

Exploring firms' accounting viability during economic turmoil: Best practices for SMEs entrepreneurship

**Christos Lemonakis,¹ Alexandros Garefalakis,² Panagiotis Ballas,³
Vassiliki Balla,⁴ and Ioannis Passas⁵**

Abstract

The aim of this study is to enrich the existing literature through the results of the research and to provide further information to policy-makers on the part of businesses and the state. This paper focuses on the role of determinants of the viability of Greek Small and Medium-Sized Enterprises (SMEs) in a period of economic crisis, contributing to existing literature. We examine the factors that affect SMEs viability in times of economic recession; emphasizing on the use of collaborations with universities and research centers, as well as suggesting the tendency to maintain an adequate pillar of Equity funds and the widespread use of Enterprise Resource Planning (ERP) tools to enhance firms' activity, as key determinant factors. With data extracted from field research and from databases, a model function was constructed using the Fixed Effects panel method. The empirical analysis is based on both qualitative and quantitative data extracted from a survey using a sample of more than 150 SMEs Greek manufacturing companies. The results suggest businesses should take initiatives to promote cooperation networks for innovation and set up associations representing small and medium-sized enterprises to facilitate social interactions. Applied policies should better address business needs

¹ Department of Business Management, Administrative Economics and Decision Systems' Laboratory, Hellenic Mediterranean University (HMU), Ag. Nikolaos, Crete, Greece; E-mail: lemonakis@hmu.gr

² Department of Business Administration and Tourism, Hellenic Mediterranean University (HMU), Heraklion, Crete, Greece; E-mail: alex_garefalakis@yahoo.gr and Department of Economics, Administration and Computer Science, Neapolis University, Pafos, Cyprus; E-mail: agarefalakis@nup.ac.cy

³ Corresponding Author - Laboratory of Accounting and Financial Management, Department of Accounting and Finance, Hellenic Mediterranean University (HMU), Heraklion, Crete, Greece; E-mail: p.ballas@gmail.com

⁴ Department of Tourism Management, University of Patras, Greece; E-mail: vassiliki.balla@gmail.com

⁵ Department of Business Administration and Tourism, Hellenic Mediterranean University (HMU), Heraklion, Crete, Greece; E-mail: passaslive@gmail.com

and provide realistic incentives (e.g. tax relief) to small and medium-sized enterprises with high innovation potential and encourage cooperation between universities and public and/or private research centers by introducing effective institutional and market-oriented arrangements. Limitations on the generalizability of results stem from the selection of the sample. Availability of data before the burst of economic crisis in 2008 would facilitate comparisons of findings before and during economic turmoil. Also, utilizing data of SMEs in other sectors would enable cross-sectoral comparisons. The paper offers practical implications to SMEs in Greece regarding their effort to survive during the socioeconomic crisis that the country faces providing as a potential strategic decision to focus on innovation and on the cooperation with universities and research centers. The paper focuses on how SMEs in Greece could survive economic turmoil through collaborations with academic and research community as well as innovation, which could mitigate risks leading to accounting viability.

Keywords: Accounting viability; Economic Crisis; Small and Medium-Sized Enterprises (SME's); Innovation, economics.

Introduction

It is well known that economic growth is inextricably linked to innovation and cooperation. Given that SME's constitute the majority of European Union enterprises and manufacturing firms are considered to be the main innovators in an economy this work attempts to examine the impact of inter-company co-operations on viability of Greek manufacturing firms. Since there is often no cooperation between firms in Greece and given the need for Gross Domestic Product (GDP) growth in the country, mainly through exporting orientation, the concern of this study is to search for key factors affecting the firms' viability, with emphasis on ERP's used and collaborations. The aim of this study is to enrich the existing literature through the results of the research and to provide further information to policy-makers on the part of businesses and the state. With data extracted from field research and from databases, a model function was constructed using the Fixed Effects panel method.

The structure of the work is as follows. The first part deals with corporate failure and its identifying features, the second with enterprise innovation activity, the third part with business partnerships with universities and research centers. In the fourth part, a detailed presentation of the methodology of the empirical survey used is made, while in the fifth part the results of the research are presented with the relative analysis that follows. Finally, the sixth part outlines the conclusions and best practices proposed.