco, a record which reveals the importance of the sector examined.

Lately, there seems to be an expansion of the large organizations in retail commerce (such as Super markets, Cash and Carries etc); this fact causes problems to the development of SMEs especially in the wholesale sector. In the last 3 or 4 years, a stagnation and fall in the sales volume from the stores of wholesale and retail is observed. In 1977, there were 58.961 points of retail sale and today there are 33.558 points, presenting a 43% fall. On the other hand, super markets were increased by 755% at the same period. Retail sales for the small stores were increased by 5,5%, while the super markets went up by 11%. The imbalance in the market is obvious, since wholesale SMEs are in intense competition with supermarkets and the balance of the producer-wholesaler-retailer chain is disturbed.

Mr. Rizos Vassilis (2), the chairman of the Greek wholesalers Confederacy commends on this certainty: “Wholesale procedure includes all those activities that take place during the sale of the products, under the best possible circumstances of carrying and storage of the products, in the most economical way. This independent sector is trying to survive and its presence is vital for the balance of the market. Suppliers and wholesalers should continue to cooperate by participating to the planning of production and sales, so that the products will be improved and the consumer will be satisfied. Wholesalers are the most trustful source of information about the market and the particular conditions that daily influence it (competition, new products and prices)”.

He continues by saying that “wholesale also offers significant services to the small points of retailing, by distributing a wide range of products to the retail merchant and then to the customer. This intermediary role is important for the market, as the retailer cannot search and sell the products at the same time, while the supplier can multiply his customers. As a result, retailers have only one supplier-the wholesaler- who provides them with a variety of different products, something more economical and functional for them”. He concludes by exalting the role of the wholesaler who “has a daily instant contact with the small points of retailing, he promotes offers, advertises and introduces new products, helps the small business by asking when and at what quantity a product will be ordered, by “covering” the retail merchant in the returns and replacements of products, by giving him advice and sometimes even money”.

Commerce, either it has to do with wholesale or retailing, is by nature evolving on its own. It is a rule that the market imposes the demand of each sector, each part of the chain Production-Distribution-Sale, so that the product will reach the customer-consumer.

Mr. Yfantis remarks upon this fact by supporting that “the Federation was constantly asking for audits in the market so that the price is determined properly and the consumer is satisfied”. According to the Greek Union of Industrial Foods, industries did not raise the relevant prices in the wholesale market of foods more than 0,2% in the period between November of 2003 and November 2004; in the same time, the Greek Union of Super Markets announced 38 cases of increases in prices between 3% and 12,1% in the sector of Foods (figure 3).

CATEGORY	PERCENTAGE OF INCREASE
Cheeses	5
Cooked Pork Meats	4,5
Dairy	4
Chocolates, Caramels	4,5
Vegetables	3,5
Pizzas, Legumes	12.1

Figure 3: Increases in the prices of different edible products as recorded in November 2004 (source: “To Vima” – 16th of December 2004)

But, according to the wholesalers, the “free market” prices prevailed and the multinational companies have given liberalities without control to the big retail market (super markets), with the excuse that the final consumer will get that bonus and prices will be kept in logical levels.

The wholesalers believe that “big Super Markets offer almost 50% of their allowances to the final consumer and they are not only cheaper than the small retail points (grocer’s shop, haberdasher’s, kiosks, stands etc), but even than the cost of buying the product from a wholesale unit. In this way, the target of the super markets is accomplished: elimination of the small retail points so as to acquire a bigger part of the market and the common perception that big stores are the cheapest ones”. It is true that as consumers, we can easily get impressed by the bargains in a supermarket that are presented in a convincing way, but we are almost ignorant of the enterprising opportunities in the wholesale sector.

(2) The annual Congress of the Wholesale sector for sweet products took place in the “Metropolitan Hotel” on May 18th, 2004; during the Congress issues about “the present and future of the sector” were discussed. Mr. Dimitrios Yfantis, mr. Rizos Vassilis, mr. Filippas Karagianidis and mr. Rekleitis Ioannis were, among others, the speakers.

On the other hand, it is obvious that the big allowances have influenced the product price; wholesalers consider these bonuses to be cost elements and to burden the product. They blame the super markets for enjoying too many liberalities since it is a market rule that below cost sales are “permitted” to the high circulation products. As a result, annually, the big chains are increasing their market share by 1% to 1,5% on the burden of the small retail points.

As a reaction to the abovementioned, wholesale sector in order to keep the retail sale points viable, started giving discounts so as to equalize prices and dissuade the consumer from going to the big chains. Nevertheless, these bonuses were not big ones but the functioning cost for the wholesale companies have been increased. The government, with the Law 2941/2001, has forbidden sales that are below the cost price in order to prevent the unfair competition and to protect the existence of SMEs.

Problems of the wholesale sector

During the wholesalers’ annual convention (2), Mr. Filippas Karagianidis, member of the Wholesalers’ Committee, supported that “the development of the sectors’ firms is related to the solutions of some important problems that are acting as anti-motives and shape a negative climate for business activity”.

He believes that “the good appearance of the products and the introduction of the new goods have to do with the organization of the sales department of the wholesale sector. Nevertheless, the cost of this organization is heavy and the self-financed companies cannot often handle it. Unfortunately, the small and medium sized companies do not participate in development programmes that could have given them an important push”.

What is more, the problem of storage needs to be solved – modernisation is essential. Furthermore, the problem of financing is intense; it is necessary that programmes of financing should be introduced in order to obtain professional buildings to offer the sector’s services in the most appropriate way”.

Entrepreneurship is affected by external action environment, internal sector competition, co-operation and by the organization/administration of each company.

As for the external action environment, we have observed that the smaller the firm is, the more influence it has to the development and revival of it. When we are referring to the external environment of action, in general terms we mean taxation and insurance systems, financing, law framework for competition and transaction rules, professional buildings, anti-motives for joint ventures, bureaucracy etc.

In general, this action environment is formulated by the policies and laws that each government is following. These policies have been proved to be results of power interrelations that are formulated in the economic and social field; these policies can change directions depending on co-operations, interests and conflicts. As a result, the environment in which the small and medium sized businesses are participating is not a static one, but dynamic and can be diverted at any time. The problems that the wholesale sector is facing can be categorized to:

- The taxation system
- Financing
- Competition
- Professional buildings
- Insurance
- Storage

Structure of the wholesale company

Mr. Rekleitis Ioannis (2), member of the Greek Wholesale sector Federation, believes that “the intense competition and development of new technologies (especially Information Systems) demand a contemporary model of organization and administration of the SMEs by utilizing those methods and means that will gain the competitive advantage in the competition”.

The firms of the wholesale sector are of small and medium size as for their capital and employment. The international environment is characterized by instability, over activity of the multinational companies (through buying-outs, joint ventures and constant expansions). This offensive policy by the multinational companies that is targeting to the maximization of the market share through the buying-out of domestic companies seems to be causing problems in the domestic economic environment, as many companies cannot follow and react on that competitive environment.

On the other hand, there are opportunities; protectionisms in commerce have retreated and technology permits instant access to the markets. In the last years, the fall in interest rates helps the companies of the wholesale sector to have developmental perspectives, when it is necessary to create a friendly environment for the companies. Nevertheless, there are weaknesses and problems within our economy that are related to the low level of organization; the needs of the consumer are not always satisfied.

The administration, organization and utilization of new technologies are limited and face some obstacles, such as the very small magnitude of the companies, the self-employment, the lack of a long-term plan and decisions that make development and modernization a difficult issue.

Human resources, due to the lack of training and specialization, are not always in a position to exploit new technologies; sometimes, capital is not enough for them to be introduced. Training in wholesale sector is necessary, so that personnel can adapt to the new changing environment and respond to the modern demands. The reasons why staff should be trained are the electronic keeping of accounting books and warehouse, the utilization of the mail, the e-commerce, the knowledge of the products' characteristics and methods of preservation, etc. Of course, the bulk of work in relation to the lack of time does not give the wholesalers the chance to spend time in their adequate training and specialization.

As for the internal organization of the wholesale company, issues like logistics, storehouse and e-commerce are important. Through TAXIS NET the accounting administration on a modern basis offers a competitive advantage to the efficiency of the company, since any kind of declarations to the Revenue Department can be sent electronically; in this way, the pieces of information (inflows and outflows) that are related to the storehouse are available at any time.

E-commerce is a part of the competition and big companies are already taking advantage of it, by reducing cost and time. The wholesale sector has not widely introduced it, but its utilization does not eliminate the competitive advantage of the sector to the land-planning distribution and the rapid response of the SMEs.

In general, Greek SMEs, since they do not have structured information and mechanisms of support, seem to have weaknesses that make them victims of the intense competition and weak to formulate developmental strategies. Nevertheless, the wholesale companies, despite the adverse circumstances, have great potential to improve the conditions of their "living" in the market.

Objective

The principal objective of this research is to help the Greek SMEs that are involved in the wholesale sector (Greek businesses that are activated in the field of sweet products' wholesaling, in particular) seek to identify suitable strategies in order to offset the increasing competition which is reinforcing the position of the retail sector, the chain stores and the supermarkets.

Research Questions

- What are the dynamics of the Greek Economy and Market? How these dynamics affect the Sweet Products' Industry?
- What are the key factors/drivers of the Sweet Products' Industry? How the SMEs wholesaling companies of sweet products are influenced by those factors?

- What are the Sweet Products' market characteristics? What are the future trends of this market?
- What marketing strategy/strategies should a Greek SME of Sweet Products adopt in order to cope with the increasing competition of the supermarkets? Problems of the strategies implementation in the particular Greek environment.
- What are the lessons taught by the research of the comparative literature? What are the differences between Greece and other E.U. countries? What are the differences between similar wholesale companies in E.U. countries and in US? How successful examples of foreign SMEs in the wholesale sector of Sweet Products can be utilized in the Greek business area?
- What the managers/owners of "hostile" and "friendly" wholesale companies think the problems of the sector are? How they think the existing problems of taxation system, Financing, Competition, Professional buildings, Insurance and Storage etc can be softened or solved.

3. Preliminary Literature Review

Conceptual Framework

The conceptual framework of this dissertation is related to concepts like strategic management, wholesale sector and retailing, consumer behaviour, marketing management as well as concepts of psychology. The main conceptual models that are found in the literature are connected to entrepreneurs who set up a Small or Medium Sized business (SME) and try to respond to the contemporary market needs. The concepts are interrelated and help to approach the problem from different perspectives.

At first, the definitions of Small and Medium Sized businesses, wholesale and multiple organizations are given; also, strategic management is defined in order to set the boundaries within which the topics are covered. Furthermore, the process of "Decision Making" which is closely related to the "Problem Solving" procedure is taken into consideration. What is more, emphasis is given to the characteristics of Strategic Management Decisions, while the four dimensions of Strategic Management (Strategic Analysis, Choice, Implementation and Evaluation) are explained. Also, the concept, nature and importance of "Business Mission" are analyzed, while the process of developing a "Mission Statement" is examined. Finally, alternative marketing strategies are superficially described so that they can be utilized in this context.

Small and Medium Sized Businesses (SMEs)

In spite of the fact that a small business is difficult to be defined, it has the indispensable characteristic of being managed in an independent and personalized way, while its share in the market is small. According to Stokes (1998), small and large firms are different in terms of uncertainty, innovation and evolution. The European Commission (E.C.) defined the “Small and Medium Enterprise” (SME) in relation to the number of employees. As a result, the micro enterprise has 0 to 9 employees, the small firm 10 to 49 ones and the medium enterprise 100 to 249 employees. The role of SMEs over the years has changed; after the 1950s their presence was not important, since the big industrial units were being developed and favored by the need for globalization, new technologies and mass production. After the 1970s the SMEs were becoming more and more significant to the economy of the developing or developed countries, as the entrepreneurs were seen as innovators, suppliers of special products, or willing to play any other role that large companies had left.

According to Storey (1993), in the U.S., 40 million new jobs were created by SMEs in this period, while the U.K. statistics show an incremental tendency. The sector that was ignored in the 1960s was then contributing 50% of the nation’s total sales and employment. Greece has three employees per enterprise while the average in E.C. is 6 people.

The Organization for Economic Co-operation and Development (OECD, 2002) stressed that the role of SMEs is crucial in order to strengthen regional and national economies; their presence contributes to the avoidance of monopolistic practices, fosters regional economic cycles and provides with products and services that are essential to the people.

Revival of SMEs

The revival of the small business sector has to do with a number of factors. At first, the service sector has grown rapidly and SMEs have those characteristics that make them flexible enough to offer a personalized and individual service to the customers, in fields such as accounting, advertising or even restaurants.

What is more, computer science and technology have been developed so much that special services are required. Moreover, more flexible units of specialized production and networks are nowadays necessary; unemployment that stemmed from large firms has created more SMEs.

According to Blackburn and Stokes (2000), the small business research requires focus groups and more qualitative research, since many studies into small firms have not revealed much about motivations, rationales and experiences of the owners-managers. Their study on the focus group of owners-managers, firstly aimed at finding out their experiences and reasons for running a business,

secondly at disclosing their opinions about business environment and finally at unveiling how the market is seen through their role.

Competitiveness of SMEs in Greece

According to Mr. George Provopoulos, chairman of “Emporiki” Bank, in his article in the Greek newspaper “Vima” (21st of December 2004), there are ways of boosting the competitiveness of Greek SMEs. He stresses that a firm remains competitive, only if it implements innovations that can reduce cost and increase the quality and effectiveness of the product factors. Nowadays, the medium sized Greek company is evolving from the traditional form of the family and introvert unit that was acting in a limited but “safe” way, to the “open” business which is willing to adapt to the new environment, to co-operate, to import new technologies, to adopt new organizational schemes, to implement contemporary methods of human resource development, to invest in international networks and markets, in general to “dare” to change.

In general, domestic enterprises should be flexible enough to take business initiatives so that they can adapt to the international markets trends, by:

- Simplifying their administrative procedures.
- Adapting to the international tax competition.
- Promoting research and development methods.
- Speeding-up the procedures of privatization of firms in important fields.
- Helping the contemporary methods of co-operation between public and private sector.
- Being more positive as far as tax reformations and the new developmental laws are concerned.

Wholesale and multiple organisations

Cox and Britain (2000:22), define the **wholesale** organisation as “an organisation that is independent of producer and retailer and undertakes the classic functions of distribution”. These functions can be:

- Merchandise selection.
- Forward Buying.
- Warehousing.
- Breaking bulk.
- Financing, i.e., credit.
- Presentation, e.g., preparation or packaging.
- Levelling out price variations.

They specify the *general* traditional wholesaler who deals with the stocking of a wide range of merchandise and the *specialist* that keeps stocks of special goods' categories. These two types of wholesalers "may operate nationally and may employ staff to call on retailers, either to sell or to deliver goods or to do both".

On the other hand, they define **multiple** or **chain stores** as organisations (other than co-operatives) with ten or more branches, that -by opening many branches- can attract a larger market. The characteristics of these chain stores are related to economies of scale and are:

- ◆ Concentration on fast-moving lines and brand leaders manufacturers.
- ◆ Centralised buying.
- ◆ Merchandise largely through a combination of advertising and on-the-store displays.
- ◆ Located in significant shopping centres.
- ◆ Offer relatively low prices.
- ◆ Centralised advertising, recruitment and training.

Features/Advantages of Strategic Management

Organizations, either multiple or wholesale ones, in order to be managed effectively, need to have a formulated strategy. In his book "*Managing knowledge*" (1996), David Wilson defines Strategic Management as "the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives". According to this definition, strategic management focuses on integrating management, marketing, finance/accounting, production/operations research and development and computer information systems in order to achieve organizational success.

According to Dobson and Starkey (1993), an understanding of power relationships between the firm and external groupings and power relationships within the firm's structure can help to explain many aspects of strategic decision making and the implementation of these decisions. At first, we will be exploring the power relationships between the firm and "external actors' characteristics" such as owners, customers, suppliers, and other groups in the wider society that wield "direct controls". Secondly, we will examine power relationships within the firm seeking explanations as to why certain groups seem to yield more power than others and how power affects decision processes.

De Wit and Meyer (1994:56) are commending on the 14 features of strategic management that were identified by Aaker and are divided into three categories: external features, systems features and internal features. External features provide useful pieces of information about the market orientation and understanding; what is more, empirical research and information inputs are important for the knowledge of strategic management and international businesses. Systems features include decision-

making, entrepreneurial thrusts, longer time horizons and methodological developments. As for internal features, Aaker includes proactive strategies, multiple strategies, interdisciplinary features, implementation and resource utilization. Strategic management provides the essential basis for the allocation of the company resources; moreover, strategic management offers the opportunity of multiple alternative choices before the problems of the organization become too intense.

In general, it is essential to stress that strategic management approach appears to offer a remarkable number of advantages. At first, it forces management to look for alternatives in developing their business; it has a future orientation and managers are pushed to think in a proactive way. Furthermore, the resources of the organization are allocated in a more effective way and the environmental factors are analyzed. In addition to this, communication, co-ordination and control processes are stimulating the motivation and enthusiasm of employees. Finally, change is a result of a logical procedure that is not refused by the stakeholders and the employees of the organization.

Decision Making

According to Johnson and Scholes (1997), whatever the nature of the decision and the level in the organisation at which it is taken, it will only be regarded as *effective*, only if it is supported by the people who must implement it, if it is implemented and achieves the objective it is related to. In other words, an effective strategic decision will be one that is understood and supported within the organization, that is feasible to be implemented and that achieves the strategic objectives it is related to. Hussey (1994), supports that in a decision making process, the decision maker should have all the information he or she needs to make the optimum decision; a complete list of possible alternatives can be drawn up and evaluated against the objectives; the decision maker has the time and inclination to search for the ideal solution. However, if it does not explain decision making in reality, the rational model does provide a very useful framework for examining reality and seeking explanations for how managers make decisions.

Grant (2005:25) calls into question Mintzberg's advocacy of strategy making model which provides an "ideal" way of making the right decisions and solving the company's problems; however, in reality there are factors that prevent or make difficult the utilization of the model. There are hidden parameters that show up and in this way the information and the model given can be proved useless. According to Shiffman & Kanuk (2000) the basic model of consumer decision making has to do with the *external influence inputs* (environmental influences such as political, economic, social and cultural ascendancies and marketing stimuli like product, price, promotion and place power) that are *processed* through need recognition, pre-purchase search and evaluation of alternatives with the

influence of the psychological field (motivation, perception, learning, personality and attitudes) and finally ends up to the *output* of the purchase by trial and repeat purchase.

Decision Making and Problem Solving

All kinds of enterprises face problems or adverse circumstances during the period of their functioning and have to follow a certain procedure so as to solve them; Porter (1985), defines Decision Making as a process related to the existence of a problem and is often talked about in terms of problem solving. A problem in simple terms, exists when an undesirable situation has arisen which requires action to change it. In other words, a problem appears to be for someone if the situation that he perceives is unsatisfactory for him. They would like to see something different or better happening and achieving different results. However, in many instances the problem situation is very complex and can only be partially understood or controlled and therefore decisions are not so much designed to find ideal or perfect answers, but to improve the problem situation. According to Wheelen and Hunger (1995), in other instances, managers may find themselves with so many problems at any time that they can at best reduce the intensity of the problem rather than systematically search for “the right answer”.

According to Johnson and Scholes (1997), “strategy is the direction and scope of an organization over the long term which achieves advantages for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations”. Hussey (1994) believes that Strategic decisions are very complex in their nature and are usually taken under uncertain conditions; as a result, managers have to be informed in both functional and operational levels in order to cope with the strategic problems that the company is facing. Different strategies can exist *at the corporate level*, at the level of *competitive or business unit* and the level of the *operating end* of the organization.

Business Mission and the importance of a clear mission

According to Bowman (1990), a business mission is “the foundation for priorities, strategies, plans and work assignments”. It is the starting point for the design of managerial jobs and above all for the design of managerial structures. Nothing may seem simpler or more obvious than to know what a company’s business is. A steel mill makes still, an insurance company underwrites fire risks and bank lends money. However, it is not as easy as it seems; only with the use of strategies we can make sure that a company will set clearly its objectives in order to be successful.

The importance of a mission statement to effective strategic management is very crucial factor in today’s competitive business world. Recent studies comparing mission statements of Fortune 500

firms performing well and firms performing poorly concluded that high performers have more comprehensive mission statements than low performers. According to Cassell and Symon (1992), organizations carefully develop a written mission statement for the following reasons:

1. To ensure unanimity of purpose within the organization.
2. To provide a basis or standard for allocating organizational resources.
3. To establish a general tone of organizational climate.
4. To serve as a focal point for individuals to identify with the organization's purpose and direction and to deter those who cannot participate further in the organization's activities.
5. To facilitate the transition of objectives into a work structure involving the assignment of tasks to responsible elements within the organization.
6. To specify organizational purposes and the translation of these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.

Vision versus Mission

Some organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question "What is our business?", the vision statement answers the question "what do we want to become?". Both a mission and a vision statement are very important for every business in order to be successful, since the first one helps us to comprehend our "foundations" and the latter to realize our perspectives.

The Process of Developing a Mission Statement

According to Checkland (1981:89), "the strategic management model needs a clear mission statement before alternative strategies can be formulated and implemented". It is important to involve as many managers as possible in the process of developing a mission statement, because through involvement, people become committed to an organization. According to Swords and Turner (1997), the process of developing a mission statement should create an "emotional bond" and a "sense of mission" between the organization and its employees. They support that "commitment to a company's strategy and intellectual agreement on the strategies to be pursued do not necessarily translate into an emotional bond; hence strategies that have been formulated may not be implemented". An emotional bond comes when an individual personally identifies with the underlying values and behaviour of a firm, thus turning intellectual agreement and commitment to strategy into a sense of mission.

Components of a Mission Statement

Mission statements can and do vary in length, content, format and specificity. Most practitioners and academicians of strategic management consider an effective statement to exhibit nine characteristics or components. Since a mission statement is often the most visible and public part of the strategic-management process, it is important that it includes all of these essential components. Components and corresponding question that a mission statement should answer are given here:

1. **Customers:** Who are the firm's customers?
2. **Products or services:** What are the firm's major products or services?
3. **Markets:** Where does the firm compete?
4. **Technology:** Is technology a primary concern of the firm?
5. **Concern for survival, growth, and profitability:** Is the firm committed to economic objectives?
6. **Philosophy:** What are the basic beliefs, values aspirations and philosophical priorities of the firm?
7. **Self-concept:** What is the firm's distinctive competence or major competitive advantage?
8. **Concern for public image:** Is the firm responsive to social, community and environmental concerns?
9. **Concern for employees:** Are employees considered to be a valuable asset of the firm?

According to Hofer and Schendel (1978), an organization that fails to develop a comprehensive and inspiring mission statement loses the opportunity to present itself favourably to existing and potential stakeholders. All organizations need customers, employees and managers and most firms need creditors, suppliers and distributors. The business mission statement is an effective "vehicle" for communicating with important internal and external stakeholders. The principle value of a mission statement as a tool of strategic management is derived from its specification of the ultimate aims of a firm. It provides managers with a unity of direction and transcends individual, parochial and transitory needs. It promotes a sense of shared expectations among all levels and generations of employees. Finally, it affirms the company's commitment to responsible action, which is symbiotic with its needs to preserve and protect the essential claims of insiders for sustained survival, growth and profitability of the firm.

Marketing Management Strategies in Action

Organizations, even SMEs, in order to achieve their goals have the potential to follow certain strategies of marketing; these strategies will allow businesses to gain the competitive advantage over other firms of the same sector. According to Yip's "Total Global Strategy" (1995), a conceptual

basis for applying marketing management is given. Defined and exemplified, possible strategies that a medium sized company in Greece could pursue are the following:

- **Forward Integration:** Gaining ownership or increased control over distributors or retailers.
- **Backward Integration:** Seeking ownership or increased control of firm's suppliers.
- **Market Penetration:** Seeking increased market share for present products or services in present markets through greater marketing efforts.
- **Market Development:** Introducing present products or services into new geographic areas.
- **Product Development:** Seeking increased sales by improving or modifying present products or services.
- **Concentric Diversification:** Adding new, but related, products or services.
- **Conglomerate Diversification:** Adding new, unrelated products or services.
- **Horizontal Diversification:** Adding new, unrelated products or services for present customers.
- **Retrenchment:** Regrouping through cost and asset reduction or reverse declining sales and profits.
- **Divestiture:** Selling a division or part of an organization.
- **Liquidation:** Selling all of a company's assets, in parts, for their tangible worth.

Each alternative strategy has countless variations. For example, market penetration can include adding salespersons, increasing advertising expenditures, composing and using similar actions to increase market share in a given geographic area. Forward and Backward integration, are sometimes collectively referred to as vertical integration strategies, while these strategies allow a firm to gain control over distributors, suppliers and/or competitors.

Finally, many if not most organizations pursue a "**combination**" of two or more strategies simultaneously; however, a combination strategy can be exceptionally risky if carried too far. According to Campell & Luchs (1992), no organization can afford to pursue all the strategies that might benefit the firm. Difficult decisions must be made and priorities should be established. Organizations like individuals have limited resources. Both organizations and individuals must choose among alternative strategies and avoid excessive indebtedness.

4. Methodology

Methodology is connected to the utilization of these research methods that can be adapted to each particular study, so that the researcher can respond to the needs that his/her strategic questions have brought to light. Bryman and Bell (2003) are referring to the epistemological and ontological

considerations that are related to the methodologies that are followed, according to the type of the study conducted.

Epistemological considerations

Positivism is an epistemological position that bolsters up the adaptation of the methods of the natural sciences in daily life. It includes principles of *phenomenalism* (only human senses can confirm phenomena and therefore knowledge), *deductivism* (hypotheses must be developed and examined so that laws can follow) and *inductivism* (facts and examples must support the laws). Positivism accepts that science is objective but it is not the “science” itself; it has the common feature with *realism* in the sense that there is an external reality that social scientists with their methods should explore. The two types of realism are the empirical realism and the critical realism. The first believes that reality can be reached through suitable methods, while the second one supports that changes can be achieved when reality is understood in depth.

Interpretivism is an alternative to the positivism; it accepts that people and objects are different and social action needs subjective explanation. There is a dispute between the explanation of human behavior (positivist approach) and its understanding; Max Weber tried to include both in his description of Sociology as a “science that attempts the interpretive understanding of social action in order to arrive at a causal explanation of its course and effects” (1947:88).

Another alternative to positivism is *phenomenology* (Alfred Schutz used to be the forerunner of this philosophy), which raises the question of how people perceive society and how the researcher can avoid being prejudiced when he studies social phenomena.

Ontological considerations

Of course, there are ontological considerations, such as *objectivism* and *constructionism*. The first one supports that social phenomena exist independantly and are not linked to social determinants. The latter has to do with the opposite process; social phenomena are constantly changing and influenced by social factors.

Kuhn (1970) used the term *paradigm* that stemmed from an analysis of revolutions in science; Burrell and Morgan (1979) suggested that the assumptions can either be objective or subjective, while scientific research is either supposed to be regulatory or radical. As a result, there are four paradigms that depict the researchers’ views about the nature of organizations:

1. Functionalist: a logical elucidation is given after a problem-solving process has been followed.

2. Interpretative: unbiased experiences of employees are indispensable to the understanding of the organization.
3. Radical humanist: employees need to feel free from their labor obligations; study should promote social alterations through organization.
4. Radical structuralist: the organization is a field of battle between conflicting roles and interests.

Hassard (1991) utilized this model in an empirical analysis of work behaviour in the British Fire Service and showed the different perspectives each paradigm provides in the study of an organization. It is obvious that all models have their advantages and restrictions, but we believe that in an organizational environment the first two paradigms can be more realistic, since businesses are basically work places.

Research Strategies

As for the research strategies, Qualitative research is frequently emphasizing at an inductive approach to the linking between theory and research. Its target is the formation of new theories by combining the quality of peoples' interpretations of society with the view that social reality is an element of a dynamic process.

The Quantitative research is mainly based on the deductive approach that is practically testing theories through the proper data collection; the principles of the natural scientific model and especially of positivism are followed, while social reality is seen as an objective one. Fisher (2004:34) suggests "five ways of understanding the relationship between understanding and action in management research", and identifies each ones' characteristics:

- *Ivory Tower* - knowledge is not essentially directing to action.
- *Realistic Research* - options for actions are tested by research, usually by using structured variables, statistical analysis, as well as the "cause-and-effect" approach.
- *Interpretative Ethnographic Research or Fieldwork* - not precisely specified context of thinking provided by understanding, frequently utilizing dialogue and participant observation, so that complex meanings can be explored.
- *Action Research* - action stems from the fact that knowledge and understanding have changed, most of the times through small-scale projects and personal reflections.
- *Critical Social Research* - people obtain a different viewpoint about their social categorization and demand radical change.

Silverman (1993:9) stresses the features of the positivist research method against the interpretivist method of research. So, for the first approach, observation is just a preliminary work, while for the

interpretivist method it is absolutely essential. Moreover, documentary is useful only for content analysis in the positivist method; for the second approach, documentary is helping to comprehend the different categories. Furthermore, interviews and questionnaires in the first method comprise large random samples and fixed-choice questions; on the other hand, the latter method is utilizing small samples, open-ended and unstructured questions in the interviews, while the questionnaires are only used for initial mapping.

According to Bryman and Bell (2003), deductive theory is the most typical way of relating theory and research; a hypothesis is called into question and is then explored. As a result, the useful for the hypothesis and relevant to the research pieces of information must be carefully collected, according to the theory in force. The research findings that will result from the data gathering will confirm or reject the hypotheses. Accordingly, the tested theory is revised. However, there are some weaknesses in this approach which seems to be too linear and too connected to the quantitative research approach, such as the coming up of new theoretical concepts before the researcher ends up to conclusions which are based on out-of-date theories, as well as the irrelevance between the gathered data and the first hypotheses which will be proved in a posterior stage.

On the other hand, *induction* creates theory from observation and findings; research and analysis of the assembled data leads to new conclusions that can be utilised as new theoretical frameworks. But, this approach has also its shortcomings: at first, it appears to be very associated with the qualitative research approach, since the semi-structured interviews which are used in most of these studies produce qualitative data (e.g. Sackmann's research in 1992). What is more, little and most of the times vague theory is produced while empirical generalizations are more frequent in inductive researches. Of course, these two notions do not essentially refute each other, but can coexist in some cases, for instance to the *iterative* strategy which is basically found in the grounded theory; data and theory are constantly put into question. According to Ghobadian and Gallear (1997), in their study about the differences between SMEs and large organisations and the impact of Total Quality Management on them, in spite of the fact that they conducted the research following a deductive approach, later on they utilised elements of the inductive one.

As a result, we would support that our study will entail elements from these two approaches and the iterative strategy will “challenge” them. The *structured approach* can be followed when the plan of the study is defined and when most of the times cross-sectional research design is involved. The *grounded approach* is utilised after the preliminary stages of the research. The grounded theory is the most common framework for the analysis of qualitative pieces of information. Strauss and Corbin (1982:12) defined it as “a theory that was derived from data, systematically gathered and analysed through the research process. In this method, data collection, analysis, and eventual theory

stand in close relationship to one another”. This definition reveals that grounded theory seeks the creation of theories from the gathered data and that this approach is combining induction and deduction, being iterative or recursive.

In this research, the structure will be determined, however our conclusions will be deduced only after the research has been completed. At first, the theoretical concepts of strategic and marketing management will be connected to the Greek wholesaling SMEs of Sweet Products, as well as theories and relative literature; constructive critique of the contemporary articles about the problems of the wholesale sector will be conducted and the research will be based on the existing known theories. Managers of Greek wholesale companies of Sweet Products will be given a questionnaire in order to express their views about the problems of the sector and their solutions. In this way, a certain hypothesis of how the problems of the certain sector can be solved will be tested in action. But, things are not so simple and “quantitative”; inductive research is essential, since qualitative conclusions from the managers’ interviews must be extracted and probably modern theories can emerge.

Of course, our personal reflections can influence the research. We believe that when someone participates actively in society, market knowledge and perception change as quickly as the competition conditions; as a result, actions taken can be altered at any time. Furthermore, we have the view that Fieldwork and effective co-operation within the business can help us comprehend some complicated concepts of the strategic management approaches in the context of a Greek wholesale SME of Sweet Products. In these ways, research will be comprised of interesting elements of different research approaches.

5. Outline for Documents 2, 3, 4 and 5

Strategy

Each study should follow a certain strategy in order to fulfil its objectives; however, it is obvious that every topic that is researched has its own particular characteristics and consequently there is not a “panacea”-strategy that can be completely appropriate for every project examined. Fisher (2000) and other writers (Gill and Johnson-1997, Bryman and Bell-2003, Hart-1998, etc) believe that the structure of every research plan should be changed according to the circumstances that are in force and the social interactions that take place. In spite of the fact that several “ideal” models are in existence, the research strategy is a dynamic procedure that is affected and formulated by imponderable factors.

The essential elements of a research strategy, no matter what topic is studied or what model is adopted, include firstly, the choice of the subject, secondly, the literature review and the analysis of the theoretical concepts, thirdly, the exposition of the study, and finally, the disclosures and conclusions of the research.

Document 2

The “critical literature review and conceptual development” is an important basis for the whole research strategy; significant concepts that are found in the field of the study are analyzed and explained. The relevant literature is evaluated and conceptual frameworks that will be followed later in the research plan are proposed. Moreover, the key concepts like wholesale and retail sectors, SMEs, Strategic and Marketing Management as well as their elements and characteristics, are defined and explored. What is more, arguments for relevant themes that have been articulated in different articles, books or cites are judged or even improved. This literature review will be utilized as groundwork for the research examined and as a keystone for the comparison with the future findings.

Document 3

The “research methodology and non-survey based research” will be an attempt for analyzing the research findings of a relative to the subject interpretivist research that will take place. Moreover, the uses and limitations of this non-survey based kind of research will direct to the useful findings for the professional or managerial practice. In this document, the conceptual framework will be tested in practice; the research questions about the key factors of the Industry, the market characteristics as well as the dynamics of the Greek Economy and Market, in combination with ethnographic research will be explored and interpreted; different research methods may include observation, in-depth interviewing action research or documentary techniques. In the proposed study, the focus group of the sectors’ managers will be interviewed; the topic has to do with their views about the sector’s problems and the future of the market in which they are activated. Furthermore, managers of successful market sectors will have something to contribute to our study; they will be asked about the impact that particular themes such as tax or reinvestment issues have in their sector. Qualitative pieces of information will be gathered from these in-depth interviews; managers will suggest possible marketing strategies that Greek SMEs could follow in order to cope with competition. Their views in relation to the problems of the implementation of these strategies will be analyzed.

Document 4

The “survey based and statistical research” has to do with the analysis of the research findings that stem from the survey and statistically based research which is based on the relevant methodological literature. The conceptual framework analyzed and remarked upon the 2nd document will be useful in this study, too; the “answers” to the research questions about the lessons taught by the research of the comparative literature, the differences between Greece and other E.U. countries as well as the differences between similar wholesale companies in E.U. countries and in US, will be utilized in order to become handy to professionals or managers. In this document, a certain hypothesis will be identified, the research instruments and the sample size will be determined; the research method that will be used may comprise questionnaires, structured interview schedules or activity sampling and content analysis of the documentary sources. The findings from the suitable statistical techniques and their usefulness will be discussed. For this reason, an appropriate questionnaire for the study will be put to use; a two-step research method will be used in the quantitative research. Firstly, the questionnaire of quantitative research is tested for its content and face validity, its reliability and the way that the pieces of information were collected. What is more, a pilot study is conducted through personal interviews. Finally, the quantitative research is completed by using the modified questionnaire in the final chosen sample of this research. Answers and reactions to the experimental research propositions are analysed and the propositions are revised if necessary. A Delphi technique will be utilized; the sample will be chosen in order to facilitate the comparisons between different sectors or records from different continents. Finally, peoples’ opinions about the future of the sector will be categorized and further explained.

Document 5

The “Thesis and critical reflection” will demonstrate the creativity and originality of the research and its utility for managerial or organizational purposes. In this document, the topics that have arisen or described in the previous documents are further explored, while the conceptual framework is discussed and considered again under the angle of the research findings, empirical and statistical ones. The questionnaire will be reviewed and improved; its results will be classified and judged according to their significance for the managerial practice, while “what needs to be done” will be called into question and problems of the possible solutions’ implementation will be discussed.

6. Issues arising

Political and Ethical

Having worked in a Greek family wholesale company of sweet products (“Omicron”) and still keeping myself busy in it when time availability allows it, I have gone through some of the difficulties that this company and sector are facing as far as their survival is concerned. The problems become more and more intense year by year, but it is true that there are always feasible solutions, if someone is trying to search for them.

The fundamental objective of this study is to seek to identify suitable strategies that Greek wholesaling SMEs can lay out and follow in order to offset the increasing competition that is reinforcing the position of the retail sector, the chain stores and the supermarkets. We believe that the findings of our research will be reliable and objective, since the focus group of managers (“allies” and “competitors”) will be approached without preconceptions.

Outcomes

We believe that the proposed study will offer certain advantages to the researcher, the family company and the wholesale sector of sweet products, as well as SMEs in general.

At first, the researcher will receive a deep comprehension of the literature of the certain topic area which is very interesting to him; also, he will be able to explore and utilize different philosophical approaches for this subject; moreover, he will be capable to implement the knowledge gained from the interviews or statistical surveys to the managerial practice of the company; finally, his academic horizons will be widened and his analytical capabilities strengthened.

Secondly, “Omicron” and other similar companies of the sector can develop several pragmatic alternative strategies in order to cope with competition. What is more, the results and the analysis of the statistical research or the different opinions from the interviews can be utilized by these companies in order to improve their condition. Furthermore, comparisons (referring to aspects like organizational finance, economics, culture, ethics, etc) with similar companies in different areas can be conducted.

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

**Critical Literature Review and
Initial Conceptual Framework**

Document 2

Raptopoulos Panagiotis

March 2006

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1. Introduction

The “critical literature review and initial conceptual framework” constitutes an important cornerstone of the whole research strategy; significant concepts that are found in the study field will be explained and analyzed. The relevant literature key concepts as well as their elements and characteristics that are referred to Strategic and Marketing Management, wholesale and retail sectors, Small and Medium-Sized Companies (SMEs), are disaggregated and evaluated in the context of the conceptual frameworks that will be applied later on in the research plan. Furthermore, arguments for related themes that have been declared in various articles, books and internet sites are adjudged or evolved. Synoptically, the literature review will be utilized as groundwork for the research that has set up the principal objective of helping Greek SMEs involved in the wholesale sector to identify suitable strategies in order to offset the increasing competition which is reinforcing the position of the retail sector, the chain stores and the supermarkets. The main target of this document is to unfold the background of the industry where small confectionary wholesale enterprises are activated; what is more, the author seeks to identify and describe a suitable business model that will be utilized as a basis for industry and market analysis in the documents that are related to qualitative and quantitative research. The author has the ambition that the results of this research will function as a complete conceptual framework for SMEs that will be tested in practice.

The conceptual framework of this dissertation is relevant to concepts like strategic management, wholesale sector and retailing, consumer behaviour, family firm management, entrepreneurs, small business marketing management as well as management ethics. The basic conceptual models that can be met in the literature are associated to entrepreneurs that are involved in a SME and strive to compete in the contemporary market environment; since the conceptual framework has various dimensions, the problem situation can be approached from different perspectives.

Section 2 presents a more general picture of strategic management and marketing literature; the author reviews at the beginning significant general strategy and marketing concepts that can constitute the theoretical basis through which an enterprise will be able to formulate its policy and ground its targets. The document is moving from general to specific; strategic management features characterize every enterprising unit, while the processes of decision-making and problem solving can be followed to the solution of business or daily issues. What is more, the concepts of business mission, business plan and mission statement are analysed through the lenses of small business strategy in an attempt to create a conceptual framework through which small enterprises can “buttress” and strengthen their strategic position, at least in academic terms. Particular

emphasis is given to small business strategy that can theoretically direct the small business to the achievement of its goals. Furthermore, the analysis of different marketing management strategies (with emphasis given to small business) enriches the theoretical “armory” of a business in its attempt to utilize the proper “weapons” to remain competitive. Finally, the concept of competitive advantage and how a business can obtain it is analyzed, since this target is usually common for businesses, either small or bigger ones.

On the other hand, section 3 is getting closer to “specific”, the strategy models of small and medium sized businesses are analyzed; in particular, the definition of small businesses is given and their importance/interpretation of their revival that stem from theories about their changing context are discussed. Moreover, the characteristics of family business entrepreneurs and the advantages of family involvement in the business are stressed, since most SMEs include these elements in their context. What is more, the different types of financing and credit for SMEs are discussed, since they constitute issues that influence the existence of such businesses. Finally, the “hot” topic of ethics in small businesses is mentioned from which certain responsibilities can derive.

In the next section, the fifth one, we refer to the particular sector of SMEs that is examined (the wholesale sector of confectionary products); significant concepts such as the role of distribution activities in the marketing process or the functions of intermediaries are analysed. Furthermore, the issue of the different functions that wholesale and multiple organisations can perform is discussed, since we focus on the wholesale sector and these differences should be noted. Moreover, the concepts of franchising, takeovers, mergers/acquisitions, clusters and networks as potential ways of survival are analysed; these strategies are widely used and can theoretically relate to the wholesale sector of confectionary products that we examine.

In the sixth part of the document, the author is trying to answer to the research questions that were raised in Document 1 by utilising his own experience; there is an attempt to “denounce” the theoretical concepts of strategic management and SMEs and present the real picture that predominates today in the field of SMEs. Again, after a global picture and a successful facing of the SME problem in U.S.A., we focus on the Greek reality and bring forward a picture of the market; we analyse the background of the problem in the competition frame of SMEs. We present some realistic proposals that can help to the improvement of the situation of SMEs, either through Operational Programs or through the new Greek Developmental law that is applied. We then describe the parallel evolution of the wholesale and retail sectors of the Greek market by trying to “forecast” its future trends. The characteristics and particular problems of the wholesale sector of confectionary products are stressed, while the importance of private label products is analyzed in that context.

2. Competition strategy and marketing concepts - Review of models

Strategic Management features

At first, we will refer to some general characteristics of strategic management, the general way through which an enterprise (no matter how small or big it is) can organize its activities and efforts in order to accomplish its targets, either they have to do with profits or even survival (in the case examined). Strategic Management is defined as “the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives” (Wilson, 1996). It focuses on integrating Management, Marketing, Finance and production Research and Development (R & D) as well as Information Systems (I.T.), so that enterprising targets are achieved. In spite of the fact that it can be seen from different perspectives, strategic management can efficiently organize the company’s exploitation of resources and diachronically offer the potentiality of various alternative strategies according to the specialized organizational sector or problem (Tables 1, 2 and 3).

	PRODUCT-BASED APPROACHES	MARKET- BASED APPROACHES
Stage 1	<i>Product idea by firm</i>	<i>Market Analysis by firm or individual</i>
Stage 2	<i>Product developed</i>	<i>Market identified and needs estimated</i>
Stage 3	<i>Product sold</i>	<i>Product criteria established</i>
Stage 4	<i>Product adapted according to sales levels</i>	<i>Product developed and tested with target market</i>
Stage 5		<i>Product marketed to customer</i>

Table 1: Product-based and Market-based approaches to the market (adapted from Stokes D. “Small Business Management”, 1998)

As for small businesses, the company’s resources are usually limited and we can only refer to the entrepreneur’s experience and competency to handle difficult situations; we cannot support that the principles of strategic management are followed under uncertain and unknown conditions that most of the times SMEs are facing.

De Wit and Meyer (1994) commend on Aaker’s categorization of the strategic management characteristics to:

- a) *external features*, that render expedient information about market orientation and comprehension; at the same time, empirical research as well as information inputs are significant elements for the knowledge of strategic management and international businesses.

- b) *systems features*, that include decision-making processes, entrepreneurial thrusts, longer time horizons as well as methodological evolutions.
- c) *internal features*, that involve proactive and multiple strategies, interdisciplinary attributes, implementation as well as resource utilization.

	STRATEGIC PLANNING	FINANCIAL CONTROL
<i>Business Strategy Formulation</i>	Business units and corporate center jointly formulate Strategy. Center responsible for coordination of strategies among business units.	Strategy formulated at business unit level.
<i>Controlling Performance</i>	Primarily strategic goals with medium to long term horizon.	Financial budgets set annual targets for ROI and other financial variables with monthly and quarterly monitoring.
<i>Advantages</i>	Can exploit linkages among businesses. Can give appropriate weight to innovation and longer term competitive positioning.	Business units given autonomy and initiative. Business units can respond quickly to change. Encourages development of business unit managers. Highly motivated.
<i>Disadvantages</i>	Loss of divisional autonomy and initiative. Conducive to unitary view. Resistance to abandoning failed strategy.	Short-term focus discourages innovation, Building long-term competitive position and sharing resources and skills among businesses. Businesses may be willing to give ground to determined competitors.

Table 2: Characteristics of different strategic Management styles (source: based on M. Goold and A. Campell, “Strategies and Styles”- Oxford Blackwell, 1987)

The objective of this document is to identify suitable strategies that can be utilized by SMEs in order to offset the increasing competition; the knowledge of these strategic management characteristics can provide the entrepreneur with an additional theoretical advantage in his attempt to comprehend the market environment and exploit his firm’s standard resources. In this way, the theoretic concepts can be transformed into mature proficiency of problem confrontation.

<i>Decade</i>	<i>1950</i>	<i>1960</i>	<i>1970</i>	<i>1980</i>	<i>1990</i>
MANAGEMENT GOALS	<i>Quest for growth</i>	<i>Financial problems of conglomerates</i>		<i>Refocusing on shareholder value</i>	<i>Competitive advantage through speed, flexibility and capability</i>
COMPANY DEVELOPMENTS	<i>Rise of conglomerates. Related diversification by industrial firms- Financial analysis</i>	<i>Emphasis on “related” and “concentric” diversification</i>		<i>Refocusing on core Business divestment</i>	<i>Joint Ventures, alliances, corporate venturing</i>
STRATEGY TOOLS AND CONCEPTS	<i>Development of corporate planning systems</i>	<ul style="list-style-type: none"> - Analysis of economies of scope and “synergy” - Capital Asset Pricing Model - Portfolio planning models 		<ul style="list-style-type: none"> -Dominant logic -Core competencies -Value based mng 	<ul style="list-style-type: none"> -Dynamic capability -Transaction cost analysis

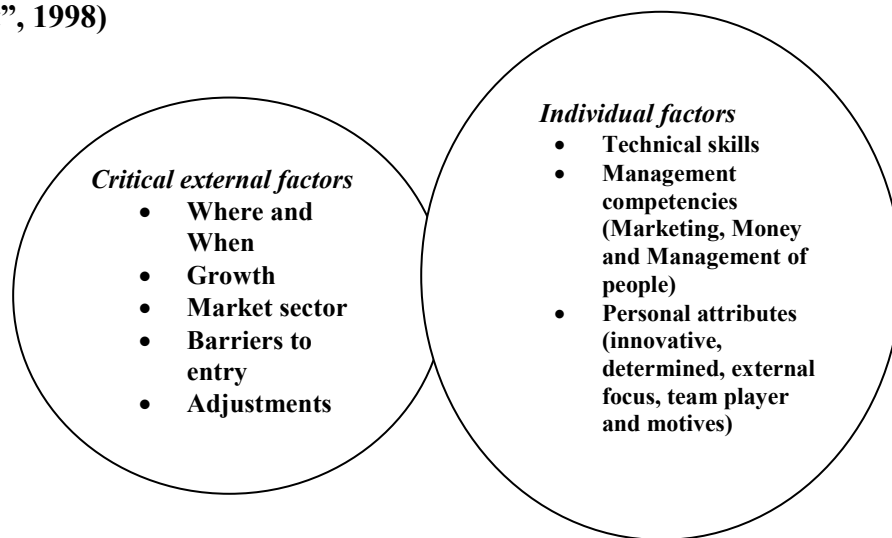
Table 3: Diversification: the evolution of management thinking and management practice (adapted from Robert M. Grant “Contemporary Strategy Analysis”, 2005)

In general, it is necessary to mention that the adoption of different strategic management approaches can have certain benefits. It surely presents a future orientation and managers have to

plan in a proactive and flexible way analyzing various parameters; moreover, enterprising resources are allocated and exploited in a more economical and effective way, while communication and co-ordination procedures can motivate the employees. Finally, through the strategic management process, evolution will be the innovative result of a logical and planned procedure that will be followed by managers and employees.

On the other hand, when we are referring to Small Business Strategy, we have in mind a plan or pattern that brings together an small enterprise’s major objectives (what is to be achieved), policies (rules or guidelines which define the limits within which activities will occur) and activities (the detailed actions necessary to achieve the objectives, within the policy constraints) into a cohesive whole; strategy provides the direction necessary to allocate the resources of the small firm in a unique and viable way, which takes account of internal strengths and weaknesses, as well as external opportunities and threats (Figure 1).

Figure 1: Critical factors in small business strategies (adapted from Stokes D. “Small Business Management”, 1998)



Apart from the critical factors in small business strategies, a quite significant analysis of competition that in any case influences the conceptual framework of SMEs, has taken place by Porter (1985). According to Grant (2005), the structural determinants of the Porter’s five forces of competition are (Figure 2):

- **Buyer Power:** It has to do with *Price sensitivity* (Cost of product relative to total cost, product differentiation and competition between buyers) as well as *Bargaining Power* (Size and Concentration of buyers relative to producers, buyers’ switching costs, information and ability to backward integrate).

- **Supplier Power:** The power of suppliers is determined in relation to producers, in *price sensitivity* and *bargaining power*.
- **Threat of Entry:** It is related to economies of scale, absolute cost advantages, capital requirements, products differentiation, access to distribution channels, government and legal barriers, as well as retaliation by established producers.
- **Threat of Substitutes:** It has to do with the buyer’s propensity to substitute, as well as the relative prices and performance of substitute products.
- **Industry Rivalry:** It is connected to concentration, diversity of competitors, product differentiation, excess capacity and exit barriers, as well as cost conditions.

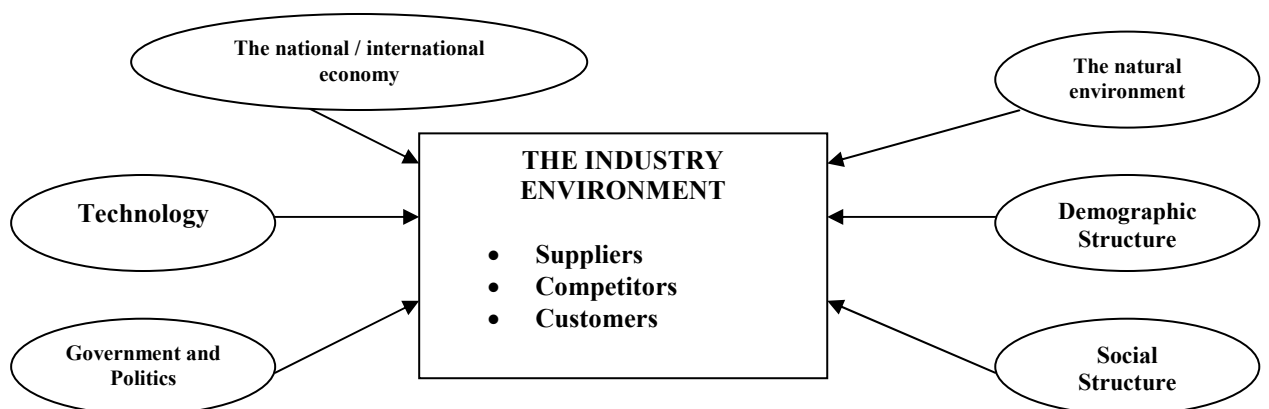


Figure 2: From environmental analysis to industry analysis (adapted from Robert M. Grant “Contemporary Strategy Analysis”, 2005)

Grant believes that in Porter’s analysis, a sixth element, “complements”, should be added, since the “suppliers of complement products can create value for the industry and are able to exercise bargaining power”. No businessman can remain unaffected by Porter’s analysis; in the contemporary competitive market environment, all these six forces of competition must be taken into consideration by the businesses involved in every sector. Most of the times, competition issues are more intense for SMEs that do not have plenteous resources to remain competitive. For example, when rivals can concentrate their production, influence prices or differentiate their products and create economies of scale, the small enterprise has to react and this is not always accomplishable due to the lack of resources.

The competitor’s analysis is referred to the *strategy* a competitor is following in the market competition framework, his *objectives* and performance related to these targets, the *assumptions* he holds about the industry, as well as his *resources and capabilities* that have to do with his strengths and weaknesses. These elements should contribute to the correct *predictions* of an ambitious entrepreneur about the competitors’ reactions to the alterations of his strategies. Of course, when a

SME is examined, themes like certain strategies and long-term objectives are vague; daily survival and profit is the main target of the small businessman who is trying to exploit his limited resources, strengths and connections in order to offer qualitative service to his customers, be trustful to his suppliers and equal to his competitors.

Decision Making and Problem Solving

The procedures of decision making and problem solving usually turn up in the context of strategic management. An entrepreneur that is involved in a SME will have to follow a certain way of thinking, by balancing the facts and his resources, in order to reach at a decision or solve a problem. In the particular case that is examined, the knowledge of the different problem aspects can lead to a more rational process of deciding about what actions should be taken.

Porter (1985), defines Decision Making as “a process related to the existence of a problem and is often talked about in terms of problem solving”. Hussey (1994) supports that in a decision making process, all the pieces of information that must be available in order to reach at the best decision are essential. According to Shiffman & Kanuk (2000), the basic model of consumer decision making involves the *external influence inputs* that are processed through need recognition, pre-purchase search and evaluation of alternatives, are influenced by motivation, perception, learning, personality and attitudes and finally ends up to the *output* of the purchase by trial and repeat purchase. Mintzberg’s advocacy of strategy making model that provides an “ideal” way of making the right decisions is questioned by Grant (2005:25); however, in the market place there are factors that prevent the utilization of the Mintzberg’s model that seems to be theoretical. A small enterprise cannot have the convenience in time, resources and capabilities in order to follow a certain and predefined procedure of decision making; usually, problems are solved in practice and their solutions have to do with the past experience, intelligence or flexibility of the entrepreneur. Of course, the acquaintance of these procedures will lend a logical dimension to the strategy that will be chosen for the confrontation of the problem.

Johnson and Scholes (1997) consider that “strategy is the direction and scope of an organization over the long term which achieves advantages for the organization through its configuration of resources within a changing environment, to meet the needs of markets and to fulfill stakeholder expectations”. Hussey (1994) stresses that strategic decisions have a very complex nature and are usually taken under uncertain conditions, so managers have to be informed in both *functional* and *operational* levels in order to deal with the strategic problems that their company is confronting. He continues by saying that “different strategies can exist *at the corporate level*, at the level of *competitive or business unit* and the level of the *operating end* of the organization”.

In the context of SMEs, it is true that strategic decisions entail a complex nature, but most of the times they are one-way decisions since they are imposed by the circumstances. For example, when sales of a wholesale SME are decreasing, it would not be wise for the businessman to invest on the supplying (and distribution) of more different products; the “ideal” strategic decision for him is to perceive the market trends and focus on certain favorable customers.

Business Mission, Business Plan and Mission Statement

We have stressed that the literature and aspects of strategic management will be utilized as a theoretical basis of the potential suitable strategies that Greek SMEs can follow in order to offset the increasing competition that is empowering the “shoes” of the retail sector. Business mission, business plan and mission statement are significant concepts that can help an entrepreneur shape a theoretical sub base of how he can move by following the principles of strategic management under certain circumstances.

Bowman (1990) states that a Business Mission is “the foundation for priorities, strategies, plans and work assignments”. It is the starting point for the design of managerial jobs as well as the design of managerial structures. However, only with the use of certain strategies we can secure that a company will set clearly its targets in order to be competitive. Effective strategic management is depended on a clear a mission statement. Cassell and Symon (1992) mention that organizations carefully develop a clear written mission statement for:

- Ensuring purpose unanimity within the enterprise.
- Providing a benchmark for the allocation of resources.
- Establishing a synergic atmosphere and concurrent organizational climate.
- Serving as a focal point for employees in order to identify the firm’s targets and drift.
- Facilitating the alteration of objectives into a structured work.
- Specifying the organizational goals taking into consideration cost, time and performance parameters that can be assessed and controlled within the enterprise.

In the context of a SME, Business Mission is usually inspired by the owner/manager to his employees; the vision and objectives for his company are often verbal and not officially written mainly because of time deficiency. Business Mission is closely related to the Business Plan; a Business Plan is a written document that sets out the basic idea underlying a business and related startup considerations. For an entrepreneur starting a new venture a business plan has four basic objectives; first, it identifies the nature and the context of the business opportunity, second, it presents the approach the entrepreneur plans to take to exploit the opportunity, third, it identifies

the factors that will most likely determine whether the venture will be successful and finally it serves as a tool for raising financial capital. A clear business plan should lay out the basic concept of the small firm venture, describe the business route and proposal and explain the key variables of the success (Figures 3 & 4), even if this is not always feasible due to practical and daily impediments.

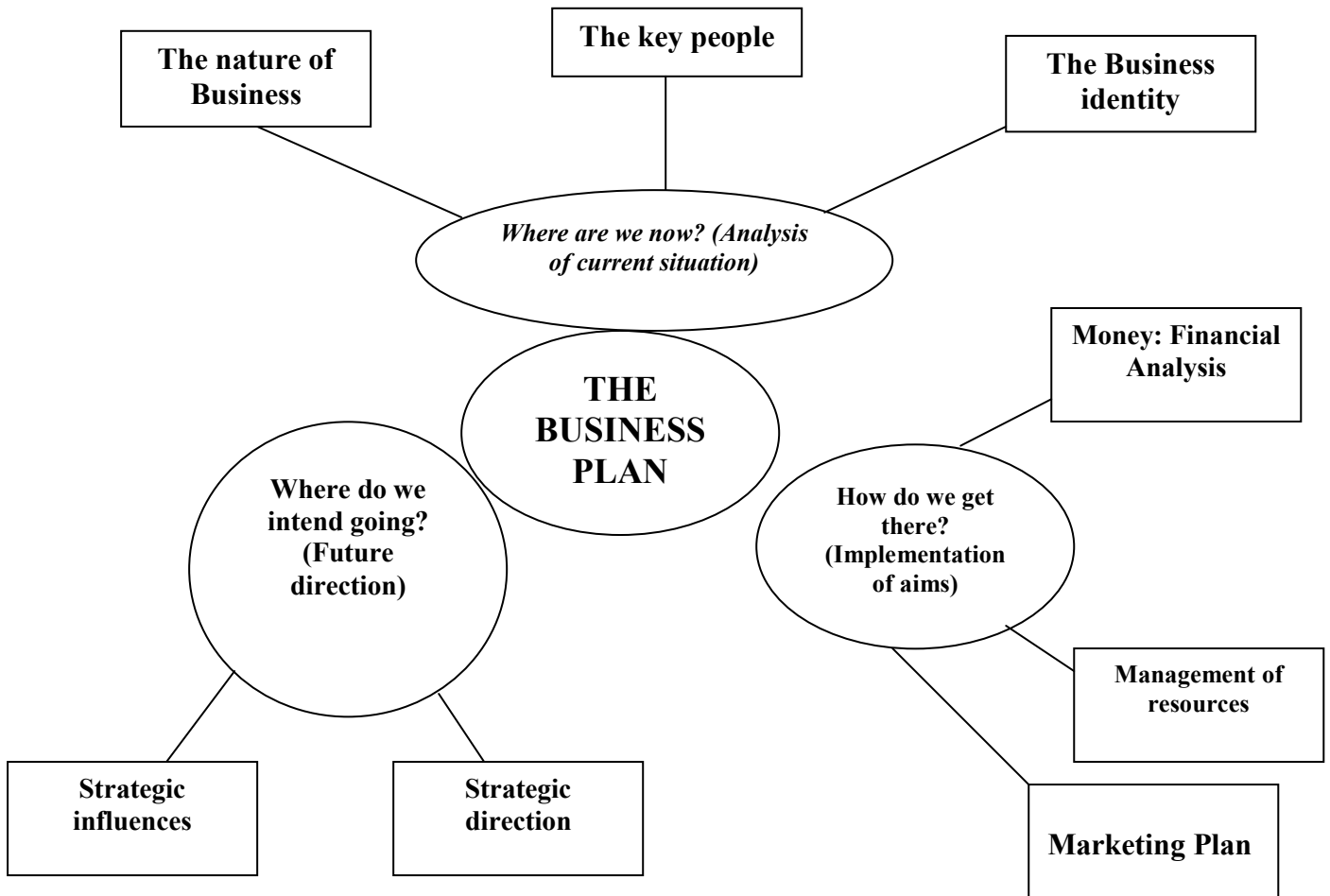


Figure 3: The format of a business plan (adapted from Stokes D. “Small Business Management”, 1998)

The importance of the business plan is significant, since it has two primary functions:

1. To provide a clearly articulated statement of goals and strategies for internal use (firm’s management and employees).
2. To serve as a selling document to be shared with outsiders (customers, suppliers and potential investors).

Of course, in an organization where its functions have been categorized, the business plan can entail: (i) the products and /or services plan; (ii) the marketing plan; (iii); the management plan; (iv) the operating plan, and (v) the financial plan.

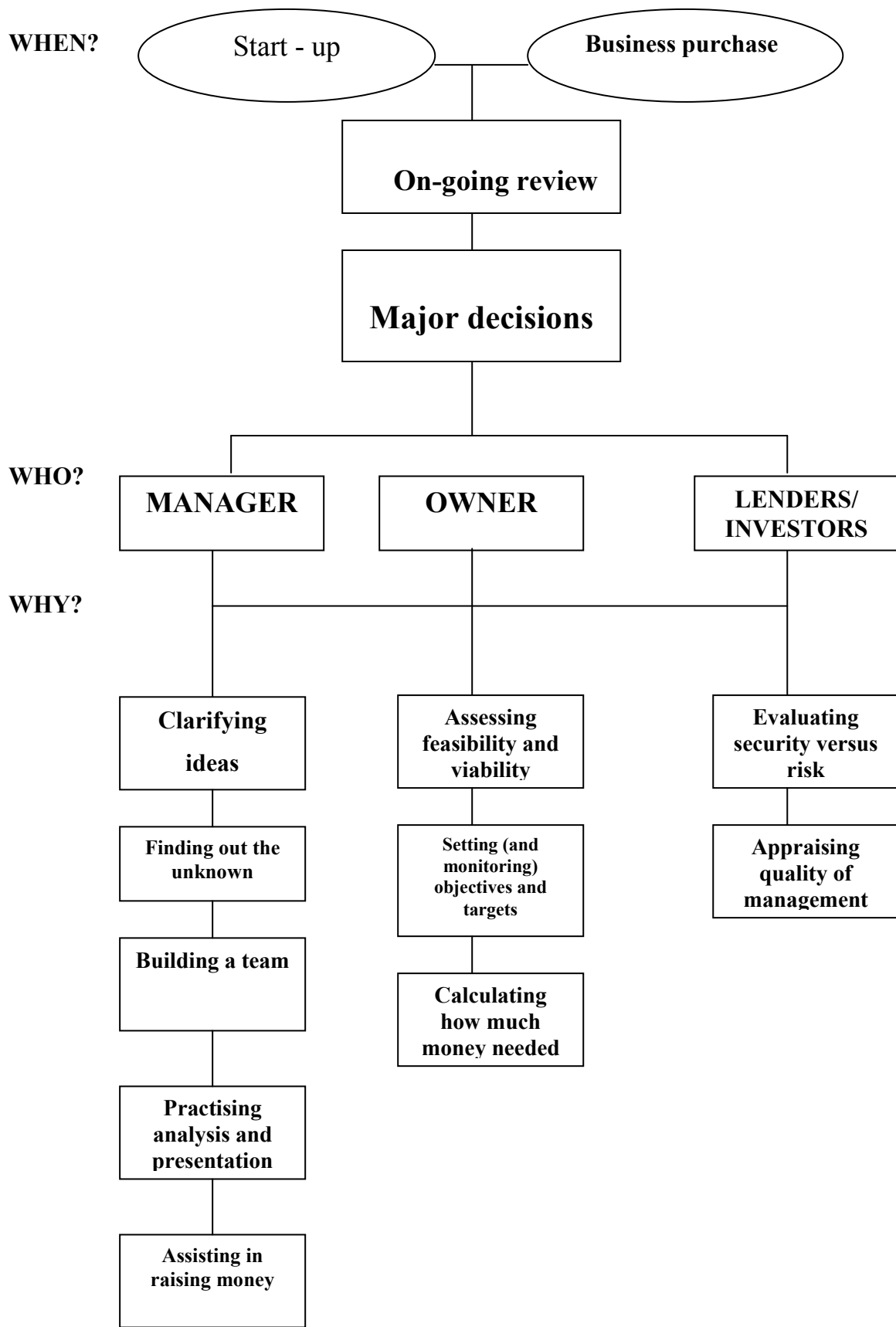


Figure 4: The purpose of a business plan (adapted from Stokes D. "Small Business Management", 1998)

In the context of SMEs, the business plan can be flexible and entail only financial elements, according to the sector the enterprise is activated, the products it sells, the particular circumstances and the available resources. On the other hand, the Mission Statement concept is vital before the selection of the most appropriate management strategy. Hofer and Schendel (1978) consider that an organization that fails to develop a comprehensive and inspiring mission statement loses the opportunity to present itself favourably to existing and potential stakeholders; the business mission statement is a way for communicating with important internal and external stakeholders. It gives managers a sense of scope and direction while it boosts a percept of shared motives among the employees. In this way, the firm can secure sound hopes for survival, growth and profitability.

Checkland (1981:89) believes that “the strategic management model needs a clear mission statement before alternative strategies can be formulated and implemented”. According to Swords and Turner (1997), the process of developing a mission statement should create an “emotional bond” and a “sense of mission” between the organization and its employees. For SMEs, a mission statement can be announced and to concern the common efforts of the manager and his employees for the firm’s survival. Mission statements can vary in length, content, format and specificity. Most of the managers and professors of strategic management consider that an effective statement should at least have characteristics such as concern for customers, employees, public image, markets, technology, survival, growth, and profitability that “fit” to SMEs.

Marketing Management Strategies

Apart from the strategic management elements that can boost the prospects of a resonant reaction of SMEs to the increasing competition, the suitable marketing management strategies can also help to this direction, since marketing management is an integral part of the contemporary competitive reality; the businessman should be aware of the different marketing techniques in order to exploit his callable resources to the appropriate direction that will firm up his enterprise’s competitive position.

The rules of the trading process have changed; they have turned from traditional and convenient ones to those that are imposed by the contemporary technocratic marketing laws -that are usually targeting to the maximization of profits in the frame of the stock market and not the market itself-. In this way, the participants in the wholesale procedure (businesses and businessmen), have to adapt to the marketing “commands” that shoot at the qualitative customer service. In particular, the actions of the wholesale traders, in the context of time and quantity have to be synchronized with the marketing plans of the businesses; what is more, wholesalers have to contribute their

experienced views on issues such as “what products will be launched”, “in what quantities”, “when these products should be launched”, “through what promotional channels”, “in what prices”, etc. Moreover, issues about logistics, credit, financing and other informational sources have to be taken into consideration and planned.

Yip (1995) supports that there is an effectual number of marketing management strategies with uncounted variations that an organization can follow in order to exploit its resources or become more competitive; these strategies can involve:

- **Forward *Integration*:** Gaining ownership or increased control over distributors or retailers.
- ***Backward Integration*:** Seeking ownership or increased control of firm’s suppliers.
- ***Market Penetration*:** Searching increased market share for present products or services in present markets through greater marketing efforts.
- ***Market Development*:** Introducing present products or services into new geographic areas.
- ***Product Development*:** Looking for increased sales by improving or modifying present products or services.
- ***Concentric Diversification*:** Adding new, but related, products or services.
- ***Conglomerate Diversification*:** Adjoining new, unrelated products or services.
- ***Horizontal Diversification*:** Casting new, unrelated products or services for present customers.
- ***Retrenchment*:** Regrouping through cost and asset reduction or reverse declining sales and profits.
- ***Divestiture*:** Selling a division or part of an organization.
- ***Liquidation*:** Vending all of a company’s assets, in parts, for their tangible worth.

Campell & Luchs (1992), stress that “no organization can afford to pursue all the strategies that it might be benefited from”. For this reason, most organizations pursue a “*combination*” of two or more strategies at the same time. Especially for SMEs, when the market conditions are in favor of the entrepreneur, *Integration (Forward or Backward)*, *Development* and *Diversification* can be suitable strategies, while, in more difficult circumstances, like the contemporary ones in Greece, the strategies *Retrenchment*, *Divestiture* and *Liquidation* could be useful for a small business.

A significant marketing procedure is Segmentation; segmentation is, according to Grant (2005), “the process of disaggregating industries into specific markets”, a more specific analysis of competition in terms of products and geography. The opportunities for differentiation can be a result of the *Buyers’ characteristics* and the *Product’s characteristics*. Buyers can be categorized to *industrial* ones that are characterized by size and technical sophistication, to *household* ones that

have the characteristics of lifestyle and demographics, to *geographic* ones that are related the place they live and to the ones that are influenced by the *distribution channel* they belong (Figure 5). On the other hand, products are characterized by their physical size, the price level, their features, the technology design, the raw materials they are made of, as well as their performance and services. According to the small firm's available resources, in relation to the research (analysis of distribution and purchase influences) and precise definition of the selected segment needs, the best combination of new ideas will be chosen so that market opportunities can be exploited. In practice, an entrepreneur is not always trained enough or has not enough time to test this certain process; he spends some money to implement his "new idea" and waits for the results without following a defined plan with alternative choices.

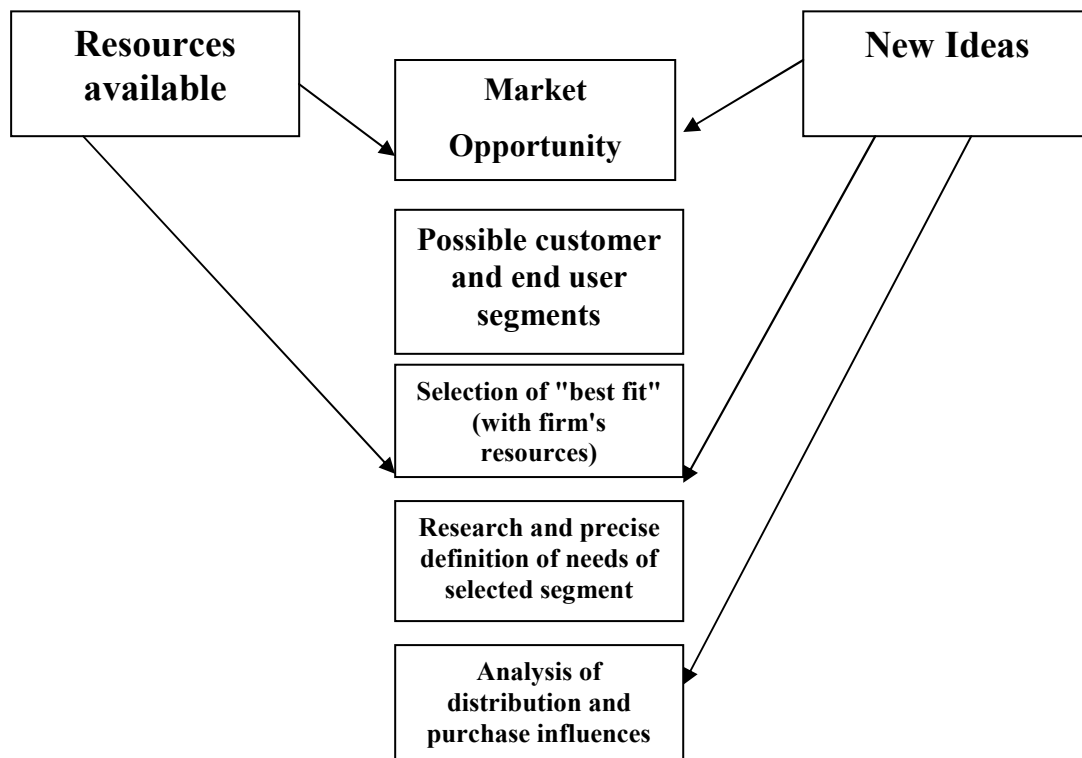


Figure 5: The segmentation process for a small firm (adapted from Stokes D. "Small Business Management", 1998)

On the other hand, it is logical that the sales process (figure 6) can entail different personal selling techniques for small firms that can be categorized to:

1. The importance of product knowledge.
2. The sales presentation.
3. Advertising Practices for small firms.
4. Types of advertising.

These types that have to do with promotional spending, can be:

- *Product advertising*: the presentation of a business idea designed to make potential customers aware of a specific product or service and their need for it.
- *Institutional advertising*: the presentation of information about a particular firm, designed to enhance the firm's image.

Of course, advertising is not the only element of marketing. If we examine the factors that influence the sales, we will see that they depend from:

- The number of visitors coming to a shop.
- The percentage of visitors that finally purchase from the particular shop.
- The medium sum that customers buy (Medium Basket).

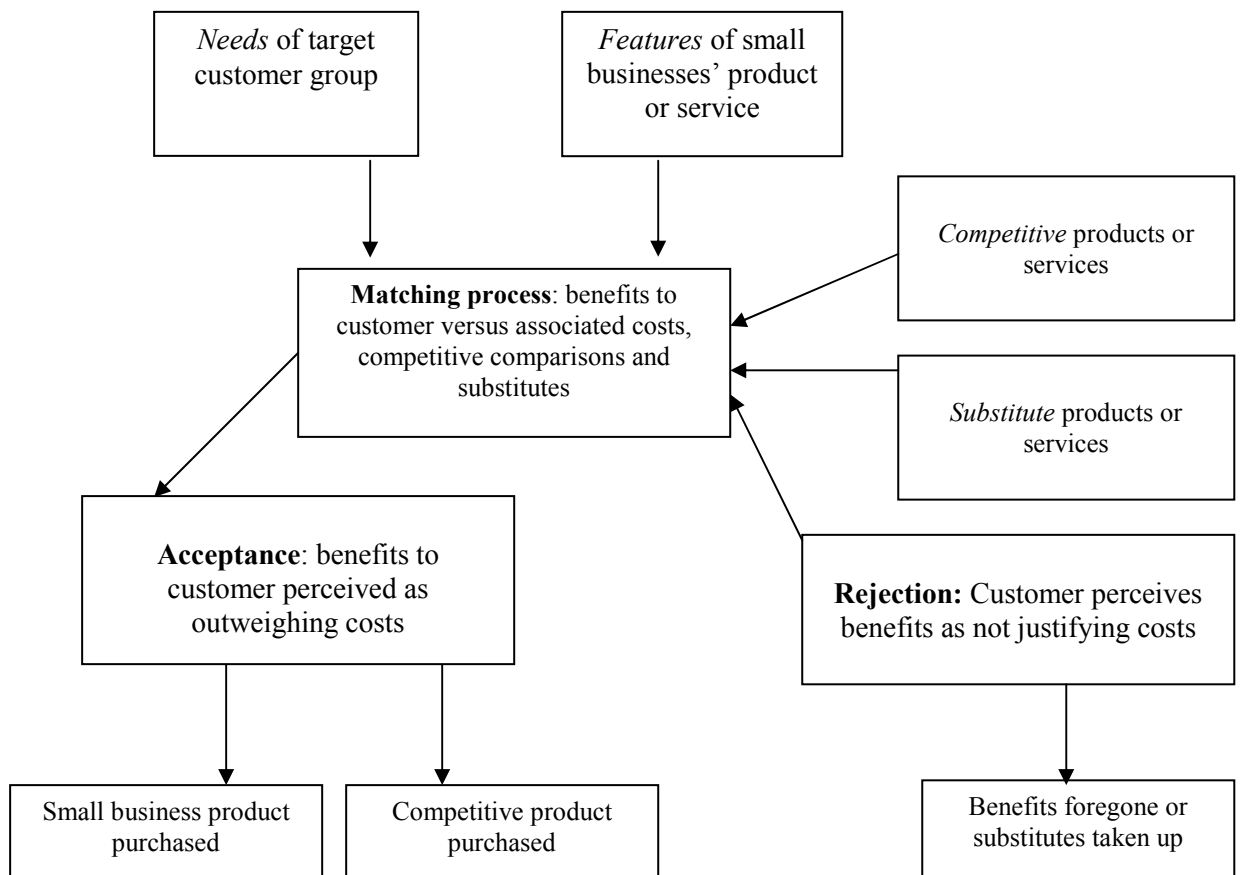


Figure 6: The sales process in a small business (adapted from Stokes D. “Small Business Management”, 1998)

What is more, ICAP research which was conducted in October 2004 revealed that increases in sales have to do with improvement in five different fields:

1. Facility of purchase by the customer.
2. Sufficiency of products.

3. Range.
4. Education in techniques of sales and strategy of closure of sale.
5. Additive sales.

It is obvious that the entrepreneur should be aware of these factors and fields that need to be ameliorated so that he can adapt his product's promotional strategies to the customer's needs and preferences.

Furthermore, it is definite that the utilization of computers or Information Technology in the contemporary era of technological evolution can have specific benefits for SMEs and their sales:

- Responding to customers more effectively.
- Improving quality and minimizing mistakes.
- Becoming more flexible and innovative.
- Speeding up the procedures of introduction, production and distribution of new products and services.
- The swiftness of taking enterprising decisions is facilitated.
- Businesses become more competitive and adaptable to the new circumstances.
- New perspectives of marketing strategies are unfolded.
- The operating cost is reduced in relation to the past.

Finally, e-commerce that concerns business transactions conducted through an electronic network can help small businesses to remain competitive in the contemporary market.

Small Business Marketing and the formal Marketing Plan

As we have mentioned, the knowledge of marketing management strategies can be helpful for a small business to develop a theoretical way of confronting the contemporary market's distinctiveness, in order to offset the increasing competition. In particular, small business marketing consists of those business activities that relate directly to, first, identifying the target market, second, determining target market potential and third, preparing, communicating and delivering a bundle of satisfaction to the target market. Small Business Marketing activities have to do with:

1. Market Analysis, where the entrepreneur is utilizing market segmentation, marketing research and forecasting towards the target market.
2. Marketing Mix, where the entrepreneur is utilizing Product, Pricing, Promotion and Distribution concepts towards the target market.

Furthermore, marketing research is about gathering, processing, reporting and interpreting of market information. A small business conducts less marketing research than a big business, because of the expense involved and the lack of understanding of the basic research process. The marketing research process has certain steps to be followed:

1. Identify the informational need.
2. Search for secondary data.
3. Collect the primary data, by using observational or questioning methods.

Stokes (1998), stresses that the estimation of the market potential depends on the market ingredients as well as the sales forecast; conditions that make forecasting easier can be an established business, an experienced Entrepreneur/Manager, or an Entrepreneur familiar with forecasting techniques. Conditions that make forecasting more difficult can relate to new ventures, limited entrepreneurial /managerial experience or poor understanding of forecasting techniques.

Before constructing the formal marketing plan for a small business, there are important elements that should be examined and taken into consideration:

- *Competition*: Existing competitors' strengths and weaknesses should be studied carefully, while the likelihood that any of the competitors' firms will enter the entrepreneur's target market should be assessed.
- *Marketing Strategy*: This is the most important section of the plan, since it directs the actions that will be taken in order to realize the entrepreneur's vision. Four areas of the marketing strategy that are collectively referred as the firm's marketing mix should be addressed in the plan:
 1. Marketing decisions that will transform the basic product or service idea into a total product or service.
 2. Promotional decisions that will communicate the necessary information to target markets.
 3. Distribution decisions regarding the delivery of the products to customers.
 4. Pricing decisions that will set an acceptable exchange value on the total products or service.
 - *The total product and /or service*: In this section of the plan, the entrepreneur includes the name of the product and the reason it was selected, since the name can have positive contribution to sales or consumer satisfaction.
 - *The Distribution Plan*: In this section, the relevant laws and regulations of deliveries must be reminded, while the role of intermediaries must be determined.
 - *The Pricing Plan*: It should include a schedule of both production and marketing costs; of course, the competitors' prices must be taken into account.

- *The Promotional Plan*: It should describe the entrepreneur’s approach to creating customer awareness of the product or service and motivate customers to buy. The most usual promotional options are personal selling and advertising.

Competitive Advantage

Having stressed the importance of strategic and marketing management concepts and features in the creation of the potential strategy that a SME can adopt in order to cope with the hard market conditions, we should also highlight the significance of a concept that constitutes the main management target of businesses, either small or bigger ones, the obtainment of the “competitive advantage”.

A competitive advantage exists when a firm offers a product or service that is perceived by its customers to be superior to those of competitors and as a result promoting the firm’s profitability; competitive advantage can be gained through:

1. Better price/value
2. Unique service features
3. Notable product attributes
4. Customers experience
5. Accessibility

The competitive advantage has the meaning of *Cost advantage* (similar product at lower cost) and *Differentiation advantage* (price premium from unique product). The drivers of the Cost advantage can be in general:

- Economies of scale that are achieved by the technical input – output relationship, indivisibilities and specialization.
- Economies of learning that are related to increased individual skills as well as better organizational routines.
- Production techniques that are linked to process innovation and business process reengineering.
- Product design that is connected to standardization of components and manufacture designs.
- Input costs that have to do with bargaining power, location advantages and ownership of low-cost inputs.
- Capacity utilization that is realized with quick and flexible capacity adjustment.
- Residual efficiency that results from managerial motivation and effectiveness.

The last three factors can be often realized in the context of a small firm and function as a basis for survival and profit; the first elements are usually met in bigger companies with integrated parts of production. Mr. Rekleitis Ioannis, member of the Greek Wholesale sector Federation, believes that “the intense competition and development of new technologies (especially Information Systems) demand a contemporary model of organization and administration of SMEs; by utilizing those methods and means SMEs will gain the *competitive advantage* in the competition”. The firms of the wholesale sector are of small and medium size as for their capital and employment. The international environment is characterized by instability, over activity of the multinational companies (through buying-outs, joint ventures and constant expansions). This offensive policy by multinational companies that is targeting to the maximization of the market share through the buying-out of domestic companies seems to be causing problems in the domestic economic environment, as many companies cannot follow and react on that competitive environment.

3. Small and Medium Sized Businesses (SMEs): strategy models

What is a small business?

At first, before we refer to the strategy models that can be implemented in the context of SMEs, we will examine their characteristics through their different definitions and the various functions that they can accomplish. What is more, SMEs specific elements can be disclosed when we contrast them with larger firms. So, after many years of rapid enterprising expansion, the gigantism of the big enterprises reached in a limit that does not allow them any more big “jumps” as has happened in the virgin landscape of the previous decade. In this new landscape, the enterprises that function in the market (finally forgetting the past occasions of vertical rise), seek different and softer objectives, thinking rationally and selectively according to their size. They focus in the maintenance of their sizes and market shares, since the competition is intensified and the environment of operation of enterprises becomes continuously harder. It is obvious that large and SMEs have their own characteristics, advantages and disadvantages when they are involved at different management fields (Table 4). There are different characteristics that describe each business entity; the most important criteria that are usually met by small firms and at the same time characterize them, have to do with:

- Financing of the business is supplied by one individual or a small group of them.
- Apart from the marketing function, the business operations are geographically localized.
- Compared to the biggest firm in the industry, the business is small.
- The number of employees in the business is usually less than ten.

FUNCTION	SMALL FIRMS		LARGE FIRMS	
	Advantages	Disadvantages	Advantages	Disadvantages
Management	Entrepreneurial managers seeking new opportunities taking risks	Unable to cope with high growth and adapt to increased complexity	Professional Managers controlling complex organizations	Managers become administrators controlled by risk-averse accountants
Personnel		Lack of technical specialists which limits scale of R&D effort	Attract highly skilled specialists can support R&D facility	
Finance		Difficulties in raising risk capital and inability to spread risk over portfolio of projects	Able to raise venture capital, spread risk and fund any resulting diversification	
Communications	Internal Communication, fast and efficient, able to adapt and to solve problems	Difficulties to link with outside sources of expertise	Able to plug into external sources of expertise, and can buy crucial technical information and services	Internal Communications bureaucratic and slow to react
Marketing	Fast reaction time to changing market requirements	Lack resources to set up expensive distribution systems	Marketing of existing products with comprehensive distribution and servicing networks	Management remote from market place
Patents and legal requirements		Difficult to cope with patents and subsequent litigation. High unit cost of meeting complex regulations in some industries	Able to employ patents and legal specialists. Able to defend patents and spread cost of compliance with complex regulations	

Table 4: Small versus Large firms in innovation - advantages and disadvantages (Adapted from R. Rothwell –“The role of Small Firms in Technological Innovation”, 1986)

The Bolton Report (1971) proposed that a small firm had three essential characteristics:

1. It is managed by its owners in a personalized way.
2. It has a relatively small share of the market in economic terms.
3. It is independent in the sense that it does not form part of a larger enterprise and its ownership is relatively free from outside control in its principal decisions.

It is obvious that the criteria for the definition of a small firm vary according to the sector; in the retailing and the service sector the turnover defines the size of the business, while in manufacturing or construction the number of employees determines the small business.

Of course, these characteristics can be criticized, since a small firm can have a relatively high market share in geographically limited markets or in specialized niches; what is more, it must be stressed that independence is a concept difficult to measure.

The European Commission (E.C., 2002) defines the “Small and Medium-sized Enterprise (SME) Sector” as the sector that consists of:

- Micro enterprises (0 to 9 employees).
- Small firms (10 to 49 employees).
- Medium businesses (100 to 249 employees).

What is more, the Office of Advocacy in U.S.A. (1997) defines a small business for research purposes as an independent business having fewer than 500 employees. Firms wishing to be designated small businesses for government programs such as contracting must meet size standards that vary by Industry specified by the U.S. Small Business Administration Office of Size Standards. According to the U.S. Department of Commerce, during 2004, there were approximately 24,7 million businesses in U.S.A. that represented 99.7% of all employer firms, while there were 17.000 large businesses. These small firms employ half of all private sector employees and pay 45% of total U.S. private payroll. U.S. Internal Revenue Service (2004) reveal that SMEs have generated 60% to 80% of net new jobs annually over the last decade and produced 13 to 14 times more patents per employee than large patenting firms. These patents are twice as likely as large firm patents to be among the 1% most cited. U.S. SMEs are 53% home-based and 3% franchises. Very small firms with fewer than 20 employees spend 45% more per employee than larger firms to comply with federal regulations. These very small firms spend 4½ times as much per employee to comply with environmental regulations and 67% more per employee on tax compliance than their larger counterparts. U.S. Bureau of the Census estimates that in 2004, 580.900 new firms were created and 576.200 were closed, while 34.317 went bankrupt. Two-thirds of new employer establishments survive at least two years, and 44% survive at least four years, according to a new study by *Small Business Economics* (Volume 21, pp. 51-61, August 2003).

These results were similar for different industries. Firms that began in the second quarter of 1998 were tracked for the next 16 quarters to determine their survival rate. Despite conventional wisdom that restaurants fail much more frequently than firms in other industries, leisure and hospitality establishments, which would include restaurants, survived at rates only slightly below the average.

An earlier research by *Monthly Labour Review* (Volume 128, Number 5, pp. 50-60, May 2005), has explored the reasons for a new business's survivability. Major factors in a firm's remaining open include an ample supply of capital, the fact that a firm is large enough to have employees, the owner's education level, and the owner's reason for starting the firm in the first place, such as freedom for family life or wanting to be one's own boss. As for SMEs financing, commercial banks are the most important suppliers of debt capital to small firms, supplying more than 80% of lending in the credit line market and more than 50% in other markets, such as commercial mortgages and vehicle, equipment, and other loans.

Theories about the changing context of SMEs and interpretation of their revival

The role of SMEs has changed over the years; after the 1950s their presence was not considered to be significant, since the big industrial units were being developed and favored by the need for globalization, new technologies and mass production. After the 1970s, SMEs were becoming extremely important to the economy of the developing countries because the entrepreneurs were seen as innovators, suppliers of special products, or willing to play any other role that large companies had left. In the U.S., 40 million new jobs were created by SMEs in this period, while in Europe the numbers were impressive, since SMEs were contributing more than 50% of the total sales and employment in the developed countries.

The Organization for Economic Co-operation and Development (OECD, Official Report 2002) stressed that the “role of SMEs is crucial in order to strengthen regional and national economies; their presence contributes to the avoidance of monopolistic practices, fosters regional economic cycles and provides with products and services that are essential to the people”.

Goss (1991) classifies in three categories the ones that debate over the role and the revival of the small firms after the mid 80's.

1. *The Free Market Theory*: Right wing governments in UK and USA regarded small businesses as a tone of freedom in the market; small companies were the symbol of innovation and job creation in the economy and the “enemies” of the stagnation caused by large multinational industries.

2. *Marxian Analysis*: This theory supports that the revival of small businesses is a result of the large firms' strategy through which their less profitable activities are given to the small firms, since they can operate at a lower cost during recession times.

3. *The Green Movement*: Small business is the “third way”, the democratic answer to the large centralized and mass-productive companies, the difference to the materialistic motives of these large businesses.

In Greece, SMEs can combine elements of the aforementioned theories; they can be the symbol of innovation and job creation in theoretical level; they can represent flexibility, new pneuma and vigor in the marketplace, or they can be the democratic “makeweight” of the large businesses and the principles that they follow (mass and centralized production in huge units). What is more, Greek SMEs have been the expression of the characteristics of Greek people; Greek entrepreneurs can be energetic, dynamic, resourceful, ingenious and Greek small businesses is a reaction to the routine that is imposed by the government or other external forces. In the past (‘50s), Greek SMEs was one of the most common ways through which Greek people could overcome poverty and become financially independent. In this sense, the existence and survival of Greek SMEs is vital for the majority of people of the Greek nation. On the other hand, there are more practical reasons for the revival of the SMEs in Greece and globally (i.e., growth of the service sector, technology, “flexible specialization” and networks, re-organization of public sector, unemployment, etc).

The business environment is constantly changing and the challenges for entrepreneurial and small firms are significant:

1. Growth of superstores: The large chain superstores can determine the price levels and attract a large number of customers; they have a great purchasing power which allows them to have bargain prices that are better than the price offered by independent stores. Apart from the lower prices, the superstores offer amenities that tempt the customers. The consolidation of Small Businesses, on the other hand, presents challenges to the owners of independent stores; their entrepreneurial spirit and strengths must be utilized in order to survive.

2. Expansion of Information Technology and Internet: Small businesses invest in new technology in order to overcome the advantages that large companies always had. The large companies utilize market research and expertise to bear on product development and marketing decisions, highly automated factories that produce goods at the lowest possible cost and of course horizontal integration that makes it possible to offer a broad range of products and services. New technology applications can include computerized financial accounting, gaining information and selling through the internet, communicating by e-mail or teleconferencing.

3. Emergence of global economy: In spite of the fact that small businesses are typically situated in one locality, many of them now export or import products across national boundaries; of course, these business opportunities continue to grow and have changed the traditional image of small businesses from a strictly domestic one to a more globalised one.

Of course, these challenges influence the Greek SMEs that have to be prepared to face them properly.

What is more, there are influences on small firm formation and survival that can be categorized to:

Internal Influences, that can relate to:

- Owner –Manager motives
- Personal attributes
- Technical skills
- Management competencies in marketing, finance and people, and

External Influences, that can refer to:

- Macro Environment (political, economic, social and technological)
- Micro Environment (local economy, market sector, competitors and customers)

Furthermore, a successful entrepreneurial environment features continual “creative destruction”, to use Joseph Schumpeter's accurate term (1934). New companies prosper and help the economy, in part by destroying the markets for semi-monopolistic industries. Nations that protect the markets and incomes of existing larger companies prevent the creative destruction so essential to progress. Therefore, the crucial barometer for economic and social well-being is the continued high level of creation of new and small firms “in all sectors of the economy by all segments of society”. It should be the role of government policy to facilitate that process by eliminating barriers to entry, lowering transaction costs, and minimizing monopoly profits by large firm. On the other hand, a static view misses the point completely by asking the wrong question or asking it wrongly.

What is more, Acs and Audretsch (1988, pp. 678-690) believe that the contribution of small firms to the economy may be summarized in terms of efficiency and dynamics. The essence of the *efficiency* argument is that there are certain things small firms do better than large firms. Through the division of labour between small and large firms, the efficiency of the economy is increased. According to Pratten (1991), this is especially important in production and innovation. The argument with respect to *dynamics* is that small firms are needed to provide the entrepreneurship and variety required for macroeconomic growth and stability. In fact, the connection between entrepreneurship and small business is interesting from an economic growth perspective. While the static effects of the division of labour between large and small firms may be tied to the vast majority of small firms, the *dynamic* aspects are tied to a subset of firms that are entrepreneurial. Small firms provide the lion's share of entrepreneurship in the economy, and a high rate of new firm entry is associated with *dynamics*. This is because highly structured organizations are inefficient when dealing with changes in the environment. New small firms, therefore, are needed for the production of variety in the economy and the elimination of stagnation. In thinking about the economic role of small firms, the obvious starting point is the theory of the firm. It is the task of industrial organization scholars to sort out the perceived trade-off between economic efficiency

on the one hand, and political and economic decentralization on the other. Two disparate views about the impact of small firms on economic efficiency have emerged in the economic literature: first, static theory suggests that large firms are efficient because it focuses on the status quo; second, dynamic theory suggests that small firms are efficient because it focuses on change.

The Static View

One of the most striking findings emerging in the static view of industrial organization is that small firms generally operate at a level of output that is too small to sufficiently exhaust scale economies, even when the standard definition of a small firm employing fewer than 500 employees is applied. Static theory argues for reducing the share of firms that are sub-optimal to increase efficiency; this theory favours large firms in the old raw-material-based economy because of economies of scale. For example, in the electric utility industry, if you doubled the size of a coal-fired utility plant, the output of electricity doubled, while the cost of building the plant went up only 70%. The building of larger and larger plants contributed to cheaper electricity rates. In static theory, the existence of small sub-optimal firms represented a loss in economic efficiency. Seen through the static lens provided by traditional industrial organization and labour economics, the economic welfare implication of the recent shift in economic activity away from large firms and toward small enterprises is unequivocal: overall economic welfare is decreased because productivity and wages will be lower in small firms than large.

Dynamic Theory

An excess level of profitability and reduction of transaction costs induces entry into the industry. The entry of new firms provides an equilibrating function in the market, in that the levels of price and profit are restored to the competitive levels. Acs (1984) believes that “new firms entering the industry were not simply to increase output by being smaller replicas of large incumbent enterprises, but by serving as agents of change”. However, there is nothing unique about firms, since a firm is in no sense a natural unit of analysis like individuals.

Dynamic theory favours small firms because it shines the light on change. In the “new information economy”, continued innovation and change is the rule. More than half of the sales of high technology firms come from products less than 18 months old. What emerges from the new evolutionary theories of new and small firms is that markets are in motion, with many new small firms entering an industry and many exiting. According to Bureau of the Census (Statistics of U.S. Business, 2004) about 10-16% of firms are new each year and about 9-14% exit each year. The prevalence of small enterprises in the firm size distribution reflects the continuing entry of new

firms into industries and not necessarily the permanence of such small and sub-optimal enterprises over the long run. In spite of the fact that there are a few large firms and many small firms, a constant set of small and sub-optimal scale firms is not responsible for this tendency; instead, a changing set of new small firms provides an essential source of new ideas and experimentation that otherwise would remain untapped in the economy. A constant supply of new firms seems to replace the existing ones. With dynamic theory, the existence of small sub-optimal firms does not represent a loss in economic efficiency. Seen through the dynamic lens of evolutionary theory, the economic welfare implications of the recent shift in economic activity away from large firms and toward small enterprises is welfare-enhancing because new start-ups introduce change into the economy. As Schumpeter (1934) argued in terms of economic development and Kirchhoff (1994) in terms of dynamics, the implication for public policy is to implement policies that encourage the entry of new firms, support their survival and promote their growth.

In Greece, in the context of SMEs, we can observe similarities with the static view; large firms that “determine” market regulations think that the existence of small sub-optimal firms represented a loss in economic efficiency. On the other hand, dynamic theory supports that small firms are efficient in some levels since they represent change and dynamism; in Greece, reality shows that dynamic theory has only theoretical base mainly because of the power of large multinational firms and their impact on market conditions.

Types of Financing and Credit for SMEs

The usual legal forms, according to the records of the Greek Ministry of Finance, within which a SME can function are individual enterprise and limited or ordinary partnership company; with these base elements, ICAP Research Company conducted a market research in the beginning of 2004 that was related to the openings and closings of the activities of such types of small enterprises, that reached to the following conclusions:

- The establishment of such enterprises has generally been maintained in high levels in the period from 1990 to 2003 with a slight bending tendency to the end of period.
- On the contrary, the closure of enterprises is intensely increased within the reported period, from 36.478 companies in the beginning of period to 61.398 enterprises in the end. The cessation of operations represented percentage of 41,5% of initiations in the beginning, while in 2003 the aforementioned percentage was increased in 74,4%. That is to say, in absolute sizes, that three out of four new enterprises close.

- If the sizes of the last two decades are separately analysed, it is observed that in the interval between 1990 and 1999, the percentage closure corresponded in 59,8% of the establishments, while in the next interval between 2000 and 2003, they were increased by 72,9%.
- The creation of new enterprises was limited from 51.399 enterprises in 1990 to 21.154 companies in 2003 (presenting an almost 60% fall), which means that business dexterity in Greece has been perceptibly limited.
- It is pointed out that compared to the other legal forms of enterprises (SAs and LTD companies), the increase of closure percentage is bigger in individual, limited or ordinary partnership enterprises, that is to say in SMEs.

What is more, on the 8th of May 2005, the Greek newspaper “Eleytherotypia”, published a research about the different sources of SMEs’ financing, that have to do with:

- Personal savings 55%;
- Family members 12%;
- Partners 10%;
- Personal Charge cards 6%;
- Friends 4%;
- Bank Loans 4%;
- Private investors 3%;
- Mortgaged property 2%;
- Venture Capital 2%;
- Other 2%.

In November 2004, I.O.V.E. (Greek Institute of Industrial Development) published an exceptionally interesting study that revealed the fact that 100.000 persons dealt with the start of new enterprising activities in 2003. However, none of them had received banking financing for the start of their enterprising activity, apart from the reception of personal consuming loans. Some of them resorted in the lending from their relatives. According to the European Central Bank statistics (2004) and the records of the Bank of Greece (2004), the margin of SMEs loans in Greece is double than the European average. What is more, despite the increase of the number of loans that banks give to SMEs (that exceed 4.000 each month) the free professionals still resort to the personal loans that have exceptionally high interest-rates. Greek banks charge a 5% interest-rate, while in the rest European countries SMEs can borrow capital with a 4,03% interest-rate.

In “Kyriakatiki Eleutherotypia” newspaper (26th of March, 2005), a research that was realised between SMEs of all European Union countries revealed that a big part of Greek enterprises (29%

against 25% of the Euro zone mean) consider that the difficulties for the acquisition of essential capital constitute as one of the basic aversive factors for their growth. At the same time, the disadvantages of the Greek enterprises against their European competitors are imprinted to the processes of the loan payments, in the "concealed" clauses of contracts, as well as in the big period of the settlement of sale tariffs (83 days against 52 days of the Euro zone average). Furthermore, distortions and imbalances that continue to prevail in the credit system of Greece overload the cost of operations that is transmitted to the cost of lending of the enterprises.

Of course, another credit element has to do with the ability to pay; this potentiality is evaluated in the terms of the five C'S of Credit:

1. *Character*: fundamental integrity, responsibility and honesty that should underlie human and business relationships.
2. *Capital*: cash and other assets owned by the customer.
3. *Capacity*: customer's ability to conserve assets and efficiently follow a financial plan, by capitalizing business opportunities.
4. *Conditions*: business circles and changes in price levels (e.g. economic recessions, natural disasters, strong new competition, labor problems etc).
5. *Collateral*: consists of designated security given as a pledge for fulfillment of an obligation.

Credit offers benefits to buyers and sellers; suppliers provide small firms with working capital, often allowing marginal businesses to continue operations so that buyers can have:

- Ability to satisfy immediate needs and pay for them later.
- Better records of purchases on credit billing statements.
- Better service and greater convenience when exchanging purchased items.
- Establishment of a credit history.

On the other hand, sellers extend credit to customers in order to obtain increased sales volume; they expect that the increased revenue to more than offset the costs of extending credit, so profits will increase. As a result, they can have:

- Closer association with customers because of implied trust.
- Easier selling through telephone and mail order systems.
- Smoother sales peaks and values, since purchasing is always available.
- Easy access to a tool with which to stay competitive.

Ethics and Small businesses

Of course, there are *issues* that can be quite complex and “acanthus” for SMEs and can be related to:

- Relationships with customers, clients, and competitors (relationships with outside parties in the market place).
- Management processes and relationships (superior – subordinate relationships).
- Employee obligations to employer (employee responsibilities and actions that in some way conflict with the best interests of the employer).
- Relationships with suppliers (practices and deceptions that tend to defraud suppliers).
- Governmental obligations and relationships (compliance with governmental requirements and reporting to government agencies).
- Human resource decisions (decisions relating to employment and promotion).
- Environmental and social responsibilities (business obligations to the environment and society).

4. Features of SMEs in the wholesale sector of confectionary products

Characteristics of the wholesale sector of confectionary products

The history of the contemporary wholesale coincides with the establishment of the Greek state and the creation of internal institutions of commerce and consumption of consumable products by the Greek society. Wholesale of confectionary products as a kind of commerce or even as organization and functioning, because of its content, has been widely spread. The consumption of confectionary goods is constant and interspersed in different market points. Historically, the demand for these products has been augmentative, because of:

- The increase of the variety of the offered products that are constantly produced in order to cover the different “needs” of people.
- The increase of each individual’s income (even children’s), so that everyone can buy the products they desire.
- The relative ease by the enterprises that are activated to the mass production of confectionary products to the making and promotion of new products (compared with businesses of different sectors where a new product means huge investments in new technology).

According to a research that took place in March of 2000 on account of the Professional Chamber of Athens (by Planning S.A. Company), the market of confectionary products represent 40-42% of

the Pan-Hellenic consumption. The sector of confectionary products is complicated and multi-participating, which means that its products can either be classified in different categories or constitute a special category themselves. In general, when we are referred to confectionary products, we put down the following categories:

1. Biscuits.
2. Wafers.
3. Dry fruits.
4. Berry fruits.
5. Chocolats.
6. Croissants.
7. Snacks (crisp, brits).
8. Chewing gums.
9. Candies.

The aforementioned products are characterized and influenced by seasonality and particularities; for example, the temperature of the chocolate confection is 12 degrees of Celsius and for this reason sensitive to the summer conditions. On the other hand, dry or berry fruits need to be preserved in temperatures and conditions of low humidity and snacks should not be exposed to the sun. As a result, the circumstances of the engagement in the confectionary products' wholesale commerce are influenced by a number of factors, such as:

- The fact that everybody is a potential consumer.
- Demand is continuous (24 hours daily).
- The quantities that are requested are relatively small and cheap in comparison with other products, such as consumable foods or clothes/shoes.
- The variety of confectionary products is substantial and the stores have to exhibit them suitably.
- The provisioning of the stores has to be frequent, brief and effective.
- The products that follow the “fashion” most of the times have quick distribution and their success is relatively short.
- There is the need for keeping the specifications of the “lifetime” and freshness of these products that are set by the market regulations.
- The existence of the exhaustive range of the confectionary products is a decisive factor for the upkeep of the customers' loyalty.

The characteristics of the wholesale sector of confectionary goods are:

- a) Intense propagation and small enterprises, usually of family size.
- b) Adaptable and flexible firms with wide range activity.
- c) Suitably prepared businesses for easy undertakings, but not for demanding ones that are needed today.
- d) These businesses are not 100% devoted to the distribution of confectionary products.

For all these reasons, the trading of these products is realized through innumerable points of retail sale in different areas. The main points of retail sale are kiosks, haberdasheries, ten-cent stores, creameries, sweetshops, buttry shops, mini markets, bakery shops, candy shops, etc. Of course, the number of the retail points has to do with the country as well as the local commercial customs. For example, in Greece, there are almost 40.000 points of retail sale, while in U.K. (with 6 times the population of Greece) the number is 100.000 and in Italy (5 times the Greek population) the number is 120.000 .

Wholesale and Multiple organisations

In the case of the confectionary products sector, we refer to the wholesale businesses that are activated in the distribution of such products to different points of retail sale; Cox and Britain (2000:22), define the *wholesale* organisation as “an organisation that is independent of producer and retailer and undertakes the classic functions of distribution”. These functions can be:

- Merchandise selection.
- Forward Buying.
- Warehousing.
- Breaking bulk.
- Financing (credit).
- Presentation (packaging).
- Levelling out price variations.

They specify the *general* traditional wholesaler who deals with the stocking of a wide range of merchandise and the *specialist* that keeps stocks of special goods’ categories. These two types of wholesalers “may operate nationally and may employ staff to call on retailers, either to sell or to deliver goods or to do both”.

On the other hand, they define *multiple* or *chain stores* as organisations (other than co-operatives) with ten or more branches, that -by opening many branches- can attract a larger market. The characteristics of these chain stores are related to economies of scale and are:

- ◆ Concentration on fast-moving lines—brand leaders manufacturers.
- ◆ Centralised buying.

- ◆ Merchandise largely through a combination of national advertising and on-the-store displays.
- ◆ Located in significant shopping centres.
- ◆ Offer relatively low prices.
- ◆ Centralised advertising, recruitment and training.

A representative example of a multiple organisation is the convenience shop. It is about a successful recipe based on the model of “Seven Eleven” chain which functions from the 7 o’ clock in the morning until 11 o’ clock in the evening and has been established in the markets of US, Europe and Japan. In this period of time, four similar chains are activated in Greece (“All Stores”, "Small Neighbourhood", “Ersi” and "Ok"), with identical shops that are open at least 17 hours the day in different regions. These four chains of the Greek market were selected by the method of Franchising for their further growth.

The inspirers of the convenience stores believe that there are three basic categories of products so that the daily needs of the customers can be covered: In the first category we can find dairy products, bread, cigarettes and newspapers. With the exception of cigarettes, the overwhelming majority of the rest is consumed in the morning hours. The second category is constituted by additional products of daily use as sugar, coffee, pastas etc, products that Greek consumers are used to buying from super markets. In the third category we can include products that are bought by the consumers without some previous planning, like refreshments, ice creams, chocolates, various snacks and candies, even low cost games. The philosophy of these shops is that under the same roof more than one “professionals” and different product codes (in small quantities) can coexist. The sale of bread, photocopies, payments of electricity or telephone accounts are some of the services that convenience shops can provide. The spaces where these convenience stores are accommodated are 70 to 100 square metres and in this space 2000 to 5.000 different codes can “fit”. As it is obvious, the existence, invigoration, function and multiplication of these multiple organisations create enormous problems to the wholesale businesses.

The role of distribution activities in Marketing - Functions of intermediaries

In the wholesale sector of confectionary products that is examined, distribution is called to play an important role; the wholesale traders are the intermediates that day by day strive to supply the interspersed small points of retail sale with a variety of products. In marketing, distribution encompasses both the physical movement of products and the establishment of intermediary (middleman) relationships to achieve products movement. The activities involved in physically moving a product are called *physical distribution* or *logistics*, while the system of relationships established to guide the movement of a product is called *the channel of distribution*, which is

essential for both tangible (products) and intangible goods (services). The functions of intermediaries can be:

- *Breaking bulk*: the function of making large quantities of a product available in smaller amounts.
- *Assorting*: the function of bringing together homogeneous lines of goods into a heterogeneous assortment.
- *Providing Information*: data on market size and pricing considerations, as well as information about other channel members.
- *Shifting risks*: By using Merchant middlemen, who take title to the goods they distribute, a small firm can share or shift business risks; agents and brokers who do not take title to the goods they distribute can be helpful, too.

The distribution channels can be *direct* or *indirect* ones; the direct channel is functioning without intermediaries, control is high, but it is usually more expensive. On the other hand, indirect channels can have one or more intermediaries between the producer and the user, control is not tight and it is cheaper but market coverage is increased.

The system of physical distribution involves *transportation intermediaries* (common carriers, contract carriers and private carriers); *storage* is also essential (warehousing), as well as *materials handling* methods and equipment (e.g. forklifts). *Delivery terms* are also important in order to determine distribution aspects like the paying of freight costs, selecting the carriers, bearing the risk of damage in transit, selecting the modes of transport etc. What is more, *logistics companies* are important and cheaper for small and medium sized businesses because they specialize in transportation and distribution services, providing trucking, packaging and warehousing services.

In the wholesale sector of confectionary products, the wholesale traders *store* the sensitive products and *transport* them to their customers in different areas. Of course, the weather conditions do not always favor the trading of the products, but all business activities bear risks and difficulties.

Family business entrepreneur and Advantages of family involvement in the business

The majority of businesses in the wholesale sector of confectionary products are family businesses that are consisted of entrepreneurs who have established their activities in the past; their children have succeeded them and the business continues to function in the same family context.

A family business is characterized by ownership or other involvement by two or more members of the same family in its life and functioning. Of course, the nature and extent of the involvement varies; it can be part-time or full-time. A family business is also recognized when it passes from one generation to another. It is obvious that family businesses are small and even when they become

large organizations, family considerations are still important. In spite of the fact that family and business are separate institutions that have different members goals and values, they overlap in the family firm; family's basic function has to do with care, nurturing and development of the family members, while the business functioning is related to the production and distribution of the goods or services and its targets are survival and profit. As a result, family, business and ownership can be combined but the balance is not always feasible.

As for the advantages of family involvement in the business, these can be related to the strength of the family relationship; the member of the family will not leave the business or will not ask for a high salary when things are not so good; family commitment and relationships can be used in advertisements by these firms, in order to obtain a competitive advantage.

Family involvement can contribute to superior business performance, by:

- a. Preserving the humanity in the workplace, since a family business can show higher levels of concern for individuals than typical organizations.
- b. Focusing in the long run, family managers can have a long-run view because they are not judged every year.
- c. Emphasizing quality; since the family business wants to preserve its reputation, the family members are likely to maintain a tradition of providing quality and value to the customer.

Effective management is necessary for the success of any business. The family business is still a competitive business and the utilization of family firm management presupposes the knowledge of its special features; John L. Ward (specialist in family business of Loyola University Chicago) suggests some of the "best practices" that can be:

1. Stimulate new thinking and fresh strategic insights.
2. Attract and retain excellent non family managers.
3. Create a flexible, innovative organization.
4. Create and conserve capital.
5. Prepare successors for leadership.
6. Exploit the unique advantages of family ownership.

The main characteristics of an entrepreneur are related to the need for achievement and his/her willingness to take risks. The successful entrepreneur, according to Stokes (1997), should combine *technical skills* (product/service knowledge and market/industry understanding), *management competencies* (knowledge of the marketing and finance concepts in theory and in practice and satisfactory in human relations), as well as *personal attributes* (being leader, innovative and determined). What is more, entrepreneurs have the characteristic of focusing to the customer,

integrity and responsibility, as well as innovation. Longenecker, Moore and Petty (1999) stress that there are four routes-alternatives to entrepreneurship:

- a. Entering a family business.
- b. Opening a franchised business.
- c. Starting a new business. When starting a business, age concerns are changing; at the ages of 20 to 30, the person is getting educated, is gaining work experience and acquiring financial resources. After the age of 35, the employee is fulfilling his family responsibilities, attaining seniority in employment and later earning investment in retirement programs.
- d. Buying an existing business.

Longenecker et al (1999), argue that individuals are pulled towards entrepreneurship by powerful incentives that can be seen as rewards of entrepreneurship:

- *Profit*: Freedom from the limits of standardized pay for standardized work.
- *Independence*: Freedom from supervision and rules of bureaucratic organizations.
- *Satisfying way of life*: Freedom from routine, boring and unchallenging jobs.

Of course, there are drawbacks in entrepreneurship that demands hard work, emotional energy, personal devotion and commitment, stress, money and time; there is no guarantee for success and the threat of business failure is constant.

Franchising

Franchising is a common strategy that is widely used nowadays and has its roots to the sector that we examine. According to Skoulas N. (2003), Franchising is dated back to 1926 in U.S.A. when J. Frank Grimes established "I.G.A." (Independent Grocers' Alliance); before that year Mr Grimes used to be a member of an accounting company dealing with the books of foods' wholesale dealers. He had noticed that sales were declined year by year, reflecting a proportionate reduction in the sales of the corresponding retail merchants or even closures of shops. This diminution in sales was a result of a new competition model: the energetic intrusion of supermarket chains in the market that were offering a lot of advantages to the consumer in comparison with the small but independent grocer. The creation of "I.G.A." had the objective to help wholesale dealers and their retail customers cope with supermarket chain competition. According to Skoulas (2003), the existing and increasing Greek market crisis that involves the wholesale market, the independent district food stores and the supermarkets, has many common elements with the situation that was faced decades ago by food traders in U.S.A. and Western Europe.

As a solution, Mr Grimes convinced the wholesale dealers that rather than trying to sell more commodities to their retail customers, it is better to give them the potentiality to sell more goods to the final consumer, getting profit share. The idea of Franchising was simple: “Give the customer whatever the supermarket chains are offering, but *also* friendly service, warm atmosphere and human care”. Keeping in mind that most of the firms that make up the franchise system are small family businesses, the offering of the last characteristics is obvious. As for “whatever the supermarket chains are offering”, the franchise system of “I.G.A.” took some decisive initiatives.

1. A technical department was created having as an objective the renovation and expansion of the existing shops as well as the construction of new ones.
2. A marketing department that had the responsibility of negotiations for all I.G.A.’s members was set up; in this way, the lowest cost as well as common advertisement through programmes of projections was achieved.
3. A department of experienced management consultants was founded in order to provide the proper know-how, instructions and training to the members of the franchising family.
4. All the necessary services were gradually added to the system so that franchisees only had to focus on their customers, the augmentation of their sales, the cost and “leakage”(thefts, waste) control; the result was the maximization of their profits and that constituted the most influential incentive for the success of the franchise institution.

In this way, I.G.A. enumerates 3.500 stores in U.S.A. and Canada and occupies the 2nd place in the distribution of foods in the world. If we add the franchise organisations that are activated in North America as well as in Europe that are called “voluntary groups”, we can deduce that the impetuous expansion route of the big chains in the expense of SMEs was left off. According to Skoulas (2003), “the conditions in Greece are perfect for the introduction of the franchise institution, since wholesalers can not only survive but get developed and profitable. The franchisors that offer the biggest variety of goods and quality services have the highest odds of obtaining economies of scale and finally being successful”.

The current economic reality is characterized by increasing competition, which is focused on the improvement of the product quality, on the customer service and on the cost reduction and accordingly on the reduction of retail price to the profit of the consumer. In this market environment, the integration of individual enterprises and potential businessmen in an organised and successful system creates a shield of protection and favourable conditions that ensures the viability of unit.

What is more, the tendency of globalisation of the market today extends the spread of franchising and makes it attractive.

The philosophy of franchising is that a successful and organised enterprise, which is based on a concrete system of operations, provides the recipe of its success in other smaller enterprises that will function under the same signal and with similar models of operation. Greece is ideal for the application of the franchising system, as it is a country with many small and medium-sized enterprises.

Franchising contributes to the minimisation of the enterprising danger that a small enterprise faces when it is established without strategy and know-how. If a potential businessman begins a new enterprise, a high degree of danger is presented. Researches from the international market report that more than 90% of the new enterprises fail to survive after their first three years of operation. In Greece, in the last years, an increase of the number of SMEs that stop their activity is observed.

Contrary to this development of total of enterprises, the stability of enterprises that function as franchisees in the Greek market are high, based on research which was realised by ICAP (October 2004). The indicator of stability of franchise shops, that is to say franchise shops that closed or were repurchased from franchisers in the interval between 1998 to 2001, to the total of franchise shops, oscillated between 1% - 2,3%. Also, the percentage of profitable franchise shops amounted between 96% and 97% in the interval from 1998 to 2001. In the system of franchising, the individual enterprise or the potential businessman is included in a successful system that has ensured its products, suppliers, education, configuration of the shops, marketing, etc. The solutions of all commercial subjects are offered to the franchisee and in this way he can focus to the promotion of sales, to the management of his shop and to the facilitation of the customer service.

The independent enterprise functions under an already recognisable commercial signal, allocates products and provides services that are already known in the consuming public. The Franchisor has undertaken the weight of the creation of the product, the research of the market in which it is addressed, the publicity as well as the establishment of the commercial name. The independent enterprise becomes a member of a network, a team with common targets, visions, philosophy and interests. The flow of information between the members of the network is continuous and results to the common profit of growth. The cost of publicity and promotion is limited, as it is allocated in all the members of network.

The independent businessman has the opportunity of creation more than one shops in a market or in different markets. His success is awarded by the “mother” company that can also select him to invest in another enterprising system. There are many examples of businessmen that successfully manage more than one different small shop in the Greek market.

Takeovers, mergers and acquisitions

Takeovers, mergers and acquisitions are strategies that are usually followed in order to consolidate the enterprising forces of smaller business entities so that the new joint unit can influence the market trends. In the sector in issue the adoption of these strategies by the small wholesale traders can keep them consolidated and competent enough to play a significant role to the modulation of the economy's heading. Apart from the survival of these businesses, the new alliance can have certain benefits such as more profits, growth and product concentration.

From 1991 until the end of 2000, more than 85.000 company takeovers took place worldwide, involving around 96 trillion dollars (this means four times the annual GDP of the European Union). The purchase of one corporation by another is called a *merger*. The term *acquisition* means essentially the same thing, but is usually reserved for conglomerates buying other corporations. The firm that is expanding simply buys the stock of the purchased corporation. This is not always as simple as it sounds. In some cases, the management and stockholders of the firm targeted for acquisition are unwilling to let their company become a subsidiary of a purchasing firm. The underlying reason for growth by merger is that the merged companies can provide benefits for the shareholders that the individual companies could not offer on their own.

During a company's life the modification of the company's type can be worthwhile. Many times the merger of companies can be desirable to confront foreign competition and create powerful enterprises.

By definition a *merger* shall mean an operation whereby: (a) one or more companies, on being dissolved without going into liquidation, transfer all their assets and liabilities to another existing company in exchange for the issue to their shareholders of securities representing the capital of that other company, and, if applicable, a cash payment not exceeding 10 % of the nominal value, or, in the absence of a nominal value, of the accounting par value of those securities, (b) two or more companies, on being dissolved without going into liquidation, transfer all their assets and liabilities to a company that they form, in exchange for the issue to their shareholders of securities representing the capital of that new company, and, if applicable, a cash payment not exceeding 10% of the nominal value, or in the absence of a nominal value, of the accounting par value of those securities, (c) a company, on being dissolved without going into liquidation, transfers all its assets and liabilities to the company holding all the securities representing its capital.

The five factors that usually lead businesses to take over others, to merge or to enter alliances with others have to do with:

- 1) *Profitability*: Many companies wish to increase their critical size and improve the profitability of their current activities, which will lead them to strengthen their competitive

edge. In addition, takeovers allow companies to penetrate new markets and improve their financial prospects. Of course, in most cases, an increase in profitability is usually accompanied by the creation of extra value for the shareholders.

2) *Growth*: Most takeovers allow expanding businesses to enter highly profitable fields, a fact that is often associated with the production of greater value for shareholders.

3) *Concentration*: Experience shows that concentration indices increase in line with the growth observed in a sector as it approaches maturity and consequently goes into a phase of reduced growth rate. This was true of the food sector, where takeovers and mergers were dictated by the great strength concentrated in the hands of retail sales chains.

4) *Capital Intensity*: The ratio that shows the relationship between capital employed and annual turnover determines the business's capital intensity. This is dependent on the growth rate of the sector, and on many occasions acts as a measure of how worthwhile the takeover or merger is.

5) *Deregulation*: Much empirical research has shown that the level of deregulation in a sector is the prime factor which leads to mergers or takeovers; merger activity will continue to increase in Greece in the coming years, firstly in sectors which have reached a mature level and secondly in sectors containing businesses connected with the 2004 Olympic Games. It can also be taken for granted that these mergers will have an effect on the structure of the retail trade, which has already demonstrated a substantial trend towards mergers and consolidation of distributors. It goes without saying that, of the distributors, the Carrefour group will be in lead position. Following its merger with its fellow French group Promodes, it is now pursuing a global expansion policy, part of which is aimed at the Greek market. And so there can be no doubt that Greek companies will continue along a path leading to takeovers, mergers and alliances.

In the particular sector of confectionary products, many international companies that are involved in the production and distribution of confectionary goods are following the principles of “centralization” and “specialization” of their production in selected factories in Europe; in this way, they keep a relatively small number of factories where they accumulate the production of certain products that satisfy the demand in the entire continent of Europe. This attempt has become easier since there are no “boarders” in E.C.; as a result, the obstacles of production or distribution of products are simplified, since cost is reduced and productivity-profits are maximised.

Clusters and Networks

Finally, the concepts of clusters and networks can be of great importance to the sector that we examine, since they constitute, at least in theoretical level, potential strategies that Greek SMEs of

the confectionary products' wholesale sector can follow so that they offset the increasing competition.

Clusters are a vague concept. That concept covers a variety of different business structures, national-regional-cross-border clusters, clusters of competence, industrial or production systems and innovation systems and is used for different purposes, to increase the competitiveness of SMEs, support collective research, rationalise a whole industry, implement environment management system. This is why there are so many different definitions, but almost all of them share the idea of proximity, networking and specialisation. In the project on enterprise clusters and networks which was built on the outcomes of the Observatory of European SMEs report on Regional clusters in Europe (2002/No 3, www.europa.eu.int), Porter's definition is widely utilised (1991): "*Clusters are geographically close groups of interconnected companies and associated institutions in a particular field, linked by common technologies and skills. They normally exist within a geographic area where ease of communication, logistics and personal interaction is possible. Clusters are normally concentrated in regions and sometimes in a single town*". In this definition, we can add that in the frame of a cluster, the businesses involved can collaborate or compete and geographically concentrate in one or several regions.

In the conclusions of the same report on regional clusters in Europe (2002/No 3, www.europa.eu.int), the E.U. there is an anaphora to its "*new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion*". Clusters are only one of a number of tools available for achieving this objective and should not be pursued for their own sake; cluster formation is a spontaneous phenomenon, resulting from competitive market processes and co-operation between cluster actors. They cannot therefore be planned. Hence, too specific cluster policies are difficult to implement.

Basically, a policy on clusters should provide a framework for dialogue and inter-firm co-operation, as well as for co-operation between small enterprises, higher education and research institutions, public and non-public organisations at local, national, European and international level.

On the other hand, networks are formal and informal organisations that facilitate the exchange of information and technology and foster various kinds of co-ordination and collaboration in a cluster. They could be, for example, chambers of commerce, trade associations or alumni networks of schools and companies.

A consequence of the diversity of definitions on clusters is that cluster policy is hardly an isolated, independent and well-defined discipline. Basically, cluster policy embraces all policies that affect the development of clusters, taking into account the synergies and interchanges between these

policies. Many policies labelled under different headings (regional policy, industrial policy, innovation policy, etc.) are in fact cluster policies in the sense that they try to make basic framework conditions favouring an environment conducive to business stakeholders work together on the local and/or regional level. The cluster can have a positive influence for SMEs on innovation and competitiveness, skill formation and information, as well as growth and long-term business dynamics.

According to the European Charter for Small Enterprises (2000, www.europe.eu.int), Member States recognised that *“Europe’s competitiveness depends on its small enterprises: these are the main drivers for innovation, employment as well as social and local integration”*. According to the same source, E.U. delegates support that *“we will foster the involvement of small enterprises in inter-firm co-operation, at local, national, European and international level as well as the co-operation between small enterprises and higher education and research institutions”*. In that respect, enterprise clusters and networks are increasingly attracting the attention of sub-national and national policy-makers, because they represent efficient structures for stimulating competitiveness, productivity and innovation of small enterprises.

Clusters are generally built up spontaneously by the local business players, who want to take advantage from the synergy of several factors existing in the geographic area: the presence of customers and suppliers, the access to qualified labour force and know-how, the availability of specific natural resources and infrastructure, low transaction and communication costs due to geographical proximity, the vicinity of universities, training centres and research institutes, and the presence of financial institutions and other private and public organisations. Indeed, to guarantee their survival in these very competitive environments, cluster firms are obliged to develop innovative strategies and to build in the necessary capacities to implement them. Innovation is not just the sole preserve of universities or research centres, but is mainly the result of a series of businesses initiatives and experimentation. In a cluster, enterprises voluntarily or involuntarily learn from each other and copy each other. In such contexts, making mistakes is allowed and is part of the learning process. Furthermore, clusters that have been able to develop a brand name bring to their companies and institutions a valuable tool to market their products and services.

At a higher level, clusters have proved to be attractive to the regions hosting them. They contribute to their economic growth and social wealth. As Porter stated, prosperity depends upon the productivity with which a region allocates its resources (manpower, natural resources, infrastructure, etc) to produce goods and services. And productivity rises because of innovation. As demonstrated above, clusters can form the perfect environment to enhance competitiveness. Clusters can improve productivity by allowing firms to take advantage of specialised suppliers, local know-how,

information, skills and education. The proximity of customers, competitors, suppliers, universities and research institutions provided impetus the creation and exchange of information and increases opportunities for innovation. These in turn favour the growth, the high employment, and the attractiveness of the regions.

It is worth noting that the reality of the advantages listed above has seldom been checked on the basis of scientific performance indicators. Until recently, the majority of studies carried out on clusters have restricted themselves to giving qualitative explanations on the performance of clusters and most of the times these have been based on the observation of successful clusters. In certain circumstances, however, clusters might become a hindrance to the further development of its members, and, in extreme situations, even exacerbate the decline of a whole region.

In a context of the rapidly-changing technology, cluster firms become more vulnerable if they are locked in old technologies and if they do not develop enough flexibility to adapt themselves to those changes.

Also, when cluster firms rely on few buyers or on the activity of one large or a limited number of companies, as can happen, they may fail if these latter move or disappear, even if they themselves are still competitive. At regional level, one should keep in mind the existence of regions, which followed the decline of their clusters due to technology lock-in and to the over-dependence on a small number of companies. Moreover, the force of attraction of a region should not be over-estimated, as only few are internationally renowned. In order to avoid these pitfalls, SMEs should develop flexibility and adaptability skills, build networking capabilities and attend information events, be ready to share information, acquire strong internal capabilities to become attractive for their existing and potential partners.

As for the case of Greece, in 1997, for the first time, the Ministry of Development launched the idea of small and medium-sized companies grouping together in order to develop cluster organisations. The clusters formed were financed under the National Initiative of Small & Medium Enterprises (SMEs), according to the specifications set in the tender document. However, in the Ministry's evaluation report, several positive points have been identified. The most important ones are summarised below:

- The development of co-operation between competitive companies;
- The quality improvement of the cluster's products;
- The successful entry to new markets;
- The successful transfer and acquisition of know-how that resulted in the development of new products and better adaptation to new technologies;

- The improvement of member companies' economic results;
- The achievement of economies of scale in the procurement of raw materials.

The holistic evaluation of the project proved that the Ministry's main objective to promote SMEs' competitiveness had been achieved, as the small companies that joined their forces were given the opportunity to compete with bigger ones on equal terms.

5. Approaches to Research Questions: How SMEs compete in a market characterized by a large expansion of supermarkets and chain stores

Small and Medium-Sized Enterprises today - Competitiveness and Effectiveness

According to the official site of E.U. (2004, www.europa.eu.int), the number of enterprises that fall in the category of small and medium size enterprises is estimated to be almost twenty five million in the countries of European Union occupying more than 100 million workers. SMEs that occupy up to 50 workers represent 99% of the whole number of enterprises and provide 55% of the places in the private sector. This enormous number, that is expected increase with the enterprises of the countries from the E.U. enlargement, constitutes a machine of incalculable force for the European Union. The member-states, through their representatives in Community, believe that SMEs can attribute to the level of productivity, competitiveness and work places. The studies show that SMEs occupy more workers than big industries (that numerically are a few); at the same time when a SME closes a lot less workers remain without a job than when an industry is out of function.

The elasticity that SMEs present as corporate forms turns them into priceless economic political and social forces that have not still been developed in the breadth of their prospects. It is not, therefore, inaccuracy, but reality that they separately constitute the corner-stone of E.U.'s and each member state's economy; simultaneously, they constitute the unique and certain solution to the problem of employment, as two out of three work places emanate from SMEs.

The chairman of General Greek Confederation of Professional Artisans and Tradesmen, Mr Dimitris Asimakopoulos, in his interview to "Imerisia" newspaper (21st of January, 2006), believes that "people with small or medium income have enormous economic and political force. They need help because they are the unique exit for the fighting of unemployment. A systematic recording of the conditions and problems of SMEs (for example, the reasons why they open and close, their personnel, their economic profile, etc), has to raise all the disincentives and simultaneously give them a "push" in order to survive". We have stressed that SMEs constitute the main volume of enterprises in the European Union while in Greece there are almost 800.000 SMEs and globally more than two (2) million people are employed in similar enterprises of trade, tourism and services.

Consequently, the role of SMEs is strategic for the economic–social growth and the improvement of the quality of life; the reformation and modernisation of SMEs constitute an important developmental and industrial priority, with particular gravity to the units that are activated in the region. Imports, successful assimilation of new technologies and new methods of production in SMEs can offer positive results in production and quality, as well as in employment, contributing positively to the profitability and development of the Greek market.

The concretisation of these objectives is influenced by the optimal exploitation of European programs through the collaboration of state and the enterprising community. On the other hand, SMEs need a favourable enterprising environment exempted from bureaucratic processes that cost in time and money.

Global market picture and the successful stories of the United States

The U.S. economy has had extremely strong performance by new firms. According to U.S. Office of Advocacy (1997), between 1960 and 1983, the number of corporations and partnerships in the United States more than doubled (from 2 million to 4,5 million) while the number of companies in Europe stagnated. According to the same source, between 1990 and 1996, this trend has continued in the United States; the number of corporations and partnerships increased from 5,271 million in 1990 to 6,631 million in 1996. The number of sole proprietorships also increased from 14,783 million to 16,664 million, or 3,1 percent annually. The difference in business formation rates, in turn, reflects a number of other economic factors, such as consistently higher return on investment in the United States than in Europe, higher productivity, and lower unit labour costs. Other institutional factors such as less rigid labour and capital markets, freer competition, and lower industrial subsidies also play an important role.

U. S. economy fostered and promoted entrepreneurial activity. There are at least three entrepreneurial stories to the U.S. success. First, large firms that existed in mature industries have adapted, downsized, restructured, and reinvented themselves during the 1980s and 1990s and are now thriving. Large businesses have adopted and learned from smaller firms as they have downsized, in other words, they have become more entrepreneurial. As large firms have become leaner, their sales and profits have increased sharply. For example, “General Electric” cut its work force by 40%, from more than 400.000 twenty years ago to fewer than 240.000 in 1996, while sales increased fourfold, from less than \$20 billion to nearly \$80 billion. This was accomplished in many cases by returning to the firm's "core competencies" and by contracting out functions formerly done in-house to small firms.

Second, while these large companies have been transforming themselves, new and small start-up companies have been blossoming. Twenty years ago, “Nucor Steel” was a small steel manufacturer with a few hundred employees, which embraced a new technology called thin slab casting, allowing it to thrive while other steel companies were stumbling. In 1995, Nucor had 59.000 employees, sales of \$3,4 billion, and a net income of \$274 million. In fact, some of which did not exist in 1975, have created 1.4 million jobs.

Third, people seeking for a better life, women, minorities, and immigrants set up thousands of smaller firms in U.S.A. These new companies have come from every sector of the economy and every part of the country. Together these small firms also make a formidable contribution to the economy, as many firms hire one or two employees. The cumulative effect of this new firm formation was evident during the recovery from the 1991 recession. Between March 1992 and March 1993 small firms with fewer than five employees together created more than 1 million net new jobs.

The aforementioned successful stories of SMEs in U.S.A. can be useful for certain sectors of the Greek market. In the wholesale sector of confectionary products, larger firms can be downsized, restructured, and reinvented so that they yield their “core competencies” by contracting out functions that were done by wholesale traders. What is more, the transformation of the sector’s large firms with the adoption of new technologies can create new jobs (e.g. in the field of distribution or production) for the people that are familiar with this kind of activities. The experienced wholesale traders can be useful to large firms by providing them with marketing ideas or with new suggestions about the customer’s network configuration.

The Greek Market picture and Background of the Problem

Intense competition, mature markets, rapid technological change as well as globalization are some of the key factors affecting today’s business. On the other hand, survival in the long-run has always depended on efficient and effective management responses to both internal and external threats. According to researches conducted during the last years by the Greek Statistical Service (G.S.S.), *competition* has become more intense in almost all sectors, while tendencies of concentration through buyouts, takeovers, mergers, acquisitions and strategic alliances are increasing. Larger companies are internally organized, control the functional expenses and specialize their customer service; their sales network is geographically developed. A remarkable change in the structure of the market has become obvious to unbiased observers; retail mega stores have over taken the wholesale sector that needs an answer to the retail competition; wholesalers are looking for different strategies

in order to meet the expectations of the customers and the market. Wholesale clusters and networks are usually created so that the purchasing power of the wholesale sector is increased, but this choice is not always the most suitable one.

Flavian and Polo (1998) state that “competition in the retail sector has changed as a result of consumers’ lifestyles, technological and management innovations, changes in suppliers-retailers relationship and the growing internationalization activities”.

Retail commerce enterprises have overcome the difficulties of the years 2001 and 2002 and show higher profits; the most important factor for the increase of the sales and profits was the strong presence of a *private label*, which helped these large companies exploit the economies of scale for those products. In Greece, this positive picture is a result of the increase of the private consumption; the sector of *supermarkets*, which is the most developed sector of the retail commerce with a 54% of market share in 2004, has become even stronger.

According to Bourlakis M. and Bourlakis C. (2001), in Greece, food retailing constitutes a dynamic economic sector and a significant element of the domestic business activity. The accession of foreign retailers such as “Promodes”, “Carrefour” and discount stores like “Dia”, “Tengelmann”, “Media Markt” and “Lidl” in the Greek market in the 1990’s has resulted in major structural alterations in the Greek retailing in which the small, mainly family-owned, food stores had a dominant position. These huge multinational companies offer “cheap” (discount) products so as to attract the customer. The turnover for the private labeled products from 4,3% of the total turnover of retail commerce in 2003 reached almost 12% in 2005. According to the official Greek Statistical Service, in 1999, only 13% of the consumers were buying at least one product with a private label, while in 2004 this percentage has reached 46%.

These changes have been characterized by the formation of a few powerful retail groups via mergers and acquisitions, the decreasing number of food stores as well as the domination of foreign retailing groups. However, these changes “obligated” the local retailers to adapt to the new market conditions so as to become more flexible and competitive. Additionally, the growth of retailing and the rapid spread of supermarkets and new retail formats, such as hypermarkets, throughout Greece have taken place in parallel with the country’s economic development that has been considered successful since January of 2001 when Greece became a member of the Economic and Monetary Union (E.M.U.).

The Evolution of the Greek Wholesale and Retail sector

According to a research that was conducted March of 2000 on account of the Professional Chamber of Athens (by Planning S.A. Company), we can divide the evolution of the Greek wholesale sector of confectionary products in five different periods, from 1950 to 2000.

1st period: In the period between 1950 and 1960, Greece was trying to heal its wounds from the 2nd World War and the “Bondage” by the Germans. The production of every product was vestigial and trade was difficult to be conducted. A limited number of confectionary products were found in kiosks and their role to the economy of the store was strait. In general, the market needed products and varieties at low prices; if we want to delineate the importance of the contributors to the process of production and distribution of confectionary products, we would stress primarily the role of the production/importing business, then the wholesale trade which distributes the products in the retail sale through which we finally reach the consumption by few people (because of the period’s pooriness). Mr. Dimitrios Yfantis (member of the Greek wholesale sectors’ committee), stresses that “the years after the war (early 50s), the need for Distribution became intense; the products and the places for retailing were too many; as a result, organized distribution channels were necessary and wholesale begun to exist at that period; wholesale was not organized enough but on the other hand it used to be very dynamic and fast responding. The personal devotion, labor and contact of the wholesaler made the profession profitable. The product companies and later importing of pastry products found in the wholesaler the salesman, the distributor, the storage keeper, according to and depending on the circumstances. As a result, more and smaller storage places that had high turnovers were created in Greece. Gradually, the units that produced and imported goods stopped functioning their retail departments, as the cost was too heavy and the wholesaler could achieve the same goal at a lower cost”.

2nd period: In this period, between 1960 and 1970, during which the foundations of the contemporary Greek Nation and Economy were put, modern industries (even of confectionary products) are built. International companies are appearing and either import their products through the mother business or produce them in established units, or even produce them in local plants. In general, the production and distribution of confectionary products is methodized, while standardization of the products is becoming more obvious.

The consumer spares an increased income and can find different varieties of goods in the small store of his neighborhood; wholesale is playing a significant role in this trading, since the points of retail sale were too many and the conditions in conveyances and communications very hard. However, businesses did not dispose an organized network of sales and distribution of their products; businesses were producing and expected the wholesale traders to distribute them to the points of retail sale.

This period was golden for the wholesale sector of confectionary products, since:

- The field was geographically “free” for the wholesale traders to choose; everyone could select products and areas.

- The distribution of the products was conducted under the terms of the wholesale trader, since commercial messages and ideas were difficult to circulate, due to the limited number of Mass Media and the relative difficulty in transports.
- The necessity for commercial information of the consumers was not intense, since the “industry” determined the “fashion” or the “new” product that had to be consumed.

Competition was not too intense to determine what trends the industries had to follow.

3rd period: Between the years 1970 and 1980, the points of retail sale are multiplied and the first big stores of retail sale are created, mainly to the food sector. An attempt for systematic registration of the consumption magnitude evolution is taking place, while multinational companies are conducting researches about the habits and preferences of the consumers. The Production/Importing businesses of confectionary products are very careful when launching and promoting their new products because success is not indemnified any more; systematic utilization of advertisement in Mass Media, promotions and public relations are weapons for the realization of business targets.

The departments of sales and marketing are more important than the production department; these departments are monitoring the new evolution of the market and cooperate with the wholesale traders so that their common objectives (profitability) are achieved and issues (of distribution, pricing policy, competitiveness, offers) are resolved. The wholesale trade is favored by the increase in the number of the retail sale points and the number of wholesalers reaches 700 in Athens (a daedal and sprawled city). What is more, “important” points of retail sale are created; the wholesale traders were interested to create “chains” of big retail sale points in order to organize their supplies and increase their profits. As a result, the wholesale traders developed their “clientele” with new sale points and some of them created “Hyper-Wholesale”, where other wholesalers are their customers.

4th period: In the period between 1980 and 1990, the consumer’s buying power is an important factor that businesses and wholesale traders are trying to exploit. However, inflation and interest rates reached at high levels; the result was the “freeze” of the real sales volume, not only of the confectionary products, but of all products and services. The results were unpleasant for the following reasons:

1. There was not real increase to the volume of sales.
2. The augmentation of the turnover and profitability was smaller than the increase in the operational expenses of a business.
3. Businesses were more and more reliant on bank loans.
4. Increase in the time of reimbursement of the liabilities of the retail sale points and pressure to the wholesale traders to extend credit.

According to the G.S.S., in the decade between 1980 and 1990, in Attica, 400 pure wholesale pastry product companies were developed out of 600 enterprises that were distributing different kinds of products; each wholesale company increased the range of products it distributed by almost 300%. The distribution requirements were increased, as well as demand; new products were introduced in the market and required more intense promotion, more specialized staff, electronic follow up, more means of transportation and consequently higher costs. According to the same source, in 1994 there were 1.557 companies and 1.114 of them were involved to the Wholesale sector of Food, Beverages and Tobacco, a record which reveals the importance of the sector examined.

Globally, there are trends of accumulation of all forces of products' production and distribution through mergers, acquisitions, strategic alliances, reformation of information systems, distribution, organization of storehouses, orders as well as dissemination of commercial information to everyone. For example, in Italy, 13 wholesale leagues control 8.500 wholesale traders; these leagues have created "cash and carry" shops for their customers in strategic spots of the country. There are central teams of marketing planning that are co-operating in order to co-ordinate the functions of supplies, prices, offers, placements, sample distribution etc.

The entrance of information systems and technologies in this period is a necessity, since:

- The production and distribution procedures are accelerated.
- Mistakes are minimized.
- The promptness of taking enterprising decisions is improved.
- Competitiveness with other businesses of the same sector is facilitated.
- New horizons of ideas with new activities avocation are unsealed.
- The operating cost is reduced.

5th period: In the period between 1990 and 2000, the economy "absorbed" all the vibrations that stemmed from social, political and financial alterations that took place in Europe and in Greece. The fall and destruction of hard socialism that existed in states of Eastern Europe and Asia, with the complete dominance of capitalist democracies of "western" type, had their consequences in the Greek society.

The damnation of vicinal states of Greece, accompanied by the arrival of economic refugees, influenced and changed the composition of Greek society as well as the organizational method of enterprising efforts (in particular those that are based on cheap labor hands).

The increase and dispersion of retail sector's big stores are continuous and intensive, a fact that influenced the consumer habits; consumers are used to visiting big retail stores and spending a significant portion of their income. "Continent", "Makro" and other multinational brands of

wholesale and retail sectors are introduced and influence sales as well as credit efficiency of small retail sale points.

In the sector of foods, in Greece in 1975 there were 32.000 small points of retail sale, while in 2000 the number reaches 15.000 with a cadent drift. What is more, the semblance of the retail sale point has changed; the traditional grocery shop has become a mini market with “standard” products. The products have more than one package that make them clear-sighted and advertisement has contributed in it. In 2000, an average retail store consumed almost 7.000.000 drachmas (almost 20.000 €), which means that confectionary products alone cannot financially “pillow” the store, since they are products with low profit margins; however, these products are essential for the survival and competitiveness of the retail sale points. Nowadays, according to the same research, one point of retail sale corresponds to 183 dwellers. This number is considered to be small and reveals the competitiveness of the sector.

Every wholesale trader is called to “serve” not more than 45 retail sale points; since the confectionary products turnover is almost 15.000 € annually for each retail point, this means almost 675.000 € in total every year. The gross profit margin of this sector is estimated to 15%; the result, most of the times, is that the confectionary products wholesale alone cannot boost a business.

A lot of stores or businesses are closed out or change their morph in this period; the scene in wholesale and retail sectors is obviously changed, since businesses without “healthy” financial bases and transparent enterprising targets have few chances of survival.

On the other hand, big multinational companies have certain targets of sale and profits in order to claim increased market shares. In this attempt, which is well studied and based on new marketing theory were emphasis given in the “service” factor, they create they own distribution network that is independent from the activity of the wholesale sector. The “service” has to do with Total Quality in the customer service and concerns:

- Suppleness in the production of new products.
- Power of advertising communication.
- Swiftness and completeness in distribution issues.
- Smoothing out of prices so that they are satisfying for traders and final consumers (value for money).
- Provision of every possible relative piece of information about the attributes of products.
- Participation in promotion and support programs of sales.

The wholesale sector deal with these changes rather spasmodically; apart from elementary functional alterations (computerization and communication with suppliers and customers), nothing substantial has taken place.

In the decade between 1990 and 2000, we can observe an almost 70% increase to the turnover of the confectionary products; this augmentation has to do with the overpricing of the old products as well as the launch of new more expensive ones with substitution of the old ones. However, the volume augmentation has only reached 20% of the total for the same period, while the total increase of the confectionary products turnover that were traded from the Athens Wholesale sector was only raised by 50%. This result emanated from:

- a) The rising of the significance of the big points of retail sale (e.g. super markets), that are supplied their products directly from Production/Importing Businesses, without the assistance of the wholesale units.
- b) The continuous attempts of the Big Firms or Industries to approach more and more points of retail sale either on their own or through organized distribution networks.

In general, the evolution of the sector shows that:

- a) Wholesaling constitutes the connection between the producing /importing companies and the retail. As a result, changes in the two extremes will have alterations in wholesale.
- b) In the last 20 years serious changes have taken place in the production as well as the retail-consumption of confectionary products; by comparing the changes of these marketing factors in the field of confectionary products, there are very few common elements in the standards of quality, packing, product price, marketing, promotion, merchandising, and in what is generally called qualitative customer service.
- c) Wholesale remained a “pariah” in these efforts; its significance in the chain “Production-Trade-Consumption” has never received high recognition.

On the other hand, the evolution of Greek supermarkets to their present semblance can be divided to three phases, following in essence the hypothesis of the wheel of retailing. The pattern of the retailing wheel is applied as a foundation for examining the dynamic business environment of retailing. However, the evolution of Greek retailing presents a time delay in comparison with that of other European countries, mainly the Northern ones such as Germany, France and the U.K., probably because of the economic differences and the lack of close proximity to the rest of the E.U. member States. For example, the retail formats of hypermarkets appeared in these countries in the 1960's and 1970's, while in Greece in the 1980's. In spite of this fact, the evolution seems to coincide with the growth of the Greek economy. In particular, table 5 illustrates the evolution of the Greek supermarket sector.

Lately, there seems to be an expansion of the large organizations in retail commerce (such as Super markets, Cash and Carries etc); this fact causes problems to the development of SMEs especially in the wholesale sector. In the last 3 or 4 years, a stagnation and fall in the sales volume from the stores of wholesale and retail is observed. In 1977, there were 58.961 points of retail sale and today there are 33.558 points, presenting a 43% fall. On the other hand, super markets were increased by 755% at the same period. Retail sales for the small stores were increased by 5,5%, while the super markets went up by 11%. The imbalance in the market is obvious, since wholesale SMEs are in intense competition with supermarkets and the balance of the producer-wholesaler-retailer chain is disturbed.

Priporas (2003) states that competition in the Greek food retailing market has been developed on three levels (see Table 5):

- First, is the low level of prices with the shrinkage of the percentage of the net profit, which is limited under one percent of their turnover. Traditionally, competition among the big food retail companies has focused mainly on price, in an attempt to sustain a cost leadership strategy. Thus, some retailers in order to increase their shares in the Greek food retail market sell below cost or demand from suppliers increased allowances, as happens with “Carrefour”, which demands from their suppliers increased allowances of up to five percent. This fact has consequently caused a reaction from the other retails. However, Bell et al. (1997) point out those retailers moving away from price as the only measure of competition and seek to brand these chains creating differences from their competitors.
- Secondly, the improvement of their organization and structure will allow them to reduce their operational expenses and to be more effective and efficient in the marketplace. Modernization is necessary in all the field of activities such as the application of new Information Technology, modern methods as well as systems of business administration and dexterity. According to Bourlakis M. and Bourlakis C. (2001), a crucial factor in this competitive environment is the well-planned and well-executed logistics strategy; the foreign retail groups have a significant advantage in this point due to their managerial experience, capabilities and expertise, despite the fact that the major purely Greek retailers are adequately utilizing their warehouses as well.
- Thirdly, the fast expansionist policy of the supermarket chains with the establishment of new, bigger in size stores that can fulfill the needs of the most demanding contemporary consumer. However, the creation of new shops does not essentially lead

to the increase of sales; the right location and the suitable mix of products and services are important factors for success.

1 st Phase: 1960's (ENTRY)	2 nd Phase: 1970's & 1980's (GROWTH)	3 rd Phase: 1990's (CHANGE)	New era: 2000's
<ul style="list-style-type: none"> • Dominance of the traditional grocery stores • The first supermarket established in Athens in 1961 by Marinopoulos Group • The first Co-operative supermarket "Katanalotis-Group" established in 1964 in Thessaloniki. • Minimum service • Limited range of merchandise 	<ul style="list-style-type: none"> • Development of mass retailing • Establishment of the Greek Association of supermarkets in 1977 • Essential services • Development of private owned and co-operative supermarkets all over Greece • Dominance of supermarkets over the traditional grocery stores • Decrease of the number of traditional grocery stores • Dominance of "foreign products" • Establishment of big supermarket outlets with an area more than 2000 m² • Appearance of private label products 	<ul style="list-style-type: none"> • Entrance of foreign retail groups • Formation of powerful retail groups • Mergers and acquisitions • Establishment of cash and carry stores • Appearance of hypermarkets • Conflicts between suppliers and retailers • Decrease of the number of suppliers and establishment of procurement unions by the Greek retailers • Decrease of the number of small supermarkets and co-operative supermarkets and stores • Dominance of foreign brand names • Application of new technologies and logistics • Extended product offerings • Price war 	<ul style="list-style-type: none"> • Transformation of supermarkets to multiple retail centers • One stop, one shop reality • Development of e-commerce • Dominance of a few powerful retail groups • Increasing power of private label products

Table 5: Evolution of the supermarket sector in Greece (Adapted from the "Journal of Business and Society", Volume 16, Number 2, 2003)

Commerce, either it has to do with wholesale or retailing, is by nature evolving on its own. It is a rule that the market imposes the demand of each sector, each part of the chain Production-Distribution-Sale, so that the product will reach the customer-consumer.

Mr. Yfantis remarks upon this fact by supporting that "the Federation was constantly asking for audits in the market so that the price is determined properly and the consumer is satisfied". According to the Greek Union of Industrial Foods (2005), industries did not raise the relevant prices in the wholesale market of foods more than 0,2% in the period between November of 2003 and

November 2004; in the same time, the Greek Union of Super Markets announced 38 cases of increases in prices from 3% to 12,1% in the sector of Foods.

However, according to the wholesalers, the “free market” prices prevailed and the multinational companies have given liberalities without control to the big retail market (super markets), with the excuse that the final consumer will get that bonus and prices will be kept in logical levels. Wholesalers believe that “big Super Markets offer almost 50% of their allowances to the final consumer and they are not only cheaper than the small retail points (grocer’s shop, haberdasher’s, kiosks, stands etc), but even than the cost of buying the product from a wholesale unit. In this way, the target of the super markets is accomplished: elimination of the small retail points so as to acquire a bigger part of the market and the common perception that big stores are the cheapest ones”. It is true that as consumers, we can easily get impressed by the bargains in a supermarket that are presented in a convincing way, but we are almost ignorant of the enterprising opportunities in the wholesale sector.

On the other hand, it is obvious that the big allowances have influenced the product price; wholesalers consider these bonuses to be cost elements and to burden the product. They blame the super markets for enjoying too many liberalities since it is a market rule that below cost sales are “permitted” to the high circulation products. As a result, annually, the big chains are increasing their market share by 1% to 1,5% on the burden of the small retail points. As a reaction to the abovementioned, wholesale sector in order to keep the retail sale points viable, started giving discounts so as to equalize prices and dissuade the consumer from going to the big chains. Nevertheless, these bonuses where not big ones but the functioning cost for the wholesale companies have been increased.

Priporas (2003) continues by stressing that this strong competition in the Greek retailing sector can be caused by a number of factors:

1. The low margin of net profit of the big supermarket chains is close to 1%. There are significant differences in the net profit margin of Greek supermarkets and their counterparts in other European countries. According to data coming from the Internet site (www.statbank.gr), the majority of big chains in Europe have a net profit margin two to five times higher than the average margin of Greek supermarkets.
2. The strong competition between the supermarket chains that can lead to more competitive retail pricing, where the suppliers are in a position to offer lower prices to retailers and to higher advertising budgets in order to attract more customers, where special coupons advertising the food prices and the prices of the various products are given to customers (Tsoulos, 2001).

3. The reduction of the Greek consumers' purchasing power due to the long-term stabilization program of the Greek government; the result of this policy is the diffusion of income. What is more, retail experts believe that the appearance of discount stores and foreign chains consequently drive the consumers to "shift" from supermarkets in order to buy products at lower prices (Priporas, 2002).
4. The entrance of cheaper products from different European countries; the free distribution and trading of goods within the European Union (E.U) borders and the well organized logistics management of the big European retailers with units operating in Greece, allow them to transport goods directly from their central hardware stores to their units throughout Europe, without the assistance of intermediaries. In this way, they can have large quantities of foods at low prices, an opportunity that does not exist for their Greek respectives (Kefalagos, 2001).

At the same time, the gap between small and big retailers has widened and this fact is evident from their large shares in the food retail market. Tsoulos (1999) points out that although "big" chains are expanding the question remains whether the Greek or the foreign capital will survive in this sector. The Greek one has the advantage of good acquaintance with the market, while the latter has the advantage of financial strength. As a result of the aforementioned, the big food retailers are placing a lot of pressure on their suppliers. Priporas (2002) believes that this pressure has to do with three factors: a) Constant price reduction, b) Increasing pressure for paying for shelf space, and c) Pressuring for better lines of credit.

The big retail groups continuously seek and apply new strategies so as to ensure a competitive advantage in order to reinforce their position in the market and acquire a large share and deal with the increasing foreign competition. Such strategies include emphasis on product quality and price, store image, customer service, facilities improvements, investments in new technologies, opening of new stores, electronic trade, introduction and development of private labels, logistics and new methods of distribution and storing. Additionally, Nikiforou (2000) and Papadosifaki (2001) stress that the larger chains are advancing with investments in the form of acquisitions, takeovers, mergers, collaborations and expansion both in the Greek market and abroad. For example, the acquisition of "Marinopoulos" by "Carrefour", or "Trofo" by "Alfa-Beta Vasilopoulos" came as a result of the new conditions of the market.

Simultaneously, supermarket groups are in search of ways to increase their sales and capture bigger market shares. Examples like home delivery, establishment of cash and carry supermarkets, sale of non-food products (e.g. electronics) and development of take-out meals departments are considered to be the most important approaches of the differentiation strategy they have undertaken since 1999

up to now in this direction; these approaches can differentiate a retail group and help it to achieve and sustain competitive advantage.

Finally, a number of Greek retailers, such as “Atlantik” and “Vasilopoulos” entered in the Athens Stock Exchange Market in order to find new capital to finance their investment plan and growth policy. At the same time, the need for expansion beyond the saturated Greek market is driving them to the new markets in the Balkan countries (e.g., “Veropoulos” in Yugoslavia). In the framework of competition with foreign multinationals and large Greek groups, Greek medium-sized supermarket chains are trying to reorganize and modernize themselves, and generally to expand or rally together.

Competition and Future Trends of the Greek Market

Greek retailing entered a new period of development in the 1990s. The food retail sector faces many challenges for the future as a result of shifts in the marketplace. Changes in economy, competition and technology will be reflected in trends in retail practice in the direct future. According to Priporas (2003), the key issues and trends are:

1. The market share of foreign supermarket chains has been increasing, although the limited Greek market does not favor big investments with high depreciation amounts.
2. Big and medium size Greek-owned chains will form coalitions in an attempt to raise funds and know how from Greek and foreign sources.
3. Foreign chains will expand to the Balkan countries and countries of the former Soviet Union; the contribution of their Greek staff is expected to be very significant.
4. Greek retail chains will incorporate services that traditionally belong in other sectors of retailing such as catering and electronics, clothing and footwear, in order to increase their turnovers and their profits. The spending on food continually becomes a smaller part in family budgets. The percentage fell from 29.9% in 1988 to 17.4% in 1999. Furthermore, the number of the traditional food stores will be decreased; in the period 1990-2000, according to AC Nielsen, the number of traditional food stores decreased by 66.6%, from 26.044 stores in 1990 to 17.359 stores in 2000. Moreover, the number of small and medium-sized chains will decrease; such chains will survive only locally.
5. The creation of web pages from the bigger retail groups (“Vasilopoulos”, “Veropoulos”, “Masoutis”, etc) is characterized as a strategic move, since electronic trade opens new horizons for retailers; on the other hand, the internet is continuously entering at more and more households.
6. Suppliers from European centers will increase, and thus have an adverse development on domestic trade. The foreign retail chains are very instrumental in the massive import

of products from countries where their headquarters are located. It is noteworthy that since 1996 the ratio of domestic products of total sales of supermarket chains has shrunk by 10%, which may lead to the debasement of the production capacity of Greek producers and consequently the Greek economy (Papademetriou, 2001).

7. The war between suppliers and retailers for the domination of their products on supermarket shelves is intense. The presence of private label products on the shelves of Greek supermarkets was parallel to the major structural alterations within the retail trade and the food industry in the country in the mid 1990's. Furthermore, own labels will become an indicator of the effort of the major retail groups for profitability in order to be more competitive. In the last few years, the conflict over labels between suppliers (usually the producers of brand names) and retailers has intensified, although the phenomenon of an increase in producers of brand names producing private label products for big supermarket chains has been perceived. For example, the German discounter "Lidl" has made agreements with Greek producers of certain traditional products (such as feta, cheese and olive oil) to produce its own labels.

On 16th of January 2006, the Greek newspaper "Naftemporiki" published a research about how Managers/Directors of different Greek enterprises answered to the question of "How do you see, up to date, the situation of the Greek Market"? The answer was that with the entrance of international brands the enterprising environment is completely changed. According to Mr Kokkaliaris (Marketing Director of "Expert Promitheutiki S.A."), the international chains will create "violent" shifting of market shares, taking the "block" from the less organised competitors, a fact that has taken place in other European Markets. What is more, Mr Patrik Salomon (General Director of "FMB Emporiki S.A.") and Mr Akis Gerontopoulos (Commercial Director of "Publicworld S.A.") see that "healthy" competition will favour companies as well as consumers by giving them more choices, while Mr Vasilakos (Commercial Director of "Multirama S.A.") thinks that specialisation in the rendering of services by an enterprise can potentially play the most important role for the customers' choice. Moreover, Mr Petkidis Loukas (Financial Director of "Germanos S.A.") believes that all "players" involved have the chance to improve their flexibility and competitiveness as well as the quality of their service to the customer.

Mr Kokkalis Panagiotis (Commercial Director of "Ilektroniki Athinon S.A.") responded to the question of "How do you think of facing competition?" by saying that in this demanding environment Greek firms have to stress their competitive advantages, by trying to provide reduced prices, continuous improvement of the quality and completeness of service. He believes that long-term solutions have to be given so that competition is faced. "Objective" perception of consumer

needs and “correct” assessment of the financial environment are essential, while “healthy” commercial co-operations between retailers and suppliers, informing and training of the consumer as well as perfect quality of service (especially after sales) are needed. Finally, Mr Panagiotis Vasdekis (General Director of “SEIOS Euronics Hellas S.A.”) holds the opinion that the customer-based character of a firm can make the difference in the contemporary market competition by offering competitive prices and innovative products.

According to an International Research of Grant Thornton that took place in Autumn of 2005 in 30 countries of the World, with the participation of more than 7.000 owners/managers of medium-sized businesses, optimism for the future of the world economy is mitigated, even in some states of G8 (U.S.A., Canada, Great Britain, France and Italy). The research reveals that the mean percentage of hopefulness for the economy in the World is almost 39%. Great Britain’s optimism reaches only 8%, while Italy is in -8%. American entrepreneurs are by 32% optimistic, while India’s, Ireland’s, South Africa’s and China’s businessmen see a favourable financial future (93%, 84%, 80% and 77% respectively). In Greece, the number of optimism for 2004 and 2005 was 29% and we observe a precipitous decline in 1%, mainly due to the uncertainty of the International (petroleum crisis, social and political events) as well as the Greek Market instability (high prices, poor rates of growth).

The trends created by Products of Private Label

According to research of “Centrum” Research Company (2003), which was held on behalf of the Greek Contact of Industries of Products’ Surnames (ESVEP), Greeks continue to be circumspect concerning the rest of European consumers in the market of anonymous products. However, the economic recession, continuously more consumers succumb, even sporadically, in the market of these products. According to the research, which was realised in September 2003, in a sample of 1.000 consumers, 7% of them declared that they have always in their mind the low price for the purchase of products. 52% of the customers reported that a relatively low price with acceptable quality is usually reconciled, while the rest 41% of them declared that they are prepared to pay more in order to buy a product of high quality.

The representatives of “eponymous” products’ companies stress that the most important factors for the increase of the consumption of their products is the improvement of their quality and the continuous communication with the customer as surname means a known and “safe” product. Few years ago, Greek people had a distorted picture for the products of private label. Today, 46% of them buy at least one product of private label when they visit a super market. Six years ago, this percentage was hardly 13%. According to a study from the Economic Institution of Industrial Researches, in a super market, 20% of the products sold are of private label and total sales reach 500

million €. 81% of the consumers that select products of private label have as a criterion the cheaper price against the other similar products that are found in the shelves of the super market.

A recent study of AC Nielsen Research Co., during March –April of 2004, revealed that in concrete sectors of foodstuffs, in certain cases, private label products outshine the corresponding eponymous products. The growth pace of private label products, in concrete categories of products, is always bigger than those brand names record. In 30 out of 54 categories of foodstuffs, the volume of sales of "anonymous" products were increased by 5,7% up to 822,6% (the case of the cubes of condensed broth) and only in one case reduction of sales was observed. Based on the value of sales, the products of "private label", marked rise in the 23 out of the 30 sectors from 0,4% up to 839,6%, while in tangibly sectors they presented fall from 1,5% up to 23,4%. The "anonymous" products possess high growth paces in the sectors of fruit juices with 51,1%, biscuits with 41%, cereals with 35,5%, mayonnaise with 36,7%, ketchup with 40,6%, ham in tin with 135,5%, fish in tin with 35,6%, olive oil with 61,6% and forages with 52,6%.

With regard to the products of private label, most industries of foods and drinks, on behalf of the super markets' big chains, are directed to the promotion of cheaper products, so that they cope with the "imported" competition. It is appreciated that in the total annual sales in the super market sector, 11% concerns products of private label and their turnover is calculated in 400 million €. According to the experts of the sector, a product of private label is considered to be successful when it participates in the total sales of its category with a percentage of more than 10% (in value) and exceptionally successful when this percentage exceeds 15% and 20%.

Experts of the market appreciate that the particular products are up to 41% cheaper than the eponymous products and that they gain trust of more and more consumers. Nowadays, the number of products that are put in the market and bring super market chains' labels, exceeds 15.000. Indicative of the increasing interest of the consumers for the private label products are the percentages of the products that are sold in super markets: 90% of tomatoes, 50% of stationeries, 40% of dairy products, 35% of cold meat and 35% of legumes are products of private label (Table 6).

In any case, companies permanently enrich their shelves with new products and the objective that many businessmen have put for the next two years is to have a product of private label next to each eponymous product; this objective is considered to be feasible, with regard to the low cost, since the cost of publicity, the growth of distribution network and the entry in the retail points are not included in the final price of product.

On the other hand, reflection is caused in the last years from the dynamic presence of certain foreign chains that allocate exclusive products of private label (discount stores). These makes have caused more intense competition, as they import in Greek consumption market a variety of attractive foreign

products that replace the eponymous Greek products. Circles of the Greek market believe that the phenomenon was not faced in time, as many businessmen considered that the circulation of foreign products of private label would not affect the Greek products.

COSMETICS	1.7 %
ALCOHOLIC DRINKS	7.1 %
NON ALCOHOLIC DRINKS	15.1 %
SUPPLIES OF PERSONAL CLEANNES	24.6 %
DETERGENTS	28.9 %
DOMESTIC USAGE DETERGENCY	45.9 %
FOODS	64.5 %
DOMESTIC USAGE STATIONERY	75.5 %

Table 6: Purchase intention for private label products (adapted from Greek newspaper “Imerisia”, 18th of June, 2005)

The dynamics that these products develop are mainly owed to the entry of foreign chains of discount stores to the Greek market. It should be marked that the turnover of discount stores reaches 350 million €, while globally the sales of 31.000 shops that function in Europe amounts to 100 billion €. Germany is the sovereign country in this sector, as the percentage of sales through discount shops reaches at 45%; in this country, big companies such as “Lidl”, “Tengelmann and “Aldi” (that also prepares for its entry in the Greek market) are activated.

The intense competition that exists between the enterprises of each sector, the stagnation that is observed in the growth of the retail market as well as the need for enlargement of the market share, have turned the enterprises that are activated in each field in order to compete successfully, to search for different management and marketing methods; in this direction, products of private label, according to specialists of the market, constitute an important "tool" for the enterprises of each sector. If the pace of growth of these companies continues in the following years, discount stores will become leaders in the individual markets. It is characteristic that in each super market chain, on average the products of private label cover 8% to 10% of its total sales and it is appreciated that in the next years it can reach also 20% to 25% of the total turnover of the retail sector.

The super market sector has presented an admirable rally in the last years, bigger than all the sectors of trade. On the other hand, the Greek market of foods remains attractive for the foreign investment capital and constitutes a significant objective of expansion for the big multinational chains that allocate their points of sale throughout the Greek region. This explains the fact that another big multinational chain, “PLUS”, is expected this year in Greece. Of course, statistical numbers of 2004 did not present the expected augmentative tendency; it is obvious that this fact has “overloaded” the enterprises that are now trying to withhold their expenses even with proceeding in certain redundancies. Super markets’ turnover according to “Ethnos” (10th of July 2005 - source from Stat

Bank), increased from 713 million € the first term of 2004 to 719 millions € the first term of 2005, presenting only 0.7% rising. What is more, according to National Confederation of Greek Trade (ESEE) sources, the general indicator of the retail sales fell from 5.8% the first term of 2004 to 3,1% the first term of 2005, when the only sector that presented a small increase in consumption was the sector of “Food-Beverages-Tobacco”, perhaps because Greeks drink, eat and smoke so as to forget the expensive products (Table 7).

<i>TYPE</i>	<i>2004</i>	<i>2005</i>	<i>DIFFERENCE</i>
<i>BIG FOOD STORES</i>	6,0%	6,2%	+0,2%
<i>SUPERSTORES</i>	8,1%	4,1%	-4,0%
<i>FOODS- BEVERAGES- TOBACCO</i>	4,4%	5,6%	+1,2%
<i>PHARMACIES- COSMETICS</i>	7,4%	2,5%	-4,9%
<i>CLOTHING-SHOES</i>	6,9%	1,0%	-5,9%
<i>FURNITURE- ELECTRONIC DEVICES</i>	2,1%	-2,9%	-5,0%
<i>BOOKS- STATIONERY ETC</i>	2,6%	-4,2%	-6,8%
<i>GENERAL INDEX OF SALES VOLUME</i>	5,8%	3,1%	-2,7%

Table 7: Comparison of Consumption in the first terms of 2004 and 2005; Percentage of change of retail sales (Adapted from “Ethnos” newspaper, 10th of July, 2005, source ESEE)

Market Problems

In Document 1, a number of Research questions were posed concerning issues such as the dynamics of the Greek Economy and Market, the key factors/drivers, characteristics and future trends of the Sweet Products’ Industry, the strategies that a Greek SME of Sweet Products should follow in order to survive, as well as the facing of similar problems by managers/owners in E.U. countries and in US. The Greek Industry of Foods and Beverages (including distillery, bread, pasta, snacks, candies, dairy products as well as fruits/vegetables) is one of the country’s most important industrial sectors, producing almost 25% of the whole industrial production and occupies the same percentage of employees. There is no doubt that small and medium-sized enterprises constitute a motive force for the Greek economy. It is also certain that in the last years SMEs faced enormous difficulties caused by the continuously increasing competition in combination with the extension of chains and superstores. However, their contribution to the national enterprising activity has never been questioned since they have always offered solutions to the problem of employment covering almost

60% of the available work places; consequently, support for their enterprising activity, particularly in the retail trade, is essential.

However, the Greek market environment has to deal with certain significant problems that are not new and few. “Illegal” commerce should be faced drastically with direct measures for the confrontation of profiteering. This need has become more intense after the lifting of quotas in the Chinese products; problems such as the existence of too many, often conflicting, laws, thoughtless protectionism, bureaucracy, corruptness in public and inefficiency of government owned machine, are obstacles for the free growth of private initiative. What is more, there are knots that have to do with the schedule expansion, dud cheques as well as the undoubted advantages of superstores.

According to “VIMA” newspaper (12th of July 2005), Eurostat’s records reveal that almost 750.000 Greek SMEs will face significant problems with the expansion of the schedule, since similar measures in other E.U countries have proved to be “fatal” for SMEs because of the additional cost and the increased competition with big superstores. According to a research conducted by the European Institution for the improvement of the quality of life and labour conditions, the expansion of the schedule is functioning in favour of the multinational superstores and lead to the closing of SMEs due to the increased costs.

Perhaps, such incidences will be even more intense in the Greek market because the number of SMEs is bigger in Greece than in the other European countries. Figure shows that Greece is 2nd in the number of enterprises that employ less than 10 people, following Italy which, however, appears to have a lot of small industries that have almost nothing to do with the schedule. In Greece, most of SMEs are activated to commercial and service sectors. What is more, in Greece 69 stores correspond to 1000 citizens when in E.U. the stores are not more than 45 out of 100 people; this means that in relation to the other E.U. countries, in Greece the number of SMEs that are activated is increased by 53%. Furthermore, there is a difference to the number of employees; in Greece a SME employs only one person, while in the rest E.U countries the number of the people working is 3. As a result, if stores in Greece remain open, businessmen themselves will have to work more or hire another assistant, a fact that will increase their functional costs (Table 8).

Furthermore, bureaucracy is one of the most serious investment disincentives; especially in Greece, a research that was published in “VIMA”, on May 16th revealed that a young person that wishes to undertake enterprising action and finds, for example, a high technology enterprise, will be forced to lose 66 work weekdays in queues of public services and to supplement 70 different documents. The expense of this discomfort reached – at the time the research was carried out – at 5.560 €. On the other hand, if the young Greek goes to Ireland in order to fulfil the same ambition, it will take him 20 days to obtain all the required documents; he will spend roughly 300 €. In Britain, the same

procedure for establishing a technological enterprise will take seven days in time and 120 € in money.

COUNTRY	Number of SMEs per 100 per 1000 citizens	Total Number of SMES	Number of Employees per SME	Total Number of employees
Italy	74	4.290.000	2	10.702.000
Greece	69	752.000	1	1.013.000
Portugal	63	648.000	2	1.201.000
Spain	61	2.499.000	3	7.901.000
Sweden	51	454.000	3	1.240.000
Luxemburg	46	21.000	3	55.000
Belgium	40	408.000	3	1.310.000
Finland	40	207.000	3	526.000
France	38	2.326.000	3	7.024.000
Denmark	34	180.000	4	744.000
Britain	33	1.996.000	4	7.933.000
Germany	32	2.656.000	4	10.488.000
Holland	32	517.000	4	2.205.000
Austria	29	233.000	5	1.094.000
Ireland	22	83.000	3	234.000
Mean average	44		3	

Table 8: The radiography of SMEs in E.U. (Adapted from EMI Business and policy research, Eurostat, 2005)

What is more, according to a research of “Prognosis” company that was published in the Greek newspaper “Oikonomia” (19th of June, 2005), there are five major advantages of the superstores that are comprised of a variety of different retail shops such as supermarkets, vesture, footwear, electronic devices, cosmetics, mobile phones, confectioneries, jeweller’s etc:

1. Jobholders can buy what they want in convenient hours (78% of the people asked).
2. Bargains can come up by the comparison of prices (74%).
3. These stores are open for more hours (73%).
4. Purchases can be combined to amusement (73%).
5. The whole family’s needs are satisfied (72%).

Moreover, another deterrent factor for the growth of juvenile business dexterity has to do with the fact that the banking system continues not to allow the access in capital (which is essential for the beginning of an enterprise) to the new businessmen. The first reason has to do with the policy that banks are following for financing enterprises which is related to the provision of real guarantees by the new businessmen. The second reason is that the banks have still not got used to finance enterprises in the base of the business plan they deposit. Mr Sioufas, the Greek Minister of Development, supports that the creation of TEMPME (Fund of Bond Small and very Small

Enterprises) is an important step for the financing of new enterprises even if the Fund is not immediately connected with the banking system yet.

The chairman of TEMPME (Hellenic Fund of Small and Very Small Businesses), Mr Nikos Kakouris, points out that “TEMPME has an initial capital of 100 million € that has been partly-financed by E. U. (67%) the Greek State (33%); its target is the benefit of guarantees in loans of at least 1,2 billion €. Its mission is to support the newly established or existing enterprises with its guarantees, provided that these are viable, profitable and active in the Greek financial schemes”. The enterprises that can profit from the Fund of Bond are those that occupy less than 30 employees and have an annual turnover up to 7 million €, which means almost all the potential or existing enterprises of Greece.

Finally, in the period between January and May of 2005, dud cheques were increased and their value reached at 572 million €, while in 2004 they had reached 345 million €. The total value of dud cheques and bills of exchange was increased by 57% within a year period. As a result, more and more SMEs, especially in the sectors of trade and construction, cease their operations because they cannot fulfil their financial obligations. Recession has shown up in the super market shelves; from January to April of 2005 the sales of 127 basic consumer goods have been reduced by 1,6% in contrast to 2004, while the sales volume has been reduced by almost 0,1%.

Problems of the wholesale sector of confectionary products

We can generally support that the decline of the wholesale of confectionary products has to do with the concentration of the retail sale to the big units as well as the low level of services that the wholesale offers to the Industry. Of course, there are specific problems of the sector that constitute obstacles to the survival and development of the sector.

During the wholesalers’ annual convention, Mr. Filippas Karagianidis, member of the Wholesalers’ Committee, supported that “the development of the sectors’ firms is related to the solutions of some important problems that are acting as anti-motives and shape a negative climate for business activity”.

He believes that “the good appearance of the products and the introduction of the new goods have to do with the organization of the sales department of the wholesale sector. Nevertheless, the cost of this organization is heavy and the self-financed companies cannot often handle it. Unfortunately, the small and medium sized companies do not participate in development programmes that could have given them an important push”.

What is more, the problem of storage needs to be solved – modernisation is essential. Furthermore, the problem of financing is intense; it is necessary that programmes of financing should be

introduced in order to obtain professional buildings to offer the sector's services in the most appropriate way".

In general, the action environment is formulated by the policies and laws that each government is following. These policies have been proved to be results of power interrelations that are formulated in the economic and social field; these policies can change directions depending on co-operations, interests and conflicts. As a result, the environment in which the small and medium sized businesses are participating is not a static one, but dynamic and can be diverted at any time.

As for the external action environment, we have observed that the smaller the firm is, the more influence it has to the development and revival of it. When we are referring to the external environment of action, in general terms we mean taxation and insurance systems, financing, law framework for competition and transaction rules, professional buildings, anti-motives for joint ventures, bureaucracy etc.

The problems that the wholesale sector is facing can be categorized to:

- *The taxation system.*

In 1992, the first dramatic change from the state against SMEs was to impose a 35% taxation index on personal and limited liability companies. According to the Greek Statistical Service, if one SME was about to begin business activities, 2,5 of them were closing.

In 1994, with the Law of 2238/94, the "objective" criteria of income specification were introduced; these criteria were abolished in 1999 with the Law 2753/99 that was equally unfair and negative for the sector. In practice, these laws for SMEs imposed a non-logistic way of income specification and as a result the majority of the non-profitable businesses were paying too heavy taxes. V.A.T. index was increased and SMEs were paying additional taxes.

What is more, in the last years, Government Decisions that imposed more taxes were issued and in 2002 the average amount of taxes that each SME was paying was 30.000,00 to 35.000,00 €. In 2003, this amount was almost 50.000,00 €.

From the records of the General Secretary of the Greek Information System, the tax for SMEs was increased from 1993 to 2002 by 450% and this was the highest pace of increase in comparison to all other categories of taxpayers.

From 2003, after tremendous attempts of SMEs representatives, the logistic income specification, which seems to be the most suitable way of taxation, prevailed. Nevertheless, not all SMEs (especially the smallest ones) can introduce and utilize it. What is more, the electronic submission of V.A.T. is a positive step for SMEs.

- *Succession*

In the problem of succession, things have become better, since the Law 3091/2002 charges only 1,2% and 2,4% tax of transference for the 1st and 2nd grade relatives, while there will be no surplus value tax - which used to be 20% - for the 1st grade relatives. Of course, that measure could have been extended to the other relatives in order to keep the family company viable.

- *Financing*

The financing of SMEs can be described as the worst in the market. In spite of the fact that commerce is receiving 20% of the total bank capitals-which is the highest in business activities-, SMEs are paying the highest interest rate. There is no system of financial support that sponsors the interest rate and guarantees the loans. The owners of these companies are putting their own houses in danger as they are utilizing them as a mortgage.

Moreover, SMEs were virtually excluded from the 3rd CFS (with the exemption of E-Commerce and “Get net connected”).

The Guarantee Fund of Small and Very Small Businesses which is supposed to guarantee the loans for SMEs, is facing certain problems:

1. It has a limited guarantee capital of 100.000,00 € and can guarantee amounts up to 1.000.000.000 €, so only 3.000 to 4.000 small enterprises can be helped every year while almost 700.000 small firms exist.
2. Those who are getting the loan are paying a minimum premium of 1,5%, which is increased if the customer is not to be trusted.
3. The Fund will choose activities that have to do with sectors related to innovation, manufacturing etc, which means that the wholesale sector is almost excluded.
4. The management is left to the banks.

Furthermore, the wholesale sector is excluded from the developmental motives of the Law 2601/98, due to its commercial activity and the small investment amount (less than 120.000,00 €).

Finally, SMEs are not big enough to enter to the Stock Market so that they can exploit the advantages that it can offer.

- *Competition*

Despite the fact that the market is protected through anti-monopolistic regulations and laws, in practice there are monopolies. This means that big corporations, super markets, department stores, industrial units and multinational companies are so strong and influential that they impose the rules of competition, prices and advertisements to the market.

Apart from the measures that have to be taken against the common practices that big companies are utilizing (below cost sales, gifts etc), there should be given motives for the stressing of

competitiveness, such as financing, taxation motives, new technology introduction etc, so that the wholesale sector becomes competitive as an intermediary in the commercial procedure.

There are also particular problems about professional buildings, insurance etc that certain SMEs are facing.

6. Proposals and reactions to the problems

The New Developmental Law and SMEs-Responses to market issues

In the meeting about Greek Economy's Competitiveness (October, 2004), Mr George Alogoskoufis, the Greek Minister of Finance upholds the view that small and medium-sized enterprises constitute the "backbone" of national economy and in order to help to their existence, survival and competitiveness, measures for the simplification of bureaucratic processes, lifting of disincentives and facilitation of their access in the credit system are required. Of course, the application of a simple and explicit legislative frame with a focus on the protection of the property rights, clear accountant rules of taxation, as well as steady public administration will be essential for the unhindered operation of these enterprises. He believes that the "promotion of competition in all markets, particularly in those that are dominated by public enterprises is essential for the strengthening of competitiveness"; the reformation of operations of supervisory committees, particularly the Committee of Competition, the Committee of Capital market and other sector-based organisations is essential. Moreover, the improvement of the quality of Greek products will stress the position of domestic companies, especially SMEs; if the products are more eponymous, they will be more attractive to the internal and international market.

Furthermore, he continues by stressing that "the structural policy of Greece should aim at the regional diffusion of growth, the aid of business dexterity, the promotion of society and economy of information and knowledge". He concludes by stressing that "with regard to the small and medium-sized enterprises, the society should accept and respect the role of these enterprises and businessmen. For this reason, the government policy is directed to create the suitable environment for their effective operation and growth. Finally, the laws and rules of competition have to be kept in order to distribute the social surpluses that are created in a fair way".

As for the basic problems that Greek SMEs are facing today and mainly have to do with the limited size and the high cost of access in the market, the Minister suggests:

- Creation of central institution of administrative processes and authorisations.
- Coding and simplification of existing regulations and authorisations that are required.

- Acceleration of computerization of Inland Revenues, Organisation of social security, T.E.V.E. (Fund of Professionals) and T.A.E. (Fund of traders), so that electronic transactions are facilitated.
- Simplification of fusions' process as well as tax motives for mergers.
- Banks will finance part of the enterprising danger of the very Small Enterprises with the Government's help.
- Finally, for the best application and monitoring of the developmental motives and the concretisation of infrastructure in the level of region, 13 Developmental Organisations of Region will be created, with the attendance of each prefecture's institutions and local self-government, chambers and representatives of social partners. These organisations will depend on the Ministry of Finance and Economy and through them there exist be a decentralised plan for the application and the monitoring of the regional policy.

In the same meeting (October, 2004), Mr Dimitris Sioufas, the Greek Minister of Development, commended on the strategy for the intensification of growth; it is based on a frame of initiatives for the creation of a common "*umbrella of competitiveness*" that will horizontally include the state as well as the private sector; this umbrella embodies effective exploitation of the 3rd Community Support Framework (C.S.F.). The objective is not only the increase of absorbency, but also the redeployment of programs and resources in favour of regional growth, business dexterity, innovation and competitiveness of enterprises. In an explicit and transparent institutional frame, direct priority is given to the lifting of investment disincentives in the various economic sectors, the fighting of bureaucracy as well as the confrontation of corruptness. A radically different tax system and a new developmental law, focusing on the regional growth, but also compatible with the Community legislation, will shape a flexible regulating frame and contribute to the modernization of small and medium-sized enterprises. Significant attention is to be given to their technological renewal through participation in the Community programs ("Competitiveness"), to their financing (through the Fund of Bond) as well as to the configuration of motives for their presence in the electronic trade.

On the other hand, the General Confederation of Hand craftsmen and Traders of Greece (G.SE.VEE.) presented its proposals to the Ministry of Economy and Finance, within the frame of dialogue for the reformation of the Developmental Law 2601/98. "The new Developmental Law should serve the will for real investments and aid of business dexterity in SMEs; it simply has to express the final objectives that are more investments and work places". More specifically, the following were proposed by G.SE.VEE.:

1. The Developmental Law needs changes, so that business dexterity is strengthened through the creation of new enterprises and the modernisation of the old ones. The objective should not only be the creation of new places of work, as a result of new investments, but also the maintenance of the existing places, with the aid of old enterprises. Differentiation can exist in the height of subsidy, without important divergences between old and new enterprises.
2. Categorisation of enterprises and proportional engagement of chalk-lines on each category, according to the size of enterprise (0 – 10 individuals, 10 – 30, 30 – 50 etc.), which is also consistent with Community Directives, should take place. Otherwise, the profits for Small and Very Small Enterprises will be zero. Every two years a readjustment of these available chalk-lines per category is essential, depending on the absorbency that is demonstrated. According to the category, the prerequisite height of investment, the processes and conditions of approval and financing are specified. Specifically for SMEs, an additional Capital in the Developmental Law must be provided and simple procedures have to be enacted.
3. Improvements to the restriction of complexity and bureaucracy. Competent Chambers must be invigorated, in order to exploit the diffusion of information and the conditions of integration.
4. Representatives of local productive classes must participate in the Committees of evaluation and control of investments.
5. The subsidy of the lending interest-rate should be independent of the other motives (it can also be selected as a unique motive).

Furthermore, The Professional Chamber of Athens (E.E.A.) and particularly Mr Filippas Karagiannidis, vice-president of E.E.A., proposed (in “VIMA”, 25th of November, 2004) some modifications in favour of SMEs to the Law 2601/98 that are related to:

- The reduction of the limit below which the investments of SMEs cannot be included in the developmental motives; the lowest limit is now 132.000,00 €.
- The strengthening of SMEs’ investments with motives is essential for the following reasons: (a) in order to exist a simultaneous modernisation of big and small enterprises, (b) in order to have acceleration of growth and development, (c) in order to productively absorb unemployment with small costs (a place of work in a SME costs 10% of the cost of significant investments) and (d) SMEs

absorb 70% of unemployment; as a result, the financial support of their investments have a social dimension.

- Big investments have a 10% reduction of their tax index. On the contrary, SMEs need reductions in their taxation.

What is more, the Chairman of E.V.E.A. (Hellenic Industrial Chamber), Mr Drakoulis Fountoukakos, stressed in his speech that was published in “Anaptiksi” in January 2005, that “the key for the achievement of the objective for a new model of growth and a new perception for the business dexterity, constitutes the growth of economy with the simultaneous improvement of competitiveness in an active and healthy business environment”. This new model of growth that will be supported in the aid of business dexterity, requires as “pylons” of support:

- A modern educational system connected to the productive process and the job market.
- A completed national strategy for investment of human and material resources in the fields of research and technology.
- A new taxation system, with lower indices of tax imposition to the enterprising profits.
- Release of the line of markets and professions that have remained inactive.
- A radically modernised public administration that will not encourage the phenomena of bureaucracy and corruptness.
- A modern developmental law which will give accent to the extrovert and innovative investments and will provide potentials of financing to SMEs, even commercial ones.

Market competitiveness as a growth lever for SMEs in the context of European Union

The role of competitiveness in the European Union (E.U.) and how it will be accomplished is a question of major importance to the Commission, something that has been indisputably proved by the Lisbon agreement, which placed as a sovereign objective the transformation of E.U. in the most competitive economic entity in the world fixation up to 2010. “The competition constitutes one-way road for the aid of local markets, the strengthening of small enterprises, the growth of national economies, the intensification of products, as well as the improvement standard of living of Union citizens”, observes Mr Mario Monti, Delegate of European Union for Competition subjects in his article in the “Panorama Franchise 2004” (issue of December 2004).

If the mechanisms of European competition policy do not function smoothly, it is possible that important repercussions in the entire building of European enterprising scene will appear. To this direction the Community has to suggest an ambitious program which will confirm that the rules that we receive for the competitiveness, are supported in affairs of past, reflecting however the needs of today and mainly of tomorrow. As a result, *reforms* in a line from fields will take place, as in the *monopolistic or closed markets*, in the process of *fusions* between companies, in the *configuration of limits of government owned intervention* etc. The dynamic imposition of methods and proceeding that arise from the competition policy, will contribute decisively in the further growth of competitiveness and economic expansion in Europe. However, only with the adoption of additional transformations in organisational structure (e.g. practise of pressure for the opening and the completion of European markets), in combination with the intelligent application of the competition policy, European enterprises will attribute significantly to the prospect of their growth.

The Lisbon schedule had the target of the transformation of the Community to the most competitive economy which would be supported in a dynamic base of knowledge in order to dominate in the world economic and enterprising fixation, ensuring healthy conditions of growth, creating more places and better conditions of work. As a result, a decennial planning for economic, social and enterprising renewal has been created. The successful transformation of the Union within the fixed time frame depends on the improvement of the prospects that exist for growth and maturation. A careful glance at the Lisbon Agreement allows us to realise that the key to the achievement of the target of competition, is the increase of productivity.

Progress has been made to the direction of the Lisbon targets, since significant actions and steps have taken place. However, the focalisation of energies of E.U. countries is required towards two decisive – for development– factors: The intensification of internal markets which is achieved through the follow-up of changes that take place in the international markets, as well as through the priority that should be given in the growth of business dexterity and innovation, especially in the context of small enterprises.

In the founding statement of E.U. the creation of an “open” economy with a completed European market possesses significant importance. Therefore, the policy that determines the competition among enterprises is in place to help in the mapping of the common market borders. Moreover, an “open” economy strengthens the enterprises in the process of acquisition of the competitive advantage and there seems to be an imperative demand from them to remain competitive. Thus, even small businesses will mature enough to expand and infiltrate in additional markets. The basic target of the competition policy is the obliteration of each probability of distortion and its influence from

energies that will emanate from public services. E.U. appreciates that the creation of the suitable legislation will function as a “shield” of dissuasion for competition impacts.

On the one hand we face the need for the liberalisation of the markets and on the other the necessity for full implementation of terms and rules for the complete competition. It is a new approach, which is more efficient and provides to the government owned organisms an evident picture with regard to the course of the Common market, but can also cause restrictive measures that will emanate from their own activity that are possible to be imposed.

The European Council of Feira (June 2000) approved of the European Map for small firms. This map is implemented in 35 old and new member-states, but according to the 5th Report (for 2005) of the Map, progress has not been recorded to all of the activity lines or by all states, mainly due to the lack of coordination and active participation to the implementation of the Map.

The Map includes the following lines of activity that can function as directives for Greek SMEs in order to develop:

- Education and Training for entrepreneurship.
- Less costly and faster procedures of beginning.
- Improvement of legislation and regulations.
- Access to dexterities.
- Better exploitation of the common market.
- Taxation and financial matters.
- Strengthening of SMEs’ technological abilities.
- Utilisation of successful models of e-businesses and development of SMEs’ support through high quality services.
- Better and effective representation of SMEs’ interests in community and national level.
- Boosting of Role and participation of professional Unions.
- Diffusion of best practises and exhortation of states for the creation of a favourable environment for SMEs.

The role of Operational Programs in the development of SMEs

The Operational Programme of “Competitiveness” (“E.P.AN.” in Greek terms) of the 3rd C.S.F. is coming under the Ministry of Environment Planning and Public Works with total investments (Community, national and private participation) that reach 6,4 billion €, the biggest part of which is addressed to SMEs. However, the rhythm of absorption of chalk-lines that oscillates now to 15% is quite low.

Its first intervention aim has to do with the simplification of processes so that the participation of enterprises in the Community programs of financing will be easier. The second target is related to the internal redeployment of chalk-lines, so that resources from programs that present low records and are released and transported to sectors where high demand and need of financing exists. In the frame of revision, programs for the aid of enterprises of tertiary (service) sector are created, so that trade services that until now were excluded from the Community chalk-lines are now availed.

According to the Minister of Development, Mr Dimitris Sioufas, the financial support of this programme will reach 80 million €, which means that total investments (with the private participation) will approach 200 million €, while it is calculated that almost 2000 enterprises will be profited. The limits of the Business Plan will fluctuate from 40.000 € to 100.000 € and the “eligible” SME turnover will not exceed 50 million € or its annual balance sheet will be below 43 million € respectively. According to the programme layout, investments for office modernisation, shops and deposits, automation of operation of enterprises as well as aid of exports are included and subsidized. In the frame of revision of E.P.AN., the financing of three or four Regional Poles of Innovation in regions out of Attica has also been decided; this effort will bring the enterprises close to the inquiring and technological institutions, aiming at the promotion of innovation in the Region. The Community chalk-lines are expected to concern action at the specialisation of sectors of enterprises with regard to constant investments, reformations – renovations, courtyards investments, publicity, supply and purchase of computer equipment, manufacture of web pages etc.

The interest of commercial world, but also the concern for the way of attendance in the actions of E.P.AN., was expressed by the vice-president of Commercial Association of Athens (C.A.A.) Mr Nikolaos Giannetos, who stressed that the fear lies in the inexperience of the particular sector, which was found to be out of the Community chalk-lines. As Mr Giannetos points out, “this movement is the beginning of a process through which the growth of enterprises can be achieved. This is reported in the role that it is called to play in this effort”. Commercial Association of Athens points out that “it is a challenge so that the sector is seen collectively in order to claim a piece of the Community pie. Even if the Ministry has the experience for such programs, however, it has been tried in the past with the conduct of seminars and other action without significant success”. For this reason, Mr Giannetos, proposes the integration of the commercial enterprises in the EPAN occasion; he tries to develop the C.A.A.’s own action in order to participate actively in the distribution of information, so that the programme will be completed successfully.

The programs that concern financing of SMEs will be strengthened, while new special categories of small and intermediate enterprises (e.g. subcontracting) will be created, since the important demand

from the programs has to do with the boosting of business dexterity that is related to special teams of population (young persons, women, persons with special needs).

In the frame of same revision:

- The training programs of human potential are extended, so that the tertiary sector of economy (trade – services) is also covered.
- Measures for the reinforcement of business dexterity in the sector of environment will be taken.
- The financing of inquiring activities of enterprises and particularly those that are related to international collaborations will be strengthened.

The survival of the wholesale sector of confectionary products

The confectionary products are “necessary” in the small points of retail sale, since they are bought by all consumer ages; the sector is dynamic, having a strong element of development, because of technology, fashion, production and marketing. As a result, the relationship between production and wholesale sector has to be congruous in order to be profitable. The wholesale sector of confectionary products the prospects to develop, following two directions:

- a) Either horizontally, by broadening the turnover volume with the addition of new categories of confectionary products. In this case, the wholesale trader has to identify the new opportunities and to be adjusted accordingly.
- b) Or vertically, by widening the turnover volume with the completion of the variety of confectionary products only. This direction can be also followed through the accession of new marketing services in the market of confectionary products, with the coactions of retail sale. In this case, maybe 10 or 20 storehouses, properly supported by a programme of logistics, would be enough to service the area of Attica. Following the Italian model, 10 or 20 corresponding businesses could form a league to represent the rest of the wholesalers. In this way, through economies of scale, the wholesale league will be strong enough to make substantial purchases and consequently provide its customers with extra benefits. Finally, the wholesale enterprises can have distinguished departments of administration, marketing, merchandising, sample-distribution, cash and carry or hot sales. In this way, wholesalers will have the “exclusive privilege” of distributing a variety of products to a wide region.

The wholesale sector of confectionary products appears to have certain advantages, of course when certain circumstances favour its existence and development (e.g. when the acquisition of specific resources through the procedure of leasing is feasible), since:

- It can offer every possible “wholesale service”, according to contemporary marketing principles.
- It has the suitable and experienced people who can negotiate with suppliers and customers. In this way, the wholesale trader can “sell” this specialization.
- It can successfully offer “exclusiveness” in the distribution of products or services.
- It can produce its own label products or import them exclusively.
- It can create leagues or can expand through the method of franchising.
- It can successfully handle Key Account Management; in this way, the wholesalers can claim exclusiveness in special markets (catering in small wholesale traders or stores of super market chains).
- It can create cash and carry stores, even in the storehouses of the wholesale traders; as a result, the privileges of “swift distribution” and “cash payments” can be exploited.
- It can easily utilise training programmes for the step-up of its managers, since their number is limited.
- It can develop electronic data processing and e-commerce applications, since the wholesale units are not enormous.
- It has stronger negotiating power to suppliers, customers, banks and organisations.
- It can co-operate with respective wholesale businesses abroad.
- It can have access to international information about currents issues, by participating in trade fairs

On the other hand, the existing drawbacks of the sector can relate to the needfulness of adaptation and harmonization of the wholesale traders with the new conditions, to the indispensability of the capital/buildings existence or even to the constant co-operation and communication between the wholesalers. These impermanent disadvantages can be overcome so that the wholesale sector can exploit its resources and benefits.

7. Conclusions

The importance of the “critical literature review and initial conceptual framework” is capital since it creates the whole background for the qualitative and quantitative research in theoretical and practical

terms. The general conceptual models that have been adduced in the 2nd document will lay the foundations for the oncoming research.

The 2nd document can be utilized as a concrete basis on which the qualitative and quantitative research will be depended in order to provide the foundations of a valid and complete approach (5th document), so that the author can provide his contribution (analysis and possible solution strategies) to the intense problem of the particular sector of the confectionary products that is examined. In the 3rd document, by utilizing the case study approach, two of the sectors' companies (a relatively small and another bigger one) will be analyzed and contrasted in order to reveal the approximation of these companies' managers to the research questions. The case study approach will entail theory elements of marketing and strategic management concepts that have been elaborated in the 2nd document. What is more, the particular firms' managers will be motivated by the author to follow the direction of providing convincing answers about the market trends and dynamics that have been resolved in the 2nd document, since the opinion and stance of the managers about the "solutions" of franchising, clusters, networks, mergers for the sectors' companies will be discussed. Of course, the proposals and reactions to the market and the sector's problems that were brought up in the end of the 2nd document will be brought down in the 3rd document's qualitative analysis and tested in quantitative terms in the 4th one. As it is obvious, there is a continuance to the logic of the documents; the conclusions of the previous documents are tested and explained variably in the following ones, while theoretical or practical elements that have come up in the meantime and are related to the sector (or SMEs in general) can be adjoined. For example, the findings of the case study qualitative analysis will be tested numerically in the quantitative analysis of the statistical data that is referred to the sector's companies.

The "critical literature review and initial conceptual framework" affiliates theory and practice; it relates concepts of the research strategy literature (Strategic and Marketing Management, Decision Making, Problem Solving, Business Mission Statement and Plan) that are elucidated and developed with Small and Medium-Sized Companies that are activated in the marketplace and are involved in the wholesale and retail sectors; overall, the literature review can be expedient to the finding of the appropriate strategies so that SMEs can countervail the ascendant competition that has been a result of the retail sector chain superstores and supermarkets boosting. The author tried to move from the general concepts of strategic and marketing management principles that can be utilized as theoretical "weapons" for every businessman or academic to the specific context of SMEs; there is an attempt to apply these wide theories to the small business frame, since the particular wholesale sector of confectionary products that we examine is consisted of small enterprises. The conceptual framework in which SMEs are functioning is explored; their importance and changing context that derives from

various sources is stressed, while significant issues such as financing and credit are mentioned. From the general concept of SMEs, we focus on the particular wholesale sector of confectionary products. We line up the characteristics of this sector, while we focalize on certain activities (distribution activities, role of intermediaries) and concepts (franchising, mergers, clusters and networks) that are related to this sector. In the final section of the document, the research questions that were posed in the 1st Document are answered; a holistic picture of the global and Greek market is given, while the different aspects of the market's problematic situation are presented. We then focus on the evolution of the Greek wholesale and retail sectors, by bringing forward the trends that are modulated in the contemporary competitive environment. Finally, following the document's pattern, responses about the general market matters are given first and in the end we concentrate on the potential strategies of the specific sector's reaction and survival.

The analysis of the current situation in the wholesale and retail sectors of the Greek market is of great interest, basically because of the rapid transition process to which these sectors have been subjected during the last years due to the intrusion of foreign retailers in the Greek market. Food retailing in Greece has undergone an intimate alteration in the 1990's; it has become more dynamic and flexible as it involves more activities, new technologies (Information Technology and Internet) and services. As a result, these sectors are in a continuous process of evolution, while wholesalers and retailers compete in a particularly demanding and complicated environment for the customer satisfaction. Their efforts for transformations have been stiffened because of the accession of big foreign retail groups; the entry and the most expeditious growth of these big foreign retailers have "forced" Greek traders to prepare adequately for retail internationalization and harsher competition in a global economy.

The most dramatic changes have been the growth of supermarkets, the elimination of the neighborhood grocery stores and bake-shops, the further strengthening of big chain stores as well as the intensity of competition. The Greek market features problems such as the schedule expansion till 9 pm daily, the admission of Chinese products, the subsistence of dud checks as a negative result of credit, etc. In this way, SMEs find it very difficult not only to become competitive and profitable but even to survive. The decline of the wholesale of confectionary products that is examined has to do with the concentration of the retail sale to the big units as well as the low level of services that the wholesale offers to the larger firms of the Industry.

The hard competition for the sustenance and increase of the market share that characterizes the market nowadays will also strengthen tendencies of concentration of sectors that are already dominated by a small number of retail groups that possess the biggest share of the market. We should stress that small business dexterity and innovation can be reinforced by the identification of

the market's future trends as well as the consumer's preferences; EU's relevant Operational Programs for SMEs in permutation with the new Developmental Law that promotes growth and renders motives to the small enterprises can help to the amplification of business dexterity, competitiveness and innovation in a quite stern market environment.

As for the wholesale sector of confectionary products, we can stress that its role is essential for the distribution in the small points of retail sale; this dynamic sector presents a lot of advantages that are related to the exploitation of new technology, fashion, and marketing trends. The sector's reaction to the increasing competition has to be co-ordinated in order to survive and develop. In this direction, the sector has two developmental choices; at first, the horizontal option, which means to broaden the turnover volume with the addition of new categories of confectionary products. In this case, the wholesale trader has to identify the new market opportunities and threats. Secondly, the wholesale traders have the vertical option, which means to widen their turnover volume with the completion of the variety of confectionary products only. This choice can also be ensued with the accession of new marketing services in the confectionary products market, with the collaboration of retail sale. The need for achievement of economies of scale and reduction of functional expenses will be imperative. Mergers, acquisitions, economies of scale for cost control and investment capital, organizational changes as well as the increase of purchasing power of Greek consumers will be crucial factors for further development.

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

**Research Methodology & Non-Survey Based
Research**

Document 3

Raptopoulos Panagiotis

September 2006

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1. Introduction

In the 3rd document, “Research Methodology & Non-Survey Based Research”, the researcher tries to present a general picture of qualitative research, its characteristics and challenges, by referring to the definition and goals of “Research”, the different types of research strategies, their specific characteristics as well as the importance of data collection in research methods. The general purpose of the document is to stress the main elements and methods of qualitative research strategies (experiment, survey, archival analysis and history) as well as to explain the selection of the case study method for the subject approximation. The case study method was chosen because the researcher believes that through effective reciprocal communication (in-depth interviews) with the representatives (managers of two companies with different characteristics) of the problematic sector (wholesale sector of confectionary products in Greece), the contemporary market reality will be virtually presented and possible solutions/strategies will be actually revealed. Since the goals of scientific research are linked to the answering of significant questions and acquiring new knowledge by describing, predicting, understanding and explaining phenomena, the researcher tries to justify his preference to the case study method; by utilizing this method, individuals can interpret their own social or labor world while reality (social and market) is seen as a dynamic and constantly changing process.

The “Research Methodology and Non-Survey Based Research” document is an attempt to analyze the findings of a two-case study research which focuses on two different companies; “Omicron” and “Zen” have been selected as representative firms of the sector and are examined in relation to their different size, turnovers, number of employees as well as the points of retail sale that they serve. The components of case study theory are analyzed in relation to the two different case studies, while the utilization of the linear-analytic structure is justified. Case studies designs are analyzed and the development of the case studies protocol for these two cases is explained; the protocol helps the researcher being focused to his main target during his study. This goal is related to the finding of potential strategies that Greek wholesaling SMEs of confectionary products can follow in order to survive in a market with intense competitive conditions.

Uses and limitations of this non-survey based kind of research can direct to the useful findings for the professional or managerial practice. The differences between these two companies are stressed, while comments on the different managers’ views are related to the contemporary market reality and potentialities of change. In the proposed study, two of the sectors’ managers are interviewed through the case study method; the topic has to do with their views about the sector’s problems and the future of the market in which they are activated. Qualitative pieces of information are gathered from these in-depth interviews; managers are also asked about the impact that particular themes

(such as taxation problems, financing, competition or other specific issues) of the sector could have and their views are developed.

In addition to this, the separate analysis of the two case studies in relation to the research questions will be the basis for further exploration and interpretation of the sector's problems. The main research question has to do with the potential strategies that two different Greek wholesale companies of confectionary products can adopt so as to face the increased competition and survive in a market which is characterized by the large expansion of supermarkets/chain stores. Furthermore, there are important research questions of how successful examples of similar foreign (U.S. or European) companies can be utilized in the Greek market context, or how the acceptance and utilization of certain tested "solutions" (like franchising, mergers-acquisitions or participation in clusters-networks) can be useful to Greek small enterprises; the answers of the two managers were also analyzed through the case study approach.

Finally, trends, solutions, conclusions and recommendations that stem from the previous analysis of the two different cases are posed. Of course, the findings that have come to light by the "data processing" of the two case studies are analyzed by the researcher who tried to "hold the scales even".

2. Definition of "Research"

Before the actual qualitative analysis of the problems of the wholesale sector of confectionary products with the adoption of a certain strategy, it is essential to stress the importance of concepts that are related to "Research" in general. The characteristics of these concepts can determine the relationship between variables and the following of a specific research strategy.

Research is an examination of the relationship between one or more independent variables and one or more dependent variables. In even more precise terms, research can be defined as an examination of the effects of one or more independent variables on one or more dependent variables. Research studies come in many different forms, but two are the most common types; *co relational* research and *experimental* research.

In *co relational research*, the goal is to determine whether two or more variables are related. A *variable* is anything that can take on different values, such as weight, time, and height. If a correlation between two variables is strong enough, knowing about one variable allows a researcher to make a prediction about the other variable. However, a correlation - or relationship - between two things does not necessarily mean that one thing caused the other. To draw a cause-and-effect conclusion, researchers must use experimental research.

On the other hand, in its simplest form, *experimental research* involves comparing two groups (*experimental group* and *control group*) on one outcome measure to test some hypothesis regarding causation.

Although some disagreement exists regarding the exact characteristics of the *scientific method*, most agree that it is characterized by the following elements:

- Empirical approach
- Observations
- Questions
- Hypotheses
- Experiments
- Analyses
- Conclusions
- Replication

As for the goals of Scientific Research, these are related to answering questions and acquiring new knowledge. This is typically accomplished by conducting research that permits drawing valid inferences about the relationship between two or more variables (Kazdin, 1992). Most researchers agree that the three general goals of scientific research are description, prediction, and understanding/explanation (Cozby, 1993; Shaughnessy & Zechmeister, 1997). The choice of which research approaches to use, largely depends on the types of questions being asked in the research study, and different fields of research typically rely on different categories of research to achieve their goals. Social science research, for example, typically relies on quantitative research and the nomothetic approach. In other words, social scientists study large groups of people and rely on statistical analyses to obtain their findings.

Research Strategies

After the presentation of characteristics and goals of “Research” in general as well as the anaphora of the most common types of research studies, the researcher proceeds to the reference of two main research strategies: *quantitative* and *qualitative* research approaches.

Quantitative research emphasizes quantification in the collection and analysis of data; it entails a deductive approach to the relationship between theory and research, where theories are tested. Moreover, practices and norms of positivism (natural scientific model) are utilized, while social reality is seen as an external, objective reality. It involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics.

On the other hand, *qualitative research* can be described as a research strategy that often emphasizes words in the collection and analysis of data. It is utilizing an inductive approach to the relationship between theory and research, while emphasis is given to the generation of theories. What is more, particular emphasis is put to the way individuals interpret their own social world; social reality is seen as a dynamic and constantly changing process. It involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative studies typically involve interviews and observations without formal measurement. A *case study*, which is an in-depth examination of one person, is a form of qualitative research. Qualitative research is often used as a source of hypotheses for later testing in quantitative research.

Apart from these two approaches, there is the *nomothetic approach*, which uses the study of groups to identify general laws that apply to a large group of people, as well as the *idiographic approach*, which is the study of an individual. (e.g., case study).

As for the combination of qualitative and quantitative data, Bryman (2001) discusses this combination in terms of the “strategies” researchers develop towards managing the research process. In developing a concept of “multi-strategy research”, Bryman holds the view that a classification created by Morgan (1988) that applies two criteria in distinguishing the ways in which qualitative and quantitative research are combined: (a) the *importance* given to qualitative and quantitative approaches in the research investigation, and (b) the *time ordering* or *sequencing* of the approaches. Bryman suggests that such distinctions are not always possible in practise because they rely on being able to identify the dominance of one approach (Bryman, 2001: 448). Hammersley (1996) suggests a tripartite classification of the ways in which researchers employ different types of data in the processes of *interpreting* their data:

1. *Triangulation*, where one type of data (usually quantitative) is used to *corroborate* another type of data (typically qualitative), as when theoretical insights are derived from one type of data which are also put to the test on another dataset.
2. *Facilitation*, where collecting one type of data *facilitates* the collection of another type of data; for example, when qualitative interviewing methods are first employed in preliminary pilot work in order to help design a large-scale pre-coded survey.
3. *Complementarity*, when two different sets of data are employed to address different but *complementary* aspects of an investigation; for example, qualitative pieces of data are used to understand social processes while quantitative pieces of information are employed to examine associations and their statistical generalizability to parent populations.

The researcher believes that it is preferable to treat qualitative and quantitative data as complementary, though not necessarily at ontological, epistemological and theoretical levels

(Smith and Heshusius, 1986). Each dataset needs to be interpreted in relation to both the conceptualization of the research question and the method by which it was generated and their role and status in the research process. Different types of data cannot be unproblematically added together in the context of justification to constitute a single truth or rounded reality.

Qualitative Research

In this part of the document, the author presents the main elements and characteristics of qualitative research; what is more, five different types of qualitative research methods and five different ways of understanding the relationship between understanding and action in management research are analyzed, while the differences between “basic” and “evaluation” research are stressed. What is more, the importance of notions like induction, deduction and abduction as well as their relevance to the proposed study is highlighted. Finally, the author refers to the features of structured and grounded approach that are useful to the proposed study.

According to Marshall & Rossman (1999), researchers who conduct qualitative research face three challenges: (a) developing a conceptual framework for the study that is thorough, concise, and elegant (should-do ability); (b) planning a design that is systematic and manageable, yet flexible (do ability); (c) integrating these into a coherent document that convinces the proposal readers – a funding agency or a dissertation committee – that the study should be done, can be done, and will be done.

In order to ensure a clear, logical rationale in support of qualitative methods, the researcher entailed attention to topics like:

1. The assumptions of qualitative approaches;
2. The logic for selecting a site, a sample, participants, or any combination of these;
3. The choice of overall design and data collection methods;
4. An acknowledgment of the intensive aspects of fieldwork;
5. A consideration of ethical issues.

Qualitative research is employed in a wide range of social research designs. Baker (1999) points out that there are five types of qualitative research methods:

Field studies: These are simply a form of research in which the researcher gather data directly in real social environments through observation, interviewing, or whatever other type of data gathering makes sense in that field.

Ethnography: a form of field research, which aims to describe whole cultures through observation.

Action Research: focuses on the purpose of the research and the role of the researcher.

Grounded Theory: aims to build theories, theoretical models, and concepts through an inductive process which begins with the data.

Phenomenological sociological: which aims to describe the social world as it is.

Qualitative research methods usually entail in depth interviews; the term depth interview has historically meant a relatively unstructured one to one interview that probes and elicits detailed answers to questions often using non-directive techniques to uncover hidden motivations (McDanel and Gates, 1996). The method of in depth or one-on-one interviewing conducted through various media provides more information for less money without many of the limitations focus groups can impose (Palmerino, 1999). Depth interviews are “non-constructed personal interviews in which the interviewer must be a highly skilled individual since he/she can encourage respondents to talk freely and express their real feelings without influencing the direction of the conversation (Zikmund, 1997). Fontana and Frey (1994) underlined that a skilful interviewer must be flexible, objective, persuasive, and a good listener.

However, Baker (1999) states that the discussion is not fully controlled by the interviewer’s questions but is, in fact, constructed by both the interviewer and the respondent over the course of the discussion. Depth interviews can be done individually or on group bases (Assael, 1990). The objective is to ensure a free response so that the informant could discuss issues or add anything important. In addition, in depth interviews reduce the “distance” between interviewer and interviewee (Johns and Lee-Ross, 1998). However, the success of any depth interview depends entirely on the interviewer. Also another factor that determines the success of depth research is proper interpretation. In addition, small sample sizes, unstructured interviews that make inter-comparison difficult, interpretation that is subject to the nuances and frame of reference of the researcher and high cost have all contributed to the lack of popularity of depth interviews (McDavel and Gates, 1998). In the cases under examination, the researcher tried to be friendly with the managers so that to create an affable environment and the conditions to make the proper interpretation of the managers views in relation to the contemporary market reality.

Evaluation research is a certain research approach carried out in the social sciences is about appraising human activities in a formal, systematic way. It is obvious that there are differences between “basic” and “evaluation research” (Table 1). The term *evaluation* is used broadly to include any effort to increase human effectiveness through systematic data-based inquiry. Human beings are engaged in all kinds of efforts (like assessing needs, formulating policies, passing laws, delivering programs, managing people and resources or solving problems) to make the world a better place. In these efforts, the question of whether the people involved are accomplishing what they want to accomplish arises. For example, “when one examines and judges accomplishments

and effectiveness, one is engaged in evaluation. When this examination of effectiveness is conducted systematically and empirically through careful data collection and thoughtful analysis, one is engaged in evaluation *research*". (Patton, 1990: 11). In the proposed study, apart from the elements of the basic research, the study entails evaluation research features, since the researcher aims to contribute to the solution of a practical problem that is related to the survival of Greek wholesaling SMEs that are activated to sector of confectionary products.

Basic research	Evaluation research
<ul style="list-style-type: none"> • Carried out in areas of substantive interest to the investigator, and will contribute to such a knowledge base 	<ul style="list-style-type: none"> • Aims to contribute to solving a practical problem
<ul style="list-style-type: none"> • Standards are set by intellectual peers 	<ul style="list-style-type: none"> • Standards are pragmatic. Evaluations need to be “good enough” to answer the questions of interest
<ul style="list-style-type: none"> • Researchers generally trained in a single disciplinary orientation to which they remain committed 	<ul style="list-style-type: none"> • Researchers move around different programme areas
<ul style="list-style-type: none"> • Narrow group of methodological procedures used 	<ul style="list-style-type: none"> • Diverse methods
<ul style="list-style-type: none"> • Utilization is assessed by peers (other academics) 	<ul style="list-style-type: none"> • Utilization is assessed by peers (other evaluators), sponsors, and also in terms of the usefulness of the research in resolving policy and practise development, and ultimately the resolution of social problems

Table 1: Differences between “basic” and “evaluation” research (Source: Adapted from Rossi and Freeman; 1993: 405)

The researcher believes that the utilisation of the case study research strategy is ideal for the analysis of the sector’s problematic situation. In this direction, Yin (2003), believes that case studies have a distinctive place in evaluation research, since they have at least five applications:

1. To explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies.
2. To describe an intervention and the real-life context in which it occurred.
3. To illustrate certain topics within an evaluation, in a descriptive mode.
4. To explore those situations in which the intervention being evaluated has no clear, single set of outcomes.
5. To be utilized as a meta-evaluation, a study of the evaluation study.

Another important approach of qualitative research is *Critical Discourse Analysis*, a method that has the following principles:

- a) The approach is interdisciplinary, since problems in our societies are too complex to be studied from a single perspective. What is more, this approach is problem-oriented, rather than focused on specific linguistic items. The theories as well as the methodologies are eclectic.

- b) The study always incorporates fieldwork and ethnography to explore the object under investigation (study from the inside) as a precondition for any further analysis and theorizing. Furthermore, the approach is abductive: a constant movement back and forth between theory and empirical data is necessary.
- c) The historical context is always analyzed and integrated into the interpretation of discourses and texts. The notion of “change” has become inherent in the study of text and discourse.
- d) The categories and tools for the analysis are defined in accordance with all these steps and procedures and also with the specific problem under investigation; this entails some eclecticism as well as pragmatism.
- e) Practice and application are the targets of this approach; the results should be made available to experts in different fields and, as a second step, be applied, with the goal of changing certain discursive and social practices.

The researcher supports that some principles of Critical Discourse Analysis are useful to the analysis of the proposed study; the problems of the sector are complicated and should be examined from a single perspective. Moreover, the particular case embodies fieldwork (participant observation) as well as an approach of abduction, so that the analysis of findings becomes a dynamic process. The researcher has carefully gathered the relevant pieces of information so that his findings can be useful and applicative.

Qualitative research is a necessary step in measurement scale development because it provides information regarding the variables the researcher is attempting to measure. In this way, qualitative research is used as a precursor to quantitative research to ensure that the latter embodies consumer concepts and language as vehicles of generating hypotheses and illuminating the results of large scale surveys. In the sector under investigation, Document 3 (qualitative analysis) will reveal theories that stem from the analysis of the sector’s managers views; these views, recommendations and conclusions about the sector’s problems and “survival” strategies will be tested in Document 4 (quantitative analysis) with the utilisation of statistical methods and measurable variables.

According to Chisnal (1997), Qualitative research aims to provide insights into perceptions, motivations, and attitudes. Its essence explains certain kinds of behaviour and seeks explanations. Qualitative research basically aims to collect qualitative data that is derived as words and icons, while Assael (1990) claims that qualitative research is a survey that requires the consumer to answer questions in a non structured way, and these answers are generally non-quantifiable. Malhotra (1996) considers that qualitative research is a non-constructed exploratory method based on a small sample, which furnishes a deep knowledge and understanding of the problem. Its

objective is to obtain an understanding of the underlying reasons and notices of people. According to Watts (2000), Qualitative research is a path to the emotional components of attitudes, but qualitative research can never track trends, determine how many or forecast the future. Good researchers do not rely solely on direct “why” questions to understand underlying motives; these are analysed together with respondents’ other attitudes and behaviours (Langer, 1999). This type of research requires the researcher to go beyond description and definition to reach the meanings, the concepts and the symbols that are understood by the participants (Gregory, 1995). In the proposed study, the researcher tries to comprehend and reveal the deeper meaning of the managers responses to research questions, always taking into consideration the specific market circumstances and dynamics.

Certainly qualitative methods cannot offer the statistically significant generalisability of a randomly selected sample of respondents offered a predetermined multiple choice set of questions requested through the post to avoid interviewer contamination (Gregory, 1995). Qualitative researchers are interested in how participants negotiate the process of everyday life through the use of symbolic rituals and roles. Participant observation has been the traditional technique of the social researcher but is often accompanied by or substituted with combinations of focus groups, case studies, unstructured interviews (Gregory, 1995). In the proposed study, the researcher has worked for “Omicron” in the past; in this way, he has observed how things in such enterprises are shaped and is able to combine this research technique with case study method.

After selecting a specific research topic and conducting a thorough literature review, the next step is to plan a research study, which means to clearly articulate the research problem. The *research problem* typically takes the form of a concise question regarding the relationship between two or more variables. The researcher has posed the main research question (problem) of how Greek SMEs that are activated in the wholesale sector of confectionary products can react to the increasing competition that has been a result of the catalytic presence of the supermarkets, mega stores, retail and chain stores.

The main characteristics of qualitative research and qualitative researcher are summarized in Figure 1.

In general, Qualitative research can be divided into two procedures: a) *Direct qualitative research* which can be done through focus groups or in depth interviews (Kotler, 1997) in which the purposes of the project are disclosed to the respondent or are obvious given the nature of the interview (Malhotra, 1996) and b) *Indirect qualitative research* that includes projective techniques, such as the Expressive, the Construction, the Sentence Completion and the Word Association techniques, in which the purposes of the project are disguised from the respondent

(Malhotra, 1996). The researcher is following the first process (direct qualitative research), since the managers of the companies are well informed about the purposes of the project; actually, their target is to find potential strategies of survival that “fit” to their companies.

Characteristics of Qualitative Research	
Qualitative research	
•	Takes place in the natural world
•	Uses multiple methods that are interactive and humanistic
•	Is emergent rather than tightly prefigured
•	Is fundamentally interpretive
The qualitative researcher	
•	Views social phenomenon holistically
•	Systematically reflects on who he/she is in the inquiry
•	Is sensitive to his/her personal biography and how it shapes the study
•	Uses complex reasoning that is multifaceted and interactive

Figure 1: Characteristics of Qualitative Research (SOURCE: Rossman and Rallis, 1998).

Collin Fisher (2004:34) suggests “five ways of understanding the relationship between understanding and action in management research”, and identifies each ones’ characteristics:

- *Ivory Tower* - knowledge is not essentially directing to action.
- *Realistic Research* - options for actions are tested by research, usually by using structured variables, statistical analysis, as well as the “cause-and-effect” approach.
- *Interpretative Ethnographic Research or Fieldwork* - not precisely specified context of thinking provided by understanding, frequently utilizing dialogue and participant observation, so that complex meanings can be explored.
- *Action Research* - action stems from the fact that knowledge and understanding have changed, most of the times through small-scale projects and personal reflections. Action research focuses on the purpose of the research and the role of the researcher. Action Research is according to Reason & Bradbury (2001, p. 1) “ a participatory, democratic process concerned with developing practical knowing in the pursuit of worthwhile human purposes, grounded in a participatory worldview which we believe is emerging at this historical moment. It seeks to bring together action and reflection, theory and practice, in participation with others in the pursuit of practical solutions to issues of pressing concern to people, and more generally the flourishing of individual persons and their communities”. In general it is a work in progress; action Research is summarized in the phrase of Revans (1982, p. 330) “Those who would influence the world about them must, in their turn, be influenced by the world”.

- *Critical Social Research* - people obtain a different viewpoint about their social categorization and demand radical change.

In general, the researcher believes that the combination of *Fieldwork* and *Action Research* can be ideal for the approach, understanding and analysis of the proposed study. At first, the complicated meanings can be simplified through participant observation, while action research approach will lend a dynamic tone of constant interactions in the qualitative process.

Silverman (1993:9) stresses the features of the positivist research method against the interpretivist method of research. In this way, for the first approach, observation is just a preliminary work, while for the interpretivist method it is absolutely essential. Moreover, documentary is useful only for content analysis in the positivist method; for the second approach, documentary is helping to comprehend the different categories. Furthermore, interviews and questionnaires in the first method comprise large random samples and fixed-choice questions; on the other hand, the latter method is utilizing small samples, open-ended and unstructured questions in the interviews, while the questionnaires are only used for initial mapping. In the proposed study, the researcher has actually utilized the features of observation, documentary, interviews with open-ended questions and questionnaires for keeping track of the conversation.

According to Alan Bryman and Emma Bell (2003), *deductive* theory is the most typical way of relating theory and research; a hypothesis is called into question and is then explored. As a result, the useful for the hypothesis and relevant to the research pieces of information must be carefully collected, according to the theory in force. The research findings that will result from the data gathering will confirm or reject the hypotheses. Accordingly, the tested theory is revised. However, there are some weaknesses in this approach which seems to be too linear and too connected to the quantitative research approach, such as the coming up of new theoretical concepts before the researcher ends up to conclusions which are based on out-of-date theories, as well as the irrelevance between the gathered data and the first hypotheses which will be proved in a posterior stage.

On the other hand, *induction* creates theory from observation and findings; research and analysis of the assembled data leads to new conclusions that can be utilised as new theoretical frameworks. But, this approach has also its drawbacks: at first, it appears to be very associated with the qualitative research approach, while little and most of the times vague theory is produced; empirical generalizations are more frequent in inductive researches.

Of course, these two notions do not essentially refute each other, but can coexist in some cases, for instance to the *iterative* strategy which is basically found in the grounded theory; data and theory are constantly put into question. In the certain study, the researcher tries to combine features from

induction and deduction; he collects relevant pieces of information carefully so that they can be tested as hypotheses; however, he is not prejudiced and does not reject the findings that stem from the qualitative analysis of data.

Grounded theory is often regarded as an inductive approach, whereby generalizations are produced through analysing a series of cases – though Glaser and Strauss (1967) explicitly rejected analytic induction and implicitly disavowed the analysis of cases. Since they were also suspicious of deduction (1967: 3-4), it seems that grounded theory dispenses with procedures that are ubiquitous in and integral to social and scientific inquiry. Their dismissal of deductive reasoning was consistent with the desire to “discover” theory rather than test hypotheses deduced from prior knowledge. One problem with this approach is that it requires research always to begin from scratch, instead of using whatever theoretical and conceptual resources that social inquiry has already to hand. The sensitizing role of theory makes some concession to the potential of prior conceptualizations, but it still disallows the more obvious ways in which theory can prompt us to ask questions of data, devise concepts or consider alternative interpretations. It is easier to discount deductive reasoning in theory, however, than to dismiss it in practice. For example, it is obvious that deductive reasoning underpins the process of theoretical sampling, since this requires the analyst to identify further data against which to “test” emergent hypotheses. Glaser and Strauss were wary of deduction as a mode of posing questions of data, however rejected inductive inference because they were concerned to generate theory rather than to generalize from cases to wider populations. Thus, theoretical sampling did not involve representative sampling, such that from a particular sample (of cases) one can generalize to the population from which it is drawn. Instead, it was intended to provide contrasting settings through which theoretically fruitful comparisons could be made. In this approach, it is not cases that are sampled, but settings. The focus is on sampling social processes in contrasting settings rather than on sampling particular populations.

One ambition of grounded theory is to generate theory that is relevant and practical as well as analytic. A second ambition embedded in grounded theory is the generation of theory that offers fresh insights into and interpretations of social processes through comparison and recontextualization. A further ambition in grounded theory is the development of analysis attuned to the multiple and conjunctural character of causation. Though the generation of theory through “constant comparison” to identify “patterns” in the data accepts the limitations of inductive inference based on constant conjunction, at least the aim is to develop a more complex and holistic analysis. But once focus is shifted from identifying patterns to analysing powers, the casual ambitions of grounded theory may be more attainable. In spite of the fact that it involves elements

of both deductive and inductive inference, grounded theory clearly privileges neither form of inquiry. It is perhaps more appropriate to see it as a form of abduction.

This form of reasoning was first described as “abduction” by the American philosopher Charles Peirce (Denemark et al., 1997: 88-95), whose philosophy of pragmatism has some affinity with the practical priorities of grounded theory.

In deduction, the researcher starts with theory, makes an observation and infers a result that follows logically from the preceding premises. By checking to see if this result holds good, the researcher can test the theory from which it is deduced.

On the other hand, in induction, the investigator proceeds in the opposite direction. He starts with a case, makes an observation and then generalizes to a wider population; the inductive inference does not follow logically from the premise but it infers beyond it. Thus, inductive generalizations are always uncertain and vulnerable to further observations that may prove inconsistent.

In abduction, the researcher can start with theory and make an observation consistent with the theory; or, inversely, he can start with an observation, state a theory and infer a result.

Either way, abduction relates an observation to a theory (or vice versa), and results in an interpretation. Unlike induction, theory in the case of abduction is used together with observation, in order to produce an interpretation of something specific, rather than to infer a generalization. Unlike deduction, the result does not follow logically from the premises: abduction offers a plausible interpretation rather than producing a logical conclusion. Using abductive inference is thus a matter of interpreting a phenomenon in terms of some theoretical frame of reference. This can be one of several possible interpretations, depending on the theory a researcher adopts. If it is any good, this theory will offer new insights that help to explain some aspect of the phenomenon under investigation: “Abduction is to move from a conception of something to a different, possibly more developed or deeper conception of it. This happens through our placing and interpreting the original ideas about the phenomenon in the frame of a new set of ideas” (Danemark et al., 1997: 91). The researcher in the proposed study has not rejected the notion of “abduction”; he relates his observations to a theory and his target is to interpret the specific views of the managers. The researcher does not necessarily have the objective to reach to a logical conclusion (which is insecure if somebody estimates the contemporary swiftly changing market circumstances), but is primarily targeting to interpret the views of the sector’s managers in relation to the research problem.

The *structured approach* can be followed when the plan of the study is defined and when most of the times cross-sectional research design is involved. The *grounded approach* is utilised after the preliminary stages of the research. The grounded theory is the most common framework for the

analysis of qualitative pieces of information. Strauss and Corbin (1982:12) defined it as “a theory that was derived from data, systematically gathered and analysed through the research process. In this method, data collection, analysis, and eventual theory stand in close relationship to one another”. This definition reveals that grounded theory seeks the creation of theories from the gathered data and that this approach is combining induction and deduction, being iterative or recursive.

In this research, the structure will be determined, however our conclusions will be deduced only after the research has been completed. In this way, elements of the structured approach are utilised; however, features of the grounded theory are also useful, since relevant pieces of information have been systematically gathered, analysed and interpreted through the research process.

On the other hand, the purpose of the study has to be linked to the general research questions; for example, the purpose of the study can be exploratory, explanatory, descriptive or emancipatory and the research questions should be matched harmonized with the pneuma of the study under investigation (Figure 2).

<i>Purpose of the Study</i>	<i>General Research Questions</i>
<p>Exploratory: To investigate little – understood phenomena To identify or discover important categories of meaning To generate hypotheses for further research</p>	<p>What is happening in this social program? What are the salient themes, patterns, or categories of meaning for participants? How are these patterns linked with one another?</p>
<p>Explanatory: To explain the patterns related to the phenomenon in question To identify plausible relationships shaping the phenomenon</p>	<p>What events, beliefs, attitudes, or policies shape this phenomenon? How do these forces interact to result in the phenomenon?</p>
<p>Descriptive: To document and describe the phenomenon of interest</p>	<p>What are the salient actions, events, beliefs, attitudes, and social structures and processes occurring in this phenomenon?</p>
<p>Emancipatory: To create opportunities and the will to engage in social action</p>	<p>How do participants problematize their circumstances and take positive social action?</p>

Figure 2: Matching Research Questions and Purpose (SOURCE: Rossman and Rallis, 1998)

Definition of Research Designs - Case study design

In general, during the research process, it is obvious that there is a gap between questions and responses/conclusions; this gap can be covered by the collection and analysis of the relevant pieces of information about the certain case. A research design is a logical plan or sequence that has to be followed in order to reach at a result; for example, the research design can connect the empirical data to a study’s research questions, to the answers and the conclusions that derive from them.

According to Nachmias & Nachmias (1992, p.p. 77-78), a research design is a plan that “guides the investigator in the process of collecting, analyzing and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation”. Another view supported by Philliber et al (1980), is that a research design is a “blueprint” of research that is dealing with at least the following problems: what questions to study, what pieces of information are relevant, what data to collect and how to analyze the results.

In general, the research design deals with a logical (and not a logistical) problem; its purpose is to help to avoid the situation in which the evidence does not address the initial research questions. For example, in the situation that is under observation, the examination cannot entail only one wholesale company of confectionary products. This firm should be seen under the prism of the whole sector, the companies’ relationships, competition and co-operations. The research design should anticipate the test of the research questions of the complexity of relationships.

Reliable research problems must meet three criteria (see Kerlinger, 1973). First, the research problem should describe the relationship between two or more variables. Second, the research problem should take the form of a question. Third, the research problem must be capable of being tested empirically (i.e., with data derived from direct observation and experimentation).

Literature provides a solid basis of information with which to start the exploration of motives, attitudes and behaviours. On the other hand, case studies undoubtedly become a viable element of the qualitative research, since the case study methodology gives direction and begins to clarify certain elements and issues that had not emerged immediately from the literature review. What is more, the results of the case study examination can highlight issues that were not necessarily evident in the literature.

According to the General Accounting Office (1990), logical tests include trustworthiness, credibility, confirm ability, as well as data dependability. *Validity* is an important term in research that refers to the conceptual and scientific soundness of a research study (Graziano & Raulin, 2004). The primary purpose of all forms of research is to produce valid conclusions. Researchers are interested in explanations for the effects and interactions of variables as they occur across a wide variety of different settings; in order to understand these interactions, special attention to the concept of validity is required. This notion highlights the need to eliminate or minimize the effects of extraneous influences, variables, and explanations that might detract from a study’s ultimate findings. Validity is, therefore, a very important and useful concept in all forms of research methodology; its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater

confidence in the findings of a given study. There are four distinct types of validity (internal validity, external validity, construct validity, and statistical conclusion validity) that interact to control for and minimize the impact of a wide variety of extraneous factors that can confound a study and reduce the accuracy of its conclusions.

The following four tests (or according to Yin, “criteria for judging the quality of research designs”) are common to all social science methods (Figure 3; Kidder & Judd, 1986, pp. 26-29):

- *Construct validity*: establishing correct operational measures for the concepts being studied.
- *Internal validity* (for explanatory or causal studies only, and not for descriptive or exploratory studies): establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships.
- *External validity*: establishing the domain to which a study’s findings can be generalized.
- *Reliability*: demonstrating that the operations of a study-such as the data collection procedures- can be repeated, with the same results.

Tests	Case study tactic	Phase of Research in which tactic occurs
<i>Construct validity</i>	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key informants review draft case study report 	<ul style="list-style-type: none"> • Data collection • Data collection • Composition
<i>Internal validity</i>	<ul style="list-style-type: none"> • Do pattern-matching • Do explanation-building • Address rival explanations • Use logic models 	<ul style="list-style-type: none"> • Data analysis • Data analysis • Data analysis • Data analysis
<i>External validity</i>	<ul style="list-style-type: none"> • Use theory in single-case studies • Use replication logic in multiple-case studies 	<ul style="list-style-type: none"> • Research Design • Research Design
<i>Reliability</i>	<ul style="list-style-type: none"> • Use case study protocol • Develop case study database 	<ul style="list-style-type: none"> • Data collection • Data collection

Figure 3: Case study tactics for Four design Tests (SOURCE: COSMOS Corporation)

For case studies, an important revelation is that the several tactics to be used in dealing with these tests should be applied throughout the subsequent conduct of the case study and not just at the

beginning. In this sense, “design work” actually continues beyond the initial design plans (see Appendix III).

Among the actual case study designs, four major types are relevant, following a 2*2 matrix; the first pair consists of single-case study and multiple case designs. The second pair, which can occur in combination with either of the first pair, is based on the unit or units of analysis to be covered and distinguishes between holistic and embedded designs. Among these designs, most multiple case designs are likely to be stronger than single case designs. As a result, the utilization of a “two-case” design is therefore a worthy objective compared to doing a single case study.

The criterion of *construct validity* test virtually asks the question of whether the theory supported by the findings provides the best available explanation of the results. The researcher tried to select the specific types of changes that are to be studied and relate them to the original objectives of the study as they were posed by the research questions; he also tried to demonstrate that the selected measures of these changes do indeed reflect the specific types of change that have been chosen.

The criterion of *internal validity* test refers to the ability of a research design to rule out or make implausible alternative explanations of the results. The investigator tried to make logical “inferences” that stem from the managers’ interviews and the documentary evidence that has been collected. What is more, he tried to overcome threats like history, selection bias or attrition (see Appendix III).

In the case of *external validity* that refers to the generalizability of the results of a research study, the researcher tried to test the theoretical propositions of the two cases by relying on analytical generalisation; the findings/answers of the managers about the sectors’ issues had often similar direction and in this way the results provide strong support to the theory. Furthermore, the researcher tried to surmount threats like pre-test and post test sensitization, reactivity of assessment as well as timing of assessment and measurement (see Appendix III).

Finally, as for *reliability* that ensures the minimization of errors and biases in a study, the researcher developed a case study protocol that virtually recorded all the procedures that had been followed.

A plan, or research design is essential; however, this task is difficult, because there is not a comprehensive “catalog” of research designs for case studies (such as textbooks that summarize the various research designs for quasi-experimental situations). The pitfall that has to be avoided, is to consider that case study designs are a subset or variant of the research designs used for other strategies, such as experiments (like one type of quasi-experimental design). This misconception has been corrected since Cook and Campbell, (1979, p. 96) state that “certainly the case study as

normally practiced should not be demeaned by identification with one group post-test-only design”; this means that case study is a separate research method that has its own research designs. According to Yin (1995, p.p. 38-39), the four types of designs for case studies are single-case (holistic) designs (Type 1), single-case (embedded) designs (Type 2), multiple-case (holistic) designs (Type 3), and multiple-case (embedded) designs (Type 4).

The basic case study entails the detailed and intensive analysis of a single case that can be a single organization, a single location, a person or a single event. Stake (1995) observes that “case study research is concerned with the complexity and particular nature of the case in question”. The most common use of a case is connected to a location, usually an organization. Participant observation and unstructured interviewing (qualitative methods) are usually helpful to the intensive and thorough examination of the case study elements. Knights and McCabe (1997) suggest that “the case study provides a vehicle through which several qualitative methods can be combined”, and in this way different approaches can be utilized. The case is an object of interest of the researcher and the in-depth findings can reveal unique features of each case (known as idiographic approach). As for external validity, Yin (1984) distinguishes three types:

- The critical case, where the researcher has a clearly specified hypothesis and the circumstances of the selected case will be tested.
- The unique case, where clinical studies are concerned.
- The revelatory case, where a researcher has the chance to analyze the specific conditions of a certain case.

3. Research Instrument - Case study

Case study is one of the ways of conducting social science research, like experiments, surveys, histories and analysis of archival information. They are mostly utilized when “how” or “why” questions are posed, or when the investigator has little control over events, or even when the research is focused on a contemporary phenomenon within the real life context. In the cases under investigation, the researcher is trying to answer “how” and “why” strategic questions that are posed to the managers of the two companies; in reality, the researcher has no control over the contemporary phenomenon that is examined and is related to the increasing competition that Greek SMEs are facing. According to Yin (2003), the pros and cons of each research strategy are designated by three conditions: the type of research question, the control the researcher has over actual behavioral events, the focus in contemporary as opposed to historical phenomena. As a result, we can distinguish explanatory, exploratory and descriptive case studies.

As a research strategy the case study has been widely used in psychology, sociology, political science, business, community planning, economics and social work; it has contributed the knowledge of complex organizational, social or even political phenomena. This method “allows investigators to retain the holistic and meaningful characteristics of real life events” (like organizational and managerial procedures, industries maturing or individual life cycles and relations). The researcher, by utilizing the case study method, has kept a holistic view of the business processes as well as the dynamic relationships (between competitors, suppliers and customers) that are developed in the sector of confectionary products, where the small companies under examination are activated.

On the contrary, case study research is concerned with rigorous and fair presentation of empirical data.

According to Yin (1981a & b), the technical definition begins with the scope of the case study:

- “A case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident”. The case study method can be utilized when an investigator wants to cover contextual conditions (that are highly relative to the phenomenon of study). In the cases that are examined, the researcher actually seeks to analyze and interpret the contextual conditions that are connected to the contemporary problem that Greek wholesaling SMEs encounter. As a result, a case study is different than an experiment that separates the phenomenon from its context and focuses on a few variables. What is more, a history is usually dealing with the entangled situation between phenomenon and context that are non contemporary events. Furthermore, surveys have a limited ability to investigate the context, even if they try to deal with both phenomenon and context, since the number of variables under analysis is limited.
- Since phenomenon and context are not always distinguishable in real-life situations, more technical characteristics (like data collection and data analysis strategies) are implicated in the technical definition. As a result, the case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on multiple sources of evidence, with data needing to converge in a triangulating fashion and as another result benefits from the prior development of theoretical propositions to guide data collection and analysis. In the particular cases that are examined, the researcher has utilized more

than one sources of evidence in order to be sure about the validity and consistency of his analysis and findings. For example, he has utilized old documents (logistical and statistical ones) and records of the two companies in order to be familiar with their previous steps. In this way, he has a direction for his future data search.

In other words, the case study as a research strategy comprises an all-encompassing method covering the logic of design, data collection, techniques and specific approaches to data analysis. In this sense, the case study is not either a data collection tactic or merely a design feature alone (Stoecker, 1991) but a comprehensive research strategy. In Document 3, the two companies (case studies) that were selected by the researcher were not only seen as data collection sources or independent cases, but were strategically approached as parts of a problematic sector in order to spotlight its dynamics, problems, trends and figure out its perspectives.

Case studies involve an in-depth examination of a single person or a few people. The goal of the case study is to provide an accurate and complete description of the case; the researcher tried to achieve this goal. The principal benefit of case studies is that they can expand peoples' knowledge about the variations in human behaviour. Although experimental researchers are typically interested in overall trends in behaviour, drawing sample-to-population inferences, and generalizing to other samples, the focus of the case-study approach is on individuality and describing the individual as comprehensively as possible. The case study requires a considerable amount of information, and therefore conclusions are based on a much more detailed and comprehensive set of information than is typically collected by experimental and quasi-experimental studies. In the particular cases, the researcher utilised the case study approach in order to figure out the views and perspectives of the two managers; in this way, the investigator will be able to interpret and "judge" their opinions.

Case studies of individual participants often include in-depth interviews with participants and collaterals (e.g., friends, family members, and colleagues), review of medical records, observation, and excerpts from participants' personal writings and diaries. Case studies have a practical function in that they can be immediately applicable to the participant's diagnosis or treatment. In Document 3, the views of the two experienced managers, since they stem from daily practice and have particular gravity, can be helpful to the strengthening of the sectors' competitive advantages as well as to the confrontation of the problems.

According to Yin (2003), especially for case study research, five components of a research design are especially important:

- 1) The study's question. The case study strategy is most likely to be appropriate for "how" and "why" questions. In the cases under observation, the responses to that type of

research questions seem to be favored by the utilization of the case study strategy. For example, the case study approach seems to be appropriate for answering the question of “How Greek wholesaling SMEs are influenced by the increasing competition?”, by analyzing the managers’ views on the certain and other similar topics, like the market conditions, the competitors, the suppliers, the customers, etc.

- 2) The study’s propositions, if any. The proposition directs attention to something that should be examined within the scope of a study; for the case under examination, if you have to state some propositions, the study will move to the right direction, since it will reflect important theoretical issues as well as revealing places for relevant evidence. Instead of propositions, the design for an exploratory study should state this purpose, as well as the criteria by which an exploration will be judged successful. In the particular cases, the general proposition is related to the designation of potential ways/strategies that Greek wholesaling SMEs of confectionary products can follow in order to overcome their problems and survive. In this way, the whole document is following a certain direction; the collection of evidence, the literature review as well as the managers’ interviews have a common benchmark.
- 3) The study’s units of analysis. This component is related to the fundamental problem of defining what the case is (in our case, the case is a wholesaling SME). The more a study contains specific propositions, the more it will stay within feasible limits. In general, the tentative definition of the unit of analysis is related to the way the initial research questions have been defined. If the research questions do not lead to the favoring of one unit of analysis over another, the questions would either be too vague or too numerous; of course, discoveries arising during data collection can influence the choice of unit analysis itself. What is more, specific time boundaries are needed to define the beginning and end of the case, which means to determine the limits of the data collection and analysis. Finally, since a researcher would like to compare his findings with previous research, the key definitions of the study should not be idiosyncratic; in this way, in the particular case studies and units of analysis should either be similar those previously studied or should innovate in clear, operationally defined ways. In the cases that are examined, the researcher tried to set certain limits for their completion; the data collection, analysis and interviews lasted no more than four months (due to the limitation for the document submission), however, the researcher had already records (statistical, accounting) of the two companies at his disposition. In this way, the investigator tried to organize his data, define the most important units of analysis in relation to his research questions and stress

the major findings from his research, so that they can be compared with the outcomes of previous similar studies.

- 4) The logic linking the data to its propositions; the researcher made an attempt to search the pieces of information that are related to the propositions of the case studies. For example, in order to be able to compare the views of the managers about “successful examples of similar enterprises that can be utilized in the Greek market”, he studied the relevant literature that revealed certain cases in U.S. or Europe (utilization of the system of franchising, participation in mergers, etc).
- 5) The criteria for interpreting the findings. The criteria that the researcher interpreted the importance of the cases’ findings are connected to the contribution he can have to knowledge on theoretical, as well as practical level. The researcher, who has worked in a wholesaling SME of confectionary products, (even if the document will be judged by academics) is interested in providing “practical and applicable solutions” to Greek SMEs that certainly face enormous problems; his target is to provide similar companies with “another choice that had not thought before” and his criteria when interpreting the case studies findings were more of a “practical” direction. Of course, the theoretical/academic level can be regarded as equally important, since the researcher wants to contribute to knowledge; the sector is significant for the Greek economy and its gravity needs to be stressed. The findings of the research can be useful to other investigators that are engaged in similar types of studies.

In practice, the researcher found all these five components essential to the proper modulation of his research design.

What is more, according to Kazdin (1982), the major characteristics of case studies are the following:

- They involve the intensive study of an individual, family, group, institution, or other level that can be conceived of as a single unit.
- The information is highly detailed, comprehensive, and typically reported in narrative form as opposed to the quantified scores on a dependent measure.
- They attempt to convey the nuances of the case, including specific contexts, extraneous influences, and special idiosyncratic details.
- The information they examine may be retrospective or archival.

The researcher actually studied intensively two companies of the same sector that have different characteristics; from the interviews with the two managers, he gathered detailed information which

was reported in narrative form. Moreover, he examined and utilised the archival records of the two companies in an attempt to disclose particular features of the companies or the sector (or even managers' implications about certain problems or themes).

Although case studies lack experimental control, their naturalistic and uncontrolled methods have set them aside as a unique and valuable source of information that complements and informs theory, research, and practice (Kazdin, 2003c). According to Kazdin (2003), case studies may be seen as having made at least four substantial contributions to science: They have served as a source of research ideas and hypotheses; they have helped to develop therapeutic techniques; they have enabled scientists to study extremely rare and low-base-rate phenomena, including rare disorders and one-time events; and they can describe and detail instances that contradict universally accepted beliefs and assumptions, thereby serving to plant seeds of doubt and spur new experimental research to validate or invalidate the accepted beliefs. In the cases under observation, the specific case studies have served as a source of research ideas, have described in detail companies with certain characteristics and have probably helped to develop therapeutic techniques. However, the researcher would like his findings to “spur new experimental research to validate or invalidate the accepted beliefs”.

Comparison with other research strategies

Experiments, surveys, histories, computer-based analysis of archival records are different research strategies and ways of collecting and analyzing empirical evidence that have their own logic and have certain advantages and disadvantages. A big misconception is related to the fact that many social scientists believe that case studies are only appropriate for the descriptive phase (thus preliminary research strategy) and that experiments are the only way of doing explanatory or casual inquiries (that describe or test propositions). However, this view can be questioned since famous case studies are explanatory and descriptive (Yin, 2003, p.3)

Each strategy can be used for three purposes -exploratory, descriptive or explanatory-. The three conditions that can distinguish the different strategies are, according to Yin (2003):

- a) The type of research question posed. A categorization includes the questions of “who”, “what”, “where”, “how” and “why”. In general, “what” questions can either be exploratory (where case studies can be utilized), or about predominance (where surveys or analysis of archival records can be used). On the other hand, “How” and “Why” questions are more explanatory because they deal with operational links that need to be traced over time; they can favor the usage of case studies, experiments or histories. However, the key, according to Yin, “is to understand that research

questions have both substance and form” so that the proper research strategy can be followed. In reality, the researcher believes that the research questions that have been posed have both “substance and form”; his target is to explore specific phenomena within the sector of confectionary products and explain certain views of the managers about different themes (questions).

- b) The extent of control an investigator has over actual behavioral events (and degree of focus on contemporary as opposed to historical events). Histories are the preferred strategy when there is virtually no access or control (“dead” past); Case study is preferred in examining contemporary events, but when the relevant behaviors cannot be manipulated; it relies on many of the same techniques as histories, but it also adds two sources of evidence that are usually included in histories: direct observation of the events being studied as well as interviews of the persons involved in the events. In spite of the fact that histories and case studies can overlap, the case study has the advantage that it entails the ability to deal with a full variety of evidence (documents, artifacts, interviews and observations), apart from the usual historical studies. In the case of participant observation, informal manipulation can occur. In the situation of experiments, the investigator can manipulate behavior directly, precisely and systematically (for example, in a laboratory setting where the focus is on one or two isolated variables or in a field setting where social experiments take place). Of course there can exist quasi-experimental situations, where the examiner cannot manipulate behavior but can apply the logic of the experimental design. In the particular cases, the researcher is utilizing the case study approach since he examines contemporary events, in spite of the fact that relevant behaviors cannot be manipulated. However, the utilization of this approach provides the investigator with the ability to deal with a full variety of evidence like past documents of the two companies (accounting books, statistical records).
- c) The degree of focus on contemporary as opposed to historical events; the researcher is mainly focused on contemporary events, since SMEs face the problem of increasing competition lately, because the position of supermarkets/superstores is empowered. Of course, the knowledge of the sectors’ history is always necessary and can often function as a “compass” for the future.

The five major research strategies are experiments, surveys, archival analysis, histories and case studies (figure 4).

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	How, Why?	Yes	Yes
Survey	Who, What, Where, How Many, How Much?	No	Yes
Archival Analysis	Who, What, Where, How Many, How Much?	No	Yes/No
History	How, Why?	No	No
Case Study	How, Why?	No	Yes

Figure 4: Relevant situations for different research Strategies (source: COSMOS Corporation).

In general, the researcher believes that the various strategies are not mutually exclusive, since two strategies can be considered equally attractive or one research strategy relevant; however, the distinct advantage of the case study happens “when a “how” or “why” question is asked about a contemporary set of events over which the investigator has little or no control”.

The questions that are significant for a topic can be determined through the literature review of the topic; the utilization of the literature review is not only to determine the answers of existing issues on a topic, but to develop deeper questions in the process of exploring the topic. The researcher conducted the literature review on the topic under examination; in this way, before the interviews, he had already been familiar to the sectors’ problems, “solutions” and strategies for facing competition by SMEs abroad, etc.

In spite of the fact that case study is a distinctive form of empirical enquiry, there are “voices” by many investigators that condemn that strategy in comparison to experiments or surveys; criticism mainly has to do with:

1. The lack of rigor of the case study research; the case study investigator is not following certain systematic procedures or sometimes he “allows” biased evidence or views to influence his findings and conclusions. The other strategies, possibly because of the existence of innumerable methodological texts, provide the investigators with specific processes that can be followed. Possibly, case study teaching is confused with case study research; in teaching, case study materials may be deliberately altered in order to demonstrate and stress a specific point in the most effective way. In the research field, this cannot be done, since reality has to be presented literally. What is more, bias issues can arise in the procedures of experiments, histories or questionnaires, but in the case study research strategy these are difficult to deal with.

2. Case studies provide little basis for scientific generalization; as in the case of experiments that are usually based on a multiple set of experiments that have replicated the same phenomenon under different conditions, the same can happen with multiple case studies that can be generalizable to theoretical propositions and to populations or universes. In this way, the case study does not represent a “particular sample” (statistical concept and generalization), but does develop and generalize theories (analytic generalization).

3. Usually case studies take too long and result in massive documents that are difficult to use and peruse. However, case studies are not ethnographies that require long periods of study in the field and observational evidence or participant observation. These are a form of inquiry that does not depend solely on ethnographic or participant observer data.

Apart from these concerns, the most important thing is that good case studies are difficult to do; the ability of conducting a case study cannot be tested or measure. For the cases under investigation, the researcher tried not to have his findings influenced by “biased” evidence (that can reveal high sales turnovers) or managers’ views that are in favor of their sectors’ arguments. What is more, the investigator tried to develop and generalize theories from the analysis of the two case studies (analytic generalization), in spite of the fact that these cases do not represent two “particular samples” (statistical concept and generalization). Finally, the researcher tried to present the cases’ findings in a concise and constructive way, useful for academic as well as managerial purposes.

Case studies also have some substantial drawbacks. According to Yin (2003), first, like all nonexperimental approaches, they merely describe what occurred, but they cannot tell us why it occurred. Second, they are likely to involve a great deal of experimenter bias. Although no research design, including the randomized experimental designs, is immune to experimenter bias, some, such as the case study, are at greater risk than others. The reason the case study is more at risk with respect to experimenter bias is that it involves considerably more interaction between the researcher and the participant than most other research methods. In addition, the data in a case study come from the researcher’s observations of the participant. Although this might also be supplemented by test scores and more objective measures, it is the researcher who brings all this together in the form of a descriptive case study of the individual(s) in question. Finally, the small number of individuals examined in these studies makes it unlikely that the findings will generalize to other people with similar issues or problems. A case study of a single person diagnosed with a certain disorder is unlikely to be representative of all individuals with that disorder.

In the cases under examination, the researcher, apart from the description of the problematic phenomena, tried to “narrate” (through the proper questions to the managers) how things have

reached to that point. It is obvious that the study can involve a great deal of experimenter bias, but the interaction between the researcher and the participants (and how one influenced the other during the interviews) is interesting. Finally, despite the small number of cases, the investigator tried to find two representative companies; a very small one with low sales volume and few products as well as a bigger, more organised enterprise with more employees, more products and expanded network. In this way, the researcher can generalise his conclusions/findings to similar cases and circumstances.

However, the overall contributions of the case study cannot be ignored. Regardless of its nonexperimental approach—in fact, *because* of its nonexperimental approach—it has substantially informed theory, research, and practice, serving to fulfil the first goal of science, which is to identify issues and causes that can then be experimentally assessed. The researcher primarily, in part of the literature review, tried to identify the topics (increased competition, sector's problems, successful examples from Europe/U.S.A., etc.) that later had to be “judged” through the process of interview with the two managers.

Of course, according to Flyvbjerg (Seale et al pp. 420-442) there are even more debates about the case study method; “it is the detailed examination of a single example of a class of phenomena. A case study cannot provide reliable information about the broader class, but it may be useful in the preliminary stages of an investigation since it provides hypotheses, which may be tested systematically with a larger number of cases (Abercrombie et. al., 1984, p. 34)”. This description is indicative of the conventional wisdom of case-study research, which, if not directly wrong, is so oversimplified. It is correct that the case study is a “detailed examination of a single example”, however, the researcher believes that it is not true that a case study “cannot provide reliable information about the broader class”. It is also correct that a case study *can* be used “in the preliminary stages of an investigation” to generate hypotheses, but it is probably misleading to see the case study as a pilot method to be used only in preparing the real study's larger surveys, systematic hypotheses testing, and theory-building.

According to the conventional view, a case and a case study cannot be of value in and of themselves; they need to be linked to hypotheses, following the well-known hypothetico-deductive model of explanation. Mattei Dogan and Dominique Pelassy (1990, p. 121) put it like this: “one can validly explain hypotheses. All the rest is uncontrollable, and so of no use”.

With the help of Campbell's later works and other works like them, that the problems with the conventional wisdom about case-study research can be summarized in five misunderstandings or oversimplifications about the nature of such research:

- Misunderstanding no. 1: General, theoretical (context-independent) knowledge is more valuable than concrete, practical (context-dependent) knowledge.
- Misunderstanding no. 2: One cannot generalize on the basis of an individual case; therefore, the case study cannot contribute to scientific development.
- Misunderstanding no. 3: The case study is most useful for generating hypotheses, that is, in the first stage of a total research process, while other methods are more suitable for hypotheses testing and theory-building.
- Misunderstanding no. 4: The case study contains a bias towards verification, that is, a tendency to confirm the researcher's preconceived notions.
- Misunderstanding no. 5: It is often difficult to summarize and develop general propositions and theories on the basis of specific case studies.

These five misunderstandings indicate that it is theory reliability and validity that are at issue; in other words, the very status of the case study as a scientific method.

The case study strategy should not be confused with “qualitative research”; some qualitative research follows ethnographic methods and seeks to satisfy two conditions: a) the use of close-up, detailed observation of the natural world by the investigator, and b) the attempt to avoid prior commitment to any theoretical model. However, ethnographic research does not always produce case studies or case studies are limited to these two conditions. As a result, case studies do not always include direct and detailed observation and can be based on any mix of quantitative and qualitative evidence. Finally, Yin (1994b), believes that in spite of the fact that some investigators try to distinguish between quantitative and qualitative research on the basis of different philosophical beliefs (and not the type of evidence), there is a strong and essential common ground between the two. The researcher believes that the combination of quantitative and qualitative evidence can be useful to the analysis of the case study's findings; in the two cases under investigation, he has utilized quantitative elements (statistical records and accounting books) to “support” the qualitative pieces of information that derived from the interviews.

Case study protocol

The development of a case study protocol is essential for the unhindered following of the research procedures in an attempt to ensure that the case study findings are reliable and objective. The protocol is a major way of increasing the reliability of case study research and is intended to guide the investigator in carrying out the data collection from a single case study. The case study protocol has only one thing in common with a survey questionnaire: Both are directed at a single

data point (collecting data either from a single case study or from a single respondent). Of course, there are major differences, like the fact that the protocol is more than a questionnaire or instrument. According to Yin (2003), the protocol contains the instruments as well as the procedures and general rules to be followed in using the protocol. Moreover, the protocol is directed at an entirely different party than that of an instrument and finally, a case study protocol is essential in the utilisation of a multiple case study.

In general, a case study protocol should have the following sections:

- An overview of the case study project (project objectives, case study issues and relevant readings about the specific topic).
- Field procedures (access to case study “sites”, general sources of information).
- Case study questions (the specific questions that the investigator must keep in mind in collecting data, as well as sources of information for answering each question).
- A guide for the case study report (outline, format of the data, use and presentation of other documentation, and bibliographical information).

The researcher tried to incorporate the aforementioned sections to the case study protocol that has been prepared for the specific cases (see Appendix I).

In this way, the importance of the protocol is obvious, since it keeps the researcher targeted on the subject of the case study; what is more, when preparing the protocol the researcher is able to anticipate several problems, including the ways that the case study reports are to be completed. As a result, the audience for the case study report must have been identified even before the case study is conducted. The researcher, apart from the obvious academic goal, has the target of “helping” the managers of similar Greek SMEs by providing them with some different perspectives for dealing with their problems; of course, he hopes that the utilisation of the suggested potential strategies/solutions would be equally useful to them.

Data Collection Methods

Not all variables of interest have been operationalized in the form of standardized tests, or some research questions might require unique or different approaches. Cost and time constraints might also be important considerations. In cases like these, the researcher might have to consider and adopt other data collection strategies. In many cases, these strategies are just as valid as, and are even preferable to, the use of formal testing. The main approaches to measurement and data collection in research methods entail:

- Formal testing (psychological, educational, academic, intelligence).

- Interviewing.
- Global ratings.
- Observation.
- Biological measures.

A thorough *interview* is a form of self-report that is a relatively simple approach to data collection. Although simple, it can produce a wealth of information. An interview can cover any number of content areas and is a relatively inexpensive and efficient way to collect a wide variety of data that does not require formal testing. The effectiveness of an interview depends on how it is structured. In other words, the interview should be thought out beforehand and standardized so that all participants are asked the same questions in the same order. Similarly, the researchers conducting the interview should be trained in its proper administration to avoid variation in the collection of data. Interviews are a relatively common way of collecting data in research and the data they collect and the forms they take are limited only by the requirements of the research question and the related research design. One drawback of using an interview procedure is that the data obtained may not be appropriate for extensive statistical analysis because they simply describe a construct rather than quantifying it. The researcher is utilising the interview as a data collection method so as to gather (from the two managers) a wide variety of information about the sector that is examined. The structure of the interviews was based on the research questions that were posed in previous documents; the two participants were asked the same questions or responded to certain points/”headings” that were raised by the researcher.

Like interviews, *global ratings* are another form of self-report that is commonly used as a data collection technique in research. Unlike an interview, this approach to measurement attempts to quantify a construct or variable of interest by asking the participant to rate his or her response to a summary statement on a numerical continuum. The researcher did not find this method useful; however, in Document 4 (quantitative analysis), this method can be proved practical.

Observation is another versatile approach to data collection. This approach relies on the direct observation of the construct of interest, which is often some type of behaviour. In essence, if you can observe it, you can find some way of measuring it. The use of this approach is widespread in a variety of research, educational, and treatment settings. The use of observation in a research setting can be an efficient way to collect data when the researcher is interested in studying and quantifying some type of behaviour. As with other forms of data collection, the process of quantifying observations should be standardized. The behaviour in question must be accurately operationalized and everyone involved in the data collection should be trained to ensure accuracy of observation, so that validity and reliability are ensured. The researcher has utilised an “element” of the

observation method in his study; he has worked for “Omicron” in the past and the interpretation of the cases’ findings are probably influenced by his previous experience to the company.

Obtaining *biological measures* is another strategy for collecting research data. This approach is common in medical and psychobiological research. It often involves measuring the physiological responses of participants to any number of potential stimuli; operationalization and standardization are essential in order to secure the reliability and validity of the method. The researcher has not utilised this method as it is virtually irrelevant to his study.

According to Marshall & Rossman (1999), qualitative researchers typically rely on four methods for gathering information: (a) participation in the setting, (b) direct observation, (c) in-depth interviewing, and (d) analyzing documents and material culture. The types of information and the methods of obtaining these pieces of information are recorded in Table 2. The researcher has virtually utilized all these methods (a, b and d methods were indirectly used), however the straightforward and obvious method was that of in-depth interviewing.

Method of Obtaining Information			
<i>Information Type</i>	<i>Enumerations and Samples</i>	<i>Participant Observation</i>	<i>Interviewing Informants</i>
Frequency distributions	Prototype and best form	Usually inadequate and inefficient	Often, but not always, adequate; if adequate, efficient
Incidents, histories	Not adequate by itself; not efficient	Prototype and best form	Adequate, with precautions, and efficient
Institutionalized norms and statuses	Adequate but inefficient	Adequate but inefficient, except for un verbalized norms	Most efficient and hence best form

Table 2: Information Types and Methods of Obtaining Information (SOURCE: Zelditch (1962, p. 575). Reprinted by permission)

In Table 3, different strategies for the selection of samples and cases are presented, in an attempt to combine the different selection type (Random selection or information-oriented selection) with the purpose of the selection itself (what are the targets of the choice).

The investigator has focused on information-oriented selection that can maximize the utility of information from small samples and single cases. The cases were selected on the basis of expectations about their information content and analysis perspectives. The selected cases are “maximum variation cases” that are utilized in order to obtain information about the significance of various circumstances for case process and outcome, since the two companies are very different on the dimensions of size, form of organization, sales turnovers, budgets, number of retail sale points, etc. On the other and, the researcher has not worked on extreme/deviant, critical or

paradigmatic cases that are utilized on specific circumstances. The researcher avoided random selection (random or stratified sample) so as to avoid systematic biases in the sample. In this case, the size of the sample is decisive for generalization.

However, there are many types of data collection methods that have certain advantages (see Appendix II for the strengths of the methods of Participant observation, Observation, Interview, Focus Group Interviewing, Document Review, Narratives, Life and Oral Histories, Historical Analysis, Film, Questionnaire, Psychological Techniques and Unobtrusive Measures).

Type of selection	Purpose
A. Random selection	To avoid systematic biases in the sample. The sample's size is decisive for generalization.
1. Random sample	To achieve a representative sample that allows for generalization for the entire population.
2. Stratified sample	To generalization for specially selected sub-groups within the population.
B. Information-oriented selection	To maximize the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content.
1. Extreme/deviant cases	To obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense.
2. Maximum variation cases	To obtain information about the significance of various circumstances for case process and outcome, e.g. three to four cases that are very different on one dimension: size, form of organization, location, budget, etc.
3. Critical cases	To achieve information that permits logical deductions of the type, 'if this is (not) valid for this case, then it applies to all (no) cases'.
4. Paradigmatic cases	To develop a metaphor or establish a school for the domain that the case concerns.

Table 3: Strategies for the selection of samples and cases (SOURCE: Seale et al, 2003)

According to Yin (2003), there are three principles of data collection:

1. *Use multiple sources of evidence.*

A major strength of case study data collection is the opportunity to use many different sources of evidence (Figure 5).

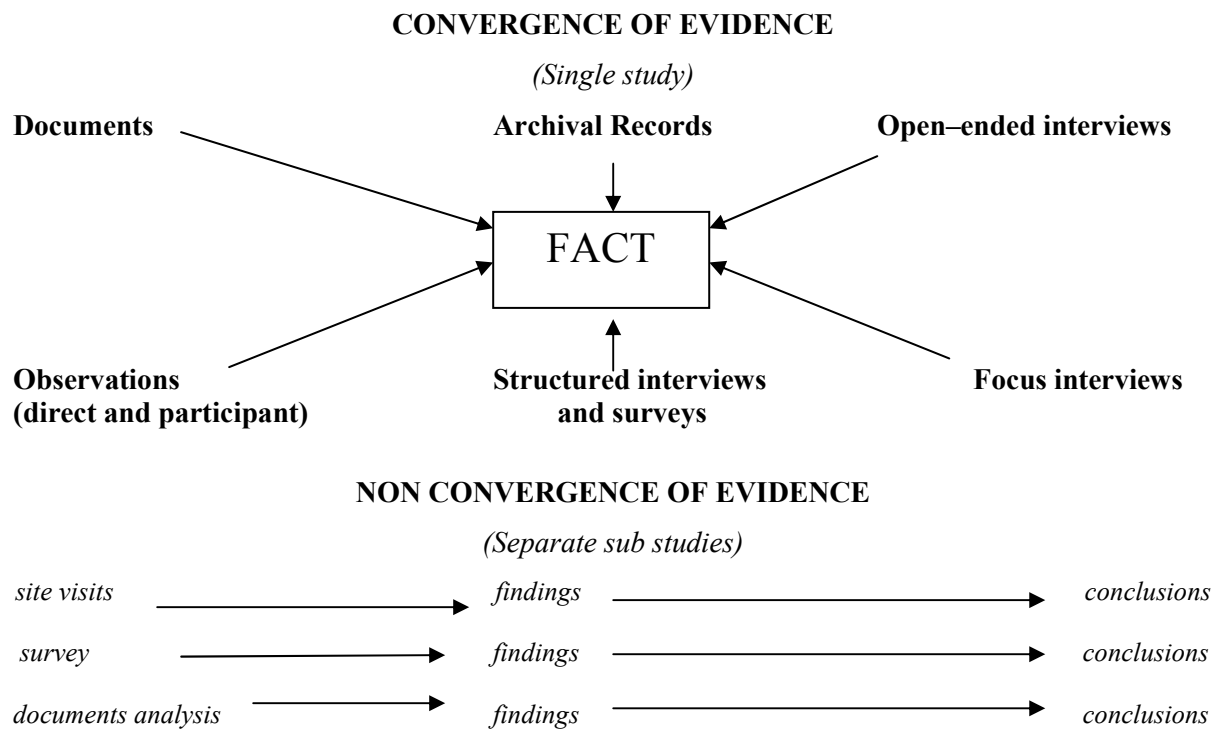


Figure 5: Convergence and Non convergence of multiple sources of evidence (source: COSMOS Corporation)

For example, experiments are limited to the measurement and recording of a certain attitude in lab conditions. Also, surveys do not usually emphasize to the direct measurement/recording of the individual behaviour. Moreover, histories are only examining events of the past; as a result, they are not related to any contemporary sources of evidence, such as direct observations of phenomenon or interviews with key respondents. Of course, each of these strategies can be modified and developed but they always keep their congenital characteristics. The utilisation of multiple sources of evidence in case studies allows a researcher to address a broader range of historical, attitudinal and behavioural issues. But, the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of triangulation. This means that any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several different sources of information, following a corroboratory mode.

Patton (1987) discusses four types of triangulation:

- the triangulation of data sources (data triangulation).
- the triangulation among different evaluators (investigator triangulation).
- the triangulation of perspectives to the same data set (theory triangulation).
- the triangulation of methods (methodological triangulation).

In the certain situations, we are referred to the data triangulation only; in this way the investigator collect information from multiple sources but aimed at corroborating the same fact or phenomenon. When the data has really been triangulated, the events or facts of the case study have been supported by more than a single source of evidence. On the other hand, when you have used multiple sources but not actually triangulated the data, you typically have analysed each source of evidence separately and have compared the conclusions from the different analyses. With data triangulation, the potential problems of construct validity also can be addressed because the multiple sources of evidence essentially provide multiple measures of the same phenomenon. The collection of data from multiple sources is more qualitative but more expensive than if data were only from a single source. In the two cases under observation, the researcher tried to triangulate the data that derived from the different sources (interviews, archival records and documents), in order to augment the quality of the documents findings and conclusions.

2. Create a case study database

The second principle has to do with the way of organising and documenting the data collected for case studies; case studies have much to borrow from the practices followed by other research strategies whose documentation consists of two separate collections, the data of evidentiary base and the report of the investigator, whether in article, report or book form. With case studies, the distinction between a separate database and the case study report has not yet become an institutionalised practice. The researcher has organised and documented the pieces of information that had the form of articles, reports, statistical records, accounting books etc.; however, these references were not officially specified as case study database or case study report. They were only utilised for the researcher's needs and the complete presentation of the studies' findings.

3. Maintain a chain of evidence

Another important principle to be followed, in order to increase the reliability of the information in a case study, is to maintain a chain of evidence. Such a principle is based on a notion similar to that used in forensic investigations. The principle is to allow the external observer (e.g. the reader of the case study) to follow the derivation of any evidence, ranging from initial research questions to ultimate case study conclusions (see figure 6). Moreover, the reader should be able to trace the steps in either direction (from conclusions back to initial research questions or from questions to conclusions). No original evidence must be lost and therefore fail to receive the appropriate attention in considering the "facts" of a case. If these objectives are achieved, a case study will also have addressed the methodological problem of determining construct validity, thereby increasing the overall quality of the case.

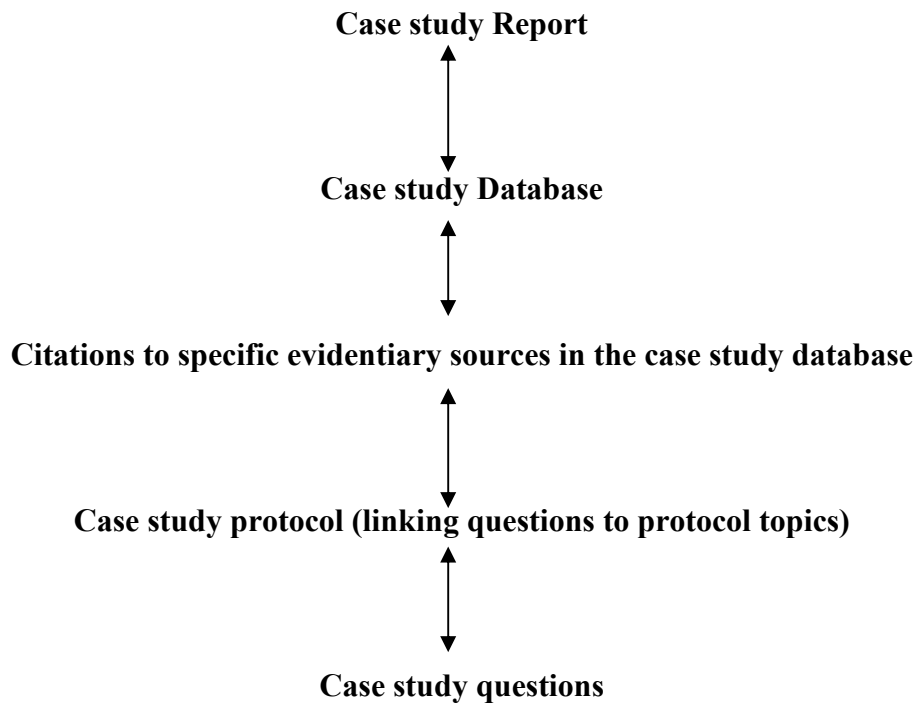


Figure 6: Maintaining a chain of evidence (SOURCE : COSMOS Corporation)

In the particular document, the researcher tries to trail the following direction: if the external observer reads the conclusions of the case study report and wants to find out more about the basis for the conclusions, he should be able to trace the evidentiary process backward. In general, the reader should be able to move from the one part of the case study process to another, with clear cross-referencing to methodological procedures and to the resulting evidence. In this way, at first the report should have made sufficient citation to the relevant portions of the case study database (e.g. by citing specific documents, interviews or observations). Second, the database should reveal the actual evidence and also indicate the circumstances under which the data was collected (e.g. time and place of an interview). Third, these circumstances should be consistent with the specific procedures and questions contained in the case study protocol (that entails the research questions), to show that the data collection followed the procedures stipulated by the protocol. Finally, a reading of the protocol should indicate the link between the content of the protocol and the initial study questions.

What is more, according to Yin (2003), evidence for case studies may come from six (6) sources (figure 7): documents, archival records, interviews, direct observation, participant observation, physical artefacts.

SOURCE OF EVIDENCE	STRENGTHS	WEAKNESSES
<i>DOCUMENTATION</i>	<ul style="list-style-type: none"> • stable – can be reviewed repeatedly • unobtrusive – not created as a result of the case study • exact – contains exact names, references and details of an event. • broad coverage – long span of time, many events, and many settings 	<ul style="list-style-type: none"> • retrievability – can be low • biased selectivity, if collection is incomplete • reporting bias –reflects (unknown) bias of author • access – may be deliberately blocked
<i>ARCHIVAL RECORDS</i>	<ul style="list-style-type: none"> • same as above for Documentation • precise and quantitative 	<ul style="list-style-type: none"> • same as above for Documentation • accessibility due to privacy reasons
<i>INTERVIEWS</i>	<ul style="list-style-type: none"> • targeted – focuses directly on case study topic • insightful – provides perceived causal inferences 	<ul style="list-style-type: none"> • bias due to poorly constructed questions • response bias • inaccuracies due to poor recall • reflexivity - interviewee gives what interviewer wants to hear
<i>DIRECT OBSERVATIONS</i>	<ul style="list-style-type: none"> • reality – covers events in real time • contextual – covers context of event 	<ul style="list-style-type: none"> • time consuming • selectivity – unless broad coverage • reflexivity – event may proceed differently because it is being observed • cost – hours needed by human observers
<i>PARTICIPANT OBSERVATION</i>	<ul style="list-style-type: none"> • same as above for direct observations • insightful into interpersonal behavior and motives 	<ul style="list-style-type: none"> • same as above for direct observations • bias due to investigator’s manipulation of events
<i>PHYSICAL ARTIFACTS</i>	<ul style="list-style-type: none"> • insightful into cultural features • insightful into technical operations 	<ul style="list-style-type: none"> • selectivity • availability

Figure 7: Six sources of evidence: Strengths and weaknesses (SOURCE: R. K. Yin (1995))

Documents for case studies are utilised in order to corroborate and augment evidence from other sources. In the two cases (enterprises) that are examined in this document, statistical and logistical documents were utilised by the researcher so that certain pieces of information are revealed. What is more, *Archival records* can be used in conjunction with other sources of information in producing a case study. In the particular cases, the archival records of the companies were useful to the researcher in his attempt to find the continuity in the enterprises’ evolution in certain fields (management, bookkeeping, sales volumes etc). On the other hand, *interviews* usually require that the researcher can operate on two levels at the same time, satisfying the needs of his inquiry line while putting forth “friendly” and “nonthreatening” questions in the open-ended interviews. Most commonly, case study interviews are of an open –ended nature, in which you can ask key respondents about the facts of a matter as well as their opinions about events.

In the document's particular situations, the researcher asked the respondents to propose their insights into certain occurrences (like the potential strategies that can follow in order to offset the increasing competition or the main problems of the wholesaling sector of confectionary products); these propositions were utilised as the basis for further inquiry and even more "complicated and developed" solutions (participation in mergers/acquisitions, utilisation of the franchising method etc). The respondents suggested other sources of evidence, like customers, suppliers or even competitors; in this way, the two managers' role can be considered more of an "informant" rather than a respondent.

According to Yin (2003), "key informants can be critical to the success of a case study", because they can provide the case study investigator with insights into the matter that no one else can give. Another type of interview is a focused interview (Merton, Fiske & Kendall, 1990), in which a respondent is interviewed for a short period of time; in such cases, interviews remain open ended and assume a conversational manner, but you are more likely to be following a certain set of questions derived from the case study protocol. In the certain cases, the case study protocol entails the research questions that were posed in previous documents (see Appendix I); however, conversations with the two managers were open and friendly and not so "guided".

Direct observation, Participant observation and Physical artifacts were not actually utilised as sources of evidence by the researcher. Only elements of the observation source of evidence have probably influenced the analysis of "Omicron", since the researcher has worked for that company in the past.

In general, an investigator should know how to use these six sources, which call for knowing different methodological procedures. Apart from these individual sources, there are some principals that are important to data collection for case studies purposes. These include (a) the use of multiple sources of evidence (from two or more sources, but converging on the same set of facts or findings), (b) a case study database (a formal assembly of evidence distinct from the final case study report, and (c) a chain of evidence (explicit links between the questions asked, the data collected and the conclusions drawn). The incorporation of these principles into a case study investigation will increase its quality substantially. The researcher has tried to follow the aforementioned principles in order to improve the standards of the studies' findings.

Apart from being familiar with data collection procedures using these six sources of evidence, we should continue addressing the design challenges (construct validity, internal validity, external validity and reliability; see also Appendix III).

Research Methodology-Conducting the case studies

Most people associate the doing of a case study with the collection of the case study data; preparing for data collection can be complex and difficult. If not done well, the entire case study can be jeopardized and all of the earlier work in defining the research questions and designing the case study will have been naught. According to Yin (2003), good preparation begins with desired skills on the part of the case study investigator. Apart from those skills, issues like training for a specific case study, development of a protocol for the investigation as well as the conduct of a pilot case study are essential to increase the reliability of case studies.

According to Yin (2003), when conducting case studies, data collection procedures are not routinized (as happens in laboratory experiments or in surveys); a well trained investigator is needed to conduct a high-quality case study because of the continuous interaction between the theoretical issues being studied and the data being collected. Unfortunately, there are no tests for distinguishing those persons that are likely to become good case study investigators. However, there are basic required skills that the researcher tried to follow, like asking proper questions and interpret the answers without prejudices own ideologies or preconceptions. What is more, the researcher tried to be adaptive and flexible, so that newly encountered situations were seen as opportunities and not threats.

Rationale for single-case designs

In Document 3, the researcher examined two different single case studies (wholesaling companies of confectionary products) with specific characteristics. According to Yin (2003), a primary distinction in designing case studies is between single and multiple case designs. This means the need for a decision, prior to any data collection, on whether a single case study or multiple cases are going to be used in order to address the research questions. The single case study is an appropriate design under several circumstances, and five rationales had to be taken into consideration by the researcher.

- a) One rationale for a single case is when it represents the critical case in testing a well-formulated theory. The theory has specified a clear set of propositions are believed to be true. To confirm, challenge, or extend the theory, a single case may meet all of the conditions for testing the theory. The single case can then be used to determine whether a theory's propositions are correct or whether some alternative set of explanations might be more relevant. In this way, the single case study can represent a significant contribution to knowledge and theory building. The researcher believes that this rationale is accomplished with the utilization of the two single case studies of "Omicron" and "Zen".

b) A second rationale for a single case is when the case represents an extreme case or a unique case; the cases under observation can be regarded as almost extreme cases, since they are of completely different sales volumes, turnover, number of employees as well as points of retail that they service.

c) A third rationale for a single case is the representative or typical case. Here, the objective is to capture the circumstances and conditions of an everyday or commonplace situation. The two different case studies represent two typical enterprises among many different companies.

d) A fourth rationale for a single case study is the revelatory case. This situation exists when an investigator has an opportunity to observe and analyze a phenomenon previously inaccessible to scientific investigation. When other investigators have similar types of opportunities and can uncover some prevalent phenomenon previously inaccessible to scientists, such conditions justify the use of a single case study on the grounds of its revelatory nature. In the particular cases, the researcher can reveal the different, flexible and innovative ways that managers try to follow in order to face the increasing competition by the superstores/supermarkets and finally survive.

e) A fifth rationale for a single case study is the longitudinal case; studying the same single case at two or more different points in time. The theory of interest would likely specify how certain conditions change over time. For example, since the researcher has worked for “Omicron” in the past (1995-1999), he is able to present the differences between the two periods and identify the reactions of the company to these conditions’ alterations.

These five rationales serve as major reasons for conducting a single case study. However, single case designs require careful investigation of the potential case to minimize the chances of misrepresentation and to maximize the access needed to collect the case study evidence.

On the other hand, the design of a case study can be determined by its nature; if the same case study involves more than unit of analysis, the resulting design would be called an *embedded* case study design. In contrast, if the case study examines only the global nature of an organization or of a programme, a *holistic* design would have been used. These two variants of single case studies both have their strengths and weaknesses. The holistic design is advantageous when no logical subunits can be identified or when the relevant theory underlying the case study is itself of a holistic nature. Potential problems arise when a global approach allows an investigator to avoid examining any specific phenomenon in operational detail. Thus, a typical problem with the holistic design is that the entire case study may be conducted at an abstract level, lacking any clear measures or data. The initial study questions may have reflected one orientation, but as the case study proceeds, a different orientation may emerge and the evidence begins to address different

research questions. An embedded design, however, also has its drawbacks; a major one occurs when the case study focuses only on the subunit level and fails to return to the larger unit of analysis. In this way, the original phenomenon of interest has become the context and not the target of the study.

In Document 3, the case studies that are examined involve more than one units of analysis (embedded case study design), since the research questions are multiple and examine different aspects of the same field. The researcher, so as not to lose the main target of the study (which is to determine potential strategies that Greek SMEs can adopt in order to offset the increasing competition), during the interviews and by asking the proper research questions and clarifications tried to focus on that issue.

Rationale for multiple case designs

According to Yin (2003), the rationale for multiple case designs derives directly from the understanding of literal and theoretical replications; the simplest multiple case design would be the selection of two or more cases that are believed to be literal replications, such as the set of cases with exemplary outcomes in relation to some evaluation theory. Selecting such cases requires prior knowledge of the outcomes with the multiple-case inquiry focusing on how and why the exemplary outcomes might have occurred and hoping for literal (or direct) replications of these conditions from case to case. More complicated multiple case designs would likely result from the number and types of theoretical replications you might want to cover. Multiple case rationales also can derive from the prior hypothesizing of different types of conditions and the desire to have subgroups of cases covering each type, These and other similar designs are more complicated, because the study should still have at least two individual cases within each of the subgroups, so that the theoretical replications across subgroups are complemented by literal replications within each subgroup.

A multiple case study may consist of *multiple holistic* cases or of *multiple embedded* cases. The difference between these two variants depends on the type of phenomenon being studied and your research questions. In an embedded design, a study even may call for the conduct of a survey at each case study site. The survey data will be part of the findings for each individual case. These data may be highly quantitative, focusing on the attitudes and behavior of individual clients and the data will be used along with archival information to interpret the success and operations at the given case. If, in contrast, the survey data are pooled across the cases, a multiple case study design is no longer being used, and the investigation is likely to be using a survey rather than case study design.

Multiple versus single case designs

Multiple case studies have distinct advantages and disadvantages in comparison to single case designs. The evidence from multiple cases is often considered more compelling, and the overall study is therefore regarded as being more robust. At the same time, the rationale for single case designs usually cannot be satisfied by multiple cases; the unusual or rare case, the critical case and the revelatory case are all likely to involve only single cases, by definition. What is more, the conduct of a multiple case study can require extensive resources and time beyond the means of an independent research investigator.

As a result, the decision to undertake multiple case studies are not easy; a major insight is to consider multiple cases as one would consider multiple experiments, that is to follow a “replication” logic. This is different than the “sampling” logic, which was equalizing multiple cases to the multiple respondents in a survey. According to Yin (2003), the replication logic is analogous to that used in multiple experiments. When uncovering a significant finding from a single experiment, the immediate research goal would be to replicate this finding by conducting a second, third and even more experiments so that the original finding will be considered robust and worthy of continued investigation or interpretation. The logic underlying the use of multiple case studies is the same; each case must be carefully selected so that it either predicts similar results (a literal replication) or predicts contrasting results but for predictable reasons (a theoretical replication). The ability to conduct 6 or 10 case studies, arranged effectively within a multiple-case design, is analogous to the ability to conduct 6 to 10 experiments on related topics; this number of cases would have provided compelling support for the initial set of propositions. If the cases are in some way contradictory, the initial propositions must be revised and retested with another set of cases, while the logic is similar to the way scientists deal with contradictory experimental findings. An important step in all of these replication procedures is the development of a rich theoretical framework that later becomes useful for generalizing to new cases or for the modification that must be made to theory. The replication procedure should not be confused with the sampling logic, since the utilization of case study is not the most suitable method for assessing the prevalence of phenomena, while many important issues could be empirically investigated only by the sampling logic.

Single or multiple case designs

In general, multiple case designs (even a “two-case” study) may be preferred over single-case studies. At first, you have the possibility of direct replication; analytic conclusions independently arising from two cases (as with two experiments), will be more powerful than those coming from a

single case alone. What is more, the contexts of the two cases are likely to differ to some extent. If under these varied circumstances you can still arrive at common conclusions from both cases, they will have immeasurably expanded the external generalizability of your findings, again compared to those from a single case alone. Alternatively, you may have deliberately selected your two cases because they offered contrasting situations, and you were not seeking a direct replication. In this design, if the subsequent findings support the hypothesized contrast, the results represent a strong start toward theoretical replication- again vastly strengthening the external validity of your findings compared to those from a single case alone.

In general, criticisms about single case studies usually reflect fears about the uniqueness or artifactual condition surrounding the case (e.g. special access to a key informant). As a result, the criticisms may turn into skepticism about the ability to do empirical work beyond having done a single case study. Having two cases can begin to blunt such criticism and skepticism. Having more than two cases will produce an even stronger effect. In the face of these benefits, having at least two cases should be your goal. If you do use a single case design, you should be prepared to make an extremely strong argument in justifying your choice for the case. In the cases that are examined, it is obvious that each company has certain characteristics and the firms' owners have different viewpoints about the sector's problems or various means for realizing the potential "survival" strategies.

Of course, the case study's design can be modified by new information or discovery during data collection; such revelations can be enormously important, leading to your altering or modifying your original design. In a single case study, what was thought to be critical or unique case might turn out not to be so after initial data collection has started; in a multiple case study, in which what was thought to be parallel cases for literal replication turn out not to be so. Under these discoveries, you have every right to conclude that your initial design needs to be modified. However, you should undertake any alterations only given a serious caution which is to understand the nature of the alteration. The flexibility should not lessen the rigor with which the case study procedures are followed.

In Document 3, the researcher has selected to utilize a multiple (two-case) case study design in order to have the possibility of direct replication and to acquire stronger analytic conclusions. What is more, the generalizability of the documents findings is strengthened, since the contexts of the two cases are different (as for their turnovers, sales volumes, number of employees, points of retail sale that they service, etc), and these companies are activated in the same sector but under different conditions. In spite of the fact that the multiple case study design has been chosen in

general, the researcher has “borrowed” and utilized some of the rationales for single-case designs (especially those of revelatory and longitudinal cases).

Need for an analytic strategy

The analysis of case study evidence is one of the least developed and most difficult aspects of doing case studies. The tools are important and can be useful, however, they are not often most helpful if the researcher knows what to look for, which returns him/her back to the original problem. No matter what benefits such tools can have, they are only a part of the case study; there still exists the need for an analytic strategy to address the larger or fuller case study.

Another set of helpful analytic manipulations has been comprehensively described and summarized by Miles and Huberman (1994) and includes:

- Putting information into different arrays.
- Making a matrix of categories and placing the evidence within such categories.
- Creating data displays-flowcharts and other graphics-for examining the data.
- Tabulating the frequency of different events.
- Examining the complexity of such tabulations and their relationships by calculating second-order numbers such as means and variances.
- Putting information in chronological order or using some other temporal scheme.

These are useful and important manipulations and can put the evidence in some preliminary order. Moreover, conducting such manipulations is one way of overcoming the stalling problem mentioned earlier. In this sense, manipulating the data at this early stage can be a fruitful activity. Without a broader strategy, however, the investigator is still likely to encounter many false starts and potentially waste large chunks of time. Furthermore, if after plying with the data a general strategy does not emerge, the entire case study is likely to be in jeopardy.

A higher priority than sheer familiarity with these tools and manipulations is to have a general analytic strategy in the first place. Once the researcher has a strategy, the tools may turn out to be extremely useful or irrelevant. The strategy will help the investigator to treat the evidence fairly, produce compelling analytic conclusions and rule out alternative interpretations. The strategy will also help the researcher to use tools and make manipulations, more effectively and efficiently. According to Yin (2003), three such strategies are:

1. Relying on theoretical propositions.

The original objectives and design of the case study presumably were based on such propositions, which in turn reflected a set of research questions, reviews of the literature, and new hypotheses or

propositions. The propositions would have shaped the researcher's data collection plan and therefore would have given priorities to the relevant analytic strategies. The proposition helps to focus attention on certain data and ignore other; it also helps to organize the entire case study and to define possible alternative explanations. Theoretical propositions about causal relations – answers to “how” and “why” questions-can be extremely useful in guiding case study analysis in this manner. In the particular cases that these types of questions are posed to the managers of the two companies, it is obvious that the theoretical propositions-research questions direct to the proper analysis of the research findings. The researcher collected the relevant data and conducted the literature review according to his original propositions that virtually reflected his research questions; in this way, the case studies were organized.

2. Thinking about rival explanations

A second general analytic strategy tries to define and test rival explanations (Figure 8). This strategy can be related the first, in that the original theoretical propositions might have included rival hypotheses. However, the strategy is relevant even in the absence of such theoretical propositions and is especially useful in doing case study evaluations. The researcher should have pursued the data collection about “other influences” vigorously as if he was in fact trying to prove the salience of these influences; then, if he had found insufficient evidence, he would less likely be accused of “stacking the deck” in favor of the original hypothesis (Patton, 1990, p.462). Figure 8 classifies and itemizes many types of rivals (Yin, 2000). For each type, an informal and more understandable descriptor accompanies the formal social science categorization, hoping to make the gist of the rival clearer. This list reminds the researcher of the three “craft” rivals that underlie all of the social science research; however, the list also defines six “real-life” rivals that have received virtually no attention by textbooks. These real-life rivals are the ones that should be carefully identified prior to data collection. In general, the more rivals that the analysis addresses and rejects, the more confidence can be placed in the research findings. In Document 3, the main rival explanation can be the fact that supermarkets/superstores create competition and market conditions that favor the existence of SMEs in the wholesale sector of confectionary products. As a result, the researcher has to define, describe and test all the relevant current market circumstances that can prove or shoot down in flames the previous argument, even before he supports the negative effects that the expansion of supermarkets has to SMEs. In this way, the case study evaluations and findings can be more reliable and useful, since more perspectives of an issue are taken into consideration.

3. Developing a case description

A third general analytic strategy is to develop a descriptive framework for organizing the case study. This strategy is less preferable than the use of theoretical propositions or rival explanations but serves as an alternative when you are having difficulty making either of the other approaches work. Sometimes, the original purpose of the case study may have been a descriptive one, where this approach was used to identify an embedded unit of analysis or an overall pattern of complexity that is used to “explain” certain case circumstances. In other situations, the original objective of the case study may not have been a descriptive one, but a descriptive approach may help to identify the appropriate causal links to be analyzed, even quantitatively. In the particular cases, the researcher has developed a description of the cases, since he is referred to each company’s characteristics; these characteristics reveal significant differences between the two cases and are essential to determine the conditions that each manager expresses his views on the sector’s problems or potential “survival” strategies.

According to Yin (2003), there are five specific analytic techniques, Pattern Matching, Cross case synthesis, Explanation Building, Time-Series Analysis and Logic Models (see Appendix IV).

Types of Rival	Description or Examples
<p><i>Craft Rivals:</i></p> <ol style="list-style-type: none"> 1. The Null Hypothesis 2. Threats to Validity 3. Investigator Bias 	<ol style="list-style-type: none"> 1. The observation is the result of chance circumstances only 2. e.g. history, maturation, instability, testing instrumentation, regression, selection, experimental mortality and selection-maturation interaction 3. e.g. “experimenter effect”, reactivity in field research
<p><i>Real-Life Rivals:</i></p> <ol style="list-style-type: none"> 1. Direct Rival (Practice or Policy) 2. Commingled Rival (Practice or Policy) 3. Implementation Rival 4. Rival Theory 5. Super Rival 6. Societal Rival 	<ol style="list-style-type: none"> 1. An intervention (“suspect 2”) other than the target intervention (“suspect 1”) accounts for the results 2. Other interventions and the target intervention both contributed to the results 3. The implementation process, not the substantive intervention, accounts for the results 4. A theory different from the original theory explains the results better 5. A force larger than but including the intervention accounts for the results 6. Social trends, not any particular force or intervention, account for the results

Figure 8: Brief description of different kinds of Rival explanations (SOURCE: R. K. Yin, 1995)

No matter what specific analytic strategy or techniques have been chosen, quality must be assured. At least four principles underlie all good social science research (Yin, 1994a, 1997, 1999). During the document preparation, the researcher tried to follow those principles:

1. The researcher's analysis revealed that he attended to all the evidence that has been reported to the case studies. His analytic strategies (including the development of rival hypotheses) have shown that as much relevant evidence as was available was sought; his interpretations account for all of this evidence and no loose ends were left. In this way, his analysis cannot be vulnerable to alternative interpretations that are based on ignored evidence.
2. The researcher's analysis addresses all major rival interpretations. In the examination of the certain cases, the investigator tried to take an independent and objective stance, especially in the phase of the findings the interpretation. This attitude was sometimes opposite to the managers' viewpoint and was identified with the competitors', suppliers' customers' or the governments' position.
3. The researcher's analysis addresses the most significant aspect of the case study that is related to the managers' views on the sector's problems as well as the potential solutions/strategies in order to survive. The analysis focuses on the most important issue (how the managers of two Greek wholesaling SMEs view the contemporary competition in the market) that was defined at the outset of the case study. In this way, the analysis is less vulnerable to the possibility that the main issue is avoided because of possibly negative findings.
4. The researcher tried to use his own, prior, expert knowledge in the case study, since he has worked for "Omicron" in the past. In this way, awareness of current thinking and discourse about the case study topic is demonstrated.

The role of theory in design work

For case studies, theory development as part of the design phase is essential, whether the ensuing case study's purpose is to develop or test theory. The complete research design embodies a "theory" of what is being studied; the simple goal is to have a sufficient blueprint of your study, and this requires theoretical propositions. In this way, the complete research design will provide a strong guidance in determining what data to collect and the strategies for analyzing the data.

In certain examples, existing works may provide a rich theoretical framework for designing a specific case study. However, in the specific situation, the appropriate theory is a descriptive theory and the concern focuses on (a) the purpose of the descriptive effort, (b) the full but realistic range of topics that might be considered a "complete" description of what is to be studied, and (c) the likely topics that will be the essence of the description. Furthermore, since the case studies entail "exploratory" elements, statements like (a) what is to be explored, (b) the purpose of the

exploration, as well as (c) the criteria by which the exploration will be judged successful, are examined.

On the other hand, in general, according to Yin (2003), other types of theories that should be considered, include the following:

- *Individual theories*, e.g. theories of individual development, cognitive behavior, personality, learning and disability, individual perception, and interpersonal interactions.
- *Group theories*, e.g. theories of family functioning, informal groups, work teams, supervisory-employee relations, and interpersonal networks.
- *Organizational theories*, e.g. theories of bureaucracies, organizational structure and functions, excellence in organizational performance, as well as inter-organizational partnerships.
- *Societal theories*, e.g. theories of urban development, international behavior, cultural institutions, technological development, and marketplace functions.

Another example is related to Decision- Making theory that can involve individuals, organizations or social groups.

Theory development does not only facilitate the data collection phase of the ensuing case study; the appropriately developed theory also is the level at which the generalization of the case study results will occur. This role of theory has been characterized as “analytic generalization” and has been contrasted with another way of generalizing results, known as “statistical generalization”; their distinction is an important challenge in case studies. In statistical generalization, an inference is made about a population on the basis of empirical data collected about a sample. The method of generalizing (which is most common way of generalizing when doing surveys or analyzing archival data) is commonly recognized because research investigators have ready access to quantitative formulas for determining the confidence with which generalizations can be made, depending mostly on the size and internal variation within the population and the sample. It is wrong to conceive statistical generalization as the method of generalizing the results of the case study. This is because cases are not “sampling units” and should not be chosen for this reason. Under these circumstances, the mode of generalization is “analytic generalization”, in which a previously developed theory is used as a template with which to compare the empirical results of the case study. If two or more cases are shown to support the same theory, replication may be claimed. The empirical results may be considered yet more potent if two or more cases support the same theory but do not support an equally plausible, rival theory. Analytic generalization can be

used whether the case study involves one or several cases, which will be later referenced as single-case or multiple-case studies. In Document 3, the researcher has the target to achieve “analytic generalization”, thus to compare the findings of the study with a previously developed theory.

Reporting case studies

According to Yin (2003), there are four formats of Written Case study Reports:

1. Classic single-case study. A single narrative is used to describe and analyze the case.
2. The multiple-case version of the classic single case. This type of multiple case report will contain multiple narratives, usually presented as separate chapters or sections about each of the cases singly.
3. Multiple or single case study that does not contain the traditional narrative. Instead, the composition for each case follows a series of question and answers, based on the questions and answers in the case study database.
4. Multiple-case studies. In this situation, there may be no separate chapters or sections devoted to the individual cases. Rather, your entire report may consist of the cross-case analysis, whether purely descriptive or also covering explanatory topics.

Yin (2003) suggests six illustrative structures that can be used with any of the types of case study formats. These illustrations are mainly described mainly in relation to the composition of a single case study, although the principles are readily translatable into multiple case reports. In figure 9, the first three are all applicable to descriptive, exploratory and explanatory case studies. The fourth is applicable mainly to exploratory and explanatory case studies, the fifth to explanatory cases and the sixth to descriptive cases.

Linear-analytic structures: This is a standard approach for composing research reports. The sequence of subtopics starts with the issue or problems being studied and a review of the relevant prior literature. The subtopics then proceed to cover the methods used, the findings from the data collected and analyzed, and the conclusions and implications from the findings.

Comparative structures: A comparative structure repeats the same case study two or more times, comparing alternative descriptions or explanations of the same case. A similar approach can be used even if a case study is serving descriptive, and not explanatory purposes.

Chronological structures: Because case studies generally cover events over time, a third type of approach is to present the case study evidence in chronological order. Here, the sequence of chapters or sections might follow the early, middle and late phases of a case history; it can serve an important purpose in doing explanatory case studies because presumed causal sequences must occur linearly over time. As for explanatory or descriptive purposes, a chronological approach

should avoid giving disproportionate attention to early events and insufficient attention to later ones; a solution could be to draft the case study backward, which means to first draft the current status of the case and after the background of the case study.

Type of structure	Purpose of Case study (single or multiple case)		
	Explanatory	Descriptive	Exploratory
1. <i>Linear-analytic</i>	X	X	X
2. <i>Comparative</i>	X	X	X
3. <i>Chronological</i>	X	X	X
4. <i>Theory building</i>	X		X
5. <i>“Suspense”</i>	X		
6. <i>Un-sequenced</i>		X	

Figure 9: Six Structures and their application to different purposes of case studies (SOURCE: R.K. Yin, 2003)

Theory building structures: In this approach, the sequence of chapters or sections will follow some theory-building logic; the logic will depend on the specific topic and theory, but each chapter or section should reveal a new part of the theoretical argument being made. If structured well, the entire sequence produces a compelling statement that can be most impressive. The approach is relevant to both explanatory and exploratory cases, since the first ones will be examining the various facets of a causal argument and the later ones will be debating the value of further investigating various hypotheses or propositions.

“Suspense” structures: This structure inverts the linear-analytic structure described previously; the direct “answer” or outcome of a case study is, paradoxically, presented in the initial chapter or section. The rest of the case study is devoted to the development of an explanation of this outcome, with alternative explanations considered in the ensuing chapters or sections. This type of approach is relevant mainly to explanatory case studies, as a descriptive case study has no especially important outcome.

Un-sequenced structures: An un-sequenced structure is one in which the sequence of sections or chapters assumes no particular importance. The structure is often sufficient for descriptive case studies; one could change the order of the chapters and not alter its descriptive value. If an un-sequenced structure is used, the investigator does need to attend to the test of completeness. The overall coverage of certain key topics is essential so that the description is complete, no matter what the order of the chapters is.

In the particular case studies, the researcher utilized the linear-analytic structure; at first, the presentation of the contemporary market conditions (competition) and problems of the sector as

well as a review of the relevant prior literature take place. The subtopics then cover the methods used, the findings from the data collected and analyzed, as well as the conclusions and implications from the findings, after the conduct of the interviews with the two managers. The purpose of the two case studies entails elements of explanatory, descriptive and exploratory nature. At first, the two case studies are utilized to *describe* two companies (“Omicron” and “Zen”) that are activated in the sector of confectionary products; however, the description focuses on the fact that these companies have different sales volumes, turnovers, legislative forms, number of employees, number of retail sale points (that they provide their services), areas of activation etc. On the other hand, apart from the descriptive purpose of the cases, the managers of the two companies *explain* their attitudes and reactions in relation to the sector’s vital problems and try to recommend survival strategies that are mainly based on successful foreign examples of similar enterprises. Of course, these views are utilized for further *exploration* of the topic in terms of the managers’ suggestions/solutions, realization of the proposed theoretical strategies as well the potential trends of the market (see Appendix V).

The researcher tried to have a well-developed set of procedures for analyzing social science data and for composing an empirical report; he paid attention to three important procedures: the first deals with a general tactic for starting a composition, the second covers the problem of whether to leave the case identities anonymous (he decided to mention the names of the companies and managers differently) and the third describes a review procedure for increasing the construct validity of a case study.

The researcher tried to conduct exemplary case studies so as to have a minimal contribution to research. According to Yin (2003), the exemplary case study goes beyond the usual methodological procedures; even if the researcher has followed most of the basic techniques (using a case study protocol, maintaining a chain of evidence, establishing a case study database), an exemplary case study may still not have been produced. The exemplary case study has five general characteristics so that they have a lasting contribution to research:

1. The case study must be significant
2. The case study must be complete
3. The case study must consider alternative perspectives
4. The case study must display sufficient evidence
5. The case study must be composed in an engaging manner

The researcher believes that he made an honest attempt so that his case studies entail most of the aforementioned characteristics.

According to Yin (2003), reporting a case study means bringing its results and findings to closure. Regardless of the form of the report, similar steps underlie the case study composition: identifying the audience for the report, developing the compositional structure, and following certain procedures. As for compositional structures, six alternatives are suggested: linear-analytic, comparative, chronological, theory-building, “suspense” and unsequenced structures.

Since the case study report does not follow any stereotypic form, such as journal article or psychology, the researcher perceived the compositional phase as an opportunity – to make a significant contribution to knowledge or practice. He composed the case studies reports before data collection and analysis have been completed in order to have a focused confrontation of specific issues during the interviews with the managers of the two companies. In general, the compositional phase is important and the researcher tried to be careful during that stage. There are aspects of composition and reporting that are directly related to the specific case studies of the “Omicron” and “Zen”.

One of the most important aspects of composition and reporting is *targeting case study reports*. Since case studies have more potential audiences than other types of research, the researcher’s essential task in designing the overall case study report is to identify the specific audiences for the report. Successful communication with more than one audience may mean the need for more than one version of a case study report. The possible audiences of the two case studies can include the specific sector’s managers, policymakers (government, unions), competitors (Industry, supermarkets, superstores etc.), suppliers, customers, apart from special groups (such as a dissertation or thesis committee). With most research reports (such as experiments), the second audience is not typically relevant. However, for case studies, this second audience may be a frequent target of the case study report; in this case, secondary audiences can be very important and influence the evolution of the sector of confectionary products.

According to Yin (2003), “one additional difference between the case study and other types of research is that your case study report can itself be a significant communication device”. The researcher identifies the potential audiences because the report should reflect emphasis, detail, compositional forms, and even a length suitable to their needs.

In the particular cases, the qualitative research was conducted between April and July of 2006 in the city of Athens, employing two different companies as case studies. The first one, “Omicron” is located in Acharnais of Athens and the other one, “Zen” is situated in Nea Filadelfeia of Athens.

For the needs of qualitative research, primary pieces of information data were required and collected by the researcher (by utilising statistical and accounting documents and archival records of “Omicron” and “Zen”). The same research questions headings were used for both cases, during

the interviews (that were of open-ended nature) with the two managers. The sample was relatively representative, since the criteria for the selection of two companies are related to their size, turnover, the number of employees, the points of retail sale that they service as well as their different legislative forms. Family and professional problems were barriers in finding the managers available for long talks. Throughout the discussions, the managers that are not used to being recorded when talking, were not easily convinced for the necessity of the utilisation of a tape recorder; the participants only wanted to have a “friendly” talk about their sectors’ problems and perspectives (see Appendix VI). As a result, apart from the limited utilisation of the tape recorder, the researcher kept notes from the discussions; the whole procedure for each case lasted for 3 to 4 hours approximately. However, the researcher had to visit the two companies again in order to accomplish the research. The author believes that respondents felt safe and free to express their opinion about the subject under investigation. The findings of the qualitative research were important in understanding better the managers’ attitudes towards the problems of their sector as well as their views on possible solutions. Finally, we believe that the outcomes of this qualitative research can constitute the base for constructing the suitable questionnaire of quantitative research that will take place in Document 4.

4. Managers’ Approaches to Research Questions

The researcher raised the following research questions/issues to the managers of “Omicron” and “Zen” during the case studies’ conduct:

1. How two different Greek wholesale companies of confectionary products face competition in a market characterized by a large expansion of supermarkets and chain stores? (main research question)
2. Dynamics of the Greek Economy and Market - Impacts on the Sweet Products’ Industry.
3. Key factors/drivers of the Sweet Products’ Industry - Influences on wholesaling SMEs of sweet products.
4. Sweet Products’ market characteristics - Future trends of this market.
5. Potential marketing strategy/strategies for Greek SMEs of Sweet Products in order to cope with the increasing competition of the supermarkets - Problems of the strategies implementation in the particular Greek environment.
6. Differences and similarities between similar confectionary wholesale SMEs in Greece and in other E.U. countries/U.S.A. Successful and useful examples of foreign SMEs that can be utilized in the Greek business area.

7. Problems of the sector of confectionary products.
8. Trends and Possible solutions to the problems.

The researcher presents the outcomes of his avocation with the two cases.

“Omicron”

“Omicron” is an Ordinary Partnership business entity. The legal form of an enterprise is the framework through which the firm is realizing its dealings. In this type of company, every active partner is personally responsible (limitlessly) for the activities and liabilities of the company; in the case of failing to settle the company’s liabilities, the partners are imprisoned. As a partnership, “Omicron” was relatively easy to set up (with a small fee to the lawyer to ensure that every detail is arranged). What is more, it has greater financial resources; this means that there is a greater chance of success because there is more cash available to operate the business. Furthermore, it has a pool of skills to draw upon; if there is only one owner, then he has to exclusively utilise his own knowledge and experience to survive in the competitive market conditions. But if there are more than one persons involved, there are potentially many talents to develop and grow the business. Moreover, taxes are passed through the partnership to the individual partners. However, partnerships are more costly to setup than sole proprietorships. In addition to this, there is partner liability; in a partnership, if someone creates a credit account in the name of the business, then the business is responsible for it. Of course, the personal liability is not avoided; if a partner does something wrong, you become personally liable. Moreover, partners (having different opinions) can be a bad influence, while some personal guarantees can cause problems to partners. Finally, partnerships are more costly to operate, while their taxation is subsumed under the company’s proportional tax.

“Omicron” employs seven (7) people, it has almost 500 customers (serves 500 different points of sale in kiosks, bakery shops, cantinas etc) and is handling more or less 1.200 different product codes. It is functioning six days per week and has an annual turnover of € 3.000.000,00 . This means that in order to survive the daily turnover has to reach almost € 50.000,00. The fact that “Omicron” serves such a big number of customers means that it can buy bigger quantities of products from its suppliers and can get better prices. On the other hand, the company’s operational costs are increased, since it has to pay for the rent of the storehouse, for its workers (labor charges, bonuses, salaries), for the distribution of products, for the increased gas price. What is more, in the summertime, in order to serve its customers in the Greek islands, the products are transferred with haulers; as a result the cost is increased.

➤ **Dynamics of the Greek Economy and Market - Impacts on the Sweet Products' Industry**

As for the picture of the Greek market, Mr Drelias, "Omicron' s" owner believes that "intense competition, mature markets, rapid technological change as well as globalization are some of the key factors affecting today's business. On the other hand, survival in the long-run has always depended on efficient and effective management responses to both internal and external threats, since *competition* has become more intense in almost all sectors. There are tendencies of concentration through buyouts, takeovers, mergers, acquisitions, while strategic alliances are increasing. It is obvious that larger companies are internally organized, control their functional expenses and specialize their customer service; competition in the retail sector has changed as a result of consumers' lifestyles, technological and management innovations, changes in suppliers-retailers relationship and the growing internationalization activities. What is more, their sales network is geographically developed. Retail mega stores have surpassed the wholesale sector that needs to respond to the intense retail competition; we- wholesalers- have to find alternative strategies in order to meet the expectations of the customers and the market".

"In Greece, food retailing constitutes a dynamic economic sector and an essential component of the domestic business activity. The accession of foreign retailers such as "Promodes", "Carrefour" and discount stores like "Dia", "Tengelmann", "Media Markt" and "Lidl" in the Greek market 15 years ago has resulted in significant changes; these huge companies offer "cheap" products in order to attract the customer".

Mr Drelias supports that "the strong competition is a result of the low margin of net profit of the big supermarket chains (almost 1%). Furthermore, this competition between the supermarket chains means that suppliers are in a position to offer lower prices to retailers and as a result to customers. Of course, the purchasing power of Greek consumers has died down over the last years. At the same time, the gap between small and big retailers has widened and this fact is evident from their large shares in the food retail market; the big food retailers are placing a lot of pressure on their suppliers that stems from constant price reduction and demand for better lines of credit".

All these factors have influenced the sector wholesale sector of confectionary products.

➤ **Key factors/drivers of the Sweet Products' Industry - Influences on wholesaling SMEs of sweet products**

Mr Drelias stresses that "the Greek Industry of Foods and Beverages (including distillery, bread, pasta, snacks, candies, dairy products as well as fruits/vegetables) is one of the country's most important industrial sectors, producing almost 25% of the whole industrial production and

occupies the same percentage of employees. There is no doubt that small and medium-sized enterprises constitute a motive force for the Greek economy. It is also certain that in the last years SMEs faced enormous difficulties caused by the continuously increasing competition in combination with the extension of chains and superstores. However, their contribution to the national enterprising activity has never been questioned since they have always offered solutions to the problem of employment covering almost 60% of the available work places; consequently, support for their enterprising activity, particularly in the retail trade, is essential”.

Mr Drelias, trying to connect the facts historically, says that “in the period between 1950 and 1960, the market needed products and varieties at low prices; the importance of the contributors’ role to the process of production and distribution of confectionary products was very important, since organized distribution channels were necessary to deliver the products to the numerous places of retailing.” He continues by saying that in the period between 1960 and 1970, international companies were appearing and either import products or produce them in established units or local plants. The consumers’ income was increased income and different varieties of goods could be found in the small store of the neighborhood; wholesale is playing a significant role in this trading, since the points of retail sale were too many and the conditions in conveyances and communications very hard”. According to Mr Drelias personal experience, this period was golden for the wholesale sector of confectionary products, since the field was geographically “free” for the wholesale traders to choose, the distribution of the products was conducted under the terms of the wholesale trader and competition was not too intense to determine what trends the industries had to follow. The owner of “Omicron” continues by saying that “between the years 1970 and 1980, the points of retail sale are multiplied and the first big stores of retail sale are created; multinational companies are conducting researches about the habits and preferences of the consumers, while systematic utilization of advertisement in Mass Media, promotions and public relations are weapons for the realization of business targets. The wholesale trade is favored by the increase in the number of the retail sale points; wholesalers in Athens were almost 700 and created “important” points of retail (“chains” of big retail sale points) in order to organize their supplies and increase their profits”.

In the next years, (period between 1980 and 1990), Mr Drelias stresses that “the consumer’s buying power is an important factor that businesses and wholesale traders are trying to exploit”. However, inflation and interest rates reached at high levels that period and the result was the “freeze” of the real sales volume, not only of the confectionary products, but of all products and services. “The operational expenses of a business were increasing and businesses were more and more reliant on bank loans”, according to Mr Drelias’ personal experience. He finishes by saying

that “in the period after 1990, the economy “reflected” the changes in the social landscape; the damnation of vicinal states of Greece, accompanied by the arrival of economic refugees, influenced and changed the composition of Greek society as well as the organizational method of enterprising efforts (in particular those that are based on cheap labor hands). The increase and dispersion of retail sector’s big stores are continuous and intensive, a fact that influenced the consumer habits; consumers are used to visiting big retail stores and spending a significant portion of their income. “Continent”, “Makro” and other multinational brands of wholesale and retail sectors are introduced and influence sales as well as credit efficiency of small retail sale points. Now, the traditional grocery shop has become a mini market with “standard” products. The products have more than one package that make them clear-sighted and advertisement has contributed in it”. In the last 15 years, we can observe an almost 70% increase to the turnover of the confectionary products; this augmentation has to do with the overpricing of the old products as well as the launch of new more expensive ones with substitution of the old ones. However, the volume augmentation has only reached 20% of the total for the same period, while the total increase of the confectionary products turnover that were traded from the Athens Wholesale sector was only raised by 50%. This result emanated from the rising of the significance of the big points of retail sale (e.g. super markets), that are supplied their products directly from Production/Importing Businesses, without the assistance of the wholesale units, as well as the continuous attempts of the Big Firms or Industries to approach more and more points of retail sale either on their own or through organized distribution networks.

In general, he synthesizes that “the evolution of the sector shows that at first, wholesaling constitutes the connection between the producing / importing companies and the retail; this means that changes in the two extremes will have alterations in wholesale. Secondly, in the last 20 years serious changes have taken place in the production as well as the retail-consumption of confectionary products; by comparing the changes of these marketing factors in the field of confectionary products, there are very few common elements in the standards of quality, packing, product price, marketing, promotion, merchandising, and in what is generally called qualitative customer service. Finally, wholesale has remained a “pariah” in these efforts; its significance in the chain “Production-Trade-Consumption” has never received high recognition”.

➤ **Sweet Products’ market characteristics - Future trends of this market**

As for the characteristics of the wholesale sector of confectionary products, Mr Drelias stresses that “the consumption of these goods is constant and interspersed in different market points. Historically, the demand for these products has been augmentative, because of the increase of the

variety of the offered products that are constantly produced in order to cover the different “needs” of people, the increase of each individual’s income, as well as the relative ease by the enterprises that are activated to the mass production of confectionary products to the making and promotion of new products”.

“The market of confectionary products represent almost 45% of the Pan-Hellenic consumption. The sector of confectionary products is complicated and multi-participating, which means that its products can either be classified in different categories or constitute a special category themselves. In general, when we are referred to confectionary products, we put down the following categories:

- Biscuits/cookies
- Bread products
- Wafers
- Fruits (Dry, Berry)
- Chocolats
- Croissants
- Snacks (crisp, brits)
- Chewing gums
- Confectionary goods (potato chips, gums, lollipops, candies)
- Coffee products
- Cocoa products
- Halva products
- Other seasonal products”

Mr Drelias continues “the products of the sector are characterized and influenced by seasonality and particularities; for example, the temperature of the chocolate confection is 12 degrees of Celsius and for this reason chocolate is sensitive to the summer conditions. On the other hand, dry or berry fruits need to be preserved in temperatures and conditions of low humidity and snacks should not be exposed to the sun.

Mr Drelias is referred to some special characteristics of these products, such as seasonality; “because of the climate in Greece as well as the weather conditions, the products follow the weather; for example, chocolates that constitute the main product of the sector of confectionary products can last from October till May. Greek people are “chocoholics” (almost 95% prefer chocolates in Greece, while in other European countries they have different preferences, like croissants). The chocolate turnover is very high but it is difficult to sell them at all periods of the

year. For the rest of the period they need to be refrigerated and as a result they do not attract so many friends; in this way, customers turn to substitutes like ice-creams etc”.

What is more, Mr Drelias supports that in the Greek market, “there are too many owners of shops (there are almost 14.000 shops). In Greece, since almost 50% of the population is living in Athens, the shops in Athens are too many; 70 % to 80 % of the turnover comes from Athens and the remaining comes from the other big cities such as Salonica, Patras, Ioannina, etc. The Greek islands have high turnovers only in the summer period (because of the urban attraction problem). As a result, the segmentation between the products and the wholesaler is essential. Since products are too many, wholesalers distribute specific products to two or three big categories, such as bakeries and pastry shops, mini markets and small points of retails (kiosks). Due to the segmentation, the service can be better and more specialized”.

As for the future trends of the Greek Market, Mr Drelias believes that the “food retail sector faces many challenges for the future as a result of shifts in the marketplace. Changes in economy, competition and technology will be reflected in trends in retail practice in the direct future”. “The market share of foreign supermarket chains has been increasing; the war between suppliers and retailers for the domination of their products on supermarket shelves is intense. The presence of private label products on the shelves of Greek supermarkets was parallel to the major structural alterations within the retail trade and the food industry in the country in the mid 1990’s. In the last few years, the conflict over labels between suppliers and retailers has intensified, although the phenomenon of an increase in producers of brand names producing private label products for big supermarket chains has been perceived. For example, the German discounter “Lidl” has made agreements with Greek producers of certain traditional products (such as feta cheese and olive oil) to produce its own labels. All these facts have influenced the wholesale sector of confectionary products and especially the wholesalers’ relationship with their suppliers”.

➤ **Potential marketing strategy/strategies for Greek SMEs of Sweet Products in order to cope with the increasing competition of the supermarkets - Problems of the strategies implementation in the particular Greek environment**

Mr Drelias is describing the situation in Greece: “After May, in summertime, the temperatures are too high and as a result, there are difficulties in selling the confectionary products. On the other hand, in Europe, the climate is cooler and the trade of such products is carried out under normal circumstances”.

He continues by saying that “in Athens, we try to reach to a segmentation of sales and products. As for the wholesaler, the segmentation is focused on bakeries, pastry shops, mini-markets and small

stores (kiosks), canteens etc. On the other hand, chocolates and cookies exist in ready-made shape as well as in the morph small industry, having the same products' characteristics. For example, you cannot avoid the branded product (as a wholesaler, you should have the products of big companies like ION, PAPADOPOULOU, NESTLE etc), but we-wholesalers- should give priority to the no name products, because the profit margin is bigger for both sides (the wholesaler and the small points of retail sale). This is the main advantage of the wholesaler distributing to the bakery shops that can sell cookies and chocolates, since he has the space to promote these goods. This cannot happen to kiosks that sell brands of cigarettes, gums, cans etc. So this is an effective strategy for us”.

What is more, Mr Drelias continues, “the wholesalers’ service to the customers is qualitative and original. Furthermore, the network is expanded to other areas better in Athens, so that the transportation expenses are limited. In addition to aforementioned, small shops (bakeries and pastry shops) are open from 6 o’ clock in the morning till 10 o’ clock; this means that such stores are open in times when supermarkets are closed. As a result, customers can visit these shops and buy different products at almost any time of the day”.

As for the product differentiation strategy, Mr Drelias supports that “the solution would be that the wholesaler provide the small points of retail sale with more and different no name products (non-branded), that are fresh and have a short life; in this way, customers will trust their quality. These fresh products can be of better quality than well-known brand named products that have preservatives. For example, the cookie that the wholesaler is supplying to the bakery shop has no name and may have a life time of one month, while the eponymous products that are sold in packages and have preservatives can have a life time of one year”.

“Moreover, the no name products have to do with small quantity production and are not related to big multinational companies; in this way, these products can be sold at lower prices from the industry to the wholesaler, then from the wholesaler to the small point of retail (bakeries, kiosks) and in the end to the final customer”.

The owner of “Omicron” concludes that “more different products can exist in each category. For example, in biscuits and cookies, we can now have more than 60 different codes (with chocolate, with stuffing, with different flavours etc.), while, 10 years ago we had less than 5 different codes. The same can happen with chocolates, croissants, even coffees with different flavours. In this way, more different customer needs and tastes can be satisfied”.

➤ **Differences and similarities between similar confectionary wholesale SMEs in Greece and in other E.U. countries/U.S.A. Successful and useful examples of foreign SMEs that can be utilized in the Greek business area**

Mr Drelias stresses that “the U.S. economy has had extremely strong performance by new firms; in United States, large firms that existed in mature industries have adapted, downsized, restructured, and reinvented themselves during the 1980s and 1990s and are now thriving. Large businesses have adopted and learned from smaller firms as they have downsized, in other words, they have become more entrepreneurial. As large firms have become leaner, their sales and profits have increased sharply. What is more, while these large companies have been transforming themselves, new and small start-up companies have been blossoming. In United States there is consistently higher return on investment, higher productivity as well as lower unit labour costs. Of course, there are other institutional factors that also play an important role, such as less rigid labour and capital markets, free competition and lower industrial subsidies”.

Mr Drelias adds that “globally, there are trends of accumulation of all forces of products’ production and distribution through mergers, acquisitions, strategic alliances, reformation of information systems, distribution, organization of storehouses, orders as well as dissemination of commercial information to everyone. For example, in Italy, 13 wholesale leagues control 8.500 wholesale traders; these leagues have created “cash and carry” shops for their customers in strategic spots of the country. There are central teams of marketing planning that are co-operating in order to co-ordinate the functions of supplies, prices, offers, placements, sample distribution etc”.

Mr Drelias is also referred to a successful example in the sector of greenstuffs, since he finds similarities with the sector of confectionary products: “The new company is coming in a large market that (as far as supermarkets are concerned) outreaches 700 mil €. “Filagrotiki S.A.” that possesses 10% of the total turnover that is realized by the organized retail sale and has resulted from a wholesalers’ merger, is targeting to ensure that the chains of retail sale are supplied by fresh fruits and vegetables. This is happening by signing up annual contracts; another target of the company is the creation of brand names, by consecrating the eponymous demand in a category of products in which the consumer chooses from the shelves (something that is taking place in the sector of confectionary products).

The sector of the organized retail sale is covering almost 20% of the annual consumption in vegetables; 25 % of the sector is hold in check by uptown greengrocer's shops, while the rest 55% by local open markets (“laikes”).

The supermarkets are likely to increase their participation to the fruit and vegetables market in expense of the “laikes” markets and the small points of retail sale; the same problem is faced in the sector of confectionary goods. In this way, the role of the intermediary dealers is decisive, since the retail sale chains are “trying” day by day to provide the market with the necessary quantities in fresh fruits and vegetables. A company like “Filagrotiki S.A.” is coming to cover the problems that are faced by the chains of the sector’s retail sale; these products, like the confectionary ones are delicate, susceptible to weather conditions and with a limited duration of “life”. The company is trying to overcome these problems by utilizing advanced systems of logistics as well as standardization of services by signing up annual contracts with producer from every Greek province so that it can cover the needs of every area”. This example can be helpful to the case of the wholesalers of confectionary products, since the market conditions are almost identical.

➤ **Problems of the sector of confectionary products**

From the general discussion with the owner of “Omicron”, a current problem of the market that is reflected to the sector of confectionary products was stressed: the chains of the organized retail sale are guided to a strong contradistinction as for the different rates of discount that enjoy from the big industrial units (Table 4).

According to Mr Drelias, “the most representative example of this confrontation is the discount chain of supermarkets “Lidl”, that, since it has acquired a large number of stores in the Greek market (almost 180), has now turned direction by putting the Greek eponymous products to its shelves (milk, refreshments, coffees etc). However, “Lidl” claims for high discounts from its Greek suppliers; this fact has caused reactions to the Greek supermarket chains that are worried about their sales and profit margins since “Lidl” can now attract consumers that do not prefer private labeled products. The traditional retail sellers believe that “Lidl” -and in the future other similar multinational companies- is signing up agreements with Greek suppliers (for large quantities of products) so that to widen their product and consumer spectrum in attractive prices due to the sales-discounts they receive by the suppliers. The same problem is faced by the wholesalers of confectionary products that are unable to offer attractive prices to their customers since the deals between big Industries (suppliers) and supermarkets/or retail stores are non-negotiable”.

“Consequently, the one that loses from this disharmony is the Greek Industry itself. The Greek Industrial units of consuming products presented recession in their sales due to imports and the absence of financial co-operation with foreign chains of retail sale. This loss in sales had an impact to the production cost (they were not functioning in full productive efficiency), especially to those

that could not assign their production to countries with a cheaper production cost like Bulgaria or Rumania. These conditions made the Greek industrial units to accept the accession of the Greek eponymous products to the shelves of the chains of discount stores in attractive prices, due to profitable deals”.

According to Mr Drelias, “the unattractive situation of the Greek economy as well as the Euro accession have influenced the sector, as any other sector of the economy. What is more, the number of wholesalers in Athens is huge; equally innumerable is the number of the points of retail sale (small shops). Furthermore, some wholesalers are not functioning on a professional basis; they usually do not check the situation of their funds and capital. For example, they buy a product for € 5 and sell it for € 10; in this way, they do not estimate the costs of keeping a wholesaling company in operation but only try to have ephemeral profits. What is more, they do not keep a balance to the market and do not have a cash flow. As a result, in the long-term, they run out of business and the imbalance in the market is continuing”. In addition to that, he continues by saying that “because of the free conditions of trade, prices are modulated by demand. As a result, supermarkets and cash and carry stores are benefited since there are multinational companies behind them that virtually shape demand. These multinational companies are providing big quantities the supermarkets with products without estimating the cost for the wholesaler. However, the problem will exist for the whole economy if the multinational companies influence the prices, without the participation of the wholesalers that constitute an important equalizing market factor”.

The researcher mentioned certain problems/issues that the sector of confectionary products is facing and Mr Drelias formulated his views:

- *Competition*

Mr Drelias stresses that “despite the fact that the market is protected through anti-monopolistic regulations and laws, in practice there are monopolies; big companies are utilizing below cost sales, gifts so as to attract customers. This means that big corporations, super markets, department stores, industrial units and multinational companies are so strong and influential that they impose the rules of competition, prices and advertisements to the market.

- *The taxation system*

Mr Drelias says that “in the last 15 years, taxation for wholesaling SMEs that are activated in our sector has been extremely increased; this “unfairness” has not been corrected despite the fact that the survival of our enterprises is even harder”.

- *Succession*

Mr Drelias is referred to the problem of succession, since the tax for the company's transference used to be high. The tax has been reduced, but the "measure could have been extended to the other relatives (not only 1st grade) in order to keep the family company viable".

- *Financing*

Mr Drelias stresses that "our companies have to pay a very high interest rate if they have to get a loan. On the other hand, the "Guarantee Fund of Small and Very Small Businesses" which should guarantee the loans that we need has not been strengthened by the government; as a result, financing is a major problem for the survival and support of our companies".

- *Utilization of Electronic commerce*

According to Mr Drelias, "the main problems are related to the lack of policy as for the safety of transactions with buyers, the high cost and the low access speed. Furthermore, a problem has to do with the relative limited utilization of the Internet for electronic buys as well as to the inexistence of a certain legislative framework that can cover every possible occasion of electronic transactions. Finally, another negative factor of the internet utilization is connected to the absence of a personal contact that in some cultures is supposed to be very important.

Apart from the aforementioned problems, from the discussion with the owner of "Omicron", there are particular problems that came along and concern:

- Problem of professional housing and buildings.
- Insurance problems.
- Virtual exclusion of SMEs from the resources of the 3rd Community Support Framework (with the exemption of "E-Commerce" and "Get net connected").
- Exclusion of the wholesale sector from the developmental motives of the Law, due to its commercial activity and the small investment amount (less than 120.000,00 €).
- SMEs do not have such a high turnover and other prerequisites to enter to the Stock Market so that they can exploit the advantages that it can offer.

➤ **Trends and Possible solutions to the problems**

In general, the owner of "Omicron" referred to the need that the government should institute laws and regulations that protect SMEs and especially the small enterprises of the sector. The government should give motives for stressing competitiveness, such as financing, taxation motives or new technology introduction, so that the wholesale sector becomes competitive as an intermediary in the commercial procedure (Table 4).

According to Mr Drelias, "wholesalers should be supported to expand their network and activities to areas outside Athens (decentralization), while more (ice-creams or small bottles of water) and

different products (segmentation) should make their appearance so that wholesalers can have a stronger presence and role”. Mr Drelias believes that “the main strategies of enterprises confirmedness are related to investments in technologies that add value, rationalization of the supply chain, and orientation to research and innovative development”. Mr Drelias makes some general suggestions for SMEs’ competitiveness improvement: “Innovation is a lever of productivity evolvement and competitiveness improvement; as a result, enterprises could take the initiatives in the level of their enterprising functions:

- Broadening and effective administration of the information sources in relation to innovation.
- Formation of extraversion culture, netting (clusters), collaboration and cooperativeness.
- Solid co-operation with academics and researchers for personnel training.
- Adoption of flexible organizational framework.
- Planning on a long-term basis for the development of new products as well as improved procedures.
- Development of culture and enterprising climate that is exploiting the highly specialised human capital.
- Investment of human and material resources to research and convergent technologies”.

Mr Drelias points out that “the “service” factor is very important in the contemporary market reality, since multinational enterprises have created their huge distribution network; in this way, the intermediate role of wholesale sector is impoverished”.

Mr Drelias adds that “the focus of wholesalers should be made to particular customers (that can be trusted) and markets that have the potentiality to survive and expand (like bakeries and pastry stores). Fifty percent (50%) of particular customers (e.g. bakeries) will mean more products distributed and as a result better prices. In this way, the wholesaler becomes a big player that will have a bigger market share and displace other less important market players”. Mr Drelias finally stresses that “the credit policy should be stricter; the wholesaler should ask for his money just for survival reasons, because in the long run, money will be lost. For example, it is better for the wholesaler to have 100 “healthy” customers rather than 200 bad debt customers. The sums that customers owe are not substantial, but the total amount is big enough for the survival of the wholesaler”.

As for certain solutions that have been successfully utilized in similar enterprises abroad, the researcher posed the “headings” and Mr Drelias expressed his opinion:

- *Franchising*

According to Mr Drelias, “Greece is an ideal place for the application and development of the franchising system, as it is a country with many small and medium-sized enterprises and more specifically wholesalers of confectionary products will have the opportunity to survive profitably”. The researcher believes that the solution of franchising is a potential solution for the wholesalers; the philosophy of franchising is that a successful and organised enterprise, which is based on a concrete system of operations, provides the recipe of its success in other smaller enterprises that will function under the same signal and with similar models of operation. Mr Drelias adds that “Franchising contributes to the minimisation of the enterprising danger that a small enterprise faces when it is established without strategy and know-how. The system of franchising, the individual enterprise or the potential businessman is included in a successful system that has ensured its products, suppliers, education, configuration of the shops, marketing, etc. The solutions of all commercial subjects are offered to the franchisee and in this way he can focus to the promotion of sales, to the management of his shop and to the facilitation of the customer service. The small enterprise becomes a member of a network, a team with common targets, visions, philosophy and interests. The flow of information between the members of the network is continuous and results to the common profit of growth. The cost of publicity and promotion is limited, as it is allocated in all the members of network”.

- *Mergers-Acquisitions*

Mr Drelias believes that “wholesalers that expand their network and export their products can be successful; these activities can give them the potentiality to import products that are not found in the Greek market at normal prices”. Mr Drelias adds that “the wholesaler’s network has to be expanded and the focus should be given on certain sectors, sometimes by buying out other wholesalers that want to give up or specialize in other sectors”. At this point, the pivotal subject of mergers and acquisitions is coming along. Mr Drelias believes that “the dangers of mergers have to do with the “collision” of people and cultures, since the bigger company tries to “cap” the smaller. However, these business energies give injections of vitality to the enterprises, since new prisms of situation confrontation as well as new challenges come along. Of course, there can be no success without the contribution of more than one capable people that can follow the vision and passion of a leader that will show the direction and will co-ordinate the people’s teams”. He continues by saying that “there should be a development of flexible cooperators’ network. In the new

environment, new chances for co-operations between enterprises with complementarity for the provision of value to the common customers are created. Strategic alliances are the most prevalent method of a quick penetration to the new markets, while the importance of mergers and exports cannot be overlooked. At the same time, there is an inclination for more relaxed and flexible short-term co-operations (sometimes even with competitors)”.

Takeovers, mergers and acquisitions (see Appendices IV & V) are strategies that are usually followed in order to consolidate the enterprising forces of smaller business entities so that the new joint unit can influence the market trends. Mr Drelias believes that “the adoption of these strategies by the small wholesale traders can keep them consolidated and competent enough to play a significant role to the modulation of the economy’s heading. Apart from the survival of these businesses, the new alliance can have certain benefits such as more profits, growth and product concentration”.

In the particular sector of confectionary products, many international companies that are involved in the production and distribution of confectionary goods are following the principles of “centralization” and “specialization” of their production in selected factories in Europe; in this way, they keep a relatively small number of factories where they accumulate the production of certain products that satisfy the demand in the entire continent of Europe. This attempt has become easier since there are no “boarders” in E.C.; as a result, the obstacles of production or distribution of products are simplified, since cost is reduced and productivity-profits are maximised.

- *Clusters and Networks*

Mr Drelias believes that the notions of clusters and networks are very important, since “our companies can participate in a cluster and in this way develop co-operations, improve the quality of products, enter to new and distant markets, specialize in specific products, acquire the proper know-how, adapt to new technologies and finally maximize their profits”. Mr Drelias adds that “a consolidated cluster secures the presence of customers, suppliers and “allies”, the access to the trained labour force, the availability of natural resources and infrastructure, as well as low (or minimal) distribution costs. These potentialities give the chance to the wholesaler to function in a secure market environment; in this way, he can be more innovative and contribute to the evolution of the cluster”.

- *Internet utilization*

Mr Drelias believes that “the entrance of information systems and technologies is a necessity, since production and distribution procedures are accelerated, mistakes are minimized, the promptness of taking enterprising decisions is improved, competitiveness with other businesses of the same sector

is facilitated, new horizons of ideas with new activities avocation are unsealed, while the operating cost is reduced”. Internet, because of its insinuation in every field as well as the technological evolution, has become one of the most useful contemporary instruments for research, exchange of information, as well as business or enterprising activation, in spite of its short-lived history (only 12-13 years).

Mr Drelias points out that “a significant part of the Greek economy’s expression, is the activation of the Greek enterprises in the internet; its utilization for exports (globally and in Greece), still remains limited. However, according to research by analysts that are specialized in e-commerce, in the next 10 years, the exporting activity through internet will globally rise from 30% to 55%. Internet utilisation can be exploited in various ways; for exports as well as internationalization of enterprising activities. Internet is often utilized for promotion, publicity and advertisement, for easy and quick accession to information in relation to suppliers, competitors and customers from other countries, for augmentation of sales, as an alternative environment completion of transactions as well as a new distribution network. Mr Drelias stresses that “there are certain advantages to the utilization of the internet as a means of exports for Greek SMEs:

- Access to new markets and shoot for a bigger number of consumers, due to global nature of the Internet.
- Potentiality of 24 h advertisement and promotion of the firm’s products.
- Reduced prices and substantial discounts, mainly due to the lack of intermediaries and to the absence of the cost that is embodied to the final price.
- Quick, costless and easy quest and finding of information.
- Provision to the customer with easy comparison of alternative choices in prices and products with the access of specialized web pages.
- Increase of incomings and belittlement of the advertising, rent personnel, communication and printing costs.
- Reduced beginning and maintenance costs.
- Almost complete elimination of the geographic constraints and potentiality of service to distant areas.
- Improvement of the communication between citizens, suppliers, agents and buyers in foreign countries.
- Potentiality of simultaneous communication and commutation of documentation (invoices, receipts, bills of goods).
- Provision of support before, during and after the buy.

- Participation in electronic auctions as well as e-communities”.
- *Outsourcing*

Mr Drelias stresses that “outsourcing is not a negligible alternative for a wholesaling SME that wants to reduce the augmented distribution costs and to focus on the production procedure which is more profitable. If the owner knows what is his fixed monthly distribution cost (rent of the necessary fleet), without thinking of the markups in gas, he will be able to control his expenditures and maintain the financial liquidity. This cash can be utilized in more useful wholesaling business activities (i.e., marketing, segmentation, network expansion, etc”.

Problems	Solutions-Potential strategies
<i>Competition</i>	<i>Innovation/ Better and Qualitative Service/ Focus on “secure” customers/ Flexibility/ Franchising/ Mergers-Acquisitions/ Clusters and Networks/ New Legislative framework/ Outsourcing/ Product differentiation/ Segmentation/ Expansion to new areas</i>
<i>Warehousing problems</i>	<i>New Legislative framework/ Outsourcing</i>
<i>Taxation system</i>	<i>New Legislative framework/ Tax relief for SMEs</i>
<i>Credit</i>	<i>Focus on “secure” customers</i>
<i>Financing</i>	<i>New Legislative framework/ Better agreements with Banks/ Capitals from 3rd and 4th C.S.F.</i>
<i>Succession</i>	<i>New Legislative framework/Tax relief for succession</i>
<i>Utilisation of E-commerce</i>	<i>Internet utilization/R. &D. programmes/ Utilization of C.S.F. capitals and programmes</i>
<i>Insurance</i>	<i>New Legislative framework/ Strengthening of Greek SMEs’ Fund</i>
<i>Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law</i>	<i>Motives for wholesaling SMEs of confectionary products/ Financial and support motives</i>

Table 4: Summary of the sector’s problems-Solutions and Potential strategies that have been suggested by the manager of “Omicron”

“Zen”

“Zen” is a Sole Proprietorship form (entity); as a result, it had a low start-up cost and was relatively easy to set up. The legal form of an enterprise is the framework through which the firm is realizing its dealings. Personal business is the most widespread morph of business and is virtually identified with the businessman. In general, this kind of business has limited establishment organizational and administrative expenses and “allows” wider margins of flexibility to the businessman. For this reason, this type of enterprise is suitable for SMEs that have to be rapidly adapted to the changeable market conditions. On the other hand, the disadvantages of the personal enterprises are related to the limited credit potentiality. As for the taxation, the owner is proportionally taxed personally by 20%. What is more, the owner of the company has the complete control with no partners or shareholders to deal with. On the other hand, the disadvantage is that the owner has personal liability of what happens to the company; this means that a more

protective entity is often useful. What is more, being in a sole proprietorship, there is limited access to capital (you can only borrow money from friends and family to get your business started). Stock exchange and banks cannot be of help and people cannot become your partners. Furthermore, having the complete control sometimes means that there are no other resources to draw from.

“Zen” employs one person (apart from the business owner) and serves almost 70 customers. What is more, it has is handling with 300 different product codes and is functioning 4 days per week. Moreover, the company has a turnover of 300.000 € and due to this fact as well as the small number of customers it serves, the company is more flexible to the swift materialization of its owner’s enterprising and commercial targets. On the other hand, as for its operational expenses, “Zen” has to pay for the rent of its storehouse and the distribution of the products.

➤ **Dynamics of the Greek Economy and Market - Impacts on the Sweet Products’ Industry**

Mr Zarkadas, owner of “Zen”, believes that “retail commerce enterprises have overcome the difficulties of the years 2001 and 2002 and show higher profits; the most important factor for the increase of the sales and profits was the strong presence of a *private label*, which helped these large companies exploit the economies of scale for those products”.

From one side, Mr Zarkadas continues, “the discount chains are evolved in quick tempo (Lidl, Dia and Plus and Aldi); on the other hand the supermarket chains, by activating their reflexes in order to be competitive, are improving their private label product gamut. Of course, in most of the cases, private label products constitute an extreme solution of need because of the consumers’ limited income. It is virtually a mutation of the consuming standard that has prevailed over the last 15 years. In this way the augmentation in the sales of private label products forces the enterprises that produce or trade eponymous products to alternate their policy. In 2004 and 2005 many enterprises seemed to “rationalize” their commercial policy (either by realizing nilpotent over pricings or by doing over pricings less than the inflation rate or even reduction in prices). The pricing behavior of firms is almost aligned with the constraint of the disposable consuming income. In many categories of products, prices are kept low with the plethora of offers that accompany the products (there is no restraint of the nominal price), while, many enterprises promote new generation products and price innovation with exceeding prices. This plethora of offers is proving that firms deny to accept the new conditions that is supposed to have temporary morph; as a result, the offers are used as a “palliative”; in this way, the annual catalogues include nominal increases that can be 2 or 3 times higher than the inflation rate, and during the year the various promotional actions (offers, discounts) that take place to limit the over pricings to virtually imperceptible levels. The

big retail groups continuously seek and apply new strategies so as to ensure a competitive advantage in order to reinforce their position in the market and acquire a large share and deal with the increasing foreign competition. Such strategies include emphasis on product quality and price, store image, customer service, facilities improvements, investments in new technologies, opening of new stores, electronic trade, introduction and development of private labels, logistics and new methods of distribution and storing. Furthermore, many industrial and importing enterprises, in an attempt to sustain their sales, are functioning in a reverse way and short-term logic. The supermarket chains are also in a difficult situation, since in 2006, for the first time, are changing their strategy and try to take back their market share from the discount stores, by reducing the prices and whittling their profit margins. In this way, competition is becoming heavier and more complicated". He finishes by stressing that larger chains are advancing with investments in the form of acquisitions, take-overs, mergers, collaborations and expansion both in the Greek market and abroad. For example, the acquisition of "Marinopoulos" by "Carrefour", or "Trofo" by "Alfa-Beta Vasilopoulos" came as a result of the new conditions of the market.

➤ **Key factors/drivers of the Sweet Products' Industry - Influences on wholesaling SMEs of sweet products**

Mr Zarkadas was at first referred to a flashback: "In the 80's, the retail sector was in its ups, in the 90's the supermarkets and hypermarkets made their appearance, while in the 2000's, cash and carries (Macro, Plus, Lidl chain stores) appeared. This means that, since there are multinational companies that are spread throughout the world and have sufficient capital to provide their products at lower prices, they can cover their short-term loss and have profits in the long term". He continues by saying that "due to the economy decline, there are discounts by multinational companies (ION, CRAFT, CHIPITA, NESTLE etc) to the supermarkets in order to sell big quantities, but without taking into consideration the balance of the market. These companies have quantitative targets (3, 6 or 12 month). This inclination is influencing the market, since these big discounts do not leave high profit margins to the small points of retail sale as well as to the wholesalers. As a result, wholesalers and small retail points have a lower profitability. What is more, the cost of distribution and turnover is going to the wholesalers (the problem with the rising in the price of gas). On the other hand, the supermarkets that have their central storehouses and their organized distribution network, do not face the high cost of turnover".

As for the influences to the wholesale sector of confectionary goods, he adds that "supermarkets usually pay their suppliers with checks that have the duration of two to nine months, but they get paid in cash by their customers. On the other, hand, the wholesalers pay in cash their suppliers in

order to get better discount conditions (or in 1 or 2 month checks), but they do not get paid in cash by the small points of retail and are forced to sell their products on credit. Since shops are small, they do not have big turnovers and usually do not have to keep organized books; the result is that they do not issue checks to the wholesalers and constantly owe to them.

He continues by stressing that the weather conditions (seasonality) affect the sector. “Some of the products, such as almonds, fruits etc are sold only at certain periods of time. As a result, when the weather is hot, the products’ quantities must be consumed quickly, which means that the cost can be higher. On the other hand, big multinational companies can always order from abroad, but quality cannot always be guaranteed.

He adds that “big companies, such as CRAFT, NESTLE, KINDER, ION, PAPADOPOULOS, can sometimes (due to the unpleasant market conditions) observe a 20% to 30 % fall in their sales in the first 6 months of the year; so, in order to increase their sales and breakeven in the end of the financial year, they increase the price their products (which means a 5% to 10% rise). In the end of the year, they will have sold a smaller quantity of their products but they would have made profits mainly because of the increase in the prices of the certain “problematic” products that are eponymous. The customer who is visiting the supermarkets usually does not take notice of this increase, mainly because of the supermarkets’ discount policy or the bonuses offered to the customers. On the other hand, if such an increase in the price was caused by the wholesaler or the small points of retail sale, the customers would surely complain and stop buying the products from these points”.

“Moreover, sometimes supermarkets have annual “close” deals with their suppliers; as a result, they are not influenced by temporary market instabilities and price rises. The Greek government has sued big supermarkets for rises that do not follow healthy competition and receipts. From the organization for consumer protection there are complaints and prosecutions are because they have observed different prices on the self and different prices to the cashier receipt. This can happen because customers are loyal to the name of the big multinational company or supermarket and trust “blindly” their policy and “tricks”. More than 70 committals of supermarkets, department stores as well as shopping centers have been noticed because of the differences in the prices from the self to the cashier and in the electronic eyes that “read” the prices that are canalized from the back offices, in the last 1,5 year”.

➤ **Sweet Products’ market characteristics - Future trends of this market**

Mr Zarkadas believes that “the circumstances of the engagement in the wholesale commerce of confectionary products is influenced by a number of factors, such as the fact that everybody is a

potential consumer, that demand is continuous, the fact the requested quantities are relatively small and cheap in comparison with other products and that the variety of confectionary products is substantial and stores have to exhibit them suitably". What is more, he continues that "the provisioning of the stores has to be frequent, brief and effective, while the products that follow the "fashion" most of the times have quick distribution and their success is relatively short. Of course, there is the need for keeping the specifications of the "lifetime" and freshness of these products that are set by the market regulations".

Mr Zarkadas recapitulates the characteristics of the wholesale sector of confectionary goods: "Intense propagation and adaptable/flexible small firms with wide range of activities, suitably prepared for easy-but not demanding- undertakings. For all these reasons, the trading of these products is realized through innumerable points of retail sale in different areas. The main points of retail sale are kiosks, haberdasheries, ten-cent stores, creameries, sweetshops, buttery shops, mini markets, bakery shops, candy shops, etc. In Greece, there are almost 40.000 points of retail sale, a high number in relation to the population.

Mr Zarkadas stresses that "the products that can be found in our sector are biscuits/cookies, bread products, dry and berry fruits, chocolats, croissants, snacks, chewing gums, potato chips, gums, lollipops, candies, coffee, cocoa and halva products, as well as other seasonal products".

As for the future trends of the market, according to Mr Zarkadas, the "industry of Confectionary products is influenced by the financial condition of each citizen; Greece is one of the poorest countries in income per citizen. Salaries are low and products are expensive. For example, in a German supermarket, a can of coca cola costs 27p, while in Greece it costs 47p. In the small shop, the price is 70p. Of course, in Germany, the salaries are almost by 300% augmented than in Greece". What is more, he continues by saying that "Euro has influenced the market trends; virtually, since there is no bank note, 100 old drachmas (0,3 of €) are supposed to be equivalent to 1 €. What is more, the prices of all products have been "approximated" upwards". Another factor that influences the sector is the production demand; "supermarkets ask for big quantities, while small points of retail have to do with small quantities". The problem is more intense, when the customer is a multinational company that has huge orders as a world buyer (CAREFUR, LIDLL or other trusts of companies), that are ordering for their branches all around the world. On the other hand, the wholesalers are only ordering for the limited points of retail in Greece.

"Every wholesale trader is called to "serve" not more than 45 retail sale points; since the confectionary products turnover is almost 15.000 € annually for each retail point, this means almost 675.000 € in total every year. The gross profit margin of this sector is estimated to 15%; the

result, most of the times, is that the confectionary products wholesale alone cannot boost a business”.

➤ **Potential marketing strategy/strategies for Greek SMEs of Sweet Products in order to cope with the increasing competition of the supermarkets - Problems of the strategies implementation in the particular Greek environment**

Mr. Zarkadas, owner of Zen and also member of the Greek Wholesalers’ Union, supports that “the Wholesalers’ Federation was constantly asking for audits in the market so that the price is determined properly and the consumer is satisfied. However, the “free market” prices prevailed and the multinational companies have given liberalities without control to the big retail market (super markets), with the excuse that the final consumer will get that bonus and prices will be kept in logical levels. Big Super Markets offer almost 50% of their allowances to the final consumer and they are not only cheaper than the small retail points (grocer’s shop, haberdasher’s, kiosks, stands etc), but even than the cost of buying the product from a wholesale unit. In this way, the target of the super markets is accomplished: elimination of the small retail points so as to acquire a bigger part of the market and the common perception that big stores are the cheapest ones. Consumers are impressed by the bargains in a supermarket that are presented in a convincing way, but we are almost ignorant of the enterprising opportunities in the wholesale sector. On the other hand, it is obvious that the big allowances have influenced the product price; super markets are enjoying too many liberalities since it is a market rule that below cost sales are “permitted” to the high circulation products. As a result, annually, the big chains are increasing their market share by 1% to 1,5% on the burden of the small retail points”. Mr Zarkadas, stresses that as a reaction, “the wholesale sector in order to keep the retail sale points viable, started to give discounts so as to equalize prices and dissuade the consumer from going to the big chains. Nevertheless, these bonuses were not big ones but the functioning cost for the wholesale companies have been increased”.

Mr Zarkadas holds the view that “the good appearance of the products and the introduction of the new goods have to do with the organization of the sales department of the wholesale sector. Nevertheless, the cost of this organization is heavy and the self-financed companies cannot often handle it. Unfortunately, the small and medium sized companies do not participate in development programmes that could have given them an important push”.

“Furthermore, since the problem of financing is intense, it is necessary that programmes of financing should be introduced in order to obtain professional buildings to offer the sector’s services in the most appropriate way”.

As for the external action environment, Mr Zarkadas points out “that the smaller the firm is, the more influence it has to the development and revival of it. As a result, government strategies for improvement taxation and insurance systems, financing, law framework for competition and transaction rules, professional buildings, anti-motives for joint ventures, bureaucracy etc. are essential”.

➤ **Differences and similarities between similar confectionary wholesale SMEs in Greece and in other E.U. countries/U.S.A. Successful and useful examples of foreign SMEs that can be utilized in the Greek business area**

As for the differences with other European countries, Mr Zarkadas stresses that “in Greece, the population is almost 10 million people, while in other European countries, the population is more than 50 million. In Greece, the analogy between population and small shops is very high, while in Europe, there are not so many small shops. On the other hand, in Europe, there are more supermarkets and commercial stores that have their headquarters in shopping malls”.

What is more, Mr Zarkadas continues “in Greece, most of the times, the laws are not kept; big multinational companies are usually disturbing the balance of the market by giving high percentage discounts. For example, NESTLE is giving a catalogue for prices that give a 10% discount so that its products are sold. But since NESTLE is a famous brand and its products will be sold, it can modulate a strong policy towards its buyers and suppliers. On the other hand, the wholesalers are trying to give discounts in order to sell their products; however, the wholesaler cannot reach the level of NESTLE, ION or CRAFT that are multinational companies and virtually influence the balance of the market. Furthermore, in Greece, we have UNIONS, but they are not so strong so as to influence the evolution of market matters. The government most of the times favors the big companies (chain stores or supermarkets) without considering that most of the nation’s turnover comes from SMEs”.

What is more, Mr Zarkadas stresses “that there are no laws for the city plans, where supermarkets should not be allowed to establish their stores within the city centre limits. In the daedal city of Athens, the problem is more intense”.

In addition to the aforementioned, Mr Zarkadas believes that “Greece is a small country that entails too many competitors (wholesalers, small points of retail sale, hypermarkets, supermarkets, discount stores, cash and carry stores) in relation to the population. It is obvious that in the short term, none of them can have real profit”.

He continues by saying that “the government does not help SMEs by protecting them. Even, the resources that stem from the 3rd C.S.F. have not been exploited; no strategic management resource allocation has taken place”.

He compares the situation by stressing: “On the other hand, the respective wholesale companies in Europe and U.S.A., work with cash or short-term payments, while in Greece they do not pay in cash. In Greece, we have low salaries and too many loans so that people can live modestly since the prices are increased. As a result, the debts to the banks are huge and increasing, partly because of the Euro accession; the European economies that were not strong enough (like the Greek economy) faced enormous problems and still do, since the conditions are worsening. On the contrary, in the developed European countries like Germany or Great Britain, products are less expensive and the situation is better. Moreover, in Europe or in the USA, wholesaling companies can give more quantities of products, since they have broader commercial activities, bigger market share and bigger profits. Most of the Greek wholesalers are activated and remain in Athens, so that they can have reduced operational (transportation, warehouses, compensation of personnel etc.) expenses. These expenses will be augmented if they expand their isolated network to the province”.

On the other hand, Mr Zarkadas stresses the importance of franchising which is a common strategy that is widely used nowadays and has its roots to the sector that we examine. Independent Grocers’ Alliance “I.G.A.” was established at the decade of 20s’ and its founder used to be a member of an accounting company dealing with the books of foods’ wholesale dealers. He had noticed that sales were declined year by year, reflecting a proportionate reduction in the sales of the corresponding retail merchants or even closures of shops. This diminution in sales was a result of a new competition model: the energetic intrusion of supermarket chains in the market that were offering a lot of advantages to the consumer in comparison with the small but independent grocer. The creation of “I.G.A.” had the objective to help wholesale dealers and their retail customers cope with supermarket chain competition. The existing and increasing Greek market crisis that involves the wholesale market, the independent district food stores and the supermarkets, has many common elements with the situation that was faced decades ago by food traders in U.S.A. and Western Europe”.

Mr Zarkadas believes that “the example of franchising would be a solution for the Greek wholesale dealers that rather than trying to sell more commodities to their retail customers, it is better to give them the potentiality to sell more goods to the final consumer, getting profit share”.

➤ **Problems of the sector of confectionary products**

From the discussion with Mr Zarkadas, we reached to the conclusion that the wholesale sector of confectionary products is facing certain problems, general ones that are related to the contemporary nature of the market, as well as specific ones that are connected to the certain characteristics of the sector (Table 5).

Mr Zarkadas adds that “suppliers will consequently have financial problems (cash flow shortages), because the wholesalers that pay in cash will be missing; the supermarkets will extend their credit (2 to 9 months) and the problem in economy will become more intense. The final product will be too expensive too”.

Furthermore, the Mr Zarkadas referred to the warehousing problems: “the rents for stores will be high and the costs for hiring a company will be augmented, too; the taxation will be too heavy and as a result profits will be limited. The chain effects that will influence the sector’s development (the wholesale sector of confectionary products will be shrunk), will signal the cessation of exports. Conclusively, wholesalers will get loans in order to survive. However, these loans will not have the best conditions of the market”.

As for the certain problems/issues that the sector of confectionary products is facing, Mr Zarkadas expressed his thinking:

- *Competition*

Mr Zarkadas believes that “supermarkets and multinational enterprises virtually determine market prices, since they control the volume of products and supplies; the government (or the competition committee) does not protect our companies by implementing the law and by holding constant audits to the market”.

- *The taxation system*

Mr Zarkadas says that “in 1992, the first dramatic change from the state against SMEs was to impose a 35% taxation index on personal and limited liability companies; this led to the shutdown of many SMEs”. In practice, the laws for SMEs imposed a non-logistic way of income specification and the majority of the non-profitable businesses were paying heavy taxes. In general, the tax for SMEs was increased from 1993 to 2002 by 450% and this was the highest pace of increase in comparison to all other categories of taxpayers.

- *Succession*

Mr Zarkadas thinks that the problem of succession, “can be solved if the government provides motives (minimize or nullify taxation) for all the relatives of the owner that are potential “holdovers” of the enterprise”.

- *Financing*

Mr Zarkadas describes “the financing of SMEs as the worst in the market”. In spite of the fact that the financing of commercial activities is receiving 20% of the total bank capitals-which is the highest in business activities-, SMEs are paying the highest interest rate. What is more, he adds that “there is no system of financial support that sponsors the interest rate and guarantees the loans. The Guarantee Fund of Small and Very Small Businesses which is supposed to guarantee the loans for SMEs is almost inactive and the owners of SMEs are putting their own houses in danger as they are utilizing them as a mortgage”.

- *Utilization of Electronic commerce*

According to Mr Zarkadas, “the owners of Greek SMEs are not used to utilizing the internet and its potentialities to the field of commerce; they prefer to trade with their customers in a traditional (and more communicative) way and get paid in cash for their products or services. However, even if some managers have applied E-commerce in their businesses, they have complaints about the protection of electronic transactions”.

Of course, the open conversation with the owner of “Zen” revealed sector’s problems that are related to buildings and warehouses of such SMEs. Mr Zarkadas says that “rents for storehouses are too high and if the businessman is not the owner of the building, he will probably face survival problems because of the augmented fixed expenses”. What is more, Mr Zarkadas stresses that many owners of the sector’s companies face problems with their insurance and pension; “most of the times (especially if the insurance beneficiary has worked in different sectors of the market), the owner/employee has to work till the age of 70 in order to secure a decent pension”. Finally, Mr Zarkadas points out the exclusion of the SMEs of the wholesale sector from the resources of the 3rd and 4th C.S.F. as well as the absence of motives for such companies in the new Developmental Law.

➤ **Trends and Possible solutions to the problems**

The manager of “Zen” believes that the government should secure the survival of wholesaling SMEs through a solid legislative framework. In general, motives (better terms of financing or tax reductions) for stressing small business dexterity and competitiveness should be provided in order to empower the role of such companies in the market (Table 5).

Mr Zarkadas believes that “decentralization (expansion of the wholesalers’ network) would be a solution for the vivification of our companies position; however, innovation, training, co-operation and flexibility are the “weapons” for the survival of SMEs”. Furthermore, Mr Zarkadas points out

that “the conditions for export/import of products should be improved in favor of SMEs or their unions, while more points of retail sale should appear so that wholesalers can firm up their position”.

Mr Zarkadas supports that “a lot of stores or businesses are closed out or change their morph in this period; the scene in wholesale and retail sectors is obviously changed, since businesses without “healthy” financial bases and transparent enterprising targets have few chances of survival. On the other hand, big multinational companies have certain targets of sale and profits in order to claim increased market shares. In this attempt, which is well studied and based on new marketing theory were emphasis given in the “service” factor, they create they own distribution network that is independent from the activity of the wholesale sector”. He believes that “service” has to do with Total Quality in the customer service and concerns:

- Suppleness in the production of new products.
- Power of advertising communication.
- Swiftness and completeness in distribution issues.
- Smoothing out of prices so that they are satisfying for traders and final consumers (value for money).
- Provision of every possible relative piece of information about the attributes of products.
- Participation in promotion and support programs of sales.

The researcher asked the opinion of Mr Zarkadas about specific strategies (franchising, outsourcing, participation in mergers, etc.) that have been followed in similar cases of SMEs outside Greece:

- *Franchising*

Mr Zarkadas underlines that “Franchising of wholesalers with the example of Italy or U.S. would be a solution”. The idea of Franchising was simple: “Give the customer whatever the supermarket chains are offering, but *also* friendly service, warm atmosphere and human care”. Keeping in mind that most of the firms that make up the franchise system are small family businesses, the offering of the last characteristics is obvious. As for “whatever the supermarket chains are offering”, Mr Zarkadas proposes certain measures, like the diversification of the department roles. “For example, a technical department will have the objective of renovation or expansion of the existing shops as well as the construction of new ones. What is more, a marketing department can have the responsibility of negotiations for all wholesalers so that the lowest cost as well as common advertisement through programmes of projections are achieved. Moreover, a department of experienced management consultants can provide the proper know-how, instructions and training

to the members of the franchising family and finally, all the rest essential services can be gradually added to the system so that franchisees will only have to focus on their customers, the augmentation of their sales, the cost and “leakage” (thefts, waste) control so that their profits are maximized”.

On the other hand, Mr Zarkadas points out that “the franchising system is suitable for Greek SMEs because there is not the proper “know how” and training for the wholesalers in logistics, transportation, warehousing, because most of the companies are small. As a result, in the future, the wholesalers do not invest in their companies but only try to find new ways of dealing with daily problems. On the contrary, abroad, the similar entrepreneurs invest on certain activities, get the proper infrastructure and get financial and training support by their governments”. He continues by saying that “in Greece, there are bureaucracy problems (one needs more time to start a SME), while this does not take place abroad, where the procedures are simplified”.

- *Mergers-Acquisitions*

Takeovers, mergers and acquisitions (see Appendices IV & V) are plans/strategies that often followed in order to boost the role and force of small enterprises in the market. Mr Zarkadas believes that “if wholesalers adopt these strategies they will have more chances of survival, since the new alliance can keep them united and secure; in this way, they can also have certain benefits such higher profits, development, network expansion as well as product concentration”. What is more, Mr Zarkadas stresses that “the participation in a merger can offer new challenges to the wholesaler that will have the opportunity to specialize in certain products/services and improve his relationships with suppliers and competitors”.

- *Clusters and Networks*

Mr Zarkadas stresses the importance of clusters and networks: “The concepts of clusters and networks can be of great importance to our sector, since they constitute, at least in theoretical level, potential strategies that Greek wholesaling SMEs of the confectionary products’ sector can follow in order to offset the increasing competition. The participation in a cluster can be helpful to the development of co-operation between competitive companies, the quality improvement of the cluster’s products, the successful entry to new markets, the successful transfer and acquisition of know-how that resulted in the development of new products and better adaptation to new technologies, the improvement of member companies’ economic results, as well as the achievement of economies of scale in the procurement of raw materials”. Clusters are generally built up spontaneously by the local business players, who want to take advantage from the synergy of several factors existing in the geographic area: the presence of customers and suppliers, the

access to qualified labour force and know-how, the availability of specific natural resources and infrastructure, low transaction and communication costs due to geographical proximity. In order to secure their survival in these very competitive and complex conditions, firms that participate in a cluster are “forced” to develop innovative strategies and to build in the necessary capacities to implement them. Participating in a cluster, enterprises learn from each other and copy each other. In this way, clusters that have been able to develop a brand name bring to their companies and institutions a valuable tool to market their products and services.

What is more, Mr Zarkadas believes that more emphasis should be given to the expansion of network on areas outside Athens: “The government has to give the right motives (financing) in order to establish warehouses. What is more, motives should be given to owners to open shops in the province. The population has to move from the big cities to the county and in this way to reduce unemployment. In Athens, in a small distance, you can find a big supermarket as well as a substantive number of small points of retail sale”. Furthermore, he believes that there is a need for more exports; industry should “open” and take elements from the developed European countries. He adds that “in Europe, there are successful examples of wholesalers’ functioning. Greek industry of confectionary products can be “transferred” to countries like United Arab Emirates that do not have the variety of products and do not face transportation problems due to the rise in gas prices”. He believes that “more enterprising units can be established in Balkan countries that can offer cheap labour hands; the network of production and distribution can easily be expanded to the near Balkan countries like Turkey, Albania, Rumania, Bulgaria etc”.

- *Internet utilization*

Mr Zarkadas believes that “nowadays, familiarity with information systems and technologies is essential since production and distribution procedures are accelerated, the swiftness of taking enterprising decisions is improved and rapid exchange of information is a major instrument of business research and enterprise action”.

Mr Zarkadas points out that “if Greek SMEs want to exploit the advantages that the utilization of the internet gives (targeting to the internationalization of their activities), they should fulfill certain requirements, like:

- the existence of previous export experience,
- obtainment of suitable technological equipment,
- finding of specialized personnel,
- creation of a professional webpage with a proper promotion of the enterprising picture in foreign customers,

- easy piloting to the webpage,
- continuous updating for the business products,
- potentiality for online orders and completion of transactions,
- consolidation of an easy and particular domain name,
- creation of the proper e-catalogues,
- existence of alternative web pages in different languages, so that more consumers can be targeted,
- maximum safety in e-transactions,
- ability of completion, realization of a bigger order volume as well as keeping of the delivery times”.

As a result, Mr Zarkadas concludes by saying that “the internet is not a panacea; if its utilization is accompanied by a long-term planning and previous export experience, there is a big chance that the results will be positive for the profits as well as the holistic picture of the firm. On the other hand, if the utilization is promiscuous and the ultimate target is the occasional profit with a temporary vampirism of opportunities, the failure will probably be certain. Finally, the internet cannot be a substitute of exporting activity; however, under the correct prerequisites can play a significant to the expansion of business activities. For Greek SMEs, the existence of a proper planning can be an “outrider” for a better business future”.

- *Outsourcing*

Mr Zarkadas believes that “outsourcing has been a serious matter for Greek businessmen since nowadays it is essential to turn to a specialized company so as to reduce the operational cost and to focus on the production procedure. In this framework, fleet management, a wide range of services that are related to the administration of the enterprising armada, has been developed. Since the outsourcing necessity is increasing, fleet management is supposed to be essential. Nowadays, every company is trying to rationalize its operational expenses and focus on the procedures that will make it profitable. Using fleet management can have certain advantages. Apart from the tax relief (100% of the expenses that are related to fleet management is supposed to be operational costs, which means that they are not increasing the incomings), the company that is choosing to outsource the administration of its fleet (cars) can have a better audit of its expenses, since it has to pay a certain monthly rent. What is more, it can maintain its financial liquidity since it does not spend its capital for a fleet of vehicles. Moreover, the co-operation with a specialized fleet management company can contribute to the evolvement of any enterprise, since it can throw out its personnel from procedures that are not connected to the production process”.

Problems	Solutions-Potential strategies
<i>Competition</i>	<i>Solid legislative framework/ Decentralization/Qualitative service following the principles of T.Q.M./ Franchising/ Mergers-Acquisitions/ Clusters and Networks/ New Legislative framework/ Outsourcing/Product differentiation/ Segmentation / Expansion of network</i>
<i>Warehousing problems</i>	<i>New Legislative framework/ Outsourcing</i>
<i>Taxation system</i>	<i>New Legislative framework/ Tax relief for SMEs</i>
<i>Financing/Credit</i>	<i>New Legislative framework/ Better agreements with Banks/ Capitals from 3rd and 4th C.S.F. / Focus on "secure" customers</i>
<i>Succession</i>	<i>New Legislative framework/Tax relief for succession</i>
<i>Utilisation of E-commerce</i>	<i>Internet utilization/R. &D. programmes/ Utilization of C.S.F. capitals and programmes</i>
<i>Insurance</i>	<i>New Legislative framework/ Strengthening of Greek SMEs' Fund</i>
<i>Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law</i>	<i>Motives for wholesaling SMEs of confectionary products/ Financial and support motives</i>

Table 5: Summary of the sector's problems-Solutions and Potential strategies that have been suggested by the manager of "Zen"

5. Analysis of Findings - Conclusions and recommendations

Qualitative research is generally defined as this type of research that utilises open-ended interviewing in order to explore, comprehend and interpret attitudes, opinions, feelings and behaviours of individuals or a group of individuals. Qualitative research can take many forms, such as ethnography, action research, observations, focus groups, in-depth interviews, case studies; it is often used as a source of hypotheses (collection and analysis of data) for later testing in quantitative research (Document 4). Most of the times, the qualitative researcher is utilizing an inductive approach to the relationship between theory and research and emphasis is given to the generation of theories.

In this study, qualitative research was conducted in the form of case studies. Two different companies (in size, turnover, number of retail sale points that they serve, number of employees, legislative form, etc.), "Omikron" and "Zent" were the two case studies under examination. Case studies involve the intensive study of an individual, family, group, institution, or other level that can be conceived of as a single unit. What is more, the pieces of information are highly detailed, comprehensive, and typically reported in narrative form as opposed to the quantified scores on a dependent measure, while through them, there is an attempt to convey the nuances of the case, including specific contexts, extraneous influences, and special idiosyncratic details. Finally, the information the case studies examine may be retrospective or archival. In the particular cases, the researcher practically conducted open interviews with an emphasis to the research questions; however, there were elements of participant observation by the researcher, since he has worked for "Omicron" in the past.

The main result of the case studies' analysis was that the sector of confectionary products is facing a series of problems that impedes the survival of its enterprises; these problems are related to the contemporary competition reality that almost excludes wholesaling SMEs from influencing the market conditions. Of course, the sector of confectionary products -as any other sector- is facing specific problems like taxation system, succession or financing.

More specifically, the conversation with the two managers of "Omicron" (Mr Drelas) and "Zen" (Mr Zarkadas) as well as the analysis of the cases' findings "disclosed" various problems; however, during the interviews, the managers "revealed" possible strategies/"solutions" that such enterprises can follow in order to be able to survive in the hard market conditions:

1. The main problem is the intense **competition** that wholesaling SMEs (especially those that are activated to the sector of confectionary products) are facing due to the invigoration of the supermarkets' role as well as the expansion of the multinational chains and superstores. The catalytic presence of these "big players" worsens the position of SMEs and endangers their survival. Multinational chains, superstores and supermarkets have their own distribution network and suppliers and can shape demand conditions, determine prices and virtually rule out the intermediate wholesaling small firms. The two managers agreed that the solution to this fundamental problem is not simple; in order to offset the increasing competition, SMEs can participate in mergers or in a cluster; another solution would be the acquisition of smaller companies that are specialized in a product or area by bigger ones. Moreover, the implementation of franchising system could be a way of survival for SMEs. Finally, the outsourcing of the products' distribution would reduce the expenses (and increase its liquidity) of a company that is functioning as an intermediary. Of course, the two managers stressed the necessity that wholesaling SMEs of the confectionary products' sector should be based on SMEs' intrinsic characteristics that are related to innovation, flexibility, better communication with the customer as well as to the offering of qualitative services. Furthermore, a response to the increasing competition would be a new, more protective for SMEs, legislative framework that will institute increased audits in the market in order to avoid monopolistic phenomena and unfair competition. Finally, in the field of production, the strategies of product differentiation, segmentation, as well as the expansion of the enterprises' network to new areas could be helpful to the survival of SMEs.
2. The problem of **warehousing** is not negligible; the managers agreed that a new legislative framework that would reduce the increased rents and support SMEs (for

example, with a bounty) in general could solve the problem. The utilisation of outsourcing could also be helpful to the search of a successful strategy.

3. The managers consider **taxation system** to be unfair to SMEs; profit taxation is still heavy for SMEs in a period that there are almost no profits. A new legislative framework that will provide a tax relief for SMEs (for example, reduction of the tax factor) would be a solution, according to the owners of “Omicron” and “Zen”.
4. The problem of **credit** is intense in the wholesale sector of confectionary products; the wholesalers pay their suppliers in cash; however, their customers are usually asking for credit. The solution that is suggested in that case is that the wholesalers should focus on “secure” and old customers; the wholesaler is better to have few but reliable customers rather than many untrustworthy ones.
5. The problem of **financing** is hard, since the interest rate is high for the owners of SMEs that want to get a loan that will be utilised for their enterprise (even for reinvestment reasons); the two managers believe that a new legislative framework should strengthen the role of SMEs’s Fund. On the other hand, the government should “convince” the Banks (especially those that have state dividends) to offer better loan terms to SMEs. Finally, capitals from 3rd and 4th C.S.F. could be utilised for financing SMEs, especially when capitals are necessary for investment purposes.
6. The problem of **succession** is faced by a number of wholesalers that have reached the age of retirement; a new legislative framework that would anticipate a tax relief for these relatives that would like to succeed the owner of the small company could be a solution to the problem of the continuation of the company’s function.
7. The problem of the lack of **utilisation of E-commerce** by SMEs is not fractional in a period that Internet has “invaded” in society. The solution could be the training for internet utilization, as well as participation of wholesalers to Research & Development programmes. Finally, C.S.F. capitals and programmes could be utilized for the education and training of the wholesalers.
8. Many wholesalers face the problem of **insurance**, since they have to work till the age of 70 and they do not get adequate services. The solution that the two managers suggest is a new fair legislative framework that will recompense those who have truly worked for many years in a very competitive and stern sector.
9. Finally, the problem of **exclusion of the wholesale sector from the 3rd C.S.F. as well as the new Developmental Law** could be solved with a new fair-minded legislative framework that will strengthen the role of Greek SMEs’ Fund and will

provide motives (financial and support) for wholesaling SMEs of confectionary products, in order to survive and empower their position to the market.

The researcher believes that the interviews with the two managers, Mr Drelias and Mr Zarkadas was effective; the researcher himself tried to give the two managers new perspectives of solutions, more academic ones. The two managers proved to be open-minded and modern, since did not have a problem to refer (and accept as potential “solution” for their companies) to unfamiliar notions like outsourcing, mergers/acquisitions or franchising.

In general, there are differences between the two companies under investigation; “Omicron” is a larger company with a long-standing route to the wholesaling sector of confectionary products while “Zen” has been activated in the last few years and is virtually a personal company. The researcher has reached to the conclusion that the bigger the company is, the more the thinking of its owner is organizing and holistic. The owner of “Omicron” views sector’s issues and problems with a long-range perspective; he focuses on research and development programmes, training of SMEs’ personnel as well as better legislative framework, utilization of E-commerce, and strategies like segmentation, and differentiation of products. On the other hand, the owner of “Zen” is trying to see things from their practical perspective; he seems to search ways of surviving to the daily increasing competition; in this way his responses to the sector’s problems are related to the “exploitation” of reliable customers, to the acquisition of C.S.F. capitals, as well as to the expansion of the companies network to new areas.

Appendix I

In our cases, the case study protocol for each of the two companies had the following parts:

1. Introduction to the case study and purpose of protocol

- Case study questions, hypotheses and propositions
- Theoretical framework for the case study
- Role of protocol in guiding the case study investigator

The case study questions that were posed to the managers of “Omicron” and “Zen” were based on the research questions that were presented to the 1st document; the goal of the researcher is to “reveal”, after the conduct of interviews with the two managers, potential strategies that Greek wholesaling SMEs of confectionary products can follow in order to offset the increasing competition that has been caused by the supermarket expansion. The actual role of the protocol is to guide the case study investigator to this direction, taking into consideration the relevant literature review (similar previous studies or successful foreign examples) as well as the presentation of the current situation by the two managers.

2. Data collection procedures

- Names of the sites to be visited, including contact persons: Mr Vasillis Drelias is the owner of “Omicron”, Mr Kostas Drelias is his son and part-owner of the company. On the other hand, Mr Dimitris Zarkadas is the owner of “Zen” personal company.
- Data collection plan (calendar period for site visits, amount of time and level of effort) The researcher visited “Omicron” in the period between March and May of 2006 and “Zen” in the period between May and June of 2006.
- Expected preparation prior to site visits. Before the visits, from January till March of 2006, the researcher had collected various pieces of information by the two managers.

3. Outline of the case study report

- Attachments, chronology, references to relevant documents. The documents that the researcher utilised were previous years’ balance sheets, invoices, statistical records of the sector, orders from customers, orders to suppliers, leaflets etc.

4. Case study questions-Research Questions

- Describe the situation in the Greek market
- Refer to the history of the sector (flashback)

- What are the dynamics of the Greek Economy and Market? How these dynamics affect the Sweet Products' Industry?
- What are the key factors/drivers of the Sweet Products' Industry? How the SMEs wholesaling companies of sweet products are influenced by those factors?
- What are the Sweet Products' market characteristics?
- What are the future trends of the Sweet Products market?
- What are the lessons taught by the research of the comparative literature?
- What are the differences between similar wholesale companies in Greece and other E.U. countries and U.S.?
- How successful examples of foreign SMEs in the wholesale sector of Sweet Products can be utilized in the Greek business area?
- How the existing problems of taxation system, Financing, Competition, Professional buildings, Insurance and Storage etc can be softened or solved?
- *What marketing strategy/strategies should a Greek SME of Sweet Products adopt in order to cope with the increasing competition of the supermarkets?*
Problems of the strategies implementation in the particular Greek environment.

5. Evaluation

- What is the design for evaluating the managers' views? The researcher tried to present the managers' view with objectivity.
- What part of the evaluation has been implemented? How successful examples have been utilised in the Greek context?
- What are the outcomes measures being used and identified up to date? The government has taken some measures to stress the position of SMEs in Greece, mainly by utilising capitals that stem from the 3rd C.S.F.
- What rival explanations have been identified and explored? The fact that the increasing competition which is caused by the supermarket expansion can lead to the improvement of SMEs.

Appendix II

Strengths of Data Collection Methods

Strength	PO	O	I	FGI	DR	N	HA	F	Q	PT	U M
<i>Fosters face-to-face interactions with participants</i>	x		X	x		x				D	
<i>Useful for uncovering participant's perspectives</i>	x		X			x				D	
<i>Data collected in natural setting</i>	x	x	X	x	D	x		x			X
<i>Facilitates immediate follow-up for clarification</i>	x		X	x		x					
<i>Good for documenting major events, crises, social conflicts</i>	x	x		x	x	x	x	x			
<i>Collects data on unconscious thoughts and actions</i>	x				D	D		x		x	X
<i>Useful for describing complex interactions</i>	x	x	X	x		x	x	x		D	
<i>Good for obtaining data on nonverbal behaviour and communication</i>	x	x	D	D		D		x		D	x
<i>Facilitates discovery of nuances in culture</i>	x	x	X	x	D	x	x	x			x
<i>Provides for flexibility in formulating hypotheses</i>	x	x	X	x	D	x	x	x			x
<i>Provides context information</i>	x	x	X	x	x		x	x			
<i>Facilitates analysis, validity checks, and triangulation</i>	x	x	X	x	x			x	x	x	x
<i>Facilitates cooperation</i>	x	D	D	x		x				x	
<i>Data easy to manipulate and categorize for analysis</i>					x				x		D
<i>Obtains large amounts of data quickly</i>		x		x			x	x		x	
<i>Allows wide range of types of data and participants</i>	x			D	D						x
<i>Easy and efficient to administer and manage</i>					x		x		x		x
<i>Easily quantifiable and amenable to statistical analysis</i>					x				x	x	x
<i>Easy to establish generalizability</i>					D		D		x	x	
<i>May draw on established instruments</i>					x				x	x	x

NOTE: x=strength exists; D=depends on use. PO=participant observation; O=observation; I=interview; FGI=focus group interviewing; DR=document review; N=narratives, life and oral histories; HA=historical analysis; F=film; Q=questionnaire; PT=psychological techniques; UM=unobtrusive measures.

Participant observation can be described as a data collection method that allows wide range of types of data and participants, fosters face-to-face interactions with participants and is useful for uncovering their perspectives. What is more, the pieces of information are collected in natural setting and this method can facilitate an immediate follow-up for clarification. This method is also good for documenting major events, crises, social conflicts for obtaining data on nonverbal behaviour/communication and useful for describing complex interactions. Finally, this method provides for flexibility in formulating hypotheses and facilitates analysis, validity checks, and

triangulation and cooperation. On the other hand, the negative aspect with this method is that it is time consuming and the researcher has to be there all the time in order to shape a picture of his own.

Observation: The strengths that this method can have is that data is collected in natural setting; it is a relevant method for documenting major events, crises, social conflicts, while it can be useful for describing complex interactions and good for obtaining data on nonverbal behaviour and communication. It facilitates analysis, validity checks, and triangulation and provides for flexibility in formulating hypotheses. It can also facilitate discovery of nuances in culture and obtains large amounts of data quickly. The negative thing is that too much time (or money) has to be spent in order to have an accomplished picture of the subject.

Interview fosters face-to-face interactions with participants and can uncover their perspectives over a subject. The relevant data is collected in natural setting and immediate follow-up for clarification is facilitated. This method is useful for describing complex interactions and can provide context information as well as flexibility in formulating hypotheses. It finally facilitates discovery of nuances in culture and can make easier analysis, validity checks, and triangulation procedures. On the other hand, this method needs very good planning and patience so that the suitable people are found and interviewed.

Focus Group Interviewing fosters face-to-face interactions with participants and data is collected in its natural setting in large amounts and quickly. This method facilitates immediate follow-up for clarification and discovery of nuances in culture while it is useful for describing complex interactions. It is offering the space for flexibility in formulating hypotheses, while it facilitates analysis, validity checks and triangulation and cooperation. Focus Group interviewing is time consuming, since the researcher has to be meek to do his completed job.

Document Review: This method that provides context information and facilitates analysis, validity checks, and triangulation is ideal for documenting major events, crises, social conflicts. The data is easily quantifiable and amenable to statistical analysis and easy to manipulate and categorize for analysis as well as efficient to administer and manage. This method may also draw on established instruments, but can be time consuming; it can also entail inutile pieces of information.

Narratives, life and oral histories: This method fosters face-to-face interactions with participants and can uncover their perspectives. What is more, data is collected in its natural setting and immediate follow-up for clarification is easier. The method is good for documenting major events, crises, social conflicts and useful for describing complex interactions. It can also facilitate discovery of nuances in culture as well as cooperation. On the other hand, this method needs time to record all these narratives and can be comprised of no related data.

Historical Analysis: This method is good for documenting major events, crises, social conflicts and useful for describing complex interactions. It also facilitates discovery of nuances in culture and provides for flexibility in formulating hypotheses as well as context information. Large amounts of data are obtained quickly and these pieces of information are easy and efficient to administer and manage. Historical analysis has the negative aspect of not being apropos and associated to the current events.

Film: The data is collected in its natural setting and this method is ideal for documenting major events, crises, social conflicts. In utilising the film method data can be collected on unconscious thoughts and actions as well as on nonverbal behaviour and communication. This method is handy for describing complex interactions since it provides for flexibility in formulating hypotheses and context information. Analysis, validity checks, and triangulation procedures are facilitated and large amounts of data are gathered swiftly. Film is time and money consuming and not every researcher can utilise this method.

Questionnaire: Using a questionnaire can facilitate analysis, validity checks and triangulation, while data is easy to manipulate and categorize for this analysis and easy and efficient to administer and manage. What is more, these pieces of information are easily quantifiable and amenable to statistical analysis and generalizability can be easily established. Finally, this method may draw on established instruments. A questionnaire is difficult to be adjusted to the special needs of every situation, which means that it takes time to prepare it.

Psychological Techniques: In this method, data is collected on unconscious thoughts and actions, while analysis, validity checks, and triangulation procedures are facilitated. Data is easily quantifiable and amenable to statistical analysis and easy to establish generalizability. This method may draw on established instruments and large amounts of data can be obtained quickly. On the other hand, this method needs patience, smart attitude as well as relevant epistemic background from the researcher.

Unobtrusive Measures: In this method, data is collected in its natural setting on unconscious thoughts and actions. It is good for obtaining data on nonverbal behaviour and communication and facilitates discovery of nuances in culture. This method provides for flexibility in formulating hypotheses and facilitates analysis, validity checks, and triangulation. It also allows a wide range of types of data and participants and is quantifiable and amenable to statistical analysis. What is more, it is easy to establish generalizability and may draw on established instruments. Finally, large amounts of data are obtained quickly, but this method needs discreet and careful attitude by the researcher that has to be skilled for such measures.

According to Yin (1995), there are six sources of evidence; no single source has a complete advantage over all the others. In fact, the various sources are highly complementary, and a good case study will therefore want to use as many sources as possible.

Documentation

This type of information can take many forms and should be the object of explicit data collection plans (e.g. letters, memoranda, agendas, minutes of meetings, and other written reports of events, administrative documents, proposals, progress reports, and other internal reports, formal studies or evaluations of the same “site” under study, newspaper clippings and other articles in Mass Media). Documents for case studies are utilised in order to corroborate and augment evidence from other sources. At first, they are helpful in verifying the correct titles or names of organisations that might have been mentioned in an interview. Second, documents can provide other specific details to corroborate information from other sources. Third, you can make inferences from documents, but these inferences should be treated only as clues worthy of further investigation rather than as definite findings. In general, documents play an explicit role in any data collection in doing case studies, since systematic searches for relevant documents are important in any data collection plan. On the other hand, we should be careful of the over-reliance on documents in case study research; every document was written for some specific purpose and some specific audience other than those of the case study being done. As a result, the investigator is a vicarious observer who is trying to identify the objectives of the documents he is utilising and the relationship his research subject.

Archival records

These can include:

- service records, such as those showing the number of clients served over a given period of time
- organisational records, such as organisational charts and budgets over a period of time
- maps and charts of the geographical characteristics or layouts of a place
- lists of names and other relevant items
- survey data, such as census records or data previously collected about a “site”
- personal records, such as diaries, calendars and telephone listings

These archival records can be used in conjunction with other sources of information in producing a case study; their usefulness of these will vary from case study to case study. In the case that archival records are of vital importance and relevance for the case study, the investigator should be careful to ascertain the conditions under which it was produced as well as its accuracy, since

quantity or number utilisation does not essentially means that the archival records are accurate (these have produced for a specific purpose and audience, too).

Interviews

There is a usual association between interviews and the survey method; however, interviews are also essential sources of case study information (interviews appear to be guided conversations rather than structured queries, which means that even if you will be pursuing a consistent line of inquiry, your actual stream of questions in a case study interview is likely to be fluid rather than rigid- Rubin and Rubin, 1995). As a result, throughout the interview process, you have to follow your own line of inquiry, as reflected by your case study protocol and ask your actual – conversational questions in an unbiased manner that also serves the needs of your line of inquiry. This means that interviews require you to operate on two levels at the same time; satisfying the needs of your line of inquiry while simultaneously putting forth “friendly” and “nonthreatening” questions in your open-ended interviews.

Overall, interviews are an essential source of a case study evidence because most of them are about human affairs, that should be reported and interpreted through the eyes of specific interviewees and well informed respondents that can provide important insights (shortcuts to the prior history or identify other relevant sources) into a situation. However, interviews should be only considered as verbal reports, which means that they subject to the common problems of bias, poor recall, and poor or inaccurate articulation; the reasonable approach is to corroborate interview data with information from other sources.

- a) Most commonly, case study interviews are of an open –ended nature, in which you can ask key respondents about the facts of a matter as well as their opinions about events. In some situations, you may even ask the respondent to propose his/her insights into certain occurrences and may use such propositions as the basis for further inquiry. The respondent can also suggest other persons for interview or other sources of evidence. This means that the more the respondent assists in this direction, the more his role can be considered of an “informant” rather than a respondent. Key informants can be critical to the success of a case study, because the can provide the case study investigator with insights into the matter but can also suggest sources of corroboratory or contrary evidence- and also initiate the access to such sources. Of course, you need to be cautious about becoming overly dependent on a key informant, especially because of the interpersonal influence over you. Alternatively, you can rely on other sources of evidence to corroborate any insight by such informants and to search for contrary evidence as carefully as possible.

- b) A second type of interview is a focused interview (Merton, Fiske & Kendall, 1990), in which a respondent is interviewed for a short period of time (e.g. an hour); in such cases, interviews remain open ended and assume a conversational manner, but you are more likely to be following a certain set of questions derived from the case study protocol. For example, a major purpose of such an interview might simply be to corroborate certain facts that you already think they have been established; so, the specific questions must be carefully worded in order to allow the respondent express a fresh commentary about it. On the other hand, if you ask leading questions, the corroboratory purpose of the interview will not have been served.
- c) A third type of interview entails more structured questions, along the lines of a formal survey. Such a survey could be designed as part of the case study and produce quantitative data as part of the case study evidence. This type of interview can be utilised in certain instances (e.g. urban design project).

Direct observation

These observations can range from formal to casual data collection activities. In a formal way, direct observation entails observations of meetings, sidewalk activities, factory work, classrooms etc. In a less formal way, direct observations might be made through a field visit. In order to increase the reliability of observational evidence, a common procedure is to have more than a single observer making an observation, formal or casual.

Participant observation

Participant observation is a special mode of observation in which you are not merely a passive observer; on the contrary, the investigator can take different roles of participation. The participant observation technique has been most frequently used in anthropological studies of different cultural or social groups. The technique can also be used in more everyday settings, such as large organisation or informal small groups.

Physical artifacts

These can be technological devices, tools or instruments, a work of art, or some other physical evidence that can be collected or observed as part of a field visit and have been used extensively in anthropological research. Physical artefacts have less potential relevance in the most typical kind of case study; however, when they are relevant, the artefacts can be an important component in the overall case.

Of course, there are other methods like *Naturalistic observation studies* that involve observing organisms in their natural settings. The primary advantage of the naturalistic observation approach is that it takes place in a natural setting, where the participants do not realize that they are being

observed. Consequently, the behaviours that it measures and describes are likely to reflect the participants' true behaviours. In general, naturalistic observation has four defining principals (Ray & Ravizza, 1988).

The first and most fundamental principle is that of *noninterference*. Second, naturalistic observation involves the observation and detection of *invariants*, or behaviour patterns or other phenomena that exist in the real world. Third, the naturalistic observation approach is particularly useful for exploratory purposes, when we know little or nothing about a certain subject. Finally, the naturalistic observation method is basically descriptive. Although it can provide a somewhat detailed description of a phenomenon, it cannot tell us why the phenomenon occurred.

The main limitation of the naturalistic approach is that the researcher has no real control over the setting.

Apart from naturalistic observation, *Survey Studies* is another way of studying situations in a qualitative way; ask large numbers of people questions about their behaviours, attitudes, and opinions. Some surveys merely describe what people say they think and do. Other survey studies attempt to find relationships between the characteristics of the respondents and their reported behaviours and opinions. Campbell and Katona (1953) delineated nine general steps for conducting a survey. Although this list is more than 50 years old, it is as useful now as it was then in providing a clear overview of survey procedures. The nine steps are as follows:

1. *General objectives*: This step involves defining the general purpose and goal of the survey.
2. *Specific objectives*: This step involves developing more specificity regarding the types of data that will be collected, and specifying the hypothesis to be tested.
3. *Sample*: The major foci of this step are to determine the specific population that will be surveyed, to decide on an appropriate sample, and to determine the criteria that will be used to select the sample.
4. *Questionnaire*: The focus of this step is deciding how the sample is to be surveyed (e.g., by mail, by phone, in person) and developing the specific questions that will be used. This is a particularly important step that involves determining the content and structure (e.g., open-ended, closed-ended or Likert scales) of the questions, as well as the general format of the survey instrument (e.g., scripted introduction, order of the questions). Importantly, the final survey should be subjected to a protocol analysis in which it is administered to numerous individuals to determine whether (a) it is clear and understandable and (b) the questions get at the type of information that they were designed to collect. For certain scales, such as Likert scales, you may also want to look for certain response patterns to see whether there is a

problematic response set that emerges, as indicated by restricted variability in responses (e.g., all items rated high, all items rated low, or all items falling in between).

5. *Fieldwork*: This step involves making decisions about the individuals who will actually administer the surveys, and about their qualifications, hiring, and training.

6. *Content analysis*: This involves transforming the often qualitative, open-ended survey responses into quantitative data. This may involve developing coding procedures, establishing the reliability of the coding procedures, and developing careful data screening and cleaning procedures.

7. *Analysis plan*: In general, these procedures are fairly straightforward because the analysis of survey data is typically confined to descriptive and correlational statistics. Still, even survey studies should have clear statistical analysis plans.

8. *Tabulation*: This step involves decisions about data entry.

9. *Analysis and reporting*: As with all studies, the final steps are to conduct the data analyses, prepare a final report or manuscript, and disseminate the study's findings.

Although a variety of methods for administering surveys are available, the most popular are face-to-face, telephone, and mail. In general, each of these methods has its own advantages and disadvantages. The major consideration for the researcher in deciding on the form of survey administration is response rate versus cost. As a rule of thumb (Ray & Ravizza, 1988), if high rate of return is the main goal, then face-to-face or telephone surveys are the optimal choices, while mail surveys are the obvious choice when cost is an issue.

The principal advantage of survey studies is that they provide information on large groups of people, with very little effort, and in a cost effective manner. Surveys allow researchers to assess a wider variety of behaviours and other phenomena than can be studied in a typical naturalistic observation study.

Focus groups are formally organized, structured groups of individuals brought together to discuss a topic or series of topics during a specific period of time. Like surveys, focus groups can be an extremely useful technique for obtaining individuals' impressions and concerns about certain issues, services, or products. Originally developed for use in marketing research, focus groups have served as a principal method of qualitative research among social scientists for many decades. In contrast to other, unilateral methods of obtaining qualitative data (e.g., observation, surveys), focus groups allow for interactions between the researcher and the participants and among the participants themselves.

Like most other qualitative research methods, there is no one definitive way to design or conduct a focus group. However, they are typically composed of several participants (usually 6 to 10

individuals) and a trained moderator. Fewer than 6 participants may restrict the diversity of the opinions to be offered, and more than 10 may make it difficult for everyone to express their opinions comprehensively (Hoyle, Harris, & Judd, 2002).

The information obtained from focus groups can provide useful insight into how various procedures, systems, or products are viewed, as well as the desires and concerns of a given population. For these reasons, focus groups, similar to other qualitative research methods, often form the starting point in generating hypotheses, developing questionnaires and surveys, and identifying the relevant issues that may be examined using more quantifiable research methodologies.

Appendix III

Construct validity

Construct validity refers to the basis of the causal relationship and is concerned with the congruence between the study's results and the theoretical underpinnings guiding the research. In essence, construct validity asks the question of whether the theory supported by the findings provides the best available explanation of the results.

The first test is especially problematic in case study research; a case study investigator usually fails to develop a sufficiently operational set of measures and that "subjective" judgments are used to collect the data. As a result, to meet the test of construct validity, an investigator must be sure to cover two steps:

1. Select the specific types of changes that are to be studied (and relate them to the original objectives of the study), and
2. Demonstrate that the selected measures of these changes do indeed reflect the specific types of change that have been selected.

In the figure, we can see that three tactics are available to increase construct validity when doing case studies. The first is the utilization of multiple sources of evidence, in a manner encouraging convergent lines of inquiry; this tactic is relevant during data collection. A second tactic is to establish a chain of evidence, which is also relevant during data collection. Finally, the third tactic is to have the draft case study report reviewed by key informants.

Cook and Campbell (1979) make the following suggestions for improving construct validity:

- Provide a clear operational definition of the abstract concept or independent variable.
- Collect data to demonstrate that the empirical representation of the independent variable produces the expected outcome.

- Collect data to show that the empirical representation of the independent variable does not vary with measures of related but different conceptual variables.
- Conduct manipulation checks of the independent variable.

Threats to construct validity relate to the unique aspects and design of the study that interfere with the researcher's ability to draw causal inferences from the study's results.

Internal validity

Internal validity refers to the ability of a research design to rule out or make implausible alternative explanations of the results, or plausible rival hypotheses (Campbell, 1957; Kazdin, 2003c). A *plausible rival hypothesis* is an alternative interpretation of the researcher's hypothesis about the interaction of the dependent and independent variables that provides a reasonable explanation of the findings other than the researcher's original hypothesis (Rosnow & Rosenthal, 2002). Although evidence of absolute causation is rarely achieved, the goal of most experimental designs is to demonstrate that the independent variable was directly responsible for the effect on the dependent variable and, ultimately, the results found in the study. In other words, the researcher ultimately wants to know whether the observed effect or phenomenon is due to the manipulated independent variable or variables or to some uncontrolled or unknown extraneous variable or variables (Pedhazur & Schmelkin, 1991). Ideally, at the conclusion of the study, the researcher would like to make a statement reflecting some level of causation between the independent and dependent variables. By designing strong experimental controls into a study, internal validity is increased and rival hypotheses and extraneous influences are minimized. This allows the researcher to attribute the results of the study more confidently to the independent variable or variables (Kazdin 2003c; Rosnow & Rosenthal, 2002). Uncontrolled extraneous influences other than the independent variable that could explain the results of a study are referred to as *threats to internal validity*.

This 2nd test has been given the greatest attention in experimental and quasi-experimental research. Numerous threats to validity have been identified: At first, internal validity is only a concern for causal (or explanatory) case studies, in which an investigator is trying to determine whether event x led to event y. If the investigator incorrectly concludes that there is a causal relationship between x and y, without knowing that some third factor, z, may actually have caused y, the research design has failed to deal with some threat to internal validity; this logic is inapplicable to descriptive or exploratory studies. What is more, the concern over internal validity, for case study research, may be extended to the broader problem of making inferences, since a case study involves an inference every time an event cannot be directly observed. The investigator will "infer" that a particular

event resulted from some earlier occurrence, based on interview and documentary evidence collected as part of the case study. The analytic tactic of Pattern matching is one way of addressing internal validity. Three other analytic tactics, explanation building, addressing rival explanations and using logic models can also be utilized.

Of course, there are threats to Internal Validity, like:

History: Global internal or external events or incidents that take place during the course of the study that might have unintended and uncontrolled-for impacts on the study's final outcome (i.e., on the dependent variable).

Maturation: *Intrinsic* changes within the participants that are usually related to time passage.

Instrumentation: Changes in the assessment of the independent variable that are usually related to changes in the measuring instrument or measurement procedures over time.

Testing: The effects that taking a test on one occasion may have on subsequent administrations of the test. It is most often encountered in longitudinal research, in which participants are repeatedly measured on the same variables of interest over time.

Statistical regression: Statistical phenomenon, prevalent in pre-test and post-test designs, in which extremely high or low scores on a measure tend to revert toward the mean of the distribution with repeated testing.

Selection bias: Systematic differences in the assignment of participants to experimental conditions.

Attrition: Loss of research participants that may alter the original composition of groups and compromise the validity of the study.

Diffusion or imitation of treatment: Unintended exposure of a control group to an intervention intended only for the experimental group, or a failure to expose the experimental group to the intended intervention. This confound most commonly occurs in medical and psychological intervention studies.

Special treatment or reactions of controls: Relatively common threats to internal validity in which either: (1) special or compensatory treatment or attention is given to the control condition, or (2) participants in the control condition, as a result of their assignment, react or compensate in a manner that improves or otherwise alters their performance

External Validity

External validity refers to the generalizability of the results of a research study. In all forms of research design, the results and conclusions of the study are limited to the participants and

conditions as defined by the contours of the research. External validity refers to the degree to which research results generalize to other conditions, participants, times, and places.

The third test deals with the problem of knowing whether a study's findings are generalizable beyond the immediate case study; critics typically state that single cases offer a poor basis for generalizing; however, such critics are implicitly contrasting the situation to survey research, in which a sample (if selected correctly) readily generalizes to a larger universe. This analogy to samples and universes is incorrect when dealing with case studies, as survey research relies on statistical generalization, whereas case studies (as with experiments) rely on analytical generalization where the investigator is striving to generalize a particular set of results to some broader theory. However, the generalization is not automatic; a theory must be tested by replicating the findings and when these direct replications take place, the results will provide strong support to the theory. This replication logic is the same that underlies the use of experiments.

Of course, there can be threats to External Validity, like:

Sample characteristics: The extent to which the results of a study apply only to a particular sample. The key question is whether the study's results can be applied to other samples that vary on a variety of demographic and descriptive characteristics, such as age, gender, sexual orientation, education, and socioeconomic status.

Stimulus characteristics and settings: An environmental phenomenon whereby particular features or conditions of the study limit the generalizability of the findings so that the findings from one study do not necessarily apply to another study, even if the other study is using a similar sample.

Reactivity of experimental arrangements: A potentially confounding variable that results from the influence produced by knowing that one is participating in a research study.

Multiple-treatment interference: This threat refers to research situations in which (1) participants are administered more than one experimental intervention within the same study or (2) the same individuals participate in more than one study.

Novelty effects: This refers to the possibility that the effects of the independent variable may be due in part to the uniqueness or novelty of the stimulus or situation and not to the intervention itself.

Reactivity of assessment: A phenomenon whereby participants' awareness that their performance is being measured can alter their performance from what it otherwise would have been.

Pre-test and post-test sensitization: These threats refer to the effects that pre-testing and post-testing might have on the behaviour and responses of study participants.

Timing of assessment and measurement: This threat refers to whether the same results would have been obtained if measurement had occurred at a different point in time.

Reliability

The objective of this test is to be sure that if a later investigator followed the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator should arrive at the same findings and conclusions; the goal of reliability is to minimize the errors and biases in a study. As a result, for another investigator to repeat an earlier case study is to document the procedures followed in an earlier case, and the development of a case study protocol or database is essential.

Appendix IV

Specific Analytic Techniques

Pattern Matching

For case study analysis, one of the most desirable techniques is using a pattern-matching logic, which compares an empirically based pattern with a predicted one or with several alternative predictions. If the patterns coincide, the results can help a case study to strengthen its internal validity. If the case study is an explanatory one, the patterns may be related to the dependent or the independent variables of the study. If the case study is a descriptive one, pattern matching is still relevant, as long as the predicted pattern of specific variables is defined prior to data collection.

Non equivalent dependent variables as a pattern

The dependent variables pattern may be derived from one of the more potent quasi-experimental research designs, labeled as a “nonequivalent, dependent variables design” (Cook and Campbell, 1979, p. 118). According to this design, an experiment or quasi-experiment may have multiple dependent variables, which means a variety of outcomes. If for each outcome the initially predicted values have been found and at the same time alternative “patterns” of predicted values have not been found, strong causal inferences can be made. You also have predicted an overall pattern of outcomes covering each of these variables; if the results are as predicted, you can draw a solid conclusion about the effects of decentralization. However, if the results fail to show the entire pattern as predicted (which means that even if one variable does not behave as predicted), your initial proposition would have to be questioned. The first case could then be augmented by a second one (but of a centralized nature). If the results show that the decentralized system (case 1) had actually produced the predicted pattern and that this first pattern was different from that

predicted and produced by the centralized system (case 2), you would be able to draw an even stronger conclusion about the effects of decentralization. In this situation, you have made a theoretical replication across cases, while in other cases you might have sought a literal replication by identifying and studying two or more cases of decentralized systems.

Finally, you might be aware of the existence of certain threats to the validity of this logic (Cook & Campbell, 1979); to deal with threats, you would have to identify some subset of the initial dependent variables and show that the pattern would have been different. If you had a single case study, this type of procedure would be essential; you would be using the same data to rule out arguments based on a potential threat to validity. The goal is to identify all reasonable threats to validity and to conduct repeated comparisons, showing how such threats cannot count for the dual patterns in both of the hypothetical cases.

Rival explanations as patterns

The use of rival explanations, besides being a good general analytic strategy, also provides a good example of pattern matching for independent variables. In such a situation, several cases may be known to have had a certain type of outcome, and your investigation has focused on how and why this outcome occurred in each case. The analysis requires the development of rival theoretical propositions, articulated in operational terms. The desired characteristic of these rival explanations is that each involves a pattern of independent variables that is mutually exclusive; if one explanation is to be valid, the others cannot be. This means that the presence of certain independent variables (predicted by one explanation) precludes the presence of other independent variables (predicted by a rival explanation). The independent variables may involve several or many different types of characteristics or events, each addressed with different measures and instruments. The concern of the case study analysis, however, is with the overall pattern of results and the degree to which the observed pattern matches the predicted one. This type of pattern matching of independent variables also can be done either with a single case or with multiple cases. With a single case, the successful matching of the pattern to one of the rival explanations would be evidence for concluding that this explanation was the correct one. What is more, threats to validity should be identified and ruled out. If this identical result were also obtained over multiple cases, literal replication of the single cases would have been accomplished, and the cross case results might be stated even more assertively. Then if this same result also failed to occur in a second group of cases, due to predictably different circumstances, theoretical replication would have been accomplished, and the initial result would stand yet more robustly.

Simpler patterns

The same logic can be applied to simpler patterns, having a minimal variety of either dependent or independent variables. In the simplest case, in which there may be only two different dependent variables, pattern matching is possible as long as a different pattern has been stipulated for these two variables. The fewer the variables, the more dramatic the different patterns will have to be to allow any comparisons of their differences. The role of the general analytic strategy would be to determine the best ways of contrasting any differences as sharply as possible and to develop theoretically significant explanations for the different outcomes.

Precision of pattern matching

Whether one is predicting a pattern of nonequivalent dependent variables, a pattern based on rival explanations, or a simple pattern, the fundamental comparison between the predicted and the actual pattern may involve no quantitative or statistical criteria. The most precise quantitative result will likely occur if the study had set pre-established benchmarks and the value of the actual outcome was then compared to this benchmark. Low levels of precision can allow for some interpretive discretion on the part of the investigator, who may be overly restrictive in claiming a pattern to have been violated or overly lenient in deciding that a pattern has been matched. You can make your case study stronger by developing more precise measures. In the absence of such precision, an important suggestion is to avoid postulating very subtle patterns, so that your pattern matching deals with gross matches or mismatches whose interpretation is less likely to be challenged.

Explanation Building

A second analytic technique is in fact a special type of pattern matching, but the procedure is more difficult and therefore deserves separate attention. Here, the goal is to analyze the case study data by building an explanation about the case. This procedure is mainly relevant to explanatory case studies. A similar procedure, for exploratory case studies, has been commonly cited as part of a hypothesis-generating process, but its goal is not to conclude a study but to develop ideas for further study.

Elements of explanations

To “explain” a phenomenon is to stipulate a presumed set of causal links about it. These causal links are similar to the independent variables in the previously described use of rival explanations.

In most studies, the links may be complex and difficult to measure in any precise manner.

In most existing case studies, explanation building has occurred in narrative form. Because such narratives cannot be precise, the better case studies are the ones in which the explanations have reflected some theoretically significant propositions.

Iterative nature of explanation building

The explanation building process, for explanatory case studies, has not been well documented in operational terms. However, the eventual explanation is likely to be a result of a series of iterations:

- Making an initial theoretical statement or an initial proposition about policy or social behavior.
- Comparing the findings of an initial case against such a statement or proposition.
- Revising the statement or proposition.
- Comparing other details of the case study against the revision.
- Repeating this process as many times as is needed.

In this sense, the final explanation may not have been fully stipulated at the beginning of a study and therefore differs from the pattern-matching approaches. Rather, the case study evidence is examined, theoretical positions are revised, and the evidence is examined once again from a new perspective, in its iterative mode. The gradual building of an explanation is similar to the process of refining a set of ideas, in which, an important aspect is again to entertain other plausible or rival explanations. The objective is to show how these explanations cannot be built, given the actual set of case study events. If this approach is applied to multiple case studies, the result of the explanation building-process also may lead to starting a cross-case analysis, not simply an analysis of each individual case.

Potential problems in explanation building

As the iterative process progresses, an investigator may slowly begin to drift away from the original topic of interest. Constant reference to the original purpose of the inquiry and the possible alternative explanations may help to reduce this potential problem. Other safeguards could be the use of a case study protocol that indicates what data is to be collected, the establishment of a case study database for each case as well as the following of a chain of evidence.

Time-Series Analysis

A third analytic technique is to conduct a time-series analysis, directly analogous to the time-series analysis conducted in experiments, and quasi-experiments. Such analysis can follow many intricate patterns; the more intricate and precise the pattern, the more that the time-series analysis also will lay a firm foundation for the conclusions of the case study.

Whatever the stipulated nature of the time series, the important case study objective is to examine some relevant “how” and “why” questions about the relationships of events over time, not merely

to observe the time trends alone. An interruption in a time series will be the occasion for postulating potential causal relationship; similarly, a chronological sequence should not contain causal postulates. One those occasions when the use of time-series analysis is relevant to a case study, an essential feature is to identify the specific indicators to be traced over time, as well as the specific time intervals to be covered and the presumed temporal relationships among multiple events, stated by you prior to collecting the actual data. Only as a result of such prior specification are the relevant data likely to be collected in the first place, much less analyzed properly. In contrast, if a study is limited to the analysis of time trends alone, as in a descriptive mode in which causal inferences are unimportant, a non-case strategy is probably more relevant. Without any hypothesis or causal propositions, chronologies become chronicles- valuable descriptive renditions of events but having no focus on causal inferences.

Simple time series

Compared to the more general pattern-matching analysis, a time series design can be much simpler in one sense; in time series, there may only be a single dependent or independent variable. In these circumstances, when a large number of data points are relevant and available, statistical tests can be used to analyze the data. However, the pattern can be more complicated in another sense because the appropriate starting or ending points for the simple variable may not be clear. Despite this problem, the ability to trace changes over time is a major strength of case studies-which are not limited to cross-sectional or static assessments of a particular situation. If the events over time have been traced in detail and with precision, some type of time-series analysis always may be possible, even if the case study analysis involves some other techniques as well.

The essential logic underlying a time-series design is the match between a trend of data points compared to (a) a theoretically significant trend specified before the onset of the investigation versus (b) some rival trend, also specified earlier, versus (c) any other trend based on some artifact or threat to internal validity. For example, within the same single-case study, two different patterns of events may have been hypothesized over time. In doing a multiple case study, the same logic can be used, with different time-series patterns postulated for different cases

Complex time series

The time-series design can be more complex when the trends within a given case are postulated to be more complex. Although a more complex time-series creates greater problems for data collection, it also leads to a more elaborate trend (or set of trends) that can strengthen the analysis. Any match of a predicted with an actual time series, when both are complex, will produce strong evidence for an initial theoretical proposition.

Chronologies

The compiling of chronological events is a frequent technique in case studies and may be considered a special form of time-series analysis. The chronological sequence again focuses directly on the major strength of case studies cited earlier- that case studies allow you to trace events over time. The arraying of the events into a chronology is not a descriptive device only; the procedure can have an important analytic purpose, to investigate causal events. What is more, the chronology is likely to cover many different types of variables and not to be limited to a single independent or dependent variable. In this sense, the chronology can be richer and more insightful than general time-series approaches. The analytic goal is to compare the chronology with that predicted by some explanatory theory-in which the theory has specified one or more of the following kinds of conditions:

- Some events must always occur before other events, with the reverse sequence being impossible.
- Some events must always be followed by other events, on a contingency basis.
- Some events can only follow other events after a pre-specified interval of time.
- Certain time periods in a case study may be marked by classes of events that differ substantially from those of other time periods.

If the actual events of a case study, as carefully documented and determined by an investigator, have followed one predicted sequence of events and not those of a compelling rival sequence, the single-case study can again become the initial basis for causal inferences.

Logic Models

This fourth technique has become increasingly useful in recent years, especially in doing case study evaluations. The logic model deliberately stipulates a complex chain of events over time. The events are staged in repeated cause-effect-cause-effect patterns, whereby a dependent variable (event) at an earlier stage becomes the independent variable (causal event) for the next stage (Peterson & Bickman, 1992, Rog & Huebner, 1992). The complexity arises from the fact that multiple stages may exist over an extended period of time.

The use of logic models as an analytic technique consists of matching empirically observed events to theoretically predicted events. Conceptually, you therefore may consider the logic model technique to be another form of pattern matching. However, because of their sequential stages, logic models deserve to be distinguished as a separate analytic technique from pattern matching.

Joseph Wholey (1979) was the forefront in developing logic models as an analytic technique. He first promoted the idea of a “program” logic model, tracing events when a public program intervention was intended to produce a certain outcome or sequence of outcomes. The intervention could initially produce activities with their own immediate outcomes; these immediate outcomes could in turn, produce some intermediate outcomes; and in turn the intermediate outcomes were supposed to produce final or ultimate outcomes.

The program logic model strategy can be used in a variety of circumstances, not just those in which a public policy intervention has occurred. A key ingredient is the claimed existence of repeated cause-and-effect sequences of events, all linked together. The more complex the link, the more definitely the case study data can be analyzed to determine whether a pattern match has been made with these events over time. Four types of logic models that vary according to the unit of analysis that might be relevant to your case study, are:

- Individual-level logic model
- Firm or organizational – level logic model
- An alternative configuration for an organizational-level logic model
- Program-level logic model

Cross case synthesis

A fifth technique applies specifically to the analysis of multiple cases. The technique is especially relevant if a case study consists of at least two cases. The analysis is likely to be easier and the findings likely to be more robust than having only a single case. Cross-case synthesis can be performed whether the individual case studies have previously been conducted as independent research studies or as pre-designed part of the same study. In either situation, the technique treats each individual case as a separate study. In this way, the technique does not differ from other research syntheses-aggregating findings across a series of individual studies. If there are large numbers of individual case studies available, the synthesis can incorporate quantitative techniques common to other research syntheses. However, if only a modest number of case studies is available, alternative tactics are needed.

One possibility is to create word tables that display the data from the individual cases according to some uniform framework. The overall pattern in the word table led to the conclusion that the intervention and comparison centers did not differ with regard to this particular outcome. Additional word tables, reflecting other processes and outcomes of interest, were examined in the

same way. The analysis of the entire collection of word tables enabled the study to draw cross-case conclusions about the intervention centers and their outcomes.

An important caveat in conducting this kind of cross-case synthesis is that the examination of word tables for cross-case patterns will rely strongly on argumentative interpretation, not numeric tallies.

Appendix V

As for the motives for SMEs mergers, according to the Law 3296/2004, SMEs of every type other than Body Corporate, can be amalgamated with the goal of constitution of a limited liability or a body corporate, without any prerequisites for the category of Books (b' or c' category of the "Greek Code of Books and Assets").

The basic motive is related to the attenuation of the taxation percentage; the tax coefficient of the new company's net profit is reduced by 10 base points for the first fiscal year and by 5 base points for the next year (in most of SMEs' cases, the current taxation coefficient is 30%). The new company, during the year of the merger, will have to follow the minimum capital limits that are: € 60.000,00 for a personal company, €120.000,00 for a limited liability company and €200.000,00 for a body corporate. What is more, tax acquittals are also provided by the Nomothetic Ordinance 1297/1972 that are related to the remission of the surplus value of the new company.

- *Body corporate* is an impersonal form with a legal self-existence and independence. This kind of company is participial and every associate is responsible only for the percentage of his participation, which means the number of shares he possesses. This means that the partner is participating to the election company's management, to the modulation of the general enterprising principles, as well as to the melon.
- In the case of a *limited liability company*, which is a commercial enterprise that requires a small capital for its commendation; the partners are responsible only for the amount of their contribution to the company's capital.

Appendix VI

The purchase of one corporation by another is called a *merger*. The term *acquisition* means essentially the same thing, but is usually reserved for conglomerates buying other corporations. The firm that is expanding simply buys the stock of the purchased corporation. This is not always as simple as it sounds. In some cases, the management and stockholders of the firm targeted for acquisition are unwilling to let their company become a subsidiary of a purchasing firm. The

underlying reason for growth by merger is that the merged companies can provide benefits for the shareholders that the individual companies could not offer on their own.

During a company's life the modification of the company's type can be worthwhile. Many times the merger of companies can be desirable to confront foreign competition and create powerful enterprises.

By definition a *merger* shall mean an operation whereby: (a) one or more companies, on being dissolved without going into liquidation, transfer all their assets and liabilities to another existing company in exchange for the issue to their shareholders of securities representing the capital of that other company, and, if applicable, a cash payment not exceeding 10 % of the nominal value, or, in the absence of a nominal value, of the accounting par value of those securities, (b) two or more companies, on being dissolved without going into liquidation, transfer all their assets and liabilities to a company that they form, in exchange for the issue to their shareholders of securities representing the capital of that new company, and, if applicable, a cash payment not exceeding 10% of the nominal value, or in the absence of a nominal value, of the accounting par value of those securities, (c) a company, on being dissolved without going into liquidation, transfers all its assets and liabilities to the company holding all the securities representing its capital.

The five factors that usually lead businesses to take over others, to merge or to enter alliances with others have to do with:

- 1) *Profitability*: Many companies wish to increase their critical size and improve the profitability of their current activities, which will lead them to strengthen their competitive edge. In addition, takeovers allow companies to penetrate new markets and improve their financial prospects. Of course, in most cases, an increase in profitability is usually accompanied by the creation of extra value for the shareholders.
- 2) *Growth*: Most takeovers allow expanding businesses to enter highly profitable fields, a fact that is often associated with the production of greater value for shareholders.
- 3) *Concentration*: Experience shows that concentration indices increase in line with the growth observed in a sector as it approaches maturity and consequently goes into a phase of reduced growth rate. This was true of the food sector, where takeovers and mergers were dictated by the great strength concentrated in the hands of retail sales chains.
- 4) *Capital Intensity*: The ratio that shows the relationship between capital employed and annual turnover determines the business's capital intensity. This is dependent on the growth rate of the sector, and on many occasions acts as a measure of how worthwhile the takeover or merger is.

5) *Deregulation*: Much empirical research has shown that the level of deregulation in a sector is the prime factor which leads to mergers or takeovers; merger activity will continue to increase in Greece in the coming years, firstly in sectors which have reached a mature level and secondly in sectors containing businesses connected with the 2004 Olympic Games. It can also be taken for granted that these mergers will have an effect on the structure of the retail trade, which has already demonstrated a substantial trend towards mergers and consolidation of distributors. It goes without saying that, of the distributors, the Carrefour group will be in lead position. Following its merger with its fellow French group Promodes, it is now pursuing a global expansion policy, part of which is aimed at the Greek market. And so there can be no doubt that Greek companies will continue along a path leading to takeovers, mergers and alliances.

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

Structured and Survey Based Research Methods

Document 4

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1. Introduction

In the 4th Document, “Structured and Survey Based Research Methods”, the researcher tries to advance from the findings of the two case studies of Document 3 to their embedment and practical/statistical testing in Document 4; the issues and research questions that were posed during the qualitative research are formulated in a questionnaire form in an attempt of the researcher to bring forward and incorporate the results of his quantitative research. The combination of qualitative and quantitative research methods most of the times lead to “safe” and authenticated study conclusions; thus, the researcher can propose realistic solutions to existing problems. In this way, he presents a general picture of quantitative research, its characteristics and challenges, by referring to the definition and goals of “Research”, the different types of research strategies, their specific characteristics as well as the importance of data collection in research methods. Of course, the researcher describes the relationship between case study (3rd Document) and survey methods (4th Document), while he is referred to concepts like Measurement, Population, Sample Selection or Sources of artefact and bias that are quite common to quantitative studies.

The document begins with a brief overview of the literature associated with quantitative research approaches and continues with the research strategies and data collection techniques that are utilised when undertaking quantitative research. Additional discussion focuses on questionnaire design, data collection methodology, sample selection and methods, as well as measurement scale reliability and validity analyses.

The general purpose of the document is to stress the main elements and methods of quantitative research strategies as well as to explain the selection of the questionnaire method as the most appropriate strategy. In particular, in previous documents, the researcher has posed various research questions that are related to issues such as “if managerial weakness is the main cause of the Greek SMEs’ failure, then which strategic framework should be followed to improve the position of the wholesale sectors’ companies”, “what the managers/owners of “hostile” wholesale companies think the problems of the sector are”, or “how the sector will look like in ten years from now and what alterations are essential”. The utilization of a “complete” questionnaire was preferred because the researcher believes that an effective survey with the customers (bakeries, sweetshops, bread shops, convenient stores, mini market, kiosks and school canteens) of Greek confectionary wholesaling enterprises, will clearly present the contemporary market reality and actually outline the problems of the sector of confectionary products.

What is more, the analysis of the customers’ and managers’ answers to the questionnaire’s questions can disclose the most appropriate research strategy that wholesaling SMEs can follow in order to improve their market position, having identified their consumers’ preferences and the

sectors' problems and trends. For example, the researcher can identify the trends in the chocolate sector by analysing the customers' preferences in certain products; in this way, he can be focused on specific strategies that companies can adopt for the achievement of particular targets. The questionnaire utilisation can lead the researcher to quantitative inferences that are based on statistical analysis; the combination of quantitative and qualitative findings can finally present a holistic picture of the sectors' problems and potential solutions.

The specific purposes of this document are related to the explanation of the research methodology, the connection between qualitative and quantitative research, the discussion about the conduct of the study, as well as the procedures used to gather and organise the data and the methods that are used to analyse these data.

Scientific research is functioning towards answering significant questions and acquiring new knowledge by “describing, predicting, understanding and explaining phenomena”; the researcher is utilizing the questionnaire method in a way that the customers can:

- Describe the type of their enterprise (bakery, sweetshop, bread shop, convenient store, mini market, kiosks or school canteen), the store location (Center of Athens, West, East, North or South region of Athens), as well as the size of their shop (from “15 square meters” to “more than “50 square meters”).
- Specify the number of employees (one, two, three, four or more than four), as well as their labor relationship (full-time or part-time).
- Label the products they are dealing with (no-name, branded, or both) and particularize to the type and variety of each category (no-name products include cookies, chocolates, croissants, caramels, vanillas, preserves etc., while branded products bring in chewing gums, chocolates, coffee, merenda products, crisps, etc.).
- Assess the annual amount and frequency of their orders to the wholesaler.
- Estimate the trend of their turnover, expenses and incomings in the last five years (increasing, decreasing or same).
- Rank the importance of the main issues they are facing in relation to the wholesaler.
- List the potential solutions-strategies that can be followed in relation to these issues.

The “Structured and Survey Based Research Methods” Document is utilized to present the findings of a survey that was conducted in a sample of 500 customers of the two enterprises, “Omicron” and “Zen”. These two companies have been selected and presented in the 3rd Document as representative cases studies of the sector with reference to their different size, turnovers, number of employees as well as the points of retail sale that they serve. The utilization of S.P.S.S. and its

relative instruments (that provide statistical analysis and data management system in a graphical environment, using descriptive menus and dialog boxes) has helped the researcher express the results of the survey in a more structured way so that the reader can formulate a complete picture of the wholesale sector of confectionary products and the particular issues that are encountered.

Of course, the ultimate target of the researcher is to find potential strategies that Greek wholesaling SMEs of confectionary products can follow in order to survive in a market with intense competitive conditions. In this direction, the researcher has produced a questionnaire that can picture and describe the realistic market conditions and “reveal” the actual needs of the customers in this sector.

A two-step research method has been utilised in the quantitative research. In the first step, the questionnaire of quantitative research was tested for content and face validity. In the second stage, the quantitative research is completed by using the modified questionnaire in the final sample of this study. Respondents’ reactions to the tentative research propositions are analysed and the tentative propositions revised.

The conduct of the survey with the utilization of the questionnaire helps the researcher being focused to his main target during his study; this target is related to the discovery of the customers’ needs and requests. Through the survey procedure, the market trends can be disclosed, while “safe” forecasts about the market direction and future can take place.

What is more, the gravity of the sector’s problems (like competition, taxation, credit, rejection from financing, warehousing, succession, utilization of e-commerce, etc.) that have been identified by the managers of “Omicron” and “Zen” in the 3rd Document, is now assessed, since the customers are asked to rate them. Moreover, the findings of the survey can contribute to the analysis of the main research question that has to do with the potential strategies that two (or more) different Greek wholesale companies of confectionary products can adopt in order to face the increased competition and survive in a market which is characterized by the large expansion of supermarkets/chain stores. The customers express their opinion about the importance of the potential solutions (like franchising, mergers-acquisitions, participation in clusters-networks, financial motives for SMEs, R & D programmes, outsourcing, product differentiation/segmentation, etc.) for the sector’s problems.

Finally, the researcher outlines the trends, solutions, conclusions and recommendations that emanate from the previous analysis of the customers’ and managers’ answers. The findings that have come up through the utilization of S.P.S.S. (the researcher has focused on the utilization of cross tabulation, regression and correlation analysis) are then presented by the researcher in an attempt to draw useful conjectures.

2. Data Collection Methods and Types of Data

At first, some general characteristics of quantitative research and analysis have to be mentioned; when discussing about quantitative analysis, there are several important terms that can be met, like data, variable, value, dataset, random variables, distribution, population, sample, median, mode, or standard deviation (see Appendix I). The main keywords entail:

- an *element*, which is the entity (person, company, object, etc) being measured.
- an *observation*, which is the set of measurements obtained from an element.
- a *variable*, which is a characteristic of interest.
- a *measurement* from an element is the value of a variable.
- *Data* –plural of datum, which is “given thing” in Latin.

A typical quantitative investigation of a business problem might involve defining the population and specifying the variables to be studied. As a result, a sample of elements from the population is selected and observation of the variables for each element in the sample is recorded. Once the dataset has been assembled, quantitative work can begin on arranging and presenting the data so that the patterns of variation in the distributions of values can be examined.

There are different types of data because there are different ways in which facts are gathered. Some data may exist because specific things have certain characteristics that have been categorised, whereas other data may exist as a result of things being counted or measured on some sort of scale. However, the most important way of contrasting data types is based on the scales of measurement used in obtaining them. The acronym N.O.I.R. stands for Nominal, Ordinal, Interval and Ratio; the four basic data types. Nominal is the “lowest” form, which contains the least amount of information, while Ratio is the “highest” form of data and contains the most amount of information. More specifically:

1. *Nominal* data are data that consist solely of names or labels; these labels might be numeric or non-numeric. This type of data can be categorised using the labels themselves to establish (e.g. number of males and females). It is possible to represent and analyse nominal data using proportions and modes (modal category contains most observations), but carrying out more sophisticated analysis such as calculating an average is inappropriate.
2. *Ordinal* or “order” data (like nominal data) is consisted of labels that can be used to categorise the data, but order data can also be ranked (examples of ordinal data are academic grades and finishing positions in a horserace). Because ordinal data contain more information than nominal data, the researcher can use a wider variety of techniques to represent and analyse them. As well as proportions and modes, order statistics can also be

used, such as identifying the middle or median observation. However, any method involving arithmetic is not suitable for ordinal data because although this data can be ranked, the intervals between their ranks are not consistent.

3. *Interval* data is consisted of labels and can be ranked; in addition, intervals are measured in fixed units so that the differences between values have meaning. This means that unlike nominal and ordinal, both of which can be either numeric or non-numeric, interval data are always numeric. Because interval data are based on a consistent numerical scale, techniques using arithmetical procedures can be applied to them (e.g. temperatures).
4. *Ratio* type data has all the characteristics of interval data. It consists of labels that can be ranked and measured (fixed amounts on a numerical scale). The difference is that the scale has a meaningful zero and ratios between observations are consistent. What distinguishes interval data from the highest data form, ratio data, is that interval data are measured on a scale that does not have a meaningful zero point (arbitrary) to “anchor” it.

In Table 1, different strategies for the selection of samples and cases are presented, in an attempt to combine the different selection type (Random selection or information-oriented selection) with the purpose of the selection itself (what are the targets of the choice). The researcher has chosen a combination of *random selection* of 500 customers from the two companies (“Omicron” and “Zen”) with the target of *information-oriented selection*. Customers were selected on the basis of expectations about their information content and analysis perspectives (the target was the generalization for specially selected sub-groups within the population); in this way, the utility of information was maximized.

Type of selection	Purpose
A. <i>Random selection</i>	To avoid systematic biases in the sample. The sample’s size is decisive for generalization.
1. <i>Random sample</i>	To achieve a representative sample that allows for generalization for the entire population.
2. <i>Stratified sample</i>	To generalize for specially selected sub-groups within the population.
B. <i>Information-oriented selection</i>	To maximize the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content.
1. <i>Extreme/deviant cases</i>	To obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense.
2. <i>Maximum variation cases</i>	To obtain information about the significance of various circumstances for case process and outcome, e.g. three to four cases that are very different on one dimension: size, form of organization, location, budget, etc.
3. <i>Critical cases</i>	To achieve information that permits logical deductions of the type, ‘if this is (not) valid for this case, then it applies to all (no) cases’.
4. <i>Paradigmatic cases</i>	To develop a metaphor or establish a school for the domain that the case concerns.

Table 1: Strategies for the selection of samples and cases (SOURCE: Seale et al, 2003)

The stratified sample of different customers (bakeries, kiosks, sweetshops, canteens, haberdasheries, etc) has been chosen so that the researcher can generalise for specially selected sub-groups within the population. However, the selected customer cases can be described as

“maximum variation cases” that are utilized in order to obtain information about the significance of various circumstances for case processes and outcomes, since the dimensions of locations, sizes, forms of organization, sales turnovers are quite different.

On the other and, in the choice of similar wholesaling SMEs, the researcher has tried to implement random selection in order to avoid systematic biases in the sample. The size of the sample (15 companies) is decisive for generalization about the wholesale sector of confectionary products; the working-out of these companies’ turnovers, expenses, incomings and taxes can “disclose” the trends of the sector as well as market perspectives.

The researcher has not worked on extreme/deviant, critical or paradigmatic cases that are utilized on specific circumstances. The researcher avoided random selection (random sample or stratified sample) that is utilized in order to avoid systematic biases in the sample.

In general, there are two basic categories of data: nonmetric and metric. *Nonmetric data* (also referred to as *qualitative data*) are typically attributes, characteristics or categories that describe an individual and cannot be quantified. *Metric data* (also referred to as *quantitative data*) exist in differing amounts or degrees and they reflect relative quantity or distance. Metric data allow researchers to examine amounts and magnitudes, while nonmetric data are used predominantly as a method of describing and categorizing (Hair, Anderson, Tatham & Black, 1995). In other words, *Qualitative data* consists of categories or types of a characteristic or attribute and are always either nominal or ordinal. The categories form the basis of the analysis of qualitative data. On the other hand, *Quantitative data* are based on counting “how many” or measuring “how much” and are always of interval or ratio type. The numerical scale used to produce the figures forms the basis of quantitative data.

The nature of quantitative data is different to qualitative data. In this way, the methods used to arrange quantitative data are different; the most appropriate way of arranging some quantitative data applies to the analysis of a discrete quantitative variable that has a very few feasible values. When quantitative data are tabulated, the resulting table is called the frequency distribution, because it demonstrates how frequently each value in the distribution occurs.

The researcher has tried to utilise the findings of qualitative data analysis that had come up in the 3rd Document in the preparation of the quantitative questionnaire. The combination of these types of data can provide researchers with more weapons in the analysis of a sector; in this way, the specific attributes and characteristics of the sector of confectionary products can also be measured and “revealed” as customers’ needs.

What is more, there are two different types of quantitative data that are used in describing data sets: *discrete* and *continuous*. Discrete data are quantitative data that can take only a limited

number of values because they are produced by counting in distinct or “discrete” steps, or measuring against a scale made up of distinct steps. The important thing is that there are gaps between the potential values; that is why this type is referred to as discontinuous data. In contrast, continuous data consist of numerical values that are not restricted to specific numbers; such data are called continuous because there are no gaps between feasible values. A discrete variable has discrete values, whereas a continuous variable has continuous values. In dealing with a single variable, uni-variate analysis is applied, whereas in dealing with two variables bi-variate analysis is applied. There is also multi-variate analysis that involves exploring relationships between more than two variables.

Finally, a researcher can come across with data referred to as either *hard* or *soft*, *cross-section* or *time series* (see Appendix I).

Research study

Before the actual quantitative analysis of the customers’ needs as well as the sector’s trends (with the utilisation of S.P.S.S.), it is essential to stress the gravity of concepts that are related to “Research” in general. These concepts’ characteristics can formulate the relationship between different variables and determine the adoption of a specific research strategy. *Research* is an examination of the relationship (or effects) between one or more independent variables and one or more dependent variables. Research studies come in many different forms, but two are the most common types; *co relational* research and *experimental* research. What is more, according to literature review (Lehmann *et al*, 1998; Zikmund 1997; Malhotra, 1996), in research theory there are three types of research: *Exploratory*, *Descriptive* and *Causal* (see Appendix I).

This study employed a multipurpose design and hence encompassed characteristics of more than one types of research. This research was conducted primarily for exploratory purposes, in order to determine the customers’ insights and opinions of the market trends, problems and potential solutions. In addition, this type of research is descriptive because it offers a descriptive analysis of the market as well as the practices/strategies of stores’ owners in Greek wholesaling market of confectionary products. Finally, the researcher is utilising causal research methods as he is testing different hypotheses on the association of several management and perceptual variables within Greek SMEs of confectionary products.

When the hypothesis has been articulated, the next step involves actually conducting the research study. In this particular case, since the study involves investigating the future of the wholesale sector of confectionary products, the researcher has designed the appropriate questionnaire and

conducted the relevant survey that addresses the main research question, which is related to the “survival” of SMEs (and their customers) in a highly competitive market.

A key aspect of conducting a research study is measuring the phenomenon of interest in an *accurate* and *reliable* manner; *accuracy* refers to whether the measurement is correct, whereas *reliability* refers to whether the measurement is consistent. In the particular document, the researcher has collected data on the characteristics (location, size, number of employees, sales, etc.) of the study participants (customers of wholesaling companies that deal with no name or brand-named confectionary products) by using an accurate and reliable measurement device (a suitably prepared questionnaire). Then, the researcher compares, analyses and presents the outcomes of the customers’ survey in an attempt to extract useful conclusions about the sector’s problems and perspectives.

- *Analyses*

Having conducted the study and gathered the data, the following step involves analyzing the data, which generally calls for the use of statistical techniques (S.P.S.S.). The type of statistical techniques used by a researcher depends on the design of the study, the type of data being gathered, and the questions being asked. Statistics help researchers minimize the likelihood of reaching an erroneous conclusion about the relationship between the variables being studied. A key decision that researchers must make with the assistance of statistics is whether the null hypothesis should be rejected. The null hypothesis always predicts that there will be no difference between the groups; therefore, rejecting the null hypothesis means that there is a difference between the groups. In general, most researchers seek to reject the null hypothesis because rejection means the phenomenon being studied had some effect. There are two types of errors that researchers must be careful to avoid when making this decision-Type I errors and Type II errors- (see Appendix I).

- *Conclusions*

After analyzing the data and determining whether to reject the null hypothesis, the researcher is now in a position to draw some conclusions about the results of the study. For example, if the researcher has rejected the null hypothesis, he can conclude that the phenomenon being studied had an effect-a *statistically significant* effect-, to be more precise. It is important that researchers make only those conclusions that can be supported by the data analyses.

However, going beyond the data can be a “sin” that researchers must be careful to avoid. For example, if a researcher conducted a correlational study and the results indicated that the two things being studied were strongly related, the researcher could not conclude that one thing caused

the other. An important statement is that correlation (i.e., a relationship between two things) does not equal causation; in other words, the fact that two things are related does not mean that one caused the other. The researcher has been very careful at this point during the conduct of quantitative analysis.

Research Strategies – Quantitative Research

The goals of Scientific Research are related to answering questions and acquiring new knowledge; this can be accomplished by conducting research that permits drawing valid inferences about the relationship between two or more variables (Kazdin, 1992). Most researchers agree that the three general goals of scientific research are description, prediction, and understanding/explanation (Cozby, 1993; Shaughnessy & Zechmeister, 1997). The selection of which research approach to use, is basically related to the types of questions being asked in the research study, while different fields of research typically rely on different categories of research to achieve their goals. Of course, the selection of the appropriate research design and scientific method (see Appendix II) is usually important to the achievement of the research objectives. For example, social science research typically relies on quantitative research and the nomothetic approach; this means that social scientists study large groups of people and rely on statistical analyses to obtain their findings.

Perhaps the most basic goal of scientific research is *description*. Description refers to the process of defining, classifying, or categorizing phenomena of interest. Descriptive research is useful because it can provide important information regarding the average member of a group. Specifically, by gathering data on a large enough group of people, a researcher can describe the average member-or the average performance of a member-of the particular group being studied.

Another broad goal of research is *prediction*. Prediction-based research often stems from previously conducted descriptive research. If a researcher finds that there is a relationship between two variables, then it may be possible to predict one variable from knowledge of the other variable. The aforementioned general targets of research can be accomplished by following either quantitative or qualitative research methods, according to the specific study's (Document's) goals.

Quantitative research is a methodology that seeks the quantification of data and typically practices some functions of statistics analysis (Malhotra, 1996). In essence, quantitative research relies on the questions as asked and are rife with assumptions (Watts, 2000). Davidson (1995) points out that quantitative research has to do with the measurement and categorisation of findings in the form of numbers, significant tests, interval of confidence and mathematical proved correlation and relations. This methodology emphasizes quantification in the collection and analysis of data; it

entails a deductive approach to the relationship between theory and research, where theories are tested. Moreover, practices and norms of positivism (natural scientific model) are utilized, while social reality is seen as an external, objective reality. It involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics. In quantitative research, the researcher classifies features, counts them, and even constructs more complex statistical models in an attempt to explain what is observed. In this way, findings can be generalised to a larger population. Quantitative analysis allows researchers to discover which phenomena are likely to be genuine reflections of the behaviour of a language or variety, and which are merely chance occurrences. Furthermore, quantitative analysis can sometimes be an *idealisation* of the data, since it presents a precise picture of the frequency and rarity of particular phenomena (and thus their relative normality or abnormality). Also, quantitative analysis tends to sideline rare occurrences. To ensure that certain statistical tests provide reliable results, it is essential that minimum frequencies are obtained - meaning that categories may have to be collapsed into one another resulting in a loss of data richness.

On the other hand, *qualitative research* can be described as a research strategy that often emphasizes words in the collection and analysis of data. It is utilizing an inductive approach to the relationship between theory and research, while emphasis is given to the generation of theories. What is more, particular emphasis is put to the way individuals interpret their own social world; social reality is seen as a dynamic and constantly changing process. It involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative studies typically involve interviews and observations without formal measurement. A *case study*, which is an in-depth examination of one person, is a form of qualitative research. Qualitative research is often used as a source of hypotheses for later testing in quantitative research.

The researcher believes that it is preferable to treat qualitative and quantitative data as complementary, though not necessarily at ontological, epistemological and theoretical levels (Smith and Heshusius, 1986). Each dataset needs to be interpreted in relation to both the conceptualization of the research question and the method by which it was generated and their role and status in the research process. Different types of data cannot be unproblematically added together in the context of justification to constitute a single truth or rounded reality.

The researcher has followed the deductive strategy in his approach; at first, he established a theoretical model and developed a questionnaire which was mainly based on the outcomes of the literature review (2nd Document) as well as the findings of the qualitative research in the 3rd Document. He tried to combine the findings of the previous documents and formulate the proper questions for the questionnaire in an attempt to reach at relatively “secure” conclusions from

qualitative and quantitative perspectives. This model was then tested empirically. In essence, the main field research followed the conceptual model development.

Relationship between case study (3rd Document) and survey methods (4th Document)

The five major research strategies are experiments, surveys, archival analysis, histories and case studies. These are different research strategies and ways of collecting and analyzing empirical evidence that follow their own logic and have certain advantages and disadvantages. Each strategy can be used for three purposes -exploratory, descriptive or explanatory- (Table 2).

Strategy	Form of Research Question	Requires Control of Behavioral Events?	Focuses on Contemporary Events?
Experiment	How, Why?	Yes	Yes
Survey	Who, What, Where, How Many, How Much?	No	Yes
Archival Analysis	Who, What, Where, How Many, How Much?	No	Yes/No
History	How, Why?	No	No
Case Study	How, Why?	No	Yes

Table 2: Relevant situations for different research Strategies (source: COSMOS Corporation).

The three conditions that can distinguish the different strategies are, according to Yin (2003):

- a) *The type of research question posed.* A categorization includes the questions of “who”, “what”, “where”, “how” and “why”. “What” questions can either be exploratory (where case studies can be utilized), or about predominance (where surveys or analysis of archival records can be used). “How” and “Why” questions are usually more explanatory because they deal with operational links that need to be traced over time; however, the key, according to Yin, “is to understand that research questions have both substance and form” so that the proper research strategy can be followed. In reality, the researcher believes that the research questions that have been posed in the 3rd Document have both “substance and form”; his target was to explore specific phenomena (“problems”) within the sector of confectionary products and explain certain views (“potential solutions”) of the managers about different themes (questions). These phenomena and views are utilized as the basis for the questionnaire’s direction.

b) The extent of control an investigator has over actual behavioral events (and degree of focus on contemporary as opposed to historical events). Histories are the preferred strategy when there is virtually no access or control (“dead” past); the case study method was preferred in the 3rd Document because contemporary events were examined and also because this method has the advantage to deal with a full variety of evidence like documents, artifacts, interviews and observations, apart from the usual historical studies. The utilization of the case study method was selected because this approach provided the investigator with the ability to deal with a full variety of evidence like past documents of the two companies (accounting books, statistical records). These documents were also useful for the 4th Document, since the researcher asked about the turnovers, incomings, expenses and taxes of 15 similar wholesaling SMES in order to determine the sector’s trends and directions.

c) The degree of focus on contemporary as opposed to historical events; the researcher is mainly focused on contemporary events, since SMEs face the problem of increasing competition lately, because the position of supermarkets/superstores is empowered. The knowledge of a sectors’ past is always essential for a researcher to be familiar with, since it can often function as a future sign.

The questions that are significant for an issue can be determined through the literature review of the theme; the utilization of the literature review is not only to determine the answers of existing issues on a topic, but also to develop deeper questions in the process of further exploring it.

The researcher conducted the literature review on the subject under examination; in this way, before the qualitative interviews (3rd Document) and the quantitative survey (4th Document), he had already been familiar (having conducted the relevant literature review) with the sectors’ issues, problems, as well as the potential “solutions” and strategies that have been followed by SMEs abroad in order to cope with increasing competition.

In general, the researcher believes that the various strategies are not mutually exclusive, since two strategies can be considered equally attractive or one research strategy relevant; however, the distinct advantage of the case study happens “when a “how” or “why” question is asked about a contemporary set of events over which the investigator has little or no control”. On the other hand, the utilization of the appropriate questionnaire can stress the answers on “how” or “why” contemporary questions. The combination of the case study and survey methods can provide relatively “safe” results to the researcher and constitute the solid basis for the adoption of a successful survival strategy.

Measurement, Population & Sample Selection - Sources of artefact and bias

Measurement is often viewed as being the basis of all scientific inquiry; measurement techniques and strategies are therefore an essential component of research methodology. A critical juncture between scientific theory and application, *measurement* can be defined as “a process through which researchers describe, explain, and predict the phenomena and constructs of our daily existence” (Kaplan, 1964; Pedhazur & Schmelkin, 1991).

The concept of measurement is important in research studies in two key areas. First, measurement enables researchers to quantify abstract constructs and variables. Research is usually conducted to explore the relationship between independent and dependent variables. Typically, variables in a research study must be operationalized and quantified before they can be properly studied (Kerlinger, 1992). An *operational definition* takes a variable from the theoretical or abstract to the concrete by defining the variable in the specific terms of the actual procedures used by the researcher to measure or manipulate the variable. What is more, the level of statistical sophistication used to analyze data derived from a study is directly dependent on the scale of measurement used to quantify the variables of interest (Anderson, 1961).

As for the scales of measurement, there are four main ones subsumed under the broader categories of nonmetric and metric measurement: nominal scales, ordinal scales, interval scales, and ratio scales (see Appendix II, Appendix VI).

Of course, there are numerous practical approaches that can be used alone or in combination to minimize the impact of measurement error and increase the study’s reliability (see Appendix II).

On the other hand, a population is the entire set of items or people that form the subjects of study in an investigation, while a sample is a subset of a population. Companies need to know about the populations they deal with; populations of customers, employees, suppliers, products etc. Typically, these populations are very large, so large that they are to all intents and purposes infinite. Gathering data about such large populations is likely to be very expensive, time consuming and to a certain extent impractical. To satisfy the need for data about the populations, the companies turn to sampling, which can be described as the process of taking a sample from a population in order to gain insight to the entire population. However, each of the samples that are selected from a population excludes much of the population; in this way, sample results will not be precisely the same as those from the entire population. When selecting the participants of a study, generalizability must be ensured. If the sample used in the study is representative of the population from which it was drawn, the researcher can draw conclusions about the population based on the results obtained with the sample. In other words, using a representative sample is what allows researchers to reach broad conclusions applicable to the entire population of interest based on the

results obtained in their specific studies. However, there will be differences known as sampling errors between sample results and the results of a population survey; moreover, different samples will yield different results and hence different sampling errors.

The primary procedure used by researchers to choose a representative sample is called “*random selection*”. Random selection is a procedure through which a sample of participants is chosen from the population of interest in such a way that each member of the population have an equal probability of being selected to participate in the study (Kazdin, 1992). Researchers using the random selection procedure first define the population of interest and then randomly select the required number of participants from the population. In general, a common goal for a statistical research project is to investigate causality, and in particular to draw a conclusion on the effect of changes in the values of predictors or independent variables on a response or dependent variable. There are two major types of causal statistical studies, *experimental studies* and *observational studies*. In both types of studies, the effect of differences of an independent variable (or variables) on the behaviour of the dependent variable are observed (see Appendix IV).

However, a short discussion of sources of artefact and bias is necessary before the researcher can address methods for minimizing or eliminating their impact on the validity of study findings. As mentioned, the types of potential sources of artefact and bias are virtually endless (for example, the heterogeneity of research participants), since research participants bring a wide variety of physical, psychological, and emotional traits into the research context that can directly affect the results of a study. Similarly, an almost infinite array of environmental factors can influence a study’s results. Measurement issues can also introduce artefact and bias into the study. The use of poorly validated or unreliable measurement strategies can contribute to misleading results (Leary, 2004; Rosenthal & Rosnow, 1969). To make matters worse, sources of artefact and bias can also combine and interact to further reduce the validity of a research. Experimenter Bias as well as Participant effects are characteristic sources of artefact and bias; of course, there are potential strategies for minimizing them (see Appendix IV).

The most common methods for controlling sources of artefact and bias are related to:

- Statistical controls
- Control and comparison groups
- Random selection
- Random assignment
- Experimental design

The point of selecting a sample from a population is to study it and use the results to understand the population. To be effective, a sample should therefore reflect the population as a whole.

However, there is no guarantee that the elements of the population that are chosen for the sample will collectively reflect the population. Even if the population is quite small, there will be an enormous number of combinations of elements that the researcher could select in a sample. Inevitably, some of these samples will represent the entire population better than others.

Effective methods of sampling are those that minimise the chances of getting unrepresentative samples and allow the researcher to anticipate the degree of sampling error using appropriate probability distributions. The most effective way of avoiding bias (some elements of the population have a greater chance of being selected in a sample than others) in sample selection is to use probabilistic methods (*simple, systematic or stratified* random sampling, *cluster* sampling, *multi-stage* sampling and other sampling methods), which ensure that every element in the population has the same chance of being included in the sample (see Appendix V).

In the particular study, the researcher has selected the method of stratified random sampling in order to avoid sections of a population be under- or over-represented. As the name implies, the sample selection is random, but it is structured in using the sections or strata in the population. The advantage of stratified random sampling is that it produces samples that yield unbiased estimators of population parameters whilst ensuring that the different sectors of the population are represented.

The starting point for the researcher was to define the size of the sample (500 customers of “Omicron” and “Zen”) and then decide what proportion of each section of the population needs to be selected for the sample. The researcher decided how many “elements” he needed from each region (east, south, north, west and centre of Athens) and then utilised simple random sampling. This ensured that all the sections of the population are represented in the sample; yet, the random nature of selection is preserved and thus the researcher’s ability to produce unbiased estimators of the population parameters from the sample data is confirmed.

What is more, the researcher has combined the selection of *Convenient and Judgemental sampling*. In convenient sampling, samples are chosen purely on the basis of accessibility, while in judgemental sampling, the selection of the sample is based entirely on the expertise of the investigator who uses their judgement to select a sample they consider representative. These methods allowed the researcher to customise his approach to sample selection as well as control various sources of artefact and bias.

Variables & Correlation

In general, there are three prerequisites for drawing an inference of causality between two events (Shaughnessy & Zechmeister, 1997).

1. At first, there must be a relationship (i.e., a correlation) between the two events. In other words, the events must *covary*—as one changes, the other must also change. If two events do not covary, then a researcher cannot conclude that one event caused the other event. Of course, identifying what variable will be the focus of the study is an important procedure. There are many categories of variables that can appear in research studies, like independent, dependent, categorical, continuous, quantitative or qualitative ones (see Appendix I). A *variable* is anything that can take on different values (height, weight, age, race, attitude, etc). By contrast, if something cannot vary, or take on different values, then it is referred to as a *constant*. *Correlation analysis* is a way of investigating whether two variables are correlated with each other. A precise way of assessing how closely the variables are related will be calculated from the correlation coefficient. There are two correlation coefficients; the most important is Pearson's product moment correlation coefficient that is related to the coefficient of determination (the other one is Spearman's rank correlation coefficient). Pearson's coefficient is suitable for assessing the strength of the connection between quantitative variables, variables whose values are interval or ratio data. The researcher found Pearson's correlation coefficient quite useful for his study (see correlation chapter & Appendix III). There are two types of Correlation between two variables, Positive correlation which means that both variables change in the same direction and Negative (inverse) correlation which means that as one variable increases, the other variable decreases.
2. Second, one event (the cause) must precede the other event (the effect). This is sometimes referred to as a *time-order relationship*. This should make intuitive sense. Obviously, if two events occur simultaneously, it cannot be concluded that one event caused the other. Similarly, if the observed effect comes before the presumed cause, it would make little sense to conclude that the cause *caused* the effect.
3. Third, alternative explanations for the observed relationship must be ruled out, which means that a causal explanation between two events can be accepted only when other possible causes of the observed relationship have been ruled out.

Defining Variables Within a Database (S.P.S.S.) & Data Analysis

Certain databases, particularly statistical programs (e.g. S.P.S.S., see Appendix VI) allow the researcher to enter a wide range of descriptive information about each variable, including the variable name, the type of data (e.g., numeric, text, currency, date), label (how it will be referred to

in data printouts), how missing data are coded or treated, as well as measurement scale (e.g., nominal, ordinal, interval, or ratio). The researcher has utilised S.P.S.S. to enter the pieces of information gathered from the two questionnaires (500 customers & 15 managers).

In general, research data can be described as the “fruit” of researchers’ labour. If a study has been conducted in a scientifically rigorous manner, the data will hold the clues necessary to answer the researchers’ questions. To “unlock” these clues, investigators typically rely on a variety of statistical procedures that allow them describe groups of individuals and events, examine the relationships between different variables, measure differences between groups and conditions, investigate and generalize results obtained from a sample back to the population from which the sample was drawn. Knowledge about data analysis can help a researcher interpret data for the purpose of providing meaningful insights about the problem being examined.

Statistical procedures can be broken down into two major areas: descriptive and inferential. *Descriptive statistics* allow the researcher describe the data and examine relationships between variables (examining the distribution of a variable mainly with frequency distribution, dispersion and correlation), while *inferential statistics* allow the researcher examine causal relationships, utilising t-tests and regression analysis. In many cases, inferential statistics allow researchers go beyond the parameters of their study sample and draw conclusions about the population from which the sample was drawn (see Appendix VII).

3. Quantitative research design and methodology

Research instrument – Design and Structure of the Questionnaire

In general, when collecting and analysing research material, the researcher has to conduct certain things:

1. Find out what information is required.
2. Identify the population.
3. Select sample members.
4. Obtain information.
5. Analyse the sample.
6. Draw conclusions about the population.

The researcher has selected the “questionnaire” utilisation as the most appropriate quantitative research instrument for Document 4 in order to obtain information, analyse the sample and finally draw conclusions about the representative sample (500 customers and 15 managers) of the population of the confectionary products’ sector. According to Oppenheim (1966, p. 2), “A *questionnaire* is not just a list of questions or a form to be filled out. It is essentially a scientific

instrument for measurement and collection of particular kinds of data. Like all such instruments, it has to be specially designed according to particular specifications and with specific aims in mind, and the data it yields are subject to error”.

Furthermore, the data collection method of Questionnaire has certain advantages, since it can:

- Provide effectiveness, since it can improve the chances of getting the right data.
- Provide consistency, since comparable data can stem from different sources.
- Provide efficiency, since one document can aim at many sources.
- Facilitate analysis, validity checks, and triangulation.
- Facilitate cooperation.
- Obtain data easy to manipulate and categorize for analysis.
- Obtain large amounts of data quickly.
- Allow wide range of types of data and participants.
- Be easy and efficient to administer and manage.
- Be easily quantifiable and amenable to statistical analysis.
- Be easy to establish generalizability.
- Draw on established instruments.

On the other hand, the utilization of Questionnaire can have disadvantages, like:

- Insufficiency, since response rate is often typically less than 100%.
- Irregularity, since there are differences in interpretation by respondents.
- Difficulty, because “good” design is usually elusive.

However, there are “strategies” that can be followed so that these difficulties are reduced.

Therefore, in order to increase response rate in a questionnaire, the researcher should have:

1. Good targeting, which means to reach the right people.
2. Effective approach (through e-mails, letters, or directly).
3. Inducements (presentation of the results, or prize draws).
4. Follow up to non-respondents.
5. Design for interest and easy of use.

What is more, in order to improve consistency, the researcher should try to communicate face to face or by telephone rather than send e-mails to the respondents. Of course, the design of the questions should be appropriate and rational. Finally, in order to improve design, the well-prepared investigator should develop the suitable question style and sequence, while the final questionnaire design should have been tested before its use.

More specifically, the researcher, before the actual survey, has conducted some preliminary steps and basically examined two aspects: at first, the issue of “What questions should be asked?” and second, “How to ask them?”. The researcher tried to find the appropriate, short most of the times, questions in order to satisfy the objectives of the survey and help people respond as precisely as possible. In an attempt to determine the identity of the respondents, the researcher checked the relevant details (e.g. names, job title) and administered the questionnaire relatively. The researcher had the choice of utilising the e-mail method that can be cheaper, entail larger possible samples and do not include any interviewer bias, but most of the customers did not have internet access and e-mail addresses. Of course, through this method, the researcher would have limited control, incomplete responses, or non-responses (response rate bias) or the questions could be answered in wrong order. As a result, he preferred to develop a self-administered questionnaire, which was delivered and then collected.

An important aspect of running a survey is the design of the questionnaire; to design a questionnaire that will return the required information presupposes that the objectives of the survey are clearly understood and much careful work as well as testing of the questions has taken place. In particular, the key questions are related to:

1. What data is required?
2. Who has the required pieces of information?
3. How can the researcher obtain the required data?

A general approach to these questions considers that research questions lead to hypotheses, which relate to variables that have values for each element. What is more, individuals in their own right (e.g. as consumers), or individuals as post-holders within organisations (e.g. Managers or Finance Directors) can have the required pieces of information. The required data can be obtained from various sources, already published ones (e.g. Industry Association) or direct approach (e.g. e-mail utilisation for small amounts of data and a well-structured questionnaire for larger amounts).

The structure of the two questionnaires was easy to understand. The customers’ questionnaire contained clear choices for the answers (e.g. store’s category, size of shop, different products’ categories, etc). In the first part of the questionnaire, the researcher seeks to find general information, like location of stores, frequency of orders from the wholesalers, as well as preferences of the customers. He also tries to create the demographic profiles of the respondents—customers and “discover” the most popular products in relation to the areas that they are distributed and the turnover of each shop.

After the first part of the questionnaire, the questions were more precise and thorough. The final two questions about the sector's problems and potential solutions were generated from the 3rd Document's findings (qualitative research) as well as the literature review.

The instrument contained questions that required different scales. Nominal scales that used codes associated with different possible answers were basically utilised (Malhotra, 1996; Dillon *et. al*, 1993). Furthermore, in the last two questions, an open question format (that required a number as an answer) was utilised in an attempt to judge the 3rd Document's findings.

The customers' questionnaire consists of 26 questions and two parts. The first part of 24 questions included general questions in order to reduce the respondents' uncertainty and increase their confidence. The last two questions are related to the customers' views on the sector's main issues and potential solutions. Each customer expressed his/her opinion about the most important problem of the sector and the most appropriate strategy for the sector's survival.

On the other hand, the managers' questionnaire consists of 6 questions and two parts. The first part is related to the numerical pieces of information that managers have provided, while the second part is connected to the managers' views on the sector's main issues and potential survival strategies (see Appendix VIII).

Classification of information

In general, there are two classes of questions in the questionnaire:

1. *Classification* questions are used to put respondents into categories; through these questions demographic and socioeconomic characteristics are revealed. In general, these are straightforward questions that look for facts and are used to identify respondents' lifestyles or personality profiles.
2. *Basic* questions are those that elicit the information on the basis of which the categories are to be compared. These questions are classified as facts, opinions (a reaction on a narrow topic) or attitudes (a reaction to a large issue). For example, opinion polls usually have very narrow objectives, since they seek to discover opinions, while academic surveys tend to be of attitudes.

Of course, the "Marketing-oriented" classification that is related to the subject under investigation, seeks to distinguish between:

- Awareness or knowledge (e.g. knowledge of the existence of a product).
- Intentions (e.g. intention to buy a product).
- Behaviour (e.g. where people shop).

- Motives (e.g. why did people buy a particular model car).

The researcher tried to design the questionnaire (in other words, to put the questions' sequence), so that to:

- Engage and sustain interest as well as make it easy for the respondents.
- Move from general to the specific and keep the sequence logical.
- Place more sensitive and classification questions near the end.

What is more, in question wording, the researcher tried to be specific and unambiguous since vague questions lead to vague answers; he tried to utilise clear and simple language (each question has less than 20 words). He also attempted to avoid leading, presumptive and hypothetical questions while he has used tact in personal questions. Finally, as for the sensitive questions that had to be asked (problems of the sector as well as potential strategies-solutions), the researcher started with easy non-sensitive questions and asked the sensitive ones in the end of the questionnaire.

The researcher has selected to use closed (where the respondents have to give an answer from the options given) and semi-closed (where "other" choice is specified) questions in the questionnaire, so that S.P.S.S. can provide better results -in order to analyse the data, responses must be turned into a closed form to be recorded to S.P.S.S.-. He has not utilised "free response open questions", since the number of respondents is significant and many unanticipated, complex and difficult to collate and analyse responses would appear.

During pilot testing, the researcher has converted some open questions to closed ones, since open questions identify the possible different categories of responses. The researcher has utilised closed-multichotomous (multiple choice) questions, where the respondents are called to tick one or more boxes. The advantages of closed questions are related to the facts that the task of answering is more efficient and reliable, while the analysis of responses is easy. On the other hand, the answers given may make it a leading question, while it is difficult for respondent to "opt out".

What is more, in the last two questions, the researcher has virtually utilised attitude scaling (ranking) that is an easily understood task and an efficient way of investigating preferences. It is also a systematic approach to attitude assessment and makes analysis easier. Disadvantages are related to the fact that order is important (especially at point of indifference) and data has to be ordinal.

The researcher has not utilised the Likert scales, where respondents give a level of agreement or disagreement with a statement or Stapel scales, where each respondent is asked to mark the point

which reflects how strongly the adjective describes their attitude (apart from one question about poor, average and rich stores' customers).

The researcher has utilised a pilot questionnaire to check for ambiguity and misunderstanding and construct closed from open questions. The pilot group that reflects the target group was 20 customers of "Omicron" that were easily accessible. During the questionnaire design (in each separate question), the researcher tried to find out:

- Is each question really necessary?
- Will respondents understand the question?
- Will the question elicit the required data?
- Will respondents have the necessary data to answer the question?
- Are respondents willing to answer the question?

As a result, pre-testing revealed some interesting patterns that created more or different questions for the final questionnaire.

Pre-test and Purification of the Instrument (questionnaire)

The first step was to test the quantitative questionnaire for content validity. Content validity refers to a subjective judgement by an expert or experts as to the appropriateness of the measurement. This method is very common in marketing research for determining the validity of measurements (Kinnear and Taylor, 1996; Chisnall, 1997). The first draft of the questionnaire was discussed with the experienced supervisors of the researcher; in this way the content was determined and the appropriate questions were formulated.

Moreover, a part of the questionnaire (survey instrument) stems from the analysis of the findings of the 3rd Document; the relevant literature review and the qualitative analysis that was based on the interviews with the managers of "Omicron" and "Zen" has "revealed" a number problems that are related to the wholesaling sector of confectionary products. The managers also suggested a number of potential solutions/strategies that SMEs of the sector can follow in order to survive the increasing competition that big retail chains have caused. The researcher has incorporated these problems and "solutions" to the questionnaire in an attempt to discover the beliefs and opinions of 500 customers of such companies as well as 15 managers of similar companies about these issues. As Reynolds and Diamantopoulos (1998) point out, the pre-test is used to ensure that the questionnaire is appropriate for the survey in terms of its structure and language and that it enables the researcher to check that information required from the targeted population is actually collected through the research instrument.

Before initialising the survey, a pre-test of the questionnaire was conducted on a random sample of 20 respondents (“old-time” and “loyal” customers of “Omicron”) for face validity so that ambiguous wording and inapplicable questions could be corrected. Based on the feedback, there were almost no changes in wording necessary to be done to the original format of the questionnaire. The final version of the questionnaire used in this Document is presented in Appendix VIII.

This pre-test was essential (Berdie *et al.*, 1986, Aaker *et al.*, 1998) because it helped the researcher to determine whether the questionnaire was easy to answer, if there were any comprehension problems, as well as to determine efficiency of the coding methods of the answers.

Dillman (1983) suggests that special attention has to be paid to the following issues:

- 1) Is each of the questions measuring what it is intended to measure?
- 2) Are all the words understood?
- 3) Are questions interpreted similarly by all respondents?
- 4) Does each close-ended question have an answer that applies to each respondent?
- 5) Does the questionnaire create a positive impression, one that motivates people to answer it?
- 6) Are questions answered correctly?
- 7) Does any aspect of the questionnaire suggest bias on the part of the researcher?

During the creation of the questionnaire as well as conduct of the survey, the researcher has tried to give emphasis to the aforementioned issues.

Data Collection

Having decided what to investigate and how to establish and measure the variables, the researcher had to select the data collection method. It is very important that the researcher demonstrates that the data were properly collected. According to Nachmias and Nachmias (2000), three main forms of data collection exist: *observational methods*, *unobtrusive techniques* and *survey research*. Observational methods study behaviour as it occurs. The researcher does not have to ask the respondents about their actions but instead observes them as they act. Unobtrusive techniques are similar to observational methods with the difference that the individuals being investigated are not aware that they being studied.

The above methods of data collection are suitable for investigating phenomena that can be observed directly by the researcher. However, not all phenomena are accessible to the investigator’s direct observation. The third data collection technique is called “survey research”. According to Tull and Hawkins (1993) survey research is the systematic gathering of information from respondents for the purpose of understanding and/or predicting some aspect of the behaviour

of the interest population. This technique was the one used in this document. It includes three methods of administration to elicit information from the respondents: the personal interview, the mail questionnaire and the telephone survey (Zikmund, 1997; Malhotra and Birks, 1999).

The researcher selected and employed the method of handing the questionnaire himself to the customers of wholesaling SMEs of confectionary products (bakeries, sweetshops, canteens, etc.) in order to collect the data needed for this research; this method was applied since it has more advantages compared to other methods because of its versatile, relative speed and economy. Personal surveys are regarded as the most flexible technique of collecting survey data (Malhotra, 1996). Face to face contacts are considered superior to impersonal survey methods in terms of accuracy and completeness of the information they generate and the ability to detect problems by observations (Miller, 1995; Churchill, 1995).

The main study (field research) was conducted during the period July 2006-October 2006. This period is supposed to be of mediocre demand for the sector of confectionary products, since in winter months wholesalers distribute great quantities of products in an increased number of points of retail sale. For the 500 customers' answers, a five page (size A4) survey questionnaire of 26 questions was employed; it required not more than 15 minutes to be completed as estimated by the researcher during the pre-test. For the 15 managers' answers, a 2 page (size A4) survey questionnaire of 6 questions was prepared and distributed; it did not require more than 5 minutes to be completed if the managers had the numerical data (turnovers, expenses, incomings and taxes for the last 5 years) ready. The questionnaires were distributed in English and the researcher most of the times helped the wholesalers' customers to the translation and the questionnaires' completion.

The Sample

According to the research theory (Baker, 1999; Black, 1999; Lehmann *et al*, 1998; Zikmund, 1997), there are two major sampling designs: probability and non-probability sampling. In probability sampling, the elements in the population have a fixed (equal), nonzero probability of being selected as sample subjects (Zikmund, 1997; Lehmann *et al*, 1998). Probability sampling can be either unrestricted (simple random sampling) or restricted (complex probability sampling) such as the stratified random sampling. In non-probability sampling the elements of a population have an unknown probability or predetermined chance of being selected as subjects (Zikmund, 1997). In essence, the members of the sample are selected on the basis of personal judgement or convenience. The most popular non-probability sampling procedure is convenience sampling, which means selecting people that are convenient. In general, probability sampling provides

generalisability of the sample findings for the entire population, something that non-probability does not ensure.

In the present document, the judgmental area sampling technique was employed to select areas within the city of Athens. Within each area, customers were chosen on a convenience basis subject to controls for geographic dispersion. In this way, potential customers were identified and screened for their participation to the population and the conduct of the research.

Judgmental sampling is a non-probability sampling method in which the researcher selects the elements (sample members) by exercising judgement or expertise believing that they are relevant to the needs of the study, even if this makes the sample less than fully representative (Zikmund, 1997; Baker, 1999, Malhotra, 1996). The degree and direction of error are unknown and definite statements are not meaningful. However, if the expert's judgement is valid, the sample will be a better one than if a convenience sample were used (Moutinho *et al*, 1998). According to Kinnear and Taylor (1996), Judgemental sampling is used in business practice by about 49 percent of businesses. The sample size of customers for the intent and purposes of this study was 500 (n=500), which was significant enough to help the investigator describe the current situation, existing problems and potential trends in the market of confectionary products. The sample (customers of wholesaling SMEs) was composed of adult individuals (18 years old and over) that are activated in this market. On the other hand, the sample size of similar wholesaling SMEs was 15; enough to express the sectors' trends in turnovers, incomings, expenses and taxes, as well as the managers' views on the sector's certain issues and potential solutions.

Data Analysis

The computer program S.P.S.S. (version 13.0) was used for analysing the data in this study. The data analyses process had two phases, the preliminary and main phase. The preliminary phase basically included descriptive statistics (i.e. frequencies, percentages, tables, charts). Inferential statistics such as *t-test* (used to test the mean differences between two groups), *analysis of variance* (ANOVA which can compare means across more than two groups or conditions), *chi-square* (summarizes the discrepancy between observed and expected frequencies), and *regression* (examines the association or relationship between variables) were also utilised.

In the main phase, the researcher has conducted his research by utilising parts of descriptive and inferential statistics (see Appendix VI). In particular, the following have been conducted:

- 1) Descriptive statistics for each variable (1st Questionnaire).
- 2) Cross tabulation and chi square test for pairs of variables (1st Questionnaire).
- 3) Correlation and regression analysis of variables (2nd Questionnaire).

4. Findings

A. Analysis of customers' answers

- ***Store category***

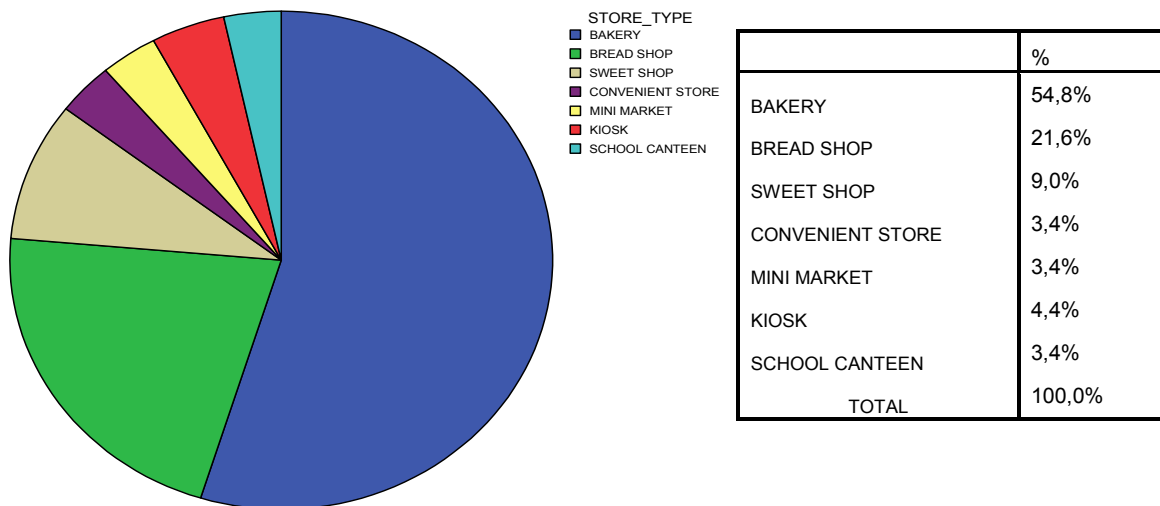
In the 1st question, “What is your store’s category?”, the numbers 1 to 7 represent:

1. Bakery
2. Bread shop
3. Sweetshop
4. Convenient store
5. Mini market
6. Kiosk
7. School canteen

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different types of stores reveals that bakeries are the dominant wholesalers’ customers by 54,8%, while bread shops follow by 21,6%. Sweetshops’ percentage (9%) is significant, while the other categories are not influencing so much.

According to a Research by “Planning S.A.” (2000), in Greece, there are almost 40.000 points of confectionary products’ retail sale, while in Britain (that has 6 times the population of Greece) the corresponding number is 100.000 and in Italy (with a population of 50.000.000) there are almost 120.000 different points of retail sale. This fact reveals that Greece is a country that has limited population but can “host” many small businesses. Most of Greek people prefer to be the “bosses” in their own company instead of having a clerking job. Another important conclusion can be the fact that bakery is the type of store that is most frequently met, probably because of the variety of products it can trade-apart from bread, almost all the confectionary products like chocolates, cookies, vanillas, etc-.

In the 3rd Document, the findings of two case studies (wholesaling companies of confectionary products with different characteristics like the number of employees, locations, turnovers, number of cars, etc.) were analyzed; most of the customers of these companies are bakeries and bread shops that basically sell and demand no-name products delivered by the wholesalers. This sector’s trend is confirmed by the findings of the current survey; what is more, in general, the same characteristic is revealed from the study of the literature review that mentions that the sector of confectionary products in Greece is basically related to bakeries and bread shops that sell the majority of these products (cookies, chocolates, croissants, caramels, jellies, coffees, cocoa and merenda products etc.)



- **Number of people working**

In the 2nd question, “How many people are working in your store?”, the numbers 1 to 5 represent:

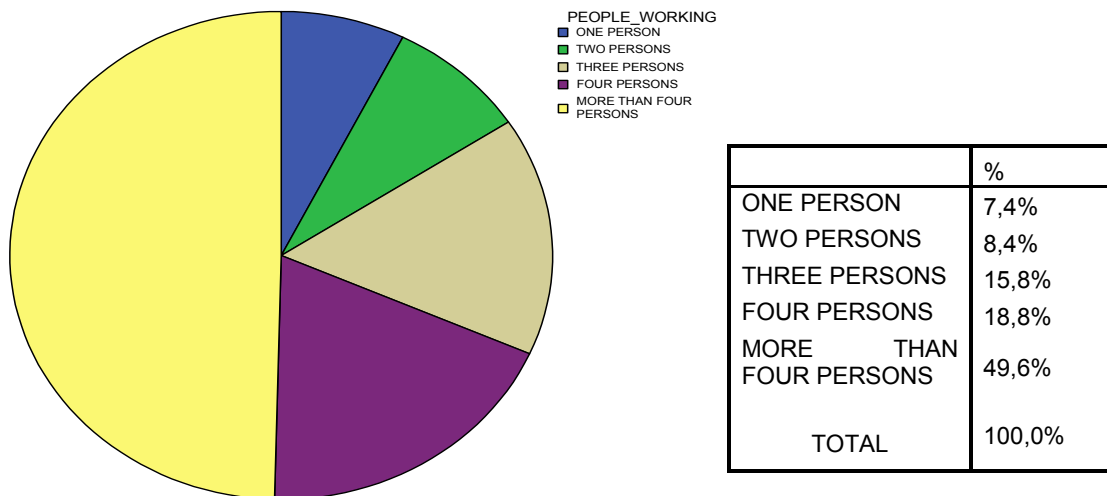
1. One (personal co.)
2. Two (personal or ltd co.)
3. Three (ltd co.)
4. Four (ltd co.)
5. More than four (ltd or body corporate)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the people working in a store, show that most of them employee more than three persons (almost 84%), while the percentage for “more than 4 persons is dominant (almost 50%).

It is usual for stores like bakeries, sweet shops, mini markets or kiosks to employ more than three people. These stores have to engage this number of people because they need to function continuously for more than twelve hours daily. In this way, they will be able to find sufficient sources to survive. So, apart from the owner, usually more than two employees are essential to provide qualitative and quick service to customers; this kind of service is necessary for keeping the existing customers satisfied and loyal.

The literature review that was presented in the 2nd Document showed that most of the stores usually employ more than three people, but not more than five; these numbers are confirmed from the findings of the current research. In addition to this, the findings of the two case studies that were analyzed in the 3rd Document, confirm that the wholesaling companies of the sector can have either one (“Zen” personal co.) or 4 employees (“Omicron”co.), according to the companies’ needs, liabilities, turnover and customers (points of retail sale that have to be serviced). The same

happens to their customers; if the stores' turnover and needs are increased, more employees are essential for its harmonious functioning.



- **Labor relationship**

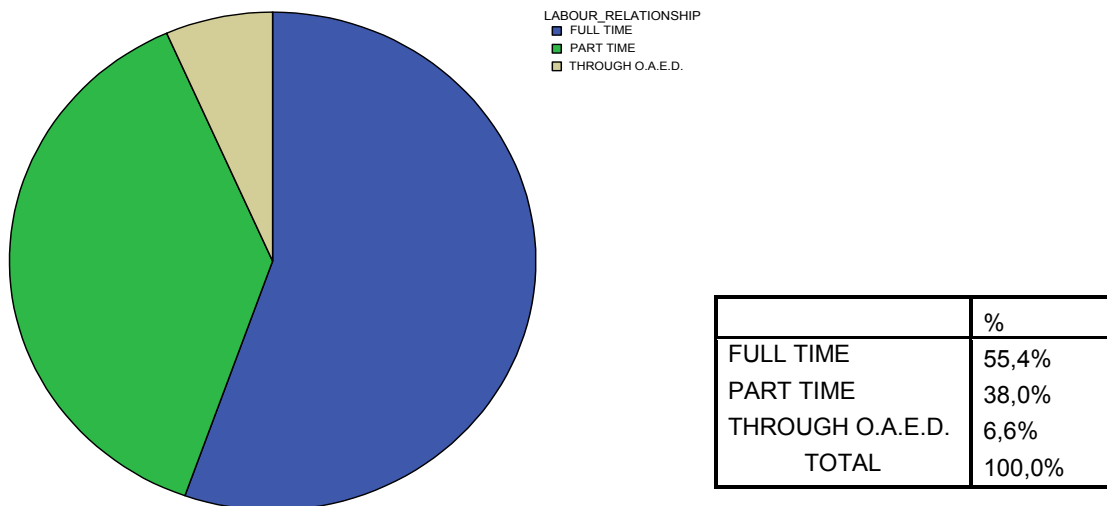
In the 3rd question, “What is the labor relationship with your employees?”, the numbers 1 to 3 represent:

1. Full-time
2. Part-time
3. Through O.A.E.D. (paid 50% by the state and 50% by the owner)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the labour relationship in the customers' stores present that most of the employees are working either full-time (55.4%) or part-time (38%), while the percentage for “people who are employed through O.A.E.D.” (usually part-time students or previously unemployed people) is not significant (almost 6.6%).

In the Greek stores that are surveyed in the current market research (bakeries, kiosks, sweetshops, etc.), most of the employees are working faithfully for their bosses and they devote themselves to the survival and success of the store; this cannot happen if they are working on a part-time basis. However, the stores of the sector of confectionary products need people who can work at periods with increased demand (like Christmas or Easter); in this way the number of part-timers can at periods – like the time that this research took place- be increased. Wholesalers that have to distribute as many seasonal products as possible at the periods of Christmas (New Year's cakes and cookies) or Easter (halva products, chocolate eggs and buns) also need increased number of part-time employees.

The relative literature review (2nd Document) has revealed that most of the people who are engaged in the sector of confectionary products are full-time workers; of course, at periods with increased responsibilities, part-time workers are necessary to cover the stores' needs. This conclusion is also confirmed (indirectly) by the findings of Document 3; in both case studies, the employees of the wholesaling companies are full-timers, while “Omicron” has to find part-time drivers for the periods of Easter or Christmas.



- **Size of shop**

In the 4th question, “What is the size of your shop?”, the numbers 1 to 4 represent:

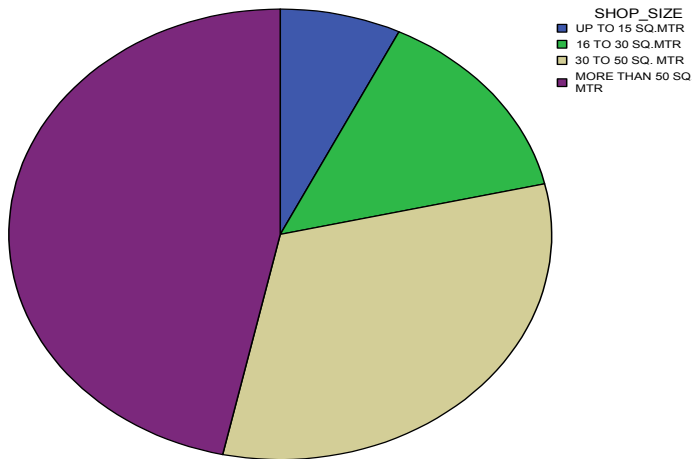
1. Up to 15 m²
2. From 16 to 30 m²
3. From 30 to 50 m²
4. More than 50m²

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the size of a shop show that most of them (78.6%) are relatively large (“more than 30 sq. metres”) since they deal with many different products, while there are not a lot of small stores (only 19%) that can attract customers’ interest.

It is logical that most of the stores (basically bakeries, mini markets, convenient stores and sweetshops) need to be spacious enough so that they can promote the whole variety of confectionary products. What is more, some suppliers of brand name products, like “ION” or “KINDER” chocolates or “Seven Days Croissants”, “demand” more square meters in the stores- customers for the promotion of their products; in this way, they offer better prices to the customers. Most of the times, wholesalers that act as intermediaries undertake the role of

convincing their customers to promote the products of multinational companies; this role is not always pleasant.

In Document 3, the managers of the two companies, “Omicron” and “Zen” revealed that most of their customers are relatively large shops (areas of more than 30 sq. meters); this fact is coming in accordance with the findings of the current research.



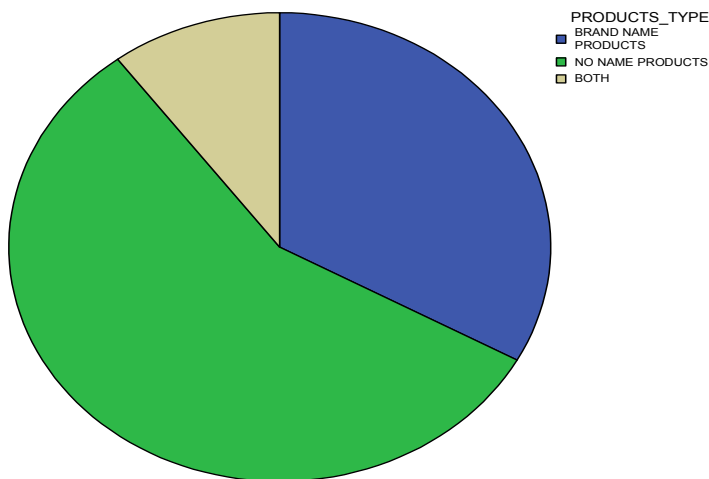
	%
UP TO 15 SQ.MTR	7,2%
16 TO 30 SQ.MTR	14,2%
30 TO 50 SQ. MTR	32,0%
MORE THAN 50 SQ. MTR	46,6%
TOTAL	100.0%

- **Type of products**

In the 5th question, “What products are you dealing with?”, the numbers 1 to 3 represent:

1. Branded Products
2. No-name products
3. Both

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the products types in a store, “reveal” that most of the stores deal no name products (almost 57%, which is an expected percentage for this sector), while 33% of them trade brand name products.



	%
BRAND NAME PRODUCTS	33,0%
NO NAME PRODUCTS	56,8%
BOTH	10,2%
TOTAL	100,0%

Only a small percentage of stores (almost 10%) deal with both types of products, no-name and brand-name ones. The fact that no name products are mainly preferred is related to the advantage that these products provide: they give the wholesaler the opportunity to negotiate their prices; in the end, these products provide a higher profit margin than brand name ones that have to follow certain rules and policies of multinational companies. Since the profit margin is bigger for both sides (the wholesaler and the small points of retail sale), priority to no name products is given. The profit margin is main advantage for the wholesaler distributing to bakeries and bread shops that can sell no name cookies and chocolates, apart from the well-known labels. In this way, the wholesaler has the space and opportunity to promote these profitable no name goods. On the other hand, the wholesaler cannot get high profit margins from kiosks or other stores that sell famous brands of cigarettes, gums, cans etc, because the multinational companies determine prices and profit margins. Moreover, no name products have to do with small quantity production and are not related to big multinational companies; in this way, these products can be sold at lower prices from the Industry to the wholesaler, then from the wholesaler to the small point of retail (bakeries, kiosks) and in the end to the final customer. What is more, more products that are different can exist in each category of no name products. For example, in the categories of biscuits and cookies, there can exist more than 60 different codes (with chocolate, stuffing, different flavours etc.), while, ten years ago there were less than 5 different codes in these categories. The same can happen with chocolates, croissants, even coffees with different flavours; in this way, various customer needs and tastes can be satisfied.

Furthermore, the wholesaler can personally provide the small points of retail sale with more and different no name products that are fresh and have a short life; so, final and intermediate customers (like bakeries, bread shops etc.) can trust the products' quality and the wholesalers' qualitative and quick service. These fresh products can be of better quality than well-known brand name products that usually have preservatives. For example, the non branded cookies that the wholesaler is supplying to the bakery shops may have a life time of one month, while the eponymous products that are sold in packages and have preservatives can have a life time of one year. The final consumer has to be informed that the first ones are fresher and usually of better quality than the latter ones. In general, dealing with no-name products can be an effective and profitable strategy for wholesalers and their customers, especially bakeries and bread shops that are mainly trading them; this can explain the customers' and wholesalers' preference in this category of products.

In the 3rd Document, the managers of "Omicron" and "Zen" informed the researcher that they are dealing with no-name name products for the obvious reasons of higher profit margin that the trading of these products offer to them and their customers. In addition to that connection between

qualitative and quantitative analysis, the literature review (2nd Document) is referred to the sector of confectionary products and mainly includes no-name cookies, cocoa/merenda products as well as brand name chocolates and croissants.

- ***No-name products' categories***

In the 6th question, “If you are dealing no–name products, what categories of no name products are you dealing with?”, the numbers 1 to 8 represent:

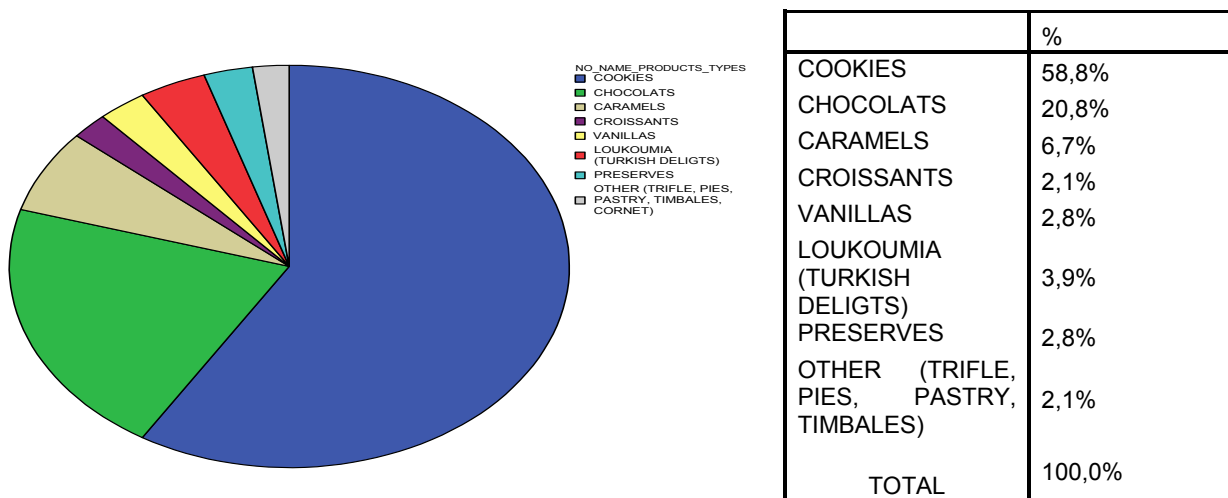
1. Cookies
2. Chocolats
3. Caramels
4. Croissants
5. Vanilla
6. Loukoumi (Turkish delight)
7. Preserves
8. Other (trifle, pies, short pastry, timbales, maraschino, cornet etc.)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different no name products types, show that most of them are cookies (58,8%) and chocolates (almost 21%). As for the other categories of no name products (caramels, croissants, vanillas, preserves loukoumia and other), they do not take a large market share.

From ICAP Research (December 2004), the trend in the domestic market of biscuits appears to be upward from 2000 to 2004, with a medium growth rate of 4%. For the same period, the domestic croissants' market appears to be rising by 3% annually and chocolate by 2%. As for the ice-creams' trend, this was decreased by 1% from 2003 to 2004. These trends are confirmed by the customers' preferences in the sector of confectionary products, where cookies and chocolate “dominate” and ice creams are “substituted” by other products.

In general, the main characteristic for no-name products' demand is “seasonality”, since chocolate (mainly) and other confectionary products are sensitive to high temperatures. The period of consumption begins in October and lasts until the end of April, while in the past, the consumption period was beginning in September and finishing in May. However, summertime period has been increased due to climatologic alterations. During the summer months, chocolate is placed in the supermarket selves or refrigerators. In the periods of Christmas and Easter, the demand for chocolate and other confectionary products is increased. The opposite happens with ice-creams that are almost not sold during the winter months. Finally, the nutritional habits as well as relative current trends (healthy nutrition, less calories) have influenced demand lately; in an attempt to

satisfy customer needs, the Industry of no name confectionary products has widened its variety in “different” and “new” products that are introduced in the market in order to attract more and miscellaneous customers’ categories. For example, diet cookies and chocolates help people (especially women that are careful with their feeding) taste their favorite products with fewer calories. In the 2nd Document (literature review), the researcher simply mentioned the different types of no-name confectionary products (cookies, chocolates, croissants, caramels, vanillas, etc.) that are analyzed in this part. On the other hand, in the 3rd Document, the two managers of “Omicron” and “Zen” are referred to their (and their customers’) preference to the most attractive sector’s products, cookies, chocolates and croissants.



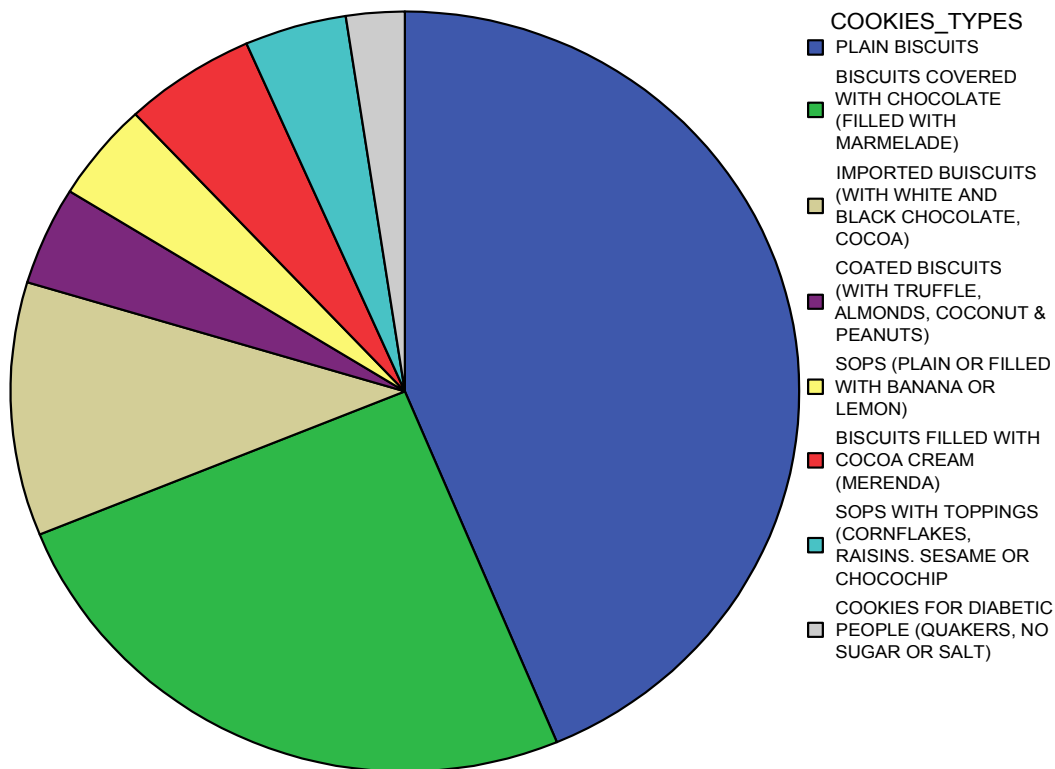
- **Cookies’ categories**

In the 7th question, “If you are dealing *cookies*, what categories of cookies are you trading?”, the numbers 1 to 8 represent:

1. Plain biscuits
2. Biscuits Filled With Chocolate
3. Biscuits filled with Marmalade (strawberry, cherry, peach)
4. Imported cookies (with white and black chocolate, cocoa, cappuccino, latte, etc.)
5. Biscuits coated with truffle, almonds, coconut, peanuts)
6. Sops (plain or filled with banana, lemon, etc.)
7. Sops (with toppings cornflakes and raisins, sesame or with real chocolate chips)
8. Cookies for diabetic people (Quakers, no-sugar and no salt products, with fructose)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different cookies types, show that most of them are plain biscuits (almost 44%), while the percentage for “biscuits covered with chocolate and filled with marmalade” is significant (almost 25%). The other categories virtually do not influence the total demand for cookies.

From ICAP Research (December 2004), the trend in the domestic market of biscuits appears to be upward from 2000 to 2004, with a medium growth rate of 4%. More specifically, this research has revealed that most of Greek consumers (almost 75%) prefer plain cookies as well as cookies with chocolate and/or marmalade; these trends are confirmed by the customers' preferences as these are revealed in the current research of the sector of confectionary products. An element that has to be stressed is related to the strong preference of customers for no sugar cookies as well as for biscuits with nutritious almonds peanuts and raisins; this trend reveals the need of contemporary consumers to keep a diet with limited calories. This consuming tendency is also unfolded in the Soft Drinks Industry, where zero calorie refreshments like "diet coke", "coca-cola zero", "Pepsi max" etc., take a large share of customers' preferences and stores' sales. This customers' inclination can be a sign for the developmental and marketing direction of confectionary products' Industry in the future. In the 2nd Document, the researcher stressed the importance of cookies as a main category of no-name products; in the 3rd Document, both of the managers were referred to the considerable gravity of cookies to the specific sector. The important role of these no-name products has to be stressed to the 5th Document, since the survival of many wholesalers and stores can be based on cookies product specialization as well as the variety cookies are offering. Focus on the successful recipe/promotion of cookies and their variations can be a profitable strategy for wholesalers and their customers.



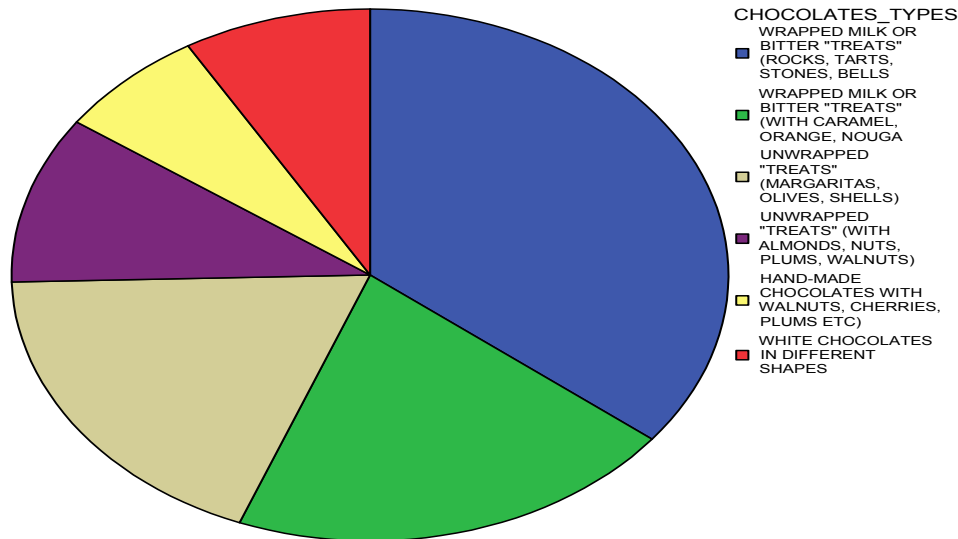
	%
PLAIN BISCUITS	43,7%
BISCUITS COVERED WITH CHOCOLATE (FILLED WITH MARMALADE)	25,1%
IMPORTED BISCUITS (WITH WHITE AND BLACK CHOCOLATE, COCOA)	10,8%
COATED BISCUITS (WITH TRUFFLE, ALMONDS, COCONUT & PEANUTS)	4,2%
SOPS (PLAIN OR FILLED WITH BANANA OR LEMON)	4,2%
BISCUITS FILLED WITH COCOA CREAM (MERENDA)	5,4%
SOPS WITH TOPPINGS (CORNFLAKES, RAISINS, SESAME OR CHOCOCHIP)	4,2%
COOKIES FOR DIABETIC PEOPLE (QUAKERS, NO SUGAR OR SALT)	2,4%
TOTAL	100,0%

- **Chocolates' categories**

In the 8th question, “If you are dealing *chocolates*, what categories of chocolates are you trading?”, the numbers 1 to 6 represent:

1. Wrapped Milk or bitter “Treats”-“Kerasmata” (pyramids, tarts, “rocks”, “bells”, “stones”, “fingers”, “quadrangles” etc.).
2. Wrapped Milk or bitter “Treats”-“Kerasmata” with caramel, orange, nougat, or white chocolate.
3. Unwrapped “Treats”-“Kerasmata” (“margarita”, “olives”, “shells”, “black and white mix”).
4. Unwrapped “Treats”-“Kerasmata” with almonds, nuts, plums, walnuts, cherry.
5. Hand-made chocolates with whole walnuts, cherries, plums, sour cherries or chestnuts.
6. White chocolates in different shapes.

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different chocolate types, present that most of them are Wrapped Milk or bitter “Treats”-“Kerasmata” (almost 36%), while the percentage for “Wrapped Milk or bitter “Treats”-“Kerasmata” with caramel, orange, nougat, or white chocolate” as well as for Unwrapped “Treats”-“Kerasmata” is significant (almost 20% each).



	%
WRAPPED MILK OR BITTER "TREATS" (ROCKS, TARTS, STONES, BELLS	35,6%
WRAPPED MILK OR BITTER "TREATS" (WITH CARAMEL, ORANGE, NOUGAT	20,3%
UNWRAPPED "TREATS" (MARGARITAS, OLIVES, SHELLS)	18,6%
UNWRAPPED "TREATS" (WITH ALMONDS, NUTS, PLUMS, WALNUTS)	10,2%
HAND-MADE CHOCOLATES WITH WALNUTS, CHERRIES, PLUMS ETC)	6,8%
WHITE CHOCOLATES IN DIFFERENT SHAPES	8,5%
TOTAL	100,0%

According to a research conducted by ICAP (2004) for the *sector of chocolate*, it has to be stressed that in general the sector is divided in two parts (productive & importing) and belongs to the greater sector of the domestic alimony variety, while it includes a significant number of enterprises of different size and efficiency.

The *productive* part of the sector is characterized by few large industrial units that produce a variety of products. These companies cover the biggest part of the domestic market's production. On the other hand, a lot of small and medium sized enterprises that are specialized on specific kinds of chocolates (bitter chocolate, truffle etc.) or confectionary products (cookies etc) are also activated in the sector. Most of these companies are co-operating with wholesalers that distribute their products to various points of retail sale and can often negotiate for better prices.

The *importing* part of the sector is characterized by the existence of a significant number of enterprises that are activated in general to the import of alimony products. It has to be stressed that some productive enterprises are also developing importing activities in an attempt to enrich the variety of their products. According to the Greek Association of Chocolate Industry (which is functioning since 1997), the employees in the sector are estimated to be almost 3.000.

The variety of commercial trademarks (domestic and imported ones) and products categories in relation to the relatively low consumption, are creating conditions of hard competition. Competition is becoming even more intense since summertime in Greece has been elongated.

The chocolate products in Greece are mainly traded in super markets, kiosks and haberdasheries. In the last years, the big super market chains have dynamically entered the sector with the disposition of own labeled products that are supplied by foreign industries. These companies can offer lower prices since they do not have the expenses of advertisement and promotion. This fact makes competition conditions even harder for the wholesalers and their customers – like small bakeries, kiosks and mini markets-

- *Factors the influence the demand for chocolate products*

A wide distinction of the chocolate products has to do with: milk chocolate, white chocolate, unsweetened chocolate and bitter chocolate. Chocolates in bars cover 48.4% of production; filled chocolates cover 35% while small chocolates cover 16.6% of the domestic production (ION, CRAFT FOODS). In this case, the research by ICAP Research Company (2004) does not separate the chocolates that are related to no name and labeled products; as a result, the researcher cannot compare the findings of the current research with the findings of ICAP co. and therefore reach to “safe” and reliable conclusions.

One of the most important factors that “shape” demand is related to the advertising expenses that sector’s enterprises are realizing; marketing can direct demand and can modulate the consuming trend. What is more, competition in the sector of chocolate becomes more intense because of the existence of many “substitute” products like cookies, croissants, ice creams etc. It is rational that multinational companies can employ many marketing “weapons” that can influence existing and potential consumers; however, wholesalers and their customers (bakeries, bread stores, sweet shops etc.) can stress the importance of quality and nutrition that no name chocolates can have to the final consumers.

- *Distribution Channels*

Chocolate products end to consumption through commercial channels that vary in proportion to the structure and bulk of the supplying businesses. Big productive enterprises have their own distribution networks that include “daughter” firms and agents-salesmen that cover almost completely the Greek market. The smaller productive enterprises are distributing their products through agents, wholesalers or straight to the various points of retail sale.

According to sector’s sources, the biggest part of the chocolate sales is taking place by the super market chains (almost 60%), while kiosks and haberdasheries are following. In the previous years,

kiosks used to have the largest share, but due to the summer “elongation” and the chocolates’ sensitivity, this trend has lately changed.

The intense competition in the market under investigation has influenced the bonus policies (discounts, credits) of the enterprises to their customers. The discounts that retail stores are getting depended on the deal, the order volume as well as stores’ sales; discount is usually bigger to the retail stores than the wholesalers. Most of the times, companies themselves are offering bigger quantities in the same price or discounts to the product price.

Finally, the total domestic chocolate market is continuing its upward trend since 1999 (almost 2% annual increase), according to an ICAP research (2004). More specifically, this research reveals that the consumption of plain milk and bitter chocolates has been increased in the last years; this trend is confirmed by the findings of the current survey that shows the increased final consumers’ preference for chocolates.

The researcher has stressed the importance of chocolate for the sector of confectionary products in the literature review section. In the 3rd Document, both of the managers (of the two case studies) have insisted on the usefulness of chocolate for the sectors’ survival; in Document 5, the researcher can suggest that a successful and profitable strategy could be the strengthening of chocolate’s role in relation to its products specialization as well as its promotional and distribution by the wholesalers.

- ***Caramels’ categories***

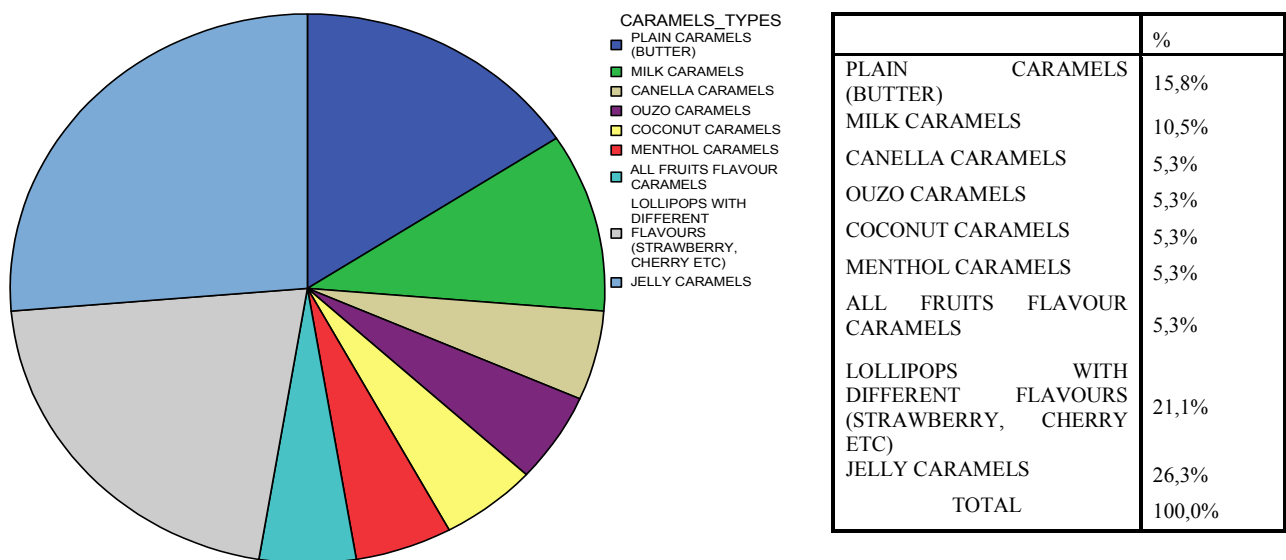
In the 9th question, “If you are dealing *caramels*, what categories of caramels are you trading?”, the numbers 1 to 9 represent:

1. Plain caramels (butter)
2. Milk
3. Canella
4. Ouzo
5. Coconut
6. Menthol
7. All fruits Flavor
8. Lollypops with different flavors (strawberry, cherry, etc.)
9. Jelly caramels

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different caramels types, show that most of them are Jelly caramels (26.3%), Lollypops with different flavors (21.1%),

Plain (butter) caramels (15.8%) and milk caramels (10.5%). The other categories do not significantly influence the demand for no name caramels.

According to the research by Planning S.A. (2000), most people (almost 80%) seem to prefer butter and milk caramels as well as caramels with different fruit flavors. This trend is confirmed by the preferences that have been revealed by the author’s survey. The implied conclusion that has to be stressed and is not quite obvious in the research findings, is related to the fact that during winter months, the consumption of menthol caramels is increased, mainly because of cough problems that discomforts many people.



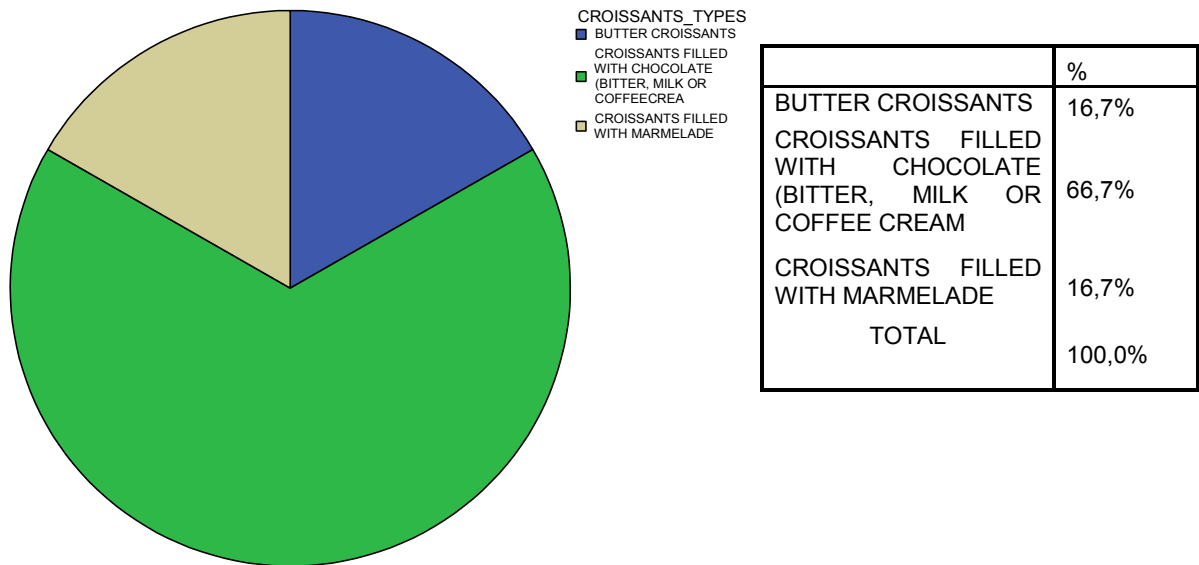
• **Croissants’ categories**

In the 10th question, “If you are dealing *croissants*, what categories of croissants are you trading?”, the numbers 1 to 3 represent:

1. Butter
2. Filled with bitter chocolate, milk chocolate or coffee cream
3. Filled with marmalade (cherry, peach, strawberry, etc.)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different croissants types, show that most of them are filled with bitter chocolate, milk chocolate or coffee cream (66.7%), while the other two categories butter croissants and croissants filled with marmalade have equal percentages (16.7%). According to ICAP research (2004), from 2000 to 2004, the domestic croissants’ market appears to be rising by 3% annually with a medium growth rate of 4%.

The croissants' sales are quite important for the sector of the confectionary products and the wholesalers that are activated in it, in spite of the fact this gravity is not picturized in the current survey. This happens because croissants are mainly consumed during winter months and the research did not take place at that period (the current research was conducted from May to October); as a result, croissants' commerce has not received the importance apperception it deserves in the findings of the current research.



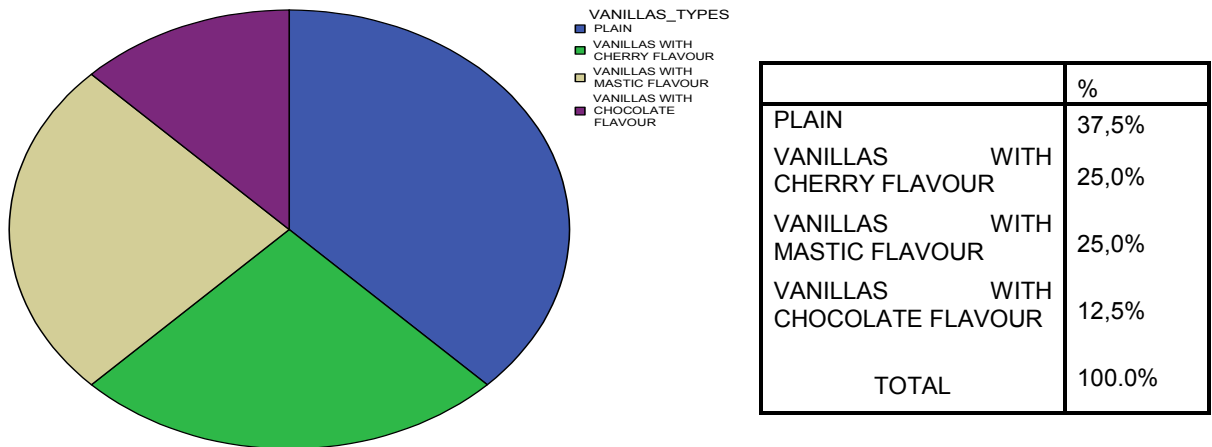
- **Vanillas' categories**

In the 11th question, “If you are dealing *vanillas*, what categories of vanillas are you trading”, the numbers 1 to 4 represent:

1. Plain
2. With cherry flavor
3. With mastic flavor
4. With chocolate flavor

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different vanillas types, present that most of them are plain (37,5%), while vanillas with cherry and mastic flavour have the same share (25% each); vanillas with chocolate flavour takes a significant percentage (12.5%). Vanillas are mainly consumed in Greece, since it is a traditional product that comes from Chios, a Greek island; this category of confectionary products is mainly “traded” in the summer period – it is ideal to be consumed with very gold water; in the summer period, vanillas are functioning as substitutes for chocolates, cookies or croissants.

In general, vanillas do not take a large share and consequently do not influence the market of confectionary products.



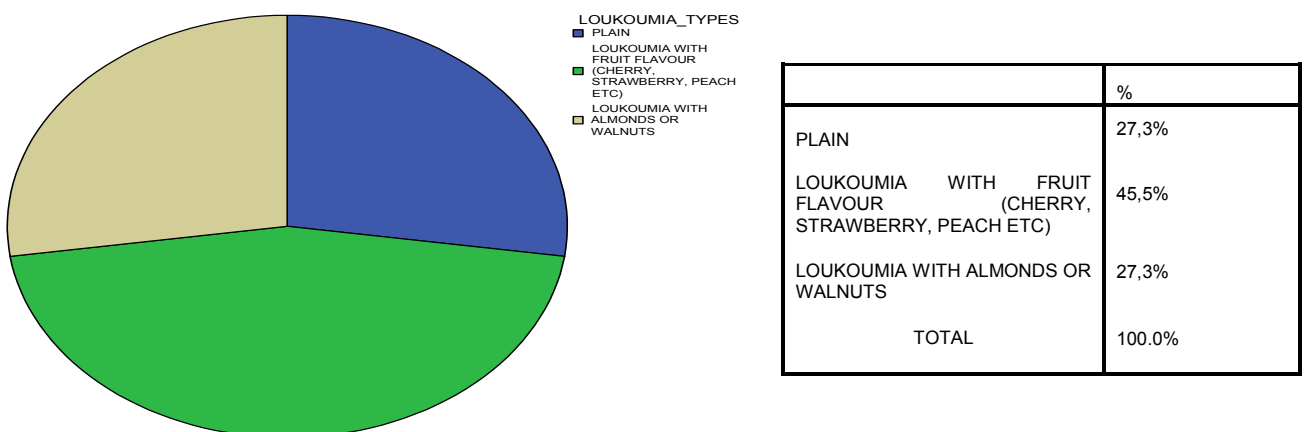
• **Loukoumia categories**

In the 12th question, “If you are dealing *loukoumia*, what categories of *loukoumia* are you trading?”, the numbers 1 to 3 represent:

1. Plain
2. With fruit flavor (cherry, strawberry, peach, etc)
3. With almonds or walnuts

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different *loukoumia* types, “reveal” that most of them are *loukoumia* with fruit flavour (almost 46%), while plain *loukoumia* and *loukoumia* with almonds or walnuts have the same percentage (27.3%).

Loukoumi is a product that comes from Turkey and is mainly consumed in Greece. Its consumption is increased in winter periods when most of the consumers prefer fruit flavour *loukoumi*; its share in the sector of confectionary products is not so significant in the market of confectionary products and therefore its sales are not so influential to the market.



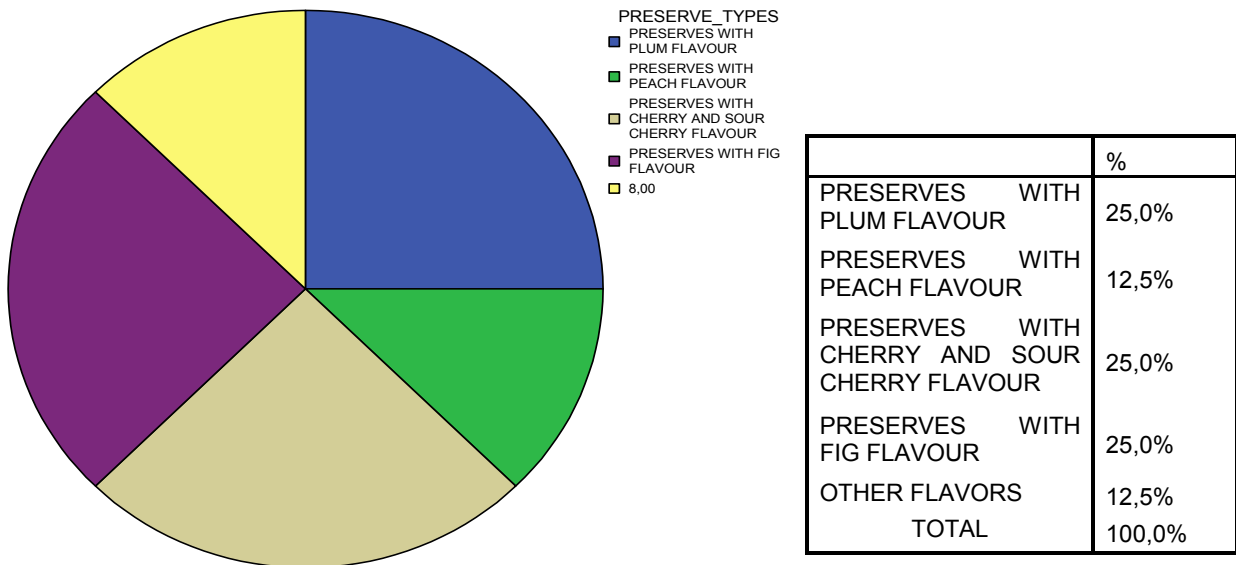
- **Preserves' categories**

In the 13th question, “If you are dealing *preserves*, what categories of preserves are you trading?”, the numbers 1 to 5 represent:

1. Plum flavor
2. Peach flavor
3. Cherry and sour cherry flavor
4. Fig flavor
5. Other flavors (grape, etc)

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the different preserve types, show that most of them are Plum flavor, Cherry and sour cherry flavor, Fig flavor (25% each). Peach and other flavors share a 12,5%.

Preserves are mainly consumed in winter months. In general, the consumption of various preserve types (mainly fig, plum & cherry flavor) is not significant and cannot really affect the trends in the market of confectionary products.



- **Brand name products' categories**

In the 14th question, “If you are trading brand named products, what categories of eponymous products are you dealing with?”, the numbers 1 to 8 represent:

1. Coffee
2. Chewing gums
3. Croissants

4. Biscuits
5. Caramels-lollypops
6. Chocolats
7. Crisps (brits)
8. Cocoa and merenda products

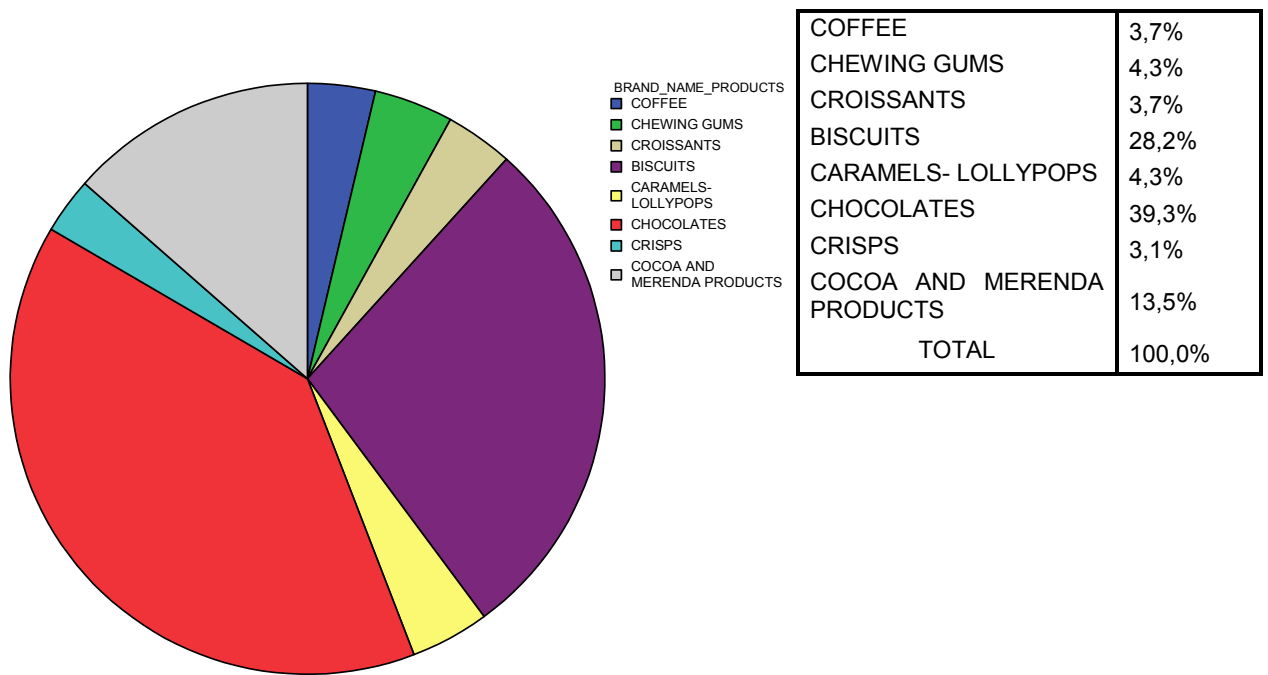
From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the brand name products, picture that most of them are chocolates (39.3%), biscuits (28.2%) and Cocoa and merenda products (13.5%). The other categories do not significantly influence the demand of brand name products.

Brand name products take almost 33% of the stores’ consumption that are activated in the sector of confectionary products (bakeries, bread shops, kiosks, canteens etc.); a similar percentage (35%) is confirmed by the research of ICAP co. (2004). It is logical that brand name products take a significant share in the consumption of confectionary products, since they provide the famous label to the final consumer. Wholesalers have to be able to distribute some well-known brands in spite of the fact that these products are not leaving a high profit margin for them and their customers. Most of the times, final consumers ask for known products (like “ION”, “MARS” chocolates, or “PAPADOPOULOU” cookies) because marketing mechanisms and advertisements make them known and “indispensable”. What is more, sometimes customers are not quite convinced about the quality of no name products that are not advertised frequently and continuously; for this reason, final consumers prefer the “known” products.

The importance of brand name chocolates and biscuits as well as their role to the sector’s development has been stressed in the literature review (2nd Document); both of the managers, in the qualitative analysis section, have laid emphasis on the power of the famous brands (“ION”, “KINDER” chocolates) that are constantly advertised. They have also pointed out that brand name products are not leaving high profit margins in the wholesalers and their customers, in spite of the fact that they are essential, since final consumers ask for them.

The aforementioned comments of criticism have to be taken into consideration if the researcher suggests a survival strategy based on brand name products in the 5th Document.

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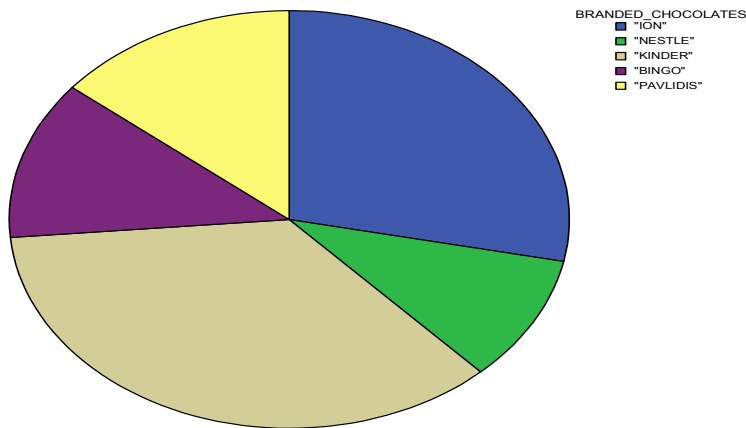
- **Brand name chocolates**

In the 15th question, “If you are trading labeled chocolates, what mark do you prefer”, the numbers 1 to 5 represent:

1. ION
2. NESTLE
3. KINDER
4. BINGO
5. PAVLIDIS-CRAFT FOODS

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the brand name chocolates, show that most of them are KINDER (35.6%) & ION (28.2%). The other brands (NESTLE, PAVLIDIS & BINGO) have significant shares (almost 10% or more).

The researcher has found similarities between the current survey and ICAP research that was held in 2004; the dominant brands are in both cases “NESTLE”, “PAVLIDIS” and “ION”, while “KINDER” seems to be the most developed company, mainly because of its new products (chocolates for kids that contain more milk or small chocolate eggs) as well as the marketing means it is utilizing (packages with small gifts). However, wholesalers usually complain about the unbearable conditions that multinational companies -as suppliers- are creating; for example, multinational companies do not accept returns for undisposed products, while wholesalers themselves have to offer such easements to their customers in order to keep them satisfied.



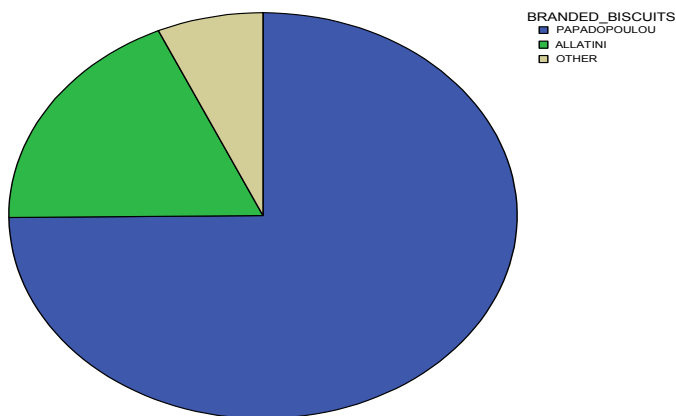
	%
"ION"	28,2%
"NESTLE"	9,8%
"KINDER"	35,6%
"BINGO"	12,3%
"PAVLIDIS"	14,1%
TOTAL	100,0%

- **Brand name biscuits**

In the 16th question, “If you are trading labeled biscuits, what mark do you prefer:”, the numbers 1 to 3 represent:

1. PAPADOPOULOU
2. ALLATINI
3. IMPORTED

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the brand name biscuits, show that most of them are PAPADOPOULOU (74.8%), while ALLATINI has a significant market share (18.4%). “PAPADOPOULOU” biscuits is a famous Greek brand that is virtually a byword for biscuits, especially biscuits filled with chocolate. It is logical for this company to have the largest share in the market of confectionary products since its brand name is very powerful and its products are of high quality. In addition, this company is making profitable deals and offers relatively attractive profit margins to wholesalers and the various types of stores they service. Apart from this fact, there is no strong competition in the market of biscuits from foreign companies, a fact that strengthens the position of “PAPADOPOULOU S.A.” company.



	%
PAPADOPOULOU	74,8%
ALLATINI	18,4%
OTHER-IMPORTED	6,7%
TOTAL	100,0%

- **Store location**

In the 17th question, “Where is your store located?”, the numbers 1 to 6 represent:

1. East of Athens
2. West of Athens
3. North of Athens
4. South of Athens
5. Center of Athens
6. Outside Athens area

As for the different regions, the researcher is referred to:

- *Centre of Athens*

Athens, Pagkrati, Neos Kosmos, Kipseli, Neapoli, Ampelokipoi, Petralona.

- *North of Athens*

Likovrisi, Irakleion, Nea Ionia, Galatsi, Nea Philadelphia, Metamorphosis, Kifisia, Krioneri, Agios Stefanos, Anoiksi, Stamata, Drosia, Ekali, Kapandriti, Nea Erithraia, Marousi, Pefki, Melissa , Halandri, Filothei, Vrilissia, Agia Paraskeui, Stauros, Gerakas, Mesogeia, Psihiko, Holargos, Papagoy.

- *South of Athens*

Nea Smirni, Dafni, Agios Dimitrios, Kallithea, Tayros, Agios Ioannis Rentis, Piraeus, Drapetsona, Keratsini, Perama.

- *East of Athens*

Kaisariani, Vironas, Ilioupoli, Argiroupoli, Terpsithea, Glifada, Vari, Voula, Vouliagmeni, Zografou, Elliniko, Alimos, Palio Faliro.

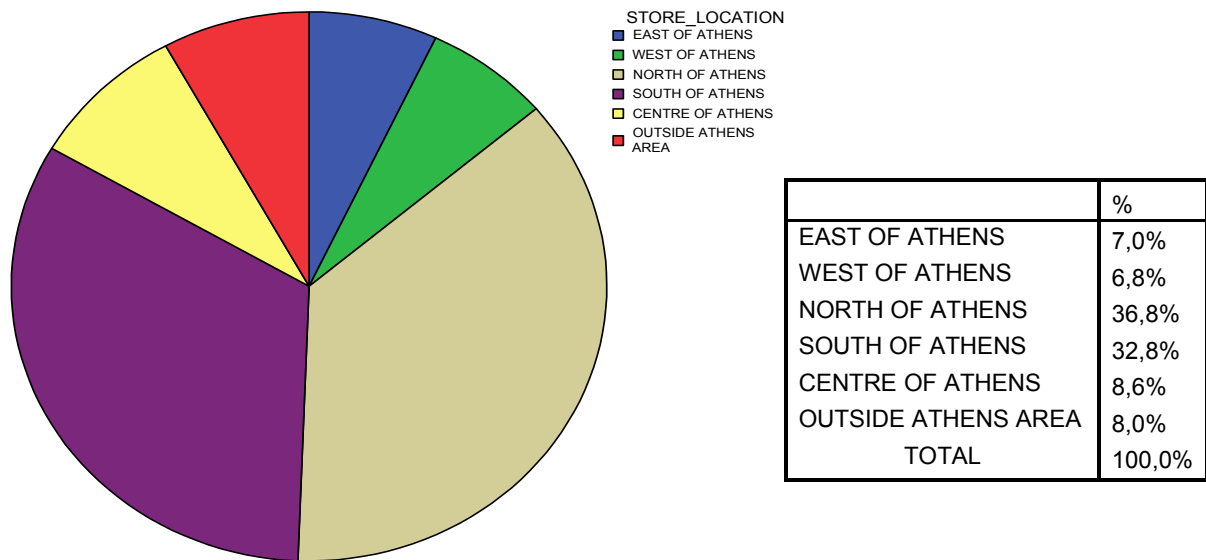
- *West of Athens*

Peristeri, Aigaleo, Agia Varvara, Chaidari, Koridallos, Moschato, Nikaia, Kithira, Aigina, Salamina, Mandra, Magoula, Aspropirgos, Megara, Nea Liosia, Petroupoli, Kamatero, Agioi Anargiroi, Acharnes.

- *Outside Athens area*

Stereia Ellada, Lamia, Peloponnesus, Thessaloniki, Islands, etc.

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the store location, “reveal” that most of the shops are activated in the North (36.8%) and South (32.8%) of Athens. The other areas do not have significant shares (almost 8% each).



According to a Research by “Planning S.A.” (2000), the allocation of stores (sweetshops, creameries, butteries, mini markets, kiosks, bakeries, haberdasheries) used to be 25% in the centre of Athens, 23% to the East of Athens, 23% to the West of Athens, 13% to the North of Athens and 16% to the South of Athens.

Most of the kiosks are located in the center and West of Athens, while bakeries can be found in all regions; on the other hand, most of the mini markets are in the West of Athens, while there are many sweetshops in the center and East of Athens. Finally, most the creameries are found in the center of Athens.

Furthermore, the allocation of wholesalers as they cover the markets’ needs is as follows: 27 % in the center of Athens, 21% in the North of Athens, 16% in the east of Athens, 22% in the West of Athens and 14% in the South of Athens. Finally, for the region of Attica, according to the same research, one wholesaler corresponds to 45 points of retail sale, one wholesaler to almost 8.300 citizens and one point of retail sale to 183 citizens.

According to the same research, in the Greek market, there are too many owners of shops (there are almost 14.000 shops). In Greece, since almost 50% of the population is living in Athens, the shops in Athens are too many; 70 % to 80 % of the turnover comes from Athens and the remaining comes from the other big cities such as Thessalonica, Patras, Ioannina etc. Greek islands present high turnovers only in the summer period, a fact that can be related to the urban attraction problem. As a result, segmentation between the products and the wholesaler is essential. Since products are too many, wholesalers distribute specific products to two or three big categories of stores, such as bakeries and pastry shops, mini markets and small points of retails (kiosks). In this way, due to the segmentation, the service can be better and more specialized.

The findings of the questionnaire utilization have revealed that most of the stores are found in the North and South areas of Athens; these results are not similar to the ones of Planning S.A. research that has been presented in the literature review; this dissimilarity can be explained by the fact that the research of Planning S.A. took place in 2000 and many things have changed since that period. One of these alterations is related to the occurrence that many companies have to leave the center of Athens due to various environmental reasons, imposition of protective measures as well as other hindrances; on the other hand, lately, rents in the center of Athens are so high that have made the moving of companies to the suburbs a necessity. However, decentralization can have certain advantages for the sector of confectionary products (companies' survival is the most important of them), only if there is an organized plan and behind it and specific targets are achieved.

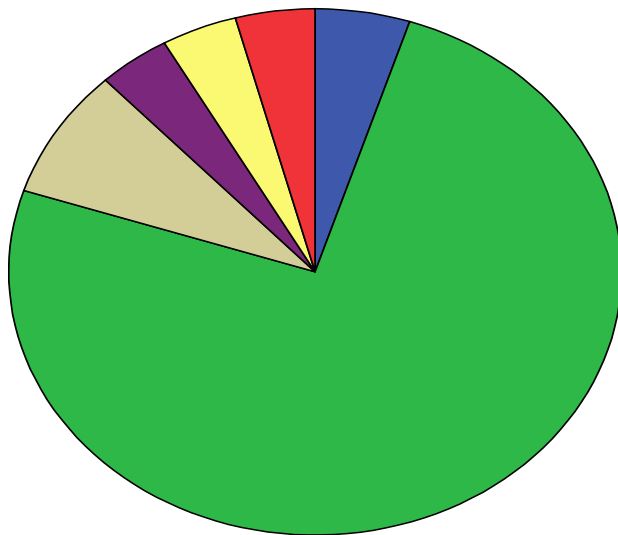
In the literature review, the researcher has also realized the importance of the area in which each store is located; the relevant literature review has shown that if an area has "rich" citizens then the survival of certain stores like mini markets or kiosks is more possible. This regional characteristic that has to be taken into consideration in the strategy perspectives that will be utilized in the 5th Document, is also stressed by the managers of the two companies in the 3rd Document ("Omicron" and "Zen").

- **Orders Frequency**

In the 18th question, "How often do you order from the wholesaler?", the numbers 1 to 6 represent:

1. Twice a week
2. Once a week
3. Once in ten days
4. Once in 2 weeks
5. Once in 20 days
6. Once a month

From the utilisation of S.P.S.S., the relevant "pie" and frequency table for the orders frequency, show that most of the orders take place once a week (75%).



ORDERS_FREQUENCY
 ■ TWICE A WEEK
 ■ ONCE A WEEK
 ■ ONCE IN TEN DAYS
 ■ ONCE IN TWO WEEKS
 ■ ONCE IN 20 DAYS
 ■ ONCE A MONTH

TWICE A WEEK	5,0%
ONCE A WEEK	75,0%
ONCE IN TEN DAYS	8,0%
ONCE IN TWO WEEKS	3,8%
ONCE IN 20 DAYS	4,0%
ONCE A MONTH	4,2%
TOTAL	100,0%

- *Demand for confectionary products*

The demand for confectionary products has had an upward trend (once a week), mainly because of:

1. The increase of the variety of products that are created to cover the increasing “needs” of customers.
2. The increase of income per capita of all consumers (even children) has made them independent customers.
3. The relative easiness of industries to produce and launch new products, in relation to other sectors’ firms.

The conditions of conducting the commerce of confectionary products are influenced by a number of factors:

- All people are consumers.
- Demand is continuous.
- Quantities of confectionary products are relatively small in comparison to other products (e.g. wear and footwear).
- There is a wide variety of confectionary products; as a result, shop owners have to exhibit them properly.
- Supply of the shops has to be quick, frequent and efficient.
- Products that follow the contemporary trends must have a quick trading and their commercial life is relatively short.
- There is a necessity of keeping the specifications of freshness and products’ lifetime.
- The existence of a full variety of confectionary products is a major factor for keeping the customers satisfied and faithful.

- The continuous desire of the sector's Productive Industries to realize their commercial targets.

What is more, in the wholesale sector of confectionary products, there are characteristics that can influence demand, such as:

1. Big dispersion and small enterprises of "family" size.
2. Adaptive and flexible formations so that they can face market's difficulties.
3. Not well prepared firms for "difficult" and complicated commercial ventures.
4. These enterprises are not 100% devoted to the distribution of confectionary products.

As a result, the trading of confectionary products is realized through a very large number of points of retail sale; that is the reason why the role of wholesalers - as intermediaries – is quite important: they are the essential link in the chain that is comprised of the Industry and their consumers (various store types) before the final consumers. This role is empowered since demand from final customers that ask for fresh products is increased; for this reason, mainly bakeries and sweetshops look for fresh cookies, croissants, caramels and other confectionary products delivered almost once a week.

Most of the times, in the sector of confectionary products, wholesalers have to deliver fresh products that have a short life time. When customers-stores order once in 20 days or once a month, these products mainly concern brand name ones (like chocolates or croissants in packages) that last for months and do not have to be consumed shortly.

The aforementioned characteristics-findings of quantitative analysis that influence demand as well as the conducting of confectionary products' commerce have been stressed in the literature review and the two managers in the part of qualitative analysis; before a strategy is suggested and adopted (in Doc 5) they have to be taken into consideration.

- ***Total amount of annual orders***

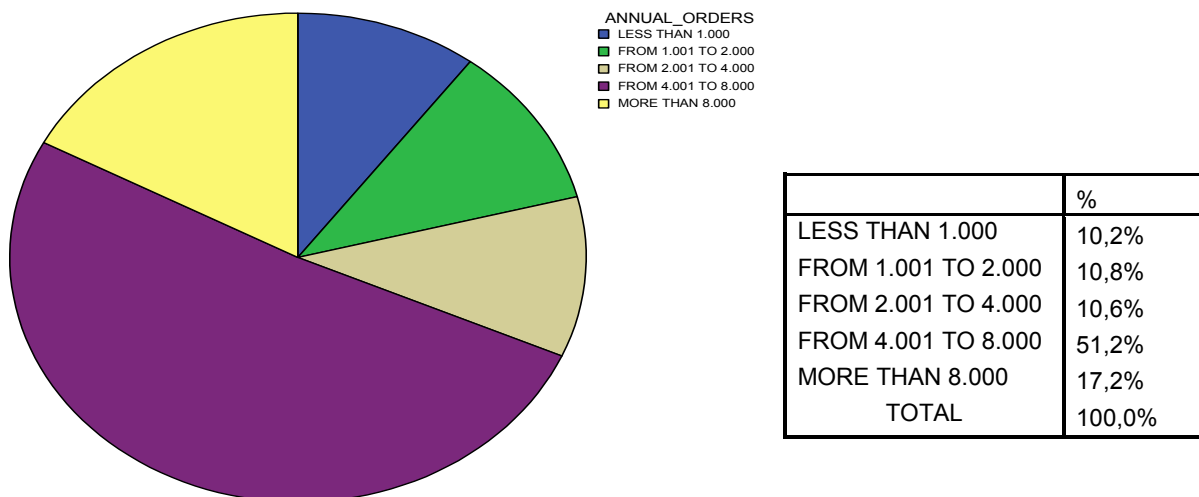
In the 19th question, "What is the total amount of your annual orders (in €)?", the numbers 1 to 5 represent:

1. Less than 1.000
2. From 1.001 to 2.000
3. From 2.001 to 4.000
4. From 4.001 to 8.000
5. More than 8.000

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the annual orders, show that most of them (50%) are found between 4.000 € and 8.000 €. “More than 8.000 €” has a significant percentage (17.2%), while annual orders less than 4.000 € take a share of 30%.

These amounts of money show that the customers of wholesalers are mainly stores that do not appear to have high turnovers and do not invest large amounts of money for orders of various products. What is more, from the survey’s findings can be concluded and delineated that Greek SMEs are struggling to survive and virtually try to make the proportionate to their turnover and sales orders in an attempt to cover their liabilities. Another problem of these stores is the lack in cash reserves; for this reason, they ask wholesalers for credit facilitations. Wholesalers that have to pay their suppliers in cash, virtually take the burden of credit from small bakeries, mini markets etc. in order to keep them as customers and maintain their turnovers to relatively average levels.

The financial situation of the stores’ owners (as is revealed from the amount of annual orders) is virtually picturizing the indigence that SMEs are facing. This picture has been underlined in the literature review (2nd Document); the managers of “Omicron” and “Zen” (in the 3rd Document) have also emphasized the importance of the annual turnover to the survival of their enterprises. If the turnover of the wholesaling companies is increased, they will have more customers-stores and consequently more chances of survival. The increase in stores’ turnovers can be a “key” for the survival strategies that can involve network expansion or product differentiation.



• **Clients’ description**

In the 20th question, “How would you rate your clients?”, the numbers 1 to 3 represent:

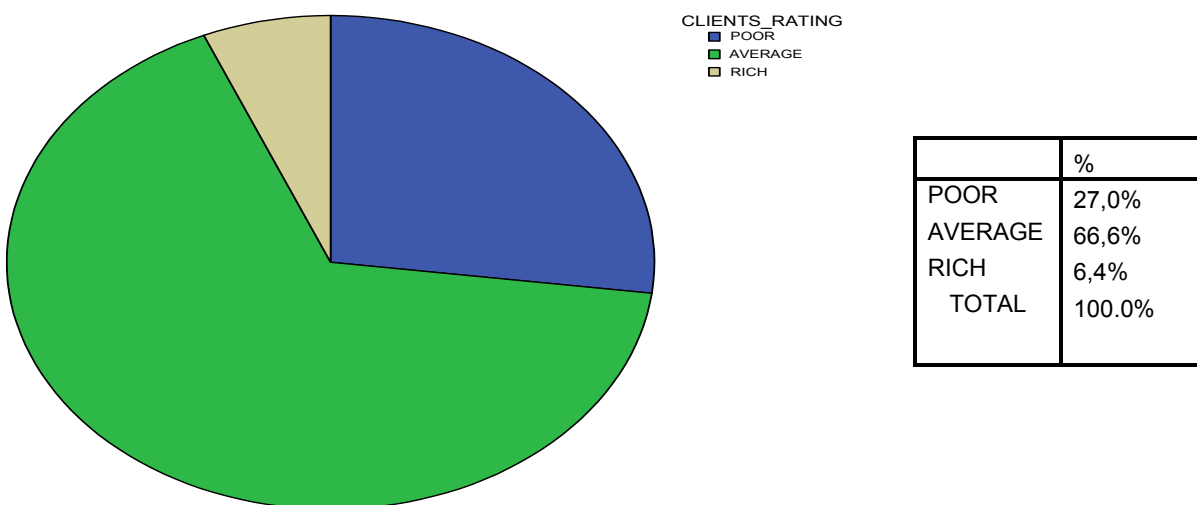
1. Poor
2. Average

3. Rich

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the clients rating, show that most of them are regarded as “average” ones (66.6%). It has to be stressed that the percentage of “poor” ones (27%) is higher than the percentage of “rich” ones (6.4%).

From the comparison between the research of Planning S.A. (2000) and the current survey, the researcher can conclude that most of the final customers complain about their low incomes as well as the extreme expensiveness in the prices of various products (confectionary products in particular). The fact that a client is supposed to be of average purchasing power in edible products means that in general his buying capacity is virtually low. More specifically, a fact that is not revealed in the current research but became obvious to the researcher during the conduct of the survey, is that most of the “rich” customers can be found in northern suburbs (that are supposed to be richer), while southern and central areas of Athens are supposed to be poorer. This conclusion is confirmed by the fact that in northern areas of Athens there are more sweetshops, kiosks and mini markets than bakeries and bread shops that are located in the centre and south of Athens.

The financial situation of the residents of an area depicts their standard of living and therefore their purchasing power; this conclusion has been disclosed by the literature review that was conducted by the researcher in the 2nd Document. What is more, during the conduct of the qualitative analysis (with the case study analysis of “Omicron” and “Zen” companies), the managers of the two companies were referred to the significance of the “pocket” of an areas’ dwellers. This element has to be screened before the adoption of a potential survival strategy (e.g. network expansion in distant areas) that can be suggested and analysed in Document 5.

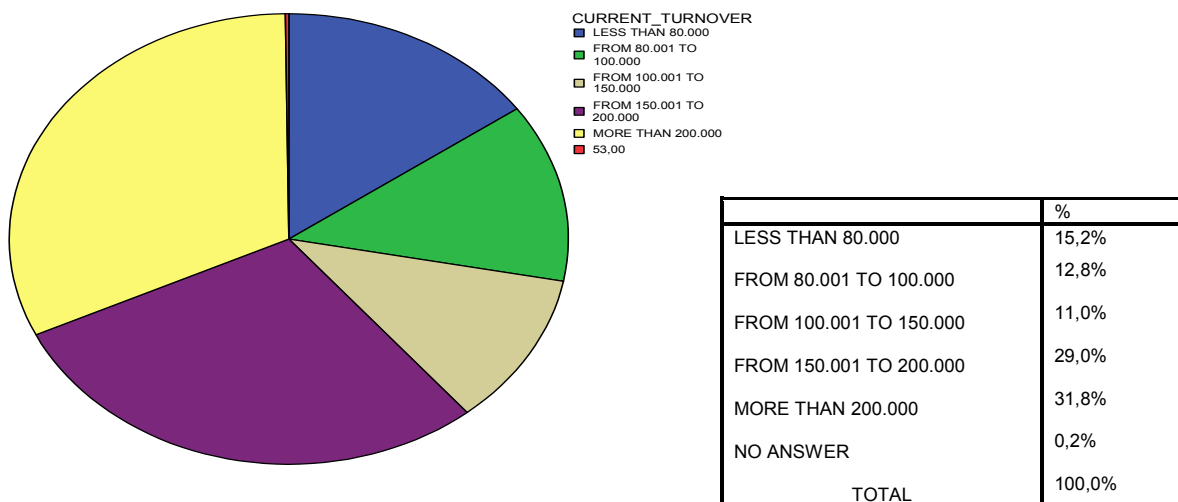


- **Expected stores' turnover**

In the 21st question, “What is the expected turnover of your store for 2006 (in €)?”, the numbers 1 to 5 represent:

1. Less than 80.000
2. From 80.001 to 100.000
3. From 100.001 to 150.000
4. From 150.001 to 200.000
5. More than 200.001

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the current stores turnover (2006), “reveal” that most of them (almost 60%) appear to have a turnover of more than 150.000 €. The rest 40% of the stores present a turnover of less than 150.000 €. These results are related to the results of questions no 18 & 19; these findings have revealed that the orders of the various stores (bakeries, sweet shops, bread shops, kiosks, mini markets, etc.) are not so high and are dependent on their week by week sales. This fact implies that Greek SMEs are struggling to survive; in this phase, the role of wholesalers is to convince their customers for the quality of their products. However, most of the times wholesalers are forced to supply the stores with confectionary products on credit because the store owners' financial situation is worse than the wholesalers'. The survival of stores like bakeries, bread shops and sweetshops are vital for the survival of the wholesalers, no matter how high turnover they present. The findings of quantitative analysis go along with the qualitative analysis inferences and the literature review outcomes; these findings that characterise the sector of confectionary products have to be taken into account when the researcher elaborates on a certain survival strategy in Document 5 (e.g. participation in a merger, network expansion or product differentiation and specialisation).



- **Sales' trend in the last decade**

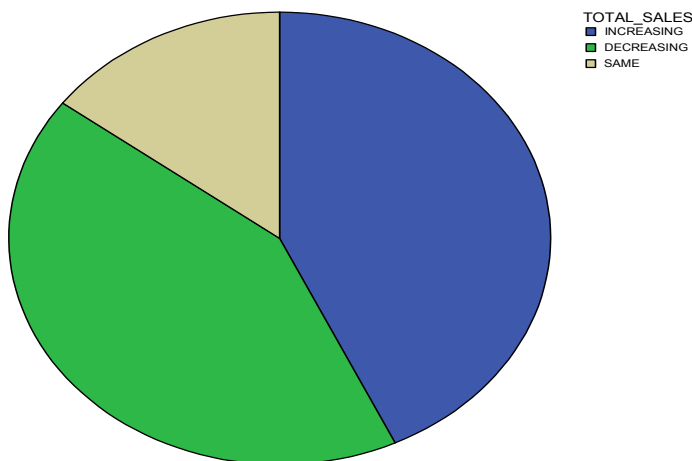
In the 22nd question, “How would you describe the trend of your sales in the last 10 years?”, the numbers 1 to 3 represent:

1. Increasing
2. Decreasing
3. More or less the same

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the total sales, show that “increasing” and “decreasing” sales share almost the same percentage (almost 43%), which means that the trend has to do with the location, the products that are traded as well as the different customers preferences.

The researcher cannot make any comparison between the research of Planning S.A. (2000) and the current questionnaire analysis; the findings of the first research (that constitutes a part of the literature review) concern the increasing sales of the sector in general, while the findings of this survey are related to the efforts of the manager of each store to increase the sales of his shop. The findings of qualitative research involve the sales' pictures of “Omicron” and “Zen” in the last years; thus, these findings are only random and cannot form a benchmark for Document 5.

For example, the sales of a bakery may have been increased for a number of reasons that are not directly related to each other. The increase in sales-turnovers can be connected to the general sales index, the widening in more products from different suppliers, to the existence of more and “richer” citizens-customers in an area, to the subsistence of more stores-competitors or even to the increase of advertising expenses. The fact that a store owner is indifferent for the entrance of new products or the low income level (which means poor citizens) of an area can be reasons that lead to the decrease in the sales of a store; however, increase in sales is most of the times in favour of the stores' survival and the sector's development.



	%
INCREASING	43,0%
DECREASING	42,2%
SAME	14,8%
TOTAL	100,0%

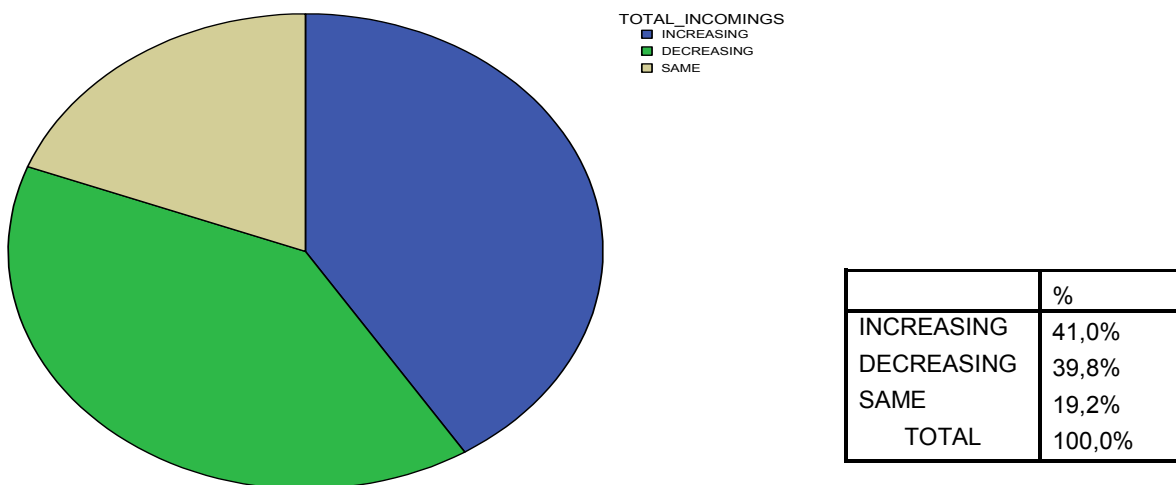
- ***Incomings' trend in the last decade***

In the 23rd question, “How would you describe the trend of your incomings in the last 10 years?”, the numbers 1 to 3 represent:

1. Increasing
2. Decreasing
3. More or less the same

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the total incomings, picture that “increasing” and “decreasing” incomings share almost the same percentage (almost 40%), which means that factors like store location, flexibility-personal endeavour of the wholesaler, as well as products' variety can play an important role.

Again, like the previous question, the findings of Planning S.A. research (2000) that have been presented in the literature review section are referred to an increasing trend in incomings in the last decade; on the other hand, the findings of the current questionnaire analysis with reference to the outcomes of qualitative analysis (3rd Document) cannot direct the researcher to “secure” conclusions, mainly because a number of factors can influence the incomings of a store. These factors can be the general net incomings index of the sector, the level of the citizens' income in the area where the store is activated, the profit margin that is agreed between the wholesalers, the suppliers and the customers, the personal efforts of the owner for the survival and development of his store, as well as the existence of new and more attractive products. Of course, factors like product differentiation and network expansion can be of significant gravity and have to be taken into consideration when the prerequisites of a strategy implementation are discussed in the 5th Document.

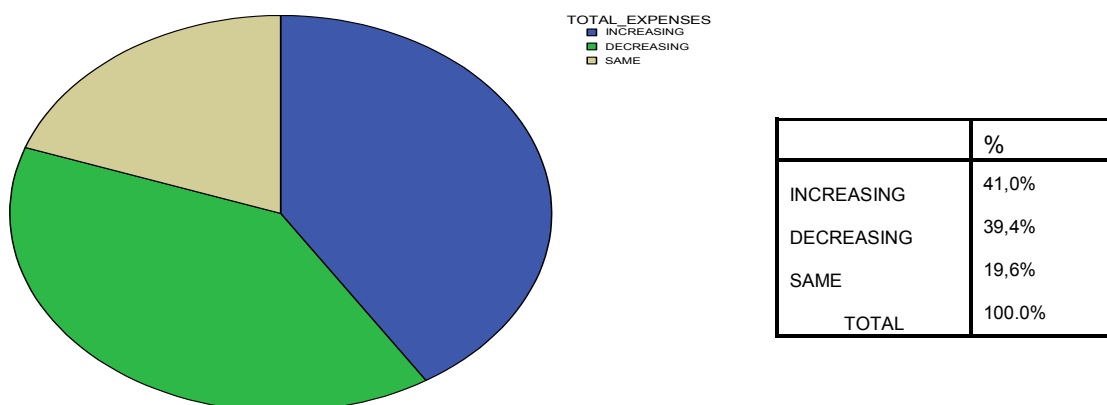


- **Expenses' trend in the last decade**

In the 24th question, “How would you describe the trend of your expenses in the last 10 years?”, the numbers 1 to 3 represent:

1. Increasing
2. Decreasing
3. More or less the same

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the total expenses, indicate that “increasing” and “decreasing” expenses share almost the same percentage (almost 40%), which means that factors like advertisements, store location, distribution costs play their important role. The researcher cannot reach to reliable comparisons between the findings of Planning S.A. research (2000) and the current questionnaire analysis, since the general conclusion of the first research is related to the fact that the expenses of the sector are increasing in proportion to the expensiveness or the level of income. The findings of the current research, with the help of S.P.S.S., mainly concern various factors that can influence the trend of expenses in the stores of the sector of confectionary products. More specifically, the expenses trend of the sector that is examined can be influenced by the general price index, the trend in retail and wholesale sales, the price of the products' ingredients, the possible rise in the rents in the area that the store is activated, the number of employees (as well as their insurance dues and other costs) each store engages, the distribution costs, the price in gas or the advertising costs. Of course, according to the prospects of each owner, these costs can be reduced so that his enterprise can survive and become profitable. The researcher has presented the findings of Planning S.A. research in the 2nd Document as part of the literature review; in the qualitative analysis part (3rd Document), the two managers of “Omicron” and “Zen” have underlined the gravitation of the amount of the expenses that their companies have to bear. These seemingly negligible details can be determinant of possible survival strategy suggestions (Document 5).



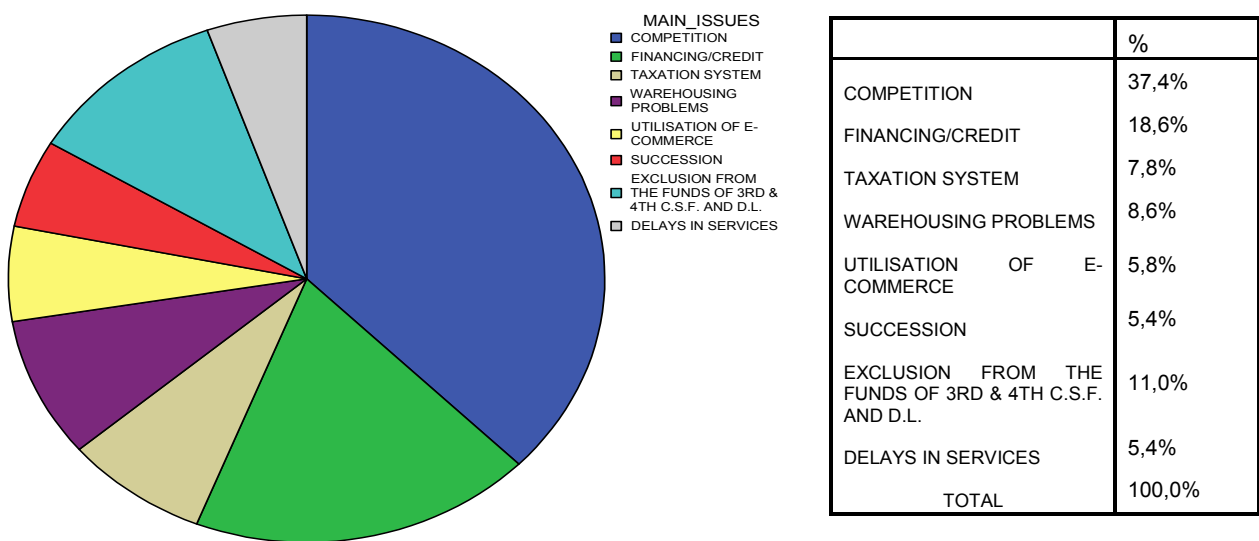
- **Sectors' main issues**

In the 25th question, “What are the main issues you are facing in relation to the wholesaler?”, the numbers 1 to 8 represent:

1. Competition
2. Financing/Credit
3. Taxation system
4. Warehousing problems
5. Utilisation of E-commerce
6. Succession
7. Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law
8. Delays in services

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the sector’s main issues, illustrate that competition is supposed to be the main problem with 37.4%, while Financing/Credit by 18.6%. What is more, exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law is supposed to be important by 11%, while the other issues are regarded as serious too. The different perspectives of the most important issues of the sector that are expressed by the owners of the stores can be partially attributed to the location/area where each store is activated. For example, in more indigent areas, credit level is higher; in distant areas service is not so quick and frequent, while in other areas even warehousing problems can be intense due to high rents. Another perspective of the density of the sector’ s main issues or problems is related to the existence of many competitors in an area or the incoming of multistores. For example, in the area of Attica (Athens) in a two-year horizon, nine new superstores-malls will be established; this fact makes SMEs survival very tough. On the other hand, some owners that do not have cash reserves and mainly sell products on credit, may perceive that they are not supported by the E.C. funds or that they are heavily taxed; these factors are realistic, existing and influence the survival of various stores.

The researcher has utilized the “headings” of the various issues-problems of the sector that have arisen from the relevant literature review in the qualitative and quantitative analysis sections; these two sections are virtually based on the literature review (2nd Document) and its outcomes. Accordingly, the findings of Documents 2, 3 and 4 will constitute the basis for the strategies suggestions that will extenuate the acuteness of these issues/problems (competitions, financing/credit, taxation etc.).



• **Potential solutions/strategies for issues' confrontation**

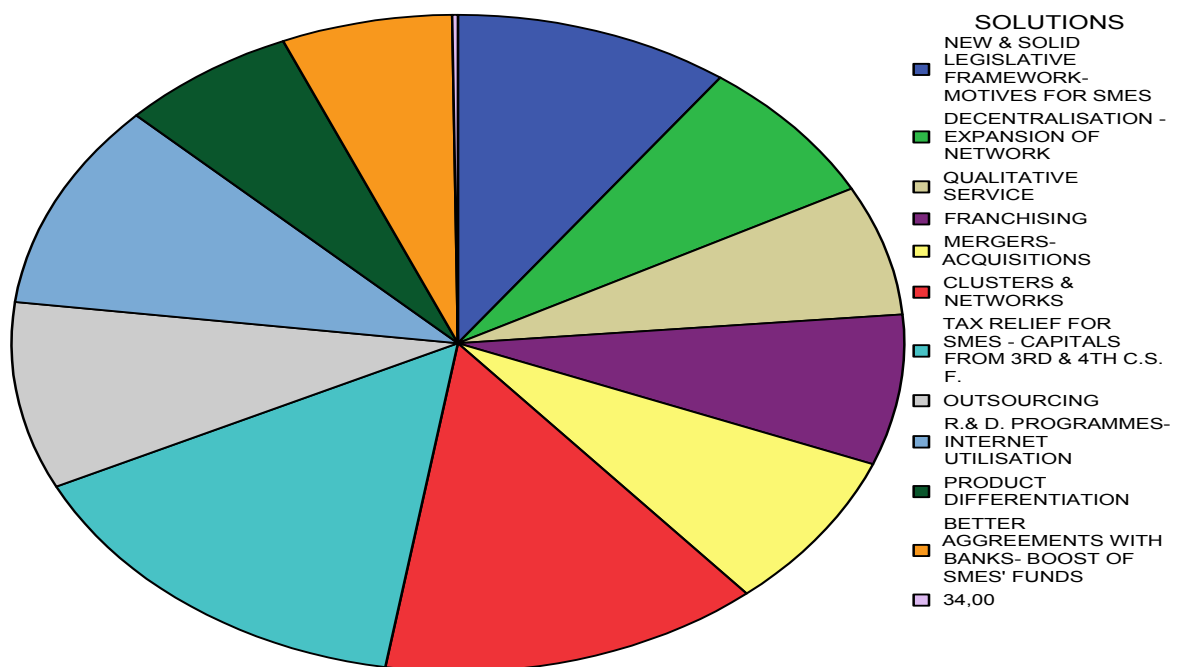
In the 26th question, “How can these issues be encountered?”, the numbers 1 to 11 represent:

1. New and Solid legislative framework- Motives for wholesaling SMEs of confectionary products
2. Decentralization- Expansion of network
3. Qualitative service following the principles of T.Q.M.
4. Franchising
5. Mergers-Acquisitions
6. Clusters and Networks
7. Tax relief for SMEs- Capitals from 3rd and 4th C.S.F.
8. Outsourcing
9. Product differentiation- Segmentation
10. R. & D. programmes - Internet utilization
11. Better agreements with Banks-Strengthening of Greek SMEs' Fund

From the utilisation of S.P.S.S., the relevant “pie” and frequency table for the potential solutions of sector's main issues, reflect that tax relief is supposed to be the best solution by 15.2%, Clusters and Networks by 13.8%, New and Solid legislative framework- Motives for wholesaling SMEs of confectionary products by 10%, R. & D. programmes - Internet utilization 10.2%. The other solutions have also significant shares.

The potential solutions-strategies that have been proposed by the wholesalers' customers for the confrontation of the sector's issues are dependent on the perspective that each store owner is utilizing; they can also relate to the financial level of the citizens of the area in which the store is located as well as the type of the store, the market needs, expenses etc. For example, a bakery that is located in southern suburbs (that are supposed to be "poor") and presents a low sales level, will mainly focus on the solutions-strategies of tax reliefs for SMEs, better agreements with banks and boosting of SMEs' funds, as well as help from C.S.F. On the other hand, the owner of a mini market that is located in north of Athens and has many "prosperous" customers (and as a result a high turnover), will basically focus on more "theoretical" solutions, like the search of a more fair and solid legislative framework, expansion of his stores' network, product differentiation or even more qualitative service.

The researcher has applied the outcomes of the literature review -that theoretically respond to the various issues-problems of the sector- to qualitative and quantitative analysis, by incorporating them to the questions of the managers' interview (3rd Document) and the questionnaire (4th Document). In this way, the findings as a whole will provide a solid framework of potential solutions that can be in Document 5 (such as the proper modification of the legislative framework, participation in mergers/acquisitions, product differentiation, decentralization, etc.).



	%
NEW & SOLID LEGISLATIVE FRAMEWORK-MOTIVES FOR SMES	10,0%
DECENTRALISATION - EXPANSION OF NETWORK	7,2%
QUALITATIVE SERVICE	6,4%
FRANCHISING	7,4%
MERGERS-ACQUISITIONS	7,8%
CLUSTERS & NETWORKS	13,8%
TAX RELIEF FOR SMES - CAPITALS FROM 3RD & 4TH C.S.F.	15,2%
OUTSOURCING	9,2%
R. & D. PROGRAMMES-INTERNET UTILISATION	10,2%
PRODUCT DIFFERENTIATION	6,4%
BETTER AGREEMENTS WITH BANKS- BOOST OF SMES' FUNDS	6,2%
NO ANSWER	0,2%
TOTAL	100,0%

B. Analysis of the managers' answers

- **Turnovers**

In the 1st question, “What is the turnover of your company (in €)”, the researcher has estimated the mean of the turnover of 15 sectors' companies for the last five years (2001 to 2005). S.P.S.S. has resulted to:

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
turnover_mean	5	100,0%	0	,0%	5	100,0%

Descriptives

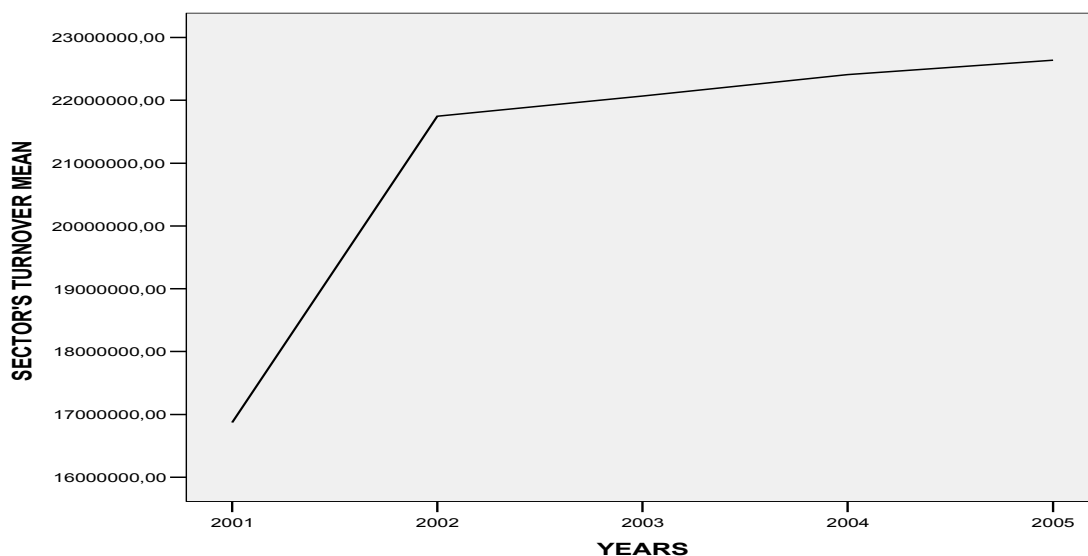
				Statistic	Std. Error	
turnover_mean	Mean			21147559,1067	1079163,33721	
	95% Confidence Interval for Mean	Lower Bound		18151321,3414		
		Upper Bound		24143796,8720		
	5% Trimmed Mean			21302073,2037		
	Median			22068159,3333		
	Variance			582296754192,490		
	Std. Deviation			2413082,58083		
	Minimum			16873405		
	Maximum			22640459		
	Range			5767053,53		
	Interquartile Range			3212320,17		
	Skewness			-2,128		,913
	Kurtosis			4,610		2,000

The table below presents the trend of the sectors' turnover in the last five years (2001 to 2005), according to the records of 15 companies of the sector of confectionary products. The researcher observes a sudden augmentation of the sector's turnover from 2001 to 2002 which can be attributed to the preparation of euro access; in the following years (2002 to 2005), a normal constant increase in the mean turnover of the sector is marked.

From a comparison between the current survey and the research of Planning S.A. (2000) that has examined the companies' turnovers from 1990-2000 in the sector of confectionary products (taking as a basis the main products of the sector, chocolates and cookies), the researcher observes that in general, the turnovers of the sector's stores present a steady increase which has to do with the increase in the prices of the products' ingredients, the preparation for euro intromission, the network expansion and product differentiation that was essential for most of the stores' survival. In addition, the managers of "Omicron" and "Zen" (as it has become obvious from the findings of qualitative research) have verified this sector's trend when they were referred to the turnover course of their companies.

What is more, the increase in turnover in some cases can be related to the fact that some small companies have chosen the franchising system -mother companies usually impose terms that concern increased turnovers most of the times for taxation reasons-. Finally, increase (or decrease) in turnovers can be connected to the participation of SMEs in Research and Development programmes.

The proper combination of elements of the literature review, qualitative and quantitative analysis can lead to relatively secure forecasts for the sector's progress, development and perspectives, with reference to the turnover of a wholesaling company that is activated in the sector of confectionary products.



- **Incomings**

In the 2nd question, “What are your incomings (in €)”, the researcher has estimated the mean of the incomings of 15 sectors’ companies for the last five years (2001 to 2005). S.P.S.S. has resulted to:

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
incomings_mean	5	100,0%	0	,0%	5	100,0%

Descriptives

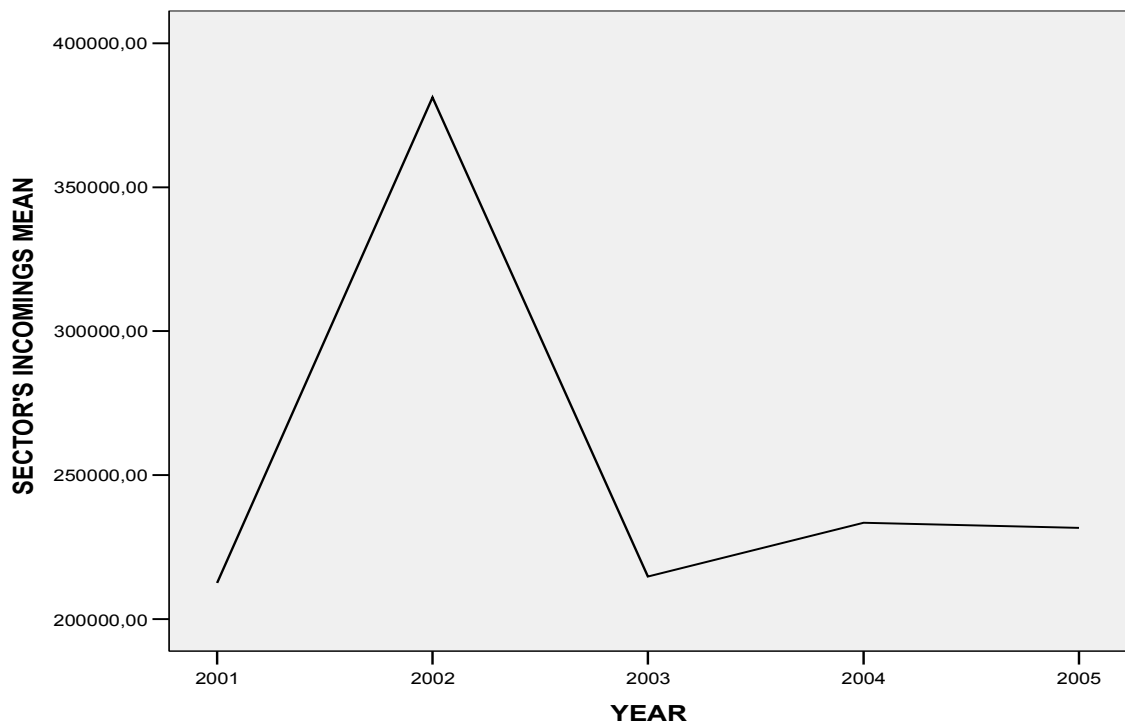
		Statistic	Std. Error
incomings_mean	Mean	254746,1333	31879,80524
	95% Confidence Interval for Mean		
	Lower Bound	166233,6041	
	Upper Bound	343258,6625	
	5% Trimmed Mean	250063,8074	
	Median	231720,2667	
	Variance	5081609910,929	
	Std. Deviation	71285,41163	
	Minimum	212638,1	
	Maximum	381136,1	
	Range	168498,00	
	Interquartile Range	93538,67	
	Skewness	2,138	,913
	Kurtosis	4,651	2,000

The table below reflects the trend of the sectors’ incomings in the years between 2001 and 2005, according to the data of 15 companies of the confectionary products’ sector. The researcher observes a substantial upsurge in the sector’ s incomings from 2001 to 2002 which can be attributed to the preparation of euro access; in the following year (2002 to 2003), a sudden fall is observed, while in the following years (2003 to 2005), the incomings mean of the sector is relatively steady (low).

The research of Planning S.A. (2000) that has examined the sector’s incomings for the decade between 1990 and 2000 has revealed that the trend of incomings present a proportional picture with the results of the current survey; the sector’s incomings are not steadily increasing or decreasing and can range significantly from year to year. This conclusion can have various explanations; one reason can be the fact that incomings follow the increase or decrease of companies’ turnovers in certain years, partially due to the taxation policy that is followed by Governments. Another reason for the fall in incomings can be the participation of a company in a

period of adaption in a merger/acquisition. Of course, net incomings are related to various costs, like the number of employees, the increase in rents, the maintenance cost, the gas price, etc. If these costs are kept down, then net incomings are augmented. However, the fact that the sector's incomings mean after 2003 is steadily kept in relatively low levels, reveals that the sector is not so profitable and faces substantial problems.

The congruent synthesis of promiscuous features that have been unveiled by the literature review, as well as qualitative and quantitative analysis will probably create a firm base for the prospective researcher (5th Document) that will try to envisage the sector's future incomings.



- **Expenses**

In the 3rd question, “What are your expenses (in €)”, the researcher has estimated the mean of the expenses of 15 sectors' companies for the last five years (2001 to 2005). The use of S.P.S.S. has resulted to:

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
expenses_mean	5	100,0%	0	,0%	5	100,0%

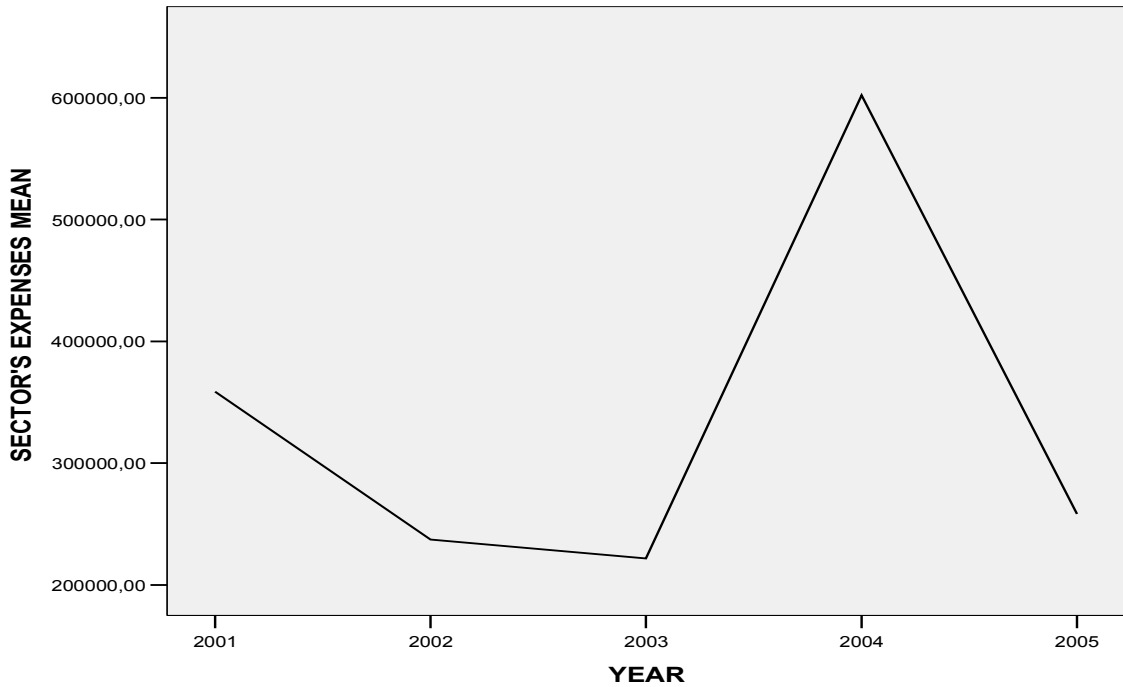
Descriptives

		Statistic	Std. Error
expenses_mean	Mean	335700,0400	70765,55370
	95% Confidence Interval for Mean		
	Lower Bound	139223,3648	
	Upper Bound	532176,7152	
	5% Trimmed Mean	327220,7333	
	Median	258340,4667	
	Variance	25038817949,364	
	Std. Deviation	158236,58853	
	Minimum	221835,3	
	Maximum	602192,3	
	Range	380357,07	
	Interquartile Range	250820,13	
	Skewness	1,688	,913
	Kurtosis	2,649	2,000

The table below pictures the trend of the sectors' expenses in the years between 2001 and 2005, according to the data of 15 companies of the confectionary products' sector. The researcher observes a normal drop in the sector's expenses from 2001 to 2003. In the following year (2003 to 2004), an uneven rise is observed, while the opposite happens in the next year (2004 to 2005); as a result, the expenses mean of the sector has remained relatively low, for various reasons (taxation, accession of big multinational chains in the market, turnover shrinkage, etc.).

From a comparison between the research of Planning S.A. (2000) for the sector of confectionary products (part of the literature review) and the current survey that provides a quantitative perspective to the research, the author observes that the trends of expenses of the sector's companies are respective in both cases. Expenses cannot be described to have a normal and steady trend, since they are influenced by various factors. These factors are related to the involvement of wholesalers to conceivable network expansion, product differentiation and products' widening procedures, as well as the participation in the various processes of mergers-acquisitions or franchising; these procedures usually demand increased amounts for investments and costs by wholesaling companies.

As a result, inferences about the factors that can influence the trend of expenses (that originate from the different types of analysis as well as the literature review) can direct the researcher to certain conclusions that concern the forecasts of expenses; in this way, the financial image of wholesaling companies that are activated in the sector of confectionary products will be improved.



- **Taxes**

In the 4th question, “What are your taxes (in €)”, the researcher has estimated the mean of the taxes of 15 sectors’ companies for the last five years (2001 to 2005). S.P.S.S. has resulted to:

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
tax_mean	5	100,0%	0	,0%	5	100,0%

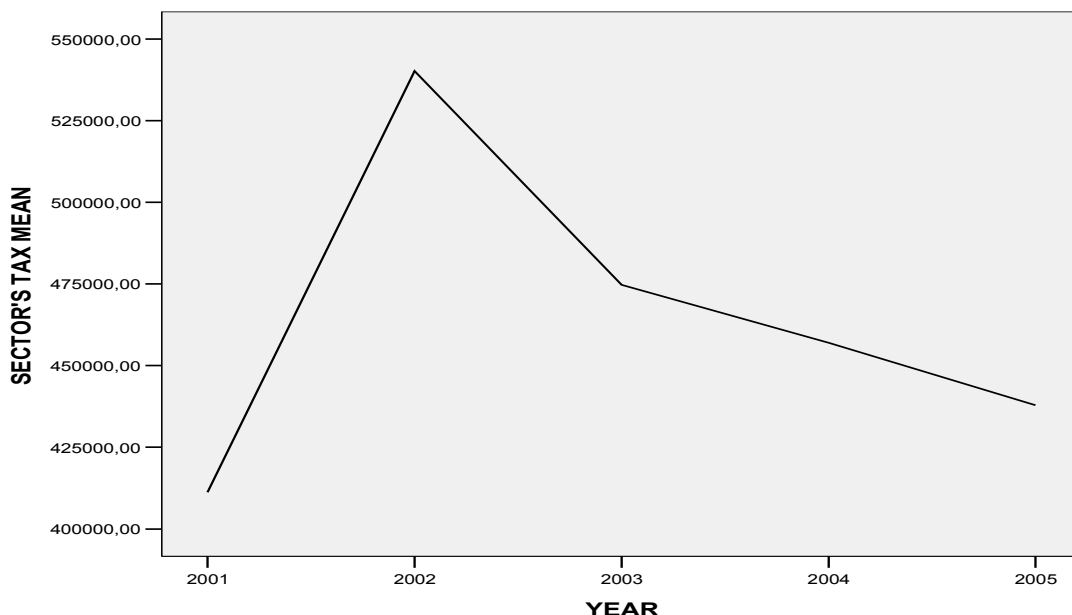
Descriptives

		Statistic	Std. Error
tax_mean	Mean	464220,5200	21728,99276
	95% Confidence Interval for Mean	403891,1644	
	Lower Bound		
	Upper Bound	524549,8756	
	5% Trimmed Mean	462942,3000	
	Median	457005,2667	
	Variance	2360745631,474	
	Std. Deviation	48587,50489	
	Minimum	411223,6	
	Maximum	540225,4	
	Range	129001,80	
	Interquartile Range	82950,87	
	Skewness	,991	,913
	Kurtosis	1,366	2,000

The table below indicates the trend of the sectors' taxes in the years between 2001 and 2005, according to the data of 15 companies of the confectionary products' sector. The researcher observes a sudden growth in the sector's taxes from 2001 to 2002 due to euro's consecration. In the following years (2002 to 2005), the researcher observes a steady recession, because SMEs' tax mitigations mainly take place for political reasons and are usually results of E.U.'s directives.

The trend in tax indices has not been recorded in the research of Planning S.A.(2000); however, most of the times, Greek Governments ("conservative" or more "socialistic" ones) have proved that they are not functioning in favor of SMEs' interests; they always find ways to support big multinational companies by creating favorable market conditions for them. In the last 15 years, Governments in Greece have not imposed excessive taxes to SMEs; nevertheless, since colossal companies have entered the Greek market, smaller local companies had to be protected by the legislative and taxing framework so that normal taxes would not be unbearable. In addition to this, only after the imposition of E.C.'s measures (like the accession in various Operational Programmes for SMEs) Greek Governments seem to protect small companies.

If the researcher manages to combine successfully the findings of qualitative and quantitative analysis with reference to the outcomes of the literature review, he will be able to present a realistic reflection of the sector's prospects; he will also be able to exploit the knowledge of the past in the trend of taxes during the adoption of a specific survival strategy.



- **Main Issues – Potential Solutions/Strategies**

In the 5th question, “What are the main issues you are facing in relation to the market conditions?” as well as the 6th question, “What are the potential solutions to these problems?”, the researcher did not

record the managers' answers to S.P.S.S. for their quantification, since the number of similar SMEs' managers (15) in relation to the proposed issues and solutions was limited and the utilization of S.P.S.S. was not useful.

However, after the discussion with the 15 managers, most of them were referred to the problem of increasing competition and credit. The main problem is the intense *competition* that wholesaling SMEs (especially those that are activated to the sector of confectionary products) are facing due to the invigoration of the supermarkets' role as well as the expansion of the multinational chains and superstores. The catalytic presence of these "big players" worsens the position of SMEs and endangers their survival. Multinational chains, superstores and supermarkets have their own distribution network and suppliers and can shape demand conditions, determine prices and virtually rule out the intermediate wholesaling small firms.

Most managers agreed that the solution to this fundamental problem is not simple; in order to offset the increasing competition, SMEs can participate in mergers or in a cluster; another solution would be the acquisition of smaller companies that are specialized in a product or area by bigger ones. Moreover, the implementation of franchising system could be a way of survival for SMEs. Finally, the outsourcing of the products' distribution would reduce the expenses (and increase its liquidity) of a company that is functioning as an intermediary.

Of course, some managers stressed the necessity that wholesaling SMEs of the confectionary products' sector should be based on SMEs' intrinsic characteristics that are related to innovation, flexibility, better communication with the customer as well as to the offering of qualitative services. Furthermore, a response to the increasing competition would be a new, more protective for SMEs (with significant tax relief), legislative framework that will institute increased audits in the market in order to avoid monopolistic phenomena and unfair competition. Finally, in the field of production, the strategies of product differentiation, segmentation, as well as the expansion of the enterprises' network to new areas could be helpful to the survival of SMEs.

The solution that is suggested in the case of *credit* the wholesale sector of confectionary products is that the wholesalers should focus on "secure" and old customers; the wholesaler is better to have few but reliable customers rather than many untrustworthy ones, since most of the times the wholesalers pay their suppliers in cash and their customers are usually asking for credit.

As for the problem of *financing*, most of the managers believe that a new legislative framework should strengthen the role of SMEs' Fund, since the interest rates are too high for the owners of SMEs. Of course, capitals from 3rd and 4th C.S.F. could be utilised for financing SMEs, especially when capitals are necessary for investment, education and training purposes.

Finally, the problem of *exclusion of the wholesale sector from the 3rd C.S.F. as well as the new Developmental Law* could be solved with a new fair-minded legislative framework that will strengthen the role of Greek SMEs' Fund and will provide motives (financial and support) for wholesaling SMEs of confectionary products, in order to survive and empower their position to the market.

This kind of attitude towards the objective problems of the sector of confectionary products that has come up as a combination of the findings of qualitative and quantitative analysis, may provide wholesalers (in practice) and researchers (in theory) with potential strategies-solutions that can lead to the survival of wholesaling companies and their customers-stores.

5. Data Description

Cross tabulation

Cross tabulation tables (contingency tables) display the relationship between two or more categorical (nominal or ordinal) variables. The size of the table is determined by the number of distinct values for each variable, with each cell in the table representing a unique combination of values. Numerous statistical tests are available to determine whether there is a relationship between the variables in a table. It is often difficult to analyze a cross tabulation simply by looking at the simple counts in each cell. The purpose of a cross tabulation is to show the relationship (or lack thereof) between two variables. A number of tests are available to determine if the relationship between two cross-tabulated variables is significant. One of the more common tests is *chi-square*. Chi-square has the advantage that it is appropriate for almost any kind of data. *Pearson chi-square* tests the hypothesis that the row and column variables are independent. The actual value of the statistic is not very informative; the significance value is important, since the lower the significance value, the less likely it is that the two variables are independent (unrelated). In this case, the significance value is so low that it is displayed as 0,0 , which means that it would appear that the two variables are, indeed, related. A layer variable can be added to create a three-way table in which categories of the row and column variables are further subdivided by categories of the layer variable. This variable is sometimes referred to as the control variable because it may reveal how the relationship between the row and column variables changes when the researcher "controls" for the effects of the third variable (typically, a significance value less than 0.05 is considered "significant").

The researcher is utilising cross tabulation (utilising "store type", "shop size" & "people working" variables as bases) in the questionnaire of 500 customers in order to present the interesting

relationships between variables that stem from the corresponding questions and comment on certain issues; on the other hand, he is utilising Pearson chi-square tests to find out whether two variables are independent or not.

STORE TYPE CROSS TABULATION

- Store type-Labor relationship

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * LABOUR_RELATIONSHIP	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * LABOUR_RELATIONSHIP Cross tabulation

			LABOUR_RELATIONSHIP			Total
			FULL TIME	PART TIME	THROUGH O.A.E.D.	
STORE_TYPE	BAKERY	Count	159	104	11	274
		% within STORE_TYPE	58,0%	38,0%	4,0%	100,0%
		% within LABOUR_RELATIONSHIP	57,4%	54,7%	33,3%	54,8%
		% of Total	31,8%	20,8%	2,2%	54,8%
	BREAD SHOP	Count	61	35	12	108
		% within STORE_TYPE	56,5%	32,4%	11,1%	100,0%
		% within LABOUR_RELATIONSHIP	22,0%	18,4%	36,4%	21,6%
		% of Total	12,2%	7,0%	2,4%	21,6%
	SWEET SHOP	Count	21	18	6	45
		% within STORE_TYPE	46,7%	40,0%	13,3%	100,0%
		% within LABOUR_RELATIONSHIP	7,6%	9,5%	18,2%	9,0%
		% of Total	4,2%	3,6%	1,2%	9,0%
	CONVENIENT STORE	Count	8	8	1	17
		% within STORE_TYPE	47,1%	47,1%	5,9%	100,0%
		% within LABOUR_RELATIONSHIP	2,9%	4,2%	3,0%	3,4%
		% of Total	1,6%	1,6%	,2%	3,4%
	MINI MARKET	Count	10	6	1	17
		% within STORE_TYPE	58,8%	35,3%	5,9%	100,0%
		% within LABOUR_RELATIONSHIP	3,6%	3,2%	3,0%	3,4%
		% of Total	2,0%	1,2%	,2%	3,4%
	KIOSK	Count	9	11	2	22
		% within STORE_TYPE	40,9%	50,0%	9,1%	100,0%
		% within LABOUR_RELATIONSHIP	3,2%	5,8%	6,1%	4,4%
		% of Total	1,8%	2,2%	,4%	4,4%
	SCHOOL CANTEEN	Count	9	8	0	17
		% within STORE_TYPE	52,9%	47,1%	,0%	100,0%
		% within LABOUR_RELATIONSHIP	3,2%	4,2%	,0%	3,4%
		% of Total	1,8%	1,6%	,0%	3,4%
Total		Count	277	190	33	500
		% within STORE_TYPE	55,4%	38,0%	6,6%	100,0%
		% within LABOUR_RELATIONSHIP	100,0%	100,0%	100,0%	100,0%
		% of Total	55,4%	38,0%	6,6%	100,0%

From STORE TYPE – LABOUR RELATIONSHIP Cross tabulation, the researcher observes that bakeries (that is the dominant store type with 54,8%), have mainly (58%) full time employees, while part-timers take a significant share usually in holidays (weekends, Christmas and Easter periods) when more people are necessary. The same happens with bread shops (that possess 21.6% of store types), while the rest of the categories employ mainly full-timers.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15,175(a)	12	,232
Likelihood Ratio	15,490	12	,216
Linear-by-Linear Association	2,184	1	,139
N of Valid Cases	500		

a 5 cells (23,8%) have expected count less than 5. The minimum expected count is 1,12.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.232>0.05$ and degrees of freedom $df=12$); consequently these two variables (store type and labour relationship) are independent.

- **Store type-people working**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * PEOPLE_WORKING	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * PEOPLE_WORKING Cross tabulation

		PEOPLE_WORKING					Total
		ONE PERSON	TWO PERSONS	THREE PERSONS	FOUR PERSONS	MORE THAN FOUR PERSONS	
STORE_TYPE	BAKERY	6	26	40	51	151	274
	BREAD SHOP	5	13	22	19	49	108
	SWEET SHOP	0	2	12	12	19	45
	CONVENIENT STORE	0	1	1	4	11	17
	MINI MARKET	0	0	2	5	10	17
	KIOSK	16	0	2	1	3	22
	SCHOOL CANTEEN	10	0	0	2	5	17
Total		37	42	79	94	248	500

From STORE TYPE – PEOPLE WORKING Cross tabulation, the researcher observes that bakeries (that is the dominant store type with 54,8%), employ mainly more than four people (more than

55%), while bread shops, sweet shops, convenient stores and mini markets present the same picture; the categories of kiosks and school canteens (due to their special nature and space), employ most of the times only one person.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	238,372(a)	24	,000
Likelihood Ratio	139,414	24	,000
Linear-by-Linear Association	43,959	1	,000
N of Valid Cases	500		

a 18 cells (51,4%) have expected count less than 5. The minimum expected count is 1,26.

From the table of Chi-Square Tests, it appears that the initial hypothesis is rejected (not accepted) (with a level of significance $\alpha=0.00 < 0.05$ and degrees of freedom $df=24$); consequently these two variables (store type and people working) are dependent.

- **Store type-shop size**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * SHOP_SIZE	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * SHOP_SIZE Cross tabulation

		SHOP_SIZE				Total
		UP TO 15 SQ.MTR	16 TO 30 SQ.MTR	30 TO 50 SQ. MTR	MORE THAN 50 SQ. MTR	
STORE_TYPE	BAKERY	22	46	79	127	274
	BREAD SHOP	7	9	47	45	108
	SWEET SHOP	3	8	17	17	45
	CONVENIENT STORE	1	1	5	10	17
	MINI MARKET	0	2	3	12	17
	KIOSK	3	3	3	13	22
	SCHOOL CANTEEN	0	2	6	9	17
Total		36	71	160	233	500

From STORE TYPE – SHOP SIZE Cross tabulation, the researcher observes that bakeries (that is the dominant store type with 54,8%), are most of the times (almost 47%) relatively spacious places (more than 50 sq. metres) since they “welcome” many customers, while the majority of bread shops, convenient stores and mini markets present the same picture (more than 30 sq. metres); sweet shops,

kiosks (with exceptions of big kiosks with more products and “gondolas”) and school canteens are smaller (less than 30 sq. metres).

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23,562(a)	18	,170
Likelihood Ratio	26,427	18	,090
Linear-by-Linear Association	2,734	1	,098
N of Valid Cases	500		

a 9 cells (32,1%) have expected count less than 5. The minimum expected count is 1,22.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.170>0.05$ and degrees of freedom $df=18$); consequently these two variables (store type and shop size) are independent.

- **Store type-products type**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * PRODUCTS_TYPE	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * PRODUCTS_TYPE Cross tabulation

		PRODUCTS_TYPE			Total
		BRAND NAME PRODUCTS	NO NAME PRODUCTS	BOTH	
STORE_TYPE	BAKERY	88	156	30	274
	BREAD SHOP	36	62	10	108
	SWEET SHOP	16	25	4	45
	CONVENIENT STORE	3	11	3	17
	MINI MARKET	6	9	2	17
	KIOSK	8	12	2	22
	SCHOOL CANTEEN	8	9	0	17
Total		165	284	51	500

From STORE TYPE – PRODUCTS TYPE Cross tabulation, the researcher observes that bakeries (that is the dominant store type), mainly deal no-name products (almost 57%), while the majority of bread shops, convenient stores, mini markets, sweet shops, kiosks and school canteens (they equally deal brand name and no-name products) appear to have the same trend.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,854(a)	12	,923
Likelihood Ratio	7,543	12	,820
Linear-by-Linear Association	1,092	1	,296
N of Valid Cases	500		

a. 5 cells (23,8%) have expected count less than 5. The minimum expected count is 1,73.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.923>0.05$ and degrees of freedom $df=12$); consequently these two variables (store type and products type) are independent.

- **Store type-no name products**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * NO_NAME_PRODUCTS_TYPES	284	56,6%	218	43,4%	502	100,0%

STORE_TYPE * NO_NAME_PRODUCTS_TYPES Cross tabulation

		NO_NAME_PRODUCTS_TYPES							Total	
		COOKIES	CHOCOLATS	CARAMELS	CROISSANTS	VANILLAS	LOUKOUMIA (TURKISH DELIGTS)	PRESERVES		OTHER (TRIFLE, PIES, PASTRY, TIMBALES ,CORNET)
STORE_TYPE	BAKERY	92	28	11	6	3	5	5	6	156
	BREAD SHOP	33	16	3	0	2	5	3	0	62
	SWEET SHOP	14	7	1	0	2	1	0	0	25
	CONVENIENT STORE	6	3	1	0	1	0	0	0	11
	MINI MARKET	6	2	1	0	0	0	0	0	9
	KIOSK	8	2	2	0	0	0	0	0	12
	SCHOOL CANTEEN	8	1	0	0	0	0	0	0	9
Total	167	59	19	6	8	11	8	6	284	

From STORE TYPE – NO NAME PRODUCTS TYPE Cross tabulation, the researcher observes that bakeries, mainly deal no-name cookies and chocolates, while the majority of the other store types (bread shops, convenient stores, mini markets, sweet shops, kiosks and school canteens) seem to have the same preferences.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30,599(a)	42	,904
Likelihood Ratio	37,171	42	,683
Linear-by-Linear Association	5,162	1	,023
N of Valid Cases	284		

a. 44 cells (78,6%) have expected count less than 5. The minimum expected count is ,19.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.904>0.05$ and degrees of freedom $df=42$); consequently these two variables (store type and no name products type) are independent.

- **Store type-brand name products**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * BRAND_NAME_PRODUCTS	163	32,5%	339	67,5%	502	100,0%

STORE_TYPE * BRAND_NAME_PRODUCTS Cross tabulation

STORE_TYPE	BRAND_NAME_PRODUCTS								Total
	COFFEE	CHEWING GUMS	CROISSANTS	BISCUITS	CARAMELS - LOLLYPOPS	CHOCOLATES	CRISPS	COCOA AND MERENDA PRODUCTS	
BAKERY	4	4	4	23	4	35	1	12	87
BREAD SHOP	2	1	1	10	1	15	1	4	35
SWEET SHOP	0	0	1	6	1	6	1	2	17
CONVENIENT STORE	0	0	0	1	0	0	0	2	3
MINI MARKET	0	1	0	2	0	2	0	1	6
KIOSK	0	0	0	3	1	2	1	0	7
SCHOOL CANTEEN	0	1	0	1	0	4	1	1	8
Total	6	7	6	46	7	64	5	22	163

From STORE TYPE – BRAND NAME PRODUCTS TYPE Cross tabulation, the researcher observes that bakeries, mainly trade biscuits, chocolates as well as cocoa and merenda products, while the same seems to happen with the rest of store types (bread shops, convenient stores, mini markets, sweet shops, kiosks and school canteens).

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	28,835(a)	42	,939
Likelihood Ratio	28,334	42	,947
Linear-by-Linear Association	,455	1	,500
N of Valid Cases	163		

a. 50 cells (89,3%) have expected count less than 5. The minimum expected count is ,09.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.939>0.05$ and degrees of freedom $df=42$); consequently these two variables (store type and brand name products) are independent.

- **Store type- Store location**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * STORE_LOCATION	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * STORE_LOCATION Cross tabulation

		STORE_LOCATION						Total
		EAST OF ATHENS	WEST OF ATHENS	NORTH OF ATHENS	SOUTH OF ATHENS	CENTRE OF ATHENS	OUTSIDE ATHENS AREA	
STORE_TYPE	BAKERY	25	20	96	91	22	20	274
	BREAD SHOP	3	6	43	35	12	9	108
	SWEET SHOP	2	1	20	14	3	5	45
	CONVENIENT STORE	2	2	4	5	2	2	17
	MINI MARKET	0	2	6	6	0	3	17
	KIOSK	0	3	9	8	2	0	22
	SCHOOL CANTEEN	3	0	6	5	2	1	17
Total		35	34	184	164	43	40	500

From STORE TYPE – STORE LOCATION Cross tabulation, the researcher observes that most the bakeries are based on North and South of Athens, while the same seems to happen with the rest of store types (bread shops, convenient stores, mini markets, sweet shops, kiosks and school canteens).

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	26,865(a)	30	,630
Likelihood Ratio	33,113	30	,318
Linear-by-Linear Association	,082	1	,774
N of Valid Cases	500		

a 20 cells (47,6%) have expected count less than 5. The minimum expected count is 1,16.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.630>0.05$ and degrees of freedom $df=30$); consequently these two variables (store type and store location) are independent.

- **Store type-orders frequency**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * ORDERS_FREQUENCY *	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * ORDERS_FREQUENCY Cross tabulation

		ORDERS_FREQUENCY						Total
		TWICE A WEEK	ONCE A WEEK	ONCE IN TEN DAYS	ONCE IN TWO WEEKS	ONCE IN 20 DAYS	ONCE A MONTH	
STORE_TYPE	BAKERY	14	199	21	12	15	13	274
	BREAD SHOP	5	80	9	4	4	6	108
	SWEET SHOP	1	37	6	0	0	1	45
	CONVENIENT STORE	1	15	0	1	0	0	17
	MINI MARKET	0	13	3	0	1	0	17
	KIOSK	2	17	1	1	0	1	22
	SCHOOL CANTEEN	2	14	0	1	0	0	17
Total		25	375	40	19	20	21	500

From STORE TYPE – ORDERS FREQUENCY Cross tabulation, the researcher observes that most bakeries (as well as the other store categories) order once a week, which appears to be rational, since most of no-name products (cookies, chocolates and croissants) have specific short expiry dates.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	23,607(a)	30	,790
Likelihood Ratio	34,360	30	,267
Linear-by-Linear Association	5,354	1	,021
N of Valid Cases	500		

a 28 cells (66,7%) have expected count less than 5. The minimum expected count is ,65.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.790>0.05$ and degrees of freedom $df=30$); consequently these two variables (store type and orders frequency) are independent.

- **Store type-annual orders**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * ANNUAL_ORDERS	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * ANNUAL_ORDERS Crosstabulation

		ANNUAL_ORDERS					Total
		LESS THAN 1.000	FROM 1.001 TO 2.000	FROM 2.001 TO 4.000	FROM 4.001 TO 8.000	MORE THAN 8.000	
STORE_TYPE	BAKERY	30	28	32	140	44	274
	BREAD SHOP	12	13	8	57	18	108
	SWEET SHOP	4	6	5	18	12	45
	CONVENIENT STORE	1	2	2	9	3	17
	MINI MARKET	2	2	1	10	2	17
	KIOSK	1	1	4	12	4	22
	SCHOOL CANTEEN	1	2	1	10	3	17
Total		51	54	53	256	86	500

From STORE TYPE – ANNUAL ORDERS Cross tabulation, the researcher observes that most bakeries’ annual orders range from 4.001 € to 8.000 €. The same oscillation is observed in the rest of store categories, too.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10,770(a)	24	,991
Likelihood Ratio	11,072	24	,988
Linear-by-Linear Association	1,142	1	,285
N of Valid Cases	500		

a 19 cells (54,3%) have expected count less than 5. The minimum expected count is 1,73.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.991>0.05$ and degrees of freedom $df=24$); consequently these two variables (store type and annual orders) are independent.

- **Store type-Clients rating**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * CLIENTS_RATING	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * CLIENTS_RATING Cross tabulation

		CLIENTS_RATING			Total
		POOR	AVERAGE	RICH	
STORE_TYPE	BAKERY	76	182	16	274
	BREAD SHOP	25	78	5	108
	SWEET SHOP	11	28	6	45
	CONVENIENT STORE	5	12	0	17
	MINI MARKET	6	10	1	17
	KIOSK	9	10	3	22
	SCHOOL CANTEEN	3	13	1	17
Total		135	333	32	500

From STORE TYPE – CLIENTS RATING Cross tabulation, the researcher observes that almost 67% of all stores’ categories customers are supposed to be of average (normal) income potentiality. A significant percentage of customers is supposed to be “poor”, a fact that reflects the contemporary picture of Greece, where people do not seem to have much money to spend wastefully.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12,864(a)	12	,379
Likelihood Ratio	12,781	12	,385
Linear-by-Linear Association	,010	1	,920
N of Valid Cases	500		

a 8 cells (38,1%) have expected count less than 5. The minimum expected count is 1,09.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.379>0.05$ and degrees of freedom $df=12$); consequently these two variables (store type and clients rating) are independent.

- **Store type-total sales**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * TOTAL_SALES	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * TOTAL_SALES Cross tabulation

		TOTAL_SALES			Total
		INCREASING	DECREASING	SAME	
STORE_TYPE	BAKERY	122	109	43	274
	BREAD SHOP	49	48	11	108
	SWEET SHOP	19	18	8	45
	CONVENIENT STORE	8	6	3	17
	MINI MARKET	5	10	2	17
	KIOSK	7	10	5	22
	SCHOOL CANTEEN	5	10	2	17
Total		215	211	74	500

From STORE TYPE – TOTAL SALES Cross tabulation, the researcher observes that almost all the different stores categories equally present either increasing or decreasing total sales (turnovers). These trends are related to every owner’s personal business targets, potentiality of advertising, widening of products’ variety and suppliers network, product differentiation, etc.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,705(a)	12	,728
Likelihood Ratio	8,769	12	,723
Linear-by-Linear Association	1,778	1	,182
N of Valid Cases	500		

a. 4 cells (19,0%) have expected count less than 5. The minimum expected count is 2,52.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.728>0.05$ and degrees of freedom $df=12$); consequently these two variables (store type and total sales) are independent.

- **Store type-main issues**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * MAIN_ISSUES	500	99,6%	2	,4%	502	100,0%

STORE_TYPE * MAIN_ISSUES Cross tabulation

		MAIN_ISSUES							Total	
		COMPETITION	FINANCING/CREDIT	TAXATION SYSTEM	WAREHOUSING PROBLEMS	UTILISATION OF E-COMMERCE	SUCCESSION	EXCLUSION FROM THE FUNDS OF 3RD & 4TH C.S.F. AND D.L.	DELAYS IN SERVICES	
STORE_TYPE	BAKERY	107	44	27	25	17	11	31	12	274
	BREAD SHOP	29	21	9	7	7	10	17	8	108
	SWEET SHOP	20	6	2	4	3	3	5	2	45
	CONVENIENT STORE	9	1	1	0	2	1	0	3	17
	MINI MARKET KIOSK	7	6	0	4	0	0	0	0	17
	SCHOOL CANTEEN	9	8	0	2	0	1	0	2	22
	SCHOOL CANTEEN	6	7	0	1	0	1	2	0	17
Total		187	93	39	43	29	27	55	27	500

From STORE TYPE – MAIN ISSUES Cross tabulation, the researcher observes that almost all the different stores categories conclude that intense competition and credit are the most significant problems of the sector (more than 56%).

Chi-Square Tests

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	59,126(a)	42	,042
Likelihood Ratio	71,177	42	,003
Linear-by-Linear Association	2,669	1	,102
N of Valid Cases	500		

a 34 cells (60,7%) have expected count less than 5. The minimum expected count is ,92.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.042 < 0.05$ and degrees of freedom $df=42$); consequently these two variables (store type and main issues) are dependent.

- **Store type-Solutions**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
STORE_TYPE * SOLUTIONS	500	99,6%	2	,4%	502	100,0%

From STORE TYPE – SOLUTIONS Cross tabulation, the researcher observes that almost all the different potential solutions (New and Solid legislative framework, Motives for wholesaling SMEs of confectionary products, Decentralization, Expansion of network, Qualitative service, Franchising, Mergers-Acquisitions, Clusters and Networks, Tax relief for SMEs, Capitals from 3rd and 4th C.S.F. , Outsourcing, Product differentiation, Segmentation, R. &D. programmes, Internet utilization, Better agreements with Banks, Strengthening of Greek SMEs’ Fund) have been proposed equally by the owners of the different types of stores.

STORE_TYPE * SOLUTIONS Cross tabulation

		SOLUTIONS											Total	
		NEW & SOLID LEGISLATIVE FRAMEWORK-MOTIVES FOR SMES	DECENTRALISATION - EXPANSION OF NETWORK	QUALITATIVE SERVICE	FRA NCHISING	MERGE RS-ACQUISITIONS	CLUSTERS & NETWORKS	TAX RELIEF FOR SMES - CAPITALS FROM 3RD & 4TH C.S.F.	OUTSO URCIN G	R.& D. PROGRAM MES-INTERNET UTILISATI ON	PRO DUCT DIFFERE NTIATION	BETTER AGGRE GEMENT S WITH BANKS-BOOST OF SMES' FUNDS	OTHE R	
STORE _TYPE	BAKERY	26	21	17	16	21	34	49	24	31	16	18	1	274
	BREAD SHOP	14	10	5	8	6	15	14	14	11	5	6	0	108
	SWEET SHOP	5	1	3	7	3	5	3	5	5	4	4	0	45
	CONVE NIENT STORE	2	0	1	3	2	4	2	0	0	3	0	0	17
	MINI MARKET	1	2	1	0	4	2	2	1	2	1	1	0	17
	KIOSK	0	2	4	1	3	3	4	1	2	1	1	0	22
	SCHOOL CANTEE N	2	0	1	2	0	6	2	1	0	2	1	0	17
Total		50	36	32	37	39	69	76	46	51	32	31	1	500

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	60,569(a)	66	,666
Likelihood Ratio	66,791	66	,450
Linear-by-Linear Association	,473	1	,491
N of Valid Cases	500		

a. 60 cells (71,4%) have expected count less than 5. The minimum expected count is ,03.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.666>0.05$ and degrees of freedom $df=66$); consequently these two variables (store type and solutions) are independent.

SHOPSIZE CROSS TABULATION

- Shop size-Labor relationship

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SHOP_SIZE * LABOUR_RELATIONSHIP	500	99,6%	2	,4%	502	100,0%

SHOP_SIZE * LABOUR_RELATIONSHIP Cross tabulation

		LABOUR_RELATIONSHIP			Total
		FULL TIME	PART TIME	THROUGH O.A.E.D.	
SHOP_SIZE	UP TO 15 SQ.MTR	22	13	1	36
	16 TO 30 SQ.MTR	33	33	5	71
	30 TO 50 SQ. MTR	94	50	16	160
	MORE THAN 50 SQ. MTR	128	94	11	233
Total		277	190	33	500

From SHOP SIZE – LABOUR RELATIONSHIP Cross tabulation, the researcher observes that most of the stores (almost 80%) take up an area of more than 30 sq. metres; in these stores most of the people working are full timers.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10,064(a)	6	,122
Likelihood Ratio	10,116	6	,120
Linear-by-Linear Association	,057	1	,811
N of Valid Cases	500		

a 2 cells (16,7%) have expected count less than 5. The minimum expected count is 2,38.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.122>0.05$ and degrees of freedom $df=6$); consequently these two variables (shop size and labour relationship) are independent.

- Shop size-Products type

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SHOP_SIZE * PRODUCTS_TYPE	500	99,6%	2	,4%	502	100,0%

SHOP_SIZE * PRODUCTS_TYPE Cross tabulation

		PRODUCTS_TYPE			Total
		BRAND NAME PRODUCTS	NO NAME PRODUCTS	BOTH	
SHOP_SIZE	UP TO 15 SQ.MTR	9	24	3	36
	16 TO 30 SQ.MTR	20	45	6	71
	30 TO 50 SQ. MTR	54	93	13	160
	MORE THAN 50 SQ. MTR	82	122	29	233
Total		165	284	51	500

From SHOP SIZE – PRODUCTS TYPE Cross tabulation, the researcher notes that most of the stores (almost 80%) take up an area of more than 30 sq. metres; in these relatively large stores, most of the products that are traded are no-name ones.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5,747(a)	6	,452
Likelihood Ratio	5,796	6	,446
Linear-by-Linear Association	,255	1	,613
N of Valid Cases	500		

a. 1 cells (8,3%) have expected count less than 5. The minimum expected count is 3,67.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.452>0.05$ and degrees of freedom $df=6$); consequently these two variables (shop size and products type) are independent.

- **Shop size-store location**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SHOP_SIZE * STORE_LOCATION	500	99,6%	2	,4%	502	100,0%

SHOP_SIZE * STORE_LOCATION Cross tabulation

		STORE_LOCATION						Total
		EAST OF ATHENS	WEST OF ATHENS	NORTH OF ATHENS	SOUTH OF ATHENS	CENTRE OF ATHENS	OUTSIDE ATHENS AREA	
SHOP_SIZE	UP TO 15 SQ.MTR	3	3	10	11	5	4	36
	16 TO 30 SQ.MTR	11	8	24	18	6	4	71
	30 TO 50 SQ. MTR	7	4	65	48	20	16	160
	MORE THAN 50 SQ. MTR	14	19	85	87	12	16	233
Total		35	34	184	164	43	40	500

From SHOP SIZE – STORE LOCATION Cross tabulation, the researcher observes that most of the stores (almost 80%) possess an area of more than 30 sq. metres; these stores are mainly located to Northern and Southern Athens areas.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	30,545(a)	15	,010
Likelihood Ratio	30,004	15	,012
Linear-by-Linear Association	,027	1	,870
N of Valid Cases	500		

a 6 cells (25,0%) have expected count less than 5. The minimum expected count is 2,45.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.010 < 0.05$ and degrees of freedom $df=15$); consequently these two variables (shop size and store location) are dependent.

- **Shop size-orders frequency**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SHOP_SIZE * ORDERS_FREQUENCY	500	99,6%	2	,4%	502	100,0%

SHOP_SIZE * ORDERS_FREQUENCY Cross tabulation

		ORDERS_FREQUENCY							Total
		TWICE A WEEK	ONCE A WEEK	ONCE IN TEN DAYS	ONCE IN TWO WEEKS	ONCE IN 20 DAYS	ONCE A MONTH		
SHOP_SIZE	UP TO 15 SQ.MTR	3	22	7	0	3	1	36	
	16 TO 30 SQ.MTR	5	54	5	3	3	1	71	
	30 TO 50 SQ. MTR	9	118	12	7	6	8	160	
	MORE THAN 50 SQ. MTR	8	181	16	9	8	11	233	
Total		25	375	40	19	20	21	500	

From SHOP SIZE – ORDERS FREQUENCY Cross tabulation, the researcher points that most of the stores (almost 50%) take up an area of more than 50 sq. metres; these relatively noteworthy stores make their orders once a week (75% of the orders); this frequency number corresponds to their “size” (for selling the products) needs.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	15,593(a)	15	,410
Likelihood Ratio	15,341	15	,427
Linear-by-Linear Association	,061	1	,805
N of Valid Cases	500		

a 9 cells (37,5%) have expected count less than 5. The minimum expected count is 1,37.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.410 > 0.05$ and degrees of freedom $df=15$); consequently these two variables (shop size and orders frequency) are independent.

- **Shop size-total sales**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
SHOP_SIZE * TOTAL_SALES	500	99,6%	2	,4%	502	100,0%

SHOP_SIZE * TOTAL_SALES Cross tabulation

		TOTAL_SALES			Total
		INCREASING	DECREASING	SAME	
SHOP_SIZE	UP TO 15 SQ.MTR	16	16	4	36
	16 TO 30 SQ.MTR	34	24	13	71
	30 TO 50 SQ. MTR	62	76	22	160
	MORE THAN 50 SQ. MTR	103	95	35	233
Total		215	211	74	500

From SHOP SIZE – TOTAL SALES Cross tabulation, the researcher observes that most of the stores take up an area of more than 30 sq. metres; in these large stores the trend of total sales is almost equally either increasing or decreasing, according to each stores’ needs and preferences.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4,619(a)	6	,594
Likelihood Ratio	4,665	6	,587
Linear-by-Linear Association	,026	1	,871
N of Valid Cases	500		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 5,33.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.594>0.05$ and degrees of freedom $df=6$); consequently these two variables (shop size and total sales) are independent.

PEOPLE WORKING CROSS TABULATION

- People working-Labor relationship

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PEOPLE_WORKING * LABOUR_RELATIONSHIP	500	99,6%	2	,4%	502	100,0%

PEOPLE_WORKING * LABOUR_RELATIONSHIP Cross tabulation

		LABOUR_RELATIONSHIP			Total
		FULL TIME	PART TIME	THROUGH O.A.E.D.	
PEOPLE_WORKING	ONE PERSON	18	18	1	37
	TWO PERSONS	25	12	5	42
	THREE PERSONS	40	36	3	79
	FOUR PERSONS	56	31	7	94
	MORE THAN FOUR PERSONS	138	93	17	248
Total		277	190	33	500

From PEOPLE WORKING – LABOR RELATIONSHIP Cross tabulation, the researcher observes that most of the stores (almost 70%) employ more than four people that are usually full-time jobholders.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8,683(a)	8	,370
Likelihood Ratio	8,721	8	,366
Linear-by-Linear Association	,102	1	,749
N of Valid Cases	500		

a 2 cells (13,3%) have expected count less than 5. The minimum expected count is 2,44.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.370>0.05$ and degrees of freedom $df=8$); consequently these two variables (people working and labour relationship) are independent.

- **People working-Shop size**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PEOPLE_WORKING * SHOP_SIZE	500	99,6%	2	,4%	502	100,0%

PEOPLE_WORKING * SHOP_SIZE Cross tabulation

		SHOP_SIZE				Total
		UP TO 15 SQ.MTR	16 TO 30 SQ.MTR	30 TO 50 SQ. MTR	MORE THAN 50 SQ. MTR	
PEOPLE_WORKING	ONE PERSON	1	3	8	25	37
	TWO PERSONS	1	4	17	20	42
	THREE PERSONS	6	14	26	33	79
	FOUR PERSONS	11	15	28	40	94
	MORE THAN FOUR PERSONS	17	35	81	115	248
Total		36	71	160	233	500

From PEOPLE WORKING – SHOP SIZE Cross tabulation, the researcher points that most of the stores employ more than four people; these employees often work in stores that take up an area of more than 30 sq. metres.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14,223(a)	12	,287
Likelihood Ratio	14,498	12	,270
Linear-by-Linear Association	2,746	1	,097
N of Valid Cases	500		

a 2 cells (10,0%) have expected count less than 5. The minimum expected count is 2,66.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.287>0.05$ and degrees of freedom $df=12$); consequently these two variables (people working and shop size) are independent.

- **People working-Store location**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PEOPLE_WORKING * STORE_LOCATION	500	99,6%	2	,4%	502	100,0%

PEOPLE_WORKING * STORE_LOCATION Cross tabulation

		STORE_LOCATION						Total
		EAST OF ATHENS	WEST OF ATHENS	NORTH OF ATHENS	SOUTH OF ATHENS	CENTR E OF ATHENS	OUTSIDE ATHENS AREA	
PEOPLE_WORKING	ONE PERSON	2	2	14	12	4	3	37
	TWO PERSONS	8	5	10	14	3	2	42
	THREE PERSONS	5	8	29	22	8	7	79
	FOUR PERSONS	5	8	35	30	7	9	94
	MORE THAN FOUR PERSONS	15	11	96	86	21	19	248
Total		35	34	184	164	43	40	500

From PEOPLE WORKING – STORE LOCATION Cross tabulation, the researcher observes that most of the stores employ more than four people mainly in Northern and Southern Athens areas that seem to have greater needs.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19,740(a)	20	,474
Likelihood Ratio	17,153	20	,643
Linear-by-Linear Association	1,186	1	,276
N of Valid Cases	500		

a 8 cells (26,7%) have expected count less than 5. The minimum expected count is 2,52.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.474 > 0.05$ and degrees of freedom $df=20$); consequently these two variables (people working and store location) are independent.

- **People working-Orders frequency**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PEOPLE_WORKING * ORDERS_FREQUENCY	500	99,6%	2	,4%	502	100,0%

PEOPLE_WORKING * ORDERS_FREQUENCY Cross tabulation

		ORDERS_FREQUENCY						Total	
		TWICE WEEK	A	ONCE A WEEK	ONCE IN TEN DAYS	ONCE IN TWO WEEKS	ONCE IN 20 DAYS	ONCE A MONTH	
PEOPLE_W ORKING	ONE PERSON	2		31	1	2	0	1	37
	TWO PERSONS	0		36	3	0	2	1	42
	THREE PERSONS	5		59	13	1	0	1	79
	FOUR PERSONS	6		69	6	7	2	4	94
	MORE THAN FOUR PERSONS	12		180	17	9	16	14	248
Total		25		375	40	19	20	21	500

From PEOPLE WORKING – ORDERS FREQUENCY Cross tabulation, the researcher observes that most of the stores employ more than four people so that the owners can respond to the needs of their store that has to be supplied at least once a week.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	32,248(a)	20	,041
Likelihood Ratio	39,202	20	,006
Linear-by-Linear Association	6,057	1	,014
N of Valid Cases	500		

a 18 cells (60,0%) have expected count less than 5. The minimum expected count is 1,41.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.041 < 0.05$ and degrees of freedom $df=20$); consequently these two variables (people working and orders frequency) are dependent.

- **People working-Total sales**

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
PEOPLE_WORKING * TOTAL_SALES	500	99,6%	2	,4%	502	100,0%

PEOPLE_WORKING * TOTAL_SALES Cross tabulation

		TOTAL_SALES			Total
		INCREASING	DECREASING	SAME	
PEOPLE_WORKING	ONE PERSON	13	17	7	37
	TWO PERSONS	18	19	5	42
	THREE PERSONS	35	32	12	79
	FOUR PERSONS	40	41	13	94
	MORE THAN FOUR PERSONS	109	102	37	248
Total		215	211	74	500

From PEOPLE WORKING – TOTAL SALES Cross tabulation, the researcher notes that most of the stores employ more than four people that virtually are not influencing the sales trend that can either be increasing or decreasing.

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1,733(a)	8	,988
Likelihood Ratio	1,747	8	,988
Linear-by-Linear Association	,368	1	,544
N of Valid Cases	500		

a 0 cells (,0%) have expected count less than 5. The minimum expected count is 5,48.

From the table of Chi-Square Tests, it appears that the initial hypothesis is not rejected (is accepted) (with a level of significance $\alpha=0.988>0.05$ and degrees of freedom $df=8$); consequently these two variables (people working and total sales) are independent.

Correlation

The researcher has utilised S.P.S.S. to record the answers of the questionnaires in order to explain the relation (correlation) between the variables. More specifically, he has recorded the answers of the 2nd questionnaire (turnovers, incomings, expenses and taxes records of 15 enterprises of the sector of confectionary products) in order to “explain” the market trends and influences.

Correlations are perhaps the most basic and most useful measure of association between two or more variables. Expressed in a single number called a *correlation coefficient* (r), correlations provide information about the direction of the relationship (either positive or negative) and the intensity of the relationship (-1.0 to $+1.0$). Furthermore, tests of correlations can provide information on whether the correlation is statistically significant.

There is a wide variety of correlations that, for the most part, are determined by the type of variable (e.g., categorical, continuous) being analyzed. With regard to the direction of a correlation, if two

variables tend to move in the same direction, they would be considered to have a *positive* or *direct relationship*. Correlation coefficients range from -1.0 to $+1.0$. The sign of the coefficient represents the direction of the relationship. For example, a correlation of $.78$ would indicate a positive or direct correlation, while a correlation of $-.78$ would indicate a negative or inverse correlation. The coefficient (value) itself indicates the strength of the relationship. The closer it gets to 1.0 (whether it is negative or positive), the stronger the relationship.

In general, correlations of 0.01 to 0.30 are considered small, correlations of 0.30 to 0.70 are considered moderate, correlations of 0.70 to 0.90 are considered large, and correlations of 0.90 to 1.00 are considered very large. Importantly, these are only rough guidelines. A number of other factors, such as sample size, need to be considered when interpreting correlations.

Pearson correlation coefficient

The Pearson correlation coefficient is based on standard deviation; the square of the correlation coefficient is based on the square of the standard deviation, the variance. Like the correlation coefficient, the coefficient of determination is a ratio, the ratio of the amount of the variance that can be explained by the relationship between the variables to the total variance in the data. It cannot exceed one; this coefficient is an easy way to communicate the strength of the relationship between two variables. Its only disadvantage compared to the correlation coefficient is that the figure itself does not convey whether the association is positive or negative. The *Pearson r* is used to examine associations between two variables that are measured on either ratio or interval scales.

Spearman's rank correlation coefficient

If a researcher wants to investigate links involving ordinal or ranked data, the Pearson correlation coefficient should not be used as it is based on arithmetic measures of location and spread, the mean and the standard deviation. The Spearman coefficient can be used with interval and ratio data, provided that the data are ranked.

From the table below, the researcher observes that the Pearson Correlation coefficient between turnover mean and expenses mean is -0.028 (small correlation), which means that there is a negative or inverse correlation between turnover and expenses means of the sector (from 2001 to 2005) and their negative relationship is relatively strong.

Correlations

		turnover_mean	expenses_mean
turnover_mean	Pearson Correlation	1	-,028
	Sig. (2-tailed)		,965
	N	5	5
expenses_mean	Pearson Correlation	-,028	1
	Sig. (2-tailed)	,965	
	N	5	5

From the table below, the researcher observes that the Pearson Correlation coefficient between turnover mean and expenses mean is 0.230 (small correlation), which means that there is a positive or direct correlation, between turnover and incomings means of the sector (from 2001 to 2005) and their positive relationship is relatively strong.

Correlations

		turnover_mean	incomings_mean
turnover_mean	Pearson Correlation	1	,230
	Sig. (2-tailed)		,710
	N	5	5
incomings_mean	Pearson Correlation	,230	1
	Sig. (2-tailed)	,710	
	N	5	5

From the table below, the researcher observes that the Pearson Correlation coefficient between turnover mean and expenses mean is 0.498 (moderate correlation), which means that there is a positive or direct correlation between turnover and tax means of the sector (from 2001 to 2005) and their positive relationship is not so strong.

Correlations

		turnover_mean	tax_mean
turnover_mean	Pearson Correlation	1	,498
	Sig. (2-tailed)		,393
	N	5	5
tax_mean	Pearson Correlation	,498	1
	Sig. (2-tailed)	,393	
	N	5	5

Regression

What is more, the researcher has utilised S.P.S.S. regression model to estimate the value on the dependent variable of the sector's turnover mean of the years between 2001 and 2005 in relation to the independent variables of sector's incomings, expenses and tax means.

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike with correlations, however, the primary purpose of regression is prediction. Linear Regression in general estimates the coefficients of the linear equation, involving one or more independent variables, which best predict the value of the dependent variable.

There are two basic types of regression analysis: simple regression and multiple regression. In *simple regression*, the researcher attempts to predict the dependent variable with a single independent variable, while in *multiple regression*, the researcher may use any number of independent variables to predict the dependent variable.

The simplest form of regression analysis is simple linear regression; in this way, the researcher can find the most appropriate way of representing the connection between two sets of observed values. The line that represents the relationship between the variables (and "fits" the relevant pieces of information) is rather like an average in two dimensions and most of the times summarises the link between them.

In this way, with the assistance of S.P.S.S., the researcher has specified turnover mean (from 2001 to 2005) as the dependent variable, while incomings mean for the same period is the independent variable. From the tables below, the researcher observes that the variables relation is positive (+7.774), which means that turnover mean's rise is relatively (the sample can play a decisive role in this case) dependent on incomings mean's augmentation; this conclusion seems to be rational and can happen in practice.

Regression

Variables Entered/Removed^a

Model	Variables Entered	Variables Removed	Method
1	incomings _mean	.	Enter

a. All requested variables entered.

b. Dependent Variable: turnover_mean

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,230 ^a	,053	-,263	2711918,95

a. Predictors: (Constant), incomings_mean

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1E+012	1	1,228E+012	,167	,710 ^a
	Residual	2E+013	3	7,355E+012		
	Total	2E+013	4			

a. Predictors: (Constant), incomings_mean

b. Dependent Variable: turnover_mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2E+007	4995137		3,837	,031
	incomings_mean	7,774	19,022	,230	,409	,710

a. Dependent Variable: turnover_mean

What is more, by utilising S.P.S.S., the researcher has set the sector's turnover mean for five years (2001 to 2005) as the dependent variable, while expenses mean for the same period is the independent variable. From the tables below, the researcher observes that the variables relation is negative (-0.422), which means that turnover mean's increase is dependent on expenses mean's recession; this inference (inverse relationship between turnover and expenses) can have various explanations, like taxation exemption of some enterprises of the sector, subsumption to developmental laws / C.S.F. programmes, or specific enterprising targets that require particular manipulations or policies (e.g. rise in advertising expenses) .

Regression

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	expenses_mean ^a	.	Enter

a. All requested variables entered.

b. Dependent Variable: turnover_mean

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,028 ^a	,001	-,332	2785322,87

a. Predictors: (Constant), expenses_mean

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2E+010	1	1,780E+010	,002	,965 ^a
	Residual	2E+013	3	7,758E+012		
	Total	2E+013	4			

a. Predictors: (Constant), expenses_mean

b. Dependent Variable: turnover_mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2E+007	3206387		6,640	,007
	expenses_mean	-,422	8,801	-,028	-,048	,965

a. Dependent Variable: turnover_mean

Furthermore, using S.P.S.S. backing, the researcher has named the sector's turnover mean for five years (2001 to 2005) as the dependent variable, while taxes mean for the same period is the independent variable. From the tables below, the variables relation is positive (+24,731), which means that turnover mean's rise is dependent on taxes mean's augmentation; this conclusion seems logical but cannot be widely supported, since there are exceptions in certain companies that have increased their turnovers and reduced their tax indices at the same period.

Regression

Variables Entered/Removed^b

Model	Variables Entered	Variables Removed	Method
1	tax_mean ^a	.	Enter

a. All requested variables entered.

b. Dependent Variable: turnover_mean

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	,498 ^a	,248	-,003	2416354,71

a. Predictors: (Constant), tax_mean

ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6E+012	1	5,776E+012	,989	,393 ^a
	Residual	2E+013	3	5,839E+012		
	Total	2E+013	4			

a. Predictors: (Constant), tax_mean

b. Dependent Variable: turnover_mean

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	9666901	1E+007		,834	,466
	tax_mean	24,731	24,866	,498	,995	,393

a. Dependent Variable: turnover_mean

Finally, the researcher has utilized S.P.S.S. to “interpret” the questionnaires’ variables in relation to their Frequences, One Sample T-Tests and one-way Anova tests (see Appendix VI).

6. Analysis of Findings - Conclusions

The researcher has conducted the quantitative part of his research that is essential for the completion of the thorough analysis of the sector of confectionary products; the quantitative analysis was based on the utilization of a suitable instrument (questionnaire) that was created and designed so as to “reveal” -with the appropriate analysis and interpretation of the findings of S.P.S.S.- the customers’ preferences and needs as well as the particular sector’s trends, problems and potential survival strategies.

Before the realization of the quantitative analysis, the researcher has performed certain preparation that was grounded on previous documents. More specifically, in Document 1, a number of Research questions were posed concerning issues such as the dynamics of the Greek Economy and Market, the key factors/drivers, characteristics, problems and future trends of the Sweet Products’ Industry, as well as the strategies that a Greek SME of Sweet Products should follow in order to survive. These research questions that were theoretically supported and developed in the 2nd Document, laid their

foundations in the conceptual framework; they were tested in practice with the utilization of qualitative (case study approach) and quantitative research (questionnaire utilization).

In the 2nd document, the researcher has developed a conceptual framework for wholesaling SMEs that are activated in the sector of confectionary products; the relevant literature review forms the basis for qualitative and quantitative research methodologies that are utilized in documents 3 and 4.

In the 3rd Document, qualitative research was conducted in the form of two case studies that have been used as a source of hypotheses (collection and analysis of data) for testing in quantitative research (Document 4). In the 5th document (Thesis) the researcher has the objective to develop a model based on the advanced conceptual framework; he also has the ambition that this model will be decisive for a small company's successful course and attainment of competitive advantage in the sector that is activated. In this way, the researcher will try to examine the performance (e.g. profitability) of six case studies-companies of the sector of confectionary products; after discussions with sector's experts and consolidation of the findings of qualitative and quantitative analysis, the researcher will end up and analyse the cases of two successful companies that have proved to be profitable, two mediocre ones that simply manage to survive and finally two unsuccessful ones that have shut down or reduced their activities to minimum.

The literature review was utilized as a foundation for the research that has set up the principal objective of helping Greek SMEs involved in the wholesale sector to identify suitable strategies in order to offset the increasing competition that is reinforcing the position of the retail sector, the chain stores and the supermarkets. The importance of the "critical literature review and initial conceptual framework" is capital for the continuity of the research since it creates the whole background for the qualitative and quantitative research in theoretical and practical terms. The general conceptual models that have been adduced in the literature review have laid the foundations for the research at different levels (qualitative and quantitative). The relevant conceptual framework affiliates theory and practice; it relates concepts of the research strategy literature (like strategic and marketing management, decision making or problem solving) with Small and Medium-Sized Companies that are activated in the marketplace and are involved in the wholesale sector; the theoretical trends, important issues-problems and potential solutions of the wholesale sector of confectionary products that have been revealed through the relevant literature review are tested during qualitative and quantitative research.

Qualitative research is generally defined as this type of research that utilises open-ended interviewing and observations without formal measurement in order to explore, comprehend and interpret attitudes, opinions, feelings and behaviours of companies or groups of individuals. It is often used as a source of hypotheses for later testing in quantitative research. The researcher has

utilised the *case study* approach, which is an in-depth examination of a case (company, person, etc.), in order to find the relationship between theory and research. In particular, in the 3rd document, by utilizing the case study approach, two of the sectors' companies (a relatively small and another bigger one) were analyzed and contrasted; in this way, the managers of these companies responded to the research questions. The case study approach entails theory elements of marketing and strategic management concepts that have been elaborated in the 2nd document; they will be also utilized in the 5th document, where a "successful" model will be tested in qualitative and quantitative terms. The particular firms' managers were motivated by the author to follow the direction of providing convincing answers about the market trends and dynamics as well as about the "solutions" of franchising, clusters, networks, mergers for the sectors' companies that have been resolved in the 2nd document. The main result of the case studies' analysis was that the sector of confectionary products is facing a series of problems that impedes the survival of its enterprises; these problems are related to the contemporary competition reality that almost excludes wholesaling SMEs from influencing the market conditions. Of course, the sector of confectionary products is also facing specific problems like taxation system, succession or financing. The proposals and reactions to the market and the sector's problems that were brought up in the end of the 2nd document were discussed in the 3rd document's case studies (qualitative analysis) and tested in quantitative terms in the 4th one. As it is obvious, there is a continuance to the logic of the documents; the conclusions of the previous documents are tested and explained variably in the following one.

On the other hand, Quantitative research is a methodology that seeks the quantification of data and typically practices some functions of statistics analysis; it relies on the questions as asked, while it has to do with the measurement and categorisation of findings in the form of numbers, significant tests, interval of confidence and mathematical proved correlation and relations. This methodology emphasizes quantification in the collection and analysis of data; it entails a deductive approach to the relationship between theory and research, where theories are tested. Moreover, practices and norms of positivism are utilized, while social reality is seen as an external, objective reality. It involves studies that make use of statistical analyses to obtain their findings. Key features include formal and systematic measurement and the use of statistics, like S.P.S.S. in the particular case.

More specifically, quantitative research, with the utilization of the customers' and managers' questionnaire and the appropriate analysis of the findings of S.P.S.S., numerically tests and graphically pictures the sector's current picture (labor relationships, store categories, sizes, products' preferences etc.), trends (in terms of companies' turnovers, incomings, expenses and taxation) as well as the various opinions about the sector's issues and potential strategies-solutions. In this way, quantitative research that is based on statistical data provides a solid instrument for further sector's

analysis; customers' needs and preferences cannot be detected theoretically; they are usually "disclosed" in practice numerically (from the sales or profits of a store) or indirectly from the customers' participation in surveys. These "confirmed" customers' preferences often determine the sector's trends and show the direction that a company (even a small one) has to follow in order to satisfy them and be profitable.

As for the main research question about "which strategic framework should be followed to improve the position of the wholesaling companies in the sector of confectionary products" and "what changes this particular sector needs", the questionnaire utilization in quantitative research "disclosed" the most preferable solutions/strategies by the wholesalers' 500 customers and the 15 wholesaling companies themselves; these solutions are mainly associated to SMEs' tax relief, their participation in clusters and networks as well as the modulation of a new and solid legislative framework that will provide strong financial and support motives for wholesaling SMEs of confectionary products. Of course, quantitative analysis could not "detect" possible problems of strategies' implementation that were analysed in the literature review section.

What is more, one of the most important research questions relates to the "main issues-problems of the sector of confectionary products"; the quantitative analysis revealed that customers and managers believe that competition and financing/credit are supposed to be the sector's main problems. Furthermore, in the research question of "how the sector will look like in ten years from now", the researcher has tried to identify the customers' preferences in different products and brands; he also tried to record the last five years' turnovers, profits and expenses of 15 sector's companies in order to "discover" the sector's trends in the next decade.

Finally, the researcher could not incorporate in the customers' questionnaire possible questions about possible "differences between similar wholesaling companies in Greece and other E.U. countries and U.S.", since he has focused on the representation of the day-to-day picture and difficulties of the Greek market. In addition to this, the questionnaire would be "overloaded" and its analysis would be too demanding and detailed.

The main results of the case studies' analysis were related to the fact that the sector of confectionary products is facing a series of issues that cause problems to the survival of its enterprises; these problems are basically related to the contemporary competition reality that almost excludes wholesaling SMEs from influencing the market conditions. On the other hand, the analysis of the cases' findings "revealed" possible strategies/"solutions" that such enterprises can follow in order to be able to survive in the hard market conditions. These "problems" and "solutions" were utilized to the customers and managers' questionnaire and functioned as the basis for quantitative analysis that was conducted with the utilization of S.P.S.S.

In particular, the “delineation” of quantitative analysis includes details about the research design and methodology necessary for gathering data in order to test the research hypotheses. Furthermore, the research framework was defined, the measurement of scaling techniques, data collection methods and sampling procedure were described; of course, assessment and data analysis methods were discussed. However, it is important to remember that there is not a single, standard, correct method of carrying out research; there is no single perfect research design. In this document, a multi-research method, combined with statistical methods, was employed, using the case study method’s results, discussions with experts for designing the scales of the questionnaire, and finally a pre-test and a pilot test were undertaken in order for the questionnaire’s functionality to be examined prior to field research.

This document explained the data collection strategy and described how the data were validated and analysed. A scale was developed for each variable-question based on theoretical propositions from the literature. A pilot test was conducted and the results provided preliminary validation for the items in the scales. As a result of the pilot test, modifications were made to the survey instrument. The questionnaire was then developed. Overall, the pilot test confirmed the selection of the measurement scales and a final version of the instrument with minor modification was applied to the chosen sample of this study. Primary quantitative data gathered through the allocation of 500 questionnaires to the customers of wholesaling SMEs of confectionary products as well as the allocation of 15 questionnaires to the managers of similar wholesaling SMEs in Athens. Based on the data analysis, presentation of findings, conclusions and clear recommendations are finally presented.

The main results of the quantitative analysis (questionnaire utilization to 500 customers) that can identify customers’ needs and preferences, in relation to the customers of wholesaling SMEs, were:

- Bakeries, bread shops and sweet shops are the most frequent customers of wholesaling SMEs to the sector of confectionary products, mainly because they deal with no name products (at least 67% of the stores deal with no name products). On the other hand, kiosks, mini markets and convenient stores that deal with brand name products have a smaller market share.
- These stores are not small (more than 30 sq. meters) and often employ more than three people, mainly because they prepare their own products, like bread or sweets and need more people; what is more, these stores are open almost 16 hours a day and need to rotate their employees. These employees are full-timers most of the times, while there are part-timers in a significant number of stores.

- As for the categories of no-name products, *cookies* (plain cookies and biscuits covered with chocolate are preferred) and *chocolates* (wrapped plain and filled milk or bitter “treats” are preferred) take the larger shares (almost 80%) in demand. The other categories of no-name products that have relatively high demand are plain and milk *caramels*, *croissants* filled with chocolate, plain, cherry and mastic flavor *vanillas*, *loukoumia* with fruit flavor and *preserves* with cherry, fig and plum flavor. These products’ main characteristic is seasonality since they are sensitive to high temperatures.
- As for the categories of brand name products, most of them are chocolates (39.3%), biscuits (28.2%) and Cocoa and merenda products (13.5%). KINDER and ION have the larger share in the chocolate sector, while PAPADOPOULOU have the lions’ share in the sector of biscuits.
- As for the stores’ location, most of the shops are activated in the North of Athens (almost 37 % in areas like Irakleion, Nea Ionia, Galatsi, Nea Philadelphia, Metamorfofi, Kifisia, Agios Stefanos, Nea Erithraia, Marousi, Pefki, Melissia, Halandri, Filothei, Vrilissia, Agia Paraskeui, Gerakas) and South of Athens (almost 33% to areas like Nea Smirni, Dafni, Agios Dimitrios, Kallithea, Tayros, Agios Ioannis Rentis, Piraeus, Drapetsona, Keratsini, Perama). The stores’ location does not coincide with the regions where wholesalers are activated; most of the wholesalers are in the center and west of Athens; the trading of confectionary products is realized through a very large number of points of retail sale and the wholesalers cover large areas far from their storehouses.
- As for the frequency of the orders, most of the orders take place once a week (75%); this can be explained from the fact that the needs of the customers for confectionary products (mainly for chocolates) are increasing. What is more, these products have to be kept fresh since they have a short lifetime. The quantities are relatively small and supply has to be quick and efficient.
- As for the customers’ annual orders, most of them (50%) are found between 4.000 € and 8.000 €, while “More than 8.000 €” annual orders take a significant percentage (17.2%). What is more, the customers’ turnover is considered to be relatively high (from 150.000 to 200.000€). This fact shows that market is moving somehow (maybe credit is useful in this point) despite its problems. Wholesalers and their customers try to react to the competition (by keeping their turnovers stable or increase them) either by

providing new products or by expanding their network. All these facts take place in spite of the fact that most of the clients are supposed to be average or poor.

- As for the sector's main issues, competition is supposed to be the main problem with 37.4%, while Financing/Credit by 18.6%. What is more, exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law is supposed to be important by 11%, while the other issues are regarded as serious, too.
- As for the potential solutions of sector's main issues, tax relief for SMEs is supposed to be the best solution by 15.2%; participation in Clusters and Networks follows with 13.8%, while a new and solid legislative framework that will provide strong financial and support motives for wholesaling SMEs of confectionary products has a 10% share. Research & Development programmes in combination with internet utilization have a 10.2% share. Other potential solutions like outsourcing (9.2%) and franchising (7.4%) have also significant shares, while it has to be stressed that customers virtually forget Banks and better loan agreements with them, maybe because they want more permanent solutions rather than temporary strategies.

On the other hand, the main results of the quantitative analysis (questionnaire utilization to 15 managers of wholesaling companies of confectionary products), that can "map out" companies' future potential strategies, were:

- As for the sectors' turnover, the researcher observes an increasing trend from 2001 to 2005.
- As for the sectors' incomings, the researcher notices an increasing trend from 2001 to 2002, a sharp drop in 2003 and relative increase to 2004 and 2005.
- As for the sectors' expenses, the investigator points an augmentative trend from 2001 to 2002, a sudden fall in 2003 and slight increase for the years 2004 and 2005.
- As for the sectors' taxes, the researcher marks an augmentative trend from 2001 to 2002, and a gradual fall in the years 2003, 2004 and 2005.
- Finally, the researcher briefly but effectively discussed the sectors' main issues and potential solutions that had come up from the findings of the 3rd Document. As a result, most of the managers agreed that intense competition is the main problem that wholesaling SMEs have to cope with. This problem is a result of the supermarkets' strengthened role as well as the expansion of the multinational chains and superstores that can shape demand conditions, determine prices and finally rule out the intermediate wholesaling small firms. The strong competition is a result of the low margin of net

profit of the big supermarket chains -almost 1%-. Furthermore, this competition between the supermarket chains means that suppliers are in a position to offer lower prices to retailers and as a result to customers. The 15 managers virtually “agreed” that the solution to this fundamental problem is complex; in order to offset the increasing competition, SMEs can participate in mergers or in a cluster; another suggestion was the acquisition of smaller companies that are specialized in a product by bigger ones. The implementation of franchising or outsourcing systems could also be a potential way of SMEs’ survival since in this way expenses are reduced. Wholesaling SMEs in the sector of confectionary products can be based on the characteristics of innovation and flexibility as well as on the communication with the customer and invest on them in order to offer qualitative and unique services. Finally, strategies of product differentiation, segmentation, as well as the expansion of the enterprises’ network to new areas in combination with a new, more protective for SMEs, legislative framework could be helpful to the survival of SMEs.

The researcher has reached to the conclusion that the 15 managers of the similar wholesaling companies view sector’s issues and problems with a long-range and holistic perspective; most of them have focused on research and development programmes, training of SMEs’ personnel as well as better legislative framework, utilization of E-commerce, and strategies like segmentation, and differentiation of products. On the other hand, the 500 different customers that were asked about the sectors’ most important issues and potential solutions, were trying to view these questions from a practical perspective that is shaped and has to be faced day by day; they search for ways of surviving to the increasing competition; in this way, most of their responses about the sector’s problems are related to the “exploitation” of reliable customers, to the provision of tax relief and financial motives, to the acquisition of C.S.F. capitals, as well as to the expansion of the companies network to new areas. They are not focused on “long-term” solutions and strategies, but on “short-term” solutions since their survival is not guaranteed.

However, in general, the literature review has provided a holistic picture of the Greek market reality, while it has presented the different aspects of the market’s problematic situation; it has also brought forward the trends that are modulated in the contemporary competitive environment as well as the potential strategies of the specific sector’s reaction and survival. The researcher has tried to picture these trends through the utilization of the questionnaire and S.P.S.S. The main conclusion for the contemporary market reality is related to the fact that SMEs find it very difficult not only to become competitive and profitable but even to survive. The decline of the wholesale of confectionary products has to do with the concentration of the retail sale to the big units as well as the low level of

services that the wholesale offers to the larger firms of the Industry. The hard competition for the sustenance and increase of the market share that characterizes the market nowadays also strengthens tendencies of concentration of sectors that are already dominated by a small number of retail groups that possess the biggest share of the market. In particular, the role of the wholesale sector of confectionary products is essential for the distribution in the small points of retail sale; this dynamic sector presents many advantages that are related to the exploitation of new technology, fashion, and marketing trends. The literature review has revealed that the sector's companies theoretically have two developmental choices in order to survive; at first, the horizontal option, which means to broaden the turnover volume with the addition of new categories of confectionary products. In this case, the wholesale trader has to identify the new market opportunities and threats. Secondly, the wholesale traders have the vertical option, which means to widen their turnover volume with the completion of the variety of confectionary products only. This choice can also be ensued with the accession of new marketing services in the confectionary products market, with the collaboration of retail sale. The need for achievement of economies of scale and reduction of functional expenses will be imperative. Mergers, acquisitions, economies of scale for cost control and investment capital, organizational changes as well as the increase of purchasing power of Greek consumers will be crucial factors for further development. For both choices, the utilization of quantitative research is a necessity; for the horizontal option, the knowledge of sales volume in certain areas or products' fields is essential in order to expand the wholesaler's network, explore new markets and finally regain the competitive advantage; on the other hand, for the vertical option, quantitative research has shown that no-name products "dominate" in the sector and the improvement in their marketing-advertisement and service can be a significant step for the sector's survival and development.

Appendix I

There are important terms that are utilised in quantitative research and need to be further explained by the researcher:

- **Research:** *it* is an examination of the relationship (or effects) between one or more independent variables and one or more dependent variables. Research studies come in many different forms, but two are the most common types, *co relational* and *experimental*. In *co relational research*, the target is to determine whether two or more variables are related. A *variable* is anything that can take on different values, such as weight, time, and height. If a correlation between two variables is strong enough, knowing about one variable allows a researcher to make a prediction about the other variable. However, a correlation —or relationship—between two things does not necessarily mean that one thing caused the other. To draw a cause-and-effect conclusion, researchers must use experimental research. On the other hand, *experimental research* involves comparing two groups (*experimental* and *control*) on one outcome measure to test some hypothesis regarding causation. Although some disagreement exists regarding the exact characteristics of the *scientific method*, most agree that it is characterized by the elements of Empirical approach, Observations, Questions, Hypotheses, Experiments, Analyses, Conclusions and Replication.

Exploratory research is undertaken when we do not know much about the situation at hand. In essence, this study is conducted to clarify and define the nature of a problem (Zikmund, 1997) and potentially to formulate hypotheses (Lehmann *et.al*, 1998). In such cases, extensive preliminary work needs to be done to gain familiarity with the phenomena in the situation before we can develop a model and set up a complete investigation. A *descriptive* research is designed in order to be able to describe the characteristics of a population (e.g. income, age, education) or a phenomenon such as market characteristics or functions. *Causal* research is conducted to identify cause and affect relationships among variables (Zikmund, 1997). It offers an enhanced understanding of the relationships that exist among variables. This type of study assumes that the researcher not only knows the relevant variables but he/she also hypothesises how they affect each other (Lehmann *et al*, 1998).

- **Data:** The word data is a plural noun (the singular form is datum), which means a set of known or given things, facts. Data can be numerical (wages of employees) or non-numerical (job titles of employees). Data can also be hard or soft. Hard data are facts,

measurements or characteristics arising from situations that actually exist or were in existence. Temperatures recorded at a weather station and the nationalities of tourists are examples of hard data. Soft data are about beliefs, attitudes and behaviours. Asking consumers what they know about a product will yield soft data. The implication of this distinction is that hard data can be subjected to a wider range of quantitative analysis. Soft data is at best ordinal and therefore offers less scope for quantitative analysis. A further distinction of data is between cross-section and time series data. Cross-section data are collected at the same point in time or based on the same period. Time series data consist of observations collected at regular intervals over time. The volumes of wine produced in European countries in 2002 are cross section data; volumes of wine produced in Italy from 1992 to 2002 are time series data.

- **Variable:** A variable is a quantity that varies, the opposite of a constant. There are different kinds of variables:

Independent Variables vs. Dependent Variables

When discussing about variables, perhaps the most important distinction is between independent and dependent variables. The *independent variable* is the factor that is manipulated or controlled by the researcher. The independent variable is called “independent” because it is independent of the outcome being measured. More specifically, the independent variable is what causes or influences the outcome. In most studies, researchers are interested in examining the effects of the independent variable. In its simplest form, the independent variable has two levels: present or absent. The group in which the independent variable is present is referred to as the *experimental group*, whereas the group in which the independent variable is not present is referred to as the *control group*.

On the other hand, the *dependent variable* is a measure of the effect (if any) of the independent variable. The dependent variable is called “dependent” because it is influenced by the independent variable.

Categorical Variables vs. Continuous Variables

Categorical variables are variables that can take on specific values only within a defined range of values. For example, “gender” is a categorical variable because you can be either male or female. In contrast with categorical variables, continuous variables are variables that can theoretically take on any value along a continuum. For example, “age” is a continuous variable because, theoretically at least, someone can be any age.

Quantitative Variables vs. Qualitative Variables

Qualitative variables are variables that vary in kind, while quantitative variables are those that vary in amount (see Christensen, 2001).

- **Value:** A value is a specific amount that a variable could be.
- **Observation or observed value:** This is a value of a variable that has actually occurred, being counted or measured.
- **Dataset:** A dataset consists of all the observations of all the variables collected in the course of the study or investigation, together with the variable names.
- **Random:** This describes something that occurs in an unplanned way, by chance.
- **Random variable:** A random variable has observed values that arise by chance. (e.g. the number of new cars a car dealer sells during a month is a random variable: whereas the number of days in a month is a variable that is not random because its observed values are pre-determined.
- **Distribution:** The pattern exhibited by the observed values of a variable when they are arranged in order of magnitude. A theoretical distribution is one that has been deduced, rather than compiled from observed values.
- **Population:** Generally, this means the total number of persons residing in a defined area at a given time. In quantitative methods, a population is the complete set of things or elements we want to investigate. These may be human, such as all the people who have purchased a particular product, or inanimate, such as all the cars repaired at a garage.
- **Sample:** A sample is a subset of a population, that is, a smaller number of items picked from the population. A random sample is a sample that has components chosen in a random way, on the basis that any single item in the population has no more or less chance than any other to be included in the sample.
- **Null Hypothesis:** It is important to note that there are only two choices with respect to the null hypothesis. Specifically, the null hypothesis can be either rejected or not rejected, but it can never be accepted. If we reject the null hypothesis, we are concluding that there is a significant difference between the groups. If, however, we do not reject the null hypothesis, then we are concluding that we were unable to detect a difference between the groups. To be clear, it does not mean that there is no difference between the two groups. There may in actuality have been a significant difference between the two groups, but we were unable to detect that difference in our study. The

decision of whether to reject the null hypothesis is based on the results of statistical analyses, and there are two types of errors that researchers must be careful to avoid when making this decision (Type I errors and Type II errors). A *Type I error* occurs when a researcher concludes that there is a difference between the groups being studied when, in fact, there is no difference (sometimes referred to as a “false positive”). With a Type I error, although there is a statistically significant result, it occurred by chance (or error) and there is not actually a difference between the two groups (Wampold, Davis, & Good, 2003). By contrast, a *Type II error* occurs when the researcher concludes that there is *not* a difference between the two groups being studied when, in fact, there is a difference (sometimes referred to as a “false negative”). With a Type II error, there is a nonsignificant statistical result when, in fact, there actually is a difference between the two groups (Wampold et al.). The typical convention in most fields of science allows for a 5% chance of erroneously rejecting the null hypothesis (i.e., of making a Type I error). The 5% level is a standard convention in most fields of research and represents a compromise between making Type I and Type II errors. In other words, a researcher will conclude that there is a significant difference between the groups being studied (i.e., will reject the null hypothesis) only if the chance of being incorrect is less than 5%. Researchers want to reduce the likelihood of concluding that there is a significant difference between the groups being studied when, in fact, there is not a difference. The distinction between Type I and Type II errors is very important, although somewhat complicated. In simpler terms, the researcher has failed to detect a difference that actually exists between the groups.

Measures of location

- *The mode*

The mode, or modal value is the most frequently occurring value in a set of observations. You can find the mode of a set of data simply by inspecting the observations. If you want an average to represent a set of data that consists of a small number of discrete values in which one value was clearly the most frequent, then the mode is a perfectly good way of describing the data.

The mode is much less suitable if the data we want to summarise consists of a larger number of different values, especially if there is more than one value that occurs in the same number of times.

- *The median*

Whereas you can only use the mode for some types of data, the second type of average or measure of location, the median can be used for any set of data.

The median is the middle observation in a set of data. It is called an order statistic because it is chosen based on its order or position within the data. Finding the median of a set of data involves first establishing where it is then what it is. To enable us to do this, we must arrange the data in order of magnitude, which means listing the data in order from the lowest to the highest values in what is called an array.

- *The arithmetic mean*

Like the median, the arithmetic mean can be used with any set of quantitative data.

- *The standard deviation*

To avoid the shortcomings of the range (and SIQR), we have to turn to a measure of spread that is based on including every observation rather than selecting just a few. That measure, the most important measure of spread in Statistics, is known as the standard deviation. Standard deviation is based on the idea of measuring the typical, or standard amount of deviation (from the arithmetic mean), or difference, in a set of observations.

We can find the standard deviation by calculating the mean and then finding how far each observation deviates or varies from it.

Appendix II

Research Designs

There are three main classes of research design: experimental, quasi-experimental, and nonexperimental/qualitative. The primary purpose of all forms of research is to produce valid conclusions. Furthermore, researchers are interested in explanations for the effects and interactions of variables as they occur across a wide variety of different settings. To truly understand these interactions requires special attention to the concept of validity, which highlights the need to eliminate or minimize the effects of extraneous influences, variables, and explanations that might detract from a study's ultimate findings.

In general, during the research process, it is obvious that there is a gap between questions and responses/conclusions; this gap can be covered by the collection and analysis of the relevant pieces of information about the certain case. A research design is a logical plan or sequence that has to be followed in order to reach at a result; for example, the research design can connect the empirical data to a study's research questions, to the answers and the conclusions that derive from them. According to Nachmias & Nachmias (1992, p.p. 77-78), a research design is a plan that "guides the investigator in the process of collecting, analyzing and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under

investigation”. Another view supported by Philliber et al (1980), is that a research design is a “blueprint” of research that is dealing with at least the following problems: what questions to study, what pieces of information are relevant, what data to collect and how to analyze the results.

In general, the research design deals with a logical (and not a logistical) problem; its purpose is to help to avoid the situation in which the evidence does not address the initial research questions. For example, in the situation that is under observation, the examination cannot entail only one wholesale company of confectionary products. This firm should be seen under the prism of the whole sector, the companies’ relationships, competition and co-operations. The research design should anticipate the test of the research questions of the complexity of relationships.

Reliable research problems must meet three criteria (see Kerlinger, 1973). First, the research problem should describe the relationship between two or more variables. Second, the research problem should take the form of a question. Third, the research problem must be capable of being tested empirically (i.e., with data derived from direct observation and experimentation).

According to the General Accounting Office (1990), logical tests include trustworthiness, credibility, confirm ability, as well as data dependability. *Validity* is an important term in research that refers to the conceptual and scientific soundness of a research study (Graziano & Raulin, 2004). The primary purpose of all forms of research is to produce valid conclusions. Researchers are interested in explanations for the effects and interactions of variables as they occur across a wide variety of different settings; in order to understand these interactions, special attention to the concept of validity is required. This notion highlights the need to eliminate or minimize the effects of extraneous influences, variables, and explanations that might detract from a study’s ultimate findings. Validity is, therefore, a very important and useful concept in all forms of research methodology; its primary purpose is to increase the accuracy and usefulness of findings by eliminating or controlling as many confounding variables as possible, which allows for greater confidence in the findings of a given study. There are four distinct types of validity (internal validity, external validity, construct validity, and statistical conclusion validity) that interact to control for and minimize the impact of a wide variety of extraneous factors that can confound a study and reduce the accuracy of its conclusions.

The following four tests (or according to Yin, “criteria for judging the quality of research designs”) are common to all social science methods, (Kidder & Judd, 1986, pp. 26-29):

- *Construct validity*: establishing correct operational measures for the concepts being studied. Construct validity refers to the basis of the causal relationship and is concerned with the congruence between the study’s results and the theoretical underpinnings guiding the research. In essence, construct validity asks the question of

whether the theory supported by the findings provides the best available explanation of the results. In order to meet the test of construct validity, the investigator tried to select the specific types of changes that had to be studied (and relate them to the original objectives of the study); what is more, he attempted to demonstrate that the selected measures of these changes do indeed reflect the specific types of change that have been selected.

- *Internal validity* (for explanatory or causal studies only, and not for descriptive or exploratory studies): establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. Internal validity refers to the ability of a research design to rule out or make implausible alternative explanations of the results, or plausible rival hypotheses (Campbell, 1957; Kazdin, 2003c). (A *plausible rival hypothesis* is an alternative interpretation of the researcher's hypothesis about the interaction of the dependent and independent variables that provides a reasonable explanation of the findings other than the researcher's original hypothesis (Rosnow & Rosenthal, 2002). The investigator tried to make logical "inferences" that stem from the managers' interviews and the documentary evidence that has been collected and incorporate them to the questionnaire. Of course, the researcher tried to overcome threats like history, selection bias or attrition.
- *External validity*: establishing the domain to which a study's findings can be generalized. External validity refers to the generalizability of the results of a research study. In all forms of research design, the results and conclusions of the study are limited to the participants and conditions as defined by the contours of the research. External validity refers to the degree to which research results generalize to other conditions, participants, times, and places. In this case, the researcher tried to test the theoretical propositions of the two cases (of Document 3) by relying on analytical generalisation; the findings/answers of the managers about the sectors' issues had often similar direction to the making of the questionnaire; in this way, the results provide strong support to the theory. Furthermore, the researcher tried to surmount threats like pre-test and post test sensitization, reactivity of assessment as well as timing of assessment and measurement.
- *Reliability*: demonstrating that the operations of a study-such as the data collection procedures-can be repeated, with the same results, as well as similar findings and

conclusions; the goal of reliability is to minimize the errors and biases in a study. In this case, the researcher has followed a “beaten track” and developed a questionnaire that has incorporated all the necessary elements of successful questionnaires in order to “reveal” the market trends, as well as the customers’ needs and preferences.

Scales of measurement

Characteristics of Nominal Measurement

1. Used only to qualitatively classify or categorize not to quantify.
2. No absolute zero point.
3. Cannot be ordered in a quantitative sequence.
4. Impossible to use to conduct standard mathematical operations.
5. Examples include gender, religious and political affiliation, and marital status.
6. Purely descriptive and cannot be manipulated mathematically

Characteristics of Ordinal Measurement

1. Build on nominal measurement.
2. Categorize a variable and its relative magnitude in relation to other variables.
3. Represent an ordering of variables with some number representing more than another.
4. Information about relative position but not the interval between the ranks or categories.
5. Qualitative in nature.
6. Example would be finishing position of runners in a race.
7. Lack the mathematical properties necessary for sophisticated statistical analyses

Characteristics of Interval Measurement

1. Quantitative in nature.
2. Build on ordinal measurement.
3. Provide information about both order and distance between values of variables.
4. Numbers scaled at equal distances.
5. No absolute zero point; zero point is arbitrary.
6. Addition and subtraction are possible.
7. Examples include temperature measured in Fahrenheit and Celsius.
8. Lack of an absolute zero point makes division and multiplication impossible.

Characteristics of Ratio Measurement

1. Identical to the interval scale, except that they have an absolute zero point.
2. Unlike with interval scale data, all mathematical operations are possible.
3. Examples include height, weight, and time.

4. Highest level of measurement.
5. Allow for the use of sophisticated statistical techniques.

Methods for assessing reliability

- **Test-retest reliability**

Refers to the stability of test scores over time and involves repeating the same test on at least one other occasion. (For example, administering the same measure of academic achievement on two separate occasions 6 months apart is an example of this type of reliability. The interval of time between administrations should be considered with this form of reliability because test-retest correlations tend to decrease as the time interval increases).

- **Split-half reliability**

Refers to the administration of a single test that is divided into two equal halves. (For example, a 60-question aptitude test that purports to measure one aspect of academic achievement could be broken down into two separate but equal tests of 30 items each. Theoretically, the items on both forms measure the same construct.) This approach is much less susceptible to time-interval effects.

- **Alternate-form reliability**

It is expressed as the correlation between different forms of the same measure where the items on each measure represent the same item content and construct. This approach requires two different forms of the same instrument, which are then administered at different times. The two forms must cover identical content and have a similar difficulty level. The two test scores are then correlated.

- **Interrater reliability**

It is used to determine the agreement between different judges or raters when they are observing or evaluating the performance of others. (For example, assume you have two evaluators assessing the acting-out behaviour of a child. You operationalize “acting out behaviour” as the number of times that the child refuses to do his or her schoolwork in class. The extent to which the evaluators agree on whether or when the behaviour occurs reflects this type of reliability).

These suggestions-methods should be considered during the design phase of the study and should focus on data collection and measurement strategies used to measure the independent and dependent variables.

- First, the administration of the instrument or measurement strategy should be standardized-all measurement should occur in the most consistent manner possible-. In other words, the administration of measurement strategies should be consistent across all of the participants taking part in the study.

- Second, the researchers should make certain that the participants understand the instructions and content of the instrument or measurement strategy. If participants have difficulty in understanding the purpose or directions of the measure, they might not answer in an accurate fashion, which has the potential to bias the data.
- Third, every researcher involved in data collection should be thoroughly trained in the use of the measurement strategy. There should also be ample opportunity for practice before the study begins and repeated training over the course of the study to maintain consistency.
- Finally, every effort should be made to ensure that data are recorded, compiled, and analyzed accurately. Data entry should be closely monitored and audits should be conducted on a regular basis (Leary, 2004).

Reliability & Validity and Their Relationship to Measurement

At its most general level, *reliability* refers to the consistency or dependability of a measurement technique (Andrich, 1981; Leary, 2004). More specifically, reliability is concerned with the consistency or stability of the score obtained from a measure or assessment technique over time and across settings or conditions (Anastasi & Urbina, 1997; White & Saltz, 1957). If the measurement is reliable, then there is less chance that the obtained score is due to random factors and measurement error. Measurement error is uncontrolled for variance that distorts scores and observations so that they no longer accurately represent the construct in question. Scores obtained from most forms of data collection are subject to measurement error. Essentially, this means that any score obtained consists of two components. The first component is the *true score*, which is the score that would have been obtained if the measurement strategy were perfect and error free. The second component is *measurement error*, which is the portion of the score that is due to distortion and imprecision from a wide variety of potential factors, such as a poorly designed test, situational factors, and mistakes in the recording of data (Leary, 2004).

Although all measures contain error, the more reliable the method or instrument, the less likely it is that these influences will affect the accuracy of the measurement. Some constructs and phenomena, such as emotional states, can vary considerably with time. We would expect reliability to be high when measuring a stable construct, but not when measuring a transient one.

As for the measurement of Reliability, it is concerned with the relationship between independently derived sets of scores, such as the scores on an assessment instrument on two separate occasions. Accordingly, reliability is usually expressed as a correlation coefficient, which is a statistical

analysis that tells us something about the relationship between two sets of scores or variables. As a result, adequate reliability exists when the correlation coefficient is 0,80 or higher.

Although reliability is a necessary and essential consideration when selecting an instrument or measurement approach, it is not sufficient in and of itself. Validity is another critical aspect of measurement that must be considered as part of an overall measurement strategy. Whereas *reliability* refers to the consistency of the measure, *validity* focuses on what the test or measurement strategy measures and how well it does so (Anastasi & Urbina, 1997). Therefore, the conceptual question that validity seeks to answer is the following: “Does the instrument or measurement approach measure what it is supposed to measure?” If so, then the instrument or measurement approach is said to be valid because it accurately assesses and represents the construct of interest.

Validity and reliability are interconnected concepts (Sullivan & Feldman, 1979). This can be demonstrated by the fact that a measurement cannot be valid unless it is reliable. Validity is concerned not only with what is being measured, but also how well it is being measured.

If a test is not reliable, it will not accurately measure the construct of interest. Reliability, or consistency, is therefore a hallmark of validity.

The accurate measurement of the constructs and variables in a study is a critical component of research. A well-designed study is meaningless and a waste of time and resources if the independent and dependent variables cannot be identified, conceptualized, operationalized, and quantified. The validity of measurement approaches is therefore a critical aspect of the overall design process.

The validity of a measurement strategy can be determined by considering the relationship, either quantitatively or qualitatively, between the test or measurement strategy and some external, independent event (Groth-Marnat, 2003). The most common methods for demonstrating validity are referred to as content-related, criterion-related, and construct-related validity (Campbell, 1960).

Content-related validity refers to the relevance of the instrument or measurement strategy to the construct being measured (Fitzpatrick, 1983). In other words, the measurement approach must be related to the construct being measured. On the other hand, *Construct validity* assesses the extent to which the test or measurement strategy measures a theoretical construct or trait.

Scientific method

The *scientific method* is best thought of as an approach to the acquisition of new knowledge, and this approach effectively distinguishes science from nonscience. To be clear, the scientific method is not actually a single method, as the name would erroneously lead one to believe, but rather an overarching perspective on how scientific investigations should proceed. It is a set of research principles and methods that help researchers obtain valid results from their research studies. Because

the scientific method deals with the general *approach* to research rather than the *content* of specific research studies, it is used by researchers in all different scientific disciplines. As will be seen in the following sections, the biggest benefit of the scientific method is that it provides a set of clear and agreed upon guidelines for gathering, evaluating, and reporting information in the context of a research study (Cozby, 1993).

There has been some disagreement among researchers over the years regarding the elements that compose the scientific method. The scientific method has been the defining feature of scientific research. Researchers generally agree that the scientific method is composed of the following key elements: an empirical approach, observations, questions, hypotheses, experiments, analyses, conclusions, and replication.

The scientific method is firmly based on the empirical approach. The *empirical approach* is an evidence-based approach that relies on direct observation and experimentation in the acquisition of new knowledge (see Kazdin, 2003a). In the empirical approach, scientific decisions are made based on the data derived from direct observation and experimentation.

The empirical approach, with its emphasis on direct, systematic, and careful observation, is best thought of as the guiding principle behind all research conducted in accordance with the scientific method.

There are important components (steps) in scientific research, like observations, questions and hypotheses.

- *Observations*

An important component in any scientific investigation is observation. In this sense, *observation* refers to two distinct concepts—being aware of the world around us and making careful measurements. Observations of the world around us often give rise to the questions that are addressed through scientific research.

In the context of science, observation means more than just observing the world around us to get ideas for research. *Observation* also refers to the process of making careful and accurate measurements, which is a distinguishing feature of well-conducted scientific investigations. When making measurements in the context of research, scientists typically take great precautions to avoid making biased observations.

An important aspect of measurement is an *operational definition*. Researchers define key concepts and terms in the context of their research studies by using operational definitions. By using operational definitions, researchers ensure that everyone is talking about the same phenomenon.

For example, if a researcher wants to study the effects of exercise on stress levels, it would be necessary for the researcher to define what “exercise” is. By defining “exercise” (“exercise can refer

to jogging, weight lifting, swimming, jumping rope, or all of the above), for the purposes of the study, the researcher makes sure that everyone is referring to the same thing.

Clearly, the definition of “exercise” can differ from one study to another, so it is crucial that the researcher define “exercise” in a precise manner in the context of his or her study. Having a clear definition of terms also ensures that the researcher’s study can be replicated by other researchers.

- *Questions*

After getting a research idea, perhaps from making observations of the world around us, the next step in the research process involves translating that research idea into an “answerable” question. It is therefore important to formulate a research question that can be answered through available scientific methods and procedures.

- *Hypotheses*

The next step in the scientific method is coming up with a *hypothesis*, which is simply an educated—and testable—guess about the answer to your research question. A hypothesis is often described as an attempt by the researcher to explain the phenomenon of interest. Hypotheses can take various forms, depending on the question being asked and the type of study being conducted.

A key feature of all hypotheses is that each must make a *prediction*. Hypotheses are the researcher’s attempt to explain the phenomenon being studied, and that explanation should involve a prediction about the variables being studied. These predictions are then tested by gathering and analyzing data, and the hypotheses can be either supported or refuted (falsified) on the basis of the data. In their simplest forms, hypotheses are typically phrased as “if-then” statements. For example, a researcher may hypothesize that “*if* people exercise for 30 minutes per day at least three days per week, *then* their cholesterol levels will be reduced.” This hypothesis makes a prediction about the effects of exercising on levels of cholesterol, and the prediction can be tested by gathering and analyzing data.

Two types of hypotheses with which you should be familiar are the null hypothesis and the alternate (or experimental) hypothesis. The *null hypothesis* always predicts that there will be no differences between the groups being studied. By contrast, the *alternate hypothesis* predicts that there will be a difference between the groups. In our example, the null hypothesis would predict that the exercise group and the no-exercise group would not differ significantly on levels of cholesterol. The alternate hypothesis would predict that the two groups would differ significantly on cholesterol levels.

The second category of research hypotheses includes directional hypotheses and nondirectional hypotheses. In research studies involving groups of study participants, the decision regarding whether to use a directional or a nondirectional hypothesis is based on whether the researcher has some idea about how the groups being studied will differ.

Specifically, researchers use *nondirectional hypotheses* when they believe that the groups will differ, but they do not have a belief regarding how the groups will differ (i.e., in which direction they will differ). By contrast, researchers use *directional hypotheses* when they believe that the groups being studied will differ, *and* they have a belief regarding how the groups will differ (i.e., in a particular direction).

The Hypothetico-Deductive method

In general, the hypothetico-deductive method comes up with a hypothesis, identifies the practical consequences of the hypothesis, is looking for the potentialities of making a deduction from a statistical hypothesis and the possibilities of drawing a conclusion about the validity of the hypothesis from the empirical data. Deduction is about drawing logical conclusions from fixed premises and making a specific deduction from a general law. On the other hand, Induction is about drawing conclusions from empirical experience. When utilising this method, the researcher has to develop a testable hypothesis. The next question that comes up is how variables are going to be measured. This can happen by:

- Deduction (if the hypothesis is true, the researcher would expect certain outcomes which can be measured in reality)
- Developing a tentative causal mechanism, which is based on critical realism.

The measures can be:

- object/ phenomenon
- properties
- indicators (proxy/surrogate measures -things or opinions on things-, multiple and reflective measures (e.g. attitude scales) weighting.

On the other hand, Statistical deductions are about:

- Hypothesis (e.g. higher job satisfaction leads to higher productivity)
- Deduction (e.g. on average, people with a high JS score will also have a higher appraisal rating)

However, statistical deduction is a probability, so it cannot be a deduction, it is an induction. As a result, inductions are statistical inferences, while deduction (“deducing the specific from a general law and arriving at conclusions by logic and not from experimentation or evidence”) are 100% certain.

Realist research is related to Karl Popper's hypothetico-deductive method, which seeks to explain phenomena and generation of ideas. In an attempt to approach the "problem", a conceptual framework for the subject must be developed; the ideas are found by:

- abduction taken from somewhere in the literature
- deduction – inferred from logic and speculation from first principles
- induction general inferences from particular details or developing theory from observation of empirical reality.

The hypothetico-deductive method is utilising cross tabulation and chi square in order to analyse data and comparing means t-test (comparing variance-two or more means) ANOVA - correlation and regression as well as factor analysis. What is more, the hypothetico-deductive method is utilised to test hypotheses (is the hypothesis true-confirmed- or untrue –falsified- (Null hypothesis- the hypothesis that there is no relationship between two or more variables. Type I error (Null hypothesis rejected when it is true - false-negative-). Type II error (Null hypothesis confirmed when it is false- false positive-). If hypothesis has been confirmed, develop a theory based on several hypotheses. If hypothesis has been refuted, go back to the beginning and start again. More likely, revise and adjust your hypothesis and a retest.

Appendix III

Pearson's correlation coefficient is similar to the standard deviation in that it is based on the idea of dispersion or spread. The comparison is not complete because bivariate data are spread out in two dimensions (in the scatter diagram the points representing the data are scattered both vertically and horizontally).

The thing to remember about the sample Pearson correlation coefficient, r , are:

- It measures the strength of the connection or association between observed values of two variables.
- It can take any value from -1 to +1 inclusive.
- If it is positive, it means there is a direct or upward-sloping relationship.
- If it is negative, it means there is an inverse or downward-sloping relationship.
- The further it is from zero, the strongest the association.
- It only measures the strength of linear relationships.

The coefficient of determination

The square of the Pearson's correlation coefficient is also used as a way of measuring the connection between variables. Although it is the square of r , the upper case is used to in representing it (R^2). It

is called the coefficient of determination because it can help you to assess how much the values of one variable are decided or determined by the values of another.

Pearson correlation coefficient

The Pearson correlation coefficient is based on standard deviation; the square of the correlation coefficient is based on the square of the standard deviation, the variance.

Like the correlation coefficient, the coefficient of determination is a ratio, the ratio of the amount of the variance that can be explained by the relationship between the variables to the total variance in the data. It cannot exceed one (%). R^2 is an easy way to communicate the strength of the relationship between two variables.

Its only disadvantage compared to the correlation coefficient is that the figure itself does not convey whether the association is positive or negative.

Spearman's rank correlation coefficient

If we want to investigate links involving ordinal or ranked data, you should not use the Pearson correlation coefficient as it is based on arithmetic measures of location and spread, the mean and the standard deviation.

The Spearman coefficient can be used with interval and ratio data, provided that the data are ranked.

Simple linear regression analysis

The simplest form of regression analysis is simple linear regression; in this way, the researcher can find the straight line most appropriate for representing the connection between two sets of observed values. Because the line that “fits” to the relevant data can be used to represent the relationship, it is rather like an average in two dimensions, it summarises the link between the variables.

Complements of time series

The components of time series are:

- A trend, an underlying longer-term movement in the series that may be upward, downward or constant.
- A seasonal element, a short-term recurrent component, which may be daily, weekly, monthly, as well as seasonal.
- A cyclical element, a long-term recurrent component that repeats over several years
- An error or random or residual element, the amount that is not part of either the trend or the recurrent components.

The normal distribution

The normal distribution has three distinguishing features:

1. It is unimodal, in other words there is a single peak.

2. It is symmetrical; one side is the mirror image of the other.
3. It is asymptotic, that is, it tails off very gradually on each side but the line representing the distribution never quite meets the horizontal axis.

Appendix IV

In both types of studies experimental and observational, the effect of differences of an independent variable (or variables) on the behaviour of the dependent variable are observed. The difference between the two types is in how the study is actually conducted. Each can be very effective. An experimental study involves taking measurements of the system under study, manipulating the system, and then taking additional measurements using the same procedure to determine if the manipulation may have modified the values of the measurements. In contrast, an observational study does not involve experimental manipulation. Instead, data are gathered and correlations between predictors and the response are investigated. An example of an *experimental study* is the famous “Hawthorne studies” which attempted to test changes to the working environment at the Hawthorne plant of the Western Electric Company. The researchers were interested in whether increased illumination would increase the productivity of the assembly line workers. The researchers first measured productivity in the plant then modified the illumination in an area of the plant to see if changes in illumination would affect productivity. Due to errors in experimental procedures, specifically the lack of a control group and blindedness, the researchers were unable to do what they planned, in what is known as the “Hawthorne effect”. An example of an *observational study* is a study, which explores the correlation between smoking and lung cancer. This type of study typically uses a survey to collect observations about the area of interest and then perform statistical analysis. In this case, the researchers would collect observations of both smokers and non-smokers and then look at the number of cases of lung cancer in each group.

Experimenter Bias

Experimenter bias exists when researchers inadvertently influence the behaviour of research participants in a way that favours the outcomes they anticipate. Actually, researchers themselves are the first common source of artefact and bias (Kintz, Delprato, Mettee, Persons, & Shappe, 1965). Frequently called *experimenter bias* this source of artefact and bias refers to the potential for researchers themselves to inadvertently influence the behaviour of research participants in a certain direction (Adair, 1973; Beins, 2004). Experimenter effects are a potential source of bias in any research study. If the researchers can be a significant source of artefact and bias, then it makes both

intuitive and practical sense that the participants involved in a research project can also be a significant source of artefact and bias.

In other words, a researcher who holds certain beliefs about the nature of his or her research and how the results will or should turn out may intentionally or unintentionally influence the outcome of the study in a way that favours his or her expected outcome (Barber & Silver, 1968); experimenter bias can manifest itself across a wide variety of circumstances and settings. For example, a researcher might interpret data in such a way that it supports his or her theoretical orientation or a particular theoretical paradigm. Similarly, the researcher might be tempted to change the original research hypotheses to fit the actual data when it becomes apparent that the data do not support the original hypotheses.

A related bias occurs when researchers blatantly ignore findings that do not support their hypotheses. Other, more innocuous examples include subtle errors in data collection and recording and unintentional deviations from standardized procedures. These biases are particularly prevalent in studies in which a single researcher is responsible for generating the hypotheses, designing the study, and collecting and analyzing the data (Barber, 1976).

Of course, there are potential strategies for minimizing experimenter effects:

- Carefully control or standardize all experimental procedures.
- Provide training and education on the impact and control of experimenter effects to all of the researchers involved in the study.
- Minimize dual or multiple roles within the study.
- When multiple researcher roles are necessary, provide appropriate checks, balances, and quality control procedures, whenever possible.
- Automate procedures, whenever possible.
- Conduct data collection audits and ensure accuracy of data entry.
- Consider using a statistical consultant to ensure impartiality of results and choice of appropriate statistical analyses.
- Limit the knowledge that the researcher or researchers have regarding the nature of the hypotheses being tested, the experimental manipulation, and which participants are either receiving or not receiving the experimental manipulation.

Participant Effects

Participant effects are a source of artefact and bias stemming from a variety of factors related to the unique motives, attitudes, and behaviours that participants bring to any research study. As the name implies, the participants involved in a research study can be a significant source of artefact and bias.

Just like researchers, they bring their own unique sets of biases and perceptions into the research setting. Put simply, *participant effects* refers to a variety of factors related to the unique motives, attitudes, and behaviours that participants bring to any research study (Kruglanski, 1975; Orne, 1962). For example, is the participant anxious about the process, eager to please the researcher, or motivated by the fact that he or she is being compensated for participation? Do the participants think they have figured out the purpose of the study, and are they acting accordingly? In other words, are the participants, either consciously or unconsciously, altering their behaviour to the demands of the research setting?

In this regard, participant effects are very similar to experimenter effects because they are simply the expression of individual differences, predispositions, and biases imposed upon the context of a research design. Often, participants are unaware of their own attitudes, predispositions, and biases in their day-to-day lives, let alone in the carefully controlled context of a research study. The impact of participant effects has been thoroughly researched and well documented. At the broadest level of conceptualization, research suggests that the level of participant motivation and behaviour changes simply because of the person's involvement in a research study. This phenomenon is most commonly referred to as the Hawthorne *effect*. The term "Hawthorne effect" was coined as a result of a series of studies that lent support to the proposition that participants often change their behaviour merely as a response to being observed and to be helpful to the researcher. There are numerous, more specific ways that participant effects.

The Hawthorne Effect

Reactivity of the experimental arrangements is also referred to as the *Hawthorne effect*, which occurs when an individual's performance in a study is affected by the individual's knowledge that he or she is participating in a study. For example, some participants might be more attentive, compliant, or diligent, while others might be intentionally difficult or noncooperative despite having volunteered for the study (Bracht & Glass, 1968).

However, there are approaches for limiting Researchers' knowledge of Participant Assignment:

- ***Double-blind technique:*** The most powerful method for controlling researcher expectancy and related bias, this procedure requires that neither the participants nor the researchers know which experimental or control condition research participants are assigned to.
- ***Blind technique:*** This procedure requires that only the researcher be kept "blind" or naïve regarding which treatment or control conditions the participants are involved.
- ***Partial-blind technique:*** This procedure is similar to the blind technique, except that the researcher is kept naïve regarding participant selection for only a portion of the study.

Apart from these approaches, there are other control methods like *Randomization*. It is a control method that helps to eliminate alternative rival hypotheses that might otherwise explain the results of the study. Randomization does not attempt to eliminate sources of artefact and bias from the study. Instead, it attempts to control for the effects of extraneous variables by ensuring that they are equivalent across all of the experimental and control groups in the study. Finally, *Blocking* is an assignment technique allows the researchers to determine what specific impact the variable in question is having on the dependent variable by taking a potentially confounding variable and examining it as another independent variable.

Appendix V

Sampling Methods

METHOD	HOW TO APPLY IT	ADVANTAGES	DISADVANTAGES
SIMPLE RANDOM	From the alphabetical list of an organisation's customers (e.g. 1000), the sample of 200 individuals is chosen and these named customers are contacted	Simple, cheap and easy. As happens with all random samples, the probability of being in sample is known; in this way, the sample error can be calculated.	Data collection may be expensive (if it is conducted face-to-face and is spread all over the country). The sample may not be representative.
SYSTEMATIC RANDOM	If 200 customers are required from 1000, then we can take every 5 th name on the alphabetical list.	Easy and cheap	Could result in some locations not being represented (or in other cases, a disproportionate number of men or women)
STRATIFIED RANDOM	Take 20% from each location (in other cases then apply proportionate male/female percentages). Alternatively, take a certain number from each location (disproportionate), if heavier weighting is required for a specific area/group.	Likely to be more representative than simple and systematic random.	Still ends up with named individuals who might not be available (or may not wish to participate). Sampling frame required for each stratum.
CLUSTER	Randomly select 2 or three locations; usually interview all customers at those sites.	If face-to-face interviewing, saves travelling to every corner of the country. Fewer resources than stratified. Need for sampling frame for selected clusters only.	If census in each chosen cluster, sample probably larger than needs to be.
MULTI-STAGE	As cluster. But then use stratified random sample from each site selected in 1 st stage to get a sample of 200	Required size of sample can be selected	Similar to cluster, but more stages.
QUOTA	Similar to stratified random, but once quotas set up, anyone fitting the profile can be interviewed rather than having to locate named individuals.	Should be representative. Easier and cheaper than stratified. No need to find named individuals.	Not possible to apply statistical techniques in same way as random sampling. (e.g. sample error cannot be calculated)
JUDGEMENTAL	It might be felt appropriate to interview all from one site and a sample from the others.	It allows you to adjust the sample to accommodate a particular aspect of the population	As with other forms of non- random sampling, can be seen as subjective.
SNOWBALL	If the research relates to stress at work, it might be difficult to locate a suitable sample. This method could be used to identify respondents.	Good where finding a sampling frame is difficult/ impossible.	Depends on research objectives, but unlikely to be much use here.
CONVENIENCE	Assume the researcher lives in Athens and is friendly with all the many customers...	Cheap and easy to set up. OK for exploratory research.	Not representative of the whole organisation. Only certain groups of customers (or from a specific area) can be included.
SELF-SELECTING	Put a letter in staff magazine or on the homepage, inviting interested employees to fill in a questionnaire.	Cheap and easy. People participate willingly.	May be biased to people who feel strongly about the issue only.

Simple random sampling

Selecting a set of winning numbers in a lottery is an example of simple random sampling. Before you can undertake this method, you need to establish a clear definition of the population and compile a list of the elements in it. In the same way, as all the numbers in the lottery must be included if the draw is to be fair, all the items in the population must be included for the sample we take to be random. The population list is the basis or framework of our sample selection, so it is known as the sampling frame.

Once you have the sampling frame, you need to number each element in it and then you can use random numbers to select your sample.

Systematic random sampling

A faster alternative to simple random sampling is systematic sampling; it involves selecting a proportion of elements from the sampling frame by choosing elements at regular intervals through the list. The first element is selected using a random number.

As well as being cheap and simple, systematic sampling does yield samples with a definable sampling error and therefore able to produce unbiased estimates. On the other hand, the disadvantages of the method are related to expensive data collection if the sample members are widely dispersed, and the possibility of sub-sections of the population under represented.

Stratified random sampling

To avoid sections of a population being under- or over-represented, you can use stratified random sampling. As the name implies, the sample selection is random, but it is structured in using the sections or strata in the population.

The starting point is to define the size of the sample and then decide what proportion of each section of the population needs to be selected for the sample. Once you have decided how many elements you need from each section, then use simpler random sampling to choose them. This ensures that all the sections of the population are represented in the sample yet preserves the random nature of selection and thus your ability to produce unbiased estimators of the population parameters from your sample data.

The advantage of stratified random sampling is that it produces samples that yield unbiased estimators of population parameters whilst ensuring that the different sectors of the population are represented.

Cluster sampling

If the investigation for which you acquire a sample is based on a population that is widely scattered you may prefer to use cluster sampling. This method is appropriate if the population you wish the sample is composed of geographically distinct units or clusters. You simply take a complete list of

the clusters that make up your population and take a random sample of clusters from it. The elements in your sample are all the individuals in each selected cluster.

The advantages of cluster sampling are that it is cheap, especially if the investigation involves face-to-face interviews, because a number of locations to visit are small and you only need sampling frames for the selected clusters rather than the entire population.

The disadvantages are that you may well end up with a larger sample than you need and there is a risk that some sections of the population may be under-represented.

Multi-stage sampling

It is a generic term for a combination of probabilistic sampling methods. It can be particularly useful for selecting samples from populations that are divided or layered in more than one way.

The advantage of multi-stage sampling is that you can customise your approach to selecting your sample; it enables you to benefit from the advantages of a particular method and use others alongside to overcome its disadvantages. Like other probabilistic methods, it produces results that can be used as unbiased estimators of population parameters.

Other sampling methods

- *Quota sampling*

In one respect quota sampling is similar to stratified random sampling: you start by working out what proportion of the population you want to include in your sample and then apply that proportion to the sections of the population to work out the quota of respondents needed from each section of the population. You then fill each quota by finding enough elements from each section of the population.

The advantages of quota sampling are that the resulting big sample should be representative, and that the process is cheaper and easier than using stratified sampling. In addition, there is no need to find named individuals who may, once found, decline to participate. Quota sampling is particularly useful for sampling from large populations for which an accurate sampling frame is unavailable, a situation that polling organisations typically face.

The disadvantages are that it is susceptible to bias and the results from quota samples are not unbiased estimators of population parameters, as the sample selection process is not based on probability. The bias might arise inadvertently from the researcher.

- *Judgemental sampling*

In judgemental sampling, the selection of the sample is based entirely on the expertise of the investigator who uses their judgement to select a sample they consider representative.

The advantage of judgemental sampling is that it does allow you to customise your approach to sample selection. The disadvantage is that it is entirely subjective and non-random and as such does not yield results that can be used to predict the features of the population with any statistical rigour.

- *Snowball sampling*

This method involves starting by finding a relatively few respondents who have a particular feature of interest to the investigator and using them to identify others who share the same feature. The sample “snowballs” to include these others and perhaps yet more potential respondents whom they identify. Snowballing is a useful means of obtaining a sample of a population that may be difficult to access by other means, such as small-scale building contractors. It is open to bias because the initial respondents or contacts decide whose names to pass on to you and there is no valid way of assessing the sampling error so any generalisation from the results is not statistically valid.

- *Convenient sampling*

This method is very simple: samples are chosen purely on the basis of accessibility. It is easy and cheap; it can be useful means of conducting an initial exploratory investigation by the sample is unlikely to be representative of the whole population and results from it should certainly not be used for estimating population parameters as they lack statistical validity.

- *Self-selection*

This is sample selection by invitation: you might send any mail or display a notice asking people to participate in an interview or complete a questionnaire. The advantages are that it is cheap, easy, and what is more you are guaranteed to get willing respondents. Unfortunately, this approach to sampling is almost invariably prone to bias; usually it is the people who have stronger feelings on the issues under investigation who put themselves forward and the sample composition is therefore biased against those with views that are more neutral.

Appendix VI

Measurement scales & S.P.S.S.

Nominal and ordinal scales are nonmetric measurement scales. *Nominal scales* are the least sophisticated type of measurement and are used only to qualitatively classify or categorize. They have no absolute zero point and cannot be ordered in a quantitative sequence, and there is no equal unit of measurement between categories. In other words, the numbers assigned to the variables have no mathematical meaning beyond describing the characteristic or attribute under consideration—they do not imply amounts of an attribute or characteristic. This makes it impossible to conduct standard mathematical operations such as addition, subtraction, division, and multiplication.

Common examples of nominal scale data include gender, religious and political affiliation, place of birth, city of residence, ethnicity, marital status, eye and hair colour, and employment status. Each of these variables is purely descriptive and cannot be manipulated mathematically.

The second type of nonmetric measurement scale is known as the ordinal scale. Unlike the nominal scale, *ordinal scale* measurement is characterized by the ability to measure a variable in terms of both *identity* and *magnitude*. This makes it a higher level of measurement than the nominal scale because the ordinal scale allows for the categorization of a variable and its relative magnitude in relation to other variables. Variables can be ranked in relation to the amount of the attribute possessed. In simpler terms, ordinal scales represent an ordering of variables, with some number representing more than another does. One way to think about ordinal data is by using the concept of greater than or less than, which incidentally also highlights the main weakness of ordinal data. Notice that knowing whether something has more or less of an attribute does not quantify *how much* more or less of the attribute or characteristic there is. We therefore know nothing about the differences between categories or ranks; instead, we have information about relative position, but not the interval between the ranks or categories. Like nominal data, ordinal data are qualitative in nature and do not possess the mathematical properties necessary for sophisticated statistical analyses. A common example of an ordinal scale is the finishing positions of runners in a race. We know that the first runner to cross the line did better than the fourth, but we do not know how much better. We would know how much better only if we knew the time it took each runner to complete the race.

This requires a different level or scale of measurement, which leads us to a discussion of the two metric scales of measurement. *Interval* and *ratio* scales are the two types of metric measurement scales, and are quantitative in nature. Collectively, they represent the most sophisticated level of measurement and lend themselves well to sophisticated and powerful statistical techniques. The *interval scale* of measurement builds on ordinal measurement by providing information about both order and distance between values of variables. The numbers on an interval scale are scaled at equal distances, but there is no absolute zero point. Instead, the zero point is arbitrary. Because of this, addition and subtraction are possible with this level of measurement, but the lack of an absolute zero point makes division and multiplication impossible. It is perhaps best to think of the interval scale as related to our traditional number system, but without a zero. On either the Fahrenheit or the Celsius scale, zero does not represent a complete absence of temperature, yet the quantitative or measurement difference between 10 and 20 degree is the same as the difference between 40 and 50 degrees. There might be a qualitative difference between the two temperature ranges, but the quantitative difference is identical—10 units or degrees.

The second type of metric measurement scale is the *ratio scale* of measurement. The properties of the ratio scale are identical to those of the interval scale, except that the ratio scale has an absolute zero point, which means that all mathematical operations are possible. Numerous examples of ratio scale data exist in our daily lives. Money is a pertinent example. It is possible to have no (or zero) money—a zero balance in a checking account, for example. This is an example of an absolute zero point. Unlike with interval scale data, multiplication and division are now possible. Ten dollars is 10 times more than 1 dollar, and 20 dollars is twice as much as 10 dollars. Other examples include height, weight, and time. Ratio data is the highest level of measurement and allows for the use of sophisticated statistical techniques.

S.P.S.S. for windows provides a powerful statistical analysis and data management system in a graphical environment, using descriptive menus and simple dialog boxes. S.P.S.S. data files are organized by cases (rows) and variables (columns). In this data file, cases represent individual respondents-customers of the survey, while variables represent each question asked in the questionnaire. Different summary measures are appropriate for different types of data, depending on the level of measurement:

- *Categorical*: Data with a limited number of distinct values or categories (for example, gender or marital status). It is also referred to as qualitative data. Categorical variables can be string (alphanumeric) data or numeric variables that use numeric codes to represent categories (for example, 0 = Unmarried and 1 = Married). There are two basic types of categorical data:
 1. *Nominal*: Categorical data where there is no inherent order to the categories (for example, a job category of "sales" is not higher or lower than a job category of "marketing" or "research").
 2. *Ordinal*: Categorical data where there is a meaningful order of categories, but there is not a measurable distance between categories (for example, there is an order to the values high, medium, and low, but the "distance" between the values cannot be calculated).
- *Scale*: Data measured on an interval or ratio scale, where the data values indicate both the order of values and the distance between values. For example, a salary of \$72,195 is higher than a salary of \$52,398, and the distance between the two values is \$19,797. Also referred to as quantitative or continuous data.

For categorical data, the most typical summary measure is the number or percentage of cases in each category. The *mode* is the category with the greatest number of cases. For ordinal data, the *median*

(the value above and below which half the cases fall) may also be a useful summary measure if there is a large number of categories. The information in a frequency table can be graphically presented with a bar chart or pie chart.

What is more, there are many summary measures available for scale variables, including:

- Measures of *central tendency*: The most common measures of central tendency are the mean (arithmetic average) and median (value above and below which half the cases fall).
- Measures of *dispersion*: Statistics that measure the amount of variation or spread in the data include the standard deviation, minimum, and maximum.

If there is a large difference between the mean and the median, it is indicated that the values are not normally distributed. The distribution can be visually checked with a histogram.

Missing value analysis

Missing value analysis helps address several concerns caused by incomplete data. Cases with missing values that are systematically different from cases without missing values can obscure the results. In addition, missing data may reduce the precision of calculated statistics because there is less information than originally planned. Another concern is that the assumptions behind many statistical procedures are based on complete cases, and missing values can complicate the theory required.

The Missing Value procedure performs three primary functions:

- Describes the pattern of missing data: where the missing values are located, how extensive they are, whether pairs of variables tend to have values missing in different cases, whether data values are extreme, and whether values are missing randomly.
- Estimates means, standard deviation, covariances, and correlations using a listwise, pairwise, regression, or EM (expectation-maximization) method. The pairwise method also displays counts of pairwise complete cases.
- Fills in (imputes) missing values with estimated values using regression or EM methods.

Durbin-Watson Significance Tables

The Durbin-Watson statistic tests the null hypothesis that the residuals from an ordinary least-squares regression are not autocorrelated against the alternative that the residuals follow an AR1 process. The Durbin-Watson statistic ranges in value from 0 to 4. A value near 2 indicates non-autocorrelation, a value toward 0 indicates positive autocorrelation, and a value toward 4 indicates negative autocorrelation. Because of the dependence of any computed Durbin-Watson value on the

associated data matrix, exact critical values of the Durbin-Watson statistic are not tabulated for all possible cases. Instead, Durbin and Watson established upper and lower bounds for the critical values. Typically, tabulated bounds are used to test the hypothesis of zero autocorrelation against the alternative of positive first-order autocorrelation, since positive autocorrelation is seen much more frequently in practice than negative autocorrelation. To use the table, you must cross-reference the sample size against the number of regressors, excluding the constant from the count of the number of regressors. The conventional Durbin-Watson tables are not applicable when you do not have a constant term in the regression. Instead, you must refer to an appropriate set of Durbin-Watson tables. The conventional Durbin-Watson tables are also not applicable when a lagged dependent variable appears among the regressors. Durbin has proposed alternative test procedures for this case.

Distributed Analysis Mode

Distributed analysis mode allows you to use a computer other than your local (or desktop) computer for memory-intensive work. Since remote servers used for distributed analysis are typically more powerful and faster than your local computer, appropriate use of distributed analysis mode can significantly reduce computer processing time. Distributed analysis with a remote server can be useful if your work involves:

- Large data files, particularly data read from database sources.
- Memory-intensive tasks. Any task that takes a long time in local analysis mode might be a good candidate for distributed analysis.

Distributed analysis affects only data-related tasks, such as reading data, transforming data, computing new variables, and calculating statistics. It has no effect on tasks related to editing output, such as manipulating pivot tables or modifying charts.

Appendix VII

Descriptive Statistics

Descriptive statistics are used to describe the data collected in research studies and to accurately characterize the variables under observation within a specific sample. Descriptive analyses are frequently used to summarize a study sample prior to analyzing a study's primary hypotheses. This provides information about the overall representativeness of the sample, as well as the information necessary for other researchers to replicate the study, if they so desire. In other research efforts (i.e., purely descriptive studies), precise and comprehensive descriptions may be the primary focus of the study. In either case, the principal objective of descriptive statistics is to accurately describe distributions of certain variables within a specific data set.

There is a variety of methods for examining the distribution of a variable. Frequency distribution is one of them; the *central tendency* of a distribution is a number that represents the typical or most representative value in the distribution, while widely used measures of central tendency are the mean (average), median (middle value), and mode (the value that occurs most frequently in a set of values).

On the other hand, the spread, or more technically referred to as the *dispersion*, of a distribution provides us with information about how tightly grouped the values are around the centre of the distribution (e.g., around the mean, median, and/or mode). The most widely used measures of dispersion are range (difference between the highest and lowest values in a distribution), variance (it reveals how closely concentrated a set of values is around its average value), and standard deviation (the square root of the variance). The variance and the standard deviation of distributions are the basis for calculating many other statistics that estimate associations and differences between variables. In addition, they provide researchers with important information about the values in a distribution. In addition to describing the shape of variable distributions, another important task of descriptive statistics is to examine and describe the relationships or associations between variables. Correlations are perhaps the most basic and most useful measure of association between two or more variables. Although correlations are typically regarded as descriptive in nature, they can—unlike measures of central tendency and dispersion—be tested for *statistical significance*. Tests of significance allow us to estimate the likelihood that a relationship between variables in a sample actually exists in the population and is not simply the result of chance. There is a wide selection of correlations that, for the most part, are determined by the type of scale (i.e., nominal, ordinal, interval, or ratio) on which the variables are measured. One of the most widely used correlations is the Pearson product-moment correlation, often referred to as the Pearson r , which is used to examine associations between two variables that are measured on either ratio or interval scales.

Perhaps the most basic method, and the starting point and foundation of virtually all statistical analyses, is the frequency distribution. A *frequency distribution* is simply a complete list of all possible values or scores for a particular variable, along with the number of times (frequency) that each value or score appears in the data set. For example, teachers and instructors who want to know how their classes perform on certain exams will need to examine the overall distribution of the test scores. The teacher would begin by sorting the scores so that they go from the lowest to the highest and then count the number of times that each score occurred. This information can be delineated in what is known as a *frequency table*.

- ***Frequencies***

The Frequencies procedure provides statistics and graphical displays that are useful for describing many types of variables. For a frequency report and bar chart, the distinct values can be arranged in ascending or descending order.

Statistics		STORE_TYPE	PEOPLE_WORKING	SHOP_SIZE	LABOUR_RELATIONSHIP	PRODUCTS_TYPE
N	Valid	500	500	500	500	500
	Missing	2	2	2	2	2
Mean		2,0580	3,9480	3,1800	1,5120	1,7720
Std. Error of Mean		,07261	,05756	,04160	,02766	,02760
Median		1,0000	4,0000	3,0000	1,0000	2,0000
Mode		1,00	5,00	4,00	1,00	2,00
Std. Deviation		1,62355	1,28709	,93023	,61856	,61707
Variance		2,636	1,657	,865	,383	,381
Skewness		1,726	-,979	-,905	,796	,187
Std. Error of Skewness		,109	,109	,109	,109	,109
Kurtosis		2,046	-,234	-,157	-,364	-,565
Std. Error of Kurtosis		,218	,218	,218	,218	,218
Range		6,00	4,00	3,00	2,00	2,00
Minimum		1,00	1,00	1,00	1,00	1,00
Maximum		7,00	5,00	4,00	3,00	3,00
Sum		1029,00	1974,00	1590,00	756,00	886,00
Percentiles	10	1,0000	2,0000	2,0000	1,0000	1,0000
	20	1,0000	3,0000	2,0000	1,0000	1,0000
	25	1,0000	3,0000	3,0000	1,0000	1,0000
	30	1,0000	3,0000	3,0000	1,0000	1,0000
	40	1,0000	4,0000	3,0000	1,0000	2,0000
	50	1,0000	4,0000	3,0000	1,0000	2,0000
	60	2,0000	5,0000	4,0000	2,0000	2,0000
	70	2,0000	5,0000	4,0000	2,0000	2,0000
	75	2,0000	5,0000	4,0000	2,0000	2,0000
80	3,0000	5,0000	4,0000	2,0000	2,0000	
90		5,0000	5,0000	4,0000	2,0000	3,0000

Statistics		NO_NAME_PRODUCTS_TY ES	BRAND_NAME PRODUCTS	STORE_LOCA TION	ORDERS_F REQUENCY	ANNUAL_ORDE RS
N	Valid	284	163	500	500	500
	Missin g	218	339	2	2	2
Mean		2,0282	5,2270	3,5320	2,3940	3,5440
Std. Error of Mean		,10427	,13796	,05404	,04819	,05335
Median		1,0000	6,0000	3,0000	2,0000	4,0000
Mode		1,00	6,00	3,00	2,00	4,00
Std. Deviation		1,75714	1,76138	1,20826	1,07754	1,19286
Variance		3,088	3,102	1,460	1,161	1,423
Skewness		1,995	-,358	,041	2,148	-,898
Std. Error of Skewness		,145	,190	,109	,109	,109
Kurtosis		3,092	-,195	,153	4,066	-,168
Std. Error of Kurtosis		,288	,378	,218	,218	,218
Range		7,00	7,00	5,00	5,00	4,00
Minimum		1,00	1,00	1,00	1,00	1,00
Maximum		8,00	8,00	6,00	6,00	5,00
Sum		576,00	852,00	1766,00	1197,00	1772,00
Percentiles	10	1,0000	3,0000	2,0000	2,0000	1,0000
	20	1,0000	4,0000	3,0000	2,0000	2,0000
	25	1,0000	4,0000	3,0000	2,0000	3,0000
	30	1,0000	4,0000	3,0000	2,0000	3,0000
	40	1,0000	4,6000	3,0000	2,0000	4,0000
	50	1,0000	6,0000	3,0000	2,0000	4,0000
	60	2,0000	6,0000	4,0000	2,0000	4,0000
	70	2,0000	6,0000	4,0000	2,0000	4,0000
	75	2,0000	6,0000	4,0000	2,0000	4,0000
	80	3,0000	6,0000	4,0000	2,8000	4,0000
90	5,0000	8,0000	5,0000	4,0000	5,0000	

STORE_TYPE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BAKERY	274	54,6	54,8	54,8
	BREAD SHOP	108	21,5	21,6	76,4
	SWEET SHOP	45	9,0	9,0	85,4
	CONVENIENT STORE	17	3,4	3,4	88,8
	MINI MARKET	17	3,4	3,4	92,2
	KIOSK	22	4,4	4,4	96,6
	SCHOOL CANTEEN	17	3,4	3,4	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

PEOPLE_WORKING

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	ONE PERSON	37	7,4	7,4	7,4
	TWO PERSONS	42	8,4	8,4	15,8
	THREE PERSONS	79	15,7	15,8	31,6
	FOUR PERSONS	94	18,7	18,8	50,4
	MORE THAN FOUR PERSONS	248	49,4	49,6	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

SHOP_SIZE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	UP TO 15 SQ.MTR	36	7,2	7,2	7,2
	16 TO 30 SQ.MTR	71	14,1	14,2	21,4
	30 TO 50 SQ. MTR	160	31,9	32,0	53,4
	MORE THAN 50 SQ. MTR	233	46,4	46,6	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

LABOUR_RELATIONSHIP

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	FULL TIME	277	55,2	55,4	55,4
	PART TIME	190	37,8	38,0	93,4
	THROUGH O.A.E.D.	33	6,6	6,6	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

PRODUCTS_TYPE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	BRAND NAME PRODUCTS	165	32,9	33,0	33,0
	NO NAME PRODUCTS	284	56,6	56,8	89,8
	BOTH	51	10,2	10,2	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

NO_NAME_PRODUCTS_TYPES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	COOKIES	167	33,3	58,8	58,8
	CHOCOLATS	59	11,8	20,8	79,6
	CARAMELS	19	3,8	6,7	86,3
	CROISSANTS	6	1,2	2,1	88,4
	VANILLAS	8	1,6	2,8	91,2
	LOUKOUMIA (TURKISH DELIGTS)	11	2,2	3,9	95,1
	PRESERVES	8	1,6	2,8	97,9
	OTHER (TRIFLE, PIES, PASTRY, TIMBALES,CORNET)	6	1,2	2,1	100,0
	Total	284	56,6	100,0	
Missing	System	218	43,4		
Total		502	100,0		

COOKIES_TYPES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	PLAIN BISCUITS	73	14,5	43,7	43,7
	BISCUITS COVERED WITH CHOCOLATE (FILLED WITH MARMELADE)	42	8,4	25,1	68,9
	IMPORTED BUISCUITS (WITH WHITE AND BLACK CHOCOLATE, COCOA)	18	3,6	10,8	79,6
	COATED BISCUITS (WITH TRUFFLE, ALMONDS, COCONUT & PEANUTS)	7	1,4	4,2	83,8
	SOPS (PLAIN OR FILLED WITH BANANA OR LEMON)	7	1,4	4,2	88,0
	BISCUITS FILLED WITH COCOA CREAM (MERENDA)	9	1,8	5,4	93,4
	SOPS WITH TOPPINGS (CORNFLAKES, RAISINS. SESAME OR CHOCOCHIP)	7	1,4	4,2	97,6
	COOKIES FOR DIABETIC PEOPLE (QUAKERS, NO SUGAR OR SALT)	4	,8	2,4	100,0
	Total	167	33,3	100,0	
Missing	System	335	66,7		
Total		502	100,0		

CHOCOLATES_TYPES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	WRAPPED MILK OR BITTER "TREATS" (ROCKS, TARTS, STONES, BELLS)	21	4,2	35,6	35,6
	WRAPPED MILK OR BITTER "TREATS" (WITH CARAMEL, ORANGE, NOUGA)	12	2,4	20,3	55,9
	UNWRAPPED "TREATS" (MARGARITAS, OLIVES, SHELLS)	11	2,2	18,6	74,6
	UNWRAPPED "TREATS" (WITH ALMONDS, NUTS, PLUMS, WALNUTS)	6	1,2	10,2	84,7
	HAND-MADE CHOCOLATES WITH WALNUTS, CHERRIES, PLUMS ETC)	4	,8	6,8	91,5
	WHITE CHOCOLATES IN DIFFERENT SHAPES	5	1,0	8,5	100,0
	Total	59	11,8	100,0	
Missing	System	443	88,2		
Total		502	100,0		

BRAND_NAME_PRODUCTS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	COFFEE	6	1,2	3,7	3,7
	CHEWING GUMS	7	1,4	4,3	8,0
	CROISSANTS	6	1,2	3,7	11,7
	BISCUITS	46	9,2	28,2	39,9
	CAMELS- LOLLYPOPS	7	1,4	4,3	44,2
	CHOCOLATES	64	12,7	39,3	83,4
	CRISPS	5	1,0	3,1	86,5
	COCOA AND MERENDA PRODUCTS	22	4,4	13,5	100,0
	Total	163	32,5	100,0	
Missing	System	339	67,5		
Total		502	100,0		

BRANDED_CHOCOLATES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	"ION"	46	9,2	28,2	28,2
	"NESTLE"	16	3,2	9,8	38,0
	"KINDER"	58	11,6	35,6	73,6
	"BINGO"	20	4,0	12,3	85,9
	"PAVLIDIS"	23	4,6	14,1	100,0
	Total	163	32,5	100,0	
Missing	System	339	67,5		
Total		502	100,0		

STORE_LOCATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	EAST OF ATHENS	35	7,0	7,0	7,0
	WEST OF ATHENS	34	6,8	6,8	13,8
	NORTH OF ATHENS	184	36,7	36,8	50,6
	SOUTH OF ATHENS	164	32,7	32,8	83,4
	CENTRE OF ATHENS	43	8,6	8,6	92,0
	OUTSIDE ATHENS AREA	40	8,0	8,0	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

ORDERS_FREQUENCY

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	TWICE A WEEK	25	5,0	5,0	5,0
	ONCE A WEEK	375	74,7	75,0	80,0
	ONCE IN TEN DAYS	40	8,0	8,0	88,0
	ONCE IN TWO WEEKS	19	3,8	3,8	91,8
	ONCE IN 20 DAYS	20	4,0	4,0	95,8
	ONCE A MONTH	21	4,2	4,2	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

TOTAL_SALES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	INCREASING	215	42,8	43,0	43,0
	DECREASING	211	42,0	42,2	85,2
	SAME	74	14,7	14,8	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

MAIN_ISSUES

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	COMPETITION	187	37,3	37,4	37,4
	FINANCING/CREDIT	93	18,5	18,6	56,0
	TAXATION SYSTEM	39	7,8	7,8	63,8
	WAREHOUSING PROBLEMS	43	8,6	8,6	72,4
	UTILISATION OF E-COMMERCE	29	5,8	5,8	78,2
	SUCCESSION	27	5,4	5,4	83,6
	EXCLUSION FROM THE FUNDS OF 3RD & 4TH C.S.F. AND D.L.	55	11,0	11,0	94,6
	DELAYS IN SERVICES	27	5,4	5,4	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

SOLUTIONS

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	NEW & SOLID LEGISLATIVE FRAMEWORK-MOTIVES FOR SMES	50	10,0	10,0	10,0
	DECENTRALISATION - EXPANSION OF NETWORK	36	7,2	7,2	17,2
	QUALITATIVE SERVICE	32	6,4	6,4	23,6
	FRANCHISING	37	7,4	7,4	31,0
	MERGERS-ACQUISITIONS	39	7,8	7,8	38,8
	CLUSTERS & NETWORKS	69	13,7	13,8	52,6
	TAX RELIEF FOR SMES - CAPITALS FROM 3RD & 4TH C.S.F.	76	15,1	15,2	67,8
	OUTSOURCING	46	9,2	9,2	77,0
	R.& D. PROGRAMMES-INTERNET UTILISATION	51	10,2	10,2	87,2
	PRODUCT DIFFERENTIATION	32	6,4	6,4	93,6
	BETTER AGGREEMENTS WITH BANKS- BOOST OF SMES' FUNDS	31	6,2	6,2	99,8
	34,00	1	,2	,2	100,0
	Total	500	99,6	100,0	
Missing	System	2	,4		
Total		502	100,0		

- **Central Tendency**

The *central tendency* of a distribution is a number that represents the typical or most representative value in the distribution. Measures of central tendency provide researchers with a way of characterizing a data set with a single value. The most widely used measures of central tendency are the mean, median, and mode.

The *mean*, except in statistics courses and scientific journals, is more commonly known as the average. The mean is perhaps the most widely used and reported measure of central tendency. The mean is quite simple to calculate: Simply add all the numbers in the data set and then divide by the total number of entries. The result is the mean of the distribution.

The *median*, as implied by its name, is the middle value in a distribution of values. To calculate the median, simply sort all of the values from lowest to highest and then identify the middle value. The middle value is the median.

The mode is yet another useful measure of central tendency. The *mode* is the value that occurs most frequently in a set of values. To find the mode, simply count the number of times (frequency) that each value appears in a data set. The value that occurs most frequently is the mode. With larger data sets, the mode is more easily identified by examining a frequency table, as described earlier. The mode is very useful with nominal and ordinal data or when the data are not normally distributed, because it is not influenced by extreme values or outliers. Therefore, the mode is a

good summary statistic even in cases when distributions are skewed. A distribution can have more than one mode. Two modes would make the distribution *bimodal*, while a distribution having three modes would be referred to as *trimodal*.

Interestingly, although the three measures of central tendency resulted in different values in the previous examples, in a perfectly normal distribution, the mean, median, and mode would all be the same.

- ***Dispersion***

Measures of central tendency, like the mean, describe the most likely value, but they do not tell us anything about how the values vary. For example, two sets of data can have the same mean, but they may vary greatly in the way that their values are spread out. Another way of describing the shape of a distribution is to examine this spread. The spread, more technically referred to as the *dispersion*, of a distribution provides us with information about how tightly grouped the values are around the centre of the distribution (e.g., around the mean, median, and/or mode). The most widely used measures of dispersion are range, variance, and standard deviation.

The *range* of a distribution tells us the smallest possible interval in which all the data in a certain sample will fall. Quite simply, the range is the difference between the highest and lowest values in a distribution. Therefore, the range is easily calculated by subtracting the lowest value from the highest value. Because it depends on only two values in the distribution, it is usually a poor measure of dispersion, except when the sample size is particularly large.

A more precise measure of dispersion, or spread around the mean of a distribution, is the variance. The *variance* gives us a sense of how closely concentrated a set of values is around its average value, and is calculated in the following manner:

1. Subtract the mean of the distribution from each of the values.
2. Square each result.
3. Add all of the squared results.
4. Divide the result by the number of values minus 1.

The variance of a distribution gives us an average of how far, in squared units, the values in a distribution are from the mean, which allows us to see how closely concentrated the scores in a distribution are.

Another measure of the spread of values around the mean of a distribution is the standard deviation. The *standard deviation* is simply the square root of the variance. By taking the square root of the variance, we can avoid having to think in terms of squared units. The variance and the standard deviation of distributions are the basis for calculating many other statistics that estimate associations and differences between variables. In addition, they provide us with important

information about the values in a distribution. For example, if the distribution of values is normal, or close to normal, one can conclude the following with reasonable certainty:

1. Approximately 68% of the values fall within 1 standard deviation of the mean.
2. Approximately 95% of the values fall within 2 standard deviations of the mean.
3. Approximately 99% of the values fall within 3 standard deviations of the mean.

- **Measures of Association**

Correlations are perhaps the most basic and most useful measure of association between two or more variables. Expressed in a single number called a *correlation coefficient* (r), correlations provide information about the direction of the relationship (either positive or negative) and the intensity of the relationship (-1.0 to $+1.0$). Furthermore, tests of correlations will provide information on whether the correlation is statistically significant.

There is a wide variety of correlations that, for the most part, are determined by the type of variable (e.g., categorical, continuous) being analyzed. With regard to the direction of a correlation, if two variables tend to move in the same direction (e.g., height and weight), they would be considered to have a *positive* or *direct relationship*. Correlation coefficients range from -1.0 to $+1.0$. The sign of the coefficient represents the direction of the relationship. For example, a correlation of $.78$ would indicate a positive or direct correlation, while a correlation of $-.78$ would indicate a negative or inverse correlation. The coefficient (value) itself indicates the strength of the relationship. The closer it gets to 1.0 (whether it is negative or positive), the stronger the relationship.

In general, correlations of $.01$ to $.30$ are considered small, correlations of $.30$ to $.70$ are considered moderate, correlations of $.70$ to $.90$ are considered large, and correlations of $.90$ to 1.00 are considered very large. Importantly, these are only rough guidelines. A number of other factors, such as sample size, need to be considered when interpreting correlations.

In addition to the direction and strength of a correlation, the coefficient can be used to determine the proportion of variance accounted for by the association. This is known as the *coefficient of determination* (r^2). The coefficient of determination is calculated quite easily by squaring the correlation coefficient. The coefficient of determination is then transformed into a percentage.

Therefore, a correlation of $.70$, as indicated in the equation, explains approximately 49% of the variance. In this example, we could conclude that 49% of the variance in cocaine use is accounted for by cigarette smoking. Alternatively, a correlation of $.20$ would have a coefficient of determination of $.04$ ($.20 * .20 = .04$), strongly indicating that other variables are likely involved. Importantly, as the reader might remember, correlation is not causation. Therefore, we cannot infer from this correlation that cigarette smoking causes or influences cocaine use. It is equally as likely

that cocaine use causes cigarette smoking, or that both unhealthy behaviours are caused by a third unknown variable.

Although correlations are typically regarded as descriptive in nature, they can—unlike measures of central tendency and dispersion—be tested for *statistical significance*. Tests of significance allow us to estimate the likelihood that a relationship between variables in a sample actually exists in the population and is not simply the result of chance. In very general terms, the significance of a relationship is determined by comparing the results or findings with what would occur if the variables were totally unrelated (independent) and if the distributions of each dependent variable were identical. The primary index of statistical significance is the *p*-value. The *p*-value represents the probability of chance error in determining whether a finding is valid and thus representative of the population.

For example, if we were examining the correlation between two variables, a *p*-value of .05 would indicate that there was a 5% probability that the finding might have been a fluke. Therefore, assuming that there was no such relationship between those variables whatsoever, we could expect to find a similar result, by chance, about 5 times out of 100. In other words, significance levels inform us about the degree of confidence that we can have in our findings.

There is a wide selection of correlations that, for the most part, are determined by the type of scale (i.e., nominal, ordinal, interval, or ratio) on which the variables are measured. One of the most widely used correlations is the Pearson product-moment correlation, often referred to as the Pearson *r*. The *Pearson r* is used to examine associations between two variables that are measured on either ratio or interval scales. For example, the *Pearson r* could be used to examine the correlation between days of exercise and pounds of weight loss.

Other types of correlations include the following:

- *Point-biserial*: This is used to examine the relationship between a variable measured on a naturally occurring dichotomous nominal scale and a variable measured on an interval (or ratio) scale (e.g., a correlation between gender [dichotomous] and SAT scores [interval]).
- *Spearman rank-order*: This is used to examine the relationship between two variables measured on ordinal scales (e.g., a correlation of class rank [ordinal] and socioeconomic status [ordinal]).
- *Phi*: This is used to examine the relationship between two variables that are naturally dichotomous (nominal-dichotomous; e.g., a correlation of gender [nominal] and marital status [nominal-dichotomous]).

- *Gamma*: This is used to examine the relationship between one nominal variable and one variable measured on an ordinal scale (e.g., a correlation of ethnicity [nominal] and socioeconomic status [ordinal]).

Inferential Statistics

In addition to describing and examining associations of variables within the selected data sets, researchers often conduct research to answer questions about the greater population. Because it would not be feasible to collect data from the entire population, researchers conduct research with representative samples in an attempt to draw inferences about the populations from which the samples were drawn. The analyses used to examine these inferences are appropriately referred to as *inferential statistics*. Inferential statistics help researchers draw conclusions beyond the immediate samples and data. However, as with any generalization, there is some degree of uncertainty or error that must be considered. Inferential statistics typically require random sampling which increases the likelihood that a sample, and the data that it generates, are representative of the population. Although there are other techniques for acquiring a representative sample (e.g., selecting individuals that match the population on the most important characteristics), random sampling is considered to be the best method, because it works to ensure representativeness on all characteristics of the population — even those that the researcher may not have considered.

Inferences begin with the formulation of specific hypotheses about what we expect to be true in the population. However, we can never actually *prove* a hypothesis with complete certainty. Therefore, we must test the null hypothesis, and determine whether it should be retained or rejected.

There are many inferential statistics for researchers to choose, such as *t-test* (used to test the mean differences between two groups), *analysis of variance* (ANOVA which can compare means across more than two groups or conditions), *chi-square* (summarizes the discrepancy between observed and expected frequencies), and *regression* (examines the association or relationship between variables). There are two basic types of regression analysis: simple regression and multiple regression. In *simple regression*, the researcher attempts to predict the dependent variable with a single independent variable. In *multiple regression*, the investigator may use any number of independent variables to predict the dependent variable. Finally, *logistic regression*, has the unique ability to predict dichotomous variables.

The selection of the appropriate statistics is largely determined by the nature of the research question being asked and the types of variables being analyzed.

The selection of the appropriate statistics is largely determined by the nature of the research question being asked and the types of variables being analyzed. Because a comprehensive review of

inferential statistics could fill many volumes of text, we will simply provide a basic overview of several of the most widely used inferential statistical procedures, including the *t*-test, analysis of variance (ANOVA), chi-square, and regression.

- **T-Test**

T-tests are used to test mean differences between two groups. In general, they require a single dichotomous independent variable (e.g., an experimental and a control group) and a single continuous dependent variable. For example, *t*-tests can be used to test for mean differences between experimental and control groups in a randomized experiment, or to test for mean differences between two groups in a nonexperimental context (such as whether cocaine and heroin users report more criminal activity). When a researcher wishes to compare the average (mean) performance between two groups on a continuous variable, he or she should consider the *t*-test.

Independent-Samples T Test

The Independent-Samples T Test procedure compares means for two groups of cases. Ideally, for this test, the subjects should be randomly assigned to two groups, so that any difference in response is due to the treatment (or lack of treatment) and not to other factors. This is not the case if you compare average income for males and females. A person is not randomly assigned to be a male or female. In such situations, you should ensure that differences in other factors are not masking or enhancing a significant difference in means. Differences in average income may be influenced by factors such as education and not by sex alone.

One-Sample T Test

The One-Sample T Test procedure tests whether the mean of a single variable differs from a specified constant. *T*-tests are used to test mean differences between two groups. In general, they require a single dichotomous independent variable (e.g., an experimental and a control group) and a single continuous dependent variable. For example, *t*-tests can be used to test for mean differences between experimental and control groups in a randomized experiment, or to test for mean differences between two groups in a nonexperimental context (such as whether cocaine and heroin users report more criminal activity). When a researcher wishes to compare the average (mean) performance between two groups on a continuous variable, he or she should consider the *t*-test.

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
STORE_TYPE	500	2,0580	1,62355	,07261
PEOPLE_WORKING	500	3,9480	1,28709	,05756
SHOP_SIZE	500	3,1800	,93023	,04160
PRODUCTS_TYPE	500	1,7720	,61707	,02760
LABOUR_RELATIONSHIP	500	1,5120	,61856	,02766

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
STORE_TYPE	28,344	499	,000	2,05800	1,9153	2,2007
PEOPLE_WORKING	68,589	499	,000	3,94800	3,8349	4,0611
SHOP_SIZE	76,440	499	,000	3,18000	3,0983	3,2617
PRODUCTS_TYPE	64,212	499	,000	1,77200	1,7178	1,8262
LABOUR_RELATIONSHIP	54,658	499	,000	1,51200	1,4576	1,5664

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
SOLUTIONS	500	6,0580	3,19359	,14282
MAIN_ISSUES	500	3,1400	2,36381	,10571

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
SOLUTIONS	42,416	499	,000	6,05800	5,7774	6,3386
MAIN_ISSUES	29,703	499	,000	3,14000	2,9323	3,3477

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
TOTAL_SALES	500	1,7180	,70674	,03161
TOTAL_INCOMINGS	500	1,7820	,74538	,03333
TOTAL_EXPENSES	500	1,7860	,74922	,03351

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
TOTAL_SALES	54,356	499	,000	1,71800	1,6559	1,7801
TOTAL_INCOMINGS	53,458	499	,000	1,78200	1,7165	1,8475
TOTAL_EXPENSES	53,304	499	,000	1,78600	1,7202	1,8518

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
NO_NAME_PRODUCTS_TYPES	284	2,0282	1,75714	,10427
BRAND_NAME_PRODUCTS	163	5,2270	1,76138	,13796
STORE_LOCATION	500	3,5320	1,20826	,05404
ORDERS_FREQUENCY	500	2,3940	1,07754	,04819
ANNUAL_ORDERS	500	3,5440	1,19286	,05335

One-Sample Test

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
NO_NAME_PRODUCTS_TYPES	19,452	283	,000	2,02817	1,8229	2,2334
BRAND_NAME_PRODUCTS	37,887	162	,000	5,22699	4,9546	5,4994
STORE_LOCATION	65,365	499	,000	3,53200	3,4258	3,6382
ORDERS_FREQUENCY	49,679	499	,000	2,39400	2,2993	2,4887
ANNUAL_ORDERS	66,434	499	,000	3,54400	3,4392	3,6488

○ *Analysis of Variance (ANOVA)*

The One-Way ANOVA procedure produces a one-way analysis of variance for a quantitative dependent variable by a single factor (independent) variable. Analysis of variance is used to test the hypothesis that several means are equal. This technique is an extension of the two-sample t test. In addition to determining that differences exist among the means, the researcher may want to know which means differ. There are two types of tests for comparing means: a priori contrasts and post hoc tests. Contrasts are tests set up before running the experiment and post hoc tests are run after the experiment has been conducted. Trends across categories can also be tested.

Often characterized as an *omnibus t-test*, an ANOVA is also a test of mean comparisons. In fact, one of the only differences between a *t-test* and an ANOVA is that the ANOVA can compare means across more than two groups or conditions. Therefore, a *t-test* is just a special case of ANOVA. If you analyze the means of two groups by ANOVA, you get the same results as doing it with a *t-test*. Although a researcher could use a series of *t-tests* to examine the differences between more than two groups, this would not only be less efficient, but it would add experiment-wise error, thereby increasing the chances of spurious results (i.e., Type I errors) and compromising statistical conclusion validity. The ANOVA works by comparing the differences between group means rather than the differences between group variances. The name “analysis of variance” comes from the way the procedure uses variances to decide whether the means are different. There are numerous different variations of the ANOVA procedure to choose from, depending on the study hypothesis and research design.

For example, a *one-way ANOVA* is used to compare the means of two or more levels of a single independent variable. Therefore, we may use an ANOVA to examine the differential effects of three types of treatment on level of depression. Alternatively, *multifactor ANOVAs* can be used when a study involves two or more independent variables. A multifactor ANOVA allows a researcher to examine not only the main effects of each independent variable (the different treatments and high or

low levels of exercise) on depression, but also the potential interaction of the two independent variables in combination. Still, another variant of the ANOVA is the *multiple analysis of variance*, or *MANOVA*. The MANOVA is used when there are two or more dependent variables that are generally related in some way.

- ***Chi-Square (χ^2)***

The *chi-square statistic* allows researchers to test hypotheses using nominal or ordinal data. It does this by testing whether one set of proportions is higher or lower than you would expect by chance. Chi-square summarizes the discrepancy between observed and expected frequencies. The smaller the overall discrepancy is between the observed and expected scores, the smaller the value of the chi-square will be. Conversely, the larger the discrepancy is between the observed and expected scores, the larger the value of the chi-square will be.

For example, in a study of employment skills, a researcher may randomly assign consenting individuals to an experimental or a standard skills-training intervention. The researcher might hypothesize that a higher percentage of participants who attended the experimental intervention would be employed at 1 year follow-up. Because the outcome being measured is dichotomous (employed or not employed), the researcher could use a chi-square to test the null hypothesis that employment at the 1 year follow-up is not related to the skills training.

Similarly, chi-square analysis is often used to examine between-group differences on categorical variables, such as gender, marital status, or grade level. The main thing to remember is that the data must be nominal or ordinal because chi-square is a test of proportions. In addition, because it compares the tallies of categorical responses between two or more groups, the chi square statistic can be conducted only on actual numbers and not on precalculated percentages or proportions.

- ***Regression***

Linear regression is a method of estimating or predicting a value on some dependent variable given the values of one or more independent variables. Like correlations, statistical regression examines the association or relationship between variables. Unlike with correlations, however, the primary purpose of regression is prediction. For example, insurance adjusters may be able to predict or come close to predicting a person's life span from his or her current age, body weight, medical history, history of tobacco use, marital status, and current behavioural patterns.

There are two basic types of regression analysis: simple regression and multiple regression. In *simple regression*, we attempt to predict the dependent variable with a single independent variable. In *multiple regression*, as in the case of the insurance adjuster, we may use any number of independent variables to predict the dependent variable.

Logistic regression, unlike its linear counterpart, is unique in its ability to predict dichotomous variables, such as the presence or absence of a specific outcome, based on a specific set of independent or predictor variables. Like correlation, logistic regression provides information about the strength and direction of the association between the variables. In addition, logistic regression coefficients can be used to estimate odds ratios for each of the independent variables in the model. The *odds ratios* can tell us how likely a dichotomous outcome is to occur given a particular set of independent variables.

A common application of logistic regression is to determine whether and to what degree a set of hypothesized risk factors might predict the onset of a certain condition. For example, a drug abuse researcher may wish to determine whether certain lifestyle and behavioural patterns place former drug abusers at risk for relapse. The researcher may hypothesize that three specific factors—living with a drug or alcohol user, psychiatric status, and employment status—will predict whether a former drug abuser will relapse within 1 month of completing drug treatment. By measuring these variables in a sample of successful drug-treatment clients, the researcher could build a model to predict whether they will have relapsed by the 1-month follow-up assessment. The model could also be used to estimate the odds ratios for each variable. For example, the odds ratios could provide information on how much more likely unemployed individuals are to relapse than employed individuals.

Cluster analysis can be regarded as an idea for multivariate analysis; clustering techniques are related to finding ways of dividing a set of cases into groups with similar characteristics. The objects in the same cluster resemble to each other while objects in different clusters are dissimilar. In general, clustering is utilising an unsupervised classification, since no pre-defined cases are utilised

Similarity and Difference

Clustering business data requires some notion of natural association - records (data) in a given cluster are more similar to each other than to those in another cluster. For software, this concept of association must be translated into some sort of numeric measure of the degree of similarity. The most common translation is to translate data values (e.g. gender, age, product etc) into numeric values so can be treated as points in space. If two points are close into geometric sense then they represent similar data in the database.

The business variable (fields) types entail:

- Nominal (binary, e.g. gender), (categorical, e.g. mint, cherry, chocolate)
- Ordinal (e.g. Likert scales, ranks)
- Interval (e.g. Temperature)

- Ratio (e.g. True measures-variables that measure from a meaningful zero point-age, weight, height, length, time etc.)

There are dozens/hundreds of published techniques for measuring the similarity of the data records.

Similarity and Distance measures

- A variety of different distance metrics are possible

Single attribute measures: absolute or squared difference

Multi-attribute measures: Euclidian distance, weighted Euclidian distance, categorical distance (remember that each attribute is typically scaled -normalised or standardised- so that distance is relative)

- Count data
 1. Chi-square measure (this measure is based on the chi-square test of equality for two sets of frequencies)
 2. Phi-square measure (this measure is equal to chi-square measure normalised by the square root of the combined frequency)
- Binary data

There are a surprisingly large number of distance measures available for binary data (for example, SPSS lists 27 different ones). All of this binary-based measures use two or more of the values obtained from a single to 2 *2 matrix of agreement.

Major clustering techniques

- *Partitioning algorithms*: construct various partitions and then evaluate them by some criterion.
- *Hierarchy algorithms*: create a hierarchical decomposition of the set of data payday effect here to tell decomposition of the set of data (or objects) using some criterion.
- *Density-based*: based on connectivity and density functions.
- *Model –based*: a model is hypothesized for each of the clusters and the idea is to find the best fit of the model to each other.

Types of clustering techniques

- *Hierarchical*: these techniques create trees of clusters and sub-clusters, as seen in dendograms; there are two ways to create dendograms:
- *Top-down (divisive)*: start with all examples in a single cluster and decide how to break the cluster into multiple sub-clusters. For each sub-cluster, decide how to break into multiple sub-clusters.

- *Bottom up (Agglomerative)*: Start with each example in its own separate cluster. Decide which clusters to merge.

Typically, clusters are merged if the distance metric between the two clusters is less than a certain threshold. The threshold increases at each stage of merging.

A variety of distance metrics can be used to calculate the distance between clusters:

- Single link (nearest neighbour): calculate the smallest distance between an element in one cluster and an element in another cluster.
- Complete link (farthest neighbour): calculate the largest distance between an element in one cluster and an element in another cluster.
- Average link: calculate the average distance between each element in one cluster and all elements in the other cluster
- Centroid: calculate the distance between cluster centroids

Median: calculate the distance between cluster medians

Two-step cluster

The algorithm employed by this procedure has several features that differentiate it from traditional clustering techniques:

- the ability to create clusters based on both categorical and continuous variables
- automatic selection of the number of clusters
- the ability to analyse large data files efficiently
- uses scalable cluster analysis algorithm
- this algorithm can handle both continuous and categorical variables or attributes and requires only one data pass in the procedure
- the first step of the procedure have picked pre-clusters the records into many small sub – clusters
- then it clusters the sub – clusters created in the pre-cluster step into the desired number of clusters
- if the desired number of clusters is unknown, two-step cluster analysis automatically finds the proper number of clusters

However, there are problems with clustering:

- Clustering in two dimensions looks easy
- Clustering small amounts of data looks easy
- And in most cases, looks are not deceiving
- Many applications involve not 2, but 10 or 10.000 dimensions

- High dimensional spaces looked different: almost all pairs of points are at about the same distance

K-Means Cluster Analysis

This procedure attempts to identify relatively homogeneous groups of cases based on selected characteristics, using an algorithm that can handle large numbers of cases. However, the algorithm requires you to specify the number of clusters. You can specify initial cluster centers if you know this information. You can select one of two methods for classifying cases, either updating cluster centres iteratively or classifying only. You can save cluster membership, distance information, and final cluster centres. Optionally, you can specify a variable whose values are used to label case wise output. You can also request analysis of variance F statistics. While these statistics are opportunistic (the procedure tries to form groups that do differ), the relative size of the statistics provides information about each variable's contribution to the separation of the groups.

Appendix VIII-Questionnaires

Questionnaire 1. Questions that were asked to the customers of the wholesalers (500 different customers)

1. What is your store's category? (Tick one box)

1. Bakery	2. Bread shop	3. Sweetshop	4. Convenient store	5. Mini market	6. Kiosk	7. School canteen

2. How many people are working in your store? (Tick one box)

1. One (personal co.)	2. Two (personal or ltd co.)	3. Three (ltd co.)	4. Four (ltd co.)	5. More than four (ltd or body corporate)

3. What is the labor relationship with your employees? (Tick one or more boxes)

1. Full-time	2. Part-time	3. Through O.A.E.D. (paid 50% by the state and 50% by the owner)

4. What is the size of your shop? (Tick one box)

1. Up to 15 m2	2. From 16 to 30 m2	3. From 30 to 50 m2	4. More than 50m2

5. What products are you dealing with? (Tick one or two boxes)

1.Branded Products	2.No-name products	3.Both

6. If you are dealing no –name products, what categories of no name products are you dealing with? (Tick one or more boxes)

1.Cookies	2.Chocolats	3.Caramels	4.Croissants	5.Vanillas	6.Loukoumia (Turkish delights)	7.Preserves	8.Other (trifle, pies, short pastry, timbales, maraschino, etc.)

7. If you are dealing *cookies*, what categories of cookies are you trading? (Tick one or more boxes)

1.Plain biscuits	2.Biscuits Filled With Chocolate	3.Biscuits filled with Marmalade (strawberry, cherry, peach)	4.Imported cookies (with white and black chocolate, cocoa, cappuccino,etc)	5.Biscuits coated with truffle, almonds, coconut, peanuts)	6.Sops (plain or filled with banana, lemon etc)	7.Sops (with toppings cornflakes and raisins, sesame or with real chocolate chips)	8.Cookies diabetic people (Quakers, no-sugar and no salt products, with fructose)

1.Wrapped Milk or bitter “Treats”- “Kerasmata” (pyramids, tarts, “rocks”, “bells”, “stones”, “fingers”, “quadrangles” etc.)	2.Wrapped Milk or bitter “Treats”- “Kerasmata” with caramel, orange, nougat, or white chocolate	3.Unwrapped “Treats”- “Kerasmata” (“margarita”, “olives”, “shells”, “black and white mix”)	4.Unwrapped “Treats”- “Kerasmata” with almonds, nuts, plums, walnuts, cherry	5.Hand-made chocolates with whole walnuts, cherries, plums,etc.	6.White chocolates in different shapes

8. If you are dealing *chocolates*, what categories of chocolates are you trading? (Tick one or more boxes)

9. If you are dealing *caramels*, what categories of caramels are you trading? (Tick one or more boxes)

1.Plain caramels (butter)	2.Milk	3.Canella	4.Ouzo	5.Coconut	6.Menthol	7.All fruits Flavor	8.Lollypops with different flavors (strawberry, etc)	9.Jelly caramels

10. If you are dealing *croissants*, what categories of croissants are you trading? (Tick one or more boxes)

1.Butter	2.Filled with bitter chocolate, milk chocolate or coffee cream	3.Filled with marmalade (cherry, peach, strawberry, etc)

11. If you are dealing *vanillas*, what categories of vanillas are you trading? (Tick one or more boxes)

1.Plain	2.With cherry flavor	3.With mastic flavor	4.With chocolate flavor

12. If you are dealing *loukoumia*, what categories of *loukoumia* are you trading? (Tick one or more boxes)

1.Plain	2. With fruit flavor (cherry, strawberry, peach, etc)	3. With almonds or walnuts

13. If you are dealing *preserves*, what categories of *preserves* are you trading? (Tick one or more boxes)

1.Plum flavor	2.Peach flavor	3.Cherry and sour cherry flavor	4.Fig flavor	5.Other flavors

14.If you are trading brand named products, what categories of eponymous products are you dealing with? (Tick one or more boxes)

1.Coffee	2.Chewing gums	3.Croissants	4.Biscuits	5.Caramels-lollypops	6.Chocolats	7.Crisps (brits)	8.Cocoa and merenda products

15. If you are trading labeled chocolates, what mark do you prefer? (Tick one or more boxes)

1.ION	2.NESTLE	3.KINDER	4.BINGO	5.PAVLIDIS-CRAFT FOODS

16. If you are trading labeled biscuits, what mark do you prefer? (Tick one or more boxes)

1.PAPADOPOULOU	2.ALLATINI	3.IMPORTED

17. Where is your store located? (Tick one box)*

1.East of Athens	2.West of Athens	3.North of Athens	4.South of Athens	5.Center of Athens	6.Outside Athens area

18. How often do you order from the wholesaler? (Tick one box)

1.Twice a week	2.Once a week	3.Once in ten days	4.Once in 2 weeks	5.Once in 20 days	6.Once a month

19. What is the total amount of your annual orders (in €)? (Tick one box)

1.Less than 1.000	2.From 1.001 to 2.000	3.From 2.001 to 4.000	4.From 4.001 to 8.000	5.More than 8.000

20. How would you rate your clients? (Tick one box)

1.Poor	2.Average	3.Rich

21. What is the expected turnover of your store for 2006 (in €)? (Tick one box)

1.Less than 80.000	2.From 80.001 to 100.000	3.From 100.001 to 150.000	4.From 150.001 to 200.000	5.More than 200.001

22. How would you describe the trend of your sales in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

23. How would you describe the trend of your incomings in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

24. How would you describe the trend of your expenses in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

25. What are the main issues you are facing in relation to the wholesaler? (choose the most important one from the list)

1.Competition	
2.Financing/Credit	
3.Taxation system	
4.Warehousing problems	
5.Utilisation of E-commerce	
6.Succession	
7.Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law	
8.Delays in services	

26. How can these issues be encountered? (choose the most appropriate potential strategy from the list)

1. New and Solid legislative framework- Motives for wholesaling SMEs of confectionary products	
2. Decentralization- Expansion of network	
3. Qualitative service following the principles of T.Q.M.	
4. Franchising	
5. Mergers-Acquisitions	
6. Clusters and Networks	
7. Tax relief for SMEs- Capitals from 3rd and 4th C.S.F.	
8. Outsourcing	
9. Product differentiation- Segmentation	
10. R. & D. programmes - Internet utilization	
11. Better agreements with Banks-Strengthening of Greek SMEs' Fund	

*As for the different regions, the researcher is referred to:

- *Centre of Athens*

Athens, Pagkrati, Neos Kosmos, Kipseli, Neapoli, Ampelokipoi, Petralona.

- *North of Athens*

Likovrisi, Irakleion, Nea Ionia, Galatsi, Nea Philadelfeia, Metamorfosi, Kifisia, Krioneri, Agios Stefanos, Anoiksi, Stamata, Drosia, Ekali, Kapandriti, Nea Erithraia, Marousi, Pefki, Melissia, Halandri, Filothei, Vrilissia, Agia Paraskeui, Stauros, Gerakas, Mesogeia, Psihiko, Holargos, Papagoy.

- *South of Athens*

Nea Smirni, Dafni, Agios Dimitrios, Kallithea, Tayros, Agios Ioannis Rentis, Piraeus, Drapetsona, Keratsini, Perama.

- *East of Athens*

Kaisariani, Vironas, Ilioupoli, Argiroupoli, Terpsithea, Glifada, Vari, Voula, Vouliagmeni, Zografou, Elliniko, Alimos, Palio Faliro.

- *West of Athens*

Peristeri, Aigaleo, Agia Varvara, Chaidari, Koridallos, Moshato, Nikaia, Kithira, Aigina, Salamina, Mandra, Magoula, Aspropirgos, Megara, Nea Liosia, Petroupoli, Kamatero, Agioi Anargiroi, Acharnes.

- *Outside Athens area*

Stereia Ellada, Lamia, Peloponnisos, Thessaloniki, Islands, etc.

Questionnaire 2. Questions that were asked to the managers of similar wholesaling companies of confectionary products (15 different enterprises)

1. What is the turnover of your company (in €)?

2001	2002	2003	2004	2005

2. What are your incomings (in €)?

2001	2002	2003	2004	2005

3. What are your expenses (in €)?

2001	2002	2003	2004	2005

4. What are your taxes (in €)?

2001	2002	2003	2004	2005

5. What are the main issues you are facing in relation to the market conditions? (choose the most important one from the list)

1.Competition	
2.Financing/Credit	
3.Taxation system	
4.Warehousing problems	
5.Utilisation of E-commerce	
6.Succession problems	
7.Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law	
8.Delays in services from suppliers	

6. How can these issues be encountered (choose the most appropriate potential strategy from the list)

1.New and Solid legislative framework- Motives for wholesaling SMEs of confectionary products	
2.Decentralization- Expansion of network	
3.Qualitative service following the principles of T.Q.M.	
4.Franchising	
5.Mergers-Acquisitions	
6.Clusters and Networks	
7.Tax relief for SMEs- Capitals from 3rd and 4th C.S.F.	
8.Outsourcing	
9.Product differentiation- Segmentation	
10.R. &D. programmes - Internet utilization	
11.Better agreements with Banks-Strengthening of Greek SMEs' Fund	

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

THESIS

**“Micro wholesaling businesses involved in the sector of
confectionary products – Strategies of survival and growth: a
case study analysis through the lenses of the Resource Based
View framework”**

Document 5

Raptopoulos Panagiotis

January 2011

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Abstract

It can be argued that the problematic situation where micro Greek wholesaling businesses find themselves has been a result of the strong presence of supermarkets and superstores in the last years. The researcher attempts to picture the current market reality that constitutes the **background** of the Thesis by posing the main **research question**: “How can micro Greek wholesaling businesses involved in the confectionary products’ sector identify and implement suitable survival and growth strategies in order to cope with increasing competition in a market characterized by a large expansion of supermarkets and chain stores?”.

The **factors** that triggered research are related to the researcher’s avocation with the sector of confectionary products; having worked in a micro family wholesaling enterprise in the past (and still involved in it occasionally when demand for confectionary products is increased), the survival and growth prospects of this firm constitutes an issue of high importance for the researcher and his family. The researcher believes that the study of similar wholesaling firms-case studies would highlight potential survival and growth strategies, useful for the family business; in this way, he holds the view that he contributes to the solution of an intense family problem. Apart from the personal interest for the survival and growth of micro wholesaling firms, it can be argued that the confectionary products’ sector is a dynamic field that provides the opportunities to a researcher to evolve to a consultant or a specialist practitioner. The researcher would like to have opportunity to work as a consultant in the field of micro, small and medium-sized businesses (SMEs) in the future. On the other hand, the survival of these enterprises can be described as one of the most intense problems of the contemporary market, especially the Greek market environment. These businesses constitute the driving force of economies globally; as a result, the quest of survival and growth strategies is interesting by definition. In this context, the researcher believes that the adequate response to the aforementioned research question can be identified through the use of the Resource Based View (RBV). In short, he presents the key areas of the **literature review** (i.e., main contributors of RBV, recent RBV studies, potential fields of attaining sustainable competitive advantage, etc.) in order to create the appropriate background for the formulation of the RBV framework, appropriate for the evaluation of micro wholesaling enterprises involved in the confectionary products’ sector.

After the formulation of such a framework (including seven significant parts analysed in the literature review section), the researcher presents the **research methodology** for implementing the RBV conceptual framework. The researcher believes that the case study methodology can be combined with the RBV framework so that various characteristics (resources and capabilities) and entrepreneurs’ choices (strategies) of micro wholesaling businesses can be highlighted. In this direction, the researcher developed a conceptual framework based on the RBV approach to analyze six micro

wholesaling enterprises (case studies) involved in the confectionary products' sector. Two of them have failed to confront increasing competition and ceased their operations, mainly due to ineffective management practices and lack of adequate resources and capabilities. Four of them have followed certain strategies and efficiently deployed existing resources and capabilities to secure their survival and increase their growth prospects.

The **key findings** about the six case studies stemming from the implementation of the RBV conceptual framework (Level One and Level Two Analysis) combined with Yin's replication logic have highlighted useful observations about similar wholesaling firms. In this way, research has shown that such businesses can increase their chances of survival and growth only if their managers carefully exploit their limited resources and capabilities and steadily follow a certain strategy based on SMEs' characteristics (i.e., flexibility, innovative ability, provision of prompt service, etc.). Of course, an indispensable characteristic of the wholesaler is related to his daily awareness of market trends and alterations so that the potential market opportunities can be easily identified. It also has to be stressed that the adoption of a specific philosophy (i.e., entrepreneurial customer relationship approach) can boost survival and growth prospects of micro wholesaling businesses.

Chapter 1: Introduction

1.1 Subject, Scope and Objectives of Thesis– Research Questions

There is no doubt that micro, small and medium-sized businesses (SMEs) constitute an important force for the Greek and the European economy. According to the Organization for Economic Co-operation and Development (OECD, 2008, www.oecd.org/greece), the role of SMEs is crucial in order to strengthen regional and national economies. The contribution of these firms to the Greek enterprising activity has been significant since they have always offered solutions to the problem of unemployment, employing almost 60% of the domestic workforce (National Statistical Service of Greece, ESYE, 2005). However, ESYE records (2006, www.statistics.gr) reveal a decline in the “strength” of these firms caused by increasing competition and extension of international retailing chains, supermarkets and superstores. In this way, their survival is becoming problematic while the prospects for their future existence are quite pessimistic (findings of research conducted for the Greek Institute of Industrial Development by Planning S.A. Research Company, 2006).

The Thesis focuses on the study of micro enterprises involved in the Greek wholesale sector of confectionary products. According to ESYE records (2005), the food and drink industry is one of the country’s most important industrial sectors, representing almost 25% of the whole industrial production and employing the same percentage of the workforce. The confectionary products’ sector is characterized by the total dominance of SMEs; in essence, it reflects their growth in the past which has been a result of progress in the Greek economy (ESYE, 2003). It can be argued that the current situation in the sector pictures the declining importance of micro wholesaling firms caused by the strengthened role of multinational companies and reveals the difficulties of these firms’ survival.

The **scope** of the Thesis is to present the research problem and introduce its purpose along with the research questions that have been raised and analysed in the previous documents (1, 2, 3 and 4). The background of the Greek economy is described, while a number of possible perspectives of the situation are highlighted in an attempt to define the problem. More specifically, in this Thesis, the following sections are included:

- objective of the Thesis with reference to the specific research questions;
- proposed methodology and its rationale;
- broad findings of the literature review as well as issues and conclusions that will arise.

The researcher has the objective that this study will develop convincing responses to the main **research question**. This question refers to the “*the identification and implementation of effective survival and growth strategies that micro Greek wholesaling businesses involved in the confectionary products’ sector can adopt in order to offset increasing competition*”. The specific research questions

concern the dynamics, key factors/drivers, characteristics and trends of the confectionary industry as well as their influence on micro wholesaling enterprises and the Greek economy in general. Responses to these questions are based on SMEs' literature review (see also Document 2) as well as the findings of quantitative and qualitative analysis (see Documents 3 & 4). The relevant literature review incorporates combinations of competitive analysis, strategic and marketing management theories, resource-based view analysis as well as case study analysis. It has to be noted that the respective responses to strategic questions relate to the *academic understanding*, while strategic solutions reveal judgment, will and choice from those involved in the *decision-making* process. In this way, the outcomes of this study may prove to be helpful to the managers of micro Greek businesses that are struggling to survive, to those who support entrepreneurship and can influence decision-making and, in general, to the people/researchers who are interested in exploring the topic. In an attempt to answer the main research question, one should be optimistic and consider the obvious realistic *short-term* solutions (such as co-operation, acquisitions, product differentiation, network expansion, etc.) as well as the *long-term* ones (i.e., business education, training, creation of an entrepreneurial culture, etc.). In general, the Thesis includes further primary research, following up themes identified in Documents 3 and 4, as well as updates on the critical literature review. In this way, before charting his conclusions, the researcher analyzed and discussed all the empirical material that emanated from the findings of qualitative and quantitative research. The research objectives of the Thesis have to be reviewed, since market conditions are dynamic and competitive circumstances are quite volatile. The relevant literature review and conceptual framework also have to be re-formulated in certain fields, since the researcher incorporates his previous work findings in the Thesis by involving new primary material. More specifically, the identification of the sector's problems (that have already been mentioned in Document 2) by the owner/managers of similar wholesaling enterprises in relation to the specification of the market trends and customers' needs, will function as a guide in the pursuit of potential survival and growth strategies. Consequently, the conclusions of this Thesis can constitute the basis for further research in the context of micro confectionary wholesaling businesses.

1.2 Previous DBA Documents and Conclusions

Before completing this Thesis ("Document 5") the researcher prepared four other Documents as part of the DBA program. It has to be stressed that there was a continuity to the logic of these documents: the findings of the earlier ones are connected to the conclusions of the following ones. In particular:

- **Document 1** ("*Definition and mapping of research questions*"): This Document included the charting of the main research question and addressed various issues (i.e., trends of the sector, market dynamics and characteristics, potential solutions and strategy implementation problems).

Document One is of vital importance in the context of the Thesis since it constitutes the researcher's benchmark to effectively test his conclusions, findings and responses against various issues that were initially raised.

- **Document 2** (“*Critical literature review and initial development of conceptual framework*”): This Document linked theory and practice. It incorporated a critical review and evaluation of the literature, plus a set of working definitions of the key concepts to be used in the research including strategy models of SMEs as well as strategic and marketing management theories. The importance of literature review was central because it constituted the basis for qualitative and quantitative research and provided the foundations of a valid and complete research approach.
- **Document 3** (“*Qualitative case study research*”): This Document identified qualitative research which focused on the survival of micro Greek wholesaling enterprises involved in the confectionary industry with the utilization of the case study approach. Two case studies (micro wholesaling businesses) were used as a source of hypotheses (collection and analysis of data) for later testing in quantitative research (Document 4). Document 3 included a discussion of the issues of validity and interpretation arising from the use of case study method, an analysis of the material as well as conclusions and themes for further research. In general, the case study analysis revealed that the confectionary products' industry is facing a series of problems that impede the survival of micro wholesaling firms. The findings of this Document substantiated the conclusions of Document 2 and supported the relevance and importance of the research questions that were outlined in Document 1. Qualitative analysis findings are important for the research in the context of the Thesis: a more focused case study analysis combined with RBV theory will be undertaken in an attempt to specify cogent responses for the sector's issues.
- **Document 4** (“*Structured and survey-based research methods–quantitative analysis*”): This Document required the investigation of various issues related to the sector of confectionary products using survey-based research methods (application of SPSS). In particular, the researcher prepared two questionnaires for customers (i.e., bakeries, kiosks, mini markets, etc.) and managers of micro wholesaling businesses involved in the confectionary industry. The results of the customers' questionnaire analysis in essence reproduced the sector's current picture (i.e., labour relationships, store categories, product preferences, etc.), while it revealed trends (in terms of turnover, income, expenses and taxation) and customers' preferences. The respective results of the managers' questionnaire analysis presented various opinions about the sector's issues and potential strategies-solutions, while it indicated the sector's problems and various market characteristics. The findings of quantitative analysis were similar to the conclusions of qualitative analysis;

however, they were statistically tested and consequently more reliable. In this way, in the context of the Thesis, the conclusions of quantitative analysis may prove to be beneficial to micro wholesaling enterprises with regard to the identification of realistic survival and growth strategies.

- Finally, the researcher has to submit **Document 6**, which is a report of *critical reflections*; it includes personal reflections on the process of undertaking the research and changes in the researcher's methodological stance. Critical reflections in essence highlight the researcher's intellectual development during the program; finally, the concluding section summarizes the learning gained from studying at doctoral level.

Previously conducted research in three levels (literature review, qualitative and quantitative analysis) has revealed certain findings/conclusions about the contemporary market situation. In particular:

- In terms of the ***current situation in the Greek market***, domestic economy seems to have a disadvantage in comparison to the other European economies that is mainly related to the functioning conditions of the markets of goods and services.
- Regarding the ***wholesaling sector of confectionary products and the background of the problem***, the most dramatic changes are related to the growth of supermarkets and superstores, the elimination of neighbourhood stores, as well as the intensity of competition in almost all sectors.
- Furthermore, in relation to ***market problems and trends***, it can be argued that various market *problems* have been identified during the previously conducted analysis (i.e., increased taxation, bureaucracy, etc.). On the other hand, it can be noted that various *trends* have to do with the future establishment of an increased number of shopping centres in Athens, the growing of foreign supermarket chains' market share, their expansion, etc.
- On the other hand, in terms of the ***importance and role of the wholesaling sector***, it can be argued that the role of the wholesaler is significant because he can participate in a variety of processes (i.e., distribution, management, marketing, provision of credit, etc.).

Apart from the aforementioned conclusions, it can be stressed that there can be different scenarios of ***success*** based on the "solutions" that have derived from the literature review (i.e., Porter, 1985; Grant, 2005, etc.), the qualitative analysis previously conducted (opinions from sector's managers) as well as the market trends that have been highlighted by quantitative analysis (customers' and managers' responses). Certain ***criteria of success*** that can be used include financial forecasts and indicators about the sector's progress (i.e., ten years' forecasting), profitability (i.e., 5 years), awards, years of firms' survival, sales turnover, sustainability, development, existing network (best suppliers, number of customers, harmonization with market trends). Of course, in theory, the best survival strategy could be a combination of business activities based on the most effective exploitation of each firm's resources

and capabilities combined with network expansion, product differentiation or specialization. In particular, the criteria of success for the confectionary products' sector have in essence become criteria of *survival* for this sector (and other sectors involved in the provision of services), since most wholesalers have to fight for their survival every day. However, there are problems of implementation or obstacles to the realization of these "solutions". The owner/managers of micro Greek firms are often reluctant to co-operate with others; they would prefer to retire than become a member of a team and be forced to report to other members/managers (*Ta Nea*, 2007a). Greek market circumstances and culture are idiomorphic; an independent observer may notice the lack of infrastructure or the inadequate formulation of enterprising culture. Furthermore, most of the capital is spent in order to cover current expenses; as a result, insufficient capital is channelled into investment and expansion (www.hellasmag.gr, Greek Economic Review, 2006).

1.3 Premises-Propositions of Thesis

The following statements which are drawn from the findings of the previous Documents constitute the *premises-propositions* of the Thesis. In particular:

- The **underlying heart of the problem of micro wholesaling businesses** involved in the confectionary products' sector is related to the intensity of competition in the Greek market.
- With regard to the **confectionary wholesale sector**, the fact that discount chains are developing quickly and supermarket chains are improving their own label product range has had a negative impact on the sector and has differentiated market competition. Wholesaling constitutes the connection between producing/importing enterprises and retail; in this context, changes in these two extremes will have alterations in the wholesale sector.
- Regarding **influences on the confectionary wholesale sector**, the accession of the Euro has influenced market trends because the prices of all products have been "approximated" upwards. What is more, multinational companies are offering high discounts to the supermarkets in order to absorb big quantities of products; this trend has had a negative impact on wholesale traders.
- In terms of the **characteristics of the confectionary wholesale sector**, it can be argued that confectionary products' business is influenced by various factors, (i.e., the consumption of confectionary products is constant and interspersed in different retail outlets, these products cannot be traded during the whole year, the majority of the sector's businesses are micro family firms, wholesalers can trade of a wide range of own label and brand name products, etc.). The micro wholesaling business involved in the confectionary products' sector is usually characterised by loose division of labour, informal management practices as well as a limited resource base.

- With regard to the **role of the confectionary wholesale sector**, it can be regarded as important for the functioning of the Greek market. In particular, the wholesale trader has a daily, direct contact with his customers (small retail outlets such as bakeries, kiosks, canteens, etc.) and can provide a variety of different products to them. On the other hand, he can advertise and introduce new products while he is usually facilitating the trading process by providing credit to his customers.
- With relation to the **issues/problems of the confectionary products' sector**, the most important ones are related to increased competition, illegal commerce, existence of conflicting legislative framework, heavy taxation, thoughtless protectionism, temporal government inefficiency to impose fair market rules, credit, financing, succession, lack of e-commerce use, insurance, exclusion of the sector from the 3rd and 4th CSF, bureaucracy, corruption, old buildings, machines, vehicles and warehouses, lack of specialized work force, shortage in infrastructure, as well as reduced purchasing power of consumers.
- In relation to the **wholesale sector's trends**, these include increasing market share of foreign supermarket chains, increased number of shopping centres in Athens, creation of web pages and increased use of e-commerce. What is more, it seems that the war between suppliers and retailers for the domination of their products on supermarket shelves will become more acute, while Greek-owned chains will form alliances in order to face increasing competition. On the other hand, foreign supermarket chains will expand to new countries in order to find cheaper human resources.
- Regarding the **potential solutions (strategies)** to overcome the sector's problems, these entail improvement in quality of services and products, increase in marketing activities, cost reduction and reduction of prices, adoption of product differentiation, franchising, outsourcing and market segmentation strategies, constitution of strategic alliances (participation in mergers, clusters and networks), institution of a new and more solid legislative framework that will provide financial and support incentives (i.e., financing from the 4th CSF or submission to a developmental law).
- **Successful micro wholesaling businesses** seem to have the following *characteristics* (based on the use of the seven-element RBV conceptual framework, see section 2.7):
 - i. In terms of **key resources and capabilities**, successful micro enterprises appear to be able to learn and adjust to their business environment, also be coherent and aware of their identity, tolerant of new ideas as well as conservative in financing. On the other hand, their resources and capabilities are characterized by *value*, *appropriability* and *barriers to duplication*. Finally, regarding their *differentiating capabilities*, these are related to their manager's ability to implement different strategies exploiting the firm's specific resources and capabilities (i.e., product differentiation, formation of a

trading group, market segmentation, franchising). Specific differentiating capabilities concern various IT implementations, provision of qualitative service, productivity and innovation competence, etc.

ii. With regard to **Critical Success Factors (CSF's)**, successful micro wholesaling businesses effectively exploit various *Industry, Strategy, Environmental, Temporal* and *Entrepreneurial CSF's*.

iii. **Successful entrepreneurs** have identified and exploited entrepreneurial CSF's (including managerial competence, manager's level of education and training, access to finances, prior experience in business as well as personal qualities and traits). The aforementioned *entrepreneurial CSF's* are related to *entrepreneurs' strategic choices*. The choices of successful managers refer to their ability to identify and develop the relevant resources/capabilities in the industry and within the micro firm, as well as the neutralising of competitors' corresponding resources/capabilities.

iv. Regarding **external conditions**, successful micro wholesaling firms exploit various **strengths** referring to *Products and services, Production/Operation, Marketing/sales, Organization/People* and *Finance/controls*. On the other hand, these businesses avoid various **weaknesses** including *inadequate working capital, poor communication, inadequate leadership, lack of motivation, poorly trained staff* and *ineffective marketing and promotion*. What is more, with regard to **opportunities**, the managers of successful enterprises usually manage to identify the existing obstacles that have to be faced and specify the elements that need to be strengthened. Finally, in relation to **threats**, the managers of successful micro wholesaling businesses appear to effectively face issues such as *price competition, legislation* imposing new obligations or restrictions, poor performance by the economy, high *interest rates*, depressed *consumer spending*, increased level of *unemployment* and *obsolete product range*.

v. In relation to **life cycle stage**, the managers of successful micro wholesaling firms seem to achieve **five growth criteria** that are related to the continuous provision of excellent service, the entrepreneur's ability to manage internal operations effectively and efficiently, the business's track record of sustained profitability, the entrepreneur's sufficient credibility to raise the necessary finance externally, as well as his well-developed interpersonal and communication skills (see Wilson and Bates, 2003). Furthermore, successful enterprises appear to accomplish a **sixth criterion** that is related to the level-headed attitude of the entrepreneur during the crises that occur when the business makes the transition from one life cycle stage to the next. These managers are able to "impose" a "pause" after the "sprints" of change so that employees can realize the alterations that have taken place.

vi. With relation to **family and business orientation**, since most of the sector's enterprises are of family type and combine family and business orientation, successful entrepreneurs seem to be able to identify and combine the **"success factors"** that refer to family businesses (i.e., shared power, balanced life between work and play, and the planning of succession, see Hutcheson, 1999).

vii. With regard to **marketing approach**, the managers of successful micro businesses appear to adopt an entrepreneurial culture and a customer relationship marketing approach; this approach basically focuses on the provision of qualitative service to the existing customer base joint with the implementation of new ideas by the flexible/innovative manager.

It has been noted that the research findings of previous Documents have “revealed” some **survival criteria** for micro businesses. These criteria can be used as *premises* in the context of the Thesis:

- Existence of a solid network of “loyal” and “sound” customers, so that the wholesaler can secure the coverage of his operational expenses (i.e., fuel, wages, rental for warehouse, etc.).
- Existence of the essential equipment (i.e., premises, vehicles, staff) so that the service is reliable.
- Provision of rapid, reliable and quality service to customers (bakeries, kiosks, pastry stores, etc.).
- Variety and differentiation of products (sales are increased if many different products are sold).
- Concentration on “generic” or “own label” products (i.e., biscuits, chocolates, etc.), mainly because the profit margin that wholesalers get from these products is higher.
- Customer network expansion that is based on the competitive advantage created by the distribution of one product with special features (e.g., hand-made chocolates or cookies).
- Co-operation (through mergers/acquisitions) with wholesalers that specialize in different fields.

This co-operation may mean new agreements with suppliers, better prices and more customers.

The aforementioned *premises* are based on the findings of previous Documents and will be examined in the context of the Thesis. In particular, they have shaped the researcher’s data collection plan and have therefore given priorities to the relevant analytic strategies. These propositions helped the researcher focus attention on certain data and ignore other and define possible alternative explanations on the use of resources and capabilities; they also helped to the organization of the interviews with the six managers as well as the implementation and appropriate use of the RBV framework.

1.4 Structure and Nature of Thesis

Having referred to the premises of the Thesis, the researcher presents its structure and nature. In particular, the **structure** of the Thesis is developed into six chapters (see *Table 1.1*):

<i>Chapter</i>	<i>Title</i>
1. Introduction	Structure, subject, scope, objectives and premises of the Thesis
2. Literature Review	RBV in the context of micro wholesaling confectionary businesses
3. Research Method	Case study analysis
4. Findings of the six case studies (“Alpha”, “Beta”, “Gamma”, “Delta”, “Epsilon” & “Zita”)	
5. Analysis of findings	
6. Conclusions and Recommendations for further research	

Table 1.1: Structure of Document 5

1. **Introduction.** In the *first* chapter, “Introduction”, the researcher analyses the structure, subject, scope, objectives and premises of the Thesis, by presenting the current situation in the Greek economy and the background of the problem in the confectionary products’ industry.
2. **Literature Review.** In the *second* chapter, the general principles of strategic and marketing management that were analyzed in Document 2 are amplified with the adoption of the Resource-Based View (RBV) approach. This theory is developed in the context of the confectionary products’ industry since its nature and characteristics seem to be ideally suited to examine micro firms involved in this specific sector. In particular, the researcher develops an RBV framework including seven main parts (key resources and capabilities, entrepreneur’s strategic choices, Critical Success Factors, SWOT Analysis, marketing approach, life cycle stage identification, family and business orientation).
3. **Research Method.** In the *third* chapter, the case study research method is presented while the reasons for its selection are explained. Case study analysis and RBV method are combined in the study of the six selected micro wholesaling firms. These businesses have different characteristics and either used different “survival and growth” strategies based on certain resources and capabilities or failed to implement a successful strategy and have gone out of business.
4. **Findings of the six case studies.** In the *fourth* chapter, after the presentation of the six micro businesses, the implementation of Level One and Level Two Analysis of the RBV conceptual framework takes place and highlights the findings of the six case studies. Criteria of success or failure emerge from the use of the RBV framework in combination with the case study research method. At Level One analysis, the researcher has used all three sources of evidence (interview, archival records and Documents) while at Level Two Analysis the researcher goes deeper and uses, apart from the interview, the element of participant observation (the researcher’s experience in the sector, having worked and still occasionally involved in a similar micro wholesaling firm).
5. **Analysis of findings.** In the *fifth* chapter, the researcher compares the six micro wholesaling firms in terms of the seven elements of the RBV conceptual framework in order to reach at reliable and objective conclusions. At the same time, the potential strategies (based on each firm’s available resources and capabilities) that can be applied in the context of the sector are evaluated.
6. **Conclusions and Recommendations.** In the *sixth* chapter, the researcher reaches at conclusions derived from the previous analysis of findings of the six firms and proposes certain solutions. He also presents various aspects of the problem in relation to the contemporary market conditions. The researcher’s proposals about the potential survival and growth strategies that a micro confectionary wholesaling business can use in order to increase its chances of survival are finally presented.

With regard to its *nature*, the Thesis (Document 5) is a stand alone Document; however, it builds upon previous documents. As stressed before, the researcher has reached at certain conclusions after the completion of research in the relevant literature review, qualitative and quantitative aspects of the analysis. In general, through the Thesis, the researcher seeks to achieve a number of goals:

- researching the major topic of “micro wholesaling firms’ survival” and its related issues;
- developing professional, managerial or organizational practice in the specific sector of confectionary wholesaling through research, doctoral analysis and development;
- encouraging double-loop critical reflection that challenges findings, assumptions and values as well as techniques (e.g., statistical package SPSS) and methods (case study approach), and
- developing novel and creative approaches to certain issues that have arisen during the conduct of the literature review, qualitative and quantitative research.

The content of the Thesis is formulated in consideration of *critical reflection* (in the pattern of its theories and processes), *relationships between theory and practice* (in the form of professional and managerial context), and *dialogic approaches* (to the form of knowledge and research findings).

In particular, the researcher hopes that his *research outcomes* will be relevant to the outcomes acquired in the literature review, qualitative and quantitative analysis and display creativity and originality in their application of the work to professional, managerial or organizational practice as well as in their understanding of the sector’s issues. The researcher tries to avoid the tedium of repeating the details of the quantitative and qualitative analysis previously conducted in the confectionary wholesale sector. The relevance of the Thesis to professional practice is emphasized, while the literature effect on the specific sector is carefully explored.

The researcher is generally following an audit trail that is referred to the main findings or conclusions of the Thesis; reliable arguments that support each finding/conclusion (e.g., by authorities, logical deduction or valid evidences) are presented. In the search for the best kind of strategy that micro wholesaling enterprises could follow in order to offset increasing competition and survive, the researcher has tried to develop a model (conceptual framework) where micro businesses (case studies) can be classified into “successful” and “unsuccessful” ones. The researcher has the ambition that this model will be decisive for a micro wholesaling business’s successful course and attainment of competitive advantage in its sector. This framework combines *Case study analysis* (according to Yin’s replication model, 2003b) and *Resource-based View Theory* (RBV, according to Grant’s analysis, 2005). This specific framework is based on the principles of *strategic* and *marketing* management; in particular, it focuses on the exploitation of existing or potential resources and capabilities of micro

firms that have specific characteristics. According to RBV, the exploitation of these elements can constitute the ground for a business to achieve the competitive advantage in its sector, survive or grow. The selection criteria of the *six micro wholesaling businesses-case studies* were related to the implementation of the *RBV approach* (firm's evaluation on the seven elements of the RBV conceptual framework), the different *location* of the six businesses (geographical representation of the whole Attica region) as well as the different *approaches of various market issues* by their managers. The researcher has selected six cases that can be regarded as significant in terms of the "successful" (or "non-successful") survival and growth strategies that their managers have followed, exploiting (or not) different resources and capabilities under the same market conditions. In this way, the researcher has the ambition that the conclusions/findings of his research will be useful to managers of similar wholesaling businesses in the formulation of their strategies. The six cases studies that have been selected are micro family enterprises that have (or used to have) less than ten employees. All of them have passed through the stage of inception and are found in the stage of survival, growth or expansion. More specifically, the researcher examines four representative case studies that have survived in the harsh contemporary conditions by exploiting certain resources and capabilities. These micro wholesaling firms had the opportunity to gain the competitive advantage in the confectionary products' industry and be profitable. The keys to success and survival in these firms' approaches were:

- *Product differentiation and customer network expansion.*
- *Participation in a merger/trading group.*
- *Market segmentation in combination with information technology and e-commerce.*
- *The application of a franchising system in combination with outsourcing.*

On the other hand, the researcher introduces two cases that have not managed to survive the competitive conditions and have gone out of business. This mainly happened due to their managers' impotence to exploit those firms' existing resources and capabilities; of course, these enterprises have in effect failed to meet the expectations of the market and their customers.

It has to be stressed that the final proposals or reactions to the issue in relation to the analysis of the case study findings are gathered and elaborated by the researcher in an attempt to reach at certain conclusions and set questions for further research. These dimensions are followed by a discussion of the contribution of the study with regard to its findings that have been derived from qualitative and quantitative analysis. In this way, potential strategies that have arisen during the previous research may prove effective in practice for micro wholesaling enterprises that wish to offset increasing competition "imposed" by the catalytic presence of supermarkets and superstores.

Chapter 2: Literature Review

2.1 Introduction

The literature review section constitutes an important cornerstone in the context of the Thesis because relevant literature key concepts with specific characteristics that are found in the field of study are further explained and analyzed. As noted earlier, current competitive conditions reinforce the position of the retail sector, chain stores and supermarkets, while the role of micro and small enterprises is diminished. The literature review part is essential in the procedure of finding convincing answers to the research question; this question posed in Chapter One of the Thesis and is related to the potential strategies that micro wholesaling businesses can follow in order to face increasing competition, survive and grow (under certain circumstances). In this direction, the researcher has tried to formulate a conceptual framework drawn upon the Resource Based View (RBV) through which six micro firms (case studies) involved in the sector of confectionary products are examined. As a result, the main target of this section is related to the identification and description of a suitable business model that will form the basis of the study of micro wholesaling enterprises. The researcher has the ambition that the RBV framework will highlight the six enterprises' resources and capabilities, their entrepreneurs' choices, the Critical Success Factors (CSF's) and other essential parameters (such as external market conditions, marketing approach, family and business orientation) that can influence the present condition and perspectives of these firms.

In particular, the literature review "guide" is presented in *figure 2.1*. The literature review part of the Thesis moves from "**general**" to "**specific**" (numbers 1 to 6.7 in *figure 2.1*). Regarding the "**general**" part of the literature review, the researcher provides a general picture of the research field (field of micro wholesaling businesses involved in the sector of confectionary products). In this context, a valid definition of micro and small enterprises (SMEs) is provided while the researcher is referred to the role and importance of these businesses in the European and Greek context (see section 2.2). On the other hand, in an attempt to formulate the background for the conceptual framework through which the six micro businesses will be examined, the researcher moves on to the theoretical presentation of the relative growth models (see section 2.4.a). As these models reveal, survival is categorized as a 2nd stage process (i.e., see Wilson and Bates model, 2003). The researcher focuses on the model of Mintzberg and Waters (1990) as it is useful in highlighting the entrepreneurs' stance during the transition from one life cycle stage of the micro firm to the next (i.e., "sprints" during expansion or growth stage followed by "pauses" so that employees can consolidate the changes, see section 2.4.b).

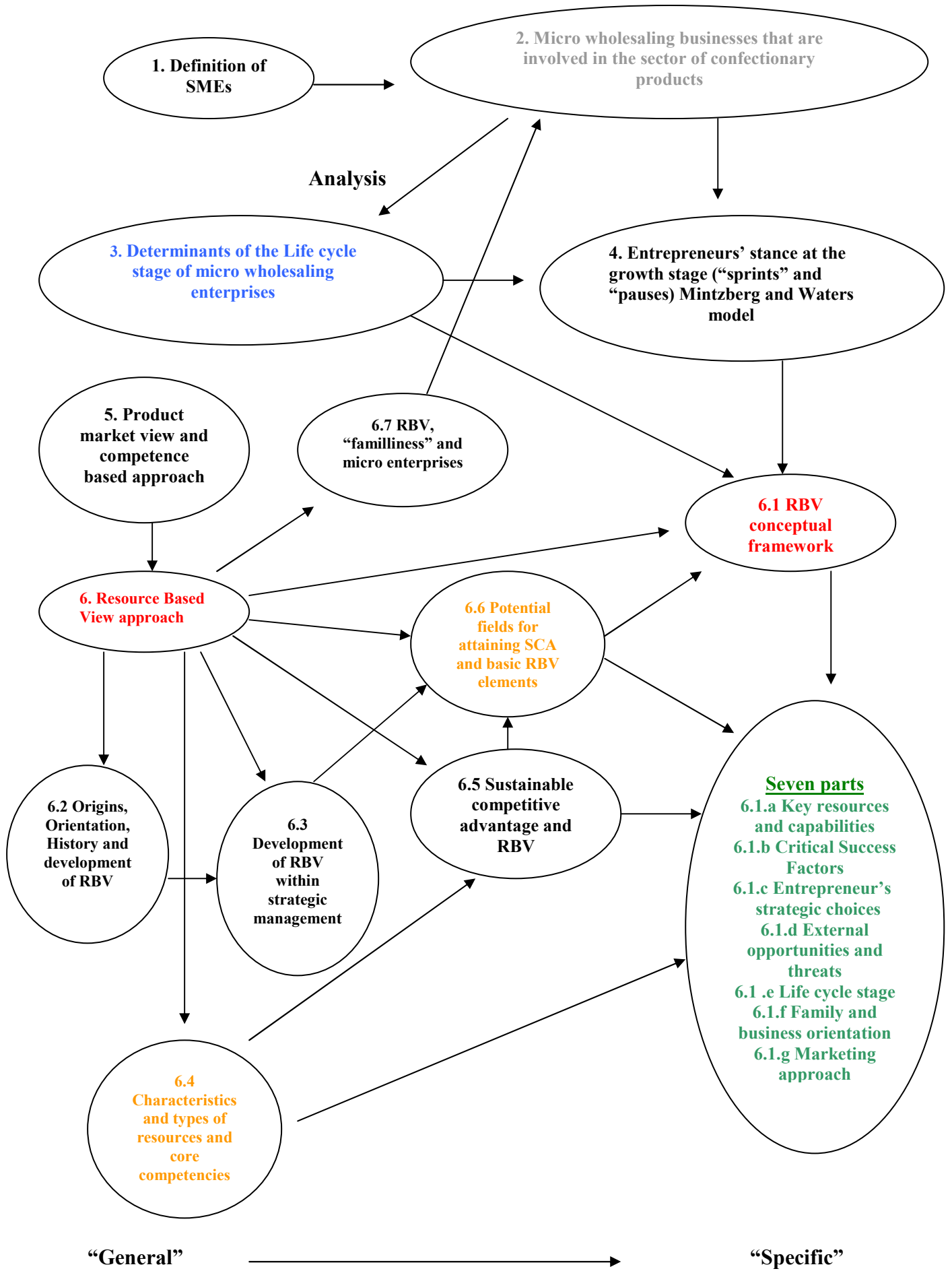


Figure 2.1: Literature review “guide” (source: author)

The researcher believes that this model is particularly useful because it seems to “fit” to the case of micro and small businesses, given their limited resources and capabilities in relation to larger firms. The researcher has the objective that the use of the appropriate conceptual framework will assist micro wholesaling firms identify their strategic position, at least in academic terms.

Having referred to the two models that constitute essential parts of the RBV conceptual framework, the researcher presents the main aspects of the RBV; this approach has been selected to be used as the basis for the researcher’s model. The RBV analysis is elaborated on various fields; at first, the researcher is referred to the origins, orientation, history and development of RBV within strategic management (see sections 2.5.a and 2.5.b), while in section 2.5.c the researcher is referred to the recent development of the RBV theory (presenting relative recent studies on the role of various resources and capabilities to the performance of the micro business as well as focusing on the role of the micro firm’s external relationships). The researcher also compares the main authors of the RBV; he is focused on those that have referred to the fields included in the RBV conceptual framework. Finally, the researcher analyses the relationship of the RBV approach with micro businesses and “familiness” (see sections 2.5.d and 2.5.e). The element of familiness definitely influences the functioning of firms involved in the confectionary products’ sector and the researcher further analyses specific issues based on the recent development of strategic management theory of family firms (section 2.5.e.i), such as the influence of family involvement and family-based brand identity on the micro firm performance (section 2.5.e.ii) as well as succession in family businesses (section 2.5.e.iii). On the other hand, the main part of this chapter is approaching the “*specific*”. The researcher stresses the difficulty of the transferability of various models and frameworks from large to micro and small firms; however, specific aspects of the RBV theory can be implemented in the context of micro wholesaling businesses. These particular aspects of the RBV framework constitute the background of the analysis and are connected to the peculiarities of the Greek market as well as the particularities of micro (usually of family type) wholesaling businesses involved in the confectionary industry. The researcher focuses on micro wholesaling firms that are operating in the Greek industry of confectionary products because these enterprises are the focal point of his research.

The “*specific*” part focuses on the RBV conceptual framework and its constituent elements. In particular, the life cycle model of micro businesses is connected to the RBV approach; by specifying the life cycle stage of a micro firm, the researcher can be also assisted to identify the perspectives and potential for survival, growth or decline of the firm as well as its entrepreneur’s ambitions and motivation. What is more, the development in the context of strategic management is connected to the presentation of the potential fields for attaining sustainable competitive advantage (SCA, see section 2.6.b). These fields are related to the RBV conceptual framework and its seven parts: most of these

parts are corresponding to the potential fields described by the researcher (i.e., key resources and capabilities, SWOT analysis, etc.). Furthermore, the RBV approach entails the specification of characteristics and types of resources and core competencies (see section 2.7.a.i); it is logical that these characteristics are connected to SCA as well as the first part of the RBV conceptual framework, concerning key resources and capabilities. Their effective use is likely to contribute to the attainment of SCA in the sector that is examined.

By making these references, the researcher attempts to prepare the theoretical background of the RBV conceptual framework that will be used for the examination of the six micro businesses involved in the wholesale sector of confectionary products. This conceptual framework is based on the principles of RBV theory but recognizes the uniqueness of the micro business (characteristics such as loose division of labour, informal management practices as well as limited resource base, see section 1.3, Premises). More specifically, the researcher has the ambition to highlight those particular aspects that can influence the micro wholesaling enterprise. In this context, the RBV conceptual framework incorporates seven main parts and through its lenses the researcher will examine the six enterprises' characteristics (key resources and capabilities, family and business orientation, marketing approach, life cycle stage), constituent parts and entrepreneurs' strategic choices. These elements will be discussed with reference to the idiomorphic external market conditions of the Greek environment.

In the following section, the researcher is providing a widely recognised definition of SMEs (instituted by the E.U.) in order to specify the extent of his research. In particular, since most SMEs in Greece are micro family businesses, the researcher formulates the relative conceptual framework in the wholesale sector of confectionary products accordingly by referring to those businesses specifically. The valid definition of micro enterprises in the context of the Greek market is provided so that the theoretical background for the presentation of the corresponding growth model is formulated. In this way, the categorisation of each business to its relative stage will facilitate the introduction of the RBV as an approach suitable for the identification of each firm's resources and capabilities.

2.2 Definition of micro, small and medium sized enterprises (SMEs)

Different countries adopt different criteria (such as employment, sales or investment level) for defining SMEs; different sources of statistics therefore use different criteria (such as the World Bank, OECD, etc.). This means that the definition of SMEs on the basis of a specific criterion is not uniform across countries. Some of the commonly used criteria consist of total net assets, investment levels, number of employees, annual turnover, balance sheet or production volume as well as the level of the firm's independence. However, the number of employees and the annual turnover seem to be the

criteria applied in most countries. The thresholds for SMEs, even with the similar definition, vary according to the economic activities, making cross-country comparisons difficult; these thresholds may also vary between industrial sectors in one country (see *Table 2.1*).

Country	Greece	Europe	United Kingdom	Japan	USA	Canada
Number of employees	250	250	250	300	500	500

Table 2.1: SMEs' employees ceiling (source: EC records, 2007)

For instance, the ceiling used for the number of employees is generally 250 in Europe (EC Recommendation 2003/361/EC) and 500 in the USA (US Small Business Administration, www.sba.gov, 2008) and Canada (National Department of Statistics, www.statcan.gc.ca, 2008). In Japan, an SME is considered to be an enterprise with less than 300 employees (Article 2, SME Enterprise Basic Law, www.chusho.meti.go.jp, 2008). In the United States, the Small Business Administration (SBA, www.sba.gov) defines an SME as an enterprise that is independently owned and operated and which is not dominant in its field of operation. In the United Kingdom, the Department of Trade and Industry (Department for Business, Innovation and Skills, www.berr.gov.uk, 2008) uses definition criteria of 0-9 employees to micro sized enterprises, 0-49 employees to small firms (the definition also includes micro enterprises), 50-249 employees to medium firms and over 250 employees to large firms. On the other hand, the broad definition for OECD countries is that an SME has less than 500 employees (the number of 250 employees often relates to manufacturing firms while 50 persons refer to service firms). The OECD (www.oecd.com, 2008) adopts the following convention for categorising SMEs: Micro (1-4 employees), Very small (5-19 employees), Small (20-99 employees) and Medium (100-500 employees).

However, in practice, schemes that are nominally targeted as small firms, adopt a variety of working definitions depending on their particular objectives. For the member-states of E.U., according to the Official Journal of the European Union (article 2 of the Annex of Recommendation 2003/361/EC, 6th of May, 2003), firms can be categorized to micro, small and medium-sized. In particular:

- **Micro enterprises** are defined as businesses which employ fewer than 10 persons and whose annual turnover or annual balance sheet total does not exceed 2 million €.
- **Small enterprises** are defined as firms which employ fewer than 50 persons and whose annual turnover or annual balance sheet total does not exceed 10 million €.
- **Medium-sized enterprises** include businesses which employ fewer than 250 persons and which have either an annual turnover not exceeding 50 million € (in 1996, it used to be 40 million €), or an annual balance sheet total not exceeding 43 million € (in 1996, it used to be 27 million €).

- Enterprises with more than 250 persons employed (or an annual turnover of more than 50 million €) are considered to be *large*.

Regarding the E.U. definition, the new thresholds include the criteria of staff headcount, annual turnover and annual balance sheet total. Greece, being a member of EU, adopts the SME definition of 2003; in the context of the Thesis, the researcher is in effect referring to **micro enterprises**, since the six selected micro firms-case studies employ (or used to employ) less than 10 people (see history of each enterprise, sections 4.5.a, 4.6.a, 4.7.a, 4.8.a, 4.9.a and 4.10.a).

In general, the contribution of SMEs in the development, employment as well as social coherence of E.U. and Greece is substantial. The role of SMEs in the financial and social development of modern societies is internationally recognized with the acknowledgement that neither national economies nor international economy could exist without them. In the European Union (EU-25) there are almost 23 million SMEs that represent 99% of all enterprises, employing around 75 million people (Vettori, 2006). However, these enterprises are often confronted with market imperfections; they are frequently facing difficulties in obtaining capital or credit, particularly in their start-up phase. Their restricted resources may also reduce access to new technologies or innovation. Therefore, support for micro and small enterprises is one of the EC's priorities for economic growth, job creation, economic and social cohesion especially since they contribute to entrepreneurship and innovation (see EC records, 2000).

The role of Greek SMEs in economy and employment can be described as vital because the main business model in Greece is the micro enterprise (www.hellasmag.gr, 2008). It should be noted here that according to ESYE (www.statistics.gr, 2008), SMEs provide 70% of the new jobs, reinforce regional development and financial balance of the regions while they contribute to the formulation of a cohesive financial and social link in the Greek society. SMEs in Greece employ 74% of the work force of the private sector. Based on the limits set by the E.U., Greek SMEs exceed 733.000 while domestic enterprises with more than 100 employees are very few (www.statistics.gr, 2008).

Having defined the role and importance of SMEs in the context of European and Greek market, in the following section the researcher focuses on the presentation of the role of family businesses. He particularly highlights their importance in the context of the confectionary products' sector because most enterprises of the sector are of family type.

2.3 Importance and role of family businesses

As stressed earlier, most micro businesses involved in the wholesale sector of confectionary products are of family type. For this reason, the researcher believes that it is essential to refer to their importance in the confectionary industry. According to Eddy (1996), a **family business** is a firm in

which one or more members of one or more families have a significant ownership interest and significant commitments toward the business' overall well-being. Family businesses play a dominant role in many industries today; they represent about 75-90% of all the enterprises in the world (Eddy, 1996), while in Europe, more than 70% are family-owned or controlled (Lank et al., 1994). As a result, it is often argued that family businesses are the most substantial economic force in society (Weidenbaum, 1996). However, family members are often involved in the operations of their family business in some capacity and, in smaller enterprises, usually one or more family members are virtually the managers (see also section 2.7.f). Whether or not the newly started business is going to continue and flourish depends on many factors concerning both market developments and the handling of internal management issues. In this respect, the "family" factor of a family business is an important characteristic that may enable an enterprise to succeed due to close ties between organisation members, or the other way around, may be the cause of failure due to, for example, problems with succession (Dyer and Handler, 1994; see also sections 2.5.e.i, 2.5.e.ii and 2.5.e.iii).

Traditions, bonding relationships, loyalty and altruism determine how resources are used to create value for owners of family firms (Harvey and Evans, 1995). The authors observe that the key features of the family system that usually have the greatest influence on the operation of the firm are implicit, social ties among family members. The family is tied together by the interpersonal relationships among family members both horizontally across the family and vertically over succeeding generations. Relationships are further intensified because family members participate in the family business system via multiple roles, both within the family and in the business. Family participation (as managers and/or owners of a business, as happens in these cases) can strengthen the enterprise because family members are often loyal and dedicated to the family business. However, family participation can present unique problems because the dynamics of the family and business systems are often not in balance. That is because the interests of a family member may not be aligned with the interest of the business. This can often happen to micro (family) businesses involved in the confectionary products' sector.

On the other hand, there is a limited understanding of how family members interact to affect the visions and goals of a family firm and how they create the unique resources, capabilities, costs and problems that make a family firm behave and perform differently. While goals and objectives are likely to evolve over the life of a family firm (Ward, 1987), one constant would be the entanglement of business goals with family goals (Alderfer, 1988); this entanglement is related to business performance (Ward, 1987). For a business to be sustainable as a family firm in the highly competitive contemporary market, there must be a synergistic and symbiotic relationship between the family and the business. The business must perform in a way that creates value for the family and the family must add value to the business in a manner that is impossible without family involvement. Otherwise, there

would be no advantage to having family involvement. Consequently, the goals of a family firm are likely to be broader than wealth maximization because this objective only addresses its business side (see also sections 2.5.e, 2.5.e.i, 2.5.e.ii and 2.7.f).

When the family business is basically owned and operated by one person (entrepreneur), he or she usually does the necessary balancing automatically. For example, the founder may decide that the business needs to build a new plant and decides to take less money out of the business to live on for a period of time in order for the business to generate the cash needed to expand. In making this decision, the founder is balancing personal interests (taking cash out) with the needs of the business (expansion). But balancing competing interests often becomes difficult. Successfully balancing the differing interests of family members require people involved to have the competencies, character and commitment to do this work. Often family members can benefit from involving more than one professional advisor, each having the particular skill set needed by the family. Some of the skill sets that might be needed include communication, conflict resolution, family systems, accounting, insurance, finance, investing, leadership and management development as well as strategic planning.

Having defined the role and importance of family businesses, in the following section, the researcher focuses on the analysis of the life cycle stages of micro and small businesses. These stages have to be identified and analysed so that the researcher can effectively describe the framework in which micro Greek wholesaling businesses are functioning.

2.4 Organizational life cycle

Regardless of the type of the business (either micro, small, medium sized or family), it is clear that all organizations are at some point “born” (Tichy, 1980), they grow to one size or another (Mintzberg, 1979; 1989), and eventually they all “die” (Kimberly & Miles, 1980). Organizations seem to take on a “life” that can be compared to living organisms. To better articulate this organizational life, the whole business life has been broken down into steps or stages. Life cycle changes vary per model depending on how the researcher defines an actual stage (Hanks, 1990). Because the definitions vary, models that range from three to ten stages have been proposed. For example, some shorter models use only three (Smith, Mitchell & Sumner, 1985) or four stages (Baird & Meshoulam, 1988; Kazanjian, 1988; Quinn & Cameron, 1983). More comprehensive models favour five (Galbraith, 1982; Lester, Parnell and Carraher, 2003; Miller and Friesen, 1984) or more stages (Adizes, 1979; Flamholtz, 1986). Larger models tend to break down general stages into much more specific time periods, while shorter models tend to over generalise, integrating two or more developmental periods in an effort to present a more straightforward depiction of organizational life. It has to be stressed that a number of models have

been developed to apply only to small firms (Churchill & Lewis, 1983; Scot & Bruce, 1983), while others have been developed to describe large organizations (Kimberly and Miles, 1980; Miller and Friesen, 1984; Quinn and Cameron, 1983). However, all models describe a similar pattern of development (see *Table 2.2*). Managers who recognize the need for strategic change in their organizations for long-term competitiveness may also recognize the need to alter their organizational functions that determine life cycle (Child, 1972).

Model	Authors
<i>Industry growth models</i>	Porter used the product lifecycle concept to illustrate how industries develop and react to these pressures (1985)
<i>Large Business Growth Models</i>	Kimberly and Miles, 1980; Miller and Friesen, 1984; Quinn and Cameron, 1983; Channon & Salter showed the changes in businesses as grow into large units geographically decentralized
<i>Small business Growth Models</i>	Coddington, 1968; Bruce, 1978; Steinmetz, 1969; Churchill and Lewis 1983; Barnes and Hershon, 1976
<i>General Growth Models</i>	Scott, 1971; Greiner, 1972; Lippitt and Schmidt, 1967

Table 2.2: Various types of Growth models (source: Hanks, 1990)

Of particular importance is whether the models are presented as theoretical propositions or whether they have been tested or studied empirically. The strongest empirical support to date substantiates the *four or five stage* approach. According to Hanks (1990), organizations are predicted in theoretical arguments to progress through an evolution of development consisting of *start-up, expansion, consolidation, diversification* and *decline*. Therefore, the empirical support of the five stage model, regardless of how the stages are labelled, confirms the generally predicted model.

In the context of the Thesis, it can be argued that the presentation of various organisational life cycle models is quite important. The identification of each micro firm's life cycle stage is critical so that the researcher can adequately evaluate these businesses in the context of the RBV conceptual framework (see also sections 2.7.a to 2.7.g). The identification of the life cycle stage of a micro family business constitutes the starting point for the quest of survival and growth strategies based on available resources and capabilities. For example, when a micro wholesaling enterprise finds itself in the phase of expansion, then its chances for growth will be increased; on the other hand, when a family firm is in the stage of decline, there are no chances for survival and growth (see also section 2.4.a).

A life cycle stage can be defined as a loose set of organizational activities and structures (Dodge et al., 1994; Hanks et al., 1993; Quinn and Cameron, 1983). These activities include decision-making, information processing, as well as operational procedures. Structural issues include reporting relationships, distribution of power, and department of divisional organization. Life cycle stages are needed for description because these activities and structures change over time (Van de Ven, 1992).

In the context of the Greek market, most micro and small enterprises pass along the stages of *start-up, expansion, consolidation* and *decline*. Some enterprises are diversified before (or after) the decline stage (see section 1.3, Premises of the Thesis). However, the limits between these stages are usually undefined; most entrepreneurs have to confront daily issues (i.e., payments, delays, liquidity problems,

financial liabilities, etc.) and their only care is the survival of their business. In essence, the manager’s ambitions as well as the micro firm’s available resources and capabilities will determine its growth prospects; in this way, the business can be considered to move to the next stage and evolve (see also history and current situation for each micro enterprise, sections 4.5.a to 4.10.g).

2.4.a Determinants of micro business life cycle

In this section, the researcher focuses on the micro business life cycle models that can be important in the context of the Thesis (see also sections 2.7.e and 2.7.e.i). In particular, the main tenet of this research perspective is that SMEs’ growth is characterized by a number of predictable, discrete and consistent stages (Churchill and Lewis, 1983; Scott and Bruce, 1987; Hanks et al., 1994). As a micro or small business develops, it moves through growth stages (usually five), each with its own distinctive characteristics. Each stage or “phase” is both an effect of the previous phase and a cause of the next (Greiner, 1972). The majority of life cycle models, however, are conceptual rather than inductive (Gibb and Davies, 1990; Miller and Friesen, 1984). Although it is recognized by certain life cycle theorists that each small business is unique and the growth process complex (Churchill and Lewis, 1983), the organizational life cycle literature suggests that, in a similar fashion to organizational development, entrepreneurs face a common and fairly predictable process of change. Because the transition from one stage to the next requires change, it will be accompanied by some crisis or another. 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. The manager of a micro firm will have to conduct effective planning in order to manage change. However, not all SMEs that survive grow to be large businesses; this is due either to the nature of their industry or simply the ambitions of the owner/manager. The researcher synthesizes the basic growth models for SMEs in *Table 2.3*.

Model	Stage 1	Stage 2	Stage 3
Steinmetz (1969)	Idea generation and product development	New hierarchy levels, specialization and formalization	
Greiner (1972/1998)	Growth through creativity	Crisis of leadership and growth through direction	Crisis of autonomy and Growth through delegation
Churchill & Lewis (1983)	Obtaining customers, delivering product or service contracted for	Generate revenues and control expenses	Further growth or disengagement
Scott & Bruce (1987)	Developing a commercially acceptable product, obtaining customers, production	Control revenues and expenses, expand customer base and align firm structure	Co-ordination and delegation, managed growth, resources
Kazanjian / Drazin (1990)	Idea generation and product development	Optimizing product and processes, distribution	Optimizing profitability

Table 2.3: Basic Growth models for micro and small businesses (source: author)

Greiner (1972, 1998) developed the most widely cited model which also builds the basis for the model of Churchill & Lewis (1983) as well as Scott & Bruce (1987). Greiner identifies *five stages* of growth and turbulent transitions. He argues that, as a business grows, each revolutionary period causes its own period of revolution that has to be resolved by adequate managerial acts such as the delegation of

tasks. Building on the model of Greiner (1972), Churchill & Lewis (1983) explicitly focus on the *development of micro and small firms*; for this reason this model is useful in the context of the Thesis. In particular, the authors recognize that growth is not the only goal that can be pursued, and introduce stages of stability into the model. The Scott and Bruce (1987) model represents a further refinement of these arguments and considers additional factors (i.e., the industry). The model of Churchill and Lewis (1983) concentrates mainly on organization structure. Scott and Bruce (1987) believe that each stage of a business is preceded by a **crisis**. One of the most popularized life cycle models, which represents growth in terms of crisis followed by stability, is the work of Greiner (1972); it aptly describes this metamorphic process as “evolutions and revolutions” as organizations grow. As the model of Scott and Bruce deals exclusively with small businesses, the nature of the crises are somewhat different from those described by Greiner. Changes in both external and purely internal factors can precipitate these crises. As the external factors are usually beyond the manager’s control, monitoring the key issues is important so that the entrepreneur is prepared for possible change. The transition will often involve relatively major changes (see for example the case of “Gamma”, sections 4.7.a to 4.7.f).

Many life cycle theorists do not explicitly use the term “**crisis**”, preferring instead to conceptualize such transitional periods as critical “*phases*” (Steinmetz, 1969), growth “*hurdles*” or common developmental “*problems*” that arise at certain stages in the development of a small business (Churchill and Lewis, 1983; Kazanjian, 1988). Although such “crises” can be either internal or external to the firm (Scott and Bruce, 1987), the general consensus is that owners of SMEs have to contend with different problems during different stages of the growth process (Dodge and Robbins, 1992). Wilson and Bates (2003, see next section) stress that although the business may fail at any time, it is most likely to happen at one of the crisis points.

The life cycle literature emphasizes that such periodic crises have an important role to play in the development of both the organization and the individual. How well the entrepreneur of the micro enterprise deals with these problematic occurrences determines how easily the organization moves through the life cycle (Dodge and Robbins, 1992; Steinmetz, 1969). Scott and Bruce (1987:47) highlight the importance of crises from an individual perspective, stating that “these crises are extremely important to the entrepreneur in terms of both his business and personal life”. As Greiner (1972:45) states, “these periods of tension provide the pressure, ideas and awareness that afford a platform for change and the introduction of new practices”. Scott and Bruce (1987:50) describe one of the most likely crises during the “growth” stage of the small business life cycle to be the “demands of expansion” which stress managerial and financial resources: “to cope with this, the organizational structure will need to change again and for the first time a professional rather than entrepreneurial approach may be necessary” (see section 2.4.b). In the sector under examination, wholesalers have to

organize their liabilities, orders and payments and ensure liquidity in order to proceed to expansion movements; this means that their approach becomes more professional. In this context, the work of Mintzberg and Waters (1990) seems to be useful (i.e., *growth is followed by pauses*, see next section). From this viewpoint, a key assumption behind life cycle theorizing is that for a micro or small business to grow, owner/managers must adapt and modify their perceptions and actions as a result of these discontinuous events in order to facilitate organizational growth (Quinn and Cameron, 1983). However, this process is not planned; as Steinmetz (1969:32) states, “suddenly, perhaps accidentally, the owner-manager learns how to delegate”. In the sector of confectionary products, the researcher (based on the findings of Documents 2, 3 and 4) has noticed that the managers of micro wholesaling firms that have managed to survive, have changed the way of handling various issues. In particular, they put emphasis on essential matters (such as the quality of products or services, precision in delivery times, payments in time, etc.), rather than spending hours and hours on dealing with administrative issues. On the other hand, these managers, based on their daily experience, have been able to delegate secondary tasks so that they can deal with more important issues.

On the other hand, of particular importance is the gradual move away from operational abilities towards more strategic practices as the business develops (Churchill and Lewis, 1983; Burns and Harrison, 1989). In the wholesale sector of confectionary products, the researcher has observed that the managers of “successful” micro enterprises (that have survived and developed in the last 15 years) seem to have changed: they have developed a better organizational structure, have learned to delegate tasks and responsibilities and in general have adopted a planning (strategic) mode that is different from the entrepreneurial (instinctive) way of approaching issues (see Documents 3, 4 and section 2.4.b).

Finally, it has to be noted that the background of the analysis also incorporates the ***industry Critical Success Factors*** (CSF’s, see section 2.7.b) that in essence relate to the entrepreneur’s knowledge, flexibility and ability to motivate himself and employees. Responding to CSF’s at each level increases the likelihood that ***businesses will successfully make the transitions from one stage to the next***. Initially, firms must respond to the industry CSF’s as well as the external CSF’s peculiar to their immediate environment. Early ***stages*** involve considerable reliance on the owner as a “one man show” placing emphasis on his experience, knowledge and ability (Lippitt & Schmidt, 1967). Later stage transitions require attention to expansion CSF’s, such as controls and organizational structure (Dickinson et al., 1984). Clearly a more established and stable firm would have a better opportunity to survive given a sudden negative change in industry trends.

To sum up, the main determinants of micro business life cycle relate to the entrepreneur’s ability to manage change during the transition from one stage of the micro business life cycle to the next. This transition is usually accompanied by some crisis (i.e., employees’ difficulties in adaptation to new

strategies, order or pricing policies, etc.); the manager of the micro enterprise has to deal with the consequences of these crises. In this way, he has to be prepared (effective planning) in order to overcome various problematic issues. The literature (confirmed by the findings of previous Documents) also reveals that periodic crises play an important role in the development of both the organization and the individual. In particular, in order to deal with crises, the entrepreneur of the micro business moves on more “strategic” practices while responding to critical industry success factors also facilitates the successful transition from one stage of the micro business life cycle stage to the next.

Wilson and Bates’ model

In a five-stage life cycle model (to be valid for all organizations), SMEs cannot often progress past the second (survival) stage because contemporary competitive conditions prevent them from moving to the next stages (Wilson and Bates, 2003). The model that Wilson and Bates (2003) developed, isolated five stages through which a micro or small business grows. The authors also identified four crisis points that precede the advance into the next stage of development. As stressed in the previous section, it is the anticipation of these crises and the successful management of change that ensures the survival of the growing micro business. Their model presents the classic product life cycle (*Table 2.4*).

	Stage 1. Inception	Stage 2. Survival	Stage 3. Growth	Stage 4. Expansion	Stage 5. Maturity
Stage of Industry	Emerging, fragmented	Emerging, fragmented	Some larger competitors	Growth, shakeout	Growth/ Shakeout or mature/ declining
Key Issues	Obtaining customers, Economic production	Revenues and expenses	Managed growth, ensuring resources	Financing, growth, maintaining control	Expense control, productivity
Top management role	Direct supervision	Supervised Supervision	Delegation	Decentralization	Decentralization
Management Style	Entrepreneurial individualistic	Entrepreneurial, administrative	Entrepreneurial, coordinate	Professional, administrative	Watchdog
Organization Structure	Unstructured	Simple	Functional, centralized	Functional, decentralized	Decentralized functional/product
Product and Market Research	None	Little	Some new product development	Product innovation, market research	Product innovation
Systems and Controls	Simple bookkeeping,	Simple bookkeeping, personal control	Accounting systems, simple control reports	Budgeting systems, monthly sales and production reports	Formal control systems, management by objectives
Major source of Finance	Owners, friends and relatives, leasing	Owners, suppliers, banks	Banks, new partners, retained earnings	Retained earnings, secured debt	Retained earnings, Long term debt
Cash generation	Negative	Negative/breakeve	Positive but re-invested	Positive with small dividend	Cash generator, higher dividend
Major investments	Plant and equipment	Working capital	Working capital, extended plant	New operating	Maintenance of plant And market position
Product-market	Single line and limited channels and market	Single line and market but increasing scale and channels	Broadened but limited line, multiple channels	Extended range, Increased markets and channels	Contained lines, multiple markets and channels

Table 2.4: A model for micro and small business growth (Wilson and Bates, 2003)

In general, the **survival stage** is characterized by very fast growth for some organizations. Churchill and Lewis (1983) stress that some micro and small firms tend to stagnate in this stage, not growing or maturing to their potential but also declining or reverting back to an existence state. The **existence stage** is populated only with fairly small organizations: that is the essential definition of the stage. Firms come into existence and “taste the water” to see if they can be viable in the market. Size is not

dealt with in absolute terms but rather as something which is unique to each micro business. It is not a single measure that precipitates change but rather a combination of all of them accompanied by some external factor or another that forces a business into the next stage if it is to survive.

The actual combination will vary from one business to the other, depending on both *internal* (i.e., condition of the plant or the aspirations of the management) and *external* factors (such as the entry of a new competitor into the market or changes in technology). In the sector of confectionary products, intensity of competition, ambitions of the entrepreneur, sales turnover increase or the number of customers are factors that can influence the transition of a family firm from one stage to the next.

According to Wilson and Bates (2003), growth means that a micro or small business demonstrates (or shows visible signs of a propensity to expand operations significantly, because it satisfies a number of important ***growth criteria***. These criteria include:

- There is continuing excellent service to customers (generating repeat orders, customer retention, referrals from satisfied customers and sustainable gross margins).
- The founders can manage internal operations effectively and efficiently (control of unit costs and satisfactory net margins).
- The business has a track record of sustained profitability (i.e., for the last 3 years).
- The founders have sufficient credibility to raise the necessary finance externally.
- The founders have well-developed interpersonal and communication skills and they instinctively know what motivates people to give them their best.

The implementation of these criteria can be examined in the context of micro businesses involved the wholesale sector of confectionary products. The six case studies that have been selected are micro family enterprises that employ (or used to employ) less than ten people. All of them have passed through the stage of inception and are found in the stage of survival, growth or expansion (or have ceased their operations in two of the selected cases). All six managers had to face certain crises during the life cycle of these micro businesses and especially during the transition from one stage to the next (see chapter 4, presentation of the six micro businesses). The wholesaler/manager (usually the founder or the successor of the firm), in order to increase the micro firm's chances of survival and growth, has to be able to provide qualitative service to customers, motivate employees, manage obligations effectively and in general exploit the firm's resources and capabilities adequately.

Miller and Friesen's model

On the other hand, Miller and Friesen (1984) have based life cycle identification on four primary factors, which are ***situation***, ***structure***, ***decision-making style*** and ***strategy***. In particular, the term *situation* refers to the make-up of the firm, including its size, heterogeneity of markets, number of

employees and diversity of ownership. *Structure* relates to the determination of reporting relationships, varying from single to complex, departmental to divisional and centralized to decentralized. *Decision-making style* varies from the one-person authoritarian perspective to an open participative model, while *strategy* can be approached differently regarding factors such as the degree of market segmentation, the breadth of product/service lines, as well as uniqueness and efficiency. Miller and Friesen's four-factor approach can be implemented in the context of micro businesses involved in the confectionary products' sector; it can describe various characteristics of the micro firm (i.e., size, number of employees, etc.) and also "reveal" certain strategic choices of the wholesaler (i.e., the adopted *strategy* and the specific *decision-making style* followed by the owner/manager).

In general, the researcher finds both approaches quite useful for his research in the wholesale sector of confectionary products. Wilson and Bates' *five growth criteria* as well Miller and Friesen's *four factors* are essential for each micro enterprise's life cycle identification (see section 2.7.e).

Having referred to the basic growth models for micro and small enterprises (and focused on the Wilson and Bates' model), it is quite useful to present Mintzberg and Waters' approach (1990) that likens strategy in SMEs to an inchworm (where strategy and growth happen in "sprints" and "pauses"). Taking into consideration the limited resources at the disposal of SMEs, the approach discussed by the authors seems to be rational in the context of micro firms involved in the confectionary products' sector.

2.4.b Mintzberg and Waters' model

Mintzberg and Waters (1990) conducted a major research project in order to describe and analyze a wide array of strategies used in an organization over the years. In particular, the authors highlighted and elaborated on seven distinct periods in the history of Steinberg Inc. from 1917 to 1975. The researcher believes that the use of the Mintzberg and Waters' approach can be useful for micro wholesaling enterprises that are trading confectionary products; this happens because the evolution of these businesses can be seen under the prism of Steinberg Inc. Based on the findings of previous Documents, the researcher has found similarities in the micro businesses that have managed to survive and grow, where the adoption of an aggressive strategy (i.e., expansion) was followed by "pauses", in order to comprehend the alterations that had been made with the corresponding upgrading of logistical support (see chapter 5, Analysis of Findings).

Strategy formation and the entrepreneurial firm

One theme that emerges from the historical review of strategy in Steinberg Inc. is related to the presence of waves or cycles. This study pictures the classic stages of development cycle as described

by a number of theorists (see previous section, Chandler, 1962; Filley, House and Kerr, 1976; Scott, 1972.) From the simple structure configuration of the 1920s, the company gradually underwent increasing elaboration and standardization of structure to arrive at a more formalized configuration of the 1970s. In essence, as the seemingly inevitable result of growth, the small, personalized, highly flexible (but economically vulnerable), knowledge-based firm transformed itself into the larger, more systematic, more economically powerful (but socially vulnerable) corporation. These characteristics are found in the six cases that the researcher selected from the wholesale sector of confectionary products; at the beginning, all enterprises were small and flexible, while they provided personalized service; however, the managers of these businesses had to react to increasing competition. In this way, all six firms had to formulate and follow certain strategies that in essence transformed them. This transformation can be examined from two perspectives, the *entrepreneurial* and the *planning* mode.

Regarding the *entrepreneurial mode*, the literature characterizes the entrepreneur as the bold decision maker, fully in control, who walks confidently into an uncertain future (Mintzberg, 1973). Periods of pause, following periods of sprinting were used to ensure that the organization remained viable. In essence, the study of Mintzberg and Waters (1990) examined how effective intimate knowledge can be when it is concentrated in one individual who is *fully in charge* (having no need to convince others with different views and different levels of knowledge), *retains a strong, long-term commitment to his organization* (passionately and personally involved at all levels of business activity) and *possesses the vision and ability to switch from narrow focus to broad perspective*. Under all of these conditions, the entrepreneurial mode is powerful. However, the irony was that it was the very success of the entrepreneurial mode that rendered it unsuitable in the longer run. It was the operations spread beyond the comprehension of one man (first to geographically diversify to regions outside of its leader's personal knowledge and then horizontally to new kinds of retailing) that a shift in the mode of strategy making became inevitable. No longer could decisions be based on the personalized vision of one individual, because no longer could all the necessary knowledge be focused there. Over time, both the environment and the structure became more demanding, until the interplay seemed to be increasingly between a formalized structure and a constraining environment, with leadership caught in between. Eventually strategy, to some extent at least, had to follow structure, as well as environment. The new mode of strategy making was more decentralized, more analytic, in some ways more careful, but less flexible, less integrated, less visionary and consequently less deliberate.

In the context of the wholesale sector of confectionary products, most of the times, entrepreneurs believe that they have the leadership skills and are flexible enough to adapt to any essential alteration that is imposed by the external market. However, over time, it has been proved that market conditions determine the strategy that has to be followed, given the limited resources and capabilities of micro

wholesaling enterprises. In this way, the entrepreneurial mode (more instinctive and “visionary”) has to be opted out so that the business survives. The six selected enterprises had all the aforementioned characteristics. All managers are (or were) fully in charge and strongly committed to their businesses and did not have to ask anyone before they make their strategic choices. Their personal touch reflected on all business activities. Also, all of them had the vision to expand their businesses; however, not all of them were competent enough to succeed (see history of the six firms, chapter 4). From this perspective, the authors’ approach seems quite informative for the sector under examination.

In terms of the *planning mode*, when Steinberg developed its first plan in the 1950s, it was not inventing a strategy (strategy formulation); rather it was justifying, elaborating and making public a strategy it already had, the one based on its leaders’ vision (programming). That particular strategy was conceived in the entrepreneurial mode, the creativity and synthesis taking place informally and personally. Planning as programming became increasingly necessary as the company grew because it involved articulation, quantification and eventual elaboration of the entrepreneur’s given vision. A tentative conclusion of the Mintzberg and Waters’ research is that organisations plan when they have intended strategies, not in order to get them. In other words, a businessman plans not a strategy but the consequences of it. Planning gives order to vision and puts form on it for the sake of formalized structure and environmental expectation. However, the inevitable result of programming the entrepreneur’s vision is to constrain it. The entrepreneur, by keeping his vision personal, is able to adapt it at will to a changing environment. By being forced to articulate and program it, he loses that flexibility. The danger, ultimately, is that *the planning mode forces out the entrepreneurial one*; procedure tends to replace vision so that strategy making becomes more extrapolation than invention. It is suspected that these two conclusions (planning as the programming of a given strategy rather than the formulation of a new one, and planning replacing entrepreneurial initiative as an inevitable result of larger organization and more formalized structure) speak for a good deal of the behaviour known as *strategic planning*. The researcher believes that the aforementioned conclusions can be helpful in the context of the six micro wholesaling businesses involved in the confectionary products’ sector with regard to the entrepreneur’s behaviour during the enterprise’s transitions or crises (see section 2.7.e).

“Sprints” and “pauses”

The fifth period in the organisation’s course of development (1952-1953) is of particular interest for the needs of the Thesis since waves of the company’s expansion were always followed by “pauses”, in order to solidify the changes that had been made, and to bring up the logistical support. However, the particular pause of this period was the most special one, since it led to a fundamental reorientation followed by the most important wave of expansion of the company. In conceptual terms, a pause led to

a rethinking which partly changed the mode of strategic behaviour and led to a new type (way) of approaching business issues. Mintzberg and Waters (1990) particularly stress the utility of the externally imposed pause, describing it as a time of reflection.

Within this large, evolutionary cycle, shorter repeating cycles of expansion and consolidation can be detected and referred to as “sprints” and “pauses”. The image of sprinting is congruent with conventional notions of entrepreneurial activity as the taking of bold, risky leaps into the future. What is less obvious is that, in the case of Steinberg, these bold leaps or sprints always were accompanied by subsequent periods of pause (times for catching up, consolidating changes in salaries, new responsibilities, etc.). This pattern of sprints and pauses suggests an *inchworm analogy*: an organization leads with some primary strategy, usually related to expansion, then pauses to bring up lagging strategies (such as logistic support), then leads again, etc. For example, in the case of confectionary products’ sector, when the micro enterprise moves to new geographical areas, the manager has to use additional resources in order to “sprint” (probably refinancing must take place, warehouses expanded, staff found to manage the new operations, and so on). The result is an unsteady pattern of growth. The consolidation of these changes “imposes” a certain period of “pause” so that the owner/manager and the firm’s employees can realize the alterations and effectively respond to the new requirements. The pause is the time to catch breath, to make sure that everything was working out.

Some definite advantages can be seen in the inchworm form of growth, at least where the organization can absorb the swings. The organization finds its openings (its short-lived strategic windows) and exploits them to the hilt, damning the consequences, with a faith that other needs (such as people, money or warehouse capacity) will get straightened out eventually. Sprinting is a way to focus on the resources and energy available so that great pressure is brought to bear on opportunities as they present themselves. What is more, sprinting and pausing may be seen as a way for an organization to keep itself energetic. Sprinting provides an inspirational period of change; pausing provides for the maintenance and stability required so that employees can once again accept the challenge of change.

However, just as the inchworm cannot stretch so far forward that it falls over or is immobilized, so the entrepreneur must know when and how to stop sprinting and start to pause. Some pauses are forced by the *environment* (e.g., World War II in the case of Steinberg). Others result from a *depletion of resources* (as in the pause in the early 1950s). However, entrepreneurs should know the limits (resources and capabilities) of their enterprises so as to keep up with the “sprinting” of the changes. They also have to balance their personal and business life (effects of long working hours, fatigue, tempers, morale, etc., see section 2.7.e). In any event, the timing of pauses would seem to be critical in order to sustain entrepreneurial success.

In the context of micro wholesaling businesses involved in the sector of confectionary products, the “pauses” that follow expansion (“sprinting”) can be considered as a useful paradigm for businesses that adopt effective strategies. The successful and flexible wholesaler has to tame his anxiety, evaluate external conditions, examine his options (based on the available resources and capabilities) and channel his energy to effectual actions, when this is necessary. The rotation of “sprints” and “pauses” is important for the consolidation of the micro enterprise’s position and the realization of new market conditions; in this way, the entrepreneur will plan the deployment of the firm’s resources/capabilities.

In general, Steinberg’s important aspect was his apparent ability to commit himself with passion and invest on different operations. The story of Steinberg can constitute a useful lesson to entrepreneurs of the sector under examination; wholesalers are involved to daily issues and different business procedures; most of them are strongly committed to their businesses. However, their success depends on their adaptability to swiftly changing market conditions.

In conclusion, the study of Mintzberg and Waters showed how the success of the entrepreneurial mode evokes the forces that weaken it. Steinberg Inc. at the end of the study period remained in some ways in the entrepreneurial mode; however, the forces to weaken that orientation were growing stronger. On the one hand, the market gets a more stable and systematic service from its enterprises; on the other hand, entrepreneurs cannot get excited and innovative by having a unique sense of identity.

This approach can be quite helpful and instructive for the owner/managers of micro businesses that are functioning in the wholesale sector of confectionary products because most of these firms appear to have common characteristics with Steinberg Inc. (i.e., powerful entrepreneurial mode). In particular, wholesalers/entrepreneurs are usually fully in charge and not have any need to convince others with different views and different levels of knowledge about their choices; they also retain a strong, long-term commitment to their organization while most of them possess the vision and ability to switch from narrow focus to broad perspective. As a result, the conclusions that have derived from the study of Mintzberg and Waters seem to be useful in the context of micro wholesaling firms during the process of their growth. Planning is utilized as the programming of a given strategy rather than the formulation of a new one; planning in essence replaces entrepreneurial initiative as an inevitable result of a larger organization and a more formalized structure.

Additionally, the obvious advantage that can be exploited by wholesalers in the inchworm form of growth is related to the fact that the organization finds its “short-lived strategic windows”-opportunities. These opportunities are exploited to the maximum (by adequate use of human, financial and other tangible resources), taking into consideration the possible consequences for the micro business. Sprinting is a way for the entrepreneur to focus on the resources and energy available in order to exploit potential opportunities. However, the inchworm cannot last for ever and the

wholesaler has to be aware when and how to stop sprinting and start to pause. It is obvious that some pauses are forced by the environment (such as the recent crisis with toxic financial products that has affected almost all financial markets) or from the depletion of resources (a frequent phenomenon for micro wholesaling confectionary businesses); however, the most important skill/capability of the successful entrepreneur is related to the awareness of his firm's limits. He has to be able to recognize the boundaries of the opportunity's exploitation. The timing of pauses is critical in order to sustain entrepreneurial success; the entrepreneur has to evaluate the life cycle stage of the micro business, the morale of employees and the dynamic market conditions before proceeding to additional changes.

To sum up, the researcher referred to the basic growth models for SMEs. In particular, the model of Wilson and Bates (2003) as well as the model Miller and Friesen (1984) seem to be useful in the context of life cycle stage identification of micro wholesaling firms involved in the confectionary products' sector. In this direction, the study conducted by Mintzberg and Waters (1990) is quite useful to micro Greek wholesaling firms, since most entrepreneurs of these enterprises seem to have common characteristics with Steinberg Inc. (i.e., strong entrepreneurial mode, leader's knowledge of the business, intuition). The authors liken strategy in SMEs to an inchworm, where strategy and growth happen in "sprints" and "pauses". The "sprint" phase involves recognition and exploitation of an opportunity by owner-managers while the "pause" phase involves support in the form of resources or logistics including finances to catch up. Finally, another useful (in the context of the Thesis) conclusion derived from this study relates to the fact that planning gradually replaced entrepreneurial initiative as the organization was becoming larger and obtained a more formalized structure.

In the following section, the researcher presents the origins, orientation, history and development of the RBV theory. He also introduces the various characteristics and types of resources, while identifying the key resources through the lenses of the RBV theory. Furthermore, the author presents various definitions of resources and capabilities that are useful in the context of the wholesale sector of confectionary products. More specifically, the researcher focuses on the important term of core competencies and relates it to the notion of the sustainable competitive advantage (SCA). SCA constitutes the ultimate goal of firms in the market place; it is analysed under the prism of RBV.

2.5 Resource-based View

2.5.a Introduction

The aim of this section is to draw on relevant literature aspects that will be used to provide an adequate conceptual framework for analysing the problematic situation in the wholesale sector of confectionary products. This approach includes the examination of the factors that can influence the performance,

survival and evolution of a micro wholesaling enterprise in the exacting contemporary market conditions. In particular, this part of the study emphasizes strategic management theory and the researcher is focused on the relevant RBV literature. This framework can be deployed as a way of providing insights into how micro wholesaling businesses can organize and operate their activities; it is also indicative of the available resources and capabilities' description and utilisation. The existence, adequacy and effective exploitation of the micro firm's internal resources and capabilities can be critical factors for the survival of such businesses involved in the confectionary industry.

The researcher has selected to use the RBV theory as an approach to the analysis of the wholesale sector of confectionary products. RBV theory formulation seems to have borrowed characteristics of the two "colliding" approaches of strategy theory, the *product-market view* and the *competence-based approach*. Allied to these insights, it was noted that the RBV possesses the ability to "sustain the conversation" within strategic management and between strategic management and branches of economics, making it a reliable foundation on which to build further research (Mahoney and Pandian, 1992). The researcher formulates the conceptual framework through which he will analyze the six micro businesses (case studies) involved in the wholesale sector of confectionary products. The objective of the researcher is related to the specification and evaluation of these enterprises' strategies to survive (and possibly grow) in the contemporary competitive market conditions. The conceptual framework is mainly based on the RBV theory; it can be described as an attempt to incorporate the external influences and the internal resources/capabilities of a micro family wholesaling business.

2.5.b Origins, Orientation, History and Development of the RBV

In this section, the researcher aims to provide an understanding of the origins, insights and current status of the RBV of the firm, which has emerged in recent years as a popular conceptualisation of competitive advantage at the firm level. Its underpinnings are in economic models of competition which emphasise firm heterogeneity and allow for strategic choices in interactions with the environment. However, the process is not automatic and requires the moderating interventions of managerial choices in the deployment of resources in product markets. In particular, in terms of the evaluation of micro businesses involved in the confectionary products' sector, the implementation of the RBV approach seems to be appropriate. Elements such as available resources and capabilities of the firm, managers' strategic choices with regard to external market environment as well as firm heterogeneity in essence characterise micro businesses' functioning in the confectionary industry.

In general, the principal contribution of the RBV of the firm to date has been as *a theory of competitive advantage*. The researcher has "selected" this approach for his research in order to find ways of attaining relative competitive advantage in the wholesale sector of confectionary products. In

this way, micro wholesaling firms of the sector can increase their chances for survival and growth in an environment where competition is intense and market conditions idiomorphic. The logic of RBV is a simple one; it starts with the assumption that the desired outcome of managerial effort within the firm is the attainment of sustainable competitive advantage (SCA, see section 2.6). Achieving a SCA allows the firm to earn economic rents or above-average returns. In turn, this focuses attention on how firms achieve and sustain advantages. The RBV contends that the answer to this question lies in the possession of certain key resources that have specific characteristics (such as *value*, *barriers to duplication* and *appropriability*, see section 2.5.e). A SCA can be obtained if the firm effectively employs these resources in its product-markets. Therefore, the RBV emphasises **strategic choice**, charging the firm's management with the important tasks of *identifying*, *developing* and *deploying key resources* to maximise returns. The RBV approach seems to be useful in the context of micro businesses mainly because it examines the specific resources that each wholesaler/entrepreneur has to identify and develop in order to secure the micro firm's survival and contribute to its potential growth. It can be argued that the RBV emphasis on *strategic choice* makes this theory attractive to researchers of SMEs. The sector that is examined is dominated by SMEs; the basic characteristic of such businesses is related to the entrepreneur's full commitment to the business (i.e., ability to personally handle all business issues) as well as the ability to steadily follow a certain strategy (based on available resources and capabilities), without having to ask other people about taking "hard" decisions. The influence of RBV in recent marketing contributions can be seen, for example, in Day's work (1994) on *marketing capabilities* and the work of Hunt and Morgan (1996) on *competitive advantage*. Given its focus on the nature of the firm and its appeal as a theory of competitive advantage, it has become evident that "resource-based" perspectives are quite useful in the field of strategic marketing. However, when concepts are borrowed, there is always the risk that something "gets lost in translation". For example, Hooley, Moller and Broderick (1997) criticise the RBV for its inward focus which risks ignoring market demand, though other contributions in the strategy literature highlight the links between internal resources and market conditions (Collis and Montgomery, 1995). Until the late 1980s, the RBV was characterised by a rather fragmented process of development. Rather than emphasise market structures, economists such as Chamberlin (1933), Robinson (1933) and Penrose (1959), highlighted firm heterogeneity and proposed that the unique assets and capabilities of firms were important factors (giving rise to imperfect competition and increased profits). The focus of RBV interest is on individual firms, rather than groups or populations of firms through choices made regarding the development and deployment of idiosyncratic resources. RBV generally argues that individual resources of an organization provide a stronger basis for strategy development than industry analysis; RBV theory may help researchers identify exceptional resources that may contribute to the

attainment of SCA. The aforementioned elements (i.e., focus on individual firms-case studies and deployment of their idiosyncratic resources) of RBV theory can be important in the context of the Thesis; they can be implemented in the RBV framework for the evaluation of the six micro firms (see section 2.7). Many researchers have contributed to the development of RBV (see *Table 2.5*).

<i>Author</i>	<i>Summary</i>
Penrose, 1959	Unique assets/capabilities of the firm were important factors to imperfect competition and super-normal profits.
Ansoff, 1965	Process of setting objectives (internal evaluation of capabilities and external evaluation of opportunities).
Porter, 1980	Focused on the industry environment of the firm and its competitive positioning.
Wernerfelt, 1984	Companies were seen as a collection of resources, rather than holding their market positions.
Barney 1986, 1991	Competitive market imperfections and market entry barriers require differing company resources and the immobility of resources for the development of successful strategy.
Rumelt, 1987	Importance of resources in strategy development.
Dierickx & Cool, 1989	Strategic assets are developed internally, not acquired. Such assets take time to develop.
Schoemaker, 1990	Factors important for useful assets (not readily tradable assets due to specialist skills, know-how and reputation).
Hamel & Prahalad, 1990	Key resources: skills and technology called competencies.
Peteraf, 1990	Identified four distinguishing features of resources.
Grant 1991	Definition of resources, capabilities and competitive advantage.
Connor 1991	Resources long-lived, difficult to imitate.
Amit & Schoemaker, 1993	Explored processes through which resources are developed (e.g. bounded rationality).
Kay 1990	Identified the three most important resources as the firm's ability to innovate, its reputation and its network.
Teece, Pisano & Shuen, 1997	Explored the changing nature of resources.
Fahy, 2000	Variety of contributions based on the findings of economics and management.
Makadok, 2001	Examined resource-based and dynamic capabilities with a view to developing a synthesis.
Connor, 2002	RBV focuses on the strategic capability-potentiality of the firm.
Grant, 2002	Strategic analysis of the firm's internal environment remained degraded since the internal environment analysis concerned with issues of strategy implementation.
Hoopes, Madsen & Walker, 2003	Special edition of Strategic Management Journal on the RBV (13 papers on the topic).

Table 2.5: Main contributions to the development of RBV (main source: Grant, 2005)

It has to be stressed that most of the RBV literature refers to large businesses. Of course, there are many differences between small and larger organisations; however, the identification of certain processes (such as the levels of resources identified by Brumagin, 1994 or “Penrose effect”, 1959) constitute useful benchmarks for micro enterprises in the development and deployment of their resources. In this way, the contributions of various RBV authors can be practical in the context of micro wholesaling businesses involved in the confectionary products’ sector. Most recent publishers generally attribute: “...the intellectual roots of the RBV...to Penrose (1959)...” (Eriksen, 1993:3).

In particular, Penrose (1959) argues that firm-specific resources are quite important. The essence of the theory is related to the fact that, rather than emphasis on market structures, the factor of firm heterogeneity is significant; in this way, the unique assets and capabilities of the organisation are important factors giving rise to imperfect competition and for the attainment of super-normal profits. It has to be noted that the characteristic of firm heterogeneity is evident in the sector that is examined (see also presentation and history of the six different micro firms, chapter 4 of the Thesis).

Penrose’s work also provides other penetrating insights into the nature and role of resources in the firm. For example, she distinguishes resources from services, arguing that it is never resources themselves that are inputs into the production process, but rather the services that they can render. In

other words, services yielded by resources are a function of the way in which the resources are used, in that exactly the same resource if used for different purposes or in different ways or in combination with other resources provides a different service or set of services. Penrose (1959) sees this distinction as the source of uniqueness of each individual firm, and it is a distinction that has many parallels with the separation of resources and capabilities that characterises much of the strategy literature (see, for example, Hill and Jones, 1998). In particular, in the wholesale sector of confectionary products, the managers of micro businesses have to identify those resources that yield effective services (i.e., experienced salesmen can provide personal and prompt service and keep customers satisfied).

On the other hand, according to Ansoff (1965), early models of strategic decision making typically propose a rational process of setting objectives, following an internal evaluation of capabilities as well as an external evaluation of outside opportunities that can direct to decisions to expand or diversify (based on the level of balance between existing products, capabilities and investment prospects, see also section 2.7.c.i for *decision making process*). Implicit in this model of strategic management is the idea that the firm's resources and its industry environment are of equal importance and that managers should strive to achieve an optimal fit between them. Andrews (1971) extended this model to incorporate personal values as well as broader social expectations. The models of Ansoff (1965) and Andrews (1971) appear to be useful in the context of micro wholesaling enterprises because the entrepreneurs of these businesses have to find a balance between the internal evaluation of their firms' resources/capabilities and the external evaluation of market opportunities in order to reach at the most appropriate strategic choice (see also section 2.7.c as well as the successful choices-strategies by the managers of "Alpha", "Beta", "Gamma" and "Delta").

Regarding strategy analysis, Porter (1980) was particularly focused on the industry environment of the firm as well as its competitive positioning in relation to its rivals. According to Porter (1985), in general, RBV stresses the importance of the individual resources of the organization in delivering its competitive advantage, representing a substantial shift in emphasis away from the market-based view that was emphasized in the 1980s and early 1990s. What is more, Nelson and Winter (1982) proposed that firms could be better understood in terms of a hierarchy of practiced organisational routines. This development of RBV theory can be considered as significant for micro wholesaling businesses; each micro firm functions within its industry environment and its market position (focus and deployment of individual resources and capabilities) is influenced by the competitive position of its rivals.

However, in the later part of the 1980s, a *growing body of empirical work testing Porter's ideas began to cast doubt on their validity*. Researchers observed performance differences not only between firms in the same industry (Cubbin, 1988; Hansen and Wernerfelt, 1989; Rumelt, 1991) but also within the narrower confines of strategic groups within industries (Cool and Schendel, 1988; Lewis and Thomas,

1990). Hansen and Wernerfelt's (1989) study assessed the relative impact of economic and organisational factors on firm performance and found that organisational factors explain about twice as much of the variance in firm profit rates as economic factors. These empirical findings coincided with, and complemented, a conceptual swing away from the industry as focus of interest. The beginnings of this swing can be seen in the work of economists such as Wernerfelt (1984) and Barney (1986) and management theorists such as Coyne (1986).

Wernerfelt (1984) introduced the term "Resource-based view (RBV) of the firm" that has appeared in recent years as a theory of competitive advantage. The author's work gave a hint of the richness that lay in analysis of the firm in that he described his article as a "first cut at a huge can of worms" (Zajac, 1995). On the other hand, Fahy (2000) referred to many studies that have provided a variety of contributions, which were based on the findings of economics and management (Barney, 1986; Collis, 1994; Grant, 1991, 1996; Hall, 1989, 1992, 1993; Hamel and Prahalad, 1990; Peteraf, 1993, etc.).

This resulted in increased interest in firm-specific variables and the number of contributions claiming to adopt a "resource-based" perspective mushroomed, where firms with particular skills and capabilities could out-perform their rivals (Coyne, 1986; Ghemawat, 1986; Grant, 1991; Hall, 1989; Stalk, Evans and Schulman, 1992). What followed was something of an explosion of interest, reflected in the diverse range of contributions based on insights from both economics and management (Amit and Schoemaker, 1993; Barney, 1986, 2002; Collis and Montgomery, 1995; Conner, 1991; Conner and Prahalad, 1996; Dierickx and Cool, 1989, 1993; Lippman and Rumelt, 1982; Mahoney and Pandian, 1992; Peteraf, 1993; Reed and DeFillippi, 1990; Rumelt, 1987; Wernerfelt, 1984). Grant (1991) introduced a practical framework to analyze and develop a strategy focusing on the firm's resources and capabilities. Barney (1991) outlined the notion of resources: these include "all assets, capabilities, organizational processes, etc. controlled by a firm" that enable it to create and pursue effective strategies. The firm is thus a bundle of tangible and intangible resources (see section 2.5.g). The contribution of Barney (i.e., the firm combines various types of resources) is quite useful in the context of the Thesis and the evaluation of the six micro enterprises' resources and capabilities with the use of the RBV conceptual framework (see also sections 2.7.a, 2.7.a.i, 2.7.a.ii and 2.7.a.iii).

What is more, some industrial economists like Amit and Schoemaker (1993) or Peteraf (1993) contributed assiduous studies in relation to whether performance differences stand out in open competition conditions; this inference has become one of the most significant insights of the RBV. As Conner (1991) argues, in general, RBV examines the resource perspective of a firm as the principal source of strategic choices rather than constantly repositioning due to alterations in the external environment. As a result, the RBV approach focuses on the strategic capability-potentiality of the firm and does not continually attempt to guarantee a perfect environmental fit. Conner (1991:121-122) has

summarized the main idea of the RBV of the firm as: "...a resource-based approach to strategic management focuses on costly-to-copy attributes of the organisation as sources of economic rents and, therefore, as the fundamental drivers of performance and competitive advantage....According to this perspective, a firm's ability to attain and keep profitable markets segments depends on its ability to gain and defend advantageous positions in underlying resources important to production and distribution...". This corresponds to Penrose's theory of the firm as a collection of productive resources, which is decided upon by administrative decisions (Penrose, 1959). These resources range from physical, financial, human, organisational, technological resources, reputation and intellectual probate (Grant, 1991; Eriksen, 1993). It can be argued that the aforementioned contributions are quite useful in the context of the Thesis because they combine the deployment of available resources and capabilities with the external environment (see also sections 2.7.a and 2.7.d).

A number of authors subscribe to the RBV of the firm and attempt to define strategic management in terms of resources (see *Table 2.6*). However, others seem to have evolved from the RBV of the firm into something slightly different. For instance, Aaker (1989:91) defines that SCA must be derived from: "... assets or skills possessed by the business. An asset is something your firm possesses such as a brand name or a retail location that is superior to the competition. A skill is something that your firm does better than competitors such as advertising or efficient manufacturing...". From this quotation it is easy to see that a distinction has been made between "hard" and "soft" resources. This is taken one step further by, for instance, Amit and Schoemaker (1993) who make a distinction between resources and capabilities. To these authors, resources are transferable, while capabilities are firm specific. Consequently, SCA is more likely to be derived from capabilities than from resources; this is also clear from Barney (1991) and others. The main difference between Penrose's RBV of the firm and the abovementioned contributions is related to the question of the conditions under which a resource or capability can constitute the basis of SCA. Penrose and others following her make no distinction between the different kinds of resources, whereas Aaker et al. and others clearly subscribe to the view that truly SCA flows from firm-specific, difficult-to-imitate, resources (see *Table 2.6*).

Consequently, it depends on the researcher to evaluate which direction fits to his/her study. The researcher, in the context of the Thesis, believes that the evaluation of the importance of resources and capabilities (and their contribution to SCA) depends on the sector that is examined. In the particular sector, it can be argued that the conditions under which a firm can attain SCA vary. For example, under certain circumstances (i.e., favourable economic conditions), a micro enterprise can effectively exploit its firm specific resources (i.e., selling of own label products). On the other hand, different circumstances (i.e., manager's ability to organise business activities and motivate employees) may facilitate the exploitation of the firm's capabilities (i.e., personal service provision).

Reference	Competence and Business strategy?	Recognizes Penrose and earlier work?	Intangibles is the Basis of SCA?	Name for resources/ capabilities/competencies	Examples include?
Aaker, 1989	Yes	No	Not alone	Skills (intangible) and assets (tangible)	Yes
Amit & Schoemaker, 1993	Yes	Yes	Yes	Resources and capabilities (deploy resources)	No
Barney, 1986	Yes	No	Yes	Unique skills	No
Barney, 1991	Yes	Yes	Yes	Firm resources (rare, inimitable)	No
Bowonder & Miyake, 1994	Yes	No	Yes	Innovations (product, process, and applications)	Yes
Clark, 1989	Yes	No	Yes	Technologies and technical competence	Yes
Cleveland et al., 1989	Yes	No	Not alone	Production competence (9 areas tangible and not)	No
Eriksen, 1993	Yes	Yes	No	Resources and capabilities	No
Eriksen & Mikkelsen, 1996	Yes	Yes	Not alone	Resources, social capital and organizational capital	No
Ford, 1988	Yes	No	Yes	Technology strategy= knowledge and abilities	No
Foss, 1997	Yes	Yes	Yes	Resources and capabilities	No
Frohman, 1985	Yes	No	Yes	Distinctive technological competencies	No
Grant, 1991	Yes	Yes	Yes	Resources and capabilities	No
Hamel & Prahalad, 1993	Yes	No	Yes	Resources=core competencies	No
Hall, 1992	Yes	No	Yes	Intangible resources (some are skills and assets)	No
Hayes & Pisano, 1994	Yes	No	Yes	Critical capabilities=core competencies	No
Hitt & Ireland, 1985	Yes	No	Yes	Distinctive competence	Survey
Irwin & Michaels, 1989	Yes	No references	Yes	Critical capabilities and skills (difficult to replicate)	Yes
Miyazaki, 1995	Yes	No	Yes	Generic technologies=core competencies	No
Normann & Ramirez, 1993	Yes	No	Yes	Competencies	Yes
Prahalad & Hamel, 1990	Yes	No	Yes	Core competencies	Yes
Schoemaker, 1992	Yes	Yes	Yes	Core capabilities (skills and others assets)	Yes
Teece et al., 1990	Yes	Yes	Yes	Resources and firm capabilities	No
Wernerfelt, 1984	Yes	Yes	No	Resources (tangible and intangible assets)	No
Wernerfelt, 1989	Yes	Yes	Yes	Critical resources (unique)	Yes

Table 2.6: Literature Analysis on Competence-Based Strategy (main source: Grant, 2005)

The essence of **RBV development** is its focus on the *individual resources* of the organization, rather than the strategies that are common to all enterprises functioning in an industry. It is important to comprehend the industry and analyse its trends; however, businesses should seek their own solutions within that context. SCA then comes by striving to exploit the relevant resources of the individual organization when compared with other organizations. Relevance means the identification of resources that are better than those of competitors, persuasive to the customer and available from the range of strengths contained inside the organization. Within the context of industry analysis, the starting point of RBV is a careful exploration of the firm's resources; however, beyond the general analysis, it is necessary to identify those attributes that give an individual business its particular strengths. For example, in the context of the confectionary products' sector, the specific characteristics of the confectionary industry will influence the functioning of all micro wholesaling enterprises. However, the specific resources and capabilities of each micro business as well as each manager's ability to exploit them will determine its potentialities for survival and growth. In the particular conditions of the Greek market, the entrepreneur has to be able to analyse the industry's trends and respond to their requirements. He also has to be capable of identifying the most useful resources and capabilities in order to deploy them and offer competitive products and qualitative service to customers.

On the other hand, Grant (2005) argues that strategic analysis of the firm's internal environment remained degraded since internal environment analysis concerned issues of strategy implementation. Grant (2005) believes that the RBV of the firm has had a deep effect on the perception about strategy

formulation because the fundamental concern of strategy used to be industry selection and positioning for cost and differentiation advantage; organisations tended to adopt analogous strategies. In the context of the Greek confectionary sector, the field where micro firms (with limited resources) can differentiate is related to the ability to offer personal and prompt service to their customers. In this way, the provision of qualitative service will satisfy their customer base and will probably expand it. On the other hand, many empirical research studies on the RBV of the firm have been conducted examining various aspects of this approach (see *Table 2.7*).

<i>Author</i>	<i>Aspect of the RBV examined</i>	<i>Sample</i>	<i>Main findings</i>
Rumelt (1987)	Sources of profits	US corporations in the 1970s	The greatest contributor to overall profitability of a business was at the level of the individual firm, rather than the industry overall.
Brush and Artz (1999)	The contingencies which define valuable resources in the veterinary services sector	193 veterinary Practices in the US	Ability to retain clients has strong performance implications; service properties moderate the relationship between resources and performance
Capron and Hulland (1999)	The redeployment of key marketing resources following horizontal acquisitions	253 mergers/acquisitions between 1988 and 1992	Highly immobile resources are more likely to be redeployed than less immobile resources. General marketing expertise has the most impact on market share and profitability
Collis (1991)	Relevance of RBV to competition in a global industry	Primary/secondary analysis of the bearings industry	Superior performance can be explained in terms of the possession of key resources
McGrath, MacMillan and Venkataraman (1995)	The process by which resources are developed	160 project initiatives in 40 firms in 16 countries	The comprehension and deftness of an organisational sub-unit influences its level of competence
Hall (1992)	The relative importance of intangible resources in terms of overall business success	95 chief executives From select industry Sectors in UK	Company reputation, product reputation and employee know-how were considered to be the most important in terms of overall success
Helfat (1994)	Whether R&D has the characteristics of a rent-producing resource	Secondary data on 26 firms in the US petroleum industry from 1974 to 1981	Evidence of intra-industry differences in R&D expenditure
Levinthal and Myatt (1994)	Factors influencing the development of a firm's resource endowments	The US mutual fund industry	Resource development is influenced by market activity and by managerial choices regarding markets
Maijor and Van Witteloostuijn (1996)	Impact of resources on performance at the strategic group and industry level	Longitudinal data, 1967-1990, on the audit industry in the Netherlands	Large audit firm and its partners appropriate the rent in the Industry by strategic regulation of the demand and supply sides of the market
Marcus and Geffen (1998)	How competences are developed	The electricity generation industry	Macro-environmental variables and firm-specific capabilities both contribute significantly to the creation and acquisition of competences
Mascarenhas, Baveja and Jamil (1998)	How competencies are developed	12 leading Multinational Companies	Identified competencies fall into three major groups: know-how, reliable processes and close relationships with external parties
Miller and Shamsie (1996)	The relative impact of property-based and knowledge-based resources on performance	7 major Hollywood studios from 1936 to 1965	Environmental context moderated the impact of resources on performance (periods of stability favouring property-based resources and periods of uncertainty favouring knowledge-based resources)
Roth (1995)	The relationship between the CEO and resources located in different countries	74 chief executives in medium- sized firms in 9 selected industries	Some significant relationships were observed between CEO characteristics and levels of international interdependence
Yeoh and Roth (1999)	The relationship between resources, capabilities and SCA	20 firms in the Pharmaceutical Industry between 1971 and 1989	R&D and sales force expenditures affect SCA but effects are influenced by both component and integrative capabilities

Table 2.7: Selected empirical research on the RBV of the firm (main source: Grant, 2005)

Samples sizes, industries and countries of the studies vary; however, the main findings of these studies have contributed to the development of the RBV theory. Some of these studies seem to be important in the context of the Thesis because they can be useful to managers of micro wholesaling firms involved in the confectionary products' sector. In particular:

- Evaluating the reasons of *RBV development*, Rumelt (1987) published a study about the sources of profits in US corporations in the 1970s. In relation to the different long-term profit performance of companies, where the industry was the main determinant of profits, the question was, “Why do not all the enterprises in the same industry have similar levels of profitability?”.

The findings of the study suggested that the greatest contributor to *overall profitability* of an enterprise was at the level of the *individual firm*, rather than at a higher level of the industry overall. This conclusion is quite important for micro Greek wholesaling enterprises; the efforts of each entrepreneur will mainly contribute to the survival and growth of his business.

- What is more, the study of Hall (1992) in a sample of 95 chief executives from selected industry sectors in the UK, concluded that *organisation reputation*, *product reputation* and *employee know-how* were considered to be the most important in terms of *overall success*; this finding appears to be quite true to the sector under examination, since a micro wholesaling business has to be well-known for offering prompt and quality service (by trained salesmen) and dealing with qualitative own label products. What is more, Brush and Artz (1999) concluded that the ability to retain clients has strong performance implications, since service properties can moderate the relationship between resources and performance. This conclusion can be applicable to the confectionary products' sector; the manager has to present distinctive skills and capabilities to retain a solid customer network and motivate his employees at the same time (see section 2.7.a).
- Furthermore, the study of Levinthal and Myatt (1994) about “factors influencing the development of a firm’s resource endowments” can be useful to the managers of micro wholesaling firms; the study’s informative findings are related to the fact that resource development is influenced by *market activity* and *managerial choices* regarding markets (see also section 2.7.c, RBV conceptual framework).
- In addition, the findings of two studies on “how competences are developed” -by Marcus and Geffen (1998) and Mascarenhas, Baveja and Jamil (1998)-, revealed that *macro-environmental variables* and *firm-specific capabilities* both contribute significantly to the creation and acquisition of competences (see sections 2.7.a and 2.7.d). The second study also pictured the significance of three major groups of identified competencies: *technological know-how*, *reliable processes* and *close relationships with external parties* (see section 2.7.a). These conclusions can be helpful to micro firms in the forming of their strategies; all three groups of competencies can constitute benchmarks for wholesalers searching for strategies of their firms’ survival and growth (i.e., IT developments, effective distribution process and close relationships with suppliers and customers; see the successful cases of “Alpha”, “Beta”, “Gamma” and “Delta”, chapter 4).
- Finally, the study of Yeoh and Roth (1999) on “the relationship between resources, capabilities and SCA” has revealed that R&D and sales force expenditures affect SCA but effects are influenced by both component and integrative capabilities (see section 2.7.a).

All the aforementioned studies may contribute to the enrichment of knowledge of the managers of micro wholesaling businesses because they highlight various factors that can influence the development and exploitation of their businesses' resources and capabilities.

In the previous sections, the researcher has made a presentation of the origins, history and development of the RBV of the firm. He has also presented and contrasted the major contributions (by referring to the studies of important authors of RBV) of the theory in an attempt to highlight the current status of this approach. In the following section, the researcher presents the recent developments of the RBV theory. These studies can also be useful in the context of the Thesis since they present an up-to-date picture of the approach that is used for the evaluation of the six micro wholesaling firms-case studies involved in the confectionary products' sector.

2.5.c Recent development of the RBV theory

A number of recent studies highlight the development of the RBV of the firm in various fields. These studies confirm the relevance of the RBV theory to micro wholesaling businesses involved in the confectionary products' sector. The findings of these research studies can be of particular importance in the context of the Thesis (use of RBV conceptual framework, see section 2.7) and may contribute to the formulation of the "new" RBV conceptual framework (see sections 6.7 and 6.7a). This "new" framework incorporates the most important findings of the Thesis (examination of the six micro businesses with the use of the seven-element RBV conceptual framework) as well as the most useful findings that stem from the recent studies on the RBV theory. In particular, the recent contributions to the RBV theory can be categorised to the studies that refer to *the role of various resources and capabilities to the performance of micro businesses* and to the studies that refer to *the role of micro firms' external relationships (co-opetition strategies, partnerships, networks and alliances)*.

2.5.c.i The role of various resources and capabilities to the performance of micro businesses

In particular, with regard to *the role of various resources and capabilities to the performance of micro businesses*, many authors have contributed to the development of the theory that is used in the context of the Thesis. Specifically:

- López (2006) proposes an alternative methodology to test the relationship between *intangible organisational resources* and *performance* on a study of Spanish SMEs. The author attempts to identify those intangible resources that affect a micro firm's profitability; these resources are measured by referring to the perceptions of managers. Specifically, the analysis sets out hypotheses that look at the relationship between levels of profitability and factors such as *reputation, quality, managerial style* and *strategic attitude*. The importance of the intangible

nature of resources, as constituting a competitive factor that is both difficult to create and imitate has been highlighted by various authors (Itami, 1987; Aaker, 1989; Hall, 1992). The empirical study broadly verifies the explanatory power of the conceptual framework defined by the RBV. The RBV framework corroborates the relationship that exists between a firm's store of intangible assets and the possession of competitive advantages, which in turn produces higher levels of performance (see also section 2.7, RBV conceptual framework). In particular, the author concludes that there is a relationship of positive dependency between **economic profitability** (dependent variable) and the explanatory variables of **reputation**, **quality** and **strategic attitude**. Participative managerial style fails to have a significant influence on performance in every case. On the other hand, *strategic attitude* has an influence that appears to be capable of setting different levels of performance in those firms in which there is greater emphasis placed on *quality*. Finally, when profitability is defined as a metric variable, it is *reputation* that best defines the evolution of performance. This result is so evident that it can be affirmed that those firms with strong, consolidated reputations need no other intangible assets in order to assure the highest levels of profitability. On the other hand, organisations that lack high levels of reputation need to fall back on quality, a factor that moderates the profitability of all the firms within the lower reputation groups. Strategic attitude would improve profitability in those firms that possess medium levels of reputation and high levels of quality. Strategic attitude has no influence on any other groups of firms. These findings can be quite useful in the context of micro wholesaling enterprises involved in the confectionary products' sector; in particular, when a micro wholesaling firm has a good reputation, provides high quality service to customers and the strategic choices (attitude) of the entrepreneur are rational, then its **economic profitability** will be probably improved (see cases of "Alpha", "Beta", Gamma" and "Delta"). The findings of this study can also be helpful in the context of the Thesis and the formulation of the "new" RBV framework (see sections 6.7 and 6.7.a).

- What is more, Tseng (2005) wanted to investigate whether *organizational capabilities* help SMEs effectively manage the respective multinationality to improve *performance satisfaction*. According to the author, there is a lack of consideration given to **entrepreneurship** by most RBV research (see also section 6.3.b.iii on entrepreneurship as a competence). Despite this, RBV recognizes the positive aspects of SMEs and the possibility that these firms may exert the surplus of tacit knowledge and capability on internationalization. The study focuses on the understanding of the performance implications of applying two types of SME capabilities, *technology capability* and *market responsiveness*, to foreign markets. Proponents of market responsiveness assert that it is a vital determinant of success for SMEs because such firms are

generally short of financial capital to explore other sources of business profitability (Hart & Tzokas, 1999). Accordingly, adaptation to environmental changes becomes one mode of capturing market opportunities and securing profits (see also section 2.7.d.i, SWOT analysis). This approach of business practice may work well for SMEs with a domestic market focus; nevertheless, for internationalized SMEs facing a complex global marketplace, market responsiveness may not be the panacea for satisfied performance. The study of Tseng (2005) raises a critical issue regarding the performance impact of multinational operations and how technology capability and market responsiveness may facilitate SMEs to tackle respective degree of the operations to seek out satisfactory performance. The results support that if armed with greater technological competency, SMEs are more likely to experience better performance through expanding businesses overseas. On the other hand, SMEs need to be cautious not to overly react to local markets. Findings show that undue responses tend to sabotage performance satisfaction. The findings of this study can be important for micro enterprises involved in the confectionary products' sector. Market responsiveness and adaptation to environmental changes are factors that can determine the success of micro wholesaling enterprises (see the cases of "Alpha", "Beta", "Gamma" and "Delta"); these findings can also support the formulation of the "new" RBV conceptual framework (see sections 6.7 and 6.7.a).

- Furthermore, the research by Dhanaraj and Beamish (2003) presents a comparative study of the export performance of US and Canadian small and medium-sized exporters. The authors developed a parsimonious model drawing on the RBV of the firm, with three sets of resources, namely *firm size*, *enterprise* and *technological intensity*. Export strategy is modelled as degree of internationalization and its effect on the overall firm performance is studied using firm-level performance measures. RBV addresses the central issue of how superior performance can be attained relative to other firms in the same market and posits that superior performance results from acquiring and exploiting unique resources of the firm. Such a viewpoint is valuable because it presents a rich theoretical framework on which export models can be developed and tested. RBV continues to be refined and empirically tested (i.e., Bharadwaj, 2000; Hadjimanolis, 2000; Medcof, 2000; Verona, 1999, etc.). It can be argued that these three key resources are good predictors of the export strategy of a firm and export strategy has been shown to influence positively firm performance. The results indicate that the theoretical model matches well with empirical data; also, the analytical method advanced in the study could serve as a meaningful way to develop a more rigorous theoretical model that can be validated across a number of country samples. The findings of the study conducted by Dhanaraj and Beamish (2003) could be used as indicators for micro wholesaling enterprises involved in the

confectionary products' sector that wish to expand their customer base abroad. In particular, factors such as *firm size*, *enterprise* and *technological intensity* should be seriously taken into consideration before any micro confectionary firm expands its operations and decides to export its products (see the case of “Zita” for its failure to export own label crackers). These findings can be used in the context of the “new” RBV framework (see sections 6.7 and 6.7.a).

Following the work of Dhanaraj and Beamish (2003) that provide the much-needed theoretical linkage between small exporting businesses and firm effectiveness, Wilkinson (2006) suggests that the RBV provides the theoretical linkage between firms and subsequent exports. Based on data from 114 state-sponsored Foreign Trade Officers, the author found that state export levels are conditioned by an interaction between Foreign Trade Officers expenditures and variations in state entrepreneurial climate. He proposed and tested a model of export promotion that includes *entrepreneurial climate* as a conditioning variable. Entrepreneurial climate consists of the economic, political, social and technological environment that facilitates or enhances the effective performance of SMEs. Involvement in exporting for SMEs can be regarded as entrepreneurial because it involves heightened risk, new practices and new markets (Lu and Beamish, 2001). The author suggests that a favourable entrepreneurial climate works synergistically with exporting firms, resulting in improved firm performance. The RBV proposes that competitive advantage is the result of the impact of idiosyncratic firm attributes on the firm's competitive position in an industry (Barney, 1991; see also section 2.7, RBV framework). Though rarely tested empirically, the RBV has been used in a variety of settings as the context in which to test the “performance implications of some internal attribute of a firm” (Barney, 2001:46). The findings of these studies can be important in the context of micro firms involved in the confectionary products' sector. For example, when the manager of a micro family enterprise considers the possibility of exporting a product (i.e., own label biscuits), the idiosyncratic firm's attributes (i.e., specific exploitable resources and capabilities) have to be taken into consideration so that its successful export performance is achieved. The findings of this study can also be useful in the context of the “new” RBV conceptual framework proposed by the researcher (see sections 6.7 and 6.7.a, i.e., the entrepreneurial climate can be combined with SWOT analysis).

- Moreover, the main objective in the study of Kariv (2008) is to explore the financial performance of businesses owned by men (MOB) and those owned by women (WOB). Through an individual-level analysis, the author focuses on the *role of entrepreneurs' stress* (reported as positive or negative) in the sales turnover of MOB and WOB. A prevailing argument of the RBV, and a very relevant one to *entrepreneurship* (see section 6.3.b.iii), is

that the variation in *business performance* is affected, at least in part, by the leaders' competencies and abilities to successfully adapt the business processes to environmental demands (Barney, 1991); in fact, according to the RBV, it is almost impossible to separate the owner's competencies and performance from their effects on their business's performance in the entrepreneurial realm, as the typical owner of SMEs and the manager are usually the same person (Barney, 1991; Wernerfelt, 1984; Zahra, Sapienza and Davidson, 2006). A business's performance is best explained by the RBV as the aggregation of resources and capabilities and their application, translated by the owners into the strengths and weaknesses of the firm (see also section 2.7, RBV conceptual framework). Scholars adhering to the RBV argue that the business's financial measures are one of the dominant indicators of its performance (Spanos and Lioukas, 2001). By incorporating the RBV's main arguments with the empirical findings showing superiority of MOB over WOB in some financial performance measures (Boden and Nucci, 2000; Ciavarella, Buchholtz, Riordan, Gatewood and Stokes, 2004), one could suggest that the competencies or performance of women entrepreneurs in upholding their businesses' performance are less effective, comparatively, than men's. However, the authors stress that gender does not determine the financial performance of MOB and WOB; some other factors may interact with gender and affect MOB and WOB financial performance: one such factor would be the owner's positive and negative stress. It can be argued that *stress* is an inescapable part of the entrepreneurial environment: entrepreneurs find themselves operating in new, fiercely competitive arenas, accentuated by constant change; their ability to forecast their outcomes is relatively low and the risks they impose on themselves are relatively high. Some few scholars interested in entrepreneurship have addressed the stressful situations that entrepreneurs face (e.g., Buttner, 1992; Teoh and Foo, 1997), yet a robust application of stress in the area of entrepreneurship has not been established to date. The author believes that the stress-appraisal theory, as much as the RBV, emphasizes the individual's competencies in governing his or her performance; while the stress-appraisal theory only barely includes the financial dimensions in its explorations and the RBV ignores the role of stress on competencies possessed by the owners, taken together, both theories may shed new light on some of the inquiries into MOB and WOB's financial performance, by addressing the owners' positive and negative stress. Accordingly, entrepreneurs' appraisals of the stressors that they face, i.e., work conflict, work overload and social support, among others, are translated to positive or negative stress. In other words, primary appraisals may be considered intangible competencies, those introduced by the RBV (Barney, 1991), and such stress may affect the entrepreneurs' own performance and therefore that of their businesses (Hall, 1992; Powell and Dent-Micallef,

1997). As the owner's competencies are strongly related to the business's performance in entrepreneurial businesses (Barney, 1991; Wernerfelt, 1984; Zahra et al., 2006), the underlying implication of these findings is that the entrepreneur's job-related stress may affect his/her business's performance. These findings can be useful in the managers of micro wholesaling firms involved in the confectionary products' sector. For example, the stress factor has to be taken into consideration when trying to define the micro firm's performance (see section 2.7.c.i, decision making process and section 2.7.c.ii, importance of manager's role). These findings can also be useful in terms of the "new" RBV conceptual framework (combination of stress and entrepreneurial climate with SWOT analysis, see sections 6.7 and 6.7.a).

- On the other hand, by focusing on firm-level capabilities and assets, the study of Kapasuwan, Rose and Tseng (2007) provides a shift from past entrepreneurship research that has focused extensively on the characteristics or decisions of the entrepreneur/manager (see section 2.7.c). In their study, the authors postulate that *strategic flexibility* and *technological resources* are the major factors of small firms' success in the international business arena. In particular, the objective of their empirical research is to investigate the synergistic effect of two types of firm resources, *strategic flexibility* and *technological resources*, on the performance of SMEs. *Strategic flexibility* is important given the high level of uncertainty in the current dynamic market environment (i.e., Johnson et al., 2003). In particular, the concept of *strategic flexibility* is critical in the context of micro wholesaling businesses involved in the confectionary products' sector. In a dynamic market, firms must have flexibility in configuration, reconfiguration and implementing strategies to achieve or maintain competitive advantage (i.e., Dickson, Farris and Verbeke, 2001). In this study, *strategic flexibility* is considered an organizational resource because only some firms are exceptional in recognizing, generating and exploiting opportunities arising due to variability in the business environment, while other firms cannot do the same thing or perform at the same level (Grewal and Tansuhaj, 2001; Saini and Johnson, 2005). On the other hand, *technological resources* are also another type of firm-specific resources and include advanced technology and unique technological know-how. They are particularly important for SMEs because they often compete through new product development (i.e., Raymond and St-Pierre, 2005). Firms can use technological resources to obtain operational flexibility and tactical flexibility. However, technological resources by themselves may not be the source of sustainable competitive advantage and performance. The authors proposed that the influence of these resources on performance depends on SMEs' unique capability to create and maintain real options and to take action in response to variability in the business environment. In this way, this *study contributes to the RBV of the*

firm by investigating how technological resources interact with strategic flexibility to affect performance. The authors also consider the importance of perceived *competitive intensity* as a characteristic that can moderate the hypothesized relationship between the resources and performance of SMEs. With these two criteria, the authors effectively address a key qualitative dimension of SMEs, useful in the context of the Thesis: the direct supervision of the owner (Verhees and Meulenbergh, 2004) In the sector that is examined, the majority of owner/managers involved are directly supervising the activities of their micro businesses (see presentation of the six micro businesses, chapter 4). As a result, the authors concluded that the *higher the competitive intensity*, the stronger the positive relationship between the synergistic effect of *strategic flexibility* and *technological resources* and *firm performance*. The major result of this study is the significant, positive interaction effect of strategic flexibility and technological resources on SMEs' performance, including both sales and overall performance. The effect of strategic flexibility on performance does depend on the level of technological resources, and vice versa. This indicates that there are complementarities of strategic flexibility and technological resources in affecting SMEs' performance. According to the results, SMEs with high *strategic flexibility* are more likely to obtain better sales and overall performance if they also have greater technological resources. The reason is because firms can better take advantage of their ability to recognize and develop strategic options in a dynamic market if such ability is enhanced by unique and valuable "flexible" resources that they can coordinate and deploy to create a larger range of alternative uses (Sanchez, 1997). Technological resources are considered flexible resources because they enable firms to obtain product and process-related flexibility. Technological resources are therefore strategic complements to another resource, strategic flexibility, enabling increased performance. This finding is useful in the confectionary products' sector; for example, in the case of "Gamma", the micro firm that effectively uses IT developments has achieved better sales and overall performance. On the other hand, *technological resources* significantly improve SMEs' sales when the firms also have a high level of strategic flexibility, which is crucial as a unique and valuable capability driving the use of technological resources (i.e., through innovative product differentiation, see section 4.5.b and **Appendix 4.III**). The results of this study confirm that developing unique and innovative technological resources is necessary but not sufficient to survive and achieve market success unless accompanied by appropriate technology strategy, managerial capability, adequate human resources and technical skills (Rishel and Burns, 1997; Zahra, 1996; Zahra and Bogner, 1999). Technological resources by themselves may not improve performance, but can generate financial success if combined with good strategic approaches to seize

opportunities and counteract uncertainty (Zahra and Bogner, 1999; see also the case of “Gamma”, sections 4.7.a to 4.7.f). The authors’ findings indicate that *technological resources* can, however, negatively affect SMEs’ overall performance when a firm’s strategic flexibility is low. This is because firms bear high costs of investment in flexible resources used to build strategic flexibility. Despite the high level of investment in technological resources, when firms have lower strategic flexibility they tend to have more difficulty in fully exploiting such resources in a creative, entrepreneurial manner. Consequently, their performance is likely to be eroded by decreased efficiency and lack of managerial capability. These findings can be useful in the context of the Thesis. For example, it can be argued that in the cases of “Alpha”, “Beta”, “Gamma” and “Delta” (micro firms that have a high level of strategic flexibility), the use of technological resources (i.e., IT developments, new vehicles using automated sales systems, organised warehouse, modern equipment, know-how, etc.) can improve their sales standards.

The authors also focus on the dimension of market’s *competitive intensity*, which can be defined as the degree of perceived hostility in the competitive environment caused by rivalrous activities of firms within the industry (Grewal and Tansuhaj, 2001; O’Regan and Ghobadian, 2005; see also section 2.7.d). Competitive intensity is an important factor that can affect industry structure and competitors’ strategies, which in turn influence a firm’s options and likely success (Porter, 1985). Sources of competitive intensity may include resource constraints and structural fluctuations (Lusch and Laczniak, 1989), number of customers and competitors and degree of product differentiation (Howard, 1983). It has to be noted that in highly competitive environments, firms need to pay attention to every strategic move of competitors and rapidly adapt their strategies to outperform rivals. Compared to stable market environments with a low level of competition, firms in highly competitive markets face more uncertainty and need a higher level of strategic flexibility, acting at a faster speed and using more aggressive strategies related to pricing or product niches (Grewal and Tansuhaj, 2001; Saini and Johnson, 2005). The use of superior technological resources is also important for survival and success under high perceived competitive intensity because they enhance firms’ ability to respond to competitive pressure with non-price strategies. Interestingly, the authors’ findings do suggest that *competitive intensity* significantly influences the relationship between technological resources and overall performance, but not between technological resources and sales. The effect of competitive intensity on the relationship between technological resources and overall performance may be explained by the subjective nature of the measures. It might be possible that when SME owners perceive a high level of competitive intensity (i.e., in the sector that is examined), they are likely to focus more on the use of technological resources

(i.e., information technology implementations), thus the significant relationship between the resources and overall performance is strengthened. In general, technological resources are not themselves the source of competitive advantage but rather complement strategic flexibility. Firms that have high technological resources but low strategic flexibility to fully and entrepreneurially exploit such resources tend to face a decrease of performance. The findings of the study by Kapasuwan, Rose and Tseng (2007) can be quite important in the context of the Thesis with regard to the researcher's findings (see sections 6.7 and 6.7.a).

- The study of Hanlon and Saunders (2007) was based upon interviews with a random sample of 48 entrepreneurs to identify the supporters whom the entrepreneurs considered to have been critical to their success and the resources obtained from these individuals. In this way, this study contributes to the understanding of the core entrepreneurial activity of *assembling resources* (resource mobilization) to pursue an opportunity (see also section 2.7.a). Results indicated that maximizing the overall effectiveness of resource combinations is a complex undertaking involving trade-offs between the quantity and quality of available resources and the efficiency versus effectiveness of supporters. The RBV has been instrumental in directing the researchers' attention toward the role of resources as potential sources of sustainable competitive advantage for the firm (see also section 2.7, RBV conceptual framework). RBV also highlights the entrepreneur's social role as an assembler and organizer of resources because he is involved in at least three sub-processes, including managing the resource inventory by adding and shedding resources, configuring existing resources into resource bundles and leveraging the resources (Sirmon & Hitt, 2003). Similarly, the findings provide indirect support for Sirmon and Hitt's (2003) proposition that entrepreneurs require significant levels of tacit knowledge, which they garner from intangible support embedded in human capital. The findings of the study of Hanlon and Saunders (2007) can be regarded as important in the context of micro family firms involved in the confectionary products' sector; the effective deployment of available resources and capabilities in the sector has to be examined under different prisms, internal and external, taking into consideration various perspectives (see RBV conceptual framework). These findings can also be useful in terms of the researcher's proposals on the "RBV" conceptual framework (see sections 6.7 and 6.7.a).
- Finally, the study of Runyan, Droge and Swinney (2008) examines the constructs of entrepreneurial orientation (EO) versus small business orientation (SBO), their impact on small business performance and whether these effects are moderated by longevity. The authors address these questions within the context of the RBV of business strategy, an approach which

has a solid history in small business research (e.g., Hunt and Derozier, 2004 cited the RBV as an important theoretical base in entrepreneurial studies). RBV theory focuses on the collection of firm resources and capabilities (Brush and Chaganti, 1998), and the authors view entrepreneurial orientation and small business orientation as a strategic choice. In general, Galbraith and Schendel (1983) describe individual business-related decisions as interactive and interdependent, perhaps forming a “pattern” reflecting strategic stance; they view entrepreneurial orientation and small business orientation as two such “patterns”. Cooper (1993) noted that the theoretical frameworks for analyzing influences upon firm performance are not well developed and have too frequently examined only entrepreneurial characteristics of proactiveness, risk taking and innovativeness. There was a research need to examine factors influencing firm performance from a small business orientation view, thus advancing the RBV beyond entrepreneurial orientation only (see also section 2.7.g.ii). Small business orientation is a relatively idiosyncratic resource and as such may provide a strong source of competitive advantage, as noted by Lado and Wilson (1994). The authors’ findings were consistent with the work of Jenkins and Johnson (1997): small business orientation can lead to improvement in firm performance. Indeed, small business orientation’s impact on firm performance outweighed the influence of entrepreneurial orientation (which was not significant) in the original unmoderated structural model. This finding was not anticipated based on the extant literature supporting entrepreneurial orientation as strongly influencing positive firm performance (Wiklund and Shepherd, 2005; Covin and Slevin, 1989). The authors’ finding suggests that with continuance, the more emotionally attached to the business and the more devoted to balance work and family life, the more successful the owner. This may be a natural transition for many business owners. The younger small businesses continue to rely on the strength of the owner’s entrepreneurial orientation for positive performance. This is a new and important finding in entrepreneurial research, as no one had yet investigated the impact of owner orientation on performance over time. The findings of the study of Runyan, Droge and Swinney (2008) can be useful in the context of micro wholesaling enterprises involved in the confectionary products’ sector. The successful (devoted to the family business) owner will probably have a balance between work and family life. In particular, in the context of the Thesis, the researcher has taken into consideration this aspect. In particular, the orientation of each one of the six managers will be examined with the use of the RBV conceptual framework (see section 2.7.f for balance between work and family life). The findings of this study can also be important in terms of the researcher’s proposals on the “new” RBV conceptual framework (see sections 6.7 and 6.7.a).

2.5.c.ii The role of micro firms' external relationships

It can be argued that the external relationships (i.e., partnerships, networks, alliances and co-opetition strategies) of the micro firm are quite significant in terms of its survival and growth prospects. In this direction, covering the period from 1990 to 2002, the study of Street and Cameron (2007) reviews the small business literature as it relates to the use of external relationships (such as organizational partnerships, networks and alliances). In order to thrive, small businesses are often advised to develop relationships with external organizations that have the potential to assist business development, survival and growth. A focus on the external relationships of the small business underlines the vital importance of external resources in moving a small business toward increased success and profitability. The authors used the RBV of the firm in order to highlight the importance of external relationships to the success of the micro business. As noted earlier, the RBV examines the influence of resource ownership on competitive advantage and organizational performance (Barney, 1991). The RBV suggests that higher business performance can result from proprietary access and control of superior resources, so long as these resources can be effectively protected from being used by others. As stressed earlier (see section 2.5), the RBV emphasizes the role of *strategic choice* in regard to selecting, developing and maintaining these resources, which can be represented as tangible assets (such as proprietary technologies) as well as intangible assets (such as patents or licensing agreements). In this way, the RBV provides a resource-orientated explanation to the question of how small businesses derive value from an external relationship. Street and Cameron (2007) view external relationships as resources. The resource-based perspective would suggest that the partnering decision is a direct function of both the resources that the small business is currently lacking and the assets or resources that a partnering firm can offer. Thus, the organizational characteristics of both a small business and their partner (in particular, their resources, assets and capabilities) would be of utmost importance in determining both the formation of a relationship and the resulting success of the relationship. Using the RBV of the firm, access to more resources, competitive advantage and increased economic value (e.g., objective sales performance) would be expected as outcomes of these external relationships (see the case of "Beta", sections 4.6.a to 4.6.f).

The literature review surfaced many papers that fit or support the RBV of external relationships. Resources such as products and processes (Baird, Lyles and Orris, 1994), capital (Ahuja, 2000), or strong technological portfolio and patent counts (Kelley and Rice, 2002; Ahuja, 2000), are what make a small firm attractive to larger partners. Accessing the resources of the larger partner can result in outcomes for the small business such as enhanced competitive advantage and competitive awareness (Human and Provan, 1996), increased sales growth and innovation (Stuart, 2000) and higher market value (Stuart, Hoang, and Hybels, 1999). Several researchers are careful to point out that smaller

businesses need to ensure that the resources they are using to attract the larger partner are protectable, that is, the larger partner cannot just simply take the resource but rather needs the small business in order to leverage that resource most effectively. Developing a process rather than a single product (Alvarez and Barney, 2001) is one way small businesses can protect their resources. These findings can be important in the context of micro wholesaling firms when considering of looking for partners in order to increase the chances for their survival (see the case of “Beta”, sections 4.6.a to 4.6.f). They can be useful in the context of the “new” RBV conceptual framework (see sections 6.7 and 6.7.a).

On the other hand, the study of Gnyawali and Park (2009) appears to be quite important in the context of micro wholesaling firms involved in the confectionary products’ sector, especially those that combine their forces and use **co-opetition** (see also the case of “Beta”, sections 4.6.a to 4.6.f). The authors implement the RBV in order to provide a useful lens for developing arguments related to *resources* and *technologies* (see also previous section 2.5.c.i on the importance of resources and capabilities). They also discuss the issues of partners’ goal alignment and balance of value creation (common benefits) and value appropriation (private benefits). The goal of the authors’ study was to develop a conceptual framework that helps to understand factors influencing co-opetition strategies in SMEs and implications of co-opetition in the context of technological innovation. The phenomenon of co-opetition, that is, simultaneous cooperation and competition between firms, has become increasingly popular in recent years (Gnyawali, He and Madhavan, 2008, 2006; Luo, 2007; Ketchen, Snow and Hoover, 2004; Bengtsson and Kock, 2000). Research shows that over 50 percent of collaborative relations (strategic alliances) occur between firms within the same industry or among competitors (Harbison and Pekar, 1998). Coy, (2006:96-97) suggests that learning to work with rivals is becoming very important. Co-opetition helps to increase technological diversity and combine complementary resources of rival firms in developing new technologies and products (Quintana-Garcia and Benavides-Velasco, 2004). Co-opetition seems to be particularly important for innovation in industries that are knowledge-intensive, dynamic and complex (Carayannis and Alexander, 1999).

The importance of co-opetition seems to be even greater in the context of SMEs. As technological battles have intensified and technologies have become more complex, SMEs face numerous challenges such as rising R&D costs, high risk and uncertainty in technological development, as well as a lack of resources to pursue large-scale innovation projects (BarNir and Smith, 2002). Recently, scholars have suggested that SMEs in an industry need to collaborate with competitors so that they can create economies of scale, mitigate risk and leverage resources together (Morris, Kocak and Ozer, 2007). Competitors are likely to face similar challenges and possess resources and capabilities that are directly relevant to each other as they have high market commonality and resource similarity (Chen, 1996). SMEs could more effectively compete against large players if they collaborate with each other

(competitors) and access, acquire and use relevant resources held by each other (see the case of “Beta”). Eikebrokk and Olsen (2005) demonstrate empirically that co-opetition in e-business helps SMEs to enhance the novelty of their business and to combine complementary strengths in products and technologies. With a focus on the development of institutional standards, Mione (2008) argues that small firms work together to create common norms and technologies and compete against each other to promote their own technologies and products. Along those lines, some scholars suggest that SMEs’ tendency to engage in co-opetition is likely to positively relate to financial performance (Levy, Loebbecke and Powell, 2003). Alliances help SMEs improve their capability to outmatch a stronger competitor, help facilitate entry into new markets and provide access to external resources (BarNir and Smith, 2002). Merrifield (2007) is even more forceful and suggests that collaborations are critical for the survival of SMEs. While co-opetition is a rather complex strategy, SMEs might be able to pursue it more easily because these firms are less constrained by existing structure and formal procedures and policies. Also, if SMEs use co-opetition wisely, it may be a useful risk management tool when uncertainties of markets and technologies are high. Taken together, the aforementioned studies suggest that SMEs need to be very strategic in their approach to collaboration and suggest the importance of collaborating with competitors as a key strategy for technological innovation and for bottom-line performance of SMEs. This finding is quite significant in the context of enterprises involved in the confectionary products’ sector; the performance of micro family firms will probably be improved by the collaboration with competitors; in this way, economies of scale are created and risk is mitigated.

The conceptual model and propositions of Gnyawali and Park (2009) mainly relate to the industry context and SMEs that are experiencing rapid technological changes and the need to develop capability to innovate and successfully bring new technologies to the market. As a result, the authors argue that *increasing R&D costs*, *shrinking product life cycles* and *convergence of technologies* are the main drivers of co-opetition in a given industry. In particular, the short *Product Life Cycles* are important for micro firms involved in the confectionary products’ sector because the products that these businesses trade are usually of short life cycle (i.e., own label products, cookies, crackers, etc.). Research shows that product life cycles are dramatically shrinking (Chen and Li, 1999) mainly because of rapidly changing customer preferences as well as the speed and magnitude of technological changes. Speed-to-market is becoming more and more essential to new product success (Lynn and Akgun, 1998). Oxley and Sampson (2004) suggest that profitability depends critically on firms’ abilities to create and commercialize new technologies quickly and efficiently. Short product life cycles require enterprises to reduce time-to-market in order to launch their products at the right time to get reasonable profits during the useful lifetime of a product. As a result, the likelihood of cooperation with competitors having excellent exploration capabilities increases. Gnyawali, He and Madhavan

(2006) suggest that co-opetitive networks might provide benefits of reducing time-to-market through earlier access to technology and information.

By building on the notions of resource complementarity and resource pooling, the authors suggest that the interface of industry factors and dyadic factors determines the likelihood of a given pair of firms to engage in co-opetition (see also section 2.7.b, CSF's). At the firm level, they suggest that SMEs that are very proactive in building technological strengths or feel challenged by large players are likely to engage in co-opetition (see the case of "Beta", where the manager was proactive enough). They also argue that co-opetition brings several benefits, such as speed of product development, economies of scale and reduction of uncertainty and risk in technology development. At the same time, co-opetition is costly as it creates the risk of technology leakage, brings unique management challenges and can lead to the loss of control. These findings are quite important in the context of micro firms involved in the confectionary products' sector; micro firms engaged in co-opetition will probably have the benefit of reducing risk and thus increasing their chances for survival and growth; however, the various critical success factors (i.e., strategic, temporal, etc.) will have to be taken into consideration because they always influence the conditions of cooperation between two micro enterprises. The aforementioned findings are also useful in terms of the researcher's proposals on the "new" RBV conceptual framework (see sections 6.7 and 6.7.a, combination of co-opetition with CSF's).

In general, due to high uncertainty in terms of both market and technology, companies tend to increase diversity; therefore, reducing failure rate is a key factor in the formation of alliances. SMEs will therefore need to look for partners that have complementary resources and expertise (Lado, Boyd and Hanlon, 1997, see the case of "Beta"). It also has to be noted that small firms on their own cannot spend a large amount of money and resources on **R&D**, especially when the outcomes are uncertain. Working together with other competitors with similar resources is an effective way to pursue large-scale R&D projects and share risks associated with the technologies. In particular, regarding **technological capability**, Emden, Calantone and Droge (2006) suggest that unique competencies, such as innovative technology and expertise in a certain field, are very important factors in partner selection. This is consistent with the RBV, which claims that firms search for partners who have unique technological resources (Barney, 1991) that they can leverage (Hitt et al., 2000). In the RBV, a desire of participants to acquire capabilities from an external source is the primary motive for the formation of alliances (Das and Teng, 1998; Mowery, Oxley, and Silverman, 1998) and for the selection of specific alliance partners (Hitt et al., 2000). Resources and capabilities, especially when they are tacit and complex, cannot be easily traded through market channels; therefore, alliances and other interfirm collaborative mechanisms are devices that enable firms to gain access to these capabilities (Mowery, Oxley and Silverman, 1998; Barney, 1991; Kogut, 1988).

The authors propose that in industries characterized by short product life cycle (such as the sector that is examined), SMEs are likely to collaborate with competitors having strong technological capabilities. They also propose that in industries characterized by technological convergence, SMEs are likely to collaborate with competitors that have complementary resources and technologies. Finally, they propose that in industries characterized by high R&D costs, SMEs are likely to collaborate with competitors having similar or overlapping resources. These findings are important when micro wholesaling family firms search for partners; the outcome of their ventures will be probably influenced by the aforementioned propositions (see also sections 6.7 and 6.7.a).

In the previous section, the researcher referred to the recent developments of the RBV theory. In particular, he presented relative studies that focused on the importance of resources, capabilities and external relationships to the micro firm's performance. The findings of these studies can be particularly useful when combined with the Thesis findings (see sections 6.7 and 6.7.a, "new" RBV conceptual framework). In the following section, the researcher adapts RBV in the context of micro wholesaling enterprises and presents the relationship between RBV and the notion of "familiness" in order to formulate the general background of the RBV conceptual framework.

2.5.d Resource Based View and micro enterprises

The RBV of strategy is seen to be particularly relevant to micro and small firms, given their relative lack of resources and their need to bridge an "innovation capability gap" (Dodgson and Bessant, 1996) by collaborating with other firms or organisations. Despite the fact that such organizations have limited resources, they can be more flexible and entrepreneurial. Core resources at micro wholesaling businesses need to be carefully developed to reflect strategies that are related to the provision of personal and qualitative service; additional people and training, as well as use of local knowledge may also contribute to the embedding of these resources.

In general, most theories and models on RBV seem to be more applicable to the corporate sector or large organizations. For example, Penrose (1959), Ansoff (1965), Grant (1991), Hamel and Prahalad (1990) focus their work on the corporate sector. According to Wilson and Bates (2003), micro and small firms exhibit a very different world of business from that of large business; these enterprises are unlikely to contain the range of resources available to the larger companies. In these businesses, fewer people are available and financial resources are limited while the nature of their limited organizational structure entails loose division of labour and informal management practices. The managers of micro enterprises are mainly focused on the improvement of business processes rather than effective corporate planning. For this reason, the aforementioned models and frameworks may not be easily

transferable from large to smaller firms. As a result, the strategic issue is related to the management of such as specific resource situation, as well as the development of certain resources and capabilities in the context of micro firms. In this way, simple processes (i.e., SWOT Analysis, see section 2.7.d.i) appear to be more appropriate for SMEs. However, some basic principles and concepts incorporated in the RBV approach seem to “fit” to micro businesses.

According to Peng (2001), SMEs rapid successes can be explained by the RBV of the firm. This theoretical perspective emphasizes a firm’s specific and immobile resources that influence strategy formulation and implementation (Barney, 1991; Grant, 1991). SMEs that possess limited but unique and superior resources, including both capabilities and assets, that cannot be easily imitated by other firms can achieve sustainable competitive advantage and successful performance.

What is more, Hadjimanolis (2000) highlights a number of characteristics peculiar to micro enterprises, which can be seen to confer both advantages and disadvantages in comparison to large firms, according to specific circumstances. These characteristics are common in the context of micro wholesaling businesses involved in the confectionary products’ sectors; in particular, they relate to:

- the personality of the owner/manager;
- the greater flexibility of micro and small firms;
- the culture of micro and small firms, particularly family firms where the owner-manager often acts as a paternalistic figure;
- the scarcity of resources for innovation , as well as
- the low bargaining advantages of micro and small firms (e.g., in terms of market power, their lesser ability for lobbying and limited access to capital markets).

The RBV approach has the potential to help researchers identify those particular resources and capabilities that micro businesses can exploit. However, the main insight is that the innovative behaviour of micro and small firms is to a large extent explained by the managerial skills and capabilities of the owner-manager coupled with the internal resources of the firm (see section 1.3, Premises and sections 2.7.c and 2.7.a, RBV framework). With regard to the role of the owner-manager, he is seen as the main actor in the innovation process, with direct involvement in both the initiation and implementation phases. It can be argued that an important motivator is the owner-manager’s personal interest and enjoyment of the innovation process (see the successful cases of “Alpha”, “Beta”, “Gamma” and “Delta”). Owner-managers in non-innovative firms seem to be, by contrast, conservative and relatively risk-averse (see the cases of “Epsilon” and “Zita”).

It can be stressed that the micro business provides the more promising environment for developing and testing a *managerial theory* of the firm. According to McCarthy (2003), SMEs are extremely sensitive

to the presence, skills and activities of managers and workers. Second, resources in SMEs are often severely limited; intense pressure is often put on organizations to achieve greatly efficient and effective allocations of existing resources (Miller & Toulouse, 1986). Third, the micro and small firm is often burdened with a generic set of resources, notwithstanding their paucity (McCarthy, 2003). Consequently, the micro business is often pressed to develop a unique set of resources and capabilities in order to be differentiated from competitors and to support stronger relationships with customers. The aforementioned elements characterise micro wholesaling enterprises where the manager's skills play a significant role in the identification and exploitation of the micro firm's limited resources and capabilities (see the presentation of the six case studies, chapter 4).

Bartlett & Ghoshal (1993) stress that micro and small firms face similar pressures to those of large organizations; however, these forces are met in a much more concentrated environment and draw generally from smaller and less distinctive stocks of resources in dealing with them. Moreover, the same point applies to the management and professional talent in the typical micro enterprise, with the degree and depth of specialization usually being far more limited. In micro wholesaling firms, the manager should often bear almost all of the firm's responsibilities divided among different departments in large firms (see section 1.3, Premises and section 2.7.c). Moreover, in SMEs, the definition and focus of firm activities is doubly critical, given the tenuous nature of its existence. The desire to build inimitable, valuable resources that secure a defensible competitive advantage is paramount for high growth and profitability. The presence of resources with the desired profile can be expected to affect the micro firm more profoundly than in large and, especially, diversified firms.

Some areas of the RBV (such as tangible uniqueness or investment deterrence) may be difficult to develop in the early years of an enterprise's functioning. For example, Microsoft was once an SME; however, nowadays the company has the ability to develop some of these more capital-intensive resource areas. It can be stressed that the adoption of the RBV approach can explain why some resources are more advantage-generating than others. This approach also recognises the role of industry effects in observed performance levels which is evident in the ongoing debate on the relative importance of both firm and industry factors (Henderson and Mitchell, 1997; see also section 2.7.b for Critical Success Factors and section 1.3, Premises). It is obvious that the adoption of RBV approach has the potential to influence, discourse in a number of other aspects of strategic management aspects. These areas of application include *strategic analysis* and *segmentation/positioning* analysis.

In particular, the starting point of *strategic marketing analysis* is related to the evaluation of the firm's strengths and weaknesses as part of a broader SWOT analysis (see section 2.7.d.ii, SWOT framework, appraising resources and capabilities). Still, more issues compound the complexity of strategic management in SMEs. For example, micro enterprises are typically subjected to a maelstrom of

outside pressures that sometimes deny the opportunity for the strategy formulation and formal planning techniques that are routinely undertaken in large organizations (Robinson & Pearce, 1984). Resources, both financial and managerial, are often simply not present in sufficient depth in the micro firm. Therefore, because of both their resource demands and their perceived rigidity, the composition of a broad set of formal planning documents is not expected to be positively associated with organizational performance (Martin & Staines, 1994). However, statements of purpose or vision, sufficiently adaptable for the uses of SMEs, have been connected to success (Stonehouse & Pemberton, 2002, see also sections 2.7.c and 1.3, Premises).

On the other hand, **product/brand positioning** is a core strategic marketing activity (Ries and Trout, 1982) and micro firms can seek to adopt a number of distinct positions in the marketplace. These may involve positions based on price, premium quality, superior service and innovativeness (Hooley, 1998). The RBV of the enterprise focuses attention on the ability of the firm to deliver on its desired positioning strategy. For example, if the micro business seeks to become a customer service leader in an industry, it needs to develop the resources that are necessary to enable it to try to attain such a position. The RBV of the firm enables an understanding of the resources that underpin the alternative positioning strategies of a micro wholesaling business. For example, the pursuit of a **low price strategy** is considered to necessitate resources such as cost control systems, TQM processes, skills in procurement and information systems (Hooley, Moller and Broderick, 1997). In contrast, a **positioning strategy** based on superior quality is believed to require a quite different resource set including market sensing, quality control and assurance, brand and reputation and supply chain management, while a positioning strategy based on rapid innovation requires skills in the areas of new product/service development, technical and creative skills. In short, according to Grant (1991) for any positioning strategy a micro firm might choose to pursue in the marketplace, it is possible to identify a matching resource set that allows firms to identify “resource gaps” that need to be filled.

2.5.e Resource Based View and “familiness”

Apart from the aforementioned elements that stress the relationship between RBV and micro enterprises, the RBV approach can also facilitate the understanding of the unique role of family firms in the economy (see also section 2.3 for “importance and role of family businesses”). It has to be noted that most micro wholesaling enterprises involved in the confectionary products’ sector are of family type. The RBV approach can contribute to the identification of these distinctive resources and capabilities that will answer a critical question in *family business succession*, the topic that plays a central role in the family business literature (Wortman, 1994): what resources and capabilities should one generation hand down to give ensuing generations the potential to realize the family firm’s vision

(see also section 2.5.e.iii). It can be argued that the RBV approach has the potential to help identify the resources and capabilities that make family firms unique and allow them to develop family-based competitive advantages (Habbershon & Williams, 1999). Valuable and rare resource endowments or holdings are theorized to result in superior performance for the family firm. Within the RBV, the term “familiness” has been developed to describe the unique bundle of resources (available for establishing a strategic advantage) held by family firms as a result of their unique systems, interaction among the family, individual members and the business itself (Cabrera-Suarez et al., 2001).

With regard to the identification of the distinctive resources and capabilities that one generation of the family firm should hand to the next, Miller et al.’s (2003) study of 16 failed successions indicates that the *transference of acumen* is by no means a foregone conclusion. On the other hand, case studies by Tan and Fock (2001) suggest that the *entrepreneurial attitude and abilities* in a successor may be the key to success in family firm succession (see also section 2.5.e.iii). What is more, Sharma and Rao (2000) provide cross-cultural evidence that *integrity and commitment* may be more important to the selection and success of a successor than technical skills. Since such attributes may be associated with a family firm’s reputation in the eyes of customers and suppliers, not to mention present and prospective employees. Cabrera-Suarez et al. (2001) suggest that the transfer of *tacit knowledge* is important for preserving and extending competitive advantage because the continued success of a family business often rests upon the unique experience of the predecessor. They argue that family firms have distinct capabilities that can bring competitive advantage based on the “tacitness” embedded in their resources. Tacit knowledge is situation-specific knowledge that is gained through experience and actions. It is more difficult to transfer than explicit knowledge because the latter is based on facts and theories that can be articulated and codified (Grant, 1996). Nelson and Winter (1982) argue that socially complex tacit knowledge that is diffused throughout a family firm may constitute a valuable intangible resource and an element of “familiness” and while not necessarily unique to the family firm, it is a resource prevalent among them (Barney, 1991; Reed & DeFillippi, 1990). In this light, other work directed at identifying the nature or antecedents of competitive advantage arising from the “familiness” of a firm have highlighted similar examples, including enhanced consumer trust, increased employee dedication, patient capital, etc. (Sirmon & Hitt, 2003).

Using a sample of firms with 5-100 employees, Chrisman, Chua and Litz (2004) show that while the short-term sales growth of family and nonfamily firms are statistically equal, one mechanism for controlling **agency costs (strategic planning)** has a greater positive impact on the performance of nonfamily firms. These findings suggest that even if the overall agency costs of family firms are not negative, they are lower than those in nonfamily firms, supporting the traditional point of view in the literature (e.g., Fama & Jensen, 1983). Zahra, Hayton, and Salvato (2004) tested whether

organizational culture, which has been proposed as an inimitable resource (Barney, 1986), affects entrepreneurial activities in family firms. They observed that the relationship between entrepreneurship and the cultural dimension of individualism is nonlinear.

Taken together, the work of Chrisman, Chua and Litz (2003), Chua et al. (1999) and Habbershon et al. (2003) suggest that family firms exist because of the reciprocal economic and noneconomic value created through the combination of family and business systems. This RBV perspective implies that hard-to-duplicate capabilities or “familiness” (Habbershon et al., 2003; Habbershon & Williams, 1999) make family business peculiarly suited to survive and grow.

From a RBV the emerging school of thought is that the creation of distinctive and enduring familiness (Habbershon et al., 2003; Habbershon & Williams, 1999) may be a driving force (as well as an end result) behind the vision and goals of family firms. This may be a way of conceptualizing the intangible legacy that one generation leaves to another (Kelly, Athanassiou & Crittenden, 2000). Work on family business conflict may be of particular relevance in this regard. Thus, relational conflict may lead to constrictive familiness (Habbershon et al., 2003) if it stifles constructive task and process conflicts that are necessary to develop distinctive familiness or other sources of competitive advantage (Kellermanns & Eddleston, 2004). Sorenson (1999) suggests that collaborative conflict management strategies are superior to avoidance, accommodation, compromise or competition for positive outcomes on both family and business dimensions. As Mitchell, Morse and Sharma (2003) point out, the cognitive processes necessary for superior performance may be much more complex in family firms due to the added transactions within the family and between the family and business.

The aforementioned findings can be useful to managers of micro confectionary businesses because most firms involved in the sector are of family type. The researcher, based on his experience and findings of previous documents, can validate that the elements of transference of acumen, tacit knowledge, integrity and commitment play a significant role in the family firm succession process. In particular, the RBV helps to explain how the possession of resources/capabilities (e.g., familiness or trust) could lead to competitive advantages and provides some insights for explaining how these resources/capabilities have been or can be acquired through family involvement (e.g., the development of tacit knowledge). It has to be stressed that in the context of the six selected enterprises, the element of “familiness” was evident directly or indirectly (see sections 4.5.a, History for “Alpha”; 4.6.a, History for “Beta”; 4.7.a, History for “Gamma”; 4.8.a, History for “Delta”; 4.9.a, History for “Epsilon” and 4.10.a, History for “Zita”).

Apart from the aforementioned findings, it can be argued that the recent development of *family business literature* is important in the context of the Thesis (see also section 2.3); for this reason, the presentation of recent contributions can offer new perspectives to the researchers and managers of the

confectionary products' sector. In particular, these studies refer to: i) *the development of a strategic management theory of family firms*, ii) *the family involvement and family-based brand identity degree of influence on the micro firm performance* and iii) *the succession in family businesses*.

2.5.e.i The development of a strategic management theory of family firms

The study of Chrisman, Chua and Sharma (2005) provides a review of important trends in the strategic management approach to studying family firms. The authors provide convergence in definitions, accumulating evidence that family involvement may affect performance and the emergence of agency theory and the RBV of the firm as the leading theoretical perspectives. They focus only on trends that contribute to the development of a strategic management theory of family firms; this locus reflects interest in the **business side of the family-business dyad**. The focus of the authors also reflects their belief that without theory, research will lack the causal linkages that are needed to help family firms manage their businesses better. It can be argued that this study is relevant for micro family businesses involved in the wholesale sector of confectionary products. The authors define the family business theoretically by its essence: (1) a family's influence over the strategic direction of a firm; (2) the intention of the family to keep control; (3) family firm behaviour (Chua et al., 1999); and (4) unique, inseparable, synergistic resources and capabilities arising from family involvement and interactions (Habbershon, Williams & MacMillan, 2003). These elements characterise most micro family firms involved in the confectionary products' sector as well as the six selected micro enterprises to be examined under the seven elements of the RBV conceptual framework (see also sections 6.7 and 6.7.a, the "new RBV conceptual framework").

In particular, the authors believe that the focus on the RBV of the firm and agency theory is appropriate and consistent with a strategic management view of the field because these two theories potentially assist in explaining important strategic management issues such as the formulation and content of goals and strategies, strategy implementation and control, leadership and succession in family firms (see also section 2.5.e.iii). Furthermore, both theoretical perspectives have a performance orientation and both contribute to answering the fundamental questions related to a theory of the (family) firm: **why these firms exist and why they are of a certain scale and scope** (Conner, 1991). A key consideration in the development of a theory of the family firm is whether family involvement leads to a competitive advantage because answering this question will provide some insights regarding why family firms exist and why they are of a particular scale and scope (see also section 2.5.e.ii). As noted earlier, an RBV approach has the potential to help identify the resources and capabilities that make family firms unique and allow them to develop family-based competitive advantages (Habbershon et al., 2003; Habbershon & Williams, 1999). Sirmon and Hitt (2003) provide arguably

the most encompassing application of RBV to family businesses (see also section 2.5.e). They apply the RBV to study the uniqueness of family firms in the context of resource management and distinguish between five sources of family firm capital: human, social, survivability, patient and governance structures. The authors argue that family firms evaluate, acquire, shed, bundle and leverage their resources in ways that are different from those of nonfamily firms. Overall, they believe that these differences allow family firms to develop competitive advantages. Their analysis is most extensive in terms of how family firms may have advantages or disadvantages in managing the resource inventory. In terms of theory building, one of the most important contributions the authors make is to distinguish between family involvement as a resource in itself and as a mediating influence in resource management. They conclude that it is the combination of the two that allows family firms to build their competitive advantages in wealth creation. In support of this, Carney (2005) describes three characteristics of family firm governance (parsimony, personalism and particularism) that may lead to cost advantages, help in the development of social capital and encourage entrepreneurial investments. Expanding on Sirmon and Hitt's (2003) proposal of patient capital as a family business resource, Miller and Le-Breton-Miller (2005) show in a study of large, long-living family firms that continuity and the power to institute changes without outside interference or control enables these firms to generate and make exceptional long-term use of patient strategies and relationships with stakeholders. Some of the differences noted by Sirmon and Hitt (2003), however, such as family firms' difficulty in shedding human resources, may have negative impacts on economic performance. Elaborating on this, Sharma and Manikuttu (2005) discuss how a family firm's inability to shed resources is affected by family structure and community culture. Kellermanns (2005) focuses on that discussion by explaining how family structure and community culture might also influence resource accumulation both positively and negatively.

Chrisman, Chua and Zahra (2003) extend Sirmon and Hitt's (2003) model by incorporating additional family involvement-related factors that influence resource management and competitive strategy. They also expand the goal set for family firms to include non-economic benefits. They propose that with family involvement, a **family's aspirations and values** will affect all stages of resource management and competitive advantage building. Aspirations and values will help determine the family-related resources possessed and the opportunity pursued which, in turn, affect the manner by which resources are managed and a competitive strategy is formulated. By expanding the goal set, they propose that family firm performance must take into account both wealth creation and non-economic benefits. This finding is important in terms of micro wholesaling firms involved in the confectionary products' sector. The manager's business objectives for the deployment of the micro family firm's resources and capabilities will be affected by the degree of family involvement (see also section 2.5.e.ii).

Other scholars also suggest that a family business connection may yield unique advantages in the acquisition of resources (Aldrich & Cliff, 2003; Haynes, Walker, Rowe & Hong, 1999). On the other hand, Barney et al. (2002) suggest that family ties may provide an advantage in opportunity identification because of family members' greater willingness to share information with each other. These findings can be also important for micro businesses involved in the confectionary products' sector (see sections 6.7 and 6.7.a, the "new" RBV conceptual framework).

In short, the authors reviewed how agency theory and RBV have been applied toward the development of a strategic management theory of the family firm. Based on this review, it appears that family businesses most likely have agency costs and distinctive resources. The manifestations of agency costs appear to be somewhat different in family firms and while in general their effects seem to be less severe, situational variables seem influential. Similarly, the initial evidence suggests that family businesses have capabilities and competencies that make them better suited to compete in some environments rather than in others. However, the authors have only begun to identify the exogenous and endogenous variables that affect the development and rent-generating potential of family firms, let alone the extent to which those rents might be endangered by the bargaining power of internal or external stakeholders. These findings can be important in terms of micro wholesaling businesses involved in the confectionary products' sector. They can direct the researcher in the re-evaluation of the RBV conceptual framework in the context of the Thesis (see sections 6.7 and 6.7.a).

What is more, the study of Chua, Chrisman and Steier (2003) appears to contribute to the *ongoing development of the theoretical horizons of family business research*. The authors stress that researchers that emphasize the benefits of family involvement tend to apply the RBV (e.g., Habbershon & Williams, 1999), while those that focus on the negative side of family involvement take the agency cost approach (e.g., Schulze et al., 2001). The RBV approach has the potential to help researchers identify the resources and capabilities that distinguish family from nonfamily firms. On the other hand, it can be stressed that recent contributions to the *development of a theory of the family firm* have focused on internal dynamics and resources (Habbershon, Williams & MacMillan, 2003; Schulze, Lubatkin & Dino, 2003; Schulze, Lubatkin, Dino & Buchholtz, 2001; Sirmon & Hitt, 2003); however, the use and utility of any resource will vary depending upon the environmental opportunity to which it is applied (Barney, 1991). Thus, a family firm's formation and continued existence, as well as its scale and scope, are likely to be influenced by its **external environment** (see also section 2.7.d). Consequently, the development of a theory of the family firm will benefit from a better understanding of the external conditions that allow family firms to flourish or that constrain their development. In addition, gaining knowledge about the external conditions that are related to the prevalence of family firms may also help researchers understand the economic implications of family firms' formation and

growth. The exploratory study of Chang, Chrisman, Chua and Kellermanns (2008) investigates environmental conditions related to the prevalence of family firms in regional economies (i.e., the ratio of family firms to total firms). To guide this investigation, the authors focus on state-level economic conditions in the United States.

Given that family firms may be fundamentally different from other organizations in terms of their goals, governance structures and other important strategic processes (Carney, 2005; Chrisman, Chua & Litz, 2004; Sharma, Chrisman & Chua, 1997), the external conditions necessary for their formation, survival and growth may also be different. Consequently, gaining knowledge about the external conditions that are related to the prevalence of family firms may also help researchers understand the economic implications of family firms' formation and growth.

The authors, trying to respond to the two central questions (i.e., existence of family firms and factors that influence their scale and scope), use three theoretical lenses: agency theory, the RBV of the firm and stakeholder theory. The first two theories have often been used by researchers studying the differences between family and nonfamily firms (see the study by Chrisman, Chua and Sharma, 2005). Under these conditions, firms that have lower costs of operation, lower costs of capital or better access to resources will have critical advantages. If, in general, family firms differ from nonfamily firms in terms of costs or access to resources, then the prevalence of family firms in a region will be affected by the region's level of economic development. In general, the authors argue that family firms in comparison with nonfamily firms may have lower cost of operation, lower cost of capital and better access to resources; utilizing these arguments, the authors then hypothesize that family firms will be more prevalent in regions that are less prosperous.

Applications of the RBV can provide a different set of explanations on why regions that are underdeveloped economically might be more conducive to the formation of family firms than nonfamily firms. First, the involvement of a family in the business may provide greater access to capital or labour from family members (Sirmon & Hitt, 2003) who can provide financial and/or human resources for the business at a lower cost when compared with nonfamily firms (Teixeira, 2001). Thus, family businesses may have a natural advantage in regions with scarcity of capital and labour (Sirmon & Hitt, 2003). Second, the personal control that family ownership elicits, combined with the ability to exercise that control vis-à-vis the family's direct involvement in management, can provide family firms with an advantage over nonfamily firms in terms of whom they choose to develop relationships with, as well as how they choose to manage those relationships (Carney, 2005). Discretion in the development and exploitation of social capital can lead to a reduction in transaction costs (Carney, 2005; Gulati, 1998), something that can be of particular value when cost efficiencies, such as those engendered by conditions of resource scarcity, are important. Furthermore, the ability of family firms

to manage relationships with other stakeholders in a manner they see fit can reduce their trading partners' costs as well, making family firms more desirable customers and/or suppliers in resource-scarce environments. Habbershon et al. (2003) believe that family firms would appear to be more likely to invest in developing a reputation for trustworthiness and integrity. These characteristics should help build stronger ties with customers, suppliers and employees, giving family firms an additional edge in doing business over rivals in regions where the value of reliability and trust is at a premium. In fact, recent research suggests that family businesses have a competitive advantage over nonfamily businesses in terms of their relationships with external stakeholders (Chrisman, Chua, & Kellermanns, 2004). In short, the authors stress that the RBV theory suggests that scarce environments should favour the family form of organization over other governance structures. The efficiency and social capital advantages of family firms, combined with their noneconomic goals and altruistic tendencies should make them better suited to compete in less-developed regions with lower demand for goods and services, scarcity of capital and skilled labour.

Prior research has suggested that large family firms might hinder economic growth (e.g., Morck & Yeung, 2004). By contrast, the authors' results tend to suggest that in less prosperous regions, small family firms may play a role of disproportionate importance in economic development. Without the family governance option, fewer ventures might be started and fewer might survive. While more research is needed to determine how the mix of family and nonfamily businesses influences economic development, the findings of Chang, Chrisman, Chua and Kellermanns (2008) suggest that one should **not be too hasty in dismissing the potential benefits of the family form of organization**. It can be argued that this conclusion is quite significant with regard to micro wholesaling family firms involved in the confectionary products' sector (see also sections 6.7 and 6.7.a).

Furthermore, this study contributes to theory development by calling attention to the exogenous factor of **economic development** of a region. This element appears to influence the prevalence of family firms. Accordingly, it appears reasonable to assume that family firms might have some performance advantage over nonfamily firms in such environments. Thus, studies that attempt to test the endogenous determinants of performance for family vs. nonfamily firms would benefit from controlling for this exogenous determinant. Indeed, the authors' results suggest that regional economic development is a more important determinant than industry, yet industry has traditionally been a standard control variable and is used with much greater frequency (e.g., Chrisman et al., 2002).

In conclusion, the findings of the authors with respect to economic development are consistent with three very different explanations of why family firms flourish in environments of scarcity. The first proposes that family firms flourish because they are more efficient, the second suggests that family firms benefit from social capital and the third because they have noneconomic goals and therefore

require a lower financial return on their investments. Each explanation suggests certain behavioural patterns that differentiate family firms from nonfamily firms.

The aforementioned recent applications of RBV and their findings can be useful in terms of micro wholesaling businesses involved in the confectionary products' sector. For example, less prosperous areas (i.e., centre of Athens) can attract more micro family wholesaling enterprises than areas with citizens presenting higher incomes. As a result, the factor of economic development has to be taken into consideration (see also section 2.7.d). These findings can also be significant in the context of the Thesis (see sections 6.7 and 6.7.a, the "new" RBV conceptual framework).

2.5.e.ii Family involvement and family-based brand identity degree of influence

There is a growing recognition that a better understanding of how family involvement influences performance is essential for progress in the field of family business (Habbershon, Williams & MacMillan, 2003). Of the theoretical frameworks available to explain the differences between the performance of family and nonfamily firms, the RBV of the firm as conceptualized by Dierickx and Cool (1989), Barney (1991) and others hold particular promise (Chrisman, Chua, & Sharma, 2005; Habbershon & Williams, 1999; Habbershon et al., 2003). RBV predicts that a firm's performance will be affected not only by the level and nature of its resource stocks but also by how the resources are deployed and exploited (see section 2.5). Based on this, researchers (e.g., Arregle, Hitt, Sirmon & Very, 2007; Sharma & Manikutty, 2005; Sirmon & Hitt, 2003) have conceptualized how family involvement may produce differences between family and nonfamily firms in terms of the level and nature of resources as well as how resources will be deployed and exploited. In an attempt to address these differences and highlight their impact on performance, the study of Chrisman, Chua and Kellermanns (2009) discusses how the performance of family firms and nonfamily firms might differ as a result of the different priorities flowing from *family influence*, even when the two types of firms possess comparable levels of resource stocks. Using hierarchical regression to analyze data, the authors find that family influence has both a positive and a negative moderating effect on the relationships between different categories of resource stocks and performance. Specifically, family firms benefit more from resource stocks based on external relationships while nonfamily firms benefit more from resource stocks based on functional skills.

In particular, the authors utilize Miller and Le Breton-Miller's (2005) 4-C framework to develop hypotheses about how the priorities of family firms lead to differences in the configuration of resource stocks that affect their performance vis-à-vis nonfamily firms. In particular, Miller and Le Breton-Miller (2005:34) proposed a framework as a **way to characterize highly successful family firms** in terms of their priorities. The four priorities are: (1) *continuity*, the firm's pursuance of long-term

objectives; (2) *command*, the freedom and ability to make adaptive decisions; (3) *connection*, the firm's relationship with outside partners; and (4) *community*, the priority given to building a group of committed and motivated people. Although these concepts are discussed separately, it is clear that the authors do not consider them to be independent. Indeed, it is argued that it is the combination of the four priorities that make some family businesses great. Consistent with the RBV literature, the authors suggests that external, internal and functional resource stocks affect firm performance. This finding can be useful in terms of micro family firms involved in the confectionary products' sector; it can also be important in terms of the "new" RBV conceptual framework because the aforementioned four priorities can be used as indicators for the survival and growth of a micro family wholesaling business (see sections 6.7 and 6.7.a).

On the other hand, the fact that family firms may embrace *different priorities* is well accepted by researchers (Gersick, Davis, Hampton & Lansberg, 1997; Sharma et al., 1997). Priorities are important because they affect the types and levels of investments a family firm makes in developing and acquiring resources over time. In turn, these "resource flows" from the investments made will lead to the accumulation of "resource stocks" (Dierickx & Cool, 1989; Kellermanns, 2003; Kellermanns & Floyd, 2005) that a firm can deploy strategically. Resource stocks include both tangible assets such as facilities, equipment and money, as well as intangible assets such as reputation, social networks, intellectual property as well as the skills and knowledge of employees and managers. These influence a firm's ability to achieve competitive parity, develop a temporary competitive advantage, or acquire a sustainable competitive advantage, depending on the extent to which the resource stocks are valuable, rare, inimitable and non-substitutable (Barney, 1991). Priorities concerning continuity, command, community and connection are not exclusive to family firms; however, the priorities of family firms may be different from those of nonfamily firms in intensity, nature and the manner in which they are applied because family involvement endows family firms with different characteristic attributes and leads to the pursuit of different goals (Chrisman et al., 2005; Klein, Astrachan, & Smyrnios, 2005).

The authors conclude that the unique attributes, goals and resulting *priorities* of family firms can produce the following important **consequences**, important for researchers of micro wholesaling businesses involved in the confectionary products' sector (see also sections 6.7 and 6.7.a):

1. If the priorities of family and nonfamily firms differ, the resulting resource stocks accumulated from investments made according to these priorities should also be of a different type, even if not of a different category (e.g., a paternalistic rather than a professional relationship between owners, managers and employees).
2. Owing to path dependencies and interconnectedness in the development and accumulation of resources (Barney, 1991; Dierickx & Cool, 1989), it will be difficult for nonfamily firms to

duplicate family firms' resource stocks (switching from a performance-oriented culture based on professional relationships to a people-oriented culture based on paternalistic relationships).

3. Because family firms have different priorities based on different goals, they are also likely to diverge from nonfamily firms in the manner in which they utilize their resource stocks (e.g., using paternalism to build long-term employee commitment and stewardship rather than professional performance-based criteria to reduce opportunism).
4. Finally, differences in the types and application of resource stocks between family and nonfamily firms could lead to variations in their relative performance.

In summary, even if family and nonfamily firms invest in resources that are generically similar, they may make their investments in different ways, in different amounts and for different purposes (Miller & Le Breton-Miller, 2005). When they do so, family and nonfamily firms may exhibit substantial performance variations even though their resource stocks may be similar in both category and amount.

It can be argued that the study of Chrisman, Chua and Kellermanns (2009) **contributes to the RBV literature**. By studying resource stocks in the context of firm priorities, this study shows that the configuration and deployment of a particular category of resource stocks may be as important as the level or strength of the stocks possessed. As such, this study confirms recent research indicating that the sheer abundance of resources may be secondary to the leveraging of the resource stock (Mishina, Pollock & Porac, 2004). What is more, showing by implication that the priorities of family and nonfamily firms differ materially, this study demonstrates empirically that the influence of a family in a firm can lead to distinctive resources (Habbershon & Williams, 1999; Habbershon et al., 2003). In addition, sales growth has been found to be an excellent predictor of long-term profitability (Henderson, 1999; Timmons, 1999), a more common dependent variable in RBV. The authors' results suggest that having more resources does not automatically lead to competitive advantages and/or superior performance (Baron, 1991). As researchers observe, some resources are simply necessary as a **threshold** just to operate an organization (Long & Vickers-Kock, 1995; see also section 2.5.f.)

In addition, the goals of family firms may be different from those of nonfamily firms; growth and wealth creation may not necessarily be the only goals of family firms (Lee & Rogoff, 1996; Sharma et al., 1997). Indeed, the authors' conceptualization of the **differences between family and nonfamily firms relies upon the assumption that divergent goals are manifested in different priorities**, which cause variations in the resource stocks ultimately developed. In conclusion, it can be argued that this study provides initial support for the argument that differences in the continuity, command, connection and community priorities of family and nonfamily firms affect the configuration and deployment of their resource stocks. These findings can be useful in terms of micro firms involved in the confectionary products' sector. For example, the managers of these businesses can have different

priorities and goals (paternalistic rather than a professional relationship); these differences can lead to variations in their relative performance. The aforementioned findings can be also significant in the context of the “new” RBV conceptual framework (see sections 6.7 and 6.7.a).

On the other hand, Craig, Dibrell and Davis (2008) draw on the family-embeddedness perspective on **entrepreneurship** and the **RBV** of the firm. In particular, they investigate how the promotion of **family-based brand identity** influences competitive orientation (customer versus product) and firm performance in family businesses. To address this question, the authors draw inspiration from Aldrich and Cliff’s (2003) family-embeddedness perspective on entrepreneurship. Reinforcing Rogoff and Heck’s (2003) notion that family and business are as closely connected as oxygen and fire, the family-embeddedness perspective is considered to be a conceptual framework that highlights the role of the family in new venture creation. The current research extends this discussion to the potential benefits of promoting family involvement in the poststart-up stages of the venture. The authors further inform their discussion theoretically by drawing on the RBV of the firm. RBV presents organizations as collections of idiosyncratic resources and capabilities that provide bases of competitive advantage and influence performance (Barney 1991). Recently, scholars have proposed that RBV has particular relevance to family business research (Chrisman, Chua, and Sharma, 2005; Sirmon, and Hitt, 2003). Of particular significance to the current study are arguments by Cooper, Upton, and Seaman (2005) that family business’ identification with the family name motivates a greater emphasis on serving customers and consumers effectively, such as through providing quality products and customer services. As a result, the authors demonstrated that developing a **family-based brand identity positively contributes to firm performance (growth and profitability)** indirectly, via a customer-centric orientation. The results of their research suggested that *family-based brand identity* enhances the family business’ ability to persuade customers to make purchasing decisions based on the perceived attributes of the seller.

Pertinent to the study of Craig, Dibrell and Davis (2008), family brand identification is considered to be of the utmost importance for the success of entrepreneurial SMEs (Gruber, 2004; Morris, Schindehutte and Laforge, 2002). Consistent with RBV, **family brand identity** can be regarded as a rare, valuable, imperfectly imitable and nonsubstitutable resource (Carney, 2005; Habbershon, Williams and McMillan, 2003; Zahra, Hayton and Salvato, 2002) that could vest competitive advantage. Using Habbershon and Williams’ (1999) RBV-informed unified systems perspective of family business performance, family-based brand identity is a contributing resource and capability that provides family businesses a potential advantage by highlighting their distinctive familiness.

The findings of the study of Craig, Dibrell and Davis (2008) can be useful in the context of micro wholesaling firms involved in the confectionary products sector because most enterprises of the sector

are of family type and their performance is influenced by alterations in factors such as family-embeddedness and family-based brand identity. In particular, micro family firms of the sector that have developed a family-based brand identity (i.e., by trading own label products and providing personal and high quality service, see the cases of “Alpha”, “Beta”, “Gamma” and “Delta”) can keep their customer loyal and consequently enhance their performance. These findings can be important in the context of the Thesis and may contribute to the formulation of the “new” RBV conceptual framework (see sections 6.7 and 6.7.a).

As a result, it can be argued that this study has made two significant contributions to the understanding of family businesses, useful for managers and researchers involved in the confectionary product’s sector. First, consistent with RBV, the authors have operationalized **family-based brand identity as a firm-specific resource** that is unique to family businesses. This conceptualization complements recent discussions in the literature that highlight the extraordinarily important aspect that is “the family” and the considerable influence that the family has on the family business entity (e.g., Rogoff and Heck, 2003). For example, family-based social capital, in various forms including structural (pattern of relationships among the family members), relational (trust, norms and obligations) and cognitive (shared belief and values within the family) facilitate cooperative group efforts and actions in the pursuit of common objectives (Nahapiet and Ghoshal, 1998). Second, just as family ownership, and related social capital, impact a firm’s internal competitive abilities, so too can promoting family ownership play a complementary role in establishing a firm’s appeal to customers. As a form of firm-specific resource, an organization’s family roots can be instrumental in furthering access to customers and organizational success. Examples documented in the literature range from specific studies of enterprise formation and growth among immigrants (Sanders and Nee, 1996) to broad-based reviews and recommendations regarding social capital as an exploitable resource among family businesses (Chrisman, Chua and Sharma, 2003). The authors therefore contribute to the discussions on how best the intricate synergy between family and business can be optimized; specifically, they demonstrated the relative effectiveness of various competitive orientations in leveraging family-based brand identity to facilitate performance outcomes. Their findings can be useful for the purposes of the Thesis (see sections 6.7 and 6.7.a, the “new” RBV conceptual framework).

2.5.e.iii Succession in family businesses

The study of Denoble, Ehrlich and Singh (2007) provides useful information concerning research in the area of **family business succession**, by focusing on the importance of **self-efficacy**. In particular, the premise of self-efficacy is that the strength of belief in one’s capabilities influences effort in pursuit of an objective. Although much is known about the challenges of leading a family business, the

authors believe that future research efforts should focus on the types of skills needed in the process and the challenges associated with acquiring and managing these skills. The authors identified a group of 17 incumbent leaders of family businesses from various Industries (construction, hospitality, real estate and sanitary supplies). The findings revealed that potential successors should exhibit “diligence and perseverance” and “willingness and drive” as fundamental successful characteristics. These behaviours are a result of an individual’s high self-efficacy and underscore the significance of self-efficacy as a construct to be addressed in the succession literature.

Recently, researchers have started to utilize the RBV as a framework for understanding the deployment of resources in a family business organisation (Chrisman, Chua & Sharma, 2005; Sirmon & Hitt, 2003). According to the RBV, returns achieved are directly attributable to the resources controlled and how they are managed (Barney, 2001). In a family business, the leader must exhibit the kinds of skills necessary to manage these firm-specific resources. Salient dimensions of firm-specific strategic resources include both social capital and human capital. According to the RBV, how a successor in a family business manages critical relationships and deploys critical firm-specific resources will have a significant impact on future resource acquisitions and subsequent performance. Thus, in planning for eventual successors to take over the leadership role, it is important to understand the challenges they might face. What is more, within the RBV framework, self-efficacy has not been explicitly discussed since much of the theoretical and empirical literature is focused at the firm level of analysis. However, in applying the RBV framework to the issue of succession in a family business at the individual level, it is incumbent on the successor to possess the requisite self-efficacy needed to acquire and manage the firm’s unique collection of resources.

Once succession occurs, the dynamic capabilities (Arthurs & Busenitz, 2006) of this new leader to grasp and utilize existing resources and relationships will impact the system and influence future performance. **Dynamic capabilities** (see section 2.6.b) will focus on how effectively the new leader utilizes existing and novel strategic inputs and relationships so that the organization can meet performance expectations. The challenge of succession takes on added complexity due to the leader’s need to balance the dynamics of the family and business systems (Habbershon & Williams, 1999). These findings can be quite important in terms of managers involved in the confectionary products’ sector; the aforementioned personality elements can increase the chances for the micro wholesaling firm’s survival and growth (see also sections 6.7 and 6.7.a on the “new” RBV conceptual framework). A succession model posed by Le Breton-Miller et al. (2004) is relevant to this discussion (see previous article). The core of this model focuses on the critical areas of the succession event, its antecedents and its consequences (Bagby, 2004). This model recognizes the need for **succession planning** through the establishment of ground rules to nurture and develop a potential successor. It can be argued that

predicting the future success of a candidate to succeed in a family business requires greater attention to antecedent variables, which can define desirable skills. What is more, Steier's (2001) exploratory study examines how tacit knowledge emanating from social capital is transferred during leadership transitions and suggests how different methods of transfer may influence post-succession performance. The findings of these studies can also be useful in the confectionary products' sector; for example, the skilled and innovative son can successfully succeed his father in the micro family firm (see also sections 6.7 and 6.7.a, the "new" RBV conceptual framework).

In the literature on succession, Chrisman et al. (1998) identified attributes falling into six broad categories, several of which are directly related to elements of *social capital*. These key attributes are: the successor's relationship with the incumbent, relationships with family members and current involvement with the family business. The latter category could also influence the development of human capital as involvement with the family business can provide mastery experiences that build tacit knowledge of the business and industry. Handler and Kram (1988) also emphasized that relationships between the successor and the incumbent leader, the family and key personnel within the business represent distinct interdependent forces that influence roles and performance within the overall system. These broad categories may serve as a useful framework to understand the critical social capital dimensions associated with the family business succession process.

Using the RBV framework and the salient dimensions of social and human capital, motivated and qualified family business successor candidates must believe in their abilities to draw on both relationship-building and knowledge-building skills (Chrisman et al., 2005). From a social standpoint, the successor must be able to maintain and build credibility with critical family and business stakeholders. Given the natural tendency to resist change in pre-existing organizational systems (Handler & Kram, 1988), the new leader will be hard pressed to make the transition, keep existing relationships and build new ones in order to move the organization forward. From a knowledge standpoint, the successor will be expected to utilize a combination of general business skills (usually derived from formal education training and practice) and family firm and industry-specific skills (usually derived from prior exposure to the organization through absorption from a lifetime of family discussions and through prior work experience within the organization or within the relevant industry). All the aforementioned characteristics of the successful successor can be used in the context of the Thesis (see sections 6.7 and 6.7.a, the "new" RBV conceptual framework).

Furthermore, Bjuggren and Sund (2005) stress that in all family firms the **problem of succession** has to be faced at some point. When that time comes, the decision to let a younger generation of family members take over or sell to new nonfamily owners has to be made. The view held in their study is that firm value can be fostered by a succession within the family. The analysis applied is inspired by

new institutional economics. A distinction is made between the macro and a micro dimension of the succession problem. At a **macro level**, norms, laws (tax laws, etc.), and regulations that constitute the institutional framework within which succession transactions take place are considered (North, 1990). The institutional framework will differ between countries and regions. At the **micro level**, the two key elements in the explanation of why succession can be consistent with maximization of firm value are *knowledge idiosyncrasy* of a family character and *asymmetric information*. According to Bjuggren and Sund (2005), these are two factors of a transaction environmental character that are claimed to be decisive in the choice of succession mode. Special attention is paid to knowledge idiosyncrasy as the central explanatory variable. Knowledge idiosyncrasy possessed by a family member is claimed to be the basic reason succession within the family is a wealth-maximizing strategy. Family idiosyncratic knowledge is acquired in a learning by watching and doing fashion. This view of idiosyncratic knowledge as the most important strategic advantage is related to the RBV of competitive advantage of family business put forward by Habbershon and Williams (1999). The important difference from RBV is that a transaction-cost perspective is used. Transfer of family idiosyncratic knowledge through an employment contract is excessively costly. The only way to preserve and get an efficient use of the idiosyncratic knowledge is by succession of ownership and management to a new family generation (Bjuggren & Sund, 2005). The concept of family idiosyncratic knowledge (such as tacit knowledge) is an advantage that micro family firms involved in the confectionary products' sector can have. All six firms are of family type and their successors have "inherited" some knowledge within the family firm (see the history of all enterprises and sections 6.7 and 6.7.a, the "new" RBV conceptual framework). In the previous sections, the researcher referred to the relationship between RBV, micro businesses and "familiness". He also referred to the recent developments of the family business literature (i.e., influence of family involvement and family-based brand identity on the micro firm's performance) as well as the issue of succession in family businesses. In the following sections, the researcher attempts to examine those aspects of RBV theory that can be used to structure research into micro Greek wholesaling businesses involved in the confectionary products' sector. In this way, in order to prepare the background of the RBV conceptual framework, the researcher refers to the following fields:

- Characteristics and types of resources-identification of key resources.
- Potential fields of SCA; its relationship with RBV and superior performance.
- Competitive advantage generating resources and capabilities.

2.5.f Characteristics and types of resources-Identifying key resources

Resources are means by which the organization generates value; this value is then distributed to the employees as salaries, to the government as taxes and to the shareholders as dividends (for larger

businesses), or is retained to be reinvested for the future. Resources are also means by which an organization distinguishes itself from another; it is this aspect of resources that delivers and maintains *sustainable competitive advantage*. Examples of resources' utilization can be effective marketing techniques, sales and special prices, high levels of service, raw materials, skills and efficiency, labour costs, quality of services, management liaison with government owners or cost control and monitoring skills. In the context of micro wholesaling businesses, the most frequent examples of resources' effective use can be considered to be the provision of personal, swift, effective and good quality service (satisfaction of customers' various needs and tastes), the development of managerial skills (flexibility, administrative skills, innovative spirit, reasonable rewards to the staff), as well as employees' capabilities (adaptability to changeable conditions or specific IT implementations). In general, Grant (2005) uses the term *resources* as a label to describe tangible, intangible and human resources, while the term *capability* is used to describe the firm's capacity for undertaking a particular productive activity. The researcher uses an analogous mode in the context of the Thesis.

Characteristics and types of resources are essential elements for the effective analysis through the RBV approach. According to this theory, not all resources are of equal significance or can potentially be a source of SCA. RBV analysis is not about identifying what a firm is good at, but an evaluation of what it can (or could) do better than its competitors in areas that are relevant to customer needs and give rise to economic returns. In the process of the RBV approach, one of the main tasks that an entrepreneur has to perform adequately relates to the identification of the firm's key resources.

Many authors within the RBV literature have focused on the ***characteristics of advantage creating resources and capabilities***. For example, Grant (1991) argues that levels of durability, transparency, transferability and replicability play quite important roles as for the creation of competitive advantage, while Collis and Montgomery (1995) suggest that five tests must be met by advantage creating resources, namely, inimitability, durability, appropriability, substitutability and competitive superiority. Finally, Amit and Schoemaker (1993) produced a list of eight criteria in relation to the key resources and capabilities of a firm: complementarity, scarcity, low tradability, inimitability, limited substitutability, appropriability, durability, and overlap with strategic industry factors. It is logical that most of these factors refer to bigger organisations; however, they can also be useful in the context of micro wholesaling businesses involved in the sector of confectionary products because they can theoretically contribute to entrepreneur's knowledge in the quest of the available resources that can lead to the attainment of SCA (see also sections 2.6.b and 1.3, Premises).

Approaches to ***classifying resources*** vary considerably. Traditionally, resources tended to be classified on the basis of physical characteristics, leading to distinctions being drawn between financial, physical, human, organisational and technological resources (Hofer and Schendel, 1978).

Alternatively, using an organisational process approach, Lado, Boyd and Wright (1992) classify the firm's "competencies" into those which are resource-based, transformation-based, output-based and managerially-based. However, a perspicacious distinction has to be made between the "strategic" or "not strategic" label. For this purpose, it is necessary to establish attributes or characteristics that resources must have if they are to influence the competitive position of the firm (Grant, 1991; Peteraf, 1993). Barney (1991: 106-112) argues that strategic resources should meet the following **criteria** (that can also be used in the context of micro wholesaling businesses, see also section 2.7.a.iii):

- *Valuable resources*: a resource must be valuable to be strategic; it must have the capacity to improve the enterprise's efficiency and effectiveness.
- *Rare resources*: a resource is strategic to the extent that it is rare and demand for it is high.
- *Imperfectly imitable resources*: the resource must not only be valuable and rare but also difficult to imitate. Inimitability can stem from "causal ambiguity" or "time compression diseconomies".
- *Substitutability*: a resource can be rare and inimitable but it is not strategic if competitors can find a substitute for what it can do or provide.

Grant (1991) and Stalk et al. (1992) provided examples and cases of businesses with special skills and capabilities that were able to get ahead of their rivals. These examples can be beneficial to micro wholesaling firms involved in the confectionary products' sector. In particular, if a micro wholesaling enterprise possesses a valuable resource or capability (i.e., the ability of salesmen to provide high quality service to customers can increase the firm's efficiency), then this resource can be of strategic importance and will probably influence the competitive position of the micro business. Of course, if a resource/capability is rare or difficult to imitate (i.e., referring to a salesman's or manager's specific traits), then the chances of the micro firm's out-performing its rivals will be increased.

On the other hand, in a given industry a firm may possess **threshold resources**, **unique resources** and **core competencies**. *Threshold Resources* constitute the minimum level of each resource that is required in any industry. They are easy to imitate, or same for all competitors. Firms can suffer if the required threshold resources change rapidly (e.g., due to new technology). On the other hand, *unique resources* are difficult to imitate and help to underpin the enterprise's competitive advantage; they are usually better than the competitors' resources and are effectively what makes people want to buy the firm's products. *Core competencies* constitute resources themselves that are not enough to sustain performance. The way an enterprise exploits its core competencies matters in the process of attaining the competitive advantage; only when unique resources are effectively used they are turned to a core competence. More specifically, competencies should refer to some activity or process that underpins a product/service feature which has value to the customer. Furthermore, core competencies should lead

to better performance in that activity than the firm’s competitors; finally, competence should be robust, difficult to imitate and sustainable in the long term (rare, complex, causal ambiguity, or embedded in culture). However, core competencies incorporate elements of ambiguity that are not easily perceivable. Most of the times, in the literature, the terms “core competencies” and “core capabilities” are used interchangeably (see also section 2.6.b).

In general, access to *threshold resources* is necessary for an enterprise to survive, while access to *unique resources* is necessary for an organisation to succeed. However, these resources are not enough to guarantee success; their utility and deployment affects the firm’s performance in the market place. For example, in the sector of confectionary products, the existence of a decent warehouse, variety of products, relatively new vehicles and willing salesmen constitute the threshold resources that will probably be enough for a micro business to survive. The manager’s ability to exploit these resources effectively is also essential for the firm’s survival. On the other hand, the manager’s ability to co-ordinate and deploy the firm’s resources and capabilities will contribute to its growth and success. This process will be facilitated by the implementation of an adequate strategy that will allow the manager focus on the unique resources of his business (i.e., trading of own label products).

However, a basic distinction can be made between resources that arise from what the organisation *has* versus those arising from what it *does* (Hall 1992). This is sometimes labelled as the difference between a firm’s resources and its capabilities (Amit and Schoemaker, 1993; Grant, 1995; Hill and Jones, 1998) or as the difference between its assets and competencies (Hall, 1992). Resources or assets are typically further sub-divided into those that are tangible and those that are intangible (Grant, 1995; Hall, 1992). Resources are those “accoutrements” the organization owns and can be accessed to support strategy. These are categorised into *tangible*, *intangible assets* and *capabilities* (see Table 2.8).

The firm’s resource bundle			
<i>Author</i>	<i>Tangible assets</i>	<i>Intangible assets</i>	<i>Capabilities</i>
Wernerfelt (1989)	Fixed assets	Blueprints	Cultures
Hall (1992)		Intangible assets	Intangible capabilities
Hall (1993)		Assets	Competencies
Hamel and Prahalad (1990)		Core Competencies	
Itami and Roehl (1987)			Invisible assets
Amit and Schoemaker (1993)			Intermediate goods
Hitt and Ireland (1985); Hofel and Schendel (1978)			Distinctive competencies
Irvin and Michaels (1989)			Core skills

Table 2.8: A classification of the firm’s resource pool (source: Fahy and Smithee, 1999)

Tangible assets

According to Wernerfelt (1984), *tangible* resources refer to the fixed and current assets of an organization that have a fixed long-run capacity (e.g., financial and physical resources). These assets have the properties of ownership and transparency while their value is relatively easy to measure (Hall, 1989). Examples include plant, equipment, land, other capital goods and stocks, debtors and

bank deposits. Tangible resources are relatively weak at resisting duplication efforts by competitors, in spite of the fact that they are quite significant when considering the service nature of the provision of products in the confectionary wholesale sector. For example, most micro confectionary wholesaling enterprises in the area of Attica use similar types of motor vehicles for the distribution of confectionary products (chocolates, biscuits, caramels, chewing gums, etc.) to various retail outlets (bakeries, pastry stores, kiosks, canteens, etc.) within the province of Attica. Wholesalers also need to store their products (both own label and brand name ones) in a warehouse. It is obvious that these kinds of resources are common to almost all wholesalers; it is quite unusual for a micro wholesaling business to utilize its tangible resources in order to differentiate and achieve SCA.

Intangible assets

Intangible assets include intellectual property such as trademarks, copyrights, registered designs, contracts, trade secrets and patents as well as brand and reputation, networks and databases (Hall, 1992; Williams, 1992). These assets have a relatively unlimited capacity and organizations can exploit their value by using them in-house, renting them (e.g., licensing) or selling them (e.g., selling the brand). In the context of micro wholesaling businesses involved in the service sector of confectionary products, intangible assets (such as the micro firm's reputation) seem to be resistant to duplication efforts by competitors. Databases, network and reputation are examples of asset stocks (Dierickx and Cool, 1989) while the inherent complexity and specificity of their accumulation hinders imitability and substitutability in the short run. However, these assets are very difficult to exploit on a large scale by a micro wholesaling firm. Such an enterprise may gain a reputation in the limited market of confectionary products and its small players' network (customers, suppliers). These micro businesses can effectively use intangible assets only if these are related to the exclusive distribution of a product with specific characteristics (i.e., own label biscuits, import of a well-known brand of chocolate, etc.). Finally, *human* resources could be defined as the productive services that human beings provide to the firm in terms of their skills, knowledge, reasoning, adaptability and decision-making abilities, apart from their commitment, loyalty and motivation (Grant, 2005). However, identifying and evaluating human resources within a firm can be a complex and elaborate task. According to Barney (1986), one of the key intangible resources is the culture of the organization; this culture, in combination with the collaborative skills of employees, can determine the potentiality of the organization to convert human resources into organizational capabilities. Of course, it is logical that human resources are the cornerstone of any business that is involved in service provision. Micro enterprises involved in the confectionary wholesaling business are "obliged" to exploit their human resources; most of the time, the owner/manager is the "locomotive" power of his enterprise and employees. The manager has to be

aware of the sector's evolution and consumer preferences; he also has to be flexible enough to conceptualize the necessity of potential changes and adaptations to the market place. Of course, the manager of a micro firm has to communicate his vision to employees and convince them (financial motives) to work for the firm's survival and growth. Employees, on the other hand, have to be flexible enough to adapt to the unstable circumstances that are created by intense competition.

Capabilities

In general, *capabilities* cannot be easily delineated. Capabilities have been described by a variety of terms, including *cultures* (Wernerfelt, 1989), *skills* (Klein, Edge and Kass, 1991), *invisible assets* (Itami & Roehl, 1987) and *intermediate goods* (Amit and Schoemaker, 1993). In Hall's (1992) terms, they are the "doing" as opposed to the "having" in an organisation, but he restricts capabilities to personnel within the firm. More broadly, Grant (1991) draws on Nelson and Winter's (1982) notion of organisational routines to demonstrate that capabilities can be people-based or based on the interaction between people and other resources. Generally speaking, capabilities can be a broad category incorporating individual skills and learning within the firm as well as interactions such as teamwork, organisational culture and trust between management and workers.

Capabilities do not have clearly defined property rights as they are seldom the subject of a transaction (Hall, 1989), resulting in a difficulty in their valuation. They have limited capacity in the short run due to learning and change difficulties, but have relatively unlimited capacity in the long run (Wernerfelt, 1989). Capabilities possess significant barriers to duplication. Individual skills can be highly tacit, making them imperfectly imitable and imperfectly substitutable though top-performing individuals may be hired by competitors. Where capabilities are interaction-based, they are even more difficult to duplicate due to causal ambiguity. The RBV literature has tended to favour capabilities as the most likely source of SCA (see section 2.6). However, Collis (1994) argues that capabilities are susceptible to erosion as the firm adapts to external or competitive changes, to replacement by a different capability and to being surpassed by a different capability. In the context of micro wholesaling businesses, the value and appropriability of significant capabilities (i.e., reputation of the micro firm or manager's ability to evaluate sector's trends and exploit the most appropriate resources) cannot be easily measured. However, capabilities' barriers of duplication are definitely strengthened by the elements that characterise the sector's firms (i.e., causal ambiguity, tacitness, complexity and specificity).

Table 2.9 provides a summary of the key characteristics of the three categories of resources.

<i>Type of Resource</i>	<i>Characteristic of resource</i>		
	<i>Value</i>	<i>Appropriability</i>	<i>Barriers to duplication</i>
Tangible Assets	Fixed long-run capacity. Property rights defined. Book value measurable	Value relatively easy to appropriate	Relatively easy to duplicate. Immobile and may be protected by economic deterrence. Relatively inimitable and substitutable
Intangible assets	Relatively unlimited capacity. Property rights defined. Value difficult to measure	Value relatively easy to appropriate	Relatively difficult to duplicate due to regulatory and accumulation-relate barriers
Capabilities	Capacity limited in the short run but relatively unlimited in the long run. Property rights not well defined and value difficult to measure	Value relatively difficult to appropriate	Significant barriers to duplication caused by causal ambiguity, tacitness, complexity and specificity

Table 2.9: Characteristics of key resources (main source: Amit and Schoemaker, 1993)

In essence, capabilities describe the enterprise's feasibility for undertaking a certain activity as well as the organizational routines through which all the firm's resources are assimilated.

In an attempt to classify capabilities, Grant (2005) has identified two approaches:

- *Functional analysis* which identifies organizational capabilities in relation to each of the principal functional areas of the firm (e.g., an organisation could portray its functional areas such as sales, marketing, R&D, manufacturing, IT, logistics, etc.).
- *Value chain analysis* (developed by Porter, 1985) that seeks to distinguish between primary activities (e.g., transformation of inputs and interface with the customer) and support activities. Porter (1985) challenged managers to view their industry in terms of a value chain; Porter believes that a firm will be successful only to the extent that it contributes to the industry's **value chain**. As a result, every operation should be examined in terms of what value it adds in the eyes of the final customer (Porter, 1985).

Taking into consideration the service nature of confectionary wholesaling, it is likely that functional analysis will be of most benefit in this particular study. The capabilities of the six micro wholesaling firms that are examined can be effectively pictured if a researcher focuses on functional areas such as sales, promotion of confectionary products, IT implementations, etc. The RBV conceptual framework (see section 2.7) has been developed under the prism of functional analysis; however, it incorporates elements of industry's value chain analysis because the customer's point of view and satisfaction has also been taken into consideration (marketing approach, see section 2.7.g and section 1.3, Premises).

In addition, Grant (2005) argues that comprehending the *determinants* of a capability is a sophisticated process that is related to grasping concepts that ground organizational capability, such as capability as routine, as well as the hierarchy of capabilities. At first, **capability as routine** seems to be essential for successful enterprises. Organizational capabilities demand the expertise of individuals to be integrated with tangible and intangible resources. Grant (2005) argues that organizational routines are based upon firm-level tacit knowledge that can be observed in the operation of the routine, but cannot be fully articulated by a member of the team. In this way, competitors cannot duplicate them. For example, in

the confectionary wholesale sector, and within the context of commercial activities, one could argue that such processes as programme design and validation as well as client management would be good examples. It has to be stressed that in the context of micro wholesaling businesses, managers cannot follow a sophisticated process; micro firms do not have enough people and resources to undertake certain activities. However, the micro firm's culture, the particular style of each owner-manager and his employees' efficiency are elements that are difficult to imitate.

On the other hand, the concept of the *hierarchy of capabilities* is based upon the observation that more broadly defined capabilities can always be disaggregated into more specialist capabilities performed by smaller teams of resources; vice versa, it is possible to identify more broadly defined capabilities from the integration of more specialized capabilities (Clark and Fujimoto, 1991). Of course, in the confectionary wholesale sector, this hierarchy of capabilities can be used by multinational businesses and not by wholesalers that have a limited range of cross-functional activities. In an attempt to develop and explain the concept of hierarchy of capabilities, it is critical to link them to the success factors that derive from RBV. In general, **key factors for success** in an industry are those resources, skills and attributes of the organizations in a sector/industry that are essential to deliver success in the market place. **Critical Success Factors (CSF's)** usually concern the organizational resources in the industry as well as the competitive environment within which organizations operate; however, the impact of these elements has to be analyzed in parallel with the customer's view and satisfaction (see also section 2.7.b, Critical Success Factors and section 1.3, Premises).

The identification of those resources that are particularly important in delivering SCA will represent an important starting point in the development of strategic options (i.e., the brands of the organization, its special and unique locations, its patents and technologies). Essentially, RBV argues that organizations need some form of distinctiveness over competitors. In seeking out options, one method would be to test a firm's resources against the criteria of architecture (the network of relationships and contracts both within and around the organization), reputation (favourable impression) and innovation (organization's capacity to develop new products or services). This would focus the process in terms of both current resources and those needed for the future. One way of generating options based on core competencies is to consider them as a hierarchy of competencies, starting with low-level individual skills and rising through the organization to higher-level combined knowledge and skills. However, there are no detailed structures to conduct such an examination because every organization is different. It will be necessary to survey each of the functional areas of the business for their resources in an attempt to explore those areas for their contribution to value added and competitive advantage. A list of resource options (including technology, value added, etc.) can assist the researcher develop an RBV framework, evaluating the potential resources available (see section 2.7.d.iii, "Ten Guidelines' test").

In this way, the researcher will be able to identify the most valuable resources in the context of micro wholesaling businesses involved in the confectionary products' sector; however, this list is indicative in the specific sector, since unique resources that derive from tacit knowledge of a micro wholesaling business should always be taken into consideration. In the context of these enterprises, the analysis of certain fields can be useful; for example, the customer network is quite critical for micro wholesaling firms; according to the volume of sales, the business must have enough vehicles to distribute its products to certain areas on time. People skills and financial resources are significant, too. The firm's salesmen have to be able to adapt to various market alterations; the manager has to be flexible enough to plan the firm's obligations, to be aware of the sector's trends and the consumer tastes (always conducting adequate market research). It is logical that the manager basically has to be capable of communicating his vision to the employees in order to keep them motivated (see the successful cases of "Alpha", "Beta", "Gamma" and "Delta", chapter 4).

In the previous section, the researcher referred to the fact in a given industry a business may possess *threshold* resources, *unique* resources and *core competencies*. In general, access to threshold resources is essential for a business to survive, while access to unique resources is necessary for a firm to be successful. However, the main resources' categorization is related to the firm's *tangible* assets, *intangible* assets and *capabilities*. In particular, with regard to the concept of hierarchy of capabilities, it is important to link them to the CSF's that derive from the RBV approach. In the following section, the researcher refers to the notion of Sustainable Competitive Advantage (SCA). SCA constitutes the objective of the strategy of any business, either micro, small or large. The researcher focuses on the relationship between SCA and RBV approach as well as the potential fields where a micro wholesaling business can develop its sources and finally attain it. These fields have to be highlighted because they constitute the base for the formulation of the RBV conceptual framework.

2.6 Sustainable Competitive Advantage (SCA)

The pursuit of competitive advantage is a basic notion that is usually met in the strategic management literature (Coyne, 1986; Porter, 1985). Indeed, Aharoni (1993) argues that whatever its different definitions, strategy entails an attempt by a firm to achieve and sustain competitive advantage in relation to other firms. Despite the fact that the notion of competitive advantage remains central to the strategy literature (Ghemawat, 1986) clear definitions of the concept are rare. This happens mainly because the literature generally gives greater attention to how advantages might be attained and maintained rather than clarifying exactly what a competitive advantage is. Comprehending the concept

is further complicated by the fact that it is frequently used interchangeably with terms like “distinctive competence” (Day and Wensley, 1988; see also section 2.6.b).

In general, competitive advantage can be described as a position a firm occupies against its competitors, allowing it to earn revenues higher than costs, including cost of capital. In order to understand competitive advantage, an analysis of its constituent parts is required. More specifically, advantage is not an absolute notion and can only be significant and meaningful when it is contrasted to different sets of entities. As a result, according to Kay (1993), a competitive advantage can be an advantage one firm has over a competitor or group of competitors in a given market, strategic group or industry. Any given firm may have many advantages over another organisation operating in the same industry (i.e., superior production system, lower wages level or delivery of superior customer service); however, only when customers place some level of value, advantages are important (Coyne, 1986).

SCA involves every aspect of the way that the business competes in a marketplace (referring to prices, product range, manufacturing quality, service levels, etc.). However, some of these factors can easily be imitated. For example, in the context of micro wholesaling firms involved in the confectionary products’ sector, the variety of products, the quality of service and the prices that another wholesaler offers functions as a benchmark for the formulation of a similar firm’s strategy in these fields. If the manager of the micro business wants to be competitive in order to maintain or expand the firm’s customer base, he will have to offer better services, wider variety of products as well as better prices.

Gaining a competitive advantage through the provision of greater value to customers can be expected to lead to superior performance measured in conventional terms such as market-based performance (e.g., market share, customer satisfaction) and financial-based performance (e.g., return on investment, wealth creation, see Bharadwaj, Varadarajan and Fahy, 1993). Aaker (1989) has argued that market share and profitability are both outcomes of the efforts by firms to secure cost and differentiation advantages. Marketing literature emphasises a link between the delivery of value to customers and levels of customer satisfaction, leading to potential market-share and profitability gains (Kotler, 1988). According to Porter (1985), the development of SCA effectively lies at the core of corporate strategy development. There are other aspects to the development of corporate strategy, for example, those associated with the customers who buy the product and those linked with the strategy process and the purpose of a business. In practice, such an analysis will concentrate on the main resource areas of the organization, especially those that deliver added value and competitive advantage. It may well employ the *key factors for success* in an industry as a starting point to make sense of what might otherwise be a time-consuming and unproductive task (see sections 2.7.b and 1.3, Premises).

The real benefits come from advantages that competitors cannot easily imitate, not from those that offer only temporary relief from the competitive battle. To be sustainable, competitive advantage

needs to be more deeply embedded in the organization (its resources, skills and culture). More generally, the development of SCA can take many forms. Such activities may involve seeking something that is perhaps unique and certainly different from the competition; possible sustainable competitive advantages that are found in **high technology businesses** (e.g., technical excellence, reputation for quality, customer service, financial resources, low cost), **service businesses** (quality of service, high quality and training of staff, customer service, well-known name, customer-oriented), **micro and small businesses** (quality, prompt and personalised service and local availability) and **manufacturing market leader firms** (strong branding, effective distribution, quality products). In particular, in the context of micro firms that are operating in the confectionary wholesale sector and have limited resources, SCA can be achieved through the provision of prompt, personal and good quality service from wholesalers to their various customers (bakeries, pastry stores, kiosks, etc.); of course, prices have to be reasonable so that customers are kept satisfied.

What is more, the issue of whether advantages are sustainable or can be made to be sustainable has been of interest to many researchers. Sustainability does not refer to a particular period of calendar time; nor does it imply that advantages persist indefinitely (McGrath, MacMillan and Venkataraman, 1995), but rather depends on the possibility and extent of competitive duplication. Where the advantage is sustained, superior performance levels can be expected to persist in a manner analogous to the notions of super-normal profit or rent in economics.

Finally, an important stage in developing the strategic pathway of a business is concerned with its *value proposition*. Value proposition, as an essential constituent element for achieving SCA, concerns:

- *Market mission*: what the firm wants to stand for; how this relates to delivering customer value.
- *Competitive differentiation and positioning*: what the business has to do in order to build a difference between what it offers and what its competitors offer in the customer's eyes; how this is used to build a profitable competitive position in the market based on superior customer value.
- *Marketing assets and brands*: what competitive advantages the firm presents in intangible assets and how these can be used to build its market strategy.

The accomplishment of certain conditions that are encompassed in these elements of value proposition are significant for a micro business in the search of gaining the competitive advantage in its sector. In the context of micro wholesaling firms, it can be argued that the objectives of product differentiation or lower delivered cost for the attainment of competitive advantage are accomplishable. However, most of the time, a micro firm's competitive advantage cannot be pictured in increased market share and profitability. SMEs, due to their size, cannot gain increased market share; consequently, competitive advantage in the confectionary wholesale sector is usually translated into the firm's

survival and relative growth. It has to be noted that the goal of growth is not always attainable, especially in periods that most micro businesses cannot even survive. In this way, the notion of SCA should be seen as a long term perspective, since survival is not the only option for these enterprises.

It also has to be stressed that, regarding value proposition, micro wholesaling firms do not have the resources to devise an adequate market mission; the manager of each business is, most of the time, absorbed in the accomplishment of daily obligations and cannot devote enough time for the essential organization and planning of his firm's issues. On the other hand, such micro businesses cannot usually present widespread reputation, unique capabilities and brand identity. These enterprises do not have enough money to invest in marketing (promotion) so that final consumers become aware of what they can offer (e.g., variety and quality of own label and brand-name products). On the other hand, supermarkets and multinational companies have an organized network that promotes the activities of every commercial unit that is involved in this procedure.

2.6.a Sustainable Competitive Advantage and Resource Based View

Organizations seeking competitive advantage over others need to make an offering to customers that is different from and more persuasive than those of their competitors. Therefore, resource analysis needs to move beyond factors that apply to the industry as a whole. Each business needs to analyze and develop the individual resources that will allow it to compete, survive and grow in the external environment. Such products will deliver *competitive advantage* over others in the industry, higher added value in the form of profits, cash and service to its customers. As a result, industry resource analysis needs to be accompanied by an individual organization analysis. The emphasis on the importance of resources in delivering SCA is called the ***RBV of strategy development***.

In general, when trying to identify the SCA of an organization, it is important to begin by analyzing the complete range of its resources: tangible, intangible as well as organizational capabilities (see section 2.5.f). Such resources go beyond the usual definitions of accounting and finance concepts into areas like the value of patents and leadership. Because of the potentially extensive nature of such an analysis, a researcher should concentrate in practice on those areas that relate to the key factors for success in an industry and those that deliver value added (see also section 2.7.b, Critical Success Factors). Collis (1991) supports that the basic logic of the RBV is relatively simple (see section 2.5.b); he stresses that the essential elements of the RBV are: (i) SCA and superior performance; (ii) key resources; and (iii) strategic choices by management. The researcher believes that these elements are central to the framework for the examination of micro wholesaling enterprises involved in the confectionary products' sector (see sections 2.7 and 1.3, Premises).

There is no general agreement on what constitutes the best single approach to the development of SCA within the RBV approach. However, two approaches have proved useful: *distinctive capabilities* from Kay (1993) and *core competencies* from Hamel and Prahalad (1990, see section 2.6.b). Barney (1991) and Peteraf (1993) are the authors that pull together the diverse theoretical components that enter into the RBV analysis of SCA in their simple frameworks. Most of the time, the accomplishment of a SCA can lead to superior performance that is pictured in increased market share and profitability. However, Schoemaker (1990) believes that when competitive pressures are intense, rationality will prevail and such economic profits (that have derived from the competitive advantage) will vanish. The **RBV of the firm** posits that advantages can be sustainable (that is, resist erosion) if they are derived from key resources possessing certain defining characteristics (see section 2.7.a, RBV framework and section 1.3, Premises). In the context of micro wholesaling businesses, the findings of previous Documents have revealed that the trading of “own label” products as well as the provision of personal and prompt service are characteristics that may contribute to the attainment of SCA, at least in theoretical terms. *The development of the RBV* in the context of the Thesis has been instrumental in improving the researcher’s understanding of why resource supply might be limited or why resource heterogeneity might persist. It has also informed the question of how resources are converted into competitive advantages to enable the realisation of sustained superior performance in the context of micro wholesaling businesses involved in the sector of confectionary products.

2.6.b Potential fields for attaining Sustainable Competitive Advantage

Having presented the characteristics of SCA in relation to the RBV of the firm, it is important to stress the fields where a micro wholesaling business can adopt an effective strategy and attain SCA that, under certain prerequisites, may contribute to its viability and relative growth. These fields are connected – directly or indirectly – with the RBV of the organization that has been selected and will be used as the fundamental theory of this study. However, in the context of micro firms involved in the confectionary wholesale sector, these fields may seem to be too general or academic. In particular, micro wholesaling businesses have to face daily issues (i.e., liquidity, survival) and the use of general theories or “best practices” can be regarded as inapplicable or inappropriate most of the times. In this section, therefore, the researcher stresses the fields that could be useful to wholesalers in the search of an effective strategy; this strategy would ensure the micro firm’s survival and contribute to its growth. It has to be stressed that the researcher has been based on those general fields to formulate the RBV framework that will be implemented in the context of the Thesis (see section 2.7). In particular:

i. Core competencies, core capabilities and differentiating capabilities

Having referred to the concept, characteristics and gravity of “capabilities” in general (see section 2.5.e), the researcher finds it essential to clarify the notions of “core competencies” and “core capabilities” that are usually met in the literature. There are different types of core competencies, each one with its own characteristics. Barney (1991) stresses that, through the **RBV lenses**, strategy can be defined as emergent pattern of interaction generating **core competencies** and dynamic **capabilities**. However, it is critical to stress the differences between *core competencies* and *core capabilities*. These terms are often used interchangeably but some writers make varying distinctions between them. For example, the term “competencies” appears frequently in the literature, sometimes preceded by the adjectives “core” or “distinctive”, sometimes not, sometimes used interchangeably with the term “capabilities”, which, in turn, is used interchangeably with the term “skills” (frequently preceded by the adjective “core”). To overcome this ambiguity, usually, the label “resources” is most of the times adopted as a general, all-embracing one. The idea that complex internal capabilities are critical to an organization’s success is not new. For example, Selznick (1957) acknowledged that factors internal to an organization (e.g., its personnel and past experiences) are important to its success in implementing a formulated strategy; he called the strange characteristics of an organization its “distinctive competence”. Hayes (1985) stressed the thinking on an organization’s internal competencies wherein he advised managers to build capabilities first and then encourage the development of plans for exploiting them. Itami and Roehl (1987) also pointed out the importance of building on organization’s strengths (its “invisible assets”).

Hamel and Prahalad (1990) believe that the distinction between competencies and capabilities is purely semantic. The authors introduced the idea of **core competency**; this term is used to distinguish those capabilities that are significant to a firm’s performance and strategy. Core competencies are those attributes that make a disproportionate contribution to ultimate customer value, or to the efficiency with which that value is delivered; what is more, they provide a basis for entering new markets. They also underpin the leadership that organisations have built or wish to acquire over their competitors. Core competencies cover an integration of skills, knowledge and technology that can lead to competitive advantage. Organisational internal processes of action and interaction are decisive for the generation of core competencies. In particular, Hamel and Prahalad (1990) suggest that there are three areas that distinguish the major core competencies: *Customer value*, *Competitor differentiation* and *Extendable*. Importantly, core competencies are a vital prerequisite for the competitive battle that then takes place for market share: the development of key resources has to come before and not during marketplace activity. They also declared that *strategy needs to be more active and interactive* (i.e.,

vigorous information gathering and active problem solving) and highlighted the importance of the awareness of the key tasks that a firm does better than the competition.

According to Hamel and Prahalad (1993), the traditional approach to strategic management is criticized for being too bureaucratic. Firms should compete on all three levels of competition: the level of existing businesses, core products and core competencies. These considerations led Prahalad and Hamel to propose a framework for *integration of business strategy and competence development*. The framework has four related parts, strategic intent, strategic architecture, creation of new competitive space and energizing of the entire organization. In particular, with regard to micro wholesaling confectionary businesses, the authors' framework appears to be useful. These firms face competition (and "fight" for their survival) in the context of the industry's existing businesses, the products they trade (own label or brand name ones) as well as the core competencies (resources, capabilities and strategic choices) they use in order to secure their viability and widen their growth prospects.

Hierarchical approaches have been empirically tested (Knott et al., 1996; Lewis and Gregory, 1996), and a number of difficulties have been found. For instance, difficulties arose because of the blurring between skills and competencies; it was frequently difficult to find a distinction as to what competencies and skills are (see section 2.5.b for RBV development). Furthermore, the core product and competence concepts are also difficult to separate, especially in smaller firms. When core competencies need to be identified, their impact on customers has to be taken into consideration. Furthermore, a strong link to the customers is also a means for avoiding validity problems in the identification and analysis process. In the context of micro wholesaling businesses, the distinction of core product and competence concepts is not easy to be made. For this reason, the level of satisfaction of the customer base seems to be a significant "measure" of their gravity and impact. For example, the customers of a micro wholesaling firm can either be satisfied by the provision of personal and swift service or by specific characteristics of the products that the business sells, or both.

Reviews by Collis (1991) and Leonard-Barton (1992) indicate that the term "core competencies" has many facets. One facet comprises "**resources**" and refers to specific knowledge and specialized assets (Wernerfelt, 1984; Barney, 1991). Resources range from the relatively tangible, such as brand names and patents, to the relatively intangible, such as tacit knowledge regarding a particular process (see also section 2.5.g). A second facet comprises "**capabilities**", which are defined by Henderson and Cockburn (1994) as the ability to make use of resources. A third facet is **culture**; Fiol (1991) argues that the management of competence involves not only acquiring the right resources, but also managing the cognitive decision rules that connect resources and capabilities. She suggests that shared decision rules are embodied in the organization's "identity" (i.e., highlighting the interpretive, meaning-giving side of core competencies). All three facets can be met when research focuses on micro wholesaling

businesses. In particular, a micro wholesaling firm's resources (tangible and intangible ones) and the ability to make the appropriate use of them (capabilities) within its context (culture) in essence determine the enterprise's potential for survival and growth.

On the other hand, Kay (1993) took the idea of the value chain to a financial level, claiming that adding value is the central purpose of business activity. Kay also claims that the role of strategic management is to identify the *core competencies of the firm*, and then assemble a collection of assets that will increase value added and provide a competitive advantage. He stresses that there are three types of capabilities that can do this, *innovation*, *reputation* and *organizational structure* (Kay, 1993). The theory of Kay (1993) can be applied in the context of micro wholesaling enterprises. The combination of *innovation* (the manager's ability to adapt to the changing market conditions and implement an alternative and different strategy), *reputation* (the good name of the micro firm that has derived from the provision of high quality service or the selling of fresh products) and *organizational structure* may decisively contribute to the micro firm's success (survival and growth).

Various competencies that can be met in the context of the contemporary market may include: *strategic* competencies (ability to envision the future of their sector, effective organizational structure), financial resource competencies, *marketing* competencies (effective promotion of brand-name products, effective customer service, innovative merchandising), *innovation* competencies, *human resource management* competencies (motivating, empowering and retaining employees), *quality* competencies, *productivity* competencies, *information system* competencies and competencies to *fulfil customer needs*. The criteria for determining whether a capability is a core competency depends on whether it is capable of producing SCA. It also has to provide consumer benefits and not to be easy for competitors to imitate. A capability can deliver competitive advantage without meeting all of the required criteria, but this will only be for a limited time. In the context of micro enterprises operating in the confectionary wholesale sector, skills can be regarded as more important than technologies. The manager of a micro wholesaling firm has to be flexible enough to actively participate to the modulation of an effective strategy, by comprehending the sector's trends and the customers' needs. On the other hand, the manager's awareness of the key tasks that a business does better than the competition (i.e. the provision of high quality service, or identification of key trusting customers) can be a significant factor to the survival and growth of the business (see also section 1.3, Premises).

On the other hand, according to Teece et al. (1997:516), **dynamic capabilities** constitute mechanisms by which **firms** "integrate, build, and reconfigure internal and external competences to address rapidly changing environments". Grant (1991:119) stresses that "while resources are the source of a firm's capabilities, capabilities are the main source of its competitive advantage...". Subsequent research (Eisenhardt & Martin, 2000) has extended the concept of dynamic capabilities to include moderately

changing environments by involving the concept of routines (Nelson & Winter, 1982). Whatever the environmental conditions, dynamic capabilities are repositories of organizational learning, functioning as tools “through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness” (Zollo & Winter, 2002:340). Managers’ over-riding duty is to develop and collect the knowledge that underlies both routines and dynamic capabilities (Grant, 1996). Meanwhile, there is agreement on an integrative or synthetic perspective of the RBV and the dynamic capability approach since processes of bundling resources to **core competencies** and processes of renewing **resource** combinations for generating dynamic **capabilities** cannot be separated meaningfully (Mahoney, 2001; Makadok, 2001; Ray, Barney & Muhanna, 2004). Especially in empirical analysis, no clear distinction can be made between *core competencies* and dynamic *capabilities*. Empirical investigations usually follow a rent-seeking approach (Nicolai and Kieser, 2002) that does not allow a clear distinction since rents cannot be specified to that extent. The most appropriate dependent variable to describe a competitive advantage is the “effectiveness of business processes” since “distinctive advantages observable at the process level are not necessarily reflected in firm level performance” (Ray, Barney & Muhanna, 2004:23). The question of whether the effectiveness of the business process results from the process innovation of the organisation (Schumpeterian rent) or from an outstanding combination of resources (quasi-rent) in essence cannot be answered. Usually, both schemes are applied: a more durable outstanding combination of resources is integrated into a system of further development of the firm’s services in order to meet the demands of dynamic environments in a sustainable manner.

What is more, Dreher (2002) finds it difficult to distinguish between a core competence and, for instance, a critical skill or a unique capability. Thus, there seems to be little difference between core competencies and capabilities in their definition and understanding as well as their effect on competitiveness. Consequently, the main difference between the work on core competencies and the work of capabilities/intangible resources seems to be in the recognition of Penrose or any other prior work (see section 2.5.b). In this way, capabilities and core competencies seem to be one and the same concept. Dreher (2002) chooses to use the term *core competence*, mainly because it secures complete separation from the terms *resources*, *critical resources*, and so on.

Finally, Goddard (1997) has subsequently proposed that in successful firms, *core competencies* are the firm’s ***differentiating capabilities***. These are:

- imbued with experiential and tacit knowledge that competitors find impossible to replicate;
- what the firm does better than, or differently from, others;
- embedded in the organization’s modus operandi;

- limited to only two or three key activities within the value chain;
- flexible enough to straddle a variety of business functions, as well as
- the basis for defining market opportunities that the firm is uniquely equipped to exploit.

In the context of the Thesis, the researcher has selected to use the term “**differentiating capabilities**” that put together the theories of *differentiation* and *core competencies* in a specific market. In particular, the competent and experienced manager of each micro wholesaling business in the confectionary products’ sector can evaluate the valuable (and hard to copy by competitors) resources and capabilities of the firm. In this way, *differentiating capabilities* as an indispensable part of the RBV conceptual framework, are related to the manager’s ability to combine various resources and capabilities and implement a focused strategy (see also section 2.7.c for entrepreneur’s strategic choices and section 1.3, Premises).

ii. Five forces and SWOT analysis

Porter is probably the most influential strategist, since he introduced many new concepts including five-forces analysis, generic strategies, the value chain, strategic groups and clusters. Porter (1980) sought to answer the question of why some industries seemed to be inherently more profitable than others, allowing the attainment of long-run, above-normal profits. He proposed that the answer lay in understanding industry structure, which could be analysed in terms of *five key forces*, namely the rivalry among existing competitors, the threat of entrants and substitutes as well as the bargaining power of buyers and suppliers. “Five-forces” analysis (forces that shape a firm’s strategic environment) is similar to SWOT analysis (with structure and purpose) and it can reveal how a business can use these forces in order to obtain a SCA. **SWOT analysis** is a general technique that can find suitable applications across diverse management functions and activities; however, it is particularly appropriate to the early stages of strategic and marketing planning. This type of Analysis relates to the evaluation of the Strengths and Weaknesses that can be internally exploited in the organization (resource-based analysis of distinctive and core competences), coupled with the identification of Opportunities and Threats (environment-based analysis of market conditions and competitors) that the business faces externally. According to this theory, every business needs to be based on its strengths, “correct” its weaknesses and evaluate potential opportunities and threats in order to compete in the market place and possibly gain SCA (see *Table 2.10*).

Internal	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Market dominance • Core strengths • Economies of scale / Low-cost position • Leadership and management skills / Innovation processes and results • Financial and cash resource • Manufacturing ability and age of equipment • Differentiated products / Product or service quality 	<ul style="list-style-type: none"> • Few core strengths and low key skills • Old plant with higher costs than competition • Weak finances and poor cash flow • Management skills and leadership lacking • Poor record on innovation and new ideas • Weak organization with poor architecture / Low reputation • Products not differentiated and dependent on few products
External	
Opportunities	Threats
<ul style="list-style-type: none"> • New markets and segments / New products • Diversification opportunities / Competitor weakness • Market growth / Strategic space • Demographic and social change / Change in economic environment • New takeover or partnership opportunities • Economic upturn and International growth 	<ul style="list-style-type: none"> • New market entrants / Increased competition • Increased pressure from customers and suppliers • Substitutes / Technological threat • Low market growth / Economic cycle downturn • Change in political or economic environment • Demographic change / New international barriers to trade

Table 2.10: Some possible factors in a SWOT Analysis (source: author)

Referring to the **SWOT framework**, Barney (1986) defines resources as being *valuable* when they help in seizing an opportunity in the firm's environment or when they help in neutralizing some threat, or shielding the firm against the threat (see section 2.7.d, RBV framework and section 1.3, Premises). It has been noted (see section 2.5.d) that most micro wholesaling businesses are of family type; their managers usually cannot afford to employ a market specialist (that regularly conducts market research). In this way, SWOT Analysis appears to be a comprehensible and inexpensive technique that managers can follow in order to specify where focus has to be given (i.e., cost and price issues, selling own label or brand name products, types of customers, locations, frequency of deliveries, etc.).

However, Hill and Westbrook (1997) argue that **SWOT analysis** is an overview approach that is unsuited to today's diverse and dynamic markets. They also suggest that it can be ineffective as a means of *analysis* because of the generation of long lists, the use of description rather than analysis, a failure to prioritise, as well as a failure to use it in the later stages of the planning and implementation process. Jenster and Hussey (2001) additionally argue that **SWOT** has become a process of asking managers what they believe are the strengths, weaknesses, opportunities and threats for their parts of the organisation. However, while managers may have some very useful insights, they may not have broad, detailed factual knowledge and may not be aware of the significance of some issues under their control. They may therefore possibly ignore some critical strategic issues or interpret them as having limited significance. In this way, minor operational detail may be confused with strategy. Especially for SMEs, it is important for managers to have a worst-case scenario. Weighing threats against opportunities is not a reason to indulge in pessimism; it is rather a question of considering how possible damage may be limited or eliminated. The same factors may emerge as both a threat and an opportunity (i.e., the use of IT by micro wholesaling firms). In this context, most external factors can be seen as challenges, and whether staff perceives them as opportunities is often a morale indicator.

iii. Product quality and customer service

In recent decades, and under threats deriving from the economic success of Asian countries (such as Japan), numerous theorists (Deming, 1986; Juran, 1944, etc.) concluded that *product quality* used to be the area where western business was most lacking; they suggested quality improvement techniques like Total Quality Management (TQM), continuous improvement, lean manufacturing, Six Sigma, and Return on Quality (ROQ). On the other hand, other theorists (Heskett, Sasser & Schlesinger, 1997); Berry, 1983, etc.) stressed that *poor customer service* was the main problem for the survival and future perspectives of organisations. In this way, they suggested “solutions” such as fishbone diagramming, service charting, Total Customer Service (TCS), service profit chain, service gaps analysis, service encounter, strategic service vision, service mapping and service teams in order to minimize such inadequacies. Their underlying assumption was that there is no better source of competitive advantage than a continuous stream of delighted customers. *Process management* uses some of the techniques from product quality management and some of the techniques from customer service management. An activity is seen as a sequential process while the objective is to find inefficiencies and make the process more effective. The scope of these techniques’ applicability has been widened; because of their broad applicability, they can be used as a basis for SCA. It has to be stressed that most of the sector’s managers (as highlighted by the Findings of the 3rd and 4th Document) consider personal service to be a significant factor for the satisfaction of customers’ needs (see also section 1.3, Premises). In the context of micro wholesaling firms involved in the confectionary products’ sector, the managers of such businesses either cannot afford or are not trained enough to implement these specific “solutions”. However, some of the aforementioned techniques can be useful; these firms are in essence based on the provision of personal and swift service to their customers in order to keep them satisfied. For example, the application of TQM principles can be very useful to the manager of a micro wholesaling enterprise, since he will be able to evaluate whether the business fulfils the needs of its customers. Of course, the implementation of developed techniques requires adequate means and most of the time micro and small businesses do not invest money on techniques with precarious results.

iv. Acquisition of new customers

Some researchers (Reicheld, 2001; Gronroos, 1984, Heskett et al., 1997, etc.) realized that businesses were spending much *more on acquiring new customers* than on retaining current ones; these researchers have proved that a competitive advantage could be found in ensuring that customers returned again and again. This conclusion has come to be known as the *loyalty effect* (Reicheld, 2001). Reicheld (2001) broadens the concept of loyalty effect to include employee, supplier, distributor and shareholder loyalty. These researchers also developed techniques for estimating the lifetime value of a

loyal customer, called Customer Lifetime Value (CLV). A significant movement (called relationship selling, relationship marketing, and *customer relationship management, CRM*) attempted to recast selling and marketing techniques into a long-term endeavour in order to create a sustained relationship with customers (see sections 2.7.g and 1.3, Premises). In the context of micro enterprises involved in the confectionary wholesale sector, the loyalty of wholesalers' customers (bakeries, canteens, kiosks, etc.) is an indispensable characteristic for the adoption of an effective survival and growth strategy. If wholesalers provide personal, prompt and high quality service, their customers are likely to remain loyal; however, there are cases where customers remain loyal to wholesalers only because they provide credit facilitation to them. What is more, the adoption of CRM by wholesalers can personalise communications; following its principles, the micro enterprise is likely to retain its existing satisfied customer base while its salesmen will be rewarded and motivated.

v. Alliance strategies and Mass customization

Competitive advantage can also be found in *alliance and expansion strategies*; rather than seeing distributors, suppliers, firms in related industries, and even competitors as potential threats or targets for vertical integration, they should be seen as potential assistants or partners. According to Lynch (1994), there are various *methods of expansion*, having advantages and disadvantages (see Table 2.11).

Advantages	Disadvantages
<p>Acquisition</p> <ul style="list-style-type: none"> • Can be relatively fast / May reduce competition from a rival. • Cost savings from economies of scale or savings in shared overheads. • Extend to new geographical area/ Buy market size and share. • Financial reasons linked to purchase of undervalued assets that can be resold. 	<ul style="list-style-type: none"> • Expensive Premium / High risk if wrong company targeted. • Best targets may have already been acquired. • Not easy to dispose of unwanted parts of the firm. • Human relations problems can arise after the acquisition.
<p>Joint venture</p> <ul style="list-style-type: none"> • Builds scale and obtains special expertise quickly / Cheaper than acquisition. • Used where outright acquisition not feasible and similar product available. 	<ul style="list-style-type: none"> • Control lost to some extent / Share profits with partner. • Works best where both parties contribute something different to the mix.
<p>Alliance</p> <ul style="list-style-type: none"> • Can build close contacts with partner / Uses joint expertise and commitment. • Allows partners to learn about each other/Locks out other competitors. 	<ul style="list-style-type: none"> • Slow approach / Unlikely to build economies of scale. • Partners can have a limited joint commitment to make alliance a success.
<p>Franchise</p> <ul style="list-style-type: none"> • Lower investment than outright purchase / Some of basic testing of business proposition undertaken by franchise holder: lower risk. • Exclusive territory usually granted. 	<ul style="list-style-type: none"> • Depends on quality of franchise. • Part of profits paid over to franchise holder. • Risk that business build and franchise withdrawn.

Table 2.11: Methods of expansion: advantages and disadvantages (source: adapted from Lynch, 1994)

It can be argued that the adoption of a joint venture/alliance strategy can be salutary for a micro wholesaling enterprise (see section 1.3, Premises and section 2.5.c.ii). Building successful alliances requires identifying the core competencies of both the partners and developing the strong interpersonal skills and values needed to manage them. If an organization's capabilities are scarce, defensible or hard to imitate, these can form the basis for SCA and surplus profits. If two or more wholesaling firms unite their powers, they will be able to combine certain positive characteristics and resources.

For example, a micro firm may abound in qualified salesmen, another firm may have an expanded customer network, a third may have a manager with strong administrative and leadership capabilities; the combination of these resources and capabilities (under a trading group) may formulate an effective strategy for the group of allied firms (see the case of “Beta”, sections 4.6.a to 4.6.e). On the other hand, the adoption of the franchising system can have certain advantages for a micro wholesaling business; for example, the mother company will provide training to the firm’s salesmen as well as the adequate equipment essential to distribute its products in the most effective way. What is more, the business will come under a reliable name and will exclusively trade products known locally or unique to the market (i.e., hand-made cookies, see the case of “Delta”, sections 4.8.a to 4.8.e).

Apart from the use of alliance strategies, Gilmore and Pine (1999) found competitive advantage in *mass customization*. Flexible manufacturing techniques allowed businesses to individualize products for each customer without losing economies of scale. This effectively turned the product into a service. They also realized that if a service is mass customized by creating a “performance” for each individual client, that service would be transformed into an “experience”. This school of thought is sometimes referred to as Customer Experience Management (CEM). In order to build new CEM core competencies, it is necessary to teach business owners how to manage customers and market differently. The development of a well-designed strategy that can drive a coordinated, cohesive organizational approach to managing customers is essential for the implementation of effective CEM. In the case of a micro confectionary business, it can be argued that the firm is too small to individualize its products for each customer; however, the enterprise can gain competitive advantage if it individualizes a certain product for certain customers. For example, the exclusive trading and distribution of a particular own label product (i.e., own label cookies) to bakeries that are situated in a limited region (e.g., north of Athens) can be profitable for a micro wholesaling firm (see the case of “Alpha”, sections 4.5.a to 4.5.e or the case of “Delta”, sections 4.8.a to 4.8.e).

vi. Key traits of successful enterprises

The search for “best practices” is called benchmarking. This involves determining where the business needs to improve, finding an organization that is exceptional in this area, then studying the firm and applying its best practices in other enterprises. Collins and Porras (1994) (like Peters and Waterman, 1982), spent years conducting empirical research on “what makes great companies”. Six years of research uncovered a key underlying principle behind the nineteen successful organisations that they studied: they all encourage and preserve a *core ideology* that nurtures the enterprise. Even though strategy and tactics change daily, all businesses, nevertheless, were able to maintain a core set of values. These core values encourage employees to build an organization that lasts. The researchers

claimed that short-term profit goals, cost cutting and restructuring will not stimulate dedicated employees to build a great enterprise that will endure. These findings can be helpful to managers of micro wholesaling businesses involved in the confectionary products' sector; only if managers can continuously motivate their employees to stay focused on the common objectives of the micro enterprise, they will be able to provide personal and prompt service to their customer base.

On the other hand, De Geus (1997) identified *four common key traits* of businesses that had prospered for 50 years or more. These include:

- Sensitivity to the business environment (the ability to learn and adjust).
- Cohesion and awareness of their identity (the ability to build a community with personality, vision and purpose with employees feeling as parts of a whole).
- Tolerance of new ideas and decentralization (the ability to build relationships).
- Conservative financing.

An organisation with the aforementioned key characteristics is called a “living company” because it is able to perpetuate itself. If an enterprise emphasizes knowledge rather than finance and sees itself as an ongoing community of human beings, it has the potential to become great and endure for decades. Such an organization is an organic entity capable of learning (“a learning organization”) and capable of creating its own processes, goals and persona (see RBV framework, CSF's, section 2.7.b and also section 1.3, Premises). According to De Geus (1997), many enterprises die young because their policies and practices are based too heavily on the thinking and language of economics. Their managers focus on producing goods and services and forget that the organization is a community of human beings that is in business to stay alive. In contrast, managers of living companies consider themselves to be stewards of a long-standing enterprise; their priorities reflect their commitment to the organization's long term survival in an unpredictable world. They encourage growth and renewal, they value profits as necessary for life but not the purpose of it. They constantly search for new ideas, focus on developing people while they create opportunities for employees to learn from one another. Such organizations are suited for survival in a world in which success depends on the ability to learn, adapt and evolve. In the context of micro wholesaling businesses, the *four “successful” common key traits* identified by De Geus seem to be quite practical; these enterprises will increase the chances of their survival only if their managers are aware of their ability (innovativeness and flexibility) to deploy the firm's resources and capabilities. It is also essential that the manager maintains a set of core values; the entrepreneur has to spare the ability to learn and adjust to the changing environment and build strong relationships with customers and suppliers. He also has to be persistent and devoted to his

vision and targets in order to improve the firm's human resource skills and encourage employees to build an organization that lasts (see also section 1.3, Premises).

It has also been noted that Miller and Le Breton-Miller (2005) proposed a framework so as to characterize highly successful family firms (presenting four *priorities*, see section 2.5.e.ii) that appears to be quite useful in the context of micro family firms involved in the confectionary products' sector.

What is more, according to Wilson and Bates (2003), successful entrepreneurs are characterised by:

- Drive and energy (ability and consistency to work hard over long hours), self confidence, self-reliance, self-motivation, reliability and honesty.
- Ability to generate confidence and trust among customers, suppliers and employees.
- Long term horizon (willingness to stick to business creation over the long term).
- Money is seen as a measure of achievement (conserve money at the start).
- Clear goals and persistency in problem solving (no wasteful decision making).
- Efficient resource users / Bias for action (rather do things than talk about them).
- Learning from failure, take personal responsibility and internal locus on control.
- High-self imposed standards (strive to achieve high quality for customers).
- Tolerance of ambiguity and uncertainty (decisiveness).
- Total commitment to the venture, disciplined decision making, creativity and innovativeness.
- High regard for employees and financial awareness (confidence in negotiating).

The characteristics that have been identified by De Geus (1997) and Wilson and Bates (2003) seem to be quite useful to wholesaling businesses, since entrepreneurs basically have to be able to adjust to the changing market conditions and be aware of their skills and capabilities as well as their firm's position in the market place. In a sector where resources are limited, wholesalers have to be committed to their ventures and efficiently deploy existing resources and distinct capabilities. They have to be reliable, flexible, creative and able to motivate their employees. In this period of financial crisis, they also have to be inventive, conservative in their financing and sensitive to the business environment.

Key factors for success in an industry are those resources, skills and attributes of the business that are essential to deliver success in the market place. These factors concern not only the resources of enterprises in the industry but also the competitive environment in which organizations operate. Three principal areas need to be analyzed; these are Ohmae's three Cs; Customers, Competition and Corporation (Ohmae, 1995). *Customers* are usually affected by prices, services, product or service reliability, quality, technical specifications and branding. *Competition* is related to cost and price comparisons, quality issues, market dominance and service distributors. *Corporation* is connected to

low-cost operations, economies of scale, labour costs, production output levels, quality operations, innovative ability, labour/management relations, technologies and copyright as well as skills.

A number of researchers examining the issue of what makes firms successful have concluded that a characteristic shared by growing firms is that of having an outstanding *ability to manage internal organizational processes*. Peters (1992) has popularized this concept in various writings where he presents examples of organisations that have clearly discovered the importance of orchestrating internal activities to deliver superior customer satisfaction. The role of manager is critical at this point, because his skills to organize business processes and delegate responsibilities will enable him to manage the firm's resources and capabilities more effectively (see sections 2.7.c and 1.3, Premises).

The manager of a micro wholesaling enterprise has to take into consideration all the areas that may affect the firm's positioning in the market place; he has to keep a balance between the customers' preferences and tastes, the competition's conditions as well as the firm's distinctiveness. Important factors that can influence micro business performance are related to the selection of the most effective combination of existing resources. For this reason, the entrepreneur has to be able to manage internal organisational processes effectively (co-ordination of various resources and capabilities' deployment, organisation of the distribution process, delegation of tasks and responsibilities to employees, etc.). The owner/manager of a micro wholesaling business will probably focus on product and service quality and reliability, prices, suppliers and distributors, cost and price comparisons, as well as the development of innovative skills and capabilities. The micro confectionary firm can only exploit the aforementioned kinds of resources since it is almost impossible to influence market areas like technologies, copyrights, economies of scale, labour costs or production output levels.

It has to be noted that the aforementioned potential fields for attaining SCA constitute the background of the RBV framework formulation. The six selected micro wholesaling businesses-case studies will be examined in terms of the seven elements of the RBV conceptual framework (see section 2.7).

2.6.c Developing sources of Sustainable Competitive Advantage

In seeking the advantages that competitors cannot easily copy, it is necessary to examine not only the competitors but also the business itself and its resources. In particular, factors such as *differentiation, niche marketing, high performance or technology, quality, service, vertical integration, synergy, culture, leadership and style of a business* can influence the development of SCA (see Table 2.12).

Furthermore, Leonard (1995) has taken the view that the *knowledge management* of the organization represents the main source of competitive advantage; the retention, exploitation and sharing of knowledge can be extremely important in the ability of enterprises to stay ahead of their rivals. In particular, the way in which knowledge is managed and disseminated throughout the business

represents an important advantage. The accumulation (over time) of the skills, routines and capabilities that shape the organization's ability to survive and compete in markets can be described as *knowledge*.

Factors	Description
<i>Differentiation</i>	This source is related to the development of unique features or attributes in a product or service that position it to appeal especially to a part of the total market (i.e., product branding, see the case of "Alpha", sections 4.5.a and 4.5.b).
<i>Low costs</i>	The development of low-cost production enables the firm to compete against other firms either on the basis of lower prices or on the basis of the same prices as its competitors, but with additional services (see the cases of "Alpha", "Beta", "Gamma" and "Delta", sections 4.5, 4.6, 4.7 and 4.8 for reasonable prices and provision of personal and prompt service).
<i>Niche marketing</i>	A firm may select a small market segment and concentrate all its efforts on achieving advantages in this segment. Such a niche will need to be distinguished by special buyer needs (e.g., fashion items, see the case of "Gamma", sections 4.7.a and 4.7.b).
<i>High performance or technology</i>	Special levels of performance or service that simply cannot be matched by other firms. For example, high performance can be attained through patented products or recruitment of especially talented individuals (i.e., technology and innovation strategy, see the case of "Delta" for patented own label cookies, section 4.8.a and 4.8.b).
<i>Quality</i>	Some firms offer a level of quality that others are unable to match (e.g., product reliability, see sections 4.5 to 4.8).
<i>Service</i>	Some firms can provide superior levels of service that others cannot or are unwilling to match (see sections 4.5 to 4.8).
<i>Vertical integration</i>	The backward acquisition of raw materials suppliers and/or the forward purchase of distributors may provide additional advantages.
<i>Synergy</i>	This is the combination of parts of a business such that the sum of them is worth more than the individual parts, since parts may share fixed overheads, transfer their technology or share the same sales force. Claims are often made for this approach when an acquisition is taking place (see the case of "Beta", section 4.6.a and 4.6.b).
<i>Culture, leadership and style of an organisation</i>	The way that an organisation leads, trains and supports its members may be a source of advantage that others cannot match. The firm's culture and the manager's leadership virtues will lead to innovative products, exceptional levels of service, fast responses to new market developments, etc. This area is more difficult to quantify than some of the other areas above, however it only adds to its unique appeal (see sections 4.5 to 4.8, where the managers have presented leadership skills and have motivated their employees.).

Table 2.12: Factors influencing the development of SCA (source: author)

Knowledge management can be directly related to *tacit knowledge*. ***Tacit knowledge*** is the practical knowledge learned informally and is often associated with intuition; it can be described as an accumulated knowledge through experience and memories, which are filtered through one's beliefs and values that were inherited from his/her family. The tacit knowledge insures the linkages between related experiences in memory which provides the ability to make quick and effective ***decision*** for the present situation (see section 2.5.e, RBV and "familiness" and section 2.7.c.i decision making process and survival of micro family businesses). Tacit knowledge can be described as a common characteristic of successful micro wholesaling businesses (that are of family type most of the times). The experienced managers and salesmen have learned through practice the effective methods that secure the firm's viability and growth; these practices, methods and values are usually transferred from one generation to the next (see also section 1.3, Premises).

It has to be stressed that the role of an organisation's internal resources and capabilities (*core competences*) is quite important to the attainment of SCA. Hamel and Prahalad (1990) stress that core competencies are not product specific; they contribute to the competitiveness of a range of products or services (see section 2.6). The authors stress that the most essential part of the competitive advantage stems from a capability that is impossible to replicate. The real competitive advantage lies in integrating operations for the sake of hitting demand quality targets or meeting specialized customer needs. An organization should provide a differentiating edge to be competitive to serve customers better; in this way, the firm can become more profitable.

In essence, all the aforementioned resources-factors can be helpful to micro firms involved in the Greek confectionary products' sector. In particular, a wholesaler can adopt product differentiation or market segmentation strategies. The appropriate leadership skills and style of the manager may be useful so that the principles of knowledge management are communicated to employees; on the other hand, the provision of personal and swift service can also be an effective strategy.

After analysing resources, organizations often find that they have few assets that are truly competitive; this is quite normal since most organizations will consist of a range of resources. The identification of the truly competitive resources based only on their analysis may be misleading, since the approach taken so far is static (the analysis of value added represents a picture at a point in time, and the identification of the eight elements of RBV - see chapter 2.7.a.ii - is usually based on current resources). In spite of the fact that a static approach is useful, a resource analysis at a moment in time can be a distortion of reality. An organization's capabilities will change over time, its competitors will invest in new assets and so on; the real role of resource analysis is to act as the first step in improving resources. Any enhancement of value added and competitive advantage will come about through a course of action over time. This is a strategic process with all that this implies in terms of the human resources of the organization, its change of culture and its leadership.

In the previous section, the researcher presented the potential fields of attaining SCA and the factors influencing its development. The aforementioned elements constitute the background of the RBV framework formulation. In the following section, the researcher delineates the seven specific areas of the RBV conceptual framework. The six selected micro wholesaling businesses will be examined under the prism of these seven fields (see sections 2.7.a to 2.7.g).

2.7 Developing a Resource Based View conceptual framework

Having presented the basic elements of the RBV approach, its relationship with micro enterprises and "familiness", the key resources and capabilities as well as their connection to the attainment of SCA (potential fields and developing sources), the researcher formulates the RBV conceptual framework. In particular, having referred to the main areas of the RBV, the researcher is able to focus and develop a resource-based model searching for the attainment of SCA in the context of micro wholesaling businesses involved in the confectionary products' sector. As stressed earlier, SCA in the sector that is examined may denote the *survival* or *controlled growth* of its enterprises.

Aspects of this set of relationships have been previously modelled in the literature (see section 2.6.b). The RBV of the firm focuses on how SCA is generated by the unique bundle of resources at the core of the firm (Conner and Prahalad, 1996; Barney, 1991). In general, RBV addresses the central issue of

how superior performance can be attained relative to other firms in the same market and posits that superior performance results from acquiring and exploiting unique resources of the organisation. Day and Wensley (1988) document a sequential process whereby sources of advantage (superior skills and resources) lead to positional advantage (superior customer value or lower relative costs), which in turn leads to performance outcomes (market share and profitability) and the sequence is completed when profits are re-invested to sustain advantage. The same basic logic underlies a contingency model of competitive advantage in service industries developed by Bharadwaj, Varadarajan and Fahy (1993), which details the sources of advantage, barriers to imitation and the moderating effects of the characteristics of services and services industries. The initial RBV framework (see *figure 2.2*) was built on the work of Day and Wensley (1988), Hunt and Morgan (1996) and Fahy (2000).

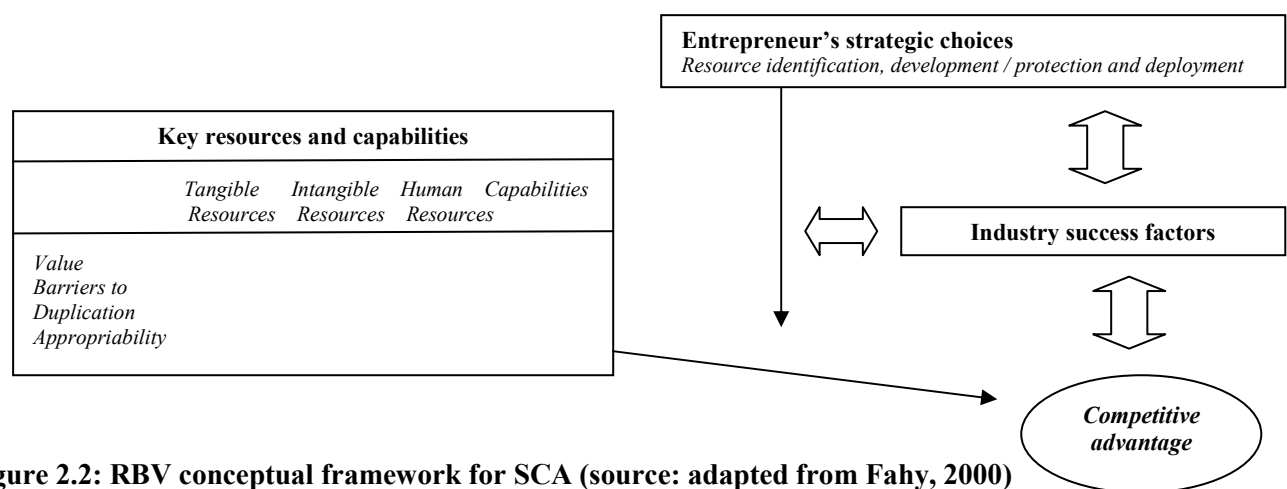


Figure 2.2: RBV conceptual framework for SCA (source: adapted from Fahy, 2000)

It basically includes three elements that have to be evaluated so that a researcher can determine their contribution to the attainment of competitive advantage. These are the *enterprise's key resources and capabilities*, *entrepreneur's strategic choices* as well as *industry success factors*. This particular model will be used as a basis for a conceptual framework that will explore the resources and capabilities required for a micro wholesaling firm to be successful (or adequate) in the commercial confectionary market. The researcher has the ambition that this model will facilitate the process of key resources and capabilities' identification within micro wholesaling businesses. Based on each enterprise's resources and capabilities, the managers of six micro firms will be able to express the strategies that have been used in an attempt to boost their businesses' role in the market and uphold their commercial activities. This framework also examines the strategic choices and decision making process that the managers have followed in developing and exploiting their enterprises' resource base.

Level One and Level Two approaches of Analysis

Based on the aforementioned framework, the researcher has enriched it with four additional elements (*external opportunities and threats, life cycle stage, family and business orientation* as well as

marketing approach) in order to formulate a complete approach of internal and external characteristics that can influence the survival and growth of micro wholesaling businesses. In particular, the researcher has formulated the RBV conceptual framework including seven parts:

1. **Enterprises’ internal key resources and capabilities** (based on the work of Day and Wensley; 1988; Hunt and Morgan, 1996; Fahy, 2000; Grant, 2005; Barney, 2002; author, 2009 & 2010).
2. **Critical Success Factors** (Day and Wensley; 1988, Hunt and Morgan, 1996; Fahy, 2000; Grant, 2005; De Geus, 1997; author, 2009 & 2010).
3. **Entrepreneur’s strategic choices** (Day and Wensley; 1988, Hunt and Morgan, 1996; Fahy, 2000; Grant, 2005; Aaker, 1989; author, 2009 & 2010).
4. **External opportunities and threats** (Grant, 2005; author, 2009 & 2010).
5. **Life cycle stage specification** (Wilson and Bates, 2003; Miller and Friesen, 1984; author, 2009 & 2010).
6. **Family and business orientation** (Leenders and Waarts, 2003; Hutcheson, 2002; author, 2009 & 2010).
7. **Marketing approach** (Chaston, 1999; author, 2009 & 2010).

Figure 2.3 highlights a model of a conceptual framework that reflects the aforementioned linkages.

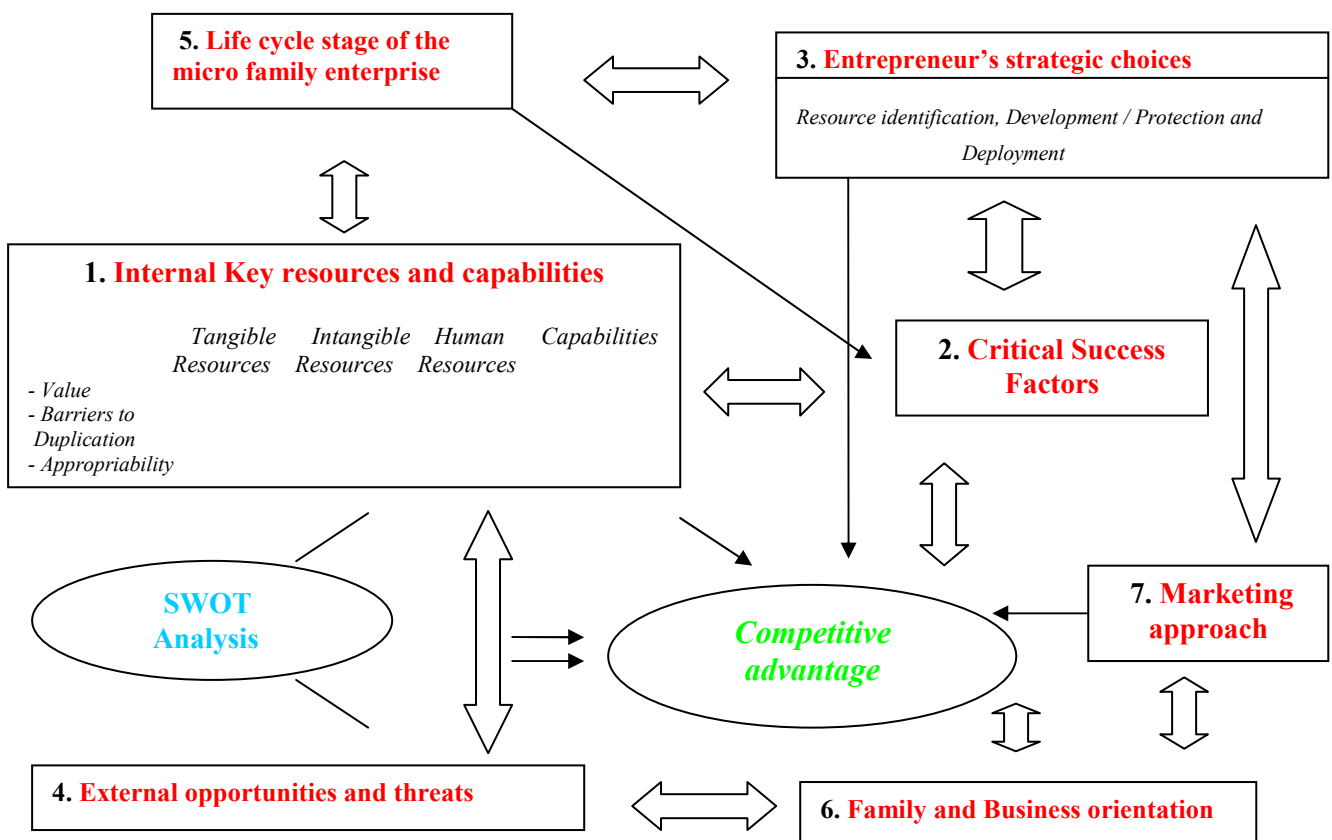


Figure 2.3: RBV conceptual framework for survival and growth strategies (source: Fahy, 2000)

In this way, *Level One approach of Analysis* entails the specification of the seven parts that contribute to the RBV conceptual framework. In the confectionary wholesale sector, “superior” performance can – under certain conditions – lead to the survival and growth of micro wholesaling enterprises.

This model records the key resources (tangible, intangible or human resources) and capabilities of a micro wholesaling firm in relation to their importance (including value, barriers to duplication and appropriability). It can be argued that the researcher can evaluate their contribution to the attainment of SCA in the market place, taking into consideration the *entrepreneur’s involvement* (strategic choices), the *external factors* (market’s opportunities and threats) as well as their relationship with *Critical Success Factors* (CSF’s). The role of management in converting the firm’s internal resources and capabilities into stances of SCA, leading to superior performance in the marketplace, is quite important. In this context, the external opportunities and threats that a business faces (complete SWOT analysis) will highlight the relevant CSF’s, the benchmark for the survival and growth of a micro wholesaling firm in the sector of confectionary products. The model also evaluates the *stage* of the enterprise in the *life cycle* in connection to the manager’s reactions and choices to certain crises or occurrences (“sprints” and “pauses”). Responding to CSF’s at each level increases the likelihood that businesses will successfully make the transitions from one life cycle stage to the next. Moreover, the *marketing* approach that each manager adopts is definitely influencing the firm’s perspectives for survival and growth. Finally, this model can record the influence degree of the *family factor* into the manager’s strategic choices. The fact that most of the sector’s businesses are of family type means that it is important to take into consideration the relationship between family and business orientation.

The aforementioned factors suggest that a SCA is created and value to customers is added; most of the time, an economic rent (profit) is generated for the enterprises that effectively combine management’s strategic choices and level-headed use of key resources and capabilities (see section 1.3, Premises).

In summary, the proposed conceptual framework suggests that developing a successful strategy is related to management identifying and deploying resources and capabilities in such a way that value is added to customers; in this way, the micro enterprise chooses the best suppliers and is differentiated from its competitors. This framework in essence seeks to identify those key resources and capabilities that micro confectionary wholesaling firms can develop and exploit in order to survive in the existing keen competitive conditions; as stressed before, these particular circumstances have resulted from the strengthened presence of supermarkets and superstores to all contemporary market sectors.

On the other hand, in an attempt to enrich the research findings and develop more detailed insights that derive from the six case studies, the researcher has incorporated *Level Two approach of Analysis* in his research; *figure 2.4* presents the particular fields where the Two Levels of RBV Analysis focus.

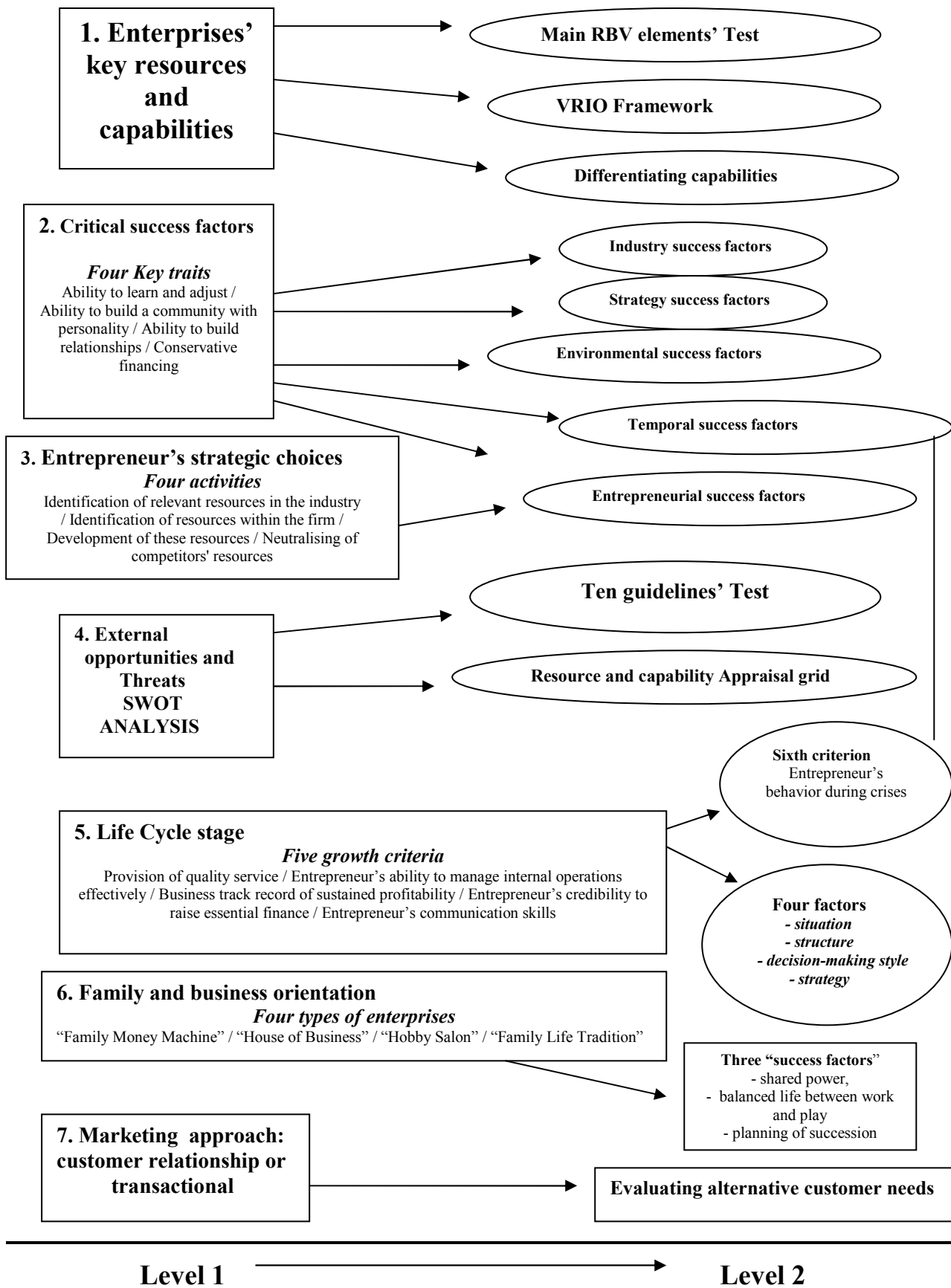


Figure 2.4: RBV framework's Levels of Analysis

More specifically, in order to strengthen the analysis of the **internal key resources and capabilities** of each micro firm (Level One analysis), the researcher at Level Two Analysis incorporates the instruments of “*Main elements that comprise the RBV approach*”, the “*VRIO Framework*” and the specification of “*differentiating capabilities*” to describe the resource options of the six businesses.

In terms of **Critical Success Factors** (Level One Analysis), the researcher identifies the *four common key traits* of successful businesses that have been specified by De Geus (1997). At Level Two analysis, the researcher focuses on Industry, Strategy, Environmental, Temporal and Entrepreneurial CSF’s.

In relation to **entrepreneur’s strategic choices** (Level One analysis), the researcher uses Aaker’s (1989) identification of *four activities*, including the identification and development of relevant resources in the industry and within the firm, as well as the neutralising of competitors’ resources. Level Two Analysis entails the entrepreneur’s strategic choices related to Entrepreneurial CSF’s. These choices’ analysis (i.e., the manager’s ability to exploit resources and capabilities) also incorporates elements of the sixth criterion of life cycle stage (entrepreneur’s behaviour during crises).

Regarding **external opportunities and threats**, the researcher uses Level One SWOT analysis. At Level Two Analysis, the researcher has incorporated the additional instruments of “*Resource and Capability Appraisal Grid*” (Grant, 2005) and “*Ten Guidelines’ Test*”.

With regard to **life cycle stage** (Level One analysis), the researcher analyses the *five growth criteria* set by Wilson and Bates model (2003). At Level Two analysis, the researcher adds Miller and Friesen’s (1984) *four primary factors* for life cycle identification as well as the sixth criterion of life cycle stage (entrepreneur’s strategic choices).

In terms of **family and business orientation**, the researcher categorizes the six micro enterprises in terms of Leenders and Waarts’ (2003) framework (Level One analysis). At Level Two Analysis, the researcher is testing the six businesses against the *three “success factors”* set by Hutcheson (1999) (shared power, balanced life between work and play, planning of succession).

Finally, in terms of **marketing approach** (Level One analysis, customer relationship or transactional approach), the researcher adds the “*evaluation of alternative customer needs*” (Chaston, 1999) in order to find the customer needs’ orientation that describes each firm (Level two analysis).

To sum up, in the previous section, the researcher has developed the RBV conceptual framework, incorporating seven main parts. In particular, this framework is further developed in Level One and Level Two approaches of Analysis (see *figures 2.3 and 2.4* and section 1.3, Premises). In the following section (2.7.a to 2.7.g), the researcher is referred to the seven parts of the RBV conceptual framework and their constituent elements. In particular, he elaborates on the theoretical characteristics that are related to both Levels of Analysis (see chapter 4, Findings and chapter 5, Analysis of Findings).

In particular, the RBV conceptual framework entails the following fields:

2.7.a Enterprises' key resources and capabilities

2.7.a.i Characteristics of advantage creating resources and capabilities

The most critical elements in creating SCA are found in the *internal resource configuration of the firm* (Amit & Schoemaker, 1993; Barney, 1991; Black & Boal, 1994). The interplay between the market oriented positioning aspects of strategy and the internal resource configuration and governance of the firm is still an important aspect within business strategy research. The researcher has stressed that the key insights of the RBV is that all resources are not of equal importance or possess the potential to be a source of potential sustainable advantage. In relation to the *characteristics of advantage creating resources* as well as the main elements of RBV, the researcher agrees with Fahy (2000) that has included the abovementioned factors into three sub groups: value, appropriability and barriers to duplication (see section 1.3, Premises). In particular, **value** incorporates scarcity and relevance; **appropriability** is connected to relative bargaining power, property rights as well as embeddedness of resources, while **barriers to duplication** are related to resources' durability, mobility and replicability. These factors may lead to the profit earning potential of resource or capability in the wholesale sector of confectionary products despite the limited deployment potentiality that micro businesses can have. For example, the provision of personal and prompt service facilitates the relationships between wholesalers and customers and can generate *value*. In this way, the wholesaler can identify and satisfy customer needs by following targeted strategies (e.g., deal with a specific own label or brand name product); customers perceive that their wishes are satisfied (value creation) and have no reason to disturb this balance. On the other hand, regarding *appropriability*, property rights problems are not usually faced in the sector that is examined, apart from the case of the franchising system implementation. However, in terms of human resources, entrepreneurs often motivate employees by sharing the same ambitions and targets. These firms often retain the same employees and their success is based on personal relationships (managers and employees are usually relatives or friends); in this way, employee mobility is not a frequent phenomenon.

In relation to *barriers to duplication*, it can be argued that the inability of competitors to duplicate resource endowments is a central element of RBV. Several overlapping classification schemes dealing with barriers to duplication have been proposed, including *asset stock accumulation* (Dierickx and Cool, 1989), *capability gaps* (Coyne, 1986), *capability differentials* (Hall, 1992; 1993), *ex-post limits to competition* (Peteraf, 1993), *isolating mechanisms* (Rumelt, 1987, 1991), *uncertain inimitability* (Lippman and Rumelt, 1982) and *causal ambiguity* (Reed and DeFillippi, 1990). Simply put, barriers to resource duplication can be said to exist if the resource is inimitable, immobile and non-

substitutable. Grant's idea (1991) of transparency is quite useful in explaining barriers to duplication. The most basic problem a competitor might have is related to the pieces of information he can get about the reasons behind a given firm's success. Reed and DeFillipi (1990), in seeking to explain the causes of such ambiguity, shed light on the characteristics of resources which may prevent their imitation by competitors. They suggest three characteristics of resources that can simultaneously be sources of ambiguity and advantage, namely *tacitness*, *complexity* and *specificity*. In the confectionary products' sector, the characteristics of resources' *tacitness* and *specificity* most of the times describe a viable micro wholesaling firm. Experience and practice are usually the factors that guide wholesalers and employees; these characteristics cannot be easily taught. On the other hand, most businesses of the sector are using specialised transactions with their customers and suppliers (e.g., provision of credit to customers and discounts from suppliers). In this way, specificity attaches importance to the micro wholesaling firm's transaction procedures that cannot be easily replaced.

A further trait gaining some attention in the literature has been *durability* of the resource (Amit and Schoemaker, 1993; Collis and Montgomery, 1995; Grant, 1991). For example, Grant (1991) notes that the life span of technological resources is getting much shorter due to the pace of innovation, though resources such as corporate and brand reputation appear to be much more durable. However, as long as a resource is valuable, appropriable and resists duplication, it enables the firm to attain a SCA. Should the resource be durable, the advantage may last for a longer period subject to the efforts of competitors to duplicate it. This is true to the sector of confectionary products; wholesalers cannot be based on technological resources but they can focus on the quality or reputation of fresh own label products and their personal relationships with customers.

To summarise, a micro firm's resources can be considered to be a source of SCA if they possess the three *key characteristics* of *market value*, *appropriability* and *barriers to duplication*. In the context of micro wholesaling businesses, the researcher evaluates the six firms in terms of possessing the aforementioned characteristics (Level One Analysis, see sections 4.5.d, 4.6.d, 4.7.d, 4.8.d, 4.9.d and 4.10.d, Findings from the implementation of the RBV framework). In this way, each enterprise's resources and capabilities can be examined in terms of their practical utility.

2.7.a.ii Basic elements of Resource-based sustainable competitive advantage

Over time, various strategists have explored the advantages that an individual organization might possess to obtain competitive advantage. There is no agreement amongst them on the precise source of such advantages (e.g., Hamel & Prahalad, 1990; Kay, 1993; Peteraf, 1993; Collis and Montgomery, 1995). Taking all these views into account, the main elements of RBV approach include prior or acquired resources, imitability, durability, appropriability, value, substitutability, true competitiveness

and innovative capability (Main RBV elements' test, see *figure 2.5*). In the case of micro businesses involved in the confectionary wholesaling sector, the most common exploitable characteristic concern resources' embeddedness (i.e., adaptation of employees to the firm's culture for flexibility and provision of personal and prompt service). Another characteristic is related to the value that customers gain from the relevance and scarcity of a resource (i.e., exclusive trading and distribution of a specific own label product).

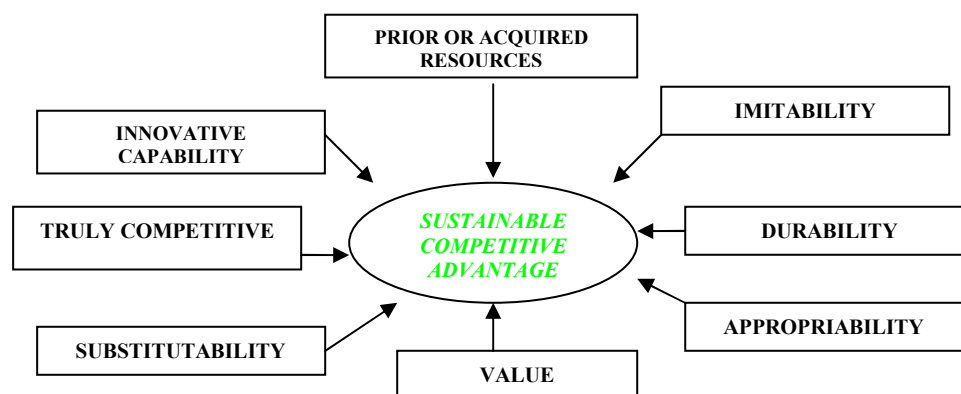


Figure 2.5: Resource-Based View: The eight main elements (source: Grant, 2005)

What is more, appropriability for SMEs can be useful for the relative bargaining power that a business can get or its property rights (i.e., adoption of franchising system or exclusive trading of a product). In spite of the fact that all these elements have been identified, it is not essential for an organization to possess them all before it has achieved competitive advantage over others. In practice, most successful strategies will involve only a few of the above elements and characteristics. The precise combination that will deliver competitive advantage is totally dependent on the unique resource structure of each organization; these can be considered as the *core resources* of the organization. One specific area of core resources has to be considered carefully: *innovative ability*. It is very hard to develop and is more likely to supply an advantage that competitors cannot possess in the short term. Innovative ability may be in short supply, but any success will transform the competitive advantage of the business. In this way, innovative ability can be considered as the *breakthrough resource* of the organization.

In addition to the special resources that have been identified as delivering SCA, most micro businesses in the wholesale sector will have other resources that are cheaper and more convenient to own inside rather than purchase outside (such as the firm's managerial and secretarial skills, functional facilities, hardware and software utilities, etc.). They may not be unique and substantive but are important to the daily operation of the enterprise; these skills, knowledge and resources may also deliver some competitive advantage to an organization and can be considered as the *base resources* of the micro wholesaling business. Finally, many organizations may also have other resources that they own or buy

in when necessary. These might include advertising, catering, transport, legal services, etc. They are important for the business and can even deliver competitive advantage occasionally (perhaps by the quality of the outside knowledge or advice purchased). They can be considered as the *peripheral resources* of the organization (see figure 2.6).

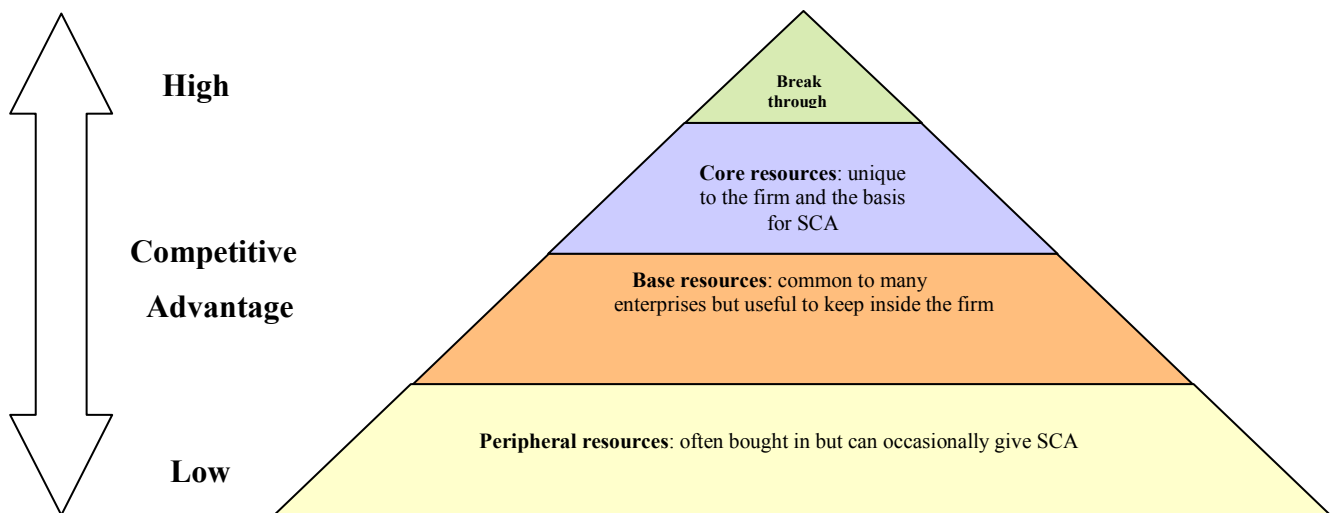


Figure 2.6: The hierarchy of resources (source: adapted from Lynch & Chaharbaghi, 1999)

In the sector that is examined, most of the times, base resources that are related to the entrepreneur’s ability to maintain a solid customer network (by providing swift and efficient service) and motivate his employees (by rewarding them), can be regarded as the most important ones for the micro firm’s survival and potential growth. If these base resources are combined to certain core resources (such as the manager’s ability to innovate), then it is possible that the micro wholesaling firm will attain competitive advantage. If the conditions of these resources’ deployment remain stable, the competitive advantage of the micro business will probably remain sustainable (see section 1.3, Premises).

At Level Two Analysis, the researcher is evaluating the six micro businesses in terms of possessing the aforementioned eight characteristics (see sections 4.5.d, 4.6.d, 4.7.d, 4.8.d, 4.9.d and 4.10.d, Findings for the six micro enterprises). In this context, each firm’s resources and capabilities can be examined in terms of their practical use and perspectives for future exploitation.

2.7.a.iii The VRIO framework

On the other hand, there are additional ways of testing competitive resources; one of them is the VRIO framework introduced by Barney (2002) and examines elements such as rarity, value, imitation and organizational capability. In particular, the VRIO framework is a sequential *decision-making* approach which starts by questioning each resource and asking if it is valuable (see also section 2.7.c.i, decision

making process). Having answered that question, then goes on to examine rarity, imitation and organizational capability. In particular, the VRIO framework focuses on (see *Table 2.13*):

- *Value*: An organization’s resource needs to be valuable if it is to allow a firm to choose strategies that exploit environmental opportunities or neutralize a competitive threat.
- *Rarity*: If the resource is available to competitors, then exploiting the resource will not generate competitive advantage and economic performance will not be superior to rivals.
- *Potentiality to imitation*: If the resource can be easily imitated, then competitors will be able to take advantage of the profits generated in the market place to duplicate the rare resource.
- *Organising capability*: An organization needs to be able to organize itself to exploit its valuable, rare and inimitable resource; this is a balancing factor in relation to the three above.

<i>Is a resource or capability...</i>					
<i>Valuable?</i>	<i>Rare?</i>	<i>Costly to Imitate?</i>	<i>Capable of being exploited by the firm?</i>	<i>Competitive implications</i>	<i>Comparative economic performance to be expected from the resource</i>
No	-	-	No	Competitive Disadvantage	Below Normal
Yes	No	-	-	Competitive Parity	Normal
Yes	Yes	No	-	Temporary Competitive Advantage	Above Normal
Yes	Yes	Yes	Yes	Sustained Competitive Advantage	Above Normal

Table 2.13: The VRIO Framework (source: Barney, 2002)

In the context of micro wholesaling businesses involved in the confectionary products’ sector, the criteria of resources and capabilities that can lead to the attainment of SCA set by Barney are quite useful. More specifically, it is obvious that micro enterprises most of the times cannot afford to have rare or non substitutable resources or capabilities. However, those resources/capabilities that are valuable and difficult to imitate (i.e., the ability to retain a solid customer network with the provision of personal service or the selling of own label products in affordable prices), can in essence lead to the attainment of SCA. The researcher is using the VRIO framework at Level Two Analysis in order to identify which of the six micro firms’ resources and capabilities are valuable, rare, expensive to imitate and non-substitutable and consequently contribute to the attainment of SCA (see sections 4.5.d, 4.6.d, 4.7.d, 4.8.d, 4.9.d and 4.10.d, Findings for the six micro businesses and section 1.3, Premises).

2.7.a.iv Differentiating capabilities

What is more, in terms of **differentiating capabilities**, these are connected to competitive differentiation because they constitute different types of competitive differentiation sources (see also section 2.6.b.i). At theoretical level, according to Porter (1985), competitive differentiation derives from three sources, the *product* itself, the surround of added-value *services* which are available

(product availability and delivery are important factors) and a whole set of *marketing intangibles* or assets (that are mainly related to the firm's reputation and value perceptions). Of course, differentiating capabilities that are available to a business, in order to build competitive advantage, have to be specified, developed and exploited by the firm and its staff. Differentiating capabilities put together the theories of *differentiation* and *core competencies* in a specific market. At this level, the manager's concern is the build of a market position as well as the kind of competitive differentiation that can be used in order to create value for the firm's customers. As a result, each manager has to be able to evaluate which of the firm's core capabilities are valuable to the sector of confectionary products and which capability competitors would find hard to copy. This happens because if every firm can perform the competitor's "differentiating" operations, there is no competitive advantage and no additional value proposition.

The researcher has found out that *differentiating capabilities* are related to the manager's ability to implement different strategies in the context of his business (i.e., market segmentation strategy, product differentiation strategy, franchising, or co-operation strategies) and combine various elements of the RBV conceptual framework. For example, the manager's strategic choices (survival or growth strategies) will probably be effective if he has taken into consideration Critical Success Factors, SWOT Analysis as well as the micro firm's available resources and capabilities. The micro enterprise's position in the life cycle as well as each entrepreneur's marketing approach definitely influence the manager's ability to develop *differentiating capabilities*; these capabilities can contribute to the safeguard of the micro firm's survival and potential for growth (see also section 1.3, Premises).

In particular, Porter's work (1985) may prove useful to the managers of the sector, because each one has to think in terms of the firm's competitive strategy type and its available resources and capabilities. In this way, the micro firm will manage to avoid the danger of becoming vulnerable to market changes and fail to survive. On the other hand, competitors' strategic positioning and performance can be quite helpful to wholesalers regarding the adoption of effective survival strategies.

Competitive differentiation and *positioning* are not considered to be vague concepts. These notions concern perceiving the values of customers, comprehending their needs and delivering what they want; in this way, the business accomplishes its targets. Porter (1985) has attempted to simplify this issue; in spite of the obvious complexity of the competitive strategy, it can be argued that there are two sources of competitive advantage: *low cost* and *differentiation*. This leads to the identification of three generic strategies: the broad strategies include *price leadership* and *differentiation* as well as the narrow *focus strategy*. Of course, it has to be noted that in the wholesale confectionary sector, there are strategies that can combine scope and competitive advantage:

- broad scope/price leadership (enterprise's generic products);

- broad scope/differentiator (mass market brands differentiated by branding, design or packaging);
- narrow scope/price leadership (own-label products);
- narrow scope/differentiator (exclusive brands).

Porter's view about potential competitive choices is that competition can be released on a broad or narrow scope; however, in this case, the firm can either be a price leader or a differentiator. In practice, especially in the case of micro enterprises, this is impossible because such businesses cannot affect prices. As a result, managers of micro wholesaling firms have to search for suitable prices or variety of different products in order to face increasing competition. The logic of Porter is highly entrepreneurial, since he stresses that competition can be seen as the process of perceiving new positions that tempt customers from established positions or draw new customers into the market. As a result, Porter believes that strategic positions are suggested to come from three distinct sources:

- *Variety-based purchasing* (producing a specialized subset of an industry's products or services).
- *Need-based positioning* (targeting a particular group of customers).
- *Access-based positioning* (where customers differ on the best way of reaching them).

The aforementioned strategies are relevant for the six micro firms involved in the confectionary products' sector (see chapter 4, Findings for the six micro businesses).

To summarize, in the context of micro wholesaling businesses, the researcher is testing the six businesses in terms of possessing the characteristics of market value, appropriability and barriers to duplication (Level One Analysis). At Level Two Analysis, the researcher uses the "Main RBV elements' test"; he is also implementing the "VRIO framework" in an attempt to test the six enterprises against the characteristics of value, rarity, cost to imitate and substitutability. Finally, the researcher, examines whether the six firms have developed any differentiating capabilities, that in essence picture their managers' ability to effectively combine most of the RBV conceptual framework's elements. In this way, each micro enterprise's resources and capabilities are examined and analyzed in depth.

2.7.b Critical Success Factors

2.7.b.i Critical Success Factors in the confectionary products' sector

Critical Success Factors (CSF's) can be regarded as important characteristics that can be used as benchmarks for the survival and growth of micro wholesaling enterprises involved in the confectionary products' sector (see section 1.3, Premises). CSF's present or identify a few additional key factors that organizations should focus on to be successful. They may be referred to as these factors (resources, skills, attributes, events, circumstances, conditions, or activities) that that are

essential to deliver success in the market place; these factors require special attention because they serve as filters through which an enterprise can identify its options in a continuously changing business environment. These factors concern not only the resources of organizations in the industry but also the competitive environment in which businesses operate (see also section 2.7.d). These are “those few things that must go well to insure the success of an organization” (Boynton & Zmund, 1984). Once they are identified, they should be given special or priority attention because they drive high organizational performance (Drucker, 1973). If an enterprise can respond to the industry’s Critical Success Factors it is likely that it will make successful transitions from one stage of its life cycle to the next (see also section 1.3, Premises). Initially, firms must respond to the industry CSF’s as well as the external CSF’s peculiar to their immediate environment. Amit and Schoemaker (1993) note that the applicability of a firm’s resources to a particular industry setting will determine available rents. Lado, Boyd and Wright (1992) suggest that firms should not seek solely to meet CSF’s but also to try to create new ones. By taking account of industry conditions, Collis and Montgomery (1995) claim that the RBV has helped to integrate the strategy field, which has emphasised industry factors (Porter, 1980) and firm factors (Hamel and Prahalad, 1990) at different stages in its development.

Conceptually, there is a general consensus that a firm is inseparable from its environment and that environments (both task and general) vary across industry sector and time (Mintzberg, 1994). However, a micro enterprise could feel little impact from the general environment while another could depend greatly on the economic conditions. Because of the impact of a variable task environment, one might expect to find different critical success factors in distinctly different industry segments.

Reasons for failure in an industry have been found to be managerial inadequacy (Haswell & Holmes, 1989), failure to plan, poor working capital management, competitive environment, overgrowth and overexpansion (Gaskill, VanAuken, & Manning, 1993), failure to seek professional advice as well as human resource problems (Lussier, 1995). Many studies of SMEs failure have also identified key personal entrepreneurial characteristics such as not possessing higher education, minority status and not having parents who also owned a small business as important determinants of failure (Lussier, 1995). Similarly, studies of SMEs success have identified factors contributing to the firm’s success (i.e., management skills, environment factors, entrepreneur characteristics, interpersonal skills and strategic or financial planning; Lumpkin & Ireland, 1988; Lussier, 1995; Susbauer & Baker, 1989).

The strengthening of supermarkets and superstores’ role has made contemporary market conditions more demanding, while relationships of wholesalers with suppliers and customers have become more complex. For this reason, the reactions of micro wholesaling enterprises are influenced by various factors and wholesalers have to combine different elements, taking into consideration each firm’s limited resources and capabilities. In this way, when trying to identify CSF’s in the sector that is

examined, it is important that the entrepreneur has a good understanding of the environment, the firm's competitors, the industry as well as the firm's perspectives. Knowing where competitors are positioned, what their resources and capabilities are, and what strategies they will pursue can have an impact on the micro organization's strategy and the resulting CSF's to be pursued. Factors that can get measured and are associated with a quantifiable target are more likely to be achieved versus factors that cannot get measured. However, this cannot be easily achieved in practice. Primary measures include critical success levels (i.e., transactions per month) or, in cases where specific measurements are more difficult, general goals should be specified. In the wholesale sector of confectionary products, CSF's usually include non measurable items such as product quality, employee attitudes, manufacturing flexibility as well as manager's skills and competencies.

In order to identify the most important industry success factors, managers of the sector (or researchers) will have to use pieces of information that are readily available in the public domain. Externally, industry information can be sourced from industry associations, news articles, trade associations, prospectuses of competitors, equity/analyst reports, accounting reports (budgets, profit and loss accounts, etc.). These would all be helpful in building knowledge of the environment, the industry and competitors. Internally, there should be enough sources available to management from which to build on their knowledge of the organization. These sources may include the number of sales per month, total turnover, turnover for own label and brand name products, profit margins, number of customers (increasing or decreasing), different tastes of customers (product preferences), geographical coverage of the micro business, etc. The manager of a micro wholesaling confectionary enterprise may engage a research company in order to find out these trends and focus on the most profitable products, suppliers, customers or areas. For example, in the past, the Union of Athenian wholesalers had engaged "Planning S.A." to conduct a research for the demand of confectionary products in the region of Attica. Most of the sector's businesses made use of the findings of this research and achieved improved results in their market strategies. Other sources that can be helpful include interviews or friendly talks with buyers and suppliers, industry experts as well as independent observers.

As stressed earlier, De Geus (1997) identified four common *key traits* of businesses that had prospered for 50 years or more (see section 2.6.b.vi). These key traits (i.e., sensitivity to business environment or conservative financing) can be implemented in the sector that is examined. The researcher believes that they can reflect the basic fields where the success (or failure) of a micro firm can be evident.

In this way, key success factors in the sector of confectionary products generally include exceptional management of several of the following: market segmentation, pricing, financing, securing of key personnel and suppliers, servicing, maintenance of quality/value, effective distribution and advertising, sensitivity to changing customer needs, consumer loyalty, strong brand image and awareness,

prevention of price wars, patent protection, low product costs, marketing research quality, information system power, development of human resources, managerial ability and experience, quick decision and organizational effectiveness, as well as learning systematically from past strategies and mistakes. In general, based on the aforementioned pieces of information, when a manager of the sector devises a plan (to be a potential platform for growth and profits), he has to take into consideration CSF's such as *Money* (i.e., positive cash flow, revenue growth and profit margins), *Customer satisfaction*, *Quality of products and services*, *Future perspectives-Product or service development*, *Intellectual capital* (i.e., increasing profitable resources and capabilities), *Strategic relationships* (i.e., developing new sources of business, products and outside revenues), *Employee attraction and retention* and *Sustainability* (i.e., manager's ability to keep a balance in the firm's activities, continuous improvement and new ideas).

2.7.b.ii Additional Critical Success Factors

Additional CSF's refer to the five fields of Critical Success Factors where the researcher will evaluate the six enterprises at Level Two Analysis (see sections 4.5.d, 4.6.d, 4.7.d, 4.8.d, 4.9.d and 4.10.d, Findings for the six micro wholesaling firms). In this context, Industry, Strategy, Environmental, Temporal and Entrepreneurial CSF's can be described as the basic types of CSF's. All these CSF's will be taken into consideration in the examination of the six micro businesses in an attempt to identify which of them has been really critical to their survival and growth (see *Table 2.14*).

Critical Success Factors	Characteristics
Industry CSF's	Resulting from specific industry characteristics; these factors are connected to low-cost operations, economies of scale, labour costs, quality operations, innovative ability, labour/management relations, technologies and copyright as well as skills. In numerical terms, industry success factors may include total sales turnover, number of customers, profits, etc., while non numerical factors include sensitivity to customer needs, consumer loyalty, IT implementations, low product costs, etc.
Strategy CSF's	Resulting from the chosen competitive strategy of the business; a firm's current position in the industry (where it is relative to other competitors in the industry and also the market leader), its strategy, and its resources and capabilities that will define its CSF's. These factors will be determined in relation to the location of customers, the market and size of demand, as well as sales promotion skills. Of course, these factors are influenced by <i>Competition</i> (related to cost and price comparisons, quality issues, market dominance, product or service reliability and branding). Strategy CSF's factors include the adoption of a certain strategy (i.e., product differentiation, market segmentation, franchising, etc.), pricing policies, investment in growth markets, unique positioning advantage, strong brand image, marketing research, development of human resources, etc.
Environmental CSF's	These factors are not in the control of the organization; however, they must be taken into consideration in developing the firm's CSF's. Examples include industry regulation, political development and economic performance of a country, as well as population, demographic or economic changes. These factors also include <i>government support and political affiliation</i> , such as the provision of basic infrastructure, training facilities, tax incentives, and protection against competition from big businesses, etc.
Temporal CSF's	Resulting from internal organizational needs and changes. These factors relate to short-term situations, often crises; they are important but most of the times temporary, stemming from a specific event necessitating their inclusion. Practically, with the evolution and integration of markets globally, one could argue that temporal factors are not temporal anymore as they could exist regularly in organizations (e.g., pauses caused due to economic crisis, see section 2.4.b, Mintzberg and Waters' model).
Entrepreneurial CSF's	Resulting from the need that the manager effectively exploits and organises the firm's resources and capabilities. An individual role may generate CSF's as performance in a specific manager's area of responsibility may be deemed critical to the success of an organization. In particular, <i>entrepreneurial</i> (managerial position) factors critical for success in a micro wholesaling business include <i>Effective management</i> (i.e., managerial competence and adequacy, entrepreneur's ability to balance obligations with business demand, interpret market trends, control finances, maintain a solid customer network, etc.), <i>Level of education and training</i> (i.e., the entrepreneur has to be innovative, flexible and adaptable to changes), <i>Access to finances and level of initial investment</i> (i.e., ability to expand and adjust the growth of their business at a rate they can best handle financially and time wise), <i>Personal qualities and traits</i> (i.e., having self-confidence, interpersonal skills, perseverance, local reputation, trustworthiness, etc. that have to impact on employees for the creation of team spirit) and <i>Prior experience in business</i> (i.e., if entrepreneurs have parents who also owned an SME, this usually means that they emphasize quality).

Table 2.14: Additional Critical Success Factors

These characteristics include the existence of adaptable and flexible micro firms (usually of family type) mainly dealing with a wide range of own label products (that produce a higher profit margin) whose trading is realized through many retail outlets in different areas. The service to these outlets has to be qualitative so that customers are kept satisfied (see section 1.3, Premises).

In summary, in terms of **Critical Success Factors** (Level One Analysis), the researcher identifies the four common key traits of successful businesses that have been specified by De Geus (1997). At Level Two analysis, the researcher analyses Industry, Strategy, Environmental, Temporal and Entrepreneurial CSF's in order to highlight their importance to development of the six micro firms.

2.7.c Entrepreneur's strategic choices

2.7.c.i Decision making process and survival of micro family businesses

A strategic decision is defined as “a choice with important consequences and resource demands for the organization” (Nutt, 1998:198). Organizational performance and survival depend on the quality of strategic decisions and how well these decisions are implemented (Dooley & Fryxell, 1999). Collectively, decision-making quality refers to decision quality and decision commitment. Decision quality refers to the extent to which a decision contributes to the achievement of organizational goals while decision commitment indicates the extent to which team members accept and commit to the strategic decisions reached (Korsgaard, Schweiger & Sapienza, 1995). Decision making is a fundamental part of every task in which managers are involved; during that process, managers have to respond to the firm's opportunities and threats by analyzing the options and making determinations or decisions about specific organizational goals. In particular, in the context of micro wholesaling firms, the decision making process is quite important and affects the manager's ability to exploit external market opportunities and internal resources/capabilities (see also sections 2.7.a and 2.7.d). Decision making process effectively determines the growth perspectives of the micro business.

The fallacy of ideal models of rational decision making is the assumption upon which they are based. They assume that tastes are absolute, relevant to the issues, consistent and precise, when in fact none of these conditions are guaranteed (Elster, 1986). Furthermore, theoretical models assume that decision makers will take the time and energy to thoroughly investigate all dimensions of the problem. However, consumers usually decide intuitively; instead of using the ideal rational model to guide their analyses, they use approximations to the rational model. Payne, Braunstein, and Carroll (1978) found that an increased use of heuristic strategies (rules of thumb) accompany an increasing number of alternatives. When a decision must be made hurriedly, less information is sought in the problem-solving process than if the decision maker has sufficient time to analyze the problem thoroughly.

Rothstein (1986) explains that time pressure has a significant effect on human judgment, because when the time frame is too limited, some pieces of the problem are only partially evaluated. People will rely on an easy-to-understand decision rule rather than re-evaluate a situation from the beginning and look for nuances not immediately noticeable. In the context of micro wholesaling enterprises, most decisions must be taken under time pressure due to intense competition; in this way, not all alternatives can be thoroughly examined and wholesalers most of the times have to act instinctively. According to Nutt (1998), a rational decision is one that occurs in ordered steps and maximizes a value, whether it is honesty, efficiency, reliability, controllability, marketability, or any of many other values. In this way, the decision making process that is related to the survival of a micro wholesaling business may entail the following steps:

- *Definition of the problem.* This involves isolating the key factors in question, diagnosing the situation to define the basic problem as well as identifying the limits of the situation. This first step is critical because it prevents solving the wrong problem.
- *Identification of the goal to be achieved.* It is essential that a goal is clearly declared.
- *List all possible solutions to the problem.* All alternatives that will address the problem and achieve the goal are placed under consideration.
- *Evaluate each alternative* to determine which one best meets the requirements of the situation.

For example, in the wholesale sector of confectionary products, the definition of the problem is related to the survival of micro wholesaling businesses in a competitive market. The key factors have to do with the existence of intense competition that derives from the strengthened role of supermarkets and superstores; this trend has in essence diminished the role of micro wholesaling firms and makes their survival insecure. As a result, the goal to be achieved in this situation is the most suitable managerial decision that will lead to the survival of these enterprises. After the goal identification, the manager of a micro wholesaling firm will have to think about the possible solutions to the problem, the possible strategies that his business may follow in order to face increasing competition and survive. This phase includes the consideration of the firm's resources and capabilities (RBV approach) that will be useful to the effectuation of a certain strategy. When the entrepreneur lists all the possible alternative strategies (i.e., market segmentation, product differentiation, adoption of franchising system, focus on the exclusive trading of own label products, focused expansion of customer base, etc.) he will have to evaluate them according to the enterprise's potentiality to exploit its available resources and capabilities to the maximum (eliminate expensive or inapplicable strategies) in order to get the best result. This step requires a thorough analysis of each alternative. The analysis involves measuring the benefits, costs and risks of each, as well as identifying the likely intended and unintended

consequences of each. This step also provides information about the utility of each alternative in terms of the efficiency with which it maximizes desired values and still achieves the goal.

Since decision making is a *dynamic* process, it cannot be understood outside the context in which it occurs. It is affected by considerations about uncertainty, risk, people, materials, machines, resources and any other issues present, or perceived to be present, at the time the decision is to be made. In the context of micro wholesaling firms, the entrepreneur's choices (decision making process) will be characterised by the availability of resources (human, tangible and intangible ones) and capabilities, the firm's internal strengths and weaknesses as well as the external opportunities and threats (political changes, economic crisis or taxation incentives) that formulate changing market conditions. The wholesaler (owner/manager of the micro firm) has to be flexible enough to adjust to these conditions and reach at rational decisions about the enterprise's strategies and resources' exploitation; he has to be contextually rational to evaluate all possible alternatives before he makes his final strategic choice (i.e., adoption of a certain strategy or alteration of a policy).

A systematic method for identifying and ranking alternatives is the **bottom-up** approach. It is appropriate for situations in which the decision maker has a clear grasp of both the problem and the alternatives for solving it. In the wholesale sector of confectionary products, wholesalers usually have the objectives of decreasing costs, increasing quality and promoting a better image of the micro enterprise. In this way, the bottom-up approach seems to be suitable for the selection of the best alternative (survival strategy). However, during the evaluation of each alternative, the manager has to take into consideration external factors (such as market trends, consumer tastes, government climate, taxation matters, etc.) as well internal ones (i.e., enterprise's resources and capabilities to be exploited, availability and suitability of human resources, etc.). When the entrepreneur makes the final decision, he will have to be committed to his choice and implement it accordingly, taking into consideration existing market conditions. However, when circumstances require this decision to be altered, the wholesaler has to be flexible enough to adapt (see also section 1.3, Premises).

2.7.c.ii Importance of manager's role

A significant point to the RBV literature is related to the **moderating role played by managers** in the process by which resources lead to SCA. Resources in and of themselves do not confer a SCA (Thomas and Pollock, 1999). As Kay (1993) puts it, a resource only becomes a competitive advantage when it is applied to an industry and brought to a market. Consequently, Williams (1992) describes the managerial role as specifically one of converting resources into something of value to customers. Other contributors typically see the managerial role as a multifaceted one. For example, Aaker (1989) identifies *four activities*, including the identification of relevant resources in the industry, within the

firm, the development of these resources as well as the neutralising of competitors' resources. Recommending a sequential approach, Grant (1991) suggests identifying key resources, then selecting a strategy which best exploits them and finally investing to replenish the firm's resource base.

Once key resources are identified, the literature recommends the ongoing development and protection of these resources (Stevenson, 1983; Wernerfelt, 1989). The task of *resource development* is illustrated by Dierickx and Cool's (1989) concept of asset stocks and flows. Other models of the RBV (Bharadwaj, Varadarajan and Fahy, 1993; Day and Wensley, 1988) propose a re-investment of profits in the development of the resource base (in other words after the resource has been deployed and an advantage realised). This is the task Grant (1991) describes as *filling resource gaps*, which he sees as having an important time dimension as the firm tries to equip itself with the resources necessary to achieve competitive advantages in the future. Resource development for the future is also central to the concepts of strategic intent (Hamel and Prahalad, 1989) and dynamic resource fit (Itami and Roehl, 1987). Therefore, *resource development* can be viewed as an ongoing process of consistently building resource stocks within the firm and continuing to rebuild these stocks as they are used up. Similarly, some resources will need ongoing protection from the imitative efforts of competitors (i.e., resources protected within the legal framework). Resources that possess inherent barriers to their duplication due to their inimitability, immobility and non-substitutability may not require such vigorous defence.

In the context of micro firms involved in the confectionary products' sector, the process of resource development incorporates the protection of certain significant resources, essential for the micro firm's survival and growth. For example, the manager's decision for the implementation of franchising system involves the exclusive trading of a certain category of products (see the case of "Delta", sections 4.8.a to 4.8.f). This means that the micro firm has to protect relevant resources and capabilities that derive from the franchise agreement, by signing specific deals with the mother company. Alternatively, the focus on the trading of own label products has to be accompanied by the provision of personal and prompt service so that fresh confectionary products are delivered in time and the customer base is kept satisfied (see for example the case of "Alpha", sections 4.5.a to 4.5.f).

However, in terms of realising the potential for SCA and superior performance, the critical managerial challenge relates to how the firm's key resources are deployed, in essence, its strategy in the marketplace (see section 1.3, Premises). In actual practice, cases have shown that resource deployment involves changes to the organisation's structure and that long-term success may be contingent on organisational learning capabilities (Moingeon et al., 1998). In the context of micro wholesaling businesses, the entrepreneur's ability to effectively use the firm's resources and capabilities by selecting the most appropriate strategy in essence determines the potential for its survival and growth (i.e., see the successful cases of "Alpha", "Beta", "Gamma" and "Delta", sections 4.5 to 4.8).

Management's role, in the RBV literature, concerns building up the firm's resources and capabilities. Such development is significant in slimming down weaknesses and creating the new resources/capabilities required to adapt to external alterations and sustain competitive advantage. Each manager has to be aware of market researches or studies that "reveal" the sector's trends and consumers' tastes. In this way, focus on important factors will facilitate the modulation of a suitable framework for the effective deployment of resources and capabilities. These fields can be:

- *Replicating capabilities*

Winter (1995) underlines that exploiting capabilities to their fullest extent requires that the firm replicates them internally. In the confectionary industry, replication of good practices in relation to product differentiation as well as network expansion can signal positive perspectives for the wholesale sector's firms. Of course, the procedure of exploiting capabilities through replication is not so simple; most of the time, tacit knowledge incorporated in the routine has to be transferred into explicit knowledge (i.e., in the form of guidelines and operating procedures).

- *Developing new capabilities*

Grant (2005) believes that acquiring new or additional resources requires that an organisation buys the desired resources on external factor markets, or (if resources are not transferable) builds them internally. Of course, this task may also be difficult; however, it is much easier than seeking to develop new organizational capabilities. The most common procedure of exploiting capabilities includes different resources working together. In order to comprehend a firm's capabilities, a researcher or a manager has to go back to the firm's historical development and records. In spite of the fact that some firms seem to be able to upgrade, extend and reform their organizational capabilities, it cannot be explained why their capabilities are specific and rigid, while other firms' capabilities are more flexible and adaptable. Finally, a firm has dynamic capabilities when it is able to build, embody and reconfigure internal and external competencies in order to adapt to swiftly changing conditions (Teece et al., 1997). Of course, this does not mean that new firms are in a better position with respect to established firms; the latter are usually aware of market particularities. New firms often face the challenge of acquiring new capabilities, while established firms have the double target of acquiring new capabilities and relieving themselves from existing obsolete capabilities.

In the confectionary industry, most of micro wholesaling firms have to attain this double goal: to replace old (and virtually obsolete) resources or capabilities with better, new ones. For example, customers that cannot be trusted have to be substituted; the trading of confectionary products that does not offer an increased profit margin also has to stop. On the other hand, old motor vehicles have to be replaced on a regular basis so that they can be effective for the prompt distribution of fresh

confectionary products. What is more, if a salesman cannot respond to market requirements (i.e., achieve increased sales turnover and provide swift service), he will inevitably have to be changed.

To summarise, at Level One Analysis, the researcher uses Aaker's (1989) identification of four activities. In this way, he tries to specify and categorise the managers' strategic choices that are related to the development of each of the six micro wholesaling enterprises' resources and capabilities. At Level Two analysis, the *entrepreneur's strategic choices* are directly related to the *entrepreneurial CSF's* (identified in the previous section), resulting from the need that the manager effectively exploits and organises the firm's resources and capabilities. These choices also include elements of the sixth criterion of life cycle stage that has to do with entrepreneur's behaviour during crises. In this way, these strategic choices will be examined under the prism of the entrepreneurial CSF's.

2.7.d External opportunities and Threats

2.7.d.i SWOT Analysis in the context of micro wholesaling enterprises

The researcher has generally referred to SWOT Analysis in section 2.6.b. In this section, he is particularly focused on the conduct of SWOT Analysis in the context of micro enterprises involved in the wholesale sector of confectionary products. In particular, when conducting SWOT Analysis, the wholesaler has to take several issues into consideration (i.e., how much the firm depends upon suppliers, individual costs for the firm's products or services, whether future demand will increase, limits of the geographical area of the firm's activities, competitors' prices for similar products and services, etc.). The SWOT framework seems to be ideal for entrepreneurs involved in the sector under examination; it can be influenced by various dynamic factors (see *Table 2.15*).

<p>Strengths</p> <ul style="list-style-type: none"> • <i>Products and services</i> (quality, specific features and product development). • <i>Production/Operation</i> (sources of supply and operational efficiency). • <i>Marketing/sales</i> (customer base and loyalty, pricing policies, promotional activities, sales, distribution, logistics, staffing, market research, customer information, market awareness, well-developed business network). • <i>Organization/People</i> (skills, capabilities, knowledge, training and qualities of staff, managers, functional structure, human processes, quality of administration, culture and morale, loyalty of staff that can be friendly, cooperative and supportive). • <i>Finance/controls</i> (capitalization and gearing, working capital, profitability, effective cost control and highly competitive pricing, efficient procedures). 	<p>Weaknesses</p> <ul style="list-style-type: none"> • Inadequate working capital. • Inadequate managerial skills (poor communication, inadequate leadership, lack of motivation). • Poorly trained staff (too little training and delegation, no trust). • Insufficient space for expansion. • Lack of new product development to meet customer demands. • Ineffective marketing and promotion. • Out-of-date plant and equipment.
<p>Opportunities</p> <p>The manager has to identify the existing obstacles that have to be faced and specify the elements that need to be strengthened. In particular, the analysis of opportunities may be focused on the following fields:</p> <ul style="list-style-type: none"> • Existing customers (changes in their tastes, needs and strategies, growth). • Existing markets (changes in the needs of potential customers, emergence of new competitors, changes in supply factors, closures of competitors). • New markets (changes in the needs of new customers, growth or demise, supply factors). • Politics/laws (new government, new policies, new legislation). • Economics (structural or cyclical change, interest rates, exchange rates). • Society (demographic change, cultural and social change, lifestyle change). • Technology (improvements in technology, innovation and invention). 	<p>Threats</p> <ul style="list-style-type: none"> • Price competition (which usually takes the form of lower prices or discounts offered by competitors). • Increased prices for raw (or finished) materials or services that the enterprise wishes to buy in. • Legislation imposing new obligations or restrictions. • Poor performance by the national economy, high interest rates or depressed consumer spending. • The level of unemployment / Environmental legislation / An obsolete product range.

Table 2.15: Analysis of strengths, weaknesses, opportunities and threats of a micro firm (source: author)

In particular, the **strengths** that can be developed and used are related to the differentiated products, product or service quality, low-cost position, leadership and management skills of the manager (innovation and flexibility). Of course, financial and cash resources are essential for the unimpeded operation of the micro business. On the other hand, **weaknesses** relevant to micro wholesaling firms are related to the provision of low quality service, the distribution of few products (lack of variety) and the lack of an expanded customer network. Of course, the existence of limited financial resources, skills and capabilities result in the problematic survival of the enterprise. Furthermore, external **opportunities** can be sought in changes to the political or economic environment (that favour micro and small enterprises), new takeovers, mergers or partnership opportunities, competitors' weaknesses (i.e., inability to provide qualitative service or distribute certain products to specific areas), as well as market segmentation and product diversification opportunities. Finally, the main **threats** for micro wholesaling businesses can be connected to intense competition, increased pressure from customers or suppliers, as well as sudden alterations in the political or economic environment (see also section 1.3, Premises). It has to be stressed that possible threats are likely to have a more immediate impact on **micro and small** firms than on **bigger** enterprises with more resources and reserves as well as increased opportunities to diversify. It also has to be noted that in the context of the Greek market, factors such as alterations in interest rates, government policies as well as the ageing population can influence micro firms (most of them are of family type and family income is affected by those factors). In the context of this framework, it is important to identify the types of resources and core capabilities that are essential to the successful implementation of the RBV approach (see section 1.3, Premises). The RBV framework can force managers to think about which of its strengths possess inherent barriers to duplication by competitors. Resources should be categorised according to ease of duplication by competitors. In general, intangible resources and capabilities are more difficult to duplicate and provide a more meaningful basis for marketing strategy development.

2.7.d.ii Resource and capability appraisal grid

One interpretation of strategy, held from the early work of Ansoff (1965) and Andrews (1971), is that strategy is concerned with matching the firm's strengths with the opportunities and threats presented in the marketplace. The RBV of the firm adopts this perspective on strategy. In particular, Grant (2005) believes that appraising resources and capabilities is not about data, it is about insight and understanding. There is not an objective way of appraising the comparative strengths and weaknesses of a firm's resources and capabilities in relation to its competitors. Grant develops this notion by

developing an appraisal grid bringing together resources, capability strengths and weaknesses and relative importance (see figure 2.7).

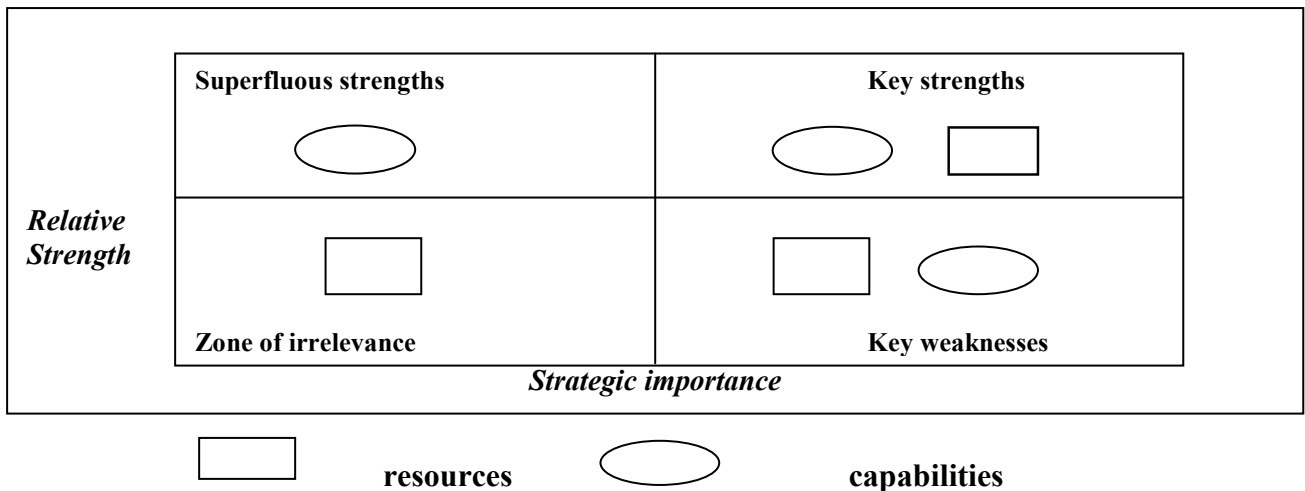


Figure 2.7: Resource and capability appraisal grid (source: Grant, 2005)

It is customary for the **analysis** to take account of internal resources and capabilities (strengths and weaknesses) and factors external to the organisation (opportunities and threats). Gathering information on strengths and weaknesses should focus on the internal factors of skills, resources and assets, or lack of them, while gathering information on opportunities and threats should focus on the external factors over which the entrepreneur has little or no control (such as social, market or economic trends). This type of analysis can provide a suitable framework to analyse market conditions and develop suitable strategies and tactics; it can also be the basis for assessing core capabilities and competences that are essential if changes have to take place. Such a framework forces managers of micro wholesaling enterprises involved in the confectionary products’ sector to assess whether or not claimed strengths actually matter in the marketplace (that is to provide value to customers). The marketing literature is replete with examples of firms that brought unique resources to market and failed because these perceived strengths did not actually matter to customers.

The aforementioned framework combines **SWOT Analysis** and **RBV**. In practice, SWOT analysis tends to produce a fairly indiscriminate list of variables, leading other authors to advocate that its use be discontinued (Hill and Westbrook, 1997). The RBV of the firm provides a conceptually grounded framework for assessing strengths and weaknesses and enables strengths and weaknesses to be examined in terms of the criteria for establishing SCA. Adopting the RBV framework maintains a focus on the provision of value as well as the durability of resulting advantages. The researcher believes that resource and capability appraisal grid is quite useful in identifying the strengths and weaknesses of a micro firm’s resources and capabilities. However, this internal appraisal should not be independent of the external market conditions, the opportunities that can be exploited and the threats

that have to be faced. Most of the time, the basic element for success (survival or growth in the case of micro wholesaling businesses) is that an organisation recognises the activities it performs well (or adequately) and meditates a strategy to exploit them most effectively. This model can help micro firms identify those relative strengths and weaknesses which need to be addressed and used as the basis for formulating an appropriate strategy (see section 1.3, Premises). The superfluous strengths and zone of irrelevance are useful in identifying which capabilities and resources should not continue to be invested in or disposed of. On the other hand, the zones of key weaknesses and key strengths can be those of highest strategic importance in terms of resources and capabilities investment. For example, in the specific case of confectionary wholesaling sector, a micro firm could identify, exploit and invest on its strengths; at the same time, it could identify its weaknesses and try to smuggle them away.

2.7.d.iii Ten guidelines for the options based on the resource-based view

On the other hand, the *Ten Guidelines' test* mainly refers to the different factors that contribute to the formulation of the conditions where each micro wholesaling enterprise has to compete. These factors (see Table 2.16) affect the competitive conditions since they examine aspects of the *external environment* (network, technology, environment and competitors), the enterprise's *internal processes* (people skills, financial resources and additional skills) as well as elements that can lead to the attainment of SCA (perspectives, value added and customers' benefits). This test can be regarded as complementary to the general SWOT analysis; the difference is that it specializes the external and internal factors that can influence a micro business.

1. Technology	If the firm is using any advanced Technology (for example, IT), it has the potential to have supremacy against competitors.
2. Network	What products are traded (own label or brand name ones), where (location) and to what kind of customers (i.e., bakeries, etc.). All these factors can influence demand; for example, the trading and distribution of own label cookies in bakeries situated in the North part of Athens can produce a remarkable profit margin to the micro wholesaling business.
3. Value added	How value added is generated, what skills are involved and what are the core competencies of the micro firm. For example, in the sector of confectionary products, value added can result from the provision of personal and prompt service or the adoption of an effective strategy (such as product differentiation, segmentation or franchising).
4. People skills	These factors include the skills of the manager and the skills of the staff. They refer to their contribution to the firm's core competencies. (i.e., the manager of the micro business has to be flexible to adapt to the changing market conditions and motivate his staff; on the other hand, employees of the firm have to respond to the manager's vision by performing well and accomplishing the business targets).
5. Financial resources	This factor refers to the manager's ability to control the micro firm's liabilities (tax payments, debts, credits, etc.). The mastery of financial resources enables the manager to plan future payments and investments.
6. Customers' benefits	What kind of benefits customers can get. For example, the customers of micro wholesaling businesses (bakeries, etc.) can get benefited from quality service. The provision of quick and personal service means better personal relationships and various conveniences (in payments or quantity of orders). In this way, final consumers can get benefited from the variety of fresh products at reasonable prices.
7. Additional skills	These skills include all possible skills (capabilities) of the manager or the staff that can contribute to the attainment of SCA. For example, the fact that the manager of a micro firm is informed about changing market trends or can be an additional skill.
8. Perspectives	This factor reflects the stage (position) in the life cycle of each micro enterprise and its potential for further development. For example, a micro business that sells many brand name products will not probably have auspicious survival and growth perspectives. On the other hand, a firm that is putting in areas with increased demand of own label confectionary products, will have promising perspectives.
9. Environment	This factor refers to various market conditions that can influence the micro enterprise (such as political environment, alterations in government, taxation policy, financing, changes in interest rates, gas price, policies that provide motives to micro businesses, mergers-acquisitions, alterations in market trends, demand for confectionary products, etc.).
10. Competitors	This factor refers to the strategies that other micro wholesaling enterprises are following (i.e., pricing policy, products they trade, areas they are operating, customers they target, etc.). However, it can be argued that the real competitors for these businesses are the supermarkets and multinational chain stores that impose their own rules to the prices of products.

Table 2.16: Specific insights of Ten Guidelines' test (source: author)

The questions included in the *test* may contribute to the identification of the fields that a micro wholesaling enterprise can develop in order to gain SCA. The researcher believes that the use of the *Ten Guidelines' test* can enrich the general SWOT Analysis by focusing on specific RBV fields, useful for the research in the context of micro wholesaling firms involved in the confectionary products' sector (i.e., people skills, additional resources, value added).

To summarize, regarding **external opportunities and threats** (Level One Analysis), the researcher uses the additional instruments of the "Resource and Capability Appraisal Grid" (Grant, 2005) as well as the "Ten Guidelines' Test" (Level Two Analysis) in order to enrich the conduct of a general SWOT Analysis. The "Ten guidelines for the options based on the resource-based view" includes specific questions about the firm's technology, network, value added, people skills, financial resources, customers' benefits, additional skills, perspectives, environment and competitors.

2.7.e Life cycle stage identification

2.7.e.i Six Growth criteria and four primary factors for life cycle identification

As noted earlier, **growth** means that a business demonstrates a propensity to expand operations significantly, because it satisfies a number of important growth **criteria**. Most of the times, micro wholesaling businesses cannot progress past the second (survival) stage; that is why their survival constitutes a crucial issue. It is therefore necessary to articulate where these businesses fit within the life cycle model (see section 2.4.a and section 1.3, Premises).

In general, the successful wholesaler-entrepreneur-manager (that is usually the founder or the successor of the firm) is capable of motivating his employees so as to continuously provide personal and prompt service to his customers; the manager of a micro wholesaling enterprise will be successful if he is able to manage his firm's obligations effectively and adequately exploit its resources and capabilities. Wilson and Bates (2003) proposed **five growth criteria** in their model (see section 2.4.a). These criteria can be implemented in the context of the six micro businesses under examination in order to identify their position in the life cycle; on the other hand, the accomplishment of these criteria will disclose the **perspectives** for each firm's growth (see section 1.3, Premises).

However, as noted earlier, the transition from one stage to the next will be followed by some crisis or another because change is required; managing change requires effective planning. For this reason, it is essential to introduce a **sixth criterion** that is related to the attitude of the entrepreneur during the crises that take place when the micro enterprise makes the transition from one stage to the next. As Mintzberg and Waters' (1990) research has revealed, the successful entrepreneur will have an essential

“pause” after the “sprints” of change. The authors concluded that growth in successful enterprises has to be followed by imposed pauses (research of Steinberg Inc., see section 2.4.b).

On the other hand, Miller and Friesen (1984) identified *four primary factors* for life cycle identification; these include *situation, structure, decision-making style* and *strategy* (see section 2.4.a). The researcher finds the approach of Miller and Friesen (1984) quite useful in the context of micro wholesaling enterprises that are involved in the trading of confectionary products; the specification of these primary factors is essential for the life cycle stage identification of the micro wholesaling firm.

In summary, with regard to **life cycle stage** (Level One analysis), the researcher analyses the *five growth criteria* set by Wilson and Bates model (2003). At Level Two analysis, the researcher adds Miller and Friesen’s (1984) *four primary factors* for life cycle identification as well as the *sixth criterion* of life cycle stage that is related to the attitude of the entrepreneur during the crises and is connected to entrepreneur’s strategic choices.

2.7.f Orientation of the micro enterprise - Family and business orientation

In general, a firm is considered to be a family business when its ownership or/and management are concentrated within a family (Litz, 1995; Morris et al., 1997; see also sections 2.3, 2.4, 2.4.a and 2.5.e). Family businesses may very easily have a low family orientation or lose their orientation completely (Dyer, 1988; Birley et al., 1999). The movement away from being a family business might occur because the detachment of the owning family from actual management of operations or because of an acquisition (Meek et al., 1988).

A firm’s “**family orientation**” can therefore be seen as an important first dimension on which family businesses differ from each other. Birley et al. (1999) identified a broad range of issues related to the family dimension such as the involvement of children, succession, family income as well as share distribution. Meek et al. (1988) elaborate on several advantages related to the family factor such as long term orientation, independence, culture, and the knowledge of the business that is based on early training in the family. Overall, it is clear that family firms vary with respect to their family orientation and this may result in a specific set of advantages and disadvantages from the firm’s viewpoint.

The second dimension is “**business orientation**” which is related to the value creation of the firm. According to the findings of File and Prince (1996), family businesses falter due to either family-related problems (i.e., family succession of current management), or due to business-related problems (i.e., ineffective financial management). This statement points to the fact that the family component is not the single orientation in the family business. Regular business-related concerns are present as well, irrespective of the role of the family in the business. For individual managers, this means that they can

obtain power from their position in the business (Birley et al., 1999). Family-related power generally comes from family seniority or one's ability to influence senior members of the family. Business-related power depends on, for example, the position in the hierarchy and expertise. Aronoff and Eckrich (1999:63) state that "success depends on being able to combine and balance businesslike thinking and family like thinking" (see also section 1.3, Premises).

However, balancing family and business is not an easy matter. For example, an owner/manager is expected to hire employees who are most competent, and to pay salaries and benefits in accordance with performance. When the business orientation is weak, the owner may allocate business resources in a sub-optimal way. Kets de Vries (1993) describes the example of family members that add little or no value to the business, which may turn the enterprise into a welfare institution. It gives family members something to do without adding productive elements to the business. Most family (micro and small firms) cannot afford to have too many of these people around. In the context of micro wholesaling enterprises involved in the confectionary products' sector, it has to be stressed that most of the sector's businesses are of family type. In this way, the entrepreneur has to make a choice of where to put more emphasis, in the family aspect or the business aspect of his firm. A number of factors can influence the wholesaler's orientation; these are related to the family implication, the background of the manager, the entrepreneur's independency and leadership skills, as well as his ability to balance these different orientations.

The framework that has been developed by Leenders and Waarts (2003) evaluates the strength of family and business factor within an enterprise; it can be useful to micro wholesaling firms involved in the confectionary products' sector. In particular, Leenders and Waarts (2003) believe that there is not necessarily a negative relationship between business orientation and family orientation. It should be possible to combine, for example, a strong family orientation with a strong business orientation or vice versa. The authors go beyond the identification of only groups such as "business first", which is an implicit combination of low family and high business orientation, and try to consider a broader range of family and business orientations. In this way, they develop scales to measure both the family orientation and business orientation of family businesses (see *Table 2.17*).

<i>Business orientation</i>	<i>"House of Business"</i>	<i>"Family Money Machine"</i>
	<i>"Hobby Salon"</i>	<i>"Family Life Tradition"</i>
	<i>Family orientation</i>	

Table 2.17: Combinations of business and family orientation (source: Leenders and Waarts, 2003)

The authors also validate whether the constructs are relatively independent of each other. Assuming that they are indeed two independent distinctive characteristics of a family business, they can succinctly described by the combination of the two. In particular:

- In the **lower right area** of the business “space”, there are enterprises with a strong family orientation and a weak business orientation (i.e., firms where family drives are strong and where the business element of the organisation is not dominantly established). These are labelled “**Family Life Tradition**” enterprises. Typically, these enterprises feel that involving family members strengthens the business in general, that children must be involved in the business at an early stage, and, preferably, that one of them should be the successor. Personal networks and trust of the family members are at the heart of the business.
- The **upper right cell** contains firms that also have a high level of family orientation, but they score high on business orientation as well. Hence, both value creation and family are important for these firms, which are called “**Family Money Machine**” enterprises.
- The left side of the space contains enterprises that are less family-oriented and hence more outwardly directed. Such businesses are more willing to let outsiders join the management of the business. The firms in this group can also vary in business orientation. The **upper left cell** represents firms that are weak on family orientation but strong on business orientation. These firms are labelled “**House of Business**” types of enterprises. The external network and economic motives play an important role in this type of business.
- Finally, the grid displays the “**Hobby Salon**” type of firms, i.e., firms having low scores on both family and business orientation. These firms have a non-financial and open personal context.

Different types of family business possess different advantages and disadvantages. To explore such differences, the authors included the following set of performance criteria: *trust, social control, employee motivation, management control, conflict resolution, continuity, private life and atmosphere*. These characteristics are referred to contemporary research as possible advantages and disadvantages in general and family businesses in particular (Stavrou, 1999; Kets de Vries, 1993; Hutcheson, 2002, Miller, 1998). The researcher will implement these performance criteria in the family and business orientation evaluation of the six micro wholesaling businesses (see also **Appendix 2.I**).

The general pattern behind the evolution is that the business dimension becomes stronger over time and that is no clear direction for the family dimension. The authors argue that some degree of a growing business orientation may be necessary in today’s competitive environment but that the role of the family is more a strategic choice or it happens by accident, resulting in both increases and decreases. They also believe that family firms have to assess their current position in the family/business space and analyze their strengths and weaknesses to understand that part of their competitive profile comes from the firm’s fundamental orientations. This places strategic planning decisions on issues such as succession (see section 2.5.e.iii), involving outside managers, attracting

outside money, and stressing family values in a more rational perspective and introduces an objective function in terms of specific competitive strengths and weaknesses in the planning process. Consequently, the decision whether to stress family values starts with an assessment of what the enterprise is trying to achieve in terms of social control, management control and conflict resolution objectives. Even if a firm feels comfortable with its strengths and weaknesses and aims to preserve the current mix of family-like and business-like thinking, the implications are plentiful regarding specific advantages one could capitalize upon, and concerns one should take more notice of. In a dynamic perspective, if, due to internal or external circumstances, a family firm evolves in the orientation landscape, it will experience improvements on one or several criteria, but it will also encounter new concerns that can be viewed as mobility barriers when moving from one group to another. The researcher believes that the aforementioned conclusions/findings of the research conducted by Leenders and Waarts (2003) can also be revealing for micro family enterprises involved in the confectionary products' sector. For example, the analysis of a family firm's orientation will probably disclose useful background information about its manager's strategic choices, behaviour, culture and approach on various issues.

On the other hand, in the family business literature, there is a tendency to come up with a variety of general “**success factors**” such as shared power, a balanced life between work and play, and the planning of succession (Hutcheson, 1999). Different firms may have different motivations and ways of doing business, which will have consequences for the critical factors that will make them flourish. For example, if the long term motivation for a family-run business is to keep the family tradition alive, child succession will be a critical concern (appropriate education). If, on the other hand, the goal is to create a sound financial business (with or without family input) the critical factors may shift to other issues like strategic planning. In the sector of confectionary products, most firms involved can be regarded as family businesses. In the six cases under examination, the founders of the enterprises are the managers of those businesses; all of them are family firms in the sense that more than one members of the family are involved in the running of these enterprises (see chapter 4, enterprises' History and life cycle development). For this reason, the evaluation of these firms based on the three *success factors* identified by Hutcheson (1999) seems to be practical.

To sum up, in terms of **family and business orientation**, the researcher categorizes the six micro wholesaling enterprises in terms of Leenders and Waarts' (2003) framework (Level One analysis). The implementation of this framework appears to be appropriate for micro enterprises involved in the wholesale sector of confectionary products since most of the sector's businesses are of family type and indispensably incorporate factors such as family and business orientation. At Level Two Analysis, the

researcher examines the six businesses in terms of the three general “*success factors*” of family firms (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999) in order to formulate a complete approach of the family factor of each enterprise.

2.7.g Marketing approach

2.7.g.i Transactional and Relationship marketing approach

Relationship marketing in general emphasizes at customer retention and satisfaction, rather than focusing on “point of sale” transactions; it differs from other forms of marketing in that it recognizes the long term value to the firm of keeping customers, as opposed to *direct* or *transactional marketing*, which focuses upon acquisition of new clients by targeting majority demographics based upon prospective client lists. According to Berry (1983), *relationship marketing* can be applied when there are competitive product alternatives for customers to choose from and when there is an ongoing and periodic desire for the product or service. The practice of relationship marketing can be facilitated by specialised software that allows analyzing each customer’s preferences, activities, tastes, likes, etc.

According to Gordon (1999), the marketing mix approach is too limited to provide a usable framework for assessing and developing customer relationships in many industries and should be replaced by the relationship marketing alternative model where the focus is on customers, relationships and interaction over time, rather than markets and products. In contrast, relationship marketing is cross-functional marketing; it is organized around processes that involve all aspects of the organization.

Customer Relationship Marketing (CRM) is treated as an organisational process (Gronroos, 1999). The ability to have a dialogue across all customer contact points is an essential ingredient of CRM (Mc Kenzie, 2000; Peppers and Rogers, 1997). The intent is to integrate information from diverse sources (i.e., direct sales, websites, customer service, etc.) to arrive at a coherent picture of the customer and to be able to better serve that customer. The one-to-one or personalized marketing approach emphasizes that different customers be treated differently. The rationale is that customers vary in their future economic value and that superior returns are realized by allocating resources toward the retention and growth of the most valuable customers. Another ingredient of CRM is trackable, timely and comprehensive information, obtained through an on-going dialogue with each customer (Pine et al., 1995). Successful CRM depends on how well the firm elicits the sharing of this information, and then converts it into knowledge that can be used to change how the organization collectively behaves toward the customer. Various data-base management tools (i.e., customer information systems and sales automation software) can effectively organize customer-relevant data so that sales staff can close deals faster, customer service can be streamlined, and communications can be personalized. Customer relationship marketing approach seems to be more effective in the context of micro firms; these

businesses are in a better position in terms of retaining a solid customer base when they are able to provide qualitative (personal and prompt) service. The use of specific software applications (i.e., ERP and WMS, see for example the case of “Gamma”, sections 4.7.a to 4.7.f) can organise the distribution procedure and improve customer service.

The distinction between product and relational advantages relates closely to what Coviello et al. (2002) call *transactional* versus *relational* marketing. They argue that most successful strategies are a hybrid of both types of marketing. Relationships cannot be developed and sustained if product quality is unacceptable, the underlying technology is out-of-date or the product is persistently unavailable. As a result, firms may enjoy both product and relational advantages. The positional advantage plays a mediating role in the relationship relating capability with performance; however, it is usually ignored. Relationship marketing and traditional (or transactional) marketing are not mutually exclusive and there is no need for a conflict between them. However, there are differences in terms of timeframe, price, segmentation, after-sales support, incentives, people and costs (see *Table 2.18*).

Criteria	Transactional marketing	Relationship marketing
Timeframe	Do the deal quickly, returning only to take new orders	Provide on-going support to mutual satisfaction
Price	Emphasize price as the main benefit	Promote value to the customer and other non-price benefits
Segmentation	Find, win and develop new customers or new markets	Maintain existing customers by supporting emerging needs
After-sales support	After-sales support and service are seen as a cost to be minimized	After-sales support and service are seen as an investment in the relationship, amortized over the long term
Incentives	Reward sales people for doing deals, with commission rated on sales value	Reward sales people for maintaining and growing relationships and revenue, with remuneration based on salary or account profitability.
People	Appoint sales people who are skilled at closing the deal	Appoint people who are skilled at developing relationships
Cost	High transaction costs (allocating resources for new customers)	Long term transaction costs by retaining existing customer loyalty

Table 2.18: Transactional versus relationship marketing (source: Ryals and Payne, 2001)

According to Berry (1983) and Gummesson (1987), *relationship marketing* examines the ways the firm can orchestrate internal resources and processes to sustain customer loyalty. Supporters of this marketing form believe that in order to survive in competitive and volatile markets, enterprises have to move away from managing transactions and instead focus on building long-lasting customer relationships. On the other hand, Jackson (1985) has presented a similar view about the need to recognize that only certain market scenarios will permit application of a relationship marketing orientation. *Transactional marketing* is probably more appropriate in cases where the customer has a short time horizon and switching suppliers is a low-cost activity. In contrast, where the customer has a long time horizon and the costs of switching are high, then the purchase decision will involve a careful search for a supplier who is prepared to build a strong and lasting relationship with the customer. As a result, under these circumstances, the micro wholesaling firm that wishes to retain its customers will probably select the relationship marketing philosophy that is most suited to existing internal competencies or the nature of the product proposition to be offered to the market (see also section 1.3).

The same proposal on *internal capability* as well as on the *nature of product offering* can be made in the context of an *entrepreneurial* versus a *non-entrepreneurial* marketing orientation. Most micro firms involved in the Greek confectionary wholesaling sector are best suited to distributing standardized goods (own label and brand name products) at a competitive price. This happens because these firms are not competent at managing “leading edge” technology. However, this skill can be best exploited by adopting an entrepreneurial orientation of regularly launching new, innovative products; however, the development of such skills can be quite expensive for micro enterprises.

2.7.g.ii Customer needs’ orientations

On the other hand, achieving high standards of competence across all areas of activity is the desirable goal for every excellent micro or small business. However, it is not likely that any micro firm has either the time or resources (or other practical hindrances) to achieve this aim. Under these circumstances, the owner/manager has to carefully assess the needs of key customers and then decide which competence should receive priority for further enhancement in terms of supporting the organization’s marketing strategies (see also section 1.3, Premises).

Chaston (1999) has developed the theory of alternative customer needs. This conceptual model suggests that the following **customer needs’ orientations** exist in micro business markets:

- *Conservative-transactional orientated customer needs*, where price/quality/value product combination is better than that of competition, products are standardized and prices are lower.
- *Conservative-relationship orientated customer needs*, where product/service combinations deliver complete customer specific solutions, product solutions are based on standard specification for industrial sector and more effective solutions are offered to solve customer problems.
- *Entrepreneurial-transactional orientated customer needs*, where products offering outstanding superior performance than existing ones.
- *Entrepreneurial-relationship orientated customer needs*, where product contributes to ensuring customer output delivers superior performance relative to competition, while assistance to customers to achieve even more innovation of their existing products is offered.

In this way, the *conservative-transactional orientated* micro wholesaling firm delivering standard own label and brand name products and seeking to deliver a strategy of offering the best possible price/quality combination, would probably be well advised to give priority to the organization’s information management systems and to optimizing internal productivity. These competencies are also quite important to *conservative-relationship orientated* micro enterprises. However, according to Chaston (1999), additional attention to service quality competence is needed in order to deliver a strategy based around working in close partnership with the customer. On the other hand,

entrepreneurial-transactional orientated micro firms involved in the confectionary wholesaling sector should probably give the highest competence priority to that of managing innovation in order to fulfil the strategy of always offering superior products. Given that customers in this sector of the market are more concerned with product performance and quality (freshness) than low price, then this type of firm need probably not be so concerned about concurrently achieving high ratings for employee productivity. Similarly, *entrepreneurial-relationship* micro firms will also need to pay attention to innovation competence. Chaston (1999) also notes that the philosophy of working in close partnership with customers will demand high levels of competence in the area of service quality.

The researcher believes that the theory of Chaston (1999) in terms of evaluation of alternative customer needs can be developed in the context of micro wholesaling firms involved in confectionary products' sector. These enterprises seem to possess all essential characteristics that allow their categorization under Chaston's theory (see chapter 4, Findings for the six micro enterprises).

To summarize, in terms of **marketing approach** (Level One analysis), the specification of each one of the six enterprises' approach (customer relationship or transactional) will disclose the main managerial choices that are connected to after sales support, segmentation, incentives given to employees, prices and costs. These choices affect each manager's ability to organize internal resources and processes to create and sustain customer loyalty. On the other hand, at Level Two analysis, the researcher uses the "evaluation of alternative customer needs" (Chaston, 1999) in order to determine the customer needs' orientation that describes each one of the six micro businesses.

2.8 Conceptual and empirical issues - Comments on RBV

Regarding the RBV and its particular aspects, a number of comments can be made. At first, one of the major shortcomings of the RBV is related to the fact that the organisation remains a black-box even though it is considered as the source of organisational success (Ortmann and Sydow, 2001; Priem and Butler, 2001). There is a lack in explanations of how heterogeneity arises (Helfat and Peteraf, 2003: 997). This is not only a limitation in the eyes of those who regard the RBV as a theory of competitive advantage; if the major interest relies on "rules for richness", the causal ambiguity argument of the RBV can be described as dissatisfying. **Causal ambiguity** means that the link between the resources controlled by a firm, internal processes and SCA can neither be attributed from outside nor from organisational members (Barney, 1991). Rather, the causal ambiguity paradox - even though it is inspiring - veils the view on organisational internal processes that might have a strategic impact. The RBV does not only lay emphasis on the internal organisation but also limits a deeper understanding of organisational internal strategic processes. For a further development of strategy research, a broader

perspective of social action within and between organisations as well as between organisations and environments is essential. Mintzberg (1999) suggests different organisation theories that help to specify critical variables, interactions and dependencies of strategic processes.

On the other hand, while it is possible to distinguish a *basic hierarchy of resources* (tangible assets, intangible assets and capabilities), a more fine-grained analysis is likely to lead to difficulties. For example, capabilities are generally considered to be the most potent source of competitive advantage but any given capability is likely to be superseded by a higher core capability leading one into the problem of infinite regress (Collis, 1994) with the result that marketing can never hope to find the ultimate source of competitive advantage. This can be regarded as important, as one of the first applications of the RBV in the marketing area has been a framework for thinking about marketing resources. For example, Day (1994) has proposed a taxonomy of capabilities to distinguish those which are inside-out, outside-in and boundary spanning. However, it is unclear from such a framework, whether for example, a resource like market orientation can best be thought of as an outside-in capability or a spanning capability, given recent progress in understanding and measuring the concept (Narver and Slater, 1990). Such broad-based taxonomies are likely to be always incomplete and potentially misleading regarding the sources of advantage.

What is more, the RBV of the firm (like SWOT analysis and Porter's five forces framework) has been criticised for presenting a very static view of what is essentially a dynamic process (Dickson, 1992). Building on his theory of competitive rationality, Dickson notes that *heterogeneity* in supply and demand is a virtuous cycle with no clear beginning or end as firms respond to changing demand by experimenting with new ways of serving customers. Managerial resource development decisions set the firm on a path trajectory that may be positive or negative. For example, Teese, Pisano and Shuen (1997) note that many top quality products have lost out in the marketplace because firms had locked into inferior technologies. Research adopting the RBV must recognise the dynamic nature of the resource development process in an uncertain environment.

Finally, the lack of empirical validation of its core propositions is perhaps the most critical issue facing the development of the RBV in the future (Hoskisson et al., 1999; Wenerfelt, 1995). To date, the vast bulk of contributions in this area have been of conceptual nature. In the last years, empirical studies have progressed from relatively simple efforts to understand the importance of resources to overall success (Hall, 1992) to more ambitious attempts to extend the scope of the RBV beyond the boundaries of the firm (Maijoor and Van Witteloostuijn, 1996). However, this emerging literature has been very diffuse in its hypotheses, methodologies and findings and as yet the core propositions of the RBV relating resources, management choices and competitive advantage remain to be validated. Such research efforts are likely to be hampered by the nature of the object under study. Godfrey and Hill

(1995) classify resources as one of a number of “unobservables” in management research. This applies particularly in the case of capabilities which are potentially characterised by high levels of tacitness and causal ambiguity resulting in the possibility that the less observable the resource and the less it is easy to understand, the greater the possibility that it is an important source of SCA. This empirical difficulty must be acknowledged and taking Collis’ (1994) position that the ultimate source of competitive advantage cannot be found, research efforts should follow Aaker (1989) and Hall (1992) in seeking to understand the importance of those resources that can be measured.

In particular, by enriching the RBV conceptual framework, the researcher has tried to “cover” as many aspects of the problematic situation as possible (see also sections 1.3 and 2.7). At first, he has to tried to avoid the abovementioned pitfalls by referring to the element of *entrepreneur’s strategic choices* in combination to the *external market conditions* (SWOT Analysis) as well as to available *resources and capabilities* (key resources and capabilities). On the other hand, the researcher has tried to shed light to the “black-box” approach of enterprise by adding the *SWOT Analysis* to the evaluation of the key resources and capabilities of each enterprise. In this way, he has added a broader perspective of social action between businesses and market environment, essential for a further development of strategy research (“Ten Guidelines’ test”). In addition, the strength of the *family and business orientation* will disclose the culture of the micro firm and will probably explain some of the manager’s strategic choices. What is more, the element of the micro enterprise’s *life cycle stage* can reveal the manager’s ambitions for future growth. In this way, the process of resource development takes a dynamic (and not static) tone. Furthermore, by incorporating the *marketing approach* to the RBV framework, the researcher has tried to reveal that a certain marketing approach can enrich or reduce a given capability of a business as well its ability to retain its customer base solid.

2.9 Concluding remarks

This section has examined a number of significant notions based on the RBV. These concepts can be useful in getting an understanding of how micro Greek enterprises involved in the wholesaling sector of confectionary products can identify, develop and exploit their resources and capabilities within specific organizational routines. In this way, these businesses can be helped to find ways and formulate adequate strategies to react to the increasing competition that has resulted from the empowered presence of supermarkets and superstores. The researcher has tried to formulate his research background by presenting various growth models, specifically referring to micro and small businesses’ life cycle stages. In particular, this background is useful in order to identify the position of a micro business, picture entrepreneur’s motivation and in essence determine the chances for the firm’s survival and potential growth. For most authors, of particular importance is the gradual move

away from operational abilities towards more strategic practices as the business develops. In this way, entrepreneurs have to develop new behaviours and learn to think in different ways to manage crises.

The researcher considers the model of Wilson and Bates (2003) to be quite important in the context of micro wholesaling enterprises because it entails five important growth criteria, useful for the identification of the life cycle stage of the micro business. It also has to be stressed that the contribution of Mintzberg and Waters (1994) is considerable at this stage, given the limited resources at the disposal of SMEs. In particular, the authors have examined the reactions of Steinberg Inc. diachronically, in external alterations (i.e., environmental shifts or changes in market trends) as well as internal alterations (firm's expansion). Strategy in SMEs is likened to an inchworm, where strategy and growth happen in "sprints" and "pauses". The "sprint" phase involves recognition and swift exploitation of an opportunity by owner-managers, while the "pause" phase involves support in the form of resources or logistics including finances to catch up. The role of the manager is crucial at the moments of "crises" or the "sprint"- "pause" phases. The entrepreneur's choices during crises play a significant role in the formulation of the strategy of each micro business as well as its perspectives for future growth. For example, the entrepreneur will decide whether his enterprise will succeed in passing from the one stage to the other by choosing the most suitable strategy. The selection of strategy entails the kind of existing resources and capabilities to be exploited.

Having synthesized the work done by various key authors, the researcher has attempted to present varying theoretical perspectives on the topic, showing how approaches on RBV have changed over time. It is obvious that many theories and models on RBV are more applicable to the corporate sector or large organizations (e.g., Penrose, 1959, Ansoff, 1965, Grant, 1991, focus their work on the corporate sector) and these models may not be easily transferable from large to micro and small firms. However, their basic elements can be practical for researchers examining smaller enterprises.

In general, the RBV assumes the existence of firm and resource heterogeneity within firms as well as the possibility of sustained superior performance or economic rent. It provides a set of insights into the relationships between key resources available to the business, managerial choices with respect to those resources and the levels of competitive advantage and performance attained by the firm in the marketplace. One of its key insights is that not all resources are of equal importance in terms of achieving a SCA. Rather, it is only those resources that possess the characteristics of value, appropriability and barriers to their duplication by competitors that can be useful in terms of the enterprise's survival and growth. The latter characteristic is particularly important in ensuring that whatever advantages are achieved, are also sustained. Advantages arising from intangible assets and capabilities are, therefore, likely to be more sustainable. Key resources do not essentially create a competitive advantage; however, the management of the firm plays an important moderating role in

this process. Strategic activities that must be undertaken by management include the identification of key resources, the development and protection of these resources as well as their appropriate deployment in product markets. None of these tasks is easy; for this reason, the entrepreneur's role (strategic choices) is quite important. The effective deployment of key resources enables the achievement of SCA that is usually measured in terms of value to customers (high value or low cost).

The researcher specifically refers to the terms *core competencies* and *core capabilities* that are often used interchangeably in the RBV literature. In particular, a core competence can be described as a key ability or strength that an organization has acquired and differentiates it from others, gives it competitive advantage, and contributes to its long-term success. On the other hand, dynamic capabilities constitute mechanisms by which firms integrate, build and reconfigure internal and external competences to address rapidly changing environments. Essentially, the main difference between the work on core competencies and the work of capabilities/intangible resources appears to be in the recognition of Penrose or any other prior work. However, in empirical analysis no clear distinction can be made between core competencies and dynamic capabilities. In this way, these terms seem to be one and the same concept. In the context of RBV conceptual framework, the researcher has selected to use the term *differentiating capabilities*, mainly because it secures complete separation from the terms *resources*, *critical resources*, etc. The researcher believes that in the context of micro wholesaling businesses, this term pictures the manager's ability to co-ordinate the firm's valuable resources and capabilities, contributing to its survival and growth.

However, the main elements of the RBV that are presented by various authors (such as Wernerfelt, 1984; Barney, 1991; Peteraf, 1993; Amit & Schoemaker, 1993, etc.) can be quite useful to micro wholesaling firms. In this way, simple processes such as SWOT Analysis seem to be more appropriate to them due to the nature of their limited organizational structure which comprises of loose division of labour, informal management practices and limited resources. The entrepreneur has to be able to internally evaluate the strengths and weaknesses of the firm (resources/capabilities have to be examined under the RBV principles). On the other hand, the manager has to be capable of identifying the possible external opportunities and threats by being adaptable to the changing market conditions. The combination of internal and external perspectives and its relationship with the industry's success factors, the gravity and role of the manager's choices can be critical to the attainment of SCA.

The conceptual framework that stems from the work of Day and Wensley (1988), Hunt and Morgan (1996), Fahy (2000) and Grant (2005) suggests that developing a successful strategy is related to the entrepreneur's ability to identify and deploy existing resources/capabilities in such a way that value is added to customers and profit is generated for the micro enterprise. In this way, the micro wholesaling firm is differentiated from its competitors, secures and satisfies its customer base. The RBV

conceptual framework creates the background of analysis and formulates the survival and growth expectations from the enterprise. Within the context of the wholesale sector of confectionary products, these elements are used as a basis of data collection and analysis. The particular RBV conceptual framework will be used to structure this analysis and explore relationships between the micro enterprises' key resources and capabilities, Critical Success Factors, entrepreneur's strategic choices, external opportunities and threats, life cycle stage specification, family and business orientation as well as marketing approach. These interrelated parts suggest that a SCA can be created and value to customers can be added if management's strategic choices and level-headed deployment of key resources and capabilities are effectively combined (see section 2.7, the RBV conceptual framework). This model records the key resources (tangible, intangible or human resources) and capabilities of a micro wholesaling firm in relation to their importance. The researcher can evaluate their contribution to the attainment of competitive advantage in the market place, taking into consideration the entrepreneur's involvement (strategic choices) as well as their relationship with the industry success factors. Entrepreneur's decisions are critical not only in the selection process of what resources/capabilities have to be used, but also during the firm's "crises" that take place when an enterprise moves from one life cycle stage to the next. For example, when a micro business is to move from "survival" stage to the "growth" stage, the owner/manager has to handle various administrative and financial issues. What is more, after the "sprint" phase, the manager has to set the limits for his business, to "pause" when it is necessary so that all alterations are assimilated.

On the other hand, CSF's have been defined as events, circumstances, conditions, or activities that require special attention because of their significance. In the confectionary products' sector, factors that can be significant to the survival and growth of micro wholesaling businesses are related to managerial adequacy (i.e., entrepreneur's characteristics, interpersonal skills, reactions to competitors' moves, seeking of professional advice, etc.) as well as adequacy and quality in human resources and adaptation to environmental factors (consumer tastes, shifts in market demand, political climate, etc.). In particular, the researcher has selected six case studies-micro businesses of the sector and attempts to explore their managers' approach to the identification of each firm's resources/capabilities, its relationship with the industry's success factors as well as the ability of the managers to choose the relevant firm's strengths (available resources/capabilities) to be deployed. In addition, this framework allows the researcher to evaluate each firm's position in the life cycle, its marketing approach as well its family and business orientation. In this way, the researcher has tried to develop a complete framework through which the external conditions (idiomorphic Greek market) and each enterprise's internal resources and capabilities can be effectively highlighted and evaluated.

Chapter 3: Case Study Research Method

3.1 Introduction

As noted earlier, the literature review will be used as the theoretical basis for the analysis of the six micro wholesaling businesses involved in the confectionary products' sector. The main research question explores the potential strategies that micro Greek confectionary wholesaling enterprises can adopt in order to face increased competition and survive (or grow) in a market that is characterized by the large expansion of supermarkets and chain stores. In order to find convincing answers to this question, the researcher believes that the RBV approach (presented in chapter 2) has to be combined with the case study research methodology. Only if the RBV conceptual framework is implemented to the separate case studies-micro enterprises, will it disclose useful pieces of information about the deployment of these firms' available resources and capabilities as well as their managers' strategic choices. As a result, the researcher, using RBV within case study analysis, is trying to answer "how" and "why" strategic questions concerning micro wholesaling firms. In particular, six different micro businesses involved in the confectionary products' sector have been selected. "Alpha", "Beta", "Gamma" and "Delta" represent micro firms that have successfully faced various competition issues, survived and expanded in some ways in their sector. On the other hand, "Epsilon" and "Zita" have been chosen as examples of micro firms that have failed to face increasing competition and survive. The separate analysis of these case studies (through the implementation of the seven element-RBV framework) in relation to the research questions will form the basis for further exploration and interpretation of the sector's trends and various issues that have to be solved.

The six case studies that were selected in the context of Thesis are not only seen as data collection sources or independent cases; the researcher has chosen those cases in order to maximize what can be learned, in the period of time available for the study. These case studies involve more than one unit of analysis because the multiple research questions evaluate different aspects of the same field. However, the researcher had to focus on the main target of the study which was to identify potential strategies that micro Greek wholesaling businesses can adopt in order to offset increasing competition.

The researcher has chosen to use the case study method in order to have the possibility of direct replication and acquire stronger analytic conclusions. By selecting cases with different characteristics (each business has its own resources and capabilities and each manager has adopted a different strategy), the generalizability of the Thesis findings can be strengthened. By using the case study method, the researcher has kept a holistic view of the business processes as well as the dynamic relationships (between competitors, suppliers and customers) that are developed in the confectionary Industry, where the six micro businesses under examination are active. Their selection, in the context

of the RBV conceptual framework, took place in an attempt to picture the sector dynamics, perspectives and trends and highlight successful (or unsuccessful) survival and growth strategies. In the case study analysis, managers' views can be helpful to the strengthening of the sector's competitive advantages, the confrontation of the problems and the avoidance of ineffectual strategies. In essence, the researcher has selected the case study method because, through in-depth interviews with the founders-managers of micro wholesaling firms involved in the Greek confectionary sector, he could gather qualitative information in order to identify specific market characteristics (i.e., sector's trends and various issues). The use of the case study method in the context of the Thesis can help managers interpret their business environment; this interpretation is essential because market reality is a dynamic and constantly changing processes. It has to be stressed that in the particular study, the researcher has used more than one sources of evidence (interview, documents, archival records as well as elements of participant observation) in order to be confident about the validity and consistency of his analysis and findings.

In the context of chapter 3, having presented the main elements of the RBV conceptual framework, the researcher moves on to the presentation of the qualitative research instrument he has selected to use in the Thesis, the case study. In this direction, the researcher is referred to the whole variety of qualitative research strategies, their main characteristics, strengths and weaknesses, while he provides an explanation of the selection of the particular cases for the purposes of the Thesis. More specifically, the importance of case study analysis in relation to other research strategies is stressed, the definition of case studies is provided, while their specific characteristics in reporting (case study protocols) and different types are examined. The researcher finally attempts to provide a convincing answer about the reasons he has selected to combine the case study research method with the RBV approach.

In the following section, the researcher examines the importance of the research design that can be used so that research objectives can be achieved and research challenges be accomplished. Furthermore, the researcher refers to the different research approaches (qualitative and quantitative) that can be followed in order to reach at valid conclusions and the achievement of the basic research goals (i.e., description of a phenomenon and prediction of actions). Moreover, the researcher refers to the most pertinent philosophical assumptions of ontology and epistemology that can guide research. Finally, the wide range of qualitative research designs and various methods of reasoning are presented.

3.2 Research design, challenges and approaches

The goals of scientific research are mainly related to finding convincing answers to strategic questions as well as the attainment of new knowledge in a specific field. Most researchers agree that the three

general goals of scientific research are description, prediction, and understanding/explanation (Cozby, 1993; Shaughnessy, Zechmeister & Zechmeister, 1997). The selection of the appropriate research design and scientific method is usually important to the achievement of the research objectives. The collection and analysis of relevant information about particular case studies can cover the gap between questions and responses/conclusions during the research process.

A **research design** is a logical plan or sequence that has to be followed in order to reach a result; it can connect empirical data to a study's research questions, responses and conclusions that derive from them. According to Nachmias and Nachmias (1992: 77–8), a research design is a plan that “guides the investigator in the process of collecting, analyzing and interpreting observations. It is a logical model of proof that allows the researcher to draw inferences concerning causal relations among the variables under investigation”. A research design is a “blueprint” of research that usually deals with what questions to study, what pieces of information have to be collected and how their results can be analyzed. The purpose of research design is to help researchers avoid the situation in which the evidence does not address the initial research questions. For example, in the situation that is under observation, the examination cannot entail only one micro wholesaling business involved in the confectionary products' sector. For this reason, the researcher has selected six enterprises with different characteristics (resources, capabilities and entrepreneurial choices). These firms are evaluated under the prism of sector's trends, market conditions, businesses' relationships (with customers and suppliers), competition and co-operations. Appropriate research designs should therefore anticipate the test of research questions regarding the complexity of such relationships.

What is more, the primary purpose of all forms of research is related to the provision of valid conclusions. Logical tests include trustworthiness, credibility, confirm ability, as well as data dependability. Researchers are interested in explanations for the effects and interactions of variables as they occur across a wide variety of different settings; in order to understand these interactions, special attention to the concept of **validity** is required. *Validity* refers to the conceptual and scientific soundness of a research study (Graziano & Raulin, 2004; see also section 3.5.c).

The basic goals of scientific research are *description* and *prediction* (Malhotra, 1996). These general targets of research can be accomplished by following certain research methods, according to the specific study's goals. Research methods can be classified in various ways (objective versus subjective, nomothetic versus idiographic, aimed at prediction and control versus explanation and understanding, taking etic versus emic perspective, etc.). However, the most common distinction of research methods is between **qualitative** and **quantitative** methods. The different characteristics of these methods of research analysis definitely affect the RBV method and effectively determine the

relationship between variables (resources and capabilities of micro enterprises, competition conditions) that influence the trends in the confectionary wholesale sector.

In particular, **quantitative research** is a methodology that seeks the quantification of data and typically practices some functions of statistics analysis (Malhotra, 1996). Davidson (1995) points out that quantitative research has to do with the measurement and categorisation of findings in the form of numbers, significant tests, interval of confidence and mathematical proved correlation and relations. This methodology entails a deductive approach to the relationship between theory and research, where theories are tested. Moreover, practices and norms of positivism (natural scientific model) are used, while social reality is seen as an external, objective reality. Key features include formal and systematic measurement and the use of statistics. In this way, findings can be generalised to a larger population. Furthermore, quantitative analysis can sometimes be an *idealisation* of the data, since it presents a precise picture of the frequency and rarity of particular phenomena (and thus their relative normality or abnormality). Examples of quantitative methods include survey methods, laboratory experiments, formal methods (i.e., econometrics) and numerical methods such as mathematical modelling.

On the other hand, **qualitative research** can be described as a research strategy that often emphasizes words in the collection and analysis of data (see next section, 3.3). It is using an inductive approach to the relationship between theory and research, while emphasis is given to the generation of theories. What is more, particular emphasis is put to the way individuals interpret their own social world; social reality is seen as a dynamic and constantly changing process. It involves studies that do not attempt to quantify their results through statistical summary or analysis. Qualitative research is often used as a source of hypotheses for later testing in quantitative research. Examples of qualitative methods are action research, case study research and ethnography. What is more, qualitative data sources include observation and participant observation (fieldwork), interviews and questionnaires, documents and texts, as well as the researcher's impressions and reactions (Myers and Newman, 2007).

Regarding the combination of qualitative and quantitative data, Bryman (2001) discusses it in terms of the "strategies" researchers develop towards managing the research process. In developing a concept of "multi-strategy research", Bryman (2001) holds the view that a classification created by Morgan (1988) that applies two criteria in distinguishing the ways in which qualitative and quantitative research are combined: (a) the *importance* given to qualitative and quantitative approaches in the research investigation, and (b) the *time ordering* or *sequencing* of the approaches. Bryman (2001: 448) suggests that such distinctions are not always possible in practice because they rely on being able to identify the dominance of one approach. Hammersley (1995) suggests a tripartite classification of the ways researchers employ in the processes of *interpreting* their data:

1. *Triangulation*, where one type of data (usually quantitative) is used to *corroborate* another type of data (typically qualitative, see also section 3.6.b for Triangulation).
2. *Facilitation*, where collecting one type of data *facilitates* the collection of another type of data.
3. *Complementarity*, when two different sets of data are employed to address different but *complementary* aspects of an investigation.

The researcher believes that it is preferable to treat qualitative and quantitative data as complementary, though not necessarily at **ontological, epistemological and theoretical levels** (Smith and Heshusius, 1986). Each dataset needs to be interpreted in relation to both the conceptualization of the research question and the method by which it was generated and their role and status in the research process.

It has to be noted that all research (whether quantitative or qualitative) is based on some underlying assumptions about what constitutes “valid” research and which research methods are appropriate. In order to conduct and/or evaluate qualitative research, it is therefore important to know what these (sometimes hidden) assumptions are. In general, the most pertinent philosophical assumptions are those that relate to the underlying **epistemology** that guides the research (see **Appendix 3.I**).

Guba and Lincoln (1994) suggest four underlying “*paradigms*” for qualitative research: positivism, post-positivism, critical theory, and constructivism. Orlikowski and Baroudi (1991), following Chua (1986), suggest three categories, based on the underlying research *epistemology*: positivist, interpretive and critical research. However, it needs to be said that, while these three research epistemologies are *philosophically* distinct (as ideal types), in the practice of social research these distinctions are not always so obvious (Lee, 1989). There is considerable disagreement as to whether these research “paradigms” or underlying epistemologies are necessarily opposed or can be accommodated within the one study. It should be clear from the above that the word “qualitative” is not a synonym for “interpretive” - qualitative research may or may not be interpretive, depending upon the underlying philosophical assumptions of the researcher. Qualitative research can be positivist, interpretive or critical. It follows from this that the choice of a specific qualitative research method (such as the case study method) is independent of the underlying philosophical position adopted. For example, case study research can be positivist (Yin, 2002), interpretive (Walsham, 1993), or critical, just as action research can be positivist (Clark, 1972), interpretive (Elden and Chisholm, 1993) or critical (Carr and Kemmis, 1986). In general, **positivism** emphasizes explanation of social phenomena and identifying causality, whereas **interpretivism** seeks understanding of social phenomena and the meanings actions have for actors (see section 3.3.a).

3.3 Qualitative Research

In this part of the document, the researcher presents the main elements and characteristics of qualitative research. At first, he refers to the elements of positivist, interpretive and critical research, three categories that are based on the underlying research epistemology. What is more, five different types of qualitative research methods and five different ways of comprehending the relationship between understanding and action in management research are analyzed, while the differences between “basic” and “evaluation” research are stressed. What is more, the importance of induction, deduction and abduction as well as their relevance to the proposed study is highlighted. Finally, the researcher refers to the features of structured and grounded approach that are useful to the Thesis.

Qualitative research is a necessary step in measurement scale development because it provides information regarding the variables the researcher is attempting to measure. This approach seems to be appropriate for micro enterprises involved in the wholesale sector of confectionary products; qualitative research on these businesses can reveal certain sector’s trends, consumer tastes and managers’ different approaches towards various issues. In the sector under investigation, Document 3 (qualitative analysis) has revealed theories that stemmed from the analysis of the sector’s managers views; these views, recommendations and conclusions about the sector’s problems and “survival” strategies have been tested in Document 4 (quantitative analysis) with the use of statistical methods and measurable variables (i.e., SPSS application). These views can also be useful in the context of the Thesis; in the attempt of implementing the RBV framework in the six case studies, the researcher is aware of the theoretical background of different “survival” and “growth” strategies, implementation problems, various sector’s issues, as well as additional specific characteristics of the sector’s firms.

In general, qualitative research can be divided into two procedures: a) *Direct qualitative research* which can be done through focus groups or in depth interviews (Kotler, 1997) and b) *Indirect qualitative research* that includes projective techniques and the purposes of the project are disguised from the respondent (Malhotra, 1996). The researcher is following the process of direct qualitative research because the six managers are well informed about the purposes of the project. Actually, the target of the researcher is to identify each firm’s resources and capabilities as well as the entrepreneur’s choices (strategy) that are essential for the survival (or growth) of each micro business. According to Chisnal (1997), qualitative research aims to provide insights into perceptions, motivations and attitudes. Its essence explains certain kinds of behaviour and seeks explanations, while Assael (1990) claims that this kind of research is a survey that requires the respondent (manager, consumer or a different “actor”) to answer questions in a non-structured way. Malhotra (1996) considers that qualitative research is a non-constructed exploratory method based on a small sample, which furnishes a deep knowledge and understanding of the problem. Its objective is to obtain an

understanding of the underlying reasons and notices of people. Chisnal (1997) believes that good researchers do not solely rely on direct “why” questions to understand underlying motives; these are analysed together with respondents’ other attitudes, behaviours and general stance. This type of research requires the researcher to go beyond description and definition to reach the meanings and the concepts understood by the participants (Gregory, 1995). In the proposed study, the researcher tries to comprehend and reveal the deeper meaning of managers’ responses to research questions (internal approach), always taking into consideration the specific (external) market circumstances and dynamics as well as the position of each micro enterprise to the life cycle and its perspectives for growth (see also section 2.7, the main elements of the RBV conceptual framework).

According to Gregory (1995), participant observation has been the traditional technique of the social researcher but is often accompanied by or substituted with combinations of focus groups, case studies and unstructured interviews. Marshall & Rossman (1999) stress that researchers who conduct qualitative research face the challenges of developing a conceptual framework for the study that is thorough, concise and elegant. Another challenge is related to planning a design that is systematic and manageable, yet flexible and finally integrating these challenges into a coherent document that convinces the proposal readers (i.e., a dissertation committee) that the study can and will be done. The researcher has tried to respond to the aforementioned *challenges* by developing the RBV conceptual framework through which the managers of six micro wholesaling businesses would highlight their “survival” and “growth” strategies (strategic choices) based on available resources and capabilities and influenced by external market conditions (SWOT Analysis, see also section 1.3, Premises).

Qualitative research is employed in a wide range of social research designs. It includes **positivist**, **interpretive** and **critical philosophical** perspectives. In particular:

3.3.a Positivist Research

Positivist research involves “precise empirical observations of individual behaviour in order to discover probabilistic causal laws that can be used to predict general patterns of human activity” (Neuman, 1997:63). In positivist research, reality is objectively given and can be described by measurable properties, independent of the observer and his/her instruments. Theory is tested, emphasis is given on quantitative data regarding variables, while statistical tools and packages are essential elements of this kind of research. Positivist studies generally test theory, in an attempt to increase the predictive understanding of phenomena, while positivism seeks causal relationships between social phenomena for explanation and prediction by putting more emphasis on quantitative analysis and empirical assumptions (assuming objectivism).

Positivism is depicted as an epistemological position wherein there is not only a “real” world out there independent of people’s knowledge of it, but researchers can observe “real” and “objective” relationships between social phenomena in that world. Smith (1987) argues that there are *four basic characteristics* of positivism. At first, it is a “unified view of science” (natural and social sciences are fundamentally the same in terms of how a researcher approaches them). Secondly, positivism assumes that “facts” are value neutral (the researcher can avoid any imputation that might affect the outcomes of the research). Thirdly, positivism expects to find regularities in the social world such that theories and laws are in play, just as is the case in the natural world. Finally, positivism places a heavy reliance on validation and falsification as the sign of true social inquiry. The aforementioned characteristics can secure objectivity in the context of the case study approach that is used in the context of the Thesis.

3.3.b Interpretive Research

On the other hand, the aim of interpretive research is to understand phenomena through the meanings that people assign to them. This research does not predefine dependent and independent variables, but focuses on the full complexity of human sense making as the situation emerges (Kaplan and Maxwell, 1994). Interpretive researchers start out with the assumption that access to reality is only achieved through social constructions (i.e., language, consciousness or shared meanings). The philosophical base of interpretive research is hermeneutics and phenomenology (Boland, 1985). Interpretivism means that social phenomena are socially constructed and only exist in the minds of actors and observers; it puts more emphasis on qualitative analysis (assumes subjectivism) and can be considered as a substitute for other terms in the literature (i.e., reflectivism, post-positivism or hermeneutics).

Interpretivism starts from an ontological position of rejecting the notion that there is a “real” world out there beyond peoples’ knowledge of it and concludes that there is no way, therefore, to observe or measure a “world” that does not exist except in our own subjective understanding of it. Interpretivists conclude that social phenomena are socially constructed through discourse and only exist in the minds of actors and observers; in this way, quantitative methods are rejected and focus instead on seeking to understand social phenomena and their meanings. Interpretivist approaches include discourse analysis, content analysis, the case study method, and the traditional historical and descriptive methods.

3.3.c Critical Research

Critical researchers assume that social reality is historically constituted and that it is produced and reproduced by people. Although people can consciously act to change their social and economic circumstances, critical researchers recognize that their ability to do so is constrained by various forms of social, cultural and political domination. The main task of critical research is seen as being one of

social critique. According to Habermas (1988), critical research focuses on the oppositions, conflicts and contradictions in contemporary society, and seeks to be emancipatory (i.e., it should help to eliminate the causes of alienation and domination). Regarding the differences between *positivist* against *interpretivist* methods, Silverman (1993:9) highlights their distinct features (see *Table 3.1*).

Research method	Observation	Documentary	Interviews and Questionnaires
<i>Positivist</i>	Just a preliminary work	Useful only for content analysis	Comprise large random samples and fixed-choice questions
<i>Interpretivist</i>	Absolutely essential	Helps to comprehend the different categories	Using small samples, open-ended and unstructured questions in the interviews, while questionnaires are used for initial mapping.

Table 3.1: Positivist research method against the interpretivist method (source: Silverman, 1993)

In this way, for the first approach, observation is just a preliminary work, while it is absolutely essential for the latter. Moreover, documentary is useful only for content analysis in the positivist method; for the second approach, documentary is helping to comprehend the different categories. Furthermore, interviews and questionnaires in the first method comprise large random samples and fixed-choice questions; on the other hand, the interpretivist method is using small samples, open-ended and unstructured questions in the interviews, while questionnaires are only used for initial mapping. In the proposed study, the researcher has actually used the features of *observation*, *documentary* and *interviews* with open-ended questions and *questionnaires* for keeping track of the conversation with the managers of the six micro firms involved in the confectionary products' sector.

On the other hand, these research methods seem to have differences in various fields (see *Table 3.2*).

Assumptions about	Positivism	Interpretivism
<i>Ontology</i>	Researcher and reality are separate	Researcher and reality are inseparable (life-world)
<i>Epistemology</i>	Objective reality exists beyond the human mind	Knowledge of the world is intentionally constituted through a person's lived experience.
<i>Research object</i>	Research object has inherent qualities that exist independently of the researcher	Research object is interpreted in light of meaning structure of researcher's lived experience.
<i>Method</i>	Statistics, content analysis	Hermeneutics, phenomenology, etc.
<i>Theory of truth</i>	Correspondence theory of truth: one to one mapping between research statements and reality.	Truth as intentional fulfilment: interpretations of research object match lived experience of object.
<i>Validity</i>	Certainty: data truly measures reality	Defensible knowledge claims
<i>Reliability</i>	Replicability: research results can be reproduced	Interpretive awareness: researchers recognize and address implications of their subjectivity.

Table 3.2: Assumptions about positivism and interpretivism (source: Weber R., 2004)

However, Weber (2004) believes that differences lie more in the choice of research methods rather than any substantive differences at a meta-theoretical level. In this regard, researchers who are labelled as positivists tend to use certain kinds of research methods in their work (experiments, surveys and field studies). Interpretivists, on the other hand, tend to use other kinds of research methods in their work (case studies, ethnographic studies, phenomenographic studies and ethnomethodological studies). Rather than continuing the rhetoric of positivism versus interpretivism, Weber believes a more productive and more interesting discourse would be to comprehend why different researchers choose different research methods. He suspects that a variety of factors are at play, such as the types of

training provided to researchers, social pressures associated with advisers and colleagues, and preferences for obtaining certain types of insights during the conduct of research, etc.

Clearly, the specific ways in which researchers evaluate the quality of research need to be adapted depending on the research methods used. In the case of more traditional research methods (such as experiments) the criteria are well-developed, for example including external validity, internal validity, construct validity, statistical conclusion validity and reliability. The criteria for evaluating a number of newer research methods (like case studies and ethnographies), however, are still evolving, in spite of the fact that remarkable progress has taken place on the criteria that are used. Whatever the research method, the common concern of researchers (either positivists or interpretivists) is related to their ability to justify the knowledge claims they make whenever they use it.

In the context of the Thesis, the researcher has tried to combine assumptions from both approaches. In particular, regarding *ontology*, the researcher believes that research is influenced by market reality as well as his past experiences. In this way, research findings can be regarded as a consequence of current competition conditions. In terms of *research object*, the researcher holds the view that both approaches can be combined. Micro wholesaling enterprises have inherent characteristics that exist independently of the researcher; however, these businesses are evaluated “in light of meaning structure of researcher’s lived experience”. With regard to *method*, the researcher has tried to find similarities between the findings of quantitative analysis (Document 4) with the research findings of qualitative analysis (case study analysis, see section 5.4). Regarding the *theory of truth*, the researcher tries to evaluate the Premises posed in section 1.3; however, this evaluation is taking place after the conduct of research in the six firms in the market place and the interviews with their six managers. In terms of *validity*, the researcher regards that data can measure reality; however, the statistical findings have to match with the findings of qualitative analysis. Finally, regarding *reliability*, the researcher holds the view that the research findings can be reproduced only when external conditions are carefully tested.

3.3.d Qualitative research methods

Having presented the various philosophical perspectives that can inform qualitative research, the researcher presents a variety of *qualitative research methods*. A research method is an inquiry strategy which moves from the underlying philosophical assumptions to research design and data collection. Specific research methods also imply different skills, assumptions and research practices. The choice of the research method influences the way in which the researcher collects data. Marshall & Rossman (1999) stress that there are five types of **qualitative research methods**: *Field studies*, *Ethnography*, *Action Research*, *Grounded Theory* and *Phenomenological sociological*. Similarly, Fisher (2004:34)

suggests “five ways of understanding the relationship between understanding and action in management research” and identifies each ones’ characteristics:

- *Ivory Tower*: knowledge is not essentially directing to action.
- *Realistic Research*: options are tested by statistical analysis or “cause-and-effect” approach.
- *Interpretative Ethnographic Research or Fieldwork*: not precisely specified context of thinking provided by understanding, frequently using dialogue and participant observation.
- *Action Research*: knowledge and understanding have changed because of personal reflections.
- *Critical Social Research*: people demand radical change because of their different social status.

In general, the researcher believes that the combination of *Fieldwork* and *Action Research* would be ideal for the approach, understanding and analysis of the six proposed case studies. Complicated meanings could be simplified through participant observation, while action research approach would lend a dynamic tone of constant interactions in the qualitative process. However, the implementation of these approaches was not possible for the specific cases due to certain limitations (such as time constraints and ethical reasons regarding the presence of the researcher in the six firms’ premises).

Qualitative methods/techniques include observation, analyzing texts and documents, interviews, recording and transcribing, as well as video analysis. Qualitative research methods usually entail *in depth interviews*; these interviews include “non-constructed” personal approaches in which the interviewer must be a highly skilled individual so as to encourage respondents to express their real feelings without influencing the direction of the conversation (Zikmund, 1997). Fontana and Frey (1994) underlined that a skilful interviewer must be flexible, objective, persuasive as well as a good listener. In addition, in depth interviews reduce the “distance” between interviewer and interviewee (Johns and Lee-Ross, 1998); the success of any depth interview depends entirely on the interviewer. Another factor that determines the success of depth research is related to proper interpretation. In this context, *evaluation research* can be useful. According to Patton (1990:11), “when one examines and judges accomplishments and effectiveness, one is engaged in evaluation. When this examination of effectiveness is conducted systematically and empirically through careful data collection and thoughtful analysis, one is engaged in evaluation research”. *Evaluation research* is a certain research approach carried out in the social sciences and is about appraising human activities in a formal, systematic way. The term *evaluation* is used broadly to include any effort to increase human effectiveness through systematic data-based inquiry. It is obvious that there are differences between “basic” and “evaluation” research (see *Table 3.3*).

Basic research	Evaluation research
• Carried out in areas of researcher's interest	• Aims to contribute to solving a practical problem
• Standards are set by intellectual peers	• Standards are pragmatic. Evaluations need to answer the questions of interest
• Researchers trained and remain committed to in a single orientation	• Researchers move around different programme areas
• Narrow group of methodological procedures used	• Diverse methods
• Utilization is assessed by peers (other academics)	• Utilization is assessed by peers, sponsors, and also in terms of the use in resolving practise development and resolution of social problems

Table 3.3: “Basic” and “evaluation” research (source: adapted from Rossi and Freeman, 1993:405)

In the cases under examination, the researcher tried to be open and friendly to the managers so as to create an affable discussion environment and formulate the conditions accordingly for the proper interpretation of their views in various issues (i.e., the contemporary competitive market, the sector's problems/issues and the strategies to face them, etc.). In the proposed study, apart from the elements of the basic research, the study entails evaluation research features. The researcher aims to contribute to the solution of a practical problem that is related to the survival and growth of micro Greek wholesaling businesses using diverse methods (i.e., implementation of RBV framework with seven interrelated parts, comparisons between case studies, study of firms' history and financial records).

The researcher supports that the problems of the sector are complicated and should not be examined from a single perspective. In this context, the survival and growth strategy that each owner/manager has adopted has to be seen in the context of complex market conditions (i.e., intense competition, political climate, consumers' tastes and demand, etc.). Moreover, the particular cases embody elements of fieldwork (participant observation) as well as an approach of abduction (see next section, 3.3.e); in this way, the analysis of findings becomes a *dynamic* process. The researcher has carefully gathered the relevant pieces of information so that his findings can be useful and applicative for wholesalers or others involved in the confectionary Industry (i.e., customers, suppliers, Industry's and Union's representatives, consultants, future researchers, etc.).

3.3.e Methods of reasoning-Induction, Deduction, Abduction and Grounded theory

After the presentation of positivist, interpretive and critical research elements, the researcher presents and compares different methods of reasoning, induction, deduction, abduction and grounded theory.

In general, there are two broad methods of reasoning, the *deductive* and the *inductive* approach. At first, deductive reasoning works from the “general” to the “specific” (it is also called a “top-down” approach). According to Bryman and Bell (2003), *deductive theory* is the most typical way of relating theory and research; a hypothesis is called into question and is then explored. Research findings that will result from the data gathered will confirm or reject the hypotheses; accordingly, the tested theory is revised. However, this approach seems to be too linear and too connected to the quantitative research approach. On the other hand, *induction* creates theory from observation and findings; research and analysis of the assembled data leads to new conclusions that can be used as new theoretical

frameworks. Inductive reasoning moves from specific observations to broader generalizations and theories; it is informally called a “bottom-up” approach. Inductive reasoning begins with specific observations and measures, continues with detection of patterns, regularities and formulation of some tentative hypotheses that can be explored, and ends up with the development of some general conclusions or theories. However, this approach has also its drawbacks: at first, it appears to be very associated with the qualitative research approach, while little and most of the times vague theory is produced; empirical generalizations are more frequent in inductive researches.

According to Glaser (1998), the notion of induction versus deduction is often an oversimplification of complex patterns of thought present in *grounded theory development*. While grounded theory is classified as an inductive method (e.g., Glaser, 1978; Glaser and Strauss, 1967; Martin and Turner, 1986; Strauss and Corbin, 1998), theoretical sampling is a deductive activity grounded in inducted categories or hypotheses. This acts as a virtuous circle where “deductions for theoretical sampling fosters better sources of data, therefore better grounded inductions” (Glaser, 1998:43). The difference between an inductive and a deductive method relates to “pacing”; if the researcher looks at data first and then forms the hypotheses (inductive), or if the researcher forms the hypotheses first by conjecture and then seeks research data to verify the deduction (deductive, Glaser, 1998).

Of course, these two notions (*induction* and *deduction*) do not essentially refute each other, but can coexist in some cases. For instance, the *iterative* strategy (which is basically found in the grounded theory) constantly puts data and theory into question. In the proposed study, the researcher tries to combine features from induction and deduction; he collects relevant pieces of information carefully so that they can be tested as hypotheses; however, he is not prejudiced and does not reject the findings that stem from the qualitative analysis of data. In particular, the researcher has posed certain premises (see section 1.3) that remain to be confirmed through the analysis of the study’s findings (chapter 5).

The *structured approach* can be followed when the plan of the study is defined and when most of the times cross-sectional research design is involved. The *grounded approach* is used after the preliminary stages of the research. Grounded theory is a popular methodology in qualitative research (the most common framework for the analysis of qualitative pieces of information); theory is allowed to emerge directly from data and is ultimately tested (grounded) against “the real world”. Strauss and Corbin (1990) stress that in this method, data collection, analysis and eventual theory stand in close relationship to one another. Martin and Turner (1986) note that grounded theory is an inductive, theory discovery methodology that allows the researcher to develop a theoretical account of the general features of a topic, while simultaneously grounding the account in empirical observations or data. The major difference between grounded theory and other methods is its specific approach to theory development; grounded theory suggests that there should be a continuous interplay between data

collection and analysis. This approach combines induction and deduction and reveals that grounded theory seeks the creation of theories from the gathered data. In spite of the fact that it involves elements of both deductive and inductive inference, grounded theory clearly privileges neither form of inquiry. It is perhaps more appropriate to see it as a form of **abduction**.

In general, **abduction** relates an observation to a theory (or vice versa), and results in an interpretation. Unlike induction, theory in the case of abduction is used together with observation, in order to produce an interpretation of something specific, rather than to infer a generalization. Unlike deduction, the result does not follow logically from the premises: abduction offers a plausible interpretation rather than producing a logical conclusion. Using abductive inference is thus a matter of interpreting a phenomenon in terms of some theoretical frame of reference. According to Danermark et al. (2002), abduction is to move from a conception of something to a different, possibly more developed or deeper conception of it; this can happen through people's placing and interpreting the original ideas about the phenomenon in the frame of a new set of ideas. In the proposed study, the researcher has not rejected the notion of "abduction"; he relates his observations to a theory and his target is to interpret the specific views of the six managers. The researcher does not necessarily have the objective to reach a logical conclusion (which is insecure if somebody estimates the contemporary swiftly changing market circumstances). He is primarily targeting to interpret the managers' views with regard to the research problem (survival and growth of micro businesses). By implementing the RBV conceptual framework, he also attempts to present and analyse the managers' different approaches (strategies) to offset increasing competition with the use of each firm's available resources and capabilities.

In the context of the Thesis, the structure has been determined; however, the researcher's conclusions will be deduced only after the research has been completed. In this way, elements of the structured approach are used. It has to be stressed that features of the grounded theory are also useful because relevant pieces of information have been systematically gathered, analysed and interpreted through the research process. On the other hand, the purpose of the study has to be linked to the general research questions. According to Rossman and Rallis (1998) the purpose of the study can be exploratory, explanatory, descriptive or emancipatory while the research questions should be matched with the *pneuma* of the study under investigation. In the particular study, the researcher has tried to satisfy all the aforementioned purposes. At first, he attempts to document and describe the phenomenon of interest (reactions of micro wholesaling businesses to increasing competition). What is more, he tries to explain the patterns related to the phenomenon in question (survival and growth of these enterprises) and identify plausible relationships shaping the phenomenon (i.e., relationships between managers, suppliers and employees or salesmen with customers). Furthermore, in order to investigate little – understood phenomena, identify important categories of meaning and generate hypotheses for

further research (i.e., deployment of resources and capabilities, entrepreneur's strategic choices, "survival" and growth strategies, etc.), the researcher tries to reach at reliable conclusions that can be practical and create opportunities for wholesalers.

In the proposed study, the researcher has in essence followed abduction as a method of reasoning, while elements of induction and deduction were also useful. Through abduction, the researcher has mainly tried to accomplish the *exploratory purpose* of the study. This purpose is related to the investigation of complex phenomena that have to do with the survival and growth of micro wholesaling enterprises involved in the confectionary products' sector; the exploratory purpose is also connected to dynamic relationships that refer to the co-operation of managers with employees, suppliers and customers. On the other hand, the researcher has also attempted to attain the *explanatory* (explain the patterns related to the micro wholesaling businesses), *descriptive* (describe entrepreneurs' policies as well firms' resources and capabilities) and *emancipatory* (create opportunities for further actions-policies by the government) purposes of his study. In particular, the RBV model was used as a theoretical framework through which the six case-studies were analysed; in this way, the researcher started with a given theory, made observations and inferred a result that logically followed the preceding *Premises* (see section 1.3). By checking to see if this result holds good (i.e., the fact that the deployment of certain resources and capabilities when combined to effective strategic decisions can lead to the survival and growth of the micro wholesaling firm), the researcher can test the theory from which it is deduced. However, the researcher has also used elements of induction; by selecting to observe "successful" (micro businesses that have implemented effective strategies and managed to survive) and "unsuccessful" (micro firms whose managers have made ineffective choices) cases, their strategies can be generalized to a wider population of the sector that is examined; in this way, the inductive inference does not logically follow from the Premises but it infers beyond them. It has to be noted that these inductive generalizations are quite uncertain, vulnerable to further observations and can only be made under the specific conditions of the Greek confectionary products' sector.

In the previous section, the researcher presented various perspectives of qualitative research (positivist, interpretive and critical philosophical) as well as different methods of reasoning (Induction, Deduction, Abduction and Grounded theory). In the following section, the researcher compares the case study method with other research strategies and explains the reasons he has selected this qualitative instrument as the most appropriate for the analysis of the problematic situation in the wholesale sector of confectionary products.

3.4 Comparison with other research strategies

Surveys, Experiments, Ethnography, Action Research, Case Studies as well as Testing and Assessment are different research strategies and ways of collecting and analyzing empirical evidence that have their own logic, characteristics, purposes, key terms, advantages and disadvantages (see Table 3.4).

<i>Model</i>	<i>Purposes</i>	<i>Foci</i>	<i>Key terms</i>	<i>Characteristics</i>
Survey	<ul style="list-style-type: none"> - Gathering large scale context-free data in order to make generalizations - Generating statistically manipulable data 	<ul style="list-style-type: none"> - Opinions - Scores - Outcomes - Conditions - Ratings 	<ul style="list-style-type: none"> - Measuring - Testing - Representativeness - Generalizability 	<ul style="list-style-type: none"> - Describes and explains - Represents wide population - Gathers numerical data - Much use of questionnaires and assessment/test data
Experiment	<ul style="list-style-type: none"> - Comparing under controlled conditions and making generalizations about efficacy - Objective measurement of treatment/establishing causality 	<ul style="list-style-type: none"> - Initial states, intervention and outcomes - Randomized controlled trials 	<ul style="list-style-type: none"> -Pre-test and post-test -Identification, isolation and control of key variables/Generalization - Comparing/Causality 	<ul style="list-style-type: none"> - Control and experimental groups - Treats situations like a laboratory - Causes due to experimental intervention - Does not judge worth - Simplistic
Ethnography	<ul style="list-style-type: none"> - Portrayal of events in subject's terms, subjective and reporting of multiple perspectives - Description, understanding and explanation of a specific situation 	<ul style="list-style-type: none"> - Perceptions and views of participants - Issues as they emerge over time 	<ul style="list-style-type: none"> - Subjectivity - Honesty, authenticity - Non-generalizable - Multiple perspectives - Specific context 	<ul style="list-style-type: none"> - Context-specific, formative and emergent - Responsive to emerging features - Allows room for judgements and multiple perspectives - Wide data base gathered over a long period
Action research	<ul style="list-style-type: none"> - To plan, implement, review and evaluate an intervention designed to improve practice and solve local problem - To empower participants through research involvement and ideology critique - To develop reflective practice (link practice and research) 	<ul style="list-style-type: none"> - Everyday practices -Outcomes of interventions - Participant empowerment - Reflective practice - Social democracy and equality - Decision-making 	<ul style="list-style-type: none"> - Action - Improvement - Reflection - Monitoring - Evaluation - Intervention - Problem-solving - Empowering - Planning/Reviewing 	<ul style="list-style-type: none"> - Context-specific - Participants as researchers - Reflection on practice - Interventionist - leading to solution of "real" problems and meeting "real" needs - Empowering for participants - Collaborative - Promoting praxis and equality - Stakeholder research
Case study	<ul style="list-style-type: none"> - To portray, analyse and interpret the uniqueness of real individuals and situations - Complexity of behaviour - To contribute to action and intervention -To present and represent reality (give a sense of "being there") 	<ul style="list-style-type: none"> - Individuals and local situations - Unique instances - A single case - Bounded phenomena and systems - Individual/Community - Group/Organizations 	<ul style="list-style-type: none"> - Individuality, uniqueness -In-depth analysis and portrayal -Interpretive and inferential analysis -Subjective/ Sincerity -Descriptive/Analytical -Complexity/Particularity 	<ul style="list-style-type: none"> - In-depth, detailed data from wide data source - Participant and non-participant observation - Non-interventionist and Empathic - Holistic treatment of phenomena - What can be learned from the particular case
Testing and assessment	<ul style="list-style-type: none"> - To measure achievement and potential - To diagnose strengths and weaknesses - To assess performance and abilities 	<ul style="list-style-type: none"> -Academic and non-academic, cognitive, affective domains -Performance achievement, potential, abilities -Personality characteristics 	<ul style="list-style-type: none"> - Reliability and validity - Criterion-referencing - Formative - Diagnostic - Standardization - Moderation 	<ul style="list-style-type: none"> - Materials designed to provide scores that can be aggregated - Enables individuals and groups to be compared - In-depth diagnosis - Measures performance

Table 3.4: Purposes, key terms and characteristics of different research styles (source: Seale et al., 2003)

In this way, the main purpose of **surveys** is related to the gathering of large scale statistically manipulative data in order to describe and explain features and opinions of a wider population. On the other hand, the main purpose of **experiments** is to make objective comparisons (under controlled conditions) and generalizations about efficacy. What is more, the target of **ethnography** is related to the subjective portrayal of events as well as the description, understanding and explanation of a specific situation. The purpose of **action research** is related to the planning, implementation, review and evaluation of an intervention designed to solve a problem. Furthermore, the purpose of **testing and assessment** relates to the measurement of achievement and potential, while it enables individuals and groups to be compared. Finally, the target of **case studies** is related to the portrayal, analysis and

interpretation of the uniqueness of real individuals and situations; their purpose relates to the presentation of the complexity and specificity of behaviour as well as the contribution of action and intervention through the holistic treatment of phenomena (see also section 3.5). As a result, a case study is different from an experiment that separates the phenomenon from its context and focuses on a few variables. What is more, a history is usually dealing with the entangled situation between phenomenon and context that are non-contemporary events. Furthermore, surveys have a limited ability to investigate the context, even if they try to deal with both phenomenon and context, since the number of variables under analysis is limited.

On the other hand, a big misconception is related to the fact that many social scientists believe that case studies are only appropriate for the descriptive phase (thus preliminary research strategy) and that experiments are the only way of doing explanatory or causal inquiries (that describe or test propositions). However, this view can be questioned since famous case studies are both explanatory and descriptive (Yin, 2003b:3). It has to be noted that each one of the major research strategies is called to answer specific kinds of questions (how, why, who, what, etc.), none requires control over behavioural events (apart from experiments), while all strategies (apart from history) focus on contemporary events (see *Table 3.5*).

Strategy	Form of Research Question	Requires Control of Behavioural Events?	Focuses on Contemporary Events?
Experiment	<i>How, Why?</i>	<i>Yes</i>	<i>Yes</i>
Survey	<i>Who, What, Where, How Many, How Much?</i>	<i>No</i>	<i>Yes</i>
Archival Analysis	<i>Who, What, Where, How Many, How Much?</i>	<i>No</i>	<i>Yes/No</i>
History	<i>How, Why?</i>	<i>No</i>	<i>No</i>
Case Study	<i>How, Why?</i>	<i>No</i>	<i>Yes</i>

Table 3.5: Relevant situations for different research Strategies (source: COSMOS Corporation, 1983)

In general, the researcher believes that the various strategies are not mutually exclusive because two strategies can be considered equally attractive or one research strategy relevant; however, the distinct advantage of the case study is related to the situation when a “how” or “why” question is asked about a contemporary set of events over which the investigator has little or no control. The questions that are significant for a topic can be determined through a review of the literature; the use of the literature review takes place not only to determine the answers of existing issues on a topic, but to develop deeper questions in the process of exploring the topic. The researcher conducted the literature review on the topic under examination (see also Document 2 and chapter 2 of the Thesis for literature review); in this way, before the interviews, he had already been familiar to the sectors’ problems, “solutions” and strategies for facing competition by SMEs abroad, etc.

As stressed before, each strategy can be used for three purposes; *exploratory*, *descriptive* or *explanatory*. The **three conditions** that can distinguish the different strategies are (Yin, 2003b):

- a) ***The type of research question posed.*** A categorization includes the questions of “who”, “what”, “where”, “how” and “why”. In general, “what” questions can either be exploratory (where case studies can be utilized), or about predominance (where surveys or analysis of archival records can be used). On the other hand, “how” and “why” questions are more explanatory because they deal with operational links that need to be traced over time; they can favour the usage of case studies, experiments or histories. However, the key, according to Yin, is to understand that research questions have both substance and form so that the proper research strategy can be followed. In reality, the researcher believes that the research questions that have been posed have both “substance and form”; the target is to explore specific phenomena within the confectionary wholesale sector and explain certain views of the managers about different issues.
- b) ***The extent of control an investigator has over actual behavioural events.*** Histories are the preferred strategy when there is virtually no access or control (“dead” past); case study is preferred in examining contemporary events, but when the relevant behaviours cannot be manipulated. Case study relies on many of the same techniques as histories, but it also adds two sources of evidence that are not usually included in histories: *direct observation* of the events being studied as well as *interviews* of the persons involved in the events. In spite of the fact that histories and case studies can overlap, the case study has the advantage of entailing the ability to deal with a full variety of evidence (i.e., documents, artifacts, interviews and observations), apart from the usual historical studies. In the case of participant observation, informal manipulation can occur. In the particular cases, the researcher examines contemporary events, in spite of the fact that relevant behaviours cannot be manipulated. However, the use of case study approach, apart from the interviews, provides the investigator with the ability to deal with a full variety of evidence (i.e., past documents, accounting books, statistical records and various researcher’s observations based on his experience).
- c) ***The degree of focus on contemporary as opposed to historical events.*** The researcher is mainly focused on contemporary events, since micro wholesaling enterprises face the problem of increasing competition in recent years, because the position of supermarkets/superstores is gaining in power. Of course, the knowledge of the sector’s history is always necessary and can often function as a “compass” for the future.

Apart from these concerns, the most important thing to stress is that “successful” (expedient) case studies are difficult to do; the ability to conduct a case study cannot be tested or measured. For the six cases under investigation, the researcher has tried not to have his findings influenced by “biased” evidence (that can reveal high sales turnovers) or managers’ views that are in favour of their sector’s arguments (i.e., wholesalers’ Union). What is more, the investigator tried to develop and generalize

theories from the analysis of the six micro wholesaling businesses (analytic generalization), in spite of the fact that these cases do not represent “particular samples” (statistical concept and generalization). Finally, the researcher had the target to present the cases’ findings in a concise and constructive way that would be useful for academic and managerial purposes. It becomes clear that the aforementioned strategies have their own advantages and disadvantages and can be used under different circumstances, according to the needs and targets of each researcher.

3.5 Selection of Qualitative Research Instrument

After the comparison between different research strategies and the presentation of each ones’ main characteristics, in the following section, the researcher highlights the reasons he has selected the case study as a qualitative research instrument in the context of the Thesis. Furthermore, the rationale for the single-case selection is provided, while the definition, characteristics, importance and strengths of the case study method are also presented.

3.5.a Advantages, disadvantages and criticism of case studies

In general, the case study method allows researchers retain the holistic and meaningful characteristics of real life events, such as organizational and managerial procedures, industries maturing or individual life cycles and relations. Typically, a case study researcher uses interviews and documentary materials first and foremost, without using participant observation. In particular, according to Adelman et al. (1980), case studies have a number of *advantages* that can attract researchers (see *Table 3.6*).

<i>Advantages of cases studies</i>
Case study data, paradoxically, is “strong in reality” but difficult to organize. In contrast, other research data is often “weak in reality” but susceptible to ready organization. This strength is related to the reader’s own experience, and thus provides a “natural” basis for generalization.
Case studies allow generalizations about an instance or a class. Their peculiar strength lies in their attention to the complexity of the case.
Case studies recognize the complexity and “embeddedness” of social truths. Case studies can represent something of the discrepancies or conflicts between the viewpoints held by participants.
Good case studies can offer some support to alternative interpretations. Case studies are “a step to action”. They begin in a world of action and contribute to it, while their insights may be directly interpreted and put to use.
Case studies present research or evaluation data in a more publicly accessible form than other kinds of research report; the case study is capable of serving multiple audiences. It reduces the dependence of the reader upon unstated implicit assumptions. Case studies, therefore, may contribute towards the “democratization” of decision-making and knowledge. At its best, they allow readers to judge the implications of a study for themselves.

Table 3.6: Advantages of case studies (source: Adelman et al., 1980)

What is more, according to Nisbet and Watt (1984), the *strengths* of case study are related to:

- The results are more easily understood by a wide audience (including non-academics) as they are frequently written in everyday, non-professional language.
- They catch unique key features that may otherwise be lost in larger scale data (e.g., surveys).
- They provide insights into other, similar situations, thereby assisting their interpretation.
- They can be undertaken by a single researcher without needing a full research team.
- They can embrace and build in unanticipated events and uncontrolled variables.

On the other hand, case studies also have some substantial *drawbacks*. It becomes clear that case studies frequently follow the interpretive tradition of research, seeing the situation through the eyes of participants, rather than the quantitative paradigm. Its sympathy to the interpretive paradigm has rendered case study an object of criticism, treating peculiarities rather than regularities (Hamel, Dufour & Fortin, 1993). What is more, according to Yin (2003a), like all non-experimental approaches, case studies merely describe what occurred, but they cannot tell why it occurred. They are also likely to involve a great deal of experimenter and bias because they involve considerably more interaction between the researcher and the participant than most other research methods. In this way, a researcher can be influenced by certain adverse conditions and present a “distorted reality”. For example, in the sector under examination, wholesalers may present market reality from their own perspective, without taking into consideration objective factors (i.e., difficulties that final consumers face due to the recent financial crisis). In this way, the researcher has to be careful and objective in the presentation and interpretation of various views.

In addition, the data in a case study comes from the researcher’s observations of the participants. Although this might also be supplemented by test scores and more objective measures, it is the researcher who brings all this together in the form of a descriptive case study of the individuals in question. A case study of a single person diagnosed with a certain disorder is unlikely to be representative of all individuals with that disorder. In this way, the small number of individuals examined in these case studies makes it unlikely that the findings will generalize to other people with similar issues or problems (i.e., see the case of “Zita”, section 4.10.a to 4.10.g). Finally, case studies are not easily open to cross-checking, hence they may be selective, biased, personal and subjective. They can also be prone to problems of observer bias, despite attempts made to address reflexivity.

What is more, there are “voices” by many investigators that condemn that strategy in comparison to experiments or surveys. Criticism mainly has to do with:

4. The **lack of rigour** of the case study research; the case study investigator is not following certain systematic procedures. Furthermore, sometimes, the researcher “allows” biased evidence or views to influence his findings and conclusions. Strategies such as experiments or surveys (possibly because of the existence of innumerable methodological texts) provide the investigators with specific processes that can be followed. Possibly, case study teaching is confused with case study research; in teaching, case study materials may be deliberately altered in order to demonstrate and stress a specific point in the most effective way. In the research field, this cannot be done, since reality has to be presented literally. What is more, bias issues can arise in the procedures of experiments, histories or questionnaires; these are difficult to deal with in case study research.

5. Case studies provide **little basis for scientific generalization**; as in the case of experiments that are usually based on a multiple set of experiments that have replicated the same phenomenon under different conditions, the same can happen with multiple case studies that can be generalizable to theoretical propositions and to populations or universes. In this way, the case study does not represent a “particular sample” (statistical concept and generalization), but does develop and generalize theories (analytic generalization, see Yin, 2003a).
6. Usually case studies take **too long** and result in **massive documents** that are difficult to use and peruse. However, case studies are not ethnographies that require long periods of study in the field and observational evidence or participant observation. These are a form of inquiry that does not depend solely on ethnographic or participant observer data.

In the cases under examination, the researcher, apart from the description of the problem, tried to “narrate” how the situation in the sector has worsened in the last years. It is obvious that the study can involve a great deal of experimenter bias; however, the interaction between the researcher and the participants during the interviews is interesting. For this reason, in the context of the Thesis, the researcher attempted to evaluate all relevant pieces of information (archival and statistical records) fairly so as to formulate an objective picture about the sector’s issues.

Finally, despite the limited number of cases, the investigator has tried to find the most representative enterprises involved in the wholesale sector of confectionary products under idiomorphic Greek market conditions. In terms of the strategy of each micro business as well as the deployment of their resources and capabilities in order to cope with increasing competition, the researcher has “selected” “successful” case studies (“Alpha”, “Beta”, “Gamma” and “Delta” have managed to face increasing competition, survive and grow) and “ineffectual” ones (“Epsilon” and “Zita” failed to effectively confront problematic issues). In this way, the researcher can generalise his conclusions/findings to similar cases and circumstances (according to *Yin’s replication logic*, see section 1.3, Premises).

Of course, according to Seale et al. (2003: 420-442) there are even more debates about the case study method; “it is the detailed examination of a single example of a class of phenomena. A case study cannot provide reliable information about the broader class, but it may be useful in the preliminary stages of an investigation since it provides hypotheses, which may be tested systematically with a larger number of cases” (Abercrombire et al., 1984: 34). This description is indicative of the conventional wisdom of case-study research, which, if not directly wrong, is so oversimplified. It can be argued that it is correct to note that the case study is a “detailed examination of a single example”; however, the researcher believes that it is not true that a case study “cannot provide reliable information about the broader class”. It can also be argued that a case study *can* be used “in the preliminary stages of an investigation” to generate hypotheses, but it is probably misleading to see the

case study as a pilot method to be used only in preparing the real study's larger surveys, systematic hypotheses testing and theory-building.

According to the conventional view, case studies cannot be of value in and of themselves; they need to be linked to hypotheses, following the hypothetico-deductive model of explanation. Dogan and Pelassy (1990: 121) put it like this: "one can validly explain hypotheses. All the rest is uncontrollable, and so of no use". In the context of the Thesis, the researcher believes that the findings that will derive from the six case studies can reveal useful and reliable pieces of information (i.e., strategies for resources and capabilities' exploitation, managers' strategic choices and approaches, etc.) about similar micro enterprises involved in the confectionary products' sector. On the other hand, the researcher holds the view that the stated hypotheses (see section 1.3, Premises) can be tested in the context of the six micro wholesaling businesses and provide reliable results about those firms.

Campbell (1975) summarises five misunderstandings about case-study research (see *Table 3.7*). These five misunderstandings indicate that it is theory reliability and validity that are at issue; in other words, the very status of the case study as a scientific method.

<i>Misunderstandings about the nature of case-study research</i>
1. General, theoretical knowledge is more valuable than concrete, practical knowledge.
2. One cannot generalize from an individual case; therefore, the case study cannot contribute to scientific development.
3. The case study is most useful for generating hypotheses, while other methods are more suitable for hypotheses testing and theory-building.
4. The case study contains a bias towards verification, that is, a tendency to confirm the researcher's preconceived notions.
5. It is difficult to develop general propositions and theories on the basis of specific case studies.

Table 3.7: Five misunderstandings about the nature of case-study research (source: Campbell, 1975)

However, the overall contributions of the case study cannot be ignored. Regardless of its non-experimental approach – in fact, *because* of its non-experimental approach – it has substantially informed theory, research and practice, serving to fulfil the first goal of science, which is to identify issues that can then be experimentally assessed. The researcher primarily, in the literature review part, has tried to identify various issues (i.e., the seven elements of the RBV conceptual framework) that later had to be "judged" through the process of interview with the six managers of the different firms.

3.5.b Selection of the case study method

The researcher has selected to use the **case study method** in the examination of the six micro wholesaling businesses mainly due to the nature of the enterprises operating in the wholesale sector of confectionary products as well as the peculiar Greek market environment; these firms have distinct characteristics and need to be examined as case studies in order to reveal their specific resources and capabilities. The case study method was also selected in an attempt to be combined with the RBV approach in the context of the confectionary Industry. The researcher has developed an RBV conceptual framework that mainly combines the description of each firm's resources and capabilities,

the specification of the industry's success factors as well as each entrepreneur's strategic choices. This framework also incorporates elements that specify the micro enterprise's life cycle stage, family/business orientation and marketing approach. It can have effective results if it is implemented in the context of each case study separately; however, its use facilitates comparisons between the case studies (see section 5.5). The researcher believes that the interviews with the six managers can reveal the position of each business, its distinctive characteristics, its strategies as well as each manager's choices on specific competition issues. The findings of each case study (identification of resources, capabilities and choices in relation to the industry's CSF's) can then be analysed and compared.

The researcher holds the view that the case study method, as a research method of testing theories and answering research questions, is quite viable, in spite of the fact that case studies cannot always be generalized (because of the small number of cases) or make it hard to control for third variables. In these particular cases, the application of the case study method appears to be practical because the researcher has selected cases with relative extreme values on the study variable ("successful" and "unsuccessful" firms); in this way, the extremes lessen the likelihood of other variables affecting the process. What is more, the selection process of cases means that case conditions are similar in some way, and the uniform case conditions are not unlike the controlled environment experiments strive for, all of which enhances rigour. Furthermore, the RBV theory can be applied to the specific cases; a large number of case studies cannot produce the same result, because the researcher can test predictions to see if the specific case fits the theory. Finally, if the researcher is trying to see how an independent variable affects a dependent variable, case studies are often better than large number of case studies because one can do process tracing; while large number of case studies can tell the researcher more about *whether* or not hypotheses hold, case studies can tell researchers *why* they hold.

The literature provides a solid base of information with which to start the exploration of motives and behaviours. On the other hand, case studies have undoubtedly become a viable element of the qualitative research, since the case study methodology gives direction and begins to clarify certain elements and issues that had not emerged immediately from the literature review. What is more, the results of the case study examination can highlight issues that were not evident in the literature. After selecting a specific research topic and conducting a thorough literature review, the next step is to plan a research study, which means to clearly articulate the research problem. The *research problem* typically takes the form of a concise question regarding the relationship between two or more variables. The researcher has posed the main research question of how micro Greek enterprises involved in the wholesale sector of confectionary products can react to increasing competition that has been a result of the catalytic presence of the supermarkets, mega stores, retail and chain stores. The researcher believes that the use of the case study research strategy is ideal for the analysis of the

sector’s problematic situation (see section 1.3, Premises). In this direction, Yin (2003b) stresses that case studies can have at least five applications see *Table 3.8*):

<i>Case study applications</i>
1. To explain the presumed causal links in real-life interventions that are too complex for the survey or experimental strategies.
2. To describe an intervention and the real-life context in which it occurred.
3. To illustrate certain topics within an evaluation, in a descriptive mode.
4. To explore situations where intervention being evaluated has no clear, single set of outcomes.
5. To be used as a meta-evaluation, a study of the evaluation study.

Table 3.8: Case study applications (source: Yin, 2003b)

The case study method can be used with either qualitative or quantitative methods; it is probably more commonly used with qualitative methods. However, the case study strategy should not be confused with “qualitative research”. The researcher believes that the combination of **quantitative** and **qualitative evidence** can be useful to the analysis of each case study’s findings; in the six cases under investigation, he has used quantitative elements (statistical records and accounting books) to “support” the qualitative pieces of information that derived from the interviews with the managers. It has to be stressed that in the context of the Thesis, the researcher has also used qualitative and quantitative pieces of information derived from the findings of Documents 3 and 4 (see also section 5.4).

On the other hand, Van Evera (1997) argues that there are four ways case studies help with theory testing: (a) *controlled comparison* (with the “method of difference”, the researcher chooses cases with a difference in the study variable, but similarity in backgrounds or environments so as to hold these issues constant); (b) *congruence procedures* (the researcher selects cases with extreme values for the study variable so as to bring out strong cases); (c) *process tracing* (the researcher studies the chain of events or decision-making process leading to the outcomes in the case) and (d) *the Delphi Method* (the researcher interviews people who were participants in the events under study). In the cases under observation, the researcher has been helped with theory testing by using the case study method. In particular, he has “implemented” the “method of difference”, since he has selected six cases (micro wholesaling enterprises) with differences in the study variables (use of different strategies, different resources and capabilities as well as different choices/approaches by entrepreneurs) but similarities in their backgrounds or market environments (confectionary products’ wholesaling sector) so that they can be compared. What is more, the researcher has adopted *congruence procedures* and *process tracing*; he has selected cases with extreme values for the study variable so as to bring out strong cases, while he has also studied decision-making process leading to the outcomes in the case, looking for cause-effect flows and links.

Although case studies lack experimental control, their naturalistic and uncontrolled methods have set them aside as a unique and valuable source of information that complements and informs theory,

research and practice (Kazdin, 2003). According to Kazdin (2003), case studies may be seen as having made at least four substantial *contributions* to science:

- they have served as a source of research ideas and hypotheses;
- they have helped to develop therapeutic techniques;
- they enabled scientists to study extremely rare and low-base-rate phenomena (i.e., rare disorders);
- they can describe and detail instances that contradict universally accepted beliefs and assumptions, thereby serving to doubt and spur new experimental research to validate these accepted beliefs.

As has been noted in section 1.3 (Premises), the researcher has selected six cases whose study can offer significant outcomes in the context of Thesis. The specific case studies have served as a source of research ideas because they have described in detail micro wholesaling enterprises with certain characteristics while they have probably helped to develop therapeutic techniques for them. The researcher believes that the use of the case study method would be ideal in order to catch the complexity of the managers' behaviour; by implementing the case study method, the researcher pictures reality and gives a sense of "being there". However, by treating phenomena holistically (with the use of various sources such as interviews, archival records, etc., see section 3.6), he would like his findings to "spur new experimental research to validate or invalidate the accepted beliefs". In this direction, the presentation of the six cases (i.e., different survival and growth strategies with the exploitation of various resources and capabilities) can be considered to be informative for those involved in the sector under examination (i.e., wholesalers, suppliers, customers, consultants, etc.).

3.5.c Rationale for case study design selection

According to Yin (2000), the four types of designs for case studies are single-case (holistic) designs (Type 1), single-case (embedded) designs (Type 2), multiple-case (holistic) designs (Type 3), and multiple-case (embedded) designs (Type 4). The four tests (or according to Yin, 2003a, *criteria for judging the quality of research designs*) presented in Table 3.9 are common to all social science methods (Kidder & Judd, 1986: 26–29). In particular:

Tests	Case study tactic	Phase of Research in which tactic occurs
<i>Construct Validity</i>	<ul style="list-style-type: none"> • Use multiple sources of evidence • Establish chain of evidence • Have key informants/ Review draft case study report 	<ul style="list-style-type: none"> • Data collection • Data collection • Composition
<i>Internal Validity</i>	<ul style="list-style-type: none"> • Do pattern-matching and explanation-building • Address rival explanations and use logic models 	<ul style="list-style-type: none"> • Data analysis
<i>External Validity</i>	<ul style="list-style-type: none"> • Use theory in single-case studies • Use replication logic in multiple-case studies 	<ul style="list-style-type: none"> • Research Design
<i>Reliability</i>	<ul style="list-style-type: none"> • Use case study protocol and develop case study database 	<ul style="list-style-type: none"> • Data collection

Table 3.9: Case study tactics for four design Tests (source: COSMOS Corporation, 1983)

- *Construct validity*: establishing correct operational measures for the concepts being studied. The criterion of *construct validity* test effectively asks the question of whether the theory supported by the findings provides the best available explanation for the results. The researcher tried to select the specific types of changes that are to be studied and relate them to the original objectives of the study (posed by the research questions); he has also tried to demonstrate that the selected measures do indeed reflect the specific types of change that have been chosen.
- *Internal validity*: establishing a causal relationship, whereby certain conditions are shown to lead to other conditions, as distinguished from spurious relationships. The criterion of *internal validity* test refers to the ability of a research design to rule out or make implausible alternative explanations of the results. The researcher attempted to make logical “inferences” that stem from the six managers’ interviews and the documentary evidence that has been collected. What is more, he tried to overcome threats like history, selection bias or attrition.
- *External validity*: establishing the domain to which a study’s findings can be generalized. In the case of *external validity* that refers to the generalizability of the results of a research study, the researcher attempted to test the theoretical propositions of the six cases by relying on analytical generalization. The answers of the managers about the sector’s issues often followed a common direction; in this way, the results/findings can provide strong support to the theory. Furthermore, the researcher tried to surmount threats like pre-test and post-test sensitization, reactivity of assessment as well as timing of assessment and measurement.
- *Reliability*: demonstrating that the operations of a study – such as the data collection procedures – can be repeated, with the same results. *Reliability* ensures the minimization of errors and biases in a study; the researcher developed a case study protocol that recorded all the procedures that had been followed (see section 4.3 and **Appendix 4.I**, case study protocols of the six firms).

For case studies, an important revelation is that the several tactics to be used in dealing with these tests should be applied throughout the subsequent conduct of the case study and not just at the beginning. In this sense, “design work” actually continues beyond the initial design plans. For this reason, a plan or *research design* is essential (see section 3.2); however, this task is difficult, because there is not a comprehensive “catalogue” of research designs for case studies (such as textbooks that summarize the various research designs for quasi-experimental situations). The pitfall that has to be avoided is regarding case study designs as a subset or variant of the research designs used for other strategies, such as experiments (like one type of quasi-experimental design). This misconception has been corrected, since Cook and Campbell (1979: 96) state that “certainly the case study as normally practiced should not be demeaned by identification with one group post-test-only design”; this means that case study is a separate research method that has its own research designs. In the context of the

Thesis, the researcher has used three sources of information, documents, archival records and interviews. However, having worked for a similar micro family wholesaling enterprise in the past (and still involved in it), it can be argued that the researcher has been experienced enough to evaluate different managers' and employees' views and behaviour (elements of participant observation).

In *Table 3.10*, different strategies for the selection of samples and cases are presented, in an attempt to combine the different selection type (random selection or information-oriented selection) with the purpose of the selection itself (that refers to the targets of the choice).

Type of selection	Purpose
A. Random selection	To avoid systematic biases in the sample. The sample's size is decisive for generalization.
1. Random sample	To achieve a representative sample that allows for generalization for the entire population.
2. Stratified sample	To generalization for specially selected sub-groups within the population.
B. Information-oriented selection	To maximize the utility of information from small samples and single cases. Cases are selected on the basis of expectations about their information content.
1. Extreme/deviant cases	To obtain information on unusual cases, which can be especially problematic or especially good in a more closely defined sense.
2. Maximum variation cases	To obtain information about the significance of various circumstances for case process and outcome, e.g. three to four cases that are very different on one dimension: size, form of organization, location, budget, etc.
3. Critical cases	To achieve information that permits logical deductions of the type, "if this is (not) valid for this case, then it applies to all (no) cases".
4. Paradigmatic cases	To develop a metaphor or establish a school for the domain that the case concerns.

Table 3.10: Strategies for the selection of samples and cases (source: Seale et al., 2003)

The researcher has focused on *information-oriented* selection that can maximize the utility of information from small samples and single cases. The six cases were selected on the basis of expectations about their information content and analysis perspectives. All managers were asked about the survival and growth strategies that were implemented as well as their approaches on the use of their firms' resources and capabilities. Based on the managers' views, the researcher has been able to record and disclose various pieces of information about the confectionary products' sector (i.e., sector's trends, demand, resources/capabilities' deployment, competitors' reactions, pricing policies).

The selected cases can be described as "maximum variation cases" that are used to obtain information about the significance of various circumstances for case process and outcome (since all six firms are different in size, form of organization, sales turnover, budgets, number of retail outlets served, etc.). On the other hand, the researcher has not focused on extreme/deviant, critical or paradigmatic cases that are used on specific circumstances. The researcher also avoided random selection (random sample or stratified sample) in order to discourage systematic biases in the sample.

The researcher has examined six different single case studies (micro confectionary wholesaling firms) with specific characteristics. According to Yin (2003a), a primary distinction in designing case studies is between single and multiple case designs. The adoption of a certain strategy presupposes the need for a decision, prior to any data collection, on whether a single case study or multiple cases are going to be used in order to address the research questions. The single case study is an appropriate design under several circumstances, and five *rationales* had to be taken into consideration by the researcher:

1. *One rationale* for a single case is when it represents the critical case in testing a well-formulated theory. To confirm, challenge or extend the theory, a single case may meet all of the conditions for testing the theory. The single case can then be used to determine whether a theory's propositions are correct or whether some alternative set of explanations might be more relevant. In this way, the single case study can represent a significant contribution to knowledge and theory building. The researcher believes that this rationale is accomplished with the utilization of the six single case studies-micro businesses he has selected.
2. A *second rationale* for a single case is when the case represents an extreme case or a unique case; the cases under observation can be regarded as "extreme" cases, since the managers of the six micro businesses have adopted completely different survival and growth strategies while they have used different approaches in terms of the deployment of their firms' resources/capabilities.
3. A *third rationale* for a single case is the representative or typical case. In this case, the objective is to capture the circumstances and conditions of an everyday or commonplace situation. The six different case studies represent typical micro wholesaling enterprises among many different family firms involved in the wholesale sector of confectionary products.
4. A *fourth rationale* for a single case study is the *revelatory* case. This situation exists when an investigator has the opportunity to observe and analyze a phenomenon previously inaccessible to scientific investigation. In the particular cases, the researcher can reveal the different, flexible and innovative ways that managers have followed in order to face increasing competition (due to the strong presence of superstores and supermarkets), survive and grow. On the other hand, the researcher can find out what resources, capabilities and core competencies the managers of "Epsilon" and "Zita" lacked and failed to formulate an effective survival or growth strategy.
5. A *fifth rationale* for a single case study is the *longitudinal* case; studying the same single case at two or more different points in time. The theory of interest would likely specify how certain conditions have changed over time. For example, since the researcher has worked for a similar micro firm in the past and is still involved in many of its procedures, he is able to present the differences between the two periods and identify the reactions of these businesses to the alterations in market conditions. On the other hand, the researcher can identify and evaluate the various strategies of survival, according to the changing contemporary market circumstances.

These five rationales serve as major reasons for conducting a single case study. However, single case designs require careful investigation of the potential case to minimize the chances of misrepresentation and to maximize the access needed to collect the case study evidence.

In general, multiple case designs (even a "two-case" study) may be preferred over single-case studies. At first, the researcher has the possibility of direct replication; analytic conclusions independently

arising from separate cases (as with independent experiments) will be more powerful than those coming from a single case alone. What is more, the contexts of the cases are likely to differ to some extent. If under these varied circumstances the researcher can still arrive at common conclusions from the different cases, they will have immeasurably expanded the external generalizability of the findings, again compared to those from a single case alone. Alternatively, the researcher may have deliberately selected the cases because they offered contrasting situations, and was not seeking a direct replication. In this design, if the subsequent findings support the hypothesized contrast, the results represent a strong start toward theoretical replication, again vastly strengthening the external validity of the findings compared to those from a single case alone.

Criticisms about single case studies usually reflect fears about the uniqueness or artifactual condition surrounding the case (e.g., special access to a key participant). As a result, the criticisms may turn into scepticism about the ability to do empirical work beyond having done a single case study. Having more than one case can begin to blunt such criticism and scepticism. Having more than two cases will produce an even stronger effect. In the face of these benefits, having at least two cases should be the researcher's goal. If the researcher is using a single case design, he should be prepared to make an extremely strong argument in justifying his choice for the case.

In the cases that are examined, it is obvious that each micro firm has certain characteristics and the six managers expressed different viewpoints about the sector's problems or used various means for realizing the potential survival and growth strategies. Of course, the case study's design can be modified by new information or discovery during data collection; such revelations can be enormously important, leading to the researcher's altering or modifying his original design. In a single case study, what was thought to be critical or unique case might turn out not to be so after initial data collection has started; in a multiple case study, in which what was thought to be parallel cases for literal replication turn out not to be so. Under these discoveries, the researcher has every right to conclude that his initial design needs to be modified. However, the researcher should undertake any alterations only given a serious caution which is to understand the nature of the alteration. The flexibility should not lessen the rigour with which the case study procedures are followed.

In this section of the Thesis, the researcher has chosen to use a multiple case study design in order to have the possibility of *direct replication* and *acquire stronger analytic conclusions*. However, during the conduct of the research for each micro enterprise, the researcher considered the aforementioned five *rationales* for single case studies so that conclusions for each case are stronger. The case studies that are examined involve more than one unit of analysis (embedded case study design), since the research questions are multiple and examine different aspects of the same field (see section 2.7, RBV conceptual framework). The researcher had to be focused on the main target of the study which is to

determine and evaluate the potential strategies that micro Greek wholesaling businesses can adopt in order to offset increasing competition. What is more, the generalizability of the Thesis findings is strengthened, since the contexts of the cases are different; these firms are active in the same sector but function under different conditions (each enterprise has its own resources and capabilities). Despite the fact that the multiple case study design has been chosen in general, the researcher has “borrowed” some of the rationales for single-case designs (especially those of revelatory and longitudinal cases).

3.5.d Case study definition and components

The basic case study entails the detailed and intensive analysis of a single case that can be an organization, a location, a person or a single event. Stake (1995), observes that case study research is concerned with the complexity and particular nature of the case in question. Knights and McCabe (1997) suggest that the case study provides a vehicle through which several qualitative methods can be combined; in this way, different approaches can be used. Case study research is concerned with rigorous and fair presentation of empirical data. Case studies can make theoretical statements, but, like other forms of research and human sciences, these must be supported by the evidence presented (i.e., the nature of case study generalization needs to be clarified).

In the specific cases, the researcher has connected the six cases under examination to single organizations that are located in different areas. In particular, he has carefully examined and evaluated each manager’s responses to various questions in an attempt to formulate a complete picture of the six enterprises’ internal resources, capabilities and strategic choices, taking into consideration internal (i.e., marketing approach, life cycle stage, family and business orientation) and external factors (i.e., idiomorphic conditions of the Greek market or alterations in the domestic and global economy, etc.).

Whatever the problem or the approach, at the heart of every case study lies a method of observation. Unlike the experimenter who manipulates variables to determine their causal significance or the surveyor who asks standardized questions of large, representative samples of individuals, the case study researcher typically observes the characteristics of an individual unit. The purpose of such observation is to probe deeply and intensively analyse the multifarious phenomena that constitute the life cycle of the unit with a view to establishing generalizations about the wider population to which that unit belongs. There are two principal kinds of observation in case study, *participant observation* and *non-participant observation*. In the former, observers engage in the very activities they set out to observe, while non-participant observers stand aloof from the group activities they are investigating and eschew group membership.

The research of the particular case studies took place in the natural environment of the managers (firms’ premises). All in-depth interviews were conducted with the founders (owners/managers) of the

six micro family wholesaling firms. It has to be stressed that in Greece, most of the founders of micro wholesaling businesses are becoming managers that undertake the majority of the firm's liabilities. However, the researcher is using the term "manager" since contemporary market conditions require such a treatment. The researcher used a tape recorder during the interviews with the six managers so that all important parts of the interviews are included in the analysis of findings.

According to Nisbet and Watt (1984:72), a case study can help readers to understand how ideas and abstract principles can fit together. Case studies can penetrate situations in ways that are not always susceptible to numerical analysis; they can also establish cause and effect, indeed one of their strengths is that they observe effects in real contexts, recognizing that context is a powerful determinant of both causes and effects. On the other hand, Sturman (1999:103) argues that a distinguishing feature of case studies is that "human systems have a wholeness or integrity to them rather than being a loose connection of traits, necessitating in-depth investigation".

In the cases that are examined, the researcher seeks to analyze and interpret the contextual conditions that are connected to the contemporary issues that micro Greek wholesaling businesses have to encounter. Since phenomenon and context are not always distinguishable in real-life situations, more technical characteristics (like data collection and data analysis strategies) are implicated in the definition of case study. As a result, the case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points and as one result relies on multiple sources of evidence. In the particular study of the six micro wholesaling businesses, the researcher has used more than one source of evidence in order to be confident about the validity and consistency of his analysis and findings. For example, old documents (logistical and statistical ones) and records have been used so that the micro firms' history is revealed. In this way, the researcher has a direction for his future data search. In other words, the case study (as a research strategy) comprises an all-encompassing method covering the logic of design, data collection, techniques and specific approaches to data analysis. In this sense, the case study is neither a data collection tactic nor merely a design feature alone (Stoecker, 1991).

On the other hand, according to Yin (2003b), especially for case study research, five **components** of a research design are especially important:

1. ***The study's question.*** The case study approach seems to be appropriate for answering the question of "*the identification and implementation of effective survival and growth strategies that micro Greek wholesaling businesses involved in the confectionary products' sector can adopt in order to offset increasing competition*"; by analyzing each case study, the six managers could express their views on certain topics (i.e., market conditions, competitors, suppliers, etc.).

2. ***The study's propositions***, if any. The proposition directs attention to something that should be examined within the scope of a study. For the cases under examination, the researcher has stated certain propositions (see section 1.3, Premises) so that the study can move to the right direction and reflect important theoretical and practical issues. In the particular four “successful” cases, the general proposition is related to the designation of potential ways/strategies (proper exploitation of specific resources and capabilities) that micro Greek confectionary wholesaling businesses can follow in order to overcome their problems, survive and grow. In the last two “unsuccessful” cases, the general proposition is related to the strategies that have proved to be ineffectual. In this way, the whole Document is following a certain direction; the collection of evidence, the literature review as well as the managers’ interviews have a common benchmark.
3. ***The study's units of analysis***. This component is related to the fundamental problem of defining what the case is; in the particular cases, each case study is a micro confectionary wholesaling business. The more a study contains specific propositions, the more it will stay within feasible limits. In the cases that are examined, the researcher has tried to set certain limits for their completion; the data collection, analysis and interviews lasted no more than four months (due to the time limitation for the Thesis submission), however, the researcher already had archival records of the six firms at his disposal. In this way, the investigator tried to define the most important units of analysis in relation to the research questions and highlight the major findings from the research, so that they can be compared with the outcomes of similar studies.
4. ***The logic linking the data to its propositions***. The researcher has made an attempt to search the pieces of information that are related to the propositions of the case studies. For example, in order to be able to compare the views of the managers about “successful examples of similar enterprises that can be utilized in the Greek market”, the researcher has studied the relevant literature that revealed certain cases in US or Europe (use of the system of franchising, participation in mergers, etc). The same strategy was followed to the cases of “Epsilon” and “Zita”; the researcher was aware of certain firms that failed to face increasing competition and expected to hear the managers’ views on the issue of resources and capabilities’ deployment.
5. ***The criteria for interpreting the findings***. The criteria through which the researcher interpreted the importance of the cases’ findings are connected to their contribution in knowledge on a theoretical, as well as on a practical level. The researcher, who has worked in a similar micro confectionary wholesaling business in the past, is interested in providing “practical and applicable solutions” to these enterprises that certainly face enormous survival problems. In spite of the fact that the Thesis will be judged by academics, the researcher’s target is to provide similar wholesaling firms with “another choice that had not been thought of before”; his criteria

when interpreting the case studies' findings are more of a "practical" direction. Of course, the theoretical/academic level can be regarded as equally important, since the researcher wishes to contribute to the knowledge; the wholesaling confectionary products' sector is significant for the Greek economy and its gravity needs to be highlighted. The author hopes that the Document's findings can be useful to other researchers that are engaged in similar types of studies.

The researcher found all these components essential to the proper modulation of his research design.

3.5.e Characteristics of case studies

The quite *essential characteristic* of case studies is that they strive towards a holistic understanding of cultural systems of action (Feagin, Orum & Sjoberg, 1991). Cultural systems of action refer to sets of interrelated activities engaged in by the actors in a social situation. The case studies must always have boundaries (Stake, 1995). Case study research is not sampling research, which is a fact asserted by all the major researchers in the field (including Yin, Stake, Feagin and others). However, selecting cases must be done in order to maximize what can be learned, in the period of time available for the study.

Feagin, Orum, & Sjoberg (1991) describe case studies as multi-perspectival analyses. This means that the researcher has considered not just the voice and perspective of the actors (managers of the six micro wholesaling enterprises), but also of the relevant groups of actors and the interaction between them (relationships with employees, suppliers and customers). It is also important for events and situations to be allowed to speak for themselves rather than to be largely interpreted, evaluated or judged by the researcher. This is not to say that case studies are unsystematic or merely illustrative; case study data is gathered systematically and rigorously. *Significance* rather than frequency is a hallmark of case studies, offering the researcher an insight into the real dynamics of situations and people. Case studies, in not having to seek frequencies of occurrences, can replace quantity with quality and intensity, separating the *significant few* from the *insignificant many* instances of behaviour. The researcher, by using the case study method, has kept a holistic view of the business processes as well as the dynamic relationships (between competitors, suppliers and customers) that are developed in the confectionary trade, where the six micro businesses under examination are active. In the particular cases, the researcher is trying to answer "how" and "why" strategic questions that are posed to the managers of the firms; in reality, the researcher has no control over the contemporary phenomenon that is examined (increasing competition that micro wholesaling businesses are facing). The researcher studied six micro wholesaling businesses of the same sector, each having different resources/capabilities and adopting a different "attitude" (strategy) towards increasing competition; from the interviews with the managers, the researcher has gathered various detailed pieces of information that were reported in a narrative form. Moreover, the researcher utilized and examined the

archival records of the six firms in an attempt to disclose their particular features or trends of the sector in general (or even managers' implications about certain problems or themes). The six case studies that were selected in the context of the Thesis are not only seen as data collection sources or independent cases. These cases are strategically approached as parts of a problematic sector; their selection is used in order to spotlight the sector's dynamics, perspectives and trends and "disclose" successful (or unsuccessful) survival and growth strategies.

Case studies involve an in-depth examination of a single person or a few people. The goal of the case study examination is related to the provision of an accurate and complete description of the case; the researcher has tried to achieve this goal. The principal benefit of case studies is that they can expand peoples' knowledge about variations in human behaviour. Although experimental researchers are typically interested in overall trends in behaviour, drawing sample-to-population inferences and generalizing to other samples, the focus of the case-study approach is on individuality and describing the individual as comprehensively as possible. The case study requires a considerable amount of information, and therefore conclusions are based on a much more detailed and comprehensive set of information than is typically collected by experimental and quasi-experimental studies. In the particular cases, the researcher utilized the case study approach in order to figure out the views and perspectives of the various managers; in this way, the investigator will be able to interpret and "judge" their opinions. Case studies have a practical function in that they can be immediately applicable to the participant's diagnosis or treatment. In the case study analysis of the Thesis, the views of the experienced managers can be helpful to the strengthening of the sectors' competitive advantages, the confrontation of its problems, as well as the avoidance of ineffectual strategies.

3.6 Data Collection Methods

Having referred to the definition, components and characteristics of the case study as well as the reasons for its selection as a research method, the researcher is focusing on the various *data collection methods*. The qualitative researcher is able to use a variety of techniques for gathering information (data collection instruments). There is no single prescription for which instrument to use; in this way, the issue for researchers relates to "fitness for purpose". In general, a researcher can use field notes, participant observation, journal notes, interviews, diaries, life histories, artefacts, documents, video recordings, audio recordings, etc. Guba and Lincoln (1985:199) distinguish between "obtrusive" (e.g., interviews, observation, non-verbal language) and "unobtrusive" methods (e.g., documents and records), on the basis of whether another human typically is present at the point of data collection. It is obvious that not all variables of interest have been operationalized in the form of standardized tests; as

a result, some research questions might require unique or different approaches. Cost and time constraints might also be important considerations.

According to Yin (2003b), the main approaches to measurement and data collection in research methods entail *formal testing* (psychological, educational, academic, intelligence), *interviewing*, *global ratings*, *observation* and *biological measures*. Marshall & Rossman (1999) stress that qualitative researchers typically rely on four methods for gathering information: (a) participation in the setting, (b) direct observation, (c) in-depth interviewing, and (d) analyzing documents and material culture. The types of information and the methods of obtaining data are recorded in *Table 3.11*.

<i>Information Type</i>	Method of Obtaining Information		
	<i>Enumeration and Samples</i>	<i>Participant Observation</i>	<i>Interviewing Informants</i>
<i>Frequency distributions</i>	<i>Prototype and best form</i>	<i>Usually inadequate and inefficient</i>	<i>Often, but not always, adequate; if adequate, efficient</i>
<i>Incidents, histories</i>	<i>Not adequate by itself; not efficient</i>	<i>Prototype and best form</i>	<i>Adequate, with precautions, and efficient</i>
<i>Institutionalized norms and statuses</i>	<i>Adequate but Inefficient</i>	<i>Adequate but inefficient, except for un verbalized norms</i>	<i>Most efficient and hence best form</i>

Table 3.11: Information Types and Methods of Obtaining Information (source: Zelditch, 1962: 575)

The researcher has in essence used all these methods; participation in the setting, direct observation and analyzing documents and material culture methods were indirectly used. The researcher has actually used all enterprises' material (accounting books and documents, previous years' sales turnover, customers and suppliers' records as well as other indices, etc.); what is more, he has indeed participated in the setting and directly observed the daily procedures and tasks of the managers of the six micro firms during the preliminary visits to these enterprises. It has to be stressed that the researcher has also used journal notes (recording of essential pieces of information to a diary) during his visits to the six micro businesses. However, the straightforward and obvious method was that of *in-depth interviewing* of the six managers; this method was combined with the implementation of the RBV conceptual framework. This combination was helpful to the identification of each firm's internal strengths (resources and capabilities) as well as to the modulation of a strategic framework that micro wholesaling businesses can follow in order to offset increasing competition, survive and grow.

3.6.a Sources of evidence for case studies

According to Stake (1995) and Yin (1994), evidence for case studies may come from six (6) sources, documents, archival records, interviews, direct observation, participant observation, physical artefacts, each one having its own strengths and weaknesses (see *table 3.12*).

SOURCE OF EVIDENCE	STRENGTHS	WEAKNESSES
DOCUMENTATION	<ul style="list-style-type: none"> • stable – can be reviewed repeatedly • unobtrusive – not created as a case study result • exact – names, references and details • broad coverage – long time span, many events/settings 	<ul style="list-style-type: none"> • retrievability – can be low • biased selectivity, if collection is incomplete • reporting bias – reflects bias of author • access may be deliberately blocked
ARCHIVAL RECORDS	<ul style="list-style-type: none"> • same as above for Documentation • precise and quantitative 	<ul style="list-style-type: none"> • same as above for Documentation • accessibility due to privacy reasons
INTERVIEWS	<ul style="list-style-type: none"> • targeted – focuses directly on case study topic • insightful – provides perceived causal inferences 	<ul style="list-style-type: none"> • bias due to poorly constructed questions • response bias/reflexivity and inaccuracies
DIRECT OBSERVATIONS	<ul style="list-style-type: none"> • reality – covers events in real time • contextual – covers context of event 	<ul style="list-style-type: none"> • time consuming / cost, reflexivity • selectivity – unless broad coverage
PARTICIPANT OBSERVATION	<ul style="list-style-type: none"> • same as above for direct observations • insightful into interpersonal behaviour and motives 	<ul style="list-style-type: none"> • same as above for direct observations • bias due to investigator’s manipulation of events
PHYSICAL ARTIFACTS	<ul style="list-style-type: none"> • insightful into cultural features • insightful into technical operations 	<ul style="list-style-type: none"> • selectivity • availability

Table 3.12: Strengths and weaknesses of the six sources of evidence (source: R. K. Yin, 1995)

Documents

Documents for case studies are used in order to corroborate and augment evidence from other sources. Documents can be letters, memoranda, agendas, newspaper articles, or any document that is germane to the investigation. In the interest of **triangulation** of evidence (see section 3.6.b), the documents serve to corroborate the evidence from other sources. Documents are communications between parties in the study and are also useful for making inferences about events. However, documents can lead to false leads, in the hands of inexperienced researchers, which has been a criticism of case study research. In the six cases (micro enterprises) that are examined in the context of the Thesis, statistical and logistical documents were used by the researcher so that certain pieces of information are revealed. The researcher has tried to carefully “translate” various documents in order to formulate a general picture of each one of the six businesses. These documents included, but were not limited to, sales reports, profit and loss statements, corporate tax returns, forms used on a daily basis (such as orders from customers and orders to suppliers), as well as informal procedure manuals. Through an analysis of this documentation, the researcher was able to prepare a preliminary profile of each micro firm. An additional benefit to receiving this information was that the researcher felt more comfortable with the history of the firms before conducting the interviews with the managers, leading to more informed questions and more in-depth probing of interviewees.

Archival records

Archival records can be service records, organizational records, lists of names, survey data and other such records. These records can be used in conjunction with other sources of information in producing a case study. In the particular cases, the archival records of the six micro businesses were useful to the researcher in his attempt to find the continuity in the enterprises’ evolution in certain fields (management, book-keeping, sales volumes, etc.). However, the researcher had to be careful in

evaluating the accuracy of the quantitative records before using them. For this reason, he was insisting on getting the valid pieces of archival documents. Documents and records have the attraction of being always available, often at low cost, and being factual. However, according to Finnegan (1996), they may be unrepresentative, selective, lack objectivity, be of unknown validity and possibly be deliberately deceptive; for this reason the researcher has cross checked some of the firms' records during the interviews with the six managers (i.e., trend in sales and expenses in the last five years).

Interviews

Interviews are one of the most important sources of case study information. According to Paton (1980), there are several forms of interviews, each one with its own characteristics, strengths and weaknesses: informal conversational interview, interview guide approach, standardized open-ended interviews and closed (focused) quantitative interviews. The popularly used interview technique employed in qualitative interviewing is the **semi-structured interview**, where a schedule is prepared but it is sufficiently open-ended to enable the contents to be re-ordered. In an open-ended interview, key respondents are asked to comment about certain events. They may propose solutions, provide insights into events or corroborate evidence obtained from other sources.

The researcher tried to avoid becoming dependent on a single participant, and sought the same data from other sources to verify the findings' reliability and authenticity. The **focused interview** is used in a situation where the respondent is interviewed for a short period of time, usually answering set questions. According to Merton, Fiske & Kendall (1990), in such cases, interviews remain open-ended and assume a conversational manner, but the researcher is more likely to be following a certain set of questions derived from the case study protocol. In the certain cases, the **case study protocol** entails the research questions that were posed in previous documents (see **Appendix 4.I**); however, conversations with the six managers were open and friendly and not so "guided". This technique is often used to confirm data collected from another source. The questions are detailed and developed in advance, much as they are in a survey. *Interviews* usually require that the researcher can operate on two levels at the same time, satisfying the needs of his inquiry line while putting forth "friendly" and "non-threatening" questions in the open-ended interviews. Most commonly, in case study interviews the researcher can ask key respondents about the facts of a matter or their opinions about events.

In the Thesis particular situations, the researcher has used the **semi-structured interview**. There are elements of the focused interview, where respondents were interviewed for a short period of time and answered certain questions, however, the researcher had prepared a sufficiently open-ended schedule to enable the contents to be re-ordered, digressions and expansions made and further probing to be undertaken. The researcher obviously wished to further explore, discuss and analyse some matters

arising from the observations and the implementation of the RBV conceptual framework (i.e., the strategy that each manager had implemented in order to deploy the firm's resources and capabilities). In particular, the researcher asked the respondents to propose their insights into specific themes (i.e., potential survival and growth strategies, or the main problems/issues of the confectionary products' sector). These propositions were used as the basis for further inquiry and even more "complicated and developed" solutions (i.e., participation in mergers/acquisitions, franchising method, segmentation strategy, etc). The participants (owners/managers) suggested other sources of evidence (i.e., customers, suppliers or even competitors); in this way, the managers' role can be considered more of an "informant" rather than a respondent. According to Yin (2003b), "key informants can be critical to the success of a case study", because they can provide the case study investigator with insights into the matter that no one else can give. In this way, the six managers highlighted their enterprises' resources and capabilities as well as their strategic choices over thorny issues.

The researcher emphasized the planning of how the interview was conducted. He had planned and prepared the opening of the interview, its pacing and timing while he had certain issues in mind (i.e., characteristics of each micro firm, personnel, customer network, issues that have to be discussed, problems that have to be solved, strategies that have been followed, specification of resources and capabilities, etc.). In this way, at the end of each interview he would be able to extract certain and reliable conclusions, useful for the findings of the Thesis. In particular, at the *planning stage* of the interview, the researcher gave attention to the duration, timing and the respondent style of each manager. At the *implementation stage*, during the conduct of the interview, the researcher kept notes of the interviewees' responses, while a tape recorder was used so that all important aspects could be recorded. For example, the researcher had to listen to the conversations again, in order to include important details about the deployment of specific resources, or other quantitative issues, such as the number of customers, volume of sales or regions where service is provided by each micro business. At the *analysis stage*, the researcher had important considerations to make, such as the ease of communication of meaning, the interest levels of the participants, the clarity of the question and the response as well as their fair presentation to the Thesis.

Direct observation

Direct observation occurs when a field visit is conducted during the case study. It could be as simple as casual data collection activities, or formal protocols to measure and record behaviours. This technique is useful for providing additional information about the topic being studied. The reliability is enhanced when more than one observer is involved in the task. Glesne and Peshkin (1992) recommended that researchers should be as unobtrusive when conducting direct observation. The

researcher had not been able to use this source of evidence directly. However, during the interviews with the managers, he had the chance to get a “taste” of how various procedures were conducted in the premises of the six micro businesses (i.e., the managers often had to interrupt the discussion with the researcher in order to prepare the corresponding invoices for the daily delivery of products).

Participant-observation

Participant-observation, according to DeWalt et al. (1998), concerns research strategies which aim to gain a close and intimate familiarity with a given group of individuals and their practices through an intensive involvement with people in their natural environment, often though not always over an extended period of time. This approach turns the researcher into an active participant in the events being studied. The technique provides some unusual opportunities for collecting data, but could face some major problems as well. The researcher could well alter the course of events as part of the group, which may not be helpful to the study. It is similar to **ethnography** but often involves a shorter time in the field. In general, ethnography is a genre of writing that uses fieldwork to provide a descriptive study of human societies. Bailey (1978) identifies some inherent advantages in the participant observation approach. In observation studies, investigators are able to discern ongoing behaviour as it occurs and can also make appropriate notes about its salient features. Furthermore, because case study observations take place over a relative extended period of time, researchers can develop more intimate and informal relationships with those they are observing, generally in more natural environments than those in which experiments and surveys are conducted. Finally, case study observations are less reactive than other types of data-gathering methods. It has to be stressed that the researcher did not have the chance to use this source of evidence directly; however, the researcher’s experience and involvement to the sector of confectionary products adds a tone of participant observation in the research setting. During the interviews and the preliminary visits to the firms’ premises, the researcher could “participate” to various daily processes (i.e., accounting recording, products’ distribution, etc.). Because of the manager’s experience, the portrayal of the sector’s various issues has been facilitated.

Physical artifacts

Physical artifacts can be tools, instruments, or some other physical evidence that may be collected during the study as part of a field visit. The perspective of the researcher can be broadened as a result of the discovery. The researcher has not collected any physical artifact during his visits to the premises of the six micro businesses.

In general, it is important to keep in mind that not all sources are relevant for all case studies (Yin, 1994). The researcher should be capable of dealing with all of them; each case will present different

opportunities for data collection. In general, a researcher should know how to use these six sources, which call for knowing different methodological procedures.

In the context of the Thesis, the researcher has mainly used **three sources of evidence**, interview, documents and archival records. Through the use of the *semi-structured interview* as a data collection method, the researcher is focused on gathering a wide variety of information about the confectionary products' sector. The researcher has also used the "element" of the *participant observation* method in his study as he has worked for a similar micro wholesaling business in the past and is still involved in the family firm when this is necessary (i.e., periods when demand for confectionary products is high). In this way, the interpretation of the findings can be enriched by the researcher's previous experience with that firm and the current involvement in the sector. On the other hand, *Documents* for case studies are used in order to corroborate and augment evidence from other sources. In the six different cases that are examined in the context of the Thesis, statistical and logistical documents were used so that certain pieces of information are revealed. The *archival records* of the firms were also useful to the researcher in his attempt to find the continuity in the enterprises' evolution in certain fields (i.e., management, marketing approach, relationships with employees, suppliers and customers, resources and capabilities' exploitation, book-keeping, sales volumes, orders, etc).

3.6.b Data collection principals for case study purposes-Triangulation

Apart from the aforementioned individual sources of case study evidence, there are some *principals that are important to data collection for case study purposes* (Yin, 2003b). These include the *use of multiple sources of evidence, a case study database, and a chain of evidence*. In particular:

1. Use of multiple sources of evidence

A major strength of case study data collection is the opportunity to use many different sources of evidence. For example, experiments are limited to the measurement and recording of a certain attitude in laboratory conditions. Also, surveys do not usually emphasize the direct measurement/recording of the individual behaviour. Moreover, histories are only examining events of the past; as a result, they are not related to any contemporary sources of evidence, such as direct observations of phenomenon or interviews with key respondents. Of course, each of these strategies can be modified and developed; however, they always keep their congenital characteristics. The use of multiple sources of evidence in case studies allows a researcher to address a broader range of historical, attitudinal and behavioural issues. However, the most important advantage presented by using multiple sources of evidence is the development of converging lines of inquiry, a process of *triangulation*. This means that any finding or conclusion in a case study is likely to be much more convincing and accurate if it is based on several

different sources of information, following a corroboratory mode. In particular, Patton (1987) discusses *four types* of triangulation:

- the triangulation of data sources (*data source triangulation*); it involves time, space, and individuals while the researcher looks for the data to remain the same in different contexts.
- the triangulation among different evaluators (*investigator triangulation*); it involves multiple researchers in an investigation of the same phenomenon.
- the triangulation of perspectives to the same data set (*theory triangulation*); it involves using more than one theoretical scheme in the interpretation of the same phenomenon.
- the triangulation of methods (*methodological triangulation*); it involves using more than one method to gather data and to increase confidence in the interpretation.

In the social sciences, **triangulation** is often used to indicate that more than one method is used in a study with a view to double (or triple) checking results. This is also called “cross examination”. The idea is that a researcher can be more confident with a result if different methods lead to the same result. Triangulation is the application and combination of several research methodologies in the study of the same phenomenon. By combining multiple observers, theories, methods, and empirical materials, researchers can hope to overcome the weakness or intrinsic biases and the problems that come from single a method, single-observer, single-theory studies or perspectives. The purpose of triangulation in qualitative research is to increase the credibility and validity of the results. In particular, Cohen and Manion (1986:254) define triangulation as an “attempt to map out, or explain more fully, the richness and complexity of human behaviour by studying it from more than one standpoint”. According to O’ Donoghue and Punch (2003:78), triangulation is a “method of cross-checking data from multiple sources to search for regularities in the research data”. In this respect, the notion of triangulation bridges issues of reliability and validity.

It can be argued that exclusive reliance on one method may bias or distort the researcher’s picture of the particular slice of reality that is investigated. The researcher has to be confident that the data generated are not simply artefacts of one specific method of collection (Lin, 1976). Where triangulation is used in interpretive research to investigate different actors’ viewpoints, the same method will naturally produce different sets of data. In addition, the more the methods contrast with each other, the greater the researcher’s confidence. If, for example, the outcomes of a questionnaire survey correspond to those of an observational study of the same phenomena, the more the researcher will be confident about the findings. The aforementioned observation has been validated in the context of the Findings of Document 3 (Qualitative Analysis) and 4 (Quantitative Analysis, see section 5.4 and **Appendix 5.VII**), where the researcher has verified that the results of qualitative analysis are

confirmed by quantitative evidence. In the six cases, qualitative research was used as a source of hypotheses later tested in quantitative research.

The use of triangular techniques, it is argued, will help to overcome the problem of “method-boundedness”, as it has been termed. According to Boring (1953), “as long as a new construct has only the single operational definition that it received at birth, it is just a construct. When it gets two alternative operational definitions, it is beginning to be validated. When the defining operations, because of proven correlations, are many, then it becomes reified”.

However, triangulation is not without its critics. For example, Silverman (1985) suggests that the very notion of triangulation is positivistic, and that this is exposed most clearly in *data triangulation*, as it is presumed that a multiple data source (concurrent validity) is superior to a single data source or instrument. Further, Patton (1980) suggests that even having multiple data sources, particularly of qualitative data, does not ensure consistency or replication. Fielding and Fielding (1986) hold the view that methodological triangulation does not necessarily increase validity, reduce bias or bring objectivity to research. With regard to investigator triangulation, Guba and Lincoln (1985:307) contend that it is erroneous to assume that one investigator will corroborate another, nor is this defensible, particularly in qualitative, reflexive inquiry. They extend their concern to include theory and methodological triangulation, arguing that the search for theory and methodological triangulation is epistemologically incoherent and empirically empty (Patton, 1980). No two theories, it can be argued, will ever yield a sufficiently complete explanation of the phenomenon being researched.

In the context of the Thesis, in certain situations, the researcher is referred to **data source** and **methodological triangulation**; he has collected information from multiple sources but aimed at corroborating the same fact or phenomenon (i.e., different strategic approaches about resources and capabilities’ deployment). When the data has really been triangulated, the events or facts of the case study have been supported by more than a single source of evidence. On the other hand, when the researcher has used multiple sources but not actually triangulated the data, he has typically analysed each source of evidence separately and compared the conclusions from the different analyses. With data triangulation, the potential problems of construct validity can also be addressed, since the multiple sources of evidence essentially provide multiple measures of the same phenomenon.

In the six cases under observation, the researcher tried to triangulate the data derived from the different sources (interviews, archival records and documents), in order to augment the quality of the findings and conclusions of the Thesis. He has used these different methods in order to increase the credibility and validity of the results as well as the confidence on the research findings. He has methodologically triangulated the gathered pieces of information during the conduct of qualitative and quantitative analysis (3rd and 4th Documents); the results that came up from the interviews with the managers of

two micro wholesaling firms were in essence confirmed after the use of the questionnaire (to 500 customers of a micro wholesaling enterprise, see **Appendix 5.VII**). In the context of the Thesis, the researcher tried to be adequately prepared before the interviews with the managers. In particular, he had studied the history, articles, reports, statistical records and accounting books of each one of the six micro businesses and tried to examine every possible quantitative element, such as the sector's trends, the firm's position in the industry in relation to market share (sales volume, sales and customers' reports), product range and customer network. During the interview with each one of the managers, these elements were confirmed by selecting the proper questions about the history of each business, the strategy that has been implemented or the resources that each manager had at his disposal. The researcher tried to interpret the managers' responses objectively, without prejudices and preconceptions. In this way, he was more confident that the findings could be considered to be more valid and reliable. The researcher did not have the opportunity to use *investigator triangulation*, since he was the only researcher. In relation to *theory triangulation*, the implementation of the RBV means that the six businesses were internally evaluated and the researcher looked for the identification of their specific resources and capabilities. However, the researcher tried to identify these internal elements having in mind the position of each enterprise in the market. It can be argued that this combination has added depth and reliability in the analysis of findings. On the other hand, the researcher believes that the research findings can be enriched by the comparison of the six micro businesses with regard to their specific characteristics, managers' strategic choices and orientation (see also section 5.5, i.e., position in the life cycle stage, marketing approach, resources and capabilities' use and adopted strategy such as product differentiation, market segmentation, franchising, etc.).

2. Create a case study database

The second principle has to do with the way of organizing and documenting the data collected for case studies; case studies have much to borrow from the practices followed by other research strategies whose documentation consists of two separate collections, the data of evidentiary base and the report of the researcher (whether in article, report or book form). With case studies, the distinction between a separate database and the case study report has not yet become an institutionalized practice. The researcher has organized and documented the pieces of information at his disposition in the form of articles, reports, statistical records, accounting books, etc.; however, these references were not officially specified as case study database or case study reports. They were used for the researcher's needs (triangulation of data) and the complete and fair presentation of the studies' findings.

3. Maintain a chain of evidence

Another important principle to be followed, in order to increase the reliability of the information in a case study, is to maintain a chain of evidence. Such a principle is based on a notion similar to that used

in forensic investigations. The principle is to allow the external observer (e.g., the reader of the case study) to follow the derivation of any evidence, ranging from initial research questions to ultimate case study conclusions (see *figure 3.1*).

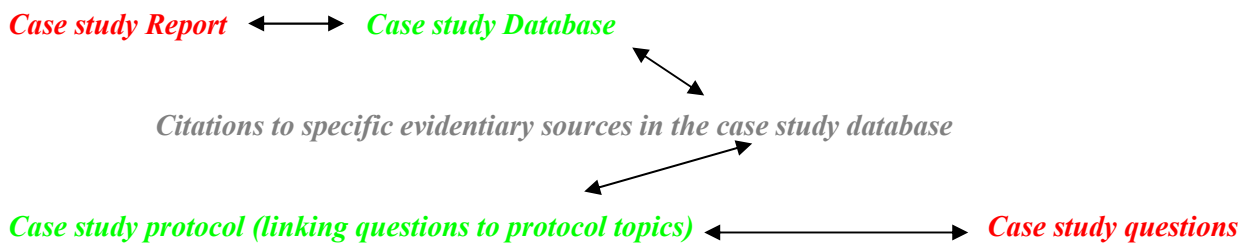


Figure 3.1: Maintaining a chain of evidence (source: COSMOS Corporation, 1983)

Moreover, the reader should be able to trace the steps in either direction (from conclusions back to initial research questions or from questions to conclusions). No original evidence must be lost and therefore fail to receive the appropriate attention in considering the “facts” of a case. If these objectives are achieved, a case study will have also addressed the methodological problem of determining construct validity, thereby increasing the overall quality of the case. In this particular Document, the researcher has tried to trail the following direction: if the external observer reads the conclusions of the case study report and wants to find out more about the basis for the conclusions, he should be able to trace the evidentiary process backward. In general, the reader should be able to move from the one part of the case study process to another, with clear cross-referencing to methodological procedures and to the resulting evidence. In this way, at first the report should have made sufficient citation to the relevant portions of the case study database (e.g., by citing specific documents, interviews or observations). Second, the database should reveal the actual evidence and also indicate the circumstances under which the data was collected (e.g., time and place of an interview). Third, these circumstances should be consistent with the specific procedures and questions contained in the case study protocol (that entails the research questions), to show that the data collection followed the procedures stipulated by the protocol. Finally, a reading of the protocol should indicate the link between the content of the protocol and the initial study questions (see section 4.3 and **Appendix 4.I**). The incorporation of these principles into a case study investigation will definitely increase its quality and validity. The researcher has tried to follow the aforementioned principles in order to improve the standards of the Thesis findings. He has tried to keep a logical chain of evidence; each manager has responded to the same questions and these answers have produced the case studies’ database; in this way, the researcher’s conclusions have been enriched by the use of multiple sources of evidence.

3.7 Research Methodology – Conducting the case studies

Most people associate the conduct of a case study with the collection of its data; but preparing for data collection can be complex and difficult. If not done well, the entire case study can be jeopardized and all of the earlier work in defining the research questions and designing the case study will come to nought. According to Yin (2003b), good preparation begins with the appropriate skills on the part of the case study researcher. Apart from those skills, issues like training for a specific case study, development of a protocol for the investigation and conducting a pilot case study are essential to increase the reliability of case studies. What is more, according to Yin (2003b), when conducting case studies, data collection procedures are not routinized (as happens in experiments or surveys); a well-trained investigator is needed to conduct a high-quality case study because of the continuous interaction between the theoretical issues being studied and the data being collected. There are basic required skills that the researcher tried to follow, like asking proper questions and interpreting the answers without prejudices, own ideologies or preconceptions. In spite of the fact that the researcher has worked for a micro wholesaling firm in the past, he has tried to be adaptive and flexible to the managers' responses and detached during the stage of their evaluation; in this way, newly encountered situations are seen as opportunities and not threats.

Nisbet and Watt (1984:79) advise against the generation of hypotheses too early in a case study; rather, they suggest, it is important to gather data openly. Respondent validation can be particularly useful as participants might suggest a better way of expressing the issue or may wish to add or qualify points. There is a risk in respondent validation, however, that they may disagree with an interpretation. According to Adelman et al. (1980), when planning a case study there are several issues that researchers may find useful to consider, such as *the particular circumstances of the case* (i.e., possible disruption to individual participants that participation might entail, negotiating access to people and ownership of the data, etc.), *the conduct of the study* (i.e., the use of primary and secondary sources, the opportunities to check data, triangulation, data collection methods, data analysis and interpretation, etc.), as well as *the consequences of the research for participants* (i.e., anonymizing of the research in order to protect participants). The researcher has actually taken into consideration the particular circumstances of each case study-micro enterprise; he had discussed with each manager every detail regarding the interview or his presence to the premises of the businesses. He had also discussed details about the publishing of each enterprise's archival records (accounting, sales, suppliers' and customers' reports); the managers were not objected to the publication of quantitative and statistical pieces of information only if their firm's name would remain secret. What is more, the researcher used the data collection method of the *semi-structured interview* (see section 3.6.a); he also used archival records and documents of each firm in order to triangulate the gathered

pieces of information and increase the reliability and generalisation potentiality of the research findings. During data analysis and interpretation, he has tried to be fair in order to objectively present the resources/capabilities of each firm and the views of each manager in terms of their deployment.

Stake (1995) recommended that the selection offers the opportunity to maximize what can be learned, knowing that time is limited. During the *selection process*, the researcher repeatedly referred back to the purpose of the study in order to focus attention on where to look for cases and evidence that will satisfy the purpose of the study and answer the research questions posed. The researcher has selected cases which are unique in some way in order to represent a variety of geographic regions in Athens, a variety of recourses and capabilities' deployment parameters, as well as a variety of strategy parameters (different entrepreneurs' strategic choices, approaches and reactions to increasing competition and threat of closure). He has been particularly careful to the selection of the case studies; he has also designed and well documented the case study procedures so these can be repeated in order to increase the validity of the studies' findings. In this way, before the actual conduct of the case studies, he has anticipated key problems and events, identified key people (managers and employees), established and presented rules for confidentiality and was actively seeking opportunities to revisit and revise the research design in order to address and add to the original set of research questions.

Having to deal with a large amount of data from multiple sources, the researcher **systematically organized** the data he had gathered; in this way, he was not overwhelmed by the amount of data. He was also able not to lose sight of the original research purpose and questions. The researcher prepared databases (i.e., for the history or accounting records of the six micro wholesaling businesses) to assist with categorizing, sorting, storing and retrieving data for analysis.

The researcher had conducted two case studies for the purposes of Document 3; in this way, these two studies of similar businesses can be considered to be the **pilot studies** in the context of the Thesis.

During the conduct of the six case studies, the researcher has tried to be flexible in real-life situations and not feel threatened by unexpected changes. The researcher believes that he has comprehended the purpose and most peculiarities of each study. He has used **cross-case examination** and **within-case examination** techniques along with literature review in order to ensure **external validity** of the research findings. He has also documented, classified and cross-referenced all evidence so that relevant pieces of information can be efficiently recalled for sorting and examination over the course of the study. In addition, he has tried to be stable and accurate in measurement in order to ensure **reliability** of the research findings. Reliability of findings can also be ensured by the development of the **case study protocol for each micro firm** (see section 4.3, Findings for the six micro businesses).

The cross-case search for patterns (by requiring the researcher look at the data in many different ways) has prevented the researcher from reaching at premature conclusions. The researcher has implemented

the technique of cross-case examination that divides the data by type across all cases investigated. In this way, he could examine the data of that type thoroughly (i.e., firms' past profit and loss accounts or other accounting documents). When a pattern from one data type is corroborated by the evidence from another, the finding is stronger. Indeed, most of the times, the findings from different sources were similar. However, when evidence was conflicting, the researcher tried to identify the cause or source of conflict. In all cases, the researcher has tried to treat the evidence fairly to produce analytic conclusions when answering the original "how" and "why" research questions.

On the other hand, throughout the *evaluation* and *analysis process*, the researcher remained open to new opportunities and insights. With the use of multiple data collection methods and analysis techniques, the researcher had the opportunity to **triangulate data** in order to strengthen the research findings and conclusions. The researcher has also detailed the procedures that would satisfy the required **methodological rigour**; thus, he tried to satisfy all three tenets of the qualitative method: describing, understanding and explaining the situation in the confectionary products' sector.

3.8 Need for an analytic strategy-Analyzing case study evidence

The analysis of case study evidence is one of the least developed and most difficult aspects of undertaking case studies. Tools are important and can be useful; however, they are not often helpful if the researcher knows what to look for, which returns him/her back to the original problem. No matter what benefits such tools can have, they are only a part of the case study; there still exists the need for an *analytic strategy* to address the larger or fuller case study. A higher priority than sheer familiarity with these tools and manipulations is to have a general analytic strategy in the first place. Once the researcher has a strategy, the tools may turn out to be extremely useful or irrelevant. The strategy will help the investigator to treat the evidence fairly, produce compelling analytic conclusions and rule out alternative interpretations. The strategy will also help the researcher to use tools and make manipulations, more effectively and efficiently. According to Yin (2003b), three such *strategies* are:

1. Relying on theoretical propositions

The original objectives and design of the case studies were based on such **propositions** (see section 1.3, Premises), which in turn reflected a set of research questions, reviews of the literature and new hypotheses or propositions. In the particular case studies, the managers of the six micro wholesaling firms were asked questions (based on certain theoretical propositions) that are directly related to the seven elements of the relevant RBV conceptual framework. In this way, research findings are connected to the specification of effective strategies (deployment of each firm's resources and capabilities) that micro wholesaling enterprises involved in the confectionary products' sector can follow in order to offset increasing competition, survive and grow. The researcher collected the

relevant data and conducted the literature review according to his original propositions that in essence reflected his research questions; in this way, the six case studies were organized.

2. Thinking about rival explanations

A second general analytic strategy tries to define and test rival explanations (Craft Rivals & Real-Life Rivals). *Table 3.13* classifies and itemizes many types of rivals (Yin, 2000).

Types of Rival	Description or Examples
<p>Craft Rivals:</p> <ol style="list-style-type: none"> 1. The Null Hypothesis 2. Threats to Validity 3. Investigator Bias 	<ol style="list-style-type: none"> 1. The observation is the result of chance circumstances only. 2. e.g., history, maturation, instability, testing, instrumentation, regression, selection. 3. e.g., “experimenter effect”, reactivity in field research.
<p>Real-Life Rivals:</p> <ol style="list-style-type: none"> 1. Direct Rival (Practice or Policy) 2. Commingled Rival (Practice or Policy) 3. Implementation Rival 4. Rival Theory 5. Super Rival 6. Societal Rival 	<ol style="list-style-type: none"> 1. An intervention other than the target intervention accounts for the results. 2. Other interventions and the target intervention both contributed to the results. 3. The implementation process, not the substantive intervention, accounts for the results. 4. A theory different from the original theory explains the results better. 5. A force larger than but including the intervention accounts for the results. 6. Social trends, not any particular force or intervention, account for the results.

Table 3.13: Brief description of different kinds of Rival explanations (source: Yin, 2000)

This strategy can be implemented when original theoretical propositions might have included rival hypotheses; however, the strategy is relevant even in the absence of such theoretical propositions and is especially useful in doing case study evaluations. For each type of rival, an informal and more understandable descriptor accompanies the formal social science categorization, hoping to make the gist of the rival clearer. This list reminds the researcher of the three “craft” rivals that underlie all of the social science research; however, the list also defines six “real-life” rivals that have received virtually no attention by textbooks. These real-life rivals are the ones that should be carefully identified prior to data collection. In general, the more rivals that the analysis addresses and rejects, the more confidence can be placed in the research findings. In this section of the Thesis, the main rival explanation can be the fact that supermarkets and superstores create competition and market conditions that favour the existence of micro enterprises involved in the confectionary wholesale sector. As a result, the researcher has to define, describe and test all the relevant current market circumstances that can prove or disprove the previous argument, even before he stresses the negative effects that supermarkets’ expansion can have on those businesses. In this way, case study findings can be more reliable and useful, since more perspectives of an issue are taken into consideration.

3. Developing a case description

A third general analytic strategy is related to the development of a descriptive framework that is used for organizing the case study. This strategy is less preferable than the use of theoretical propositions or rival explanations but serves as an alternative when the researcher is having difficulty making either of the other approaches work. The development of a case description can be a framework for organizing the case study. Sometimes, the original purpose of the case study may have been a descriptive one,

where this approach was used to identify an embedded unit of analysis or an overall pattern of complexity that is used to “explain” certain case circumstances. In other situations, the original objective of the case study may not have been a descriptive one; however, a descriptive approach may help to identify the appropriate causal links to be analyzed, even quantitatively. In the particular cases, the researcher has developed a description of the six cases, since he refers to each micro firm’s particular characteristics; these characteristics reveal significant differences between the cases and are essential to determine the conditions under which each manager expresses his views on the sector’s problems, potential “survival” strategies or resources and capabilities’ exploitation.

According to Yin (2003b), there are five specific analytic techniques; pattern matching, cross-case synthesis, explanation building, time-series analysis and logic models. Yin (1994) recommended using rival explanations as pattern-matching when independent variables are involved. This requires the development of rival theoretical propositions, but the overall concern remains the degree to which a pattern matches the predicted one. No matter what specific analytic strategy has been chosen, *quality must be assured*. During the research project, the researcher attempted to adhere to basic *principles*:

- The researcher’s analysis revealed that he attended to all the evidence that has been reported in the case studies. His analytic strategies (including the development of rival hypotheses) have shown that as much relevant evidence as was available was sought; his interpretations account for all of this evidence and no loose ends were left. In this way, his analysis cannot be vulnerable to alternative interpretations that are based on ignored evidence.
- The researcher’s analysis addresses all major rival interpretations. In the examination of the case studies, the investigator tried to take an objective stance, especially in the phase of the interpretation of the findings. This attitude was sometimes opposite to the managers’ viewpoint and was identified with the competitors’, suppliers’ customers’ or the government’s position.
- The researcher’s analysis addresses the most significant aspects of the case study that are related to the managers’ views on the sector’s problems as well as the potential survival strategies (resources and capabilities’ deployment). The analysis focuses on the most important issue that was defined at the outset of each case study: the query of “*survival and growth strategies that micro wholesaling businesses involved in the confectionary products’ sector can adopt in order to offset increasing competition*”. In this way, the analysis is less vulnerable to the possibility that the main issue is avoided because of possibly negative findings.
- The researcher tried to use his own, prior knowledge in the sector that is examined; having worked for a micro family wholesaling firm makes him aware of the market conditions. In this way, awareness of current thinking and discourse about the case study topic is demonstrated.

3.9 Reporting Case studies

Yin (2003b) suggests six illustrative structures that can be used with any of the types of case study formats. In *Table 3.14*, the first three (linear-analytic, comparative and chronological) are all applicable to descriptive, exploratory and explanatory case studies.

Type of structure	Purpose of Case study (single or multiple case)		
	Explanatory	Descriptive	Exploratory
<i>Linear-Analytic</i>	X	X	X
<i>Comparative</i>	X	X	X
<i>Chronological</i>	X	X	X
<i>Theory building</i>	X		X
<i>“Suspense”</i>	X		
<i>Un-sequenced</i>		X	

Table 3.14: Six Structures and their application to different purposes of case studies (source: Yin, 2003b)

The fourth (theory building) is applicable mainly to exploratory and explanatory case studies, the fifth (“suspense”) to explanatory cases and the sixth (un-sequenced) to descriptive cases. These illustrations are described in relation to the composition of a single case study, although they can be translatable into multiple case reports. In the particular case studies, the researcher has used the *linear-analytic structure*; at first, the presentation of the contemporary market conditions (competition and problems of the sector as well as a review of the relevant literature) takes place. The subtopics then cover the methods used, the findings from the data collected and analyzed, as well as the conclusions and implications from the findings, after the conduct of the interviews with the six managers. The purpose of the six case studies entails elements of explanatory, descriptive and exploratory nature.

In summary, the particular case studies are used to *describe* the different strategies that have been followed by the six micro firms in the context of the RBV model; description is also related to the life cycle stage that each micro enterprise is found. On the other hand, apart from the descriptive purpose of the cases, the managers of the six micro firms *explain* their attitudes and reactions with regard to the sector’s vital problems. They also recommend survival and growth strategies based on the effective use of their firms’ resources and capabilities or the exploitation of certain opportunities, within the framework of the idiomorphic Greek market. Of course, these views can be also used for further *exploration* of topics related to managers’ suggestions and realisation of their strategic choices.

In general, the researcher has tried to implement a well-developed set of procedures for analyzing social science data and composing an empirical report. The researcher has also attempted to conduct exemplary case studies in order to have a minimal contribution to research. According to Yin (2003b), the *exemplary case study* goes beyond the usual methodological procedures; even if the researcher has followed most of the basic techniques (using a case study protocol, maintaining a chain of evidence,

establishing a case study database), an exemplary case study may still not have been produced. The exemplary case study has *five general characteristics* so that they have a lasting contribution to research; it must be significant, it has to be complete, it should consider alternative perspectives, it must display sufficient evidence and it should not be composed in an engaging manner.

According to Yin (2003b), reporting a case study means bringing its results and findings to closure. Regardless of the form of the report, similar steps underlie the case study composition; first, identifying the audience for the report, then developing the compositional structure and finally following certain procedures. Since the case study report does not follow any stereotypic form, such as journal article or psychology, the researcher perceived the compositional phase as an opportunity to make a significant contribution to knowledge or practice. He composed the case studies reports before data collection, while analysis was focused on specific issues (such as the determination of each firm's position in the life cycle, the identification of resources and capabilities as well as the survival and growth strategies that each one of the six micro enterprises has followed, etc.). In general, the compositional phase is important and the researcher tried to be careful during that stage.

3.10 Case study analysis and RBV

The researcher believes that the use of the case study research strategy is ideal for the analysis of micro wholesaling enterprises involved in the confectionary products' sector. In this direction, the researcher holds the view that case studies have a distinctive place in his evaluation research, since they can explain the presumed causal links in real-life interventions and describe an intervention and the real-life context in which it occurred. In this context, the analysis of the six selected case studies using the RBV approach is essential. RBV constitutes the theoretical model that is implemented in order to specify and analyze the most effective strategies for micro enterprises' survival and growth in the wholesale sector of the confectionary industry. RBV is also used to provide insights into how these businesses organize and operate their activities (deploy various resources and capabilities) in order to survive and perform well in the confectionary products' market. RBV emphasizes the uniqueness of each micro firm and suggests that the key to profitability is not through doing the same as other firms, but rather exploiting differences.

The six case studies are analysed in an attempt to identify and highlight the "survival" elements for micro wholesaling enterprises; they can also be used to identify what strategies should be avoided. The researcher has attempted to examine the value of RBV and develop a case study conceptual framework that can be used to structure research into micro Greek confectionary wholesaling businesses; the specific model will enable the researcher identify those firms' key resources and capabilities. This

framework also examines the strategic choices (decision making process, see section 2.7.c.i) of the six managers in developing, securing and exploiting their businesses' resource/capabilities base.

The conceptual framework basically incorporates the significant parts of key resources and capabilities' identification as well as entrepreneur's strategic choices in relation to industry success factors. On the other hand, the RBV conceptual framework has been enriched with the elements of each firm's life cycle specification, family/business orientation and marketing approach. Of course, these elements are influenced by external market conditions. If all aforementioned aspects are effectively combined, a SCA is created and value to customers is added (see sections 1.3 and 2.7).

According to Lee (1989:42), the *analytic rigour* of a single case study can be increased if each case study addresses and satisfies the *four requirements* of scientific methodology. These include:

- *Controlled observations*. The researcher has confirmed that the theory is valid through all organisational settings. For example, he has implemented the RBV conceptual framework in the context of six micro wholesaling businesses involved in the confectionary products' sector.
- *Logical deductions*. The researcher has confirmed that the case studies' predicted outcomes are consistent with one-another (i.e., the effective use of a micro firm's resources and capabilities in combination with rational strategic choices may contribute to its survival and growth).
- *Replicability*. The researcher believes that the RBV conceptual framework can be implemented to similar micro (or family) wholesaling firms of service sectors. In this way, resources and capabilities' deployment, industry CSF's and entrepreneurs' strategic choices can be disclosed.
- *Generalizability*. The researcher has the ambition that the findings of his studies can be used in the context of similar micro wholesaling firms that have limited resources and capabilities.

As stressed earlier (section 2.5.e), potential resources of organizations can be physical/tangible (such as machinery or buildings), *human* (such as skills or adaptability of staff), *financial* (such as capital, cash, debtors, creditors, etc.) and *intellectual/intangible* (such as patents, brands, relationships). On the other hand, core competencies are embedded in the organization's operational procedures and are used to define market opportunities that the micro firm is uniquely equipped to exploit. The firm's resources, core competencies, as well as the main elements of RBV (see section 2.7, the RBV framework) can be used as guidelines for the success (survival and growth) of each case study.

In general, case study analysis is concerned with a rich and vivid description of events that are relevant to micro wholesaling businesses involved in the confectionary products' sector, while it focuses on the views of the six managers and seeks to understand their perceptions of events. Case studies can also establish cause and effect, indeed one of their strengths is that they observe effects in real contexts, recognizing that context is a powerful determinant of both causes and effects. On the other hand, RBV

argues that the individual resources of an organization provide a stronger basis for strategy development than industry analysis, since it can identify those resources that are exceptional and can contribute to the attainment of SCA. As a result, the researcher, using RBV within case study analysis, is trying to answer “how” and “why” strategic questions that are posed to the managers of the firms; in reality, the researcher has no control over the contemporary phenomenon that is examined and is related to the increasing competition that micro family Greek wholesaling businesses are facing.

As noted earlier (section 3.5.b), the case study research strategy comprises an all-encompassing method covering the logic of design, data collection, techniques and specific approaches to data analysis. The researcher has used documents, archival records, interviews as sources of case study information in the individual cases. These sources of information (especially interviews) facilitated the process of identifying and describing each micro enterprise’s resources and capabilities. Through managers’ interviews, the researcher also specified the strategic choices of each entrepreneur towards competition. What is more, these sources were helpful to the identification of the industry’s success factors, another important aspect of the RBV conceptual framework. The six case studies that were selected in the context of Thesis are not only seen as data collection sources or independent cases. Their selection took place in order to spotlight (in the context of the selected RBV framework) the sector’s dynamics, perspectives and trends and “disclose” successful (or unsuccessful) survival and growth strategies. Case studies have a practical function in that they can be immediately applicable to the participant’s diagnosis or treatment. In the case study analysis of the Thesis, the views of the experienced managers can also highlight useful insights on the life cycle stage, marketing approach as well as family and business orientation of each micro firm. In this way, since case studies allow generalizations to a wider population, the implementation of RBV approach can be helpful to the generation of general conclusions about the exploitation of the micro wholesaling enterprises’ resources as well as entrepreneurs’ strategic choices in the sector.

In summary, the essential elements of the RBV of the business are the firm’s key resources/capabilities; the role of management in converting these resources into stances of SCA, leading to superior performance in the marketplace, is equally important. In the wholesale sector of the confectionary industry, “superior” performance can – under certain prerequisites – lead to the survival and growth of micro wholesaling enterprises. The researcher believes that RBV approach is relevant for the analysis of the six selected case studies-micro wholesaling businesses; the confectionary wholesale sector is constituted by such organizations, which tend to have a limited amount of resources but can also be flexible and entrepreneurial. Most of the time, SMEs develop strategies that incorporate higher levels of personal service, specialist expertise, design skills or regional knowledge. The RBV model is used to structure analysis and explore relationships between resources, capabilities

and management decision-making processes; this analysis is based on the six case studies-micro wholesaling firms operating in the confectionary products' sector. In this way, the researcher can identify, develop and exploit the businesses' resources and capabilities within specific organizational routines. Consequently, the researcher can evaluate the reactions of these firms' managers against increasing competition.

3.11 RBV conceptual framework and case study sources of evidence

As noted earlier (see section 3.6.a), in the context of Thesis, the researcher has mainly used three sources of evidence, interview, documents and archival records. The RBV model is used at Level One analysis, while Meta Analysis– techniques and tools are implemented at Level Two analysis. As a result, in the context of Level One Analysis, the researcher has used interviews, documents and archival records, while at Level Two Analysis the researcher has used interviews as well as the element of “participant observation” as sources of evidence. The researcher's past experience in terms of the sector's specific conditions means that the element of “participant observation” can be indirectly incorporated as a source of evidence (participation in the “scenery” during the interviews and the collection of research material). Consequently, the aforementioned four elements are used in the context of the RBV conceptual framework (see *figure 3.2*).

At **Level One Analysis**, the researcher has found that the use of interview, archival records (such as accounting records, profit and loss accounts) and other firm's documents (statistical and logistical documents) was indispensable (see section 1.3, Premises).

In particular, regarding the enterprises' *key resources and capabilities*, the researcher has used the three sources of evidence (interview, documents and archival records) in order to identify what resources and capabilities each firm used to have in the past, which ones are used at the moment and which ones can also be exploited in the future. In terms of *critical success factors*, the researcher has also used interview, documents and archival records in order to specify the factors that influence the modus operandi of each micro business. With regard to *entrepreneur's strategic choices*, the researcher (apart from the obvious use of the semi-structured interview that directly revealed each manager's strategies and approaches) had to study each micro firm's past documents and records in order to comprehend the manager's choices, abilities and means to react. Regarding *external opportunities and threats*, the researcher has studied each firm's past documents and records to evaluate its position in the sector. In this way, these sources could designate the ability of the entrepreneur to exploit various opportunities in the past. Of course, the use of interview helped the researcher apprehend the managers' views on existing market conditions, opportunities and threats.

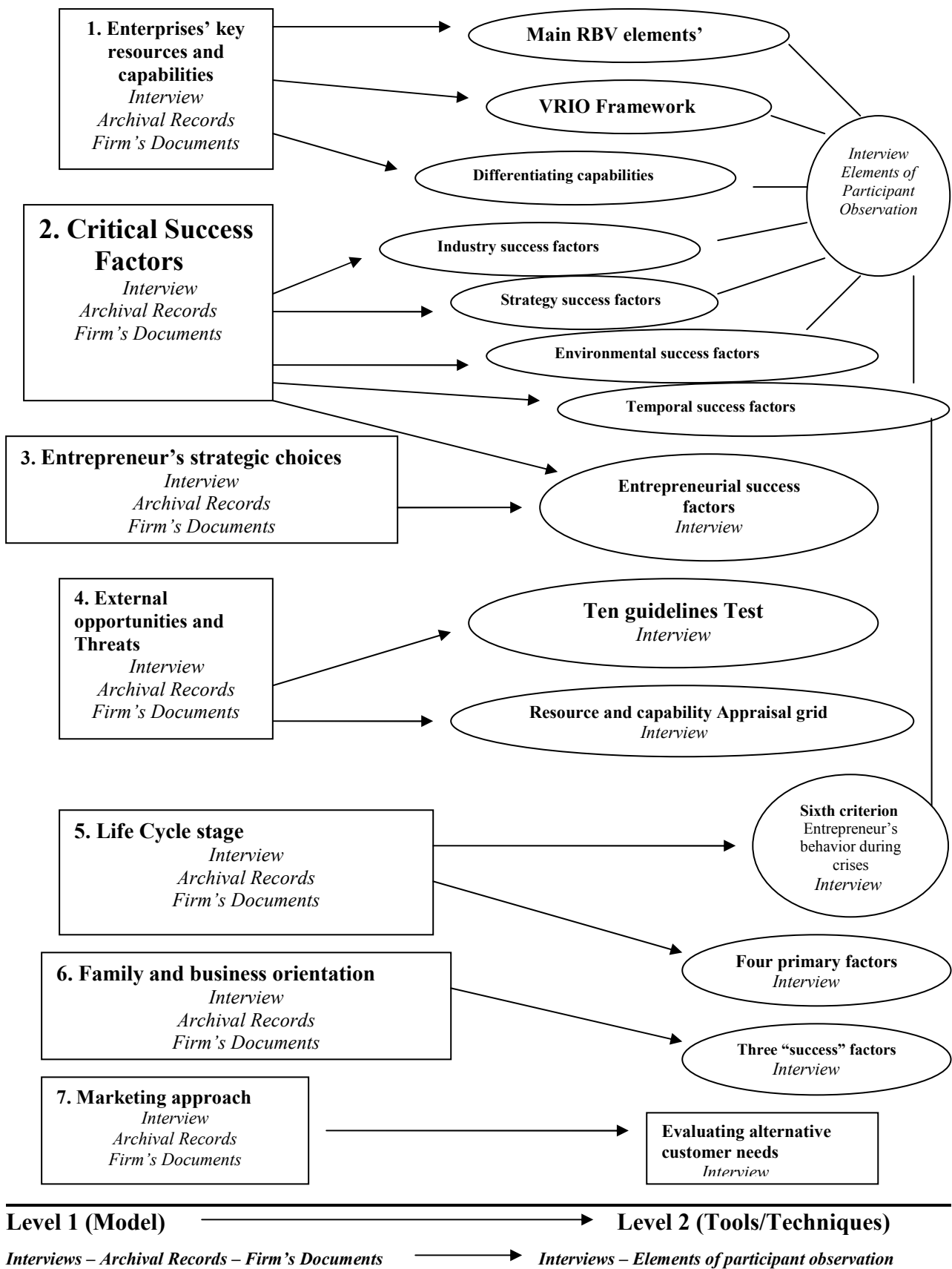


Figure 3.2: Two RBV Levels of Analysis – Sources of evidence of the case study research method

In relation to *life cycle stage determination*, the researcher has used each micro firm's documents and archival records in order to specify its position in the life cycle (indirectly) as well as the continuity in the enterprise's evolution in certain fields (i.e., management, book-keeping, sales volumes, etc). In this direction, the use of interview disclosed the ambitions of each wholesaler and the future perspectives for each micro firm. In terms of *family and business orientation*, each firm's documents and archival records were useful to the researcher because he could "detect" the past performance of the business, having a particular family or business orientation (or combination of them). On the other hand, the interview with each manager was definitely revealing in terms of family influence and business orientation of the micro firm. Finally, in relation to *marketing approach*, the researcher has also used the three sources of evidence (interview, documents and archival records). In particular, archival records and documents revealed how successful the firm used to be in the past, having adopted a certain marketing philosophy. On the other hand, the use of the interview directly disclosed the manager's marketing approach (entrepreneurial or not).

On the other hand, at **Level Two Analysis**, the researcher attempted to perform a thorough study and enrich the conclusions of his research. In particular, he had to use his experience in the confectionary products' sector (having worked in a similar micro wholesaling business). What is more, at this level of analysis, the element of "participation" of the observation method had to be combined with the use of the semi-structured interview as a data collection method.

In particular, regarding the *main RBV elements' test*, the *VRIO framework* and *differentiating capabilities* (all three referring to each firm's *key resources and capabilities*), the researcher has basically used the semi-structured interview in order to disclose these particular elements. It has to be stressed that the experience of the researcher in the wholesale sector of confectionary products has definitely helped him to the comprehension of the specific sector's idiomorphic conditions as well as the identification of the key resources and capabilities for each micro business.

What is more, in terms of *industry, strategy, environmental, temporal and entrepreneurial success factors* (all referring to the *critical success factors* that affect each micro business), the researcher has mainly used his experience in the sector. The interviews with the six managers have also contributed to the identification and gravity of the aforementioned factors.

Furthermore, with relation to the *ten guidelines' test* and *resource and capability appraisal grid* (both referring to *SWOT Analysis*), the researcher has used the element of "participant observation" (past experience in the wholesale sector of confectionary products). Having worked (and still involved) in a similar micro wholesaling firm, the researcher is aware of the opportunities and threats that each micro business can face in the sector; the use of this element facilitated research and increased the reliability

of findings. Research results stemming from SWOT Analysis were in essence confirmed by the managers of the six micro enterprises during the conduct of the interviews.

Moreover, with relation to the *sixth criterion* (related to entrepreneur's behaviour during crises) and the *four primary factors* of the *life cycle stage determination* (situation, structure, decision-making style and strategy), the researcher has mainly used the semi-structured interview. Of course, his experience in the sector (member of a family business in the past, while his family is still involved in the sector of confectionary products) has also facilitated the comprehension of the entrepreneurs' behaviour during crises as well as the specification of each micro firm's life cycle position (stage).

Finally, in terms of *evaluating alternative customer needs (marketing approach* of each firm), the researcher has mainly used the semi-structured interview. However, the element of "participant observation" was also evident; being experienced in the sector's conditions, the researcher could comprehend the adoption of a marketing approach referring to special customer needs more easily.

3.12 Conclusions

The researcher has selected to use the case study method for the examination of the six micro wholesaling businesses involved in sector of confectionary products; in particular, he attempted to present the specific nature of these enterprises, their distinct characteristics, resources and capabilities. The case study approach can be described as a comprehensive research strategy because it covers the logic of design, data collection, techniques and specific approaches to data analysis. The selection of the case study method was combined with the RBV approach; the researcher had the objective to specify each micro firm's internal strengths, position and perspectives, determine industry CSF's and describe the six entrepreneurs' strategic choices. The findings of each case study can then be analysed to reach at reliable findings useful to practical and academic level. The researcher believes that the selection of case study method can be effective with regard to the particular cases. The selection process of cases means that case conditions are similar in some way; the uniform case conditions *enhance rigour* of the research process and findings. The researcher has also tried to enhance case study rigour in the particular cases by using three sources of evidence, interviews, documents and archival records. In this way, the researcher has the ambition to increase the credibility and validity of the results as well as his confidence on the research findings of the Thesis.

It can be argued that the use of these sources of information (especially interviews) facilitated the process of identifying and describing each enterprise's resources and capabilities. Through managers' interviews, the researcher also specified the strategic choices of each entrepreneur towards competition (survival and growth strategies). What is more, these sources were helpful to the identification of the industry CSF's, another important aspect of the RBV conceptual framework. As has been stressed,

description, explanation and exploration constitute the basic purposes of case studies; rigour is definitely enhanced when these objectives are achieved. Apart from the descriptive purpose of the cases (i.e., specific resources and capabilities, life cycle stage, marketing approach, etc.), the six managers explain their attitudes and entrepreneurial choices in relation to the sector's vital problems as well as the success factors that have prevailed in the confectionary industry.

In particular, through the use of the semi-structured interview as a data collection method, the researcher is focused on gathering a wide variety of information about the confectionary products' sector. He had prepared a sufficiently open-ended schedule to enable the re-order of contents, digressions and expansions to be made, to further explore, discuss and analyse some matters arising from the observations (such as the "survival and growth" strategy that each manager had implemented based on available resources and capabilities). These "non-constructed" personal interviews encouraged the six managers to talk freely about the sector's issues, their businesses' specific problems as well as any other issue that the researcher had posed to them (in order to extract valid conclusions that can enrich research findings). What is more, the researcher has used various statistical, logistical documents and archival records (accounting records, sales and customer reports, etc.) in an attempt to boost the findings derived from the interviews with the six wholesalers.

The researcher, by implementing RBV approach within case study analysis, is posing "how" and "why" strategic questions to the six managers. He has no control over the contemporary phenomenon that is examined (i.e., increasing competition that diminishes the role of micro enterprises of the Greek confectionary industry); however, he tries to explain the managers' approach on this issue. With the help of the researcher, the six managers explain their growth and survival strategies (i.e., adoption of franchising system, product differentiation or market segmentation strategy, etc.). In this way, through the presentation of the managers' views, the researcher explains the peculiar conditions of the Greek market. Finally, the author has tried to further develop his research by using the wholesalers' views for the additional *exploration* of the topic in terms of their suggestions, realization of the proposed theoretical strategies as well the potential trends of the Greek confectionary products' sector.

During the conduct, analysis and presentation of the case studies, the researcher wanted to be objective. In particular, he has tried to *avoid journalism* (picking out more striking features of the case), *selective reporting* (selecting only that evidence which will support a particular conclusion), *pomposity* (striving to derive or generate profound theories from low-level data) and *blandness* (unquestioningly accepting only the respondents' views). He has finally tried to present each manager's views fairly, despite the fact that he disagreed on the implementation of specific methods/strategies or the approach of certain issues (see Analysis of Findings, sections 5.6 and 5.7).

Chapter 4: Findings of Six Case Studies

4.1 Introduction

Attempting to develop a case study conceptual framework that is based on the RBV principles, the researcher has selected to examine six micro firms with different characteristics and managers' approaches to the problematic situation. The case study conceptual framework includes specific themes, such as SCA and superior performance of each micro organisation, characteristics of resources and organizational capabilities, competitive advantage generating resources and capabilities, role of management in the RBV for each case study, developing resources and capabilities for the future, as well as developing a RBV conceptual framework suitable for micro wholesaling firms.

As stated before, the RBV conceptual framework incorporates the examination of three basic fields, each micro enterprise's *key resources and capabilities*, each entrepreneur's *strategic choices* as well as the *Critical Success Factors* that are influenced by external conditions (*SWOT Analysis*). The researcher has extended the RBV conceptual framework with three additional elements (*family and business orientation, life cycle stage identification and marketing approach*) in order to highlight as many different aspects of a micro wholesaling firm as possible. The aforementioned elements of the RBV framework depend on each other and have to be combined under certain conditions to contribute to the SCA in the sector that is examined. In this context, four different case studies were selected to highlight various strategies (combination of entrepreneur's choices, industry success factors and adequate resources/capabilities) that micro firms may use so as to increase their chances of survival and growth in a competitive environment. On the other hand, two case studies have been chosen in order to disclose what strategies have in essence failed and should be avoided by similar businesses.

In practice, the researcher conducted interviews including open-ended questions with an emphasis on the research issues through the lenses of RBV theory. The six businesses' archival records and relevant accounting documents were also used in an attempt to formulate a complete picture for the history and development of each micro firm before the actual conduct of the interviews. The researcher has the ambition that the findings of the Thesis (derived from the implementation of the RBV conceptual framework in the six case studies) will highlight the potential resources and capabilities that a micro confectionary wholesaling business may develop and exploit. Resources and core competencies can be used as indicators for the survival and growth of these firms; in this way, their identification and analysis is crucial in the context of the RBV framework. It is also obvious that the role of management in turning existing and potential resources/capabilities into superior performance in the marketplace is quite significant. The entrepreneur has to be able to identify the micro firm's available resources and capabilities that can be deployed. In the specific sector,

“superior” performance may lead to the survival or controlled expansion (growth) of micro wholesaling businesses, depending on the life cycle stage that each one is found. When micro organisations effectively combine management’s strategic choices and key resources/capabilities, then value to customers is added and profit can be generated.

In this section, the researcher develops the RBV conceptual framework (see section 2.7), by focusing to the two Levels of Analysis (see *figure 4.1*). In particular, in Chapter 4, the researcher refers to **Level One Analysis** of the RBV conceptual framework; more specifically, he presents and examines the seven RBV elements that correspond to the six micro wholesaling businesses. On the other hand, further analysis of the seven RBV elements (**Level Two Analysis** of RBV framework) includes various tools and tests that are used to enrich the Thesis research findings.

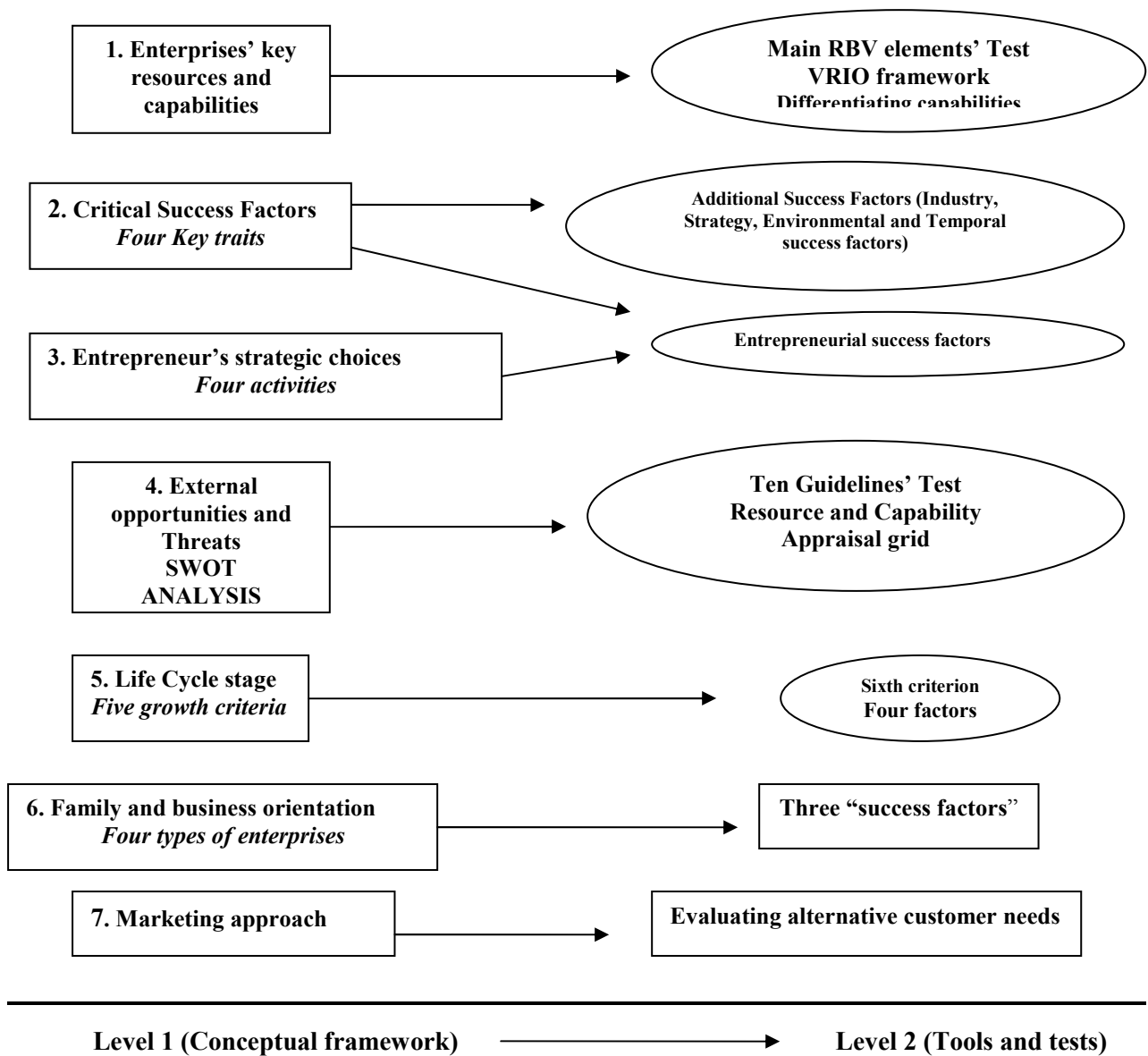


Figure 4.1: RBV Framework's Levels of Analysis

4.2 Case study reports

One of the most important aspects of composition and reporting is *targeting case study reports* (Yin, 2003b). Since case studies have more potential audiences than other types of research (see section 3.5.b), the researcher's essential task in designing the overall case study report is related to the identification of the specific audiences for the report. Successful communication with more than one audience may mean the need for more than one version of a case study report. The possible audiences of the six case studies in the context of the Thesis may include the managers of micro and small businesses involved in the confectionary wholesaling sector, policymakers (government, unions), competitors (other micro wholesaling businesses, industries, supermarkets, superstores, etc.), suppliers and customers (owners of bakeries, sweetshops, kiosks, canteens, etc.) as well as an academic audience (such as a dissertation or Thesis committee). With most research reports (i.e., experiments), the second audience is not typically relevant; however, for case studies, this second audience may be a frequent target of the case study report. In this case, secondary audiences (apart from the Thesis committee) can be very important and influence the evolution of the confectionary wholesaling sector. For example, the manager of a similar micro wholesaling firm may wish to follow and adopt a proposed (successful) strategy and manage to survive. What is more, according to Yin (2003b), the case study report can itself be a significant communication device; the researcher identifies the potential audiences because the report should reflect emphasis, detail, compositional forms, and even a length suitable to their needs.

In the particular cases here, qualitative research was conducted between May and December of 2007 in the city of Athens, employing six different micro wholesaling businesses operating in the sector of confectionary products as case studies. The researcher had to revisit the six managers between October and December 2008 to gather some additional pieces of information (regarding the life cycle stage, marketing orientation as well as each firm's family/business orientation). All six micro businesses ("Alpha", "Beta", "Gamma", "Delta", "Epsilon" and "Zita") are located in and around Athens; the researcher has tried to geographically cover the whole district of Attica by selecting micro enterprises from different areas (Ilion, Peristeri, Metamorfoosi, Panorama Galatsiou, Kipseli and Glufada). The main research question: "*How can a micro family Greek wholesaling business involved in the confectionary products' sector identify and implement suitable survival and growth strategies in order to cope with increasing competition*" was put to the owner/managers of the six micro enterprises. Of course, all entrepreneurs referred to the strategies that their firms have followed in order to cope with increasing competition. Most of them, especially those that have managed to adopt an effective strategy, stressed the importance of successful examples from abroad; others referred to implementation problems of their strategies in the particular Greek environment.

It has to be noted that several steps were taken to minimize the problems associated with the relative small sample. Considerable effort and rigour were incorporated into the development and design of the sampling frame in order to ensure the geographic representativeness of the sample (whole Attica region). Another limitation concerns the regional research setting, which is characterized by some distinctive features in terms of geography, culture and economy. In particular, Attica region was experiencing a significant economic transition at the time of the study. Although the nature and direction of the relationships identified should apply to other settings (relationships with employees, suppliers and customers to similar service sectors), it is difficult to assess the extent to which the study findings are generalizable to other regions or cities. For example, customers in southern and central areas of Attica are poorer, while consumers in Northern areas appear to have higher incomes.

In this way, primary pieces of information were required and collected for the needs of qualitative research (statistical/accounting documents and archival records of the six micro firms were used). The basic research question was posed to all six managers during the interviews that were of open-ended nature. The sample was relatively representative, since the criteria for the selection of six businesses were related to their managers' ability to exploit the firms' available resources and capabilities.

Family and professional issues were barriers for the six managers to find time available for long interviews. In the wholesale confectionary sector, the majority of owner/managers are men; there are almost no women involved in that sector due to the nature of its activities (i.e., the distribution process often involves carrying heavy boxes of products). The cases where women are involved have to do with family businesses or cases where the husband-entrepreneur has passed away. All managers of the selected case studies-micro firms were men. Before the actual conduct of the interviews, the managers had been informed (and prepared) for the issues (sector's problems, survival strategies, etc.) that were to be discussed and analysed. Throughout the discussions, the managers who were not accustomed to being recorded when talking, were not easily convinced of the necessity for a tape recorder use; the participants only wanted to have a "friendly" talk about the sector's problems and the perspectives of their businesses. Of course, it has to be noted that the discussions with the managers of the two "unsuccessful" micro enterprises presented their own difficulties because these managers were rather disappointed by the fact that their firms failed to face competition and finally went out of business.

As a result, apart from the relatively limited use of the tape recorder, the researcher kept notes from the discussions with the managers; the whole interview procedure for each case study lasted for approximately 4 to 5 hours. However, the researcher had to visit all the firms more than once in order to accomplish his research. After the conduct of the six interviews, the author is of the opinion that the respondents felt safe and free to express their opinions about the subject under investigation. The findings of qualitative research were important in understanding better the managers' attitudes towards

the issues/problems of their sector, their strategies on specific issues (such as the best exploitation of available resources and capabilities) as well as their views on potential solutions.

4.3 Case study protocols

The development of a case study protocol is essential for the unhindered following of the research procedures to ensure that the case study findings are reliable and objective. The protocol is a secure way of increasing the case studies' research reliability; it is intended to "navigate" the researcher in carrying out the data collection from the single case studies. The protocol is more than a questionnaire or a simple instrument; it includes all the necessary relevant procedures and general rules to be followed in order to conduct a complete case study research. In particular, the researcher posed certain issues to the six managers during the interviews (see *Table 4.1*).

<i>Issues posed to the managers</i>
1. Describe the situation in the Greek market and the confectionary wholesaling sector.
2. Describe the problems of the confectionary products' sector and focus on the issues that your business has to deal with.
3. How these problems can be softened or solved?
4. What strategy/strategies has your firm adopted in order to cope with increasing competition from the supermarkets and superstores?
5. What resources, capabilities and core competencies are available in your business? How were they used? Had they been enough for the firm to achieve sustainable competitive advantage?

Table 4.1: Various issues posed for discussion to the managers of the six case study firms

It has to be stressed that when the researcher posed issues no. 4 and 5 to the six managers, he made specific questions regarding the seven parts of the RBV framework (see section 2.7). In this way, apart from the evaluation of the strategic choices of each entrepreneur and the exploitation of each micro firm's resources and capabilities, the researcher had the ambition to formulate a holistic picture about the managers' stance on certain issues in a given environment (such as the marketing philosophy of the micro firm, its family/business orientation or its position in the life cycle).

The researcher tried to develop the case study protocols prior to the data collection phase so that he could follow certain procedures and general rules when using that instrument. In this way, the importance of the protocol preparation before the conduct of the case study is apparent; the researcher is focused on the specific targets of the case study (i.e., the survival strategy of each micro firm) and several problems can be forecasted and avoided, including the manner of completion of the case study reports. With the help of the case study protocol, the audience of the case study reports was identified before the actual conduct of the case studies. The main objective of the researcher was to submit a complete academic research with solid conclusions and suggestions. On the other hand, the researcher has the ambition that the Thesis will assist the managers of micro Greek wholesaling businesses in practice by providing them with different perspectives (strategies) for dealing with their daily issues.

According to Yin (1994), during the conduct of the case studies, the researcher cannot control the data collection environment as in other research strategies; hence the procedures become all the more

important. During interviews, which by nature are open-ended, the subject's schedule must dictate the activity (Stake, 1995). For this reason, the researcher had scheduled data collection activities and provided for unanticipated events; he already had sufficient resources (each micro firm's archival records and documents) before the interviews with the six managers.

In particular, the researcher has tried to incorporate the following sections in the six case study protocols that have been prepared for the specific micro wholesaling businesses (see **Appendix 4.I**):

- *Overview of the case study project* (such as project targets, case study themes and relevant literature). The overview should communicate the general topic of inquiry and the purpose of the case study to the reader (i.e., survival and growth strategies for micro wholesaling firms).
- *Field procedures* (i.e., access to case study "sites", general sources of information). The field procedures mostly involve data collection issues and must be properly designed.
- *Case study questions* (such as the specific questions that the researcher has to keep in mind in collecting data, as well as sources of information for answering each question, see *Table 4.1*).
- *A case study report guide* (i.e., outline, format of the data, use and presentation of other documentation, as well as literature pieces of information).

4.4 The Case Studies

The organizations under investigation are six micro wholesaling businesses based in and around Athens. With employees numbering between 3 and 14, and annual turnover of between € 1 million and € 3 million, they are classed as micro family businesses. The researcher refers to micro businesses because most of them have less than 10 employees; Epsilon that used to have 14 employees has ceased its operations. Most rent their premises. "Alpha", "Gamma" and "Delta" are of Sole Proprietorship form, while "Beta", "Epsilon" and "Zita" are Ordinary Partnership business entities (see **Appendix 4.II**). They are all involved in the confectionary products' industry. "Alpha", "Beta", "Gamma" and "Delta" can be regarded as "successful" examples in this sector, since they have followed a specific strategy, effectively exploited their existing resources and capabilities and managed to survive despite the catalytic presence of supermarkets and superstores in the Greek market. On the other hand, "Epsilon" and "Zita" have failed to survive in such a competitive market environment (in fact, they have gone out of business), mainly due to their owner/managers' inability to comprehend and exploit the confectionary sector's particularities. The various characteristics of the six micro firms (such as the type of business entity, the number of employees, the number of customers, the area they are situated, the products they are trading, as well as their annual sales volume) are presented in *Table 4.2*:

Firm/Years of functioning	Business entity	Number of employees	Number of customers	Area	Products traded	Sales volume
“Alpha” 20 years	Sole Proprietorship	4 drivers/salesmen	300	Ilion (West of Athens)	180 different product codes (own label cookies and chocolates) to bakeries and pastry shops	1.000.000,00 €
“Beta” 15 years (9 years as a trading group)	Ordinary Partnership	11 (2 managers/partners for managerial issues, 2 for accounting/software programs, 1 for warehouse, 6 drivers/salesmen)	500	Peristeri (East of Athens)	750 different product codes. Variety of own label and brand name products	1.500.000,00 €
“Gamma” 22 years	Sole Proprietorship	6 (5 drivers/salesmen and 1 responsible for the accounting warehouse organisation)	350	Kipseli (central-north Athens)	230 different product codes. Mainly own label (cookies and chocolates) to bakeries.	1.200.000,00 €
“Delta” 18 years	Sole Proprietorship	7 (5 drivers/salesmen and two employees responsible for accounting- IT department)	550	Panorama Galatsiou (cent.-east Athens)	Exclusive selling and distribution of famous German hand-made cookies	2.500.000,00 €
“Epsilon” 25 years	Ordinary Partnership	14 drivers/salesmen	600	Metamorfosi (North Athens)	800 different product codes. Mainly brand name products	3.000.000,00 €
“Zita” 29 years	Ordinary Partnership	6 (3 employees in the production of crackers and 3 drivers/salesmen)	400	Glifada (South of Athens).	10 different product codes (own label crackers in various flavours and fillings)	2.500.000,00 €

Table 4.2: Basic characteristics of the six case study firms

In the following section, the researcher presents the six micro businesses in relation to their history, life cycle development as well as the strategy that their managers have adopted in order to face increasing competition. The RBV conceptual framework is applied to the six cases; the researcher is using One and Two Levels of Analysis in order to examine the contribution of each micro firm’s resources and capabilities to the survival, growth or shutdown of the business. In particular, with regard to *Level One Analysis*, the researcher examines the seven elements of the RBV conceptual framework, while in the context of *Level Two Analysis*, the researcher is focused on the further Analysis of the RBV framework’s parts with the use of additional tests (i.e., “Main RBV Elements’ test”, etc.). All selected micro firms can be regarded as family businesses. What is more, in relation to their life cycle development, those micro family businesses have not passed through more than three stages. The managers of the “successful” ones decided to follow controlled growth (after inception and survival stages), while the managers of “unsuccessful” firms did not manage to survive.

However, before the presentation of the six case studies’ findings, the researcher has to refer to the research approach, the elements as well as the additional instruments that will be used in the context of the two Levels of Analysis. In particular:

Level One and Level Two Analysis instruments

As has been stressed to section 2.7 (see figure 2.3), the conceptual framework includes seven significant parts (*enterprises’ key resources and capabilities, Critical Success Factors, entrepreneur’s strategic choices, external opportunities and threats, life cycle stage identification, family and business orientation and marketing approach*).

With regard to Level Two Analysis, the additional instruments that the researcher is using, include:

- **Main elements that comprise the RBV approach (“Main RBV Elements’ test”).** This test sets questions about the existence and use of significant specific resources and capabilities. These elements entail prior or acquired resources, innovative capability, being truly competitive, substitutability, appropriability, durability, imitability-barriers to duplication and value (see chapter 2.7.a.ii, *figure 2.5*).
- **A mechanism for testing competitive resources (“The VRIO framework”).** The VRIO framework is used as a means for testing each micro firm’s competitive resources in terms of value, rarity, imitation and organizational capability (see chapter 2.7.a.iii, *Table 2.14*).

These two tests are used in the context of Level Two **resources and capabilities’ Analysis**.

- **Ten guidelines for the options based on the resource-based view (“Ten Guidelines’ test”).** This test sets various questions about factors/conditions that can influence the resources and capabilities of a business. In particular, this list includes questions about the micro firm’s technology, network, value added, people skills, financial resources, customers’ benefits, additional skills, perspectives, environment and competitors (see section 2.7.d.iii).
- **Assessing relative strengths of resources and capabilities (“Resource and Capability Appraisal Grid”).** The “Resource and Capability Appraisal Grid” addresses the external conditions in which the firm’s resources and capabilities can be evaluated, bringing together their strengths/weaknesses and relative importance (see chapter 2.7.d.ii, *figure 2.7*).

These two tests are used in the context of Level Two **SWOT Analysis**.

Additionally, regarding **Level Two Analysis** of the rest of the RBV conceptual framework elements of each micro business, the following factors are examined (see *figure 4.1* and section 1.3, Premises):

- With regard to Level Two Analysis of **Critical Success Factors**, the researcher identifies and analyses Industry, Strategy, Environmental, Temporal and Entrepreneurial Critical Success Factors (see section 2.7.b). It has to be stressed that Temporal CSF’s are directly related to the sixth criterion of life cycle stage (entrepreneur’s attitude during the crises), while entrepreneurial CSF’s are directly connected to the entrepreneur’s strategic choices.
- In terms of Level Two **Life Cycle Stage Analysis**, the researcher examines the *sixth criterion* of life cycle stage identification that is related to the attitude of the entrepreneur during crises (Temporal CSF’s, see section 2.7.e). On the other hand, the researcher uses Miller and Friesen’s (1984) categorization of *four primary factors* for life cycle identification (situation, structure, decision-making style and strategy, see section 2.7.e.i).

- With regard to Level Two **Family and Business Orientation Analysis**, the researcher examines the three **general “success factors”** identified by Hutcheson (1999) (shared power, balanced life between work and play, and the planning of succession, see section 2.7.f).
- Regarding Level Two **Marketing Approach Analysis**, the researcher uses the evaluation of **alternative customer needs**, identified by Chaston (1999). This test is used for the orientation of each micro firm’s customer needs (see section 2.7.g).

In terms of the determination of **differentiating capabilities**, the researcher uses Porter’s (1985) approach for the specification of each firm’s leadership strategy as well as each enterprise’s specific positioning source (see section 2.7.a.iv). It has to be stressed that the determination of **differentiating capabilities** is used in the context of Level Two Analysis and in essence combines all seven elements of the RBV conceptual framework. In particular, the micro enterprise’s differentiating capabilities can be related to each firm’s key resources and capabilities, entrepreneurs’ strategic choices, life cycle stage, orientation and marketing approach or the combination of these elements, taking into consideration the Critical Success Factors influencing the functioning of the confectionary industry.

4.5.a “Alpha” - History and life cycle development of the enterprise

The business was established almost **20 years ago** (in 1989) in Ilion (west of Athens). The manager and his cousin decided to set up an enterprise that trades confectionary products; the business was of family type. Both of them were responsible for the running of the micro firm (accounting, customers, suppliers and promotion issues) as well as the distribution of products. However, health reasons prevented the manager’s cousin from being present and active to the enterprise. In this way, the manager had to make a decision about whether or not to continue running the family business. He finally decided to continue because market conditions seemed to be favourable at that period. In this way, he employed four salesmen-drivers to distribute the confectionary products while he took on all administrative tasks. At first, the focus of the manager was on the viability of the business; the firm was selling certain types of confectionary products (chocolates and own label cookies) to certain areas (near the firm’s premises, West of Athens). Decision-making and ownership were in the hands of one man (the founder-manager) while organizational structure was very simple: the owner/manager was directly supervising the four salesmen that were distributing the products to various retail outlets. Products (packed cookies, chocolate bars, gums, as well as various generic products) were distributed to almost 100 customers (bakeries, pastry stores, kiosks and canteens). The channels of distribution were limited while the wholesaler was only co-operating with suppliers and customers near the firm’s premises. A positive cash flow was essential for the micro business to survive.

However, the manager was skilled and passionate enough to look for new ways of developing his business. Having secured a positive cash flow, the micro enterprise started to make profits. The decade of 90s' was auspicious for micro wholesaling businesses; it can be argued that economic conditions were favourable for these firms because the government was virtually "protecting" them against the monopolies of larger companies. The manager of "Alpha" decided to consult a professional advisor in order to develop an effective business plan; the entrepreneur was always keeping an eye on changing market demands. As a result, the micro business moved to the next stage of its life cycle, the stage of *survival*; to this stage, the primary goal was related to the generation of enough revenue to continue operations and finance sufficient growth to stay competitive. The micro firm had managed to establish and preserve a relatively solid customer base situated in the Western areas of Athens. The number of customers was increasing and the entrepreneur was lucky to co-operate with reliable suppliers. For the business to function without problems, the manager had to implement a stricter budgetary control system and search for different distribution channels. He could also organise various administrative procedures (i.e., customer record keeping) in a more effective way. Many time-consuming tasks were delegated to the manager's son so that the manager could find time for more demanding ventures.

In general, the entrepreneur decided to follow a strategy of ***controlled growth*** and ***logical expansion*** because he wanted to control his customer base and keep in personal contact with his suppliers and customers. In this way, he focused on reliable customers (mainly bakeries and pastry shops) in order to have a balanced profit margin. Being aware that he could not "fight" larger competitors (supermarkets and superstores with more resources available), the manager proved flexible enough to adapt to the changing market conditions: He decided to maintain his firm's relative competitive advantage with the provision of swift and personal service and the selling of certain own label confectionary products. In essence, the manager managed to control the firm's growth because he focused on the selling of generic products (mainly own label cookies and chocolates) that leave a higher profit margin.

In the case of "Alpha", the entrepreneur seemed to know when and how to stop sprinting and when to pause. At first, the favourable conditions for micro wholesaling firms in the 90s' were adequately exploited and the business managed to survive. Due to the fact that the presence of supermarkets and superstores at the end of the previous decade was strengthened, the manager had to "pause" sprinting. In essence, this pause was caused by the non-propitious economic conditions. What is more, the geographical expansion of the firm ("sprint") five years ago had to be followed by a "pause"; this pause was imposed by the manager in order to get familiar with the changes that had taken place. Salesmen had to fully comprehend the micro firm's changed rules of functioning while the accounting system had to be upgraded. The timing of "pauses" imposed by the manager has proven to be critical for the sustenance of "Alpha's" entrepreneurial success.

4.5.b Product differentiation strategy and quality service

“Alpha” is of sole proprietorship form and apart from the owner/manager, it employs four salesmen who drive small trucks for the transportation of its products. It serves almost 300 customers in the prefecture of Attica, handles 180 different product codes and operates five days per week, while its annual turnover is € 1 million. On the other hand, in relation to its operational expenses, “Alpha” has to pay for the rent of the warehouse and the rest of its functional costs (i.e., telephone, wages, fuel).

Five years ago, the owner/manager of “Alpha” engaged a research company to conduct research in the confectionary products’ sector. In particular, he wanted to find out what types of products final consumers prefer and purchase, as well as the shops (types and location) that most frequently ask for the wholesalers’ services. The results of this research revealed that bakeries, bread shops and sweet shops are the most frequent customers of micro confectionary wholesaling businesses, because they basically deal with own label products (by 67%). The categories of generic products that are mostly preferred are biscuits and chocolates (by 80%). Most of the shops surveyed were situated in the North of Athens, while most of the wholesalers’ customers place their orders once a week (by 75%).

As a result, the owner/manager of “Alpha” has adopted *product differentiation* strategy (see **Appendix 4.III**) that can be regarded as a source of competitive advantage for the micro business (see section 1.3, Premises). The objective of differentiation is to develop a position that potential customers perceive as unique. The manager had the objective of convincing the final consumers to “taste” the specific features of generic products. He is also focused on the provision of personal and prompt service in the customer’s place at the customer’s delivery time, depending on the customer’s demand. In an attempt to induce more consumers, marketing departments in the industry devise and promote new and different products (i.e., dark chocolate with reduced calories, chocolates with almonds, raisins, hazelnuts, biscuits with different flavours, etc). As a result, the wholesaler has to be able to offer as many different product codes as he can in order to satisfy the needs of the final consumer. A successful product differentiation strategy can move the differentiated product from competing based primarily on price to competing on non-price factors (such as product characteristics, distribution strategy or promotional variables). The manager of “Alpha” managed to achieve it by stressing the characteristics of own label products (i.e., freshness, variety, etc.).

Consequently, product differentiation strategy of “Alpha” is focused on the disposition of more different products in the categories of own label biscuits and chocolates. The owner/manager has confirmed that these two categories of generic products can produce the highest profit margin and also present higher levels of demand from bakeries and pastry shops situated in the North of Athens. This means that these specific products are differentiated from those that “Alpha’s” competitors deal. In particular, “Alpha” has contracted with a small manufacturing firm that produces own label biscuits

and chocolates with various flavours and fillings. As a micro wholesaling business, “Alpha” regularly (on demand) distributes these fresh products to (relatively) large bakeries and pastry shops that offer this remarkable variety to their customers. Final consumers became familiar with own label biscuits and chocolates and could satisfy their needs for something different in taste. Day by day, they were trusting the quality and freshness of own label products. The business had geographically expanded its customer base in Northern areas of Attica (apart from Western areas); now their customers are almost 300. For this reason, the manager had to employ two more drivers-salesmen (two years ago).

With regard to the service provided, the manager of the business has tried to keep the customers satisfied, mainly by providing daily presence and support to them. When a customer calls to order certain quantities of particular products, the manager and staff are willing to deliver them as swiftly as possible. What is more, they are always ready to provide information to their customers about the different products’ features. Of course, it has to be noted that the popularity of service is related to the financial facilitation of the customers; when customers cannot pay in cash for their orders, “Alpha” provides credit to them. Despite the fact that this practice may bring domino effects to the micro firm’s finances, the relationship between the manager of “Alpha” and his customers is personal; the manager has been involved in this business for 20 years and most of the customers are his friends. It is obvious that service is not confined in a formal framework and can be described as *qualitative* and *personal*.

In this way, after the decision for geographical expansion and adoption of product differentiation strategy, the turnover of “Alpha” has grown by almost 15% in the last three years. The owner/manager is thinking of expanding the product variety to his customers by contracting with two more small businesses for the supply of coffee and croissants with various flavours.

4.5.c Manager’s view: Current situation, problems and solutions

With regard to the *current situation* and *problems*, the manager of “Alpha” has mainly referred to the highly competitive market conditions, the increased number of competitors, the big bonuses that super markets enjoy and influence the product price, as well as the common perception that supermarkets in Greece have the cheapest prices. Finally, the manager stresses that “most wholesalers are not offering a wide variety (different codes) of the same product to their customers”.

On the other hand, in terms of wholesalers’ *reactions* and *solutions* to the sector’s problems, the manager of “Alpha” explains that “the wholesale sector, in order to keep bakeries, canteens, pastry stores and kiosks viable, has begun to offer discounts in an attempt to equalize prices and dissuade consumers from purchasing goods from multinational chains and supermarkets. However, these bonuses cannot even cover the increasing functional costs for micro wholesaling firms. The wholesaler

has to provide a variety of products, while priority must be given to generic products, since the profit margin is bigger for the wholesaler and the small points of retail sale”.

The manager of “Alpha” also referred to the *provision of good service* (see also section 4.5.e): “Wholesalers’ *service* to their customers is personal, qualitative and original. In addition, small shops (i.e., kiosks, bakeries and pastry shops) are open in times when supermarkets are closed. As a result, customers can visit these shops and buy different products at almost any time of the day. It is logical that the wholesaler has to be there to provide these products when demand is increased”.

On the other hand, the manager referred to the adoption of *product differentiation strategy* (see also section 4.5.e): “the solution would be that the wholesaler regularly provides small retail outlets with more and different fresh own label products. These fresh products can be of better quality than well-known brand name ones that usually have preservatives in order to remain in the shelves for longer periods of time. For example, the wholesaler is supplying own label cookies to bakery shops; these products may have a life time of one month, while brand name products that are sold in packages and have preservatives can have a life time of one year. In this way, customers will become familiar and trust the quality of generic products. On the other hand, own label products have to do with small quantity production and are not usually traded by big multinational companies; consequently, these products can be sold at lower prices to the wholesaler, the small points of retail sale and the final customer. Higher profit margins are secured when this process is followed. On the other hand, more different products can now exist in each product category. For example, in biscuit and cookies categories, there are more than 70 different codes, while, 10 years ago there were less than five main different product codes. The same product code increase has taken place with chocolates, croissants, even different flavoured coffees; in this way, various customer tastes can be satisfied. For this reason, product differentiation in essence seems to be one-way direction”.

Finally, the manager of “Alpha” holds the view that “the attractive appearance of products as well as the introduction of new goods has to do with the *organization* of the sales department of the wholesale sector”. He continues by saying that “organization cost is heavy and self-financed micro firms cannot often handle it. Micro, small and medium-sized firms (especially those involved in the sector of confectionary products) have to be included in development and financing programs; these programs could facilitate the process of formulating the proper entrepreneurial culture”.

4.5.d Overview – Level One and Level Two Analysis of RBV Framework

“Alpha” has presented superior performance and achieved a relative SCA in the wholesale sector of confectionary products. The micro firm has adopted the *product differentiation strategy* and has been able to provide *personal and prompt service* to its customers. The **RBV conceptual framework** for

“Alpha” is presented in *figure 4.2*. The red highlighted areas indicate the significance of these elements with regard to the attainment of competitive advantage that is coloured in green.

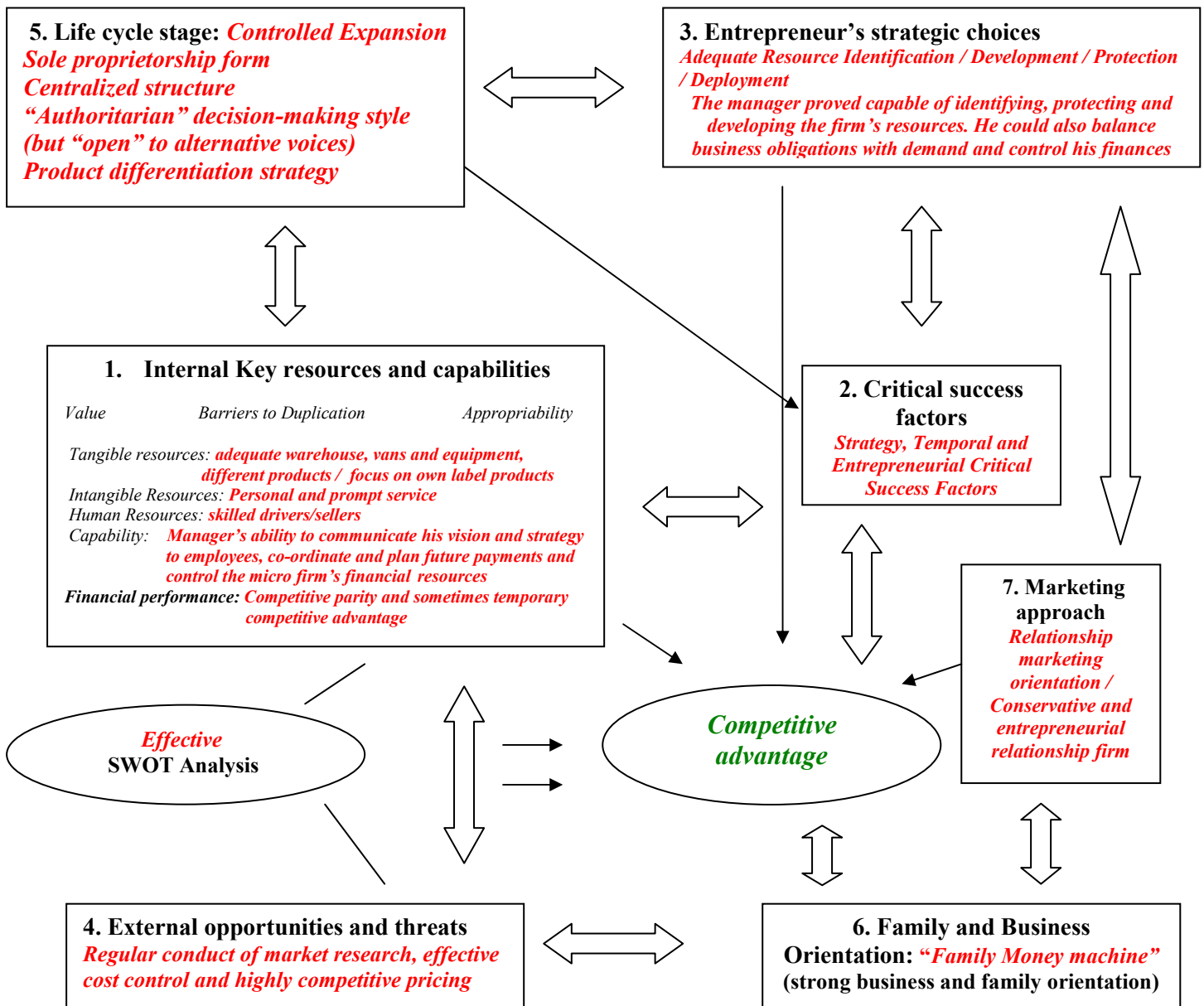


Figure 4.2: RBV conceptual framework for “Alpha”

The researcher conducts Analysis in two Levels (One and Two) in order to identify the findings of the micro business with regard to the seven elements of the RBV framework. In particular:

1. In terms of **Level One Analysis**, the **key resources and capabilities** of “Alpha” are related to:

- The manager’s skills to co-ordinate and plan future payments and investments.
- The manager’s ability to control and organize the micro firm’s financial resources.
- Employees’ (salesmen) ability and flexibility for the provision of qualitative service.

In the case of “Alpha”, the role of management (strategic choices) is quite important, since the owner/manager exhibits leadership characteristics. The decision for the adoption of product

differentiation strategy had to be justified and supported. The manager also believes that the micro firm should rationally expand its operations (exclusive distribution of own label products) to not more than a hundred additional customers. The deployment of these resources and capabilities can be useful in the future only if the manager has the ability to continuously adapt to the changing market conditions (see also section 1.3, Premises). The micro firm’s resources seem to possess most of the key characteristics that have been set as factors that lead to the attainment of sustainable competitive advantage (market value, appropriability and barriers to duplication, see section 2.7.a.i). In particular, the firm’s tangible (selling of “generic” products), intangible (provision of personal and prompt service) and human resources (qualified drivers/sellers) appear to contribute to the firm’s competitive advantage that is translated to its survival and controlled growth. The aforementioned resources are strengthened by the manager’s ability to communicate his vision and strategy to employees.

Table 4.3 presents the manager’s reactions/solutions to increased competition with the use of the micro firm’s exploitable key resources and capabilities.

Firm	Solutions-Reactions	Key resources and capabilities
“Alpha”	<ul style="list-style-type: none"> • Product differentiation • Focus on the trading own label products • Provision of Qualitative service 	<ul style="list-style-type: none"> • The manager’s skills to co-ordinate and plan future payments/investments. • The manager’s ability to control and organise the firm’s financial resources. • Salesmen ability and flexibility for the provision of personal service.

Table 4.3: Key resources and capabilities of “Alpha” – Reactions to increasing competition

With regard to *Level Two key resources and capabilities’ analysis* for “Alpha”, the manager believes that **human** and **intangible** resources of the firm are the most important ones. In particular, the manager of “Alpha” stresses that the skills and adaptability of his employees have played a significant role to the survival and evolution of the micro business. On the other hand, the firm’s product differentiation strategy is focused on the disposition of more different product in the categories of own label cookies and chocolates. Qualitative service requires personal relationships with customers, appropriate skills, flexibility, swift responsiveness and adaptability of the staff to various market conditions. High quality service is also related to the financial facilitation of the customers, since “Alpha” provides credit to them when they need it; relationships with customers are strong. Competitive differentiation is about perceiving customers’ values, comprehending their needs and delivering the products they want. The fact that the selling of own label products allows remarkable profit margins reveals that the manager has taken into consideration and exploited the *intangible* resource of trading such “generic” products.

As stressed earlier, the precise combination of resources that will deliver competitive advantage is totally dependent on the unique resource structure of each micro firm; these can be considered to be the **core resources** of the micro business (see Table 4.4).

Type of resources/capabilities	Description
<i>Core Resources/capabilities</i>	The manager's innovative ability.
<i>Breakthrough Resources/capabilities</i>	Implementation of product differentiation strategy as well as the provision of qualitative service.
<i>Base Resources/capabilities</i>	Adequate managerial skills (manager's ability to organize the firm's functional issues). Adequate secretarial skills (manager and staff's ability to effectively use software and accounting programs).
<i>Peripheral Resources/capabilities</i>	Advertising of certain fresh own label products (chocolates and cookies at reasonable prices).

Table 4.4: Description of resources for “Alpha”

In this way, the *core resources* of “Alpha” can be considered to be the manager’s innovative ability as well as the provision of quality service to its customers. In particular, the manager can be described as an innovative person with market experience; such ability is regarded to be the **breakthrough resource** of the business and has been the firm’s advantage that helped it survive and grow. Indeed, the manager was able to foresee the unfavourable market conditions; his decisions were based on adequate market research and led to the implementation of product differentiation strategy. What is more, the provision of personal and prompt service (to bakeries and pastry stores to the centre and North of Athens) can be regarded as a core resource of the micro firm. In this way, the firm’s customer base is kept satisfied by the quick and personal distribution of products. Quality service also means convenience in payments, quantities and accuracy in times; it also means flexibility of the staff to satisfy customers’ requests and strong relationships with them. Finally, the enterprise’s **base resources** are related to the adequate managerial skills (manager’s ability to organize the firm’s functional issues, various obligations and payments) and secretarial skills (ability to implement and use software and accounting programs). Apart from those resources, the micro organisation has exploited **peripheral resources** that include advertising of certain fresh own label products (chocolates and cookies at reasonable prices).

As noted earlier, the *Main RBV elements’ test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities’ Analysis of the six micro wholesaling businesses.

Main RBV elements’ test for “Alpha”

The “*Main RBV elements’ test*” for “Alpha” is presented in *Table 4.5*. In general, the firm’s useful resources seem to incorporate the main RBV elements (see section 2.7.a.ii). In particular, the element of *prior or acquired resources* is evident since the micro firm already had a good reputation. The business was known for the provision of quality service and products (mainly own label chocolates and cookies); the manager and salesmen used to have strong personal relationships with customers. What is more, as stressed before, the manager certainly possesses the element of *innovative capability* (adoption of product differentiation strategy); this element is boosted by the manager’s experience.

RBV Element	“Alpha”	Visible or Not - Comments
<i>Prior or acquired resources</i>	The firm already had strong personal relationships with customers and provided qualitative service. It was trading own label products (mainly chocolates and cookies).	Yes- the firm had a good reputation for the provision of quality service and products; the manager and salesmen used to have strong personal relationships with customers.
<i>Innovative capability</i>	The manager had the “innovative” idea to focus on existing resources and experience.	Yes- the innovative idea of implementing the product differentiation strategy.
<i>Being truly competitive</i>	The firm offers good quality service and products at reasonable prices. Its devoted customers testify to it.	Yes – the loyal customers are kept satisfied and do not change the micro firm’s quality service and products.
<i>Substitutability</i>	The existence of a network of “loyal” and trusting customers cannot be easily replaced.	Yes- the provision of qualitative service with a wide variety of own label products at reasonable prices is not usually met in the sector of confectionary products.
<i>Appropriability</i>	The firm has virtually patented the distribution of own label chocolates and cookies to customers.	Yes- the results of resources’ advantages are directed to the business and its customers.
<i>Durability</i>	The firm’s useful resources and capabilities have had long longevity (10 years).	Yes- the firm is exploiting its valuable resources for the last 10 years.
<i>Imitability-Barriers to duplication</i>	The firm’s resources may not be “unique”; however, since they are involved in the provision of service, they cannot be clearly identified (ambiguity) and generate superior performance.	Yes- the provision of service joint with the implementation of product differentiation strategy, strengthens barriers to duplication.
<i>Value</i>	The provision of qualitative service as well as the existence of a variety of own label chocolates and cookies creates value.	Yes – value is definitely generated because customers’ needs are satisfied.

Table 4.5: “Main RBV elements’ test” for “Alpha”

Furthermore, the micro firm’s element of *being truly competitive* can be proved by the fact that its loyal customers have not changed the firm’s quality service and products. Moreover, the element of resources’ *substitutability* is visible because the combination of quality and swift service with a wide variety of own label products at reasonable prices is not a frequent phenomenon in the context of micro wholesaling businesses involved in the Greek sector of confectionary products. The element of *appropriability* is also evident since the results of resources’ advantages are exclusively directed to the micro business and its customers. Moreover, the element of *durability* is overt because the firm has been exploiting these resources for the last 10 years. Regarding the element of *imitability-barriers to duplication*, it is also visible; the provision of personal and prompt service joint with the implementation of product differentiation strategy, firms up barriers to duplication. Finally, *value* is definitely created since customers’ needs are satisfied by the provision of high quality service and the variety of own label products that the business offers.

VRIO Framework for “Alpha”

On the other hand, in terms of the *VRIO Framework implementation* for “Alpha” (see section 2.7.a.iii), the manager believes that every **human** and **intangible** resource has value and can be exploited by the micro firm in order to bring SCA. In this way, the *comparative economic performance* that can be expected from the exploitable resources is *above normal*. *Human* (i.e., the ability to adopt product differentiation strategy, or skills and adaptability of employees) and *intangible* resources (provision of qualitative service or personal relationships with customers) of “Alpha” are not rare and can be imitated by competitors (if employees are committed). The result, according to VRIO Framework (Barney, 2002, see section 2.7.a.iii), is the competitive implication of *competitive*

parity (the micro firm's resources are not rare) and sometimes *temporary competitive advantage* (due to the fact that the combination of its resources can sometimes be rare, but not costly to imitate).

2. Regarding **Level One Analysis of Critical Success Factors** in general, the micro firm appears to possess those important characteristics essential for its survival and controlled growth. In particular, the firm is generating a positive cash flow and presents relatively high profit margins (because it mainly deals with own label products). What is more, customers are satisfied and loyal because of the quality of products and services provided. There are also future perspectives for the expansion of its customer base, while the manager seems to be able to keep a balance in the business activities by seeking continuous improvement through innovative ideas (see section 2.7.b.i). With regard to the *four common key traits* of successful businesses (specified by De Geus, 1997, see section 2.6.b), the manager has presented the ability to learn and adjust to the market environment of the micro enterprise. The entrepreneur has also been able to express his leadership skills by building strong relationships with the firm's employees, suppliers and customers. Finally, he has proved that through conservative financing and administration, the micro business can have remarkable profits and consequently perspectives for growth (see section 1.3, Premises).

In terms of *Level Two Critical Success Factors' analysis* for "Alpha", it has been stressed that Critical Success Factors in general can be further analyzed to additional Success Factors (see section 2.7.b.ii) that influence the course of a micro business. In particular, in relation to *Industry Critical Success Factors*, apart from the numerical picture (firm's annual profits and number of customers), the micro organisation's success is apparent by the innovative responses and sensitivity of the manager to the changing customer needs as well as the stable consumer loyalty. Furthermore, *Strategy Critical Success Factors* include the adoption of product differentiation strategy in combination with affordable prices and qualitative service. What is more, *Environmental Critical Success Factors* are related to the relative political support by the government; however, it has to be stressed that no tax incentives were provided while protection against competition from big businesses was not adequate and the manager had to be "inventive" to secure favourable competition conditions. Moreover, *Temporal Critical Success Factors* are related to crises (or other issues) that the micro firm had to face. These factors are directly connected to the *sixth criterion of Life Cycle stage* that refers to the attitude of the entrepreneur during problematic periods (see section 2.7.e.i). The manager proved that he could overcome problems without lurches (i.e., the period when he had to continue the business operations alone after his cousin's decision to leave the firm due to health reasons).

3. In terms of **Level One Analysis of entrepreneur's strategic choices**, these are mainly related to the manager's ability to effectively exploit and organise the micro firm's resources and capabilities. Aaker (1989) has identified *four key activities* that relate to the manager's adequacy to choose effective strategies (see section 2.7.c.ii). In the case of "Alpha", the manager seemed quite competent to the identification of relevant and useful resources in the industry as well as the identification of resources within the firm. The manager also proved capable of developing these resources and neutralising of competitors' resources at the same time. In particular, he had been able to balance business obligations with demand and control his finances. The innovative and adaptable to changes manager was also capable of interpreting market trends and consequently maintaining a solid customer network (by exploiting efficient communication and interpersonal skills). Of course, it has to be stressed that the manager was experienced enough (20 years in the sector); this has made him confident and inspiring to his employees. In this way, the selling of different products (focusing on own label products and effective use of tangible resources), the provision of personal and prompt service (appropriate exploitation of intangible resources), as well as the existence of qualified drivers/sellers (adequate human resources) prove the adequacy of the entrepreneur in terms of Aaker's identification of four key activities (see also section 1.3, Premises).

With regard to *Level Two entrepreneur's strategic choices analysis* for "Alpha" (that in essence constitute **entrepreneurial Critical Success Factors**), these are related to the manager's ability to effectively exploit and organise the micro firm's resources and capabilities. In particular, the manager had been able to balance business obligations with demand and control finances. In this way, he could interpret market changes and inspire his employees.

4. Regarding **Level One SWOT Analysis** (see section 2.7.d.i), the **strengths** of the micro business include the selling of own label *products*, as well as the qualitative *service* that it provides. Relationships with *suppliers* and *customers* are constitutive, *distribution* procedure is conducted normally, while the *customer base* can be described as loyal. The manager is regularly conducting *market research* and is aware of the market changes. Regarding the *organisation* itself, the manager is co-operative and friendly enough to his employees in order to create a team spirit and special enterprising culture. Finally, in relation to *financing*, the manager has implemented efficient procedures that can secure effective cost control and highly competitive pricing. On the other hand, the micro business does not appear to have many **weaknesses**; however, the firm's limited resources may lead to ineffective marketing and promotion. What is more, the firm's warehouse and vehicles cannot be regarded as the most modern ones. Regarding potential **opportunities**, these may include the expansion of the product range (more and new, different generic products) and consequently the

expansion of the customer base. This expansion can take place only if adequate market research reveals changes in the customers' tastes and needs. What is more, new legislation (tax incentives) or other factors (cultural and social changes) may disclose opportunities for access to new markets, more distant but profitable. Finally, possible **threats** for the micro wholesaling firm may entail new legislation imposing new obligations or restrictions (in general an unfavourable environment for micro businesses), poor performance by the national economy, increased level of unemployment, as well as a limited or obsolete product range (that cannot satisfy consumers' needs and tastes, see section 1.3).

As stressed earlier, the *Ten Guidelines' test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the environment where the six firms are operating.

Ten Guidelines' test for "Alpha"

Table 4.6 pictures the ten factors that have influenced the functioning of "Alpha":

1. Technology	The firm is not using any advanced technology.
2. Network	The firm distributes own label products (chocolates/cookies) to customers that are mainly situated to the centre and north of Athens.
3. Value added	The firm is providing qualitative service and value added is generated. The firm is also using the product differentiation strategy. Value added is generated because not all competitors can combine the provision of qualitative service and the adoption of product differentiation strategy. The skills that are involved in adding value are related to the personalized service, the strong relationships with customers, as well as the adaptability of the manager and staff to the new market requisitions. The core competence of the firm is the provision of qualitative service that is combined with the adoption of product differentiation strategy.
4. People skills	People (manager's and staff) skills are quite important; their contribution to the firm's competencies is vital. The firm's salesmen are the key workers and they would be very difficult to replace because they have developed strong relationships with the manager/owner and the customers. The business's geographical spread covers almost all the prefecture of Attica, however, the distribution of products is mainly to retail outlets that are situated to the centre and north of Athens.
5. Financial resources	The manager is able to control the firm's financial resources. The firm has a certain number of customers (almost 200); most of them are bakeries and pastry stores. The customers order every week the quantities and variety of products they want. Almost all of them pay every month for their orders; in this way, the manager can organize and plan future payments and future investments. All customers, suppliers, debtors and creditors of the firm are recorded. The firm is profitable enough to organize its future movements (new customers and suppliers, network expansion, etc). The manager can also plan for tax payments and new funding arrangements.
6. Customers' benefits	The customers receive personal and swift service and benefit from the firm's competencies and resources. The firm is known for its qualitative service as well as the quality of its own label products; its prices are reasonable, too.
7. Additional skills	The additional skills that the firm presents are related to the flexibility of the staff to satisfy every possible customer request. Salesmen know all the customers personally, so relationships are more or less friendly. In this way, these customers are loyal.
8. Perspectives	The manager believes that the firm needs to focus on quality service and the trading of more "generic" products (croissants, chalva) that leave a higher profit margin. The manager believes that the firm should expand its operations (distribution of own label products) rationally to not more than 100 customers. In this way, new employees will be adapted to the firm's culture and strategy.
9. Environment	Market environment is constantly changing and the firm will have to adapt to the new conditions. The manager and staff have to be informed about alterations in the sector or the market place in general (i.e., political conditions, mergers-acquisitions, trends, etc.)
10. Competitors	Micro wholesaling businesses are trying to survive using various strategies (franchising, market segmentation, network expansion, etc.) However, he manager believes that the real competitors are the supermarkets and the multinational chains that disturb market balance.

Table 4.6: "Ten Guidelines' test" for "Alpha"

Taking into consideration the answers of the manager of "Alpha", the "Ten Guidelines' test" (see section 2.7.d.iii) revealed that the micro business has based its survival and growth (in terms of *value added*) on the strategy of product differentiation and the provision of high quality service. It also has to be stressed that various manager's (i.e., ability to organize business activities, flexibility, persistence, leadership skills) and peoples' *additional skills* (such as employees' dedication to the firm's objectives, adaptability to changing market conditions, provision of continuous support and quality service) facilitated the firm's survival and maximized its growth perspectives.

Resource and Capability Appraisal Grid for “Alpha”

The researcher has mentioned that superfluous strengths and zone of irrelevance are useful in identifying which capabilities and resources should not continue to be invested in or disposed of (see section 2.7.d.ii). “**Alpha**” used to distribute brand name products (caramels, chocolates, chewing gums, etc.) to many canteens and kiosks. The selling of these products can be placed in the zone of irrelevance and the manager had to stop their distribution since they were not profitable for the micro firm. What is more, “**Alpha**” used to give credit to his customers, especially to the very small shops. This can be described as a superfluous strength of the firm; the manager had to take the hard decision of reducing the lines of credit and become stricter to his customers regarding payments for deliveries. On the other hand, the zones of key weaknesses and key strengths can be those of highest strategic importance in terms of resources and capabilities’ investment. As a result, it is obvious that the micro firm invested in its **human** and **intangible** resources, focused on product differentiation strategy and on the provision of qualitative service in order to satisfy its customers’ needs and survive. In particular, the pursuit of product differentiation strategy in combination with the provision of personal and prompt service was of strategic importance because the focus on the swift and reliable selling of certain own label products (chocolates and cookies) proved to be salutary for the micro business.

5. In terms of **Level One Analysis of the life cycle stage** of “Alpha”, the micro firm seems to accomplish the five growth criteria set in the RBV framework (see section 2.7.e.i). In particular, the firm is continuously providing excellent service to customers (that is testified by repeated orders, customer retention and sustainable gross margins). What is more, the entrepreneur has been able to manage internal operations effectively and efficiently; the micro firm’s sustained profitability in the last three years proves it. Furthermore, the entrepreneur has gained sufficient credibility to raise the necessary finance externally when this is necessary, while his well-developed interpersonal and communication skills motivate his employees to give their best (see also section 1.3, Premises).

With regard to **Level Two Life Cycle Stage analysis**, the researcher examines the **sixth criterion** of life cycle stage identification that is related to the attitude of the entrepreneur during crises (temporal CSF’s). The entrepreneur, when the micro business made the transition from one stage to the next had a “pause” (to realize the alterations) after the “sprints” of change. In this way, the business finds itself to the phase of “**controlled expansion**”. This means that the entrepreneur knows when to “sprint” (favourable conditions for the micro firm) and when to “pause” for the effective comprehension of alterations (employees’ adaptation to changes in fields such as distribution procedures, location of new customers, promotion of new and different products, etc.).

On the other hand, the researcher uses Miller and Friesen's (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy) of the micro wholesaling firm. In particular, regarding *situation*, the firm is a sole proprietorship business entity, has 4 drivers/salesmen, serves 300 customers and trades 180 different product codes, while it has an annual turnover of 1.000.000,00 € (see section 4.5.a). *Structure* can be described as centralized because the owner/manager organizes and participates to almost all business activities. What is more, with relation to the *decision-making style*, it can be considered as one-person "authoritarian" perspective; however, the manager of "Alpha" is "open" to alternative voices or different approaches of the firm's issues. Finally, the manager has adopted product differentiation *strategy*, using relatively narrow service lines (providing unique service and adopting efficient procedures).

6. Regarding **Level One Analysis of Family and Business orientation**, the researcher has implemented the framework of Leenders and Waarts (2003) and the performance criteria that had set in their study (trust, social control, employee motivation, management control, conflict resolution, continuity, private life and atmosphere, see section 2.7.f). In this context, "**Alpha**" can be described as a "Family Money Machine", since both value creation and family are important for the manager of the micro firm. The wholesaler believes that trust, control and motivation constitute advantages of the business. The firm seems to score high in conflict resolution competencies (the manager certifies that) while it was expected that it would experience more difficulties with respect to the succession issues; indeed, this has happened according to the manager of "Alpha" (see also section 1.3, Premises).

In relation to **Level Two Family and Business orientation analysis**, the researcher examines three *general "success factors"* identified by Hutcheson (1999) (shared power, balanced life between work and play, and the planning of succession, see section 2.7.f). In particular, the manager of "Alpha" would like to have a balanced life; he finds the job of the wholesaler quite interesting, demanding and challenging. On the other hand, the manager wants the family business to keep family tradition alive. For this reason, child succession and appropriate education is a critical concern of the manager who has two sons at the age of 21 and 23; his eldest son has already been involved in the firm's activities. On the other hand, the manager of "Alpha" wishes to create a sound financial business (with family input); in this way, additional critical factors are connected to issues such as strategic planning and market research so that the manager is aware of the changing sector's trends.

7. In relation to the firm's **Level One Analysis of marketing approach**, the manager of "Alpha" seems to accept Jackson's (1985) perspective (see section 2.7.g.i): **relationship marketing orientation** is the only way that the firm can follow in the search of suppliers and customers. The customers of

“Alpha” cannot afford to change their supplier; “Alpha” itself cannot afford (in time and money terms) to have many different suppliers. As a result, the micro firm’s relationships with its suppliers and customers are personal, strong and long lasting. The manager of “Alpha” stresses that “in the sector of confectionary products, the majority of customers are not price oriented and do not respond well to a transactional marketing philosophy; most of them have maintained strong long term relationships with the wholesaler that supports them in various ways”. The manager prefers to promote value to the customer by providing prompt and personal service, rather than doing the deal quickly, returning only to take new orders and disappear (see also section 1.3, Premises).

In terms of *Level Two marketing approach analysis*, the researcher implements the “*evaluation of alternative customer needs*”, identified by Chaston (1999). This test is used for the orientation of each micro firm’s customer needs (see section 2.7.g.ii). In this context, “Alpha” can be described as a *conservative-relationship orientated* micro wholesaling business that delivers standard own label products and also seeks to deliver a strategy of offering the best possible price/quality combination; it can also be described as an *entrepreneurial-relationship* micro organisation that focuses on the provision of qualitative service to its customers. In general, the manager of “Alpha” can be described as having adopted an *entrepreneurial orientation* because he has proven to be innovative and flexible enough to adopt different strategic approaches or launching new products, especially own label ones.

4.5.e Level Two Differentiating capabilities’ Analysis for “Alpha”

In particular, “Alpha” has exploited additional differentiating capabilities in the following fields:

Adoption of product differentiation strategy

In this framework, the manager of “Alpha” has focused on the trading of own label products (chocolates and cookies) by following product differentiation strategy almost exclusively to bakeries and pastry stores. These categories of stores have presented higher demand for own label confectionary products. On the other hand, product differentiation strategy (see also section 4.5.b and **Appendix 4.III**) is strengthened by the provision of personal and prompt service to customers.

Furthermore, the manager of “Alpha” had to take into consideration:

- *The probable duration of the capability uniqueness.* The manager had to estimate for how long the micro firm will be able to exploit the strategies of product differentiation and the provision of personal and prompt service before competition catches up. In this way, the manager of “Alpha” is trying to find motives for his employees to continue the provision of qualitative service. These incentives are related to encouragement as well as frequent rewards (i.e., sales’ percentage bonuses).

- *The primary beneficiaries of the capability-qualitative service.* The manager has to evaluate whether devotion and personal service to his customers is “translated” into profit. He also has to judge whether the micro business has to focus on particular segments of the market or other customers (such as kiosks or pastry stores) that may return higher profits. The manager of “**Alpha**” has substantiated that the recipients of qualitative service and own label products (bakeries and pastry stores) actually “give back” profit to the micro firm (high profit margins). For the present and due to the instable market conditions, the manager is not thinking of focusing on different segments or other customers.

- *The possibility of the existence of different capabilities that may satisfy the same market need.* The manager of “**Alpha**” has adapted the firm’s resources and capabilities to the existing market conditions; of course, apart from the provision of personal service, he is trying to supply his customers with the whole variety of cookies and chocolates in an attempt to satisfy every potential need. However, in the real market circumstances, competing on capabilities can be described as a moving target, since most of the times price and product specifications determine customer demand and the volume of their orders. The manager of “**Alpha**” is aware of that parameter and is always trying to keep prices at reasonable levels.

Apart from the adoption of product differentiation strategy, the manager of “**Alpha**” has developed additional competencies, such as human resource management competence as well as competence to offer superior customer value and qualitative service.

Human resource management competence

In most market sectors, including the confectionary wholesaling sector, it is extremely difficult to achieve a long term sustainable advantage over competition, since most firms comprehend the nature of customer need and use similar internal operations in the process of adding value (converting inputs to outputs). In this way, a key variable which can make a difference is the overall ***competence of a firm’s workforce***. In general, the skills exhibited by efficient employees have to focus on:

- a. the speed and accuracy with which products and services are delivered to customers, and
- b. obtaining the best possible performance from the equipment used in value-added processes.

It is quite important that ***human resource management practices*** within micro and small firms are focused on continually investing in upgrading of employee skills; in this way, all staff can perform their job roles to the competition standards. According to Kerr & McDougal (1999), by achieving this goal, specific benefits (such as increased flexibility within the workforce, enhanced level of job satisfaction as well as improved managerial skills at all levels) can accrue to the micro and small firm.

The manager of “**Alpha**” has definitely put emphasis on good Human Resource Management policies (see also **Appendix 4.VII**); in this way, he has acquired greater understanding of the possible reasons why certain employees achieve high performance standards. This knowledge can then be used to ensure that all employees have the essential competencies to make an effective contribution in sustaining the firm’s market lead over competition. In particular, the manager of “**Alpha**” has specified that the productivity bonuses lead to superior performance and additional effort by his employees; in this way, employees virtually become partners.

Competence to offer superior customer value and qualitative service

The sources of superior customer value that each business can exploit to meet the value demands of customers can be capabilities, skills and resources, organizational processes (service delivery and value creation), commitment and quality of service as well as innovation and change. The manager of each micro firm has to evaluate whether these key values (services, quality, social responsibilities, etc.) relate directly to the **critical success factors** (see section 2.7.b) in these product markets or whether the firm’s internal values have nothing to do with what matters in the marketplace.

According to Flood (1995), “qualitative service” to customers usually concerns:

- suppleness in the production of new products and power of advertising communication;
- swiftness and completeness in distribution;
- smoothing out of prices so that they can satisfy traders and consumers (value for money);
- provision of every possible relative piece of information about the attributes of products;
- participation in promotion and support programs of sales.

“**Alpha**” has to serve almost 300 different retail outlets in various areas of Attica. The manager of the micro firm has tried to keep its customers satisfied, mainly by providing continuous presence and support to them. When customers order certain quantities of products, the manager and salesmen deliver them as promptly as possible. On the other hand, the micro firm’s qualitative service is also connected to the financial facilitation of the customers: the manager of “**Alpha**” gives credit to customers that are unable to pay for their orders on delivery. These facilitations prove that relationships of the manager of “**Alpha**” with his customers are personal and friendly; when relationships are of that kind, the provision of qualitative service is taken for granted.

4.5.f Summary of findings for “Alpha”

Having presented the differentiating capabilities of “Alpha”, the researcher summarises the key findings derived from One and Two Levels of Analysis of the RBV framework in the context of the micro business (see *Table 4.7*). As noted earlier, the main research question concerns the potential

strategies that a micro wholesaling business can adopt in order to offset increasing competition, survive and grow. In an attempt to align the research findings of “Alpha” (see sections 4.5.a to 4.5.e) with the research question (see section 1.1) and the premises posed (see section 1.3), it can be argued that the adoption of product differentiation strategy based on the micro firm’s available resources and capabilities together with adequate market research, the provision of qualitative service, the trading of certain own label products that present high demand, can contribute not only to the survival of the micro enterprise but also to its controlled growth as well as the attainment of relative competitive advantage to the sector that is involved.

Enterprise	Elements of the RBV framework							
“Alpha”	Internal key resources and capabilities	Critical Success Factors	Manager’s strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	The firm’s resources have the characteristics of value, appropriability and barriers to duplication. The manager has the ability to control and organize the micro firm’s financial, tangible and human resources. Provision of personal service.	The manager has the ability to learn and adjust to the market environment, to express leadership skills and secure conservative financing.	The wholesaler has the ability to identify and develop useful resources, neutralise competitors’ strengths, interpret market trends and maintain a solid customer network.	The manager is aware of market trends (regular conduct of market research), achieves cost control and competitive pricing.	The firm can provide excellent service to customers and manage internal operations effectively. The firm’s sustained profitability gives sufficient credibility to raise necessary finance externally. Employees motivated to give their best.	Value creation and family are important for the manager.	The wholesaler prefers to promote value to the customer by providing prompt and personal service.	The manager has followed product differentiation strategy almost exclusively to bakeries and pastry stores.
Level Two Analysis	The firm’s core resource is related to the manager’s experience and innovative ability. The micro firm achieves competitive parity and temporary competitive advantage.	The manager has the ability to exploit various CSF’s. He also has calm reaction during crises.	The manager was able to control finances. He has also been flexible and adaptable to changing customer needs.	The firm’s adaptability and the moderation of its weaknesses (i.e., provision of credit) constitute its main strengths.	The manager has been able to “sprint” and “pause” when this was necessary. The manager has chosen controlled expansion for the control of the firm’s liabilities.	The manager would like to have a balanced life; he wants the family business to keep family tradition alive.	The manager has adopted entrepreneurial orientation.	The firm has also developed HRM competence as well as the competence to offer superior customer value and qualitative service.

Table 4.7: Summary of the key findings from Level One and Level Two Analysis for “Alpha”

4.6.a “Beta” - History and life cycle development of the enterprise

Beta was established almost *15 years ago* (in 1994) in Peristeri (east of Athens). The manager had been consulted and helped by his father to set up the business; the enterprise can be considered to have been established as a family business. The manager’s father had established and run a kiosk in the past; he was aware of the distribution procedure between wholesalers and their customers (various retail outlets). In this way, he helped his son by directing him to trade the most “appropriate” products (i.e., own label products that leave a higher profit margin), and find reliable suppliers and areas that seem to present increased demand (i.e., mostly areas close to the micro firm’s premises). At the beginning, the firm had almost 60 customers in the area of Peristeri and was trading own label chocolates and cookies. A positive cash flow was necessary for the micro business to survive and this target was hardly accomplished. However, the manager’s father was old and had to retire from the

organisation. At that time, the manager had to make a critical decision: to continue trading a limited number of confectionary products or search for new ways of developing his business.

Eight years ago, in 2001, the period seemed ideal for something different; the growth of supermarkets and superstores had made the future of micro wholesaling businesses doubtful. The manager had the innovative idea (he was aware of responding approaches by wholesalers abroad) for the formation of a trading group. The entrepreneur was aware about changes in market conditions and consumers' tastes. Being aware of the sector's characteristics, he had thought of developing a firm with certain (positive and successful in the market) features. This organisation would have the strategy of selling of a wide variety of confectionary products and the characteristic of the provision of quick and personal service to its customers. However, his business did not have the required characteristics and the entrepreneur had to search for similar micro wholesaling firms with specific resources and capabilities.

The manager's idea for the formation of the trading group came at the right moment; it virtually secured the survival of five micro wholesaling businesses with common management profiles and culture that were facing an uncertain future. Their managers shared the objective of their businesses' survival, profitability and growth. The conditions at the beginning of the decade did not appear to be favourable for such firms; however, the new government was showing signs of protecting smaller firms, either by reducing tax indices and implementing EU support programmes, or by "convincing" banks to finance entrepreneurial undertakings. In this way, the managers of five micro wholesaling firms ("B", "BB", "BC", "BD" and "BF") decided to co-operate for their mutual advantage and form a trading group. For the expansion of the customer network, the increased requirements for a variety of differentiated products, specialised and experienced staff as well as new vehicles were accomplished. Of course, the co-ordination of these requirements for the deployment of the group's resources and capabilities by an experienced manager was essential, too.

As a result, having secured survival, administrative demands were escalated; increased business activity brought the need for some formalization of systems and record keeping. The manager had adapted to the new conditions and could effectively organise complex administrative procedures (orders, sales, products) while he had delegated secondary tasks to the manager of "BB" in order to save time for business expansion plans. The manager of "Beta" was keeping a balanced administration by deciding to invest on the essential (and profitable) customers. He was constantly asking the views of his partners in order to reach at the most appropriate decision for the trading group. By following the policy of moderate investment, the business had managed to establish and preserve a solid customer base; its market presence was sufficient to conserve the essential cash flow (liquidity) for its survival as well as the transition to the next stage of organisational life cycle (controlled growth).

The balanced selling of own label and brand name products increased the variety that customers could find in the micro wholesaling business; this fact also invigorated demand from final consumers. However, the manager of “Beta” was well aware of the profit margins that each product produces; in this way, he focused on the trading of products that had the highest demand and could leave a remarkable profit margin at the same time (i.e., MARS chocolate bars or own label chocolate cookies). In the case of “Beta”, the entrepreneur seems to be aware of when (and how) to stop “sprinting” and start to “pause”. As a result, the manager managed to control the enterprise’s growth with selected choices (specific products, targeted customers and certain geographical areas). The strategy of *rational growth* and *selected expansion* was followed in order to keep the micro firm’s reliable customer base solid and satisfied. The trading group is profitable and the manager, being aware of the difficulties, does not want to expand without accomplishing the proper prerequisites. As a result, the firm’s entrepreneurial success is related to the manager’s decisions on the timing of “sprinting” or “pauses”.

4.6.b Formation of a trading group

“Beta” is a micro “partnership” business that employs eleven people: two people responsible for managerial and administrative issues, two people responsible for accounting and IT, one employee responsible for the warehouse organization and six salesmen assigned to the distribution of products. The trading group serves 500 customers and handles 750 different product codes; it functions five days per week. It has an annual turnover of €1.5 million and has to pay for the rental of its warehouse.

The manager of “Beta” had almost *5 years of experience in the market* (in 2001) and had realised that he had to innovate his business in order to survive. He was also aware that there were businesses in the sector with certain characteristics and advantages. He approached their managers and proposed the formation of the trading group; the manager of “Beta” was certain for the outcome of this undertaking since the common objective was obvious: the survival and possible growth of these businesses. The manager also engaged a specialist company to conduct a research in order to identify the areas where confectionary products (own label and brand name ones) were most in demand. This research revealed that shops in areas in the north, south and centre of Athens present the highest turnovers in the trading of confectionary products (see also section 1.3, Premises).

“Beta” can be described as a loose and voluntary alliance of five micro confectionary wholesaling firms (“B”, “BB”, “BC”, “BD” and “BF”) to co-operate for their mutual advantage. It cannot be described as a formal merger where ownership of all five firms was purchased and transferred to one owner or a firm limited by shares. All of these businesses were of equivalent business size (turnover), employed from one to three employees and had almost the same management profile and corporate cultures. These five firms have in essence become one larger business under the name of “Beta”; the

previous managers have virtually become partners/employees, but with strengthened roles and opinions, effectively co-operating with the manager of “Beta”.

The formation of this trading group can be considered to be an attempt to overcome the sector’s problems by using advanced logistic systems, as well as standardization of services. “BD” has contracts with suppliers for the provision of different products so that it can cover various customers’ needs. The firm is also trying to ensure the delivery of fresh confectionary products; in this way, the role of the wholesaler is empowered. Finally, the unified enterprise has the aim of providing its customers with products that will become familiar to the final consumers. “Beta” has tried to sell more products (such as imported own label biscuits or “new” chocolate bars) in order to increase its variety and satisfy the needs of a wide range of final consumers. On the other hand, its target, in co-operation with its customers (bakeries, pastry shops, kiosks, canteens, etc.) is the effective distribution of all kinds of confectionary products, either generic or brand name ones. “Beta” is trying to reach the maximum of the wholesale sector’s total turnover in order to influence the level of prices that the group can obtain from suppliers. In this way, the firms in the group will be able to provide higher discounts to its customers so that the final consumer gets fresh, quality products at reasonable prices.

With regard to the development strategy, the manager of “Beta” had specified the firm’s resources and capabilities in order to identify the most productive co-operational field for the new group (i.e., sales, purchasing, fabrication, marketing, logistics, etc.). As a result, “Beta” is specialized in the sales technique of offering qualitative service; the manager directs his partner firms to provide an equivalent level of service. On the other hand, “BB” is capable of exploiting the expanded network (it serves customers in various areas of Attica). This firm has a good reputation and a greater number of customers, due to its name. However, it does not have the range and variety of products that “BC” has. What is more, “BD” has previous experience in co-operation and targets various markets. In this way, the trading group that emerged had the potential to offer cost efficiency, better quality service, reduced costs, better prices, easier access to technology and innovation, and higher market share in general.

4.6.c Manager’s view: Current situation, problems and solutions

With regard to the *current situation* and *problems*, the manager of “Beta” has mainly stressed that in Greece, multinational companies often disturb the balance of the market by offering high percentage discounts. What is more, the manager has referred to the fact that all forces of products’ production and distribution are strengthened through mergers and acquisitions, the lack of co-operative spirit in Greek entrepreneurs, the lack of an expanded customers’ network, the lack of liquidity in the market as well as the climatic conditions that are not ideal in Greece.

On the other hand, in terms of wholesalers' *reactions* and *solutions* to the sector's problems, the manager of "Beta" referred to the solution of *co-operation strategies* (see **Appendix 4.IV**), including *Unions, Mergers or Acquisitions*. In particular, the manager stressed that "in Italy, where 13 wholesale Unions control almost 8500 wholesale traders, Unions have created "cash and carry" shops for their customers in strategic places of the country". In addition, the manager argues that "these Unions have created central teams that are suitably trained to perform marketing planning in order to co-ordinate the functions of supplies, prices, offers, placements, sample distribution, etc. On the other hand, in Greece, there are Unions, too; however, they are not so strong to influence the evolution of market issues and support their rights. The government, most of the time, is in favour of chain stores and supermarkets without considering that the Greek economy is virtually based on SMEs".

Furthermore, the manager of "Beta" identifies another useful example in the greengrocery trade. The manager finds similarities between the greengrocery sector and the confectionary sector: "In the sector of greengrocery, a trading group, Filagrotiki S.A., has been created in order to solve the market and competition problems that are faced by the chains of the sector's retail sale; the products of the greengrocery sector (like those in the sector of confectionary products) are delicate, have a limited shelf-life and are susceptible to weather conditions. Supermarkets are increasing their participation in the market of fruits and vegetables at the expense of the "local markets" (*laikes*) and the small retail outlets (greengrocers' shops). The same problem is faced in the confectionary products' sector, where multinational companies, supermarkets and their suppliers replace the wholesalers and the small points of retail sale (kiosks, pastry shops, bakeries, etc). In this way, the role of intermediary dealers (wholesalers) is decisive, since retail sale chains are "trying" day by day to provide the market with the necessary quantities in fresh fruits and vegetables. Filagrotiki S.A., which has resulted from a wholesalers' merger, possesses 10% of the sector's total turnover that is realized by the organized retail sale. This company is trying to overcome competition problems by using advanced systems of logistics as well as standardization of services by signing up annual contracts with producers from every Greek province so that it can cover the needs of every area....The firm's target is to ensure that retail sale chains are supplied with fresh fruits and vegetables. Furthermore, another significant objective of Filagrotiki S.A. is the creation of brand names by consecrating the eponymous demand in a category of products in which the consumer selects from the shelves. The confectionary products' sector can set a similar objective".

The manager of "Beta" holds the view that the initiatives of Italian wholesalers and Filagrotiki S.A. can function as a guide for the Union of wholesalers of confectionary products, since the problems that are faced by the strong presence of multinational companies seem to be common in these service sectors.

4.6.d Overview – Level One and Level Two Analysis of RBV Framework

The manager of “Beta”, having the aforementioned examples in mind, has tried to formulate a business partnership (a trading union), where wholesalers unite their power, resources and capabilities in order to control prices, present superior performance and obtain SCA in the market.

“Beta”’s **RBV conceptual framework** is presented in *figure 4.3*. The red highlighted areas indicate the significance of these elements with regard to the attainment of competitive advantage that is coloured in green.

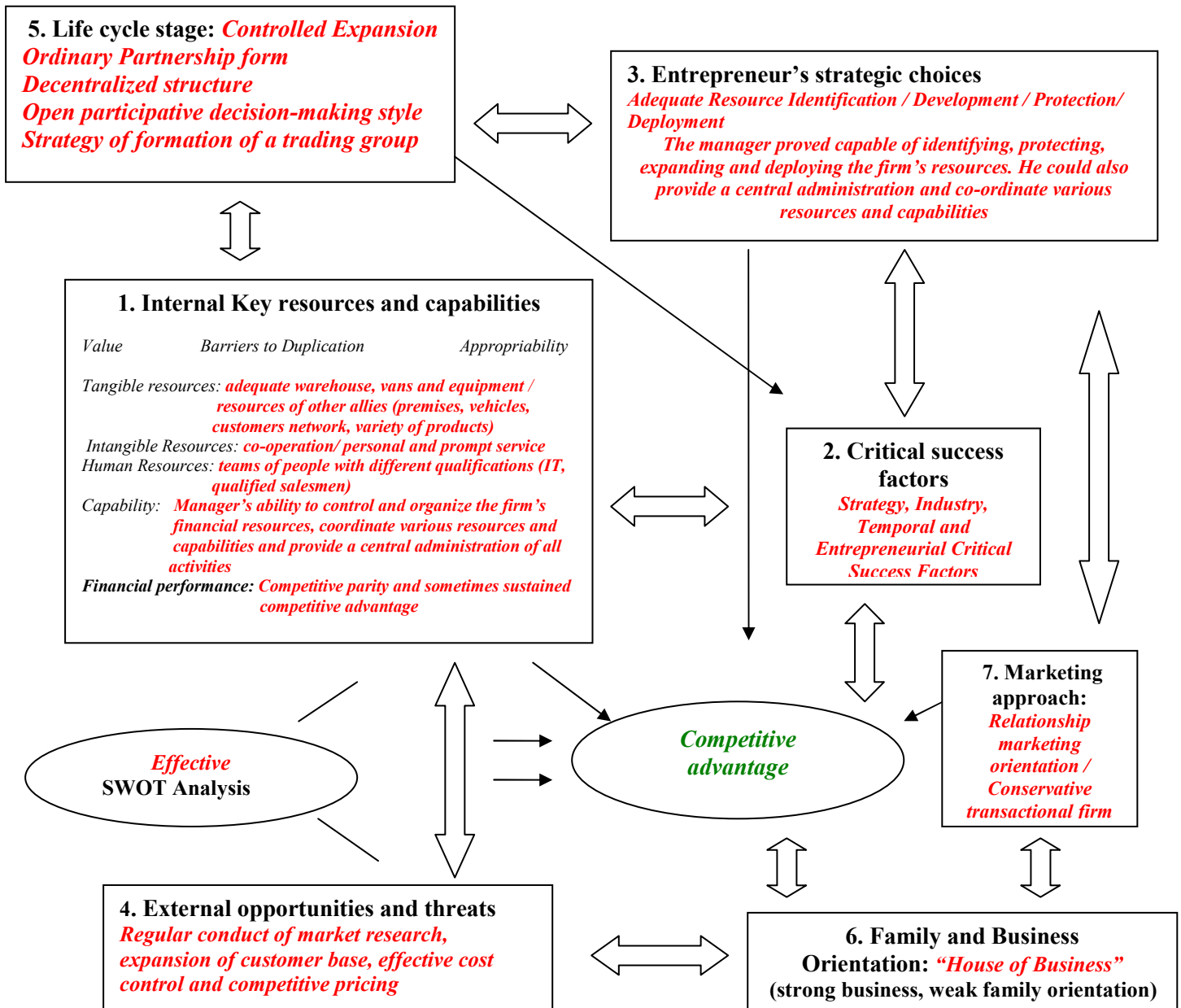


Figure 4.3: RBV conceptual framework for “Beta”

In particular, the researcher conducts Level One and Level Two Analysis of the micro business with regard to the aforementioned elements of the RBV framework. More specifically:

1. In terms of **Level One Analysis**, the **key resources and capabilities** of “Beta” are related to:
 - IT specialized staff of “**BB**” (implementation of ERP and WMS programs for the organization of the warehouse and the effective functioning of the distribution process).
 - The new vehicles of “**BC**”, the expanded customer network and experience in the provision of quality service of “**BD**” as well as the variety of products that “**BF**” is selling.
 - The ability of the manager of “**Beta**” to provide a central administration for the orchestration of all activities and full exploitation of specific features or capabilities of each partner.
 - The manager’s ability to control and organize the firm’s financial resources (co-ordinate and plan future payments and investments of the trading group).

In the case of “Beta”, the role of management (strategic choices) can be regarded as significant because five different micro firms had to co-operate and unite their powers in order to fully develop and use various available resources and capabilities. The exploitation of these resources and capabilities can be useful in the future, too; however, the manager of “Beta” has to maintain the same spirit of co-operation between the five partners of the trading group. The trading group’s resources appear to possess most of the key characteristics that have been set as factors that direct to the attainment of sustainable competitive advantage (market value, appropriability and barriers to duplication). More specifically, the firm’s tangible resources (wide range of products, new vehicles), intangible resources (provision of qualitative service, implementation of EPR and WMS programs), human resources (experienced and specialized employees) seem to contribute to the micro firm’s survival and growth. These resources are boosted by the manager’s ability to provide a central administration for the orchestration of all activities and full exploitation of specific features or capabilities of each partner (see also section 1.3, Premises).

Table 4.8 presents the potential solutions/reactions of the manager to increased competition with the exploitation of the trading group’s key resources and capabilities.

Firm	Solutions-Reactions	Key resources and capabilities
“Beta”	<ul style="list-style-type: none"> • Formation of mergers • Reinforcement of Unions 	<ul style="list-style-type: none"> • IT specialized staff (implementation of EPR and WMS programs for warehouse organisation and effective functioning of the distribution process). • New vehicles / Variety of products / Expanded customer network and experience in the provision of personal and prompt service. • Manager’s ability to provide a central administration for the orchestration of all activities and full exploitation of specific features or capabilities of each partner.

Table 4.8: Key resources and capabilities of “Beta”- Reactions on increasing competition

With regard to *Level Two key resources and capabilities’ analysis* for “Beta”, the manager is of the opinion that the most important advantage of the micro business is the combination of tangible, human, financial and intangible resources. This combination comes from the exploitation of “BB’s” specialized staff in IT procedures (specialized accounting and software systems), the modern vehicles

of “BC”, the expanded supplier/customer network and the provision of personal and prompt service of “BD”, as well as the variety of confectionary products that “BF” is trading. “Beta” offers the basic tangible resource of the new trading group’s premises; it also offers the significant intangible resource of empowering business relationships and orchestrating the various activities as well as the full deployment of the five micro firms’ special features, resources and capabilities. The manager of “Beta” is also exploiting financial resources by handling and organizing the group’s capital and debts. It has been stressed that the core resources of the firm constitute the precise combination of resources that will deliver competitive advantage (see *Table 4.9*).

Type of resources/capabilities	Description
Core Resources/capabilities	The manager’s ability to bring together five different businesses with certain characteristics in order to form a solid trading group.
Breakthrough Resources/capabilities	The manager’s ability to co-ordinate the operations of five micro firms with different characteristics and exploit each ones’ useful resources and capabilities.
Base Resources/capabilities	The manager’s ability to organize the firm’s financial issues. The manager and staff’s ability to use software programs indispensable for the regular functioning of the firm.
Peripheral Resources/capabilities	Resources and capabilities of the five micro firms before the formation of the trading group (i.e., market segmentation strategy, new vehicles, warehouse, advertising techniques, etc.).

Table 4.9: Description of resources for “Beta”

Through the exploitation of various key resources and capabilities, “Beta” has achieved cost efficiency, reduced costs and better prices, easier access to technology and innovation as well as higher market share in general. The **core resources** of “Beta” can be considered to be the manager’s ability to bring together five different businesses with certain characteristics and form a solid trading group. The co-operation of these micro organisations with the combination of each firm’s positive elements has been the essence of this venture for the manager of “Beta”. The result is the use of modern IT systems (ERP, WSM), the distribution of own label products that produce a higher profit margin, the control of the trading group’s financial resources (arrangement of future payments and obligations) as well as the provision of quality service to customers. Furthermore, the provision of personal and prompt service can be regarded as a core resource of the firm because customers can satisfy their needs; they are also facilitated in payments by the provision of credit when necessary.

The **breakthrough resource** of the new business (that has been its advantage and assisted it to survive and expand) relates to the manager’s ability to co-ordinate five different micro firms and exploit each ones’ important resources and capabilities. The manager had conducted market research and was able to evaluate the favourable conditions for the implementation of the trading group formation strategy. The trading group’s **base resources** mainly have to do to with the manager’s ability to organize the micro firm’s financial issues; the secretarial skills are also important since they are related to the ability to use software programs essential for the regular functioning of the enterprise. The business

has also used **peripheral resources** that are related to resources/capabilities of the five micro firms before the formation of the trading group (i.e., new vehicles, warehouse, advertising techniques, etc.).

As stressed earlier, the *Main RBV elements' test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities' Analysis of the six micro wholesaling businesses.

Main RBV elements' test for "Beta"

Table 4.10 presents the **"Main RBV elements' test"** for "Beta":

RBV Element	"Beta"	Visible or Not - Comments
<i>Prior or acquired resources</i>	The group consists of 5 micro wholesaling firms. The new business establishment combines the specialized staff in IT of "BB" (EPR program for the organization of the warehouse), the vehicles of "BC", the expanded customer network and experience in the provision of qualitative service of "BD", as well as the different products that "BF" is trading. "Beta" provided a central administration for the orchestration of all activities and full exploitation of specific features or capabilities.	Yes- all five businesses had certain positive characteristics (resources and capabilities), such as the solid customer network, new vehicles, IT and market segmentation experience.
<i>Innovative capability</i>	The manager of "Beta" had the "innovative" idea of the group formation and the co-ordination of different resources and capabilities. This policy is not frequent in the Greek market.	Yes- the idea for the formation of the group was innovative. The manager orchestrated all activities for the exploitation of specific features/capabilities.
<i>Being truly competitive</i>	The firm has an expanded customers network, offers qualitative service and products at reasonable prices. Its vehicles are new and is successfully using IT (ERP and WMS systems).	Yes- The fact that the firm is truly competitive is affirmed by the satisfied customers, the provision of swift service and the implementation of ERP/ WMS.
<i>Substitutability</i>	The provision of qualitative and swift service to an expanded network of "loyal" customers is not a frequent phenomenon for the market. The co-ordination of various enterprising activities by the manager of "Beta" reveals special leadership skills.	Yes- The trading group combines the provision of qualitative service with a variety of own label products. This combination cannot be easily replaced.
<i>Appropriability</i>	The manager seems to have the ability to turn value added into profit. The firm has also patented the qualitative distribution of own label products to its customers.	Yes- the results of resources' advantages are going to the firm's partners and customers.
<i>Durability</i>	The firm's resources have had longevity; all 5 partners have proved that their special resources and capabilities have lasted for 9 years. "Beta" is effectively combining and adequately exploiting them.	Yes- the trading group is effectively operating for the last 9 years.
<i>Imitability- Barriers to duplication</i>	The firm's resources are not "unique"; however, their combination is unique. The provision of quality service joint with various interrelations (that cannot be clearly identified) implies a relative ambiguity that strengthens barriers to duplication.	Yes- The provision of personal service by the trading group generates superior performance and firms up barriers to duplication.
<i>Value</i>	Value is generated because the manager tries to satisfy customer needs by providing qualitative service and offering a variety of products.	Yes- value is generated since the trading group can influence the balance of the market.

Table 4.10: "Main RBV elements' test" for "Beta"

Regarding the *main RBV elements' test*, most of the trading group's resources and capabilities seem to incorporate the main RBV elements. More specifically, **prior or acquired resources** are present; all five businesses had certain positive characteristics (resources and capabilities), such as the solid customer network (strong personal relationships with customers), new vehicles and IT experience (specialized staff for the implementation of EPR program for the organization of the warehouse administration). Furthermore, the manager of "Beta" is **innovative**; the idea for the formation of the trading group was effective. He has used his market experience and orchestrated all activities for the full exploitation of specific features or capabilities of each partner. In addition, the element of **being truly competitive** can be confirmed by the solid customer base that is satisfied by the provision of personal and prompt service, the new vehicles that the trading group possesses as well as the

successful implementation of ERP and WMS systems. Resources' *substitutability* is evident since the trading group combines the provision of qualitative service with a variety of own label products. The co-ordination of various enterprising activities by the manager of "Beta" reveals his special leadership skills. *Appropriability* and *durability* are also visible because the results of resources' advantages are exclusively directed to the firm's partners and customers for the last 9 years. In relation to *imitability-barriers to duplication*, it is obvious that the provision of personal and prompt service strengthens barriers to duplication. Relationships that cannot be clearly identified (relative ambiguity) increase imitability and in essence generate superior performance. The fact that customers' needs are satisfied (by the provision of effective service and the selling of fresh own label confectionary products) means that *value* is created. What is more, value is generated since the micro business can now obtain lower prices from their suppliers than those that would be able to obtain from individual negotiations. In this way, the trading group can indirectly influence prices and consequently the balance of the market.

VRIO Framework for "Beta"

The manager of "Beta" stresses that the micro business that has resulted from the merger combines valuable tangible, human, financial and intangible resources. In theory, all resources have their own value and can be exploited by the trading group in order to achieve SCA and impressive comparative economic performance. However, **tangible** (i.e., the introduction and use of specialized accounting and software systems), **human** (i.e., the provision of qualitative service or capability of the staff to adapt to certain conditions), **financial** (i.e., potentiality to adequately deal with suppliers, customers, debtors and creditors), and **intangible** (i.e., effective business relationships) resources cannot be described as rare, since many similar businesses may possess them. Despite this fact, the combination and co-ordination of so many different resources is not a frequent phenomenon in the confectionary sector. Consequently, according to the VRIO Framework (Barney, 2002) the firm secures the competitive implication of *competitive parity* (its resources are not rare). Most of the time, the trading group not only achieves *temporary competitive advantage*, but *sustained competitive advantage*, due to the fact that the combination of such resources and capabilities is rare and costly to imitate.

2. With regard to **Level One Analysis of Critical Success Factors** in general, the micro firm appears to have those essential characteristics that contribute to its survival and growth. A positive cash flow is generated; the customer base is kept satisfied because of the qualitative service provided and the various products available. The manager of "Beta" appears capable of organizing the firm's various resources; his experience in IT evolutions has kept him aware of new software programs, useful for the better administration of the trading group's activities. There are also future perspectives for the

expansion of the customer base, while the manager seems to be able to keep a balance in the business activities by seeking continuous improvement through innovative ideas. With regard to the **four common key traits** of successful businesses (identified by De Geus, 1997), the manager has been able to learn and adjust to the firm's market environment; he has also been able to combine the forces (resources and capabilities) of five micro wholesaling businesses with different characteristics. What is more, the entrepreneur has proven his leadership and communicative skills by building strong relationships with his associates, as well as the trading group's employees, suppliers and customers. Finally, the manager of "Beta" has presented conservative and level-headed administration. In this way, the trading group had increased profits and consolidated its position in the sector of confectionary products (see also section 1.3, Premises).

In terms of **Level Two Critical Success Factors' analysis** for "Beta", Critical Success Factors in general can be examined in terms of additional Success Factors. In this context, regarding **Industry Critical Success Factors**, the firm's annual turnover and profits prove the micro firm's success. Of course, the manager is trying to get informed about new market trends in order to respond to the changing consumer needs. In relation to **Strategy Critical Success Factors**, the formation of the trading group with the adoption of co-operation strategy has made the business quite competitive. On the other hand, **Environmental Critical Success Factors** are connected to the relative stable market conditions; the manager of "Beta" has not faced enormous bureaucratic problems when he was attempting to merge five micro wholesaling firms with different resources and capabilities. What is more, in terms of **Temporal Critical Success Factors**, the manager was flexible and innovative enough to overcome various problems (especially after the retirement of his father or during the "negotiations" for the formation of the trading group).

3. In relation to **Level One Analysis of entrepreneur's strategic choices**, these are connected to the manager's ability to exploit and organise the trading group's different resources and capabilities. The manager of "Beta" appeared able to identify the relevant and useful resources in the confectionary industry; this is proved by the fact that he has selected those micro businesses of the sector that had different exploitable characteristics (resources and capabilities). On the other hand, the entrepreneur, after the formation of the trading group, was able to identify what resources and capabilities could be further exploited within the firm. The manager of "Beta" also proved capable of developing these resources and neutralising of competitors' resources at the same time. In particular, the manager had been able to provide a central administration of all firms' activities. The manager, having well-developed communication and interpersonal skills, was effectively co-ordinating various activities and "managing" different types of people that used to be managers themselves. The manager's experience

has facilitated this procedure and contributed to the unimpeded co-operation between the five entrepreneurs. In this way, the combination of the micro firm's tangible (wide range of products, new vehicles), intangible (provision of qualitative service, software programs) and human resources (experienced employees) prove that the manager of "Beta" has been adequate regarding Aaker's identification of four key activities (see section 2.7.c.ii and also section 1.3, Premises).

With regard to *Level Two analysis of entrepreneur's strategic choices*, that are similar to the **entrepreneurial Critical Success Factors**, the manager managed to provide a central administration of the trading group's activities and effectively combine the forces of all partners.

4. Regarding **Level One SWOT Analysis**, the **strengths** of the business entail the combined forces of the five micro firms that comprise the trading group. These micro organisations contributed various positive elements: the variety of *products* that the firm trades, the personal and prompt *service* it provides, the new vehicles it uses as well as the specialized (in IT implementations) staff. The firm's relationships with *suppliers* and customers are effective; as a result, the *distribution* procedure is conducted normally, while the firm has a solid and loyal customer base. The manager is regularly getting information about market conditions and changing consumer tastes. What is more, the manager of "Beta" is communicative and friendly with the rest of the partners-entrepreneurs; these elements are essential for the unhindered functioning of the trading group and the creation of the appropriate team spirit. On the other hand, the firm's **weakness** can be focused on the possible disagreement between the members of the trading group. There has not been a major dispute till now between the five partners; however, this danger is always substantial when independent entrepreneurs are involved. Regarding potential **opportunities**, these may include the expansion of the customer base through the expansion of business activities to more distant geographical areas. In this direction, the conduct of adequate market research or the consideration of existing legislation (for the submission to the developmental law or the 4th Community Support Framework) would be essential. Finally, possible **threats** for the trading group can include new legislation imposing new obligations or restrictions for merged businesses in particular or an unfavourable environment for micro and small firms in general. What is more, the poor performance of the economy, the level of unemployment, the increased interest rates as well as the obsolete product range can be factors that can threaten the survival and growth of the trading group (see also section 1.3, Premises).

As noted earlier, the *Ten Guidelines' test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the market environment where the six firms are involved.

Ten Guidelines’ test for “Beta”

Table 4.11 presents the “Ten Guidelines test” for the micro business. The firm’s strategy is based on the formation of a partnership-merger for the co-ordination and deployment of five different micro firms’ resources and capabilities.

1. Technology	The firm is using ERP and WMS software for the better organization of the warehouse.
2. Network	The firm distributes a variety of own label products (chocolates, cookies, caramels, chewing gums, croissants, refreshments, etc.) to customers that are mainly situated to the centre, south and north of Athens, because these areas present the highest levels of demand and the highest turnovers in the trading of confectionary products.
3. Value added	The business is providing qualitative service; it is distributing a variety of products and the customer may satisfy his/her needs and various tastes (core competences of the micro firm). In this way, value added is generated. One of the firm’s partners (“BD”) combines previous experience in the implementation of market segmentation strategy. The skills involved in adding value are related to the existence of an expanded customers and suppliers’ network, and the provision of prompt service.
4. People skills	The skills of the manager to plan and co-ordinate the trading group’s activities are significant; his contribution to the firm’s effective exploitation of resources is essential. Salesmen of the micro firm are also important “players” for its survival, since they are experienced in providing swift service; they have developed personal relationships with customers and cannot be easily replaced. Salesmen are also experienced in the finding of the customers’ stores various locations.
5. Financial resources	The manager is able to control the firm’s financial resources. The firm has a certain number of customers (almost 500); most of them are bakeries and pastry stores, while there are kiosks, canteens and other small retail outlets. The firm’s customers order every week (usually small quantities of products) the products they want (most of the times, own label or brand name chocolates, cookies, croissants, etc.). Almost all customers pay every two months for their orders; consequently, the manager can organize and plan running and future payments to suppliers as well as schedule future investments. The manager is also aware of the customers and suppliers’ situation; the firm’s liquidity is known to the manager, so that the firm can balance its obligations.
6. Customers’ benefits	Customers receive swift and qualitative service; the manager is organizing a weekly schedule for the distribution of the products. If customers have additional orders, the manager will personally take care of them. The firm is trading a wide variety of qualitative own label and brand name products at relatively reasonable prices.
7. Additional skills	The manager and staff are flexible enough to satisfy every possible customer’s request as fast as possible.
8. Perspectives	The manager believes that the firm needs to focus on the future exploitation of IT evolvments. Fields such as e-commerce will offer a different dimension to the firm and will certainly have advantages. What is more, the trading of more own label products (i.e., croissants, chalva, pastellis, etc.) that leave a higher profit margin to the wholesaler and his customers can be profitable, too.
9. Environment	The trading group always has to adapt to the dynamic market conditions; in this way, the manager and employees have to be aware of all the evolutions (trends, changes) that take place in the economic environment.
10. Competitors	The manager is always aware of the competitive wholesalers’ financial results. In this way, he is informed about these firms’ turnovers, sales and potential expansion to other products or areas.

Table 4.11: “Ten Guidelines’ test” for “Beta”

Taking into consideration the responses of the manager of “Beta”, the “Ten Guidelines’ test” revealed that the five micro wholesaling businesses have based their survival and growth (in terms of *value added*) on the formation of the trading group. On the other hand, the manager’s skills (i.e., ability to organize different business activities, flexibility and leadership skills) as well as all partners’ *additional skills* (dedication to the trading group’s objectives, adaptability to changing market conditions) have contributed to the micro firm’s position consolidation, survival and growth.

Resource and Capability Appraisal Grid for “Beta”

The researcher has stressed that superfluous strengths and zone of irrelevance are useful in identifying which capabilities and resources should not continue to be invested in or disposed of. The manager of “Beta”, before the decision to form the trading group, was aware of his firm’s superfluous strengths; he had very strong relationships with suppliers of various brand name and own label products. However, this strength was useful only when the group was established. The manager had also good relationships with (and used to give credit to) customers who ordered small quantities of brand-name products (zone of irrelevance). These relationships were not contributing to the viability and

profitability of the firm. On the other hand, the lack of resources in equipment and appropriate staff was a major disadvantage. In this way, the manager tried to rectify its deficiencies, by approaching different firms with modern and new vehicles, specialized staff, expanded customer network and trained salesmen (for the provision of swift and qualitative service). It has to be noted that the manager of “**Beta**” had the ability to organize people with different personality elements; he has the adequate leadership qualities to encourage the appropriate people (managers/owners of similar micro wholesaling firms) to achieve the best result. Consequently, he invested on his ability to organize a new micro business (a trading group) that has occurred by the co-operation of firms with certain characteristics. In this way, the manager of the merged firm may plan the exploitation of **tangible, human, financial and intangible** resources in the most effective way.

5. Regarding **Level One Analysis of the life cycle stage** of “Beta”, the micro business appears to accomplish the five growth criteria set in the RBV framework. More specifically, repeated orders and customer retention prove that the trading group is providing excellent service to its customers. Furthermore, the manager is balancing internal operations with the firm’s obligations effectively (this is proved by the firm’s sustained profitability in the last three years). In addition, the entrepreneur and his partners have gained sufficient credibility to raise the essential finance externally when the trading group needs money. Moreover, the manager of “Beta” has the adequate interpersonal and communication skills to motivate his partners and employees to reach at high performance standards (see also section 1.3, Premises).

With regard to **Level Two Life Cycle Stage analysis**, the researcher evaluates the **sixth criterion** of life cycle stage identification that has to do with the attitude of the entrepreneur during crises (temporal CSF’s). The attitude of the manager during problematic periods has proved to be calm; when the trading group faces a challenge, the manager always discusses it with his partners in order to listen to all viewpoints and reach at the most appropriate decision. This has also happened after remarkable changes for the trading group. When the micro firm made the transition from one life cycle stage to the next (e.g., IT implementations, widening of the customer base that signalled the passage to the “expansion” phase), after the “sprints” of change, the manager “imposed” a “pause” so that all partners and employees could realize the alterations to their activities. In this way, the micro business is in the phase of “**controlled expansion**”; the manager of “Beta” knows when to “sprint” and when to “pause” for the integration of various changes (i.e., partners’ and employees’ adaptation to changes such as distribution procedures, location of new customers, promotion of new and different products, etc.).

What is more, the researcher implements Miller and Friesen’s (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy). In particular, with regard

to *situation*, the firm is an Ordinary Partnership business entity, has 6 drivers/salesmen, 2 managers/partners for managerial issues, 2 people for accounting and software programs and 1 for warehouse organisation, it serves 500 customers and trades 750 different product codes, while it has an annual turnover of 1.500.000,00 € (see section 4.6.a). In relation to *structure*, it can be described as decentralized because the manager of “Beta” organizes and participates to almost all business activities but is co-operating with all partners. Furthermore, regarding the *decision-making style*, it can be considered that the manager of “Beta” has adopted an open participative model. Finally, in terms of *strategy*, the manager has adopted the strategy of the trading group’s formation, having relatively broad service lines (providing unique qualitative service and following efficient procedures).

6. Regarding **Level One Analysis of Family and Business orientation**, the researcher has used the framework of Leenders and Waarts (2003) and the performance criteria they had set. As a result, “Beta” can be outlined as a “House of Business” type of family firm; family orientation is weak but business orientation is strong. The trading group appears to score low in trust, control and motivation. However, the firm appears to be effective on conflict resolution dimension (as confirmed by the manager of “Beta”). The business is also expected to experience less difficulty with succession issues; this may happen in the case of “Beta” where there are five different “succession sources” (micro firms). Finally, “Beta” is expected to have an advantage with respect to corporate culture since there is more clarity in the (business) orientation of the firm (see also section 1.3).

Regarding **Level Two Family and Business orientation analysis**, the researcher examines the three *general “success factors”* (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). In essence, the manager of “Beta” would like to have a balanced life; he wishes to create a sound financial business entity. He has not made any succession plans, probably because he has no children; in this way, he has not taken into consideration the family factor, especially after his decision to co-operate with the managers of four similar micro wholesaling firms. In this context, critical factors are related to strategic planning and market research; consequently, the manager is aware of consumers’ changing tastes as well as various alterations in the confectionary products’ sector.

7. With regard to **Level One Analysis** of the trading group’s **marketing approach**, the manager of “Beta” is following **relationship marketing orientation**. “Beta” provides its customers with quality products and services. The manager of “Beta” cannot search for many different suppliers mainly due to financial reasons; he prefers to promote value to the customer base and other non-price benefits rather than emphasizing price as the main benefit. He also wants to maintain existing customers and

develop new business by supporting emerging needs rather than continuously looking for new customers. The firm's relationships with suppliers and customers are strong and personal. The manager finally believes that "after-sales support is improving the relationship between the wholesaler and customers; it is not a cost to be minimized" (see also section 1.3, Premises).

In terms of *Level Two marketing approach analysis*, the researcher uses the "evaluation of alternative customer needs", identified by Chaston (1999). In this context, "Beta" can be regarded as a *conservative-transactional orientated* micro wholesaling firm that delivers various standard products and seeks to deliver a strategy of offering the best possible price/quality combination. The participation in a Union or trading group most of the times determines a standard level of quality and specific prices. In general, the manager of "Beta" has adopted an *entrepreneurial orientation*; he is innovative enough to adopt different strategic approaches or launching new products.

4.6.e Level Two Differentiating capabilities' Analysis for "Beta"

Regarding differentiating capabilities, the manager of "Beta" has focused on the *adoption of a co-operation strategy* with four micro businesses that are operating in the same sector. In particular, the manager sought out firms with different resources and capabilities so as to combine all these characteristics in the new partnership-firm (*trading group*). The objective of the manager of "Beta" was to combine or share some of their resources in order to obtain lower prices from their suppliers than those that would be able to obtain from individual negotiations. This partnership/group had the potentiality to effectively work because all five parties had to contribute different resources and capabilities to the new venture. In particular, through the exploitation of various key resources and capabilities, the manager of "Beta" had the target of achieving cost efficiency, reduced costs, better prices, easier access to technology and innovation, and generally higher market share.

However, since a partnership-based strategy had to be pursued, it was also essential for the manager of "Beta" to consider the costs and time involved in managing the following issues:

- *Establishing the group*: identifying, negotiating and dealing with the other four micro firms.
- *Monitoring the group*: evaluating the effectiveness of the relationship between the five firms.
- *Strengthening the group*: where necessary investing time and effort in the joint activities needed to improve the effectiveness and strength of the partnership.

Furthermore, a key precondition for firms involved in such undertakings is speed and pace in implementing strategies. Despite the fact that a micro business may offer superior products or services today, it may quickly lag behind its competitors if it is not adept at implementing critical decisions.

After the formation of the group, the manager of "Beta" focused on the important key relationships' networks that determine the effective result and performance of the group. These relationships include:

- The relationship with the new *customers* and the different *market segments*, in terms of the promises tied up in the value proposition and brands.
- The relationship with *competitors* and contingents of different kinds, and in particular whether the competitive differentiation and strategic position that the firms in the group have built will stand up against the level and type of competition it will face.
- The relationship with *collaborators* of various kinds, as well as the degree to which outsourcing partnerships and alliances will actually develop the partnership’s market strategy.
- The relationship with *co-workers*; the people the manager relies on inside the business to implement and drive the value proposition.

Finally, the manager of “**Beta**” had to take into consideration the probable duration of the capability uniqueness as well as the possibility of the existence of different capabilities that may satisfy the same market need. In particular, the manager had to evaluate for how long the trading group will be able to exploit co-operation strategy; in this way, the manager of “**Beta**” is constantly trying to solve problems that are related to relationships between ex-managers and employees. On the other hand, the manager is always keeping an eye on the sector’s evolution (he is aware of relevant market research about the sector’s trends and consumers’ needs); in this context, he is adapting the micro firm’s strengths, resources and capabilities to the changeable market conditions.

4.6.f Summary of findings for “Beta”

Having referred to the differentiating capabilities of “Beta”, the researcher summarises the key findings derived from One and Two Levels of Analysis of the RBV framework (see *Table 4.12*).

Enterprise	Elements of the RBV framework							
“Beta”	Internal key resources and capabilities	Critical Success Factors	Manager’s strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	The firm’s resources’ possess the characteristics of value, appropriability and barriers to duplication. The manager could organize the five partners’ various resources. Provision of personal and prompt service.	The manager of the trading group could adjust to the market environment, to express leadership skills and secure conservative financing.	The wholesaler has the ability to identify and develop useful resources, neutralise competitors’ strengths, interpret market trends and maintain a solid customer network.	The manager is aware of market trends (regular conduct of market research), achieves cost control and competitive pricing.	The firm can provide excellent service to customers and manage internal operations effectively. The firm’s sustained profitability gives sufficient credibility to raise necessary finance externally. Employees are giving their best.	The trading group scores low in trust, control and motivation but is effective on conflict resolution.	The wholesaler prefers to promote value to the customer by providing prompt and personal service.	The manager has followed the co-operation strategy of the trading group formation.
Level Two Analysis	The firm’s core resource is related to the manager’s ability to co-ordinate various resources and capabilities. The micro firm achieves competitive parity and sustained competitive advantage.	The manager has the ability to exploit various CSF’s. He also has level headed reaction during crises.	The manager has been able to combine the forces of all five partners and control finances. He has also been adaptable to changing customer needs.	The manager’s spirit of co-operation and adaptability. Also, the moderation of the firms’ weaknesses constitute its main strength.	The manager has been able to “sprint” and “pause”, after discussions with the rest of the partners. The manager has chosen controlled expansion for the control of the trading group’s liabilities.	The manager would like to have a balanced life; he wishes to create a sound financial business entity.	The manager has adopted entrepreneurial orientation.	

Table 4.12: Summary of the key findings from Level One and Level Two Analysis for “Beta”

In an attempt to align the research findings for “Beta” (see sections 4.6.a to 4.6.e) with the main research question (see section 1.1) and the premises posed (see section 1.3), it can be stressed that the adoption of a co-operational strategy (i.e., formation of a trading group, etc.) based on adequate market research can take advantage of each partner’s available resources and capabilities (i.e., expanded customer network, adequate tangible, human and financial resources, etc.). In this way, each micro business involved in the trading group can contribute to its survival, controlled growth and attainment of relative competitive advantage in the sector that is operating.

4.7.a “Gamma” - History and life cycle development of the enterprise

The micro business was established almost *22 years ago* (in 1987) at Kipseli (centre-north of Athens). The manager, his uncle and cousin (uncle’s son) decided to set up a wholesaling firm selling confectionary products (mainly own label cookies and chocolates). At first, the enterprise was run by the manager’s uncle; the two cousins were the only salesmen-drivers. Decision-making and ownership were in the hands of the founder of the business while the two salesmen were distributing the products to various retail outlets. The founder-manager wanted to reach a sufficient number of customers to secure the existence of the micro organization. The firm had almost 70 customers (bakeries and pastry stores to the centre of Athens); it could secure its survival by having the essential liquidity. However, five years later, in 1992, the two families started to have personal conflicts; the manager’s uncle and cousin decided to leave the family firm. At this point, the manager of “Gamma” had to make a critical decision: to continue the firm’s operations with new employees or search for another job. The manager decided to maintain the business; with the help of a close friend (specialist in IT), he searched for ways of re-organising and developing it. Market conditions were favourable for micro businesses because the presence of multinational superstores was not so intense in the beginning of the 90s’ in Greece.

The objective of the manager was to identify groups of similar and potential customers, understand their tastes and satisfy their needs. For this reason, he engaged a specialized research company to conduct market research in order to specify which segments of the confectionary market present the highest demand. This research revealed that bakeries, bread shops and sweet shops are the types of stores where confectionary products are mostly demanded. What is more, the same research revealed that own label biscuits and chocolates are the most popular confectionary products. In this way, the manager had to focus on these types of stores and products in order to implement market segmentation strategy and increase the micro firm’s customer base. In particular, the manager focused on the distribution of own label biscuits and chocolates to certain bakeries (situated in the south of Attica).

What is more, the manager has the view that contemporary micro businesses have to exploit the advantages that IT provides; in this way he was positive to his friend’s idea for the implementation of

new software programs. These programs facilitated the administrative operations of the micro enterprise and the manager was able to efficiently organize various time-consuming tasks.

The manager of “Gamma” could be also adapted to the new competition conditions; a stricter budgetary control system was implemented so that revenues and expenses were balanced. The entrepreneur had the target of generating enough revenue to continue business operations and finance sufficient growth to stay competitive. Generated profits were used in rational investments of new equipment or software programs. The positive cash flow gave the chance to the entrepreneur to boost his business to the next stage of its life cycle, in order to secure its survival.

In general, the entrepreneur decided to follow the strategy of *controlled growth* and *logical expansion*; however, he was innovative enough to use IT implementations in combination with market segmentation strategy. The manager expanded the micro organisation’s customer base rationally; he maintained personal contacts with suppliers and customers because he believed that the provision of personal service is the basic advantage of smaller enterprises when compared to larger ones.

4.7.b Market segmentation approach, Information Engineering, Logistics and e-commerce

“Gamma” is a micro business of sole proprietorship form that employs six people, including the manager/owner who is responsible for administrative and policy designation issues. There are also four drivers/salesmen responsible for the distribution of products and one employee assigned to accounting issues and warehouse organization (including IT). The micro business serves almost 350 customers, most of them are bakeries. It handles 230 different product codes (mainly own label biscuits and chocolates) and functions five days per week. It has a turnover of € 1.2 million per annum and due to this fact, as well as the small number of customers it serves, the firm is more flexible to the quick accomplishment of the manager’s targets. “Gamma” also has to pay for its warehouse rental.

The owner/manager referred to the strategy of market segmentation, exploitation of productivity competence, with the effective implementation of e-commerce and logistics. In particular, apart from the findings of the research company (see section 4.7.a), the manager used secondary data resources and qualitative research (i.e., trade and association publications and experts’ opinions) in order to gain additional knowledge and information on how to segment its market. On the other hand, the manager of “Gamma” was always watching key competitors’ marketing efforts and sometimes copying them. He was also regularly talking to key suppliers and buyers about new product introductions, taking into consideration alterations to consumers’ tastes (see section 1.3, Premises).

It can be argued that a key factor to success in today’s market place is finding subtle differences to give a business the marketing edge. Businesses that target specialty markets are likely to promote their products and services more effectively than an organisation aiming at the “average” customer.

Opportunities in marketing increase when segmented groups of clients and customers with varying needs and wants are recognized. Being aware of these advantages, the manager decided to follow the strategy of *market segmentation*. *Market segmentation* is the process of classifying a market into distinct subsets (segments) that behave in similar ways or have similar needs (see **Appendix 4.V**).

The intent of the manager was to identify groups of similar or potential customers, understand their behaviour and respond with appropriate marketing strategies that satisfy the various preferences of each segment. As a result, the manager looked for segments or target markets accessible to the micro business and each segmented group to be large enough to provide a solid customer base. In this way, “Gamma” would focus on the distribution of own label products (biscuits and chocolates) to a certain group of bakeries, rather than delivering a wider variety of products to various types of customers (kiosks, etc.). The manager holds the view that it is more profitable to have a large share of a group than a small share of the main market; in this way, competitive advantage may be stronger in a segment than in the broader market. Furthermore, targeting a specific segment brings about a closer matching of customer needs and micro organization’s resources; in this way, SCA is enhanced. Moreover, the manager decided that the micro firm’s efforts (resources and capabilities) should be focused on bakeries situated in the southern part of Attica in order to provide swift and high quality service. Consequently, the micro wholesaling business has many customers with relatively high turnover that ask for own label products.

On the other hand, the manager of “Gamma” believes that *productivity competence* may contribute to the increase of profitability (see section 4.7.c); for this reason, a modern businessman has to be aware of the sector’s trends and consumer tastes. The manager also believes that every up to date business (even micro ones) should be aware of the evolution of *Information Technology*. For this reason, “Gamma” joined the Operational Program *Dictiotheite* of the Greek Ministry of Development and invested in the purchase of the essential equipment and software for its complete computerization. Through *Dictiotheite*, the micro firm gained access to the Internet and managed to adequately promote its activities. In this way, the administration of various enterprising issues was significantly reformed. In particular, the micro business started to widely use various applications of office automation (electronic record of customers’ orders), effectively organize the financial-accounting department and develop an enterprising website for the promotion of the business on the Internet. In this way, “Gamma” has instant electronic communication with its customers and suppliers. What is more, potential customers can be aware of the firm’s products, services and geographical coverage. Importantly, “Gamma”’s website is regularly updated so as to facilitate the co-operation between the micro business and its existing suppliers and customers.

“Gamma” consequently created a competitive advantage in relation to its competitors that follow traditional methods of recording customers, orders, suppliers, etc. As a result of this development, the micro organisation’s turnover increased by 8–10%; this increase contributed to the widening of its customer network. Customers from different parts of Greece became interested in purchasing fresh own label biscuits and chocolates. This expansion led to the hiring of two more salesmen; the augmentation of wage costs was covered by the increase in sales of the micro business.

The manager, finally, referred to the advantages that have flowed from the implementation of software programs (they have been designed especially for “Gamma” and are similar to ERP and WMS). With the implementation of these two programs, human and material resources of the micro enterprise were effectively combined and co-ordinated. Furthermore, the incorporation of this software enabled large amounts of information to be processed and created the ideal conditions for rational decision-making. Through these systems, employees, customers and suppliers are recorded, while the most “valuable” customers and suppliers can be identified. In this way, the manager of “Gamma” is informed about the most effective business procedures as well as the products that bring in increased sales turnover and profits. Warehouse space also can be used in the most profitable way.

4.7.c Manager’s view: Current situation, problems and solutions

With regard to the *current situation* and *problems*, the owner/manager of “Gamma” referred to the harsh competitive conditions of the Greek market; he has also stressed the peculiar structure and culture of the Greek society and the fact that most wholesalers in essence refuse to address about pathogen market structure. On the other hand, the manager agrees that “the existence of too many different players-competitors that ask for bigger market shares cannot have positive results”, while he refers to the fact that “wholesalers are not focusing on certain segments of the market and sell various products that do not produce a high profit margin”. Finally, the manager stresses that “labour and other operational costs are too high for the wholesaler to handle”.

On the other hand, in relation to wholesalers’ *reactions* and *solutions* to the sector’s problems, the manager of “Gamma” referred to the solutions of market segmentation, exploitation of productivity competence, as well as the effective use of e-commerce and logistics. In particular:

The manager of “Gamma” stresses that “*productivity competence* can increase a micro firm’s profits; productivity also affects the financial performance of the business”. In this way, the manager tried to achieve high productivity standards by encouraging personnel to set challenging enterprising and personal goals. What is more, the manager has allocated key resources (human and capital) to areas most likely to provide the greatest opportunity for further productivity gains (i.e., IT training). Finally, the manager instantly rewards with monthly bonuses salesmen who display superior performance.

On the other hand, according to the manager of “Gamma”, “the key advantage of *market segmentation* is probably the ability to dominate a sector of a market and then target benefits that will sustain this position. Having established the segments, strategic customer analysis will then evaluate the usefulness of each segment. It is not enough for a segment to be different (see **Appendix 4.V**)”.

What is more, the manager holds the view that “there are almost no micro firms in the Greek confectionary wholesale sector that have adopted the *philosophy of using information systems* as a route to attain SCA”. The manager of “Gamma” has tried to incorporate IT principles in his firm; he has used an e-commerce program from the 3rd CSF and obtained finance for the update of the micro firm’s information systems. In this way, he has delegated the recording of the functioning procedures to a specialized information software company which has created an integrated program. This program improves productivity and performance within the micro enterprise, internally controls the firm’s physical reserves, records all the information for the instant realization of special orders, monitors the logistical warehouse and provides statistical information that can be analyzed and used by salesmen in order to ascertain customers’ needs and buying habits. The manager of “Gamma” stresses that “through accurate and systematic record keeping, IT can help micro businesses increase their turnover and raise their profitability; IT can also help them in areas of traditional concern, such as the collection of outstanding payments, stock control, increased sales, etc. It can also have reduction of operating costs, minimization of mistakes and facilitation of competitiveness with other businesses of the same sector”. It also has to be noted that the manager is familiar with similar developments in the UK. He referred to a successful example where a number of small specialist retailers in the UK have established a website with a manual back-office order fulfilment system as the basis for expanding their customer base beyond that of customers who visit their retail outlet. He also referred to the experience of a London-based grocery home-shopping service (“Food Ferry”) that has inaugurated online orders and increased its total turnover. The manager believes that the example of “Food Ferry” can be useful concerning the confectionary trade and the purchasing expectations of on-line customers. The manager finally referred to the use of *logistics*: “Logistics can be an effective solution for SMEs that face difficulties in their strategy implementation as well as the administration of certain fields”. The basic elements related to logistics concern the administration and strategic design of the firm, the best exploitation of human/material resources as well as goods’ production, storage and distribution. The manager stresses that “logistics are mainly related to enterprises involved in the supply chain procedure; micro confectionary wholesaling firms are inextricable links of the confectionary supply chain and are directly related to logistics: supply chain constitutes the basic field of logistics implementation, while logistics are the basic terminus for the success of supply chain processes”. The manager of “Gamma” reported that “the implementation of two programs (similar to ERP and WMS

that the micro business has ordered in order to organize its warehouse more effectively) has definitely contributed to the successful route of supply chain processes.”

4.7.d Overview – Level One and Level Two Analysis of RBV network

The firm’s **RBV conceptual framework** is presented in *figure 4.4*. The red highlighted areas indicate the significance of these elements with regard to the attainment of competitive advantage that is coloured in green.

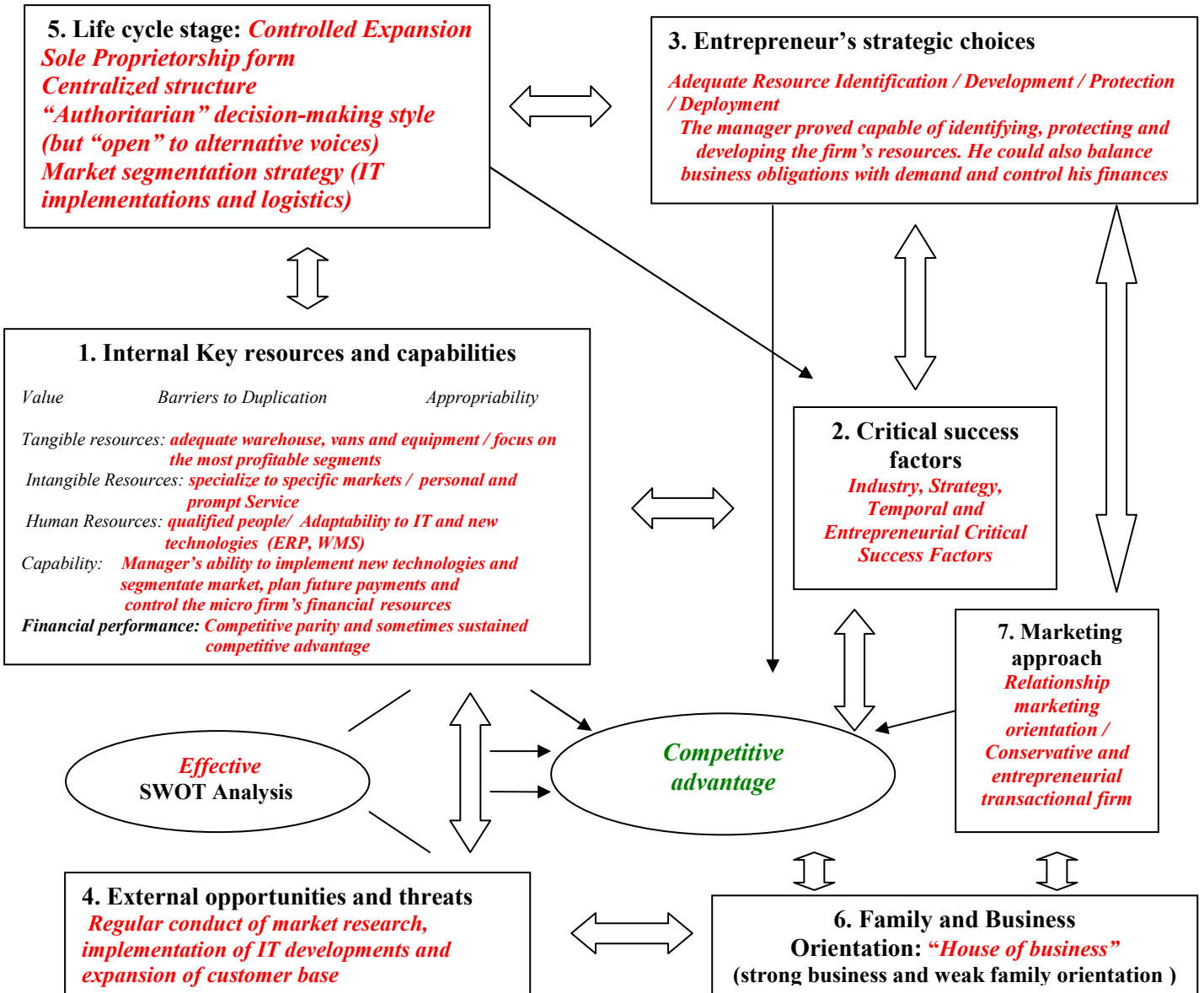


Figure 4.4: RBV conceptual framework for “Gamma”

By implementing market segmentation strategy, productivity competence, information systems and logistics, “Gamma” presented superior performance and obtained relative SCA in the sector.

In particular, the researcher conducts Level One Analysis of the micro business with regard to the aforementioned elements of the RBV framework.

1. In terms of **Level One Analysis**, the **key resources and capabilities** of “Gamma” are connected to:

- Personalized service that the firm offers and the strong relationships with its customers.
- The adaptability of the manager and staff to the new market requisitions (i.e., software programs) and the implementation of market segmentation strategy.
- The skills of the manager are quite important for the co-ordination and exploitation of the micro firm’s resources (control of financial, human and intangible resources).

In the case of “Gamma”, the role of management (strategic choices) is significant, since targeting a specific segment brings about a closer matching of customer needs and organization’s resources. The exploitation of these resources and capabilities can be useful in the future if the manager can adapt to changing market conditions and IT alterations. The firm’s resources appear to possess most of the key characteristics that have been set as factors that lead to the attainment of SCA (market value, appropriability and barriers to duplication). More specifically, the micro firm’s tangible (trading of own label products and focus on specific market segments), intangible (provision of personal service) and human resources (trained in IT and experienced salesmen) chip in the firm’s survival and growth. The manager’s ability to co-ordinate and exploit these resources is also essential (see section 1.3).

Table 4.13 presents the potential solutions as well as the firm’s key resources and capabilities as they have been expressed by the manager of “Gamma”.

Firm	Solutions-Reactions	Key resources and capabilities
“Gamma”	<ul style="list-style-type: none"> • Market segmentation • IT competence, logistics, Internet • Provision of qualitative service 	<ul style="list-style-type: none"> • Personalized service and strong relationships with customers. • The adaptability of the manager and staff to the new market requisitions. • The skills of the manager are important for the deployment of resources.

Table 4.13: “Gamma” key resources and capabilities – Reactions on increasing competition

In terms of *Level Two key resources and capabilities’ analysis* for “Gamma”, the manager has stressed that the micro firm possesses the basic **human** resources that include the appropriate employees’ skills as well as their ability to adapt to the new environment with the use of ERP, WMS and logistics. What is more, the adoption of market segmentation strategy (identification of specific groups or segments of customers) where focus has to be given (i.e., distribution of own label cookies and chocolates to bakeries) requires the combination of **financial** and **intangible** resources. The manager has strong relationships with customers and suppliers; what is more, he is able to organize future payments, income and investments in certain fields (equipment, new warehouse, vehicles, etc.), while various customers’ needs and tastes can be satisfied. The manager’s innovative ability, the use of IT implementations (ERP, WMS and logistics) as well as the provision of personal and prompt

service to customers can be considered to be the **core resources** of “Gamma”. In particular, the provision of quality service is illustrated by the fact that customers are getting the quantities they demand on time while they can get credit if they cannot instantly pay for their orders (see *Table 4.14*).

Type of resources/capabilities	Description
Core Resources/capabilities	The use of IT implementations (ERP, WMS and logistics) as well as the provision of prompt service to customers.
Breakthrough Resources/ Capabilities	The manager’s innovative ability to implement market segmentation Strategy joint with the use of IT and new software systems.
Base Resources/capabilities	Essential managerial (organization of the firm’s commitments) and secretarial skills (implementation and utilization of software and accounting programs).
Peripheral Resources/ capabilities	Use of logistics for the best distribution of confectionary products.

Table 4.14: Description of resources for “Gamma”

The manager’s innovative ability constitutes the **breakthrough resource** of the micro enterprise; this ability has definitely helped the micro business survive and grow. In particular, the manager of “Gamma” has evaluated unfavourable conditions, conducted adequate market research and decided to proceed to an innovative movement: he implemented market segmentation strategy joint with the use of IT and new software systems. “Gamma” has invested on the manager’s ability to look for different ways of modernization. In this way, the micro firm was subsumed to the 3rd CSF’s Operational Program *Dictiotheite*; the result was that “Gamma” could use various applications of office automation, while it organized the financial-accounting department through the installation of a specialized software of commercial administration. What is more, the firm’s **base resources** are connected to the essential managerial (organization of the firm’s commitments) and secretarial skills (implementation of software programs). Finally, the micro business exploited **peripheral resources** that include the use of logistics for the best distribution of delicate confectionary products.

As noted earlier, the *Main RBV elements’ test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities’ Analysis of the six micro wholesaling firms.

Main RBV elements’ test for “Gamma”

The “**Main RBV elements’ test**” for “Gamma” is presented in *Table 4.15*. The firm’s resources seem to incorporate the main RBV elements. In particular, the element of ***prior or acquired resources*** is obvious since the micro business was accustomed to using IT developments; it was also known for the provision of personal and prompt service. Furthermore, the manager of “Gamma” proved to be ***innovative***; when conditions were favourable, he had the idea to implement market segmentation strategy. The manager’s experience in the field of IT facilitated the implementation of this strategy. Regarding the element of ***being truly competitive***, the fact that the customer base is solid proves that the micro business provides high quality service and fresh confectionary products.

RBV Element	“Gamma”	Visible or Not - Comments
<i>Prior or acquired resources</i>	The manager was constantly looking new ways of financing (developmental law or financing from the 3 rd CSF); he was also accustomed to the use of IT and new software systems. He was also good at organising and planning various enterprising activities. The firm’s staff was flexible enough to adapt to the new market requisitions.	Yes- The manager was accustomed to the use of IT developments; the firm was known for the provision of qualitative service.
<i>Innovative capability</i>	The manager had the “innovative” idea to implement market segmentation strategy, to fully exploit productivity competence and effectively use e-commerce, ERP, WMS & logistics.	Yes- The manager had the idea to implement the market segmentation strategy joint with IT developments.
<i>Being truly competitive</i>	The firm offers really qualitative service to its customers and a variety of own label products at reasonable prices. The use of e-commerce, ERP, WMS & logistics designate its competitive characteristics.	Yes- Customers are loyal and satisfied by the high quality service and the variety of own label confectionary products.
<i>Substitutability</i>	The combination of market segmentation strategy, e-commerce, ERP, WMS & logistics use joint with the provision of qualitative service is not common in the confectionary products’ sector. Also, the existence of all aforementioned resources and capabilities cannot be easily replaced.	Yes- The implementation of market segmentation strategy as well as the use of e-commerce, ERP, WMS and logistics can be easily found in the confectionary Industry.
<i>Appropriability</i>	The manager is able to turn value added into profit; the results of resources’ advantage (e-commerce and IT utilization, market segmentation strategy) are exclusively directed to the firm and its customers.	Yes- The results of resources’ advantages are directed to the business and its customers while the use of ERP and WMS systems for similar firms has been virtually patented by the firm.
<i>Durability</i>	The firm’s resources longevity has not been tested for more than 3 years; however, in this period, the firm is adequately exploiting them.	No- the business is only exploiting these resources for the last 3 years.
<i>Imitability-Barriers to duplication</i>	The firm’s resources are almost unique for wholesaling enterprises; in this way, in parallel with the adoption of market segmentation strategy barriers to duplication are empowered.	Yes- Barriers to duplication are firmed up with the implementation of market segmentation strategy joint with the use of IT developments.
<i>Value</i>	The provision of qualitative and swift service as well as the effective organisation of the firm’s distribution network creates value, since the customers’ (bakeries) needs are satisfied.	Yes- value is generated because customers’ needs are satisfied; the trading of own label products also creates value for the micro business.

Table 4.15: “Main RBV elements’ test” for “Gamma”

In addition to this, the element of resources’ *substitutability* is evident since the implementation of market segmentation strategy joint with the use of e-commerce, ERP, WMS and logistics (that boost the quality of service) is not a frequent phenomenon in the context of micro wholesaling firms involved in the confectionary products’ sector. The element of *appropriability* is also visible because the results of resources’ advantages are going to the firm and its customers; the implementation of ERP and WMS systems has contributed to the unimpeded functioning of “Gamma”. The element of *durability* is not quite evident because the micro business is only exploiting these resources for the last 3 years. The element of *imitability-barriers to duplication* is evident because barriers to duplication are definitely firmed up with the implementation of market segmentation strategy together with the use of IT developments. The generation of *value* is also obvious because customers’ needs are satisfied; the micro firm provides swift service and quality products that produce a remarkable profit margin.

VRIO Framework for “Gamma”

On the other hand, in terms of the *VRIO Framework implementation* for “Gamma”, the manager stresses that the micro firm’s human, financial and intangible resources have value and produce remarkable comparative economic performance. **Human** resources are related to the manager’s ability to adopt a certain strategy (i.e., market segmentation strategy), identify appropriate employees’ skills and prepare their adaptation to the new environment (i.e., IT implementations); **financial** resources have to do with the managerial organization of future liabilities, undertakings and investments, while

intangible resources incorporate strong relationships with customers and suppliers. Despite the fact that resources are not rare, the manager of “**Gamma**” is able to organize them accordingly so that they can be effectively exploited. As a result, according to VRIO Framework (Barney, 2002), the micro firm receives the minimum competitive implication of *competitive parity*. However, the combination of market segmentation strategy, strong relationships with customers and suppliers as well as the effective embedment of ERP, WMS and logistics has provided the firm with *sustained competitive advantage*. This resource/capabilities’ combination requires time, money, experience and flexibility; it is obvious that all these elements are difficult to imitate.

2. Regarding **Level One Analysis of Critical Success Factors** in general, “Gamma” appears to possess the essential characteristics for its survival and growth. More specifically, the micro business is generating a positive cash flow and presents relatively high profit margins (because it mainly deals with own label products). What is more, it provides personal service and fresh products to the specific segments (own label biscuits and chocolates to bakeries). The manager has been able to keep a balance in the business activities by seeking continuous improvement through innovative ideas (IT implementations, logistics, submission to a CSF program, etc.); in this way, there are future perspectives for the expansion of the firm’s customer base. On the other hand, in terms of the *four common key traits* of successful businesses (specified by De Geus, 1997), the manager has proven his ability to learn and adjust to the micro enterprise’s market environment, especially to IT developments. The entrepreneur has been innovative enough to incorporate these developments to the firm’s culture. What is more, being communicative and dedicated to the firm, he was able to develop strong relationships with employees, suppliers and customers. It also has to be stressed that conservative administration in essence secured the firm’s viability (see also section 1.3, Premises).

With regard to *Level Two Critical Success Factors’ analysis* for “Gamma”, these factors can be further analyzed to additional Success Factors. In particular, in terms of *Industry Critical Success Factors*, the firm’s annual turnover, profits and number of customers prove that the manager’s strategies have been successful. What is more, *Strategy Critical Success Factors* entail the adoption of market segmentation strategy in combination with reasonable prices and provision of qualitative service and IT implementations. Furthermore, *Environmental Critical Success Factors* are connected to the stable and relatively favourable market conditions where the micro business is operating. The manager of “Gamma” took advantage of the 3rd CSF program “Dictiotheite” which functioned as a motive for the implementation of useful software programs. Moreover, *Temporal Critical Success Factors* are related to crises that the micro business had to face. The manager of “Gamma” proved that

he was able to overcome problematic issues successfully (i.e., in the period when he had to continue business operations alone when his uncle and cousin decided to abdicate the firm).

3. In terms of **Level One Analysis of entrepreneur's strategic choices**, these are related to the manager's ability to effectively exploit and organise the micro firm's resources and capabilities. In the case of "Gamma", the manager proved quite competent to the identification of "profitable" market segments and useful IT developments for the micro wholesaling business. The manager also proved capable of developing these resources and neutralising of competitors' resources at the same time. It has to be noted that the majority of micro wholesaling firms in the sector have not implemented similar IT programs (for the effective functioning of the warehouse and the swift delivery of orders), mainly because they are not trained to do so or due to limited financial resources. In this context, the manager of "Gamma" has been innovative and a kind of "pioneer". More specifically, the manager could balance business obligations with demand and control finances. At the same time, he was capable of implementing innovative ideas (market segmentation strategy, new software programs, etc.). The experienced and flexible manager was also aware of alterations in the industry's trends and consumers' tastes. In this way, he managed to maintain and expand a loyal and satisfied customer base. Consequently, the trading of "generic" products in specific market segments (tangible resources), the provision of personal and prompt service (deployment of intangible resources), as well as the existence of qualified and adaptable to IT developments drivers/sellers (adequate human resources), prove that the manager of "Gamma" has been adequate with regard to Aaker's identification of the micro firm's four key activities (see section 2.7.c.ii and also section 1.3, Premises).

With regard to **Level Two entrepreneur's strategic choices analysis** for "Gamma", these are similar to the **entrepreneurial Critical Success Factors**. In this context, the manager's decision to follow market segmentation strategy and implement new IT programs proved his awareness of current market issues (i.e., changing consumers' tastes and sector's trends).

4. In terms of Level One **SWOT Analysis**, the **strengths** of the micro business include the adoption of a market segmentation strategy (selling of own label cookies and chocolates to bakeries), the software programs it uses as well as the personal and prompt **service** that provides. The **distribution** procedure is regularly conducted while relationships with most **suppliers** and **customers** are friendly; the customer base is thus kept satisfied. The manager is abreast of the market alterations and evolution on a regular basis. Regarding the **organization** itself, the manager is most of the times communicative and co-operative with his employees; in this way, team spirit is created while employees are imbued to the micro enterprising culture. Finally, in relation to **financing**, the manager has secured effective cost

control and highly competitive pricing. Regarding the firm’s **weaknesses**, its limited resources may lead to ineffective marketing and promotion. Furthermore, the vehicles of the micro business need to be replaced in order to conduct the distribution process swiftly and effectively. Another weakness is related to the possible decrease in the demand of own label cookies and chocolates. The focus on these products and customers may prove to be misplaced in the future; then, the conduct of new market research would be essential. In relation to the **opportunities**, these may include the expansion of the product range (different own label or even selected brand name products) and consequently the expansion of the firm’s customer base. These perspectives can be examined under the lenses of adequate market research that would reveal new market trends. On the other hand, new legislation (i.e., tax incentives, submission to the developmental law or 4th CSF program) and other factors (such as cultural and social changes) may identify opportunities for entry to new markets that could be more profitable. Finally, possible **threats** for “Gamma” may include new legislation (imposing new obligations or restrictions), poor performance by the Greek economy, high level of unemployment as well as the obsolete product range (see also section 1.3, Premises).

As noted earlier, the *Ten Guidelines’ test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the environment where the six firms are operating.

Ten Guidelines’ test for “Gamma”

The researcher presents the “**Ten Guidelines’ test**” for the business in *Table 4.16*.

1. Technology	The firm is using advanced IT; it has adapted logistics, ERP and WMS to the enterprise’s requirements.
2. Network	The firm has focused on the distribution of own label products (cookies and chocolates) to bakeries, rather than delivering various products (own label or brand name ones) to various customers (kiosks, pastry stores, etc.) in various areas of Attica.
3. Value added	The firm is providing qualitative service while value added is generated; it is also using the market segmentation strategy, targeting a specific segment brings about a closer matching of customer needs and organisation’s resources; in this way, SCA is enhanced. Value added is generated because not all competitors can combine the provision of qualitative service and market segmentation.
4. People skills	The skills that are involved in adding value are related to personalized service, strong relationships with customers, as well as the adaptability of the manager and staff to the new market requisitions. The firm’s salesmen are the key workers since they have developed strong relationships with the manager and the customers. For this reason they cannot be easily replaced. What is more, the firm’s specialized staff in IT are quite important for the functioning of ERP and WMS.
5. Financial resources	The manager is able to control the firm’s financial resources. The wholesaling business has many customers (bakeries) with relatively high turnovers that ask for own label products (which “allow” higher profit margins). In this way, the manager can also plan for tax payments, currency matters and new funding arrangements.
6. Customers’ benefits	The customers receive prompt and personal service and benefit from the firm’s competencies and resources; its products’ prices are reasonable. The customers can benefit from the use of e-commerce; in particular, customers can have access to the website of the firm, make their orders electronically and also find various pieces of information (products’ characteristics, firm’s turnovers, etc.).
7. Additional skills	The additional skills that the firm presents are related to flexibility of the staff to adapt and respond to the new conditions and systems (logistics, e-commerce, ERP and WMS) so that the firm functions adequately. What is more, the manager seems to have the additional skills that a leader role requires: he is devoted to the evolution of the firm, he is constantly looking for new ways of financing (e-commerce program, developmental law, etc.), while he believes that accession of IT in such businesses is a necessity.
8. Perspectives	The firm needs to focus on qualitative service and the trading of more own label products. What is more, the business should focus and further invest on the exploitation of IS and technologies. In this way, the manager will be able to organize the firm’s operations and obligations (sales, orders). Then, the rational expansion (i.e., maximum 100 customers) would be a positive step.
9. Environment	Market environment is continuously changing and the manager and staff will have to adapt to the new conditions, especially to the IT advances (e-commerce, step-up of software systems, logistics). What is more, the manager has to be aware of possible sector alterations so that correct focus is given to different customers, segments or areas.
10. Competitors	The manager is informed about the financial performance of competitive wholesaling businesses (annual results, turnovers, etc.). He is also aware of the sector’s trends as well as final consumers’ tastes.

Table 4.16: “Ten Guidelines’ test” for “Gamma”

Taking into consideration the answers of the manager of “**Gamma**”, the “**Ten Guidelines’ test**” highlighted that the micro business has based its survival and growth (in terms of *value added*) on the use of market segmentation strategy, the adoption of an IT philosophy for the provision of qualitative service and the firm’s unimpeded functioning. It also has to be stressed that the manager’s flexibility and ability to implement new IT developments as well as employees’ adaptability to their use have contributed to the firm’s survival and growth. The provision of personal and prompt service has also been a decisive factor to the micro firm’s development.

Resource and Capability Appraisal Grid for “Gamma”

The researcher has noted that superfluous strengths and zone of irrelevance are useful in identifying which capabilities and resources should not continue to be invested in or disposed of. The manager of “**Gamma**” had identified his firm’s superfluous strengths; these are related to the trading of many brand-name products to different customers (chocolates, caramels, chewing gums, coffees, refreshments, to bakeries, pastry stores, kiosks, canteens, etc.). The manager understood that the distribution of all these products to different retail outlets was time consuming and not profitable; for this reason it had to stop. The manager was aware (having conducted the adequate market research) that the viability of the micro firm had to be based on the focus on a certain market segment, in the specific geographical area of the centre and north of Athens, with specific customers (bakeries and pastry stores) and the trading of specific products (own label cookies and chocolates) rather than waste time and money. The identification of specific groups or segments of customers where focus has to be given reveals the ability of the manager to organize and plan the best deployment of resources.

The manager was also aware that the successful implementation of modern software systems (ERP, WMS, accounting program and logistics) is essential for the application and completion of the market segmentation strategy. In this way, customer needs and organizational resources and efforts are co-ordinated. On the other hand, a major disadvantage was that the micro business did not have the appropriate suppliers for the trading of quality own label products; however, the manager searched the market and approached the suppliers of own label chocolates and cookies and signed agreements with them. Another disadvantage was related to the fact that the vehicles of the firm had to be replaced.

The manager of “**Gamma**” has invested in his ability to look for different ways to modernize. In this way, the micro firm was subsumed to the 3rd CSF’s Operational Program, *Dictiotheite*; the result was that “**Gamma**” could use various applications of office automation, while it organized the financial-accounting department through the installation of a specialized software program. Finally, the manager invested on his competence to organize and implement the market segmentation strategy; he has also invested on his staff’s ability to adapt to the new conditions and learn new technologies.

5. Regarding **Level One Analysis of the life cycle stage** of “Gamma”, the micro business appears to accomplish the five growth criteria set in the RBV framework. In particular, repeated orders and customer retention proves that the firm is providing excellent service to its customers. Furthermore, the manager has been able to manage internal operations and obligations effectively; the micro organisation has presented sustained profitability in the last three years. What is more, the manager of “Gamma” has gained sufficient credibility to raise the necessary finance externally when this is necessary. He is also communicative enough to motivate his employees to reach high performance standards (see also section 1.3, Premises).

In terms of **Level Two Life Cycle Stage analysis**, the researcher examines the *sixth criterion* of life cycle stage identification that is connected to the attitude of the entrepreneur during crises (temporal CSF’s). The manager, after a remarkable change (“sprint”) in the business landscape (i.e., the implementation of market segmentation strategy) has selected to settle down (“pause”) in order to accommodate (himself and his employees) with the alterations that have taken place. In this way, the micro business has achieved “**controlled expansion**”. This means that the entrepreneur knows when conditions are favourable and when market circumstances “forbid” business expansion.

On the other hand, the researcher applies Miller and Friesen’s (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy). In particular, regarding its *situation*, the firm is a sole proprietorship business entity, employs 5 drivers/salesmen and one person responsible for the accounting and warehouse organisation, it serves 350 customers and trades 230 different product codes while it has an annual turnover of 1.200.000,00 € (see section 4.7.a). With regard to the *structure* of the micro firm, it can be described as centralized because the owner/manager organizes and participates to almost all business activities. What is more, in terms of *decision-making style*, it can be considered as one-person “authoritarian” perspective; however, there are elements of the open participative model when conditions demand a critical decision because the manager of “Gamma” is “open” to alternative voices or different approaches of the firm’s issues. Finally, in relation to *strategy*, the manager has adopted market segmentation strategy and IT implementations, having relatively narrow service lines (providing personal service and adopting efficient procedures).

6. Regarding **Level One Analysis of Family and Business orientation**, the researcher has evaluated the micro firm in the context of the performance criteria set in the framework of Leenders and Waarts (2003). As a result, “Gamma” can be labelled as a “House of Business” type of family firm, since family orientation is weak but business orientation is strong. The micro business is effective on the conflict resolution dimension, while it experiences less difficulty with respect to succession issues.

The micro family firm is also expected to have a positive corporate atmosphere because there is more clarity in its business orientation (see also section 1.3, Premises).

With regard to **Level Two Family and Business Orientation analysis**, the researcher evaluates the three *general “success factors”* (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). In particular, the manager of “Gamma” would like to have a balanced life between work and play; he wants his business to keep the family tradition alive. For this reason, child succession and appropriate education is a critical concern of the manager who has son at the age of 24; the manager’s son has already been active in the business processes (mainly by using IT implementations and developments). On the other hand, the manager of “Gamma” also wishes to create a sound financial business with family input. In this way, additional critical factors are connected to issues such as strategic planning, market research and IT developments so that the manager is aware of the changing sector’s trends and useful IT evolutions.

7. With regard to the firm’s **Level One Analysis marketing approach**, the manager of “Gamma” has adopted **relationship marketing orientation**. In particular, the manager of “Gamma” believes that “maintaining a solid customer base is better than searching for new customers all the time”. The manager rewards his employees for maintaining and growing relationships with customers, while he is trying to provide on-going support to customers (see also section 1.3, Premises).

Regarding **Level Two marketing approach analysis**, the researcher uses the “*evaluation of alternative customer needs*” identified by Chaston (1999). In this context, “Gamma” can be described as a *conservative-transactional orientated* micro wholesaling business that has given priority to the organization’s information management systems and to optimizing internal productivity. The firm has elements of an *entrepreneurial-transactional orientated* firm that focuses on the direction of always offering superior products by implementing the market segmentation strategy. In general, the manager of “Gamma” can be described as having adopted an **entrepreneurial orientation** because he has proven to be innovative and flexible enough to adopt different strategic approaches (i.e., new IT implementations and developments).

4.7.e Level Two Differentiating capabilities’ Analysis for “Gamma”

The micro firm has exploited the differentiating capabilities set out in the following sections:

Adoption of market segmentation strategy

The manager of “Gamma” has focused on the adoption of *market segmentation strategy*; market segmentation may be defined as the identification of specific groups (or segments) of customers who respond differently from other groups to a firm’s competitive strategy. Segmentation is, according to

Grant (2005), the process of disaggregating industries into specific markets, a more specific competition analysis in terms of products or geography. The advantages of segmentation are related to:

- *Strength in a certain group, even though the overall market is large.* It may be more profitable to have a large share of a group than a small share of the main market; thus, competitive advantage may be stronger in a segment than in the broader market. For example, the manager of “**Gamma**” has selected to focus on the distribution of own label products (cookies and chocolates) to bakeries; this strategy has proved to be more profitable than delivering products to various customers (kiosks, mini markets, pastry stores, etc.).
- *Closer matching of customer needs and the organization’s resources through targeting the segment.* This will enhance SCA. The manager of “**Gamma**” believes that the wholesaler should have continuous communication with his customers in order to ensure that they are satisfied; if customers are not happy with the wholesalers’ prices, service and variety of products, then the existing strategy (and use of certain resources) has to be assessed on a new basis.
- *Concentration of effort on a smaller area, so that the firm’s resources can be employed more effectively.* For example, the manager believes that the micro firm has to focus on bakeries situated in the south part of Attica in order to provide rapid and qualitative service. In this way, the business will find the essential elements for its survival and growth that are related to the existence of many customers with relatively high turnovers asking for own label products.

Apart from the adoption of market segmentation strategy, the manager of “**Gamma**” has developed and exploited additional competencies, such as productivity and quality competence, as well as Information Systems competence and logistics.

Productivity and quality competence

Productivity is usually measured in terms of level and value-added activities per employee. According to Hornell (1992), by increasing productivity, the firm can expect to enjoy an increase in profitability. Productivity is of major importance for organizational financial performance; in this way, it is clear that productivity, as an internal competence, has significant influence on market performance. In relation to the marketing process management, two of the most significant elements of productivity are *customer interface productivity* and *logistics productivity*. In the case of customer interface productivity, the trend is towards using technology in order to ensure that the micro firm swiftly responds to satisfy all aspects of customer need (from product enquiry through to ordering). Of course, employees have to be trained enough to effectively participate in this process.

In relation to *quality competence*, Parasuraman et al. (1988) have determined that the critical variables influencing whether customers perceive that their expectations are being met, include reliability,

tangibles, responsiveness, assurance and empathy. In seeking to manage these variables, it is important for micro and small firms to recognize that most customers have an expectation that they will receive a greater level of personalized service than that which might be available when purchasing equivalent items from a large firm supplier. Hence, micro and small firms must have systems in place that ensure employees avoid making errors at the client interface whilst undertaking activities such as ensuring on-time delivery, handling product returns and meeting after-sales service commitments.

Rogers (1990) recommended that as well as ensuring that the aforementioned operating philosophies are effective, the need to track performance of the organization is exigent. Performance measurements should not be executed independently because such pieces of information are of little practical benefit unless they can be compared to data on performance achievements of other firms in the same sector. As a result, performance tracking within a firm should be based upon calculating ratios (i.e., revenue per employee, revenue per unit of fixed asset, profit per employee, as well as return on investment). In this way, the progress or “immobility” of the business is monitored.

The manager of “**Gamma**” is aware of the published accounts of any limited firm in the wholesale sector of confectionary products; in this way, the owner/manager can also undertake comparative productivity assessments of competitors. The manager is using the “revenue per employee ratio” every month. Consequently, he can compare the attainments of his employees to the results of other similar micro wholesaling businesses. In the case of “**Gamma**”, the exploitation of *productivity competence* is quite important for the firm’s survival and controlled growth. The manager also rewards his employees who are obviously trying to achieve higher sales with bonuses based on their monthly sales.

Information Systems competence and Internet use

Micro and small firms (micro confectionary wholesaling firms, in particular) are not accustomed to establishing formalized information management systems. Most of the time, managerial attention is given to more practical issues; owners/managers usually spend time recording and documenting the day-to-day details of various activities that constitute their business operations. In the confectionary products’ sector, many micro firms lack any form of formalized accounting system, while businesses’ annual financial reports are produced by their accountants. Without any internal systems, the owner/manager of the micro wholesaling firm is usually unable to undertake even the most basic types of financial assessment (such as reviewing debtor levels or identifying adverse trends in the average age of outstanding debts). However, it is quite unusual for a micro business to adopt the philosophy of IT as a route through which to attain competitive advantage.

However, the manager of “**Gamma**”, being accustomed to IT developments and implementations, has tried to use the appropriate equipment (updated technology, developed software and hardware) in

order to effectively exploit IT competence. The manager usually pays for the participation of employees in IT seminars in order to respond quickly and adequately to the requirements of Information Technology evolution. The manager of “**Gamma**” has also hired an experienced person specialized in the field of IT, in order to keep other employees aware of the evolution in this field. This employee is regularly updating the micro firm’s webpage (assisted by the manager’s son) and is responsible for the orders made electronically; he also responds to the e-mails that are sent by customers. On the other hand, the manager encourages all employees to participate in IT and e-commerce, since he believes that IT is the future and provides chances for additional profits.

Participation in e-commerce provides an important catalyst for increasing the adoption rate of information systems within the wholesale confectionary products’ sector. In the case of “**Gamma**”, when employees got used to the new systems and equipment, their implementation brought increased productivity. The firm has used the *Dictiotheite* Operational Program; in this way, it gained access to the Internet, achieved instant electronic communication with its customers and suppliers and promoted its activities in a different and more efficient way. Consequently, the micro firm began to use various office automation applications and developed a useful electronic record of its customers’ orders.

The manager of “**Gamma**” has tried to create added value through the Internet since he has followed the strategy of *making transactions more efficient*. This strategy aims at boosting the supply chain by reducing supplier costs, offering a larger array of products and services, making buying more convenient for the customer and providing them with better market information.

“**Gamma**” is offering a variety of products that can be ordered and delivered swiftly to the customers. Consequently, the micro firm and its customers have benefited from the implementation of Information Systems in various ways. In particular, the firm, through its website, can:

- Inform the customer about topics that concern the selection and variety of its products and accurately define its products’ characteristics so that the customer is aware of their quality.
- Determine prices and estimate discounts as well as be aware of its suppliers’ reserves.
- Create status reports of its orders and make forecasts about the time of delivery and the determination of priorities.

Logistics

In theory, logistics can guarantee the profitability of a business by securing the constant availability of its products and other resources. In general, logistics aim at the production of products at the lowest possible cost, their preservation in the best possible way, their distribution with the lowest possible cost and the least delays, as well as accomplishment of profitability and economies of scale for the enterprise (*To Vima, 2008a*). What is more, logistics show how supply chain processes can be

organized (i.e., products' circulation, how often deliveries should take place, the possible routes, etc.); in this phase, the relationship between information systems and logistics is quite important. Information Systems are applications of specialized software that undertake to serve all processes of the supply chain; these are essential for the uneventful functioning of logistics in a micro firm, since they "direct" the whole procedure. With the use of these two programs (ERP and WMS), human and material resources of the micro business were combined, co-ordinated and exploited in an effective and organized way. Furthermore, the incorporation of these two systems produces large amounts of information and creates the ideal conditions for rational decision-making (see section 2.7.c.i). Through these systems, employees, customers and suppliers of "Gamma" are recorded, while the most "valuable" customers and suppliers are pictured. In this way, the manager is informed about the most effective business procedures as well the products that bring in increased sales turnovers and profits, while warehouse spaces were used in the most profitable way.

4.7.f Summary of findings for "Gamma"

Having presented the differentiating capabilities of "Gamma", the researcher summarises the key findings derived from One and Two Levels of Analysis of the RBV framework (see *Table 4.17*).

Enterprise	Elements of the RBV framework							
"Gamma"	Internal key resources and capabilities	Critical Success Factors	Manager's strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	The firm's resources have the characteristics of value, appropriability and barriers to duplication. The manager has the ability to organize the firm's resources. Provision of personal and prompt service. Use of various IT Implementations (ERP).	The manager has the ability to learn and adjust to the market environment, to express leadership skills and secure conservative financing.	The wholesaler has the ability to identify and develop useful resources, neutralise competitors' strengths, interpret market trends and maintain a solid customer network.	The manager is aware of market trends (regular conduct of market research), achieves cost control and highly competitive pricing.	The firm can provide excellent service to customers and manage internal operations effectively. The firm's sustained profitability gives sufficient credibility to raise necessary finance externally. Employees are also motivated.	Business orientation is more important for the manager than family orientation.	The wholesaler prefers to promote value to the customer by providing prompt and personal service.	The manager has followed market segmentation strategy (own label cookies and chocolates to bakeries situated near the firm's premises).
Level Two Analysis	The firm's core resource is related to the manager's innovative ability. The micro firm achieves competitive parity and sustained competitive advantage.	The manager has the ability to exploit various CSF's. He also has calm reaction during crises.	The manager is able to control finances. He has also been flexible and adaptable to changing customer needs.	The manager's adaptability and the moderation of its weaknesses constitute the firm's main strength.	The manager has been able to "sprint" and "pause" when this was necessary. The manager has chosen controlled growth so that expenses are controlled.	The manager would like to have a balanced life; he wants the family business to keep family tradition alive.	The manager has adopted entrepreneurial orientation.	The firm has also developed productivity and quality competence, IT competence and Logistics.

Table 4.17: Summary of the key findings from Level One and Level Two Analysis for "Gamma"

As has been stressed (see section 1.1), the main research question refers to the potential strategies that a micro wholesaling firm can adopt in order to offset increasing competition, survive and grow. Attempting to highlight the relationship between the research findings of "Gamma" (see sections 4.7.a to 4.7.e), the research question and the premises posed (see section 1.3), the researcher holds the view that the adoption of a market segmentation strategy (i.e., focus on a specific "profitable" customer and

product, such as the trading of own label cookies to bakeries in a certain area) based on adequate market research as well as the most effective use of the micro firm's available resources and capabilities (i.e., ability to provide personal and prompt service, various IT implementations, such as ERP and WMS systems) will contribute to its survival and growth (and probably to the attainment of relative competitive advantage to its sector).

4.8.a “Delta” - History and life cycle development of the enterprise

Delta was established almost *19 years ago* (in 1990) in Panorama Galatsiou (central-east of Athens). At first, the manager and his father decided to set up a business that would deal with the import of famous confectionary products. Indeed, the manager's father had the appropriate connections and developed an effective channel of communication with other importing businesses. In this way, the survival of the family firm was based on reliable foreign suppliers (German, Italian and Spanish companies) and begun to import well-known products (mainly familiar brand-name chocolate bars, gums and cookies) that Greek consumers seemed to prefer. As a result, a good reputation was built and sustained by the provision of high quality products and services to the micro enterprise's customers.

However, in 1995, two incidents made change necessary: the death of the manager's father and the accession of own label products in the market (with the strengthening of supermarkets' role that were selling their own generic products). As a consequence of these two occasions, the manager of “Delta” faced the problem of survival. In general, the role of wholesalers in the confectionary trade was shrinking; operating and maintenance costs were becoming quite heavy (vehicles and warehouse needed maintenance or renewal), while the costs of human resources were significant. The expanded customer base of the firm (almost 150 customers) was in danger due to the inability to bear those increased costs. In this way, the manager had to decide which direction to follow: to fold up business operations or search for a different way of functioning. Being persistent, he followed the second choice; he engaged a specialist company (franchising consultant) to evaluate the firm's chances of success if it is involved to the franchising system. The relevant research found that the franchising system entails lower investment than outright purchase, while some of basic testing of the business proposition is undertaken by the franchise holder, which means lower risk. What is more, the exclusive distribution of confectionary products in a specific territory usually ensures success.

The manager was aware of the fact that the chances of any franchising undertaking were not negligible; however, he knew that in most cases, the overall success of the involvement in the franchising system depends on the reliability of the franchisor (the “mother” company that is usually a multinational organization). He was lucky to have the connections with the agents of a well known German company that exclusively produces and trades “original” hand-made cookies. The

representatives of the German company used to have relationships for more than 20 years with the manager's father; the good reputation of the micro wholesaling business convinced them to assign the exclusive distribution of the famous German hand-made cookies to the Greek market.

The micro firm's profile had to be changed in 1996. The minimization of enterprising risk with the exclusive importing of one particular brand-name product presupposed that the manager of "Delta" had to be adaptive to the changes in the market conditions and the new bases of competition. He also had to be open-minded enough to co-operate with the German mother company and follow its principles. The manager proved adaptable to the franchising philosophy; the business had secured a positive cash flow that was essential for its survival. As a result, the micro enterprise's customer base was expanded to 550 customers (550 different outlets in bakeries and pastry shops); for this reason, the manager of "Delta" had to employ four more salesmen-drivers to serve all customers.

At this stage, under the instructions of the mother company, the manager can effectively organise various administrative procedures since increased business activity has brought the need for some formalization of systems and record keeping (upgraded accounting and management systems were implemented). The exclusive dealing of hand-made German cookies leaves a remarkable profit margin to the wholesaler. The problem of liquidity was solved while the firm's survival chances and perspectives for growth were increased. The selection of the franchising method was salutary for "Delta"; it maintained the advantages of micro businesses (i.e., provision of swift and personal service and flexibility to adapt to the changing market circumstances) and managed to survive due to the secure environment of franchising. This method provides the franchisee with the essential resources to offer the best quality of products/services to the final customers. The entrepreneur has consciously selected to *grow rationally*, in co-operation with the mother company.

4.8.b Franchising – Outsourcing

"Delta" is an Ordinary Partnership business entity that employs seven people while the owner/manager is responsible for administrative issues and customers' orders (as well as the micro enterprise's "uniformity" with the franchising system). There are five drivers/salesmen assigned to the distribution of products and the realization of orders; two people in the accounting-IT department are responsible for book-keeping, the organization of the warehouse, the financial records of the business as well as communications with the German mother company. The firm has almost 550 customers (bakeries and pastry shops in Attica region and several additional customers in the Greek islands during summertime), while it handles one product code exclusively, a well-known brand of "original" hand-made German cookies. It functions six days per week and has an annual turnover of € 2.5 million. This means that in order to survive, the daily turnover has to reach almost € 60.000,00.

Because “Delta” serves such a large number of customers, it can buy bigger quantities of products from its suppliers (that are set by the mother company) and can get better prices. On the other hand, the firm’s operational costs are increased, since it has to pay for the rent of the warehouse, its workers (labour charges, salaries and bonuses), the distribution of products, as well as the increasing price of fuel. What is more, in the period of summer, in order to serve its customers in the Greek islands, the micro firm has to pay additional fees for the transportation of its products.

As stressed earlier, “Delta” has always focused on the importation and distribution of confectionary products in the Greek market. However, the manager had to be consistent and decisive in relation to the alterations of the market circumstances and competition conditions; for this reason, he decided to deal with a famous German company that produces hand-made cookies. In this way, “Delta” adopted a new legal form and functioning pattern; its profile changed and a wholesaling business that was distributing well-known products was converted into a wholesaling commercial-service firm focused on the exclusive importing of one particular brand-name product (“original” hand-made cookies). The micro business needed to highlight its new profile and activities; it also needed tools for the accommodation of daily administrative issues so as to amortise its investment in the franchising system. The owner/manager thus decided to incorporate the German company’s IT and communications principles in the micro firm.

Moreover, under the franchising agreement, “Delta” agreed to co-operate with a specialized fleet management company that is responsible for the supply of new vehicles and their maintenance. In this way, the system of franchising incorporates outsourcing activities while the distribution of confectionary products is effectively organized. The manager also had to be open to the expansion of the firm’s customer network according to the perspectives of the business and the amplitude of enterprising activities. Finally, he had to be willing to co-operate with new associates (franchisor and other franchisees) in the direction of evolution.

4.8.c Manager’s view: Current situation, problems and solutions

With regard to the *current situation* and *problems*, the manager of “Delta” mainly referred to the fact that most of micro and small Greek wholesaling businesses provide credit to their customers. What is more, he stresses that weather conditions in Greece are not allowing the trading of delicate confectionary products (i.e., own label chocolates and croissants) for more than six months in a year. On the other hand, the manager believes that profit margins for wholesalers have proved to be higher when own label products are traded. Furthermore, he stresses that multinational companies can impose strict pricing policies that do not allow high discounts by wholesalers. Moreover, the manager highlights the gravity of the lack of specialized personnel in fields where provision of accurate service

is essential (i.e., the confectionary wholesaling sector). Finally, the manager stressed that “Greece is a small country where salaries are low and the need for loans is a frequent phenomenon”.

On the other hand, in terms of wholesalers’ *reactions* and *solutions* to the sector’s problems, the manager of “Delta” has referred to the solutions of franchising and outsourcing as well as to other successful examples that can be useful to micro family wholesaling businesses.

In particular, according to the owner/manager of “Delta”, “Greece is an ideal place for the application and development of the *franchising system*, as it is a country with many SMEs (see **Appendix 4.VI**). In particular, wholesalers of confectionary products that adopt the system of franchising will have the opportunity not only to survive, but also get increased market share and significant profits. Rather than selling more commodities to retail customers (based on factors such as doubtful suppliers, dispersed customers or questionable financial results), it is better to strengthen their position by offering standard famous products to certain customers. In this way, increased profit share is secured”.

The manager believes that the “most important advantage that franchising system presents is the minimization of enterprising risk”. The manager of “Delta” concludes that “franchising is suitable for micro Greek businesses because usually wholesalers do not have the proper training in logistics, transportation and warehousing. Most entrepreneurs face various bureaucracy issues (financing, lack of government support, etc.); in this way, they cannot formulate the adequate enterprising culture”.

Finally, the manager of “Delta” referred to the solution of *outsourcing*. Outsourcing here is represented by the micro firm’s use of fleet management; the German mother company has contracted with a specialized company to supply special vans to its franchisees. This procedure is followed in order to secure conformity in the presentation and distribution of the products. With the use of fleet management, the micro business could secure a better expenses’ audit. The owner of “Delta” considers that “outsourcing is not a negligible alternative for a micro wholesaling franchising firm that would like to reduce distribution and operational costs and focus on the production procedure (which is usually more profitable). If the business owner is aware of the fixed monthly distribution cost level (fixed rent of the necessary fleet), he will be able to control his expenditures and maintain financial liquidity. The distribution costs’ reduction can be canalized to more useful wholesaling business activities, like segmentation, expansion of network, etc.”

4.8.d Overview – Level One and Level Two Analysis of RBV Framework

By using the franchising and outsourcing strategies, “Delta” has presented superior performance and obtained SCA in the wholesale sector of confectionary products. The **RBV conceptual framework** for “Delta” is presented in *figure 4.5*. The red highlighted areas indicate the significance of these elements with regard to the attainment of competitive advantage that is coloured in green.

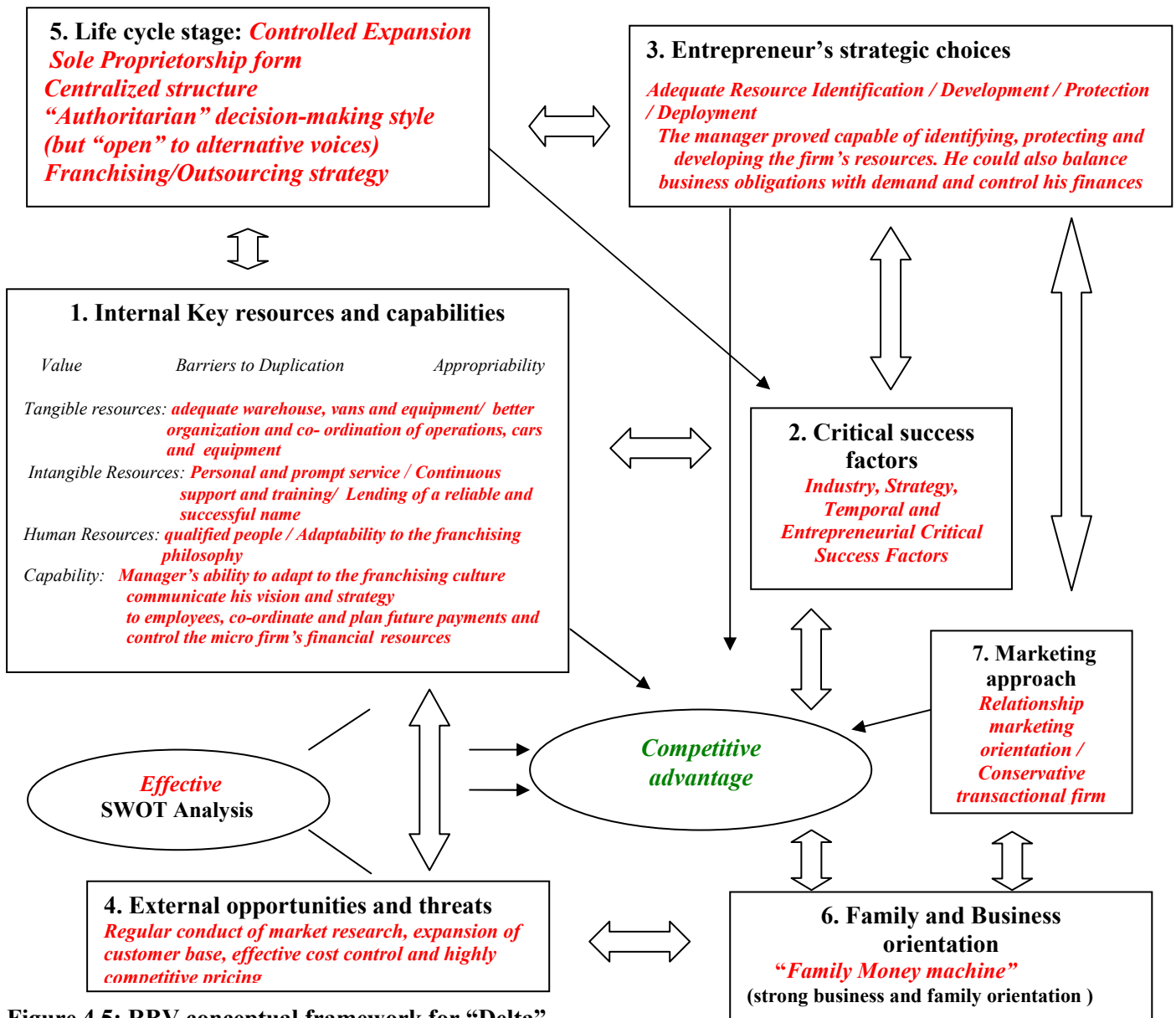


Figure 4.5: RBV conceptual framework for “Delta”

The researcher conducts Analysis in two Levels (One and Two) in order to identify the findings of the micro franchising firm with regard to the seven elements of the RBV framework. In particular:

1. With regard to **Level One Analysis**, the **key resources and capabilities** of “Delta” are pictured in the following fields:

- The micro firm is successfully using the franchising strategy (borrowing of a reliable brand name).
- Provision of high quality and swift service.
- A relative monopoly on the distribution of certain confectionary products in the area of Attica.
- The manager’s ability to effectively arrange future payments and investments.

In the case of “Delta”, the role of management (strategic choices) is important; the manager has developed strong relationships with the executives of the German mother company. What is more, the firm’s employees are gaining the appropriate continuous training in order to adopt a different culture and reach the service standards that the mother-company sets. The manager believes that the business could expand its operations to the exclusive distribution of different products (such as brand name Swiss chocolates or French croissants). The firm’s resources appear to have most of the key characteristics that can lead to the attainment of SCA (market value, appropriability and barriers to duplication). In particular, the enterprise’s tangible (better organization of operations, cars and equipment), intangible (provision of qualitative service, continuous support and training, lending of a reliable and successful name) and human resources (qualified salesmen, adaptable to the franchising system) seem to contribute to the firm’s attainment of competitive advantage that is reflected to its survival and controlled growth. The manager’s ability to adapt to the franchising culture strengthens the aforementioned resources and makes their exploitation easier (see section 1.3, Premises).

Table 4.18 presents the micro firm’s potential reactions/solutions to increased competition with the appropriate exploitation of its key resources and capabilities.

Firm	Solutions-Reactions	Key resources and capabilities
“Delta”	<ul style="list-style-type: none"> • Franchising • Outsourcing 	<ul style="list-style-type: none"> • The firm is successfully using the franchising strategy. • Provision of qualitative and swift service. • Exclusive trading of “original hand made German cookies (relative monopoly).

Table 4.18: “Delta” key resources and capabilities – Reactions on increasing competition

With regard to *Level Two key resources and capabilities’ analysis* for “Delta”, the German mother company is dealing with the exploitation of **financial** and **human** resources. It provides successful Information Technology/Communications and support to the employees of “Delta”; they receive the appropriate continuous training in order to adapt to a different culture. Financial resources are related to the finding of different ways of financing, provision of permanent and continuous support, as well as the search of trustworthy suppliers. The manager of “Delta” reckons that the adoption of the franchising system entails the exploitation of valuable **tangible** and **intellectual** resources (outsourcing). The manager is using vehicles from the outsourcing firm for the distribution of confectionary products. Intellectual resources are connected to the lending of a successful and reliable brand name that brings quality and prestige to “Delta”; the firm has also secured a relative monopoly for the distribution of certain confectionary products in an area, while it is receiving advertising support and reduced promotional costs. The manager of the franchising business has also been assisted to select the most suitable way for the promotion of its products (“original” hand-made cookies).

The **core resource** of “Delta” can be considered to be the manager’s innovative idea to adopt the franchising system (see Table 4.19).

Type of resources/capabilities	Description
Core Resources/capabilities	The manager's idea to adopt the franchising system with the provision of qualitative service.
Breakthrough Resources/capabilities	The manager's innovative ability to implement the franchising system and exploit its advantages.
Base Resources/capabilities	The manager's ability to plan for tax payments, currency and new funding arrangements as well as the ability to use IT implementations, essential for the smooth operation of the firm.
Peripheral Resources/ capabilities	Advertising support and training from the mother company for the promotion of "original" cookies.

Table 4.19: Description of resources for "Delta"

The manager's innovative ability can be regarded as the **breakthrough resource** of the micro business; it has decisively contributed to the firm's survival and growth. The manager predicted that the adoption of franchising philosophy would minimize enterprising risk, bypass unfavourable conditions for micro firms and bring an improved prestige to "Delta". What is more, the adoption of franchising system denotes quality and secures a relative monopoly for the distribution of certain confectionary products (famous hand-made German cookies) to bakeries and pastry stores. Moreover, the provision of personal and prompt service to customers can be reckoned as a core resource of the micro firm because customers are content by the swift and accurate distribution of quality products (hand-made cookies) at reasonable prices. The enterprise's **base resources** are related to adequate managerial (ability to plan for tax payments, currency and new funding arrangements) and secretarial skills (ability to use IT implementations). It has to be noted that the mother German company can find different ways of financing and reliable suppliers for "Delta" if necessary, while it provides permanent and continuous support to the franchisee. "Delta" also exploited **peripheral resources** that include advertising support from the mother company for the "original" hand-made cookies; in this way, promotional costs are reduced. What is more, the mother company provided training for the firm's employees as well as equipment for the best promotion of its products.

As stressed earlier, the *Main RBV elements' test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities' Analysis of the six micro wholesaling businesses.

Main RBV elements' test for "Delta"

The "**Main RBV elements' test**" for "Delta" is pictured in *Table 4.20*. In relation to the **main RBV elements' test**, the micro firm's exploitable resources appear to incorporate the main RBV elements. At first, the element of **prior or acquired resources** is obvious because the manager and staff used to have strong personal relationships with customers. The manager had frequent communication with the executives of the mother German company and these contacts facilitated the co-operation through the system of franchising. It has to be stressed that the micro business, before the adoption of franchising method, used to sell own label products (mainly chocolates and cookies); consequently, the manager and the micro firm's employees were experienced enough on that field.

RBV Element	“Delta”	Visible or Not - Comments
<i>Prior or acquired resources</i>	The firm already had strong personal relationships with customers and provided prompt and qualitative service. The manager had also strong relationships with the executives of the mother German company. The firm used to trade own label products (mainly chocolates and cookies) in the past. In this way, the manager was experienced on that field.	Yes- The micro firm, before the adoption of franchising method, used to trade own label products. What is more, the manager and staff used to have strong personal relationships with customers. These contacts accommodated the implementation of the franchising method.
<i>Innovative capability</i>	The manager believed that franchising system would have many advantages for the evolution of his firm. He was experienced and flexible enough to adapt to a different culture.	Yes- The manager’s innovative capability was affirmed by his adhesion to implement the franchising system.
<i>Being truly competitive</i>	The firm offers really qualitative service to its customers. It is the sole and exclusive distributor of “original” hand-made cookies in Greece. Its prices are reasonable, too.	Yes- “Delta” is quite competitive in the Greek market because it has become the exclusive distributor of “original” hand-made German cookies.
<i>Substitutability</i>	The trading of “original” hand-made German cookies joint with the provision of personal and swift service is a successful combination. Furthermore, the existence of a network of “loyal” and trusting customers cannot be replaced.	Yes- the combination of exclusive trading of hand-made German cookies at affordable prices with the provision of high quality service cannot be easily found and replaced in the wholesale sector of confectionary products.
<i>Appropriability</i>	The manager has the ability to turn value added into profit; the mother company has patented the trading and distribution of “original” hand-made German cookies to its customers.	Yes- Resources’ advantages are solely directed to “Delta”, its customers and the German mother company.
<i>Durability</i>	The firm’s useful resources have had longevity; in the last 12 years “Delta” is adequately exploiting the advantages of franchising system.	Yes- The business is exploiting the resources/capabilities that derive from the adoption of franchising philosophy for the last 12 years .
<i>Imitability-Barriers to duplication</i>	The adoption of franchising system joint with the exclusive distribution of “original” hand-made German cookies to the Greek market, makes duplication impossible.	Yes- The firm’s resources and capabilities are “unique” in the context of the Greek confectionary products market.
<i>Value</i>	The exclusive and swift distribution of “original” hand-made German cookies generates value for the firm and its satisfied customers.	Yes- The exclusive trading of “original” cookies creates value and satisfies customers’ needs for qualitative products and services.

Table 4.20: “Main RBV elements’ test” for “Delta”

Furthermore, the manager has definitely demonstrated the element of *innovative capability*; this was proved by his efforts to implement the franchising system. This element is strengthened by the manager’s experience in the market and his flexibility to adapt to a different culture and function under certain rules. Moreover, the element of *being truly competitive* can be verified by the fact that “Delta” has become the sole and exclusive distributor of “original” hand-made German cookies; its prices are reasonable and the service provided of high quality. In addition to this, the element of resources’ *substitutability* is evident because the exclusive trading of “original” hand-made German cookies (at affordable prices) joint with the provision of high quality service cannot be easily found in the wholesale sector of confectionary products. The element of *appropriability* is also obvious because the manager seems to have the ability to turn value added into profit; resources’ advantages are exclusively directed to the individual firm, the mother company and the customers of “Delta”. The enterprise has also patented the exclusive distribution of “original” hand-made German cookies in Greece. Also, the element of *durability* is visible since the business is exploiting available resources that stem from the adoption of franchising system for the last 12 years. The element of *imitability-barriers to duplication* is also overt; the micro firm’s resources can be described as “unique”; in this way, the adoption of franchising system joint with the exclusive distribution of “original” hand-made cookies makes duplication almost impossible, at least to this kind of products. Finally, the exclusive

and quality service (distribution of “original” hand-made German cookies) definitely generates *value* and keeps customers satisfied.

VRIO Framework for “Delta”

On the other hand, with regard to the *VRIO Framework implementation* for “Delta”, the manager stressed that the firm’s human, financial, tangible and intellectual resources are valuable and generate outstanding comparative economic performance. In particular, the manager could deploy and combine various **human** (i.e., ability to adopt the culture of the franchising system, with the provision of qualitative service), **financial** (i.e., provision of adequate infrastructure, training and continuous support about management and administrative issues by the mother German company), **tangible** (i.e., use of vehicles, warehouse organization or other equipment provided by the mother company) and **intangible** resources (i.e., lending of a reliable brand name and the ensuring of a relative monopoly for the distribution of a specific product to Attica). As a result, according to VRIO Framework (Barney, 2002), the micro firm receives the minimum competitive implication of *competitive parity* because its resources are not rare. However, the adoption of the franchising system under the brand name of the successful mother company can bring *sustained competitive advantage*. This happens because the mother firm secures the procedures of resources’ co-ordination that are essential for success in the market place; these procedures are difficult to imitate by competing micro businesses.

2. With relation to **Level One Analysis of Critical Success Factors** in general, “Delta” appears to possess those characteristics essential for its survival and controlled growth. In particular, the micro firm is generating a positive cash flow. What is more, the exclusive trading of the “original” German cookies in combination with the provision of qualitative service has kept customers satisfied. The customer base can be expanded (in areas outside Athens) because these German cookies are famous and more consumers ask for them. On the other hand, the manager has been able to keep a balance in the business activities and obligations; he is flexible and innovative enough to respond to changing market requisitions. In terms of the *four common key traits* of successful businesses (specified by De Geus, 1997), the manager of “Delta” has been able to learn and adjust to the firm’s market environment; having realized the survival difficulties, the manager searched for alternative strategies and ended up to the adoption of the franchising system. The entrepreneur has expressed his leadership skills by selecting to adopt the philosophy of franchising and by building strong relationships with the mother German company, the firm’s employees, suppliers and customers. Level-headed financing and administration has been profitable for the micro business and has in essence secured its survival.

In terms of *Level Two Critical Success Factors' analysis* for “Delta”, the researcher has noted that Critical Success Factors in general can be further analyzed to additional Success Factors. In particular, with regard to *Industry Critical Success Factors*, the firm’s annual turnover and profits as well as the increased number of “loyal” customers testify its success. Moreover, *Strategy Critical Success Factors* involve the adoption of franchising strategy in combination with affordable prices and provision of personal and prompt service. Furthermore, *Environmental Critical Success Factors* are related to the favourable market conditions for the adoption of franchising philosophy in Greece. While other enterprising activities involve many bureaucratic procedures, the submission to the franchising system is generally supported by existing legislation in Greece. Of course, no special incentives are given (such as financial support); however, the adoption of this system is not discouraged. In addition, *Temporal Critical Success Factors* (that are in essence the *sixth criterion of Life Cycle stage*) are related to crises (or other issues) that the manager had to face; the entrepreneur proved that he could effectively react to important issues (such as the period when he had to change the business orientation to the franchising system after his father’s death and the accession-expansion of own label products in the supermarkets’ gamut, see also section 1.3, Premises).

3. With regard to **Level One Analysis of entrepreneur’s strategic choices**, these are connected to the manager’s ability to deploy the micro organisation’s resources and capabilities. Aaker (1989) has identified *four key activities* that relate to the manager’s adequacy to choose effective strategies. In the case of “Delta”, the manager seemed competent to identify relevant and useful resources in the industry and within the business. The manager decided to move on to the adoption of franchising system because he wanted to secure the firm’s survival and growth. The manager also proved capable of developing these new resources and neutralising of competitors’ resources at the same time. The implementation of the franchising method in the specific confectionary products’ sector allowed the micro firm to exclusively trade famous German cookies in the Greek market; the firm’s competitors cannot trade the similar product. Consequently, the trading of famous “original” hand-made German cookies (effective use of tangible resources), the provision of qualitative service, continuous support and training, the lending of a reliable and successful name (appropriate exploitation of intangible resources) and the existence of qualified drivers/sellers for the products’ distribution (adequate human resources) prove the adequacy of the manager of “Delta” in terms of Aaker’s identification of the micro firm’s four key activities (see section 2.7.c.ii and section 1.3, Premises).

With regard to *Level Two entrepreneur’s strategic choices analysis* for “Delta” (that are similar to the **Entrepreneurial Critical Success Factors**), the manager managed to balance business obligations with demand and control finances. He was innovative enough to foresee the advantages that the

adoption of franchising system would have for his business: apart from its survival, “Delta” secured a solid customer network that is continuously expanded. The manager was experienced enough (almost 20 years in the sector) to “convince” his employees about the benefits of the franchising system.

4. Regarding **Level One SWOT Analysis**, the **strengths** of the micro business include the exclusive trading of “original” German cookies, as well as the personal *service* that it provides. The **distribution** procedure is conducted on a regular basis, relationships with most **suppliers** and customers are friendly, while the customer base can be described as solid and loyal. The manager is regularly informed about market changes since the mother German company is frequently conducting **market researches**. Regarding the **organisation** itself, the manager is co-operative and friendly enough to his employees and the representatives of the mother company. In this way, a team spirit and special enterprising culture is created. Finally, with regard to **financing**, the mother German company has implemented efficient procedures that secure effective cost control and highly competitive pricing for its franchisees. On the other hand, the micro business does not appear to have many **weaknesses**. “Delta” will face survival problems only if the mother German company ceases its operations. At the moment, this scenario seems to be distant. Of course, the dependence on only one product can be a problem, too. Regarding potential **opportunities**, these may include the expansion of the firm’s product range (probable with exclusive trading of a different confectionary product, such as brand name chocolates or croissants) and consequently the expansion of its customer base. Of course, changes in the customers’ tastes and needs will only be revealed by adequate market research. Furthermore, new legislation (tax and financial incentives) and other factors (cultural and social alterations) may disclose opportunities for orifices to new markets and products. Finally, possible **threats** for “Delta” may include new legislation imposing new obligations or restrictions for the franchising system, poor performance by the Greek and European economy, the increased level of unemployment, as well as a limited or obsolete product range (that cannot satisfy consumers’ needs and tastes). Additional threats would be increased competition (pressure from customers and suppliers) as well as the existence of substitute products (see also section 1.3, Premises).

As noted earlier, the *Ten Guidelines’ test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the environment where the six firms are involved.

Ten Guidelines’ test for “Delta”

Table 4.21 presents the “**Ten Guidelines test**” for the micro business. Taking into consideration the responses of the manager of “Delta”, the researcher has formulated the “**Ten Guidelines’ test**” for the micro firm that has been based on the adoption of the culture and principles of the franchising system.

1. Technology	The firm is not using any advanced technology; the mother German company provides special equipment or material (advertising stands) that is essential for the effective distribution and promotion of the products. It is also providing successful communications systems and IT specialists to support the firm when it is necessary.
2. Network	The firm exclusively distributes “original” hand-made German cookies to various customers situated to the Attica prefecture.
3. Value added	The firm has adopted the franchising strategy and provides qualitative service. Value added is generated because not all competitors can distribute the famous “original” hand-made German cookies. What is more, the adoption of franchising system brings quality and prestige to “Delta”. The firm also secures a relative monopoly for the distribution of certain confectionary products in the area of Attica, while it is getting advertising support and reduced promotional costs. The core competence of the firm is related to the adoption of the franchising system joint with the firm’s concrete customer network.
4. People skills	People (manager’s and staff) skills are quite important; their contribution to the firm’s competencies is vital. Their adaptation to franchising system is significant since they have to adopt a different culture and function under certain rules. The manager has developed strong relationships with the executives of the mother German company while the firm’s salesmen are trained to reach to service standards that the mother company “imposes”.
5. Financial resources	The firm’s financial resources are controlled by the manager. The firm has a certain number of customers (almost 550); most of them are bakeries and pastry stores. The firm has ensured a relative monopoly for the distribution of specific confectionary products. The customers order every week the quantities of “original” hand-made German cookies they want and the manager can organize and plan future payments and investments. The mother company also ensures the finding of different ways of financing, the provision of permanent and continuous support, as well as the finding of reliable suppliers. All customers, suppliers, debtors and creditors of the firm are recorded. The manager can also plan for tax payments/funding arrangements.
6. Customers’ benefits	The customers receive personal and prompt service. The firm is known for its qualitative service as well as the quality of the “original” hand-made German cookies that are traded at reasonable prices.
7. Additional skills	The additional skills that the firm presents are related to the flexibility of the manager and staff to adapt to the culture of franchising system. Furthermore, employees know personally almost all customers; consequently, relationships are friendly.
8. Perspectives	The manager believes that the business needs to focus on the co-operation with a well-known German company for the exclusive trading of hand-made chocolates. The adoption of the franchising system is successful and the firm will be able to respond to the new similar venture. The manager also believes that the firm should expand its operations (exclusive distribution of “original” hand-made German cookies) rationally to areas outside Athens.
9. Environment	Market environment is constantly changing and the firm will have to adapt to the new conditions; especially, the manager has to be informed about alterations in the franchising system rules. The manager and staff have to be aware of alterations in the market place in Greece and in Germany (political conditions, mergers-acquisitions, trends, etc.).
10. Competitors	The wholesalers are trying to survive using various strategies; the manager believes that the real competitors are chain stores that are influencing market prices.

Table 4.21: “Ten Guidelines’ test” for “Delta”

In particular, this test has revealed that the business has based its survival and growth (regarding *value added*) on the strategy of franchising (exclusive trading of famous “hand-made” German cookies) and the provision of personal service. The firm’s development has also been based on the manager’s skills (i.e., ability to implement franchising principles) and employees’ adaptability to the new method (boosted by continuous training provided by the mother German company).

Resource and Capability Appraisal Grid for “Delta”

The researcher has noted that superfluous strengths and zone of irrelevance are useful in identifying which capabilities and resources should not continue to be invested in or disposed of. The manager of “Delta” had identified his firm’s superfluous strengths; before the adoption of the franchising system, he had good relationships with many suppliers of brand-name products; however, this strength was not directly useful to the micro firm. On the other hand, the major disadvantage of the micro firm was that it used to deal with many different products to many different customers and various suppliers that were geographically dispersed. The manager of “Delta” was aware that the trading of different products to various retail outlets was not profit-making for the micro business. He also understood that the viability of the firm had to be dependent on the guidance of a successful company that would guarantee the continuation of the micro firm. As a result, the manager invested on his personal relationship with executives of the German mother company; this company guarantees the adoption of

a different enterprising culture that is based on co-operation and the following of specific successful procedures. In this way, various resources can be exploited in the most effective way.

5. In terms of **Level One Analysis of the life cycle stage** of “Delta”, the micro business seems to accomplish the five growth criteria set in the RBV framework. More specifically, the firm is providing excellent service to customers that can be certified by repeated orders and customer retention. Furthermore, the micro franchising organisation presents sustained profitability in the last three years. What is more, the entrepreneur has the essential credibility to raise finance externally when this is essential. He has also convinced his employees about the advantages of the franchising system and motivated them to give their best (see also section 1.3, Premises).

With regard to **Level Two Life Cycle Stage analysis**, the researcher examines the *sixth criterion* of life cycle stage identification that has to do with the attitude of the entrepreneur during crises (temporal CSF’s). The entrepreneur, when the micro business made the transition from one stage to the next (i.e., when franchising system had to be implemented), “imposed” a “pause” (to realize the alterations) after the “sprints” of change. In this way, the enterprise finds itself to the phase of “**controlled expansion**”. This means that the entrepreneur knows when to “sprint” (favourable conditions for micro franchising firms) and when to “pause” for the effective comprehension of changes (employees’ adaptation to alterations that the German company has imposed, different promotion methods, etc.).

On the other hand, researcher uses Miller and Friesen’s (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy). In particular, regarding *situation*, the firm is a sole proprietorship business entity, has 5 drivers/salesmen and two employees responsible for accounting-IT department, serves 550 customers and sells one product code only (exclusive trading and distribution of famous German hand-made cookies), while it has an annual turnover of 2.500.000,00 € (see section 4.8.a). Regarding *structure*, it can be described as centralized because the owner/manager organizes and participates to almost all business activities. Relationships between the mother German company and “Delta” can be described as single (the German company is the franchisor and “Delta” is the franchisee). Furthermore, in terms of its *decision-making style*, “Delta” can be considered as one-person “authoritarian” perspective; on the other hand, the style of the mother German company can be described as an open participative model. Finally, in terms of *strategy*, the manager has adopted the franchising strategy, using relatively narrow service lines (providing unique service and adopting efficient procedures set by the mother company).

6. With regard to **Level One Analysis of Family and Business orientation**, the researcher has used the framework of Leenders and Waarts (2003) and the performance criteria that had set in their study

(trust, social control, employee motivation, management control, conflict resolution, continuity, private life and atmosphere). In this context, “Delta” can be profiled as a “Family Money Machine” type of family business, since both family and business orientation are strong. Trust, control and motivation can be regarded as advantages of the micro firm. What is more, the manager seems to be efficacious in the resolution of conflicts. According to the manager, the micro business experienced increased difficulties in succession issues (see also section 1.3, Premises).

Regarding *Level Two Family and Business orientation analysis*, the researcher evaluates the three *general “success factors”* (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). In particular, the manager of “Delta”, as a wholesaler, believes that the adoption of the franchising method is quite stimulating and demanding. The manager wants his business to keep the family tradition alive. For this reason, family succession and appropriate education is a critical concern of the manager who has daughter at the age of 20. On the other hand, the manager of “Delta” wants to create a sound financial business to leave to her daughter. For this reason, the manager is also focused on issues such as strategic planning, co-operation with the mother German company and market research so that he is prepared for sudden strategy alterations.

7. In terms of the micro firm’s **Level One Analysis of marketing approach**, the manager of “Delta” is following *relationship marketing orientation*. In particular, “Delta” has followed the franchising strategy and therefore cannot have many different suppliers (the mother company has standard suppliers). The firm’s relationships with suppliers and customers are long lasting and friendly. The manager prefers to promote value to its customers by providing personal service and quality products, rather than trying to find new customers and treat them hastily (see also section 1.3, Premises).

With regard to *Level Two marketing approach analysis*, the researcher uses the “*evaluation of alternative customer needs*”, identified by Chaston (1999). In this context, “Delta” can be described as a *conservative-transactional orientated* micro wholesaling organisation that has given priority to the firm’s information management systems in order to optimize internal productivity; most of the times, the participation in the system of franchising leads to the provision of standardized qualitative services and products that are sold in standard prices. In general, the manager of “Delta” has adopted an *entrepreneurial orientation* because he has proven to be innovative and flexible enough to adopt different strategic approaches (i.e., franchising and outsourcing strategies).

4.8.e Level Two Differentiating capabilities’ Analysis for “Delta”

With regard to the differentiating capabilities developed by “Delta”, through the *adoption of franchising system*, the micro firm has also exploited the differentiating capability of *outsourcing*.

In particular, regarding the *adoption of franchising strategy*, the current market situation is characterized by increasing competition, which is focused on the improvement of product quality and customer service, cost reduction and accordingly on reduction of the retail price (to consumer's benefit). In this market environment, the integration of individual firms in an organized and successful system creates a shield of protection and favourable conditions that ensure the viability of the micro business. It can be argued that the adoption of franchising system had certain advantages for "Delta":

- lending a successful and reliable brand name (quality and prestige) and advertising support;
- implementation of successful operational models/training in all enterprising development stages;
- concession of the mother-company's know-how and reduced promotional costs;
- supply of products and services for which market research has been previously conducted;
- securing monopoly in an area and help with selection of the most suitable place for the store;
- finding of different ways of financing and provision of permanent and continuous support.

The manager of "**Delta**" has focused on the adoption of the *franchising* method. In the system of franchising, the individual micro business is included in a successful system that has ensured its products, suppliers, education, configuration of the shops, marketing, etc. The solutions of all commercial issues are offered to the franchisee; in this way, the entrepreneur can concentrate on the promotion of sales, the management of the firm as well as the improvement of customer service. The independent micro enterprise functions under an already recognisable commercial mark, allocates products and provides services that are already known in the consuming public. The franchisor has undertaken the weight of the creation of the product, research of the market in which it is addressed, publicity as well as the establishment of the commercial name. The independent micro business becomes a member of a network, a team with common targets, visions, philosophy and interests.

Of course, the manager of "**Delta**" also had to think about the probable duration of the capability uniqueness; the exclusive trading and distribution of hand-made cookies has to be maintained. What is more, the manager has to consider the possibility of the existence of different capabilities that may satisfy the same market need. Competitors will always seek competitive advantage and the manager will have to be aware of the changing market trends and the differentiated consumer tastes. On the other hand, the manager was consistent and decisive when he decided to adopt the franchising system; he had to evaluate his choices and adapt to the new conditions (new "associates"). However, he was willing to amplify his firm's enterprising activities and procedures by participating to this system.

On the other hand, the decision to use the outside "market" to buy in products or services rather than use the organization's own resources to make them is known as *outsourcing* (To Vima, 2007b). As a starting point in identifying the strategic role of individual resources, it is useful to explore the reasons

for an enterprise to possess and use any resources beyond the minimum amount needed to stay in existence. In the case of “Delta”, outsourcing is related to the firm’s choice to outsource the administration of its vehicles to a specialized fleet management firm. In this way, the micro business could secure better control of its expenses (regarding its vans, fuel, maintenance costs, etc.).

Fleet management includes a wide range of services that are connected to the administration of the firm’s vans. Nowadays, every firm is trying to rationalize its operational expenses and focus on the procedures that will make it profitable. Using fleet management (i.e., the firm’s choice to outsource the administration of its vehicles) can have certain advantages for “Delta”:

- Tax relief, since expenses related to fleet management are considered to be operational costs.
- Expenses audit, since the firm has to pay a fixed monthly rent.
- Financial liquidity maintenance, since the firm does not spend its capital for a fleet of vehicles.

4.8.f Summary of findings for “Delta”

Having presented the differentiating capabilities of “Delta”, the researcher summarises the key findings derived from One and Two Levels of Analysis of the RBV framework (see *Table 4.22*).

Enterprise	Elements of the RBV framework							
“Delta”	Internal key resources and capabilities	Critical Success Factors	Manager’s strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	The firm’s resources have the characteristics of value, appropriability and barriers to duplication. The manager can control micro firm’s resources, following the principles of the mother German company. Provision of personal and prompt service. Reliable name.	The manager has the ability to learn and adjust to the market environment, to express leadership skills and secure conservative financing.	The wholesaler has the ability to identify and develop useful resources, interpret market trends and maintain a solid customer network, with the help of the mother German company.	The manager is aware of market trends (the mother company regularly conducts market research), achieves competitive pricing.	The firm can provide excellent service to customers and manage internal operations effectively. The firm’s sustained profitability gives sufficient credibility to raise necessary finance externally. Employees are trained and motivated.	Both business and family orientation are significant for the manager.	The wholesaler prefers to promote value to the customer by providing prompt and personal service.	The manager has adopted the franchising strategy (exclusive trading of famous “original” hand made cookies in the Greek market).
Level Two Analysis	The firm’s core resource is related to the manager’s innovative idea to implement the franchising system. In this way, the micro firm receives support from the mother German company. The firm achieves competitive parity and sustained competitive advantage.	The manager has the ability to exploit various Industry, Strategy, Environmental and Temporal CSF’s. He also has calm reaction during crises.	The manager has been able to balance business obligations with demand and control finances. He has also been flexible and adaptable to the needs of franchising.	The firm’s adaptability to changing market conditions and the moderation of its weaknesses with the guidance of the mother company constitute its main strength.	The manager has been able to “sprint” and “pause” when this was necessary. The manager has chosen controlled expansion in order to control the firm’s expenses.	The manager wants the family business to keep family tradition alive.	The manager has adopted entrepreneurial orientation.	The micro firm has also used outsourcing strategy with regard to its vehicles.

Table 4.22: Summary of the key findings from Level One and Level Two Analysis for “Delta”

In an attempt to “tune up” the research findings of “Delta” (see sections 4.8.a to 4.8.e) with the main research question (see section 1.1) and the premises posed (see section 1.3), it can be argued that the adoption of franchising strategy (i.e., exclusive trading of a famous product), together with outsourcing (the firm’s vehicles) as well as the provision of qualitative service to customers can

contribute not only to the survival and controlled growth of the micro enterprise but also to its attainment of relative competitive advantage in the wholesale sector of confectionary products.

4.9.a “Epsilon” - History and life cycle development of the enterprise

Epsilon was established almost *25 years ago* (in 1984) in Metamorfofi (north of Athens). The manager’s father had set up a wholesaling business in 1970; this firm was only trading brand name chocolate bars in certain kiosks and bakeries in the north of Athens. The manager used to help his father and was aware of the basic market principles, conditions and peculiarities. However, the variety of products was limited and the profit margins narrow; the family firm could hardly survive. After the death of his father, in 1983, the manager decided to set up a similar wholesaling business; being informed on the characteristics of the confectionary sector, he focused on the trading of a variety of products in order to satisfy different customer needs. That was an ambitious plan; at the beginning, the reliable suppliers and customers that were co-operating with his father helped him to establish in the market and have the essential liquidity to secure the micro firm’s survival. At the end of 80s’ and the beginning of 90s’, conditions were favourable for micro wholesaling enterprises. In this way, in 2000, the business had reached 600 customers (kiosks, bakery shops, sweet shops, canteens, etc.), situated in various Attica areas. The different product codes (brand-name chocolates, biscuits, croissants and own label cookies, pastelli and seasonal chalvas) had reached the number of 800, which was quite high in relation to the firm’s resources and capabilities. The firm also traded a few own label fresh products with a shorter shelf-life. At first, the micro firm employed 8 salesmen; however, the fact that the number of customers was constantly increasing after 1994, forced the manager to employ 6 more salesmen/drivers; in this way, employees reached the number of 14 in 2000.

However, market conditions for “Epsilon” began to worsen after the growth of supermarkets and superstores at the end of the 90s’; costs were increasing and internal conditions were not so favourable any more. Factors that had never been critical for the firm’s survival began to matter; for example, bakeries and kiosks situated to the south and west of Athens did not present high demand for confectionary products (either own label or brand-name products). What is more, brand name products produced a low profit margin and their selling became problematic. As a result, “Epsilon” started to face liquidity problems; these issues became more intense when customers began to delay their payments and consequently the manager was forced to delay his payments to suppliers.

Furthermore, the manager and staff could not adapt to the changing market conditions; before the decision to expand the customer base, no market research had been conducted (no professional consultant had been approached). The manager decided to *grow without a proper plan*. The micro business failed to grow larger due to the managers’ inability to handle issues at a higher level of

competition. As a result, the micro firm continued to increase its customer base without any plan. Moreover, the manager seemed incapable of organising more complex administrative procedures that were essential after the increase in the firm's activities. Better accounting and management systems had to be implemented; however, the manager had not employed a suitable person to handle them. What is more, the manager could not change his management style; in essence, he was functioning impulsively and not proactively. To a point, this was positive; however, when market conditions were not favourable any more, this turned out to be a disadvantage. Probably, the best choice of the entrepreneur would be to remain small and profitable rather than large and problematic.

4.9.b Failure to respond to competition, exploit resources and meet customers' expectations

"Epsilon" used to be an Ordinary Partnership business entity with 14 employees. The owner/manager was responsible for various managerial and accounting issues while its drivers/salesmen were responsible for the distribution of the products. "Epsilon"'s geographical spread covered almost all of the prefecture of Attica, however, various confectionary products were mainly delivered to outlets situated to the south and west of Athens. Based on the findings of the market research on the confectionary products' sector (conducted by Planning S.A. company, 2007), these areas do not seem to present high demand for such products (either own label or brand-name ones). The firm was also using the strategy of trading brand-name products that, according to the same research, do not produce a high profit margin for wholesalers. "Epsilon" was functioning five days per week and had an annual turnover of € 3 million. Based on the manager's calculations, this means that in order to survive, the daily turnover of the micro firm had to reach almost € 40.000,00, while its annual turnover had to be almost € 4 million. To make matters worse, the firm's operational costs were high, since it had to pay for the rent of the warehouse, labour costs, salaries, as well as the increased fuel prices.

On the other hand, the manager and staff could not adapt to the changing market conditions. In particular, the manager could not plan and formulate the appropriate strategy so that the firm's resources (human, tangible or intangible) could be co-ordinated and exploited. In spite of the fact that "Epsilon" had a certain number of customers (almost 600), the manager could not adequately plan their orders, control the firm's financial resources and achieve an unimpeded flow of payments. Customers used to order every week and received the products they wanted with some delays. The provision of service was not particularly swift, personalized or of high quality. Few of the salesmen had developed strong personal relationships with the owner/manager or the customer base; in this way, almost no value added was generated for the micro firm and its customers (see section 1.3, Premises). Furthermore, the enterprise's salesmen were unable to achieve the number of orders needed in order to reach the sales turnover that would be adequate to ensure the micro organisation's survival. "Epsilon"

also had to face liquidity problems; the manager was giving credit to almost all his customers who were paying for their orders with a cheque once every three to six months; on the other hand, the firm had to pay its suppliers in cash (or with monthly payments) for each delivery. To make matters worse, the manager, in an attempt to secure a relative liquidity for the micro business, decided to provide high discounts to customers; this caused even more problems, since the micro firm could not pay its suppliers. Suppliers had no problem to cease supplying their products (usually brand-name goods) to “Epsilon”. The manager, due to liquidity problems, additionally had to confront various issues (such as tax payments, currency matters as well as new funding arrangements). In this way, customers could not get benefits from the firm’s resources and competencies. They only temporarily benefited from the provision of credit by “Epsilon”; however, in the long term, the firm ceased its operations. Finally, “Epsilon” had not implemented any organizational (ERP, WMS) or accounting software so that the firm’s customers, suppliers, debtors and creditors could be recorded and the warehouse organization become more effective. Consequently, the manager could not organize and plan future payments and investments (new customers, personnel, network expansion, new suppliers, etc.).

4.9.c Manager’s view: Current situation, problems and solutions

With regard to the *current situation* and *problems* of the sector, the manager of “Epsilon” generally referred to the legislative framework of competition and transaction rules that are unfavourable for Greek SMEs. The manager holds the view that “the smaller the firm is, the more influence external environment has on its development and revival”. He adds that the “decline of the sector is related to the concentration of retail sales to multinational superstores”. The entrepreneur also stresses that “wholesaling demand is limited because the quantities of products ordered are not substantial. Wholesalers cannot have large market shares and determine prices; in this way, their role as intermediaries in the commercial procedure is debilitated”. The manager also mentions that “multinational companies use common practices (i.e., below cost sales, bonuses, etc.) that unsettle the balance of the market”. The manager concludes by stressing that “there are constraints to firm investment in Greece”. On the other hand, he stressed that specific problems are namely related to *taxation system* (i.e., “appropriate infrastructure for the institution of a fair system is missing”), *succession* (i.e., “wholesalers have to wait until their late 60s’ to get the lower retirement pension”), *insurance system* (i.e., “more incentives have to be given to secure the viability of micro firms”), *financing* (i.e., “there is no system of financial support that covers the increased interest rate and guarantees the loans”), *storage/warehouses* (i.e., “there are not programmes of financing for the obtainment of new and privately owned buildings”) and *bureaucracy* (i.e., “the potential entrepreneur has to face complex procedures, long duration of implementation, poor service and insufficient

information by relevant Authorities”). The manager believes that *solutions* to these problems would improve the sector’s situation and its firms’ perspectives.

4.9.d Overview – Level One and Level Two Analysis of RBV Framework

“Epsilon” failed to implement a successful strategy and exploit its human, tangible and intangible resources. The fact that the micro firm was mainly selling brand-name products implies that it could not secure a sufficient profit margin. *Figure 4.6* presents the **RBV conceptual framework** for “Epsilon”. The red highlighted areas indicate the significance of these elements with regard to the attainment of competitive advantage that is coloured in grey (because it has not been attained).

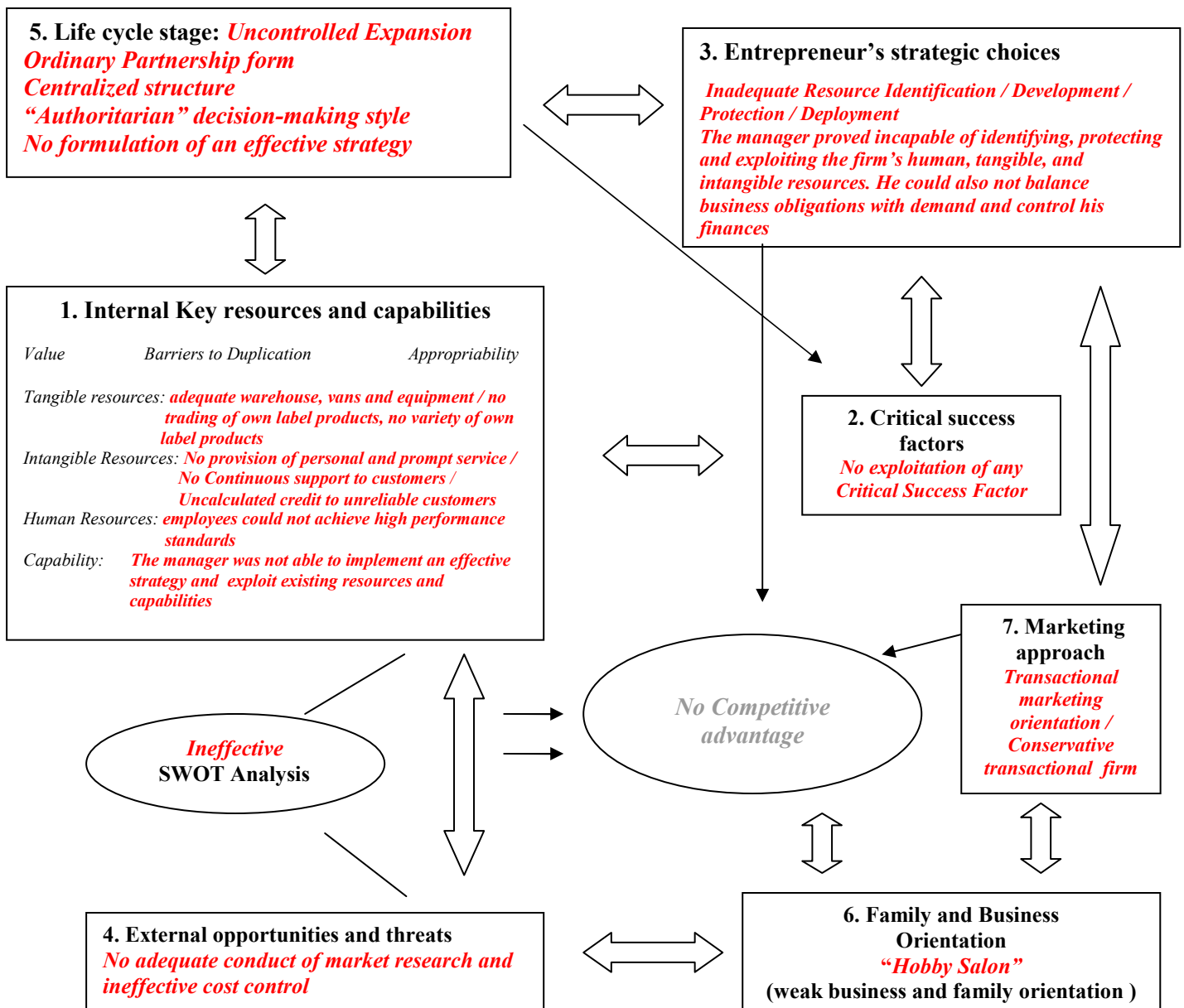


Figure 4.6: RBV conceptual framework for “Epsilon”

In particular, the researcher conducts Analysis in two Levels (One and Two) of the micro business with regard to the aforementioned elements of the RBV framework.

1. In relation to **Level One Analysis**, “Epsilon” seems to be lacking those key **resources and capabilities** that would be essential for its survival. In particular, the role of management (strategic choices) was quite important; the manager was not able to ensure enough liquidity in order to efficiently plan the firm’s obligations. The manager also proved unable to comprehend customers’ needs. On the other hand, he had no “innovative” ideas for a strategy implementation that could be used for the effective exploitation of the firm’s resources. It is apparent that the manager could not coordinate the micro enterprise’s tangible, intangible and human resources. What is more, the firm could not be really competitive because its strategies (provision of uncalculated credit, focus on brand-name products) turned out to be insufficient. In this way, the manager appeared to be inadequate to plan and arrange the micro firm’s future payments and investments (see section 1.3, Premises). The resources of the micro business do not appear to possess many of the key characteristics that have been described as factors that lead to the attainment of sustainable competitive advantage (market value, appropriability and barriers to duplication). In particular, the firm’s tangible resources (trading of many brand name products), intangible resources (no provision of prompt and personal service, provision of uncalculated credit to customers), human resources (employees could not achieve high performance standards and provide continuous support to customers) could not contribute to the micro organisation’s competitive advantage that is translated to its survival and growth. It can be argued that the manager’s inability to implement an effective strategy and exploit the firm’s resources definitely functioned negatively with regard to the firm’s survival in the long term (see section 1.3, Premises).

In terms of **Level Two key resources and capabilities’ analysis** for “Epsilon”, the manager reckons that the micro firm did not have adequate planning of **financial** resources; the manager was providing credit to almost all his customers (they were paying him at intervals of 3 to 6 months), while the business had to pay its suppliers in cash on delivery or with monthly payments. Moreover, the manager decided to give high discounts in order to secure a relative liquidity; this caused even more problems because the micro firm had created increased debts to suppliers. However, in effect, there was no profitability for the firm. In addition to this, there was limited liquidity and the micro business could not pay for its running costs (i.e., warehouse rent, staff salaries, even fuel). It is also obvious that the **intellectual** resources of the firm were not adequately exploited; there was no exploitation of the organisation’s good name and expanded customer network. What is more, there was no planning for the satisfaction of trusting customers with the provision of careful personal service (i.e., fast delivery of products). To make matters worse, the organization of **human** resources was incomplete, since 14 salesmen were not corresponding to the turnover that would be adequate for the micro firm’s survival.

Furthermore, the **tangible** resources of the firm were not adequately exploited. Too many brand-name products were traded; however, the profit margin of these products is low. In general, the manager could not exploit the micro firm’s resources adequately. As a result, it can be stressed that **no core** (i.e., effective implementation of a survival and growth strategy after the conduct of market research that would disclose customers’ tastes and market trends) or **breakthrough resources** (such as innovative ability or provision of personal and prompt service) are evident (see *Table 4.23*).

Type of resources/capabilities	Description
Core Resources/capabilities	No core resources/capabilities.
Breakthrough Resources/capabilities	No breakthrough resources/capabilities.
Base Resources/capabilities	Adequate human, tangible (10 vans) or intangible resources and a relatively solid customer base. The manager could only organize some functional issues but in essence, he could not effectively co-ordinate various resources. What is more, the manager could not implement any new software or accounting program that would facilitate the micro firm’s organization and functioning.
Peripheral Resources/capabilities	The business has used advertising of certain brand name products (i.e., chocolates).

Table 4.23: Description of resources for “Epsilon”

The trading of own label products, the implementation of a stricter credit policy, the provision of high quality service as well as the realization of an innovative idea (i.e., implementation of a software program) are elements that could constitute the micro firm’s core (or breakthrough) resources and lead to the attainment of SCA. However, the entrepreneur could not implement an effective strategy based on the aforementioned elements. In particular, the manager was unaware of concepts such as IT, e-commerce, ERP, WMS or logistics; the manager and staff could not provide qualitative (swift and personal) service and customers were often complaining. What is more, the manager selected to trade brand name products (chocolates, biscuits and croissants) that do not produce a high profit margin for the wholesaler. The manager was also not able to control the firm’s financial resources; he could not adequately plan the customers’ orders and achieve sufficient liquidity. The manager was hastily providing credit to almost all his customers when they could not pay; on the other hand, suppliers wanted to be paid in cash. In this way, additional financial issues (i.e., tax payments) arose.

The micro business only seemed to dispose a limited number of **base resources**. The enterprise had 10 vans for the distribution of products while the customer base was relatively solid (600 customers). Regarding managerial and secretarial skills, the manager could only organize some functional issues and payments, but, in essence, he could not deploy various human, tangible and financial resources so that the appropriate strategy could be formulated. In addition, the manager could not effectively implement and use any new software or accounting program that would facilitate the micro firm’s organization and functioning. In general, no value added was generated because the manager was not able to foresee the evolutions in the confectionary wholesale sector and adapt to the changing market conditions. Finally, the micro business has indirectly used advertising of certain brand name products

(these products are promoted by multinational companies) as a **peripheral resource**; however, this resource was in essence useless since these products do not leave a remarkable profit margin.

As noted earlier, the *Main RBV elements' test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities' analysis of the six micro wholesaling businesses.

Main RBV elements' test for "Epsilon"

In particular, the "***Main RBV elements' test***" for the firm is pictured in *Table 4.24*:

RBV Element	"Epsilon"	Visible or Not - Comments
<i>Prior or acquired resources</i>	The firm had already 14 salesmen (human resources), an average-sized warehouse, (tangible resources), a relatively reliable name (reputation) and an adequate customer network (600 customers). The firm was mainly trading brand name products; this means that it had normal commercial relationships with suppliers of these products. However, the manager could not effectively combine those resources.	Yes- The firm used to have a relatively reliable name and customer network, adequate tangible and human resources and experience in the trading of brand name products. However, the manager could not use prior or acquired resources to support the micro firm's survival.
<i>Innovative capability</i>	The manager did not appear to have any "innovative" ideas for a strategy implementation that could be used for the effective exploitation of the firm's resources.	No- The manager did not have any innovative strategy (i.e., product differentiation, market segmentation, IT or franchising) for "Epsilon" to survive.
<i>Being truly competitive</i>	The firm could not be really competitive because its strategies (provision of credit, focus on brand name products, provision of relatively low level of services) proved to be insufficient.	No- The manager used various business strategies that proved to be ineffective for the firm's survival.
<i>Substitutability</i>	The exploitation of the firm's resources and capabilities could not make them irreplaceable.	No- The firm's resources and capabilities were not irreplaceable.
<i>Appropriability</i>	Since there was almost no value added, the results of resources' exploitation were doubtful and going to the firm's competitors.	No- The results of resources' exploitation were finally directed to the firm's competitors.
<i>Durability</i>	The firm's useful resources (human, tangible and intangible) did not have longevity; they only lasted for 3 years.	No- The exploitation of the firm's resources only lasted for 3 years.
<i>Imitability-Barriers to duplication</i>	The firm's resources were not "unique"; however, since they were involved in the provision of service, they could not be clearly identified generate superior performance.	No- The firm's resources could not generate superior performance.
<i>Value</i>	The adoption of the strategy of trading brand name products joint with the provision of uncalculated credit to customers cannot create value for the firm and its customers.	No- The strategies that the manager adopted could not generate value for the micro business and its customer base.

Table 4.24: "Main RBV elements' test" for "Epsilon"

Most of the micro firm's resources do not seem to incorporate the main RBV elements. In particular, the element of ***prior or acquired resources*** was evident since "Epsilon" used to have a relatively reliable name (reputation), 10 vans (tangible resources), an adequate customer network (600 customers) and experience in the confectionary sector (mainly trading brand name products). Commercial relationships with suppliers and customers of these products were satisfactory. However, the manager could not effectively use ***prior or acquired resources*** to combine intangible, human and tangible resources and plan the micro firm's obligations efficiently. What is more, as stressed before, the manager does not appear to possess the element of ***innovative capability***; he did not have any innovative idea for the implementation of a certain strategy (i.e., product differentiation, market segmentation, etc.) when he realized that conditions were unfavourable for "Epsilon". He had not used his experience to face the problem of survival effectively mainly due to the lack of market research that would have revealed some useful strategy directions. What is more, the element of ***being truly***

competitive cannot be observed for “Epsilon”; most of the firm’s customers were loyal because of the credit provided by the manager. The business could not be really competitive because its strategies (provision of credit, focus on brand name products, relative low service quality) proved to be insufficient. Furthermore, the element of resources’ *substitutability* is not visible because the exploitation of the enterprise’s resources and capabilities could not make them irreplaceable; the element of *appropriability* is not evident because there was almost no value added and the results of resources’ exploitation were doubtful (in essence directed to the micro firm’s competitors). Regarding the element of *durability*, it cannot be observed because the deployment of the firm’s resources only lasted for 3 years. The element of *imitability-barriers to duplication* was also not so visible because the micro firm’s resources were not “unique” and clearly could not generate superior performance. Finally, the strategy of trading brand name products joint with the provision of uncalculated credit to customers could not create *value* for the micro firm and its customers.

VRIO Framework for “Epsilon”

On the other hand, in relation to the *VRIO Framework implementation* for “Epsilon”, the micro firm’s human, financial, tangible and intellectual resources do not seem to be valuable and generate comparative economic performance. In particular, the manager could not effectively exploit various **human** (i.e., employees were not satisfied and financially rewarded), **financial** (i.e., inappropriate planning of administrative issues), **tangible** (i.e., the manager was almost unaware of the quantities of products that were leaving the warehouse and had “blind” faith in his salesmen; that proved to be wrong since there were frequent cases of theft) and **intangible** resources (i.e., the manager could not preserve the firm’s reliable name by providing high quality service). As a result, according to VRIO Framework (Barney, 2002), it is logical that the micro firm tried hard to receive the minimum competitive implication of *competitive parity*, since its resources were not rare and had some value. However, their inappropriate use resulted in a *“below normal” financial performance*. It was certain that if the micro firm would continue to perform in the same way, its survival would have been doubtful; the manager could do nothing to avoid the cessation of the firm’s operations.

2. Regarding **Level One Analysis of Critical Success Factors** in general, the micro business did not seem to possess those important characteristics essential for its survival and growth. In particular, the firm could not generate a positive cash flow because it basically dealt with brand name products. On the other hand, customers were not satisfied because the quality of service that the firm provided could not reach high standards. In this way, there were no future opportunities to expand the customer base. On the other hand, the manager of “Epsilon” could not keep a balance between business activities and

obligations; he was confused and had no innovative ideas when liquidity problems begun to emerge. With regard to the *four common key traits* of successful businesses (specified by De Geus, 1997), the manager has not presented the ability to learn and adjust to the market environment of the micro organisation. The entrepreneur has also not been able to express his leadership skills by building strong relationships with the firm's employees, suppliers and customers. On the other hand, it has to be stressed that improvident administration was continuously diminishing the micro enterprise's position in the market place (see section 1.3, Premises).

With regard to *Level Two Critical Success Factors' analysis* for "Epsilon", it has been noted earlier that Critical Success Factors can be further analyzed to additional Success Factors. In particular, in terms of *Industry Critical Success Factors*, the numerical elements (decreasing annual turnover, profits and number of customers), revealed the micro firm's cadent trend. What is more, *Strategy Critical Success Factors* include the adoption of a certain strategy; the manager has not adopted a focused strategy (i.e., franchising strategy, trading of own label products, etc.) to avert the business shutdown. Furthermore, *Environmental Critical Success Factors* are related to the relative political support by the government. In spite of the fact that the market scenery was not favourable for micro businesses (in essence, there was no protection of micro firms against competition/monopolies from big businesses), the manager of "Epsilon" had not done anything to overcome these difficulties. He had not implemented any innovative ideas that would secure the micro firm's survival. In addition, *Temporal Critical Success Factors* (that constitute the *sixth criterion of Life Cycle stage*) are related to various issues (crises) that the business had to face. The manager proved inadequate to the handling of problematic situations; when problems begun to aggrandize, he had no means of reaction.

3. With relation to **Level One Analysis of entrepreneur's strategic choices**, these are connected to the manager's ability to effectively exploit and organise the firm's resources and capabilities. In the case of "Epsilon", the manager appeared ineffective to identify relevant and useful resources in the industry and within the micro business. The manager also proved incapable of neutralising competitors' resources. In particular, the entrepreneur could not balance business obligations with demand. He was not cognizant of the changing market trends and consequently it was impossible to maintain a solid and loyal customer network. Another disadvantage is related to the manager's lack of confidence; he was uncertain about his enterprising movements. For this reason he could not inspire and motivate his employees. In this way, the trading of many brand name products, the lack of variety of own label products (ineffective use of tangible resources), the provision of uncalculated credit to customers, the provision of unsatisfactory service, as well as the fact that employees could not achieve

high performance standards and provide continuous support to customers, prove the inadequacy of the manager of “Epsilon” in terms of Aaker’s identification of four key activities (see section 1.3).

With regard to *Level Two entrepreneur’s strategic choices analysis* for “Epsilon” (that in essence relate to **Entrepreneurial Critical Success Factors**), the manager had not been able to balance business obligations with demand and control finances. The manager was not aware of the changing market trends; as a result, customers could not be kept satisfied. On the other hand, every enterprising movement was doubtful due to the manager’s lack of confidence.

4. In terms of **Level One SWOT Analysis**, the micro business did not appear to have many **strengths**. At first, the firm was mainly selling brand name *products* that do not leave a significant profit margin to the wholesaler. Secondly, *service* to customers cannot be described as prompt and personal. Thirdly, relationships with *suppliers* and *customers* were not friendly while the *distribution* procedure was not conducted efficiently (there were many complaints about delays in the delivery of products). In this way, the *customer base* was not satisfied and reliable. Regarding the *organisation* itself, the manager was not so communicative to his employees; consequently, he could not create a team spirit and special enterprising culture. Finally, with regard to *financing*, the manager could not implement efficient procedures that would secure effective cost control and highly competitive pricing. On the other hand, the micro business seemed to have many **weaknesses**. Apart from its limited resources that lead to ineffective marketing and promotion procedures, the enterprise’s vehicles were not new and had to be replaced. Furthermore, the firm was mainly dependant on brand name products. Moreover, the manager and employees did not possess many key skills and capabilities. In particular, the manager did not have the essential management and leadership skills; he could not generate innovative ideas for the effective working out of problematic issues. In relation to potential **opportunities** that the micro firm could have, these include the adoption of an effective strategy. This strategy could secure the firm’s liquidity and maintain (or expand) its customer base. What is more, new legislation (tax and financial incentives), market research or other factors (cultural, political, demographic and social changes, economic upturn or competitors’ weaknesses) could disclose opportunities for access to new markets. Finally, possible **threats** for “Epsilon” could include alterations in political or economic environment (unfavourable for micro wholesaling businesses), demographic changes, economic cycle downturn (high level of unemployment, high interest rates) or the existence of substitute products. What is more, a new legislation imposing new obligations or restrictions, as well as the limited or obsolete product range that cannot satisfy consumers’ needs and tastes were additional threats for the survival of “Epsilon”. However, the most important threat was related to the manager’s inability to implement an effective strategy (see section 1.3, Premises).

As noted earlier, the *Ten Guidelines’ test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the environment where the six firms are involved.

Ten Guidelines’ test” for “Epsilon”

The “Ten Guidelines’ test” for “Epsilon” is presented in *Table 4.25*.

1. Technology	The micro business was not using any advanced technology; the manager was unaware of concepts such as IT, ERP or logistics.
2. Network	The firm used to distribute mainly brand name products (chocolates, biscuits and croissants) to customers situated to the south and west of Athens. The firm was also trading a few own label products, due to their nature (short life-time).
3. Value added	The firm was using the strategy of trading brand name products that do not leave a high profit margin (since multinational companies can influence prices). Almost, no value added was generated because the firm was not providing personalized and swift service to its customers (salesmen had not strong relationships with customers). On the other hand, the manager and staff could not adapt to the changing market conditions. In particular, the manager could not co-ordinate and exploit various human, tangible and financial resources. What is more, 14 salesmen could not achieve the level of sales for the survival of the micro firm.
4. People skills	The firm’s 14 salesmen were unable to attract more customers in order to achieve the sales turnover that would be adequate for the firm’s survival. The customers have described salesmen as “indifferent”; the provision of their service was not so swift and qualitative. Almost all salesmen had not developed strong personal relationships with the manager/owner or the customers. On the other hand, the manager could not plan and formulate the appropriate strategy so that the firm’s resources are exploited. The distribution of products was mainly to areas that do not seem to present high demand for confectionary products.
5. Financial resources	The manager was not able to control the micro firm’s financial resources. In spite of the fact that the firm had a certain number of customers (almost 600, most of them were bakeries, pastry stores, kiosks and canteens), the manager could not adequately plan their orders and achieve an unimpeded flow of payments. The customers used to order every week and were getting the products they wanted with some delays. The firm had problems of liquidity; the manager was giving credit to almost all his customers who were paying for their orders with 3 to 6 months checks; on the other hand, the firm had to pay its suppliers in cash or within one month. To make matters worse, the manager, in an attempt to secure a relative liquidity for the firm, decided to give high discounts to his customers; this movement caused even more problems since the firm could not pay its suppliers that had no problem to stop catering their products. The manager, due to liquidity problems, also had to face financial issues (tax payments).
6. Customers’ benefits	Customers did not receive personal and swift service; they also did not benefit from the firm’s competencies and resources. They only temporarily benefited from the provision of credit by the micro business; however, in the long term they did not benefit.
7. Additional skills	The firm has not presented any additional skills; the manager was not flexible enough to co-ordinate or exploit the relative human, tangible and intangible resources that the business had.
8. Perspectives	The manager was not able to foresee the evolutions in the sector; the firm could be based on the trading of own label products that leave a high profit margin. It could also be based on the provision of qualitative service or IT advances.
9. Environment	Market environment is constantly changing and the firm could not adapt to the new conditions. The manager should have been aware of new trends and alterations in the market place (political conditions, mergers-acquisitions, IT and software progress).
10. Competitors	Micro wholesaling businesses are trying to survive using various strategies; however, the manager was not flexible enough to implement any of these strategies, or predict the outcome of the firm’s policies.

Table 4.25: “Ten Guidelines’ test” for “Epsilon”

The micro firm’s strategy was based on the trading of brand name products and the granting of credit to customers. In terms of *value added*, these strategies proved ineffective. On the other hand, the manager could not resolve various administrative issues, while the firm’s employees could not reach at high performance standards by providing prompt service to customers. For these reasons, the firm’s survival was endangered.

Resource and Capability Appraisal Grid for “Epsilon”

The micro firm had many problems in the planning and formulation of the appropriate strategy in order to exploit its strengths. The firm’s superfluous strengths are related to the existence of various human, tangible and financial resources that were not adequately exploited to be turned to substantial strengths. In particular, these strengths became weaknesses because the manager did not have the ability to combine, co-ordinate and rationally plan the full exploitation of resources/capabilities. It is obvious that if a manager is not able to identify the firm’s weaknesses, he is not able to take effective

measures to correct them. The existence of a reliable customer network would secure a significant turnover to the micro firm; instead of keeping a balance between orders and sales, the manager was profusely giving credit to almost all the customers, ignoring the firm's obligations (running costs, suppliers' payments, etc.). Furthermore, salesmen were not adequately supported by the manager; no rewards and incentives were given for superior performance (for increased orders, new customers or attainment of various targets). What is more, instead of selling own label products that would produce a higher profit margin, the manager kept on distributing brand name chocolates and cookies.

5. Regarding **Level One Analysis of the life cycle stage** of "Epsilon", the micro business could not accomplish the five growth criteria set in the RBV framework. In particular, the firm was not continuously providing excellent service to customers; this is proved by the fact that orders were decreasing and customers were gradually leaving the business. Furthermore, the manager has not been able to manage internal operations effectively and efficiently. The firm's course of profitability in the last three years proves it: there was no profitability. Moreover, the entrepreneur could not gain sufficient credibility to raise the necessary finance externally when this was necessary; when he applied for a loan, SMEs' Fund rejected the application. On the other hand, the manager could not motivate and inspire his employees to reach high standards of performance (see section 1.3, Premises). In terms of **Level Two Life Cycle Stage analysis**, the researcher evaluates the **sixth criterion** of life cycle stage identification (it is related to the attitude of the entrepreneur during crises, temporal CSF's). In particular, the manager has in essence followed **uncontrolled expansion** (without any "pauses" after the "sprints" of changes); for this reason, the micro firm finally ceased its operations. This means that the entrepreneur could not realize when conditions were favourable for the business to "sprint" and when to "pause". The manager was reacting instinctively and without a proper plan.

On the other hand, the researcher implements Miller and Friesen's (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy). In particular, regarding *situation*, the firm used to be a Ordinary Partnership business entity, employed 14 drivers/salesmen, served 600 customers and traded 800 different product codes, while it had an annual turnover of 3.000.000,00 € (see section 4.9.a). With regard to *structure*, it can be described as centralized because the owner/manager organized and participated to almost all business activities. Furthermore, in terms of *decision-making style*, it can be considered as one-person "authoritarian" perspective. Finally, in relation to *strategy*, the manager has adopted the trading of brand name products, implementing relatively narrow service lines (not providing unique service and adopting efficient procedures).

6. With regard to **Level One Analysis of Family and Business orientation**, the researcher has implemented the framework of Leenders and Waarts (2003), that used various performance criteria (i.e., trust, social control, employee motivation, management control, conflict resolution, continuity, private life and atmosphere). In this context, “**Epsilon**” can be described as a “Hobby Salon” type of family business, where both family orientation and business orientation score lowly. According to the manager of “Epsilon”, trust, control and motivation cannot be regarded as advantages of the micro business; this has been proved in practice. Regarding the continuity of the firm, the micro enterprise was expected to experience less difficulty with respect to succession issues (see section 1.3, Premises). Regarding **Level Two Family and Business orientation analysis**, the researcher examines the three *general “success factors”* (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). In particular, the manager of “Epsilon” would like to have a balanced life; he wanted his 25 year-old son to succeed him. For this reason, he tried to keep the family tradition alive in his business. On the other hand, the manager also wanted to create a sound financial business with family input. However, in practice he could not manage this combination because he was not focusing on issues such as strategic planning and market research.

7. With regard to the firm’s **Level One Analysis of marketing approach**, the manager of “**Epsilon**” is following **transactional marketing orientation**. More specifically, the manager preferred to emphasize price as the main benefit of the firm’s relationships with customers rather than trying to promote value (and other non-price benefits) to them. Most of the time, he preferred to “button up” the deals (distribution of products and orders) quickly, returning only to take new orders. Consequently, many customers had complaints about delays in the delivery of products as well as the “indifferent” service that salesmen provided. In this way, the firm’s relationships with its suppliers and customers were not so strong and personal. The manager finally believes that “after-sales support and service was a cost to be minimized” (see section 1.3, Premises).

In terms of **Level Two marketing approach analysis**, the researcher uses the “*evaluation of alternative customer needs*”, identified by Chaston (1999). In this context, “Epsilon” seemed to have elements of a *conservative-transactional orientated* micro wholesaling business that delivered various standard products and wished to deliver a strategy of offering the best possible price/quality combination; however, it had focused on the trading of various brand name products that do not produce a high profit margin. On the other hand, the firm’s strategy was not offering the best price/quality (product and service) combination. In general, the manager of “Epsilon” can be described as having adopted a **non-entrepreneurial orientation** because he has not proven to be innovative and flexible enough to adopt different strategic approaches or launching new products.

4.9.e Reasons of Failure

Theoretically, there are many reasons why strategic plans fail. At first, in relation to **external environment**, the manager may be unable to evaluate competitive environment and conditions. If the manager is not informed about the sector’s drifts (government interventions, competitors’ movements, market trends, prices), it is possible to fail in his strategic plan. What is more, the owner/manager may be unable to understand what the customer really wants, his needs and “mannerisms”; this is usually a result of inadequate market research. It is also possible that the manager is getting insufficient information about the sector’s turnover, sales, etc. In this way, real market trends cannot be revealed.

Furthermore, with regard to **internal environment**, the manager may have overestimated resource competencies. It is possible that the micro firm does not have the appropriate staff and equipment that are essential for the implementation of any selected strategy. It is also conceivable that the business does not follow suitable procedures and cannot obtain/develop the essential resources (equipment, new employees and management skills) that will be used for the accomplishment of certain business targets (i.e., level of sales, number of customers, certain geographical coverage, customer satisfaction, etc.). In addition, the manager may be unable to commit himself to the firm’s objectives, communicate his vision and co-ordinate with his employees, mainly due to inflexible structure, inadequate reporting relationships and lack of employees’ direction and incentives. Finally, the manager is likely to be unable to formulate and follow a strategic plan; it is also probable that the owner does not have the appropriate background to manage and accept change. Indeed, the manager of “Epsilon” could not contribute to the firm’s survival for a variety of reasons (see *Table 4.26*).

Firm	Reasons of Failure
“Epsilon”	<ul style="list-style-type: none"> • Manager’s inability to evaluate competitive environment and perceive market conditions and sector’s trends. • Manager’s inability to predict environmental reactions (i.e., competitors’ policies, interventions of government). • Manager’s inability to understand what the customer really wants. • Manager’s inability to coordinate with employees, customers and suppliers, since reporting and control relationships were not adequate (organizational structure was not flexible enough). • Manager’s inability to obtain sufficient resources to accomplish certain tasks and obtain employee commitment, since no incentives (financial rewards) were given to embrace the firm’s strategy. • Manager’s inability to conduct adequate market research. • Manager’s overestimation of the firm’s available resources and capabilities. • Manager’s inability to commit himself to the firm’s objectives and communicate his vision. • Manager’s inability to form and follow a strategic plan. • Lack of financial, strategic and human resource management competence. • Lack of competence to fulfil customer needs.

Table 4.26: Reasons for firm’s failure

In particular, the entrepreneur did not have a growth plan that was based on the micro firm’s available resources and capabilities. The manager lacked the essential sales and marketing skills required for a customer base expansion decision. He decided to expand to various areas without a plan. Before the “step” for the customer base expansion, the manager had not conducted any market research (or

consulted an experienced manager, accountant or lawyer) to find out which products were of greater demand, what areas present better perspectives for the trading of confectionary products, what kind of customers provide higher profits, etc. In this way, the micro business kept on expanding to wrong locations, dealing with almost the whole variety of confectionary products (mainly brand-named ones). What is more, the enterprise had undefined financial resources; the manager obviously did not have the adequate financial skills to efficiently plan and organize the obligations of his firm.

4.9.f Level Two Differentiating capabilities' Analysis for "Epsilon"

The manager of "Epsilon" seems to lack the special differentiating capabilities that are essential for a micro firm to build competitive advantage and create value for the customer. The manager of "Epsilon" had not thought of an alternative plan (effective strategy) that would ensure the micro organisation's survival. The micro firm lacked certain differentiating capabilities, such as strategic and human resource management competence, lack of competence to offer qualitative service and fulfil customer needs, as well as lack of Information Technology competence. In particular:

Lack of strategic competence

Long-term survival of businesses is usually dependent upon the ability to identify new market trends and determine how internal capabilities can be used in order to exploit emerging opportunities. In this way, the owner/manager has to exhibit *strategic competence elements* that are essential for the identification of a market niche (that can be occupied by offering the suitable product or service). What is more, the manager has to be able to select the option that will offer the greatest source of long-term opportunity by evaluating various strategic opportunities. In the case of "Epsilon", the manager had not thought of investing in the upgrading of employee skills so that all staff would be capable of fulfilling their job roles to a standard that exceeds that achieved by competition. In this way, the manager's administrative skills were not improved because he was not able to comprehend what brings high performance standards for his employees. Consequently, the manager was not able to ensure that all employees had the essential competencies to make an effective contribution in acquiring the micro firm's market lead over competition. On the other hand, employees were not flexible enough to adapt to new technologies and procedures (such as e-commerce), while they were also not receiving an enhanced level of job satisfaction and reward.

Lack of human resource management competence

The manager of "Epsilon" seems to be unaware of the principles of effective Human Resource Management (HRM). Emphasis on effective HRM policies allows the entrepreneur to acquire greater understanding of the possible reasons why certain employees achieve high performance standards; in

this way, it can be ensured that employees have the essential competencies to contribute to the attainment of competitive advantage. The manager proved unable to evolve and implement an effective HRM operation that could deliver appropriate ongoing employee skills development; in this way, employees are in essence not involved in decision-making, while there is no appraisal of employee performance and job satisfaction (see **Appendix 4.VII**).

The micro firm did not have the chance to achieve a long-term SCA over competition because it could not take advantage of the overall competence of its workforce. In particular, employees were not flexible enough to provide personal and prompt service; the owner/manager and his employees were not rapid and accurate enough in the delivery of products and many customers (especially bakeries in the centre of Athens) complained about frequent delays. What is more, the micro firm did not have the appropriate vehicles to distribute a large quantity of products. In addition, the manager had not engaged any consultant to conduct market research for the sector of confectionary products in order to specify which segments present positive perspectives (i.e., “frequent” customers, “popular” products, increased turnovers, etc.) and need to be focused on. On the contrary, the manager preferred the old-fashioned way of trading confectionary products; he insisted on the trading of brand-name products that leave a low profit margin for wholesalers and their customers. Furthermore, the manager was unwarily granting credit to all customers; the result was that the micro business had to face liquidity problems. “Epsilon” thus seems to be missing the important HRM competence as well as the strategic competence that are indispensable in order to offer qualitative service and fulfil customer needs (see next section).

Lack of competence to offer qualitative service and fulfil customer needs

Achieving high standards of competence across all areas of its activity is the desirable goal for every micro and small business. However, it is very difficult for any micro and small firm to have either the time or resources to achieve this target. In this way, the owner/manager will need to carefully assess the needs of key customers and then decide which competence should receive priority for further enhancement in terms of supporting the firm’s strategies. The manager of “Epsilon” is unaware of the notion of **relationship marketing** (see chapter 2.7.g.i, transactional and relationship marketing approach); this theory suggests that survival in competitive and unstable markets should be depended on building long-lasting customer relationships in order to sustain customer loyalty. The manager was in favour of *transactional* management approach; in particular, he preferred to do the deal quickly, returning only to take new orders rather than provide on-going support to mutual satisfaction.

The manager of “Epsilon” was also verdant of the sources of superior customer value that could be exploited to meet the value demands of customers. The manager could not evaluate and distinguish the

appropriate capabilities (personalized, committed and qualitative service), employee and managerial skills, resources, organizational processes (service delivery, innovation, creativity and value creation) that would satisfy customers. Customers expect micro firms to provide a greater level of personalized service that includes elements of reliability, swift responsiveness and assurance; they also like to have guaranteed on-time delivery, handling product returns and meeting after-sales service commitments. The manager proved unable to respond to this kind of services.

Lack of financial resource competence

The micro firm was not based upon internally generated profits and often had to turn to external sources (loans) to supplement internal financial reserves. What is more, the owner/manager appears to lack the competence to develop a financial plan which is perceived as commercially viable by external lenders. “Epsilon” had increased running costs (i.e., increased rent for the warehouse, high insurance charges for employees, substantial burden of fuel price increases, etc.), while credit margins were quite extended, since the manager had provided credit to many customers. However, the manager could not find help from banks, since the amount he wished to borrow would have involved very large repayments. The manager had applied for the financial support of the SMEs’ Fund in order to get a loan of € 100.000,00 for the coverage of running liabilities. This application was not accepted, because the micro firm was asking for such a large amount of money and the Fund could not cover it. On the other hand, the firm could not be subsumed to the developmental law or the Operational Programs of the 3rd CSF, due to the fact that its activities were of commercial nature.

Lack of Information Technology competence

The manager of “Epsilon” seems to be inefficient in establishing a direct link with customers, developing and delivering new products and services and using technology to by-pass competitors within a value chain. The manager had not considered the implementation of an ERP program (for the adequate distribution of products) or a WMS system (for warehouse organization). The micro wholesaling firm did not have an advanced software program for its accounting needs or the recording of its employees (achieved sales turnovers and profits), customers (that had many debts) and suppliers.

4.9.g Summary of findings for “Epsilon”

Having referred to the lack of differentiating capabilities in the context of “Epsilon”, the researcher summarises the key findings derived from One and Two Levels of Analysis of the RBV framework for the micro business (see *Table 4.27*).

Enterprise	Elements of the RBV framework							
“Epsilon”	Internal key resources and capabilities	Critical Success Factors	Manager’s strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	The firm’s resources’ do not possess the characteristics of value, appropriability and barriers to duplication. The manager could not control the firm’s resources. Provision of service with many delays.	The manager did not have the ability to adjust to the market environment, to express leadership skills and secure conservative financing.	The wholesaler did not have the ability to identify and develop useful resources, neutralise competitors’ strengths, interpret market trends and maintain a solid customer network.	The manager was not aware of market trends (did not conduct regular market research), could not achieve cost control.	The firm could not provide excellent service to customers and manage internal operations effectively. It had not sustained profitability and sufficient credibility. Employees could not be motivated to give their best.	Both family and business orientation are not important for the manager.	The manager preferred to close the deals quickly, returning only to take new orders. In this way, no personal and prompt service was provided.	The manager has followed the strategy of trading brand name products. This strategy was combined with the provision of uncalculated service to customers.
Level Two Analysis	The firm’s does not appear to have any core resource to contribute to its survival. The micro firm could not achieve competitive parity and had a “below normal” financial performance.	The manager did not have the ability to exploit various CSF’s. He also used to not to have composed reactions during crises.	The manager was not able to balance business obligations with demand and control finances. He has also not been flexible and adaptable to changing customer needs.	The manager could not moderate the firm’s weaknesses (i.e., uncalculated credit). Also, he could not adapt to the changing customer needs.	The manager had not been able to “sprint” and “pause” when this was necessary. He followed uncontrolled expansion and for this reason he could not control the firm’s liabilities.	The manager would like to have a balanced life; he wanted the family business to keep family tradition alive. However, this was not possible.	The manager has adopted a non entrepreneurial orientation.	The firm had not developed any differentiating capability (strategic and HRM competence, competence to offer qualitative service, IT and financial resource competence).

Table 4.27: Summary of the key findings from Level One and Level Two Analysis for “Epsilon”

Attempting to find similarities between the research findings of “Epsilon” (see sections 4.9.a to 4.9.f), the main research question (see section 1.1) and the premises posed (see section 1.3), it can be stressed that the adoption of the strategy of trading brand name products combined with the provision of uncalculated credit to customers, the dearth of qualitative service and the complete lack of market research do not contribute to the survival and growth of a micro wholesaling business; on the contrary, these practices conduce to its closure, as the example of “Epsilon” has revealed.

4.10.a “Zita” - History and life cycle development of the enterprise

“Zita” was established almost *29 years ago* (in 1980) in Glufada (south of Athens). At first, the manager and his brother established a family wholesaling business that produced and distributed own label crackers to specific customers (bakeries and pastry stores) that were situated in the centre and south areas of Athens, close to the micro firm’s premises. Till the end of the 80s’ the micro business had reached the number of 170 customers; however, in the end of 90s’ external conditions for micro wholesaling enterprises were favourable and “Zita” reached almost 400 customers (in 2003). The micro organisation enriched its product codes; from the selling of one kind of crackers in the 80s’ it reached and handled 10 different product codes (crackers in various flavours) in 2003.

The micro wholesaling business had secured its viability by having adequate liquidity; the manager was optimistic about the further expansion of the firm’s customer base. In this way, in 2004, the manager of “Zita” decided to expand the firm’s operational activities by purchasing a factory; he also

decided to replace old machinery, vehicles and equipment. Upgraded and better accounting system also had to be implemented. In this way, Zita” had to employ additional skilled workers to handle the new machines; the increased quantity of crackers’ production required the hiring of extra drivers-salesmen. Consequently, seven (7) more people were employed after the expansion decision.

The purchase of the privately owned factory for the production of crackers required almost € 3 million. For this reason, the manager turned to a commercial Bank for a loan of € 2.5 million; the rest € 500.000,00 were the manager’s personal savings. In general, the strategy of expansion (increase in the volume of crackers’ production) was implemented without an agreed plan or previously conducted market research. The manager was only focused on the growth of profits; he believed that the replacement of old machines and the purchase of a privately owned factory would multiply the micro firm’s customer base. Another mistake of the manager is related to the decision that machinery specifications of the new factory were designed for the production of crackers only (and not the production of additional products, such as chocolates or croissants). In this way, the business was locked into the production and distribution of crackers. On the other hand, the manager of “Zita” overrated the intangible resources of the micro firm. Reputation in the confectionary market and good relationships with existing suppliers and customers were not enough; demand in crackers cannot be increased in a market which is saturated. The findings of the market research of confectionary products’ sector (by Planning S.A., 2007), highlighted that only bakeries sell own label crackers.

Despite all the aforementioned negative signs, the manager of “Zita”, having secured the firm’s survival, decided to make the precarious step. This step involved the *uncontrolled growth* of the business, without a serious plan and market research. The positive cash flow was essential for the enterprise to survive at the first place. After the decision for the purchase of the new factory, cash flow was negative while the micro firm’s expenses grew (loan’s instalments, employees’ salaries, etc.). The firm’s customer base was not sufficient enough to cover all these expenses. When the manager ascertained that the increased crackers’ production could not be absorbed in the Greek market, he tried to export the firm’s products. However, the micro business did not have adequate financial resources to make that movement. What is more, the manager did not have the essential connections to convince foreign organisations to accept the necessity of importing crackers. In this way, the manager could not respond to the micro firm’s liabilities and finally had to cease its operations.

4.10.b Failure to exploit existing resources and expand rationally

“Zita” used to be an Ordinary Partnership business entity that employed six people in addition to the owner/manager who was responsible for managerial and accounting issues. Three people were involved in the production of crackers and three drivers/salesmen were responsible for the distribution

of own label crackers mainly to bakeries and pastry stores. The firm produced and distributed own label crackers to customers that are situated in the prefecture of Attica. The majority of the customers used to be found in the centre and south of Athens, mainly because the premises of “Zita” were found in the south of Athens. “Zita” had almost 400 customers (outlets in bakeries and pastry stores) and handled only 10 different product codes (crackers in various flavours). It was functioning five days per week and had an annual turnover of € 2.5 million. This means that in order to survive, according to the manager’s calculations, the daily turnover had to reach almost € 45.000,00. In other words, the micro business had to produce 500 boxes of crackers per week and sell them in order to be profitable.

Before 2003, “Zita” was actually producing 500 boxes of own label crackers per week and was able to survive; it was making profits, too. Operational costs were increased since the micro firm had to pay for the rent of the factory and warehouse, its workers (labour charges, salaries and bonuses), the distribution of products, as well as the increased price of fuel. However, the micro business had managed to secure enough liquidity to cover all the aforementioned expenses. Customers used to order every week and were getting their deliveries on time; they paid for their orders on a regular basis. The provision of service was satisfactory and almost all salesmen had developed personal relationships with the owner/manager and the customers of the business. Thus, the manager of “Zita” was able to adequately plan the customers’ orders and achieve an unhindered flow of payments to suppliers.

However, in 2004, the owner of “Zita”, being confident about the results of his investment and business strategy, decided to expand its operational activities by purchasing a factory, larger than the rented one, and also to modernize the machinery and equipment. However, the expansion undertaking was conducted without any market research. It can be argued that without adequate market research and evaluation it is impossible for an entrepreneur to implement a successful marketing campaign and identify the specific needs of customers. The manager also overestimated the growth potential of the micro business and tried to increase the production volume of crackers without any previous study of consumer tastes. As a result, no value added was generated by this investment and “Zita” could not survive after the manager’s decision to expand. In particular, after the expansion, the manager could not control the enterprise’s obligations and organize its financial resources (see section 1.3, Premises). Fixed costs were increased, because the micro business had to pay € 15.000,00 per month for the loan instalments, as well as the additional costs for the new employees (7 additional people had to be employed). “Zita” began to face liquidity problems; consequently, it additionally had to overcome obstacles that are related to tax payments and new funding arrangements. Thus, the manager could not organize and plan future payments and investments (new personnel, network expansion, etc.). On the other hand, the manager and staff could not adapt to the new nature of the firm. In particular, the manager could not co-ordinate and exploit various human, tangible and financial resources. The

appropriate exploitation of the firm's financial resources required a rational planning of its regular obligations (proceeds and payments). The result was that the daily production of crackers was reaching 1000 boxes per week, while the firm needed to sell 500 boxes per week to survive; however, demand for crackers in the Greek market had not increased. "Zita"'s salesmen were unable to increase demand for own label crackers and attract more customers in order to achieve the sales turnover that would be adequate for the firm's survival. Consequently, the micro business did not have adequate financial resources and relationships (connections with key players) to export its products and create value alternatively. Furthermore, the manager of "Zita" could not manage to implement any IT solutions; no organizational (ERP, WMS) or accounting software programs could be used to record customers and suppliers to ensure effective warehouse organization.

4.10.c Manager's view: Current situation, problems and solutions

With regard to the *current situation* and *problems* of the sector, the manager of "Zita" stressed that "competition has become more intense in almost all sectors where SMEs are operating"; he also believes that Greek market environment has in essence become "inhospitable" for micro enterprises. The manager holds the view that the "strong presence of international brands has changed business environment; multinational chains have created a "violent" shifting of market share, taking the share from less organised and smaller competitors, such as wholesalers". In particular, the manager of "Zita" referred to specific issues (i.e., reduction of the Greek consumers' purchasing power, corruption, "illegal" commerce practices, bureaucracy, existing banking system, overdraft cheques), stressing that *solutions* to these problems would facilitate the position of micro wholesaling businesses.

4.10.d Overview – Level One and Level Two Analysis of RBV Framework

"Zita" failed to implement a successful expansion strategy and exploit its human, tangible and intangible resources. The micro firm produced and distributed own label crackers to almost 400 customers (mainly bakeries and pastry stores). The fact that the business was trading own label products implies that it could have a sufficient profit margin; however, the manager of the firm implemented the strategy of expansion without any previous market research. To make matters worse, the manager and staff could not adapt to the new nature of the micro organisation.

Figure 4.7 pictures the **RBV conceptual framework** for "Zita". The red highlighted areas indicate the significance of these elements for the micro organisation with regard to the attainment of competitive advantage in the wholesale sector of confectionary products. SCA is coloured in grey, because it has not been achieved.

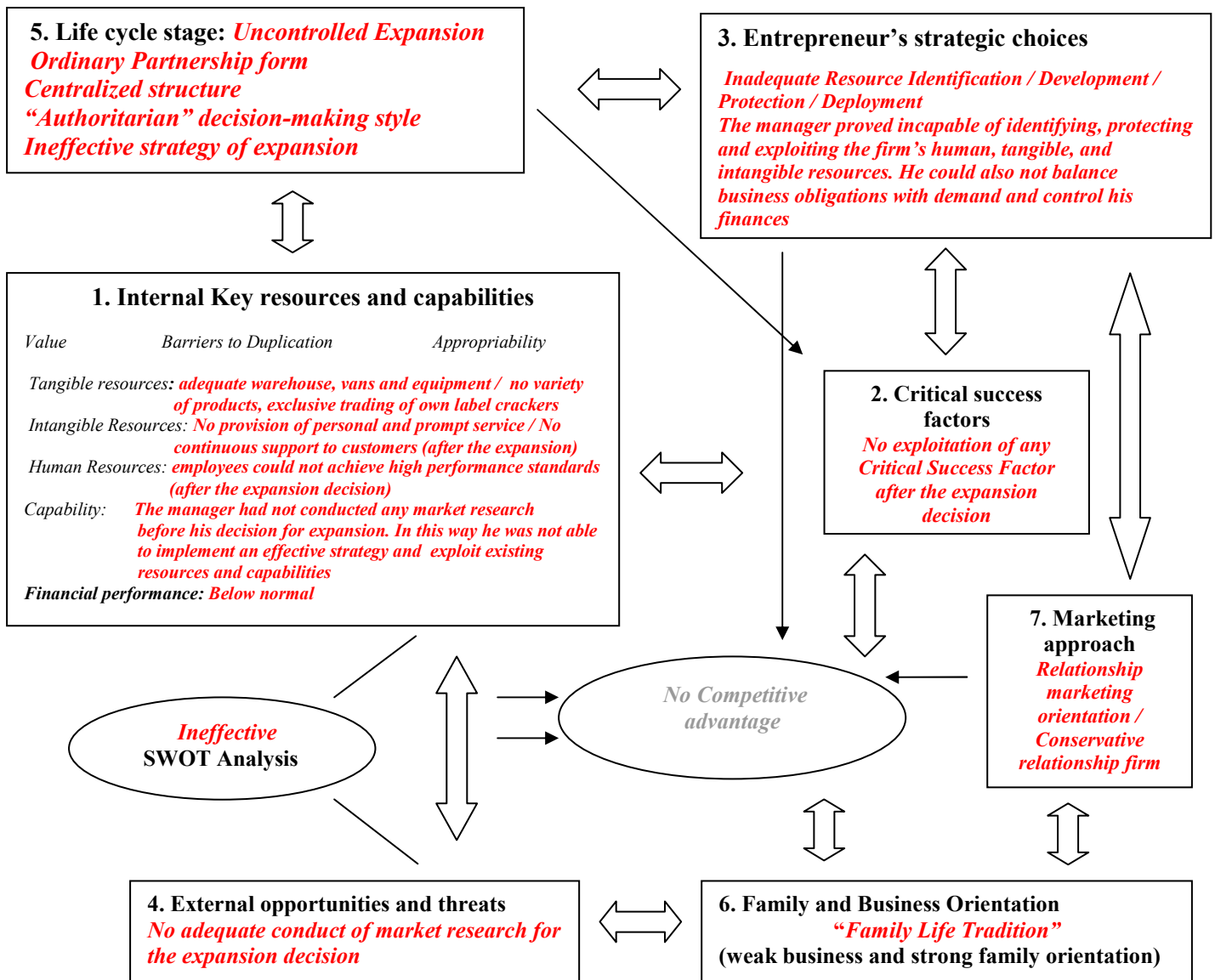


Figure 4.7: RBV conceptual framework for “Zita”

In particular, the researcher conducts analysis in two Levels (One and Two) of the micro business with regard to the aforementioned elements of the RBV framework.

1. In terms of **Level One Analysis**, “Zita” seems to lack those key **resources and capabilities** essential for its survival after the manager’s decision for the expansion of its business activities. In particular, the role of management (strategic choices) was substantial; the manager had no “innovative” ideas for the balanced expansion of the micro firm. The manager had not conducted any market research before his decision for expansion. An adequate market research would reveal market trends and customers’ tastes. On the other hand, the firm was not trading a wide range of products (“generic” or brand name ones) but only own label crackers. What is more, the manager could not motivate his employees to reach high performance standards and provide high quality service (continuous support to customers). In general, the entrepreneur proved unable to co-ordinate the micro

firm's tangible, intangible and human resources, after the expansion decision. Consequently, he could not arrange the enterprise's future payments and investments. In particular, the manager was not able to control the firm's financial resources, especially after the expansion decision; fixed costs were increased, because the firm had to pay € 15,000 per month for its loan instalment, apart from the additional costs for the new employees. Moreover, the firm could not be really competitive because its strategy (for increase of crackers' production) proved to be inapplicable (see section 1.3, Premises). On the other hand, it can be argued that the micro organisation's resources do not possess most of the key characteristics that can lead to the attainment of SCA (market value, appropriability and barriers to duplication). More specifically, the manager tried to base the firm's expansion to the multiplication of tangible resources without proper planning. On the other hand, the intangible resources of the business were over appreciated, since these resources cannot increase demand in a market with specific limits. In terms of *Level Two key resources and capabilities' analysis* for "Zita", the manager acknowledges that he had not evaluated well the existing potentiality of the business. The manager had not made a rational evaluation of the micro firm's financial, human, tangible and intangible resources. "Zita" possessed adequate resources but made the worst use of them. In particular, the manager had not evaluated the additional costs that an audacious investment would bring. The appropriate exploitation of the firm's **financial** resources required a rational planning of the firm's future obligations (proceeds and payments). What is more, the manager tried to base the micro enterprise's expansion to the multiplication of **tangible** resources (new vehicles, private warehouse, etc.) without due planning. The **intangible** resources of the micro firm (such as the name of the business and the provision of qualitative products) were over appreciated, too. The manager obviously overestimated the potentialities of the micro organisation and tried to increase production volume without any previous market research. The result was that employees (**human** resources) were unable to handle the new conditions and the manager himself proved to be inadequate to organize the new enterprising operations. In particular, the micro business only seemed to dispose a remarkable number of **base resources** (see *Table 4.28*).

Type of resources/capabilities	Description
Core Resources/capabilities	No core resources.
Breakthrough Resources/capabilities	No breakthrough resources.
Base Resources/capabilities	Satisfactory provision of service; personal relationships with customers, loyal customers. Adequate managerial and secretarial skills. After the expansion decision, human, tangible or intangible resources could not be co-ordinated and exploited.
Peripheral Resources/capabilities	Promotion (advertising) of the different kinds of crackers.

Table 4.28: Description of resources for "Zita"

Before the expansion decision, the provision of service was satisfactory and almost all salesmen had developed personal relationships with the owner/manager of the business and its customers. The micro

firm's customer base was relatively solid (almost 400 customers), while the intangible resources of the business (the enterprise's reputation and the provision of qualitative own label crackers) were adequate. As long as the micro firm was profitable, customers were getting reasonable prices and qualitative service. When the business expanded (and consequently ceased its operations) customers (bakeries and pastry stores) had to seek for different suppliers for the catering of own label crackers.

After the expansion decision, the micro business does not appear to have any **core** or **breakthrough** resources that contribute to the attainment of SCA. The manager did not have the ability to foresee that the expansion decision should have been based on a solid plan. The manager of "Zita" decided to follow the strategy of expansion without any previous market research; he could not organize the deployment of various human, tangible and financial resources while the staff could not adapt to the new enterprising nature. Furthermore, the micro firm's salesmen could not achieve the level of sales that would ensure the survival of the business. To make matters worse, demand for crackers in the Greek market was not so increased to justify a mass crackers' production. The manager did not have the adequate financial resources and relationships (connections with key players) to export the increased volume of own label crackers and create value alternatively. The result was that the micro firm could not survive after its expansion; no value added had been generated by this investment.

Regarding **managerial and secretarial** skills, the manager could not plan and formulate the appropriate strategy so that the firm's resources could be effectively exploited. What is more, the manager tried to base the firm's expansion on the multiplication of tangible resources (new vehicles, private warehouse, etc.) without due planning. The manager was not flexible enough to control the firm's financial resources, especially after the expansion decision; he borrowed a large sum of money and invested his personal savings, too. The firm had to employ more people for the handling of new machinery and the distribution of the increased quantity of crackers. Fixed costs were increased, because the business had to pay large monthly loan instalments, as well as the additional costs of the new employees. As a result, the micro firm began to face liquidity problems; in this way, the manager could not organize and plan future payments and investments. In general, no value added was generated because the manager was not able to predict the limitations in the demand of crackers and adapt accordingly. Finally, the micro business has used advertising of the different kinds of own label crackers as a **peripheral resource** (through the local press); however, this resource was in essence useless since the demand for these products is limited.

As noted earlier, the *Main RBV elements' test* and the *VRIO Framework* are used in the context of Level Two resources and capabilities' Analysis of the six micro wholesaling firms.

Main RBV elements' test for "Zita"

In particular, the "Main RBV elements' test" for "Zita" is presented in Table 4.29:

RBV Element	"Zita"	Visible or Not - Comments
<i>Prior or acquired resources</i>	Before the expansion, the firm had 10 salesmen, an average-sized warehouse, 10 vans, a relatively reliable name (reputation) and an adequate customer and supplier network (400 customers in the prefecture of Attica). The firm was distributing own label crackers mainly to bakeries and pastry stores.	Yes – adequate tangible, intangible and human resources. However, after the expansion, the manager could not effectively incorporate and exploit these resources.
<i>Innovative capability</i>	The manager had the "innovative" idea for the firm's expansion; however, this investment decision was not supported by an adequate market research that would reveal the sector's trends as well as customers' tastes.	Yes - partially with the innovative idea of expansion; however, it was not supported by an adequate market research.
<i>Being truly Competitive</i>	The firm could not really be competitive because its expansion strategy proved to be insufficient and inapplicable.	No -after the expansion decision the strategy proved ineffective and inapplicable.
<i>Substitutability</i>	The exploitation of the firm's resources and capabilities could not make them irreplaceable.	No - the firm's resources and capabilities (after the expansion decision) were not irreplaceable.
<i>Appropriability</i>	The competitors of the firm effectively benefited by the strategy of the firm. Since there was no value added, the results of resources' exploitation were questionable.	No - competitors were in essence benefited by the strategy of the micro business.
<i>Durability</i>	The firm's useful resources (human, financial, tangible and intangible) did not have longevity; after the decision for the firm's expansion they only lasted for one year.	No - the firm's various resources lasted only for one year.
<i>Imitability-Barriers to duplication</i>	The firm's resources were not "unique". However, their use after the expansion venture was totally inadequate and no superior performance was generated.	No - the firm's resources (tangible, intangible, human and financial) were not "unique".
<i>Value</i>	The adoption of expansion strategy did not create value for the firm and its customers.	No - the expansion strategy did not generate any value for the business and its customer base.

Table 4.29: Main RBV elements' test for "Zita"

Most of the micro firm's resources do not seem to incorporate the main RBV elements. In particular, the element of *prior or acquired resources* is obvious because before the manager's decision for expansion, the firm had 10 salesmen (human resources), an average-sized warehouse, 10 vans (tangible resources), a relatively reliable name (intangible resources) and an adequate customer and supplier network (400 customers). The business was distributing own label crackers mainly to bakeries and pastry stores. However, after the expansion, the manager could not effectively incorporate and exploit these resources. What is more, it can be stressed that the manager possesses the element of *innovative capability*; he had the innovative idea of implementing the expansion strategy. However, in spite of the fact that the manager was experienced in the trading of own label crackers, his decision was not supported by an adequate market research that would reveal the sector's trends and customers' tastes in terms of crackers' demand. In addition, after the expansion decision, the micro business could not really be *competitive* because its strategy (for expansion and increase of crackers' production) proved to be insufficient and inapplicable due to the limited demand in crackers. The element of *substitutability* is not evident since the exploitation of the firm's resources and capabilities (after the expansion decision) could not make them irreplaceable. Furthermore, the element of *appropriability* is not visible because the micro firm's competitors were in essence benefited by the strategy of the micro business. Since there was almost no value added by the manager's choice to expand enterprising activities, the results of resources' exploitation were questionable. The element of *durability* definitely

lacks; the micro firm could exploit the “expansion” resources for only one year. The element of *imitability-barriers to duplication* is also not visible; barriers to duplication were not firmed up because the micro firm’s resources were not “unique”. Their use after the expansion venture was totally inadequate and consequently no superior performance was generated. Finally, the adoption of expansion strategy did not create any *value* for the micro business and its customers.

VRIO Framework for “Zita”

On the other hand, in terms of the *VRIO Framework implementation* for “Zita”, the manager reckons that the micro firm’s **human** (i.e., ability to adapt to the new market conditions with the adoption of a larger firm’s culture and functioning), **financial** (i.e., ability to pay obligations, etc.), **tangible** (i.e., vehicles and warehouse organization) and **intangible** resources (i.e., relationships with customers and suppliers) were valuable and had generated outstanding comparative economic performance. However, these resources were not adequately exploited when the manager of the micro organisation decided to expand its business activities. In particular, after the firm’s expansion, uncalculated amounts of money were spent and too many vehicles were bought. What is more, relationships with suppliers and customers were amicable when the firm was smaller and deteriorated after the expansion decision. As a result, according to VRIO Framework (Barney, 2002), the firm used to receive the minimum competitive implication of *competitive parity* (its resources were not rare). However, the decision to borrow a large sum of money for the expansion of the micro firm proved to be ineffective; the financial performance of the business reached “*below normal*” levels.

2. Regarding **Level One Analysis of Critical Success Factors** in general, the firm did not appear to have those important characteristics indispensable for its survival and growth. More specifically, the micro business, after the expansion decision, was not generating a positive cash flow because it dealt with only one product with limited customer demand, own label crackers. What is more, in spite of the fact that customers were satisfied and loyal because of the quality of crackers and the provision of personal and prompt service, the volume production required an expanded customer base. As a result, there were not auspicious future perspectives for the expansion of the business and its customer base, because the demand in crackers cannot be easily augmented. After the expansion decision, the manager proved inadequate in his attempts to balance business activities with the firm’s obligations. In terms of the *four common key traits* of a successful business (specified by De Geus, 1997), the manager has not proved his ability to learn and adjust to the market environment of the micro firm, especially after the expansion decision. On the other hand, the entrepreneur could express his leadership skills by building strong relationships with the firm’s employees, suppliers and customers.

However, the problem was related to the selfishness and persistence of the manager to expand business activities without the proper market research, based only on his instinct. On the other hand, it has to be stressed that improvident administration after the expansion decision was continuously slimming down the enterprise's position in the market place (see section 1.3, Premises).

With regard to *Level Two Critical Success Factors' analysis* for "Zita", it has been stressed that Critical Success Factors can be further analyzed to additional Success Factors. In particular, with regard to *Industry Critical Success Factors*, after the expansion decision, the micro firm's annual turnover and profits dramatically decreased despite the fact that its customer base remained stable. Furthermore, *Strategy Critical Success Factors* entail the adoption of a certain strategy that is based on the micro firm's existing resources and capabilities. The manager overestimated the organisation's capabilities and selected to "make the big move" without any previous market research about the trend in the demand of own label crackers. As a result, reasonable prices and provision of swift and personal service were not enough for the canalization of the crackers' production. What is more, *Environmental Critical Success Factors* are in essence related to the relatively stable political and economic environment. Market conditions were favourable for the realization of the expansion decision but the manager could not increase the customers' demand for crackers in the limited Greek market. In addition, it was quite hard to overcome bureaucratic problems that would allow the exportation of the additional quantities of own label crackers to foreign markets. Furthermore, in terms of *Temporal Critical Success Factors*, the manager proved that he could overcome problems without lurches before his decision for the micro firm's expansion. However, after the expansion decision, he could not do anything to avert the business shutdown.

3. With regard to **Level One Analysis of entrepreneur's strategic choices**, these are related to the manager's ability to effectively exploit and organise the micro firm's resources and capabilities. Aaker (1989) has identified *four key activities* that relate to the manager's adequacy to select the appropriate strategies. In the case of "Zita", the manager seemed incapable of identifying the relevant and useful resources in the industry. What is more, he could not identify useful exploitable resources within the firm, especially after the decision for expansion. The manager also proved incapable of developing these resources and neutralising of competitors' resources at the same time. In particular, after the expansion decision, the manager had not been competent enough to balance business obligations with demand and control finances. The experienced manager was basing his approach on instinct and had not thought of conducting market research about the trends in the market of crackers. In this way, he would have realised that demand in crackers has a "ceiling" and that expansion thoughts in such a limited market are "forbidden". On the other hand, the manager could not exploit the available

intangible resources of the firm (provision of quality products, reliable suppliers and relatively stable customer base). Consequently, the manager of “Zita” proved inadequate in terms of Aaker’s identification of four key activities for the micro wholesaling business (see section 1.3, Premises).

In terms of *Level Two entrepreneur’s strategic choices analysis* for “Zita” (that relate to **Entrepreneurial Critical Success Factors**), after the expansion decision, the manager had not been able to organise various business activities effectively. In this way, the multiplication of tangible resources without proper market research and planning proved useless.

4. In terms of **Level One SWOT Analysis**, the micro business, after the expansion decision, seemed to have several **strengths**, but a major disadvantage: it was producing and trading only one product, own label crackers. This product was leaving a remarkable profit margin but it was not enough for the survival of the micro firm after the manager’s decision for its expansion. The firm’s service can be described as qualitative (prompt and personal). The relationships with *suppliers* and *customers* were personal and friendly while the *distribution* procedure was conducted normally (orders were repeated). In this way, the *customer base* was kept satisfied and solid. Regarding the *organization* itself, the manager was communicative to his employees and a team spirit had been created. Finally, with regard to *financing*, the manager could not implement efficient procedures that would secure effective cost control and highly competitive pricing (after the expansion decision). On the other hand, especially after the expansion decision, the business presented many **weaknesses**. At first, its limited resources lead to ineffective marketing and promotion of own label crackers. Second, the micro firm was only depended on one product, own label crackers. Third, the manager had not gathered the essential pieces of information (he had not conducted adequate market research) that would discourage him from the expansion venture. Regarding potential **opportunities** that the micro organisation could have, these entail the careful adoption of an effective expansion strategy. This strategy could secure the survival and growth of the business. What is more, the existence of new and different products would be translated into the micro firm’s flexibility to expand to new markets and segments. Furthermore, the manager could probably exploit an economic upturn or competitors’ weaknesses as well as new legislation (i.e., submission in a developmental law or CSF program). In this way, he would have avoided the heavy loan with unbearable conditions. Finally, possible **threats** for “Zita” could include changes in the market resulting from poor performance by the Greek economy. The existence of substitute products would be another threat. Furthermore, the imposition of new obligations by new legislation would constitute objective threats for the firm’s survival. However, the most serious threat was related to the manager’s persistence to realise the business expansion without any previous market research in the market of crackers (see section 1.3, Premises).

As stressed earlier, the *Ten Guidelines' test* and the *Resource and Capability Appraisal Grid* are used in the context of Level Two SWOT Analysis of the environment where the six firms are operating.

Ten Guidelines' test for "Zita"

The "Ten Guidelines' test" for "Zita" is presented in *Table 4.30*.

1. Technology	The firm was not using advanced technology; it was a micro industry that used to produce 500 boxes of own label crackers per week.
2. Network	The firm produced and distributed own label crackers to customers (mainly bakeries, and pastry stores) situated to the prefecture of Attica. The business used to distribute its products to almost 400 customers. The majority of the firm's customers were having their premises to the centre and north of Athens, since the base of the firm was in the north of Athens (Glufada).
3. Value added	The firm was producing 500 boxes of own label crackers per week and was able to survive; it was making profits, too. However, the owner of the firm decided to expand its operational activities by moving into a larger, privately-owned factory and to modernize the firm's machines and equipment. Nevertheless, the firm could not survive after the expansion; as a result, no value added was generated by this investment. The firm used the strategy of expansion without any previous market research; the manager and staff could not adapt to the new nature of the firm. The result was that the daily production of crackers was reaching 1000 boxes per week, while the business needed to sell 500 boxes per week to survive; however, demand for own label crackers in the Greek market was not so increased. Consequently, the firm did not have the adequate financial resources and relationships to export its products.
4. People skills	The firm's salesmen were unable to increase demand for own label crackers and attract more customer in order to achieve the sales turnover that would be adequate for the firm's survival. The provision of their service was satisfactory and almost all salesmen had developed personal relationships with the manager/owner and the customers. However, the manager tried to base the firm's expansion on the multiplication of tangible resources (new vehicles, private warehouse, etc) without due planning and market research. The intangible resources of the firm (i.e., its reputation and the provision of qualitative products) were over appreciated, too; these resources cannot increase demand in a market with specific limits. The distribution of own label crackers is mainly taking place to the stores (bakeries) situated in the centre and north of Athens; these areas do not seem to present high demand for crackers.
5. Financial resources	The manager was not able to control the firm's financial resources, especially after the expansion decision. The firm had almost 400 customers that used to order every week and were getting their products on time while they were paying for their orders on a standard basis. In this way, the manager could plan the customers' orders and achieve an unhindered flow of suppliers' payments. However, after the expansion, he could not control the firm's obligations. He borrowed a large sum and invested his personal savings. The firm had to employ more people for the handling of new machinery and the distribution of the increased quantity of crackers. Fixed costs were increased, because the firm had to pay large instalments, as well as the additional costs of the new employees. In this way, the firm started to face liquidity problems.
6. Customers' benefits	Customers could not get benefit from the firm's competencies and resources. As long as the firm was profitable, they were getting reasonable prices and qualitative service. When the firm expanded (and consequently ceased its operations) customers (bakeries and pastry stores) had to seek for different suppliers for the catering of crackers.
7. Additional skills	The manager of the firm has not presented any additional skills; the manager was not flexible enough to co-ordinate and exploit the relative human, tangible and intangible resources that the firm used to have. He had not thought of the alternatives for the "absorption" of the additional boxes of crackers (such as network expansion to big cities like Thessaloniki, Patras, etc, or their export abroad).
8. Perspectives	The manager was not able to predict the evolution in the sector of confectionary products; he could have decided not to invest so much money for the expansion of the firm, without any previous market research. An expansion decision in a sector that is subject to the consequences of increased competition has to be considered carefully; all the aspects of the venture had to be considered.
9. Environment	The manager could not adapt to the changeable market conditions; he should have been aware that there was no evidence that increased demand for crackers would justify the expansion for production increase.
10. Competitors	The manager selected the expansion strategy without previous market research (i.e., crackers' demand). In this way, competitors were favoured.

Table 4.30: "Ten Guidelines' test" for "Zita"

In particular, the micro firm's strategy has been based on the expansion of its business activities (production and distribution of own label crackers) without any previous market research. In terms of *value added*, the expansion decision did not contribute anything and the micro firm had to cease its operations. In essence, the manager's inconsiderate expansion decision prevented the firm's survival.

Resource and Capability Appraisal Grid for "Zita"

The researcher has noted that superfluous strengths and zone of irrelevance are practical in identifying which capabilities and resources should not continue to be invested in or disposed of. The micro business had at its disposal adequate tangible, intangible, human and financial resources before the manager's decision to invest to the firm's expansion. "Zita" used to be a profitable micro firm that was effectively exploiting its resources; however, the manager was not able to foresee that the financial price-cost planning would be problematic for the future of the business. Clearly, the manager lacks the

essential leadership quality of prudence; he was unable to rationally use existing resources and strengths and instead converted them into inherent weaknesses of the new bigger enterprise. The potentially successful model of the micro business had to remain relict, since the particularities of the Greek market and the confectionary products' industry had not been taken into consideration.

5. In terms of **Level One Analysis of the life cycle stage** of “Zita”, the micro business seems to accomplish most of the five growth criteria set in the RBV framework; however, this was not enough for the firm's survival and growth. In particular, the firm used to provide satisfactory service to its customers; this was proved by repeated orders and customer retention. On the other hand, the manager, after the expansion decision, has not been able to manage internal operations effectively; the firm has not presented profitability in the last three years. Furthermore, in spite of the fact that the entrepreneur had gained sufficient credibility to raise the necessary finance externally when this was necessary (this was proved by the fact that the manager managed to borrow of € 2.5 million), the loan proved difficult to be paid off. What is more, the manager had developed his interpersonal and communication skills and could motivate his employees to give their best; however, this was not enough for the micro firm's survival after the expansion decision (see section 1.3, Premises).

In terms of **Level Two Life Cycle Stage analysis**, the researcher examines the *sixth criterion* of life cycle stage identification that is related to the attitude of the entrepreneur during the crises (temporal CSF's). In particular, the manager, before the expansion decision should have conducted the corresponding market research to look into the segment's perspectives. Instead of that, he followed the strategy of **uncontrolled expansion**, which proved to be catastrophic for the micro firm's future. This means that the entrepreneur had no idea when (favourable conditions for micro wholesaling businesses) and where (which direction-segment) to “sprint” and when to “pause” for the effective comprehension of alterations (employees' adaptation to changes, promotion of new and different products, increased production of own label crackers, etc.).

On the other hand, the researcher uses Miller and Friesen's (1984) four primary factors for life cycle identification (situation, structure, decision-making style and strategy). In particular, regarding *situation*, the firm used to be an Ordinary Partnership business entity, employed 3 employees in the production of crackers and 3 drivers/salesmen, served 400 customers and only traded 10 different product codes (own label crackers in various flavours and fillings), while it had an annual turnover of 2.500.000,00 € (see section 4.10.a). In terms of *structure*, it can be described as centralized because the owner/manager organized, co-ordinated and participated to almost all business activities. What is more, with regard to *decision-making style*, it can be considered to be one-person “authoritarian” perspective. Finally, in terms of *strategy*, the manager has adopted the strategy of expansion of

crackers' production, having relatively narrow service lines and providing adequate service and efficient procedures before the decision for expansion. However, after the expansion decision, service was not adequate and business procedures proved inefficient.

6. Regarding **Level One Analysis of Family and Business orientation**, the researcher has used the framework of Leenders and Waarts (2003) and the performance criteria that had set in their study. In this context, **“Zita”** can be categorised as a “Family Life Tradition” type of family business; family orientation used to be strong but business orientation was weak. The manager supports that trust, control and motivation constituted advantages for the micro business; however, the manager affirms that he was not so effective in the resolution of conflicts while the firm has experienced increased difficulty with succession issues. Finally, the manager believes that the firm had an advantage with regard to corporate atmosphere because of its evident business orientation (see section 1.3, Premises). On the other hand, with regard to **Level Two Family and Business orientation analysis**, the researcher examines the three *general “success factors”* (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). In particular, the manager of “Zita” would like to have a balanced life. Having two sons (aged 26 and 29) the manager wanted his business to keep the family tradition alive. For this reason, he thought that child succession and appropriate education were important matters. On the other hand, the manager also wished to create a sound financial business with family input. In this direction, additional critical factors (such as strategic planning and market research) should have been taken into consideration. However, his improvident decision for expansion “destroyed” his ambitions.

7. In relation to the firm’s **Level One Analysis of marketing approach**, the manager of **“Zita”** has adopted ***relationship marketing orientation***. In particular, the manager provided his customers with quality products and service. The manager’s relationships with suppliers and customers used to be strong and personal; he preferred to promote value to the customer and other non-price benefits rather than focusing price as the main benefit. He also wanted to maintain existing customers and develop new business by supporting emerging needs rather than continuously looking for new customers. The owner/manager considered after-sales support and service to be an investment for his business; however, his reckless decision for expansion proved ineffective for “Zita” (see section 1.3, Premises). In terms of **Level Two marketing approach analysis**, the researcher uses the *“evaluation of alternative customer needs”*, identified by Chaston (1999). In this context, “Zita” seemed to be a *conservative-relationship orientated* micro wholesaling firm that delivered standard products (own label crackers) and wanted to deliver a strategy of offering the best possible price/quality combination; however, after

the expansion decision, the business in essence lost its principal elements and failed to survive. In general, the manager of “Zita” can be described as having adopted an *entrepreneurial orientation*; however, after the expansion decision he proved incapable of facing increasing competition.

4.10.e Reasons of failure

The owner/manager of “Zita” had not devised a rational business or marketing plan; one of the most important components of a business plan is the preliminary market research and its results; no market research had been conducted prior to expansion of the firm. Before the actual expansion decision, the manager had to specify which segments or geographical areas of the sector of confectionary products seemed to have positive perspectives and could have been profitable for the micro business. What is more, the manager had not analyzed any competitors’ marketing methods, their business offerings, customers’ responses or their methods of delivery. He also had not taken into consideration any other sources of information about market trends (i.e., unions, local officials, industry suppliers, etc.).

On the other hand, the manager relied on his instinct for the expansion decision; he believed that the demand for the exclusive distribution of own label crackers with different flavours would present an incremental trend. As a result, he proceeded to take out a loan with heavy terms; at first, the micro firm faced liquidity problems and finally had to cease its operations. In general, the business seemed to be lacking various competences (financial resource, productivity, innovation, as well as information systems competence) that would be essential for the effective realization of its strategy for expansion.

Table 4.31 presents the reasons of the firm’s inability to survive in a competitive market:

Firm	Reasons of Failure
“Zita”	<ul style="list-style-type: none"> • Manager’s inability to evaluate the market conditions and exploit opportunities. • Manager’s overestimation of resource competencies. • Manager’s inability to form and follow a strategic plan. • Manager’s negligence to conduct adequate market research. • Lack of financial resource, innovation, productivity and Information Systems competence. • Manager’s inability to perceive market conditions and evolution, sector trends and consumers’ tastes. • Manager’s inability to conduct adequate market research. • Manager’s inability to communicate his vision for expansion to his employees; he also failed to explain to employees the firm’s strategy for expansion and offer them incentives to espouse the new strategy. • Manager’s inability to evaluate time requirements; he was not able to track the progress against the policies for expansion. • Lack of vision on the relationships between processes, technology and organization. • Over-estimation of resource competence (staff, equipment, and processes could not handle the new strategy). • Failure to develop new employee and management skills.

Table 4.31: Reasons for enterprise’s failure

4.10.f Level Two Differentiating capabilities’ Analysis for “Zita”

“Zita” seemed to lack certain differentiating capabilities, such as the essential strategic gap analysis capability, financial resource and innovation competence, productivity competence as well as Information Systems competence. In particular:

Lack of Strategic gap analysis

Strategic gap analysis is quite important in the confectionary wholesale sector. According to Hall (1992), in strategic gap analysis, the enterprise's strategic intent (plans and strategies) are compared with the strategic reality (real position in the marketplace). In other words, the goal is to evaluate the micro firm's performance in translating its market strategies into marketing realities, in areas like *products and services* (i.e., quality compared with competitors, fullness of range, reliability and quality of services, etc.), *pricing and value proposition* (i.e., real position in price level against competitors), *distribution* (i.e., availability of the product in the market place at the time, in the form, in the place that the customer wants it), *customer relationships* (i.e., how customers feel about the micro business and how the firm stands against its competitors), as well as *firm's strategic positioning* (i.e., strong market position, success in achieving a differentiation in the customer's eyes). The manager of "Zita" seemed incapable of identifying new market trends and determining how internal capabilities can be used in order to exploit emerging opportunities. In particular, the manager could not evaluate how basic features of his strategy (i.e., the increase in the volume of crackers' production in relation to customers' demand and consumers' tastes) could be used for the micro firm's survival and growth. In this way, he could not exhibit adequate ***strategic competence elements*** that were essential for the identification of an exploitable market niche.

Lack of financial resource and innovation competence

The owner/manager of "Zita" seems to be lacking the appropriate financial management skills required to keep a balance between ongoing trading activities and working capital position. Especially after the expansion decision, the manager could not pay the loan instalments because liquidity was limited and fixed costs were increased. On the other hand, the manager could not find ways of improving and enriching products; innovation and variety could have been potential survival factors of the business. To be effective, innovation should underpin and add support to a firm's existing mission and strategy. Innovation can be used in the case of e-commerce (that the manager had not thought of); however, exploiting innovation as a strategy for staying ahead of competition can be very expensive.

Lack of Productivity competence

Given the major influence of productivity on organizational financial performance, it is clear that this is an area of internal competence that will have significant influence on market performance and profitability (To Vima, 2007b). The manager could not achieve high productivity standards, because he had not been able to encourage employees to meet challenging goals by rewarding them, especially after the expansion decision. What is more, he could not allocate key resources (people and money) to

those areas most likely to provide the greatest opportunity for further productivity gains. However, the most important weakness of the manager is related to his inability to track performance of the firm and his employees. He was in essence indifferent about performance achievements of other firms in the same industrial sector; in this way, he could not make useful comparisons (productivity assessments) of competitors and correct his own firm.

Lack of Information Systems competence

The manager of “Zita” has given insufficient managerial attention to establish formalized information management systems, mainly because most of his time was spent recording and documenting the day-to-day details of activities related to various business operations. The micro firm did not have a formalized accounting system; the manager was only aware of the annual financial reports that were prepared by a part-time accountant. In this way, the manager was unable to undertake basic financial assessment tasks (such as reviewing creditors and debtor levels or identifying adverse trends in the average age of outstanding debts). The lack of planning led to the increase of financial difficulties.

It is unusual for micro wholesaling firms to adopt the philosophy of using Information Systems (IS) as a route through which to achieve competitive advantage (*Ta Nea, 2008a*). The implementation of IS in the micro firm (automation, new accounting and software systems, use of e-commerce) is a signal that the manager and his employees can respond to the new trends and conditions. Even loyal customers need to have more options; the use of e-commerce can support this direction. Of course, continuous investment is demanded to achieve the goal of further upgrading and enhancing IS. Without such investment, it is extremely unlikely that the micro firm will be able to implement a strategy for beating the competition. The manager seemed unaware of IT evolutions/implementations and was not willing to spend time and money on such investments. Finally, it has to be stressed that the manager of “Zita” had not used any particular statistical instrument that could have been useful to reveal market trends and customers’ tastes and needs.

4.10.g Summary of findings for “Zita”

Having presented the lack of differentiating capabilities in the context of “Zita”, the researcher summarises the key findings that have stemmed from One and Two Levels of Analysis of the RBV framework for the micro firm (see *Table 4.32*). Trying to find similarities between the research findings of “Zita” (see sections 4.10.a to 4.10.f) with the main research question (see section 1.1) and the premises posed (see section 1.3), the researcher believes that the adoption of the expansion strategy in a market with certain limits (i.e., own label crackers) without any previous market research cannot contribute to the survival and growth of a micro business; on the contrary, it can lead to its closure.

Enterprise	Elements of the RBV framework							
“Zita”	Internal key resources and capabilities	Critical Success Factors	Manager’s strategic choices	External opportunities and threats	Life cycle stage	Family and business orientation	Marketing approach	Differentiating capabilities
Level One Analysis	After the expansion decision, the firm’s resources’ did not have the characteristics of value, appropriability and barriers to duplication. The manager could not control and organize the firm’s resources. Provision of personal and prompt service, before the expansion decision.	After the expansion decision, the manager did not have the ability to learn and adjust to the market environment and secure conservative financing.	The wholesaler did not have the ability to identify and develop useful resources, neutralise competitors’ strengths, interpret market trends and maintain a solid customer network, after the expansion decision.	The manager was not aware of market trends (regular conduct of market research). For this reason, after the expansion, he could not achieve effective cost control.	After the expansion decision, the firm could not provide excellent service to customers and manage internal operations effectively. The firm did not have sustained profitability and sufficient credibility. However, employees were motivated to give their best.	Family orientation was more important for the manager than business orientation.	The wholesaler prefers to promote value to the customer by providing prompt and personal service.	The manager has followed the strategy of expanding the firm’s enterprising activities (increase in the production of own label crackers) without any previous market research.
Level Two Analysis	After the expansion decision, the firm did not have any core resource. As a result, before the expansion decision, the micro firm used to achieve competitive parity, but after that decision, the business had “below normal” financial performance.	The manager did not have the ability to exploit various CSF’s, after his decision for expansion. He also did not have calm reactions during crises.	After the expansion decision, the manager has not been able to balance business obligations and control finances. He has also not adaptable to changing customer needs.	The manager could not adapt to changing market conditions. Also, he could not moderate the firm’s weaknesses.	The manager had not been able to “sprint” and “pause” when this was necessary. He has chosen uncontrolled growth (expansion); for this reason, he could not control the micro firm’s liabilities.	The manager would like to have a balanced life; he wanted the family business to keep family tradition alive. However, he could not achieve it.	The manager has adopted entrepreneurial orientation. However, his improvident expansion decision did not help him in using this characteristic effectively.	The firm has also not developed any differentiating capabilities (i.e., strategic gap analysis, financial resource and innovation competence, productivity competence, IT competence).

Table 4.32: Summary of the key findings from Level One and Level Two Analysis for “Zita”

In the previous section, the researcher referred to the fields of Level One and Level Two of Analysis. In general, it has to be stressed that “*Main elements that comprise the RBV approach*” test and “*The VRIO Framework*” refer to the Level Two Analysis of **key resources and capabilities**. On the other hand, “*Ten guidelines for the options based on the resource-based view*” and “*Resource and Capability Appraisal Grid*” relate to Level Two **SWOT Analysis**. Taking into consideration the combination of the aforementioned Level Two Analysis elements, the researcher has referred to the **differentiating capabilities** that each micro business has (or has not, in the cases of “Epsilon” and “Zita”) developed. Differentiating capabilities concern the entrepreneur’s approach and effective use of the micro firm’s resources and capabilities as well as reactions to external market conditions.

4.11 Conclusions

In relation to the adoption of the **RBV approach** for the identification of each micro firm’s resources and core competencies, as well as the determination and use of resources, capabilities and core competencies, the managers referred to various elements that are specifically pictured in the seven elements of the RBV conceptual framework (Level One Analysis). This framework was mainly implemented in order to identify which resources/capabilities had been exploited by the four selected micro businesses that have managed to survive and grow (“Alpha”, “Beta”, “Gamma” and “Delta”); it also revealed what resources and capabilities “Epsilon” and “Zita” lacked or failed to exploit.

Table 4.33 pictures the strategies that the managers of the four successful wholesaling firms have implemented in order to face increasing competition:

Firms	Survival and growth strategy
“Alpha”	Product Differentiation strategy - Provision of qualitative service.
“Beta”	Formation of a merger – Combination of participant firms’ resources and capabilities.
“Gamma”	Market segmentation strategy - IT use – Provision of qualitative service.
“Delta”	Franchising - Outsourcing / Provision of qualitative service / exclusive trading and distribution of a famous product.

Table 4.33: Successful survival and growth strategies

On the other hand, the reasons of the two managers’ failure to offset increasing competition are synoptically presented in Table 4.34:

Firms	Management’s inadequacies
“Epsilon”	Manager’s inability to comprehend sector’s trends and effectively exploit existing resources and capabilities.
“Zita”	Manager’s inability to rationally plan the firm’s expansion– no previous conduct of market research.

Table 4.34: Management’s inadequacies

In the context of *Level One Analysis*, the RBV conceptual framework was implemented and effectively pictured the six entrepreneurs’ strategic choices in critical periods (i.e., “sprints” or pauses”). What is more, the framework incorporated SWOT analysis, family and business orientation analysis, CSF’s and growth criteria referring to the confectionary sector and revealing their contribution (or not) to the attainment of SCA. On the other hand, at *Level Two Analysis*, the researcher has used a number of additional approaches in order to enrich the seven elements of the aforementioned RBV framework; in this way, the evaluation of each micro firm’s resources and capabilities that were specified during the case study research becomes more effective and reliable.

The managers of “Alpha”, “Beta”, “Gamma” and “Delta” have been aware of the periods that their firm needed to “sprint”, by exploiting favourable conditions and available resources and capabilities; however, their most significant characteristic is related to the fact that they were rational enough to comprehend when they had to pause sprinting in order to adapt to the altered conditions. That was the main disadvantage of the managers of “Epsilon” and “Zita”; they were not able to evaluate when to stop growing and this led to the shutdown of their firms. As a result, the main conclusion that has in essence made the difference between the six selected case studies, is related to the fact that the “successful” managers were careful at the time that expansion (development) had to take place: they were patient and not greedy, they had a plan and followed it, they paused and re-invested their profits to the healthy and balanced development of their micro businesses, always taking into consideration consumers’ needs and tastes in relation to the market conditions and alterations. The managers that followed uncontrolled growth and had only profit in their mind, failed to face increasing competition effectively.

Chapter 5: Analysis of Findings

5.1 Introduction

In the previous section, the researcher applied the RBV framework in an attempt to examine the six micro wholesaling businesses operating in the sector of confectionary products. In particular, the researcher referred to the seven main parts of the RBV framework and focused on **Level One** and **Level Two Analysis**. *Level One analysis* has highlighted the key resources and capabilities of each micro enterprise as well as the various Critical Success Factors that can influence the enterprises' survival and growth. What is more, the researcher has made specific references to SWOT analysis elements, each firm's life cycle stage, family/business orientation and marketing approach so as to present a complete picture of the businesses' position in the market and highlight their managers' choices. *Level Two Analysis* has enriched the initial findings with additional instruments of analysis. For example, the identification and analysis of each micro firm's key resources and capabilities has been boosted by the use of the "Main RBV elements' test", the "VRIO framework" as well as the identification of each ones' differentiating capabilities. On the other hand, external opportunities and threats for the six businesses have been examined and analyzed with the use of "Ten Guidelines' test" as well as the "Resource and Capabilities' Appraisal Grid". The researcher believes that Level Two analysis has contributed to the quality and depth of the analysis that will finally reveal useful applicable strategies for the deployment of micro wholesaling businesses' resources and capabilities.

The fundamental result of the six case studies' analysis is related to the fact that the wholesale sector of confectionary products' is facing a series of problems that threaten the survival of its businesses; these problems are mainly related to the hard competitive conditions that micro firms have to confront in order to survive and grow. Micro wholesaling enterprises involved in the particular sector also have to deal with specific issues that stem from adverse competitive circumstances (i.e., liquidity problems, taxation system, succession, financing, etc.). However, in practice, every micro business has the potential to overcome these problems and survive even in harsh competitive conditions. This can happen only if the micro firm identifies market opportunities and threats and its strategy is based on the deployment of its available resources and capabilities to their best effect.

The case study protocols (see **Appendix 4.I**) have been designed to contribute to the researcher's primary goal: to find convincing answers to the research question that has been posed in section 1.1: *"How can micro Greek wholesaling businesses involved in the confectionary products' sector identify and implement effective survival and growth strategies in order to offset increasing competition"*.

In this context, the six managers were asked about (see also section 4.3):

- The situation in the Greek market and the confectionary wholesale sector, in particular.

- The problems of the sector with focus on the issues that each micro firm has to deal with.
- The solutions of these issues/problems; designation of the strategy that each micro business has adopted in order to cope with increasing competition.
- The identification of each micro firm's resources, capabilities and core competencies; their deployment and contribution to the achievement of SCA.

In this section, the researcher attempts to further analyse the findings from the RBV framework. After the presentation of the managers' viewpoints and their analysis, the author completes this picture by moving to comparisons between the six micro wholesaling firms in the context of the RBV conceptual framework. These comparisons may contribute to the enrichment of the analysis of findings and the conclusions to be extracted from the research study. In this way, the researcher has the target that the objective reader, based on the presentation and analysis of the difficult situation in the confectionary products' sector, can rationally reach to reliable "judgments" about the effectiveness of various strategies (based on available resources/capabilities) that micro wholesaling businesses can adopt.

5.2 Case study analysis

The analysis of findings derived from the interviews with the six managers has highlighted many interesting aspects of the confectionary products' wholesaling sector and the micro businesses involved in it. In general, it is apparent that there is a major difference concerning the perception of each manager about the sector's issues (see also sections 1.3, 4.3 and **Appendix 4.I**).

In particular, the manager of "**Alpha**" views the sector's issues and problems with a long-range perspective and focuses on the need to implement research and development programmes, training of the personnel of SMEs, better legislative framework, use of e-commerce, as well as the adoption of a product differentiation strategy. However, the manager himself was able to recognise the necessity of market research in the sector; effective market research can reveal sector's trends (i.e., demand for certain products) and functions as a policy guidepost for the capable and apprehensive entrepreneur.

On the other hand, the manager of "**Beta**" takes a holistic view of the sector's issues and believes that the spirit of co-operation in a trading group is of vital importance for the survival of a micro wholesaling business. He had the ability to unify resources, skills and capabilities of five different micro firms into one trading group with common objectives and strategy.

The manager of "**Gamma**" views sector's issues with a long-range perspective and focuses on the staff knowledge of IT developments as well as the effective implementation of market segmentation strategy. The manager was able to foresee that the sector's future was related to the efficacy to keep up with IT evolutions and the ability to implement a solid strategy (i.e., market segmentation).

Furthermore, the manager of “**Delta**” holds the view that the adoption of a different culture (franchising-outsourcing) is necessary. In this way, the micro business becomes a member of a reliable network and its position is secured or even empowered. The manager was capable of communicating this different culture and system to his employees; as a result, the micro firm was adapted to the requirements of franchising and responded to various challenges (i.e., survival and growth, geographical expansion of its customer base, provision of personal and prompt service, etc.).

The manager of “**Epsilon**” seems to be more practical; he believes that ways of survival have to be sought in the “exploitation” of reliable customers (credit cutback), in the acquisition of CSF capital, as well as the expansion of the customer network to new areas. Of course, he wishes that his firm had followed that *modus operandi*; in this way, it may have avoided the business’s closure.

Finally, the manager of “**Zita**” views sector’s issues from a practical perspective and believes that potential solutions for micro wholesaling businesses have to be found through appropriate market research that will reveal the sector’s trends and various customers’ tastes. The manager believes that if he had conducted adequate research in the market of crackers he would have avoided bankruptcy.

It has to be stressed that all managers referred to the indispensability of the provision of quality service to customers; in service sectors, personalized relationships can keep customers loyal. Devoted consumers will choose to buy the product from their “friend” who is satisfying their needs at the same time (see section 1.3). All managers (especially those of “**Epsilon**” and “**Zita**”) proved to be open-minded and modern when discussing potential survival solutions or growth strategies in the sector.

In the following sections (5.2 to 5.3), the researcher is basing his analysis on the findings that are related to the managers’ responses about various issues, such as the *situation in the Greek market place, the key factors/drivers, trends, issues, characteristics and influences of the confectionary wholesale sector, as well as potential strategies/solutions to the sector’s problems* (see section 4.3 and **Appendix 4.I**, case study protocols- issues posed to the six managers).

5.2.a Situation in the Greek market place and the confectionary wholesale sector

The managers generally referred to the difficult competitive conditions where micro Greek family wholesaling businesses are operating (see **Appendix 5.I**, *Table 5.1*). Namely:

- The manager of “**Alpha**” stresses that “competition has become more intense in almost all sectors. The wholesale sector needs to respond to the intense retail competition; wholesalers have to find alternative strategies in order to meet the high expectations of the customers and the market”.
- According to the manager of “**Beta**”, “organized retail sale chains have the opportunity to offer lower prices; this is related to the different discount rates enjoyed by big industrial units”.

- The manager of “**Gamma**” believes that “the wholesale sector of confectionary products is influenced by the fact that big food retailers are placing a lot of pressure on their suppliers; this pressure stems from constant price reduction and demand for better lines of credit”.
- According to the manager of “**Delta**”, “supermarkets and cash and carry stores benefit since multinational companies behind them are in essence shaping demand. The role of wholesalers in the offer-demand process constitutes a stabilizing market factor”.
- The manager of “**Epsilon**” stresses that “discount chains have evolved in quick tempo and supermarket chains are improving their private label product portfolio; these evolutions have a negative impact on the wholesale sector of confectionary products”.
- Finally, the manager of “**Zita**” reckons that “big retail groups continuously seek and apply new strategies in order to ensure a competitive advantage. In this way, they reinforce their position in the market, acquire a large share and deal with increasing foreign competition. The wholesaling sector cannot easily react to these offensive strategies”.

5.2.b Key factors/drivers of the confectionary wholesale sector

The six managers referred to the key factors/drivers of the sweet products’ industry where micro Greek wholesaling businesses are involved (see **Appendix 5.II**, *Table 5.2*). Namely:

- The manager of “**Alpha**” stresses that “SMEs effectively ground the Greek economy; their role is significant and for this reason they need to be protected from continuously increasing competition”.
- According to the manager of “**Beta**”, “in 2000s’, many cash and carry stores have appeared in the market; these multinational companies offer their “attractive” products at lower prices”.
- The manager of “**Gamma**” believes that “multinational companies are offering high discounts to the supermarkets in order to absorb large quantities of products. However, they are not taking into consideration the balance of the market and usually disturb it”.
- According to the manager of “**Delta**”, “in the 1980s’, consumers’ buying power used to be an important factor that firms and wholesalers were trying to exploit, while in the 1990s’, the economy “reflected” the changes in the social landscape (i.e., arrival of many economic refugees, etc.).
- The manager of “**Epsilon**” took a historical perspective and stressed that “in the last 15 years, we can observe an almost 70% increase in the turnover of confectionary products that has to do with the overpricing of the old products as well as the launch of new more expensive ones in substitution of the old ones”.
- Finally, the manager of “**Zita**” synthesizes that “the significance of wholesale in the “production-trade-consumption” chain has never received high recognition”.

5.2.c Influences on the confectionary wholesale sector

The six managers referred to the influences that the confectionary wholesale sector can have (see **Appendix 5.III**, *Table 5.3*). Namely:

- According to the manager of “**Alpha**”, “wholesalers do not get paid in cash by their customers (bakeries, kiosks, etc.) and are forced to sell their products on credit; however, wholesalers have to pay cash to their suppliers in order to get better discounts”.
- The manager of “**Beta**” adds that “consumers visiting supermarkets usually do not take notice of price increases, mainly because of the supermarkets’ discount policy or the bonuses offered”.
- The manager of “**Gamma**” supports that “supermarkets often choose to realize annual deals with their suppliers; as a result, they are not influenced by market instabilities and price rises”.
- The manager of “**Delta**” adds that “in the last years, supermarkets, department stores and shopping centres have been prosecuted for price differences (i.e., a product indicates a price on the shelf and the customer is called to pay a different price in the counter)”.
- According to the manager of “**Epsilon**”, “the accession of Euro has influenced market trends since the prices of all products have been “approximated” upwards”.
- Finally, the manager of “**Zita**” believes that “the wholesaler usually cannot “serve” enough points of retail sale in order to ensure the adequate sales volume for the micro firm’s survival”.

5.2.d Characteristics of the confectionary wholesale sector

The six managers referred to the characteristics of the confectionary wholesale sector where micro wholesaling businesses are operating (see **Appendix 5.IV**, *Table 5.4*). Namely:

- The manager of “**Alpha**” stresses that “the circumstances of the engagement in the wholesale commerce of confectionary products is influenced by a number of factors (continuous demand, etc.)”.
- The manager of “**Beta**” reckons that “the consumption of confectionary products is constant and interspersed in different market points (bakeries, pastry stores, etc.)”.
- According to the manager of “**Gamma**”, “confectionary products have some special characteristics and particularities; for this reason, they cannot be traded during the whole year”.
- The manager of “**Delta**” supports that “in the Greek market there are too many owners of micro and small shops; this fact makes segmentation between products and wholesalers essential”.
- The manager of “**Epsilon**” referred to “the significant role and function of intermediaries in the wholesale sector of confectionary products”.
- According to the manager of “**Zita**”, “the most important functions of intermediaries (wholesalers) are that of breaking bulk, assorting, providing information and shifting or sharing risks”.

5.2.e Issues of the confectionary products' sector

From the interviews with the six managers, the researcher reached the conclusion that the confectionary wholesale sector is facing **a number of problems**, general ones that are related to the nature of the market, as well as specific ones that are connected to the characteristics of the sector. The researcher has categorized the responses of the managers about the sector's issues in certain categories (i.e., competition, taxation, credit, financing, succession, e-commerce utilization, insurance, etc.). In summary, the six managers have identified the following **problems that micro confectionary wholesaling businesses** are facing (*Table 5.5*). It has to be noted that the ranking of these issues/problems was based on their gravity (as expressed by the six managers during the interviews).

Problems of the confectionary wholesaling sector
1. Intense competition and reduced purchasing power of consumers
2. Warehousing and building problems
3. Taxation system
4. Problem of credit
5. Problem of financing
6. Problem of succession
7. Problem of e-commerce lack of use
8. Problem of insurance
9. Problem of the wholesale sector's exclusion from the 3 rd CSF as well as the new Developmental Law
10. Problem of lack in specialized work force

Table 5.5: Summary of the problems of the confectionary wholesaling sector

In particular, the six managers referred to the following problematic issues of their sector:

- The most significant problem of micro wholesaling enterprises involved in the confectionary products' sector is related to **strong competition**; competitive conditions for micro and small businesses have worsened because the role of multinational chain stores, supermarkets and superstores has strengthened. The manager of **“Alpha”** stresses that “big corporations, super markets, department stores, industrial units and multinational companies are so strong and influential that they impose the rules of competition, prices and promotion techniques to the market”. The manager of **“Gamma”** believes that “supermarkets and multinational companies in essence determine market prices since they control the volume of products and supplies; the government (or the competition committee that is supposed to secure fair market competition rules) does not protect micro wholesaling businesses by implementing the law and by holding constant audits to the market”.
- The managers consider the **taxation system** to be unfair and heavy for SMEs. The manager of **“Beta”** reckons that “in the last 15 years, taxation for micro businesses that are active in our sector has been increased to an extreme; this “unfairness” has not been corrected despite the fact that the survival of our firms is even harder”. According to the manager of **“Delta”**, “in practice, tax laws for micro enterprises have imposed a non-logistic way of income specification (i.e., in essence, wholesalers pay

heavier taxes because their income is specified by fixed factors and not their annual turnover and profits). In this way, the majority of non-profitable micro businesses had to pay increased taxes”.

- The problem of **credit** is a major issue for the sector, according to the managers of “**Gamma**” and “**Epsilon**”. Wholesalers have to pay their suppliers cash on delivery; however, their customers usually ask for credit and the wholesaler consents to these requests in order to keep them satisfied.
- The problem of **financing** is also important. Interest rates are high for the owners of micro businesses who wish to take out a loan (even to be used for reinvestment reasons). According to the manager of “**Zita**”, “the role of the Guarantee Fund of Small and Very Small Businesses which should guarantee the loans that wholesalers need, has not been strengthened by the government; as a result, financing is a major problem for the survival and support of our firms”. The manager of “**Beta**” describes financing of micro enterprises as “the worst in the market...There is no system of financial support that sponsors interest rates and guarantees loans”.
- The problem of **succession planning** is faced by a number of micro and small wholesaling firms when the owner/manager has reached the age of retirement. Existing legislative framework does not offer tax relief for family members who would like to succeed the owner of the micro enterprise and carry on the business. The manager of “**Epsilon**” stresses that “the tax for the enterprise’s transfer of ownership used to be high; tax has been reduced, but the measure could have been extended to the other relatives (not only first degree ones) in order to keep the family enterprise viable”. The manager of “**Epsilon**” thinks that the government provides “virtually no motivation (minimization or nullification of taxation) in order to ensure the micro firm’s continuance” (see also section 2.5.e.iii).
- The problem of **lack of e-commerce use** by micro and small businesses is not insignificant in a period when Internet has “invaded” society. According to the manager of “**Gamma**”, “the main problems are related to the lack of policy regarding the safety of transactions with buyers, high cost and low access speed. Another issue has to do with the relative limited use of the Internet for electronic purchasing; no specific legislative framework that can cover every possible occasion of electronic transactions has been constituted”. The manager of “**Zita**” believes that “the owners of micro Greek businesses are not accustomed to using the Internet and applying its benefits to the field of commerce; they prefer to trade with their customers in a traditional (and more communicative) way and get paid in cash for their products or services. However, even if some managers have applied e-commerce in their businesses, they have complaints about the protection of electronic transactions”.
- Many wholesalers face the problem of **insurance**, since they have to work until the age of 70 without getting adequate social services. The manager of “**Alpha**” considers that “existing legislative

framework in essence provides no compensation for those who have truly worked for many years in a very competitive and harsh sector”.

- The problem of **exclusion of the wholesale sector from the 3rd and 4th CSF** as well as the new Developmental Law are also significant issues that micro enterprises have to face in the confectionary products’ sector. According to the manager of **“Epsilon”**, “existing legislative framework is not functioning towards the direction of strengthening the role of micro confectionary wholesaling businesses, since it does not provide additional incentives (especially financial) to these businesses”.

Finally, the managers referred to several specific problems of the sector. One is related to the **buildings and warehouses** of such micro wholesaling enterprises. The owner of **“Delta”** reckons that “rents for storehouses are too high; if the businessman is not the owner of the building, he will probably face survival problems because of the high fixed overheads”. Apart from this problem, the manager of **“Gamma”** believes that the **“lack of specialized work force** as well as the shortage in **infrastructure** are also important issues for micro businesses”. According to the manager of **“Zita”**, “one of the most important problems of micro and small Greek enterprises is related to the **reduced purchasing power of consumers**”; this problem has become quite intense in the last years”.

5.2.f Sector’s trends and potential solutions (strategies) to overcome the sector’s problems

With regard to the future trends of the Greek Market, the six managers referred to various fields:

- The manager of **“Alpha”** believes that the “food retail sector faces many challenges for the future as a result of shifts in the marketplace. The market share of foreign supermarket chains and superstores has been increasing in the Greek market. This is not a positive sign for the future of our firms”.
- The manager of **“Beta”** stressed that “alterations in economy, competition and technology will be reflected in trends in wholesale and retail practice shortly. This means that changes in economy (i.e., crises, interest rates fluctuation, taxation policy, etc.) will directly influence micro businesses”.
- The manager of **“Gamma”** believes that “Greek medium-sized chains in various sectors will cooperate in order to increase their market share and influence prices. The battle between suppliers, retailers and wholesalers for the domination of their products will become even harder. This means that micro wholesaling firms are likely to face greater difficulties in the trading of their products”.
- The manager of **“Delta”** reckons that “multinational stores and chains will expand their operations to eastern countries (Balkan countries or new E.U. members). This trend could help Greek wholesalers adapt to existing competition requirements since market conditions will probably be relatively stable”.
- The manager of **“Epsilon”** thinks that “the number of small and medium-sized chains will decrease; such chains will survive only locally. Domestic trade will be negatively affected by the

growth of European centres' suppliers. However, Greek wholesalers that have selected reliable suppliers can get benefited from this turn”.

- The manager of “**Zita**” supports the view that “modern web pages will be created even by smaller enterprises; e-commerce opens new horizons for wholesalers and retailers. By adopting IT philosophy, our businesses can get an advantage in the contemporary market place”.

In summary, the six managers have identified the following **trends in the confectionary wholesaling sector** (*Table 5.6*). It has to be stressed that the ranking of these trends was based on the importance that the six managers posed during the interviews.

Sector's trends
1. Increasing market share of foreign supermarket chains.
2. Big and medium size Greek-owned chains will form coalitions/alliances in order to face increasing competition.
3. Foreign supermarket chains will expand to new countries in order to find cheaper human resources and expand their activities.
4. Small and medium-sized chains will decrease
5. Creation of web pages-Utilization of e-commerce.
6. The increase in European centres' suppliers will have an adverse development on domestic trade.
7. The war between suppliers and retailers for the domination of their products on supermarket shelves will become more acute.

Table 5.6: Summary of the sector's trends

5.3 Solutions

In relation to **general solutions for micro and small enterprises** (see *Appendix 5.V, Table 5.7*), the manager of “**Alpha**” stressed that “long-term solutions that will plump for “healthy” competition have to be given”. The owner of “**Beta**” reckons “that the government should institute laws and regulations that protect micro and small businesses”, while the manager of “**Gamma**” believes that “the main strategies of micro businesses have to be related to investments in technologies that add value, rationalization of the supply chain, as well as orientation to research and innovative development”. On the other hand, the manager of “**Delta**” makes the point that “innovation is a lever of productivity evolution and competitiveness improvement” and according to the manager of “**Epsilon**”, “a modern educational system that will be connected to the productive process and the job market is essential”. Finally, the manager of “**Zita**” holds the view that “education and training for entrepreneurship can be a basic step for the improvement of micro and small firms' position”.

In relation to the **potential solutions** for the confrontation of increasing competition in the **specific sector of confectionary products** and other “thorny” issues, the managers stressed that micro family wholesaling firms of the sector are willing to follow various strategies. It has to be stressed that, in their proposals, managers overlook banks and the need for more favourable lending conditions; they addressed more permanent solutions rather than temporary strategies for the survival and growth of the sector's micro businesses (see *Table 5.8*).

Potential solutions for the confrontation of increasing competition in the sector
1. Increase in quality of services and products
2. Increase in marketing activities (commerce and other enterprising activities)
3. Cost reduction & reduction of prices
4. Adoption of product differentiation and market segmentation strategies
5. Constitution of strategic alliances (participation in mergers, clusters and networks)
6. Institution of a new and more solid legislative framework (that will provide financial and support incentives)
7. Financing from National Strategic Development Plan (Fourth CSF)
8. Research & Development programs
9. Franchising – outsourcing

Table 5.8: Summary of the potential solutions for the confrontation of high competition in the sector

The six managers expressed their views on increasing competition in the **specific sector of confectionary products** (see **Appendix 5.VI**, *Table 5.9*). In particular:

- The manager of “**Alpha**” stresses that “our sector is dynamic; it incorporates a strong development characteristic and involves the elements of taste, fashion, production and marketing”.
- The manager of “**Beta**” holds the view that “the sector appears to have certain advantages that can only be exploited when certain circumstances favour its existence and development”.
- The manager of “**Gamma**” believes that “the existing drawbacks of the sector can relate to the needfulness of adaptation and harmonization of wholesalers with the new conditions. Provision of qualitative service is a significant issue that always has to be taken into consideration”.
- According to the manager of “**Delta**”, “wholesalers should be supported to expand their network and activities to areas outside Athens (decentralization), while more (own label products, ice-creams or small bottles of water) and different products (segmentation) should make their appearance so that wholesalers can have a stronger presence and role”.
- The manager of “**Epsilon**” is of the opinion that “the government should secure the survival of micro wholesaling businesses through a solid legislative framework”.
- Finally, the manager of “**Zita**” points out that “the conditions for export/import of products should be improved in favour of micro and small businesses or their unions, while more retail outlets should appear so that wholesalers can firm up their position”.

In the previous section, the researcher summarized the six managers’ views on various issues that are related to micro businesses involved in the wholesale sector of confectionary products (i.e., key factors/drivers, trends, issues, characteristics and influences of the sector, potential strategies/solutions to the sector’s problems). In the following section, before the comparison between the six businesses in terms of the comparative elements of the RBV conceptual framework, the researcher believes that it is important to specify the relationship between the six case studies’ findings and the findings of

quantitative analysis that was conducted in Document 4. In this way, common elements can be highlighted while validity and reliability of the Thesis findings can be strengthened.

5.4 Findings of Quantitative analysis and their relationship with case studies' findings

The researcher has conducted the quantitative part of his research that is essential for the completion of the thorough analysis of the sector of confectionary products in the 4th Document. Quantitative analysis was based on the use of a suitable instrument (questionnaire) that was created and designed to “reveal” (with the appropriate analysis and interpretation of the findings through S.P.S.S.) the customers’ preferences and needs as well as the particular sector’s trends, problems and potential survival strategies. The questionnaire used in quantitative research “disclosed” the answers of 500 customers of a micro wholesaling business (bakeries, pastry shops, kiosk, canteens, etc.) and the responses of 15 managers of micro wholesaling firms operating in the sector of confectionary products (see **Appendix 5.VII**). The findings of quantitative analysis (in the 4th Document) and the findings of the six case studies (5th Document) seem to align (see also section 1.3, Premises).

Regarding the results of **quantitative analysis**, most of the managers agreed that *intense competition* is the main problem that micro wholesaling enterprises have to cope with. This problem is a result of the supermarkets’ strengthened role as well as the expansion of the multinational chains and superstores that can shape demand conditions, determine prices and finally rule out micro wholesaling firms. The strong competition is a result of the low net profit margin of the big supermarket chains (almost 1%). Furthermore, this competition between the supermarket chains means that suppliers are in a position to offer lower prices to retailers and consequently to customers. The 15 managers in essence “agreed” that the solution to this fundamental problem is complex; in order to offset increasing competition, micro businesses can participate in mergers or in a cluster; another suggestion was the acquisition of smaller enterprises that are specialized in a product by bigger ones. The implementation of franchising or outsourcing systems could also be potential ways of micro businesses’ survival because expenses are reduced. Micro wholesaling firms operating in the confectionary products’ sector can be based on the characteristics of innovation and flexibility; communication with the customer for the provision of qualitative and unique services can be an investment for the wholesaler. Finally, strategies of product differentiation, market segmentation, as well as the expansion of the enterprises’ network to new areas in combination with a new, more protective for SMEs, legislative framework could be helpful to the survival and growth of these firms. Based on the findings of the **4th Document**, the researcher has reached to the conclusion that the **15 managers** of the similar micro wholesaling businesses view the sector’s issues and problems with a *long-range and holistic perspective*; most of them have focused on research and development

programmes, training of micro enterprises' personnel as well as better legislative framework, use of e-commerce, and strategies such as segmentation or differentiation of products. On the other hand, the **500 customers** that were asked about the sectors' most important issues and potential solutions, were trying to view these questions from a *practical perspective* that is shaped and has to be faced day by day. They search for ways of surviving the increasing competition; in this way, most of the customers' responses about the sector's problems are related to the "exploitation" of reliable customers, the provision of tax relief and financial motives, the acquisition of CSF capital, as well as the expansion of enterprises' network to new areas. They are not focused on "long-term" solutions and strategies, but on "short-term" solutions since their survival is not guaranteed.

On the other hand, the main findings of the case study analysis of the six businesses (**5th Document**, see chapters 4 & 5) refer to the fact that the confectionary products' sector is facing a series of issues that threatens the survival and future of its enterprises. These problems are basically related to the fierce competition conditions that almost exclude micro firms from influencing the market. Of course, the particular sector is also facing specific problems such as the taxation system, succession planning or financing. The analysis of the cases' findings highlighted possible strategies/"solutions" that such businesses can follow in order to survive and grow in the hard market conditions.

In particular, in relation to the **sector's main issues/problems**, quantitative analysis (in the context of **Document 4**) revealed that competition is regarded as the main issue for 37.4% of customers asked, while Financing/Credit follows with 18.6%. What is more, exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law is seen to be important by 11%, while other issues (such as the problem of succession planning, insurance, warehousing or taxation) are regarded as serious, too. The different perspectives on the most important issues of the sector (that are expressed by the owners of the stores) can be partially attributed to the area where each store is located. For example, in less prosperous areas, the level of credit is higher; in distant areas service is not so quick and frequent, while in other areas even warehousing problems can be intense due to high rents. Another perspective on the sector's main issues is related to the existence of many competitors in an area or the incoming of superstores. For example, in the area of Attica (Athens) in a two-year period, nine new superstores-malls will be established; this fact makes the survival of micro and small enterprises very tough. On the other hand, some owners that do not have cash reserves and mainly sell products on credit, may perceive that they are not supported by the E.C. funds or that they are heavily taxed; these factors are realistic, existing and influence the survival of various stores.

Similarly, the analysis of the six cases studies (in the context of **Document 5**, see section 5.2.e) has revealed that the owners/managers believe that the **sector's main issues/problems** are related to intense competition and reduced purchasing power of consumers, taxation system, credit, financing,

lack of using e-commerce, insurance, wholesale sector's exclusion from the 3rd CSF as well as the new Developmental Law and lack in specialized work force.

On the other hand, the main research question in quantitative research (**Document 4**) was about “which strategic framework should be followed to improve the position of micro wholesaling businesses in the sector of confectionary products” and “what changes this particular sector needs” (or **potential solutions of sector's main issues**). Quantitative research revealed solutions that are mainly associated to micro enterprises' tax relief (15.2%), participation in clusters and networks follows by 13.8%, while a new and solid legislative framework that will provide strong financial and support motives for micro wholesaling enterprises of confectionary products has a 10% share. Research & Development programs in combination with internet use get a 10.2% share. Other potential solutions such as outsourcing (9.2%) and franchising (7.4%) have also significant shares. However, it has to be stressed that the managers of the sector in essence forget Banks and better loan agreements with them, as a means of improving the position of their businesses; this finding can be rationally explained by the fact that owners/managers involved in the sector prefer to find more permanent solutions rather than adopting temporary strategies.

The potential solutions/strategies that have been proposed by the wholesalers' customers in order to confront the sector's issues are dependent on the perspective that each store owner is using (i.e., they can relate to the financial level of the citizens of the area in which the store is located as well as the type of store, market needs, expenses, etc). For example, a bakery that is located in the southern suburbs (that are regarded as “poor”) and presents a low sales level, will mainly focus on the solutions-strategies of tax relief for SMEs, better agreements with banks and boosting of these firms' funds, as well as help from the CSF capital. On the other hand, the owner of a mini market that is located in the north of Athens and has many “prosperous” customers (and as a result higher turnover), will basically focus on different solutions, such as the search of a more fair and solid legislative framework, expansion of the store's network, product differentiation or even more qualitative service.

The analysis of findings of the six case studies (**Document 5**, see sections 5.2.f and 5.3) disclosed that **potential solutions** for the sector's problems can be the increase in quality of services and products, growth in marketing activities (commerce and other enterprising activities), cost reduction and reduction of prices, adoption of product differentiation and market segmentation strategies, constitution of strategic alliances (participation in mergers, clusters and networks), institution of a new and more solid legislative framework that will provide financial and support incentives, financing from the 4th CSF, R&D programs as well as strategies such as franchising or outsourcing.

Furthermore, quantitative analysis that was conducted in the 4th **Document** revealed several important points about the **main customers and main products** of micro wholesaling businesses. In particular:

- Bakeries, bread shops and sweet shops are the most frequent customers of micro wholesaling enterprises mainly because they deal with own label products. On the other hand, kiosks, mini markets and convenient stores that deal with brand name products have a smaller market share.
- Regarding the categories of own label products, *cookies* (plain cookies and biscuits covered with chocolate are preferred) and *chocolates* (wrapped plain and filled milk or bitter “treats” are preferred) take the larger shares (almost 80%) in demand. Additional categories of own label products that present relatively high demand include plain and milk *caramels*, *croissants* filled with chocolate, plain, cherry and mastic flavour *vanillas*, *loukoumia* with fruit flavour and *preserves* with cherry, fig and plum flavour.

On the other hand, quantitative analysis on 15 micro firms conducted in the context of **Document 4**, has revealed interesting observations about the sector’s trends in *total sales*, *incomings* and *expenses*:

- Regarding the *total sales* of the sector, quantitative analysis highlighted that “increasing” and “decreasing” sales share almost the same percentage (almost 43%), which means that the trend of sales is influenced by the location, the products (own label or brand name ones) that are traded as well as the different customers’ preferences. For example, the sales of a bakery may have been increased for a number of reasons that are not directly related to each other (i.e., general sales index, the widening in products from different suppliers, the existence of more and “richer” citizens-customers in an area, the subsistence of more stores-competitors or even the increase of advertising expenses). The fact that a store owner is indifferent to the entrance of new products or the low income level (i.e., poor citizens) of an area can be reasons that lead to the decrease in the sales of a store; however, increase in sales is most of the times in favour of the stores’ survival and the sector’s development.
- With regard to the sector’s *total revenues*, quantitative analysis has identified that “increasing” and “decreasing” revenues share almost the same percentage (almost 40%), which means that factors such as store location, flexibility-personal endeavour of the wholesaler, as well as products’ variety can play an important role to the incomings of a store. Additional factors that influence total revenues may include the general index of the sector’s net incomings, the level of citizens’ income in the area where the store is activated, the profit margin that is agreed between wholesalers, suppliers and customers, the personal efforts of the owner for the survival and development of the store, as well as the existence of new and more attractive products. Of course, factors such as product differentiation and network expansion can also be of significant gravity and have to be taken into consideration before the implementation of a certain strategy.

- In relation to the *total expenses* of the sector, quantitative analysis has indicated that “increasing” and “decreasing” expenses share almost the same percentage (almost 40%), which means that factors like advertisements, store location and distribution costs play their important role. More specifically, the expenses’ trend of the sector that is examined can be influenced by the general price index, the trend in retail and wholesale sales, the price of the products’ ingredients, the possible rise in the rents in the area that the store is activated, the number of employees (as well as their insurance dues and other costs) each store engages, the distribution costs, the price in gas or the advertising costs. Of course, according to the prospects of each owner, these costs can be reduced so that his enterprise can survive and become profitable.

In the context of **Document 5**, the researcher has evidence to support (from the interviews with the six managers) that the aforementioned factors proved to be useful to the managers of micro businesses that had conducted an adequate market research and formulated an effective survival strategy (“Alpha”, “Beta”, “Gamma” and “Delta”).

Having presented the relationship between the quantitative analysis (**4th Document**) and the research findings in the context of the **Thesis**, the researcher moves on to the comparison of the six micro firms in various fields, most of them corresponding to the elements of the RBV conceptual framework.

5.5 Comparisons between the six micro enterprises

The researcher conducts the comparisons between the six micro wholesaling businesses following the seven elements of the RBV framework (see sections 2.7.a to 2.7.g). In this way, the six firms can be compared in terms of their *internal key resources and capabilities*, *Critical Success Factors*, *entrepreneurs’ strategic choices*, *external opportunities and threats*, *life cycle stage*, *family and business orientation* as well as their *marketing approach*. Comparisons are also conducted with regard to the specific characteristics and tests of the seven RBV elements (Level Two Analysis).

5.5.a Internal key resources and capabilities

With regard to the comparison between the six firms’ internal key resources and capabilities (see sections 1.3 and 5.5.d and also *Table 5.10*, where green colour stands for positive signs/elements and red colour assigns a negative tone), the researcher finds similarities between the four successful enterprises in terms of their tangible (adequate warehouse, vans and equipment), intangible (provision of personal and prompt service to customers) and human resources (skilled and experienced salesmen). Similarities are also found in the managers’ capability to conduct effective market research, control the financial resources of their businesses and consequently plan their future payments.

	Internal key Resources and capabilities			
<i>Enterprise</i>	Tangible resources	Intangible resources	Human resources	Capabilities
“Alpha”	Adequate warehouse, vans and equipment Different products Focus on own label products	Personal and prompt Service Adequate reputation	Skilled drivers/sellers	Manager’s ability to communicate his vision and strategy to employees, plan future payments and control the micro firm’s financial resources
“Beta”	Adequate warehouse, vans and equipment Resources of other allies (premises, vehicles, products)	Co-operation Personal and prompt service Adequate reputation	Teams of people with different qualifications (IT, qualified salesmen)	Manager’s ability to control and organize the firm’s financial resources, coordinate various resources/capabilities and provide a central administration
“Gamma”	Adequate warehouse, vans and equipment Focus on the most profitable segments	Specialize to specific markets / Personal and prompt service / Adequate reputation	Qualified people Adaptability to IT and new technologies (ERP, WMS)	Manager’s ability to implement new technologies and segmentate market, plan future payments and control the micro firm’s financial resources
“Delta”	Adequate warehouse, vans and equipment Better organization and co-ordination of operations, cars and equipment	Personal and prompt service / Continuous support and training Lending of a reliable and successful name Adequate reputation	Qualified people Adaptability to the franchising philosophy	Manager’s ability to adapt to the franchising culture, communicate his vision and strategy to employees, co-ordinate and plan future payments and control the micro firm’s financial resources
“Epsilon”	Adequate warehouse, vans and equipment No trading of a variety of own label products	Unsatisfactory service No support to customers Uncalculated credit Inadequate reputation	Employees could not achieve high performance standards	The manager was not able to implement an effective strategy and exploit existing resources and capabilities
“Zita”	Adequate warehouse, vans and equipment No variety of products Focus on the trading of own label crackers	Adequate reputation After the expansion decision, no provision of personal and prompt service and continuous support to customers	After the expansion decision, employees could not achieve high performance standards	The manager had not conducted any market research before the decision for expansion. He was not able to implement an effective strategy and exploit the firm’s resources and capabilities

Table 5.10: Comparisons of the six firms in terms of their internal key resources and capabilities

On the other hand, the managers of “Epsilon” and “Zita” seemed unable to implement an effective strategy so as to exploit these firms’ tangible resources and develop intangible or human resources.

The VRIO Framework

Regarding the **VRIO framework** implementation to the six micro businesses (see *Table 5.11*, where xx: very poor, x: poor, vv: excellent and v: adequate), it can be stressed that “Alpha”, “Beta”, and “Gamma” have valuable (but not rare and costly to imitate) resources that can be exploited by the organization.

	The VRIO Framework <i>Are the firm’s resources and capabilities...</i>					
<i>Enterprise</i>	Valuable?	Rare?	Costly to imitate?	Capable of being exploited by the firm?	Competitive implications	Comparative economic performance to be expected from the resource...
“Alpha”	v	x	x	vv	<i>Competitive Parity</i>	<i>Normal</i>
“Beta”	v	x	x	vv	<i>Competitive Parity</i>	<i>Normal</i>
“Gamma”	v	x	x	vv	<i>Competitive Parity</i>	<i>Normal</i>
“Delta”	vv	v	v	vv	<i>Sustained Competitive advantage</i>	<i>Above normal</i>
“Epsilon”	x	x	x	xx	<i>Competitive Disadvantage</i>	<i>Below normal</i>
“Zita”	x	x	x	xx	<i>Competitive Disadvantage</i>	<i>Below normal</i>

Table 5.11: Comparisons of the six micro enterprises in terms of the VRIO Framework

For these reasons, these firms find themselves in a competitive parity and have “normal” economic performance. On the other hand, “Epsilon” and “Zita” do not seem to have valuable, rare and costly to imitate resources and capabilities. In this way, these businesses cannot exploit their resources and capabilities and present a competitive disadvantage in the market place having “below normal” economic performance. Finally, “Delta” disposes valuable, rare and costly to imitate resources and capabilities stemming from the adoption of the franchising business model. These resources and capabilities can be exploited by the micro enterprise; this means that the firm presents a SCA in the marketplace and has “above normal” economic performance.

Differentiating capabilities in general

Regarding **differentiating capabilities** (see sections 1.3, 2.7.a.iv and *Table 5.12*), in terms of importance, in *Table 5.12*, red colour highlights the most important element and refers to the strategy that each micro firm has adopted in order to achieve relative SCA in its sector. Green colour refers to the most important competence that has been used and has contributed to the firm’s achievement of controlled growth, while blue colour highlights the less important, but essential for the firm’s survival, competence. However, differentiating capabilities highlighted in green and blue colours are prerequisites for the effective implementation of the strategy that can lead to relative SCA. These differentiating capabilities will be also used in terms of future research (see sections 6.7 and 6.7.a).

	Differentiating capabilities in general
<i>Enterprise</i>	Type
<i>“Alpha”</i>	<i>Product differentiation strategy</i> <i>Competence to offer superior customer value and qualitative service</i> <i>Human resource management competence</i> <i>Competence to fulfil customer needs</i>
<i>“Beta”</i>	<i>Co-operation strategy/ Formation of a trading group</i> <i>Human resource management competence</i> <i>Competence to fulfil customer needs</i> <i>Competence to offer superior customer value and qualitative service</i>
<i>“Gamma”</i>	<i>Market segmentation strategy</i> <i>Productivity and Quality competence</i> <i>Information Systems competence and Internet Use / Logistics</i> <i>Human resource management competence</i> <i>Competence to fulfil customer needs</i> <i>Competence to offer superior customer value and qualitative service</i>
<i>“Delta”</i>	<i>Franchising strategy / Outsourcing</i> <i>Human resource management competence</i> <i>Competence to fulfil customer needs</i> <i>Competence to offer superior customer value and qualitative service</i>
<i>“Epsilon”</i>	<i>Focus on the trading of brand name products /Provision of uncalculated credit to customers</i> <i>Lack of differentiating Capabilities</i> <i>Lack of competence to offer qualitative service and fulfil customer needs</i> <i>Lack of strategic competence</i> <i>Lack of human resource management competence</i> <i>Lack of financial resource competence</i> <i>Lack of Information Technology competence</i>
<i>“Zita”</i>	<i>Expansion of business activities without market research</i> <i>Lack of Strategic gap analysis</i> <i>Lack of financial resource and innovation competence</i> <i>Lack of Productivity competence</i> <i>Lack of Information Technology competence</i>

Table 5.12: Comparisons of the six micro enterprises in terms of their differentiating capabilities

“Alpha”, “Beta”, “Gamma” and “Delta” have adopted different strategies that in essence (combined with the deployment of each micro firm’s available resources and capabilities) secured the achievement of relative competitive advantage in their sector, apart from their survival and controlled growth (the different strategies that each micro business has followed are *highlighted in red*). What is more, these businesses have been based on certain competences (i.e., Information Systems competence in the case of “Gamma” or HRM competence in the cases of “Beta” and “Delta”), indispensable to their survival and growth (the specific competences that were essential for each firm’s achievement of controlled growth are *highlighted in green*). However, the common element between the “successful” businesses can be related to their competence to fulfil customer needs and offer superior customer value and qualitative service. It also has to be stressed that all four enterprises effectively use HRM practice which is related to their employees’ reward, motivation, retention and satisfaction (competences that were essential for each firm’s achievement of survival are *highlighted in blue*).

On the other hand, the manager of “Epsilon” seems to lack essential differentiating capabilities (strategic, HRM, IT and financial resource competence, competence to offer qualitative service and fulfil customer needs). Of course, the manager of “Zita” has effectively used essential resources in the past (HRM competence and competence to offer qualitative service and fulfil customer needs). However, he lacks the most important differentiating capability, strategic gap analysis; this was proved by his thoughtless expansion decision. The manager also lacked the useful competencies of financial resources and innovation, as well as productivity and Information Systems’ competencies.

Differentiating capabilities derived from strategies/sources identified by Porter (1985)

As stressed in section 2.7.a.iv, strategic positions can come from three distinct sources, *Variety-based purchasing*, *Need-based positioning* and *Access-based positioning*. These three strategies can be used in the context of micro wholesaling businesses involved in the sector (see section 1.3 and *Table 5.13*).

<i>Firms</i>	<i>Strategy/Source</i>
<i>“Alpha”</i>	Narrow scope/price leadership strategy / Need-based positioning source
<i>“Beta”</i>	Combination of narrow scope/differentiator and price leadership strategy / Need-based positioning source
<i>“Gamma”</i>	Narrow scope/price leadership / Need-based positioning source
<i>“Delta”</i>	Narrow scope/differentiator strategy / Variety-based purchasing source
<i>“Epsilon”</i>	Non-successful broad scope/differentiator strategy / No need-based positioning source
<i>“Zita”</i>	Non-successful broad scope/price leadership strategy / No need-based positioning source

Table 5.13: Summary of the strategies/sources that the firms have adopted as outlined by the researcher

In the case of “Alpha”, the manager has the objective to provide swift and high quality service to the firm’s customers (especially to bakeries and pastry stores). The manager of “Alpha” has tried to combine differentiation with operational efficiency in order to follow a *narrow scope/price leadership*

strategy that is related to the selling of own label products; the firm's strategic position has derived from a *need-based positioning source* since it targets to a specific group of customers (bakeries).

Furthermore, based on the aforementioned characteristics that combine scope and competitive advantage, “**Beta**” has followed a combination of *narrow scope/differentiator* and *price leadership strategy* (participation in a trading group that in essence sells own label products). The firm's strategic position has stemmed from a *need-based positioning source* because it is mainly focused on bakeries.

Moreover, “**Gamma**” has followed a *narrow scope/price leadership strategy* (trading of own-label products). The enterprise's strategic position has generated from a *need-based positioning source* because it exclusively focuses on bakeries.

In addition, “**Delta**” has followed a *narrow scope/differentiator strategy* (exclusive trading of “original” hand-made cookies). The firm's strategic position has emanated from a *variety-based purchasing source* because it has become a specialist in the exclusive trading of the “original” cookies.

Also, “**Epsilon**” has tried to follow a *broad scope/differentiator strategy* (mass market brands differentiated by branding, design or packaging); however, this strategy was unsuccessful. Its source was not *need-based positioning* (targeting a particular group of customers); probably, this was one of the reasons why the micro business failed to survive.

Finally, before the expansion decision, the manager of “**Zita**” had followed an effective *broad scope/price leadership strategy* (trading of own label crackers) which was based on *need-based positioning source* (focusing on specific customers, bakeries and pastry stores). However, after the manager's intuitive decision for expansion, the focus was on the implementation of the same strategy (broad scope/price leadership strategy) in a market with limited demand for own label crackers.

5.5.b Critical Success Factors (CSF's)

At first, the six micro businesses can be compared in terms of *General Critical Success Factors* (see sections 1.3, 2.7.b and also *Table 5.14*, where green colour represents positive signs/elements, red colour implies a negative tone and black colour stands for a feature/element that makes no difference). These factors are related to *Money, Sustainability, Customer satisfaction, Quality of products and services, Future perspectives (Product or service development), Intellectual capital, Strategic relationships*, as well as *Employee attraction and retention*.

In particular, regarding **money and sustainability**, “Alpha”, “Beta”, “Gamma” and “Delta” present positive cash flows and satisfactory profit margins (“Delta” has been quite successful in this field). The managers of these enterprises could balance their firms' activities with liabilities and managed to exploit available resources and capabilities without problems.

	General Critical Success Factors						
<i>Enterprise</i>	Money and sustainability	Customer satisfaction	Quality of products and services	Future perspectives	Intellectual Capital	Strategic Relationships	Employee attraction and retention
“Alpha”	Positive cash flow/ Satisfactory profit margins. The manager is able to balance enterprising activities, looking for continuous improvement and implementing innovative ideas.	Solid and Satisfied customer base	Qualitative products (mainly own label) and provision of qualitative service	There are future perspectives for product and service development	Increasing profitable resources and capabilities	Manager’s ability to develop new sources of business, products and outside revenues	The manager has retained all employees/ favourable and friendly business environment/ team spirit
“Beta”	Positive cash flow Satisfactory profit margins. The manager is able to balance enterprising activities and exploit the trading group’s resources and capabilities.	Solid and satisfied customer base	Qualitative products (mainly own label) and provision of qualitative service	There are future perspectives for product and service development	Increasing profitable resources and capabilities	Manager’s ability to develop new sources of business, products and outside revenues	The manager has retained all employees/ friendly business environment/ team spirit
“Gamma”	Positive cash flow/ Satisfactory profit margins. The manager has managed to balance enterprising activities and obligations, looking for continuous improvement and implementing innovative ideas.	Solid and satisfied customer base	Qualitative Products (own label chocolates and cookies) and provision of quality service	There are future perspectives for product and service development	Increasing profitable resources and capabilities	Manager’s ability to develop new sources of business, products and outside revenues	The manager has retained all employees/ favourable business environment/ team spirit
“Delta”	Positive cash flow/ Satisfactory profit margins. The manager has managed to balance enterprising activities and obligations, looking for continuous improvement and implementing innovative ideas.	Solid and satisfied customer base	Qualitative “original” hand made German cookies) and provision of qualitative service	There are future perspectives for product and service development	Increasing profitable resources and capabilities	Manager’s ability to develop new sources of business, products and outside revenues	The manager has retained all employees/ friendly business environment/ team spirit
“Epsilon”	Negative cash flow/ Non satisfactory profit margins. The manager was not able to balance enterprising activities or implement innovative ideas.	Unsatisfied customer base	Qualitative brand name products and not satisfactory service	There are no future perspectives for product and service development	Non-profitable resources and capabilities	Manager’s inability to develop new sources of business, products and revenues	The manager used to replace employees/ typical relationships/ no team spirit
“Zita”	After the expansion decision, Negative cash flow/ Non satisfactory profit margins. The manager was not able to balance enterprising activities and obligations or implement any innovative ideas for the absorption of crackers.	Solid and satisfied customer base (before the expansion decision)	Qualitative products (own label crackers) and qualitative service (before the expansion decision)	There are no future perspectives for product and service development	Non-profitable resources and capabilities	Manager’s inability to develop new sources of business, products and outside revenues	The manager has retained all employees/ Favourable and friendly business environment/ team spirit

Table 5.14: Comparisons of the six micro enterprises in terms of General CSF’s

On the other hand, “Epsilon” and “Zita” faced liquidity problems (negative cash flows) and negative profit margins (losses); in this way, these micro firms had problems in meeting their financial commitments. What is more, in relation to **customer satisfaction**, “Alpha”, “Beta”, “Gamma” “Delta” and “Zita” (before the manager’s decision for expansion) have managed to keep their customer base solid and satisfied, while “Epsilon” had to face customers’ complaints due to ineffective and delayed service (“Alpha” and “Delta” present high levels of customer satisfaction).

Furthermore, regarding the **quality of products and service**, all micro businesses are (or were) selling quality products and provided quality service (swift and personal, continuous support) to customers, with the exception of “Epsilon”. Moreover, in terms of **future perspectives**, “Alpha”, “Beta”, “Gamma” and “Delta” present the perspectives of developing the trading of different products (mainly own label products that produce a higher profit margin or exclusive products with the method of

franchising by “Delta”) and the automation of services (implementation and use of ERP and WMS systems by “Gamma”). On the other hand, “Epsilon” and “Zita” have ceased their operations and present no future perspectives for product or service development.

With reference to **intellectual capital**, it can be stressed that “Alpha”, “Beta”, “Gamma” and “Delta” have increasing profitable resources and capabilities; these businesses can use their valuable resources and capabilities (adoption of a certain strategy, careful expansion to new products and “profitable” areas, provision of personal service, etc.) in the future. It has to be stressed that the co-operation strategy as well as the IT developments offer “Beta” and “Gamma” an additional benefit in this field. “Epsilon” and “Zita” cannot use their resources and capabilities in the future. Also, in terms of **strategic relationships**, “Alpha”, “Beta”, “Gamma” and “Delta” have managers that can develop new sources of business, products and outside revenues. Especially in the case of “Delta”, its relationship with the mother German company is quite significant. The managers of “Epsilon” and “Zita” could not develop such elements. Finally, with regard to **employee attraction and retention**, the managers of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” (before the expansion decision) have managed to retain all their employees, create a friendly business environment and team spirit. Especially for “Alpha” and “Beta”, strong relationships contributed to the firms’ survival and growth. The manager of “Epsilon” preferred to have typical relationships with his employees; in this way, no team spirit and favourable environment could be created.

The aforementioned General Critical Success Factors are briefly pictured in *Table 5.15* (where xx: very poor, x: poor, vv: excellent and v: adequate).

	General Critical Success Factors						
<i>Enterprise</i>	Money and sustainability	Customer satisfaction	Quality of products and services	Future perspectives	Intellectual capital	Strategic relationships	Employee attraction and retention
<i>“Alpha”</i>	v	vv	vv	v	v	v	vv
<i>“Beta”</i>	v	v	vv	v	vv	v	vv
<i>“Gamma”</i>	v	v	vv	vv	vv	v	v
<i>“Delta”</i>	vv	vv	vv	vv	v	vv	v
<i>“Epsilon”</i>	xx	x	xx	xx	xx	xx	xx
<i>“Zita”</i>	xx	x	v	xx	xx	xx	xx

Table 5.15: Brief comparison between the six micro businesses in terms of General CSF’s

Additional comparisons can be conducted in terms of various Critical Success Factors (CSF’s). These include Industry, Strategic, Environmental, Temporal and Entrepreneurial CSF’s. In particular:

Industry Critical Success Factors

Industry Critical Success Factors entail non numerical and numerical (financial) factors. In particular:

Non-financial Industry Critical Success Factors

Non-financial (non numerical) Industry Critical Success Factors (see sections 1.3, 2.7.b.ii and Table 5.16, where green colour represents positive signs/elements, red colour implies a negative tone and black colour stands for a feature/element that makes no difference) entail: *low-cost and quality operations, linkage of technology to market demand, labour, supplier and management relations, copyright and patent of products, innovative ability and skills, innovative response and sensitivity to changing customer needs and customer loyalty.*

Non-financial Industry Critical Success Factors							
<i>Enterprise</i>	Low-cost and quality operations	Linkage of technology to market demand	Labour, Supplier and Mng relations	Copyright and patent of products	Innovative ability and skills	Innovative Response Sensitivity to changing customer needs	Consumer loyalty
“Alpha”	Effective and qualitative distribution process-prompt service	No linkage of technology to market demand	Constitutive, personal and friendly relations	The trading of certain own label products was virtually patented	The manager was skilled enough to secure the firm’s survival and growth	Yes, the manager was swiftly responding to changing customer needs	Yes/ Remarkable and stable
“Beta”	Effective and qualitative distribution process- swift and personal service	IT implementation (ERP and WMS systems)	Constitutive, personal and friendly relations	The trading of certain own label products was virtually patented by the firm	The manager was flexible enough to secure the firm’s survival and growth	Yes, the manager was swiftly responding to changing customer needs	Yes / Remarkable and stable
“Gamma”	Effective and qualitative distribution process – prompt service	IT implementation (specialised ERP and WMS systems) “Dictiotheite” operational program	Constitutive, personal and friendly relations	The trading of certain own label products to bakeries was virtually patented by the firm	The manager was innovative and skilled enough to ensure the firm’s survival and growth	Yes, the manager was swiftly responding to changing customer needs	Yes / Remarkable and increasing
“Delta”	Effective and qualitative distribution process swift and personal service	IT implementations of the mother German company	Constitutive, personal and friendly relations	The trading of “original” hand made cookies was patented by the firm	The manager was innovative and skilled to secure the firm’s survival and growth	Yes, the manager was swiftly responding to changing customer needs	Yes / Remarkable and increasing
“Epsilon”	Ineffective distribution process (delays)	No linkage of technology to market demand	Typical and Impersonal relations	The firm had not patented any products	The manager did not prove capable of ensuring the firm’s survival	No, the manager could not respond to changing customer needs	No / decreasing
“Zita”	Effective and qualitative distribution process/ prompt service (before the expansion decision)	No linkage of technology to market demand	Constitutive, personal and friendly relations	The trading of own label crackers was virtually patented by the firm	The manager proved inadequate to secure the firm’s survival, after the expansion decision	No, the manager could not respond to varying customer needs (after the expansion decision)	Yes / remarkable

Table 5.16: Comparisons of the six micro enterprises in terms of non financial Industry CSF’s

In particular, regarding **low-cost and quality operations (distribution)**, “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” provide (or used to provide in the case of “Zita”) personal and prompt service and have implemented an effective distribution process. It has to be stressed that “Gamma” and “Delta” have an additional advantage in this field because the distribution process is conducted without problems (due to the ERP and WMS programs in the case of “Gamma” and the outsourcing of the vehicles of “Delta”). On the other hand, “Epsilon” could not have a regular distribution procedure because its service had many delays. With reference to **linkage of technology to market demand** (IT use), “Beta”, “Gamma” and “Delta” are effectively using IT implementations (especially “Gamma” used ERP and WMS Systems and “Dictiotheite” operational program). On the other hand, “Alpha”

“Epsilon” and “Zita” could not link technology to market demand and preferred more traditional ways of organising business activities. In the case of “Alpha”, this has not proved to be negative.

Furthermore, in terms of **labour, supplier and management relations**, the managers of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” had developed constructive, personal and friendly relations with their employees and suppliers. On the other hand, the manager of “Epsilon” had typical and impersonal relations with them. Moreover, in regard of the **copyright and patent of products**, “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” had in essence patented the trading of their products (either own label cookies and chocolates, “original” German hand-made cookies or own label crackers). The patent of products usually means greater profit margins, solid customer base and further growth perspectives (“Delta” has an additional advantage in this field). On the other hand, “Epsilon” had not patented any of its products; probably, that was a reason for its failure to survive.

What is more, in terms of **innovative ability and skills** as well as **innovative response and sensitivity to changing customer needs**, the managers of “Alpha”, “Beta”, “Gamma” and “Delta” could swiftly respond to the changing customer needs and finally secure their firm’s survival and growth. Especially, “Gamma” has an advantage in this field because its manager can be quite innovative and flexible with regard to the changing customer needs. On the other hand, the managers of “Epsilon” and “Zita” could not comprehend that customers have changing needs and tastes. Finally, in relation to **customer loyalty**, “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” present increased customer loyalty; their customers are satisfied by the qualitative products and the provision of personal service. On the other hand, “Epsilon” seems to have only a small share of satisfied customers.

The aforementioned non-financial Industry Critical Success Factors are pictured at a glance in *Table 5.17* (where xx: very poor, x: poor, vv: excellent and v: adequate).

<i>Enterprise</i>	Non-financial Industry Critical Success Factors						
	Low-cost and quality operations	Linkage of technology to market demand	Labour, supplier and mng relations	Copyright and patent of products	Innovative ability and skills	Innovative response sensitivity to changing customer needs	Consumer loyalty
<i>“Alpha”</i>	v	x	vv	v	v	v	v
<i>“Beta”</i>	v	v	v	v	v	v	v
<i>“Gamma”</i>	vv	vv	v	v	vv	vv	v
<i>“Delta”</i>	vv	v	v	vv	v	v	v
<i>“Epsilon”</i>	x	xx	x	x	xx	xx	x
<i>“Zita”</i>	v	xx	v	v	xx	xx	v

Table 5.17: Brief comparison between the six micro firms in terms of non financial Industry CSF’s

Financial Industry Critical Success Factors

On the other hand, *Financial (numerical) Industry Critical Success Factors* (see sections 1.3, 2.7.b.ii and *Table 5.18*, where green colour represents positive signs/elements, red colour implies a negative

tone and black colour stands for a feature/element that makes no difference) include *total sales turnover, number of customers, profits, labour costs and expenses* in the last 5 years.

	Numerical Industry Critical Success Factors				
<i>Enterprise</i>	Total sales Turnover (last 5 years)	Number of customers (last 5 years)	Profits (last 5 years)	Labour costs (last 5 years)	Expenses (last 5 years)
<i>“Alpha”</i>	Increasing	Stable	Increasing	Stable and under control	Increasing but under control
<i>“Beta”</i>	Increasing	Increasing	Stable	Stable and under control	Increasing but under control
<i>“Gamma”</i>	Stable	Stable	Increasing	Increasing but under control	Increasing but under control
<i>“Delta”</i>	Increasing	Increasing	Increasing	Increasing but under control	Increasing but under control
<i>“Epsilon”</i>	Decreasing	Decreasing	Decreasing	Increasing and without control	Increasing and without control
<i>“Zita”</i>	Decreasing	Stable	Decreasing	Increasing and without control	Increasing and without control

Table 5.18: Comparisons of the six micro firms in terms of Numerical Industry CSF’s

In particular, these factors reveal that regarding **total sales turnover in the last five years**, “Alpha”, “Beta” and “Delta” present increasing turnovers, “Gamma” stable, while “Epsilon” and “Zita” present decreasing total sales turnovers. These trends highlight each micro firm’s past and potential for growth. What is more, in relation to the **number of customers in the last five years**, “Alpha”, “Gamma” and “Zita” have a relatively stable number of customers, while “Beta” and “Delta” present an augmentation in their customer base. On the other hand, the number of “Epsilon”’s customers is decreased in the last five years. Furthermore, in terms of **profits in the last 5 years**, “Alpha”, “Gamma” and “Delta”, despite the recent crisis, present increasing trends of profitability, while “Beta” seems to have stable profits. On the other hand, “Epsilon” and “Zita” exhibit decreasing profitability. Moreover, with regard to **labour costs in the last five years**, “Alpha” and “Beta” present stable and controllable labour costs, while “Gamma” and “Delta” present increasing but also controllable labour costs. On the other hand, “Epsilon” and “Zita” seemed unable to control their increasing labour costs. It has to be stressed here that labour costs in Greece have been increasing in the last years due to the Government’s decision (almost 4 years ago) to increase insurance dues. For this reason, most of employees and enterprises had to increase their contributions. Finally, in relation to **expenses in the last five years**, all micro businesses present increasing expenses’ trends; however, “Alpha”, “Beta”, “Gamma” and “Delta” seem to control them, while “Epsilon” and “Zita” could not. Expenses can be accumulated due to increases in the price of fuel, V.A.T., cost of raw materials, warehouse rents, etc.

Strategic Critical Success Factors

Strategic Critical Success Factors (see sections 1.3, 2.7.b.ii and *Table 5.19*, where green colour stands for positive signs/elements, red colour gives a negative tone and black colour represents a feature/element that makes no difference to the micro firm) are related to the *chosen competitive strategy* of the micro business, the *firm’s current position in the industry* (where it is relative to other

competitors in the industry and also the market leader), *competition* (resources and capabilities, cost and price comparisons, quality issues, reliability of products or service, branding, etc.), *location of customers*, the *market and size of demand*, as well as *sales promotion skills*.

	Strategic Critical Success Factors					
<i>Enterprise</i>	Chosen competitive strategy	Firm's current position in the industry	Competition	Location of customers	The market and size of demand	Sales promotion skills
"Alpha"	Product differentiation	Stable position and strong reputation	Exploitable resources and capabilities, affordable prices of fresh own label products, provision of qualitative service	Near the firm's premises/ Attica region	Increased demand for own label products in the Greek market	Experienced and skilled drivers /salesmen
"Beta"	Formation of a trading group	Stable position and strong reputation	Exploitable resources and capabilities of five firms. affordable prices of fresh own label products, qualitative service	Near the firm's premises/ Attica region	Increased demand for own label products in the Greek market	Experienced and skilled drivers /salesmen
"Gamma"	Market segmentation	Stable position and strong reputation	Exploitable resources and capabilities, affordable prices of fresh own label products, provision of qualitative service	Near the firm's premises/ Attica region	Increased demand for own label products in the context of bakeries	Experienced and skilled drivers /salesmen
"Delta"	Franchising	Consolidated position and very strong reputation	Exploitable resources and capabilities (IT implementations), affordable prices of fresh cookies, provision of quality service	Near the firm's premises/ Attica region	Increased demand for "original" cookies in the Greek market	Experienced and skilled drivers /salesmen
"Epsilon"	Trading of brand name products	Impoverished position and poor reputation	Non-Exploitable resources and capabilities, expensive brand name products, provision of non-satisfactory service	Far from the firm's premises/ Attica region	Limited demand for expensive brand name products	Inexperienced and skilled drivers /salesmen
"Zita"	Increase of volume production of crackers	Diminished position but relatively adequate reputation	Non-Exploitable resources and capabilities, affordable prices of own label crackers, provision of qualitative service Quality and fresh crackers	Near and far from the firm's premises/ Attica region and province	Limited demand for own label crackers in the context of Greek market	Experienced and skilled drivers /salesmen

Table 5.19: Comparisons of the six micro enterprises in terms of Strategic CSF's

In particular, regarding the **chosen competitive strategy of each micro business**, the manager of "Alpha" has developed a product differentiation strategy, the manager of "Beta" was based on the formation of a trading group, the manager of "Gamma" adopted market segmentation strategy combined with IT implementation, while the manager of "Delta" adopted the franchising strategy. The strategies of these businesses, combined with rational and effective use of each firm's resources and capabilities, lead to their survival and controlled growth. On the other hand, the manager of "Epsilon" based his strategy on the trading and distribution of various brand name products; the manager of "Zita" chose to increase the production volume of own label crackers. The strategies of "Epsilon" and "Zita" proved ineffective and lead to the closure of these micro businesses.

What is more, in relation to each **firm's current position in the industry**, "Alpha", "Beta", "Gamma" and "Delta" have a stable position in the market while all four firms enjoy the advantages of their strong reputation. On the other hand, "Epsilon" and "Zita" were found in a cadent position, in spite of the fact that "Zita" used to have a good reputation.

Furthermore, in terms of **competition**, "Alpha", "Beta", "Gamma" and "Delta" find themselves in a stable position: they have exploitable resources and capabilities, affordable prices, quality and fresh

products while they provide personal and prompt service to their satisfied customer base. On the other hand, “Epsilon” and “Zita”’s resources and capabilities could not be effectively exploited, despite the fact that “Zita” provided quality products (own label crackers) and prompt service to its customers. Moreover, in relation to the **location of customers**, “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” seem to have most of their customers close to their warehouses/premises. In this way, the provision of swift and personal service is possible and customers are kept satisfied. On the other hand, “Epsilon” used to have most of its customers at a distance from its premises. Consequently, it was quite difficult for the micro firm’s salesmen to have the customers’ orders always delivered on time. Also, in terms of **market and size of demand**, “Alpha”, “Beta”, “Gamma” and “Delta” presented increased demand for their products in the context of Greek market. On the other hand, “Epsilon” and “Zita” realized that demand for their products was not so increased. Finally, regarding **sales promotion skills**, “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” seem to have experienced and skilled drivers/salesmen. However, it has to be stressed that the managers of these businesses were motivating their employees by giving them the appropriate financial incentives. On the other hand, “Epsilon” had inexperienced drivers that caused problems to the micro firm and its customers.

Environmental Critical Success Factors

Environmental Critical Success Factors are not in the control of the organization (see sections 1.3, 2.7.b.ii and *Table 5.20*); however, they must be taken into consideration in developing the firm’s CSF’s. Examples of these factors entail *industry regulation, political development and economic performance of a country*, as well as *population trends, demographic or economic changes*. These factors also include *government support and political affiliation*, such as the provision of basic infrastructure, training facilities, tax incentives, as well as protection against competition from big businesses, prevention of price wars, etc.

<i>Enterprise</i>	Environmental Critical Success Factors			
	Industry regulation	Political development and Greek economic performance	Demographic or economic changes / population trends	Government support and political affiliation
“Alpha”	Relatively strict for micro wholesaling businesses; however, the firms did not face many obstacles in the implementation of their strategies (product differentiation, formation of a trading group, market segmentation, franchising, trading of brand name products and expansion of the production volume of crackers).	The Greek Economy has presented relatively poor performance (big deficit, high unemployment, increased public debt) in the last years.	Population seems to prefer big cities instead of the provinces. However, many financial immigrants have arrived from Albania, Poland, Pakistan, India, China, etc. These people constitute cheap labour hands and consequently increase domestic unemployment.	The Government has in essence not adopted a solid and organised plan to protect micro businesses against intense competition from larger enterprises (i.e., stricter audits). It has also not provided the basic training for smaller firms. However, it has to be noted that various measures are sporadically taken to boost the role of SMEs (i.e., tax incentives, submission to CFS framework and developmental laws).
“Beta”				
“Gamma”				
“Delta”				
“Epsilon”				
“Zita”				

Table 5.20: Comparisons of the six micro enterprises in terms of environmental CSF’s

In particular, regarding **industry regulation**, it can be described as relatively strict for micro wholesaling businesses. In general, legislation can be argued to favour larger companies that are supposed to invest greater amounts of money and boost the Hellenic economy. In this way, it can also be argued that larger organizations (that can order and trade large quantities of products) can influence demand and prices. However, in spite of the fact that the Government has not taken any particular measures to protect micro enterprises against intense competition, it has to be noted that existing legislation is not against the survival of these businesses. In this context, all six micro wholesaling enterprises had not faced many obstacles in the implementation of their strategies.

What is more, in terms of **political development and economic performance of Greece** (that is common for all six businesses), it has to be stressed that in the last years, the Greek Economy has faced many problems while trying to reduce its public debt. The country's deficit is also remarkable, while the unemployment rate is noticeable, too. The recent crisis of "toxic bonds" has definitely influenced the Greek Economy (as any other Economy of a developed country); however, its problems are more structural and need to be confronted with patience and prudence. The fact that Greece is an old member of the European Union can be described as positive; EU "imposes" the attainment of targets in basic financial indices and audits the course of each member in this direction. In general, it has to be noted that the enterprising climate is not favourable for micro businesses in Greece in the last few years; this fact also has a negative impact on the entrepreneurs of micro wholesaling organisations that face liquidity problems and are worried about the future of their firms.

Furthermore, **demographic or economic changes and population trends** are common for all six businesses. In general, population seems to prefer big cities (Athens, Salonika, Patrai, Ioannina, Volos, etc.) instead of the provinces (urban attraction). However, in the last 20 years, the number of financial immigrants (from Albania, Pakistan, Poland, China, etc.) has dramatically increased. This fact can be regarded as positive on the one hand, because these people constitute cheap labour hands. On the other hand, their presence increases domestic unemployment while Greek businessmen complain about their low consuming power. What is more, in the last few years, consumers appear to be more "thrifty" and to be spending money only on essential provisions. Confectionary products can be regarded as luxury goods and demand for these products has declined. As a result, the aforementioned changes have influenced micro wholesaling businesses. In this way, in order to keep their customer base satisfied, wholesalers have to trade a variety of products (own label or brand name ones) or convince their customers that they have something special to offer (i.e., freshness of products).

Finally, regarding **government support and political affiliation**, these factors are also common for all six micro enterprises involved in the confectionary products' sector. As stressed before, it can be argued that the government has not taken effective measures to protect micro businesses against

intense competition from larger enterprises (i.e., intensive market audits and stricter pricing). Furthermore, the government has not developed and followed an organised plan through which the basic infrastructure and training for micro and small enterprises is provided. However, it has to be noted that certain measures are regularly taken to boost the role and secure the existence of these businesses (i.e., tax incentives, their submission to CSF programs or developmental laws, etc.).

Temporal Critical Success Factors

Temporal CSF's result from internal organizational needs and changes (see sections 1.3, 2.7.b.i and *Table 5.21*, where green colour stands for positive elements and red colour implies a negative tone). These factors relate to short-term situations, often crises that businessmen have to confront. These factors are important but most of the times temporary, resulting from a specific event necessitating their inclusion. Practically, with the evolution and integration of markets, one could argue that temporal factors are not temporal anymore as they could exist regularly in organizations (e.g., pauses caused due to economic crisis- see Mintzberg and Waters' model, section 2.4.b).

	Temporal Critical Success Factors
<i>Enterprise</i>	<i>Entrepreneur's reaction to crises</i>
<i>"Alpha"</i>	The manager was self-possessed during problematic periods; he was flexible and innovative to overcome crises.
<i>"Beta"</i>	The manager proved to be calm in periods when the members of the trading group had disagreements. In this way, he could tide over critical situations.
<i>"Gamma"</i>	The manager was self-composed during crisis; he usually overcomes them by implementing innovative ideas.
<i>"Delta"</i>	The manager tries to be cooperative with the mother German company when a critical issue arises; when the problem cannot be solved, the manager is often inventive.
<i>"Epsilon"</i>	The manager did not prove to be calm during crises; when the firm faced liquidity problems, he reacted thoughtlessly and without a plan.
<i>"Zita"</i>	The manager used to be calm and "programmed" in his reactions; however, after the expansion decision, when things begun to deteriorate, he was reacting spasmodically and instinctively.

Table 5.21: Comparisons of the six micro enterprises in terms of temporal CSF's

As a result, regarding **entrepreneurs' reactions to crises**, it has to be stressed that the managers of "Alpha", "Beta", "Gamma" and "Delta" were self-possessed during problematic periods. Most of them were patient and cooperative during crises and proved to be flexible enough to deal with problematic issues. Their innovative ideas helped them overcome various crises. On the other hand, the managers of "Epsilon" and "Zita" were not calm during crises; they were reacting rather spasmodically and without a plan when they begun to face liquidity problems.

5.5.c Entrepreneur's strategic choices

Entrepreneur's strategic choices in essence constitute *entrepreneurial Critical Success Factors*. These factors (see sections 1.3, 2.7.c and *Table 5.22*, where green colour stands for positive signs/elements, red colour gives a negative tone and black colour represents a feature/element that

makes no difference to the micro firm) have to do with *effective management, managers' level of education and training, access to finance, manager's qualities and traits* as well as *prior experience*.

Entrepreneurial Critical Success Factors					
<i>Enterprise</i>	<i>Effective Management (managerial competence)</i>	<i>Level of education and training</i>	<i>Access to finances level of initial investment</i>	<i>Personal qualities and traits</i>	<i>Prior experience in business</i>
“Alpha”	The manager was experienced enough to exploit the firm's resources and capabilities and implement product differentiation strategy	Good level of education-degree in Economics He had not trained in the market field (father involved in the market).	Yes, the manager has gained credibility/ he has invested 100.000,00 €	Consistent, innovative, organized, following a plan, motivating, leadership skills, comprehends customer needs.	Yes (20 Years)
“Beta”	The manager was flexible and farsighted enough to form the trading group and exploit each firm's resources and capabilities	Average level of education-certificate of Lyceum He had not trained in the market field (father involved in the market).	Yes, the manager has gained credibility/ he has invested 150.000,00 €	Co-operative, debatable, persistent, motivating, leadership skills, comprehends customer needs.	Yes (15 years)
“Gamma”	The manager could exploit the firm's resources and capabilities and implement the market segmentation strategy	Good level of education-degree in IT - He had not trained in the market field (father involved in the market in the past).	Yes, the manager has gained credibility/ he has invested 80.000,00 €	Innovative, flexible, modern, adaptable to changes, daring, leadership skills, comprehends customer needs.	Yes (22 years)
“Delta”	The manager was provident enough to adopt the franchising philosophy	Good level of education-degree in BA. He had not trained in the market field (father involved in the market).	Yes, the manager has gained credibility/ he has invested 250.000,00 €	Modest, self-possessed, organizational, consistent, co-operative, patient, comprehends customer needs.	Yes (18 years)
“Epsilon”	The manager did not prove competent enough to exploit the firm's resources and capabilities	Average level of education-Certificate of Lyceum. He had not trained in the market field (father involved in the market in the past).	No, the manager has not gained credibility/ he has invested 300.000,00 €	Anxious, selfish, not adaptable to changes, not comprehends customer needs, no calm reaction to crises	Yes (25 years)
“Zita”	The manager did not prove farsighted enough to exploit the firm's resources and capabilities after the expansion decision.	Average level of education- Certificate of Lyceum. He had not trained in the market field (father involved in the market in the past).	Yes, the manager has gained credibility/ he has invested 3m €	Anxious, not comprehends customer needs, no calm, he was based on his instinct and not on market research for the expansion decision	Yes (29 years)

Table 5.22: Comparisons of the six micro enterprises in terms of entrepreneurial CSF's

In particular, regarding **effective management (managerial competence)**, the managers of “Alpha”, “Beta”, “Gamma” and “Delta” proved experienced and competent enough to exploit their firms' resources and capabilities and implement their strategies. These managers could resolve disputes skilfully, were able to interpret market trends and maintain a solid customer network by exploiting efficient communication and interpersonal skills. On the other hand, the managers of “Epsilon” and “Zita” did not prove farsighted and competent enough to effectively exploit their firms' resources and capabilities and contribute to the survival of their enterprises.

What is more, in relation to the **level of education and training**, three managers (of “Beta”, “Gamma” and “Delta”) had a good level of education (degrees), while the rest three managers (of “Alpha”, “Epsilon” and “Zita”) had average level of education (Certificate of Lyceum). Most of the sector's managers do not have a University degree. Indeed, the job of a wholesaler has more to do with the ability to adapt to the market place and not so with the theoretical knowledge. However, if a manager has the theoretical background and the practical experience, he will definitely have the ability to implement various theories and strategies. In particular, he will be able to implement improved distribution methods, outsourcing or modern computer information systems for ensuring quality of

products and services. The experienced manager will also be able to swiftly respond to market challenges and quickly change in order to stay competitive and satisfy his customer network. Furthermore, in terms of **access to finance and level of initial investment**, the managers of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” have gained credibility, while the manager of “Epsilon” was not successful (when he asked for a loan, his application was rejected). All managers (with the help of their families) have spent considerable amounts of money. The manager of “Gamma” has spend the lowest amount (€ 80.000,00) because he was also financed by “Dictiotheite” Operational Program, while the manager of “Zita” has spent the highest amount (€ 3 million) because of the expansion decision. It has to be stressed that the manager of “Delta” had to spend the remarkable amount of € 250.000,00 to obtain the franchising rights of “original” hand-made German cookies. The managers of “Alpha” and “Beta” have spent a “rational” amount in order to implement their strategies, while the manager of “Epsilon” has spent an increased amount (€ 300.000,00) because he allowed the provision of uncalculated credit to unreliable customers.

In addition, regarding **personal qualities and traits**, it is apparent that the managers of the “successful” micro enterprises have presented leadership skills and characteristics such as persistence, modesty, cooperativeness and adaptability to changes, while the managers of “Epsilon” and “Zita” seemed unable to comprehend changing customer needs because of their anxiety to generate profits.

Finally, in relation to **prior experience in business**, all managers had at least 15 years of experience in the wholesale sector of confectionary products. In particular, the manager of “Alpha” had 20 years in the business, the manager of “Beta” 15 years, the manager of “Gamma” 22 years, the manager of “Delta” 18 years, the manager of “Epsilon” 25 years and the manager of “Zita” 29 years in the sector. All of them had their father, parents or relatives in the confectionary products’ business; as a result, it was easier for them to get engaged to the wholesaling trading. It has to be noted that entrepreneur’s strategic choices are directly related to the Entrepreneurial Critical Success factors (identified in the previous section), resulting from the need that the manager effectively exploits and organises the firm’s available resources and capabilities.

5.5.d External Opportunities and Threats

Strengths in general

Regarding **strengths in general** (see sections 1.3, 2.7.d.i and *Table 5.23*, where green colour stands for positive signs/elements and red colour implies a negative tone), “Alpha”, “Beta”, “Gamma” and “Delta” have adopted and implemented certain **strategies** that were based on their managers’ plan of effective exploitation of each firm’s resources and capabilities. This plan was a result of adequate market research that revealed the sector’s trends, consumers’ needs and tastes.

	General Strengths					
Enterprise	Strategy/ Products	Service	Relationships with suppliers and customers	Distribution process Customer base	Organization/ People	Financing/ Control
“Alpha”	Product differentiation strategy / trading of own label products	Provision of qualitative service	Constitutive relationships with suppliers and customers. The manager is regularly conducting market research and is aware of the market changes	Distribution procedure is conducted normally, orders are regularly repeated. Loyal customer base	The manager is co-operative and friendly enough to his employees in order to create a team spirit and special enterprising culture.	Efficient procedures that secure effective cost control and highly competitive pricing.
“Beta”	Formation of a trading group / Trading of a variety of own label products	Provision of qualitative service	Constitutive relationships with suppliers and customers. The manager is regularly getting informed about market alterations and changing consumer tastes.	Distribution procedure is conducted normally, orders are regularly repeated. Loyal and solid customer base	The manager is communicative with the rest of the entrepreneurs so as to ensure the unhindered functioning of the group.	Efficient procedures that ensure effective cost control and highly competitive pricing.
“Gamma”	Market segmentation strategy-IT Implementations / trading of own label products	Provision of qualitative service	Friendly relationships with suppliers and customers. The manager is regularly abreast of the market alterations and evolution.	Distribution procedure is conducted normally, orders are regularly repeated. Satisfied customer base	The manager is communicative to his employees; team spirit is created and employees are imbued to firm’s culture.	The manager has secured effective cost control and highly competitive pricing.
“Delta”	Franchising strategy / Exclusive trading of “original” German hand-made cookies	Provision of qualitative service	Personal relationships with suppliers and customers. The mother German company is often conducting market research.	Distribution process is conducted at a regular basis, orders are repeated. Loyal and solid customer base	The manager is co-operative with his employees and team spirit is created.	The mother German company has secured cost control and competitive pricing for franchisees.
“Epsilon”	No particular strength/trading of brand name products	No strength/ Provision of unsatisfactory service	No particular strength / Relationships with suppliers and customers were not personal and friendly. Providing of uncalculated credit to customers	No strength / Distribution procedure was not conducted normally (many delays). Not satisfied customers	No particular strength/ The manager was not so communicative to his employees; consequently, he could not create team spirit.	No particular strength/ The manager could not secure effective cost control and highly competitive pricing.
“Zita”	No particular strength/ Production and trading of only one product, own label crackers.	Provision of qualitative service (prompt and personal)	Relationships with suppliers and customers were personal and friendly.	Distribution process was conducted normally (orders were repeated). Satisfied customers	The manager was communicative to his employees and a team spirit had been created	No particular strength/ The manager could not implement efficient procedures for cost control and pricing (after the expansion).

Table 5.23: Comparisons of the six micro enterprises in terms of general strengths

In particular, the managers of these businesses have selected to offer as qualitative **service** (personal and prompt) as possible to their customers. In this way, the **distribution** process is regularly conducted while repeated orders are delivered on time. The four managers have also developed friendly **relationships with suppliers and customers**; thus, suppliers are paid on time and **customer base** is satisfied and solid. In terms of **people/organization**, the managers are co-operative and communicative to their employees. In this way, they have managed to create a team spirit and special enterprising culture in their businesses. Finally, in relation to **financing**, these managers have implemented efficient procedures that ensure effective cost control, unhindered liquidity and competitive pricing in the market place. On the other hand, the managers of “Epsilon” and “Zita” could not implement effective strategies that would secure their firms’ survival and growth. Their primary mistake is related to the absence of market research that has led to the adoption of ineffectual strategies. In particular, the manager of “Epsilon” had adopted a completely improper attitude towards employees, suppliers and customers. For this reason, employees were performing their basic tasks without any additional motives, the customer base of the firm was unsatisfied and suppliers did not

wish to facilitate the wholesaler (that faced liquidity problems) with the provision of credit. On the other hand, in particular fields (i.e., distribution process or organizational issues), the manager of “Zita” had similar attitude with the managers of the four “successful” enterprises. However, the fact that he was based on his instinct for the firm’s expansion proved fatal for the firm’s survival.

Resources and capabilities’ strengths

Table 5.24 (where green colour stands for positive elements and red colour gives a negative tone) pictures the six micro firms’ **resources and capabilities’ strengths** (see also sections 1.3 and 2.7.d.ii).

Resources and capabilities’ strengths				
Enterprise	Tangible resources	Intangible resources	Human resources	Financial resources and capabilities
“Alpha”	Adequate tangible resources (warehouse and vehicles).	Adequate reputation	Experienced and helpful salesmen	Adequate liquidity. The manager is able to co-ordinate the enterprise’s resources and capabilities
“Beta”	Adequate tangible resources (warehouse and vehicles).	Adequate reputation	Experienced and willing to help salesmen	Adequate liquidity. The manager is able to co-ordinate the firm’s resources and capabilities
“Gamma”	Adequate tangible resources (warehouse and vehicles).	Adequate reputation	Experienced and supportive salesmen	Adequate liquidity. The manager is able to co-ordinate the enterprise’s resources and capabilities
“Delta”	Adequate tangible resources (warehouse and vehicles).	Adequate reputation	Experienced and helpful salesmen	Adequate liquidity. The manager is able to co-ordinate the firm’s resources and capabilities
“Epsilon”	Adequate tangible resources (warehouse and vehicles).	Inadequate reputation	Reluctant salesmen	Inadequate liquidity. The manager is able to co-ordinate the enterprise’s resources and capabilities
“Zita”	Adequate tangible resources (warehouse and vehicles).	Adequate reputation	Experienced salesmen	Inadequate liquidity. The manager was not able to co-ordinate the firm’s resources and capabilities

Table 5.24: Comparisons of the six micro enterprises in terms of resources and capabilities strengths

In particular, “Alpha”, “Beta”, “Gamma” and “Delta” present adequate tangible (warehouse and vehicles), intangible (strong reputation), human (experienced and willing to help salesmen) and financial (adequate liquidity) resources. The managers of these businesses proved able to co-ordinate their firms’ resources and capabilities. On the other hand, the managers of “Epsilon” and “Zita” could not organize their firms’ resources and capabilities in spite of the fact that these businesses disposed some exploitable resources (e.g., warehouse, vehicles, or experienced salesmen in the case of “Zita”).

Resources and capabilities’ weaknesses

Regarding **resources and capabilities’ weaknesses** of the six businesses (see sections 1.3, 2.7.d.ii and Table 5.25, where green colour stands for positive signs, red colour gives a negative tone and black colour represents a feature that makes no difference to the micro firm), “Alpha”, “Beta”, “Gamma” and “Delta” do not seem to have many substantial weaknesses. However, in particular, “Alpha” needs to modernize its warehouse and vehicles, while its limited resources have led to ineffective marketing and promotion. Moreover, a weakness of “Beta” can be focused on a possible disagreement between the members of the trading group as well as the need for the replacement of its vehicles.

	Resources and capabilities' weaknesses			
Enterprise	Tangible resources	Intangible resources	Human resources	Financial Resources / Capabilities
“Alpha”	The firm’s warehouse and vehicles can not be regarded as the most modern ones.	Ineffective marketing and promotion due to limited financial resources	No significant weakness. Salesmen could provide qualitative service	No significant weakness. The manager could deploy tangible, intangible and human resources; he could also balance the firm’s proceeds and liabilities.
“Beta”	The firm’s warehouse and vehicles are not the most new ones.	Ineffective marketing and promotion due to limited financial resources. Possible disagreement between the members of the trading group.	No significant weakness. Salesmen could provide qualitative service	No significant weakness. The manager could effectively exploit tangible, intangible and human resources; he could also balance the enterprise’s proceeds and liabilities.
“Gamma”	The vehicles of the business need to be replaced	Ineffective marketing and promotion limited financial resources. Also, possible decrease in the demand of own label cookies and chocolates. The focus on these products and customers may prove to be false.	No significant weakness. Salesmen could provide qualitative service	No significant weakness The manager could effectively exploit tangible, intangible and human resources; he could also balance the firm’s proceeds and liabilities.
“Delta”	The enterprise’s vehicles have to be replaced	If the mother German company ceases its operations, “Delta” will also face survival problems. What is more, the dependence on only one product can be a critical issue.	No significant weakness. Salesmen could provide qualitative service	No significant weakness The manager could effectively exploit tangible, intangible and human resources; he could also balance the micro organisation’s proceeds and liabilities.
“Epsilon”	The firm’s vehicles were not new and had to be replaced. The firm was depended on brand name products	Ineffective marketing and promotion due to limited financial resources.	Salesmen could not provide personal and prompt service	The manager did not have the essential management and leadership skills; he could not generate innovative and new ideas for the effective working out of problematic issues.
“Zita”	The firm’s vehicles needed to be replaced. What is more, the firm was only depended on one product.	Ineffective marketing and promotion due to limited financial resources. Limited demand for own label crackers.	No significant weakness. Salesmen could provide qualitative service	The manager had not been farsighted enough to gather the essential pieces of information (he had not conducted adequate market research) that would discourage him from the expansion decision.

Table 5.25: Comparisons of the six enterprises in terms of resources and capabilities’ weaknesses

Furthermore, the weaknesses of “Gamma” may relate to the micro firm’s limited resources that have led to ineffective marketing and promotion; also, its vehicles have to be replaced. It has to be stressed that another weakness can be related to the possible fall in the demand of own label cookies and chocolates. What is more, “Delta” will face survival problems only if the mother German company ceases its operations, because the dependence on the exclusive trading of only one product can cause insurmountable problems. On the other hand, the vehicles of “Epsilon” needed to be replaced and the firm’s limited resources led to ineffective marketing and promotion. Of course, another weakness was related to the firm’s dependence on brand name products as well as the fact that the manager and employees did not possess many key skills and capabilities to face problematic issues. Finally, after the expansion decision, “Zita” presented many weaknesses. The micro business was only depended on one product, own label crackers; there was ineffective marketing and promotion of this product. Moreover, the manager had not conducted adequate market research that would reveal that the demand for own label crackers in the context of the Greek and European market is limited.

Opportunities

Regarding the **opportunities** that the six micro enterprises have (see sections 1.3, 2.7.d.ii and *Table 5.26*), “Alpha”, “Beta”, “Gamma”, “Delta”, “Epsilon” and “Zita” are (or were) operating in the same business environment and more or less had similar opportunities.

	Opportunities					
<i>Enterprise</i>	Existing customers	Existing markets	New market/ Technology	Politics/laws	Economics	Society
<i>“Alpha”</i>	Changes in the tastes, needs, strategies and growth of customers.	Changes in the potential emergence of new competitors, changes in supply factors, closures of competitors.	Changes in the needs of new customers, growth or demise, changes in supply factors, improvements in technology, innovation and invention.	New government, new policies, new legislation.	Structural or cyclical change, interest rates, exchange rates, international factors.	Demographic change, Cultural and social change, Lifestyle Change.
<i>“Beta”</i>						
<i>“Gamma”</i>						
<i>“Delta”</i>						
<i>“Epsilon”</i>						
<i>“Zita”</i>						

Table 5.26: Comparisons of the six micro enterprises in terms of opportunities

In particular, in terms of **existing customers’ opportunities**, these include changes in the customers’ tastes, needs and strategies. If a manager is aware of these changes, he will probably keep his firm’s customer base satisfied. What is more, in relation to **existing markets’ opportunities**, these entail changes in the needs of potential customers, emergence of new competitors, changes in supply factors, as well as closures of competitors. The experienced manager has to be informed about such alterations to adapt his strategies accordingly. Furthermore, with regard to **new market/technology’s opportunities**, these include changes in the needs of new customers, growth or demise, changes in supply factors, improvements in technology, innovation and invention. For example, the manager that is aware of modern IT implementations will have an advantage against the traditional entrepreneur that cannot use the computer. Moreover, regarding **political/laws opportunities**, these involve new government, policies and legislation. For example, the knowledge of new legislation (a new developmental law or 4th CSF programs) may prove beneficial for micro firms because financial incentives may be included in new laws. Also, in terms of **economics’ opportunities**, these comprise structural or cyclical change, interest rates, exchange rates and other factors. In particular, it is apparent that international conditions influence the Greek Economy; if conditions are favourable globally, the enterprising climate in the Hellenic market will also be positive. Finally, in relation to **society’s opportunities**, these concern demographic change, cultural and social change or even lifestyle change. The flexible manager will “detect” the changes in the consumers’ lifestyle; for example, the innovative wholesaler will enrich the variety of his products with low calories’ chocolates or cookies with fibres in order to target to consumers that want to keep fit.

Threats

Regarding the potential **threats** that the six firms may encounter (see sections 1.3, 2.7.d.ii and *Table 5.27*), since all firms are (or were) operating in the same market, they faced equal threats.

	Threats					
Enterprise	Price competition (lower prices or discounts offered by competitors).	Increased competition (pressure from customers and suppliers). Increased prices for raw (or finished) materials or services. Existence of substitute products.	New legislation imposing new obligations or restrictions.	Alterations in political or economic environment. Demographic changes. Economic cycle downturn. Poor performance of the Greek and European economy.	Increased level of unemployment. Interest rates' fluctuation. Depressed consumer spending.	Limited or obsolete product range that cannot satisfy consumers' needs and tastes.
“Alpha”						
“Beta”						
“Gamma”						
“Delta”						
“Epsilon”						
“Zeta”						

Table 5.27: Comparisons of the six micro enterprises in terms of threats

In particular, threats for micro wholesaling enterprises may include *price competition* threats that are related to lower prices or discounts offered by competitors. Additional threats would be *increased competition* (pressure from customers and suppliers), *increased prices* for raw (or finished) *materials* or *services* as well as the *existence of substitute products*. What is more, another threat can be connected to *new legislation* imposing new obligations or restrictions. For example, in the case of “Delta”, the imposition of strict rules for the involvement to the franchising system would probably discourage the entrepreneur from adopting this strategy. In this way, an unfavourable environment for micro businesses is created and entrepreneurs are deterred from participating in a restricted market. On the other hand, *alterations in political or economic environment*, *demographic changes*, *economic cycle downturn* as well as *poor performance by the Greek and European economy* can also threaten the survival of micro wholesaling businesses. Furthermore, the *increased level of unemployment*, *depressed consumer spending* as well as *interest rates' fluctuation* can create an unfavourable enterprising climate that would endanger the survival of micro enterprises. Finally, the *limited or obsolete product range* that cannot satisfy consumers' needs and tastes can also put in danger the survival and growth of these firms.

5.5.e Life cycle stage

In terms of the transition from one **life cycle stage** of the six micro enterprises to the next (see sections 1.3, 2.4.a and *Table 5.28*, where green colour stands for positive elements, red colour gives a negative tone and black colour represents a feature that makes no difference), the researcher observes that the managers had to face certain crises that refer to each life cycle stage of the six businesses:

Regarding the ***Inception stage***, most wholesaling firms involved in the sector base their survival on the manager's skills, experience, motive and passion. The entrepreneur has to be able to recognise market trends and consumer demand; a positive cash flow has to be generated for the firm to survive.

	Life cycle stages				
<i>Enterprise</i>	<i>Inception stage</i>	<i>Survival stage</i>	<i>Growth stage</i>	<i>Expansion stage</i>	<i>Maturity stage</i>
“Alpha”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm managed to establish and preserve a solid customer base / The manager was aware of the profit margins that each product leaves / Reliable suppliers and distribution channels have been found.	The manager preferred to stay smaller and profitable rather than large and problematical, due to market conditions (intense competition, unfavourable environment).	The manager preferred to stay smaller in order to control expenses and liquidity <i>Controlled Expansion</i>	The micro firm has not reached that stage
“Beta”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm managed to establish and preserve a solid customer base / The manager was aware of the profit margins that each product leaves / Reliable suppliers and distribution channels have been found.	The manager preferred to stay smaller and profitable rather than large and problematical, due to market conditions (intense competition, unfavourable environment).	The manager preferred to stay smaller in order to control expenses and liquidity <i>Controlled Expansion</i>	The micro firm has not reached that stage
“Gamma”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm managed to establish and preserve a solid customer base / The manager was aware of the profit margins that each product leaves / Reliable suppliers and distribution channels have been found.	The manager preferred to stay smaller and profitable rather than large and problematical, due to harsh market conditions	The manager preferred to stay smaller in order to control expenses and liquidity <i>Controlled Expansion</i>	The micro firm has not reached that stage
“Delta”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm managed to establish and preserve a solid customer base / The manager was aware of the profit margins that each product leaves / Reliable suppliers and distribution channels have been found.	The manager preferred to stay smaller and profitable rather than large and problematical, due to intense competition	The manager preferred to stay smaller in order to control expenses and liquidity <i>Controlled Expansion</i>	The micro firm has not reached that stage
“Epsilon”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm could not manage to establish and preserve a solid customer base / The manager was not aware of the profit margins of products / Reliable suppliers and distribution channels could not be found.	Limited financial resources and manager’s inadequacy to handle issues at a higher level of competition (increased number of customers, liquidity problems)	The manager preferred to increase customer base without a plan <i>Uncontrolled Expansion</i>	The micro firm has not reached that stage / it has ceased its operations
“Zita”	Manager’s skills, experience, motive and passion. Positive cash flow	The firm could not manage to widen its customer base after the expansion decision. The manager could not find alternative distribution channels for the increased quantities of own label crackers.	Limited financial resources and manager’s inadequacy to handle issues at a higher level of competition (limited demand for own label crackers, liquidity problems due to the loan)	The manager preferred to increase the production of crackers without a plan <i>Uncontrolled Expansion</i>	The micro firm has not reached that stage / it has ceased its operations

Table 5.28: Comparisons of the six micro enterprises in terms of their life cycle stages

What is more, to avoid crises, the manager has to be capable of organising administrative procedures (record keeping for customers, products and sales) while many time-consuming tasks have to be delegated so that the manager finds time for more demanding ventures. All managers have in essence managed to achieve the aforementioned objectives in the inception stage.

Most micro businesses of the wholesale sector of confectionary products find themselves at the **Survival stage**. This is the stage that the real test of a business comes into play. If the business is managed adequately, it is possible that it will be able to compete within its industry and proceed to the next stage. If not, it will decline and reach the last stage of its life cycle. Establishing and preserving a customer base and market presence along with tracking and conserving cash flow are essential for an enterprise to survive and move to the next stage of its organisational life cycle. Usually, increase in competition is likely to place greater emphasis on price at the expense of differentiation and each

manager has to be aware of the profit margins that each products leaves (i.e., own label products leave a higher profit margin). In this way, survival can be facilitated if the micro firm mainly distributes own label products (cookies, chocolates, etc.) rather than brand name ones. What is more, the wholesaler has to adapt to the new bases of competition; if the number of customers is increased, he will have to find more reliable suppliers and various distribution channels. For the business to function without problems, the manager will also have to implement a stricter budgetary control system. At this stage, the managers of “successful” enterprises (“Alpha”, “Beta”, “Gamma” and “Delta”) have managed to establish and preserve a solid customer base. These managers were aware of the products’ profit margins and thus focused on own label products. They have also managed to find reliable suppliers and effective distribution channels. On the other hand, the managers of “Epsilon” and “Zita” (after the expansion decision) could not achieve these objectives and failed to face increasing competition.

Most of the sector’s businesses cannot enter **Growth stage**, either because of their managers’ choice or because of the market conditions and the nature of their activities. The micro business needs to be restructured completely in order to compete against larger competitors that can in essence influence market’s conditions. Wholesalers are aware that this cannot be easily done, since their success is based on the provision of quick, qualitative and personal service as well as their flexibility to adapt swiftly to the changing market circumstances. Most of the times, micro enterprises of the sector have failed to grow larger due to their limited financial resources or their managers’ inadequacy to handle issues at a higher level of competition. In this way, most entrepreneurs in the confectionary products’ sector decide to remain small and profitable rather than large and problematical. This is not always a result of managerial inadequacy but a manager’s deliberate choice of not opting out the right for making all managerial decisions. In particular, the managers of the four “successful” businesses selected to remain smaller (level headed and *controlled expansion* of their customer base) in order to control their liabilities and expenses. On the other hand, the managers of “Epsilon” and “Zita” have chosen to expand (*uncontrolled expansion*) without conducting adequate market research and formulating a proper plan; in this way, they failed to handle issues at a higher level of competition.

It has to be stressed that most micro firms involved in the sector do not reach at **Expansion stage or Maturity stage**, since most managers either prefer to stay smaller or cannot proceed from the growth stage. In particular, with regard to maturity stage, entrepreneurs have to search for new opportunities when their enterprises have completed their life cycle or they have become replete of such enterprising avocation. In the context of the six selected businesses, the managers of the four “successful” ones intentionally selected to stay smaller (in order to remain viable), while the managers of “Epsilon” and “Zita” could not reach at a higher stage of their life cycle.

Growth criteria

Regarding growth criteria (see sections 1.3, 2.7.e.i and *Table 5.29*, where xx: very poor, x: poor, vv: excellent and v: adequate) in the confectionary products' sector, these include *continuous provision of excellent service to customers, entrepreneur's ability to manage internal operations effectively, business's track record of sustained profitability, entrepreneur's sufficient credibility to raise the necessary finance externally, entrepreneur's well-developed interpersonal and communication skills* (employees are motivated to give their best) as well as *attitude of the entrepreneur during the crises*.

	Growth criteria					
Enterprise	<i>1. Continuous provision of excellent service to customers</i>	<i>2. Entrepreneur's ability to manage internal operations effectively</i>	<i>3. Business's track record of sustained profitability</i>	<i>4. Entrepreneur's sufficient credibility to raise the necessary finance externally.</i>	<i>5. Entrepreneur's well-developed interpersonal and communication skills</i>	<i>6. Calm attitude of the entrepreneur during the crises</i>
"Alpha"	vv	vv	v	v	vv	vv
"Beta"	vv	vv	vv	v	v	vv
"Gamma"	vv	v	v	v	v	vv
"Delta"	v	v	v	v	v	v
"Epsilon"	x	xx	xx	xx	x	xx
"Zita"	v	v	xx	vv	v	xx

Table 5.29: Comparisons of the six micro enterprises in terms of the six growth criteria

In particular, regarding **continuous provision of excellent service to customers** that is proved by repeated orders, customer retention and sustainable gross margins, "Alpha", "Beta" and "Gamma" have excellent scores, while "Delta" and "Zita" (before the expansion decision) provide adequate service. On the other hand, "Epsilon" provided poor service to its customers. What is more, in relation to the **entrepreneur's ability to manage internal operations effectively and efficiently**, the managers of "Alpha" and "Beta" seem to reach excellent standards, while the managers of "Gamma", "Delta" and "Zita" (before the expansion decision) present adequate standards. Finally, the manager of "Epsilon" has very poor standards of performance in managing internal operations. Furthermore, in terms of **business's track record of sustained profitability** (in the last three years), "Alpha", "Gamma" and "Delta" present adequate profitability, while the trading group seems to have excellent standards of profitability. On the other hand, "Epsilon" and "Zita" present very poor standards in this field and this finding probably explains the reasons why these two businesses ceased their operations. Moreover, regarding **entrepreneur's sufficient credibility to raise the necessary finance externally**, the managers of "Alpha", "Beta", "Gamma" and "Delta" seem to score adequately at this field of growth criteria. On the other hand, the manager of "Zita" has proved his excellent standard in this field (he has got a € 2.5 million loan to expand the business operations), while the manager of "Epsilon" definitely could not accomplish this criterion. Also, with regard to **entrepreneur's well-developed interpersonal and communication skills**, the managers of "Alpha" and "Gamma" have been

excellent in this field. The managers of “Beta”, “Delta” and “Zita” could adequately motivate their employees for achieving high performance standards, while the manager of “Epsilon” could not be communicative enough to provide incentives to his employees. Finally, regarding the **attitude of the entrepreneur during the crises** (see also section 2.7.b.ii for *temporal critical success factors*) the managers of “Alpha”, “Beta” and “Gamma” have proved to be extremely calm and self-composed to the handling of problematic situations. The manager of “Delta” can adequately handle difficult situations, while the managers of “Epsilon” and “Zita” have presented very poor performance in dealing with crises conditions.

Four primary factors

With regard to Miller and Friesen’s (1984) categorization of **four primary factors** for life cycle identification of each micro business (see section 2.7.e.i and *Table 5.30*, where green colour stands for positive signs, red colour gives a negative tone and black colour represents an element that makes no difference), the researcher observes that most firms have adopted a centralised structure.

<i>Four primary factors for life cycle identification</i>				
<i>Enterprise</i>	<i>Situation</i>	<i>Structure</i>	<i>Decision-making style</i>	<i>Strategy</i>
<i>“Alpha”</i>	<i>Sole proprietorship form</i>	<i>Centralized</i>	<i>“Authoritarian” but “open” to alternative voices</i>	<i>Product differentiation strategy</i>
<i>“Beta”</i>	<i>Ordinary Partnership form</i>	<i>Decentralized</i>	<i>Open participative</i>	<i>Strategy of formation of a trading group</i>
<i>“Gamma”</i>	<i>Sole Proprietorship form</i>	<i>Centralized</i>	<i>“Authoritarian” but “open” to alternative voices</i>	<i>Market segmentation strategy (IT implementations and logistics)</i>
<i>“Delta”</i>	<i>Sole proprietorship form</i>	<i>Centralized</i>	<i>“Authoritarian” but “open” to alternative voices</i>	<i>Franchising/Outsourcing strategy</i>
<i>“Epsilon”</i>	<i>Ordinary Partnership form</i>	<i>Centralized</i>	<i>“Authoritarian”</i>	<i>No formulation of an effective strategy</i>
<i>“Zita”</i>	<i>Ordinary Partnership form</i>	<i>Centralized</i>	<i>“Authoritarian”</i>	<i>Ineffective strategy of expansion</i>

Table 5.30: Comparisons of the six firms in terms of the four primary factors for life cycle identification

The *structure* of the micro firm does not influence the chances of its survival (as has been proved by the fact that “Beta” had adopted a “decentralised” structure). On the other hand, the *situation* of the six micro businesses varies between sole proprietorship form and ordinary partnership form. From the evidence it appears that situation is not determinant of the micro firm’s chances of survival and growth. What is more, the *decision making style* of the six micro firms varies from “authoritarian” to “open participative”. The four “successful” entrepreneurs proved “open” to different voices, despite their “authoritarian” decision making approach. The managers of “Epsilon” and “Zita” believed that their “authoritarian” approach was the most appropriate one and were not listening to the views of other people. The researcher, based on the analysis of Miller and Friesen’s four factors, in essence believes that the difference between the six micro enterprises is found on their manager’s ability to deploy each firm’s available resources and capabilities and adopt a specific (effective) *strategy*.

5.5.f Family and business orientation

Regarding **family orientation and business orientation** (see section 2.7.f and *Table 5.31*, where green colour stands for positive elements and red colour gives a negative tone), “Alpha” and “Delta” can be described as “**Family Money Machine**” types of businesses, because both family and business orientation are strong, while trust, control and motivation constitute advantages of the micro firm. On the other hand, “Beta” and “Gamma” can be labelled as “**House of Business**” types of family firm because family orientation is weak but business orientation is strong. Those firms’ advantages are related to their corporate atmosphere since there is more clarity in the (business) orientation of the micro enterprise, while these firms are also expected to experience less difficulty to succession issues. Furthermore, “Epsilon” can be described as a “**Hobby Salon**” type of family business, where both family orientation and business orientation are low. It is logical that trust, control and motivation cannot be regarded as advantages of the enterprise. Finally, “Zita” can be described as a “**Family Life Tradition**” type of family business; family orientation used to be strong but business orientation was weak. Trust, control and motivation constituted advantages for the micro business before the expansion decision. The enterprise also had an advantage with respect to the corporate atmosphere because of its transparent business orientation. However, all these advantages were lost after the audacious decision of the manager for the firm’s expansion without any previous market research.

Family orientation and business orientation		
Enterprise	Type	Characteristics
“Alpha”	“Family Money Machine”	<ul style="list-style-type: none"> - Both family and business orientation are strong. - Value creation and family are important. - Trust, control and motivation constitute advantages of the firm. - High score in conflict resolution competencies, but the enterprise will experience more difficulties with respect to the succession issues.
“Beta”	“House of Business”	<ul style="list-style-type: none"> - Weak family orientation but strong business orientation. - Low scores in trust, control and motivation; however, the trading group seems effective on the conflict resolution. - The firm has an advantage with respect to corporate atmosphere since there is more clarity in the (business) orientation of the enterprise, while the enterprise is also expected to experience less difficulty to succession issues.
“Gamma”	“House of Business”	<ul style="list-style-type: none"> - Weak family orientation but strong business orientation. - Effective enterprise on the conflict resolution dimension, while it experiences less difficulty with respect to succession issues. - The enterprise is also expected to have a positive corporate atmosphere because is more clarity in the orientation of the enterprise (business orientation).
“Delta”	“Family Money Machine”	<ul style="list-style-type: none"> - Both family and business orientation are strong. - Trust, control and motivation can be regarded as advantages of the firm. - High score in conflict resolution competencies, while the enterprise is expected to experience increased difficulties in succession issues.
“Epsilon”	“Hobby Salon”	<ul style="list-style-type: none"> - Both family orientation and business orientation score low scores. - Trust, control and motivation cannot be regarded as advantages of the enterprise. - Regarding the continuity of firm the firm, the firm was expected to experience less difficulty with respect to succession issues.
“Zita”	“Family Life Tradition”	<ul style="list-style-type: none"> - Strong family orientation but weak business orientation. - Trust, control and motivation constituted advantages for the enterprise. - No effective resolution of conflicts while the firm has experienced more difficulty with succession issues. - The enterprise had an advantage with respect to corporate atmosphere because of the transparent business orientation of the enterprise.

Table 5.31: Comparisons of the six micro enterprises in terms of family and business orientation

5.5.g Marketing approach

Regarding **marketing approach** (see section 2.7.g.i and *Table 5.32*, where green colour stands for positive signs and red colour gives a negative tone), the managers of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” have selected **relationship marketing orientation**; in this approach, the manager tries to provide on-going support to his customers for mutual satisfaction. What is more, the manager wants to promote value (and other non-price benefits) to his customer base, while he is trying to maintain existing customers rather than searching for new ones. What is more, after-sales support and service are seen as an investment in the relationship, amortized over the long-term. Finally, managers that have adopted relationship marketing approach usually reward their salesmen for maintaining and growing relationships and revenues. On the other hand, the manager of “Epsilon” has selected **transactional marketing orientation**; the manager preferred to emphasize price as the main benefit of the firm’s relationships with customers rather than trying to promote value to them. He preferred to perform the distribution of brand name products quickly, spending time only to take new orders. For the manager, after-sales support and service was a cost to be minimized.

In general, from the evidence it appears that the adoption of relationship marketing orientation increases the chances of survival of a micro wholesaling business, probably because the basic characteristic of these firms is their flexibility and ability to provide personal service to customers.

	Marketing approach	
<i>Enterprise</i>	Type	Characteristics
<i>“Alpha”</i>	Relationship marketing orientation	<ul style="list-style-type: none"> - The manager’s relationships with suppliers and customers are personal, strong and long lasting. -The firm provides its customers quality products and service. - The manager prefers to promote value to the customer by providing prompt and qualitative service, rather than doing the deal quickly, returning only to take new orders and disappear.
<i>“Beta”</i>	Relationship marketing orientation	<ul style="list-style-type: none"> - The manager’s relationships with suppliers and customers are friendly and cooperative. - The enterprise provides its customers quality products and service. - The manager prefers to promote value to the customer and other non-price benefits rather than emphasizing price as the main benefit. - The manager also wants to maintain existing customers and develop new business by supporting emerging needs rather than continuously looking for new customers.
<i>“Gamma”</i>	Relationship marketing orientation	<ul style="list-style-type: none"> - The manager rewards his employees for maintaining and growing relationships with customers, while he is trying to provide on-going support to mutual satisfaction of employees and customers. - The manager supports that after-sales support and service is an investment in the relationship between the wholesaler and its customers and not a cost to be minimized.
<i>“Delta”</i>	Relationship marketing orientation	<ul style="list-style-type: none"> - The firm’s relationships with its suppliers and customers are long lasting, personal and friendly. - The manager prefers to promote value to its customers by providing qualitative service and exclusive products (“original” German cookies), rather than trying to find more customers and treat them hastily.
<i>“Epsilon”</i>	Transactional marketing orientation	<ul style="list-style-type: none"> - The manager preferred to emphasize price as the main benefit of the firm’s relationships with customers rather than trying to promote value (and other non-price benefits) to them. - He also preferred to do the deals quickly, returning only to take new orders.
<i>“Zita”</i>	Relationship marketing orientation	<ul style="list-style-type: none"> - The manager rewarded his employees for maintaining and growing relationships with customers. - The manager was trying to keep a solid and satisfied customer base. - The manager supports that after-sales support and service is an investment.

Table 5.32: Comparisons of the six micro enterprises in terms of marketing approach

Evaluating alternative customer needs

According to Chaston’s (1999) theory of alternative customer needs, the six case studies-firms can be categorized to (see section 2.7.g.ii and *Table 5.33*):

<i>Firms</i>	Customer needs orientations in the wholesale confectionary sector
“Alpha”	Conservative-relationship orientated and entrepreneurial-relationship orientated
“Beta”	Conservative-transactional orientated
“Gamma”	Conservative-transactional orientated and entrepreneurial-transactional orientated
“Delta”	Conservative-transactional orientated
“Epsilon”	Conservative-transactional orientated
“Zita”	Conservative-relationship orientated

Table 5.33: Summary of the customer needs orientations in the confectionary wholesaling sector

This categorization can be combined with the findings of the RBV framework; the researcher has found similarities of the findings of the RBV model with the approach of Chaston (1999).

In particular, **“Alpha”**, as a *conservative-relationship orientated firm*, delivers complete customer specific solutions (trading of standard own label products). The micro firm is also *entrepreneurial-relationship orientated*; the trading of own label products and the provision of continuous support contribute to the delivery of superior performance relative to competition. According to Chaston (1999), the philosophy of working in close partnership with customers will also demand high levels of competence in the area of service quality and innovation competence. The differentiating capabilities’ part of the RBV framework proves that these two areas of competence (service quality and manager’s innovative ability) have contributed to the firm’s survival and growth.

Furthermore, **“Beta”**, as a *conservative-transactional micro wholesaling orientated trading group*, combines low price, high quality, standardized own label products while creating value for customers. According to Chaston (1999), micro wholesaling firms delivering standard own label and brand name products and seeking to deliver a strategy of offering the best possible price/quality combination, should probably give priority to the organization’s information management systems and to optimizing internal productivity. The findings of RBV conceptual framework have proved the importance of optimizing internal productivity for the trading group; co-operation between the partners is of vital importance. On the other hand, the implementation of IT developments would definitely enhance the trading group’s administration; however, the RBV findings have not proved it.

In addition, **“Gamma”**, as a *conservative-transactional micro wholesaling orientated firm*, also combines low price, high quality, standardized own label products and creates value for customers. As stressed before, these firms delivering standard own label should prioritize the enterprise’s information management systems and to optimizing internal productivity. The findings of RBV conceptual framework have shown that the micro firm’s IT implementations have contributed to the optimization of internal productivity as well as to the firm’s survival and growth. What is more, the micro firm’s internal productivity is enhanced by the fact that employees are accustomed to IT implementations. The firm is also *entrepreneurial-transactional orientated*; its own label products and services (IT use)

offering outstanding superior performance versus competition. According to Chaston (1999), entrepreneurial-transactional orientated firms should probably give the highest competence priority to that of managing innovation in order to fulfil the strategy of offering superior products. Given that customers in this sector are more concerned with product performance than low price, then “Gamma” need probably not be so concerned about concurrently achieving high ratings for employee productivity. The findings of RBV framework have shown that the manager of “Gamma” has indeed given priority to manage innovation and the provision of qualitative own label products and services. Moreover, “Delta”, as a *conservative-transactional micro wholesaling orientated firm*, combines low price, high quality, standardized brand name products (“original” hand made cookies) and creates value for customers. In this way, this type of firm (seeking to deliver a strategy of offering the best possible price/quality combination) should probably give priority to its information management systems and to optimizing internal productivity. The findings of RBV framework prove that the manager of the firm has focused on optimizing internal productivity with the use of the mother German company’s methods (i.e., advantages of franchising method, continuous support, training and infrastructure, outsourcing, etc.). It also has to be stressed that the use of IT implementations (as directed by the mother German company) has definitely contributed to the firm’s survival and growth. Also, “Epsilon” used to be a *conservative-transactional micro wholesaling orientated firm*; it combined high quality brand name standardized products. According to Chaston (1999), these micro firms would better give priority to their information management systems and to optimizing internal productivity. The findings of the RBV framework have proved that the lack of qualitative service did not create value for customers. The manager has not focused on IT implementations and optimizing internal productivity; probably for this reason, the firm failed to face increased competition effectively. Finally, “Zita”, as a *conservative-relationship orientated firm*, tried to deliver complete customer specific solutions. Indeed, the trading of own label crackers was focused on specific customers (bakeries). However, the findings of RBV framework proved that this strategy was not enough after the expansion decision. The demand for own label crackers is limited and the market could not absorb increased quantities of such products.

5.6 Summary of Research Findings – Significance

Having referred to various comparisons between the six micro firms of the confectionary products’ sector, in the following section, the researcher summarises the findings that have stemmed from the implementation of the RBV conceptual framework (Level One and Level Two Analysis of its seven constituent parts). Most of them appear to align with the Premises of the Thesis (see section 1.3).

In particular, regarding the **key resources and capabilities**, the researcher has evaluated the six micro businesses in terms of possessing the characteristics of market value, appropriability and barriers to duplication (Level One Analysis). The findings of the RBV framework have revealed that resources and capabilities of “successful” enterprises are described by the aforementioned important characteristics. For example, in the cases of “Alpha”, “Beta”, “Gamma” and “Delta”, the provision of personal and prompt service (high quality) combined with other characteristics (i.e., focus on the trading of “generic” products) adds market value, firms up barriers to duplications and increases the chances for each firm’s survival and growth. The two micro enterprises that failed to survive (“Epsilon” and “Zita”) lacked those three characteristics. At Level Two Analysis, the researcher has used the Main RBV elements’ test, including eight main RBV elements (see section 2.7.a.ii). Research findings have disclosed that “successful” businesses have most (or all) of the aforementioned characteristics, while “Epsilon” and “Zita” lack most of these elements. Furthermore, at Level Two Analysis, the researcher has implemented the VRIO framework (see section 2.7.a.iii), in an attempt to test the six micro organisations’ resources and capabilities against the characteristics of value, rarity, cost to imitate and substitutability. Research has revealed that resources and capabilities of “successful” enterprises indeed incorporate those four elements, while the two micro firms that failed to survive lacked most (or all) of them. Finally, at Level Two Analysis, the researcher has examined whether the six micro enterprises have developed any differentiating capabilities; these specific capabilities are related to the entrepreneur’s ability to effectively combine most of the RBV conceptual framework elements. The research of the six case studies has revealed that the differentiating capabilities (i.e., different strategies and competences) that each business has exploited have in essence determined its chances survival and growth. For example, in the case of “Alpha”, the manager has adopted the product differentiation strategy, while it has exploited the differentiating capabilities of HRM competence, competence to fulfil customer needs and offer superior customer value and qualitative service. The manager’s ability to exploit these capabilities has virtually secured the firm’s survival and growth. The same conclusion can be extracted for the cases of “Beta”, “Gamma” and “Delta” that have followed different strategies and exploited various differentiating capabilities. For the cases of “Epsilon” and “Zita” it can be stressed (from the research findings) that the lack of the exploitation of any special differentiating capability has reduced the chances of those firms’ survival. On the other hand, in terms of the **Critical Success Factors**, at Level One Analysis, the researcher identifies the four common key traits of successful businesses that have been specified by De Geus (1997, see section 2.7.b). Research has revealed that the four “successful” micro firms have presented most of these characteristics, while the two organisations that failed to survive lacked those elements. In terms of Level Two analysis, the researcher has analyzed Industry, Strategy, Environmental,

Temporal and Entrepreneurial Critical Success Factors. Research findings highlighted that the managers of “successful” enterprises have effectively used these factors while the managers of “Epsilon” and “Zita” have not taken them into consideration. For example, in terms of Strategy Critical Success Factors, the managers of “Alpha”, “Beta”, “Gamma” and “Delta” have adopted a planned strategy based on their firms’ available and exploitable resources and capabilities.

What is more, with regard to the **entrepreneur’s strategic choices**, the researcher has tried to specify and categorise the managers’ strategic choices that are related to the handling and development of each of the six micro wholesaling enterprises’ resources. At Level One Analysis, the researcher has used Aaker’s (1989) identification of four activities (see section 2.7.c). Research findings disclosed that the managers of the “successful” micro businesses have identified and responded at least adequately to them; on the other hand, the managers of “Epsilon” and “Zita” have failed to perform these activities effectively. At Level Two analysis, the entrepreneur’s strategic choices are directly related to the Entrepreneurial CSF’s, resulting from the need that the manager effectively exploits and organises the firm’s resources and capabilities. In particular, the managers of “successful” micro firms possessed the adequate managerial competence, experience in the sector as well as specific qualities and traits (i.e., confidence, flexibility, leadership and interpersonal skills, etc.). The managers of “Epsilon” and “Zita” lacked most of these skills and characteristics. Entrepreneur’s strategic choices also include elements of the sixth criterion of life cycle stage that has to do with wholesalers’ behaviour during crises. Research findings have revealed that managers that have been calm and patient (level-headed reactions) during crises have managed to contribute to their firm’s survival and growth.

Furthermore, in terms of Level One Analysis of **external opportunities and threats**, the researcher has conducted a general SWOT Analysis to specify the various strengths, weaknesses, opportunities and threats that micro wholesaling firms involved in the confectionary products’ sector can have. With regard to Level Two Analysis, the researcher has used the additional instruments of “Ten Guidelines’ Test” and the “Resource and Capability Appraisal Grid” in order to enrich research findings (see sections 2.7.d.ii and 2.7.d.iii). Corresponding findings have revealed that “successful” businesses have exploited various opportunities that the external environment offers (i.e., legislation, developmental law, etc.) and faced various external threats effectively (i.e., price competition, etc.). On the other hand, the managers of “Epsilon” and “Zita” had not been able to exploit their firms’ internal strengths and take advantage of potential opportunities that the external environment (market) offered.

Moreover, regarding Level One Analysis of **life cycle stage**, the researcher has analyzed the six micro enterprises in the context of the five growth criteria set by Wilson and Bates model (2003, see section 2.7.e.i). Research findings have shown that the four “successful” case studies accomplish most (or all) of these criteria, while “Epsilon” and “Zita” failed to do so. At Level Two analysis, the researcher has

used Miller and Friesen's (1984) four primary factors for life cycle identification (see section 2.7.e.i). Research findings have disclosed that the adoption of a certain *strategy* (i.e., product differentiation, trading of "generic" products, etc.) seems to be more effective than the frequent alteration of strategies. What is more, no matter what the *situation* (sole proprietorship form or ordinary partnership) and *structure* (centralized or decentralized) of the micro business is, it appears that any *decision-making style* (either one-person authoritarian perspective or an open participative model in the case of "Beta") can contribute to the firm's survival and growth. Additionally, at Level Two analysis, the researcher has used the sixth criterion of life cycle stage that is related to the attitude of the entrepreneur during crises. As stressed earlier, the level-headed reactions of the "successful" managers during crises increased the chances of their firms' survival and growth.

In general, regarding Level One analysis of **family and business orientation**, the researcher has categorized the six micro wholesaling businesses in terms of Leenders and Waarts' (2003) framework (see section 2.7.f). Research findings have revealed that the "successful" enterprises can either be described as "*Family Money Machines*" ("Alpha" and "Delta", where both family and business orientation are strong, while trust, control and motivation constitute advantages of the firms) or as "*House of Business*" types of family firm ("Beta" and "Gamma", where family orientation is weak but business orientation is strong; those firms' advantages are related to corporate atmosphere that is created). On the other hand, "Epsilon" can be described as a "*Hobby Salon*" type of family business (both family orientation and business orientation are low); trust, control and motivation cannot be regarded as advantages of the micro enterprise. "Zita" can be described as a "*Family Life Tradition*" type of family business (family orientation used to be strong but business orientation was weak). At Level Two Analysis, the researcher has examined the six micro firms in terms of the three general "*success factors*" of family businesses identified by Hutcheson (1999, see section 2.7.f) in order to formulate a complete approach of the family factor influence for each micro enterprise. Research findings highlighted that the approach of each entrepreneur (either balanced life between work and play, shared power or focused planning of succession) cannot be directly related to the micro firm's survival and growth. It seems that the success of the micro wholesaling business is not dependent on the entrepreneur's focus on succession planning issues; it mainly depends on the focus on issues such as strategic planning and market research that can contribute to the micro enterprise's development.

In addition, in terms of Level One analysis of **marketing approach**, the specification of each of the six micro enterprises' approach (customer relationship or transactional) have disclosed the main managerial choices that are connected to after sales support, segmentation, incentives given to employees, prices and costs. Research findings have highlighted that the adoption of customer relationship approach (rather than transactional marketing approach) seems to increase the micro firm's

chances of survival and growth (in the cases of “Alpha”, “Beta”, “Gamma” and “Delta”). On the other hand, at Level Two analysis, the researcher has used the evaluation of alternative customer needs (Chaston, 1999) in order to identify the customer needs’ orientation that describes each one of the six micro businesses. Research findings have shown that the firm’s survival and success is not directly related to the adoption of a certain orientation. For example, all micro wholesaling firms were *conservative (transactional or relationship) orientated* (“Alpha” and Gamma” were also entrepreneurial-relationship orientated); this does not mean that all firms managed to survive.

Finally, the researcher has also noticed that research findings derived from the six case studies have many common elements with the findings of quantitative analysis conducted in the context of the 4th Document. The common elements of the findings concern the identification of the main *problems* and various *issues* that micro wholesaling businesses have to cope with (i.e., intense competition, survival, liquidity problems, succession issues, government policies, bureaucracy, etc.). On the other hand, both analyses (quantitative and qualitative) “revealed” common *solutions/strategies* for micro firms to overcome these problems, survive and grow (i.e., adoption and focus on a certain strategy, effective exploitation of resources and capabilities, conduct of market research, proper planning, etc.).

5.7 Conclusions

Most managers agreed that intense competition is the main problem that micro wholesaling businesses have to cope with. It can be argued that this problem is a result of the supermarkets’ strengthened role as well as the expansion of the multinational chains and superstores that can influence demand conditions and consequently diminish the role of the intermediate micro wholesaling firms. All managers felt that the solution to this fundamental problem is complex. In general, in order to face the issue of increasing competition effectively, micro enterprises can be relied on the characteristics of innovation and flexibility as well as on effective communication with customers; they can also invest in the provision of qualitative and unique services. However, there are particular “suggestions” based on the research findings. One solution (implemented by “Beta”) was that in order to offset increasing competition, micro businesses can participate in mergers, clusters or form a trading group; another suggestion was the acquisition of smaller firms that are specialized in a product or field by bigger ones. The implementation of franchising or outsourcing systems (as implemented by “Delta”) could also be a potential way of micro enterprises’ survival and growth; using this system, the manager can minimize enterprising risk, reduce expenses and “guide” the business safely. What is more, strategies of product differentiation (as implemented by “Alpha”), market segmentation (as implemented by “Gamma”), as well as the expansion of the firm’s network to new areas in combination with a favourable legislative framework could be helpful to the survival and growth of these businesses. Of

course, there are cases where the owner/manager of the micro firm was unable to exploit existing resources adequately, failed to respond to competition and meet customers' expectations (case of "Epsilon"), or failed to exploit existing resources and expand rationally (case of "Zita").

Regarding the identification and evaluation of each micro enterprise's resources and capabilities, the researcher (apart from the **Level One Analysis**, based on the seven main elements of the RBV framework) has used additional instruments (**Level Two Analysis**) to evaluate each firm's resources that have contributed the attainment of SCA. In addition to the two levels of analyzing the RBV elements, the researcher has conducted comparisons between the six enterprises in the fields of internal key resources and capabilities, various Critical Success Factors, SWOT analysis, growth criteria, family and business orientation, marketing approach as well as fields of differentiating capabilities. The researcher has associated the findings of quantitative analysis (conducted in the context of Document 4) to the six case study findings and has ended up that they align in terms of the main issues/problems that micro wholesaling firms have to confront and the strategies that can be used to face them, survive and achieve relative competitive advantage in the sector.

Most of the resources of "Alpha", "Beta", "Gamma" and "Delta" (i.e., the businesses that have managed to survive and grow in some way) seem to incorporate the main RBV elements (i.e., prior or acquired resources, innovative capability, etc.) while their managers had at the critical moment (for their enterprises' survival and future growth) the "innovative" idea to implement a different strategy. All four managers had the capability to motivate their employees to provide high quality service in order to keep their customers satisfied. What is more, all these managers, before the implementation of any strategy, had conducted market research so as to specify market trends, consumers' tastes, products, locations and customers that leave higher profit margins as well as competitors' movements (pricing policy, etc.). They have also taken into consideration external conditions (i.e., market stability, perspectives for growth, financial motives, etc.), or other factors (i.e., reliability of suppliers, solidity of customer base, etc.) that together with internal resources and capabilities of each micro enterprise would secure the successful implementation of the selected strategy.

On the other hand, the resources of "Epsilon" and "Zita" (that have not managed to survive) seem to lack most of RBV main elements. In particular, these firms disposed a limited number of base resources and not any important core/breakthrough resources. However, the most critical failure factor is related to their managers' inadequacy to develop existing resources and capabilities. Their main mistake has to do with external conditions' evaluation; they had not conducted adequate market research that would reveal market trends and consumers' needs. In this way, the utility of the firms' resources proved to be minor because the choices of the two managers failed to boost it.

Chapter 6: Conclusions – Recommendations for further Research

6.1 Introduction - Nature and structure of Thesis

The *nature* of Document 5 is free standing; however, it effectively reflects and draws upon the previous documents completed for the Doctorate of Business Administration (D.B.A.). By completing the Thesis, the researcher had the objective of developing a combined model based on the advanced RBV conceptual framework (including seven parts) and the case study research method through which to provide convincing responses to the main *research question* (see section 1.1) and other issues posed (see section 4.3). This question concerns insights into how (potential strategies) a micro wholesaling business should seek success (survival and growth) and attain competitive advantage in the confectionary products' sector. In this direction, the researcher, after discussions with sector experts and consolidation of qualitative and quantitative analysis' findings, focused on six case studies: four micro enterprises that have managed to survive and grow and two micro businesses that have ceased their enterprising activities. The researcher has the ambition to contribute to academic and managerial practice by providing a holistic picture of the confectionary market environment. Through the analysis of the sector, he is trying to highlight effective strategies (based on the deployment of resources/capabilities) that have contributed to the survival and growth of micro wholesaling firms.

With regard to the *structure* of the Thesis, it entails the *literature review* (specification of RBV framework, chapter 2), the *case study approach* (selection of this approach, chapter 3), the *findings* (implementation of the RBV framework – Analysis Levels One and Two, chapter 4) as well as the *analysis of findings* (at both Levels and comparisons between the six micro businesses with regard to the seven elements of the RBV framework, chapter 5). In particular, the researcher has tried to combine the material of the Thesis with previous work by involving new primary material; he has also reached at conclusions that can constitute the basis for further research. Moreover, the researcher focused on the Document's relevance to professional practice, while he carefully explored the literature's effect on it. In general, an audit trail has been followed, referring to the main propositions (see section 1.3) and the reliable arguments that support them (e.g., support by valid evidence, RBV conceptual framework, case study methodology, research findings). The *main premises* concern the issues posed to the six managers (i.e., characteristics, influences and trends of the confectionary products' sector, issues/problems of the sector and potential solutions). On the other hand, the *particular premises* posed are related to the characteristics of successful micro wholesaling businesses; most of these are reflected to the seven elements of the RBV conceptual framework (see sections 1.3 and 2.7). The researcher believes that most of the findings derived from the interviews of the six managers and the implementation of the RBV conceptual framework appear to align with the

premises posed. The researcher also believes that the findings of the six case studies seem to highlight different ways of effective use of available resources and capabilities. As a result, it can be argued that research findings have disclosed various survival and growth strategies that can help micro businesses involved in the confectionary products' sector offset increasing competition (see also section 6.2).

6.2 Presentation, evaluation and significance of Findings

The Thesis (Document 5) constitutes the summation of the previous Documents, including the literature review, qualitative and quantitative analysis. The literature review can be useful in finding appropriate strategies for micro wholesaling firms to resist the growing competition. This increased competition has been a result of changes in the retail sector brought by the strong presence of chain superstores and supermarkets. In the context of the Thesis, the researcher has attempted to move from the general concepts of strategic and marketing management principles (that can be used as theoretical tools for every businessman or academic) to the specific context of micro wholesaling businesses. In particular, the author focuses on the specific sector of confectionary wholesaling which mainly consists of micro and small family enterprises, selecting six such businesses that have used different strategies in order to face increasing competition. In particular, six of the sectors' micro enterprises have been selected, analyzed, compared and contrasted in order to reveal the relation of the views and practices of their owner/managers to the research question. The managers of these firms were encouraged by the researcher to provide detailed and convincing answers about market trends and dynamics. The Thesis presents and evaluates the managers' opinions and stances about various "solutions" for the sector's firms (such as franchising, alliances, network expansion, etc.).

The researcher is attempting to apply the case study and RBV theories to the micro business framework. In search of the most effective strategies that micro wholesaling firms could follow in order to successfully encounter increasing competition and survive, the researcher has tried to develop a model (conceptual framework) where businesses (case studies) can be classified as "successful" or "non-successful". This framework combines *Case Study analysis* (replication logic, Yin, 2003b) and *Resource-based View Theory* (Grant, 2005). These parts are inter-connected (see *figures 2.3 and 2.4*) and can help the researcher formulate a holistic picture of each micro firm's internal resources and capabilities (Levels One and Two of Analysis); they can also disclose the external conditions under which those businesses are operating. In particular, this conceptual framework focuses on the exploitation of existing and potential resources of micro wholesaling enterprises that have specific characteristics. The deployment of these resources can constitute the ground for a micro business to gain (temporary or sustained) competitive advantage in its sector. The researcher has designed an RBV framework that incorporates the effective use of key resources and capabilities, Critical Success

Factors, entrepreneur's strategic choices, SWOT analysis as well as each firm's specific elements (life cycle stage, family/business orientation and marketing approach).

More specifically, the researcher has selected and presented four "successful" micro firms that have adequately exploited their resources and capabilities and adapted them to the implementation of a strategy (i.e., product differentiation, franchising, etc.); this adaptation has proved to be catalytic to their survival and growth. On the other hand, the researcher presents two micro confectionary wholesaling enterprises with specific characteristics that were not able to effectively exploit their resources and capabilities ("non-successful" micro businesses). These firms were just managing to survive and in the end they have not succeeded to continue their functioning; this happened either by failing to exploit given resources and capabilities or by ignoring market trends. The presentation of the two cases that have failed to survive reflects the majority of micro Greek businesses, which are forced to cease their operations due to management inadequacy or resource insufficiency.

It has to be stressed that in terms of Level One Analysis, the researcher has used three sources of evidence (interview, archival records and documents). On the other hand, at Level Two Analysis stage, the researcher further analysed different elements by using interviews as well as his experience in the sector of confectionary products (element of participant observation, see section 3.5.b). For example, for the effective comprehension, analysis and presentation of each micro firm's differentiating capabilities, the researcher examines them at Level Two. This means that the combination of each entrepreneur's choices with regard to the micro enterprise's resources and capabilities are explained in depth. Additionally, with regard to SWOT analysis, the researcher, apart from the interviews with each manager, has used his own experience to describe and analyse the conditions where these micro businesses are involved.

The researcher believes that the findings of the RBV conceptual framework (Level One and Level Two stages of Analysis) can be useful to the managers of micro wholesaling firms involved in the confectionary products' sector (see also section 1.3, Premises). For example, in terms of *key resources and capabilities*, the researcher holds the view that a manager of a similar micro wholesaling business can draw upon the "successful" examples of "Alpha", "Beta", "Gamma" and "Delta". These enterprises, after the conduct of adequate market research and proper planning, have based their success on the provision of high quality and personal service and the adoption of a specific strategy. These "successful" micro organisations can also be examples in terms of the effective use of their differentiating capabilities; specific differentiating capabilities in essence express the entrepreneur's ability to effectively combine most of the RBV conceptual framework's elements and exploit the micro enterprise's limited resources and capabilities. In this way, the deployment of differentiating capabilities (i.e., HRM competence, etc.) has contributed to each micro firm's survival and growth.

On the other hand, regarding *Critical Success Factors*, the manager of a similar micro wholesaling enterprise can use the example of the managers of the four “successful” micro businesses and avoid the approaches of the managers of “Epsilon” and “Zita”. In particular, the managers of the four “successful” firms have presented special abilities to learn and adjust, build a community with personality, formulate effective relationships and maintain conservative financing. These managers have followed a level-headed strategy based on their enterprises’ resources and capabilities; they have also taken into consideration various CSF’s (i.e., sector’s trends, crisis periods, prices, etc.).

Furthermore, in terms of *entrepreneur’s strategic choices*, the example of the managers of “Alpha”, “Beta”, “Gamma” and “Delta” can be useful. These experienced managers expressed specific qualities (i.e., innovativeness, flexibility). During crises, they managed to remain calm and not take precipitant decisions. In this way, they were able to secure their firms’ survival and growth. On the contrary, the managers of “Epsilon” and “Zita” did not prove capable of handling peculiar situations (i.e., crises).

Moreover, with regard to *external opportunities and threats*, the research supports the approach of the managers of the four “successful” enterprises. In particular, these managers have exploited various opportunities that the market environment has offered (i.e., favourable legislation), while they were prepared to decisively face various external threats (i.e., increased competition, high interest rates, poor support for micro firms, etc.). The managers of “Epsilon” and “Zita” could not take advantage of various external opportunities; they also could not detect market threats and face them effectively.

In addition, in terms of the *life cycle stage*, the example of the four “successful” businesses can be also useful. In particular, as stressed earlier, “Alpha”, “Beta”, “Gamma” and “Delta” have accomplished almost all growth criteria (see section 2.7.e.i); this means that these micro businesses have demonstrated the propensity to expand their operations significantly. On the other hand, the level-headed reactions of these four entrepreneurs during crises increased the chances of their firms’ survival and growth. The managers of “Epsilon” and “Zita” could not meet most of the growth criteria posed; for this reason, they constitute examples to avoid.

What is more, in relation to *family and business orientation*, the researcher believes that the development of each micro business mainly depends on the focus on issues such strategic planning and market research (business orientation). The implication of the family factor has to be moderated; the micro firm’s success basically depends on the business orientation of the entrepreneur, as the examples of the “successful” enterprises have indicated.

Finally, in terms of *marketing approach*, the researcher holds the view that the examples of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” can be useful to managers of similar enterprises. In particular, the managers of these firms have adopted an entrepreneurial customer relationship marketing approach (instead of a non-entrepreneurial transactional marketing approach that has been adopted by the

manager of “Epsilon”). This approach focuses on the satisfaction of the solid customer base (with the provision of personal and quality service) and appears to contribute to the micro firm’s survival and growth (apart from the case of “Zita” where the provision of qualitative service proved inadequate after the manager’s decision for expansion without the proper plan).

It also has to be noted that the findings of quantitative analysis (conducted in the 4th Document) and the research findings of the six case studies (in the context of the 5th Document) seem to align. These findings are related to the identification of the problems that micro wholesaling businesses have to cope with (intense competition and survival) as well as the fact that the approaches/strategies/solutions that can be used to face these issues appear to be complex.

6.3 Discussion, contributions, implications and limitations of the study

In general, the conduct of the specific case studies and the discussions with the six managers “revealed” various approaches to the market issues as well as the sector’s problems. All managers expressed their views about various issues of the confectionary products’ sector; these views seem to correspond to the Premises posed at the beginning of the Thesis (see section 1.3).

In particular, in relation to the **present situation of the Greek Economy** (see section 5.2.a), it is obvious that the position of micro enterprises (and SMEs in general) is in decline; their role is diminishing and many micro businesses cannot survive because of the growth of supermarkets and superstores. As a result, it can be argued that the problem of survival is quite intense for micro and small organisations. From the evidence it appears that the analysis of the **current situation** (see section 5.2.b) in the wholesale and retail sectors of the Greek market is of great interest, basically because of the rapid transition process to which these sectors have been subjected during the last few years (due to the penetration of foreign retailers in the Greek market). The most dramatic changes have been the growth of supermarkets, the elimination of the neighbourhood grocery stores and bake-shops, the further strengthening of big chain stores as well as the intensity of competition.

The researcher then refers to the **characteristics** and **importance** of micro firms and SMEs in general, focusing on the specific sector of confectionary products, its problematic issues and poor functioning (see section 5.2.d). It can be argued that the Greek market has certain **problems** that are mainly related to the existence of harsh competitive conditions (see section 5.2.e). From the evidence it seems that SMEs find it very difficult not only to become competitive and profitable but to survive.

Based on the six case studies’ findings, the researcher summarizes the most important **characteristics of the wholesale sector of confectionary products**. These characteristics appear to align with those posed at section 1.3 (Premises):

- Existence of adaptable and flexible micro family firms selling a wide range of products.

- The selling of these products is carried out through many retail outlets in different areas.
- The service to the various retail outlets has to be frequent, rapid and effective; there is also the need for keeping the specifications of the “lifetime” and freshness of these products.
- The engagement in confectionary commerce is influenced by the fact that most of these products cannot be easily sold in summertime as well as the fact that everybody is a potential consumer.
- The requested quantities of confectionary products are relatively small and cheap; on the other hand, the variety of these products is substantial and the stores have to display them suitably.
- Variety is also a decisive factor for the upkeep of the customers’ loyalty.

From the research findings, it seems that the discussions with the six managers have produced solutions that have two aspects, *practical* and *theoretical* (see sections 5.2 to 5.3). The implications of the findings in this Thesis may concern various audiences. In this way, it can be stressed that the study makes several **contributions** (practical, theoretical, methodological). Regarding **practical contributions**, the findings have stemmed from the implementation of RBV framework to the six micro businesses and the use of each enterprise’s resources and capabilities (see chapter 4, Overview – Level One and Level Two Analysis for each micro business). On the other hand, in terms of **theoretical contributions**, the findings have derived from the general solutions that the six managers have suggested and can be implemented by the government or pertinent organizations (see sections 5.2 to 5.3). The Thesis focuses on certain fields and evaluates factors that can influence business performance in general as well as the confectionary wholesale sector in particular. On the other hand, it appears that the findings can also have **methodological contributions**; the researcher is examining RBV theory and its elements in practice (see sections 2.7.a to 2.7.g). During the conduct of the six case studies, the researcher has “discovered” many aspects of the RBV approach that have to be focused and adapted to micro wholesaling enterprises. The RBV has been instrumental in directing the researcher’s attention toward the role of resources as potential sources of SCA for the micro firm.

What is more, additional **contributions** of the study can be mentioned. First, it can be argued that the study provides an organizing framework or map for examining the options that micro Greek wholesaling businesses have in order to offset increasing competition. Second, the study seems to present *methodological innovations* (combination of case-study analysis and RBV approach, see section 3.1). These innovations can contribute to the enrichment of the study and discussion of support from a more holistic perspective (external environment’s opportunities and threats and internal resources and capabilities of the micro business). Third, the study appears to provide initial evidence of the support valued by entrepreneurs during their start-up, survival and growth stage (see section 2.4). It can also be argued that a fourth contribution of the study is the attempt to highlight the

complexity of the process of exploiting resources and capabilities within the business environment of micro confectionary wholesaling firms (see chapter 4 for the Findings and chapter 5 for the analysis of Findings of the differentiating capabilities of each micro wholesaling enterprise).

Furthermore, it can be argued that the case study findings have **managerial implications**; the researcher is evaluating the various competencies (i.e., differentiating capabilities, HRM competence, etc.) that have been exploited or used by the managers (see chapter 5 for the Analysis of Findings).

What is more, from the research it appears that the results of the study can have several **practical implications**, which, in view of the exploratory nature of the investigation, must be regarded as tentative and qualified by the limitations of the study. It can be argued that the results of this study offer preliminary support for the potential to provide entrepreneurs with prescriptive counselling and recommendations capable of enhancing the resource base of new ventures.

From the research it also appears that a **limitation** surrounds the small sample size and its associated low statistical significance. However, several steps were taken to minimize the problems associated with a small sample. It can be argued that considerable effort and rigour were incorporated into the development and design of the sampling frame in order to ensure the geographic representativeness of the sample (whole Attica region). Another limitation concerns the regional research setting, which is characterized by some distinctive features in terms of geography, culture and economy. In particular, the centre of Athens was experiencing a significant economic transition at the time of the study; many migrants have arrived (from India, Pakistan, Albania, Poland, Romania, etc.) and forced many enterprises and citizens (potential consumers) to move from the region. For this reason, the researcher has not selected to examine a business operating in the centre of Athens. In this way, research findings would not be influenced by the aforementioned transition (see Yin's replication logic, section 3.5.b).

The nature and direction of the relationships that have been identified (manager with suppliers and customers or employees with customers) had to be applied to other settings and industries (especially where provision of service is involved). From the evidence it appears that it is difficult to assess the extent to which the study findings are generalizable to other sectors. For example, it has to be stressed that southern and central areas of Athens are poorer, while northern areas present higher incomes; in this way, consuming behaviour is altered. It has to be noted that confectionary products can be regarded as luxury goods; in a period of crisis, poorer consumers would not choose to buy them.

Finally, from the evidence it appears that **further research** is needed along several lines. Studies of other populations (such as wholesalers' customers and suppliers, final consumers, etc.) are necessary to establish the generalizability of the findings across different environments. It can also be noted that additional research is also required to better understand the processes used by entrepreneurs to build support and the decision-making strategies employed within these processes. The entrepreneur's initial

motivations, for example, are likely to affect the resource acquisition strategy employed. Finally, it can be stressed that research should be directed at examining the implications of different strategies and configurations and the implications these may have for subsequent performance.

6.3.a Practical contributions

As far as **practical contributions** are concerned, the researcher has selected the case study analysis as a qualitative research instrument for the identification and reflection of the sector's issues as well as the finding of the most appropriate responses to these issues. In particular, the researcher has formulated the RBV conceptual framework to evaluate and analyze the resources and capabilities of six micro wholesaling businesses operating in the sector of confectionary products. In particular, it can be argued that the RBV conceptual framework was implemented in practice and effectively highlighted the entrepreneurs' strategic choices in critical periods (such as the "development or expansion sprints" or the essential "firm's situation conception pauses"). What is more, the framework incorporated SWOT analysis, family and business orientation analysis, success factors and growth criteria in order to reveal their contribution (or not) to the attainment of SCA.

Consequently, from the research findings it appears that the **practical** solutions are related to the adoption of certain strategies that each manager highlighted as best for the exploitation of his enterprise's resources and capabilities. More specifically, it can be argued that in order to offset increasing competition, micro wholesaling firms have to be based on micro and small enterprises' *intrinsic characteristics* that are related to innovation, flexibility, better communication with customers as well as the offering of personal and prompt (high quality) services. Additionally, from the evidence it seems that, in order to resist increasing competition, such businesses have the option to participate in a union or trading group. Similarly, the adoption and implementation of the franchising system could be a means of survival for a micro enterprise; of course the concurrent outsourcing of the products' distribution would reduce the expenses (and increase liquidity) of a business that is functioning as an intermediary. Finally, from the evidence it appears that the strategies of product differentiation, market segmentation, as well as the expansion of the enterprise's network to new areas, could be helpful to the survival and growth of micro wholesaling businesses. In particular, the researcher presents and evaluates the specific strategies that the managers of the four "successful" micro firms have used in order to face increasing competition. These include **product differentiation strategy, formulation of a trading group, market segmentation strategy and franchising strategy**. The researcher also presents and evaluates the various resources, core competencies and capabilities that were used by the owner/manager of each micro wholesaling firm (see *Table 6.1*, where red colour highlights the effective adopted strategy and the most important differentiating capability used).

Enterprise	“Alpha”	“Beta”	“Gamma”	“Delta”	“Epsilon”	“Zita”
Strategy	Product Differentiation strategy	Formulation of a trading group (adoption of co-operation strategy)	Market Segmentation strategy	Franchising strategy	No particular effective strategy or differentiating capability	No particular effective strategy or differentiating capability
Differentiating Capability used	- HRM Competence - Competence to fulfil customer needs - Competence to offer superior customer value and qualitative service	- HRM competence - Competence to fulfil customer needs - Competence to offer superior customer value and qualitative service	- HRM competence - Productivity and quality competence - IT competence and Internet use - Logistics - Competence to offer qualitative service and fulfil customer needs	- HRM Competence - Outsourcing - Competence to fulfil customer needs - Competence to offer superior customer value and qualitative service	- Lack of strategic competence - Lack of HRM competence - Lack of financial resource, competence to offer qualitative service and fulfil customer needs - Lack of IT competence	- HRM competence - Competence to fulfil customer needs - Lack of strategic gap analysis, financial resource and innovation competence - Lack of productivity and Information Systems competence

Table 6.1: Enterprises’ strategies and exploitable differentiating capabilities

It appears from the research findings that “Alpha”, “Beta”, “Gamma” and “Delta” have adopted different strategies; however, the common element is focused on their *competence to fulfil customer needs and offer superior customer value and quality service*. It also has to be stressed that all four micro enterprises effectively use HRM competence (related to their employees’ reward, retention and satisfaction). In particular, the following competencies and capabilities seem to play a crucial role:

- *Differentiating capabilities.*
- *Competence to fulfil customer needs – provision of qualitative service.*
- *Human resource management competence.*
- *Competencies that emanate from co-operation strategies.*
- *Productivity competence.*
- *Focus strategy (niche strategy).*
- *Information Systems competence.*
- *Logistics – Outsourcing.*
- *Competencies that stem from the adoption of the franchising system.*

The researcher has also referred to the reasons for the failure of two of the case studies-organisations. From the research findings it appears that the reasons of failure are mainly related to the managers’ inability to perceive market conditions and follow the sector’s trends and consumers’ tastes. Both managers had conducted inadequate (or no) marketing research and failed to communicate their vision and strategy to employees; they also failed to follow a specific plan, since there was no tracking of progress against the two firms’ policies. In particular, the manager of “Epsilon” appears to lack essential differentiating capabilities (strategic competence, HRM competence, financial resource competence, competence to offer qualitative service and fulfil customer needs, IT competence). Of course, the manager of “Zita” has effectively used essential resources in the past (HRM competence and competence to offer qualitative service and fulfil customer needs). However, he lacks the most

important differentiating capability, “strategic gap analysis”. In other words, the manager did not have the ability to evaluate the micro enterprise’s performance in translating its market *strategies* (decision for expansion) into marketing *realities* (consequences of this decision in the marketplace). He also lacked the useful (for the enterprise’s survival and growth) competencies of financial resources and innovation, as well as productivity and Information Systems’ competencies.

Practical findings

From the evidence it appears that the main **practical** findings derived from the implementation of the RBV framework to the six micro enterprises and correspond to its seven parts are the following:

1. In relation to the six micro firms’ *resources and capabilities*, Table 6.2 briefly pictures their basic internal key resources and capabilities (red colour highlights the elements that have contributed most to the firms’ survival and growth).

Enterprise	Internal key resources and capabilities		Level Two Analysis	
	Strategy	Level One analysis	Main RBV elements’ test	VRIO Framework
“Alpha”	- Product differentiation - Provision of personal and prompt service - Focus on the trading of own label products	- The manager’s skills to co-ordinate and plan future payments/investments - The manager’s ability to control/organize the firm’s financial resources - Salesmen ability and flexibility for the provision of personal and prompt service	Prior or acquired resources Innovative capability Substitutability Appropriability Durability / Value Imitability/barriers to duplication	Competitive parity Temporary competitive advantage Normal financial performance
“Beta”	- Formation of mergers - Reinforcement of Unions	- IT specialized staff (implementation of EPR and WMS programs for the organization of the warehouse and the distribution process) - New vehicles / Variety of products / Quality service - Expanded customer network / Provision of a central administration for all activities and deployment of specific features or capabilities of each partner	Prior or acquired resources Innovative capability Substitutability Appropriability Durability / Value Imitability/barriers to duplication	Competitive parity Temporary and sustained competitive advantage Normal financial performance
“Gamma”	- Market segmentation - Information systems competence and Internet / Logistics - Provision of qualitative service	- Personalized service that the firm is offering and the strong relationships with customers - The adaptability of the manager and staff to the new market requisitions - The skills of the manager are quite important for the exploitation of the firm’s resources.	Prior or acquired resources Innovative capability Substitutability Appropriability Imitability/barriers to duplication Durability / Value	Competitive parity Sustained competitive advantage Normal financial performance
“Delta”	- Franchising - Outsourcing	- The firm is successfully using the franchising strategy - Provision of qualitative and swift service - The exclusive trading of famous “original” hand-made German cookies (relative monopoly for their distribution)	Prior or acquired resources Innovative capability Substitutability Appropriability Durability / Value Imitability/barriers to duplication	Competitive parity Sustained competitive advantage Above Normal financial performance
“Epsilon”	- Focus on the trading of many brand name products / Provision of uncalculated credit	- No particular core or breakthrough resources / capabilities - Adequate human, tangible and peripheral resources	Prior or acquired resources	Not achievement of competitive parity Below normal financial performance
“Zita”	- Expansion of enterprising activities and production volume of own label crackers without market research	- No particular core or breakthrough resources / capabilities after the expansion decision - Adequate human, tangible and peripheral resources	Prior or acquired resources Innovative capability	Not achievement of competitive parity, after the expansion decision Below normal financial performance

Table 6.2: Brief presentation of the internal key resources and capabilities of the six micro businesses

It can be stressed that “Alpha”, “Beta”, and “Gamma” possess valuable but not rare and costly to imitate resources that can be exploited by the organization. For these reasons, the firms find themselves in a competitive parity and have “normal” economic performance (see chapter 4 for the implementation of the VRIO framework for the six businesses and section 5.5.a, Tables 5.10 and

5.11 for comparisons between them). “Delta” has at its disposal valuable, rare and costly to imitate resources and capabilities stemming from the adoption of franchising. These resources and capabilities can be exploited by the micro firm; this means that the business presents a SCA in the marketplace and has “above normal” economic performance. On the other hand, “Epsilon” and “Zita” do not seem to have valuable, rare and costly to imitate resources and capabilities. As a result, these firms are at a competitive disadvantage in the market place and appear to have “below normal” economic performance.

2. Regarding the general **Critical Success Factors**, it can be argued that the results from comparisons between the six micro businesses were revealing (see section 5.5.b and *Tables 5.14* and *5.15*). In particular, regarding **general CSF’s**, the “successful” enterprises have shown positive elements in terms of money, sustainability, customer satisfaction, quality of products and services, product or service development, intellectual capital, strategic relationships, as well as employee attraction and retention. On the other hand, the firms that have not managed to survive (“Epsilon” and “Zita”) presented many disadvantages. Furthermore, with regard to **strategy CSF’s**, “Alpha”, “Beta”, “Gamma” and “Delta” seem to have chosen a suitable competitive strategy that boosts each firm’s current position in the sector (in relation to other competitors); “Epsilon” and “Zita” seem to have failed to implement an effective strategy through which the firms’ resources and capabilities can be easily exploited. In addition, in terms of **environmental CSF’s**, the “successful” firms seem to have taken advantage of industry regulation, population trends, demographic or economic changes as well as the relative government support and political affiliation (relative protection against competition from big businesses). The managers of “Epsilon” and “Zita” have not managed to use any of these critical success factors. Moreover, with regard to **temporal CSF’s** that result from internal organizational needs and changes, the managers of “Alpha”, “Beta”, “Gamma” and “Delta” have been self-composed during problematic periods, while the managers of “Epsilon” and “Zita” have reacted irrationally and often without a plan.
3. With regard to **entrepreneurial critical success factors**, these in effect are each *entrepreneur’s strategic choices*. The managers of the four “successful” firms can be said to have been effective in their management approach, had easier access to finance, presented specific qualities and traits as well as prior experience. The managers of “Epsilon” and “Zita” mainly lacked specific qualities and skills (i.e., leadership skills or patience to handle a crisis). *Table 6.3* briefly highlights the **Critical Success Factors** that have been identified and used by the six micro businesses.

	Critical Success Factors (CSF's)					
Enterprise	General CSF's	Strategy CSF's	Strategy CSF's	Environmental CSF's	Temporal CSF's	Entrepreneurial CSF's
"Alpha"	Positive elements in terms of money, sustainability, customer satisfaction, quality of products and services, product/service development, intellectual capital, strategic relationships, employee attraction and retention	Innovative responses and sensitivity of the managers to the changing customer needs as well as the stable consumer loyalty	Adoption of a suitable competitive strategy that boosts each firm's current position in the sector	The micro firms have benefited from industry regulation, population trends, demographic or economic changes and relative government support	The manager of each micro business proved self-composed during problematic periods	The managers have been effective in their management approach, had easier access to finance, presented specific qualities / traits and prior experience.
"Beta"						
"Gamma"						
"Delta"						
"Epsilon"	Negative elements in terms of the aforementioned elements	Not innovative responses and sensitivity to the changing customer needs	Adoption of a strategy that could not deploy available resources and capabilities	The micro firms could not benefit from the aforementioned elements	The managers did not have level-headed reactions during crises	The managers had not been effective in their management approach
"Zita"	After the expansion decision, negative elements in terms of the aforementioned elements					

Table 6.3: Brief presentation of the Critical Success Factors that have influenced the six micro firms

4. Table 6.4 briefly highlights the *external opportunities and threats as well as the strengths and weaknesses (SWOT analysis)* of each micro business.

	External opportunities and threats (SWOT analysis)			
Enterprise	Strengths	Weaknesses	Opportunities	Threats
"Alpha"	The managers of these firms have implemented sound strategies that were based on the effective exploitation of each firm's available resources and capabilities. The managers have conducted adequate <i>market research</i> that revealed the sector's trends, consumers' needs and tastes. These firms have based their success on the trading of own label <i>products</i> , as well as the qualitative <i>service</i> that they provide. Their relationships with <i>suppliers</i> and <i>customers</i> are constitutive, <i>distribution</i> procedure is conducted normally, while their <i>customer base</i> can be described as loyal. Regarding the <i>organisation</i> itself, the managers are co-operative and friendly enough to their employees in order to create a team spirit and "enterprising" culture. Finally, in relation to <i>finance</i> , the managers have implemented efficient procedures that can secure effective cost control and highly competitive pricing.	The firm's limited resources may lead to ineffective marketing and promotion. What is more, the firm's warehouse and vehicles cannot be regarded as the most modern ones.	Opportunities may include the expansion of the product range (more and new, different generic products) and consequently the expansion of the customer base. This expansion can take place only if adequate market research reveals changes in the customers' tastes and needs. What is more, new legislation (tax incentives) or other factors (cultural and social changes) may disclose opportunities for access to new markets, more distant but profitable.	Threats can be found to new legislation imposing new obligations or restrictions (in general an unfavourable environment for micro businesses), poor performance by the Greek economy, increased level of unemployment, as well as a limited or obsolete product range (that cannot satisfy consumers' needs and tastes).
"Beta"		In particular, apart from the aforementioned weaknesses, another disadvantage for Beta could be a possible disagreement between the members of the trading group.		
"Gamma"		The firm's limited resources may lead to ineffective marketing and promotion. What is more, the firm's warehouse and vehicles cannot be regarded as the most modern ones.		
"Delta"		Delta will face problems only if the mother German company ceases its operations, because of its dependence on the exclusive trading of one product only.		
"Epsilon"		The firm's vehicles needed to be replaced and the firm's limited resources led to ineffective marketing and promotion. Of course, another weakness was related to the micro organisation's dependence on brand name products (and not own label ones) and the fact that the manager and employees did not possess many key skills and capabilities to face problematic issues		
"Zita"		After the expansion decision the micro business presented many weaknesses. Apart from ineffective marketing and promotion of own label crackers, the firm was only depended on one product. Moreover, the manager had not conducted adequate market research on own label crackers.		

Table 6.4: Brief presentation of the strengths, weaknesses, opportunities and threats for the six firms

In particular, it has to be stressed that the **strengths** of the four "successful" firms are related to the fact that their managers have adopted sound strategies that were based on effective exploitation of each firm's resources and capabilities. This plan depended on adequate market research that

revealed the sector's trends, consumers' needs and tastes. In particular, from the evidence it appears that the managers of these firms have chosen to offer as qualitative service as possible to their customers. In this way, the distribution process is regularly conducted and the customers' repeat orders are delivered on time. These managers have also developed friendly relationships with suppliers and customers; thus, suppliers are paid on time and customers are satisfied. It also has to be noted that in terms of people/organization, the managers are co-operative and communicative with their employees; in this way, a team spirit and an "enterprising" culture has been developed in their businesses. In relation to finance, the managers have implemented efficient procedures that ensure effective cost control, unhindered liquidity and competitive pricing in the market place. It has to be noted that all four enterprises present adequate tangible (warehouse and vehicles), intangible (strong local reputation), human (experienced and willing to help salesmen) and financial (adequate liquidity) resources, while their managers proved able to co-ordinate their firms' resources and capabilities. On the other hand, it can be argued that the managers of "Epsilon" and "Zita" could not implement effective strategies that would secure their businesses' survival and growth. They also could not organize their firms' resources and capabilities in spite of the fact that these businesses had some remarkable and exploitable resources available (e.g., warehouse, vehicles, or experienced salesmen in the case of "Zita"). One could argue that the managers' primary mistake was related to the absence of market research that has led to the adoption of ineffectual strategies. In particular, the manager of "Epsilon" had adopted a completely improper attitude towards employees, suppliers and customers. For this reason, employees were performing their basic tasks with little motivation, the customer base of the firm was unsatisfied and suppliers did not wish to support the wholesaler (that faced liquidity problems) with the provision of credit. On the other hand, in particular fields (i.e., distribution process or other organizational issues), the manager of "Zita" had similar attitude with the managers of the four "successful" micro enterprises. However, the fact that was based on his instinct for the enterprise's expansion proved fatal for the firm's survival.

From the research findings it appears that "Alpha", "Beta", "Gamma" and "Delta" do not have many significant **weaknesses**. However, in particular, "Alpha" needs to modernize its warehouse and vehicles, while its limited resources have led to ineffective marketing and promotion. Moreover, in the context of "Beta", a possible disagreement between the members of the trading group can be regarded as a weakness; the need for the replacement of the firm's vehicles can be said to be a weakness, too. Furthermore, the weaknesses of "Gamma" may relate to the firm's limited resources that have led to ineffective marketing and promotion. Also, the vehicles of the enterprise have to be replaced with new ones. It has to be stressed that another weakness can be

related to the possible fall in the demand of own label cookies and chocolates. What is more, “Delta” will face survival problems only if the mother German company ceases its operations, because the dependence on the exclusive trading of one product only can cause insurmountable problems. On the other hand, “Epsilon”’s vehicles needed to be replaced and the firm’s limited resources led to unsatisfactory marketing and promotion. Of course, another weakness was related to the micro organisation’s dependence on brand name products (and not own label ones) and the fact that the manager and employees did not possess many key skills and capabilities to face problematic issues. Finally, with regard to “Zita”, after the expansion decision the micro business presented many weaknesses. Apart from ineffective marketing and promotion of own label crackers, the enterprise was only depended on one product (own label crackers). Moreover, the manager had not conducted adequate market research that would reveal that the demand for own label crackers in the context of the Greek and European market is limited.

In terms of **opportunities**, “Alpha”, “Beta”, “Gamma”, “Delta”, “Epsilon” and “Zita” are (or were) operating in the same business environment and more or less had similar opportunities. In particular, from the evidence it appears that in terms of *existing customers’ opportunities*, these include changes in the customers’ tastes, needs and strategies. What is more, *existing markets’ opportunities* entail changes in the needs of potential customers, emergence of new competitors, changes in supply factors as well as closures of competitors. Furthermore, with regard to *new market/technology’s opportunities*, these include changes in the needs of new customers, changes in supply factors and improvements in technology, innovation and invention. Moreover, regarding *political/laws’ opportunities*, these involve new government, new policies and new legislation. Also, *economics’ opportunities* comprise structural or cyclical change, interest rates, exchange rates and other international factors. Finally, *society’s opportunities* involve demographic change, cultural and social change or even lifestyle change.

Finally, regarding **threats**, one could argue that since all micro firms are (or were) operating in the same market, they consequently faced equal threats. In particular, it can be argued that threats for micro wholesaling enterprises include *price competition’s* threats that are related to lower prices or discounts offered by competitors. Additional threats would be *increased competition* (pressure from customers and suppliers), *increased prices for raw (or finished) materials* or services as well as the existence of *substitute products*. What is more, another threat can be connected to *new legislation* imposing new obligations or restrictions. On the other hand, *alterations in political or economic environment, demographic changes, economic cycle downturn as well as poor performance by the Greek and European economy* can also threaten the survival of micro businesses. Furthermore, the *increased level of unemployment, depressed consumer spending as*

well as interest rate fluctuation can create an unfavourable enterprising climate that would endanger the survival of these firms. Finally, the *limited or obsolete product range* that cannot satisfy consumers' needs and tastes can also put the survival and growth of these firms in danger.

5. Table 6.5 briefly pictures the factors that influenced the *life cycle stage identification* of each firm.

	Life cycle stage identification / Growth criteria					
Enterprise	Continuous provision of excellent service to customers	Entrepreneur's ability to manage internal operations effectively	Business's track record of sustained profitability	Entrepreneur's sufficient credibility to raise the necessary finance externally	Entrepreneur's well-developed communication skills	Attitude of the entrepreneur during the crises
"Alpha"	Yes	Yes	Yes	Yes	Yes	Calm and self composed
"Beta"	Yes	Yes	Yes	Yes	Yes	Calm and self composed
"Gamma"	Yes	Yes	Yes	Yes	Yes	Calm and self composed
"Delta"	Yes	Yes	Yes	Yes	Yes	Calm and self composed
"Epsilon"	No	No	No	No	No	Problematic reactions
"Zita"	Yes (before the expansion decision)	No (after the expansion decision)	No (after the expansion decision)	Yes (before the expansion decision)	Yes (before the expansion decision)	Problematic reactions

Table 6.5: Brief presentation of the factors that influenced the life cycle stage of the six micro firms

In the researcher's opinion, the four "successful" micro enterprises seem to score adequately in terms of the five growth criteria, while "Epsilon" and "Zita" could not accomplish most of them. In particular, regarding *continuous provision of excellent service to customers* that is evidenced by repeated orders, customer retention and sustainable gross margin, "Alpha", "Beta" and "Gamma" have excellent scores, while "Delta" and "Zita" provided adequate service. On the other hand, "Epsilon" provided poor service to its customers. What is more, in relation to the *entrepreneur's ability to manage internal operations effectively and efficiently*, the managers of "Alpha" and "Beta" seem to reach excellent standards, while the managers of "Gamma", "Delta" and "Zita" present adequate standards. Finally, the manager of "Epsilon" has very poor standards of performance in managing internal operations. Furthermore, in terms of *business's track record of sustained profitability* (in the last three years), "Alpha", "Gamma" and "Delta" present adequate profitability, while the trading group seems to have excellent standards of profitability. On the other hand, in the researcher's view, "Epsilon" and "Zita" present very poor standards in this field and this fact probably explains the reasons why these two micro businesses ceased their operations. Moreover, regarding *entrepreneur's sufficient credibility to raise the necessary finance externally*, the managers of "Alpha", "Beta", "Gamma" and "Delta" seem to score adequately at this growth criterion. On the other hand, the manager of "Zita" has proved his excellent standard in this field, while the manager of "Epsilon" definitely could not accomplish this criterion. Also, with regard to *entrepreneur's well-developed interpersonal and communication skills (so that employees are*

motivated to give their best), the managers of “Alpha” and “Gamma” have been excellent to the accomplishment of this criterion. The managers of “Beta”, “Delta” and “Zita” could adequately motivate their employees for achieving high performance standards, while the manager of “Epsilon” could not be communicative enough to provide incentives to his employees. Finally, regarding the *attitude of the entrepreneur during the crises* (see also section 2.7.b.ii for temporal critical success factors), in the researcher’s opinion, the managers of “Alpha”, “Beta” and “Gamma” have proved to be extremely calm and self-composed to the handling of problem situations. The manager of “Delta” can adequately handle difficult conditions, while the managers of “Epsilon” and “Zita” have presented very poor performance in dealing with crises’ situations.

6. Table 6.6 briefly pictures the factors that had an impact on **family and business orientation** of each micro wholesaling firm.

Family and business orientation			
<i>Enterprise</i>	Type	Characteristics	Advantages
“Alpha”	<i>“Family Money Machine”</i>	Strong family and business orientation	Value creation and family are important, while trust, control and motivation constitute advantages of the firm; conflict resolution is also easily achieved.
“Beta”	<i>“House of Business”</i>	Weak family orientation but strong business orientation	The micro firm appears to be effective on the conflict resolution. The firm has an advantage with respect to corporate atmosphere since there is more clarity in the (business) orientation of the organisation, while the firm is also expected to experience less difficulty to succession issues.
“Gamma”	<i>“House of Business”</i>	Weak family orientation but strong business orientation	The micro business appears to be effective in conflict resolution dimension, while it experiences less difficulty with respect to succession issues. The firm is also expected to have a positive corporate atmosphere because is more clarity in its business orientation.
“Delta”	<i>“Family Money Machine”</i>	Strong family and business orientation	Value creation and family are significant issues; trust, control and motivation constitute advantages of the firm; conflict resolution can be easily achieved.
“Epsilon”	<i>“Hobby Salon”</i>	Weak family and business orientation	The firm was expected to experience less difficulty with respect to succession. However, this advantage in essence made no difference.
“Zita”	<i>“Family Life Tradition”</i>	Strong family orientation but weak business orientation	Trust, control and motivation constituted advantages for the micro business. The firm had an advantage with respect to corporate atmosphere because of its transparent business orientation.

Table 6.6: Brief presentation of the factors that influenced family and business orientation of the six firms

In particular, “Alpha” and “Delta” can be described as *“Family Money Machine”* types of businesses, because both family and business orientation are strong, while trust, control and motivation constitute advantages of these firms. On the other hand, “Beta” and “Gamma” can be labelled as *“House of Business”* types of family firm because family orientation is weak but business orientation is strong. Those firms’ advantages are related to their corporate atmosphere since there is more clarity in the (business) orientation of each enterprise. These businesses are also expected to experience less difficulty to succession issues. Furthermore, “Epsilon” can be described as a *“Hobby Salon”* type of family business, where both family orientation and business orientation are low. It is logical that trust, control and motivation cannot be regarded as advantages of the micro organisation. Finally, “Zita” can be described as a *“Family Life Tradition”* type of family business; family orientation used to be strong but business orientation was weak. Trust,

control and motivation constituted advantages for the firm before the expansion decision. The micro firm also had an advantage with respect to corporate atmosphere because of its transparent business orientation. However, all these advantages were lost after the audacious decision of the manager for the firm’s expansion without any previous market research.

7. Table 6.7 briefly highlights the factors that have influenced the *marketing approach* of each firm.

	Marketing approach		
<i>Enterprise</i>	Type	Characteristics	Advantages
“Alpha”	Entrepreneurial relationship marketing orientation	The firms provide their customers quality products and service. The managers prefer to promote value to the customer by providing prompt and qualitative service, rather than doing the deal quickly, returning only to take new orders and disappear. The managers also prefer to promote value to the customer and other non-price benefits rather than emphasizing price as the main benefit. The managers finally believe that after-sales support and service is an investment for the micro business.	The managers’ relationships with suppliers and customers are personal, strong and long lasting. In this way, they have managed to keep a solid and satisfied customer base.
“Beta”	Entrepreneurial relationship marketing orientation		
“Gamma”	Entrepreneurial relationship marketing orientation		
“Delta”	Entrepreneurial relationship marketing orientation		
“Epsilon”	Transactional marketing orientation	The manager preferred to emphasize price as the main benefit of the firm’s relationships with customers rather than trying to promote value (and other non-price benefits) to them. He also preferred to do the deals quickly, returning only to take new orders. In this way, no particular advantages can be identified.	
“Zita”	Entrepreneurial relationship marketing orientation	Same with “Alpha”, “Beta”, “Gamma” and “Delta”. However, after the expansion decision, the manager could not contribute to the micro firm’s survival adopting this particular marketing approach.	

Table 6.7: Brief presentation of the factors that had an impact on the marketing approach of the six firms

In particular, the managers of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita” have adopted an *entrepreneurial relationship marketing orientation*; in this approach, the manager tries to provide on-going support to his customers to mutual satisfaction. What is more, the managers of these micro firms wish to promote value (and other non-price benefits) to their customer base, while they are trying to maintain existing customers rather than searching for new ones. What is more, after-sales support and service are seen as a relationship investment, amortized over the long term. Finally, managers that have adopted an entrepreneurial relationship marketing approach usually reward their salesmen for maintaining and growing relationships and revenues. On the other hand, the manager of “Epsilon” has selected the *non entrepreneurial transactional marketing orientation*. In particular, the manager of “Epsilon” preferred to emphasize price as the main benefit of the firm’s relationships with customers rather than trying to promote value (and other non-price benefits) to them. The manager’s relationships with suppliers and customers were not so strong and personal because the manager preferred to distribute the products quickly, spending time only to take new orders. For the manager, after-sales support and service used to be a cost to be minimized.

6.3.b Theoretical contributions

6.3.b.i Factors that influence business performance

As far as **theoretical contributions** are concerned, it can be argued that the Thesis presents and evaluates the general solutions that managers have suggested and can be implemented by the government or pertinent organizations; these mainly refer to the adoption of an entrepreneurial culture that is vital for the proper encounter of a problematic situation in the market context.

In relation to the **theoretical contributions of the study**, the researcher has identified certain *factors that influence business performance*. Theoretically, many authors referred to the factors that can influence business performance (see also sections 2.5.e.ii and 2.6.b). In particular, Borch et al. (1999) stressed the *importance of competencies* under certain market circumstances; they concluded that the influence on business performance of certain competencies was common to all firms across all sectors. More specifically, the *common factors that influence business performance* are: (a) the ability to ensure **capitalization** has to be adequate; (b) the requirement of **managerial competence** to ensure profit levels are appropriate to the degree of risk facing the firm, and (c) the ability to make decisions about selecting the **optimal source of external funds**. Successful micro and small businesses mainly rely **upon internally generated profits** and only occasionally need to turn to external sources to supplement internal financial reserves. These firms encounter few problems in raising more money when an injection of external funds is required. The researcher has reached the conclusion that all three factors that Borch et al. (1999) have identified, apply to the confectionary wholesale sector; if a micro wholesaling firm does not have the appropriate and skilled staff (manager and employees) to plan its liabilities and rationally invest its capital, it will probably have weak performance. For example, in the “successful” case studies, all four managers had the innovative capability and flexibility to implement the most appropriate strategy (with regard to available resources and capabilities) that would secure the survival and growth of their businesses.

The researcher has ascertained (through the study of the six micro firms) that the skilled manager has to be innovative and flexible enough to adapt to market alterations. What is more, the manager has to be able to apprehend the sector’s trends, competitors’ moves as well as changing consumer needs and tastes (effective implementation and use of market research). In general, the main characteristics of a successful entrepreneur are related to his/her need for achievement and willingness to take risks. It can be argued that the managers of “successful” firms combine the required technical skills, management competencies and personal attributes; they are real leaders who have successfully communicated their vision to their employees. Their primary concern is related to the satisfaction of their customers’ needs and tastes, as well as the provision of rapid and qualitative service. Their innovative spirit has been used for their effectual reaction to increasing competition while their rewards were not only profit and

independence, but the feeling of success. Of course, from the evidence it appears that they faced many problems during the implementation of their strategies; entrepreneurship demands hard work, emotional energy, personal devotion and commitment, stress, money and time; there was no guarantee for success and the threat of business failure was constant. However, they managed to exhibit their innovative capability in the most critical moment; when they had to react to the unfavourable market conditions, they adopted a robust strategy through which they managed to exploit their firms' resources and capabilities and secure their businesses' survival and auspicious perspectives.

In the particular four case studies where the micro firms have managed to survive and grow ("successful" cases), the enterprises' core competencies are related to their managers' flexibility to organize various business functions, evaluate market research and define exploitable market opportunities. Of course, these core competences had to be embedded into the micro organization's modus operandi (i.e., the provision of qualitative service cannot be taught).

On the other hand, in the confectionary products' sector, where micro wholesaling firms are involved, the **role of employees interfacing with customers** is of critical importance; sector specific competencies include successful service businesses that have evolved an effective Human Resource Management operation that can (see also **Appendix 4.VII**) ensure employees are involved in decision-making, permit accurate appraisal of employee performance and job satisfaction, and create effective systems for the delivery of appropriate ongoing employee skills development. It can be argued that the effective implementation of HRM turns employees into partners. If employees are regularly rewarded and gain satisfaction from their daily job, they will develop their skills, improve co-operation with the owner/manager of the firm and participate more and more actively in the decision-making process.

The researcher believes that there are certain fields that have to be taken into consideration in order to avoid failures in the context of micro businesses operating in the confectionary wholesaling sector. At first, the manager has to be able to evaluate his firm's position in the market as well as the potential to follow certain plans and strategies. In particular, from the research findings it appears that the manager has to be aware of the micro firm's **product characteristics and quality of service** (in terms of quality compared with competitors, fullness of range, image and brand identity compared with alternatives, design attributes, functional features and "extras", reliability of services, etc.). What is more, the manager has to be able to **evaluate pricing and value proposition** (in terms of the real position in price level against competitors and alternatives), as well as "value for money" terms compared with competitors. It can be argued that the **distribution procedure** is quite important, with regard to product availability in the marketplace at the time, form and place where the customer wants the product. The **quality of service provided** (in terms of waiting time, service provision, maintenance, etc.) can be regarded as of significant importance, too. Finally, from the evidence it

appears that **relationships with customers** as well as the **firm's strategic positioning** (regarding the life cycle stage of products and the strength of the micro firm's market position) are important elements for achieving a differentiation in the context of micro wholesaling businesses. Finally, from the research findings it also appears that the ability to **acquire knowledge about competitors' activities** as well as having the process **technologies** to support being able to price products at a competitive level, can be considered as important factors.

On the other hand, according to Chaston and Mangles (2002), the two factors that clearly impact on the performance of a micro business are **cash flow** and **profitability**. Many SMEs have adopted the simple method of using their bank statement to provide them with information about their prevailing cash situation. However, the researcher has validated (findings in the case of "Gamma") that the use of an organized, computer-based accounting system that connects the *sales* (including customer orders and order processing), *warehousing* (including different products codes and vans capacity) and *accounts systems* (including accounts payable, payroll and accounting ledgers) is a necessity for a micro wholesaling enterprise, since it secures a smooth cash flow and accommodates profitability. With the implementation of this system, the business owner will have the opportunity to save time and place emphasis on the use of financial information for directing business operations in the future.

Finally, Tracey and Wiersema (1999) identify the "*value disciplines*" followed by market leaders. Of course, these disciplines are usually followed by large companies; however, it can be argued that they can be useful to micro and small enterprises, too. In particular, these disciplines are:

- **Operational excellence:** these are firms that deliver a combination of quality, price and ease of purchase that no-one in the market can match (i.e., discount retailers).
- **Product Leadership:** these are competitors that continually promote new products and services.
- **Customer intimacy:** the customer intimate firm delivers the message that the business is always taking care of the customer's needs and gives customers the best solution.

The authors argue that the firm has to be committed to a particular strategic pathway; in this way, the manager has to reconsider issues of competencies and capabilities, scope and form of differential advantage in relation to the value creation for the customer. The case study analysis indicates that "Alpha", "Beta", "Gamma", "Delta" that have implemented successful strategies and "Zita" (before the expansion decision), seem to be more "*customer intimate*" firms (i.e., the firm takes care of the customer needs). Of course, the managers of "successful" firms try to combine the provision of personal and prompt service with high quality products and low prices; however, this is not always attainable, since costs (fixed and variable) are increased and continuous effort is required. "Delta" can also be described as having elements of a *product leadership firm* because it exclusively deals the

famous “original” German cookies in Greece. On the other hand, the manager of “Epsilon” does not appear to have followed any of the aforementioned principles.

The six managers referred to the *factors that influence business performance in the confectionary wholesaling sector*. The researcher has evaluated them and ranks them in accordance to their importance to the eyes of the managers. In *Table 6.8*, **red colour** denotes the highest importance of the factor; **brown colour** indicates high importance, **green colour** implies increased factors’ gravity, while **orange colour** denotes medium importance. Finally, **azure colour** indicates the lowest degree of the factor’s importance.

Factors that influence business performance in the sector of confectionary products
<i>1. Importance of competencies (managerial competence)</i>
<i>2. Quality of service provided</i>
<i>3. Products’ characteristics</i>
<i>4. Manager’s relationships with customers</i>
<i>5. Role of employees interfacing with customers</i>
<i>6. Pricing evaluation and value proposition</i>
<i>7. Distribution procedure</i>
<i>8. Cash flow and profitability</i>
<i>9. Selecting the optimal source of external funds</i>
<i>10. Adequate capitalization</i>
<i>11. Enterprise’s strategic positioning</i>
<i>12. Acquiring knowledge about competitors’ activities</i>

Table 6.8: Summary of the factors that influence business performance in the confectionary sector

In this way, the managers seem to consider the personal attributes of the manager (managerial competence) as the most important factor that can influence the micro business performance. On the other hand, it has to be stressed that personal relationships with customers in essence formulate the quality of provided services and products (i.e., characteristic of freshness). They also determine the efficiency of the distribution procedure and consequently determine the value generated for the micro firm, its suppliers and customers. These factors are considered to be more significant than financial indicators (i.e., cash flow and profitability, adequate capitalization, selecting the optimal source of external funds or enterprise’s strategic positioning). This fact reveals the importance of personal contacts in the sector and reflects the significance of micro and small enterprises in the Greek society; it also explains the reason why acquiring knowledge about competitor’s activities is not seen to be important in terms of influencing the micro business performance.

6.3.b.ii General solutions for micro and small firms

On the other hand, in the context of the Thesis, during the interviews the six managers proposed various **theoretical solutions** all related to the creation of the suitable environment for micro and small enterprises’ effective operation and growth. In particular, they stressed that the government is responsible for ensuring a fairer legislative framework that will allow for the simplification of

bureaucratic processes, the lifting of fiscal disincentives, as well as facilitation of micro enterprises' access to finance. For the six managers, the main issue of the Greek market is related to combating bureaucracy; most of them believe that a radically different tax system and a new developmental law (securing fair competition conditions) would boost the role of micro and small businesses.

What is more, in relation to **general solutions for micro firms** (and SMEs in general), during the interviews, most managers stressed that long-term strategies have to be followed: micro businesses have to be reinforced because many people with limited income have enormous economic and political force and constitute the sole resource for the creation of employment. In this way, they suggest that systematic recording of the conditions and problems of micro enterprises (maybe by an SME observatory) will probably address all existing disincentives and contribute to the creation of a healthier market environment. Most of the six managers believe that in healthy market conditions, these firms can improve their flexibility (flexible organizational framework) and competitiveness and consequently attain superior performance standards (by providing innovative products, reduced prices, improved quality and service completeness). The managers stressed that competitiveness improvement will be a result of the adoption of entrepreneurial culture; this can be achieved through the appropriate development of enterprising climate as well as planning on a long-term basis.

It also has to be noted that all six managers hold the view that the role of the government is vital in terms of introducing additional financial and tax incentives for micro wholesaling businesses. What is more, the managers referred to the need for a modern education system that will allow the diffusion of best practices and will be connected to the productive process and the job market. Furthermore, the managers referred to the boosting of professional unions' role for a better and more effective representation of micro enterprises' interests in community and national level.

6.3.b.iii Entrepreneurship as a competence

In the context of *theoretical solutions*, the researcher believes that the essential responses to complex market issues (i.e., survival and growth of micro businesses in hard competitive conditions) can be related to the combination of various reactions; these reactions include the adoption of entrepreneurial culture, co-operation between implicated bodies (representatives of wholesalers' Unions, government and banks) as well as the provision of effective government directives (enactment of the proper legislative framework with suitable incentives) for the safeguard of micro and small businesses.

The implementation of the general solutions that can be useful to micro and small enterprises (micro wholesaling confectionary businesses, in particular) presupposes the existence of an *entrepreneurial culture*. The researcher believes that the adoption of an entrepreneurial culture is an indispensable first step for the survival of these enterprises. *Entrepreneurship* is a major driver of innovation,

competitiveness and growth. It can be argued that entrepreneurship and small businesses are, particularly for the European economy, a key source of jobs, business dynamism and innovation.

Growth and employment are a primary preoccupation of public policies in the context of the renewed Lisbon Strategy (see <http://ec.europa.eu/growthandjobs/index>, 2000). In particular, the EU is focusing on the promotion of entrepreneurship, reduction of administrative burden (by simplifying various bureaucratic procedures), support of SMEs' development and access to markets as well as the boost of consultation with representatives of micro and small enterprises. To achieve the objectives of the Lisbon Strategy, the EU needs additional economic growth, increased number of new firms, more entrepreneurs ready to participate in innovative ventures, as well as more high-growth SMEs.

However, European citizens appear to be rather reluctant to take up opportunities for self-employment and entrepreneurial activities (lack of entrepreneurial mindset). On the other hand, there are other reasons hindering the full exploitation of the EU's entrepreneurial potential. At first, a strong "smear" that is attached to business failure is always a reason to avoid involvement in a new business. It can also be argued that the complexities and barriers to getting started are vital factors; of course, there are the difficulties of accessing finance or the disproportionate burden on micro and small businesses of many bureaucratic procedures in day-to-day business. In this way, there is a need to create a more favourable social climate for entrepreneurship in the EU. Entrepreneurship as a competence is quite important; in general, the promotion of entrepreneurship education and training in national education systems can be positive steps for the growth and development of micro and small enterprises.

In particular, there are *specific strategic areas where entrepreneurship* has to be boosted in order to strengthen the role of micro and small enterprises. These specific areas constitute benchmarks for the fields where further action needs to be taken:

➤ **Education**

Entrepreneurship education is an important aspect in the formation of entrepreneurial culture. At first, school education should stimulate young people's awareness of entrepreneurship as options for their future; it should help them be more creative and self-confident in every venture they undertake. At a later stage, Universities and Technical Institutes (T.E.I.) should integrate entrepreneurship as an important part of their curriculum. In this way, potential entrepreneurs will acquire basic business skills and also develop personal qualities and skills (such as creativity, teamwork, responsibility and initiative) that have become increasingly important for everyone in today's knowledge society.

However, in practice, almost two out of three new-established micro and small enterprises cease their operations in the first three years (*Kathimerini*, 2007). One of the reasons for failure is related to the inadequate staffing of these businesses. In Greece, this problem is evident because entrepreneurship education has not been formally instituted and taught systematically; it can be argued that most Greek

entrepreneurs are basing their strategies on their experience and instinct. According to the Bank of Greece (2008), more than 25% of Greek University graduates remain unemployed. As a result, it seems that Universities and T.E.I. do not provide the adequate knowledge that can satisfy contemporary enterprising market requirements; at the same time, the managers of micro and small firms do not seem willing to invest in enterprising/business education or hire these qualified people. As a result, low competitiveness and productivity, limited contact as well as the lack of a long-term strategy for Greek SMEs, make the co-operation between Universities/Institutions and these businesses unlikely. Both parties have not realized that their co-operation can yield multiple benefits, especially at a local developmental level. It can also be argued that regional Institutions could cultivate sound liaisons with local enterprises and various professional bodies targeting at a long-term strategic plan with certain goals (i.e., institution of annual competitions or scholarships between students in entrepreneurial topics, co-operation contracts between businesses, regional bodies and Universities/Institutions for research, adaptation of the study programs according to the contemporary demands and market needs, exploitation of the EU programs, etc.).

➤ ***Business Insolvencies***

It can be argued that it is regrettable that thousands of healthy enterprises and jobs are lost every year because the transfer of business ownership is too cumbersome. It is clear that some business failure is concomitant with responsible entrepreneurial initiatives (*Naftemporiki*, 2007). According to EC records (<http://ec.europa.eu>, 2008), almost one-third of EU entrepreneurs, mainly those running family businesses, will retire within the next ten years, while many of these firms are unlikely to find a successor. In this way, more people need to be encouraged to become entrepreneurs. EU member States' governments have to ensure that tax systems are transfer-friendly, provide adequate financial conditions, raise awareness, consider soft factors and support mentoring as well as organize transparent markets for business transfers. In Greece, it can be argued that this problem is acute, since many SMEs are forced to cease their operations due to various reasons (i.e., lack of capital, reluctance to succeed the retiring entrepreneur, unbearable tax burdens, stringent legislative framework, etc.). For this reason, it is necessary to tackle the negative effects of non-fraudulent bankruptcies.

➤ ***Overcoming barriers to growth and improving access to finance***

Another significant issue is related to “*overcoming barriers to growth and improving access to finance*”; the aim for EU Member States' governments is to find ways to facilitate entrepreneurs' access to finance as well as to promote entrepreneurship. Of course, there are possible suggestions in this direction such as the need for making entrepreneurs more visible and reinforcing networking; however, financial providers, high-level policy makers, business organizations of entrepreneurs as well as representatives from EU institutions need to co-operate in order to boost the potential of SMEs

to overcome barriers to growth through easier access to finance. The interviews with the managers have revealed that these obstacles are quite intense in the Greek market where conditions are particular due to high levels of bureaucracy; access to finance is limited or requires long periods of waiting.

On the other hand, it has to be mentioned that micro and small enterprises need to get help in the area of “*improving the flow of finance*”. The EC has provided concrete guidelines for micro and small enterprises’ applying for loans from banks and emphasizes that these businesses can benefit from a culture of openness that provides both parties with opportunities to improve their risk management (<http://ec.europa.eu>, 2007). The reform has to be implemented in European countries soon in order to improve the flow of finance to innovative micro enterprises and promote their growth; in this way, the availability of risk capital will be increased, bank lending for innovation will be channelled, while governance will be improved. This reform will be quite lucrative for SMEs in the confectionary industry, since appropriate bank lending can be a decisive factor for their survival and growth.

It can be argued that micro businesses and banks have to cooperate in order to enhance the prospects of micro enterprises’ survival and facilitate certain processes in which they are involved. Banks can also be useful in the administration and facilitation of payments to the suppliers, to the intercession in enterprising activities abroad and in Greece as well as to the facilitation of transactions with customers. Some banks offer *factoring* programs that can ensure liquidity, coverage of credit risk, cashing of demands, potentiality of financing in proportion to the sales of the business, as well as credit checks (*Ta Nea*, 2008c). What is more, specialized bank programs can provide SMEs with suggestions about various issues (i.e., improvement of the conditions of the transactional network with the suppliers, reduction of functional expenses, selection of suitable instruments of financing for plants and equipment, preparation and reception of proposals for EU investment plans, etc.). For example, from the evidence it appears that in the case of “Epsilon, a loan could help the manager secure enough liquidity to organise the firm’s operations (sales, orders, payments of suppliers, etc.) more effectively.

➤ ***Business co-operation***

Another key element in the same direction is *business cooperation*. The EU supports the Pan-European Business Co-operation Schemes (P.E.S.) that constitute a unique opportunity for European micro and small enterprises to find appropriate business partners; these partners will have to fulfil suitable prerequisites in relation to resources, capabilities and sector experience (EC records, 2007). The modulation of a business co-operative culture is quite significant in the context of the Greek wholesaling sector of confectionary products, where business co-operation is in its “childhood”. From the evidence it seems that the success of business co-operation has been proved in the case of “Beta”, where the manager found similar enterprises with the essential characteristics for the formation of the trading group that secured the survival and growth of five micro wholesaling businesses.

➤ ***Tax obstacles***

Micro and small enterprises encounter *tax obstacles* when they operate within their country's frontiers or in other EU Member States. It can be argued that this additional burden has to be eliminated when these businesses are performing cross-border business. The EC and the Member States' governments need to create a friendlier regulatory and administrative framework for micro enterprises (EC records, 2008). In Greece, from the interviews with the six managers, it can be argued that the combination of bureaucratic procedures and tax obstacles dissuade entrepreneurs from investing more time and money to their enterprises. In the particular case of "Zita", when the firm expanded and increased its production volume of crackers, the manager wished to canalise the increased stock abroad. However, he stressed that bureaucratic procedures were complex and taxes quite heavy; as a result, the firm had to cease its operations since the production of crackers could not be absorbed in foreign markets.

➤ ***Micro and small enterprises in policy-making***

It can be argued that, both individually and collectively, SMEs do not have the resources that large firms dedicate to influencing policy-making, or lobbying. It is also very difficult for many micro firms to put forward a common viewpoint on a proposal because there are many different points of view held by owner/managers, according to their personal interests and experience. Consequently, based on the research findings, it can be stressed that these businesses face obvious difficulties in putting their views across to policy-makers; larger firms can act more quickly and decisively in this field.

The key issue is related to better involvement of *micro and small enterprises in policy-making*. It can be argued that national and regional governments should develop a practical tool for planning and organizing consultations in their own regions (*Ta Nea, 2008b*). In the context of the Greek market, the interviews with the six managers revealed that better organization by the relevant authority is essential so that possible problems are anticipated. For example, the existence of a forceful Wholesalers' Union that would express the sector's problems is of vital importance. It can be argued that in the cases of "Epsilon" and "Zita", a powerful Union would probably have averted the closure of these businesses (by helping them in financial matters or in an advisory level).

In this way, the interviews with the six managers disclosed that certain measures have to be taken ***to improve the business environment*** for micro and small enterprises and boost their competitiveness and flexibility in the context of the European Union. These measures can include:

- Entrepreneurship education and training.
- Simplifying the procedures to create a new firm / better legislation and regulation.
- Reducing costs and making micro firms' dealings with government more efficient.
- Removing barriers to trade and ensure fair competition in the market.

- Encouraging investment in small firms through favourable tax and regulatory systems.
- Strengthening the technological capacity of micro and small enterprises / implementation of successful e-business models and specialized micro business support.
- Developing strong and effective representation of SMEs' interests at EU and national level.

6.4 Methodological contributions

6.4.a Evaluating the RBV approach in practice

As has been stressed in the second chapter of this Thesis, the RBV of the firm has clearly made a significant contribution to strategic management, since it improves the understanding of competitive advantage determinants and assists managers or researchers in comprehending and explaining why some resources and capabilities generate more advantage than others. The researcher believes that the RBV conceptual framework that has been developed can help managers of micro wholesaling businesses involved in the confectionary products' sector identify and analyse their firm's exploitable resources and capabilities; in this way, they will be able to formulate a corresponding strategy based on them. However, as Fahy (2000) underlines, most of the RBV literature has been theoretical rather than empirical in nature; this means that many aspects of this theory (such as the nature and determinants of competitive advantage) have to be tested in practice. Of course, this insufficiency in empirical research of RBV can be attributed to the fact that resources are described as an "unobservable" element in strategic management research (see section 2.5).

It can be argued that firm-specific capabilities are characterized by increased ambiguity (Godfrey and Hill, 1995), while Collis (1994) stresses that strategy implementation can incorporate the basic source of competitive advantage. Consequently, there is no "best" resource identification since the less observable the resource, the less easy it is to comprehend. From the research findings, it appears that in the context of micro wholesaling firms involved in the confectionary products' sector, the *provision of high quality service* (that incorporates increased ambiguity because every "player" can interpret it in a different way) can be described as the basic source of competitive advantage since it is the resource that mainly contributes to the creation of value (especially in the eyes of customers).

RBV is supposed to be an "emerging perspective" (Foss, 1997). The researcher has found the RBV approach quite practical in the specification and evaluation of the six micro businesses' resources and capabilities. However, Foss (1997) stresses that a larger problem with RBV is related to the lack of clarity or agreement as to how a researcher actually develops and uses resource-based theories. What is often lost in these discussions, however, is that for potential sources of SCA to emerge as a realized advantage that provides above-normal economic rents, the firm must be organized to exploit that opportunity (Sirmon & Hitt, 2003). It is in the context of organizing to exploit these resources where

the salience of the entrepreneur's role in marshalling resources is most evident. Based on the research findings, the researcher believes that the role of the entrepreneur to co-ordinate and effectively exploit various resources and capabilities is of vital importance (see also section 2.7.c.ii).

The researcher has actually discovered that the implementation of RBV is generally useful for micro and small organisations; however, not all RBV theories can be implemented in the context of these businesses, since most approaches seem appropriate to larger firms. The researcher has concluded that micro firms have to be organised enough to deploy their resources and capabilities. If the entrepreneur is alert and methodical enough, he will be able to take advantage of potential opportunities.

Similarly, the concept of *core competencies* seems to be vague; there is no clear checklist of points for their development. In essence, core competencies ignore other areas highlighted by the RBV as contributing to resource analysis and development. For example, resources such as a powerful brand name, the exclusive trading of a product or a superior geographical location virtually have no connection with core competencies. Based on the research findings, the researcher has also realized that the concept of core competencies/differentiating capabilities is vague. It is better described as the ability of the entrepreneur to identify, combine, develop and exploit various resources and capabilities of the micro business (see section 2.7.a.iv for differentiating capabilities).

In general, RBV discusses several important issues. The researcher had actually faced difficulties becoming familiar with the process of the creation of new resources; on the other hand, this approach seems to disregard market environment (the idiosyncratic Greek market); the researcher has incorporated a more general SWOT analysis in the conceptual framework in an attempt to link external market conditions to the internal business environment (identification of resources and capabilities, see section 2.7.a). In this way, external competitive conditions that effectively determine the chances of micro firms' survival and growth had to be examined in depth. The Greek economy is quite particular and is not based on heavy industry; most of its businesses are of micro or small size operating in various fields of the service sector (i.e., tourism, shipping, etc.).

In particular, the following issues of RBV have been criticized and analysed by various researchers:

- ***Resource creation and development***

According to Foss (1997), the most significant disadvantage of RBV is in expressing the more dynamic issues of resource creation; the researcher agrees that there is a gap at this point. In particular, RBV literature allows the co-existence of two completely different styles of discourse: one "formal" and static that derives from economics and another "informal" and dynamic that stems from strategic management. RBV theory seems to have difficulty in dealing with the more dynamic issues of *resource creation*, perhaps due to its "formal" aspect. The researcher has tried to enrich the RBV conceptual framework with the elements of entrepreneur's strategic choices, SWOT Analysis, life

cycle stage identification, family and business orientation as well as marketing approach to lend a more “dynamic” and strategic tone in the research analysis. What is more, insufficient attention has been given to the process of *resource development*; Dickson (1996) stresses that patterns of resource development define a resource course that may be compatible or incompatible with environmental shifts. This means, according to Dierickx and Cool (1989), that resources within the firm are characterized by “insecure” factors like time compression diseconomies, interconnectedness, asset mass efficiencies as well as causal ambiguity. These factors can persuasively explain why internally developed resources present the ability to resist the efforts of competitors to imitate them. The SWOT Analysis perspective of the RBV conceptual framework can facilitate resource analysis by helping the researcher approach the external environment taking into consideration the influences by internal resources. On the other hand, historical decisions may have many consequences in certain sectors. For example, in the confectionary wholesaling sector, a micro firm with the best differentiated products may fall behind because it is locked into old-fashioned technologies or limited means/equipment.

- ***Equilibrium methodology***

RBV is greatly dependent on economics; this dependence affects the role of equilibrium in this approach. According to Nelson and Winter (1982), equilibrium models within strategic theory directly produce a static bias; however, the term SCA has to be stated in equilibrium terms, since it is the advantage that stands out after all imitation efforts have been accomplished. As a result, SCA appears to be difficult to operationalize outside equilibrium. The researcher believes that the RBV model cannot definitely express the development of innate change models; consequently, dynamic phenomena such as innovation, flexibility, training and learning are difficult to elaborate within the RBV approach mainly because the vague concept of SCA has to be expressed in the jargon of economics. The aforementioned elements (i.e., the innovativeness or flexibility of an entrepreneur) can be basically observed and evaluated in the marketplace.

- ***Unit of analysis***

The question of “what should be the relevant unit of analysis” is quite equivocal, since various interactions of management processes, organizational routines and enterprising activities are involved. The researcher has selected to examine six independent units of analysis (micro wholesaling businesses-case studies). On the other hand, the manager of the micro firm will choose to use the most appropriate unit of analysis that can effectively exploit its resources and capabilities. However, Foss (1997) argues that most contributions within RBV use the *individual resource* as the unit of analysis. For this reason, the importance of interactions between individual resources and grouping has to be stressed, since they contribute to the attainment of competitive advantage. In the confectionary

wholesale sector, the potential outcome is related to the fact that a manager should be careful when analysing resources on an individual and freestanding basis, since it is not a matter of uniqueness or rareness of the resource, but rather the resource's ability to fit into a system (embeddedness of the resources). It also has to be noted that the researcher has concluded that most of the resources and capabilities that "successful" micro firms have used, are interrelated. This means that for example, the provision of personal and prompt service has to be connected to the manager's effective human resource management (employees' rewards and satisfaction), innovative ability and flexibility.

- ***The environment***

RBV can also be criticized for not dealing in detail with the external environment (Porter, 1991). This approach does favour the analysis of internal factors; however, it does not entirely neglect the significance of the external environment. The researcher believes that the analysis of how to attain the best positioning in the market place and RBV have to function as supplementary. For his reason, the SWOT analysis has been incorporated in the RBV framework (see section 2.7.d.i). In this way, RBV can be useful when analysing market phenomena and competitive factors, such as strategic industry factors (specific sets of resources, see section 2.7.b.i) that affect industry profitability and sector trends, as well as competitors and customers' expectations. Finally, RBV may be helpful for understanding industry level competitive dynamics (e.g., understanding the nature of mobility and entry barriers because it directs attention to the resources that underlie these barriers). For instance, in the confectionary industry, it is not sufficient to know the minimum efficient scale in terms of produced units; an entrant may also wish to have information about the necessary resources for efficiently producing at this scale of production. In general, RBV may add some detailed and qualitative analysis to current industry analysis based on industrial organization economics.

- ***Circular reasoning***

Furthermore, RBV has been criticized for displaying circular reasoning in terms of *value* (see section 2.7.a.i). Value, in particular, can only be evaluated in terms of a particular context (Barney, 1991; Kay, 1993). It can be argued that resources may lead to competitive advantage; however, this in turn defines what a valuable resource is. Porter (1991) stressed that a solution to this circularity is related to the examination of the relationship between resources and advantage as a longitudinal process. Of course the drawback in this case is the resources' durability. For example, in the wholesale sector of confectionary products, value to customers is not a given element; it is gained through a relatively long-lasting process that entails trust and provision of high quality service and products.

In general, the researcher believes that in spite of the fact that RBV represents greater clarity in strategy development, it still has several significant weaknesses:

- RBV, probably due to its nature, does not appear to have any guiding logic between its elements. Probably there will never be, because, by definition, such logic might imply an industry solution and not a solution based on each firm's resources and capabilities.
- Beyond the concept of innovation, there is little guidance on how resources develop and change over time. The dynamics of resource development (involving the human element) are quite important in terms of strategy and RBV adds little insight to these perspectives. There is almost no recognition of the process aspects of strategy development.
- Some recent critical comment suggests that the whole concept is a case of tautology.
- Finally, some proponents of various aspects of RBV hold exaggerated views of its role as the solution to most strategic issues. It is clearly an advance but it is no substitute for the comprehensive development of every aspect of strategy analysis.

However, based on the research findings, the researcher believes that the elements of the RBV approach are useful in the context of micro wholesaling businesses involved in the confectionary products' sector. The researcher has formulated the RBV conceptual framework in an attempt to examine as many aspects that influence micro wholesaling firms as possible. In particular, if the RBV framework is enriched with elements that can facilitate the evaluation of external factors and various market conditions (such as SWOT analysis, Critical Success Factors, human factor, government policies for micro enterprises, etc.), then the model's findings will be more reliable and valuable.

6.4.b Evaluating RBV elements

The Thesis involves analysis using the RBV of each firm in combination to case study analysis (see sections 3.1 and 3.5); this means that the analysis was focused on the exploitation of the existing resources and capabilities of each micro enterprise. In general, RBV argues that the individual resources of an organization provide a stronger basis for strategy development than industry analysis since it can identify those resources that are exceptional and can yield SCA. RBV sees the resource perspective of a firm as the principal source of strategic choices rather than constantly repositioning due to alterations in the external environment. As a result, the RBV approach focuses on the strategic capability-potentiality of the micro firm; it emphasizes the uniqueness of each enterprise and suggests that the key to profitability is not through doing the same as other firms, but rather *exploiting differences*. The essence of RBV development is its focus on the *individual resources* of the organization, rather than the strategies that are common to all businesses in a given industry. As a result, RBV focuses on fields such as strategic choice, as well as identifying, developing and exploiting key resources in order to maximize returns and income (see section 2.7, RBV framework).

SCA is an advantage over competitors that cannot easily be imitated. The main reason for analysing competitors is to enable the organization to develop competitive advantages against them.

In relation to the main elements of resource-based SCA (see section 2.6.a), analysis of the six case studies indicated that the most important and exploitable elements for the micro confectionary wholesaling firms are related to all basic elements that have been identified in the relevant literature review. Of course, their importance depends on their availability and deployment by the owner/manager of the micro business. In particular:

- ***Prior or acquired resources.*** Value creation is more likely to be successful if it is based on the strengths that are already available to the organization, rather than starting from the beginning in a totally new area; in spite of the fact that existing resources do not guarantee that the firm's strategy will be successful, they constitute a major starting point. Moreover, building on the actual enterprise's strengths will exploit any real uniqueness that has been built as a result of the organization's history and investment over many years. In this way, it may be difficult for competitors to develop the same sophisticated resources. Another prior strength that can be of major importance in the development of future strategy is related to the existing reputation of the organization. For example, in the wholesaling sector of confectionary products, the specialization in the trading of own label biscuits can be the key element of an effective strategy; on the other hand, the "name" of the firm (reputation) or the wholesaler plays an important role to the retention of its customers and consequently the survival and growth of the micro business. *Prior or acquired resources* are quite important for the firms that are operating in the sector of confectionary products, since most of these firms are based on the provision of qualitative service and the prompt distribution of a variety of products (own label and brand name ones) to their customers. The reputation of these enterprises as well as the personal relationships with customers (owners of bakeries, pastry stores, etc.) is a "weapon" for the attainment of competitive advantage; these resources are difficult for competitors to exploit.
- ***Innovative capability.*** Some organizations are more innovative than others; innovation can be significant since it is likely to deliver a real breakthrough in competitive advantage that other enterprises will have difficulty in matching for a long period of time. *Innovative capabilities* in micro wholesaling firms are mostly related to the manager's ability to adapt to different market conditions and implement different survival strategies. For instance, in the sector under examination, the manager's flexibility as well as the innovative ideas in management/marketing methods can be of catalytic significance. The managers of the four "successful" businesses proved their innovative capabilities that in essence contributed to the firms' viability and growth.

- ***Being truly competitive.*** It is indispensable that any resource can deliver an objective advantage over the competition; this partly proceeds from the test of relevance to customers, competitors and enterprise's strengths. However, identifying the resource as being a real strength most of the time is not enough; resources' effects must be comparatively better than the competition. The researcher has found out that a "low cost-high quality" business of the confectionary products' sector should actually provide personal and prompt service and products at rational prices in comparison to their competitors. Indeed, the four micro firms that have managed to survive and grow have exhibited the aforementioned characteristics.
- ***Substitutability.*** Resources are more likely to be competitive if they cannot be substituted. Sometimes unique resources can be replaced by totally new alternatives. *Substitutability* is also important for the achievement of competitive advantage in the wholesale sector of confectionary products. From the discussion with the managers, the researcher has concluded that resources are more competitive if they cannot be replaced. In this sector, it can be argued that the existence of a network of "loyal" customers cannot be easily replaced; on the other hand, the provision of personal and qualitative service to customers cannot be substituted, too. Of course, the manager's flexibility and innovative capability is a unique resource and cannot be substituted by anything.
- ***Appropriability.*** Shortages and employee mobility in some industries and sectors have led to employee bargaining power appropriating a major portion of value added. It can be argued that the more embedded individual skills and knowledge are within organisational routines, the more they come upon corporate systems and reputation. This theory has proved to be true many times in the past in the context of confectionary products' sector. In spite of the fact that most micro enterprises are not following formal procedures and systems, employees' individual skills and capabilities affect the reputation and position of the micro firm. Resources have to deliver the results of their advantage to the individual firm and not be forced to distribute at least part of it to others. Based on the research findings, it appears that in "successful" micro wholesaling businesses, employees are functioning like they own the firm; they have personal relationships with the owner/manager and always try to generate superior performance. On the other hand, the researcher has found out that the manager that has communicated his vision to employees is rational and skilled enough to re-invest the profits that the unique resource generates.
- ***Durability.*** One of the most important elements of SCA is durability; useful resources must have some longevity. There is no point in identifying and consistently exploiting a competitive resource whose advantage is not sustainable. It is likely that in the future all competitive resources will no longer deliver competitive advantage; as a result, the longer a resource can

keep its advantage, the better. For example, in the context of micro wholesaling enterprises, the trading and distribution of a specific own label product cannot be followed for ever; adequate market research will reveal potential new sector's trends and differentiating customers' tastes.

- ***Imitability-Barriers to duplication.*** The inability of competitors to imitate and exploit resources is a basic component of the RBV theory. The relative literature includes many relative suggested schemata (i.e., asset stock accumulation, capability gaps and differentials, etc., see section 2.7.a.i and *Table 2.13*). Discussions with managers have accentuated that *barriers to duplication* can exist if the specific resource is immobile, has low replicability (i.e., it is inimitable and non-substitutable) and is durable. On the other hand, especially in the cases of service provision, another significant point is that a resource may be “unique” if it cannot be clearly identified or if it cannot clearly generate superior performance. In general, resources should not be easy to imitate if they are to contribute to the attainment of competitive advantage. Based on the research findings, it seems that in the context of micro wholesaling businesses involved in the confectionary products' sector, those enterprises that have resources that are difficult to imitate (i.e., combination of the provision of high quality service, qualitative products and affordable prices) increase the chances of their survival and growth.
- ***Value.*** According to Grant (1991), the *modulation of value* can be influenced by relationships and actions of customers, suppliers, employees, shareholders as well as the government. However, appropriation of value becomes a significant issue where property rights are not clearly defined; despite the fact that the firm may be effective in getting value from its physical and financial assets, it may also be ineffectual in the case of intangible assets (e.g., brand names and copyright). Barney (1991) considers that value should allow the firm to implement strategies that can upgrade its efficiency by meeting the needs of customers. In this way, in spite of the fact that resources may meet other conditions, if they do not enable the creation of value, they are not a potential source of advantage; one such source of resource value is scarcity. For example, in the sector of confectionary products, the satisfaction of consumers' tastes and needs, as well as the provision of personal and swift service can generate value for customers. Resources must also be immobile; advantage generating resources must not be easily substitutable. In the sector that is examined, wholesalers should exploit relatively unique resources (such as the existence of a “special” product or the provision of exceptional service) in order to achieve competitive advantage. On the other hand, it is obvious that some resources are more durable than others and consequently constitute a more secure keystone for competitive advantage; however, nowadays, rapid technological developments shorten the life span of most resources. In spite of the swift

changes in the marketplace, the reputation of a firm (even wholesaling or commercial firms that sell own label products) can show remarkable endurance and adjustment to the new conditions.

Although many resources can eventually be copied, such a process can be delayed by a number of ways in the sector of confectionary products (and other similar sectors):

- *Tangible uniqueness*: Some form of specific differentiation (such as branding or a specific geographic location or patent protection) will delay imitability.
- *Causal ambiguity*: It may not be obvious to competitors what gives a resource its competitive edge. There may be some complex organizational processes (or managers' own way) that have taken years to develop and are quite difficult for outside enterprises to learn or acquire.
- *Investment deterrence*: When the market has limited or unknown growth prospects (and is difficult for a business to make a small initial investment), a substantial investment by the organization in a new (well-studied) strategy will deter competitors from entering the market. This is particularly true where large capital plant or major advertising campaigns are essential to launch products and services. Most of the time, the wholesaler is well aware of the market growth prospects; in this way, his focalization (and investments) are proportional.

6.5 Managerial implications

6.5.a The survival and growth of the confectionary wholesale sector - Criteria and Solutions

The Thesis incorporates the RBV model within the context of micro wholesaling businesses and examines the specific factors and characteristics that can affect the performance of micro confectionary wholesalers in Greece. The general RBV principles had to be adapted to the specific conditions that affect the wholesale sector of confectionary products. It can be argued that certain *criteria of success* can be used in the context of these businesses, such as profitability, financial performance, awards, various financial indicators, years of each firm's survival, turnover, sustainability, development and existing customer and supplier network. Potential solutions could include a forecast about the sector's progress (e.g., ten-year forecasting), or the imitation of a successful European example. The *criteria of survival* in the sector of confectionary products are affected by specific market characteristics and dynamics. On the one hand, there are "lucky" wholesalers that have managed to serve-supply particular stores with certain products (own label products). For example, there are wholesalers that serve bakeries with own label cookies, or wholesalers that supply kiosks with other own-brand products like "pastelli" and chalvas (sesame sweets), or even wholesalers that have signed subcontracts for the supply of certain bodies (i.e., the army). These wholesalers are sole distributors and have in essence secured their viability since their customers are guaranteed; however, these cases are rare. On the other hand, the majority of

wholesalers have to face daily problems (intense competition, lack of liquidity, problems with suppliers, increased liabilities, credit, etc.). In particular, the discussion with the six managers has revealed certain *criteria of survival* for the micro wholesaling enterprises that are operating in the market of confectionary products. These criteria include (see also section 1.3, Premises):

- provision of prompt, reliable and qualitative service;
- reliance on loyal customers that can ensure the micro firm's viability; focus on reliable customers in a geographic area that presents growing demand for confectionary products;
- existence of various and different products; focus on the trading of own label products that allow a higher profit margin;
- adoption of franchising system and philosophy;
- support of co-operation between wholesalers so that a larger market share is acquired.

Based on the research findings, the researcher validates the practical solutions that the four “successful” firms under examination have followed; similar micro wholesaling enterprises may follow their example in order to survive and grow. However, there are obstacles that make the realization of the aforementioned “solutions” difficult; these obstacles are mainly related to the idiosyncratic conditions of the Greek market. Most Greek entrepreneurs are not accustomed to co-operate since they have not received the adequate managerial education.

The analysis has been illustrated with extracts from the six owner/managers' responses about the general market issues that were set out in their separate interviews. The case studies' findings revealed that the six managers virtually “agreed” on the existence of certain “best practices” in the context of their businesses. These practices have also been highlighted and confirmed with the use of the RBV conceptual framework (see section 2.7). This framework was based on the literature review conducted in the context of micro and small businesses (see also Document 2). In particular, through the analysis of the case studies, the researcher has affirmed the importance of the following areas of *best practice*:

1. *Simultaneous continuous improvement in cost, quality, service, and product innovation* (see findings and both levels of analysis of findings for “Alpha”, “Beta”, “Gamma” and “Delta”).
2. *Eliminating layers of management creating flatter organizational hierarchies* (see findings and both levels of analysis of findings for the case of “Beta” in particular).
3. *Closer relationships with customers and suppliers* (see findings and both levels of analysis of findings for “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita”, before the expansion decision).
4. *Intelligent use of new Information Technology* (see findings and both levels of analysis of findings for the case of “Gamma” in particular).

5. *Improving human resource skills* (see findings and both levels of analysis of findings for the cases of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita”, before the expansion decision).

Micro and small enterprises, especially those involved in similar sectors to the sector that is examined, are of family type. These businesses can have a **variety of choices** in order to **improve their position and effectively secure their survival**. In particular, they can:

- focus or specialise on a product with certain characteristics (i.e., see the case of “Delta”);
- participate in acquisitions, takeovers or networks (i.e., see the case of “Beta”);
- be a part of a bigger team (e.g., a merger or Union that will form a big player in the market that will be able to claim for bigger quantities in better prices, see also the case of “Beta”);
- focus on the quality/originality of their products (innovation, see the cases of “Alpha”, “Beta” and “Gamma” for the trading of own label confectionary products; see also the case of “Delta” where “original” hand made German cookies secured the micro firm’s survival and growth; in the case of “Zita”, the quality of own label crackers could not secure the firm’s survival because of the manager’s decision to expand without a proper plan and adequate market research);
- provide personal, friendly and swift service (see the cases of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita”, before the expansion decision);
- use financial help from governments, European capital (CSF) in order to invest for better training/education (see the case of “Gamma” for the effective use of a CSF program);
- expand their customer network (see the cases of “Alpha”, “Beta”, “Gamma”, “Delta” and “Zita”, before the expansion decision);
- focus on product differentiation strategy and personal relationships with customers (i.e., case of “Alpha” for the adoption of product differentiation strategy and the cases of “Beta”, “Gamma”, “Delta” and “Zita”-before the expansion decision- for personal relationships with customers).

In particular, the presence of the micro confectionary wholesaling firm is essential for the swift distribution of products to small retail outlets; this dynamic sector presents many advantages that are related to the exploitation of new technology, fashion, and marketing trends. In general, it can be argued that the sector’s firms theoretically have two developmental choices in order to survive and present growth perspectives. At first, the **horizontal option** which is related to the broadening of the turnover volume with the addition of new categories of confectionary products; in this case, the wholesale trader has to identify the new market opportunities and threats. Secondly, wholesalers have the **vertical option** which means to widen their turnover volume with the completion of the variety of confectionary products only. This choice can also be accompanied by new marketing services in the confectionary products’ market, with the collaboration of the retail outlets. In this way, mergers,

acquisitions, economies of scale for cost control, organizational changes and increase of Greek consumers' purchasing power will be crucial factors for further development. For both choices, the analysis of the findings of qualitative and quantitative research is a necessity; for the *horizontal* option, the knowledge of sales volume in certain areas or product fields is essential in order to expand the wholesaler's network, explore new markets and finally re-gain competitive advantage. On the other hand, for the *vertical* option, quantitative research has revealed that own label products "dominate" in the sector and the improvement in their promotion/service can be a significant step for the sector's survival, growth and development.

6.5.b Evaluating competencies and approaches to capability development

The managers of "successful" micro enterprises have referred to the use and deployment of various competencies (differentiating capabilities, HRM competence, etc.) that were indispensable for the effective implementation of certain survival and growth strategies. On the other hand, the managers of the micro businesses that failed to survive have in essence admitted the absence of these competencies. In particular, with regard to *differentiating capabilities*, the manager of "**Alpha**" has focused on the trading of own label products (chocolates and cookies) by following product differentiation strategy in a limited market (almost exclusively to bakeries and pastry stores). These categories of stores have presented higher demand for own label confectionary products. On the other hand, product differentiation strategy is strengthened by the provision of personal and swift service to the firm's customers. The manager of "**Beta**" has adopted a co-operation strategy with the formation of a trading group; he evaluated available market data and concluded that the co-operation between firms with different resources, characteristics and capabilities would ensure their mutual survival and growth. "**Gamma**" was orientated to the adoption of market segmentation strategy; the firm's manager focused on the distribution of own label cookies and chocolates to bakeries, since available resources and capabilities "prescribed" the implementation of this strategy and bakeries have presented higher demand for own label confectionary products. Market segmentation strategy is empowered by the provision of personal and prompt service to the customers of the micro firm. Finally, the manager of "**Delta**" has chosen to adopt the philosophy of franchising. The manager preferred to be the exclusive distributor of a well-known brand of German cookies so as to ensure an increased market share, instead of trading a variety of products (having lower profit margins) that would threaten the enterprise's survival.

On the other hand, there are many reasons why the plans and strategies of the managers of "**Epsilon**" and "**Zita**" have failed. Apart from the managers' inability to conduct the adequate marketing research in order to perceive the customers' needs and comprehend the sector trends, both businesses lacked

certain competencies, such as differentiating capabilities, strategic and HRM competence, competence to offer qualitative service and fulfil customer needs, as well as IT competence.

It has to be noted that Grant (2005) identified five main approaches to *developing new capabilities*. These are: (a) developing individual competences required to develop organisational capability; (b) corporate acquisitions; (c) capabilities through alliances; (d) incubating capabilities and (e) product sequencing. Research findings derived from the case studies demonstrated the use of the aforementioned approaches. In particular, the managers of “Alpha”, “Beta”, “Gamma” and “Delta” have used their personal endeavour and developed *individual competences* as well as HR competencies; these were effective in preserving and developing their firms’ existing competencies. On the other hand, the managers of “Epsilon” and “Zita” did not work on human resource competencies and in essence failed to develop their existing competencies. “Beta” and “Delta” demonstrated and developed the useful approach of *corporate acquisitions*. The adoption of the franchising system includes the ability to find a mode to connect the micro firm’s capabilities with the directives of the German mother company (case of “Delta”, sections 4.8.a to 4.8.e). The managers of “Beta” and “Delta” are in favour of the collaborative relationship that allows organizational learning. Partnership incorporates different types of relationships such as warehouse-sharing arrangements, joint research and development, joint marketing and distribution arrangements as well as a common vision. Moreover, the target for the established family enterprises of “Alpha” and “Gamma” was to bring and implement the *new capability* (e.g., differentiated products, focus on a specific market segment or customer network expansion) back into the micro firm so as to gain the competitive advantage in the marketplace. Finally, in the sector of confectionary products, a wholesaler/salesman can use existing customer network and boost the micro firm’s sales with new *differentiated products* or discounts based on his experience. The managers of “Epsilon” and “Zita” had not convinced (by rewarding or training them) their salesmen to reach standards of superior performance; salesmen could not (or did not want to) highlight the special characteristics and strengths of their enterprises’ products.

By definition, micro and small businesses are unlikely to contain the range of resources available to larger companies. There will be fewer people, limited finance, less government support, limited incentives and so on. The strategic issue is how to manage this limited resource situation. The discussion with the managers has revealed that the following methods can be effective:

1. **Employ outside advisers such as consultants.** This can be expensive but is probably appropriate where particular specialist skills are needed. Most of the times, outside resources are temporarily hired. In the particular wholesale confectionary sector, the hiring of an IT specialist would be helpful for the implementation of appropriate software or accounting programs (i.e. ERP or WMS that are essential for the warehouse organization and the rational planning of orders and liabilities).

For example, in the case of “Gamma”, the manager had to hire an IT specialist to implement new accounting and IT systems and communicate the new knowledge to employees. The IT specialist definitely contributed to the firm’s more effective administration, deployment of available resources/capabilities and consequently its survival and growth.

2. **Concentrate resources on particular tasks that are more likely to yield added value.** It is obvious that the manager has to be farsighted enough to select the area/task that can be exploitable and yield added value to the micro firm. For example, in the cases of “Alpha” and “Gamma”, resources were concentrated on certain products or a specific segment (niche) of the market that was likely to bring long-term benefit. The firms’ growth proved that these strategies were successful.

3. **Offer superior service.** The provision of superior service to customers can be an area where smaller businesses can win against larger competitors. Micro and small enterprises can react faster and more flexibly in order to satisfy their customers’ needs and variety of tastes. All six managers agreed that the provision of personal and prompt (qualitative) service is the “key” for their firms’ survival. The existence of a “loyal” customer network constitutes a solid base for the implementation of any strategy that the manager will select. This may even justify slightly higher prices than larger competitors. Resource strategies in this case may involve additional training and possibly even the hiring of extra service staff (i.e., salesmen). For example, in the cases of “Alpha”, “Beta”, “Gamma” and “Delta” the provision of prompt and personal service was a prerequisite for the survival and growth of the firms because their customer base was kept satisfied.

4. **Exploitation of large company resources-adoption of franchising system.** The exploitation of such resources presupposes the adequate infrastructure and preparation to accept the culture and functioning of larger companies. For example, in the case of “Delta”, the micro business had to train its employees in order to adapt to the specifications that are put by the mother German Company. After the essential training, the firm could take advantage of the guaranteed “safety” that the mother company provides (i.e., reliable suppliers, organized procedures, financial umbrella, etc.).

5. **Co-operation strategies.** The adoption of these strategies requires a spirit of cooperativeness between the participants (i.e., principal of “sharing”). In particular, in the case of “Beta”, the participant firms of the trading group shared their resources and capabilities unhesitatingly in order to achieve their common goal: the survival and growth of the merged micro business.

6.6 Limitations of the study

6.6.a Generalizability

Voght (1993:99) defines generalizability as the “extent to which you can come to conclusions about one thing (often a population) based on information about another (often a sample)”. Generalization is

concerned with the application of research results to cases or situations beyond those examined in a given study. In many ways, generalizability amounts to making predictions based on a recurring experience. Researchers are using the same type of reasoning when generalizing about the findings of their studies. Once they have collected sufficient data to support a hypothesis, then a premise regarding the behaviour of that data can be formulated, making it generalizable to similar circumstances (see section 1.3, Premises). However, since generalization has its foundations in probability, it cannot be regarded as conclusive or exhaustive.

In particular, quantitative methods allow some generalizability; for example, experimental research can often produce generalizable results. However, such experimentation must be accurate enough to support generalizable results. According to Runkel and McGrath (1972), there are three types of generalizability that interact to produce probabilistic models; all of them include generalizing a treatment or measurement to a population outside of the original study. Researchers that intend to generalize their claims have to apply all three forms to their research; otherwise, the strength of their conclusions will be weakened:

1. Researchers determine whether a *specific treatment will produce the same results in different circumstances*. This will establish how flexibly the treatment adapts to new situations; higher adaptability means that the treatment is generalizable to a greater variety of situations. For example, the manager of a micro wholesaling firm has proposed a survival strategy. To responsibly generalize that this strategy is effective, the researcher needs to test it in different managerial settings and conditions; not all businesses can have and exploit the same resources and capabilities. If the same positive results are produced, then this treatment-strategy can be described as generalizable.

2. A second form of generalizability focuses on *measurements rather than treatments*. For a result to be considered generalizable outside of the test group, it must produce the same results with different forms of measurement. In the previous example, the strategy will be more generalizable if the same results are obtained when assessed with different criteria (i.e., when the manager is not informed about a successful strategy, uses the same resources and capabilities and proposes it himself).

3. A third type of generalizability concerns the *subjects of the test situation*. Although the results of an experiment may be internally valid (that is, applicable to the group tested), in many situations results cannot be generalized beyond that particular group. Researchers who wish to generalize their results to a larger population should ensure that their test group is relatively large and randomly chosen. However, according to Firestone (1993), researchers should consider the fact that even large test populations do not significantly increase generalizability. The researcher is aware that the specific results of the particular cases are exclusively applicable to micro firms operating to the confectionary wholesale sector in Greece. However, the general suggestions can be applied to a larger SME context.

No matter how carefully these three forms of generalizability are applied, there is no absolute guarantee that the results obtained in a study will occur in every situation outside the study. In this way, precision is of utmost importance in order to determine causal relationships in a test environment. On the other hand, if researchers intend to generalize their findings, scope and variance has to be emphasized over precision. As a result, it is difficult to test for precision and generalizability at the same time, since a focus on one minimizes the reliability of the other. One solution to this problem is to perform a greater number of observations (Runkel and McGrath, 1972).

One criticism of case studies is that they are inherently subjective in their focus, and the generalizability of any finding derived from a single case is generally argued to be weak (see section 3.5.a). Nevertheless, generalizability from a single case study occurs when the study provides support for a theory, which can then be used as the basis to understand other cases. Indeed, it is possible that a theory may actually fail to account for events, and therefore be weakened or even proved to be false. One argument for generalizability from a single case is that by providing sufficient detail about the case, readers are able to infer from the relation of the case to the theoretical framework how the case might generalize to other settings (Stake, 1998). Yin (2003b) calls this analytic generalization, as opposed to statistical generalizations supported by quantitative methods, and argues that single case studies only support generalizations to the extent that they fit within a theoretical framework which is itself an aggregate product of a series of studies that form a chain of evidence (see section 3.8).

Bryman (1988) makes the point that the purpose of research is not always to generalize from findings directly to specific populations, new groups or new contexts. Frequently, the purpose instead is to generalize to theory and then apply the adapted theory to new circumstances. Lee and Baskerville (2003) plead for greater attention to be paid to generalization concerns in future research and propose a framework which builds on Yin's (2003b) concept of generalizing to theory. If this is not entirely possible, then perhaps an alternative conceptualization of generalization, (i.e., which can be called "other-settings", may be sufficient). This could be based on the idea that the researcher must demonstrate a reasonable expectation that something believed to be stable in one or more settings is also true in other settings. The challenge here is to try to identify the boundary on the meaning of "other" settings. For example, in the confectionary products' sector, market circumstances are dynamic and few factors remain stable; in this way, the determination of "other" settings may refer to the conditions (exploitable resources and capabilities) that exist in each micro business-case study.

The research forms adopted for the case studies presented in the context of the Thesis can probably be best described as a series of case studies conducted using positivist as well as critical elements. Within these studies, the RBV approach was employed at two Levels of Analysis in order to gain an understanding of how internal resources and capabilities (apart from the ubiquitous external

environment) affect the adoption of a certain strategy. On the other hand, the researcher has formulated and implemented the RBV framework (including seven main parts) in order to evaluate these resources, capabilities and core competencies in the general framework of micro wholesaling enterprises involved in the sector of confectionary products. For example, with the implementation of RBV approach in these six cases, the researcher has concluded that the provision of personal and prompt service by micro wholesaling firms is indispensable in order to retain their customers, no matter what kind of strategy they adopt (based on their own resources and capabilities). The extent to which the results are generalizable beyond their respective context to a more general population is difficult to ascertain fully without further study. It is not possible, however, to speculate on the durability of the effects beyond the duration of the studies, but one would expect that familiarity would eventually erode their impact. The final result supports a high degree of coherence between the managers' views as to the confrontation of certain problems in the sector (such as taxation, warehousing or finance) related to a better legislative framework (i.e., more favourable for SMEs).

6.6.b Ethics and micro enterprises

Few owner/managers of micro and small businesses can deny the importance of good, trusting relationships with customers, employees and suppliers. The success of their firms effectively depends on personal and reliable relationships. What is more, smaller firms are increasingly asked about their social and environmental credentials during tendering processes with large corporations. The managers of micro enterprises definitely recognise the importance of trust and ethics in business; for example, the way unethical business practice is “punished” can be regarded as an absolutely significant issue (i.e., when suppliers deliberately do not meet agreed terms and conditions). Owners and managers themselves often encounter ethical challenges. In particular, the discussion with the six managers revealed certain *ethical issues* that are related to:

- Relationships with employees, customers and competitors (relationships with inside and outside parties in the market place). For example, all managers referred to the need to have trusting relationships with these “players”.
- Management processes and relationships (superior-subordinate relationships); all six managers stressed the importance of the creation of a “friendly” labour environment. However, the managers have to be sure about the “role” of their employees. For example, the manager of “Epsilon” “detected” a theft phenomenon by his employees that should have been anticipated.
- Employee obligations to employer (employee responsibilities and actions that may conflict with the best interests of the employer). For example, there are times that salesmen apprehend managerial issues in a different way than the manager; in these cases, relationships are tested.

- Relationships with suppliers (practices and deceptions that tend to defraud suppliers). For example, it can be argued that wholesalers tend to believe that suppliers are participating in a “game” with larger organizations that order big quantities of products and get large discounts.
- Governmental obligations and relationships (compliance with governmental requirements and reporting to government agencies). For example, wholesalers often complain about the pricing practices of multinational companies that in essence influence the prices of products.
- Human resource decisions (decisions relating to employment and promotion). All managers referred to the need to boost employees’ performance by finding incentives for them.
- Environmental and social responsibilities. Environmental responsibility is quite significant; micro and small enterprises have to accept their share of responsibility regarding environment.

Values and ethical principles in micro and small organisations are often implicit rather than formally expressed through the ethical policies, codes and programmes that are familiar in large companies. The ethics of a small organization is typically influenced by its owner/manager. Through their very visible presence, their personal attitudes and behaviours will set the tone of the micro business and have the potential to signal to employees how seriously ethical behaviour is to be taken in the enterprise. Micro and small businesses are not typically able to devote as many resources to building an ethical workplace culture as larger organizations. However, the fact that most of these businesses are of family type constitutes the role of the manager (father, uncle, etc.) and his relationships with subordinates (son, daughter or nephew) quite important in the context of the formulation of an informal code of ethical attitude for the firm’s employees.

On the other hand, there are *advantages* to having a somewhat more formal ethics policy in place. At first, ethics policy fortifies and makes explicit the principles that are part of the organizational culture; on the other hand, it provides guidance and support to employees on how they are expected to conduct their business (and probably leads to superior performance). However, making ethical values explicit can have certain *advantages* for micro enterprises, especially those that are operating in service sectors (i.e., increased employee loyalty and commitment, lower staff turnover, attraction of “high-quality” staff, reputational benefits, innovative culture, generation of goodwill, etc.).

6.7 Recommendations for future research - The “new” RBV conceptual framework

As stressed in section 2.7, the initial RBV framework was built on the work of Day and Wensley (1988), Hunt and Morgan (1996) and Fahy (2000). It basically includes three elements that have to be evaluated so that a researcher can determine their contribution to the attainment of competitive advantage. These are the *enterprise’s key resources and capabilities*, *entrepreneur’s strategic choices* as well as *industry critical success factors*. Based on the aforementioned framework, the researcher

has enriched it with four additional elements (*external opportunities and threats, life cycle stage identification, family and business orientation, marketing approach*, see sections 2.7.d to 2.7.g) in order to formulate a more complete approach of internal and external characteristics that can influence survival and growth of micro businesses involved in the confectionary products' sector.

The researcher believes that these modifications had to take place so that entrepreneurs' orientation, as well as management and marketing approaches can be highlighted. The reader, apart from the reference to the managers' choices and the description of each firm's key resources and capabilities, has to be able to formulate a wider picture on the market conditions and the micro firms' framework (Critical Success Factors) in which each entrepreneur lays out his strategy, takes advantage of opportunities, faces threats and exploits various resources and capabilities. In this framework, the researcher believes that it was essential to further analyze the various CSF's (environmental, temporal, etc.) that constitute the benchmark for the success of each micro enterprise. On the other hand, it can be argued that it was quite important to specify the life cycle of the micro business, its orientation (family or business) as well as the marketing approach of each entrepreneur (transactional or relationship). Based on the evidence, it appears that the study has revealed that the aforementioned factors function to complement the managers' strategic choices and their ability to effectively exploit their firm's available resources and capabilities. As a result, based on the research findings of the six case studies and the implementation of the RBV framework, the researcher believes that the "*new*" RBV conceptual framework should incorporate the following elements (see *figure 6.1*):

1. ***Internal key resources and capabilities***, including identification of tangible, intangible, human resources and capabilities, evaluation of resources' characteristics of value, barriers to duplication and appropriability as well as use of the VRIO framework for rarity, value, imitation and organizational capability of resources. ***Differentiating capabilities*** also have to be taken into consideration in the context of the "new" RBV conceptual framework.
2. ***Critical Success Factors***, including industry, strategy, environmental, temporal (6th life cycle stage criterion) and entrepreneurial (entrepreneur's strategic choices) CSF's.
3. ***Ten Guidelines' Test*** (questions about technology, network, value added, people skills, financial resources, customer benefits, additional skills, perspectives, environment and competitors).
4. ***Life cycle stage identification***, including Wilson and Bates' (2003) evaluation of five growth criteria as well as Miller and Friesen's (1984) identification of four Primary Factors.
5. ***Family and business orientation*** (micro firms' categorisation by Leenders and Waarts, 2003).
6. ***Marketing approach***, including identification of marketing orientation (entrepreneurial or not) and Chaston's (1999) evaluation of alternative customer needs.

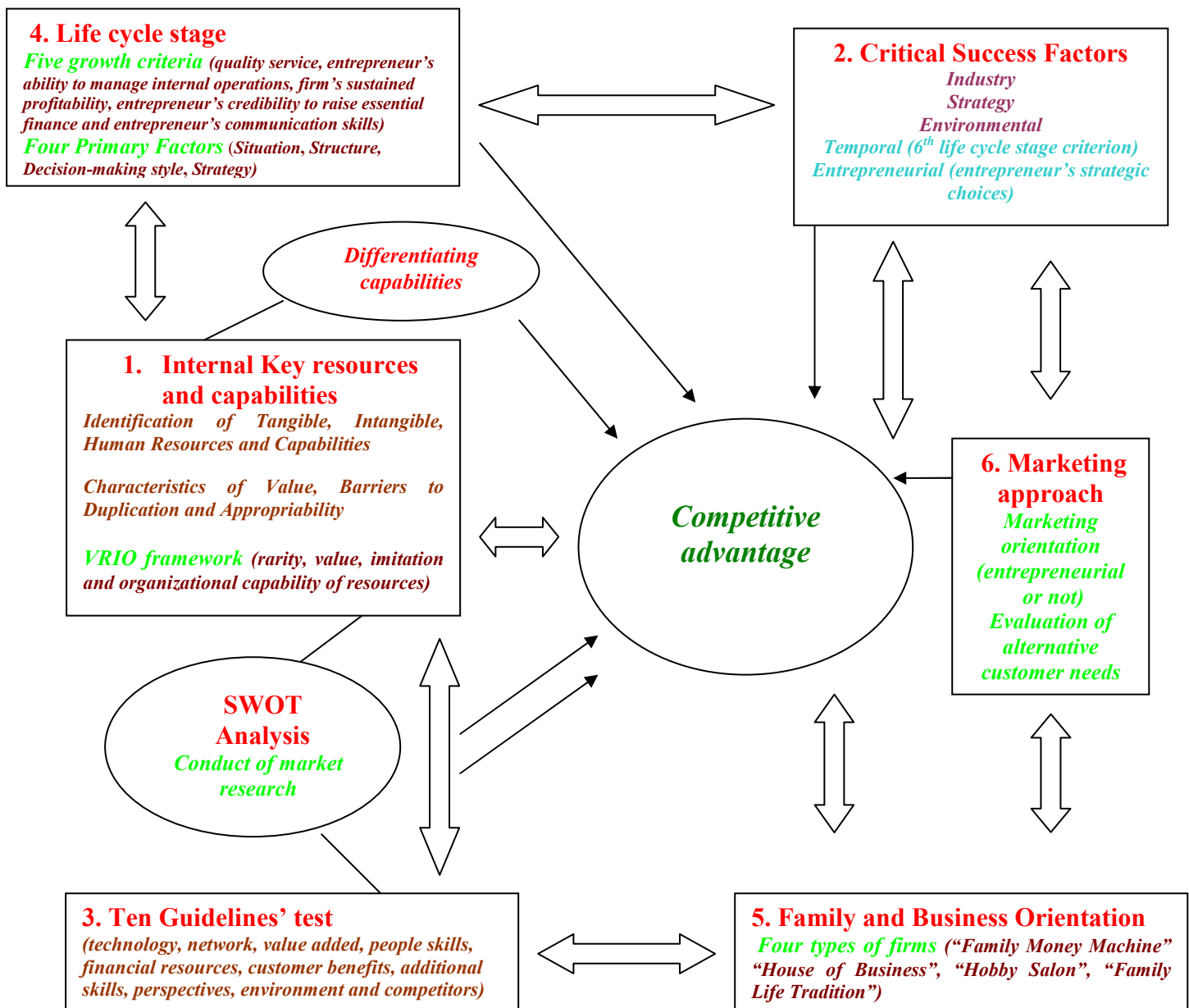


Figure 6.1: The "new" RBV conceptual framework

In particular, the researcher analyses the six elements of the "new" RBV conceptual framework:

1. The element of each firm's **internal key resources and capabilities** is essential for the recording of each enterprise's tangible (i.e., adequate warehouse, vans and equipment, trading of a variety of own label or brand name products), intangible (firm's reputation, provision of personal and prompt service), human resources (existence of skilled and experienced drivers/sellers) and capabilities (evaluation of the manager's ability to communicate his vision and strategy to employees, co-ordinate and plan future payments and control the micro firm's financial resources). The exploitable key resources and capabilities, in order to contribute to the micro firm's survival and growth, have to *add value* (incorporating scarcity and relevance), *firm up barriers to duplication* (being durable and mobile) and *increase the micro organisation's relative bargaining power*. What is

more, the researcher believes that the “**VRIO framework**” (see section 2.7.a.iii) has to be included in the “new” RBV framework because it evaluates whether the micro firm’s resources incorporate elements such as rarity, value, imitation and organizational capability. It also reveals the economic performance that can be expected from the exploitable resource or capability.

Furthermore, the importance of the identification of **differentiating capabilities** (section 2.7.a.iv) has to be independently highlighted; research findings have revealed that these special capabilities decisively contribute to the survival and growth of micro wholesaling businesses. In particular, **differentiating capabilities** refer to the manager’s ability to implement different strategies by deploying existing resources and capabilities and combining various elements of the RBV conceptual framework (i.e., evaluation of external opportunities and threats, Critical Success Factors, etc.)

2. On the other hand, the researcher believes that the element of **Critical Success Factors** definitely has to be taken into consideration (see section 2.7.b). In particular, **industry CSF’s** influence the survival and growth of micro wholesaling businesses, while **strategy CSF’s** also play a significant role to these firms’ survival. Furthermore, **environmental CSF’s** that are not in the control of the organization should be also taken into consideration. What is more, **temporal CSF’s** influence the micro firm’s course of development, too, while **entrepreneurial CSF’s** seem to be the most important factors for the micro firm’s success. These factors picture the entrepreneur’s ability to develop and follow the appropriate business plans, obtain and employ resources effectively, keep records and control finances (managerial adequacy), interpret market trends and maintain a solid customer network by exploiting efficient communication and interpersonal skills. It also has to be stressed that the researcher has to take into consideration the manager’s level of education and training, access to finance, personal qualities and traits as well as his prior experience to the business. It has to be noted that the researcher has not incorporated the “four common key traits” identified by De Geus (1997); research findings revealed that the identification of CSF’s are of greater significance.

3. **Entrepreneur’s strategic choices** (see section 2.7.c) are in essence related to entrepreneurial CSF’s and can be included in the previous part of the RBV framework.

4. With regard to identification of **external opportunities and threats** (see section 2.7.d), apart from the general **SWOT Analysis** that refers to the conduct of market research and has to be taken into consideration, the researcher believes that the use of “**Ten Guidelines’ Test**” (issues about technology, network, value added, people skills, etc.) is also indispensable. What is more, it has to be noted that no significant findings came up from the use of “Resource and Capability Appraisal Grid”; in this way, the researcher has not included it in the “new” RBV conceptual framework.

5. In terms of the **life cycle stage** identification, the researcher believes that the use of **five growth criteria** proposed by Wilson and Bates (2003, see section 2.7.e.i) is essential. These criteria

can identify the position of each micro business in the life cycle while their accomplishment will probably highlight the *perspectives* for the survival and growth of the micro firm. It has to be stressed that the sixth criterion (that is related to the attitude of the entrepreneur during the crises that take place when the enterprise makes the transition from one stage to the next) is directly connected to temporal CSF's and is incorporated in the section of Critical Success Factors. On the other hand, based on the research findings, the researcher holds the view that the **four primary factors** of life cycle identification specified by Miller and Friesen (1984) (*situation, structure, decision-making style and strategy*) have to be included in the “new” RBV framework; their use can disclose various interesting aspects about the “identity” of the micro business and can also determine its growth perspectives.

6. In terms of **family and business orientation** (see section 2.7.f), the researcher believes that the *categorisation by Leenders and Waarts (2003)* is essential in order to identify the strength of family and business orientation of each micro business. It has to be noted that research findings did not highlight any significant results in terms of the three general “**success factors**” of family businesses (shared power, balanced life between work and play, and the planning of succession) identified by Hutcheson (1999). For this reason, the researcher has not included it in the “new” RBV framework.

7. The researcher believes that the identification of each micro firm's (*entrepreneurial*) customer relationship or (*non entrepreneurial*) transactional **marketing approach** (see section 2.7.g.i) will highlight the manager's approach to various significant issues (such as after sales support, segmentation, incentives given to employees, prices and costs) that can influence customer loyalty. What is more, the researcher is of the opinion that the *evaluation of alternative customer needs* (Chaston, 1999) is also essential and has to be included to the “new” RBV conceptual framework; in this way, the manager's approach (entrepreneurial or not) will influence his focus on certain exploitable competences (i.e., innovation, IT, provision of personal and prompt service, etc.).

In practice, based on the research findings, the researcher has ascertained that each manager's **differentiating capabilities** (imbued with experiential and tacit knowledge and embedded in the micro firm's modus operandi) in essence highlight their ability to combine and use various elements, such as the firm's internal key resources and capabilities, various Critical Success Factors as well as external market conditions. In this way, the concept of differentiating capabilities, despite the fact that it is relatively vague, expresses the manager's ability to effectively deploy the micro firm's resources and capabilities, taking into consideration the changing market conditions and competition opportunities. These capabilities also highlight the manager's strategic choices in issues concerning the firm's organization, its life cycle stage, marketing approach, as well as its family and business orientation; it has to be stressed that the manager's choices reflect his personality, personal traits (innovativeness and flexibility), skills and experience.

Consequently, the “new” RBV conceptual framework entails *six basic elements*, enterprises’ key resources and capabilities, CSF’s, Ten Guidelines’ Test, life cycle stage identification, family and business orientation, as well as marketing approach. The researcher believes that the implementation of the “new” RBV conceptual framework can help researchers of micro businesses involved in the confectionary products’ sector reach at reliable and effective findings with regard to the identification and evaluation of the particular elements that can contribute to the attainment of SCA in the sector.

6.7.a Recommendations based on the new developments of the RBV theory

In previous sections (2.5.c, 2.5.c.i, 2.5.c.ii, 2.5.e, 2.5.e.i, 2.5.e.ii and 2.5.e.ii), the researcher has presented various recent studies that can be useful in the context of the Thesis and the research on micro wholesaling firms involved in the confectionary products’ sector.

As a result, the findings regarding the role of various *resources and capabilities* to the performance of micro businesses can be useful to the researchers or managers involved in the sector: In particular:

a) The fact that there is a positive relationship between and **reputation, quality, strategic attitude and economic profitability** can be used as a direction for managers that wish to be successful in the confectionary products’ sector. When the manager of a micro wholesaling enterprise decides (strategic attitude) to trade qualitative products and provide high quality service, then the reputation of his enterprise will be enhanced while the firm’s **economic profitability** will be probably increased. This finding can be incorporated in the 1st element (“Internal key resources and capabilities”) of the “new” RBV conceptual framework (see *figure 6.1*).

b) **Market responsiveness and adaptation to environmental changes** are factors that can determine the success of micro wholesaling enterprises involved in the confectionary products’ sector. For example, the manager that quickly responds to the market changes will probably provide better services to his customers. This finding can be incorporated in the 3rd element (“Ten Guidelines’ Test”) of the “new” RBV conceptual framework (see *figure 6.1*).

c) **Firm size, enterprise and technological intensity** are good predictors of the export strategy of a firm; export strategy positively influences firm performance. It can be argued that the perspective-alternative of export strategy can be salutary for a micro wholesaling business, especially firms that produce own label products (i.e., see the case of “Zita”). As a result, when the **entrepreneurial climate** is **favourable** and micro wholesaling firms wish to export their products, the aforementioned factors have to be taken into consideration to result in improved performance. This finding can be incorporated in the 3rd element (“Ten Guidelines’ Test”) of the “new” RBV conceptual framework (see *figure 6.1*).

d) The financial performance of the micro firm is influenced by the owner's positive and negative **stress**. Entrepreneurial environment in the confectionary products' sector is characterised by stress because owner/managers find themselves operating in a constantly changing environment. As a result, the responsiveness of the manager to the various work conflicts, work overload, etc. will determine the chances of the micro firm's success (survival and growth). This finding can be incorporated in the 3rd ("Ten Guidelines' Test") and the 6th element (marketing approach, entrepreneurial climate) of the "new" RBV conceptual framework (see *figure 6.1*).

e) Micro wholesaling enterprises with high **strategic flexibility** (i.e., ability of the manager to follow different strategies based on available resources and capabilities) are more likely to obtain better sales and overall performance if they also have greater **technological resources** (i.e., use of IT implementations, such as ERP or WMS systems). The dimension of **competitive intensity** (i.e., the degree of competition with the industry) is also important, because the higher the competitive intensity, the stronger the positive relationship between the synergistic effect of strategic flexibility and technological resources and micro firm performance. This finding can be incorporated in the 1st ("Internal key resources and capabilities") and 3rd element ("Ten Guidelines' Test", competitive intensity) of the "new" RBV conceptual framework (see *figure 6.1*).

f) It can be argued that the social role of the owner/manager of a micro wholesaling enterprise in assembling and organizing resources and capabilities to pursue an opportunity in the market is quite important. The deployment of available resources and capabilities in the sector has to be examined taking into consideration various perspectives, internal and external ones. This finding can be incorporated in the 1st ("Internal key resources and capabilities") and 3rd element ("Ten Guidelines' Test") of the "new" RBV conceptual framework (see *figure 6.1*).

g) It can be argued that the owner/manager of a micro wholesaling firm who is emotionally attached to the business and devoted to balancing work and family life will be successful. It can be also argued that entrepreneurial orientation and small business orientation can be regarded as strategic choices; in particular, small business orientation can lead to improvement in the performance of the micro firm. This finding can be incorporated in the 5th element ("Family and business orientation") of the "new" RBV conceptual framework (see *figure 6.1*).

h) It can be argued that the use of **external relationships** (such as organizational partnerships, networks and alliances) is quite important in moving a micro wholesaling business toward increased success and profitability. It can be also argued that **increasing R&D costs, shrinking product life cycles** (most confectionary products, especially own label ones, have a short life cycle) and **convergence of technologies** (i.e., implementation of IT developments) are the main drivers of co-competition in the confectionary products' sector. Industry success factors also influence the likelihood of

two micro wholesaling firms to engage in co-opetition. This finding can be incorporated in the 2nd (“Critical Success Factors”) and 3rd element (“Ten Guidelines’ Test”) of the “new” RBV conceptual framework (see *figure 6.1*).

On the other hand, the findings that stem from recent studies referring to the development of a **family firm theory**, can also be useful to those (researchers and managers) involved in the sector. In particular:

a) The fact that family businesses have capabilities and competencies that make them better suited to compete in specific environments can be useful in the context of micro wholesaling firms involved in the confectionary products’ sector. It has to be noted that the Greek confectionary market is peculiar and most successful family businesses of the sector that have managed to survive and grow have **agency costs (strategic planning)** and **distinctive resources**. Another important finding in the context of the Thesis is related to the fact that researchers emphasizing the benefits of family involvement tend to apply the RBV theory. What is more, a micro family firm’s formation, scale, scope and continued existence in the confectionary products’ sector are likely to be influenced by its **external environment** while in less prosperous regions, micro family firms may play a role of disproportionate importance in **economic development**. As a result, these exogenous factors (external environment and economic development of a region) have to be taken into consideration when examining the survival and growth perspectives a micro family firm involved in the confectionary products’ sector. The **family form of organisation** can be the key for success in some sectors (such as the sector that is examined) and regions (i.e., the southern areas of Attica). This finding can be incorporated in the 3rd (“Ten Guidelines’ Test”) and 5th element (“Family and business orientation”) of the “new” RBV conceptual framework (see *figure 6.1*).

b) On the other hand, the framework proposed by Miller and Le Breton-Miller (2005) can be used to characterise **highly successful family firms** involved in the confectionary products’ sector in terms of their priorities (see section 2.5.e.ii). The four priorities proposed by the authors (i.e., continuity, command, connection and community) can be used as directives for researchers looking for successful family businesses; for this reason, this finding is useful in the context of the Thesis. On the other hand, managers of the sector that wish to be successful could focus on the framework’s four priorities in order to increase the chances for their firms’ survival and growth. What is more, it can be argued that differences in the aforementioned priorities of family and nonfamily firms affect the configuration and deployment of their resource stocks. These findings can also be important for micro family enterprises involved in the confectionary products’ sector; the managers of these enterprises can have different priorities and objectives leading to variations in their relative performance. This finding can be

incorporated in the 2nd (“Critical Success Factors”), 3rd (“Ten Guidelines’ Test”) and 5th element (“Family and business orientation”) of the “new” RBV conceptual framework (see *figure 6.1*).

c) What is more, it can be argued that developing a **family-based brand identity** positively contributes to the **performance (growth and profitability)** of micro family businesses involved in the confectionary products’ sector. In particular, family-based brand identity can be considered as a firm-specific resource that is unique to family businesses. This finding can be incorporated in the 2nd (“Critical Success Factors”), 3rd (“Ten Guidelines’ Test”) and 5th element (“Family and business orientation”) of the “new” RBV conceptual framework (see *figure 6.1*).

d) Furthermore, one could argue that **potential successors** in micro family businesses involved in the confectionary products’ sector should exhibit a combination of **general business skills** (usually derived from formal education training and practice) as well as family firm and industry-specific skills (usually derived from prior exposure to the organization through absorption from a lifetime of family discussions and through prior work experience within the organization or within the relevant industry). Moreover, diligence, perseverance, willingness and drive can be regarded as fundamental successful characteristics. It can also be argued that the premise of **self-efficacy** (the strength of belief in one’s capabilities in the pursuit of a business objective) is equally important in the sector that is examined as a key successful characteristic of a successor in a micro family firm.

On the other hand, it can be argued that the **succession issue** within the family has to be examined at a **macro** (norms, tax laws, regulations, etc.) and **micro level**. In the micro level, two key elements can be considered as decisive in the explanation of why succession in the confectionary products’ sector can be consistent with maximization of firm value; these are *knowledge idiosyncrasy* of a family character and *asymmetric information* (see section 2.5.e.iii). These two elements characterise most family businesses involved in the particular sector. The aforementioned findings regarding the issue of succession can be incorporated in the 5th element (“Family and business orientation”) of the “new” RBV conceptual framework or can be added as a separate element influencing the attainment of SCA in the confectionary products’ sector (i.e., a 7th separate element in *figure 6.1*).

6.8 Conclusions

In general, the researcher has attempted to objectively present all the evidence that has been collected and all research findings/conclusions that have been extracted during his study. It has to be stressed that market conditions in the dynamic Greek wholesaling sector of confectionary products are fluxionary and idiomorphic; for this reason, one cannot easily make generalizations with regard to the sector’s firms. There are no forms of survival strategies that meet all the different needs of all entrepreneurs within the context of micro and small Greek wholesaling firms. The sector’s firms have

different characteristics and their managers have approached the problematic situation differently; for this reason, the six case studies do not present the holistic situation in the confectionary products' sector. In this way, the researcher has not tried to present a revolutionary strategy that micro Greek wholesaling businesses can follow in order to secure their survival and growth. However, he has tried to introduce survival and growth strategies that specific firms involved in the sector have followed (under certain conditions) and finally managed to survive and grow.

Trying to avoid dogmatic approaches, the researcher has attempted to make certain generalizations about the populations that have been examined; moreover, it can be argued that he was able to proceed to theoretical or process generalizations (about issues, problems and tensions-perspectives or grids of the sector that is examined). Apart from the aforementioned conclusions, the researcher went through specific suggestions about how these issues could be dealt with in the future; he has also referred to the practical problems of implementing the proposed alterations. Finally, the author has stressed the importance of further research by mentioning the potential theoretical and practical directions.

The basic objective of the researcher in the context of the Thesis concerned the connection of the research findings with the basic research question and the premises (see sections 1.1 and 1.3). In this direction, the main conclusion for the current market situation is related to the fact that micro wholesaling enterprises find it very difficult not only to become competitive and profitable, but even to survive. The decline of the wholesale sector of confectionary products is a reality; the harsh competition for the sustenance and increase of the market share is a basic characteristic of the contemporary market. Nevertheless, the role of the wholesale sector in the confectionary industry is essential for the distribution of fresh products in the small retail outlets; this dynamic sector presents many advantages that are related to the exploitation of new technology, fashion and marketing trends.

Most of the sector's enterprises are micro businesses of a family type, employing less than ten people. The literature review has revealed that the firms in this sector theoretically have two developmental choices in order to survive; the *horizontal* option, which means to broaden the turnover volume with the addition of new categories of confectionary products, and the *vertical* option, which means to widen their turnover volume with the completion of the variety of confectionary products only.

Based on the research findings, most of the managers interviewed agreed that intense competition is the main problem that micro wholesaling enterprises have to cope with (see also section 1.3, Premises). This problem is a result of the supermarkets' strengthened role as well as the expansion of the multinational chains and superstores that can shape demand conditions, determine prices and finally rule out the intermediate wholesaling micro firms. The strong competition in the last few years is a consequence of the low net profit margin that big supermarket chains work on (almost 1%). What

is more, the competition between the supermarket chains means that suppliers are in a position to offer lower prices to retailers and as a result to customers.

However, it can be argued that the perfect model that secures success in sales has not been identified yet; there are various models that “compete” for the most successful sales approach. Most of the time, micro and small firms proportionally follow the strategies of the larger successful ones; for example, the most successful company of Fortune 500 list (*To Vima, 2007a*), Walmart, has built its business model around the **minimization of cost** in every operation, sometimes at the expense of the quality of service and display of products in the store. Walmart also adopted an advanced logistics and IT solution which connects the store itself with an ordering and distribution system thus minimizing the time goods spend in the warehouse.

Stores that have incorporated the Internet as a means of distribution have experienced a high increase in sales from their physical stores, since customers using the Internet were reminded of the existence of the stores (*Ta Nea, 2007a*). Another successful enterprise, Zara, “invented” the quick, alternative, low-budget fashion; it uses **privately owned productive units** to design and produce clothes in a rapid way. To take another example, the furniture and homewares giant Ikea has vast retail spaces, use of promotions, one-stop solutions for consumers, private label products as well as complete control of its supply chain. All these procedures are perfectly organized in order to support low prices.

It can be argued that all these different models prove that there are no certain “solutions” for success; based on the research findings and his experience, the researcher believes that the catalyst of success is related to the **apprehension of certain consuming targets**. The **alertness and systemization of the entrepreneur** to exploit opportunities constitute additional essential characteristics for the survival and growth of a micro wholesaling business (see also section 1.3, Premises). Of course, the **right choice of activities** (continuously evaluating the firm’s exploitable resources and capabilities) can also contribute to the achievement of (temporary or sustained) competitive advantage in the sector. The attainment of this advantage is related to the satisfaction of consumers’ various needs and tastes; in this way strong and durable personal/business relationships are shaped. This is particularly true for micro and small enterprises that ground their success in relationships of trust (with employees, customers and suppliers). However, the most significant characteristic that a manager of such an enterprise should possess in order to contribute to his firm’s success (survival and growth) is related to his **adaptability to the continuously changing market conditions**; this can be facilitated by the conduct of regular market research, posting up current competition issues and trends as well as awareness of IT evolutions (see also section 1.3, Premises).

Based on the evidence, it can be argued that all managers effectively agreed that the solution to the fundamental problem of offsetting increasing competition is complex; in order to react, micro

enterprises can participate in mergers or a group of firms; another suggestion was the acquisition of smaller specialist enterprises by larger ones. The implementation of franchising or outsourcing systems could also be a potential means of these enterprises' survival and growth. Micro wholesaling firms of the sector can also be based on the characteristics of innovation and flexibility as well as on communication with the customer (investment in customer relationships) in order to offer qualitative and unique services. Finally, strategies of product differentiation, segmentation, as well as the expansion of the enterprises' network to new areas in combination with a new legislative framework, more protective for SMEs, could be helpful to the survival of these businesses.

Greek people (entrepreneurs, wholesalers, owners, managers, etc.) may have many drawbacks; however, they definitely have an independent and entrepreneurial spirit that makes them flexible and innovative. In the past, it has been proved that they have managed to find ways of responding to various unfavourable circumstances, mainly using the aforementioned characteristics. If these innate elements are fortified by a formal entrepreneurial culture (based on the enactment of the respective legislative framework and the training/adaption of potential entrepreneurs), the future of Greek SMEs will be auspicious. It can be argued that the survival and growth of micro and small wholesaling enterprises (most of them are of family type) is a significant issue for the Greek economy that is based on family businesses. The researcher is optimistic that his study (by proposing various theoretical or practical solutions) can contribute to this direction.

Appendices

Appendix 2.I

Advantages and disadvantages of different types of family businesses

To many, the main *advantages* of the family business seem to be related to *trust*, *control* and *employee motivation*. The advantage of being in a family business is that there is a personal relationship with employees and suppliers that encourages confidence and cooperation (Fielder, 1999). Family ties and values are often said to create a strong business identity and a high level of internal “closeness”, which may lead to better performance of the firm in terms of internal trust and control (Baines and Wheelock, 1998). Therefore, according to Leenders and Waarts (2003), firms with a **strong family orientation** (“Family Money Machine” and “Family Life Tradition”) are expected to score higher on trust, control and motivation than firms with a weak family orientation (“Hobby Salons” and “House of Business”). What is more, a regularly mentioned issue regarding family businesses concern **conflict resolution** (when conflicts between organisational members occur). Hutcheson (1999) argues that “to many, a family business means conflict...It is only when conflict is not managed in a positive way that it becomes a destructive force”. If conflict occurs between organisational members, they may be more difficult to handle if the family orientation is strong (Morris et al., 1997; Holland and Boulton, 1984). Hence, Leenders and Waarts (2003) stress that highly family-orientated firms are expected to score lower on the conflict resolution dimension. In addition, a strong business orientation may be more beneficial for conflict resolution because it can provide some objective criteria to solve possible problems and evaluate solutions. In summary, firms with a weak family orientation and a strong business orientation are expected to score high on conflict resolution competencies.

Furthermore, a commonly noticed concern of family businesses relates to the **continuity of firm**; for example, on the decision on whether there should be one management successor or whether the business should be run by a larger board with various members from inside and outside the family. According to Leenders and Waarts (2003), firms with a low level of family orientation are expected to experience less difficulty with respect to the succession issue than firms with strong family orientation. Finally, Leenders and Waarts (2003) address **atmosphere** in different family businesses. Generally, having a good corporate atmosphere is considered an important advantage for a business (Schulz et al., 2001) while it can be argued that the mental environment of the firm reflects the attitudes and choices of the managers (Levicki, 2001). Leenders and Waarts (2003) argue that a more positive atmosphere can be expected if there is more clarity in the orientation of the organisation. For example, profits may be suboptimal because keeping a happy family sometimes outweighs creating more value and profits. This can create a good corporate atmosphere if the dominance of the family emphasis is generally

accepted in the firm (Kets de Vries, 1993). By contrast, if employees know that actions are evaluated on financial criteria, atmosphere can also be good. Hence, firms with a strong family and weak business orientation (“Family Life Tradition”) and the opposite (“House of Business”) are expected to have advantages in terms of corporate atmosphere.

Appendix 3.I

Epistemology and Ontology

Epistemology is the branch of philosophy concerned with the nature and scope (limitations) of knowledge. It refers to the basic assumptions about what people can know about reality and about the relationship between knowledge and reality. Epistemology is “a theory of knowledge,” in other words, what is knowable about the social world and how it has become known. It also refers to the assumptions about knowledge and the way knowledge can be obtained (Hirschheim, 1992). Much of the debate in this field has focused on analyzing the nature of knowledge and how it relates to similar notions such as truth, belief and justification; it also deals with the means of production of knowledge, as well as scepticism about different knowledge claims. On the other hand, ***Ontology*** in philosophy relates to the study of the nature of being, existence or reality in general, as well as of the basic categories of “being” and their relations. Traditionally listed as a part of the major branch of philosophy known as metaphysics, ontology deals with questions concerning what entities exist or can be said to exist, and how such entities can be grouped, related within a hierarchy, and subdivided according to similarities and differences.

Appendix 4.I

Case study protocols

In the six selected case studies, the case study protocol for each micro wholesaling business includes:

A. Introduction to the case study and purpose of protocol:

- Case study questions, hypotheses and propositions.
- Theoretical framework for the case study.
- Role of protocol in guiding the case study investigator.

The case study questions that were posed to the managers of “Alpha”, “Beta”, “Gamma”, “Delta”, “Epsilon” and “Zita” are related to the current situation of the Greek Economy and the sector of confectionary products in particular. On the other hand, the six managers were asked about the problems that their enterprises face and their reactions (potential survival and growth strategies) to deal with these issues. The researcher, in an attempt to incorporate the RBV to the six case studies, used various additional “tools” (i.e., “Ten Guidelines’ test”, “Main RBV Elements test”, etc.). The

goal of this research is to track down potential strategies that micro Greek wholesaling confectionary businesses can follow in order to offset increasing competition that has been caused by the supermarket and superstores' expansion. Of course, the investigator seeks to define available resources and capabilities indispensable for the implementation of "successful" survival and growth strategies. The actual role of the protocol is to guide the case study investigator to this direction, taking into consideration the specific characteristics and internal organization of each micro business-case study, the relevant literature review (similar previous studies or successful foreign examples) as well as the presentation of the current situation and conditions by the six managers.

B. Data collection procedures:

- i. **Names of the sites to be visited.** "Alpha" has its premises in Ilion (west of Athens), "Beta" is situated in Peristeri (east of Athens), "Gamma" is based on Kipseli (centre-north of Athens), "Delta" has its premises in Panorama Galatsiou (central-east of Athens), "Epsilon" used to have its base on Metamorfosi (north of Athens), while "Zita" was situated in Glifada (south of Athens).
- ii. **Data collection plan** (calendar period for site visits, amount of time and level of effort). The researcher visited "Alpha" and "Beta" in the period between March and May of 2007, "Gamma" and "Delta" in the period between May and June of 2007, while he met the former managers of "Epsilon" and "Zita" on September of 2007. Additional visits to the six micro businesses had to take place between October and December 2008.
- iii. **Expected preparation prior to site visits.** Before the visits, from January till March of 2007, the researcher had collected various pieces of information by the four managers; many details of the bankruptcies of "Epsilon" and "Zita" were whispered in the market place during that period.

C. Outline of the case study report:

The documents that the researcher used were previous years' balance sheets, invoices, statistical records of the sector, orders from customers, orders to suppliers, various promotional leaflets, etc.

D. Case study questions-Research Questions:

1. *Describe the situation in the Greek market and the sector of confectionary products* (history of the sector, dynamics of the Greek Economy and market, key factors/drivers of the sweet products' industry, market characteristics, future trends of the sweet products' market, differences between similar firms in Greece and other E.U. countries/U.S., etc.).
2. *Describe the problems of the sector of confectionary products and focus on the issues that your enterprise has to deal with* (use of successful examples of foreign micro enterprises in the Greek confectionary wholesaling sector).

3. *How these problems can be softened or solved? What strategy/strategies has your business adopted in order to cope with increasing competition of the supermarkets and superstores? (problems of strategies' implementation in the particular Greek environment).*
4. *What resources, capabilities and core competencies are available in your business? How were they used? Had they been enough for the micro firm to achieve SCA (implementation of the RBV conceptual framework and analysis of relative findings).*

E. Evaluation:

1. *What is the design for evaluating the managers' views?* The researcher tried to present the managers' views with objectivity.
2. *What part of the evaluation has been implemented? How successful examples have been used in the Greek context?* The six managers have used various successful examples from foreign micro businesses that have managed to survive and grow.
3. *What are the outcomes measures being used and identified up to date?* The government has taken some measures to stress the position of micro and small businesses in Greece, mainly by using capitals that stem from the 3rd CSF.
4. *What rival explanations have been identified and explored?* The fact that increasing competition (caused by supermarket expansion) can lead to the improvement of SMEs.

Appendix 4.II

Sole Proprietor firms: "Alpha", "Gamma" and "Delta"

The legal form of an enterprise is the framework through which it conducts its business; sole proprietorship is the most widespread form of business and is effectively (and legally) identified with the businessman himself. In the Sole Proprietorship type of enterprise, the start-up costs are low and these businesses are set up relatively easily (i.e., cases of "Alpha", "Gamma" and "Delta"). The owner of the business has complete control, with no partners or shareholders to deal with. In general, this kind of business has limited establishment, organizational and administrative expenses and allows wider margins of flexibility to the owner. For this reason, this type of firm is suitable for micro enterprises (or SMEs in general) that have to rapidly adapt to changeable market conditions. On the other hand, the disadvantages of Sole Proprietorship businesses are both financial and legal; there is limited access to capital, credit or other resources, since the stock exchange and banks cannot be of much and instant help. Only friends and relatives can voluntarily contribute. At the same time, the owner is personally liable to tax at the rate of 20% (income tax). Furthermore, in this kind of firm, the owner's personal risk is unlimited since the owner/manager has personal liability for all decisions about the business (usually of micro family type).

Ordinary Partnerships: “Beta”, “Epsilon” and “Zita”

In the Ordinary Partnership type of business entity, every active partner is personally responsible for the activities and liabilities of the business; in the event of failing to meet the firm’s legal and financial liabilities, partners are personally liable, potentially to the point of imprisonment. As partnerships, “Beta”, “Epsilon” and “Zita” were relatively easy to set up. Moreover, Ordinary Partnerships have a greater basis of financial resources than Sole Proprietorship firms; this means that there is a greater chance of success because there is more cash available to operate the business. Furthermore, there is a pool of skills to draw upon; if there is only one owner to the business, he/she has to use his/her own experience and knowledge to face specific difficulties and survive in the competitive market conditions. However, if there are more people involved in the business, many more different opinions and talents will be useful to develop various business issues. What is more, taxes are spread through the partnership to the individual partners. In addition to this, there is partner liability; in a partnership, if a partner creates a credit account in the name of the business, then the business is responsible for it. Finally, partnerships are more costly to operate; their taxation is subsumed under the enterprise’s proportional tax (usually varying between 20% to 35%, according to the turnover of the business).

Appendix 4.III

Product differentiation strategy

The notion of *competitive differentiation* is about perceiving customers’ values, comprehending their needs and delivering the products they want. This strategy involves the widening of the variety of products that the micro firm sells. The food industry has developed in such a way that there has been a proliferation of many different products and codes so that it responds to consumers’ proclivity for more attractive products. However, it has to be stressed that in spite of the fact that research in a niche market may result in changing a specific product (in order to improve differentiation), changes themselves do not constitute differentiation. According to Kotler & Keller (2006), product differentiation is the process of describing the differences between products or services, or the resulting list of differences; this is done in order to demonstrate the unique aspects of the product and create a sense of value. The authors stress that any differentiation must be valued by buyers. A product’s differentiation is better communicated by unique selling proposition. The brand differences are usually minor; they can be merely a difference in packaging or an advertising theme, while the physical product need not change. Differentiation is due to buyers perceiving a difference; hence, causes of differentiation may be functional aspects of the product or service, how it is distributed and marketed, or who buys it. The major sources of product differentiation are as follows:

- Differences in quality which are usually accompanied by differences in price.

- Differences in functional features or design.
- Ignorance of buyers regarding the essential characteristics and qualities of goods purchased.
- Sales promotion activities of sellers and, in particular, advertising.
- Differences in availability (e.g., timing and location).

Most people would say that the implication of differentiation is the possibility of charging a price premium; however, this is a gross simplification. If customers value the firm's offer, they will be less sensitive to aspects of competing offers; price may not be one of these aspects.

Appendix 4.IV

Co-operation strategies

According to the manager of "Beta", "the formation of a partnership allows the firms involved to take advantage of market opportunities that most businesses dare not grasp on their own. The perspectives of the participant enterprises are widened while new relationships are formulated; benefits include access to new markets, technology as well as lower costs. Co-operation strategies that can be adopted by wholesale traders can keep them consolidated and competent enough to play an important role to the modulation of certain favourable conditions...The obvious advantage of these strategies' appropriate exploitation will be the survival of micro businesses, while certain benefits can come up (i.e., maximized profits, development, network expansion and product concentration)...Wholesalers that are willing to expand their network or export their products will have the opportunity to import new products that cannot be found in the Greek market at low prices...The wholesaler's network has to be expanded and the focus should be given on certain sectors. This can happen by buying out (or co-operating with) micro firms with specific characteristics, resources or certain capabilities".

The manager holds the view that "many capable people with different characteristics have to co-operate and agree to follow the vision and passion of a leader; this leader has to be able to co-ordinate the business activities and the various people's teams. The main target of the merger is network expansion, provision of more products as well as quality service to customers. The merger also provides the opportunity of swift penetration to new markets while the recent trend "necessitates" the creation of more relaxed and flexible short-term co-operations (even with competitors)... In the particular sector of confectionary products, many international organisations that are involved in the production and distribution of confectionary goods are following the principles of "centralization" and "specialization" of their production in selected factories in Europe; in this way, a relatively small number of factories accumulates the production of certain products that satisfy suppliers' and customers' demand in the entire continent of Europe. These efforts have become easier since the EC is

expanding and borders cease to exist; as a result, complex procedures of product growth and distribution are simplified, while gains are maximised by the cheap labour costs”.

Appendix 4.V

Market segmentation strategy

Large companies usually segment their markets by conducting extensive market research. This research is often too expensive for micro and small businesses to invest in, but there are alternative ways for such businesses to segment their markets. The segmentation process in itself consists of segment *identification*, segment *characterization*, segment *evaluation* and target segment *selection*. If each segment is fairly homogeneous in its needs and attitudes, it is likely to respond similarly to a given marketing strategy. That is, customers can have similar feelings about a given product or service, sold at a given price, distributed and promoted in a certain way. Segmentation is generally conducted using demographic, geographic, attitudinal or behavioural data. Small segments are often termed niche markets or specialty markets. Consumer-based market segmentation can be performed on a *product specific* basis in order to provide a close match between specific products and individuals. It has to be noted that the process of segmentation is distinct from *targeting* (i.e., choosing which segments to address) and *positioning* (i.e., designing an appropriate marketing mix for each segment). In general, there are ***five important characteristics*** of any segment if it is to be useful in strategic customer analysis. In terms of micro confectionary businesses, these are: i) *distinguishable* (customers must be distinguishable so that they can be isolated in some way; for example, bakeries need to be supplied with own label products that have high turnovers and can offer larger profit margins); ii) *relevant to purchasing* (distinguishing criteria must relate to differences in market demand; for example, final customers are willing to pay higher prices for higher quality own label products); iii) *sufficiently large* (if the segment is too small, then it will not justify the resources needed to reach it; large segments will be translated into higher market share and profits); iv) *reachable* (it must be possible to direct the strategy to that segment; this means that the manager has to be able to implement the desired strategy) and v) *having future growth prospects* (the manager has to be innovative enough to evaluate the potential resources of a certain market segment that can be exploited for a longer period of time, such as the trading of own label cookies to bakeries).

Appendix 4.VI

Franchising strategy

The manager of “Delta” reckons that “existing market crisis in the global and Greek economy definitely influences the wholesaling market. There are many common elements between the

competitive conditions that existed decades ago (and affected food traders in the USA and Western Europe) and the market environment that has been created nowadays by the strong presence of multinational superstores. The system of franchising is an effective solution for the wholesalers. The philosophy of franchising is that a successful and organized enterprise that has created a well-known brand name and is based on a concrete system of operations, provides the recipe of its success to other smaller enterprises that will function under the same sign with similar models of operation. The franchising system contributes to the minimization of the enterprising danger that a micro business faces when it is established without the suitable strategy and appropriate know-how. Individual organisations or entrepreneurs are incorporated in a successful system that ensures the trading of standard products, particular suppliers, appropriate educational background, enterprising training, configuration of shops, common marketing policies, etc. The franchisor provides the franchisee with solutions and strategies for various commercial issues that may come up during the conduct of operational activities undertaken by the entrepreneur. In this way, having resolved all potential problematic situations, the manager can focus on the promotion of sales, the organization and administration of the enterprise, as well as the facilitation of customer service. The micro business becomes a member of a network, a team with common targets, philosophy and interests. The flow of information between the network members is continuous and results in their common growth. The cost of publicity and promotion is limited, as it is allocated in all the members of the network”.

Appendix 4.VII

HRM Practices

Human resource management (HRM) has been defined as the “process of attracting, developing and maintaining a talented and energetic workforce to support organizational mission, objectives and strategies” (Schermerhorn, 2001:2400). Effective HRM practices are becoming increasingly important in the modern knowledge-based economy, as organisations face the challenges concerning the need for more highly trained employees and the shortage of qualified labour. These challenges, coupled with the trend toward smaller firms in general, reinforce the need for effective HRM practices in the small firm (Audretsch and Thurik, 2001). Empirical research confirms that smaller firms make less use of professional HRM practices than larger firms. For example, smaller firms make less use of formalized recruitment practices, provide less training to their employees and are less likely to use formalized performance appraisals. Despite size effect, research suggests that far from being homogeneous, small firms vary widely in the use of professional HRM practices (De Kok and Uhlaner, 2001). Dyer (2003) points out that the family is a neglected variable in organizational research. However, a research

stream generally confirms a negative relationship between family firm governance and the use of professional HRM practices (Fiegener et al., 1996; Cyr, Johnson and Welbourne, 2000).

Theories on best practices (or high commitment theories) suggest that certain HRM practices are associated with improved organizational performance. They maintain that well-paid, well-motivated workers, working in an atmosphere of mutuality and trust, generate higher productivity gains and lower unit costs (Boxall, 1996; Pfeffer, 1994). These HRM practices have therefore been labelled as “best practices”, “high performance practices” or “high commitment workplace systems”. Huselid (1995) reports that firms using comprehensive employee recruitment, extensive employee involvement and formal performance appraisal approaches linked to incentives are likely to have lower employee turnover, higher productivity and enhanced corporate financial performance. What is more, past research confirms a negative relationship between family ownership, management, professional HRM practices and expertise. For instance, Aldrich and Langton (1997) find a negative relationship between the number of family members who work in a firm and formal HRM practices.

An alternative explanation for the relationship between family ownership, management and professional HRM practices is grounded in the RBV of the firm. This approach is based on the assumption that differences in physical, organizational and human resources between firms cause a fundamental heterogeneity in their productive potential (Priem and Butler, 2001). It is one of the main theoretical perspectives of HRM research that is used to understand the relationship between family ownership and management and other organizational characteristics (Sirmon and Hitt, 2003).

Reid and Adams (2001) found that many family firms use less professional HRM practices and explain this by suggesting that such firms have more limited organizational capabilities. The RBV can be used to suggest an indirect effect of family ownership and management on professional HRM practices. Especially among SMEs, family ownership and management may be negatively associated with professional HRM practices because of resource limitations of family firms. These limitations follow from their comparatively smaller size and reduced complexity. The link between firm size and professional HRM practices is well established (De Kok, 2003). Firm size is often used as a general indicator for the lack of specific resources (i.e., financial, organizational and/or human resources). For example, most professional HRM practices require considerable development costs (Klaas, McClendon and Gainey, 2000). This results in a cost advantage for larger firms, which is strengthened by the limited supply of financial resources of many SMEs. Others argue that it is the lack of specific knowledge (importance of HRM issues) that leads to less use of professional HRM practices in SMEs (Golhar and Deshpande, 1997). In other words, it is not the small number of employees that explains the lack of professional HRM practices, but the *lack of specific organizational and human resources*.

Company growth theories (Gnan and Songini, 2003; Chandler and McEvoy, 2000) point towards positive correlations between firm size, complexity and professional HRM practices. As firms increase in size and complexity, they typically develop more layers of management and more formalized and/or systematized procedures and policies in order to process information more effectively within the organization. Larger companies have a greater demand for human resources, and therefore, a greater demand for specific HRM practices such as recruitment, selection and performance appraisal. Specialization is typically associated with greater firm size (Wagar, 1998; Jackson, Schuler and Rivero, 1989). Employees in smaller firms often have to perform a greater variety of tasks than employees in larger firms do and specialists are less likely to be found in smaller firms. For example, firm size is positively related to HRM specialization (that is, the presence of a specific HRM department and/or manager; Cyr, Johnson and Welbourne, 2000). Damanpour (1996:695) provides an explanation for why specialization (or more generally, structural complexity) is consistent with the RBV: “in complex organizations, coalitions of specialists in differentiated subunits increase the depth of the knowledge base, which in turn, increases the development of new ideas”.

Appendix 5.I

Table 5.1 recapitulates the *situation of the Greek market* as described by the six managers:

Situation in the Greek market place and the sector of confectionary products
The manager of “ Alpha ” believes that “ <i>intense competition</i> , mature markets, rapid technological change as well as globalization are some of the key factors affecting today’s business. On the other hand, survival in the long-run has always depended on efficient and effective management responses to both internal and external threats, since competition has become harder in almost all sectors. Retail mega stores have surpassed the wholesale sector that needs to respond to the intense retail competition; in this way, wholesalers have to find alternative strategies in order to meet the expectations of the customers and the market”.
The manager of “ Beta ” stresses that “the chains of the organized retail sale are guided to a strong contradistinction that is related to the different discount rates that enjoy from the big industrial units. The most representative example of this confrontation is the chain discount of supermarkets, “Lidl”, which, since it has acquired a large number of stores in the Greek market (almost 180), has now changed direction by putting the Greek eponymous products on its shelves (milk, refreshments, coffees, etc). The traditional retail sellers believe that “Lidl” (and other similar multinational companies in the future) is signing up agreements with Greek suppliers (for large quantities of products) so that to widen their product and consumer spectrum in attractive prices due to the sales’ discounts it receives from suppliers. The same problem is faced by the wholesalers of confectionary products that are unable to offer attractive prices to their customers since the deals between big industries (suppliers) and supermarkets or retail stores are non-negotiable”.
The manager of “ Gamma ” believes that “the strong competition between the supermarket chains means that suppliers are in a position to offer lower prices to retailers and as a result to customers. Of course, the purchasing power of Greek consumers has died down over the last years. At the same time, the gap between small and big retailers has widened and this fact is evident from their large shares in the food retail market; the big food retailers are placing a lot of pressure on their suppliers which stems from constant price reduction and demand for better lines of credit. All these factors have influenced our sector”.
The manager of “ Delta ” stresses that “the unappealing conditions in the Greek market have influenced the confectionary wholesale sector as any other sector of the economy. Furthermore, some wholesalers are not functioning on a professional basis; they usually do not check the situation of their funds and capital. What is more, they do not keep a balance to the market and do not have a cash flow. As a result, in the long-term, they run out of business and the imbalance in the market is continuing... Because of the free conditions of trade, prices are modulated by demand. As a result, supermarkets and cash and carry stores benefit since there are multinational companies behind them that virtually shape demand. However, if multinational companies continue to influence prices, the whole market will have to go through with this problem; the role of wholesalers in the offer-demand process constitutes a stabilizing market factor”.
The manager of “ Epsilon ” believes that “due to the absence of wholesalers, suppliers will consequently have financial problems (cash flow shortages). Wholesalers that pay in cash will be missing; as a result, supermarkets will extend their credit (2 to 9 months) and the problem in economy will become more intense. The final product will be extremely expensive, too. In Greece, food retailing constitutes a dynamic economic sector and an essential component of the domestic business activity. The accession of foreign retailers in the Greek market 15 years ago has resulted in significant changes; these huge companies offer “cheap” products in order to attract the customer”.
The manager of “ Zita ” stresses that “big retail groups continuously seek and apply new strategies in order to ensure a competitive advantage. In this way, they reinforce their position in the market and acquire a large share and deal with the increasing foreign competition. In 2004 and 2005 many enterprises seemed to “rationalize” their commercial policy. The pricing behaviour of firms is almost aligned with the constraint of the disposable consuming income. In many categories of products, the plethora of offers is proof that firms deny to accept the new conditions that is supposed to have temporary morph; however, they definitely influence demand and prices. The wholesaling sector finds it difficult to react to these strategies”.

Table 5.1: Situation in the Greek market place and the confectionary wholesale sector

Appendix 5.II

Table 5.2 summarises the *key factors/drivers* of the confectionary industry:

Key factors/drivers of the confectionary industry
The manager of “ Alpha ” stresses that “micro and small enterprises effectively ground the Greek economy; consequently, support for their enterprising activity, particularly in the retail trade, is essential. However, lately they face enormous difficulties caused by the continuously increasing competition in combination with the extension of chain and superstores”.
The manager of “ Beta ” began with a retrospective view: “In the 1980’s, the retail sector was on the up, in the 1990’s the supermarkets and hypermarkets appeared, while in the 2000s’, cash and carries appeared (Macro, Plus, Lidl chain stores). This means that, since there are multinational firms that are spread throughout the world and have sufficient capital to provide their products at lower prices, they can cover their short-term loss and finally have profits”.
The manager of “ Gamma ” says that “due to the decline in the economy, discounts are offered by multinational companies (Ion, Chipita, Nestlé, etc.) to the supermarkets in order to sell big quantities, but without taking into consideration the balance of the market. These companies have quantitative targets (of 3 or 6 months) exclusively. Big discounts do not leave high profit margins for the small retail outlets or to the wholesalers. What is more, distribution costs are shifted to wholesalers that have to deal with the intense problem of the rising in the price of fuel. On the other hand, supermarkets do not face such costs”.
The manager of “ Delta ” also took a historical perspective: “In the 1980s’, the consumer’s buying power used to be an important factor that businesses and wholesale traders were trying to exploit. The operational expenses of a business were increasing and businesses were more and more reliant on bank loans. In the period after 1990, the economy “reflected” the changes in the social landscape; the damnation of vicinal states of Greece, accompanied by the arrival of economic refugees, influenced and changed the composition of Greek society as well as the organizational method of enterprises (in particular those that are based on cheap manual labour)”.
The manager of “ Epsilon ” reckons that “in the last 15 years, we can observe an almost 70% increase to the turnover of the confectionary products; this increase has to do with the overpricing of the old products as well as the launch of new, more expensive ones, with substitution of the old ones. However, the actual increase in volume was only 20% for the same period, while the total increase of the turnover of confectionary goods that were traded in the Athens wholesale sector was only increased by 50%. This result emanated from the rising of the significance of the big retail outlets (e.g., super markets), that are supplied their products directly from production and importing businesses, without the assistance of the wholesale units, as well as the continuous attempts of the big firms or industries to approach more and more retail outlets either on their own or through organized distribution networks”.
The manager of “ Zita ” stresses that “the evolution of the sector reveals that wholesaling constitutes the connection between producing/importing companies and retail; this means that changes in the two extremes will have alterations in the wholesale sector. On the other hand, in the last 20 years serious changes have taken place in the production as well as the retail purchase of confectionary products. Comparing the changes of marketing factors in these products, there are very few common elements in the standards of quality, packing, product price, marketing, promotion, merchandising, and in what is generally called quality of customer service. The significance of wholesale in the “Production-Trade-Consumption” chain has never received high recognition”.

Table 5.2: Summary of the key factors/drivers of the confectionary industry

Appendix 5.III

Table 5.3 summarises the managers’ references to the *influences* of the confectionary wholesale sector.

Influences on the wholesale confectionary sector
The manager of “ Alpha ” stresses that “supermarkets usually pay their suppliers with lump sum payments at intervals of 2 to 9 months, but they get paid in cash by their customers. On the other, hand, the wholesalers pay their suppliers in cash on delivery in order to get better discount conditions (or at least pay at intervals of only 1 or 2 months); however, wholesalers do not get paid in cash by the small retail outlets and are forced to sell their products on credit. Since these shops are small and do not have big turnovers, the result is that they do not issue cheques to the wholesalers and constantly owe money to them”.
The manager of “ Beta ” reckons that “big companies, such as, Kraft, Nestlé, Kinder, Ion, Papadopoulou, etc. can sometimes (due to the unpleasant market conditions) experience a 20% to 30 % fall in their sales in the first 6 months of the year; consequently, in order to increase their sales and breakeven in the end of the financial year, they increase the price their products (most of the times 5% to 10%). At the end of the year, they will have sold a smaller quantity of their products but they would have made profits mainly because of the increase in the prices of the certain “problematic” products that are eponymous. Consumers visiting supermarkets usually do not take notice this increase, mainly because of the supermarkets’ discount policy or the bonuses offered to them. On the other hand, if such an increase in the price was caused by the independent wholesaler, customers would stop buying the products from these outlets”.
The manager of “ Gamma ” stresses that “sometimes supermarkets select annual “close” deals with their suppliers; as a result, they are not influenced by temporary market instabilities and price rises. The Greek government has sued big supermarkets for rises that do not follow healthy competition rules. Consumer protection organizations have received complaints about different prices displayed on the supermarket self and the till receipt. This can happen because customers are loyal to the name of the big multinational company or supermarket and trust “blindly” their policy”.
The manager of “ Delta ” stresses that “in the last two years, more than 100 prosecutions of supermarkets, department stores and shopping centres have taken place because of the differences in the prices from the self to the cashier”.
The manager of “ Epsilon ” thinks the “industry of Confectionary products is influenced by the financial condition of each citizen; in Greece salaries are low and products are expensive. For example, in a German supermarket, a can of coca cola costs € 0.27, while in Greece it costs € 0.47. In the small shop, the price of the same can reach € 0.70. Of course, in Germany, the salaries are by almost 300% greater than in Greece... The Euro has influenced market trends; virtually, since there is no bank note, 100 old drachmas (0, 3 of €) are supposed to be equivalent of one Euro. What is more, the prices of all products have been “approximated” upwards. Another factor that influences the sector is the production demand; supermarkets ask for big quantities, while small retail outlets have to deal with small quantities. The problem is more intense, when the customer is a multinational company that has huge orders as a world buyer (Carrefour or Lidl), that are ordering for their branches all around the world. On the other hand, the independent wholesalers are only ordering for the limited retail outlets in Greece”.
The manager of “ Zita ” similarly reports that “every wholesale trader is called to “serve” not more than 45 retail sale points; since the confectionary products turnover is almost 15.000 € annually for each retail outlet, this means almost 675.000 € in total every year. The gross profit margin of this sector is estimated to 15%; the result, most of the time, is that the wholesale of confectionary products alone cannot boost a business”.

Table 5.3: Summary of the influences on the confectionary wholesale sector

Appendix 5.IV

Table 5.4 summarises the managers' views on the *characteristics* of the confectionary wholesale sector:

Characteristics of the confectionary wholesale sector
The manager of “ Alpha ” stresses that “wholesaling commerce of confectionary products is influenced by a number of factors, such as the fact that everybody is a potential consumer, that demand is continuous, the fact that requested quantities are relatively small and cheap in comparison with other products, and that the variety of confectionary products is substantial and stores have to display them suitably... The provisioning of the stores has to be frequent, brief and effective, while the products that follow the “fashion” most of the time have rapid distribution and their success is relatively short. Of course, there is the need for keeping the specifications of the “lifetime” and freshness of these products that are set by the market regulations”.
The manager of “ Beta ” stresses that “the consumption of these goods is constant and interspersed in different market points. Historically, the demand for these products has been increasing, because of the increase of the variety of the products that are constantly being produced in order to cover the different “needs” of people, the increase of each individual’s income, as well as the relative ease of manufacture and promotion of new products by the enterprises that are active in the mass production of confectionary products”. The manager adds that “the “service” factor is very important in the contemporary market reality, since multinational enterprises have created their huge distribution network; in this way, the intermediate role of wholesale sector is impoverished”.
The manager of “ Gamma ” believes that “the products of the sector are characterized and influenced by seasonality and particularities; for example, the optimum temperature of chocolate confectionary is 12 degrees Celsius and for this reason chocolate is sensitive to the summer conditions. On the other hand, dry or berry fruits need to be preserved in temperatures and conditions of low humidity and snacks should not be exposed to the sun... Climate and weather conditions in Greece influence the trading of these products. Chocolates constitute the main product of the confectionary sector; almost 95% of Greek consumers prefer chocolates, while in other European countries, consumers have different preferences (croissants, cakes, etc). Chocolate turnover is very high in the Greek market; however, it is difficult to be sold in the period between May and October. In that period, chocolates have to be refrigerated; as a result, they do not attract so many consumers, who turn to substitutes such as ice-creams, water ices, etc”.
The manager of “ Delta ” stresses that “in the Greek market there are too many owners of small shops. Almost 50% of the population of Greece is living in Athens; in this way, 70% to 80% of the stores’ turnover comes from Athens while the rest emanates from Salonika, Patras, Ioannina, etc. On the other hand, Greek islands present high turnovers only in the summer period. It is obvious that segmentation between the products and the wholesaler is essential. Since products are too diverse, wholesalers distribute specific products to two or three major store categories, such as bakeries and pastry shops, mini markets and small retails outlets (kiosks). Due to segmentation, the service can be better and more specialized”.
The manager of “ Epsilon ” stressed that “distribution is called to play an important role; the wholesale traders are the intermediates that day by day strive to supply the interspersed small retail outlets with a variety of products... The sector of confectionary products is complicated and multi-participating, which means that its products can either be classified in different categories or constitute a special category themselves”.
The manager of “ Zita ” explained that “the functions of intermediaries can be <i>breaking bulk</i> (making large quantities of a product available in smaller amounts), <i>assorting</i> , <i>providing information</i> (data on market size and pricing considerations), as well as <i>shifting or sharing risks</i> (by using merchant middlemen). These activities are involved in the physical distribution of products or the provision of services.

Table 5.4: Summary of the characteristics of the confectionary wholesale sector

Appendix 5.V

Table 5.7 illustrates the managers' views about *general solutions* for the improvement of SMEs' position:

General solutions for the improvement of micro and small enterprises' position
The manager of “ Alpha ” suggested a number of potential solutions: “Long-term solutions have to be searched; “healthy” competition will favour firms as well as consumers by giving them more choices. Specialisation in the rendering of services by an enterprise can potentially play the most important role for the customers’ choice. All “players” involved have the chance to improve their flexibility and competitiveness as well as the quality of their service to the customer. Greek SMEs should continuously try to achieve superior performance standards (reduced prices-improved quality). “Healthy” commercial co-operations between retailers and suppliers, informing and training of the consumer as well as perfect quality of service are needed”.
According to the manager of “ Beta ”, “the government should institute laws and regulations that protect micro and small businesses of the sector. The government should give incentives for stressing competitiveness, such as financing, taxation incentives or new technology introduction, so that the wholesale sector becomes competitive as an intermediary in the commercial procedure... The implementation of an urgent survival strategy, development and extravert orientation of Greek SMEs is necessary... There should be eradication of illegal commerce with the activation of auditing authorities”.
The manager of “ Gamma ” believes that “the main strategies of enterprises’ invigoration are related to investments in technologies that add value, rationalization of the supply chain, and orientation to research and innovative development”. On the other hand, “objective assessment of the financial environment is essential. It is obvious that the clear perception of consumer needs can make the difference in the contemporary market competition by offering competitive prices and innovative products”. In particular, the manager believes that “ Governments should encourage SMEs to undertake, initiatives concerning product development and innovation (including product design, packaging, quality and environmental requirements)”.
The manager of “ Delta ” makes some general suggestions for the improvement of the <i>competitiveness of micro and small enterprises</i> : “Innovation is a lever of productivity evolution and competitiveness improvement; as a result, SMEs could take the following initiatives in the level of their functions: - Effective administration of the information sources in relation to innovation/ Formation of entrepreneurial culture, clusters and cooperativeness. - Solid co-operation with academics and researchers for personnel training and adoption of flexible organizational framework / Planning on a long-term basis”
The manager of “ Epsilon ” referred to “a modern educational system connected to the productive process and the job market”. SMEs will be helped by: - A new taxation system, with lower tax rates on profits / A modernised public administration that will not encourage the phenomena of excessive bureaucracy, complexity and corruptness / Competent Chambers must be invigorated, in order to exploit the diffusion of information. - A modern developmental law that will give accent to innovative investments and will provide potentials of financing to SMEs, even commercial ones.
The manager of “ Zita ” reckons that the following activities can increase the chances of survival of micro enterprises: - Less costly and faster procedures of starting up as well as improvement of legislation / Use of successful models of e-businesses and development of micro enterprises’ support through high quality services / Boosting of role of Unions - Better and more effective representation of SMEs’ interests in community. - Diffusion of best practises and exhortation of states for the creation of a favourable environment for micro firms”.

Table 5.7: Summary of the general solutions for the improvement of the position of SMEs

Appendix 5.VI

Table 5.9 summarises the managers' views on the *potential solutions* for the confrontation of increasing competition:

Potential solutions for the confrontation of increasing competition in the confectionary wholesale sector
<p>The manager of “Alpha” stresses that “confectionary products are “essential” in the trading procedure of the small retail outlets, since they are bought by all consumer ages. The wholesale sector of confectionary products is dynamic and incorporates a strong development characteristic, because of taste, fashion, production and marketing. As a result, the relationship between production and wholesale sector has to be congruous in order to be profitable”. The manager believes that “the specific sector has the prospects to develop, following two directions: Either <i>horizontally</i>, by broadening the turnover volume with the addition of new categories of confectionary products. In this case, the wholesale trader has to identify the new opportunities and to adjust accordingly; or <i>vertically</i>, by widening the turnover volume with the completion of the variety of confectionary products only. This direction can be also followed through the accession of new marketing services in the market of confectionary products, with the cooperation of the retail sector. In this case, maybe 10 or 20 warehouses, properly supported by a programme of logistics, would be enough to service the area of Attica. Through economies of scale, the wholesale Union will be strong enough to make substantial purchases and consequently provide its customers with extra benefits. Finally, the wholesale enterprises can have distinguished departments of administration, marketing, merchandising, sample-distribution, cash and carry or hot sales. In this way, wholesalers will have the “exclusive privilege” of distributing a variety of products to a wide region”.</p>
<p>The manager of “Beta” stresses that “the wholesale sector of confectionary products appears to have certain advantages; however, these benefits can only be exploited when certain circumstances favour the sector’s existence and development. Those involved in the sector:</p> <ul style="list-style-type: none"> - Are suitable and experienced enough to negotiate with suppliers and customers; this specialization can be “sold”. - Can successfully offer “exclusiveness” in the distribution of products or services, can produce and distribute own -label products or import them exclusively. They can create leagues or expand through the method of franchising. - Wholesalers can claim exclusiveness in special markets (catering in small wholesale traders or stores of super market chains). - Can create cash and carry stores (i.e., in the warehouse of the wholesaler) so as to exploit the privileges of “swift distribution” and “cash payments”. - Can use training programmes for the step-up of the sector’s managers, since their number is limited. - Can develop electronic data processing and e-commerce applications, since the wholesale units are not enormous. - Have strong negotiating power to suppliers, customers, banks and organisations and can co-operate with wholesale businesses abroad.
<p>The manager of “Gamma” stresses that “the existing drawbacks of the sector can relate to the needfulness of adaptation and harmonization of the wholesale traders with the new conditions, to the indispensability of the capital/buildings existence or even to the constant co-operation and communication between the wholesalers. These disadvantages can be overcome so that the wholesale sector can exploit its resources and benefits”. The manager considers “that qualitative “service” is a significant issue that always has to be taken into consideration”; according to the manager, “qualitative service includes:</p> <ul style="list-style-type: none"> - Suppleness in the production of new products, power of advertising communication, swiftness and completeness in distribution issues. - Smoothing out of prices so that they are satisfying for traders and final consumers (value for money). - Provision of information about the attributes of products and participation in promotion and support programs of sales”.
<p>The manager of “Delta” believes that “wholesalers should be supported to expand their network and activities to areas outside Athens (decentralization), while more (ice-creams or small bottles of water) and different products (segmentation) should make their appearance so that wholesalers can have a stronger presence and role... The focus of wholesalers should be made to particular customers (that can be trusted) and markets that have the potentiality to survive and expand (like bakeries and pastry stores). Focus on particular customers (i.e., bakeries) can be “translated” to more products distributed and consequently better prices. In this way, the wholesaler may become a significant “player” with an increased market share”. The manager finally stresses that “the credit policy should be stricter; the wholesaler should ask for his money just for survival reasons, because in the long run, money will be lost. For example, it is better for the wholesaler to have 100 “healthy” customers rather than 200 bad debt customers. The sums that customers owe are not substantial; however, the total amount is big enough for the survival of the wholesaler to be at risk”.</p>
<p>The manager of “Epsilon” believes that the government should secure the survival of micro wholesaling enterprises through a solid legislative framework. In general, incentives (better terms of financing or tax reductions) for stressing SMEs’ dexterity and competitiveness should be provided in order to empower the role of such enterprises in the market... Decentralization (expansion of the wholesalers’ network) would be a solution for the vivification of our firms’ position; however, innovation, training, co-operation and flexibility are the “weapons” for the survival of micro and small enterprises”.</p>
<p>According to the manager of “Zita”: “the conditions for export/import of products should be improved in favour of micro enterprises or their unions, while more retail outlets should appear so that wholesalers can firm up their position... A lot of stores or businesses are closing down or morphing into other things this period; the scene in the wholesale and retail sectors is obviously changed, since businesses without “healthy” financial bases and transparent enterprising targets have few chances of survival. On the other hand, big multinational companies have certain targets of sale and profits in order to claim increased market shares. In this attempt, these companies create they own distribution network that is independent from the activity of the wholesale sector”.</p>

Table 5.9: Summary of the solutions for the confrontation of increasing competition in the sector

Appendix 5.VII

Questionnaire 1. Questions that were asked to the wholesaler's customers (500 different customers)

7. What is your store's category? (Tick one box)

1. Bakery	2. Bread shop	3. Sweetshop	4. Convenient store	5. Mini market	6. Kiosk	7. School canteen

8. How many people are working in your store? (Tick one box)

1. One (personal co.)	2. Two (personal or ltd co.)	3. Three (ltd co.)	4. Four (ltd co.)	5. More than four (ltd or body corporate)

9. What is the labor relationship with your employees? (Tick one or more boxes)

1. Full-time	2. Part-time	3. Through O.A.E.D. (paid 50% by the state and 50% by the owner)

10. What is the size of your shop? (Tick one box)

1. Up to 15 sq. m.	2. 16 to 30 sq.m.	3. 30 to 50 sq. m.	4. More than 50 sq.m.

11. What products are you dealing with? (Tick one or two boxes)

1. Brand-name Products	2. Own-label products	3. Both

12. If you are dealing own-label products, what categories of these products are you dealing with? (Tick one or more boxes)

1. Cookies	2. Chocolats	3. Caramels	4. Croissants	5. Vanillas	6. Loukoumia (Turkish delights)	7. Preserves	8. Other (trifle, pies, short pastry, maraschino, cornet)

7. If you are dealing *cookies*, what categories of cookies are you trading? (Tick one or more boxes)

1. Plain biscuits	2. Biscuits Filled With Chocolate	3. Biscuits filled with Marmalade (strawberry, cherry, peach)	4. Imported cookies (white and black chocolate, cocoa, cappuccino)	5. Biscuits coated with truffle, almonds, coconut, peanuts)	6. Sops (plain or filled with banana, etc)	7. Sops (with cornflakes, raisins, sesame or chocolate chips)	8. Cookies diabetic people (no sugar and salt added)

8. If you are dealing *chocolates*, what categories of chocolates are you trading? (Tick one or more boxes)

1. Wrapped Milk or bitter "Treats"- "Kerasmata" (pyramids, tarts, "rocks", "bells", "stones", "fingers")	2. Wrapped Milk or bitter "Treats"- "Kerasmata" with caramel, nougat, or white chocolate	3. Unwrapped "Treats"- "Kerasmata" ("margarita", "olives", "shells", "black and white mix")	4. Unwrapped "Treats"- "Kerasmata" with almonds, nuts, walnuts, cherry	5. Hand-made chocolates (with whole walnuts, cherries, plums, etc.)	6. White chocolates in different shapes

9. If you are dealing *caramels*, what categories of caramels are you trading? (Tick one or more boxes)

1. Plain caramels (butter)	2. Milk	3. Canella	4. Ouzo	5. Coconut	6. Menthol	7. All fruits	8. Lollypops	9. Jelly caramels

10. If you are dealing *croissants*, what categories of croissants are you trading? (Tick one or more boxes)

1. Butter	2. Filled with bitter chocolate, milk chocolate or coffee cream	3. Filled with marmalade (cherry, peach, strawberry, etc)

11. If you are dealing *vanillas*, what categories of vanillas are you trading? (Tick one or more boxes)

1. Plain	2. With cherry flavor	3. With mastic flavor	4. With chocolate flavor

12. If you are dealing *loukoumia*, what categories of *loukoumia* are you trading? (Tick one or more boxes)

1.Plain	2. With fruit flavor (cherry, strawberry, peach, etc)	3. With almonds or walnuts

13. If you are dealing *preserves*, what categories of *preserves* are you trading? (Tick one or more boxes)

1.Plum flavor	2.Peach flavor	3.Cherry and sour cherry flavor	4.Fig flavor	5.Other flavors

14. If you are trading brand name products, what categories are you dealing with? (Tick one or more boxes)

1.Coffee	2.Chewing gums	3.Croissants	4.Biscuits	5.Caramels-lollypops	6.Chocolats	7.Crisps (brits)	8.Cocoa and merenda products

15. If you are trading labeled chocolates, what mark do you prefer? (Tick one or more boxes)

1.ION	2.NESTLE	3.KINDER	4.BINGO	5.PAVLIDIS-CRAFT FOODS

16. If you are trading labeled biscuits, what mark do you prefer? (Tick one or more boxes)

1.PAPADOPOULOU	2.ALLATINI	3.IMPORTED

17. Where is your store located? (Tick one box)*

1.East of Athens	2.West of Athens	3.North of Athens	4.South of Athens	5.Center of Athens	6.Outside Athens area

18. How often do you order from the wholesaler? (Tick one box)

1.Twice a week	2.Once a week	3.Once in ten days	4.Once in 2 weeks	5.Once in 20 days	6.Once a month

19. What is the total amount of your annual orders (in €)? (Tick one box)

1.Less than 1.000	2. 1.001 to 2.000	3. 2.001 to 4.000	4. 4.001 to 8.000	5.More than 8.000

20. How would you rate your clients? (Tick one box)

1.Poor	2.Average	3.Rich

21. What is the expected turnover of your store for 2006 (in €)? (Tick one box)

1.Less than 80.000	2. 80.001 to 100.000	3. 100.001 to 150.000	4. 150.001 to 200.000	5.More than 200.001

22. How would you describe the trend of your sales in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

23. How would you describe the trend of your incomings in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

24. How would you describe the trend of your expenses in the last 10 years? (Tick one box)

1.Increasing	2.Decreasing	3.More or less the same

25. What are the main issues you are facing in relation to the wholesaler? (choose the most important one from the list)

1.Competition	
2.Financing/Credit	
3.Taxation system	
4.Warehousing problems	
5.Utilisation of E-commerce	
6.Succession	
7.Exclusion of the sector from the 3rd C.S.F. and the new Developmental Law	
8.Delays in services	

26. How can these issues be encountered? (choose the most appropriate potential strategy from the list)

1.New and Solid legislative framework- Motives for confectionary products' firms	
2.Decentralization- Expansion of network	
3.Qualitative service following the principles of T.Q.M.	
4.Franchising	
5.Mergers-Acquisitions	
6.Clusters and Networks	
7.Tax relief for SMEs- Capitals from 3rd and 4th C.S.F.	
8.Outsourcing	
9.Product differentiation- Segmentation	
10.R. &D. programmes - Internet utilization	
11.Better agreements with Banks-Strengthening of Greek SMEs' Fund	

*As for the different regions, the researcher is referred to:

- *Centre of Athens* (Athens, Pagkrati, N. Kosmos, Kipseli, Neapoli, Ampelokipoi, Petralona, Patisia).
- *North of Athens* (Likovrisi, Irakleion, N. Ionia, Galatsi, N. Philadelfeia, Metamorfofi, Kifisia, Krioneri, Anoiksi, Drosia, Ekali, Kapandriti, N. Erithraia, Marousi, Pefki, Melissia, Halandri, Filothei, Vrillissia, Agia Paraskeui, Gerakas, Mesogeia, Psihiko, Holargos, Papagoy).
- *South of Athens* (Nea Smirni, Dafni, Agios Dimitrios, Kallithea, Tayros, Agios Ioannis Rentis, Piraeus, Drapetsona, Keratsini, Perama).
- *East of Athens* (Kaisariani, Vironas, Ilioupoli, Argiroupoli, Terpsithea, Glifada, Vari, Voula, Vouliagmeni, Zografou, Elliniko, Alimos, Palio Faliro).
- *West of Athens* (Peristeri, Agia Varvara, Aigaleo, Chaidari, Koridallos, Moshato, Nikaia, Salamina, Mandra, Aspropirgos, Megara, Nea Liosia, Petroupoli, Kamatero, Agioi Anargiroi, Acharnes, Fuli).
- *Outside Athens area* (Sterea Ellada, Lamia, Peloponnisos, Ioannina, Thessaloniki, Volos, islands, etc.).

Questionnaire 2. Questions that were asked to the managers of similar micro confectionary wholesaling firms (15 different enterprises)

7. What is the turnover of your enterprise (in €)?

2001	2002	2003	2004	2005

8. What are your incomings (in €)?

2001	2002	2003	2004	2005

9. What are your expenses (in €)?

2001	2002	2003	2004	2005

10. What are your taxes (in €)?

2001	2002	2003	2004	2005

11. What are the main issues you are facing in relation to the market conditions? (choose the most important one from the list)

1. Competition	
2. Financing/Credit	
3. Taxation system	
4. Warehousing problems	
5. Utilisation of E-commerce	
6. Succession problems	
7. Exclusion of the wholesale sector from the 3rd C.S.F. and the new Developmental Law	
8. Delays in services from suppliers	

12. How can these issues be encountered (choose the most appropriate potential strategy from the list)

1. New and Solid legislative framework- Motives for confectionary products' firms	
2. Decentralization- Expansion of network	
3. Qualitative service following the principles of T.Q.M.	
4. Franchising	
5. Mergers-Acquisitions	
6. Clusters and Networks	
7. Tax relief for SMEs- Capitals from 3rd and 4th C.S.F.	
8. Outsourcing	
9. Product differentiation- Segmentation	
10. R. &D. programmes - Internet utilization	
11. Better agreements with Banks-Strengthening of Greek SMEs' Fund	

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**DOCTORATE OF BUSINESS
ADMINISTRATION**

CRITICAL REFLECTION

Lesson drawn from the research on “how micro Greek wholesaling enterprises that are operating in the sector of confectionary products can offset increasing competition and secure their survival and growth”

Document 6

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1. Introduction

This document is the final one in a series of six, written as part of the D.B.A. research concerning potential survival strategies which micro Greek wholesaling confectionery businesses can follow in order to offset increasing competition. Document 6 is based on *critical reflections*. It includes personal reflections on the process of doing research, as well as changes in the way of learning and analyzing phenomena. The final Document entails a brief presentation of my current knowledge, experiences and assumptions that have derived from the analysis of micro wholesaling firms involved in the sector of confectionery products. In this Document, knowledge is related to the personal experience while learning gained from studying at doctoral level is brought forward.

“I believe that the D.B.A. research involves what Mills (1959) describes as “Intellectual craftsmanship”; its characteristics include non separation of work from life and utilization of life experience in the intellectual work. Mills (1959) stresses that the intellectual craftsman should keep a journal, take notes, capture thoughts, systematize and analyze thoughts and feelings. He (1959:195) also believes that reasoning is more important than empirical work (“facts discipline reason, but reason is the advance guard in any field of learning”). Reasoning consists of elements and concepts, the logical relationships between them building little models, basically deciding what needs to be researched and this constitutes the conceptual framework building.

Thus, I tried to follow Mill’s principles: at first, I have attempted to **classify the materials from the different sources** (books, Internet, newspapers, articles, notes from lectures, meetings with supervisors, meetings and discussions with colleagues, managers’ views from the sector of confectionery products, etc.). Then, I tried to **use my imagination**, that, according to Mills (1959:196) “separates the social scientist from the technician”, to get new, different ideas and perspectives about potential solutions of the sector’s problematic issues (such as innovative survival and growth strategies based on each firm’s available resources and capabilities). In this way, I attempted to challenge common sense views and present interesting new thoughts.

Finally, I tried to **frame a thesis about the topic** (Mills, 1959:196), which is an area of study and refers to the “strategies that micro wholesaling businesses can adopt in order to face increasing competition, survive and grow”, writing in a clear and simple language. I also attempted to be a good craftsman, which means that I have avoided rigid and set procedures as well as the fetishism of method and technique. In this context, I would describe the whole procedure as a quite interesting experience: the search for new material through various sources, the interviews with managers that had different personalities and viewpoints, the quest for their customers, the research for the most appropriate conceptual framework (moderation of Resource Based View framework combined to the case study research instrument) were challenging procedures for me to accomplish.

In the 6th Document, questions that are related to the evolvement of my research are answered in an attempt to reveal my experiences, thoughts and emotions during the conduct of D.B.A. These responses will also be discussed in the light of managerial implications”.

2. The role of critical reflection

Document 6 is a personal document concerning the researcher’s position about research in the business and management field. It combines views on the relationships between academic understanding and action. The 6th Document gives an account of the researcher’s developing methodological stances and also learning from previous Documents or the research log. It is therefore logical that the “Critical Reflection” Document entails impacts of the researcher’s job and career.

In the following lines, my reflections, experiences and feelings on the D.B.A. experience are unfolded. In particular, discussion is developed around three main areas:

- Personal development.
- Professional development.
- Project development.

However, the aforementioned distinction between categories is technical, since project and personal development impact on professional development and reversely. For example, it has to be stressed that my daily life has changed after the beginning of the D.B.A. “journey”. This procedure has improved my skills at various fields: I now feel that I can accomplish many tasks in my daily job. However, this confidence has been also transferred to my personal life: I feel that when I set an objective I am capable of carrying it out.

In an everyday sense, reflection is a “looking back” on experiences; in an academic or professional context, reflection refers to a review of useful experiences and informative “pictures”. Therefore, reflection is a means of constructing knowledge about one’s self and about the world. According to Brookfield (1987), **critical reflection** is the process of analysing, reconsidering and questioning experiences within a broad context of issues (e.g., issues related to development, learning theories, politics, culture, or use of technology).

In order to become “critically reflective”, the individual needs to adopt the components of critical thinking. Brookfield (1987) suggests that three activities are central to critical thinking:

- i) identifying and challenging assumptions;
- ii) exploring and imagining alternatives, and
- iii) challenging the importance of context.

The amount of understanding and learning that takes place as a result of this process depends therefore upon the amount of self-awareness, honesty and openness to feedback of the individual. However, critical reflection is a process, a journey, and learning through this process is iterative. Thus, one must accept that there is very rarely a “right or wrong” solution for any given situation. It is suggested that within an academic framework, any change needs to be embedded in theoretical analysis, thus using the rational cognitive approach described by Mezirow (2000). If over time one can look back on the process and show awareness of how one has changed as an individual, this is generally referred to as reflexivity (Gadamer, 1975).

Regarding the **essential components** of critical reflection, several elements are central to providing support for practitioners so that they can take this task on. These elements (i.e., acknowledging and embracing difficult issues, analyzing dilemmas for assumptions, considering the socio-cultural context of dilemmas and exploring and imagining alternatives) are the components that make reflection “critical”. Learning from experience is one of the aims of critical reflection; it seems therefore appropriate that practitioners should be well grounded in this skill to maximize their learning both as students and professionals.

“Humanists” such as Maslow (1962) and Rogers (1969) recognized the affective domain to the learning process, thus recognizing that for individuals to achieve “deep learning” (Claxton, 1988) they need to be engaged as a whole person. This includes the three domains of actions (behavioral), thoughts (cognitive) and feelings (affective). This has been supported by work into individual learning styles (Honey and Mumford, 1986). They described four learning styles: activists, reflectors, theorists and pragmatists, claiming that each individual has a preferred style of learning. These four styles fit very clearly with the stages of the experiential learning style described by Kolb (1984, see *figure 1*). To maximize learning, it is suggested that a researcher needs to develop all of the aforementioned learning styles.

“Regarding **experience** (activist learning style), I have to stress that having worked in the sector of confectionary products, I have experienced the difficulties that micro wholesaling businesses are facing. On the other hand, in relation to **planning for future experiences** (pragmatist learning style), during the conduct of the D.B.A., I have formulated new understandings and ways of acting to be used in the future (strategies, approach of certain issues, etc.). What is more, regarding **reflection** (reflector learning style), in spite of the fact that the survival of micro wholesaling enterprises is a critical issue for our family, I have tried to analyze my experience in the sector in an objective and unbiased way. Finally, in relation to **making sense of the experience** (theorist learning style), during the conduct of the D.B.A. studies, I was always trying to follow a logical and justified plan in order to reach at reliable, cross-examined and solid findings/conclusions”.

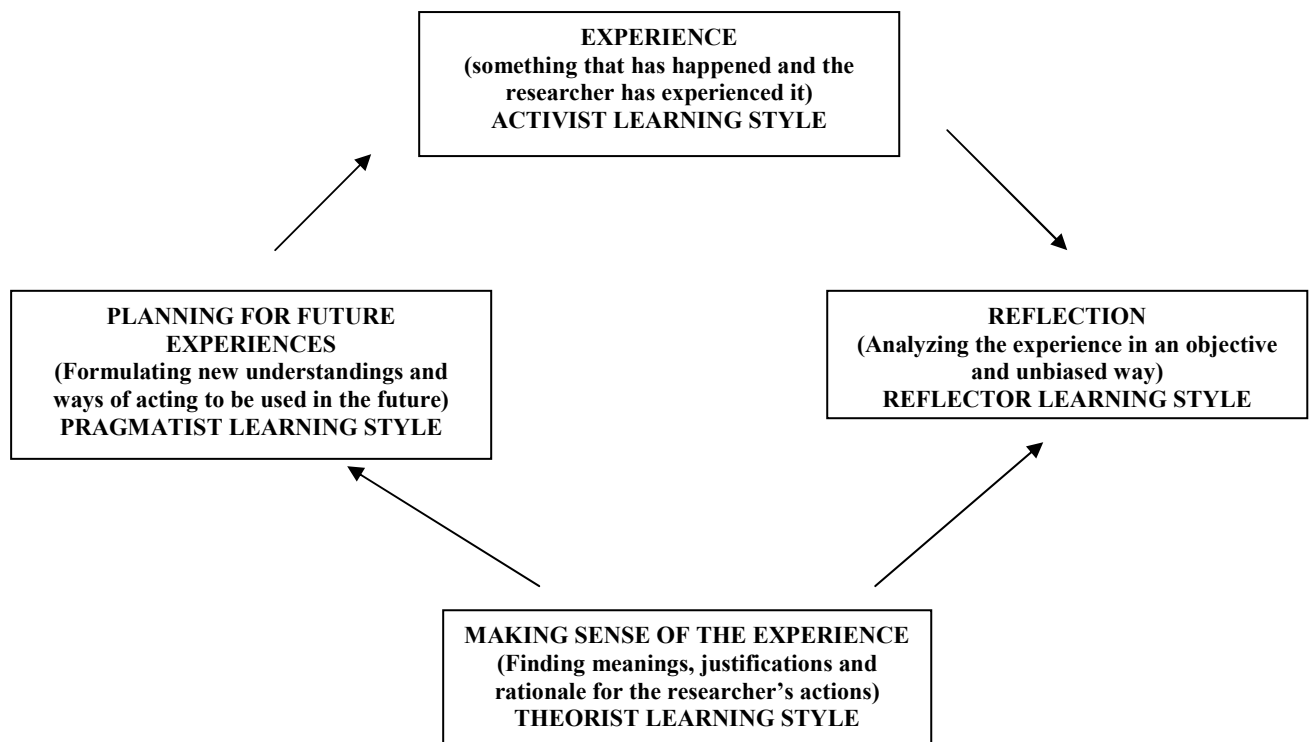


Figure 1: The Experiential Learning Cycle (adapted from Kolb, 1984) with Associated Learning Styles (Honey and Mumford, 1986)

Dewey (1933, 1938) argued that the ability of an individual to reflect is initiated only after a problem is identified as well as recognizing and accepting the uncertainty this generates. He claimed that reflective thinking requires continual evaluation of beliefs, assumptions and hypotheses against existing data and against other plausible interpretations of the data. Schon (1983) categorized knowledge into two types: technical rationality and professional artistry. **Technical rationality** is the phrase he uses for scientific knowledge that has been generated by research and referred to as “knowing that” (facts). In contrast, **professional artistry** relates to intuitive knowledge derived from individual experience and referred to as “knowing how”. Both types of knowledge are needed in becoming a practitioner.

Johns (2000:34) describes critical reflection as “a window through which the practitioner can view and focus self within the context of his/her own lived experience in ways that enable him/her to confront. Understand and work towards resolving the contradictions within his/her practice between what is desirable and actual practice”.

To maximize learning through critical reflection, the researcher needs to contextually locate himself within the experience and explore available theory, knowledge and experience to understand the experience in different ways. Thus, Boyd and Fales (1983) claim that critical reflection “is the core difference between whether a person repeats the same experience several times becoming highly

proficient at one behavior, or learns from experience in such a way that he or she is cognitively or affectively changed”. Because of this, critical reflection is viewed as transformational learning. What is more, Schon (1983) suggests that researchers can engage in reflection in one or two ways; either by “reflecting on action”, after the experience, or by “reflecting in action”, during the experience. The later can be described as a more advanced skill.

The process of critical reflection can be broken down into a number of dimensions that address the different activities and levels of reflection. In particular:

1. Dimension 1 refers to *comprehensive observations* aiming for accuracy and breadth; these observations are made through specific frameworks (i.e., past experiences).
2. Dimension 2 refers to *comprehensive descriptions* of what has been observed.
3. Dimension 3 refers to *making meaning* of what has been described.
4. Dimension 4 refers to *adding depth and breadth to the meanings* by asking questions about, and relating meanings to, a variety of personal and professional issues.

“I have tried to incorporate all these dimensions in Document 6. At first, I attempt to accurately describe, explain and evaluate my observations and experiences gained during the conduct of the D.B.A. studies. On the other hand, I present my deeper feelings and broader experiences that have derived from this procedure by utilising questions about various personal and managerial issues. What is more, in order to reach at reliable results, first I had to identify and challenge assumptions, then explore and imagine alternatives and finally challenge the importance of context. Of course, my primary objective is related to learning from experience. I believe that this is the major advantage of the D.B.A. process; it is closely related to critical reflection. Only if a researcher has experienced the real life conditions of a certain sector he is able to highlight its trends and present its holistic picture. I believe that if I had not worked in a micro wholesaling business in the past, I would have not been able to conduct a thorough research”.

3. Motivation and Reason to undertake doctoral studies

“My first thought and objective for doing the D.B.A. was to “complete” my formal education. I had a strong feeling and motivation to continue building on my professional credentials, learning and experience. I believed that through the D.B.A. process, I would be able to fulfil these aspirations. I was highly motivated to undertake studies at doctorate level. I really wanted to discover the “secrets” of this process and test myself if I would be able to respond to the requirements of completing such a demanding degree. I felt excited in front of this challenge, since specific circumstances have precluded me from doing it any sooner. Having obtained a first degree on Economics (University of Piraeus), an M.B.A. (University of Hull) and a Masters of Science in Banking and Finance

(University of Athens), I had in mind that the completion of the D.B.A. would fulfill my academic quests. I believe that through this process I have managed to learn many interesting things that complete my epistemic background. In theory, the D.B.A. is the sequential part of the M.B.A.; however, the M.B.A. was just the beginning; through the D.B.A. process, most of the basic notions are examined in depth and all aspects of a problematic situation are analyzed and evaluated. In practice, I realized that its completion requires continuous efforts, persistent search of various pieces of information and enduring alertness. D.B.A. has been by far the most demanding degree I have tried to complete. I have to stress that the determinant between the D.B.A. and the PHD is related to the student's "obligation" to be a professional in the field, which means to have worked or still work in the sector under examination. I believe that this dimension enriches the research findings that include a practical perspective.

The selection of the theme can be described as a combination of the attempt to complete my academic studies with a current topic that is grounded in my personal and family experience (and definitely influences my family). The focus on D.B.A. research derived from my interest on how a micro Greek wholesaling confectionery enterprise can find ways of reaction to such adverse competitive conditions. The particular issue of the survival of micro wholesaling firms that are operating in the confectionary products' sector was always among my interests. I have noticed that competition conditions have been worsening for these businesses in the last years.

I used to work in the vestigial accounting room of the micro family business that was trading confectionary products (my uncle was the manager/owner of the enterprise); my job there was not only related to the keeping of accounting books, but also to the distribution of various confectionary products to customers (bakeries, pastry stores, kiosks, canteens, etc.). These tasks were very tiring and demanding (due to traffic jams, distant customers, etc.- see Problems of the confectionary products' sector, Analysis of Findings, Document 5). I still work when they need me (in periods when demand for confectionary products is increased) in this business and I feel that it is a part of me. I care about its survival and growth.

In this way, I found that the D.B.A. process could be an opportunity for me to combine the completion of my academic studies with the contribution to a family matter: the quest of appropriate strategies (based on available resources and capabilities) that can lead to the survival and growth of micro wholesaling businesses operating in the sector of confectionary products. The family factor and my implication to the sector have undoubtedly been decisive to the selection of the theme. I remember that I had long talks with my father, uncle and cousin about the future of the micro enterprise. There were periods when the firm's future was in danger, mainly because of liquidity problems (due to the credit provided to customers and the fact that suppliers wanted to get paid in

cash). I wanted to contribute to the firm's survival, at least from the academic-theoretical view. At this point, the structure of the D.B.A. process is quite useful because it combines theory and practice; firms that are facing competition issues can be helped by the complete (qualitative and quantitative) research of the sector's firms. I believe that the implementation of the seven-element R.B.V. framework on the six selected case studies would highlight all possible factors that can influence the functioning of micro wholesaling businesses. When I decided to start the D.B.A. journey, I felt important for my contribution to a family issue. Now that I find myself at the end of the process, I believe that my findings can be helpful to our family business; the exploitation of certain resources and capabilities as well as the adoption of a particular strategy can facilitate the firm's survival and growth.

As a result, I was curious to see how things are evolving; on the other hand, I would like to contribute to the quest of potential survival strategies that micro wholesaling firms involved in the confectionary products' sector can follow in order to offset increasing competition and improve their position in the market place. What is more, I believe that I now have a holistic view of the sector's course and issues; as a result, the role of micro enterprises' consultant could be one of my choices in the future.

Of course, the combination of the professional status in a daily job with the student trait is not always the easiest one for a person to respond. An additional objective was to earn added credibility amongst co-workers, colleagues and family. All of us need to receive the feeling of recognition and achievement when we have managed to successfully complete something quite demanding, such as the D.B.A.; I hope that I will have the opportunity to complete the D.B.A. studies successfully and receive this kind of recognition".

4. Entry and Early experience of D.B.A. Studies

4.1 Learning sets and relationships with fellow students

"My academic background in Economics was quite theoretical; concepts like macroeconomics, microeconomics, supply-demand curve, inflation, were too abstract to relate to a micro (family) firm. When I started to work every day, I realized that these concepts were too vague; when human factor is involved, many things can change. Selecting to attend my M.B.A. lectures, was an attempt to see things more practically; however, management techniques provided virtually idealized strategies for the solution of a management or administrative issue. The feelings of people involved were not taken into consideration. In addition, I always wanted to improve my research skills and demonstrate various capabilities in the research field; I was ready to discover new concepts and

make deep research in various fields of management. I had in mind that the D.B.A. program would empower my skills and capabilities in the research field.

I remember being quite anxious before the actual beginning of the D.B.A. program. Three action learning sets (“induction sets”) had taken place in Athens, Greece (A.G.S.M. centre) before the start of the program in Nottingham. At the beginning, all eight people attending were nervous and curious to see what the D.B.A. would be about. However, the D.B.A. process was not “revealed” at once. Personally, I had to attend all meetings-lectures (including learning sets) in order to grasp the “sense” of the D.B.A. process.

The D.B.A. Program schedule included eight meetings-lectures. In particular, the meetings took place on:

- 23-24 Sept 2004 (Introduction);
- 13-12 Jan 2005 and 21-22 Apr 2005 (Literature Review & conceptual development);
- 15-16 Sept 2005 and 15-16 Dec 2005 (Research methodology & non-survey based research);
- 16-18 Mar 2006 and 22-23 June 2007 (Survey-based & statistical research);
- 28-29 Sept 2007 (The Thesis and the critical reflection).

The lectures and the notes that the students received were very helpful for me. They constituted the research base, the theoretical background for the completion of each Document. D.B.A. modules have given me a direction to organize my work in Documents (Introduction, Literature Review, Qualitative and Quantitative analysis form the concrete basis for the completion of Thesis). The dates of the lectures meant that I had to submit certain Documents on time.

When meetings at Nottingham had begun, my primary question concerned deadlines and the combination of my daily job with academic research. Mr Etkmektzoglou (a “classmate” of mine) and I were discussing for hours about what we were going to see and the problems that we were going to face. Our wonder was whether we could do this in a period with many other undertakings.

Most of the times, I was feeling that I would not be able to reach at the adequate research level. At the beginning of the program, I had the feeling that my fellow students had something additional, they were a step in front of me. This feeling stemmed from the fact that most of my fellow students were English and had the potentiality to visit University and supervisors more often (apart from the specific dates of the lectures and learning sets). What is more, my active participation in the learning sets was not always unimpeded, since I was not feeling positive about my adequacy in the English language as well as methodological issues.

However, when I had attended most of the lectures and studied many books on various issues (methodological approaches, small business literature, strategic management, Resource Based View,

etc.), I was confident enough to participate effectively at the learning sets, supporting my arguments and exchange views with my colleagues. The *critical incidents* regarding the relationship with my fellow students are connected to the discussions we had during the learning sets. These discussions brought us closer and improved our human relations; we had the chance to know each other and become friends in the end. The common goal of acquiring the D.B.A. combined our forces and everyone helped each other (with moral support, by proposing books and websites, by providing additional pieces of information, etc.).

In general, I believe that I benefited by the team and learning sets that took place during the lectures. After the identificatory first meetings, the discussions with other researchers from “Cohort 6” helped me compare my approach to various documents to their own views. Sometimes I thought that I had followed the wrong direction; some other times, I was thinking that I had grasped some good ideas. However, this mixture of feelings was exciting. I was always wondered about the final result; I was not sure whether I would have the strength to complete this demanding procedure.

These discussions have changed my attitude towards people. My fellow students are respectful people that express their views based on valid arguments; I have become more conciliatory in spite of the fact that I may have a different opinion on a matter. Furthermore, I have learned many things from the experiences of my classmates: they are people from different countries with different backgrounds and pictures. In this way, they presented different approaches on an issue that I had not thought of before. What is more, I also felt more supported when I participated to the discussion group; I was motivated by the group and I was really encouraged to continue my efforts when a classmate had a success.

As a person, this process has absolutely changed me; now, I have learned to listen first and talk afterwards. I have also become more patient and less selfish. I have certified that other people (students with different backgrounds) can have interesting views and different approaches on a certain issue. On the other hand, the whole procedure has made me more confident; I now try to examine and evaluate things holistically, taking into consideration as many aspects as possible. Having measured all possible parameters, my view on a matter is more objective, solid and justified”.

4.2 Relationship with the supervisory team

“During the doctoral research process (almost four and a half years), I had to visit Nottingham more than ten times, in order to meet my supervisors (Dr Prince and Dr Tietze lately for the 6th Document), have some discussion and get certain “directives” on the shaping of each Document’s structure as well as the selection of a certain theme’s approach.

At the beginning, I was not accustomed to the co-operation with supervisors at a doctoral level; I had completed my Masters dissertation and I had in mind that meetings with supervisors would be just procedural; however, they were not. Co-operation with supervisors was quite important for me, especially because I had to be convinced to change my way of thinking, of approaching issues from a different, a doctoral perspective. After the first meetings, I began to realize that the “doctoral” level incorporates the evaluation of theories in practice; it includes concrete foundations of a utilized theory in order to be valid and reliable. It also entails the combination of qualitative and quantitative research methods; in this way, theories are tested in practice while research findings are supported, cross-examined and present increased reliability. In particular, the Resource Based View framework that was used in Document 5 for the analysis of the six enterprises’ resources and capabilities had to be amended many times before I reach to its final version. I had many talks with Dr Prince especially after the oral examination because I had to include as many perspectives (various elements that can influence the functioning of a micro wholesaling business) as possible in order to formulate a complete research framework.

Feedback from supervisors was a significant issue for the completion of various Documents; the project development required many changes and the supervisors were directing me to the appropriate route. Their opinion has not changed my original values or philosophy; however, their feedback was enough to make me think of different ways of approaching problematic issues. I believe that I have developed new scholarly skills; I am now able to utilize various sources while I have adopted a holistic approach of a problematic situation (i.e., the survival and growth of micro wholesaling enterprises). My supervisors have provided me with general and specific directions, new ideas and patterns; they have also suggested new books and various articles in order to enrich my research, while in general they have contributed to the adoption of an alternated research philosophy and a modern way of thinking (new perspectives).

Most of the times, I had in mind that the opinion of supervisors constitutes the right direction for the student; I had a very good co-operation with them because Dr Prince had convinced me about his academic and practical adequacy at the first place. However, I think that he has been convinced about my persistent effort to get accustomed to new ways of research and thinking. That is why, especially after the submission of Document 4, conversations with supervisors were taking place in a very friendly and personal level.

After the initial submission of Documents 5 and 6 and the oral examination, various alterations had to take place. At this point, the contribution of Dr Tietze was valuable for me, especially at emotional level since she definitely boosted my morale to keep on trying to make the appropriate amendments to the Thesis and Document 6. Of course, Dr Prince has also helped me in the

consolidation of the examiners' comments in Document 5; he definitely contributed to the comprehension of the examiners' intendment (see also section 5.1).

I am more of a practical person and I like to apply new ideas and see how something works in practice. In this way, I started writing and writing things; my supervisors had to keep me in a limited framework before the official submission of each Document, in terms of content and word count (due to the D.B.A. specifications). For example, after the initial writing of 100 pages, most of the times Dr Prince added up to 30 pages that needed to be enriched with more personal style.

My background in Economics has helped me to the realization of qualitative and quantitative analyses that are essential for the completion of the D.B.A. process. Economics have theoretical foundations; some theories are tested with the use of numbers. As an economist, I was accustomed to the use of numbers, statistics and quantitative analysis in general. On the other hand, the M.B.A. degree (including principles of social sciences) has provided me with the appropriate "weapons" to approach some phenomena from their human perspective, by examining people's attitudes and social consequences. This approach was quite helpful when conducting qualitative analysis. Indeed, I have provided statistical evidence about the topics I have examined (utilization of the questionnaire in 500 wholesalers' customers and implementation of S.P.S.S. for the recording of the sector's issues, trends, etc.); however, I have also approached the human and social consequences that people involved in the problematic sector can face, during the conduct of the case studies (3rd and 5th Document). In general, during the conduct of the D.B.A. studies, I had to combine the essential skills derived from my background in Economics and Business Administration.

All these meetings with supervisors, especially the first ones, can be described as *critical incidents* since they have contributed to the alteration of my research approach as well as the adoption of a holistic view of the situation. For example, after the first meeting with Dr Tietze, I had changed my mind on the approach of the 6th Document. Being a professor of Social Sciences, she underlined some interesting additional perspectives that have to be taken into consideration in Document 6 (such as human reactions, emotions during the conduct of D.B.A., personal alterations and sacrifices, etc.). What is more, Dr Prince suggested that I should follow different approaches on the examination of specific phenomena. It has to be stressed that even my examiners had orientated me on directions that I had not thought of before (such as the restructuring and enrichment of the Resource Based View framework, the growth perspective of micro wholesaling enterprises, etc.). For this reasons, apart from the examiners' comments on certain alterations, I had to enrich the R.B.V. conceptual framework with specific elements (i.e., life cycle stage, family/business orientation, marketing approach) in order to reach at solid findings and reliable conclusions".

5. Becoming a researcher - Lessons drawn from the D.B.A. process

5.1 Contribution of the D.B.A. process to the researcher's personal development

“I can stress that the lessons that I gained through the D.B.A. process were invaluable. This process has contributed to my personal as well as my professional development. The D.B.A. process included various stages; through the completion of each stage, I felt that was becoming more experienced and decisive to advance to the following phase.

In particular, the literature review proved to be a quite demanding piece of research. Never before had I undertaken such a large scale literature review; the main issue was related to the management of enormous quantities of information. The help of my supervisors and professors (especially Dr Prince and Dr Fisher) was substantial in this direction, since they always had a new source to suggest. They explained the need to focus on themes that would be relevant to my future research. For example, from the general management notions, strategic management becomes more specific, strategic management for SMEs even more specific, while Resource-Based View for micro wholesaling businesses operating in the sector of confectionary products was the particular approach for the issue of survival and growth strategies. I was looking for relevant articles (of SMEs) in newspapers on a daily basis; I was also looking for SMEs' themes on the Internet or various books. The early discussions on methodological perspectives opened my mind to different ways of thinking. Initially, I found terminology and thinking difficult; however, the Greek language was useful in my understanding of some basic notions. This phase has provided me with all the theoretical pieces of information that relate to general notions of management (strategic and marketing management), SMEs (problems and solutions), the wholesaling sector of confectionary products, as well as successful examples of strategies that have been followed (in European countries and the U.S.) in an attempt to overcome existing problems.

I thought that I had gone past my “human limits” after the submission of Document 2; however, the result was “Pass with substantial changes”. At that time, almost after two years of research, I thought that I had no more courage to continue, to make the appropriate corrections. The contribution of Dr Prince was quite significant at that point. He mapped out a rational plan of “corrections” and I followed it. After the initial “shock”, I focused on what it had to be done and I finally managed to complete the appropriate amendments in order to “Pass” the Document. It was very important for me to see that my new approach, the corrections I had made resulted to get a “Pass” to the Document; I felt more motivated and encouraged to continue my efforts. After that, I knew that I had the internal strength to complete the rest of the Documents. I had become so confident that I was anticipating the beginning of the field research.

During the conduct of qualitative research (Document 3), I began to get familiarized with new research methods; the case study approach was quite interesting. During the conduct of Document 3, I got accustomed to various qualitative research methods and decided which one to follow. I had to prepare myself to interview two managers of micro wholesaling businesses that are operating in the sector of confectionary products; the managers' responses revealed certain issues about the sector (problems, potential survival strategies). During the interviews, I felt that I was actively participating to the sector's "secret folds", that I was a close friend of the managers whose role was to disclose the problematic issues of the sector. In reality, I was unacquainted to the interesting process of communicating with people in such a way (interview). However, this approach proved to be quite fascinating since I really enjoyed the meetings and discussions with the two managers. These interviews revealed various practical and theoretical issues: problems of the sector, various trends or the potential ways of survival, theoretical approaches for the survival of the sector's firms, etc. It was the first time I was interviewing someone and this made me part of the sector's issues. Most of the times, I was the one to answer the questions (i.e., during job interviews). When talking to people and expecting to get something from their responses, you become more diplomatic; this approach proved to be successful because I still have personal relationships with the two managers. At the end of qualitative analysis, I was curious to see whether these results (specific sector's problems, potential solutions, etc.) would appertain to those of the quantitative analysis.

After the completion of the 3rd Document, I began to realize the nature and logic of the D.B.A. process; I had also realized that Economics is not the only science, not the only way of interpreting reality. As a result, my approach has shifted from the "world of macro and micro economics" to the world of the D.B.A. perspective: the D.B.A. (especially qualitative analysis) has made me see things from the human perspective, to realize the managers' fears, feelings and worries about the future of their enterprises.

During the conduct of Document 4, I felt like I was a member of a research company that had to use all these statistical instruments to disclose the sector's trends and the customers' tastes! I got accustomed to the use of various quantitative methods; I had to distribute almost 500 questionnaires to various customers of a wholesaling business (bakeries, pastry stores, kiosks, canteens, mini markets, etc.), collect them and work out the results through S.P.S.S. I was not familiar with the utilization of S.P.S.S., so I had to spend hours and hours trying to comprehend its nature... However, I have learned to analyze the questionnaires, explain and interpret the market trends and the sector's "shifts", as well as peoples' attitudes. This toilsome but interesting procedure has proved to be helpful both in academic and in practical (managerial) level. During the conduct of the 4th Document, I had to approach various people (wholesalers' customers) that heave to secure the day's

labor; I realized how difficult their life is, especially in a period when final consumers seem to spend their money only for the absolutely necessary products. And, confectionary products are not fundamental nutrition kinds.

At the end of Document 4, I was happy to discover that the findings of quantitative analysis (sector's problems, suggestions for survival and growth strategies, implementation issues, etc.) were corresponding to the findings of qualitative analysis and the literature review. This meant that I had adopted a positive way of reaching at reliable results and this fact made me more confident.

After the successful completion of Documents 1 to 4, the Thesis had its own difficulties. I was feeling tired because of the previous efforts but satisfied because of the positive results. I was self-reliant to continue trying in order to accomplish my primary goal: to complete the D.B.A. process successfully. I was definitely "armed" with research experience; however, my biggest "weapon" was patience and persistence. This time I had to have long discussions with Dr Prince to grasp the idea and structure of Document 5. However, these meetings were taking place on a different context. My supervisor and I were discussing on a doctoral level, since he was convinced that after two and a half years in the D.B.A. process I could communicate in a more effective way, comprehend the deeper meanings readily and grasp difficult notions more easily. The useful experience that I had during the interviews in Document 3 (qualitative analysis) definitely helped me to the approach of the six micro businesses-case studies in the context of Thesis. During the interviews with the six managers I felt more relaxed; I was well-prepared and focused on my objective: to implement the seven-element Resource-Based View framework in order to reach at "safe" and reliable results regarding the "survival and growth" strategies that had been followed as well as the identification of each micro enterprise's effective resources and capabilities.

At this point, I have to stress that the conduct of the first oral examination (presentation of Documents 5 and 6 to the examiners' committee) proved to be a *critical incident* in the DBA process. Never before had I been involved in such a tense situation; I had to "defend" my Thesis and the procedure was really tough for me. I can now disclose that the impact of the oral examination was deep because it changed my way (as a researcher) of approaching the issue of micro wholesaling firms' survival and growth. The examiners' comments during (and after) the first oral examination in essence altered my way of analyzing the research theme. In particular, their idea for the enrichment of the RBV conceptual framework (i.e., inclusion of additional critical success factors, life cycle stage identification, family business and marketing dimension, comparisons of various RBV authors, cross case analysis, etc.) as well as the presentation of various research methodologies (explanation of the case study method selection) have widened my research horizons and made my analysis deeper. Based on the examiners' comments, I incorporated various comparisons between the six

family enterprises, while I carefully evaluated the micro firms' strengths and weaknesses in terms of the seven elements of the RBV conceptual framework in order to reach at safe and reliable conclusions. These conclusions can be useful to those involved in the confectionary products' sector (i.e., managers, customers, suppliers, government bodies or other researchers of similar topics).

The first viva voce also disclosed that persistence was definitely one of the most striking elements of my character; I had decided to complete the DBA process and make the essential amendments so that the examiners are satisfied in the second oral examination. I felt very disappointed by the final result; however, the examiners' supportive comments constituted a new beginning for me. I was determined to work harder and reach at my final target.

In particular, with regard to my *personal reflections* after the viva voce examination, these can be described as confusing. When the process was completed, I felt that I had to write the Thesis again because the comments were too many and I was confused! I had reached my limits again; however, I did not want to "cancel" my previous efforts. At this point, the supervisors' support was valuable. Dr Tietze and Dr Prince managed to keep me calm and self-composed. Based on the examiners' advice, they structured Documents 5 and 6 again and proposed new sources of information. As a result, after the initial disappointment by the outcome of the oral examination, I began to search for new material (i.e., family business literature, development of RBV theory, etc.). At that point, with the help of my supervisors, I could realize the necessity of the changes that the examiners had proposed. These alterations really had to take place because they would enrich the RBV framework and improve the Thesis in general.

Consequently, my post viva experience can be described as interesting and helpful despite the negative result. It has to be noted that it coincided with the recent crisis of the Greek economy (due to increased debt and deficit). When searching for the additional pieces of information essential to complete the alterations proposed by the examiners, the necessity for the reduction of Greek public expenditure (i.e., reductions in wages of civil servants, even dismissals of surplus personnel) has in essence made my position in the public sector insecure. As a result, the recent situation in the Greek economy changed my plans and probably the involvement to the sector can be my first choice in the future (i.e., as a full-time employee in the family business or a consultant of micro family enterprises involved in the confectionary products' sector). It can be argued that the examiners' comments on restructuring Documents 5 and 6 can be useful in this direction. I have developed additional insights on the sector's issues when I was searching for new material; new perspectives were discovered during the quest for the enrichment of the RBV conceptual framework. For example, the element of life cycle stage identification can be quite useful in terms of developing the appropriate practices in the confectionary products' sector. On the other hand, the theoretical notions of familiness or

transactional marketing orientation can be extremely important in practice; they have to be taken into consideration when considering to implement a strategy based on available resources and capabilities. Of course the expansion of critical success factors that was used for the enrichment of the RBV conceptual framework has definitely broadened my knowledge on the sector's issues. When a manager of a micro wholesaling enterprise seeks to be consulted, additional critical success factors (related to industry, strategy, environment or other temporal or entrepreneurial elements) will have to be evaluated.

During the D.B.A. process, my family and friends had seen me changing; mainly becoming more unsociable due to increased research and writing burden. However, I think that in order to complete the D.B.A., the researcher has to sacrifice certain habits. I believe that I have sacrificed a significant part of my social and personal life during these four and a half years. On the other hand, I think that the D.B.A. process has taught me to become more organized and disciplined. In order to manage and break down such a plethora of information, I had to organize all the relevant material so as to present a respectable final outcome. What is more, I have discovered that I can be "inventive"; during this exigent process, I was able to find out solutions in issues that I had not even imagined. I also feel that I have become more experienced in facing complex life situations.

In general, I cannot support whether this is an end or a start. The D.B.A. process has in essence changed my way of thinking; I have become more critical in thinking since I have learnt to evaluate more than one "angles" (perspectives) of an issue. The whole procedure has also made me more analytical. Now I see things from different views and I follow a logical process in evaluating various situations. I can also handle wealth and richness of material more effectively, while I have learned to present an argument in a convincing way. Finally, the D.B.A. procedure has helped me improve the utilization of English language (writing and speaking). This is also helpful to my daily job.

I believe that the D.B.A. degree has absolutely been the most demanding degree I have even attempted to get. I feel that a student-researcher has to be experienced enough in the market place (which means to have worked at least for five years on a certain field) in order to be able to evaluate the trends, alterations as well as the dynamic conditions of a specific sector. I think that the M.B.A. was just a beginning for me; I was only 25 years old and not so experienced in the market place. During the conduct of the D.B.A., I felt more experienced and confident to complete the research requirements, to objectively evaluate various aspects of the problematic situation and reach at more reliable results".

5.2 Contribution of the D.B.A. process to the researcher's professional development

“Through this different understanding of the world triggered by the D.B.A. process, I think that I have become a reflective practitioner, regularly looking back at my research process and searching for ways of improving it. Of course, I have not abnegated the principles of Economics; these have been enriched through the D.B.A. process that virtually changed my approach of the world. Now I try to “reflect” to the work I have done, I always look for more and different perspectives.

At the beginning, I had increased curiosity to comprehend how managers of micro wholesaling firms make sense and react in a particular kind of situation (increased competition and adverse conditions). Being unaffected was difficult because I had faced similar conditions when working on a family wholesaling firm in the past (full time from 1995 to 1999 and still involved in the business when my uncle and cousin need me). However, I have tried to minimize that effect through taking an open-minded and reflexive approach, thereby making my personal values and beliefs apparent and always trying to find solid bases for my arguments and research findings. This has made me more understanding of the complicacy that such a research may entail. For example, during the conduct of the interviews with the six managers (in the context of Thesis) I tried to focus on their own views (regarding the deployment of available resources and capabilities) rather than trying to convince them about my personal opinion on the problematic situation or the adoption of a survival and growth strategy.

It can be argued that the D.B.A. process has also contributed to my *development* as a person; during the conduct of the research, I feel I have become more appreciative of the complexities of a situation. This element has also helped me become more confident and experienced as a researcher. I have confirmed that in complex problematic issues there are no extreme and straightforward applicable solutions; all perspectives have to be taken into consideration before a certain “strategy” is implemented.

The fact that the D.B.A. process has changed my personal and academic stance can have the consequence of following an academic career; through this procedure, I had the chance to know and discuss research methodologies in depth. What is more, the student/supervisor relationship was a quite useful experience. During the conduct of the research I have also met influential professors in the English and Greek Universities; mutual appreciation has been developed and these contacts might be helpful to the opening of a new (academic) horizon. I have to stress that my D.B.A. experience as a whole (structure and notion) can also be useful to the Greek Universities. It is quite different and more interesting than PHD, since it entails the “practical” element and combines theory and practice; the framework that the researcher suggests (i.e., the R.B.V. framework) has to be

implemented in real cases. I believe that I would be able to help to this direction, joint with the A.G.S.M.

Researching is a way of widening my horizons. The topic is interesting because everyone is curious about the future of SMEs (not only in Greece). In particular, the Greek economy and market is based on the existence, survival and growth of micro enterprises and almost everyone has an entrepreneur (friend or relative) being involved in such a business. The D.B.A. was a chance to see whether things have changed from the past. In general, during the D.B.A. process and the thorough involvement with the sector's proceedings, I think that the situation in the sector has worsened. Conditions for SMEs have become even worse after the recent financial crisis (toxic bonds).

The D.B.A. process has also made me aware of the evolution of micro businesses operating in the wholesaling sector of confectionary products. I have become cognizant of the sector's problems while I have comprehended the specific issues that the sector's managers have to confront on a daily basis. This process has made me adopt a "helicopter view" and look for new ways of searching for various pieces of information about a subject. For example, I have learned to get various information from newspapers (economic pages), articles, books, Internet, interesting sites (i.e., europa.com, SMEs, etc), surveys (ICAP research company, Centrum research company, etc.), as well as questionnaires and workshops (qualitative-learn from different types of enterprises and managers, quantitative-statistics). When I was talking to my father or mother, colleagues or friends, or even when I was going to a "customer's store" (bakery, mini market or canteen), I had D.B.A. in mind. In particular, I was always thinking of how can I "stamp" these interesting pieces of information in the relevant Document.

The literature review process has provided me with the theoretical weapons of approaching the issue of micro businesses' survival and future growth. Having searched at books, Internet as well as other sources, I believe that I am now able to respond to the requirements of a deeper analysis of the sector's issues and potential strategies/solutions to these problems.

The nature and current situation of the confectionary products' sector does not leave me many chances to apply research methodologies in practice. However, the fact that I am now aware of various research methods can be helpful to my current job (an auditor of Community Support Framework Programs) or the role of a micro wholesaling firms' consultant in the future. What is more, through the process of qualitative analysis (as well as the interviews in Document 5), I had the opportunity to listen carefully to the managers' concerns about the specific problems of the sector, the sector's trends, as well as the potential solutions/strategies through which these micro enterprises can survive and grow in a competitive environment. Furthermore, the process of the questionnaire distribution and analysis (through the S.P.S.S.) has given me the chance of communicating with the

customers of wholesalers (owners of bakeries, min-markets, sweet-shops, etc.). These contacts have made me perceive their apprehension about various market trends and peculiarities as well as their worries about the future of their businesses.

Of course, the approaches that had to be followed (case study approach and questionnaire utilization) in Documents 3, 4 and 5, had made me accustomed to notions like S.P.S.S., in-depth interviews, case study methodology, R.B.V. approach, etc. Furthermore, the utilization of questionnaire has also helped me organize my daily job in a better way. What is more, during the interviews, I realized in practice that it is quite difficult to implement the theoretical “good practices” that I used to learn at the M.B.A. level, especially in a sector whose role is died away. It can be argued that these “good practices” sound effective but the ideal conditions to implement them cannot easily exist.

In general, through this process, I have learned to be more patient and “eavesdrop” carefully on experienced people (my supervisors, professors or businessmen). It is quite important to listen to more sophisticated people (managers) to talk about their fears and efforts for their firms’ survival and growth under unfavorable conditions in the market. For me, these discussions constitute valuable life lessons, quite useful for the future.

I used to consider that these jobs (owner of a bakery or wholesaler) were relatively easy; however, I realized how difficult it is to fight for survival when competition is hard. After the conduct of these studies, I have learned to appreciate the efforts of people working at bakeries, pastry stores, canteens, kiosks, etc. I always take notice and respect the hard efforts of managers/owners of Greek micro and family enterprises that are trying hard to ensure the day’s labor.

Having obtained this experience and knowledge, as an aspiration in my career, I could play an active role as a practitioner or a consultant in the wholesaling sector of confectionary products. The D.B.A. program has allowed a learning process to develop both in terms of knowledge and experience; this experience (especially on the problem identification as well as the implementation of potential survival strategies) can be useful to the managers/owners of the sector’s micro businesses that have definitely faced similar issues”.

6. Overall experience from the D.B.A. process

“Researchers usually have the potentiality to shape the questions to be asked and can formulate the answers rather than simply reveal them since they can choose the conceptual lenses and the relevant arguments that support and defend their findings and conclusions. In the context of the wholesaling confectionary sector, I have utilized the Resource- based View approach (the analysis of each firm’s resources, capabilities and core competencies) in order to reach at applicable “survival and growth strategies” for micro wholesaling firms (i.e., adoption of strategies such as product differentiation,

market segmentation, network expansion, product specialization, etc.). That insight that triggered during the D.B.A. process was a result of persistent efforts to look into as many justified perspectives of the problematic issue as possible.

As noted earlier (see section 2), the process of critical reflection can be categorised into a number of dimensions that are related to the different activities and levels of reflection (*comprehensive observations, comprehensive descriptions, making meanings and adding depth and breadth to them*). The reflexive approach is an unusual task in academic field. It is the first time I had to do it and it was really challenging for me. During the conduct of the D.B.A., my primary objective has been to comprehend the research observations, procedure and findings in depth. I had the target, with the help of my supervisors, to move from descriptive and tiresome details to findings that entail deep and broad meanings. When I was formulating the R.B.V. framework, I have tried to incorporate as many elements/factors as possible in order to examine the research question from various angles and reach at coherent conclusions that would be aligned with the Premises posed at the beginning of the Thesis.

Through this document, I have learned and remembered many things about my reactions and behavior. Kline (2003) stresses that the quality of everything we do depends on the thinking that we do; the conduct of all six Documents has definitely developed my research skills and enriched my “weapons” of comprehending various peoples’ behaviors and reactions. On the other hand, I have learned to acquire knowledge on new things and taking different angles when approaching a complex issue. D.B.A. research process has definitely widened my thinking horizons.

Apart from the observations’ description and explanation (qualitative and quantitative analysis), I have expressed various experiences and feelings that have stemmed from this process. This presentation has mainly derived from the personal interest for the family business, its survival and growth perspectives. I believe that the personal interest for an issue (such as the quest of an appropriate survival and growth strategy) adds depth to the research procedure because the human factor is involved. What is more, a personal tone is added, the research procedure becomes more intensive while the researcher is definitely trying to reach at reliable and applicable results that can be helpful to the family business.

On the other hand, this process has made me judge myself more rigidly (self-criticism). Before I write or say something, I always think about it twice; maybe, this is a result of the whole D.B.A. process (relationship and discussions with supervisors and examiners, corrections, grading such as “pass with changes”, oral examinations, etc.). However, during the D.B.A. studies, I have to admit that I have felt discontented about some choices in my personal life, mainly due to the sacrifices that

I had to do. Of course, the future completion of the D.B.A. process will definitely make me feel proud of myself and confident, only because I will have reached that level.

As far as *emotions* are concerned, these were quite conflicting; I have to confess that I did not have the ability to effectively combine personal, professional and student life. Unfortunately, it was impossible for me to be an exemplary professional auditor, a perfect boyfriend and an ideal student at the same time. Consequently, I had to wave aside my personal and social life in certain periods, especially when I had limited time to submit the Documents. Of course, many times I had to postpone studying (and consequently writing) D.B.A. material because of job commitments (audits in the province or abroad) and a knee operation. For this reason, I had to ask for extension twice for the submission of the Thesis; I really did not have enough time to present it at least modestly.

The roles of “student” (when attending classes and discussing with supervisors), “colleague” (when talking to other D.B.A. classmates) or “professional” (when going to my daily job) were confusing me! However, it was quite pleasant to remember being a student, going to the library, looking for books etc., in spite of the fact that I did not have the time to taste the rest of the pleasures that a student can have... Despite the fact that people in my professional community have been a bit jealous because of the prospect of attaining such a demanding scope, all of them recognized my persistent efforts to combine the roles of professional and student at the same time.

The involvement in the D.B.A. process has put constant stress for looking for relevant topics about micro family businesses or the sector of confectionary products in general (in newspapers, books, Internet, etc.). I was not just leaving a hobby; in order to complete the D.B.A. I had to change my way of living, I had to give up most of the things that used to disport me due to the limited time. Most of my free time had to be devoted to the quest of relevant pieces of information, useful for the completion of the various Documents.

Many sacrifices had to be done; in particular, I had to give up or reduce the frequency of doing many things that I used to do in my “previous” life (before starting the D.B.A. studies). For example, I had to give up watching many football or basketball matches I used to; what is more, I almost postponed my marriage that led to the breaking-up with my girlfriend. Moreover, I had to quit the Italian language lessons as well as the computer lessons; I also had to reduce the frequent walks and talks with friends; the free afternoons that I could do whatever I wanted was a pleasant memory. On the other hand, I had to reduce the days of my vacations; most of my days off my job were used for searching in the Internet, studying and writing for the D.B.A. Documents. Of course, the D.B.A. avocation also reduced the available time to spend with family and friends. I also used to go for short trips around Greece or Europe; my only trips were to Nottingham in the last four years.

My mother used to tell me to stop working on the D.B.A. so much; she wondered how I could find the courage to look for relevant data after my daily job. Sometimes I was feeling depressed and thought that I could never manage to complete the D.B.A. Documents; however, an inexplicable internal strength pushed me to try harder and finish the Documents. I think that I am such a persistent person that forgets anything else when I have an important objective to realize. In spite of the fact that I had to give up many things in my life, I kept on looking for additional relevant material for the D.B.A. in order to incorporate them to the Documents. Especially after the oral examination, I almost had to “scrape the bottom of the barrel” to find the courage to look for new material and make the essential corrections and alterations. When I decided to do it, I drudged and I feel contented because I have done my best, no matter what the final result will be.

The fact that I am pleased with myself has been reflected to my professional development. My director has been satisfied by my progress in the swift processing of various tasks. I feel more confident on the administration of daily business matters; my uncle (owner-manager of the family wholesaling business) has also congratulated me on my predictions over issues about the evolvement and trends of the confectionary sector. At least, I have contributed to the “survival” of the micro family firm in my own way, by pinpointing some possible dangers”.

7. Conclusion

“In the 6th Document I have tried to picture my impressions and experience that derived from the conduct of the D.B.A. program. In particular, I have presented the reasons and motivation to undertake doctoral studies. What is more, I have stressed the importance of learning sets, as well as the gravity of the relationships with supervisors and fellow students. I have also referred to the impact of the first viva voce examination while I have accentuated the contribution of this demanding process to my personal and professional development.

I believe that I am a person that does not separate daily work from life; I am also utilizing life experience in the intellectual work. This means that the D.B.A. process has been a part of my daily life and has influenced various parts of it. I am glad that the efforts to complete this demanding degree have revealed valuable elements of my personality (i.e., strength, persistence, courage, cooperativeness, self-possession, endurance). I had been patient enough in the last four and a half years. At first, I had to use my intelligence and imagination to classify all materials from different sources; I also had to be inventive to get innovative approaches about the survival and growth strategies of micro wholesaling businesses and present the Thesis of the problematic situation in a clear and structured way. In general, I have tried to identify the problem of micro wholesaling enterprises’ survival that are operating in the confectionary products’ sector in a palpable and

objective way, reflecting on all possible perspectives of the problematic situation and potential survival strategies.

This process has made me visit my past experiences and changed my way of approaching various problematic issues; in spite of the fact that as an Economist I used to have a more “numerical” and realist approach of things, the D.B.A. process has made me adopt a holistic approach, also taking into consideration the critical human factor (i.e., emotions, fears and worries) of people involved in the sector that are concerned about the future of their enterprises and families.

In this way, the various attempts for the completion of the D.B.A. process have widened my career horizons while they have added new perspectives for my career in academic level; this process has also provided me with the theoretical and practical weapons for a future implication as a consultant to micro wholesaling businesses in the confectionary products’ sector.

At the end of this process, I believe that the personal costs of involving to the D.B.A. process were increased; especially after the oral examination, I had to change and re-write many things. However, I can stress that the whole procedure has equipped me with valuable elements and has definitely developed me as a human being, a researcher and as a professional”.

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