

SMEs and Sustained Growth During Prolonged Crisis

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ABSTRACT

Essays on Sustained Growth During Prolonged Crisis

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The main purpose of this dissertation is to investigate the process by which small and medium-sized enterprises achieve sustained growth in crisis environments. It consists of three essays that explore this process from theoretical, empirical and normative perspectives, and elaborates the choices and actions taken by managers toward sustained growth in a crisis environment. The focus is on the process of internationalization and the development of versatile resources and capabilities that contribute to SME sustained growth. Previous studies have not adequately explored sustained growth over a prolonged crisis period nor the key driving forces required to achieve it. This study makes a unique contribution by conducting a process analysis and providing a holistic method to capture the internationalization and sustained growth of SMEs in a crisis context. The theoretical foundations of Penrose's growth theory and the dynamic capabilities literature help confirm the relationship between proactive internationalization, capability development, and growth, and shed light on how this relationship is achieved and endures in a crisis context. Theoretical contributions lie in exposing our assumptions in the crisis literature and shifting the mode of theorizing to a process-based approach, demonstrating that sustained growth can be achieved in a crisis context. The study identifies a multidimensional framework that uncovers a continuous, non-linear process of versatile resource and capability development that contributes to sustained growth, through specific managerial and value creating mechanisms.

DEDICATION

This dissertation is dedicated to my cherished family and friends on both sides of the Atlantic.

Your unwavering support and encouragement have been instrumental in helping me reach this milestone.

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Chapter 1

1. Introduction

SMEs comprise 99 percent of companies in most countries worldwide, underscoring their crucial role in economic development. Despite their recognized significance, there has been limited theoretical, empirical, and normative development in the literature on SME growth, particularly in crisis contexts. This represents a significant knowledge gap, as we still lack a comprehensive understanding of how SMEs can achieve sustained growth in these contexts. Since prior studies on internationalization and growth are mainly based on firms in favourable conditions (i.e. Westhead et al., 2004), their findings and theoretical models may not be applicable to SMEs in crisis contexts (i.e. Cowling et al., 2016; Hessels & Parker, 2013). Therefore, there is a need to reexamine the applicability of these theoretical models or develop new ones that can effectively explain the internationalization and sustained growth of SMEs in crisis contexts.

Crisis environments are characterized by resource scarcity, drops in demand, competition and restrictiveness which can create significant barriers for SMEs (Busse et al., 2017). Proactive SMEs may be able to identify opportunities not only to survive but also to grow in such environments. Internationalization has been considered as a promising opportunity and mechanism for SMEs to develop capabilities through partnerships in leading markets (Dimitratos et al., 2010). However, the existing literature predominantly focuses on the restrictiveness of crisis environments, and little is known about the processes through which firms discover, deploy resources, and overcome economic crisis (Bamiatzi et al, 2016). Bamiatzi et al. identify three key activities that researchers need to address in the context of crisis: a firm's strategic choices, managerial actions, and versatility of capabilities.

The purpose of this dissertation is to contribute to the research articulated by Bamiatzi and her colleagues, by examining how strategic choices, managerial actions, and versatility of resources and capabilities can promote growth for SMEs in times of crisis. To address this research objective, I ask an overarching question, what are the underlying processes through which sustained growth is achieved in a crisis context? This dissertation addresses the research question from three different perspectives, examining the strategic choices and managerial actions undertaken to achieve sustained growth in a crisis environment. The focus is on the processes of discovering and deploying resources and capabilities to gain insights into how SMEs can achieve sustained growth in crisis contexts. All three papers aim to address the overarching research question. Each approach serves a distinct purpose: the theoretical approach provides an explanatory framework, the empirical approach enables the prediction of future trends, and the normative approach offers a prescription for sustained growth in a crisis context. As Makadok and colleagues state, “It would be the rare theory that would do all three [explanation, prediction, prescription] at the same time” (Makadok et al., 2018; p. 1538). By employing these three approaches, this study aims to provide a multifaceted analysis and offer insights that can inform future research and assist practitioners in selecting growth initiatives.

In the first paper, a theoretical model is developed to explain the process of sustained growth for SMEs in a crisis context, focusing on specific management actions to capture the underlying processes. By examining the processes and interdependent mechanisms, the aim is to develop a framework for the sustained growth process. I address two questions: First, what does the literature tell us about growth in crisis contexts? I find that scholars primarily concentrate on SMEs’ survival strategies. However, the studies that do focus on growth provide some direction on the resources and capabilities necessary for achieving growth. Additionally, a few studies

consider internationalization as a viable path for growth, as it facilitates capability development. Second, I address the question, what are the underlying processes through which sustained growth is achieved in these contexts? By combining Penrose's growth and the dynamic capabilities perspectives, I find that the process includes two dimensions. The first dimension consists of two important mechanisms, management commitment and agents in creating value, that drive and shape three processes. The second dimension comprises three processes: accessing, adapting and re-aligning. The two dimensions collectively define a model of how sustained growth can be achieved in a financial crisis context by SMEs.

Since Chandler (1964), who used a narrative case study method to develop the M-form organization theory, management scholars have used empirical approaches in developing theories. In the second article, I present the findings of a case study conducted on five SMEs, examining their dynamic sustained growth process during a prolonged financial crisis. I analyze the choices and management actions taken during this period, and the processes of capability development associated with sustained growth, as well as how two significant generative mechanisms enabled this development. The resulting model of the dynamic sustained growth process revolves around experimentation with initiatives, allowing proactive SMEs to determine the most effective approach for resource and capability development. This research contributes to existing literature by acknowledging internationalization as a resource and capability development process in a crisis context. The findings go beyond establishing the empirical observed patterns and reveal the central role of management perseverance and players in value creation. The study's main contribution lies in identifying the essential mechanisms that if not in place, sustained growth would not have been achieved. In addition, I add to the crisis and SME growth literature by directing attention towards certain specific capabilities that can drive for

growth, thereby explaining how strategic choices, managerial actions and versatility of capabilities contribute to SMEs' sustained growth; responding to Bamiatzi et al.'s (2016) call.

The third paper takes a more analytical and critical approach, providing a normative framework that directs actions towards achieving sustained growth in a crisis context. Going beyond describing how a sustained growth process unfolds, a normative framework provides “insights on how entrepreneurs should behave in order to achieve” (Autio, 2017; p. 216) sustained growth in a crisis context. This framework also addresses the trade-offs and offers arguments about which goals are valuable and how to balance the trade-offs (de Mesquita, 2023). This work contributes to the study by explaining when the proactive internationalization goal of resource and capability development should be pursued, despite preconditions, contention, and failures. The developed model emphasizes that sustained growth is a growing spiral of capability and resource development (of accessing, adapting and re-aligning) that mandates management to sustain focus on accessing the right people.

Chapter 2

2. Sustained Growth of SMEs in a Crisis Context

2.1 Abstract

The focus of this article is on an underexplored area of research, SME sustained growth process in a crisis context. Combining Penrose's growth and the dynamic capabilities perspectives, the roles of two important mechanisms are examined, focused management commitment and agents in creating value, driving and shaping three processes: accessing, adapting, and realigning, which collectively define a model of how sustained growth can be achieved in a financial crisis context by SMEs.

2.2 Introduction

Research into firm behavior during economic downturns identifies three main strategies for survival: asset reduction, cost reduction, and revenue generation to encourage short-term cash flow (Hofer, 1980). In a constrained and financially distressed environment, due in part to scarce resources, SMEs face decisions related to their survival (Dolz et al., 2019) and financial structure (McGuinness et al., 2018). However, recent findings indicate that there are SMEs that select longer-term approaches instead. In their study based on a sample of over five thousand European Union (EU) firms over a ten-year period, Archibugi et al. (2013) find 9 percent of firms invested in growth strategies during and after the global financial crisis.

The focus is on an underexplored area of research, SMEs' growth in a crisis context, and more specifically, the sustained growth process. Little is known about the processes for discovering and deploying resources and overcoming economic crisis (Bamiatzi et al, 2016). Given the ongoing turbulence and uncertainty in the global environment, SMEs' ability to cultivate and

sustain growth under challenging conditions is a vital concern for both researchers and practitioners.

Three streams are identified in the crisis literature covering SMEs' characteristics and the outcomes of their survival or growth. The first stream focuses on survival and highlights the firms' resources, as well as their capacities to change under the adaptability and flexibility constructs. However, "such a capacity for change alone tells us nothing about competitive outcomes, other than the obvious fact that a more flexible firm will likely do better in a more uncertain environment" (Pisano, 2017; p. 750). The next two streams consider SMEs' growth as an outcome. One stream focuses on resources and capabilities and their variation in crisis versus favourable conditions, and the other focuses on SME internationalization. None of the three streams provides insights on the process through which firms can achieve the characteristics to perform better in crisis contexts. Useful as these three streams are, they do not explore the process of achieving sustained growth and the mechanisms that facilitate the development of resources and capabilities that drive that growth. What is needed is a process theory that explains how sustained growth can be developed in a crisis context, and a deeper understanding of how SMEs can successfully achieve it.

In this article, the process that SMEs may follow to achieve sustained growth in a crisis context will be explained, focusing on specific management actions to capture the underlying processes. The examination of underlying processes and their mechanisms is important since it enables the explanation of conflicting forces, nonlinear interrelationships, and feedback loops (Langley, 1999). By identifying and examining the processes and interdependent mechanisms, we can theorize a framework for the sustained growth process of SMEs in a crisis context. Two questions are addressed. First, *what does the literature tell us about SMEs' growth in crisis*

contexts? Second, what are the underlying processes through which sustained growth is achieved in these contexts? What does the literature tell us about possible paths followed by SMEs that can lead to growth? What are the causal mechanisms through which sustained growth can be achieved? The resulting model may enable researchers and practitioners to direct and manage these processes to more effectively navigate crisis contexts. The article concludes with details on a future research agenda.

2.3 Theoretical Foundations

Defining crisis

The general environment of economies under financial crisis is characterized by reduced access to financial capital (OECD, 2020), political uncertainty, shifts in demand, major corporate failures and “seismic effects to the institutional environment” changing the “rules of the game” (Bamiatzi et al., 2016; p. 1149). For example, in these contexts, banks cannot ensure credit and intermediaries that are necessary to support knowledge transfers are absent (OECD, 2020). Furthermore, in the task environment, the restructuring of product markets leads the existing network of organizations, such as suppliers, customers to compete for the same limited resources (Hessels & Terjesen, 2010). The vast changes in demand, and the substantial magnitude and high irregularity of change, increases executives’ perceived uncertainty in high-stakes decision-making (Chen & Liu, 2018). Busse et al., (2017) have sub-characterized this hostile environment as having four forms: “market decline, restrictiveness [in the form of intense regulation], competition and resource scarcity” (p. 591). They find that the various forms can have partly opposed effects, concluding that environmental hostility is not a unidimensional construct. For example, “competition would have a positive impact on product innovativeness, while contrarily, resource scarcity would have a negative impact.” (p. 592). In addition, a large number of

companies have responded to the recent financial crisis by restructuring, reducing their workforces, and/or relocating, resulting in high levels of unemployment (Labrianidis & Vogiatzis, 2013; Giotopoulos & Vettas, 2018). These labour market changes can be opportunities for proactive SMEs since quality employees, for example people with sales experience in global markets, become available (Giotopoulos & Vettas, 2018). Therefore, from the above discussion, crisis is defined as an environment characterized by market decline, competition, uncertainty, labour market changes, restrictiveness, and resource scarcity, each of which may have opposing effects on firms' actions directed towards growth.

2.3.1 Crisis – Survival & Growth

The first part of the article addresses the question: *what does the literature tell us about growth in crisis contexts?* To gain insights into this topic, a multistep search was conducted for studies that examined the relationship between SMEs, growth, and economic crises. The first step in searching the literature involved entering the criteria "crisis, SME, recession, growth" into worldcat.org databases and filtering the results based on title and abstract. Over 165 studies were reviewed and those related to the banking sector were excluded. Further evaluation was conducted based on whether the data collected was for the crisis period resulting in twenty-six articles. The search did not yield any process study identifying how SMEs grow. However, further steps were taken to identify growth process studies by searching a recent review of the crisis literature, which yielded two additional studies (i.e. Tognazzo et al., 2016; Zouaghi & Sánchez, 2016). While not process studies, they present comparative data from SMEs before and after the crisis. To ensure that no relevant studies were missed, additional steps were taken to refine the search criteria, and studies that reference a review of SMEs' growth studies (Dobbs & Hamilton, 2017) were searched, yielding three more articles for a total of 31.

Following analysis of the articles, three streams of research were identified, as summarized in Table 2.1. Most articles focus on SMEs’ survival (stream 1 at 52 percent), with cross-sectional studies addressing what characteristics accompany growth (stream 2 at 38 percent) and three articles providing hints of directions towards growth in crisis contexts (stream 3). None of the studies explore the process of SMEs’ growth in a crisis context.

Table 2. 1. Three streams of research on crisis – Key Findings

Stream →	1. Crisis – Survival	2. Crisis – Growth Resources & Capabilities		3. Crisis – Growth Internationalization
% of studies	52% - (16/31)	38% - (12/31)		10% - (3/31)
Outcome	Survival	Employment &/or Sales	Growth / Performance	Employment &/or Sales
Factors	Exit country Debt Adaptability	Size & Age, Location, Experience, Cash	Innovation Capabilities	Product diversification Geographic diversification; International R&D
Sample Papers	Financial capital & the role of stakeholders (Manzanaque-Lizano et al., 2019) Debt (Lisboa, 2017)	Rural, urban, small town -variation in constraints but strategies can drive growth (Battisti, 2012). Large and medium more potential to grow (Peric & Vitezic, 2016). Cash (Martinez Sola et al., 2018)	Organizational (marketing & management) & ICT capital and not R&D led to employment growth (Eklund, 2020) Innovation (Archibugi et al., 2013)	Product and geographic diversification for larger firms – not R&D for sales growth (Caloghirou et al., 2020) International R&D (Zouaghi & Sánchez, 2016)
	Adaptability, flexibility, resourcefulness, Ambidexterity (Iborra et al., 2019; Dolz et al., 2018; Conz & Magnani, 2019)	Young, older dynamic demonstrate growth. Entrepreneur past experience does not lead to growth (Cowling et al., 2018)	Slack resources not enough to generate growth. Need Business Model changes (Cucculelli et al., 2014) Not R&D (Tognazzo et al., 2016)	Opportunity to recover from reduced domestic demand & develop resources and capabilities (Caloghirou et al., 2020; Giotopoulos & Vettas, 2018)

The majority of the empirical studies highlight the resources and capabilities that SMEs require to survive the financial crisis. Researchers in the first stream of the literature have claimed that financial crises do not support growth (Chen & Liu, 2018) and their focus has been on SMEs’ survival, which is primarily defined as the capacity to avoid bankruptcy. Management scholars

have borrowed theoretical foundations from economic, engineering, and ecology to study SMEs' survival. Entrepreneurship, behavioural studies, and innovation management research provide knowledge on the resources and capabilities that accompany SMEs' survival before, during, and after a crisis (Conz & Magnani, 2019). Studies conclude that resources such as financial capital (Manzaneque-Lizano et al., 2019; Matopoulos et al., 2019; Chatzopoulou, 2015), intellectual capital (Ramirez et al., 2020), and institutional supports (OECD, 2009; Laeven and Valencia, 2011) are critical for SMEs' survival. Furthermore, firms that demonstrate adaptability, flexibility, and resourcefulness are more likely to survive (Iborra et al., 2019; Dolz et al., 2018; Conz & Magnani, 2019).

Since the financial crisis in 2008, the global landscape has been characterized by increasingly unpredictable environments, indicating that such environments may be becoming the norm. Indeed, the most recent World Economic Forum global risk report¹ identifies the convergence of established risks with new ones “to shape a unique, uncertain and turbulent decade to come” (Heading & Zahidi, 2023). While it is important to understand which resources and capabilities SMEs need to survive in such environments, the regularity of crises demands that SMEs consider strategies beyond survival, particularly since some SMEs have demonstrated that crisis environments can support sustained growth. Therefore, identifying how SMEs can grow in such challenging conditions becomes imperative. The next two streams in the literature have considered the factors that may contribute to SMEs' growth in crisis environments.

¹ “We have seen a return of “older” risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest... These are being amplified by ... unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, and the growing pressure of climate change.” (Heading & Zahidi, 2023; p. 6).

The second stream finds that SMEs with certain resources and capabilities can achieve growth. Studies find that it is not research and development (R & D) capability but organization, information, and communication technology capabilities that led to growth (Elkmud, 2020). Other studies have found that while financial slack was important for expansion (Notta & Vlachvei, 2014; Cucculelli et al., 2014; Theriou & Chatzoudes, 2015), remarkably, financial slack and investments in R & D and advertising were not enough to generate growth in crisis (Tognazzo et al., 2016). Changes in the business model (Cucculelli et al., 2014) or entrepreneurial management capabilities (Theriou & Chatzoudes, 2015) in combination with financial slack has a direct relationship with firms' performance and growth. Surprisingly, Cowling et al. (2018) find that entrepreneurs' experience does not lead to growth during financial crisis, indicating that SMEs cannot successfully apply previous experiences to the new business context. These studies provide some interesting insights on success; however, they do not explore how SMEs without these resources or capabilities can develop them in crisis contexts. The next stream provides some insight in this regard.

The third stream finds that internationalization can increase the likelihood of growth. In a crisis context, SMEs see internationalization as a key opportunity to recover from reductions in domestic demand and disposable incomes (Caloghirou et al., 2020), by developing resources and capabilities to serve international markets (Giotopoulos & Vettas, 2018). In addition, labour market changes, such as high levels of unemployment, create opportunities for proactive SMEs to access capable personnel with sales experience in global markets (Giotopoulos & Vettas, 2018; Caloghirou et al., 2020). Despite resource scarcity such as lack of financial capital and tangible resources, SMEs can enter "cross-border markets by exploit[ing] and develop[ing] innovativeness [technological and market], knowledge and internal capabilities" (Giotopoulos &

Vettas, 2018; p. 874). This stream appears promising since it provides a direction for SMEs to achieve growth in a crisis context. Even more promising is the common thread between the two latter streams: the type of resources and capabilities that accompany growth in such environments.

None of the studies explore the process of SMEs' growth in a crisis context, hence we do not know how SMEs can achieve it. However, we understand that certain resources and capabilities have accompanied growth in crisis contexts, and we have some indications that internationalization can be a viable path. Exploring the growth process literature and the dynamic capabilities literature can be useful in answering the sub-question of *What does the literature tell us about possible paths followed by SMEs that can lead to sustained growth?*

2.3.2 Crisis - Growth & Capabilities

Before moving ahead, an explanation is needed as to why, despite the crisis environment that is riddled with uncertainty and risk, SMEs can aim for sustained growth. By using Penrose's and the dynamic capabilities perspectives, I present the concerns and the risks faced by SMEs when aiming for growth in this context and demonstrate how these perspectives provide guidance.

Penrose (2009/1959) highlights "three classes of explanation why there may be a limit to the growth of the firm" (p.39). Below, I discuss each one and highlight how the crisis environment can impact these limits. As discussed previously, certain aspects of this environment (market demand, resource scarcity, labour market changes, competition, restrictions, uncertainty) can have impacts that capable managers can capitalize on as opportunities.

Internal to the firm, the first limit is the availability of entrepreneurial and managerial services. Penrose highlights the important role of managers' actions and identifies two types of firm-specific capabilities necessary for growth, entrepreneurial and managerial (Penrose, 2009/1959), that interact with the environment and can inhibit growth. The entrepreneurial capabilities are a function of the imagination of the entrepreneur and their vision for speculative expansion activity. The managerial capabilities are linked to the implementation of ideas. "Firms attempt to discover more about the potential uses of their existing resources," based on changes in customer preferences and innovation (Locket et al., 2011; p. 51). In addition to imagination and vision, a firm's growth depends on the manager's ability to develop and deploy resources and capabilities (Gancarzyk, 2017; Dobbs & Hamilton, 2007). The dynamic capability framework expands on Penrose's notions of entrepreneurial and managerial capabilities. "A capability, whether operational or dynamic, is the ability to perform a particular task or activity. Operational capabilities enable an organization to earn a living in the present" (Helfat et al., 2007; p. 1). On the other hand, "a dynamic capability is the capacity of an organization to purposefully create, extend or modify its resource base" (Helfat et al., 2007; p 1). Capabilities may take the form of "a simple rule, an experiential process, a best practice, or a complex organizational routine" (Peteraf et al., 2013; p. 1405). Since expansion is a purposive action of committing and redeploying resources and capabilities from one sector to another, such capabilities can be considered dynamic since they concern change (Helfat et al., 2007).

Empirical studies have shown that higher levels of growth are linked to the Penrosean characteristic of resource versatility (Nason & Wiklund, 2018) and the combination of resources and capabilities (Burvill et al., 2018). Versatile resources and capabilities are "homogeneous, fungible, equifinal and substitutable" (Eisenhardt & Martin, 2000; p. 1105). For example,

resources such as financial capital and knowledge (i.e., general knowledge, being knowledgeable about creating alliances, technological knowledge) are versatile since they are transferable and can be redeployed to other uses in the firm (Nason & Wiklund, 2018). Furthermore, “relaxing the assumption that resources available for growth reside exclusively within the ownership boundaries of the firm is an important avenue to arrive at a more complete understanding of the drivers of contemporary firm growth” (Nason & Wiklund, 2018; p. 54). From this discussion of both literatures, it is concluded that, with the purpose of initiating change, versatile capabilities and resources are internal and external to the firm and “both generic and tradable resources (externally fungible) and firm specific, but re-deployable (internally fungible) as they offer a relatively broad range of services” (Nason & Wiklund, 2018; p. 34). Furthermore, reviews of research on growth show that scholars use short time frames to identify factors that help or hamper business growth (e.g. Dobbs & Hamilton, 2007; for review). However, past business growth does not inevitably predict future growth (Achtenhagen et al. 2010). To address this gap, Achtenhagen et al. (2010) have considered continuous growth by studying firms with successful growth for at least one decade. Therefore, sustained growth process is defined as the initiatives taken towards “internal and external versatile resource and capability development” that depend on the firm’s “managerial and entrepreneurial vision and skills” over a long period of time (Achtenhagen et al., 2010; Penrose & Pitelis, 2009; Nason & Wiklund, 2018). This definition places emphasis on managers’ actions that drive the development process of resources and capabilities (Penrose, 2009/1959; Gancarczyk, 2017).

While Penrose did not consider the crisis context, she did allow for unfavourable conditions, such as market decline, and their effects on the firm. “When demand falls off,” the significance of the firm’s resources becomes highlighted (Penrose, 2009/1959; p. 77). SMEs need to take

stock of the internal and external services available to them for expansion. Growth is associated with capable managers redeploying idle resources and using the most valuable resources in more productive applications (Penrose & Pitelis, 2009). Empirical evidence finds that in these environments, organization, information & communication technology capabilities, and entrepreneurial management capabilities are factors for growth (Elkmud, 2020; Theriou & Chatzoudes, 2015). Hence, “opportunities for expansion are limited by the extent to which the managers of a firm perceive opportunities, are willing to act on them, and able to capitalize on them by using their own resources” (Penrose, 1959, p. 84; as cited in Locket et al., 2011; p. 51). Expanding the dynamic capabilities framework directs managers to sense their environment, seize opportunities, and reconfigure resources. “Coordinating and adapting [and] orchestrating complementary and co-specialized assets, inventing and implementing new business models, and making astute investment choices” are part of the management function in changing and uncertain environments (Helfat et al., 2007; p. 25). Indeed, Dasi et al. (2015) highlight that constraints alone can not prevent expansion and find that the higher the degree of management intentionality, the more energetic the exploration approach, regardless of the availability of slack resources. SMEs that do not have the necessary resources or capabilities for expansion may attempt to access external resources and capabilities. Hence, explaining expansion in the crisis context requires exploring the actions of capable managers that recognize and use the services of versatile resources and capabilities, both internal and external to the SME (Nason & Wiklund, 2018).

The second limit of expansion is external to the firm in the form of product and factor markets that can limit expansion. While Penrose’s ideas were developed in the 1950s, during a period of economic expansion, she identified access to capital as a limiting external factor for small firms.

While her arguments were that firm growth is driven by internal factors, such as technology and capable management, restrictions on the amount of credit small firms can secure becomes a concern when considering expansion. Indeed, in a crisis environment, restrictiveness and resource scarcity in the form of access to credit can be a challenge for SMEs since banks cannot ensure credit. As described by the first stream of empirical evidence in the crisis research, financial capital is critical to SME survival and financial slack resources may be necessary for SME growth. Here we see the “‘capital-raising’ ingenuity of entrepreneurs rises in importance” and it becomes an essential ingredient for expansion, but not the only one (Penrose, 2009/1959; p. 193). Further forms identified in the general and the task environments will require similar “ingenuity” as described by Penrose. Empirical evidence from the crisis literature demonstrates that SMEs have been resourceful in obtaining slack resources and overcoming constraints by tapping into their stakeholders (Manzaneque-Lizano et al., 2019; Matopoulos et al., 2019). The ingenuity of managers in seeking external resources and capabilities is considered a dynamic capability, since its objective is to purposefully create, extend, or modify its resource base (Helfat et al., 2007).

The third category of limiting factors are internal and external to the firm and take the form of uncertainty in the market and the level of risk that firms are willing to take. “Uncertainty refers to entrepreneur’s confidence in his estimates... of various possible outcomes in the future of a given action” and “risk refers to... the loss that might be incurred if a given action is taken” (Penrose, 2009/1959; p. 51). Penrose directs our attention to managers’ dynamic capabilities since a firm needs to allocate managerial resources to gather information on and estimate the unavoidable risk and uncertainty attached to the different expansion activities. (Penrose, 2009/1959). If the managerial resources are available, “more information can be obtained, more

uncertainties eliminated” (Penrose, 2009/1959; p. 54). If managerial resources are not available in-house, the crisis environment provides an opportunity to access quality labour (Giotopoulos & Vettas, 2018). SMEs, sensing this opportunity, can seize quality labour and expand the managerial services available for expansion.

Some crisis researchers (e.g. Chen & Lui, 2018) indicate that when top management (TMT) perceives high levels of environmental uncertainty, expansion activities may not be realized. Penrose (2009/1959) highlighted that risk and uncertainty are the final limiting factor of expansion only when managerial services are not fully used (and there are no other bottlenecks). “If estimates of risk and unavoidable uncertainty is so high that the firm refuses to act, then the managerial service which would otherwise have been used in perfecting and executing expansion plans remain unused” (Penrose, 2009/1959; p. 57). The dynamic capability approach directs managers, when considering expansion, to gather information on possible paths that can help them “to purposefully create, expand or modify the resource base of the organization” (Helfat et al., 2007; p. 24). SMEs that do not have the resources in-house or are not able to hire from the newly available quality workforce can still expand managerial services through external partnerships (Caloghirou et al., 2020). By accessing partners or even outsourcing (Pisano, 2017), SMEs can continue to gather information and evaluate alternatives that allow for acceptable unavoidable risk and uncertainty. However, having effective capabilities and processes for finding partners is not alone sufficient for growth, since learning from partners requires resources from which the firm can create value from learning (Helfat et al., 2007).

Breaking down the impacts of each form of crisis environment, together with Penrose’s and the dynamic capabilities perspectives, and focusing on management actions, allows researchers to

consider how this environment can support sustained growth. The next section addresses one of the paths that SMEs might take.

2.3.3 Crisis - Capabilities & Internationalization

Having established that SMEs can use internal and external versatile resources and capabilities, a case needs to be made for the alternative paths that SMEs take to develop new resources and capabilities. Using Penrose's notions, Wolf (1977) theorized that domestic diversification or geographic diversification abroad should be regarded as alternative paths for firms' growth (Kay, 2005). SMEs that sense and seize opportunities may be compelled to increase commitments to their internationalization strategy and attempt to fill the market gap (Giotopoulos & Vettas, 2018). Pisano (2017) suggests that the problem of expansion is not one of leveraging existing capabilities, but rather developing new capabilities that are necessary to serve new markets. Firms might be able to develop these capabilities in-house or access them from external sources such as outsourcing, partnerships, or acquisition (Pisano, 2017).

A quick review of the corresponding literatures indicates that there are various capability features related to growth and expansion which can be categorized as (1) those required for growth or internationalization and (2) those that are developed from internationalization or expansion (Table 2.2). First, and as discussed previously, Penrose highlights the important role of managers' actions and identifies two types of firm-specific capabilities necessary for growth, entrepreneurial and managerial (Penrose, 2009/1959), that interact with the environment and can inhibit growth. Entrepreneurial capabilities are a function of the imagination of the entrepreneur and the vision of speculative expansion activity. "Firms attempt to discover more about the potential uses of their existing resources," based on changes in customer preferences and innovation (Locket et al., 2011; p. 51). Managerial capabilities are linked to the implementation

of ideas. In addition to imagination and vision, a firm’s growth depends on the manager’s ability to develop and deploy versatile resources and capabilities (Gancarczyk, 2017; Dobbs & Hamilton, 2007).

Considering more recent research on expansion, in their review of internationalization studies Chabowski et al., (2018) categorize the capabilities that firms must possess to succeed in internationalization as managerial, technological, organizational, and functional, highlighting marketing contributions.

Table 2. 2. Capabilities, internationalization, expansion and growth

<i>Capability endowment</i>			<i>Outcome</i>	<i>Papers</i>
Managerial - Deploy	Entrepreneurial - Idea	Required for	Growth	Penrose (2009/1959)
Managerial, Technological, Organizational, Functional		Required for	Internationalization	Chabowski et al., 2018
Managerial, Organizational, ICT, Business Model change		Required for	Growth in crisis context	Cucculelli et al., 2014; Theriou & Chatzoudes, 2015; Elkmud, 2020
High Fungibility: General purpose Broadening	Low Fungibility: Deepening Market-specific	Developed from	Expansion	Pisano, 2017; Autio et al. 2011
Improve sensing and seizing, Innovation partnering, Technical, Networking, Team-working, Knowledge management		Developed from	Proactive Internationalization	Vahter et al., 2014; Clausen et al., 2012; Love & Roper, 2015; Dimitratos et al., 2010
Minor capability development		Developed from	Reactive Internationalization	Arranz & De Arroyabe, 2009; Brzozowski et al., 2019; Dimitratos et al., 2010; Basly, 2007; Villar et al., 2020
Varies depending on proactivity		Developed from	Dynamic Internationalization	Thai & Chong, 2013
Technological & market innovation; internal capabilities		Developed from	Growth in crisis context	Giotopoulos & Vettas, 2018; Caloghirou et al., 2020

The second categorization reverses this approach, addressing how new capabilities can be developed *from* expansion and be used in combination with the redeployment of existing capabilities. Pisano (2017) suggests three approaches for new market capability development:

- “Create new market-specific capabilities that *utilize* existing general-purpose capabilities

- Create new market specific capabilities and *deepen* existing general-purpose capabilities
- Create new market-specific capabilities that require the firm to *broaden* its general-purpose capabilities”. (p. 756-757)

Pisano (2017) highlights complementarity and the degree of fungibility of capabilities since they can “span a continuum ranging from highly general-purpose (e.g., quality management) to highly market-specific” (p. 747).

Firms’ internationalization has a direct effect on development of their capabilities since they learn by competing in international markets (Ghoshal, 1987). Scholars have investigated the capabilities SMEs develop from international activities and have found that internationalization is a process of learning and capability development (Welch et al., 2014; for review of the literature). Autio et al., (2011) find that internationalization speeds up the learning process and adaptation to market environments because of repeated and intense uncertainty of the new international environments. Internationalization is considered a value-creating activity (Autio, 2017) since SMEs can learn, introduce the knowledge into their domestic operations, and build dynamic capabilities (Teece, Pisano & Shuen, 1997; Luo, 2000).

There are three approaches to internationalization in the literature: proactive, reactive, and dynamic, which can provide insights into SMEs’ development of resources and capabilities, and their objectives with regard to internationalization (Arranz & De Arroyabe, 2009). First, it is argued that proactive internationalization can improve sensing and seizing by managers since SMEs continuously scan the environment, and proactively search for opportunities beyond their knowledge (Dasi et al., 2015). SMEs that undertake proactive internationalization target sophisticated markets, seeking new opportunities to access knowledge through active interaction with partners (Dimitratos et al., 2010). SMEs seeking resource-augmenting opportunities (Villar

et al., 2020) develop capabilities which may include innovation partnering along supply chains (Clausen et al., 2012), open innovation (Vahter et al., 2014), as well as developing technical, networking, and team-working capabilities (Love & Roper, 2015).

The reactiveness approach refers to passive responses, where the firm is pulled or pushed towards internationalization (Arranz & De Arroyabe, 2009; Brzozowski et al., 2019; Dimitratos et al., 2010) and unsystematically discovers opportunities (Dimitratos et al., 2010). Reactive approaches such as indirect exporting “do not enhance current capabilities ...[since] distributors impose their conditions on the transaction, as they possess the contacts, networks, and knowledge about consumer tastes and market structure” (Villar, 2020; p. 167). Therefore, opportunities for learning from international knowledge are limited (Basly, 2007). However, some researchers find that the exporting SMEs can broaden their general-purpose capabilities (Villar et al., 2020).

Lastly, the dynamic approach refers to emerging rather than planned strategies, where the firm experiments with multiple approaches (Mintzberg, 1979; Thai & Chong, 2013) such as proactive, reactive, or a combination of the two. Depending on the extent of successful sophisticated partnerships, this approach may provide learning opportunities for SMEs.

The above review suggests that to understand the process of sustained growth, it should be considered that the capabilities required for internationalization can be as important as the capabilities developed from internationalization, all of which might be necessary to drive sustainable growth. Penrose’s approach allows for the deployment of resources and capabilities since it addresses entrepreneurial and managerial competence, which may be required “*for*” expansion. However, Penrose’s theory of expansion “do[es] not help us predict which new

market-specific capabilities a firm might be able to develop and which may be beyond its ‘learning range’” (Pisano, 2017; p. 756). In a proactive internationalization process, SMEs attempt to create new capabilities to serve the new markets; they seek resource-augmenting opportunities; innovation partnering; technical, networking, and team-working capabilities (Villar et al., 2020, Clausen et al., 2012, Vahter et al., 2014, Love & Roper, 2015). The dynamic capabilities perspective highlights the choices and commitments required to ensure that these capabilities are realized (Pisano, 2017), providing insights into the resources and capabilities developed “*from*” expansion. Therefore, to understand the process of growth and development of resources and capabilities in crisis environments, a combination of Penrose’s approach to firms’ growth and the dynamic capabilities perspective provides better insights in answering the question of how to achieve sustained growth in a crisis context.

As a result of the above, firms that undertake a more proactive approach to internationalization² in crisis contexts can develop the necessary resources and capabilities to “match the requirements of a changing environment” (Teece et al., 1997; p.515). Thus, characteristics of proactive internationalization include activities such as targeting sophisticated markets (Dimitratos et al, 2010), and interacting with partners along supply chains (Vahter et al., 2014). Considering the approaches presented, proactive internationalization in a crisis context, is defined as *the business activities³ aimed at developing versatile resources and capabilities in international arenas.*

² Which requires a combination of Penrose’s entrepreneurial and managerial competence.

³ The study employs initiatives as indicators of the SMEs’ proactive internationalization approach. For example, adaptation initiatives may be new products, processes, services or changes to the business model undertaken by the SMEs.

The discussion in this section presents the role of expansion and internationalization in capability development (developed from) and the role of capabilities in the growth and internationalization (required for) of SMEs. The focus has been on internationalization since researchers, in the third stream of the crisis literature, have identified it as a viable path for growth. The characteristics of resources and capabilities that are accessed, developed, and deployed by SMEs to grow and/or internationalize were elaborated on. In addition, a few capabilities that have been identified in the research as distinctive capabilities developed through firms' engagement in internationalization and/or expansion were presented. Drawing from this discussion, the combination of Penrose's growth and the dynamic capabilities perspectives highlights internationalization as a path that allows firms to build both market-specific and general-purpose capabilities by learning from others in improving products, processes, and people.

2.4 The Process

This section addresses the question "What are the processes through which sustained growth is achieved in a crisis context?" The focus is on SMEs' engagement in internationalization and develop a model that highlights the nested processes of sustained growth and the roles of two purposeful mechanisms. This model is then illustrated using arguments from the growth and capabilities literatures, integrating Penrose's managerial mindset (resource) and managerial capabilities with the dynamic capability perspective (Teece et al., 1997; Teece, 2007).

The model shown in Figure 2.1 has two dimensions. Grounded in the dynamic capability perspective, the first dimension consists of three processes (Figure 2.1, depicted in red):

1. **Accessing** is coordinating internal resources in order to access external resources and capabilities aimed at responding to the external environment.

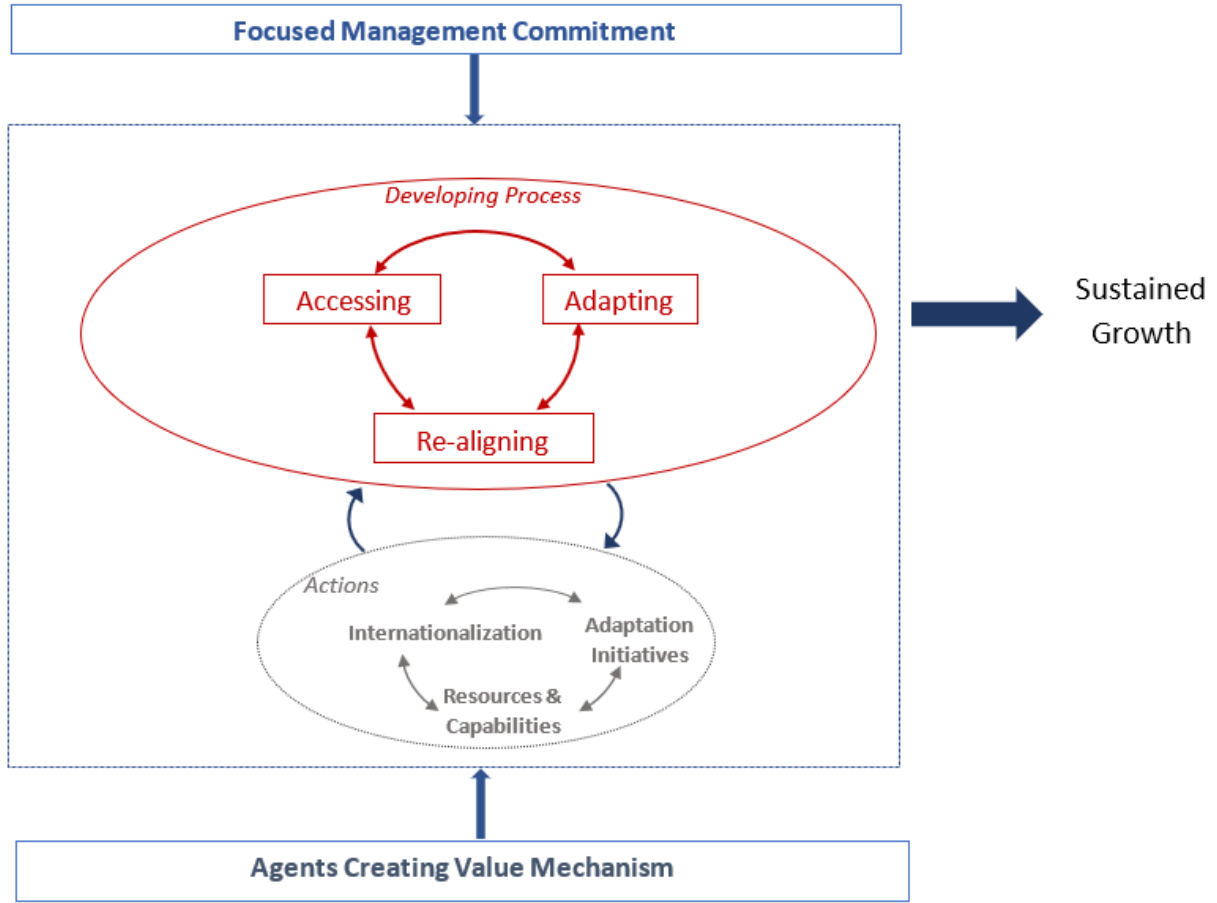
2. **Adapting** is the implementation of the technical process for adapting products, processes, and/or services.
3. **Realigning** is recombining and reconfiguring resources and capabilities as the enterprise grows, and as markets and technologies change (Teece, 2007).

This process directs managers to develop capabilities to access the missing resources and capabilities; adapt their products, processes, and services to explore opportunities; and to realign resources in the drive for sustained growth.

It is argued that nested within this process are the observable and deliberate actions of management (Figure 2.1, the process depicted in grey). To address the “non-linearity, emergence, and recursivity” of management actions (Langley & Tsoukas 2010, p. 5), the focus is on goal-driven behaviours and learning (van de Ven & Poole, 1995) to identify three core activities: internationalization, adaptation initiatives, and resources and capability development.

In the crisis context, SMEs that sense opportunities through internationalization are compelled to undertake adaptation initiatives in their attempts to *access* the resources and capabilities required by new markets (Caloghirou et al., 2020; Alteren & Tudoran, 2016). Seizing opportunities entails deliberate management *adaptation* initiatives, with more importance placed on “change processes, inventing and reinventing the architecture of the business, asset selection and asset orchestration” (Helfat et al., 2007; p. 27), which in turn help build the resources and capabilities required for growth. Reconfiguring entails *realigning* initiatives in structure, managing new processes, and continued learning. Internationalization entails commitments to this course of action and means undertaking this process with many iterations building resources and capabilities.

Figure 2. 1. The Model of Sustained Growth Process During Crisis



Grounded in both Penrose’s growth and the dynamic capabilities perspectives, the second dimension (Figure 2.1, depicted in blue), emphasizes the two mechanisms that shape and direct the whole process of sustained growth. The first mechanism is focused management commitment, which demands the degree and systematic nature of management commitment to change initiatives. Scholars agree that organizational commitment is one of the most important factors in export performance (Cavusgil and Zou, 1994; Stump et al., 1998), and growth performance increases with export commitment (Solberg and Olsson, 2010). Restriction to growth is often “incorrectly attributed to demand conditions” rather than to management’s “lack

of interest in experimenting with new and alien lines of activity, or in moving into new geographic areas” (Penrose, 2009/1959; p. 32-33). Interest and imagination are restrictions since managerial knowledge and ability can be brought into the firm through recruitment. Firms make choices between different search strategies (to decide on the different kinds of capabilities) and the level of capability development they are willing to undergo to serve a new market (Pisano, 2017). Knowing this “helps us understand the different levels of commitment inherent in different capability strategies” (Pisano, 2017; p. 758). It is expected that in addition to interest and imagination, lack of focused management commitment to proactive internationalization may act as a restriction in recessionary periods and hinder resource and capability development.

The second mechanism is the agents involved in driving value creation, that is, groups of individuals and their involvement in selection and implementation of change initiatives. The mechanism of agents creating value⁴ is developed here to examine the linkages between internal and external agents in the process of capability development (Hitt et al., 2000). This mechanism entails examining those involved in the process that leads to versatile capability development, which may include customers, suppliers, and institutions in conjunction with internal agents. This highlights the extent to which the SME’s boundaries are blurred in a larger coordinated effort, as external partners’ processes to select and implement changes are incorporated. Examining this process involves studying how these change agents support the SME’s long-term plan in the value creation process, contributing to resource and capability development.

⁴ Value creation borrows from OECD’s broad definition of innovation: “a new or significantly improved product (good or service), or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations” (OECD, 2005; para. 146).

While these two mechanisms may influence all activities associated with the sustained growth process, they are discussed in detail after the presentation of the framework's first dimension.

Accessing

Growth depends on the manager's ability to understand the environment and define which variables are relevant (Gancarczyk, 2017; Dobbs & Hamilton, 2007). The framework prompts managers to coordinate internal resources and capabilities to access scarce external resources and opportunities in international and domestic markets. Proactive SMEs, seeking to build capabilities and resources, might be able to develop these in-house or access them externally, for example through outsourcing, partnerships, or acquisition (Pisano, 2017). SMEs may also seek to access opportunities with international partners. It is argued that by repeatedly attempting to access international partners, SMEs develop accessing capabilities.

In a crisis context, expansion begins with the need to access the appropriate resources and capabilities required for the new target markets. Both crisis and internationalization studies conclude that access to 1) financial and 2) knowledge resources is critical for success. First, studies in the crisis contexts have found that firms seeking expansion attained liquidity (Notta & Vlachvei, 2014) and managed to access external financial capital via credit from workers, customers, and financial institutions (Manzaneque-Lizano et al., 2019; Spain). Hence, expansion activities in a crisis environment can be explained by the notion that when firms sense the threats and potential opportunities for growth, they will find ways⁵ to better utilize their internal resources and adapt their activities to access external financial resources, despite scarcity. Regardless, constraints can be overcome by management intentions and capabilities (Penrose,

⁵ Penrose's productive opportunity set

2009/1959; Dasi et al., 2015) and enable them to access the necessary resources and capabilities to tap into opportunities.

Second, SMEs seeking opportunities need access to market, technological, and international knowledge (Deligianni et al., 2015). The type of knowledge required by SMEs during the accessing process may vary depending on their specific needs. Some SMEs may require technological knowledge, while others may need market knowledge or customer-specific knowledge. “Partners are selected largely for access to resources that can be leveraged and capabilities that can be learned” (Hitt et al., 2000; p. 464). For example, proactive SMEs may start with demanding international markets that challenge their product, process, and service offerings. SMEs may engage in activities to identify major partners and opportunities in the sophisticated markets, which can help them identify gaps in their offerings. “Repeated exposure to uncertainty” sets in motion trial-and-error processes, where managers attempt to recombine processes to identify an effective course of action (Autio et al., 2011; p. 20). By undertaking these initiatives, SMEs learn to access the resources and capabilities they need (Stadler et al., 2013). Proactive SMEs develop capabilities working in international environments by learning about opportunities, improving product offerings, and collaborating with sophisticated stakeholder groups (Dimitratos et al., 2010) to align with their needs. However, to access sophisticated stakeholder groups requires repeatedly undertaking initiatives and adapting and recombining when these approaches are not effective.

As managers gain experience working in the constrained crisis environment, they learn to access scarce resources and capabilities. Once engaged with a fitting partner, they move on to adapting initiatives. In cases where the SME is unsuccessful in gaining access to partners, they may need

to realign and take additional actions that will help them gain access. Repetition matters to the development of change capabilities (Autio et al., 2011).

Adapting

The framework prompts managers to seize opportunities or counteract threats by adapting products, services, and processes. In addition to management commitments of existing resources, partnerships in international markets might require various degrees of adaptation of existing products, processes, and/or services (Pisano, 2017). For example, proactive internationalization and partnering with sophisticated customers will most likely require higher degrees of adaptation than reactive internationalization approaches into neighbouring countries.

To explain why firms would be compelled to adapt their products, processes, and/or services, and take a proactive approach in a crisis context, the real-options and dynamic capabilities perspectives can provide insights. The real-options perspective considers the future value of today's investments from market prices (Penrose, 2009/1959; Kogut & Kulatilaka, 2001). Kogut & Kulatilaka (2001) assess capabilities as real options, where investing in resources and capabilities help the firm respond better to future market opportunities. If an SME considers proactive internationalization as a capability creation path (Pisano, 2017) it will invest in resources with the belief that knowledge and capabilities acquired through more sophisticated customers will lead to better opportunities. Indeed, studies have shown that “in an unstable environment, the manager may choose to put less emphasis on margins and consider other objectives... if the business relationship and the market are considered to be of great importance to the exporter” (Alteren & Tudoran, 2016; p. 377). Firms may be willing to “incur higher costs in the short run” (for example by adapting their products) in order to develop capabilities that

will lead to “opportunities for long-term value creation” (Kitching et al. 2011 as cited in Cowling et al., 2018; p. 79).

Therefore, SMEs may redeploy existing resources towards new complementary international activities and enter “dialogue”⁶ with potential partners (Berthon et al., 2004). Indeed, “both language-based and skill-based explanations of capabilities” account for adaptive behaviors and process changes (Autio et al., 2011). By moving into new foreign markets, firms “assimilate different types of knowledge” (Zahra et al., 2000; p. 942) and adapt their products, services, and prices to foreign customers’ needs (Lu, Zhou, Bruton & Li, 2010). Oftentimes, meeting requirements and adapting products/processes/services may require multiple iterations moving back and forth between accessing and adapting, before moving to realigning.

Realigning

The framework prompts managers to realign new resources and capabilities, developed from adaptation, with existing resources and capabilities to drive growth. According to Penrose, in order to add the productive services of a resource, firms need to research the characteristics of each resource or “ways of combining its known characteristics with those of other resources” (Penrose, 2009/1959; p. 77). Expanding on Penrose’s ideas, the dynamic capabilities approach considers the reconfiguring process as the “continuous alignment and realignment of tangible and intangible assets” (Teece, 2009; Figure 1.3). Hence, to improve their competitive position, firms must leverage their knowledge by transferring learning from sophisticated market partners (Yamakawa et al., 2013) back into domestic operations (Eriksson et al., 1997). “Knowledge assimilation processes across international markets, [allows] firms [to] use these learning

⁶ The dialogue spectrum ranges from ‘conversation’ to ‘negotiation’ Berthon et al., (2004).

processes to support domestic growth” (Fletcher & Prashantham, 2011; p. 491). For example, certain initiatives can provide higher leverage for sustained growth, such as new products or services developed for sophisticated markets, since they can then be used to shape domestic strategies and subsequently offerings for domestic markets.

The redeployability and complementarity characteristics of the resources and capabilities gained from international markets further support the arguments regarding SME expansion activity during recessionary periods. Internationalization leads to better use of internal and external resources and capabilities (Lockett et al., 2011). Penrose describes this redeployability of resources as inducements and obstacles. Inducements are advantages incurred and obstacles are costs incurred due to redeployability, and the interplay between the two must be considered (Penrose, 2009/1959). The dynamic capabilities perspective expands on these concepts by adding the complementarity construct. To be value-enhancing, proactive activities will tend to favour investments that develop capabilities that are complementary to existing operations and capabilities (Pisano, 2017). Hence complementarity, together with ease of redeployability, will govern the realignment processes adopted by the SME. Complementary resources and capabilities gained from international initiatives that can be redeployed without many obstacles and without too great an expenditure can decrease the cost of expansion failure (Sakhartov & Folta, 2014; Lieberman et al., 2017). For example, “firms that sell to highly sophisticated customers create innovations to serve their needs, and which can then be sold [elsewhere]” (Vernon, 1966 as cited in Cuervo-Cazurra et al., 2018; p. 598). This adds a further element to the growth process, the relationship between internationalization and favourable domestic product and process changes in a crisis context (Caloghirou et al., 2020). Complementarity and low-cost

redeployability of the new resources and capabilities facilitate realigning into existing operations to better serve all their markets.

The potential realignment of new and existing resources and capabilities (Lockett et al., 2011), together with management insights into the complementarity of resources and capabilities (Newbert, 2008), generate new growth opportunities. As a result, SMEs that develop the capacity to pivot between processes to proactively accommodate their needs and objectives are more likely to achieve sustained growth. As SMEs grow and the effects of a crisis are diminished, internationalization approaches may change. Exploring the SMEs' proactive internationalization initiatives can help identify how the mechanisms boost resource and capability development required for the new markets.

2.4.1 Mechanisms

The two mechanisms theorized are exploratory and will help to identify the processes that lead to sustained growth. The focused management commitment mechanism directs actions and it is theorized that this mechanism will have a direct impact on the ability of the SME to successfully develop resources and capabilities. The agents in value creation mechanism helps to identify individuals and their contributions in the processes leading to resource and capability development for SMEs.

Focused Management Commitment

Existing literature has considered the construct of commitment as the degree to which organizational, managerial, and functional resources are allocated to internationalization (Lages & Montgomery, 2004; Solberg and Olsson, 2010) (see Table 2.3). The construct also captures the persistence of SMEs in attaining their goals. For example, SMEs “may be unattractive [or

unnoticed] co-operation partners for other firms” (Vahter et al., 2014; p. 556), thereby requiring SMEs to deploy resources effectively and persist in seeking and securing value-added collaborations.

Table 2. 3. Commitment of resources

Organizational	Managerial	Technical - Functional
Increased complexity: inter-functional coordination, inter-organizational coordination (Dimitratos et al., 2016) Financial resources (Cavusgil and Zou, 1994)	Response to failure of certain actions (Dominguez & Mayrhofer, 2017) Allocation to relationship maintenance (Solberg and Olsson, 2010)	Competence of key personnel in international marketing (Solberg and Olsson, 2010) Human resources allocated (Cavusgil and Zou, 1994) Acquiring new employees (Solberg and Olsson, 2010)

Proactive internationalization suggests management’s commitment not only to adapt to the SME’s new context by reassessing and redeploying resources appropriately (Sirmon, Hitt, and Ireland 2007; Lippman and Rumelt 2003), but also to maintain them over time (Finkelstein and Hambrick, 1990; O’Reilly and Tushman, 2011; as cited in Dolz et al., 2019; p. 121).

The argument is that SMEs choosing proactive internationalization in a crisis context can develop a focused management commitment process. This mechanism builds on the idea that internationalization is dynamic, and failure to gain sophisticated international customers tests the SME’s capability to continuously reassess, redeploy, and maintain resources and persist with the proactive approach. For example, repeated failure to access a sophisticated partner may drive the SME to increase commitments and implement initiatives. Because management’s effort to minimize costs during this process might hinder learning (Villar et al., 2020), the extent of focused management commitment will determine growth potential.

As part of a long-term plan of versatile resource and capability development, focused management commitment allocates the organizational, managerial, technical and functional resources needed in the proactive internationalization process. As SMEs go through the processes of accessing, adapting, and realigning, management's strategy is to create and maintain a process that involves a holistic approach in resource and capability allocation and development. For example, through initiatives in new products, processes, and services for sophisticated markets, the long-term focused commitment permits the exploration of solutions to constraints and encourages learning from sophisticated partners, with adaptation and realignment leading to versatile resource and capability development.

Agents creating value mechanism

The value creation mechanism is developed here to examine not only who contributes to the process of versatile resource and capability development in a crisis context, but also how they systematically contribute. The aim of this discussion is to gain a deeper understanding of the nature of the internal and external relationships for resource and capability development in a sustained growth process. Extant literature indicates that management has a critical role in the growth of SMEs. In small firms, ownership and management are typically combined and these few individuals are responsible for setting the direction for growth (Dobbs & Hamilton, 2007). A key part of the process is recognizing the right people⁷ to implement initiatives.

In addition, research has shown that collaboration with 1) supply chain partners and 2) supportive institutions can be beneficial to SMEs seeking opportunities. In their review of the literature on SMEs' export and growth, Love & Ropper (2015) suggest that "supply-chain

⁷ Research indicates that growth is also dependent on employee skill level (Bennett, 2000)

linkages (i.e., with customers and suppliers) are not only the most common forms of innovation linkage for smaller firms, but also have the largest positive effect on innovation performance” (p. 35). The rapid and complex developments in technological knowledge and the mounting costs of developing internal capabilities and routines make it unfeasible for firms to innovate on their own (Berchicci, 2013). However, it is important to note the rarity of such collaborations. Vahter et al. (2014) highlight that for their sample firms only 21 percent of SMEs had three or more linkages, with the majority having fewer than one. Furthermore, institutional support in the form of information, infrastructure, regulations, incentives, and protection (Lu et al., 2010) are also found to be major facilitators. Multiple studies suggest that effective home-country government programs can offer critical assistance in fostering SMEs’ internationalization (e.g., Cardoza et al., 2016) and influencing export behavior (Paul et al., 2017). As stated before, firms may be able to develop versatile capabilities in-house or access them from external sources such as outsourcing, partnerships, or acquisition (Pisano, 2017).

It is argued that in a crisis context, by endeavouring to proactively internationalize, managers are directing their existing resources towards sophisticated markets to access the necessary knowledge through active interactions with partners (Dimitratos et al., 2010; Caloghirou et al., 2020). The absence of better alternatives in times of crisis is likely to encourage managers to pursue ambitious new international ventures (Giotopoulos & Vettas, 2018). SMEs must search for alternatives so they can access the knowledge resources they need for their operations, which may be scarce and/or unavailable in the domestic market (Eriksson et al., 1997). This may be part of a coordinated effort, since with international partnerships, managers are exposed to new management and commercialization systems (Villar et al., 2020), which can in turn be adapted and realigned in various functional departments and coordinated with the entire supply chain.

Facilitated by these collaborations with sophisticated international partners, SMEs develop capabilities and reconfigure practices based on new product, process, and/or service development.

The adaptation and realignment processes require managers to coordinate activities with non-management personnel throughout the organization. Developing capabilities requires the participation of functional departments such as production, R & D, logistics etc. because to enter new markets, SMEs need to improve products and processes and develop new capabilities, to meet the sophisticated customers' exacting standards. Therefore, the systematic selection of initiatives for building team capabilities in accessing, adapting, and realigning is part of a larger process, a coordinated effort of building resources and capabilities for sustained growth.

Once the SME has developed/adapted products, processes, or services, it can implement the necessary adaptation initiatives to realign their domestic operations (Velter et al., 2020). For example, as part of the larger process, managers add further adaptation activities such as transferring knowledge to their domestic partners, namely suppliers and institutional partners, thereby filling the gaps left by the crisis-hit economy and the restructuring of markets. "In highly complex and uncertain business environments, focal companies play an even more important role in managing the escalating ambiguity, stimulating supply chain learning and promoting innovation towards supply chains enhanced sustainability performance" (Silvestre, 2015; p. 156). By establishing cooperation and coordinating training programs with domestic partners, proactive international SMEs disseminate the new knowledge back to their network (Zucchella & Siano, 2014), and become sources of information expanding their networks' knowledge, supporting their domestic operations and further internationalization. Hence, the active participation of sophisticated international customers, domestic suppliers, and institutional agents

becomes part of the process of versatile resource and capability development. This process requires focused management commitment to international partners, and the involvement of suppliers, institutional and internal agents to build the necessary capabilities for further internationalization and sustained growth.

I argue that these two dynamics and the interdependent mechanisms drive and shape the sustained growth process of SMEs in crisis environments. The function of management is to effectively integrate focused commitments and the right agents in value creation to develop access, adaptation, and realignment capabilities, which in turn support the development of resources and capabilities needed for sustained growth.

2.5 Discussion and Avenues for Future Research

Theoretically, I have argued that sustained growth can be achieved in a crisis context. Focusing on SMEs and their engagement in internationalization, the proposed framework builds on elements of Penrose's resource-based perspective on expansion and real options (Penrose & Pitelis, 2009), the theories of capabilities advanced by Teece (1997) and Pisano (2017), as well as insights from Nason & Wiklund (2018) regarding versatile resources and capabilities.

The framework developed highlights the complex process of SMEs' sustained growth and the important role of two theoretically significant mechanisms which have not been explored in the literature but are vital in achieving sustained growth. I explained how the development process demands focused commitment to initiatives that deliver access to international partners.

Management's focused commitment allows the SME to respond to failures by increasing commitments to gain access to actors' value-creating processes. Once accessed, management commitment directs the adaptation and realignment processes by engaging with and learning

from the sophisticated partner processes. The SME enters a continued learning process of accessing, adapting, and realigning to learn from sophisticated partners and develop the resources and capabilities demanded by the external environment. This ongoing process helps the SME to continuously build the necessary resources and capabilities to meet the needs of the changing external environment and sustain growth. The framework suggests a number of important insights, and opens up some interesting avenues for future research.

The growth process for SMEs during a crisis may involve accessing, adapting, and realigning resources and capabilities, but it is important to note that it is not strictly linear. The model presented suggests that proactive internationalization helps SMEs access knowledge and adapt their products, processes, and/or services and develop resources and capabilities which are then used to realign existing operations and further support internationalization and domestic offerings. The proposed nested process explains some activities that lead to the development of versatile resources and capabilities once the SME attempts proactive internationalization.

However, the sequencing of these activities and how effective they are in capability development remains to be studied.

Depending on the SME's position, they may need to move back and forth between these processes. For example, if an SME gains access to new resources, they may need to shift towards adaptation in order to effectively utilize those resources. Conversely, an SME that turns to identifying international opportunities may attempt several initiatives to access knowledge from international customers, but may be unable to find willing partners. In such a case, the appropriate steps might be to realign existing resources and capabilities first and then try to gain access to international knowledge. A potential avenue for future research is to examine which

access, adaptation, or realignment activities are more significant for versatile capability development and sustained growth.

The model demonstrates that the process is dependent on two core mechanisms. First, the mechanisms of management commitment (Cavusgil & Zou, 1994; Solberg & Olsson, 2010; Dominguez & Mayrhofer, 2017) explored how focused management commitments of resources help in accessing, adapting, and realigning to develop versatile resources and capabilities. Management's commitment involves allocation of resources (managerial, organizational, technical) to support a certain course of action which may include repeated failures before achieving results.

One avenue for future research is to identify the level of commitment required during times of crisis. In addition to the different types of resources that must be allocated, an understanding is required as to the type of response and the time commitment to a particular course of action. For example, when multiple attempts to engage with an international partner fail, what is the process that an SME should follow to allow for persistence with the proactive strategy. This avenue is twofold: first, an understanding is required of the SMEs' responses to setbacks, which includes adaptation initiatives during the process of accessing, adapting, and/or realigning. Second, an examination of the time allocated to continue with this strategy can be helpful in determining the level of perseverance required for SMEs in the crisis context to achieve versatile capability development for international markets.

Another avenue for future research is to examine the different stages of the crisis period (initial stages, deepening stages, and later years), since changes are likely to be observed in the degree of management commitment over the stages. These may be based on demand conditions, such as

trends in international industries, consumer preferences, and industry standards (among other factors).

The other core element of the framework is agents driving value creation (Hitt et al., 2000; Vahter et al., 2014). The engagement of internal and external agents is instrumental in management's ability to access, adapt, and realign initiatives. But an important next step in understanding the process of sustained growth is to examine the interactions between agents. For example, change activities undertaken for internationalization tend to disturb normal operations and the resources and capabilities allocated by the SME. This has the potential to affect stakeholders both inside and outside of the firm. First, internal to the firm, potential conflicts arising from increased complexity within the firm may need to be managed. Future research should examine the key change agents and how they have effectively dealt with such conflicts. Second, external to the SME, for example suppliers, may also need to adapt processes to meet new market requirements but may need to be convinced to invest in these new processes. Therefore, another potential avenue for future research is to identify the key change agents and what initiatives they take to handle such potential situations.

While theoretically I have developed the model to address a prolonged period, it does not address the speed of growth over an extended crisis period. Another avenue for future research that can add to our understanding of capability development and sustained growth is to examine the speed of implementation of successful initiatives and the roles of different mechanisms in this process. Examining how different agents deal with setbacks will help us understand what initiatives are important during each phase of this process (i.e. accessing, adapting, and realigning). For example, does the process begin slowly if SMEs have difficulty accessing knowledge, and speed

up as successes are achieved? Understanding the role of the interactions between the agents in value creation can help in understanding the processes at play.

Lastly, future research can examine the potential application of the theoretical model to other types of crises. Specifically, during political crisis where the potential lack of financial infrastructure and unstable market environment may limit growth opportunities, internationalization could present a viable strategic response for SMEs. Drawing from the proposed model, SMEs facing political crisis may similarly be driven towards international partnerships as a means to access, adapt, and realign to drive sustained growth.

The applicability of the proposed model is particularly relevant today, as recent projections suggest that SMEs will face significant challenges in 2023. This is due to a range of factors including rising costs, supply issues, and market demand decreases (Bushmeneva, 2023). By exploring a proactive internationalization response, this study provides valuable insights for SMEs seeking to navigate these challenges and sustain growth in a crisis context.

Chapter 3

3. SMEs Driving for Sustained Growth During A Prolonged Crisis Period

3.1 Abstract

The findings of a case study that examined the sustained growth process of five SMEs during a prolonged financial crisis period are presented. The initiatives undertaken during the prolonged crisis period and the processes of capability development associated with sustained growth were examined, as well as the ways in which two significant generative mechanisms enabled this development. The emergent model of the dynamic sustained growth process revolves around experimenting with initiatives, allowing each proactive SME to determine the best approach for resource and capability development. The process of recognizing their needs and successfully developing resources and capabilities provides insight into the processes through which sustained growth can occur in crisis environments. The findings go beyond establishing the empirical observed patterns and reveal the central role of management perseverance.

3.2 Introduction

“Building growth makes sense for companies when there is an abundance of opportunities, historically low interest rates, widespread availability of investment cash, new approaches to creating a culture of entrepreneurship and many ways to acquire or access strong new capabilities”

(Allen & Zook, 2022; p. 82).

Researchers have claimed that financial crisis environments do not support growth, let alone sustained growth, as these environments are characterized by high inflation, unemployment, and significant drops in GDP (Chen & Liu, 2018). Firms are surrounded by a general environment that lacks the institutions that can support them in the form of financial and knowledge resources, with banks unable to provide credit and missing intermediaries required to support knowledge

transfer (OECD, 2020). Furthermore, in the task environment, the restructuring of labor and product markets leads the existing networks of organizations, suppliers, customers, etc.

competing for the same limited resources (Hessels & Terjesen, 2010).

During the recent global financial crisis, many SMEs have experienced challenges in sustaining their operations (OECD, 2019). This was attributed to several factors, including reduced access to financial capital, shifts in demand, major corporate failures, and “seismic effects to the institutional environment,” changing the “rules of the game” (Bamiatzi et al., 2016; p. 1149).

Competing in such environments can be difficult for SMEs, given their limited resources, capabilities, and market power compared to larger firms (Knight, 2001). Yet, recent findings indicate that during and after the global financial crisis, nine percent of firms⁸ invested in growth strategies (Archibugi et al., 2013). This presents a puzzle: How can SMEs operating in such environments achieve sustained growth?

At the organizational level of analysis, even a cursory review of the growth literature reveals a strong bias toward empirical examinations of growth during favourable conditions (Dobbs & Hamilton, 2007; for a review). Previous studies that have investigated competitive outcomes, such as growth or performance, in a crisis context, have found that answers provided by existing research may not be as applicable in this context. For example, researchers have found that while the resource-based view (RBV) and industrial organization (IO) theories explain export intensity well in the pre-crisis period, they are not as effective in explaining it in the post-crisis environment (Lee et al., 2009). In addition, other studies find that it is not R&D capability that leads to growth (Elkmud, 2020), and that R&D combined with slack resources is not enough to ensure growth (Tognazzo et al., 2016). Surprisingly, Cowling et al. (2018) find that

⁸ Based on a sample of 5234 EU firms over a 10-year panel, 98% of which were SMEs.

entrepreneurs' experience does not lead to growth during a financial crisis, indicating entrepreneurs struggled to apply past experiences to the new business context. Most traditional theories historically used to explain firm performance might not be applicable in crisis contexts. Empirical evidence in the crisis context indicates that internationalizing significantly increases the likelihood of growth (Caloghirou et al., 2020), and international knowledge that directs SMEs towards opportunities abroad (Voudouris et al., 2011) is a factor in SMEs' growth. While these studies provide insights into internationalization as a factor of growth, they do not explore: 1) how internationalization drives growth and 2) how this growth can be sustained.

SMEs comprise 99 percent of companies in most countries worldwide, highlighting their crucial role in economic development through creation of jobs and innovation (OECD, 2019). Despite the importance of SMEs' growth in financial crisis contexts, the underlying processes and supporting mechanisms that lead to sustained growth in these contexts have received limited to no attention. This study is an effort to explore "how" SMEs can achieve sustained growth in a crisis context. It involves investigating the main factors and processes that enable sustained growth and the mechanisms significant to the growth process. The aim is to provide insights into the dynamics of sustained growth through a qualitative study of five SMEs and their activities during a prolonged crisis context.

3.3 Sustained Growth

According to Penrose (2009/1959), growth "is the product of the internal process of development of the firm and the increase in quality and/or expansion" (Machado, 2016; p. 420). Firstly, the internal process of development begins with the management's vision and imagination to commit effort and resources to speculative expansion activities in the hope of gaining what Penrose labels "entrepreneurial competence". Subsequently, expansion involves the action of committing

and redeploying resources and capabilities from one sector to another, referred to as “managerial competence.”

Empirical studies have shown that higher levels of growth are associated with the Penrosean characteristic of resource versatility (Nason & Wiklund, 2018) and the combination of resources and capabilities (Burvill et al., 2018). Versatile resources and capabilities are described as “homogeneous, fungible, equifinal and substitutable” (Eisenhardt & Martin, 2000; p. 1105). For example, resources such as financial capital and knowledge (i.e., general knowledge, expertise in forming alliances or technological knowledge) are considered versatile because they can be transferred and redeployed to other uses within the firm (Nason & Wiklund, 2018). Capabilities may take the “form of a simple rule, an experiential process, a best practice, or a complex organizational routine” (Peteraf et al., 2013; p. 1405). Therefore, versatile capabilities and resources are characterized as being “both generic and tradable (externally fungible) and firm specific, but re-deployable (internally fungible) as they offer a relatively broad range of services” (Nason & Wiklund, 2018; p. 34).

In the crisis context, the general environment is characterized by uncertainty, decreasing demand, changes in the labour market, and resource scarcity (Busse et al., 2017; Giotopoulos & Vettas, 2018). Within such a context, SMEs may perceive internationalization as a significant opportunity to recover from domestic downturns in demand and personal disposable incomes (Caloghirou et al., 2020) by increasing exports and developing resources and capabilities to serve international markets (Burger et al., 2017; Giotopoulos & Vettas, 2018). In addition, changes in the labour market, such as high levels of unemployment, create opportunities for proactive SMEs to access high-quality employees, including individuals with sales experience in global markets (Giotopoulos & Vettas, 2018; Caloghirou et al., 2020). Despite the scarcity of financial capital

and tangible resources, SMEs can venture into cross-border markets by leveraging and developing their “innovativeness, [technological and market] knowledge, and internal capabilities” (Giotopoulos & Vettas, 2018; p. 874). Indeed, Dasi et al. (2015) highlight that constraints alone cannot prevent internationalization. They find that the higher the degree of management’s international intentionality, the more energetic the exploration approach, regardless of the availability of slack resources. Constraints can be overcome through management decision making, organization, and characteristics of the operating environment (Leonidou, 2004).

While these studies provide insights into the factors that may accompany the growth of firms in a crisis context, they do not explain how sustained growth can occur. Gaining insight into the processes by which SMEs confront the crisis context and adapt to their environment can contribute to a deeper theoretical understanding of major adaptation and renewal strategies that drive sustained growth.

A key to understanding how sustained growth can occur in crisis may lie in the chosen paths and the capabilities developed by firms. Internationalization has been highlighted in previous research as a potential path for capability development. It involves redeployment of existing versatile resources and capabilities while also creating new ones (Pisano, 2017). Firms may develop these capabilities internally or access them from external sources such as outsourcing, partnerships, or acquisition. While evidence from dynamic capability studies “does not tell us which dynamic capabilities, if any, contribute to growth persistence and in which firm and industry settings” (Helfat et al., 2007; p. 113), this perspective highlights that firms that can, at the least, maintain their operations possess the capabilities “to match the requirements of a changing environment” (Teece et al., 1997; p. 515).

Little is known about the processes of resource discovery, deployment, and overcoming economic crises (Bamiatzi et al, 2016). There is a lack of knowledge regarding: 1) the relationship between capabilities and sustained growth, 2) which capabilities are significant, if any, or how they are developed and 3) the mechanisms essential to the sustained growth process. Previous research examining SME growth in a crisis context offers initial insights into the paths employed by SMEs that grew. The findings underscore the importance of proactivity and internationalization (Giotopoulos & Vettas, 2018; Caloghirou et al., 2020). This study builds upon these insights by examining the initiatives undertaken by SMEs and their development of resources and capabilities, thus enhancing our understanding of how SMEs can achieve sustained growth during a prolonged crisis period.

The model of sustained growth that emerged from the study revolves around the initiatives of accessing, adapting the realigning, undertaken by proactive SMEs. SMEs build resources and capabilities by accessing the resources and capabilities they needed, by adapting to serve new and existing markets, and by re-aligning existing operations. The emergent model also provides insights into the essential mechanisms of management perseverance and players in value creation. Thus, providing the means to develop theory on key processes of SME sustained growth.

Because little is known about the processes of sustained growth in a crisis context, when the study began, the investigation used an exploratory approach, relying on a qualitative research method to collect and analyze data. To gain insights into the processes that led to sustained growth during a prolonged crisis period from 2008-2018, the study identified five SMEs that exhibited sustained growth and whose insiders were capable of providing detailed information on their growth processes.

3.4 Method

Taking an exploratory approach to examining SMEs' growth process enabled an investigation into the interconnections and mechanisms, including the changes that occurred over the prolonged crisis period. Process analysis is particularly relevant as it “recognizes the systemic nature of organizations and their environments” (Zutschi & Gibbons, 1998; p. 221). The case study method is the most suitable for addressing the “how” and “why” questions related to sustained growth, as it allows for an examination of cause-effect relationships (Yin, 2009). Moreover, “the case study is well suited to obtaining both retrospective and real-time insights” (Welch et al., 2014; p. 16).

Complementary research methods, including semi-structured interviews with CEOs and managers, observation during facility visits, and archival research and content analysis, were employed to conduct the case study. Open coding was used to establish categories, themes, and eventually a framework for understanding sustained growth of SMEs during the financial crisis period. The sampling strategy involved selecting SMEs from the food and beverage sector that fulfilled the specified theoretical criteria (described below) and demonstrated willingness to participate in the study.

3.4.1 Research Context

Beginning in 2008, the global financial crisis caused damaging and lingering effects in Greece. In response to the crisis, the government raised taxes to one of the highest levels in the EU and implemented a series of austerity measures to curb public spending (Kontogeorgos et al., 2017). In 2013, Greece became the first developed country to be downgraded to an emerging economy (Sizemore, 2013), posing significant challenges in terms of capital, market and labour for SMEs.

Greece lost about 25 percent of its gross domestic product, unemployment increased to 27 percent, adversely affecting the country's production capacity (European Commission, 2013).

Greek SMEs are suitable for this study because in addition to the challenges faced by SMEs in internationalizing, Greek SMEs faced capital, market, and labour challenges over the prolonged period. According to the European Commission, Greek SMEs are of significant importance to the Greek business economy, accounting for 99.9 percent of firms and providing 87 percent of employment (European Commission, 2018). During this period, financial capital became one of the scarcest resources, as "bank funding dried up for Greek SMEs in the aftermath of the financial crisis" (OECD, 2020). Between 2012 and 2017, over 6000 Greek SMEs relocated to Bulgaria to access financing with lower interest rates and costs due to Greece's increased taxation during the crisis (Kapitsinis, 2019). Research has shown that "firms that operate in countries with underdeveloped institutions are more likely to follow escape motives and move abroad" (Cuervo-Cazurra et al., 2015; p.33). However, some firms managed to remain in Greece and thrive in this challenging environment. Therefore, this setting is suitable for studying capability development, as SMEs have demonstrated sustained growth despite constraints and adverse conditions. Exploring how they have achieved this can advance knowledge and understanding of how SMEs can develop resources and capabilities that contribute to sustained growth in such challenging environments.

This study follows the recommendations of scholars to limit the empirical setting to one industry (Bowen, 2019), allowing for a deeper exploration into capability development within the crisis context, considering that different industries face distinct challenges in internationalization. The food and beverage industry in Greece provides a justified context for examining the questions of growth and capability development in relation to proactive internationalization approaches.

Within this industry, there is variation in firm growth (PWC, 2019, p. 25), with some firms thriving (Stars), others remaining stable (Greys), and others categorized as Zombies. Bakery and dairy products generate the highest revenue compared to other subsectors, yet the majority of companies in these subsectors fall into the Zombie classification, which hinders overall competitiveness. On the other hand, alcoholic beverages and fruits & vegetables subsectors concentrate over 70% of their revenues in Stars.

Furthermore, variations were observed within each subsector of the industry during the crisis context. For example, in the dairy subsector, market conditions led to different packaging sizes. In the beverage subsector, consumers switched to inexpensive boxed wine. In the bakery subsector, SMEs needed to adapt to the tastes of the international market. For this study, the focus is on management actions and initiatives taken to overcome constraints during the crisis. Therefore, it is expected that successful firms will exhibit variation in their activities, since firms react in noticeable ways to mitigate severe conditions and rely more on their own resources and capabilities rather than industry and country norms (Bamiatzi et al., 2016). Studying firms that can learn and develop their capabilities in such an unfavourable environment can significantly contribute to the literature on crisis, growth, management, and internationalization.

3.4.2 Sample and Measures

The study employed the process of theoretical sampling, seeking informants and SMEs based on their potential contribution to answering the research questions (Corley & Gioia, 2004). The selection of cases was based on the following theoretically grounded criteria:

First, firms initiated proactive initiatives during the crisis period, between 2008 and 2014. These initiatives, in the form of product, process, and/or service investments, should have been implemented to operationalize this approach. This enables a deeper understanding of the

commitments required by management and provides a ten-year observation period (2008-2018) to study growth processes.

Second, SMEs demonstrated continuous growth in terms of both revenues and employment (Wiklund & Shepherd, 2003) and were in the category of SME at the beginning of the study period in 2008. While studies on growth in crisis contexts often focus on high-growth firms due to their contribution to innovation and job creation, research on continuously growing firms is less common. Previous studies have primarily used cross-sectional designs to investigate the enablers and barriers to growth, “even though there is little reason to assume that generally business growth in one period also predicts future growth” (Achtenhagen et al., 2010, p. 304). Following Gancarzyk (2017), this study considers size increase as a starting point and then explores the complexity of the process of achieving sustained growth.

Lastly, the SMEs selected for this study were owned and managed by indigenous entrepreneurs and did not have any subsidiaries. Scholars argue that the organic growth process differs fundamentally from the acquisition growth process in many respects (Penrose, 2009/1959; McKelvie & Wiklund 2010). Therefore, the study focuses on the organic mode of the growth process rather than through mergers and acquisitions. This excludes complexity from corporate interactions (Deligianni et al., 2015) and other capability development and growth considerations due to mergers and acquisitions. Merger and acquisition strategies may require different sets of capabilities compared to organic growth. By limiting the scope to organic growth cases, the study emphasizes the choices made in proactive approaches.

Using the ICAP database, SMEs that achieved growth in the food and beverage manufacturing industry, despite the financial crisis, were assessed and evaluated according to the theoretical

criteria. Based on this initial list, contacts in Greece were approached via telephone to gather background information on the firms. Subsequently, firms were selected based on their responses, and introductions were requested. SMEs from the food & beverage industry were selected from two regions in Greece. The convenience purposive approach was necessary due to the significant amount of time and transparency required from the informants to provide the data needed for the study. Multiple SMEs rejected the request for participation, citing concerns related to COVID-19, lack of time to participate in such a study, or simply not responding to calls or email communications.

In total, five firms participated in the study, as shown in the descriptive statistics presented in Table 3.1. Two of these firms agreed to participate in a second wave of interviews to validate the findings. The research procedure involved an iterative process of simultaneously collecting data, analyzing the data, and comparing data across SMEs.

3.5 Data

3.5.1 *Data collection process*

Data were collected using face-to-face semi-structured interviews, archival research and content analysis as well as observation during facility visits. Primary data were collected through a series of face-to-face semi-structured interviews. The first set of interviews, conducted online as part of the pilot study, involved general interviews with first line managers and institutional training players who have knowledge of capability development programs. The first wave of in-person interviews involved SME owners, CEOs, and top management. These interviews focused on retrospective initiatives implemented during the crisis period. These informants play a crucial role in setting the direction and leading the implementation of the initiatives and possess the most knowledge about the commitments required and the players involved in these initiatives.

The initial interview questions were derived from responses obtained during the pilot study. All interviews, except one, were conducted in Greek, and each interview was transcribed in a notebook. A total of 17 hours of in-person interviews were conducted with key senior managers or owners who were knowledgeable about sustained growth, resources and capabilities.

Qualitative studies often face challenges in providing sufficient process details without extensive use of archival data (Welch et al., 2014). Therefore, this study utilized both archival research and content analysis by collecting and analyzing various sources such as company websites, facility videos showcasing process changes and new products, financial data, project reports, supplier press releases, and news articles. Over 1250 pages of archival data were collected, including 791 PowerPoint slides, news articles, company website content, press releases as well as financial reports. Additionally, 111 minutes of video footage were collected, capturing facilities, production lines, and new product innovations. Table 3.1 presents the descriptive statistics of the sample and an overview of the collected data. (Appendix C provides further details on the collected archival data).

Table 3. 1. SMEs Descriptive Statistics & Overview of Data Collected

SME	Business Activity	# Employees 2018	% Change over period	Data collected in-person interviews, archival research & content analysis, observation during facility visits
A	Dairy with domestic sales supplying exporter company B	14	+400	108 pages of archival data; 45 min of videos News, Facilities, Partnerships with institutions & customers Observation visit to facility 3 hours interview with CEO
B	Manufacturer of dairy products with 50/50 split international-domestic sales	450	+180	934 pages of archival data; 8 videos 10 min 12 analysis presentations; press releases; 9 years of financial reports; Observation visit to 2 facilities 6.75 hours interview with 4 informants Multiple interviews with international sales director, totaling 4 hours; 30 min with CEO; 45 min with domestic sales director; 1.5 hours with technical director (2 waves of interviews)
C	Winery - sales directed mostly towards exports	12	+300	65 pages of archival data; 9 videos 15 min Company information; Promotional material; News articles; Observation visit to facility 2 hours interview with owners/co-managers
D	Producer of vegetable-domestic & some international sales	31	+400	22 pages of archival data 2 hours interview with owner/ managing director
E	Manufacturer of cookies with 70/30 domestic - international sales	150	+250	149 pages of archival data; 25 videos, 41 min 30+ Promotional videos; Trade Shows; Awards; financial report analysis 3.25 hours interview with international manager (2 waves of interviews)
Total	5 SMEs			1278 pages of archival data; 111 min of video 17 hours of in-person interviews 4 facility visits

Company A is a first-generation dairy farm that has been operating since the 1970's. The current owner/manager took over the operation in 2010. At the time, the farm did not have access to electricity and relied on a single generator. Since then, the SME has experienced significant growth, expanding from one single employee to a workforce of 14 individuals. Additionally, production has increased from 2 tons to 10 tons. Today, the owner/manager is described as a

“fanatic of innovation who turned a cattle farm into a high-performance business unit and a tourist and cognitive attraction for... students and executives of multinational retail companies” (Local Province Daily News, 2020). In addition to implementing advanced automation systems, Company A has vertically integrated its operations by cultivating the land to produce animal feed. The SME has established a partnership with Company B and has actively collaborated with equipment suppliers, customers and institutions to enhance performance, improve quality (required by international markets), and invest in new building structures, as well as harvesting and collecting equipment. The financial crisis presented both challenges and opportunities for Company A. Despite the difficult economic conditions, the SME has capitalized on emerging opportunities within the industry. These opportunities include accessing high-quality human capital, collaborating with equipment suppliers offering flexible terms, and facing reduced competition due to import constraints. The owner expressed pride in his product and highlighted the importance of Greek quality products, which naturally benefit from abundant sunshine in the region.

Company B, established in the mid 1950's, is a second-generation dairy product producer catering to both international and domestic markets. Throughout the crisis period, the company experienced significant growth, expanding its workforce from 150 employees to 450. Moreover, their revenue more than doubled, increasing from €41 million to €94 million. In the 1980s, the company expanded outside the region, and by the 1990s, it established a distribution center to serve the Greek market. International activity commenced in 2000, initially focusing on the Balkans, where exports accounted for 13% of total sales. Significant changes in the company's international strategy began in October 2007 with a restructuring initiative that separated the international sales department from domestic sales. The company shifted its focus towards value

added partnerships targeting major multinational retailers. By 2018, strategic partnerships in high margin products led to exports making up 50% of the company's revenue and drove the capital equipment investment program. Company B now operates two fully automated production plants and collaborates with international partners in leading product markets. All informants expressed pride in the company's superior Greek quality products and their ability to process raw materials within a 24-hour timeframe.

Company C is a winery that has been operating in its current location since the late 1960s. However, the current owners constructed the modern winery and distillery in 2006 and expanded the business to cover thirty acres. During the crisis period, the company experienced growth, with its workforce increasing from 2 employees to 12, and production volume expanding from 10 tons to 120 tons. Major changes in the company's international strategy started in 2010 and continued in 2011 and 2014. This was in response to a decline in domestic demand, which occurred when the Greek government implemented austerity measures in 2011 and imposed taxes on wine in 2014. The SME faced numerous barriers during this time and expressed their frustration, stating, "Nobody was here to support us, only barriers". To adapt to the changing conditions, the SME changed the type of vines they were cultivating to meet international market demand. Additionally, they incorporated a service component into their business model by opening the winery for tours, local meals, and wine tastings. The informants expressed a sense of pride in their quality wine and their mission to promote the Greek culture abroad.

Company D, founded in the mid 2000s as a vegetable producer primarily serving domestic markets. During the crisis period, the company experienced growth, expanding from 14 employees to 31 and increasing sales from €210 thousand to almost €1.5 million. International knowledge and R&D helped the SME decrease operating cost by 60% over the crisis period

despite increases in labour costs, electricity and taxes. Additionally, changes in the distribution process played a crucial role in their success. The SME closed its doors in 2019.

Company E, established in the mid 1970s as a bakery primarily supplying cookies to other bakeries. In 2009, the SME introduced new products that resulted in exponential sales growth, and in 2011, a strategic shift in the distribution model to supplying baked goods to grocers further fueled their exponential sales. During the financial crisis, the company expanded its workforce from 50 employees in 2009 to 150 employees by 2019, and achieved a substantial increase in sales from €3 million in 2008 to €17 million in 2018. The SME has two state of the art production facilities and two distribution centers in Greece, supplying over 130 products to retailers across 37 countries, including private label products for major multinational retailers. The informant expressed pride in the company's quality products and promoting the Mediterranean diet and the Greek culture abroad.

3.5.2 Criteria for Judging Quality and Credibility, Validity & External Validity (Generalizability)

“the validity, meaningfulness, and insights generated from qualitative inquiry have more to do with the information richness of the cases selected and the ... analytical capabilities of the researcher than with sample size”

(Patton, 2002; p. 245)

In qualitative research, the term “generalization” takes on a different meaning than its usual connotation. Cronbach suggest the concept of “extrapolation,” which involves considering applicability of the findings (Patton, 2002; p. 584). In this study, a purposive sampling strategy was employed to allow SMEs to extrapolate and learn from the lessons derived from the sustained growth process. Therefore, instead of generalizing the finding to the entire population

of SMEs in the crisis context, the “generalization” in this study pertains to the extrapolation of processes and mechanisms observed across SMEs’ proactive approaches.

Following the guidelines of Lincoln and Guba (1985) and Patton (2002), several steps were implemented to ensure the quality of the study, employing the criteria of trustworthiness, authenticity, triangulation, and reflexivity. To enhance the likelihood of producing trustworthy and credible findings, extended engagement was obtained with the participants through interviews and facility visits. Additionally, a degree of triangulation of sources and methods was achieved by capturing and reporting multiple perspectives thus mitigating informant bias (Yin, 2009). First, the main sources of data consisted of formal semi-structured interviews, archival research, and content analysis. The strength of this method is attaining the retrospective and real-time accounts of people experiencing the phenomenon of interest. To ensure the consistency of findings, comparisons were made between archival data, content analysis, and interview data (Patton, 2002). Once the systematic search of alternative themes and explanations was conducted, the conclusions were tested through follow-up interviews with informants and an expert in the field. Following the recommendation of Lincoln and Guba (1985), the objective was to test interpretations and conclusions with informants and assess whether they accurately represent their reality. Furthermore, this formal verification process helped establish credibility with the informants and validated the meaningfulness of the findings (Lincoln and Guba, 1985).

3.6 Analysis

Analysis began by focusing on key aspects of the research questions: What are the underlying processes through which sustained growth is achieved in a crisis context? What are the causal mechanisms through which sustained growth is achieved in a crisis context?

The challenge with qualitative data is to make sense of the extensive amount of data (Patton, 2002). This study employed a combination of data analysis approaches, grounded theory, thick description narrative and a comparative across time with temporal bracketing (Langley, 1999). The analysis involved using the data to identify the emerging theoretical model, where the words of informants and archival data were grouped into first order concepts through constant comparison of different quotations. Simple descriptive phrases were used during this process. Initially, the data was analyzed as a whole, leading to the development of a more refined coding scheme. The coding approaches utilized included coding for conditions, interactions among actors, strategies and tactics, outcomes, process, participation, actions and activities. To facilitate these tasks, Taguette software was used.

Data on the initiatives undertaken by the SMEs emerged as key areas of capability development. I analyzed and separated the different initiatives, seeking patterns not only in their sequencing but also in the variations between the SMEs. The unit of analysis that emerged from both the interview data as well as the archival data was the initiatives themselves. By using initiatives as the unit of analysis, process studies allow for a complex, non-linear explanation of why they occur (Welch et al., 2014).

Table 3. 2. Selected Sample Initiatives

Initiative	Sample Vignettes from Interviews	Interview Data	Archival Data
Accessing International Knowledge	The first 7 years, listened to everything. Went to Canada, the Netherlands, [they] made barns but that was good for the North climates, it was good there. But that does not work in the Greek Summer (A)	A, B, C, D, E	A, B
Acquiring International Knowledge	Initial strategy in 2009 we were in Bulgaria, North Macedonia, Albania and Cyprus. We needed to go further since there was no capacity and no new knowledge. What we learned from the Balkans? – nothing, no help, no new processes. (B) I went to Italy for 6 months to learn about the processes. In 2013-2014, for 6 months, I had an expert consultant in [city] to teach me how to work [product] @ a cost of 600 euro/day. [my] innovative process is a mix of the other 2 processes followed by international competitors... This new process provides a higher yield. (D) Hiring quality labour (A, B, E).		

Process Change • Sales • Communication	I tried to go through distributors, but the answer was always ‘no’ because others (wineries) were there before me. In 2010, I loaded the car with Chardonnay and Sauvignon Blanc and headed to Germany to sell to Greek restaurants. (C). Communications processes with customers (B, E)	A, B, C, D, E	A, B, C, E
BM/ Process Change • Logistics	I told them that we can supply on a daily basis, no matter if we are in Greece. This direct approach was interesting to them. We set up a warehouse in UK managed from far. We can do this in Greece from various warehouses we deliver daily around the country, so why not for the UK. We were the first ones to do this. (B) After 2016, I changed the process of distribution, from driver & sales distribution, we moved towards 27 logistics centers to serve our retail customers. (D)	B, C, D, E	B, E
Product change	[Since the customers were interested in Greek wine] that is when I started planting Malagousia and Moscato which are old Greek varieties. So, I sold both wines that they know and developed the market for Greek wines. I listened to what the market wants and adapted. To do that at first, I bought grapes to make the Malagousia wine, until mine were ready. (C) Flexibility based on customers Quality/Cost ratio requirements - But always product best [quality/price] ratio- it is the most important. (B)	A, B, C, D, E	B, C, E
Domestic re-alignment	Adaptations benefited both international and domestic markets - “Growth both international and domestic, we are the 2nd brand and the 1st by volume, private label”. (B)	A, B, C, D, E	A, B, C, E
Organizational Structure	Before 2008, we did not have separate organization for exports. We build the team and created the department. Domestic versus export sales are very different [can’t use the same approach]. For export you need dedicated, experienced, extroverted people. Today we have 6 people dedicated to export (B)	A, B	B
Automation & KPIs	State of the art equipment installed in facilities during the period (A, B, E) Two SMEs made the investments before the crisis period. (C, D)	A, B, E	A, B, E
Business Model Change: • Service	In 2009, did not see private label as a big threat, now everybody is after that business. At the time, retailers were proud of their own brands and at the time they were the cheaper alternative – in time of crisis, the customer is looking for alternatives. Competitors were avoiding to produce, so it was our way in. We listened to the market. At the same time, private label was growing since high quality product and changes in consumers (B – labels this as commercial tactic) I cut animal feed for others since I know the work and I know what dairy farmers are looking for, I provide quality cut product and minimize waste (A)	A, B, C, D, E	A, B, C
Formal Training	Training programs for employees, suppliers and partnerships with universities (B, E). Attended training for farmers of 25 days with assessments and survey by the end of the training. This training provided strength, energy and motivation for farmers (C).	B, C, E	A, B, E
Process: Continuous Improvement	Focus on product quality and innovation, integrity and reliability, continual improvement on performance and overcoming any competition and obstacle aiming for partner and customer satisfaction (E).	A, B, D	A, B, E

The initiatives involved various activities, including accessing/acquiring international knowledge, product, process, and/or business model/service value-creation activities for existing markets, new markets and/or international markets and training (see Table 3.2). Accessing knowledge involved interactions with potential customers, suppliers, visits to retail stores, and visits to other production facilities. Acquiring knowledge involved engaging consultants and experts in the field to assist in gaining knowledge. Product changes involved collecting, interpreting and applying relevant information in the research, design, manufacturing, legal,

marketing and sales of the product (Calantone, 2006). Process changes entailed creating or improving methods of production, service or administrative operations, systems and reengineering activities undertaken to develop new products (Oke et al., 2017). Business model changes entailed redefining the scope, flexibility, risk or speed (Kimigliari et al., 2015) of their activities either for international or domestic markets. For example, this could entail transitioning from original brand manufacturing (OBM) to outsourcing (Li et al., 2010; Burt & Sparks, 2003). Training initiatives involved both formal training programs for employees, suppliers, universities and consultants as well as informal knowledge sharing from management.

Next, the identified concepts were connected through axial coding to establish second order themes. The comparison process was continued, involving an iterative movement between the data and codes. This iterative process guided ongoing data collection, including the analysis of archival data, in order to arrive to the main elements of the emerging theoretical model (adapted from Savvidis, 2018) and develop an understanding of the sustained growth process in a crisis context. Throughout the entire process, cross-case analysis was conducted to examine variations among the five SMEs (Klingebiel & De Meyer, 2013).

Finally, I grouped similar themes into several core categories that makeup the framework, following the approach of Corley and Gioia (2004). The resulting data structure is presented in Table 3.3a, 3.3b, 3.3c, and 3.4a, 3.4b, which summarizes the first order concepts, the second-order themes, and aggregate dimensions upon which the model is built. Further analysis of the initiatives revealed a continuous, iterative, and interactive three-phase process consisting of six dynamic stages of capability development. Moreover, at a more granular level of analysis, two mechanisms emerged as significant and essential in the capability development and sustained growth process. Appendix A provides detailed information on the proactive initiatives and the

corresponding links that contribute to the development of resources and capabilities.

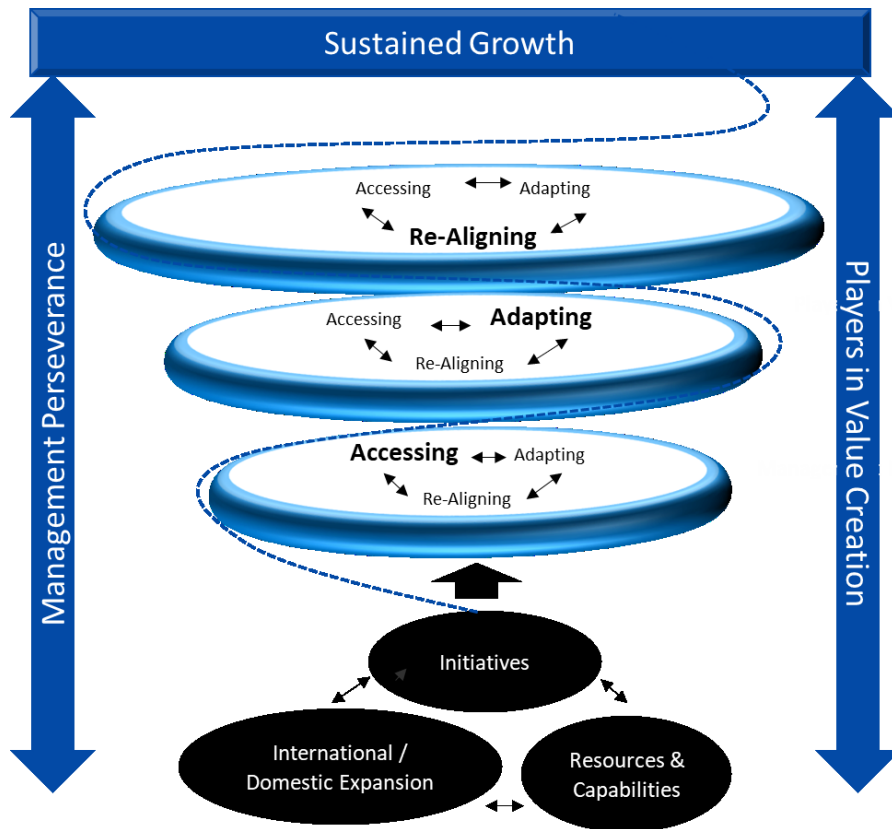
Additionally, Appendix B includes a sample process map of Company B.

3.7 Results

In this finding's presentation, I have coordinated and integrated multiple data displays: the findings narrative itself, Figure 3.1 showing the emergent model, and tables 3.3a, 3.3b, 3.3c, and tables 3.4a, 3.4b showing the progressive data structure including additional supporting data (Corley & Gioia, 2004).

The data suggests that sustained growth is a continuous, iterative, and interactive process of resource and capability development. It involves multiple loops of versatile resource and capability development based on similar managerial mechanisms. The emergent model of the dynamic sustained growth process revolves around experimenting with initiatives, allowing SMEs to determine their own approaches towards versatile resource and capability development. As illustrated in Figure 3.1, the model of sustained growth that emerged from the practices of the 5 SMEs during the crisis period encompasses two dimensions. The first dimension comprises the three processes of 1) Accessing, 2) Adapting, 3) Re-aligning. The second dimension consist of the two mechanisms that enable these processes, management perseverance and players in value creation.

Figure 3. 1. SME sustained growth process in a crisis context



To better understand the emergence of these aggregate dimensions and their constitutive theme, it is important to understand the initiatives undertaken during the crisis period (depicted in black in Figure 3.1). Proactive SMEs held a vision to expand internationally and/or to improve domestically. The dominant theme to emerge from the comparison of the SMEs that sustained their growth during the crisis period was how the purposeful selection of initiatives undertaken throughout the crisis period led to a continuous, iterative, process of resource and capability development. These SMEs did not possess the necessary resources or capabilities initially; they developed them as they implemented initiatives during the period. By undertaking accessing initiatives (asking and listening), adapting initiatives (interpreting and value enhancing

investing), and re-aligning initiatives (integrating and improving), the SMEs built versatile resources and capabilities in accessing, adapting, and re-aligning. The process involved experimentation, accessing the necessary resources and capabilities, adapting to the new value stream, and integrating and improving the core business. This enabled them to improve the consistency of their products, diversify their offerings, and serve both international and domestic markets. Throughout this process, management perseverance and players in value creation played essential roles as mechanisms to ensure the development of versatile resources and capabilities.

The presentation of the findings begins with the first dimension, which encompasses the processes of accessing, adapting, and re-aligning (tables 3.3a, 3.3b, 3.3c). Subsequently, the second dimension, including the mechanisms that drive the process of sustained growth, namely management perseverance and players in value creation, is presented (tables 3.4a, 3.4b).

3.7.1 Accessing – Asking & Listening

The domestic crisis environment presented limited opportunities for most SMEs, prompting proactive SMEs to seek access to broader markets. SMEs, experiencing a decline in demand, unfavourable domestic customer terms, or limited domestic expansion, actively sought opportunities in unfamiliar territories by looking beyond traditional boundaries to international markets and partners. By observing both the domestic and international environments, SMEs implemented initiatives aimed at accessing resources and developing capabilities through two interrelated and interactive sub-processes: 1) asking and 2) listening.

Asking – Observing that the general environment brought on opportunities, proactive SMEs lacking the necessary resources and capabilities, developed accessing capabilities by thinking broadly and asking unconventional potential partners.

In the early days of the crisis period (2008-2010), proactive SMEs prioritized accessing resources to build capabilities. They started initiatives seeking physical resources within their borders. During an interview, a CEO shared his expansion initiative and the process he followed during the crisis period, stating, “Greece could not import [due to doubling transportation costs] ... giving the local producers an advantage” (A). Since banks were hesitant to lend to small businesses during the crisis, many companies faced limitations in their expansion efforts. Despite this, the CEO managed to gain access to resources by asking partners upstream and downstream in the supply chain. By securing support from a key customer, negotiations with equipment suppliers became more feasible since the customer was willing to vouch for the CEO to ensure a steady supply of high-quality products. Over a span of nine years, the SME successfully expanded installations and invested in equipment to develop offerings. By requesting different methods of payment and credit support from partners, the CEO was able to obtain the necessary resources required for asset expansion during a time when most companies were focused on restructuring and reducing costs.

When SMEs were unsuccessful in obtaining necessary resources domestically, or when such resources were not available, proactive SMEs shifted their focus to international markets.

Accessing international market and technical knowledge was relatively easy for them. To gain technical knowledge, SMEs either hired international consultants or visited installations of international suppliers to explore expansion alternatives. An owner shared his experience with the process:

I went to Italy for 6 months to learn about the processes. [Then] in 2013-2014, for 6 months, I had an expert consultant in [location] to teach me how to work [product] at a cost of 600 euro/day. At one point the expert told me “you have 15 days to save your bottom”. We worked from 6 am to 12 am.

(Owner, Company D)

Proactive SMEs were capable of gaining access to resources, even though the initiatives required financial investment and time. Rejection was not a major issue for them.

A detailed analysis of the processes involved in accessing resource and developing capabilities revealed varying levels of difficulty in accessing different types of knowledge and resources. International technical and market knowledge proved to be the easiest to access, followed by physical resources as mentioned earlier. Accessing international customer knowledge posed the greatest challenge. According to the informants, accessing these non-traditional arenas required customer-specific knowledge that was crucial for the development of their businesses. However, gaining access to ask potential partners was challenging and distressing. An owner shared his experience with potential customers:

I knocked on doors but the response I got was bullying, which was worse than a ‘no’. For example, they would make me wait 1.5 hours for an appointment.

(Owner, Company D)

Another manager also shared his experience in accessing potential customers, which was similarly challenging and required a significant amount of effort and persistence:

One time in Germany, I made an appointment with a customer, it took a long time to get the appointment. But I flew there, showed up early only for him to look at my offerings and within a few minutes tell me he was not interested... Germany, UK, Italy, our competitors were there for decades, 3, 4, 5 different companies. How do we break the wall, in order to find a way in?

(International Sales Director, Company B)

When SMEs attempted to diversify their markets by venturing into unfamiliar arenas, they often struggled to access the segment. However, initiatives that provided managers with exposure to

the realities of the segment, along with repeated failures in accessing international customer-specific knowledge, played a vital role in the process of capability development.

Despite facing failures, proactive SMEs remained determined to persist in accessing premium partners. Managers employed a combination of initiatives, including accessing international technical and market knowledge, to identify suitable partners and ask the right questions. They also focused on developing capabilities on ‘how’ to ask, which involved engaging in knowledge-seeking initiatives to better prepare themselves for addressing the values and objections of the new market segment. Multiple SMEs described their approach, which included accessing market research data from diverse sources and observing their customers’ customers. The international sales director explained:

“we ... look in on stores and supermarkets and watch how and why they buy. We also buy data from trusted sources and we conduct our own research, focus groups and product trials”.

(International Sales Director, Company B)

Equipped with various types of knowledge, SMEs were able to approach potential customers with new adjusted offerings. As one director explained, “you play by their rules... let’s try 5k, 10k, 20k; good promo and 1+1 BOGO gift and merchandizing I will help... I want you to try me.” (E). Managers repeatedly confronted the realities of the segment and engaged in experimentation with their offerings to gain access to it.

In summary, all SMEs encountered persistent challenges when attempting to access the segment, as customers showed little interest or well-established competitors had already been operating in those markets for decades. In response, SMEs adopted an exploratory approach, embracing trial and error to access the segment. They leveraged a combination of knowledge to refine their offerings and determine the most effective strategies for accessing the customer’s value stream in

a changing environment. As a result, SMEs developed versatile capabilities in asking the right partners the right questions. Once they gained access to ask, they needed to be focused listeners.

Table 3.3. a. Linking Initiatives to the Process of Resource & Capability Development – Accessing

1 st order concepts & Sample Vignettes	2 nd order themes	Aggregate Dimension
<p>Think Broadly, diversify: “We presented our product range and they said less sugar, no additives; there was no discussion on price!” (B).</p> <p>Exposure to segment: “10 people per day want to talk to the buyer ... Supermarket they don’t know you” (E). “In 2010, I loaded the car with Chardonnay and Sauvignon Blanc and headed to Germany to sell to Greek restaurants... I tried to go through distributors, but the answer was always ‘no’” (C) I knocked on doors but the response I got was bullying, which was worse than a ‘no’ (D).</p> <p>Experimenting to access customer value stream: “First you offer 5 SKUs 1 promotion, 1 commercial; marketing value added. You will do all. [My] philosophy is take out all the negative picture that I don’t want you in. You have nothing to worry about, accounting, logistics, prices, innovation, promos, marketing” (E).</p>	Asking	ACCESSING
<p>Listening Broadly: “[The CEO] did not hire me to tell me how, same for logistics, supply chain, production, R&D, QA ... Building a Strong team” (B). You get knowledge by talking to people. (E) The boss... got experts for each position that had knowhow from elsewhere, 10 years elsewhere in sales etc. (E)</p> <p>Listening Deeply: 1) Root Cause to negative responses: “You need to listen to the customer, you can’t impose... We should be able to accept and interpret what the customer says and maybe you can make it better.” (B). Since I was going as the owner, I had to give more time to pay, better pricing, deliveries, quantities, returns (D). 2) Identifying Customer value stream: “The customers, they were not as interested in a product that they can get directly from France” (C). “[We tried] Copy paste from local but it did not work...Local sales are set on their product and they impose it to the market. you have to find a way to make them interested (B).</p>		

Listening entails combining a broad approach to listening with a deep listening process to potential markets. This approach helps to identify the unique value streams within those markets. This capability was identified as the next crucial aspect. After gaining access to the segment, SMEs listened deeply to gather information and acquire knowledge while closely observing the environment.

Domestically, broadly listening involved being attentive to the environment as well as new hires. Throughout the crisis, restructuring and downsizing in multiple sectors, led to a surplus of qualified labour. Some SMEs highlighted that part of their success was attributed to their initiatives in hiring high-quality personnel. For instance, Company B’s international sales

director had a decade of prior experience in international food sales when he was recruited. Another SME implemented a strategy of hiring domain-specific experts for each position, ensuring that individuals with expertise in their respective fields were recruited. For instance, the sales expert brought on board had accumulated a decade of experience in sales, while the production expert possessed a decade of experience in production (E). In addition to listening to the environment and accessing quality human resources, managers from two SMEs highlighted that those resources were more effective when top management listened to their recommendations. A key to success was hiring the right people and developing the capability to listen and explore their proposed initiatives, such as the direction of international expansion.

Internationally, as part of the objective to gain international knowledge and develop capabilities to serve premium international markets, the proactive SMEs listened to the segment. The director of Company B explained how listening to international markets was a significant capability in their growth process:

“In 2009, [competitors] did not see private label as a big threat, now everybody is after that business. At the time, private label needs of the retailers – they were proud of their own brands and at the time they were the cheaper alternative – in time of crisis, the customer is looking for alternatives. Competitors were avoiding to produce, so it was our way in. We listened to the market.”

(International sales director, Company B)

Successful competitors, who had been in international markets for decades before Company B, ignored the changing market dynamics, thereby opening the door for Company B to attempt to meet those requirements.

The ability of SMEs to effectively respond to the negative responses played a pivotal role in their success in accessing the segment. As one international director explained, “I need to be able to

listen ... We travel and gather knowledge, not talk, but listen to customers... If they say no- why not? and what they tell you listen” (B). The reasons for the negative responses varied by customer, such as “we do not know you” or “expensive”. The process of listening deeply to potential customers involved being receptive to understanding the customers’ negative responses and identifying the root causes behind them. Once these causes were established, SMEs were able to address concerns, offer solutions, and expand their product offerings. As one sales director explained, “When I have a sales visit, I have 5 things to say, the rest of the time I listen. Left, right, up, down, he can come with excuses not to buy. I come with arguments to combat the excuses” (E). When SMEs were successful in accessing the segment, by interacting with the customer, listening to objections, and gaining valuable knowledge about the target customer’s value stream, they were able to align themselves with the customers’ value stream. This deep listening during their interaction with the customers provided valuable customer specific knowledge, which the SMEs then utilized to better understand and meet the customers’ needs.

In addition to listening deeply and broadly, the process also involved actively listening to international partners over an extended period of time. The owner of Company A illustrated this approach, as he shared his experience of dedicating 7 years to listening and learning. He traveled to Canada, the Netherlands, California, and Mexico to gain knowledge about constructing structures and expand his business.

To summarize, accessing is a crucial capability building process for SMEs in a crisis context. The SMEs demonstrated a humble approach, actively listening broadly in non-traditional arenas and deeply sourcing from diverse channels to identify root causes. This continuous, iterative, and dynamic process often led to the next stage of development, where the acquired knowledge was either used for adaptation or looped back, prompting the SME to undertake new initiatives to

enhance their versatile asking and listening capabilities. As described by the international sales director, the process involves a cycle of “listen and go back and adapt” (B).

3.7.2 Adapting – Interpreting & Value Enhancing Investing

Equipped with the knowledge gained from international partners or customers, managers can begin interpreting market driven opportunities or opportunities closely related to the market. Once evaluated as a positive course of action, investments are made in the form of adaptation initiatives, which may involve changes to the business model, processes or products. The SME’s processes in adapting are characterized by two sub-processes of capability development, both focused on adding value: interpreting and value enhancing investing.

Interpreting. At this stage of the process, knowledge accessed from international partners and the environment is shared within the organization to ensure its correct interpretation. The focus is on understanding the meaning of the information and, more importantly, determining how the SME can add value. Through this process, SMEs are able to identify both problems and opportunities.

Table 3.3. b. Linking Initiatives to the Process of Resource & Capability Development – Adapting

1 st order concepts & Sample Vignettes	2 nd order themes	Aggregate Dimension
<p>Localization - International market/customer knowledge: Visit customers, know the markets – 3 years’ work in market before being able to decode it properly. The right team can do this... For Italy, 100s of SKUs flavored got response as a very good idea but we will need to change them by lowering the sugar, having bigger pieces of fruit in the [product]. (B). For both Germany and Austria, we changed the product as per market demand. We produce middle category wines to sell more volume– not high-end wines that we will sell only a few bottles @ 200 euros (C). “[It’s like a] wedding dress, is it big? I’ll fix it. You are the tailor. Whatever the customer wants” (E).</p> <p>Experimenting - Technical knowledge: The animal management rules are the same, but management at location has to be changed: In California and Mexico, they have lots of working staff, in the Netherlands they have lots of machinery, in Greece we had to figure it out (A). Learned from international partners and developed a process innovation that resulted in high yields (D).</p> <p>Business Relationship - Partnering: Even with name brand – did not have marketing since the prices were lower so we did not have the capability to do it. [Competitors] sold brand name at a lower price so never international marketing campaign – only private label (E).</p>	Interpreting	ADAPTING
<p>Measuring: We judge the potential of the collaboration by looking at what [the customer] can deliver after 3 years in terms of turnover, expansion, and profitability (B). We always tried to give what we had first. New products only when I thought I can sell the new one elsewhere or I had a commitment on one container of 11 pallets. For 10 pallets per week, you organize times and production and raw material. (E).</p> <p>Product, process changes: If there is potential, it does not matter the waste and cost..., we will do it. (B) China wanted a product with less sugar. So, we developed a product that dropped the sugar content by 20-30% and this only for China (E). - But always product best [quality/price] ratio- it is the most important. For example, in Iraq [we provided a] special product for this market based on cost. In the UK, [multinational retailer] differentiates on high quality products (B). Took the car and went door to door in Germany to sell the wine (C)</p> <p>Business model changes: We tried changes such as we contacted tour offices ... fourteen people from Israel came in and we treated them to an experience. My wife had to cook and serve food, local grown, organic food, and wine tasting. We borrowed the plates, and cutlery from suppliers, local hotels, in order to make it happen. (C). Doing agricultural food for animals allowed us to learn about the feed business and the costs involved. I cut animal feed for others since I know the work and I know what dairy farmers are looking for, I provide quality cut product and minimize waste (A).</p>		

First, managers need to interpret market knowledge and address the specific needs of the target segment. This often requires a significant degree of localization. For instance, in the Greek food manufacturing industry, managers faced the same international industry environment but made different strategic choices. The international director explained that SMEs “need to adapt to different markets, consumers, retail buyers, everything is different” (B). While larger competitors were aware of the international customer requirements for producing private label, they did not act on this knowledge, despite having been in international markets for decades before Company B. In 2014, Company B identified a target for further expansion in international markets, specifically focusing on countries with a high market share of private label products,

such as the UK with a market share of 45%, and Germany with 42%. At the time, Company B's private label expansion accounted for 28% of its sales, and the company was targeting additional international partners. By failing to respond to these market changes and preferring to focus on their own brand, multinational competitors left an opening for Company B to adapt and capture market share. Company B successfully interpreted this opportunity as becoming a partner in the premium customer's value stream. The ability to interpret such knowledge was a crucial requirement in the process of achieving sustained growth.

Other informants emphasized importance of interpreting technical knowledge acquired from international partners and using experimentation to develop localized and innovative processes for their operations. For example, one owner dedicated six months abroad to learn about two production processes. Upon returning to Greece, he used the knowledge and expertise gained from his international experience to experiment and integrate two highly specialized processes, resulting in a higher yield process. This enabled the owner to surpass both domestic and international competitors in the market (D). Similarly, another owner visited multiple international operations to study their best practices (A). He realized that modifications would be necessary for his own operation since factors such as workforce availability, machinery advancement, and climate conditions differed across locations. As he stated. "In Greece we had to figure it out" (A). Through collaboration with local suppliers and a process of trial and error, he identified the optimal combination of equipment and processes that aligned with the environmental factors, raw materials, and supplier availability in Greece. Over the crisis period, he gradually installed new structures and equipment in two-year intervals which ultimately increasing production from two to ten tons. These examples highlight that accessing international knowledge, whether market or technical, is only one aspect of the capability development and

sustained growth process. SMEs also needed to interpret how this knowledge could be adapted to their specific context. Through a process of experimentation, they discovered how to localize the knowledge and utilize it to add value to their operations. This iterative process of interpretation and experimentation was necessary in creating processes that could surpass the evolving requirements of the environment.

Multiple informants highlighted the significance of interpreting capabilities in business relationships, as they can greatly contribute to adding value and building stronger connections. SMEs emphasized the importance of interpreting business communications to determine the values of their customers. The international sales director articulated this point by stating, “the more difficult the customer, the more successful the collaboration, since hard negotiations indicate that they are truly interested” (B). While challenging negotiations may indicate genuine interest, SMEs needed to adapt their approach to ensure that they could add value for both the SME and the customer. The owner of Company D explained a difficult negotiation experience:

“Since I was going as the owner, I had to give [name of retailer] everything, in terms and conditions; more time to pay, better pricing, easier deliveries, quantities and returns... After that experience I stopped being the owner and went as a sales guy. This is the difference between book smarts and street smarts”

(Owner, Company D)

The CEO’s experience with challenging negotiations served as a catalyst for developing his interpreting capability. He adapted his presentation style to foster a relationship and add value not only for the customer but also for his organization. Therefore, interpreting the segment and building business relationships became an exploratory, trial and error approach tailored to each SME’s unique situation and specific customer demands. This approach enabled the SMEs to determine the most effective methods for interpreting and adapting to the customer’s value stream.

Building on the theme of interpreting to build stronger relationships, one SME implemented a management practice aimed at supporting the customer. The international sales director explains:

“we do not consider private label as something else from our own branded products, we try to be part of their category managers. We give them useful input on how to expand the product – not just sell it to them ... Energy and effort for private label, where we have built a close relationship – it is hard to change [suppliers] for a few cents.”

(International Sales Director, Company B)

The SME realized that fostering a closer relationship with the customer would provide more value than simply being a supplier. By interpreting the customer’s needs and adapting their business communication to incorporate value-added activities, they were able to establish a more meaningful partnership with the customer’s functional team. As a result, the SME gained a seat at the table and was viewed as a valuable partner rather than just a supplier.

In order to succeed in international markets, SMEs needed to develop the versatile capability of interpreting not just market and technical knowledge, but also business communication and customer behaviour. They had to understand what their customers valued in a partner and identify areas where they could add value. This required managers to learn the rules of the game and make choices about which adaptation initiatives to implement. As one director said, “You need to learn the rules and then decide if you want to play” (E).

Value enhancing investing. During the stage of selecting and implementing value enhancing investments, managers evaluated the potential impact on the business from the identified segment, and subsequently decided which adaptation initiatives to implement. To guide this decision-making process, a clear set of criteria was developed, encompassing high-level metrics such as overall business development, combined with a predetermined payback period for the investments. The evaluation of the overall business development metrics involved assessing the

value created and captured through a number of initiatives, which could include changes to product, business models, or processes. While management prioritized adding value through adaptation initiatives, they also acknowledged the trade-off between localization and its potential impact on the business.

The purposeful work began with the identification of the value that partner selection could bring to SME development, leading to changes in processes for some SMEs and changes in business models for others. The international director's insights provide a rich illustration of the decision-making process regarding value enhancing investments in partner selection:

“UK was asking for unicorns at the price of donkeys, super premium at the lowest price. We saw this as an investment and got the business. Then we can say how about we produce a mainstream product... We judge the potential of the collaboration by looking at what he can deliver after 3 years in terms of turnover, expansion and profitability. We have experience to understand the potential and judge yes/no and to what extent. If there is potential, it does not matter the waste and cost, the packaging for 2 years in the warehouse or the small runs, we will do it.”

(International sales director, Company B)

Clear criteria were used to guide these decisions, incorporating high-level metrics and a specified payback period. The primary focus was on adding value through changes to the product, processes, or business model, while also considering the trade-off between adaptation and the business's potential. Furthermore, most SMEs described their investments as generative, with an expectation of a payback period within a specific time frame, ranging from three years (B, C, E) to four years (A). Additionally, some SMEs adopted an opportunity cost strategy, considering the potential loss incurred by not pursuing certain initiatives. For instance, the owner of SME A stated, “I think of how much will I lose if I do not have it?” (A). Based on the selected collaborations, the majority, if not all, of the product, process and business model changes were

aimed at adding value not only for customers but also for the SMEs themselves. One SME particularly emphasized, “adaptation process is costly, but profit is bigger” (B).

Product Changes

Initiatives focused on enhancing flexibility and localizing SMEs’ products, resulting in adding value for customers. Informants emphasized the importance of making product changes throughout the ten-year period to align with the evolving customer requirements. As one international sales director stated:

“[We need to] adapt to local ...Bulgaria, China, UK. The only way company can survive internationally. We are not Coca Cola, [with a] global strategy, we can’t have a huge budget.”

(International Sales Director, B)

Most SMEs developed new products exclusively for international customers, while others adapted existing products to meet their specific requirements while maintaining a superior Quality/Cost ratio. Some SMEs also switched raw materials to produce products that aligned with international market demand, leading to changes processes and incurring higher costs. The primary focus of value-enhancing investments was to satisfy customer expectations and address their needs.

Business Model

All informants highlighted the importance of adapting their business models during the crisis period. Some SMEs added value by offering additional services within their facilities, while others vertically integrated to produce critical raw materials. Additionally, certain SMEs incorporated hospitality services by welcoming tourists, resulting in a dual outcome. Firstly, it allowed them to showcase their SME to the domestic market, attracting domestic customers and potential business partners. Secondly, it garnered international attention and facilitated the

expansion of one SME's offerings, leading to the signing of an international distribution contract. Other business model changes included SMEs engaging in vertical integration to produce essential raw materials, with one SME even supplying raw materials to its competitors. By vertically integrating, these SMEs expanded their businesses, controlled costs, and ensured the delivery of quality products for their upstream processes.

Process Changes - Distribution

Continuing to deliver value, SMEs made changes to their distribution channels by directly targeting customers in certain markets. They bypassed distributors between manufacturing and retailing, supplying directly to retail outlets. Although distributors were not entirely eliminated from all international markets, SMEs took advantage of the opportunity to directly engage with their customers and supply them with products. While product changes and process changes have been presented separately, SMEs usually needed to do both to serve international premium customers. To illustrate this, consider the process followed by Company E:

Our starting point was China and Korea where we had a good distributor at the beginning. After we dealt directly with the customer, in order to retain. China wanted a product with less sugar. So, we developed a product that dropped the sugar content by 20-30% and this only for China.

(Sales Director, Company E)

Distributors were required to demonstrate their value contribution to the value stream in order to be considered for collaboration. Consequently, SMEs were able to eliminate wasteful practices that subtracted value.

An argument can be made regarding the extent of adaptation required. At what point does an SME start losing value while trying to create value? The process of adaptation reveals that SMEs initially attempted to reduce the need for adaptation. However, when these efforts proved

insufficient to meet the market or customer demands, they interpreted customer requirements and selected other value-enhancing initiatives, such as new products, processes or services. To determine the optimal degree of adaptation and gain insight into how the Greek SMEs achieved sustained growth, it is essential to understand how they continually engaged in the process of capability development through re-alignment.

3.7.3 Re-aligning – Integrating & Improving

Re-aligning served to further expand the business, and can be subdivided in two subprocesses, integrating and improving.

Integrating is the process of transferring, or recombining the knowhow gained from the new products, processes, or services. The implemented integrating initiatives included the following:

1) Introducing new products/processes for both the domestic and additional international markets. 2) Upgrading equipment and production systems for the SME, and in some cases, for suppliers. 3) Establishing organizational structures that facilitate internationalization for one SME.

New Products & New Processes

While adapting for international customers was a challenging process for many SMEs, the integration of new products proved to be highly rewarding. However, for some SMEs, the introduction of these new products and processes also introduced significant complexity to their production. One SME, for example, had to increase their weekly production from 10 SKUs to 150 SKUs (B), while another had to increase from 6 SKUs to 50 SKUs (E). Despite the added complexity to the supply chain, these new products brought significant value to the SMEs by enabling them to leverage their knowledge and improve their R&D efforts. For instance, according to one international sales director, knowledge gained from working with such partners

accelerated their R&D activities and helped them introduce new products to the domestic market 2-5 years faster than they would have otherwise been able to accomplish (B).

Table 3.3. c. Linking Initiatives to the Process of Resource & Capability Development – Re-aligning

1 st order concepts & Sample Vignettes	2 nd order themes	Aggregate Dimension
<p>Product, Process, transferring and recombining: International private label to increase volume; we did it to organize production better (E) Production planning: 2x a week, produce later, add a new line, hire more people, find space, change how you monitor packaging material. Adaptations benefited both international and domestic markets (B). We started selling the Greek identity and believe that it is worth it as a variety. Myth and story, it is the way that I tell you the story (C). Authentic Greek Quality product (A, B, C, D, E).</p>	Integrating	RE-ALIGNING
<p>Production upgrading: The animal tracking equipment and Pylon software logarithm provide the KPI targets we measure...if I need to be at 365 and I am at 430, I know that there is a problem. You need these measurements; you need to measure everything (A)</p>		
<p>Organizing: Before 2008, we did not have separate organization for exports... Domestic versus export sales are very different. For export you need dedicated, experienced, extroverted people (B).</p>		
<p>Improving process & product- We did everything by hand, but we found out that it was cheaper to order it ... We learned by ourselves trial and error every year a little bit (Company A). Focus on product quality and innovation, integrity and reliability, continual improvement on performance and overcoming any competition and obstacle aiming for partner and customer satisfaction (E).</p>	Improving	
<p>Improving – people: Challenging others and ourselves: We build a team and growth has developed for each individual, everyone is a lot better in managing everyday business: productive, skills (technical), focus on result and problem solution. They need more experience, but they are growing. (B). Cross functional training: Attended training for farmers of 25 days with assessments and survey by the end of the training. This training provided strength, energy and motivation for farmers (C).</p>		

Furthermore, one of the key benefits of adapting to international markets was the ability to transfer innovative products to both the domestic market and other international customers. This was made possible because product recipes were not exclusive to the international markets. For instance, one SME successfully transferred an innovative product that was initially developed for the Scandinavian market to the domestic market (B). This product, which was integrated into their offerings, has since become one of the market leaders in the domestic market. This example, highlights the significant benefits of adapting to international markets and effectively integrating new knowledge within SME operations. By leveraging their international market

adaptations, these SMEs were able to increase both their international and domestic market share, further driving business growth.

The discussion so far has focused on how the Greek SMEs developed key resources and capabilities through their access to international innovative partners. However, it is important to note that innovation is not solely derived from premium customers or partners. There are instances where SMEs are able to innovate and create value by recombining their own processes to access multinational retailers. A director illustrates:

“What we were used to in the market changed when we attempted to enter the UK market. From having to deal with importer, distributor, stock handling, key accounting and buy/resell we changed this and went directly to UK retailers... I told them that we can supply on a daily basis, no matter if we are in Greece. This direct approach was interesting to them... We can do this in Greece from various warehouses we deliver daily around the country, so why not for the UK. We were the first ones to do this... I needed collaboration with a third party.”

(International sales director, Company B)

A distribution process that was already operational in Greece was transferred to the UK as a strategy to encourage a potential partnership with Company B. Experimentation played a key role in this process, as the SME had never used this process in the UK and had to collaborate with a third party to implement it. The process was regarded as an innovation for the UK retail food sector and further growth followed as “a 2nd and 3rd customer” became interested (B). The SME successfully re-aligned its existing capabilities to gain access to a premium customer. This example clearly demonstrates the non-linear nature of the capability development process. The SME was able to recombine and transfer its existing logistic capabilities internationally and access a premium customer by re-aligning its operations with third-party partners. (Figure 3.1 illustrates the transition from re-aligning to accessing).

Upgrading Equipment & Production

During the period, SMEs introduced quality control equipment and monitoring systems, re-aligning operations with international customer requirements. For instance, as private label manufacturer partners, two SMEs were able to benefit from sophisticated customer expertise and implement changes in their systems of production in terms of production consistency. As part of the certification process for becoming a private label partner of multinational retailers, production facilities were audited to ensure quality and security of products and to improve production lines. SMEs were aware that integrating processes mandated by the premium international customer would help them improve. According to an international sales director, “strict audits from retailers and external [bodies]. We had to introduce them throughout the years and have managed to upgrade and get certified from different bodies” (B). The maintenance manager’s comment provides a more detailed analysis of the auditing process and highlights its importance, “the auditors went as far as checking under the conveyor belts at the gear boxes, checking for grease!” (B). This illustrates the rigorous nature of the auditing process that SMEs had to undergo to meet the high standards required by multinational retailers. To comply with these standards, multiple SMEs followed strict hygiene rules set by the European Union, which are consistent with the high-quality assurance standards of BRC and IFS, as well as ISO 22000 food hygiene and safety system (HACCP). SMEs invested in fully automated, state-of-the-art equipment, and they sought certification from international food management and safety standards.

Organizational Structure

For one SME, integration entailed changes in organizational structure, such as adding various departments to facilitate the international initiatives and focus on the segment. For example,

Company B added a planning department and moved from a manual system to an ERP system that organized orders and production. In addition, a new customer service department was added to take orders, invoice and expedite orders. This department had a dual function: 1) to support international sales focus on the international customer rather than on internal functions and 2) to translate international sales requirements for production. Again, this process was far from trouble free and required further management interventions to help production deal with the complexity of the new processes.

It is important to highlight once again the non-linearity of the process and how the process towards sustained growth for one SME started with a consultant visit (accessing initiative). During a business plan training session, the CEO explained that a consultant noticed a map of his province on the wall and asked if that was the extent of the business he wanted to achieve, “I changed the map to a map of Europe. Right now, we have exports to 30 countries, I want to make [dairy product] for the world” (B). The SME implemented an organizational structure change and integrated a separate international sales department (re-aligning), followed by hiring a highly qualified international sales director (accessing). The continuous and dynamic process, moving back and forth between integrating initiatives and further developing resources and capabilities, was not complete without the improvement of those processes.

Improving entails, continuous alignment and re-alignment, both internal and external to the organization, in making people, processes and products better.

SMEs described their process of improvement as involving experimentation, which included accessing information, interacting with experts, and using trial and error to find better ways of doing things. Part of the improving process was recognizing weaknesses within the organization

and identifying appropriate corrective action. For instance, one international director highlighted that while the market requires innovative products, “it is not our R&D driving the process, it has always been the premium customer. Ideally R& D will be able to improvise and make things from scratch, but [for now] we need a trigger from the customer “(B). While the SME’s R&D department was working with the customer to develop their new products, they were not yet capable of innovating alone. Recognizing this limitation, the CEO explained that they were investing in “technical experts from Germany working with our R&D on new technology” (B). Other SMEs pursued formal training programs to improve processes. However, trial and error seemed to be the most common form of improving people, products and processes.

A number of SMEs emphasized the importance of continuous improvement. An international sales director provided insight into the process and its implementation:

Our customer [a major international retailer] says to us, “this is good but we want to do better”. From raw milk to sales and everything in between. What they want is impossible, but we do it... I challenge our packaging department to do the same... to push our suppliers [for no plastic packaging] by saying, “this is good but we want to do better” ... The big danger is taking things for granted, but I have trained my team not to but I need to remind customer service, planning, production and all the supply chain.

(International sales director, Company B)

The SME integrated the continuous improvement mindset used by the sophisticated international retailer. Managers demonstrated a proactive attitude by continuously anticipating potential problems and engaging in cross-training for adaptation, both internally and externally. For example, as a value enhancing partner, the SME conveyed this adaptation mindset to customers, encouraging customers to recognize the dynamic nature of markets, “tell the new customers you get this product from the competitor but tomorrow your customer will want sugar free, we develop it. We offer solutions at present and future trends.” (B). Managers demonstrated their ability to anticipate and address potential problems by troubleshooting and presenting solutions.

Markets undergo continuous changes and firms need to maintain a mindset focused on continuous adaptation and improvement. As the international director said, “We need to be very focused to react, adaptation is a constant process” (B). Another CEO recognized that adaptation is not only an ongoing continuous process but also emphasized the need for a more efficient and effective approach moving forward, “I do everything... [I] need to train somebody else to bring in the next idea; not start from scratch” (A). While he successfully built the capabilities to sustain growth, he was aware that the process was ongoing. He recognized the need to access more resources and develop new capabilities. Therefore, the sustained growth process did not conclude once the SME developed the accessing, adapting and re-aligning capabilities. Instead, the SME had to persistently build versatile resources and capabilities in accessing, adapting and re-aligning to effectively navigate the everchanging environment.

3.7.4 The Role of Two Mechanisms

So far, the study has focused on the first dimension of the sustained growth model which involves accessing, adapting, and re-aligning capabilities. It has highlighted how SMEs developed these capabilities by experimenting with initiatives to determine the best approaches towards resource and capability development. However, the objective of the study is to develop a “stronger” process theory by going beyond simply recognizing the phases of capability development. The aim is to identify the mechanisms driving these initiatives and explain their connection to capability development and sustained growth. Consequently, the second dimension of the model explores the role of two mechanisms, management perseverance and players in value creation that emerged from the data. These mechanisms are depicted in Table 3.4a and 3.4b (represented in blue in Figure 3.1).

3.7.4.1 Management perseverance

The mechanism that consistently emerged across all SMEs throughout the processes of accessing, adapting, and re-aligning was managerial perseverance. This mechanism encompasses the persistence of managers, who maintain their focus on the segment and sustain that focus despite failures and contention. Details of the subthemes of management perseverance that emerged from the data are depicted in Table 3.4a. A significant factor in the development process is relentless focus of management on the targeted segment. This focus was demonstrated through efforts to build partnerships and direct all activities towards acquiring, retaining, and expanding the segment. Additionally, it involved eliminating non-performing segments.

Focus on the Segment

To illustrate, consider Company C's focus on the international segment. Initially, the company failed to gain any customers through conventional distribution channels. Consequently, the owner/manager loaded the car and drove to Germany to develop the business. However, he discovered that customers in Germany were not interested in buying French wine from a Greek winery. Instead, they showed a preference for Greek wine. In light of this information, the manager made the decision to change his product. He began purchasing grapes to produce the Greek varieties of wine and eventually acquired land to replant new Greek variety vines. The company continued to purchase grapes until their own vines matured and were ready to produce the Greek variety, which ultimately enabled them to penetrate the German market.

Another example, is Company B's focus on their target segment. In 2011, the SME's main objective was to diversify its product offerings. To achieve this, the SME focused on international private label partnering because customers "showed the way" by helping the SME develop the capabilities needed to meet their requirements. Management implemented initiatives

that met the customers' exacting standards from state-of-the-art equipment, and new auditing processes. This process included institutions to support suppliers with new technology. To achieve margins and pricing objectives, the SME needed to address industry changes, such as the limited availability of milk. Management acted decisively to help a milk supplier (Company A) expand their operations by co-signing for their equipment purchase. The SME continued to implement initiatives and worked on improving raw material required by its milk supplier. To meet higher quality specifications, the SME focused on animal feed and improving animals raising practices to reduce costs and increase quality. Hence, the hyper focus was the complete commitment to developing the product for the segment from the first input of the supply chain. Focus also involved selecting initiatives that had to be abandoned to release resources for the targeted segment. If initiatives did not provide new knowledge or long term benefits they were not pursued or were discarded. For instance, Company B had a facility in North Macedonia to meet the local needs. However, this family owned operation did not provide any new knowledge or new capacity, and was sold off in 2009.

Sustained Focus

Multiple informants reported being "committed to focus", which involved sustaining their focus during difficult times and contention. Sustaining focus required courage, discipline and time for experimentation. At the individual level, repeated failures and rejection by potential customers were part of the process, and courage was necessary to handle set-backs. To succeed "you have to accept everyday failure- find the courage to go again and again" (B). Courage was needed to repeatedly identify issues (whether in accessing, adapting and/or re-aligning), find appropriate responses, and persist in recovering from more setbacks. Similarly, another owner expressed their own doubts, stating, "it is not the time to build back up the relationship. But out psychology

falls. I keep on asking, is this worth it?” (C). Despite these doubts, the owner decided to continue, and what fueled capability development was the courage to persevere.

One unexpected finding of this study is the level of discipline required by owners and managers to address adapting boundaries of their teams. An illustration from Company B demonstrates this point. Once the SME was successful in gaining international orders, they needed to make changes and adapt operations to new production, maintenance, logistics and other processes.

However, implementing these changes proved difficult as management encountered hostility from the supply chain:

Exports is a lonely business. We are always asking the supply chain to do things differently and it is more difficult. We just give them problems. Iraq, Denmark, they are all different. Always need to convince internal departments, support teams to spend time and energy there. They do it, but reluctantly; it was worse in the beginning... But our customer asks for miracles; I could not swear, but internal [they] just push back, they are free to tell that [swear] to me.

(International sales director, Company B)

It appears that internal departments became hostile due to the extra effort that adaptation and re-alignment initiatives required, particularly with the hundreds of SKUs added to production. The SME seemed to have reached an adaptation boundary when facing increased complexity, and to this day, the process of adaptation has not been fully accepted by internal departments. To combat this hostility and work through the challenging times, (and perhaps the strongest support for sustained growth expressed in the interviews) discipline to continue with the plan was essential. According to the international sales director, “if the CEO did not support us when the nagging reached him, we would still be at 3.5 million euro” (B). Managers needed to re-iterate the long-term vision and communicate how they were in the process of building long-term relationships that would help them not only in international markets but also improve domestic

offerings. Leveraging the capabilities of the entire supply chain, from raw material supply to production, distribution and sales, was a necessary process for success.

Table 3.4 a. Data structure of Management Perseverance Mechanism

Aggregate	2 nd order theme	1st order concepts	Sample Vignettes
Management Perseverance	Focus On Segment	Commitment	We did not even buy clothes during this period, everything was going into the business. (A). Focus, commitment. You will succeed (D). Focus, I know where I want to go. First question I ask when I enter a company – where do you want to be in 3 years (E). Milk is so expensive in Greece we try to focus on why it is so expensive. Is there something we can do to reduce that cost? [We] go to farmers [and look for ways in] how to produce better, lower cost and help them. They then will help us with a much better price (B). Between 2014-2016 the research in R&D I developed alone through trial and error. They were willing to pay me for my expertise, to show them how I got the 68% capacity (D).
		Abandoning non-performing activities:	I was managing vineyards for the monasteries. But it wasn't good...(C) In Greece the supermarket terms and conditions ... were not acceptable terms to us... (C, D). China, we had a problem with the middleman, so we discontinued sales... (C, E). It is the time to build back up the relationship. But your psychology falls. I keep on asking is this worth it (C).
	Sustain Focus	Courage	Front line obstacles – You have to find a way to make them interested and handle failure... You will get a door open one out of every million times and you need to be in shape when that one door opens. To succeed you have to accept everyday failure- find the courage to go again and again (B). Packed the car and drove to Germany (C). Bullying by the customer (D). I visited the customer every week for 40 weeks until he got fed up and gave me an order (E).
		Discipline to stay the course	Internal setbacks: Discipline to correct labelling error on the production floor by 7 employees (D); Hostility from supply chain (B). TMT was key... This helped when I did not have resources and customers were completely different and the problem was increasing costs and production... The challenge was when I started and went abroad to offer our products, it was a challenge because we were inexistent abroad, other dairy companies and suppliers were abroad, but not us; they were there 10-20 years before us. We were persistent enough to find a small hole (B). Discipline (C) We do our own store checks, Birmingham 40 stores/day... We work with our own power, overcome obstacles on our own. (B)
		Time for experimentation	This process takes time to deliver, area managers in different locations will not bring a bag of orders. TMT invested in that [export team], takes time and patience. Three years of work on a specific market before you find a door open (B). It takes 3 years to build the business (E). It took 5 years to get the locals to support me (C) For 10 years, we got salary and all the profits went in growing the company... I build my home after 10 years of investing in the company (A).

Repeated setbacks and difficulties were common for SMEs during the accessing, adapting and re-aligning processes. As previously discussed, accessing resources and capabilities was challenging, and SME requests were met repeatedly with negative responses. Multiple SMEs required a 3-year time frame to get their product into sought-after retail channels, which involved significant time and financial investment.

I started in 2008 ... in Germany... This process takes time to deliver, area managers in different locations will not bring a bag of orders. TMT invested in that [export team], takes time and orders and patience. Three years of work on a specific market before you find a door open... [I] did not feel pressure to bring in quick wins.

(International sales director, Company B)

SMEs created an environment of experimentation, where managers were given or took the time to learn from failures. For example, when accessing premium customers, managers were able to identify problems with proposals and go back to the supply chain to identify unconventional offensive approaches. During this repeated process, management did not apply pressure for immediate success. By doing so, they allowed an environment where failures could be used to shape capability development.

A critical component in the sustained growth process was driving improvements while navigating difficult customers, internal organizational dynamics, and individual motivation. This required focus, discipline, courage and time to persist. Management's perseverance in maintaining the focus and sustaining it enabled learning and capability development.

3.7.4.2 Players in value creation

Although multiple categories of players emerged from the data, only four were identified as contributors to value creation and resource and capability development; two internal and two

external to the SME. More information on the subthemes of players in value creation can be found in Table 3.4b.

External

Regardless of the degrees of competition faced by the SMEs, their process towards capability development and growth was focused on the segment and customers within that segment. From no competition (A), to intense competition in international markets where the SME was late to the game (B, C, E) or with only one other major competitor (D), SMEs emphasised the important role of value-creation activities with premium customers. For example, one SME highlighted that a retail customer in Italy had a favourable response to hundreds of SKUs. However, the products would need to have less sugar and bigger pieces, among other changes. The international sales director explained, “this we would have never done alone. We went from 0 to 100 custom made items. More complexity, bigger waste but growing profitably” (B). Localization to premium customers was important in the development of capabilities:

[We have seen] Growth both international and domestic, we are the 2nd brand and the 1st by volume, private label... These **premium customers** gave us this competitive advantage because **we improved faster** and better than other Greek dairies...

(International Sales Director, Company B)

A few SMEs, specifically those where raw material is a major part of their production costs, discussed the important role of raw material suppliers in building quality products, and lowering costs. For at least one SME, this involved working closely with a local supplier to help them meet the necessary standards for international sales. “Working together, they [suppliers] are confident enough that the company is on our side” (B). This collaborative effort helped to build trust and confidence between the SME and their supplier. Other SMEs took a different approach

and integrated the supply of their main raw materials into their operations (A, C, D), with a focus on improving productivity and quality. Overall, SMEs recognized the importance of building strong relationships with their suppliers to support them in their proactive strategies.

Table 3.4 b. Data Structure of Players in Value Creation Mechanism

Aggregate	2 nd order	1 st order	Sample Quotes
Players in value creation	External	Suppliers	Suppliers allowed for monthly payments in order for me to be able to buy equipment; they did not receive payment right away (A).
		Customers	These premium customers gave us this competitive advantage because we improved faster and better than other Greek dairies. “[Growth] happened because of private label. For example, [Competitor] has only branded products. They invest in their brand but they are not improving with the same pace we are because they do not have the pressure from the retailers” (B). In Italy [new product development] we would have never done alone. We went from 0 to 100 custom made items (B).
	Internal	Quality Management	If the TMT did not support us when the nagging reached him, we would still be at 3.5 million euro. (B). It was all the CEO (E). The CEO’s primary job is to find the right people – young, highly educated, experienced (B).
		Quality Sales	[Sales staff] can now do the work without me; create a structure and not be dependent on certain people (B). Sales Directors with 10 years experience (domestic and international) in food sales (B, E)

Internal

Multiple SMEs pointed to quality management as a key in driving the process of capability development and growth. Firstly, quality management involves the capability of choosing the right people. A number of informants highlighted that CEOs were effective in accessing people with previous expertise in the required fields such as sales, production, logistics or choosing strong consultants. Secondly, quality management involves driving experimentation to develop experience for international segments. For example, while R&D played a role in the product development process for some SMEs, it does not appear to be the driving force. Instead, it was

either management (D, E⁹) and/or international customers (A, B, C) driving the process of new product/process development. An international sales director summarized the process:

The engine is the top management team, the key to our success. This comes from the CEO – he chooses the right direction and the people to do that. In 2009 before the crisis, he said my vision is to go international. This was not because of the crash, it was because it's the future. We have something here that is worth export and we want experience to do that.

(International sales director, Company B)

The CEOs of all SMEs set the direction and, as discussed in the previous section, maintained focus and discipline, and allowed time to trial different initiatives in accessing, adapting and re-aligning.

The value added to the SME from improving the sales force was considerable, as managers realized through the process that they and their teams have the ability to continuously develop. For example, the international sales director explained how proud he was of his team, which has developed not only in technical skills but has become more productive and problem-resolution-driven. He stated, “they are better in reading the market and knowing which customer has a bigger potential...Better in managing stress and not to panic” (B). However, in order to get to this point of development, the sales director challenged his team and pushed them past their comfort zone. He explained:

We were running faster than we could afford, including increased customers without having resources to support. For example, logistics and daily deliveries to retailers; we did not have the UK warehouse in place but I knew that others were doing it and it was feasible.

(International Sales Director, Company B)

⁹ For every 20 new products, 3 were driven by exports (international customers) and 17 from the CEO (Director, Company E)

Once challenged to meet these requirements, the SMEs developed not only versatile international logistics capabilities but also gained problem resolution capabilities. According to the director, “they need more experience but they are growing” (B). Similarly, when CEOs were selling their products themselves, they improved their sales approaches by exposing themselves to different market segments. One informant explained the process as, “you get knowledge by talking to people... and then you use that knowledge on the next [customer]” (E). The managers described the capacity for continuously building resources and capabilities as part of the growing process. The SMEs were able to identify the specific resources and capabilities they needed at specific points in time, found ways to develop¹⁰ them, and continuously built these needed resources and capabilities in the changing external environment.

Mechanisms and Sustained Growth

Based on the analysis, it is found that two mechanisms play a vital role directing the resource and capability development process, which is necessary for sustained growth. The absence of these mechanisms would hinder achieving sustained growth. Each mechanism directs the different processes of capability development and this was evident from the emphasis placed by informants on their importance and from archival data that indicated recurrent presence.

Further analysis reveals that certain sub-themes within these mechanisms play a more crucial role than others at different stages of the process. For example, when aiming to access premium international customers, the need for courage to confront failures is more pronounced.

Meanwhile, when SMEs are adapting to meet customers’ requirements, it is more critical to maintain discipline among internal stakeholders to stay on course. During the re-aligning stage,

¹⁰ Gaining knowledge, by interacting and trial and error

the focus is on investing in state-of-the-art equipment to implement efficient and accurate methods to evaluate critical aspects of the products. To illustrate, consider Company B's initiative to access a premium German customer in 2008. Despite having previous experience with international food sales in Germany and preparing weeks in advance for the meeting, the international director failed to get more than 5 minutes with the buyer. He expressed that despite failures, "you need to be able to go again and again, and be ready when the door opens". Without the courage to return and access the premium customer, the SME would not have become their private label partner. Furthermore, in order to meet the new customer demand and requirements, production needed to adapt to the increased complexity. The situation entailed maintaining discipline to deal with contention from internal players and enable them to adapt to the new processes. To re-align and meet the demand from production and the customer, the SME invested in new quality control equipment, resulting in improving the overall quality of all their offerings. From that initial initiative in Germany, the SME focused on private label production for major international retailers and within seven years established almost seven thousand points of sale across Germany, UK, Italy, Belgium and Holland.

Not all initiatives contributed to growth. Three informants were forthcoming to discuss failed initiatives. Company B exited the Balkan operation since the initiatives did not provide any new learning. Company C changed its business model by subcontracting for a competitor, supplying technical and operational expertise. From the mechanism discussion above, there seems to be a gap in one of the necessary mechanisms for both these instances. These failures indicate that the players in value creation did not contribute to value creation. The Balkan customers (as expressed by Company B) did not add any value for the SME, but required valuable resources.

The competitor did not add any new learning, or new processes and contributed to reducing market share (C).

In addition, not all initiatives that were successful continue to provide financial returns.

According to one director,

We were in [major retailer] in the US, but we did not get in the cycle within 1 year, so the agreement stopped. We were in the 7-11 in Hong Kong. They ordered 3 times and they stopped. We had it all, innovation, price, packaging... We looked to stabilize and it worked in Germany, because there are many Greeks that know Company E.

(Sales Director, Company E)

Despite losing the private label partnership, the SME was able to utilize the capabilities developed from the initial Chinese and US partnerships to target other premium segments.

Management expressed their intention to increase exports to 30% of the total activities and they were successful in distributing in 36 countries with 6500 points of sales internationally.

3.7.5 Framework for Resources & Capabilities and Sustained Growth

The analysis of the data revealed that proactive internationalization initiatives, supported by the two mechanisms, led to versatile resource and capability development in accessing, adapting and realigning. The SMEs in the sample successfully developed versatile resources and capabilities through proactive internationalization that were transferable across markets. The continued implementation of initiatives leads to a continuous loop of more general-purpose capabilities that, once re-aligned in existing operations, led to sustained growth. This finding is in line with Pisano's (2017) argument that general-purpose capabilities can be leveraged across markets and "create options for future market entry" (p. 758). Figure 3.1 presents an emerging framework that displays how the various findings of this study fit together.

The processes involved in resource and capability development are not sequential or linear. Managers developed accessing capabilities to gather knowledge and interact with stakeholders, especially premium customers, and experiment with solutions. SMEs challenged themselves to adapt solutions that added the most value for premium customers and re-aligned their operations to better serve all their customer segments. Each continuous, non-linear process can be characterized as a versatile resource and capability development spiral, where SMEs went through multiple iterations of initiatives to develop the resources and capabilities required by the external and internal environment. Proactive SMEs were able to grow and sustain that growth during the crisis period by developing the versatile capability to continuously develop the resources and capabilities mandated by the changing external environments. The sustained growth process was summarized by the international sales director as, “the more you do, the better knowledge and more capabilities, it is a spiral that is growing ...” (B).

3.8 Discussion & Conclusion

The prevalence of financial crisis requires SMEs to take a proactive approach to their initiatives in order to improve and sustain growth. The main purpose of this study was to provide a better understanding of how sustained growth can occur in a crisis context as research on growth and sustained growth during a crisis environment is limited. The study’s findings provide a starting point for theoretical development by establishing the link between the process of versatile capabilities development during a crisis and firm performance in terms of sustained growth. This sustained growth model provides a foundation for future research and with further theoretical insights, a more comprehensive model of sustained growth for SMEs during crises can be developed.

Insight into the specifics of SMEs' sustained growth process begins with an understanding of the proactive initiatives undertaken by the SMEs and the process of capabilities development. In a crisis context, a proactive SME seeking opportunities may initiate the process by attempting to access external resources and capabilities. External resources and capabilities are crucial for firm growth (Nason & Wiklund, 2018). "Relaxing the assumption that resources available for growth reside exclusively within the ownership boundaries of the firm is an important avenue to arrive at a more complete understanding of the drivers of contemporary firm growth" (p. 54). In the case of the Greek SMEs, accessing domestically involved seeking alternatives from suppliers and customers to undertake expansion initiatives. Internationally, this entailed gaining access to international market, technical, and customer knowledge. SMEs experiencing resource scarcity and lacking the capabilities to expand, develop versatile capabilities to access them (by asking and listening) from external partners. When access is not granted, SMEs develop asking capabilities by entrenching in the segment. They learn to prepare by determining what and how to ask, and by broadening their thinking. When access is granted, SMEs listen broadly and well. Not only to partners to understand the requirements to move forward, but also to non-traditional arenas. Armed with this knowledge, SMEs either implement adaptation initiatives because they are ready to be value creators for their partners or, in response to rejection, identify root causes and re-align to return with better proposals and begin the process of accessing again.

Adapting involves interpreting international market, customer and technical knowledge to identify initiatives that will help develop the organization to become value creators for customers or partners and build strong relationships. Part of the adaptation process is selecting the value enhancing initiatives measured by the overall impact on the SME's development. These initiatives take the form of product, process and business model changes that provide value for

premium customers. Although this process appears to be similar to Teece's seizing opportunities which entails "change processes, inventing and reinventing the architecture of the business, asset selection and asset orchestration" (Helfat et al., 2007; p. 27), the focus for the SME in the crisis context was interpretation, frugal adaptation and a focus towards versatile resources and capabilities. Interpretation is a critical capability since the crisis environment has 'changed the rules of the game' (Bamiatzi et al., 2016). SMEs needed to be able to decipher what customers' and partners' knowledge means for them. In addition, the SMEs implemented adapting initiatives that would add the most value for their international customers, gain versatile resources and capabilities to further develop their operations, improve the quality and increase the diversity of their offerings.

A significant step in the sustained growth process is re-aligning the core business's people, products and processes. Teece (2007) found that re-configuring activities involved recombining and reconfiguring resources and capabilities as the enterprise grows, and as markets and technologies change. Building on these concepts, I find that SMEs continue the process by integrating throughout the operation and improving not only operations (production, logistics etc.) but also management, employee and supplier mindsets towards one of continuous improvement and adaptation. This training includes the continuous improvement mindset of challenging ourselves "to do better" and the adaptation mindset, ensuring that the SME "does not take anything for granted"¹¹. SMEs identified these as not only the best practices but also the future practices from which they re-align their operations. Therefore, by targeting to

¹¹Competitors took the customer for granted since they focused on their own branded and did not address the customer's requirements, leaving the door open. (International Sales Director, Company B).

institutionalize capability development as an on-going process in their supply chain, SMEs are better equipped to meet the external environment's requirements.

Findings indicate that the power behind the sustained growth process are two generative mechanisms: management perseverance and players in value creation. What the literature has not articulated well, and has emerged as the most significant generative mechanism of this study, is the level of management perseverance required to see the process through sustained growth. Researchers highlight that constraints alone cannot prevent internationalization and that the higher the management international intentionality the higher the exploration approach regardless of the availability of slack resources (Dasi et al., 2015). This study adds that management's perseverance is indeed the power to begin and continue the process of capability development, despite the relentless setbacks, hostility and rejections. Management perseverance includes the constructs of focus on the segment, sustained focus that includes courage at an individual level, discipline at an organizational level and most importantly, time. First, when accessing, management remained focused on the segment by implementing initiatives to support the vision, having the courage and the discipline to remain on track and allocate the needed time and financial resources, despite the repeated set-backs. Next, led by the CEO, management supported the proactive strategy of adapting to serve international markets, ranging from product and process changes to complete business model changes. Again discipline, courage as well as time and financial resources were needed to implement such changes. For one SME, the focus on the segment expanded into suppliers' operations, leading to attempts to improve their processes as well. For other SMEs, it meant vertically integrating by incorporating raw material production into their operations. Lastly, the changes from adapting were integrated throughout the supply chain, sharpening the focus on what is important, further developing operations,

diversifying product offerings and continuously working to improve processes, people and products. This required further discipline, at least for one SME, since management needed to address hostility from internal players. By re-aligning existing operations and supply chains, management not only continued to improve operations, they also legitimized the process of adaptation, highlighting their commitment to focus on the segment. Without management perseverance throughout the process, sustained growth would have been unachievable.

Players in value creation was another generative mechanism for sustained growth. Quality management, encompassing both entrepreneurial and managerial aspects (Penrose, 2009/1959), played an instrumental role in the sustained growth process. Firstly, from an entrepreneurial perspective, the process began with a vision, specifically focusing on the international segment, which was consistently shared within and outside the organization. Secondly, from a managerial standpoint, quality management identified the requirements to explore proactive approaches. Some SMEs recognized that hiring quality labour was a necessary condition to support their growth initiatives. Recognizing the need to develop the necessary resources and capabilities, explore proactive approaches, and address repeated failures, managers realized the importance of an iterative process. This process involved accessing¹², adapting, and re-aligning initiatives. A key aspect was addressing failures, as it played a crucial role in building capabilities. By allowing managers sufficient time to determine root causes, broaden their perspectives, and develop new solutions, management facilitated the adoption of a continuous improvement mindset. Managers challenged themselves and their teams to find and adapt solutions that would

¹² Accessing, adapting and/or re-aligning knowledge, through interactive process and/or trial and error.

best add value for premium customers and re-aligned their operations to better serve all their customer segments.

In addition to quality management, premium customers played a major role for SME development. SMEs seeking to internationalize encountered shifts in the international retail sector. Retail chains were becoming both customers and competitors to brand manufacturers, since the retail stores were starting to compete as brands (Burt & Sparks, 2003; Cuneo et al., 2015). With centralized management systems, standardization and information control, these firms can leverage scale at the firm level rather than the location level (Cuneo et al., 2015).

While establishing partnerships was a lengthy process riddled with obstacles and setbacks, two SMEs were successful in gaining access to sophisticated customers, largely due to management's perseverance in remaining focused to the segment. SMEs observed that these partnerships enabled them to improve faster than their competitors because of the added pressure applied by the customers. Their repeated rejections allowed SMEs to build accessing capabilities, while their strict requirements for partnering allowed the SMEs to develop adapting capabilities by creating new products, changing processes, and business models. Indeed, research has shown that by becoming integrated into new product development, SMEs can "accumulate financial and operational assets, upgrade technological and process management skills, and develop unique capabilities and learning experiences" (Young et al., 1996 as cited in Li et al., 2010; p. 1460). This study has provided a map on how SMEs have been able to partner with sophisticated customers to develop the resources and capabilities that are then leveraged to drive sustained growth.

Penrose's keys to firms' growth are "learning, disequilibrium, differential cognition, organization and the creation of real options" (Foss, 1999; p. 88). The most important indicator

of growth for practitioners is internal development since it builds a stronger firm by increasing “the range and quality of products and develop the resource base” (Achtenhagen et al., 2010; p. 310). It was found more specifically that in the crisis context, *proactive SMEs can achieve sustained growth, through management perseverance and relationships with value enhancing partners, in developing versatile resources and capabilities of accessing, adapting and re-aligning, to surpass the requirements of the changing environment*. Although other studies point to dynamic capabilities leading to organizational changes and then to performance and growth (see Baia & Ferreira, 2019 for review) the specific notion that an SME can develop the versatile resources and capabilities through proactive initiatives to drive for sustained growth, has not been well articulated or empirically documented in strategy research. In addition, growth in the crisis contexts has rarely been studied and to my knowledge, none of the studies have explored the process of sustained growth in crisis environments. In part, this can be attributed to the propensity of crisis research to focus on survival and on content than on process issues. This study in addition to highlighting how SMEs can develop versatile capabilities through proactive initiatives has explored how the dynamic process of sustained growth can be achieved in a crisis context.

The transferability of findings from the current study to real-world applications is an important aspect to consider for maximizing its impact and practical relevance. “A reasonable question often arises concerning the transferability of case study findings, including grounded theory models, in wider domains” (Corley & Gioia, 2004; p.205). The processes found in the Greek SMEs are likely to share commonalities with other arenas. Undoubtedly the reasons for internationalization during a crisis could have an effect on sustained growth, but there is nothing unusual in the internationalization context studied. In fact, the reasons for this

internationalization – vision for growth, alternative demand, product improvements – are common, which lends confidence that similar processes are likely in other crisis settings. More generally, it is shown that in a crisis context, proactive SMEs are more likely to sustain growth when they persist on building versatile resources and capabilities. Although specific capabilities may differ for SME in other industries, the processes associated with sustained growth (accessing, adapting, re-aligning) and the mechanisms (management perseverance, players in value creation) in this study would seem to apply to other situations as well. Overall, the SMEs' practices explored have commonalities with other SMEs, so the model can be transferable. The processes these SMEs followed were not unique; asking, listening, interpreting, selecting value enhancing investments, integrating and improving and interacting with others in value creation as well as having management persist in their vision.

The findings of this study indicate that SMEs commitment to value-creating activities with premium partners develop versatile resources and capabilities that contribute to their sustained growth. The findings provide insight into the processes and factors underlying sustained growth in a crisis. The process involves SMEs proactively accessing customers/ partners from market leading arenas and including them in their value-creation process. Sustained growth can be achieved when SMEs adapt and re-align activities, such as the development of new products, processes and services, by utilizing the resources and capabilities acquired by these processes. As past research has indicated versatile capabilities can lead to growth. This study suggests that SMEs do not need to already have these capabilities to achieve sustained growth, they can access the right partners and develop the capabilities with perseverance. The findings and grounded model thus serve as an initial, empirical step towards understanding sustained growth in crisis environments in general and SMEs' proactive internationalization in particular.

Chapter 4

4. A Sustained Growth Journey in Times of Crisis

Developing resources and capabilities by accessing the game changers, adapting to the changing game, and re-aligning the playbook.

4.1 Research summary

Much of the literature on crisis environments focuses on SME survival and defensive strategies, such as cost cutting. However, some researchers have found that SMEs can achieve sustained growth in such contexts. This article presents a normative framework that explains how SMEs can achieve sustained growth in a crisis environment. Drawing on Penrosean growth and the dynamic capabilities perspectives, the framework for sustained growth argues that proactive SMEs must implement two mechanisms: sustaining focus and accessing the right people. These two mechanisms drive and shape the development of resources and capabilities in accessing, adapting, and realigning, which collectively support the sustained growth process of SMEs.

4.2 Introduction

A crisis environment is characterized by restrictiveness, competition, resource scarcity, labour and market changes - all factors that change the rules of the game (Busse et al., 2017; Giotopoulos & Vettas, 2018; Bamiatzi et al., 2016). Researchers have claimed that financial crises do not support growth (Chen & Liu, 2018), and their focus has been on the survival of SMEs rather than their growth (Conz et al., 2017). The common perception seems to be that defensive strategies, such as cost-cutting and restructuring, will lead to better performance (Sternad, 2012). However, excessive cost-cutting measures may have negative effects on long-term profitability, and for many SMEs, restructuring has resulted in “an accumulated loss of competitiveness over time” (Labrianidis & Vogiatzis, 2013; p. 28).

Another approach that can be adopted is investing in growth strategies, which typically involve innovation and require sufficient funding and slack resources. However, research has shown that SMEs find that their R&D efforts cannot achieve the necessary results, and if any slack resources are available, they are insufficient for growth. Studies have found that while financial slack was important for expansion (Notta, & Vlachvei, 2014; Cucculelli et al., 2014; Theriou & Chatzoudes, 2015), remarkably, financial slack and investments in R&D and advertising were not enough to generate growth (Tognazzo et al., 2016).

Furthermore, in coping with financial crisis, SMEs¹³ find that applying the traditional approach of using prior knowledge does not predict future growth and profitability. In stable environments, past knowledge seems to facilitate future development (Deligianni et al., 2015). This is no longer the case. SMEs find that in a crisis world, the founder's experience does not seem to provide the answer, as they cannot successfully apply previous experiences to the new business context (Cowling et al., 2018).

However, researchers have indicated that in times of crisis, where labour and market gaps are created (Caloghirou et al., 2020), international knowledge may direct SMEs towards growth opportunities abroad (Voudouris et al., 2011). Sensing demand constraints in domestic markets, managers may choose to establish relationships in new international markets (Lu & Beamish 2001) in order to access partner resources (Li et al., 2010). Firms select strategies from a broad range of associations with other organizations (Pfeffer & Salancik, 2003). These associations are

¹³ SMEs typically operate in service sectors with lower entry costs and resource requirements, notably wholesale and retail trade and construction. There are relatively fewer SMEs in manufacturing sectors, notably those that are capital or knowledge-intensive, requiring a larger scale of production. (OECD, 2019)

not constrained to the domestic market. Indeed, the interconnectedness of international markets and digital business platforms (OECD, 2020) is most likely driving new internationalization patterns (Mathews, 2006), thereby facilitating the alternatives for SMEs to access versatile resources and develop versatile capabilities. Consequently, SMEs may take appropriate actions to enter and expand their competitive position in these markets (Deligianni et al., 2015).

Despite the recognized significance of SMEs' growth, there is a substantial knowledge gap regarding how SMEs achieve growth in a financial crisis context and how internationalization strategy can contribute to firm growth. To shift the focus of the literature on SMEs in crisis environments to long-term performance outcomes, normative frameworks are needed to advise managers on how to proceed. In order to advance this objective, a normative model for sustained growth in a prolonged crisis is presented in this study.

The model draws on growth and dynamic capability frameworks to demonstrate an experimentation-driven process, during which SMEs develop the resources and capabilities they need to sustain growth in a crisis context. The model highlights the importance of proactive internationalization in developing accessing, adapting and re-aligning resources and capabilities, along with sustained focus and accessing the right people, in creating value and driving sustained growth. The model is supported by extant empirical research on SMEs in crisis and the interviews conducted with managers¹⁴ of firms that not only grew but also sustained their growth over a 10-year period in a financial crisis context. The interviewed managers chose a frugal approach to resource and capability development, focusing on premium international partners who helped them continuously enhance their resources and capabilities and adapt to the ever-

¹⁴ The sample of firms are Greek SMEs in the food manufacturing sector, covering the extended financial crisis period between 2008-2018.

changing environment. In this article, I reveal insights gained from their journey towards sustained growth and offer a model that highlights how proactive internationalization can enable SMEs achieve sustained growth in crisis environments.

4.3 Internationalization and Capabilities

Some of the pioneers of the link between internationalization and capabilities (Ghoshal, 1987) argue that new ventures competing in international markets learn from their operations. SMEs “draw from multiple knowledge bases in their research and development, manufacturing, and marketing operations to learn new skills that augment current capabilities” (Zahra et al., 2000; p. 926). SMEs develop capabilities by working in international environments, learning about opportunities, improving product offerings, and collaborating with sophisticated stakeholder groups (Dimitratos et al., 2010). Some authors emphasize that engaging in international trade positively influences innovation (Love & Ganotakis, 2013; Salomon & Jin, 2008) arguing that some firms must innovate in order to remain in international markets (Hitt, et. al., 2000).

According to internationalization theories, however, the role of internationalization is limited by path dependencies and constraints (Dasi et al., 2015). In a recent literature review on SMEs’ internationalization, Morais & Ferreira (2020) identified over thirty factors that enable and/or hinder SMEs’ internationalization. Some of the main factors and driving forces identified at entrepreneurial and firm levels are functional, such as financial resources (Forte & Moreira, 2018); informational, such as international experience (Johanson & Vahlne, 1977, 2009); business and international knowledge (for review see Costa et al., 2016). Other factors include marketing strategies such as new product development, price matching, and accessing distribution channels (Leonidou, 2004).

Studies have investigated how constraints such as unfavourable conditions, block SMEs from internationalizing (Westhead et al., 2004), and limiting them to operating in the domestic market (Zacharakis, 1997). For example, Bowen (2019) found that government support and facilitation to build network contacts are necessary for SMEs to overcome their limited resources and internationalize in the UK. In addition, a study from Austria suggests that SMEs with unfavourable access to knowledge, technology, and financial capital “may be unable to establish relationships necessary to secure the ‘right’ resource bundles ... [and] be unable or unwilling to take on the risks of foreign markets” (Hessels & Terjesen, 2010; p. 207). According to these studies, internationalization is driven by two factors: favorable access to resources and a path dependence on past experiences and accumulated learning.

Research on firms’ boundaries has identified mechanisms that can ease SMEs’ internationalization constraints. According to network theories, SMEs’ internationalization is largely network-driven, and a firm’s ability to develop and manage its network is linked to more favourable internationalization outcomes (Torkkeli et al., 2019; Musteen et al., 2014).

Internationalizing firms must build relationship-specific social capital to overcome their “liability of outsidership” (Johanson & Vahlne, 2009). Studies have shown that social, business, and international networks can provide SMEs with access to the necessary knowledge resources for internationalization and offer solutions to their liability of foreignness (Lu & Beamish, 2001; Johanson & Vahlne, 2009).

Findings from emerging and developing economies demonstrate the significant role of domestic institutions. Institutional support in the form of information, infrastructure, regulations, incentives, and protection (Lu et al., 2010) is also found to be a major facilitator. Multiple studies suggest that effective home country government programs can offer critical assistance in

fostering SMEs' internationalization (e.g., Cardoza et al., 2016) and influence export behavior (Paul et al., 2017). Researchers propose that governments should provide incentives such as tax credits or subsidies to firms that commit to long-term R&D investments and collaborate with other firms or universities (Añón-Higón et al., 2015). On the other hand, Ismail & Kuivalainen (2015) find domestic institutional players such as the government have a negative influence on performance, stemming from a large amount of red tape required for halal certification and exporting. In comparative studies of SMEs from developed, transitioning, and emerging economies, findings indicate that institutional contexts matter, since firms in developed economies with favourable government policies internationalize faster, with higher levels of performance, than those in transition or emerging economies (Ratten et al., 2007; Korsakiene et al., 2015, as cited in Morais & Ferreira, 2020).

In summary, research has clearly demonstrated that SMEs need resources & capabilities, networks, and supportive institutions to internationalize successfully. Studies in emerging and developing markets agree that access to favourable institutions assists SMEs in their internationalization and serves as one of the greatest drivers. The common theme in the internationalization literature is the availability of favourable resources facilitating internationalization, with studies from emerging economies addressing internationalization despite constraints. Although the above findings draw on both emerging and developed economies, I suggest that these insights might hold even in developed economies in the absence of supportive institutions during a crisis period.

Indeed, the 2008 financial crisis posed significant challenges in many countries due to the absence of institutional supports and the implementation of capital controls and increased taxation by governments (Kottaridi et al., 2019). Consequently, during a crisis, SMEs may be

financially constrained to innovate either internally or through partnerships. Moreover, for SMEs without established networks in international markets, the task of expanding during a crisis becomes even more challenging due to the increased competition in the environment (Busse et al., 2017).

Consider the case of Greece. In the aftermath of the financial crisis, “bank funding dried up for Greek SMEs” and the Greek government loan guarantee programs were discontinued in 2012 due to the sovereign debt crisis (OECD, 2020; p.2). Furthermore, the implementation of a series of austerity measures such as increases taxation “caused a substantial decrease in demand for goods and services pushing the Greek firms to a deep recession” (Kontogeorgos et al., 2017; p. 73). This led to companies stopping investments, reducing wages, and personnel. Researchers examining Greek dairy SMEs’ strategies found that one-third of them chose to confront the economic crisis by waiting and concluded that only those firms that invested in new markets were able to exit the economic crisis (Kontogeorgos et al., 2017). In this environment, Greek entrepreneurs perceived relocation to neighboring counties such as Bulgaria, as a necessity to stay in business (Kapitsinis, 2019). However, not all companies that relocated were successful in achieving growth. Entrepreneurs who relocated unproductive enterprises and did not invest in improvements did not survive (Kapitsinis, 2019).

Despite the drops in demand, competition, restrictiveness and resource scarcity, researchers have found that a crisis environment can be a source of opportunity (Wan & Yiu 2009). For example, changes in the labour market can present opportunities for proactive SMEs, as high-quality labour becomes available, including individuals with sales experience in global markets (Giotopoulos & Vettas, 2018). Indeed, SMEs that did not relocate and instead selected a proactive internationalization strategy saw a significant increase in the likelihood of growth

(Caloghirou et al., 2020). Researchers have also found that international knowledge directs SMEs towards opportunities abroad (Voudouris et al., 2011). Despite resource scarcity, such as a lack of financial capital and tangible resources, SMEs can enter “cross-border markets by exploit[ing] and develop[ing] innovativeness [technological and market], knowledge and internal capabilities” (Giotopoulos & Vettas, 2018; p. 874). Consequently, exploring the process of how internationalization can lead to resource and capability development over the prolonged crisis period may provide insights into SME growth.

Given the current gap in research on sustained growth in crisis contexts, our understanding of how SMEs can achieve sustained growth remains limited. Therefore, the objective of this study is to propose a normative framework that can provide guidance and direction in addressing this knowledge gap.

4.4 Normative Framework of Sustained Growth

Going beyond describing how a sustained growth process unfolds, a normative framework provides “insights on how entrepreneurs should behave in order to achieve some strategic purpose” (Autio, 2017; p. 216) and in our case sustained growth in a crisis context. Such a framework also involves describing trade-offs and offering arguments about which goals are valuable and how to balance the trade-offs (de Mesquita, 2023).

Proactive internationalization in a crisis context refers to a business approach aimed at developing versatile resources and capabilities¹⁵ through initiatives in leading international

¹⁵ Versatile resources & capabilities are those that are homogeneous, fungible, equifinal and substitutable (Eisenhardt & Martin, 2000; p. 1105). Capabilities may take the form of “a simple rule, an experiential process, a best practice, or a complex organizational routine” (Peteraf et al., 2013; p. 1405); “like product development, alliancing, and strategic decision making that create value for firms ... by manipulating resources into new value-creating strategies” (Eisenhardt & Martin, 2000; p. 1106). Empirical studies have shown that higher levels of growth are linked to the Penrosean characteristic of resource versatility (Nason & Wiklund, 2018).

markets. This definition, moves away from internationalization defined simply as the “process of increasing involvement in international operations” (Welch & Luostarinen, 1988, p. 36).

Since the normative model aims to describe what managers should do to purposefully drive resource and capability development, a more fine-grained definition is required. This definition purposefully excludes activities that researchers have found not to add value for SMEs.

Relocating without investing in improvements (Kapitsinis, 2019) or exporting without adapting the product (Calantone et al., 2006) has been shown not to result in sustained performance in international markets during a financial crisis. Studies have shown that a more proactive approach is required (Sternad, 2012). The “absence of better alternatives at times of crisis is likely to reduce the opportunity cost of starting a high-potential business and, thus, encourage individuals to pursue ambitious international new ventures” (Giotopoulos, 2018; p. 876).

Proactive strategies may include actively seeking opportunities based on future needs, investment in new leading international markets, international marketing such as product adaptations, and customer acquisition and retention (Sternad, 2012; Calantone et al., 2006; Dimitratos et al., 2010).

The framework is built on the observation that crisis environments can present opportunities for organizations while also imposing constraints (Sternad, 2012; Wan & Yiu, 2009). In this context, SMEs need to adopt a proactive approach to leverage opportunities and overcome challenges.

The presence of the newly available quality workforce provides an opportunity for SMEs to access the right people. This high-quality labour force has the right mindset and, perhaps, international experience, enabling them to access the right partnerships (Giotopoulos & Vettas, 2018). SMEs faced with a crisis environment and resource scarcity domestically may turn to international markets for value-enhancing partnerships (Dimitratos et al., 2010). I suggest that

sustaining managerial focus on developing premium partnerships can confront such challenges and build the capabilities required for sustained growth. Accessing the right people is a necessary condition for the sustained growth of proactive SMEs.

The model combines two theoretical perspectives – Penrose’s theory of growth and dynamic capabilities – to articulate how managers can achieve sustained growth in a crisis context. The first theoretical lens, Penrose (2009/1959), states that “for any degree of uncertainty, the supply of managerial services will determine the amount of expansion undertaken by the enterprising firm” (p. 57). A firm’s growth depends on the manager’s ability to understand the environment and identify growth opportunities in the interstices where large firms have left scope for small firms to grow (Penrose, 2009/1959). First, entrepreneurial capabilities are a function of imagination of the entrepreneur and the vision for speculative expansion activity. Firms attempt to discover more about the potential uses of their existing resources, based on changes in customer preferences and innovation. Indeed, researchers find that in a crisis environment “entrepreneur characteristics play a very minor role in SME growth performance..., except for the strongly significant effect of entrepreneurial growth orientation” (Cowling et al, 2018; p. 96). Second, managerial capabilities are associated with the execution of ideas. Growth is associated with redeploying idle resources and using the most valuable resources in more productive applications (Penrose, 2009/1959). In a crisis context, growth is a result of entrepreneurial management, where SMEs are motivated by opportunities and seize them irrespective of their available resources (Theriou & Chatzoudes, 2015).

I adopt the dynamic capabilities perspective as the second theoretical lens to highlight the importance of SMEs developing crucial capabilities in accessing, adapting and re-aligning in order to achieve sustained growth. Crisis researchers find that value is created only if the

company is able to change with the context (Cucculelli et al., 2014). Adapting to the dynamic environment requires actions to “identify, build, align, adapt and coordinate” assets and complementary assets (Helfat et al., 2007; p. 25). It is proposed that managers gain experience by effectively utilizing their limited resources in the constrained environment and learn to access partners’ scarce resources and capabilities. SMEs must be relentless and creative in developing relational capabilities with international premium partners, “driving to achieve a shared strategic goal” (Helfat et al., 2007; p. 65). Consequently, internationalization can be considered as a value-creating activity (Autio, Sapienza & Almeida, 2000) as SMEs can learn, incorporate knowledge into their domestic operations, and build dynamic capabilities (Teece, Pisano & Shuen, 1997; Luo, 2000).

4.4.1 Proactive Mindset

“It often happens that the horizon of a firm, particularly of a smaller firm, is extremely limited. Content with doing a good job in his own field, the less enterprising entrepreneur may never even consider the wider possibilities that would lie within his reach if only he raised his head to see them”

(Penrose, 2009/1959; p. 33)

In the suggested model, sustained growth begins with a proactive mindset towards internationalization, where SMEs “proactively search for opportunities beyond their knowledge boundaries” (Dasi et al., 2015; p. 85). How can SMEs with the proactive mindset develop and improve products, processes and people to continue to serve their market and expand to new segments? They need to cultivate the best thinking from anywhere.

In this study, successful SMEs have displayed a proactive approach by actively seeking opportunities beyond their familiar territory, aiming to establish partnerships with premium partners. This partnership approach provides a more feasible path, compared to doing it alone

(Berchicci, 2013), not only to gain market intelligence but also to build the supporting relationships that enabled SMEs to develop the necessary resources and capabilities to deliver complete solutions. Innovation requires significant financial resources, which may or may not be recovered (Zouaghi & Sanchez, 2016). Proactive SMEs focused on developing resources and capabilities, combining various initiatives to access the right partners, adapt to market and customer needs, and re-align their operations.

One approach was to look for opportunities outside of the domestic market. Consider an SME from the dairy industry. In 2008, a consultant noticed a map of a single province displayed on the wall in the office of the CEO of this SME and asked him, “Is this the limit of your aspirations?” The following day, the CEO took steps to re-align the sales department, establishing a new international sales division, seeking a new international sales director and changing the map to one of the European Union. By 2009, international retailers were showing interest in developing larger-sized packaging and private label products to meet the demands of their customers in the crisis context. While multiple MNCs had already established a presence in international markets decades before the SME, these competitors showed no interest in the private label business, opting to concentrate on their own brand. This created an opportunity for the SME to enter the value stream of premium customers, resulting in faster growth compared to its MNC competitors. Despite the financial crisis, the company managed to double its revenue over the next decade, increase exports by a factor of 20 to 63 million euros, and sustain growth with healthy profit margins.

4.4.2 Mechanisms of Sustained Growth

“[A] versatile type of executive service is needed if expansion requires major efforts on the part of the firm to develop new markets...here the imaginative effort, the sense of

timing, the instinctive recognition of what will catch on ... become of overwhelming importance”.

(Penrose, 2009/1959; p. 193)

There are two interconnected processes that the proactive SMEs in this study undertook to drive sustained growth. First, managers had to relentlessly focus on the set direction, prioritizing value-added activities while eliminating non-value-added ones. They sustained this focus by learning from both successes and failures, demonstrating the courage to confront repeated failures, and maintaining discipline despite contention. Second, managers needed to ensure that they had the right individuals for the job, and if they did not, they needed to hire them. These individuals would play a crucial role in maintaining focus and accessing the right partners with the necessary expertise.

4.4.2.1 Sustaining Focus on pursuing value

The SMEs in this study made the pursuit of value a compelling and uncontested priority. For most SMEs, the pursuit was aimed at providing value to premium partners while gaining value from the partnership. The importance of collaboration is further supported by Archibugi et al. (2013), who found that SMEs equipped to handle demand drops and restricted credit were flexible, explored new markets, and engaged in collaborative activities. For example, premium customers are known for their quality control and continuous improvement systems, and they expect suppliers to rigorously implement such processes across all facilities (Burt & Sparks, 2003). Entering the value streams of such premium customers can have a significant impact on the growth of an SME. These demanding customers not only exert pressure on the SME to develop the necessary resources and capabilities but also to continuously improve. Consequently, it is

proposed that managers should prioritize making investment commitments in developing capabilities (Pisano, 2017) with premium partners.

The process towards sustained growth was riddled with contention and unrelenting failures. As a result, the growth process involves more than just recognizing opportunity, prioritizing, and acting on ideas. Sustaining focus was described as the most crucial aspect of the process, requiring both courage and discipline to persevere through repeated failures while staying committed to the course. Consistent with this, previous studies have found that “experiential knowledge of foreign markets requires durable and repetitive interactions abroad.” (Eriksson et al., 1997; p. 354). SME managers emphasized the importance of persevering in the face of constant failures and accepting failure as a daily occurrence. They highlighted the need for courage to persist because, as they put it, “you will get a door open one out of every million times and you need to be in shape when that one door opens”. Through evaluating failed attempts and experimenting with solutions, SMEs adjusted their initiatives and persisted relentlessly. These findings are aligned with the findings of studies that emphasize the firm’s need to continuously adapt and troubleshoot in the face of uncertainty related to the firm, its products, markets and institutions (Autio et al., 2011).

Making choices and commitments to this course of action were oftentimes unpopular or even costly. However, discipline enabled the SMEs to listen to opposing arguments from internal stakeholders or suppliers, make necessary adjustments, but always remain focused on the chosen path despite contention. This finding is supported by Agarwal et al. (2020), who argue that expansion plans might pose economic risk and require courage, particularly when they deviate from tradition. The SMEs consistently acted on ideas that added value for the customers and

eliminating any traditional activities that did not hold the potential to contribute value to the SME.

Consider the case of the dairy manufacturer. While the Greek GDP dropped 17% from 2007-2012, the company managed to increase its sales by 49% during the same period, with a corresponding increase in gross profit of 33%. Despite having exported to the Balkans for decades, the Balkan market did not provide the necessary capacity, knowledge or processes. The company shifted its focus towards diversifying its products and exploring new markets, particularly targeting customers in premium markets. It took three years to decode the market and secure the first premium customer. Serving these premium customers brought about increased complexity and a high volume of change initiatives within the organization. According to the international sales director, the company's sales figures would still be at the level achieved in 2008 if the leadership team had not provided support despite internal stakeholder protests. The CEO attributed their success to maintaining discipline during challenging times, sustaining focus, and effectively communicating to both internal and external stakeholders the importance of embracing change in order to achieve the company's vision.

4.4.2.2 The Right People

Sustained growth is dependent on having, training and leveraging the right people, both internal and external to the organization, to support the focused strategy.

The financial crisis presented an opportunity to find the right individuals, as many other companies, most notably larger multinationals, either fled the country or underwent restructuring, leaving behind a highly qualified and available workforce (Labrianidis & Vogiatzis, 2013; Kapitsinis, 2019). Research on high-growth firms during a crisis context

demonstrates that educated individuals with marketing and management capabilities play a significant role in the growth of a firm (Eklund, 2020). One SME described the right people as highly educated and experienced individuals who could fill the appropriate roles. These individuals possess the right attitude, characterized by being extroverted, open to improvement, having a mindset of continuous learning, and embracing change. Successful SMEs had managers who recognized the advantages of accessing a high-quality workforce and hired the right people. They also listened to their recommendations and allowed them considerable time to learn from failures.

Moreover, successful managers actively sought international partners in advanced markets to help develop their operations. Developments in technological knowledge and the mounting costs of developing internal capabilities make it impractical for firms to innovate on their own¹⁶ (Berchicci, 2013). SMEs must search for alternatives to access knowledge resources, which may be scarce or unavailable in the domestic market (Eriksson et al., 1997). Research has shown that SMEs can develop capabilities by collaborating with sophisticated stakeholder groups in international environments (Dimitratos et al., 2010). Through such collaborations with international partners, SMEs can acquire new product, process and/or service development capabilities, leading to the reconfiguration of practices.

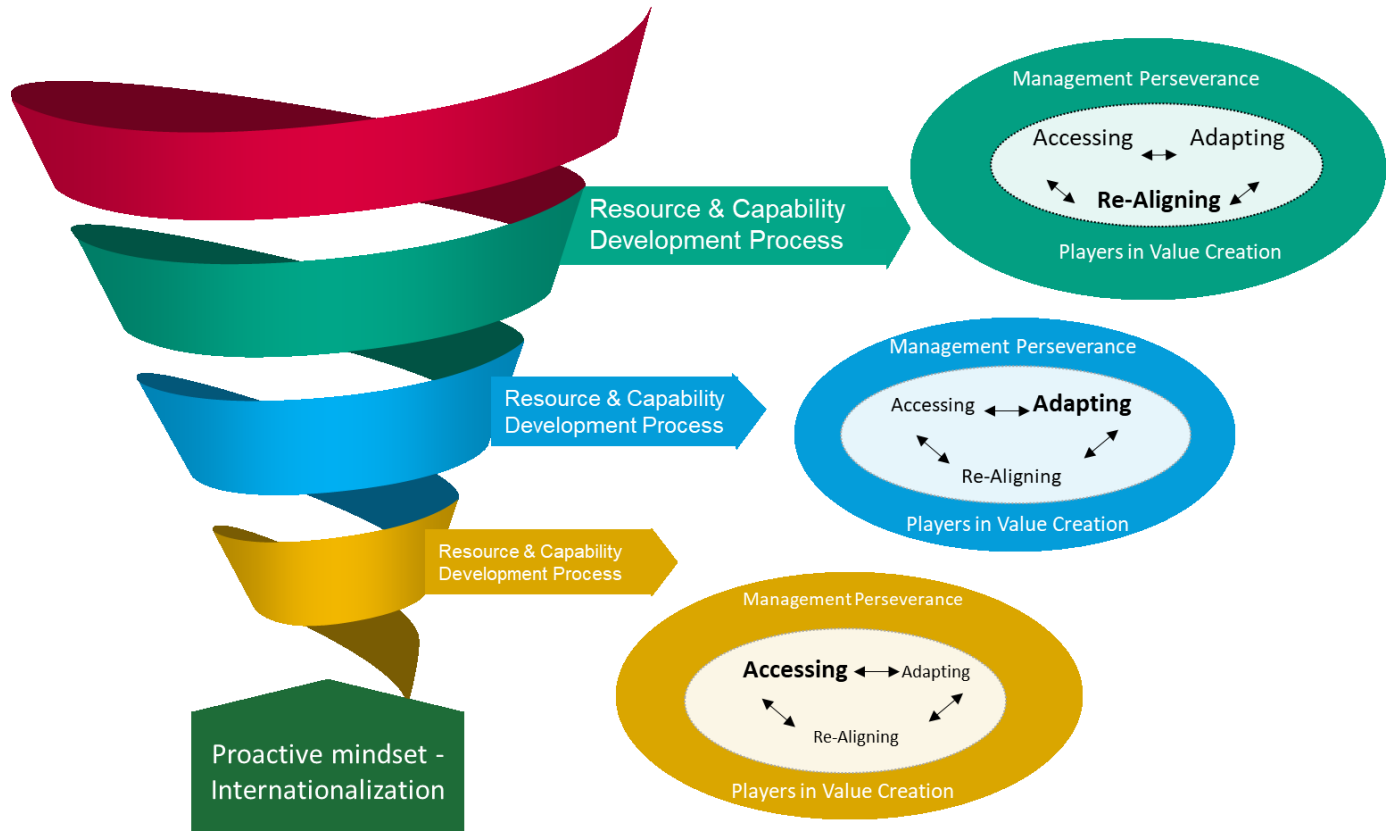
¹⁶ In times of crisis, Eklund (2020) found that, for high-growth firms, management and marketing capabilities, along with ICT, have a greater impact on SME growth compared to internal R&D. This finding is supported by Tognazzo et al. (2016), who found that R&D investments do not affect the growth of small firms during financial crises. However, contrasting these findings, Zouaghi & Sanchez (2016) found that, in the agri-food sector, acquiring external international industrial R&D and establishing cooperation agreements with various national partners enabled SMEs to access knowledge and innovative sales, resulting in significant positive sales growth. These findings underscore the importance for SMEs to access knowledge and establish partnerships that can assist in the development of necessary resources and capabilities for growth in the new context.

Reconsider the dairy manufacturer and their selection of the right people. In the first year of the crisis, taking advantage of the availability of high-quality labour, the SME found and hired an international manager with a decade of experience in international food sales. Three years into the crisis period, the SME became a private label supplier. These premium customers imposed specific requirements on the SME's products and processes. However, the SME did not need to reinvent everything. Through partnership, the SME integrated into the customer's value stream and leveraged its resources and capabilities. Initially, through the customer's routine structured audits, and later through obtaining international certifications, the SME was able to upgrade its equipment, improve processes, develop innovative products, and enhance its own resources and capabilities.

4.4.3 Process - Developing Resources and Capabilities

The process of sustaining focus and developing the right people is interconnected with the process of developing the necessary resources and capabilities to sustain growth in a crisis environment. By undertaking initiatives, SMEs realized three capability development processes: accessing the right partners, adapting to requirements, and realigning products and processes. SMEs reported that implementing a greater number of initiatives corresponded to increased capability development, resulting in a process they referred to as a "growing spiral" (see Figure 4.1).

Figure 4. 1. Sustained Growth Process Model



To assist managers in assessing whether they have the right playbook, following are some questions that can guide SMEs towards a process of resource and capability development (see Table 4.1).

Table 4. 1. Assessing SME readiness for sustained growth in crisis

<p>How to tell if you are on the right track towards sustained growth.</p> <p>Are you leading and managing towards sustainable growth? Consider the following questions to assess your progress in the resource and capability development process and to determine whether you are enabling your team to build the resources and capabilities for sustained growth.</p>
<p><i>Accessing - Asking / Listening</i></p> <p>Are we focused on providing the time and resources for...</p> <ul style="list-style-type: none"> . Thinking broadly and considering diversified premium markets? . Our people to ‘get their hands dirty’ by experiencing the reality of segments? . Listening to identify the customer value stream & present solutions? . Troubleshooting in accessing markets/customers? . Persistently getting better until we access the segment?
<p><i>Adapting - Interpreting / Selecting</i></p> <p>Are we focused on providing the time and resources on...</p> <ul style="list-style-type: none"> . Learning through experimentation from both wins and losses? . Delivering value to customers by adapting products, processes or even our business model? . Identifying the potential consequences of not adapting? . Eliminating value reducing activities?
<p><i>Re-aligning - Integrating / Improving</i></p> <p>Are we focused on...</p> <ul style="list-style-type: none"> . Integrating new product/process/services with existing operations? . Upgrading equipment, systems and organizational structure? . Getting better every day by continuous improving products, processes and people; including facilitating improvements for suppliers, institutions and customers?

SMEs implemented initiatives in their attempts to access resources and develop capabilities by asking and actively listening to the right people. Subsequently, SMEs interpreted the market-driven opportunities before implementing adaptation initiatives, such as changes in their business model, processes and/or products. Through these re-aligning initiatives, SMEs were able to integrate what they learned and continuously improve their products, processes and people.

4.4.3.1 Accessing

Managers need to start by prioritizing initiatives that expose people to the reality of the premium customer's environment. SMEs lacking the necessary resources and capabilities will require access to partners who can assist in their development. A firm aims to establish a relationship with the customer because such a connection not only grants the firm a preferred position compared to other firms but also provides access to resources and capabilities (Penrose, 2009/1959). For example, SMEs that provide complete solutions to customers by adjusting their offerings to their requirements prompt the premium partner to provide tailored information and intelligence to ensure quality offerings. "This can lead to supplying other products... [and] these opportunities may continue to grow as the firm learns more, not only about its markets, but also about the technical potentialities of its own resources" (Penrose, 2009/1959; p. 103).

Gaining access to market and premium customer intelligence necessitates engaging in fieldwork and engaging with potential customers. This engagement involves not only listening to their needs but also acquiring insights about their customers and competitors. By repeatedly exposing themselves to premium partners (Autio et al., 2011) and their environment, SMEs develop sets of activities through trial and error in order to establish collaborations. Experimentation is vital for determining the right business model to serve international markets (Zahra, 2005). However, SMEs in the sample repeatedly failed to access premium customers. One CEO describes the process as: "I tried to go through distributors, but the answer was always 'no' because others were there before me." Through relentless trial and error, managers attempted a combination of initiatives, such as accessing international technical and market knowledge, to identify the best combination that would interest premium partners.

Consider a scenario where a cookie manufacturer undergoes a business model transformation. Initially, they focused on producing cookies for bakeries. However, as the crisis period persisted, they made a strategic shift by introducing new products and redirected their sales efforts towards premium retail grocers. It took them one year and 40 unsuccessful attempts before their products were finally accepted by one grocery chain. In each of the 40 sales calls, the manager adopted a deliberate approach. They would find a new reason to visit, bring along free samples, and schedule the meeting just before lunch. The tactic employed was to attentively listen to all the reasons for rejection and proactively devise comprehensive system solutions that addressed concerns related to accounting, logistics, marketing, prices, innovation and any other relevant factors. The manager aimed to reassure potential customers that they had no cause to worry, as the company would take care of every aspect involved.

4.4.3.2 Adapting

“[G]rowth of the firm does not depend so much on the efficiency with which it is able to organize the production of even a widely diversified range of products as it does on the ability of the firm to establish one or more wide and relatively impregnable ‘bases’ from which it can adapt and extend its operations in an uncertain, changing and competitive world”

(Penrose, 2009/1959; p. 121)

After accessing the target segment, the right team needs to decode the opportunity and evaluate the potential mutual value along with the necessary investments. Practitioners emphasized that evaluating initiatives entailed more than employing conventional financial calculations. SMEs demonstrated a greater willingness to implement changes based on qualitative measures and assess the potential value to the business. These measures include factors such as growth potential and learning opportunities, such as enhancing production organization. One SME evaluated the potential of a collaboration based on a three-year acceptable return in terms of

turnover, expansion, and profitability. Irrespective of whether the customer demanded “unicorns for the price of donkeys,” the SME’s focus was on the potential. The SME was prepared to proceed, considering small runs, waste, and costs as inconsequential factors. Supporting this finding, other researchers assert that exporters providing special assistance to importers are often willing to accept unfavorable orders, such as irregular deliveries and volumes (Alteren & Tudoran, 2016). Another manager described the process by saying, “It’s like a wedding dress, is it big? I’ll fix it. I’m the tailor. Whatever the customer wants”. In this particular case, the SME viewed the partnership as having potential if the new product could be marketed elsewhere.

While the localized approach adopted by SMEs may be perceived as burdensome by some, these firms mitigated risk by considering initiatives that build resources and capabilities or initiatives that can be adapted and utilized elsewhere. SMEs that are unwilling to accept the risk of investing in new or modified products and processes “risk losing their competitive advantage in the market” (Madrid-Guijarro et al., 2016; p. 98). Despite financial challenges, firms should continue to innovate to ensure long-term performance. The approach proposed here offers a process that can help mitigate risks. Indeed, researchers have found that exporting SMEs perform better when they adopt a higher level of product adaptation strategy and demonstrate openness to innovation. They conclude that the costs associated with adapting products are recouped through improved export performance, as these products can be marketed across multiple countries (Calantone et al., 2006).

Consider the case of dairy manufacturer discussed earlier. A few years into the financial crisis, the SME was attempting to partner with a large multinational retailer in the UK. The SME did not have warehouse space or the capabilities to deliver product daily in the UK. Generally, they would go through importer, distributor, and stock accounting. However, the SME did have the

capability to deliver products daily to their customers in Greece. Armed with the knowledge of the feasibility of the method, the SME proposed direct daily deliveries. This direct approach was interesting to the premium multinational retailer. The SME initially engaged a third party, but ultimately, they established a warehouse in the UK and managed the process from Greece. Having seen the success of this delivery method, a second and then a third premium customer became interested in partnering with the SME.

A note of caution, localization can be a burden when SMEs rely only on existing customers for innovation. If existing customers do not provide any potential or learning that can be redeployed, SMEs should reconsider their change initiatives for such customers. Under conditions of limited resources and capabilities, over-investment in customer adaptation may lower the investments in other resources and capabilities, which may negatively affect performance. Studies have found that disproportionate customer relations tend to divert the attention of exporting SME away from other important strategies, such as focusing on technology and profitability (Solberg & Olsson, 2010). Therefore, certain segments might drive capability development up to a certain point, beyond which further commitments may constrain resource and capability development.

4.4.3.3 Re-aligning

To ensure the growth process, SMEs need to remain proactive and continuously find ways to integrate and improve products, processes, and people. Partnering with premium partners can increase not only volume but also strengthen existing product lines. Premium partnerships are part of a coordinated effort since managers are exposed to new management and commercialization systems (Villar et al., 2020), which can be adapted and re-aligned in various functional departments and coordinated with the complete supply chain. SMEs from my sample that partnered with customers and developed products for international markets transferred or

recombined the know-how and offered new products to the domestic market or to other international markets. One SME that developed a product for the Swedish market, introduced it in Greece, and gained the highest market share in its category.

Partnerships not only enhance sales, but more importantly, they facilitate the development of re-alignment capabilities, integrating new processes in production, logistics, etc. For most SMEs, the localization process increased the number of products tenfold in production, adding complexity to operations. However, the knowledge integrated and leveraged from the re-aligned processes resulted in accelerating know-how. For one SME, the partnership accelerated R&D knowledge and expertise by 5 years. Indeed, researchers studying agri-food SMEs during the financial crisis of 2008 found that engaging in R&D cooperation agreements gave firms access to more knowledge, which helped their innovation process and improved sales (Zouaghi & Sanchez, 2018; p. 240).

The focus here goes beyond simply reviewing what is going well and fixing what is not. One SME in the sample adopted a culture of continuous improvement, embracing the mindset of “this is good, but we can do better”. Researchers have found that SMEs foster an environment where proactive behaviour is the norm (Dasi et al., 2015). This emphasis on continuous improvement extended to reviewing the supplier processes of the SMEs, leading them to explore ways to improve their own operations. The improvement process was described as a trial-and-error approach, based on knowledge gathered from international, technical and/or customer sources. This knowledge ultimately resulted in the adoption of total quality management process and ISO 9000 certification, (Benner & Tushman, 2003) among others.

While the process is listed in sequential order, it is dynamic and requires the CEO to determine first where to begin. Table 4.2 provides a starting checklist of the process.

Table 4. 2. Checklist

Continuous Capability Development Process →	Accessing	Adapting	Re-aligning
Reasons for Success ↓			
Sustain Focus on Value-Persistence under adversity	<ul style="list-style-type: none"> . Identify strategic opportunities in unconventional, diverse arenas; look ahead, behind & laterally . Use localization by differentiating offerings - solve problems better . Act on feedback - listening & experimenting 	<ul style="list-style-type: none"> . Define metrics of partnership – pursuing value for growth . Identify overlap & lock investments . Identify product, process & mindset changes and get buy in from managers 	<ul style="list-style-type: none"> . KPI & Align all programs . Harness skills and assets from existing operation . Leverage learning domestically . Training and support internal and external stakeholders
	Courage - Learn from failures, adjust & keep going back Discipline - Demonstrate belief in initiatives by maintaining commitments		
Right People	Internal - Hiring and listening to the right people <ul style="list-style-type: none"> . Attitude: 1. strong sense of dissatisfaction “we can do better”; 2. ownership; 3. pushing others outside comfort zone . Boundary spanning leaders, pushing others outside comfort zone External – Establishing and Leveraging the right partnerships <ul style="list-style-type: none"> . Suppliers, support institutions & premium customers 		

4.5 Discussion

While research on crisis contexts has been studied since the 1980s (Hofer, 1980), the focus of research has predominantly centered around the restrictiveness of this environment and its impact on firms’ survival, and the resources and capabilities that contribute to resilience (Conz & Magnani, 2019). While this research stream has yielded insights into the constraints and factors that accompany survival for SMEs, less research has focused on SMEs’ growth strategies. Existing evidence suggests that the factors contributing to growth in crisis environments significantly differ from those typically incorporated in models of favorable conditions (Cowling et al., 2018; Eklund, 2020). Little is known about the processes for discovering and deploying resources and overcoming economic crisis (Bamiatzi et al, 2016). There has been little research

exploring growth outcomes in this context and normative frameworks that direct managers and explain the mechanisms in operation are missing. The proposed model aims to address this gap.

In the past two decades, major crisis such as the global financial crisis have transformed the environment for SMEs. Despite the wealth of empirical research on SMEs and crisis, there is scarcity of research that examine how growth can be achieved in a crisis context. The existing literature fails to provide managers with the tools required to navigate this new reality, largely due to its view of the hostile environment as too restrictive (Kapitsinis, 2019; Kottaridi et al., 2019). This is a significant issue, as organizations such as the World Economic Forum¹⁷ project that risk and uncertainty will continue to define the business environment over the next decade (Heading & Zahidi, 2023). To equip SMEs' managers with the knowledge to operate successfully in crisis environments, we need frameworks that offer insights into resource and capability development strategies.

The normative framework of sustained growth articulates two mechanisms that the proactive SME **must** adopt in order to successfully develop resources and capabilities. The model suggests that by sustaining focus on proactive internationalization and accessing the right people, SMEs will be better able to develop the resources and capabilities required for sustained growth in a crisis context.

The model also suggests that by implementing initiatives focused on accessing, adapting and re-aligning, SMEs can learn and develop capabilities to meet the changing environment. The framework prompts managers to coordinate internal resources and capabilities to access external

¹⁷ Global risk report, 2023. "We have seen a return of "older" risks – inflation, cost-of-living crises, trade wars, capital outflows from emerging markets, widespread social unrest... These are being amplified by ... unsustainable levels of debt, a new era of low growth, low global investment and de-globalization, and the growing pressure of climate change" (Heading & Zahidi, 2023; p. 6).

scarce resources and opportunities in international and domestic markets. Proactive SMEs seeking to develop capabilities and resources might be able to develop these inhouse or access them from external sources (Pisano, 2017). However, accessing premium partners will require repeatedly undertaking initiatives and adapting and recombining them when these approaches are not effective. Next, the framework prompts managers to seize opportunities or counteract threats by adapting products, services and processes since proactive internationalization and partnering with sophisticated partners will most likely require higher degrees of adaptation. Finally, the framework prompts managers to re-align the new resources and capabilities developed with existing resources and capabilities to drive growth. Each of the three capabilities can guide managers' decisions as they face a changing crisis context.

The most important indicator of growth for practitioners is internal development since it builds a stronger firm by increasing “the range and quality of products and develop the resource base” (Achtenhagen et al., 2010; p. 310). More specifically, I find that *in a crisis context, proactive SMEs can achieve sustained growth, through sustained focus and relationships with value enhancing partners, in developing versatile resources and capabilities of accessing, adapting and re-aligning, to match the requirements of the changing environment.*

This research shows that proactive SMEs relentlessly pursued opportunities, prioritized and acted on ideas by learning to access, adapt and re-align in the new context. SMEs started small and grew carefully through targeted experimentation, seeking to create and capture value by continuously developing resources and capabilities. With crisis environments having the potential to become the norm, a key strategic question for any SME is not, “How do we downsize?” but rather, “How can we obtain the resources and capabilities needed to adapt?”

Given today's unpredictable environment, sustained focus on the right partners and having the right people is often the best choice.

Chapter 5

5. Conclusion

The notion that sustained growth can be achieved in a crisis environment is not novel; however, the means by which it can be achieved remain unknown. Bamiatzi and her colleagues found that in these environments, industry effects are muted, and the performance of firms is determined by their management actions (Bamiatzi et al, 2016). Yet, the review of the crisis literature primarily offers links instead of dynamic models that depict growth in a crisis context (i.e. Eklund, 2020; Cowling et al., 2018).

Based on the theoretical foundations of Penrosean growth and dynamic capabilities, this dissertation explored how SMEs can achieve sustained growth in a crisis context. Penrose identified entrepreneurial and managerial capabilities that are instrumental for the firm's expansion (Penrose, 2009/1959). More recently, in their metanalysis of 113 studies comparing Penrosean versatile resources to RBV's central tenets concerning resources that meet valuable, rare, inimitable, and nonsubstitutable criteria (VRIN), Nason & Wiklund (2018) demonstrated that it is the versatility of resources that leads to growth rather than VRIN resources. Using Penrosean resource-based logic, they found that firms with versatile resources and capabilities, such as slack resources, and knowledge which can be recombined, experience higher levels of growth. In addition, the dynamic capabilities perspective, more dynamic than RBV, has been used to demonstrate how firms engage in a process of sensing, seizing, and re-configuring that enables them to renew their skills and build new competencies to sustain performance (Teece et al., 1997; Pisano, 2017). Helfat et al., (2007) expanded on the relationship between capabilities and firm growth by emphasizing the importance of resource and capability versatility. They suggested that firms possess the ability to adapt to their changing environment. Going further,

Pisano (2017) contributed to our understanding of the link between the specific capabilities that firms choose to develop and their expansion efforts, stressing the need for more dynamic frameworks.

The financial crisis environment is characterized by market decline, competition, uncertainty, labour market changes, restrictiveness, resource scarcity, each of which may have opposing effects on firms' actions directed towards growth (Busse et al., 2017; Giotopoulos & Vettas, 2018). I asked one overarching question: What are the underlying processes through which sustained growth is achieved in a crisis context? Focusing on the role of initiatives, it was shown how initiatives undertaken, as proactive internationalization strategies, led to a process of resource and capability development. A sustained focus on proactive internationalization helped SMEs to access knowledge and adapt their products, processes and/or services and develop the necessary resources and capabilities, which were then used to re-align existing operations and further support internationalization and domestic offerings. Sustained growth manifested as a continuous process of experimentation, learning by doing, and iterative cycles of accessing, adapting, and realigning. For sustained growth to materialize, both management perseverance and the key players in value creation served as essential mechanisms.

Contributions

This study has defined sustained growth and demonstrated its attainability in a crisis context. In contrast to previous studies that primarily focused on survival or reactive strategies, sustained growth over a prolonged crisis period was largely unexplored. By shifting the focus away from the constraints imposed by such contexts and towards the potential opportunities they offer SMEs, I have contributed to advancing proactive strategies in this context.

The second contribution of this study is the shift from variance-based modes of theorizing, commonly used in the crisis literature, to a process-based mode. Through this approach, I demonstrated how sustained growth is achieved in a crisis environment by identifying a multidimensional framework. Informed by Penrose's growth and the dynamic capabilities perspectives, this study analyzes the process through which proactive internationalization and dynamic capabilities contribute to growth. By adopting a holistic approach, I unpack the reasons and methods behind the development of versatile resources and capabilities, ultimately leading to sustained growth over a prolonged crisis period.

Furthermore, this study contributes by unpacking two essential mechanisms that are instrumental in achieving sustained growth. Previous research has demonstrated that a higher level of management international intentionality is positively associated with an exploration approach, irrespective of the availability of slack resources (Dasi et al., 2015). However, what the existing literature has not articulated well, and what emerges as the most significant generative mechanism of this study, is the level of management perseverance required to persistently drive the process towards sustained growth. This involves maintaining focus on the target segment and sustaining that focus through management's commitment to allocate necessary managerial, organizational, and technical resources, as well as demonstrating discipline and courage to stay on track. Additionally, it requires sufficient time to learn from repeated failures. Set-backs, hostility, and failure, over a prolonged period, play a crucial role in driving the process of experimentation in resource and capability development. Through these failures, managers not only acquire knowledge but also engage with stakeholders, particularly premium customers, and experiment with solutions. The second identified mechanism is the engagement of both internal

and external agents, which plays a vital role in management's capabilities in accessing, adapting and realigning initiatives. SMEs faced challenges in adapting solutions that provide value to premium customers, and this process can give rise to internal and external contentions.

Internally, conflicts arose due to increased complexity and the need for key change agents to effectively deal with these conflicts. Externally, suppliers needed to adapt their processes to meet new market but required support to invest in these new processes.

These two mechanisms suggested that knowledge flow from proactive internationalization was not enough. For sustained growth to materialize, in addition to challenging themselves in new unfamiliar arenas, SMEs had to allocate the time and resources to persevere despite contention and relentless failures. The failures indicated that SMEs had not yet developed the necessary capabilities, thereby leading to experimentation processes. This insight is essential in improving our understanding of how SMEs could develop capabilities and the commitments required to be successful.

The debate on favourable conditions for internationalization and its impact on capability development in firms remains relevant. Previous research has already established a significant relationship between proactive internationalization and capability development in favourable conditions. However, there is a gap in understanding how SMEs can pursue proactive internationalization strategies in a crisis context. The current study contributes evidence to support the notion that proactive internationalization strategies are feasible in a crisis context and can indeed lead to capability development. By focusing specifically on SMEs' purposive initiatives, this study contributes in identifying the specific actions that give rise to important capabilities in a crisis context. It adds to the existing literature by confirming the relationship

between proactive internationalization, capability development, and growth, and further expands our understanding of how this relationship manifests in a crisis context.

Lastly, this study highlights the dynamic nature of resource and capability development as the foundation for sustained growth. It demonstrates how investing in purposive initiatives and targeting premium partners leads to further development of resources and capabilities, which in turn expands both internationalization efforts and domestic offerings. While this process appears to be similar to Teece's concept of seizing opportunities, which involves "change processes, inventing and reinventing the architecture of the business, asset selection and asset orchestration" (Helfat et al., 2007; p. 27), the focus of SMEs in crisis contexts shifts more towards frugal adaptation and the development of versatile resources and capabilities rather than VRIN (valuable, rare, inimitable, non-substitutable) resources and capabilities. The dynamic process of accessing, adapting and re-aligning is a continuous and non-linear process that can be characterized as a versatile resource and capability development loop. SMEs undergo multiple iterations of initiatives to develop the versatile resources and capabilities demanded by the external environment. The SMEs persisted with strategies aimed at developing versatile resources and capabilities that can be leveraged frugally across various segments and markets. Through their premium partnerships, SMEs developed capabilities that led to more versatile capabilities, and to the continuous improvement of products, processes and people, surpassing the evolving demands of a changing environment.

Limitations

This research offers valuable insights into the growth of SMEs in a crisis context, but it is important to acknowledge its limitations.

The study's methodology, which included documentation, interviews, and facility visits, provided a comprehensive understanding of the resource and capability development processes in the food and beverage industry. This particular industry had the potential to learn from premium partners, given that the global retail sector underwent significant changes, becoming highly competitive and more sophisticated. It is worth noting that Bamiatzi et al. (2016) suggest that industry effects are muted in a crisis context, particularly for small firms in small economies. They find that for smaller economies, such as Norway, industry effects accounting for 16% during expansion periods drop to 0.9% during a recessionary period. Furthermore, for larger economies, such as the US, industry effects have a more modest drop from 8% during an expansion period to 6% during a recession. Therefore, conducting further research in diverse industries within larger economies could offer additional insights into the sustained growth processes of SMEs.

The selection of the sample in this study may introduce implied biases that could potentially obscure the results. Theoretical sampling was employed, focusing on SMEs that had already employed proactive internationalization strategies and achieved sustained growth in a crisis context. This approach allowed for accessing information-rich cases (Patton, 2002).

Consequently, the selection of SMEs may have been influenced by the willingness of informants to discuss their initiatives. After the initial data collection phase, I also gathered data from two additional firms that did not achieve sustained growth during the specified period. This was done in an effort to further validate the findings. However, I acknowledge that this remains a limitation of the study. Future research can explore the initiatives undertaken by SMEs that did not achieve sustained growth, which may provide additional insights into processes in a crisis context.

During the data analysis phase and in presenting the findings, certain choices were made to streamline the model. Although Taguette software was used, the complexity and volume of the data required simplification of the findings and focusing on the two mechanisms described. It is important to note that while the proposed mechanisms may include sub-processes that are not individually novel to theory, I chose this approach to provide insights into the holistic process of sustained growth through a resource and capability development process supported by necessary mechanisms.

Future Research

While I have developed the model to address a prolonged period in a comprehensive manner, it does not specifically address the speed of growth over a prolonged crisis period. This opens up an avenue for future research to explore the speed of implementing successful initiatives and the roles of different mechanisms in this process. Understanding how different agents navigate setbacks and the importance of initiatives during each phase of this process (i.e. accessing, adapting and re-aligning) can provide valuable insights into the dynamics of capability development and sustained growth. For example, does the process begin slowly since SMEs will have difficulty in accessing knowledge and speeds up as successes are achieved? Understanding the role of the interactions between the agents in value creation can help in understanding the processes in play.

Additionally, future research could investigate the relative significance of accessing, adapting or realigning activities in the development of versatile capabilities and sustained growth. Examining the contribution of each process to resource and capability development can enhance our understanding of their individual and collective impact.

Another direction for future research is to examine the different stages of the crisis period, including initial stages, deepening stages, and later years. These stages are likely to exhibit variations in the level of management commitment due to changing demand conditions, such as international industry trends, consumer preferences and industry standards, among other factors. Exploring these changes can shed light on the evolving nature of management commitments and their implications for sustained growth.

Furthermore, it would be valuable to extend the application of the model to other types of crises, such as political crises. In political crisis, where financial infrastructure may be lacking and market environments are unstable, internationalization can serve as a strategic response for SMEs. By drawing on insights from the sustained growth model, future research can examine how SMEs facing political crises leverage international partnerships to access, adapt and re-align to achieve sustained growth.

Final thoughts

The applicability of the sustained growth model is particularly relevant today, as recent projections suggest that SMEs will face significant challenges. Organizations such as the World Economic Forum project that the next decade will be characterized by risk and uncertainty (Heading & Zahidi, 2023). In this context, my dissertation, which explores a proactive internationalization response, offers valuable insights for SMEs seeking to navigate these challenges and achieve sustained growth.

More generally, I reason that in a crisis context, proactive SMEs are more likely to sustain growth when they persist on building versatile resources and capabilities. While specific capabilities may vary across different industries, the underlying processes associated with

sustained growth (accessing, adapting, re-aligning) and the mechanisms (management perseverance, players in value creation) identified in this study would seem to apply to other situations as well. Overall, the practices of these SMEs have commonalities with those of other SMEs, suggesting the potential transferability of the model. The processes followed by these SMEs, such as asking, listening, interpreting, selecting value-enhancing investments, integrating and improving, and management's persistence in interacting with others in value creation, are not unique.

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Appendices

Appendix A. Proactive Initiatives - From Initiatives to Capabilities

Initiative	Type	Description	Resources & Capabilities	Management Perseverance	Players in Value Creation – Domestic / International
<i>Company A</i>					
I-1	BM change New Product - 2008	Bought new equipment for harvesting, vertical integration. Supplying own business and competitors. Negotiations with suppliers and partners; 60 k euros and pay 20k by Christmas; “bought it for 70 euros, what I had in my pocket”. Developed best process for new product – increase yield and reduce costs	Accessing - Financial resources- Relationship building Frugal adaptation Value investing	Focus Courage Discipline	D -suppliers D -customers
I-2	Process- 2010	International visits to Canada, US and the Netherlands to learn best approach – needed to make modifications for local conditions Installed new structure, completed in 4 years. (7 years collecting information- Adapting international knowledge)	Asking and Listening Interpreting – Value investing	Time	I – partners D- suppliers
I-3	Process - 2015	Expanded structure – capacity increase. (Expanding to be able to automate – improvements for new markets)	Value investing - Re-aligning	Focus	CEO
I-5	Process- 2012	Capacity increase. Bought new bigger equipment to harvest. Traded in old and paid for in three-year installments- frugal. Follows I-1.	Financial resources; Value investing Relationship building	Focus	CEO D -supplier
I-7	Process - 2012	New GEA software (Germany) installed to measure KPIs; needed to install structures before. Follows I-2, I-3.	Improvements Re-aligning	Focus Time	CEO I -supplier

I-8	Process - 2017	Tracking equipment to train animals to self-regulate their milking. Follows I-2, I-3, I-7.	Improvements in operations	Focus	I -supplier
I-9	Process - 2018	New software installation, measuring KPIs against standards – Pylon. Follows I-2, I-3, I-7, I-8.	Improvements in operation	Focus	CEO I -supplier
I-6	Process- 2019	Capacity increase New bigger harvesting equipment. Traded in 2 older ones and paid 110k including grant. I will pay 50k in 2 years for equipment worth 400k euros. Follows I-1, I-5.	Value investing Listening; Frugal adaptation	Focus	CEO D -supplier D - government
I-4	Process 2019	Expanded structure, capacity increase for new markets. Everything went in the business, “we did not even buy new clothes, everything went in the business. I just built my house in 2020.” Follows I-2, I-3, I-7, I-8, I-9.	Value investing Re-aligning	Focus Discipline	CEO D -supplier

Company B

I-10	Process	Consultant training CEO on vision for the company Restructured sales department into two separate groups; led to hiring of quality workforce, starting with International Sales director. Links to I-24.	Accessing Integrating Improving	Focus Discipline	D -Business consultant CEO
I-24	Process	Quality workforce hired since 2008; ongoing training by function; productivity, skills, focus on result and problem solution. Links to I-12, I-13, I-18, I-17, I-21, I-22, I-23, I-25, I-27.	Value investing improving	Focus Time to grow	Internal
I-16	BM Process Product international	Started in Germany accessing premium customer in 2010 but orders only materialized in 2012; Localization “Private Label - effective and efficient market penetration, lower entry costs and building relationships”. Logistics - access to Importers that are	Accessing, Adapting	Focus Time 3 yrs. Courage Discipline	I -customer Sales TMT

		flexible to the retailer's needs; 3000 points of sale by 2016. Links to I-12, I-13, I-20, I-24.			
I-14	Process International	Logistics - Localization - Delivering daily to UK premium customer; started with 3 rd party provider by 2013 (Links to I-24). Already using the daily delivery method in Greece, adapted for UK. Changed process within three-year timeframe to I-15.	Listening, Adapting process	Focus Courage Discipline	I -customer Logistics
I-15	Process international-	Logistics- Daily delivery – added 14 warehouse space in UK; 2000 points of sales by 2016. Once the daily delivery was implemented for one customer, a second and a third became interested; therefore, the SME invested in warehousing to serve the new market, links to I-14.	Value investing; Integrating	Focus	Logistics
I-11	Process, Product International	Localization – Italy by 2014 - Went from 0 to 100 custom made items, bigger pieces of fruit, less sugar. “We would have never done alone” (links to I-20, I-22); investment in quality control equipment I-20; 1000 points of sale by 2016	Listening, adapting, investing, integrating Improving	Focus Discipline	I -customer TMT
I-12	Process internal	Introducing new department; invoicing – in 2009 the international sales department did this function (following I-14, I-15, I-16)	Integrating Improving with structure	Focus	Internal
I-13	Process internal	Introducing planning department – in 2009 the international sales department did this function (following I-14, I-15, I-16)	Integrating Improving with structure	Focus	Internal
I-18	Process – Int'l	UK private label customer audits showed the way 2013/2014; “they even looked under the conveyor belts to see the gear boxes”. Today, quality manages the	Adapting Integrating	Focus Discipline	I -customer Internal

		customer audits, at the time the international sales department was the go-between.			
I-17	Process	CRM systems that have a human factor to decoding correctly. Systems in place but interpretation needs qualified people.	Accessing Interpreting Improving with systems	Focus	Internal customers
I-20	Process	Capital equipment, investments new production line 2008; increased capacity 2013; state of the art installation 2014; further expansion investments 2016-2018 totaling 10 million euros (While these investments can be labeled individually since extensive data was collected from the company's financial statements and presentations, I decided to combine them since the SME made investments every year in improving equipment or expanding capacity following new products, markets and private label I-14, 15, 16, 18).	Value investing Improving	Focus Discipline Time (gradual development plan)	I -suppliers D -suppliers TMT
I-19	Process - domestic innovation	Process milk within 24hours of collecting; no other competitor can say this; Greek quality. 2014. Used extensively in domestic advertising of quality Greek products.	Interpretation Integration	Focus	D -supplier Internal
I-21	Process	Production training, continue to share the vision, specifically when complexity of new localization reaches adaptation threshold for operations. 2014. Following the introduction of Italian SKUs, I-11.	Interpreting Value investing Improving	Focus Discipline Courage	CEO International Internal
I-22	Process	Technical advisors (Germany) working with R&D on new technology by 2018; the SME is not able to come up with their own new products, it has always been the	Value investing Improving	Focus	R&D I -consultants

		customer driving product innovation. However, they are investing to rectify this. Follows from I-11, I-15.			
I-23	Process	University partnership to bring in new technology and support suppliers. Technology for raw material. 2018	Improving Relationship building	Focus	D -institution D -suppliers
I-25	Process	Coaching others – Basketball analogy, let the teams do it themselves and not jump in there; remind from the sidelines	Improving	Focus	Internal
I-26	Process	Today, UK turnover will not triple, therefore work on improving one thing; small expansion.	Improving	Focus	I -customer
I-27	Product	Challenge department to improve packaging. The customer pushes the SME to do better, so the manager approaches the improvement process by pushing his own people to push their suppliers to do better.	Integrating learning Improving	Focus Discipline	Internal
I-28	Product	High protein content product developed for international market (Scandinavia) introduced in domestic market in 2016	Integration international- domestic	Focus	I -customer D -customer
<i>Company C</i>					
I-29	BM Service	Wine Tourism – guided tours of facilities and wine tasting. Required investing in service equipment.	Accessing, Adapting	Focus Courage Discipline	D -suppliers
I-33	Process - sales	Selling process; distributors were not interested in selling wines; CEO loaded the car and drove to Germany with French wines. Greek restaurants were not interested. Wanted Malagousia and Moscato. 2010	Accessing Interpreting	Focus Courage	I -customers CEO
I-34	Product	Changed from premium high-end wines to middle category wine. Outsourced grapes and produced both.	Adapting	Focus Discipline	D -suppliers CEO

		Bought land and replanted Greek variety and continued to buy until his vines were ready. 2011. Links to I-33.		Courage	
I-30	Product	Marketing campaign on national media 2012, 2018	Value investing	Focus	D -suppliers D -Media
I-31	Process-sales	Selling process changed to international face-to-face approach; Germany, Austria, Netherlands 2012. Links to I-33, I-34.	Accessing Relationship building	Focus Courage Time	CEO I -customer
I-35	Process	Distributors for Belgium, Holland, Switzerland 2014	Adapting		
I-39	Process	Repeated failures selling to the local establishments. Five years for locals to support and buy from the SME. "Nobody was here to support us, only barriers"	Accessing	Focus Discipline Courage Time	D -customers
I-36	Process	Discontinued China distribution because of problems with the distributor.	Adapting	Focus	I - suppliers
I-37	Product	Church wine in Australia, different process of alcoholization	Accessing Adapting Integrating	Focus	I -customer
I-38	Product	International marketing on Greekity, cultivation and quality of product. Selling the Greek identity, myth and story. Links to I-33, I-34.	Interpretation Integration	Focus	I -customer
I-41	Service	Managing vineyards for the monasteries. They were producing church wine for Russia. The SME stopped this service within one year since they were competing for the same market.	Adapting	Focus	

I-40	Service	Expanded guided tours to international groups, to include meals together with wine tastings. Led to partnership with Israeli alcoholic beverage distributor. Links to I-29.	Integrating Improving Accessing	Focus Discipline Courage	I -customers
I-42	Process	Attended formal training for farmers with assessments and survey. Grant received to expand and install further equipment.	Improving	Focus Discipline	D -institution
<i>Company D</i>					
I-43	BM	Selling directly to retailers. Process of dealing with existing wholesalers: from not working with those he did not like, to favourable terms and conditions to those he wanted to continue working with. Made in Greece product.	Accessing Adapting Re-aligning	Focus Discipline Courage	D customers CEO
I-45	Process	Repeated failure in accessing premium customer. Had to agree to unacceptable terms and conditions. Made changes in how he approached potential customers; he describes it as the difference between book smarts and street smarts. (Links to I-43).	Accessing Adapting	Focus Discipline Courage Time	D -customers CEO
I-44	Product	International knowledge led to the development new product for Netherlands. Inexpensive transport made the product viable since trucks were going north empty. 2015-2016	Accessing Adapting	Focus Discipline Time	I -customers CEO
I-46	Process	International knowledge to develop new high yield process. Three years to develop process 2013-2016. Went to Italy for 6 months to learn the process. Brought an international expert to consult. This process allowed	Accessing Adapting Re-aligning Quality labour	Focus Discipline Courage Time	I -partners CEO

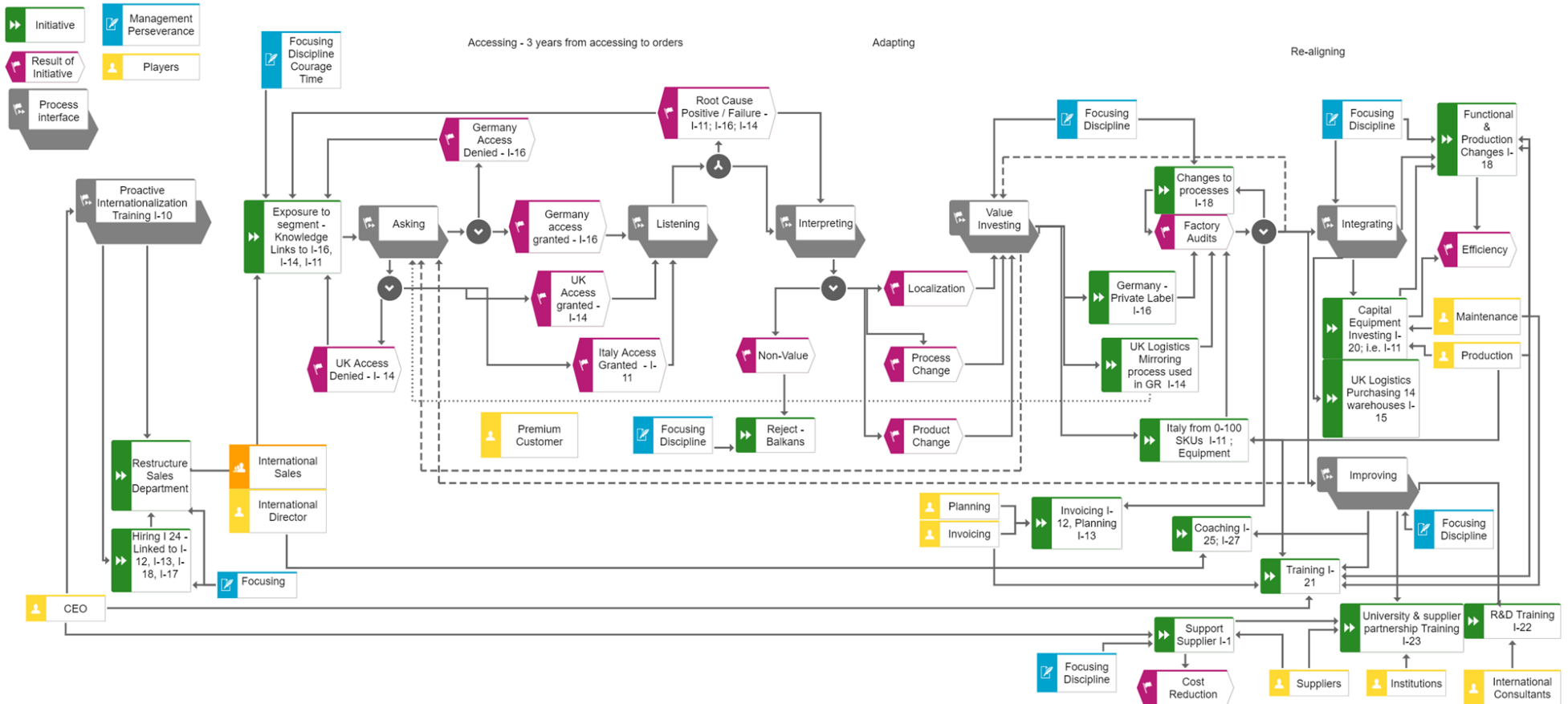
		to run operation in 2019 at the lower operating costs than in 2004; 2019 @ 1.68/kg and 2004 @ 3.90/kg. This is despite having double the tax rate and double the labour costs. Details of the process and capacities were shared by the CEO.	Frugal		
I-47	Process	Changes to distribution network, from driver and sales distribution to 27 logistics centers to serve retail customers. Links to I-45.	Integrating logistics	Focus	D -customers
I-48	Product	Importing product for HORECP in 2017 (Links to I-47). Large quantities from Poland. Partnered with middle man. New product for new customers with a new process. This partnership was detrimental since the SME did not have the volume in 2019.	Adapting	Focus Discipline Courage	D -partner I -supplier
<i>Company E</i>					
I-50	Product	In 2009 introduced new products that grew exponentially. Up to that point, the company made cookies for bakeries to sell. Links to I-51.	Adapting		D -customers CEO
I-51	Process	In 2011, new products were developed of the shelves (retail). Internal R&D developed innovative products for domestic market. Multiple domestic and international food expo presentations and domestic advertising. Links to I-50, I-51 and I-61.	Adapting Re-aligning	Focus Time	D -customers Internal R&D D -institutions
I-61	Process	Supermarket, the manager experienced repeated failure to access the retailer. “40 times, every Wednesday pm (when I know they were hungry). Looking for something different. 2011-2012 – every time it was a different reason for my visit – I was close, here is something new. It took 1 year to do it. At the end he took all 14 codes –	Accessing Adapting	Focus Discipline Courage Time	Customers D -institutions

		and we built a personal relationship”. Success – information, take it and do something with it. Evaluation. Yemen, Zambia, Zimbabwe – everyone has this product; you show variety of SKUs he knows cookie. What does market want, you get this from street smarts. The increased volume, led to capital investment in automation in 2013. This process is linked to a 2014 government grant for quality modernization and support program for export.			
I-60	Process - Hiring	The CEO hired experts for each position, people that had knowhow from elsewhere, i.e. 10-year experience in sales. New production line 2018 completed using domestic engineering firm. [Another cookie competitor] it did not work for him. He did not invest in people, he has stayed regional. “You need an open mind”.	Accessing Improving	Focus	D -quality labour D- institutions
I-52	Process / Product	Localization – Started in China (2015), used a sales person to stay 6 months to push the product. International food expo exposed SME to international markets. For China dropped the sugar content by 20-30%. Always tried to give what we had first. New products only when could sell elsewhere or commitment on one container of 11 pallets	Accessing Adapting	Focus Discipline	I -customer
I-58	BM Product	International private label to increase volume. “We did it to organize production better”. For 10 pallets per week, organize times, production and raw material, learn to be consistent, steady (not bad or good), responsible. International marketing “we did not have the capability to do it, they sold brand name at a lower	Accessing Adapting Re-aligning	Focus	I -customers

		price so never international marketing campaign, only private label” Linked to I-52, I-60.			
I-53	Product	Localization in Thailand. Cookies are global and exhibit different behavior than other products such as salad. Basically, it is the type of flour so there are 2-3 SKU’s. Angola has a cookie. Salads do not exist, ship the Greek culture, identity and customers are trained to like product. The cookie, I adjust to your culture, I do not change it.	Accessing Adapting	Focus	I -customers
I-54	Product / Process	Localization in Germany because Europe was already developed with better pricing. More stable market since many Greeks in Greece know Company E. Capital investment in new production line in 2016	Adapting Re-aligning	Focus	I -customers
I-55	Product / Process	In the US, major retailer, but we did not get in the cycle within 1 year, so the agreement stopped. US buyer visited the plant for 3 days before getting the contract. SME supplied 7-11 in Hong Kong. They ordered 3 times and they stopped. “We had it all, innovation, price, packaging. We made changes according to the environment. In Sweden, they wanted a sweeter cookie, in China they wanted less sugar. But it did not last past one year, they could not change habits”. Links to I-54, I-56.	Adapting	Focus	I -customers
I-56	Product	Developed new flavours in Greece for Greece in 2017 80% of sales were in Greece. Target to have 30% international sales by 2019. Three out of the twenty products are from international partnerships, the	Adapting	Focus	I -influences D -customers Internal R&D

		majority of other products are from international knowledge i.e. vegan.			
I-57	Process	Selling more of the Mediterranean diet and Greek culture abroad: Quality product wherever it goes, Price quality ratio (expensive) – consistent quality, Trustworthy – say what you will do and do it, listen from promotions, what the customer wants. Links to I-54.	Listening Interpretation Integration	Focus	I -customers
I-59	Process Product	Supermarkets, 10 people per day want to talk to the buyer. Now there are 1000 companies, 10 years ago there were 100. You play by their rules, serious, flexible, modern. First offer 5 SKUs 1 sample/promotion, 1 commercial; marketing value added. You will do all; then logistics. “Philosophy is taking out all the negative ...Prices innovation promos marketing...Whatever the customer wants. Important also how you say this; not wooden”. Also, know how is my customer evaluated: \$8.5k per meter of shelf space i.e. 40 € per day. That is how byers are evaluated and company stores managed. Higher margin products. An expensive cream that will give a 50% margin is better than a cheaper product. Links to I-60, I-61.	Accessing Adapting Improving	Focus Discipline Courage Time	Customers
I-49	Process	Outsourcing merchandizing and ordering from retail stores – 2019.	Re-aligning	Focus	D -supplier

Appendix B. Sample Process Mapping – Company B



Appendix C. Archival Data Summary

Type	Published	Title	Publisher	Number
Company A – 108 pages; 15 videos, 45min				
News Article	2020	'Large' Investments Due To ... Time Delay of The State! (in Greek)	Dairy News	5 pages
Trade press release	2019	Equipment information on automation	GEA	2 pages
Press Release - Facebook	2017	Photos of multiple collaboration activities with customers and suppliers (in Greek) – Facilities & operations	Company A	108 pages of posts 15 videos -45 min
Company B – 25 reports; 934 pages; 8 videos, 10 min				
Presentation	2021	Corporate Presentation – 4 th ATHEX Mid-Cap Conference	Company B	21 slides
Presentation	2020	Corporate Presentation – 15 th Annual Greek Roadshow - London	Company B	29 slides
Presentation	2020	Company Presentation to the Institutional Investors (in Greek)	Company B	28 slides
Trade Case Study	2020	Ishida X-Ray Technology Helps to Ensure Greek [product] Quality	Ishida	2 pages
Trade video release	2020	B dairy from Greece, full process control for [product]	FOSS Argentina	2:48 min
Presentation	2019	Corporate Presentation – 14 th Annual Greek Roadshow - London	Company B	26 slides
Financial Report	2019	2018 Annual Financial Report (in English)	Company B	50 pages
Presentation	2018	Corporate Presentation – 13 th Annual Greek Roadshow - London	Company B	28 slides
Presentation	2017	Corporate Presentation – 12 th Annual Greek Roadshow - London	Company B	24 slides
Financial Report	2017	2016 Annual Financial report (in Greek)	Company B	48 pages
News Video	2017	Interview on High Protein Greek [product]	CNS Media	2:06 min
Presentation	2016	Company presentation (in Greek)	Company B	34 slides
Financial Report	2015	2014 Annual Financial Report	Company B	1 page
Presentation	2014	Company presentation (in Greek)	Company B	30 slides
News Article & Video	2014	Greek [product] shortages not expected...	Dairy Reporter.com	1 pg; 1:17min video
Press Release	2014	B - Focus on [product] exports	Company B	1 page
Financial Report	2014	2013 Annual Financial report (in Greek)	Company B	72 pages
Press Release	2014	Participation of B in the "ESPA" research project	Company B	1 page
Presentation	2013	Corporate Presentation – Greek Investment Forum in New York	Company B	30 slides
Presentation	2011	Company presentation at the Institutional Investors (in Greek)	Company B	31 slides
Financial Report	2011	2010 Annual Financial report (in Greek)	Company B	64 pages
Financial Report	2010	2009 Annual Financial report (in Greek)	Company B	59 pages

Financial Report	2008	2007 Annual Financial report (in Greek)	Company B	89 pages
Analyst Reports	2007	Analysis of Praxis International (in Greek)	Praxis International	6 pages
Presentation	2007	Company presentation at the Institutional Investors (in Greek)	Company B	22 slides
Financial Report	2006	2005 Annual Financial report (in Greek)	Company B	74 pages
Financial Report	2004	2003 Annual Financial report (in Greek)	Company B	125 pages
Company Information	website	Company vision, people, products, news, brands, awards	Company B	36 pages; 35 sec video
Company information	website	Dedicated international tab - separate partnering private label tab	Company B	2 pages
Company facilities	website	Production facilities, head office	Company B	4 videos; 3 min
Company C – 65 pages; 9 videos, 15min				
Promotions	2018	Tripadvisor, Greece top 10	Travel Websites	3 pages
Documentary - video	2015	Greek Exquisite Tastes- Area of ...	Finest Greek Tastes	11:33 min
Promotions	N/A	Distributors in Germany, Luxemburg; including wine reviews	Distributor sales	4 pages
News Article	2014	C Winehouse	GrapeRover	3 pages
Press Release - Facebook	2016	Photos of customers (in Greek) – Facilities & operations	Company C	55 pages of posts 8 videos -4 min
Company D – 22 pages				
Industry Report	2018	[Product] Industry Report	Industry Association	10 pages
Yield on process	2010	Technical Product Specifications	University	10 pages
Company Information	2018	Images of production facility and products	Company D	2 pages
Company E – 149 pages; 25 videos, 41 min				
Supplier press release	N/A	Outsourcing Sales & Merchandising for Supermarket Chains	ADUS	1 page
Videos of Facilities	2015-2018	Facilities & Production Video	Company E	4 videos - 11:15 min
Trade Shows	2015-18	NY Summer Fancy Food Show; Anuga, Germany; Koelnmesse, Germany; Paris, France	Trade show exhibitor	Multiple shows annually – 4pages
Promotions - YouTube	2013-18	Commercial advertisements aired	Company E	21 videos - 30 min

Financial Progress Report	2020	Total Assets, Equity Capital and Sales growth 2002-2020	Company E	1-page summary
Promotions - Facebook	Since 2013	New product introductions, Attendance at trade fairs; Web radio	Company E	100 pages
Company information	website	Company vision, people, products, news - awards, brands	Company E	42 pages
Company info	website	Dedicated international tab on website	Company E	1 page
News article	2021	News Article in pagenews.gr	Page News	1 page
Feature article	2021	Online article on success story	ReporterMagazine	multiple
News article	2018	Online article on success story	Daynight	1 page
News article	2018	Online article on success story	Eirinika	1 page