


Chapter 5

Business Directions at a Time of Crisis: Some Evidence From Greece

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ABSTRACT

The chapter attempts to identify patterns in the directions that businesses took during the 2019-2022 corona virus disease pandemic in order to extrapolate lessons regarding business behavior at a time of crisis. To that end it econometrically analyzes a stratified random sample of 3.539 businesses collected via a field survey carried out across Greece in the spring-summer of 2023, and provides insights with regard to the decision to (a) suspend or reduce production, (b) reduce salaries, (c) set new goals, (d) adopt new strategies, (e) secure new capital, (f) secure new machinery, (g) train or hire qualified personnel, (h) expand remote work, (i) offer new products, (j) change the procurement and/or distribution process, (k) engage in online commerce, (l) change the organizational structure, (m) revise the marketing approach, (n) internationalize sales, (o) acquire or merge with other businesses, and (p) sell parts of the business, given the business age, sectoral, regional and other characteristics, and the receipt/non-receipt of sectoral, regional or other EU-funded and approved state aid aimed to help businesses deal with the extenuating circumstances.

INTRODUCTION

The volume deals with state intervention aiming to influence specific industries or sectors of economic activity (industrial policy), the processes of introducing new

DOI: 10.4018/979-8-3373-1767-0.ch005

ideas, methods, products or business models that create value and drive growth (innovation), economies in motion operating away from static or long run equilibria (complexity economics), and their interconnections.¹ In this setting, the chapter attempts to explain in terms of industrial policy interventions, sectoral, regional, and other business features the innovation and other paths that businesses took recently in an unusual situation (a crisis) in Greece.

Greece is a high-income county of the European Union (EU-27) with about 10.4 million inhabitants (2021 census),² and the crisis in question is the corona virus disease (COVID) pandemic that broke out in late 2019 and reached Greece in the last quarter of February 2020.

At the time, in numerous countries and territories around the world, the attempt to limit the loss of human lives affected the imposition of non-pharmaceutical interventions, such as lockdowns and various other restrictions on economic activities. The aim was to reduce the spread of the virus until effective vaccines were developed and made widely available. These lockdowns and restrictions greatly disturbed social and economic life and business operations at the local and national level, and, cumulatively, the global supply chain. (e.g., Hayakawa and Mukunoki, 2021; Magableh, 2021; Prodromidis, 2021; Shibata, 2021; Taylan et al., 2022; and the sources cited therein).

Yet, as businesses provided the goods that people needed to survive and deal with the crisis, and the services that people needed to stay healthy, productive, and connected to others, the continued operation of businesses was pivotal. So, central and regional governments by and large took steps to also help businesses (Storr et al., 2022.) With little experience in coping with such a complex, large-scale, multi-layered emergency this aid may have been more or less effective. So, an important set of questions is how (in what way or ways) businesses responded (adapted) to the lockdowns etc., and what impact did this aid have.

In the pages that follow, information solicited from business managers and owners (organizational decision makers) in Greece, about the directions that their businesses took from March 2020 to June 2022,³ is empirically analyzed. The objective is to look for patterns in the directions that the said businesses took in the face of adversity (the same adversity) in the same country and context, at about the same time. If businesses in specific sectors or regions or in receipt of this or that kind of aid generally moved in the same or in a different direction (i.e., adapted in the same or in a different way), then one may be able to extrapolate useful lessons (Pearson and Clair, 1998), and make progress in understanding human behavior—here, business reaction during a serious pandemic— and what transpired.

With these thoughts in mind, the chapter is organized as follows: Section 2 supplies related findings reported in the literature. Section 3 describes the field-survey through which the information on the said business paths or directions was

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