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Organizational resilience: How some manage to survive where others fail in the context of the Greek tourism sector

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I hereby declare that the work submitted is mine and that where I have made use of another's work, I have attributed the source(s) according to the Regulations set in the Student's Handbook.

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ABSTRACT

This dissertation, written as part of the MSc in Management at the International Hellenic University, is a research project focused on the subject of corporate resilience in the context of the Greek tourism industry. Simply stated, it delves into the factors that allow a corporation to survive and thrive despite pressures from the external environment. The dissertation begins with an introduction explaining in detail the aim, significance and structure of it, the methods employed in the research as well as a brief history concerning the development of the Greek tourism industry. After that a detailed review of the literature on the subject of resilience is provided, structured in a chronological order culminating at the literature gaps that exist along with the ones eventually picked for further research. The last part of the dissertation focuses on presenting the findings of the qualitative research conducted, drawing conclusions, and offering directions both as a result of the research as well as in the form of leads for further research in the future.

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1. INTRODUCTION

1.1 AIM OF THE STUDY

The aim of this study is twofold: Firstly, it seeks to act as a *nexus to the discourse concerning corporate resilience and expand upon it*. For a country such as Greece, situated in an area historically volatile and with an economy that is affected a multitude of factors, fostering the ability in organizations to keep operating reliably despite external disruptions is of even greater importance than average (Öztürk, 2015). Naturally, the recent economic crisis has only strengthened this necessity.

Secondly, this study seeks to *localize the research* and draw useful conclusions on the subject at hand from an economic sector that is of great importance for the national economy¹ (SETE, 2012), exhibits all the correct characteristics for the purposes of this research and yet remains, up to this point, untouched by the research done on the matter of organizational resilience, both as a research target as well as a recipient of the positive effects that this research entails.

1.2 SIGNIFICANCE OF THE STUDY

Upon completion, this dissertation can be of interest and of practical use for a number of parties, both in the industry under review that is Greek Tourism, as well as in the broader academic and scientific community. Considering that during the research phase no influential publications were found on the subject of organizational resilience that were focused on the Greek post-crisis economic environment, it can act as a point of introduction for the entire discourse on a subject that can find immediate applications across the entire economic sphere. Moreover, by specifically focusing on companies active in Tourism in Greece, insights that might be of use can be gleaned from this work, both for enterprises as well as for bigger organizations (i.e. Commerce Chambers, Policy-making committees etc.)

1.3 METHODS USED

The research was conducted through an interview-based qualitative method. By carefully selecting the interviewed subjects and companies, each interview served as a “vantage” point to confirm or disconfirm the findings of the others and as a whole to shed light at the subject under review in a spherical manner (Barbara DiCicco-Bloom, 2006). By analyzing the results, finding patterns that make themselves apparent through them and comparing those patterns with previous findings as they are presented in the bibliography, a mix of

¹ Also see 1.6

conclusions possessing both depth and breadth can be gleaned with clarity.

1.4 HISTORY OF TOURISM IN GREECE

Before moving on to the review of the literature concerning organizational resilience, it is useful to present a small “timeline” of the industry which serves as the framework for the purposes of this dissertations.

Tourism is one of the most significant sectors of economic activity in Greece, accounting for around 18% of the country’s GDP (Ministry of Foreign Affairs of the Hellenic Republic, 2016) and it also is the sector of interest for this study. However, it wasn’t always so. Back in the 1950’s the number of tourists arriving in Greece hardly reached 33,000, compared to the 18 million in 2014 (Alloush, 2014). It is worth mentioning that, naturally, there were travelers visiting the country even before that. Moreover, the basic infrastructure and framework, as well as the National Tourism Agency were set or, respectively, founded before that time (Filippa, 2013). However, it is during the late 50’s and in the 60’s that tourism became an industry, an ever more widely available “pastime” and a rapidly developing economic sector in the country. Unfortunately, this development took the form of mass tourism bolstered by the natural characteristics of Greece as well as its rich history, with a severe lack in planning and strategy, both on the business as well as the state level. This led to a number of widespread issues like lacking infrastructure, environmental degradation, distortion of local economies and very high seasonality, creating a huge imbalance across basically every sector when comparing summer with the other seasons of the year. Gradually efforts for a different direction are starting to emerge, yet for the most part the “holy triage” of “sun, sand, sea” dominate the national touristic product.

2. LITERATURE REVIEW

2.1 RESILIENCE AS AN EVER-PRESENT QUALITY

Resilience is a remarkable and ever-present ability. It is a quality that is prevalent throughout our world, either passively for inanimate objects or actively for living organisms, complex systems or organizations. (Oxford Dictionary, n.d.) As such it should come as no surprise that the two founding pylons of the discourse around resilience in the business setting can be argued to be biology (specifically evolution theory) and psychology. The origins of the concept of resilience in the managerial and business literature dates back to the relatively recent date of 1981 and can be traced to two papers written by Staw *et al* (Staw, 1981) and Meyer (Meyer, 1982). As already mentioned, both papers draw upon theories initially presented in the field of evolution theory in order to come up with rather divergent theories concerning how organizations respond to external threats. (Linnenluecke, 2015) Despite the fact that due to some inherent limitations these two papers didn't have a very extensive influence on the field of resilience as a whole, at least initially, it is worth noting that they mark the point where "resilience" was used expressly as a concept in the business and management literature. (Meyer, 1982)

2.2 DEFINING RESILLIENCE – A COMPLICATED PROPOSITION

Resilience has already been mentioned as a remarkable quality that is present across a wide variety of sectors. More than that, it is also the focus of this paper. Yet one might notice that no definition of it has been given up to this point. What exactly is resilience? This is a question that is perennial across the field of the study of resilience and one of the first peculiarities that a researcher needs to address: There exists no common and agreed upon definition of the concept. Instead, there exist several, so many in fact, that it can be argued that pretty much every researcher and every scientific branch that incorporates resilience as a concept (psychology, material science, physics and, of course, business and management research) comes up with its own one. A broad definition of resilience is "the ability [of a system] to cope with change" (Wieland, 2013). Another one offered is "the ability to bounce back" (Weick, 2001). In strategic management, resilience has been defined as a process capability: companies reinvent themselves by overcoming barriers to change

and by developing multiple sources of competitive advantage (Hamel, 2003). A final one would be “resilience is defined as a measure of the ability of a company to, and the speed at which it can, return to its normal performance level following a high-impact/low probability disruption” (Sheffi, 2005). The citing of definitions could go on and on, which would be rather impractical and of dubious results. However, having provided these four representative ones and by keeping in mind the ones that for reasons of brevity remain out of this paper, it would be useful to try and draw some conclusions arising from the common motif that exists amongst the definitions. As such, “resilience” appears to possess the following characteristics:

- It is an ability
- It is either innate, acquired or both (both as in: an innate ability that can be reinforced through planning and/or practice)
- It is linked to the resistance of the effects of outside forces acting against the design, purpose, direction or will of the owner of the ability
- It either accelerates the recovery or offers outright immunity to the adverse effects of the forces mentioned above.

2.3 REFRAMING RESILIENCE - A BRIEF HISTORY

Up to this point the origins of resilience have been presented, both as a general idea as well as a specific concept in the field of business and managerial practice (see 2.1). Moreover, the outlines of the concept, becoming evident through the common motifs of large number of definitions that exist for it (see 2.2) have been explored. To conclude the review of the literature, it would be useful to briefly describe how the field developed since it's integration in the scientific principles of business and management, with a chronological focus, in order to arrive to the status that it exhibits today.

2.3.1 ORGANIZATIONAL RESPONSES TO EXTERNAL THREATS -THE 70s & 80s

It all began, as previously mentioned, in the 80's with the theories and finding of Staw (Staw, 1981) and Meyer (Meyer, 1982)². Staw, basing his findings on a “threat-rigidity” mechanism he observed during his research, upheld the position that

² See 2.1 as well

“negatively framed situations lead to risk avoidance and maladaptive outcomes, owing to an overall tendency for individuals, groups and organizations to emphasize well-learned or dominant responses when facing adversity (rather than flexible and adaptable learning)” (Linnenluecke, 2015). It is at this point that Meyer arrives, a year later, to challenge Staw’s position. Meyer concluded that, contrary to Staw’s beliefs, an external threat doesn’t necessarily constitute a threat to a company, and that organizations can respond to a threat by either “weathering it out”, displaying “resiliency”, or by displaying adaptability, working around the problem and implementing innovative solutions, something that Meyer labeled “retention”. He further concluded that the shaping factors for these two types of responses are as follows: For “resiliency, *slack resources and the organization’s strategy* are the main powers at play, while for “retention”, the deciding forces are the *organization’s ideology and the organizational structures*.

What becomes evident by both these positions is that despite their differences, they converge on the following fact: External threats are the catalyst for the initialization of certain processes within the organization that can lead to either a successful or unsuccessful response, depending on certain internal factors exhibited by the organization before the threat made itself apparent.

2.3.2 RESILIENCE AS RELIABILITY – THE 80s TO 00s

Other than the advent of the concept of resilience to the research of the world of business, a few other things happened in the beginning of the 1980s, and they had a major impact in the direction that this research took. Several high-profile, large scale accidents and disasters such as the Exxon Valdez, the Bhopal Disaster, the Chernobyl Nuclear Accident and the Space Shuttle Challenger Explosion made global headlines and caused significant interest in the scientific as well as the broader community as to their causes. As such, academic interest in the field of study under review shifted from external events as stress factors to organizations, towards internal organizational reliability. (Linnenluecke, 2015)

Through the research efforts of the period, there were two theories that emerged as prevalent.

The first one was the *Normal Accident Theory*. Introduced initially by Perrow (Perrow, 1984) in a paper that used the Three Mile Island nuclear accident as a case study of a complex system undergoing partial meltdown due to an avalanche effect caused by failure in a secondary system that “flew under the radar” of the operators, he proposed that accidents, especially in systems of ever-increasing complexity, are inevitable and bound to happen at some point.

While his theory came under fire due to its deterministic stance, it led to the creation of a “reliability paradigm” (Van Den Eede, 2006) proposing for greater reliability and attention to operational safety and, through further research led to the identification of two strategies as crucial for the mitigation of risk, particularly concerning dangers inherent in technological progress: anticipation and resilience³ (Wildavsky, 1988)

The second theory, succeeding the first one chronologically and antagonistic or complementary to it in nature, was the *High Reliability Organizing* theory. By observing organizations that function in vastly complex conditions utilizing advanced technologies and require error-free operation to avoid major disasters like the deck of an aircraft carrier, or the Air Traffic Control system, a group of researchers at the University of California at Berkeley determined that this error-free performance isn't brought about by not failing, but by an active effort at reliability (Sutcliffe, 2011) (Rochlin, 1999), essentially by excreting effort to correct problems before they come to the point of influencing the main operation of the organization (Weick, 2001)

While the second theory emerged as prevalent, possibly due to its less deterministic nature and the fact that it is actively pursued by a dedicated group of researchers at Berkley, they both contributed significant new knowledge on safety and reliability, with an active debate going on, as some see them as fundamentally different, yet other as complementary of one another.

³ Here defined as “the capacity to cope with unanticipated dangers after they have become manifest, learning to bounce back”

2.3.3 INTERNAL TO EXTERNAL – THE 00s – 9/11 AS CATALYST

The preoccupation with intra-organizational reliability of the kind previously cited ended abruptly after the 9/11 attack in 2001 that presented a pivotal point in history for a multitude of areas all around the globe. Resilience research was no exception. The ensuing deep and broad shift in focus towards the development of coping mechanisms and response strategies under conditions of massive uncertainty, gave rise to three research streams: *Employee Strengths Management*, *Business Model Adaptability and Resilient Supply Chain Design*. These three research streams developed in relative isolation from one another (Linnenluecke, 2015), yet they are of equal importance and thus warrant further elaboration.

The first stream of interest is called, as already mentioned, the *Employee Strengths Management* stream. Its starting point is traced to 2002 and to two researchers that made the first contributions to it, Coutu (Coutu, 2002) and Luthans (Luthans, 2002a) (Luthans, 2002b). Separate from prior work and with roots in clinical and developmental psychology literature, it suggests that resilience⁴ is a learnable, measurable⁵ skill even at an individual level and organizations are thus in a position to foster “psychological capital” in their employees which can improve their ability to cope with adversity, risk or change.

The second stream to be further analyzed has to do with the *adaptability of business models*. This stream, unlike the previous, is in fact directly relevant to preexisting research in the field of resilience and represents a renewed interest in organizational processes that can lead to a functional or dysfunctional response to negative external change (see 2.3.2). Furthering the research on these processes and shifting the approach to one focusing more on dramatic, rapid external forces causing uncertainty, the studies within this stream concluded that for firms to more effectively develop resilience, a number of enabling conditions need to exist, with slack and innovation being the most prominent ones, while others, like the

⁴ Here defined as “the positive psychological capacity to rebound from adversity, uncertainty, conflict, failure or even positive change, progress and increased responsibility.

⁵ Luthans *et al* (Luthans, 2007) developed a six-point measure of resilience by adapting a preexisting measure of resilience for health and nursing. (Wagnild, 1993)

development of strong commitment to employees and the fostering of loyalty also playing a role.

The third and final research stream worth mentioning for this period is the development of *resilient supply chain design*. This research stream, which also developed in relative isolation to the others, takes a more functional, lower-level approach towards the issue of resilience. The 9/11 attacks illustrated that the modern, sophisticated supply networks present a great amount of interdependency, with disruptions rippling swiftly through the “links”. More crucially, it wasn’t just the supply networks of the private sector that exhibited these characteristics but also the ones associated with the fundamental governance and infrastructure of a country (in this case the USA) (Rice, 2003). A significant amount of conceptual and empirical research went into addressing this aforementioned fragility, focusing mainly on two factors that were deemed crucial: Flexibility and redundancy (slack, modular designs, multiple transportation and production modes, diversified suppliers etc.). At this point it is worth stating that, as can be easily understood, the quest for resilience based on redundancy and slack is directly competitive to the wish for streamlining and efficiency. This clash is prevalent through the entire discourse about resilience in business. The research conducted in the stream of resilient supply chain design had the effect of 1) leading to a consensus that a right combination between resiliency and efficiency is needed 2) highlighted the to consider factors going beyond the immediate costs when building a supply chain.

2.3.4 ACTIVATING RESILLIENCE – 00s TO TODAY

All of the different approaches to the concept of resilience mentioned up to this point, shared one common motif: The measure of resilience and the effectiveness of any preparation that might have taken place, only became apparent after it was tested in the crucible of a crisis. Noticing the room for improvement in this area, researchers argued that more attention needs to be paid to the period of detection, allowing for the proactive identification of threats that would necessitate a resilient response and thus activate a “corresponding and possibly latent organizational response” (Burnard, 2011)

In an effort to cover this gap, Powley (Powley, 2009) determined after research, that resilience activation and engagement happens mainly through three mechanisms: 1) the creation of a strong group identity 2) the solidarity exhibited by the members of the group towards one another 3) the existence of “overlapping social and informational resources, both within the group as well as without (Linnenluecke, 2015).

2.4 MOVING ON TO TODAY

Having gone through the brief history of the discourse concerning resilience from its beginning up to very recent times, one might ask the question: What now? What is left for the future, what are the directions that the research on this subject might take?

By taking a look at recent publications there appear to be three major trends emerging as motifs that might trace out the shape of things to come:

1. Resilience on the level of individual employees as well as the development of “psychological capital” continues to capture the interest of researchers. As such, recent publications have expanded on these areas by broadening the cultural and organizational (e.g. family businesses) settings. [e.g. (Dollwet, 2014); (Wang, 2014)]

Moreover, further research has been conducted concerning the influence that the development of psychological capital in employees has in areas such as performance, behavior and attitudes. (Shin, 2012)

2. The second trend to be mentioned is the apparent continuing interest of the research community on the issue of supply chain resilience. A research stream suffering from a lack of empirical studies, this is something that is slowly starting to be addressed. Moreover, recent attention has been given to “interconnectivity” as a resilience-fostering factor’ namely how intra-firm relationships can strengthen the resilience of corporations (Wieland, 2013), (Brandon-Jones, 2014) as well as the influence that public-private partnerships and further stakeholders can have in the same direction. (Chen, 2013), (Voss, 2013)

3. The third and final stream has to do with the emergence of global security and the resilience against terrorist attacks or extreme weather phenomena as an area of interest. Research in this direction highlights the risks that environmental instability spells out for organizations, a factor mostly overlooked until recently. Consequently, it also explores solutions in the direction of sustainability and environmental preservation and non-disruption, particularly on a local scale [e.g. (Winston, 2014), (Linnenluecke, 2010)]. Finally, another interesting direction research in this stream has taken is the quest for enterprise and entrepreneurship resilience in war-torn zones and the methods that would allow for the (re)establishment of economic activity in unstable conflict zones. [e.g. (Bullough, 2014), (Branzei, 2010)]

2.5 LITERATURE REVIEW GAP

During the research phase in the existing literature about resilience, a number of gaps and directions for future knowledge acquisition become apparent, some through insight of the researcher and others through simple suggestion in the literature itself, from researchers recognizing the limitations of their work or ones that discovered said gaps yet through a number of constraints (time, funding, interest etc) decided not to pursue them further.

One such gap appears to exist in the stream concerning the context of resilience: Specifically, there appears to be a dearth of research concerning the transferability of resilience or rather, whether resilient responses should be “tailored” to a threat or whether there exist certain factors that promote resilience across organizations regardless of other factors, whether internal or external.

Put more plainly, the question that this paper focuses on, is whether each crisis should be dealt as a singular event or whether there exists a “formula” that can be broadly applied in order for a corporation to achieve resilience.

Furthermore, a more local question that came up as lacking an answer from the research conducted so far has to do with the chosen industry of interest: “What are

the main factors that tested the resilience of companies in the tourism sector of Greece during the years of the crisis.”

Answering this question is important for two main reasons:

Firstly, the Tourism sector is one of the most significant areas of economic activity in Greece, contributing more than 16,4% of the GDP and employing more than 18,3% of the workforce (SETE, 2012).

Secondly, the Greek economy has been for the last 7 years frequently in the global headlines, going through what some consider to be the greatest economic crisis a developed nation has gone through in a period of peace , with the country losing more than 25% of its GDP (Öztürk, 2015) and breaking numerous other negative records (along with positive, in terms of reform). Naturally, the economic activity in tourism didn't remain unaffected, with the industry breaking negative AND positive records in alternating frequency (The guardian, 2016). As such, it presents both immense interest in terms of fluctuation and external stress factors, as well as great practical application potential for the findings of this study, since even a marginal improvement in the way the enterprises of the industry operate could translate in major advantages for a large amount of people.

3. METHODOLOGY, RESEARCH DESIGN, DATA GENERATION

In order to answer the questions mentioned above, a qualitative approach was chosen. Considering that *“qualitative research methods focus on discovering and understanding the experiences, perspectives, and thoughts of participants—that is, qualitative research explores meaning, purpose, or reality”* (Harwell, 2011), this method was deemed the most appropriate to discover common motifs in a subject inherently human-centric and with a large number of variables as a corporation functioning in an environment under stress. Moreover, It's appropriateness stems also from the fact that it allows a great deal of both depth and breadth to the researcher, allowing for an intuitive exploration and discovery of overarching motifs making themselves apparent in different organizations.

3.1 RESEARCH METHODS

3.1.1 INTERVIEWS & SAMPLING

The series of interviews, with a sample size of ten, were conducted for the purposes of this study represent the main source of information for it and a significant amount of planning went into both the design of the interview protocol as well as the decision concerning the persons contacted for them. The latter were strategically chosen. The main criterion for their choice was the experience that they had in the industry, either in the form of a long career affording them the necessary credibility when talking about shifts in it and about the functioning of the corporations they worked for, or in the form of a rapidly acquired wealth of knowledge stemming from the successful creation of a new and profitable business venture during the years of the Greek crisis. Additionally, since the people interviewed were mostly high-ranking managers or owners of the companies with a high level of involvement in the strategic decisions, this allowed them to have a spherical and far-sighted view of the matter under reproach. In the few cases that instead for the management team, low-ranking employees were chosen, they were both extremely experienced and placed in key positions in the corporations allowing them to credibly respond to the questions while affording for an original, bottom-up view of the issue at hand.

Concerning the questions asked, the interview was split into three parts (See Appendix). The first part contains preliminary question helping with the processing of the information, acting as a “primer” for the interviewee and ascertaining the validity of the chosen person to answer the questions for the purposes of this research from a position of experience and authority. The second part focuses on the industry and the position of the company in it in an effort to establish the context in which the subject of resilience is to be reproached. Finally, the third and last part aims at drawing information concerning the ways the company tackles the challenges that the external environment poses on it. Drawing upon a wealth of information ranging from literature about qualitative research all the way to the discussions with the supervisor for this paper and the dynamic process that the interviews in qualitative research is, the interview protocol was structured in a way that aimed for a balance between necessary information to allow the interviewee to

focus on the topics of interest and careful attention for the questions not to be leading and to allow for the largest freedom of expression concerning the persons' opinions. (Barbara DiCicco-Bloom, 2006)

Finally, it should be stated that all the interviews were either done face-to-face or telephonically, with a recording or verbatim notation on the protocol was made for each, in order to assure the accuracy of the opinion being expressed and processed by each interviewee. (Sarah Elsie Baker, 2012)

3.1.2 WRITTEN SECONDARY SOURCES

To complement the data cited above written secondary sources were used with the main purpose being to cross-reference the findings of this study with what already exists in the bibliography and thus trace out similarities and differences in a comparative manner.

4. RESEARCH FINDINGS & DATA ANALYSIS

Having completed the round of interviews, the results were analyzed. After the initial phase of the interviews was completed, the recordings were transcribed. Finally, the passages that were of use to be quoted in the main body of this paper were translated in English since all but one of the interviews were conducted in Greek.

with the goal of finding common overarching patterns across the results. A number of interesting results came up, grouped in the respective general sectors of interest that the interview questions focus on.

4.1 THE TOURISM SECTOR AND THE GREEK CRISIS

A common point, unanimous across the interviews, is that the tourism sector in Greece is a dynamic and relatively robust part of the economy. One of the interviewees stated that "*it has amazing potential. Very good infrastructure, with massive room for improvement*". Another went as far as saying that "*...it is the only sector that still works*". In similar lines, the opinion of a high ranking manager was that the Greek tourism industry is "*the healthiest and most competitive sector of the Greek economy in the international scene*". Moreover, a large chunk of the

interviewees believed that it has “*amazing potential with numerous wasted opportunities*”. An example was given by a manager of a large hotel chain: “[...] *there is always room for improvement especially in the quality versus quantity of the target markets. A good example of that is the fact that this year, despite the increase in arrivals, the influx of money in the sector dropped*”

As can be understood, some were more enthusiastic and others more reserved, yet they all seemed to agree on the point made initially, that it is a sector that is still functioning and compared with the rest of the economy it is doing better, yet a lot of qualms are to be had. Specifically, the qualms mentioned during the interviews were as follows (See Diagram 1):

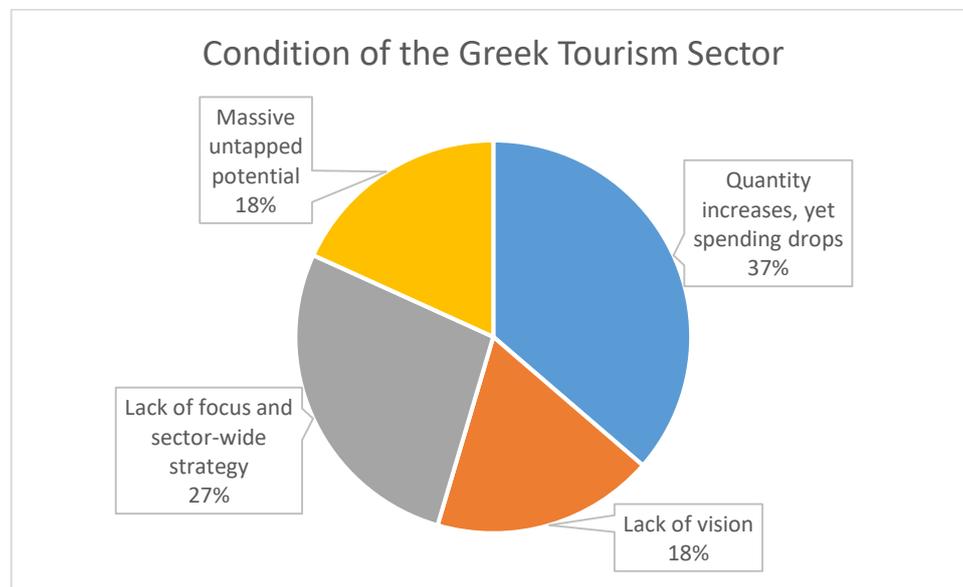
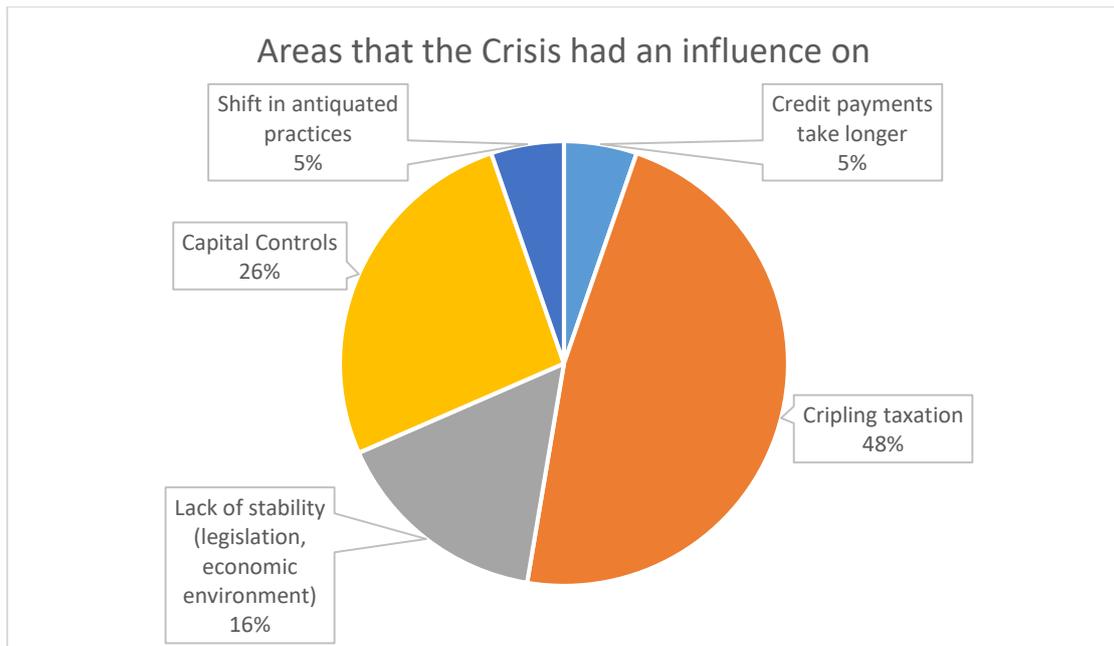


Diagram 1

At the same time, the crisis of the Greek economy appears to have affected the sector under review heavily, despite the much greater damage done in other parts of the economy. Every single interviewee had something to say on the matter, often in a vibrant way. The responses gathered are presented in the chart below (See Diagram 2)



6

Diagram 2

From the information presented up to this point, one can draw a certain amount of conclusions about the sector under review and the economic conditions prevalent in it at this point in time:

Specifically, the Greek tourism industry shows the following characteristics

- It is one of the most dynamic sectors of the Greek economy
- Has massive room for improvement, recognized unanimously by all the participants
- It stands at a precipice, going through a transformational phase or at least hosting an energetic discussion about its future direction. A relatively common comment was that *“we haven’t still decided what kind of tourism we want”*, as one of the interviewees put it.
- The influence that the public institutions have on it is seen as either negative or lacking by the firms active in the industry

⁶ The total sum of responses exceeds 10 (the number of interviews conducted) since some of the interviewees cited more than one areas of influence

- The corporations present in it have come under a significant amount of stress in the later years through a number of factors, the most prevalent of which are directly linked to the economy in the sense of the taxation burdens and the capital controls first enacted in 2015 (the two account for 74% of the responses)

The information cited up to this point is an empirical “on-the-field” confirmation of the rest of the bibliography on the subject, with the studies of the Greek Tourism Confederation -SETE- (2016), lending themselves as an excellent point for further reading, amongst other sources.

4.1.1 FURTHER FINDINGS OF INTEREST

Other than the findings mentioned above, there is one other outcome of the study that warrants attention and that has to do with the difference in responses caused by geographical factors. For the purposes of this study, interviews in different areas of Greece were conducted, so as to gain a more spherical image of the sector. Specifically, top managers of firms based in the cities of Thessaloniki and Athens as well as the islands Mykonos, Limnos and Lesbos were contacted and they all gave responses concerning the industry on a local level that showed significant discrepancies. Namely:

- The managers with Lesbos and Limnos as a base, when asked to comment on the industry, mentioned the fact that the refugee crisis put a tremendous strain on the sector, that the season was to a large extent “salvaged” by the internal tourism and that while the infrastructure has reached an acceptable level for their needs, there needs to be a shift in the industry towards activities that distance themselves from the mass-tourism model of the past and move towards a harmonious development of the resources offered by the natural environment in their respective areas of operation.

- The managers in Mykonos made no mention to the refugee crisis as an issue, said that internal tourism has all but disappeared since the beginning of the crisis and that the infrastructure and support from the local authorities and the state for their purposes and the kind of market they operate in leaves, at best, a lot to be desired.
- Meanwhile, concerning the markets of Thessaloniki and Athens, there was a more holistic approach towards the market in general, especially when the managers came from corporations like tourism offices that act as gateways for the broader Greek market instead of a local one. On the flipside, managers or experienced employees of hotels in these two cities painted an image of a market on the uptake, caused both by a new wave a tourism that didn't exist in the past (Thessaloniki) as well as by business travel, a factor that was nonexistent in the other destinations under review.

While these are by no means concrete evidence, they do serve as an indication of a) the fragmentation of the industry b) the significance that the location, the local economy and conditions, as well as the exact area of activity within an industry can have both on the objective conditions of a firm as well as the perception it has of the industry and by extension the risks and challenges it may be facing.

4.2. POSITION AND OPERATION OF FIRMS IN THE INDUSTRY

Having already given a detailed picture of the industry of Tourism in Greece as it renders itself through the interviews conducted with the findings confirmed through secondary sources, it is time to present how the firms under review operate in this environment.

In the following diagram (3), one can see in concise form the performance of the firms in the market.

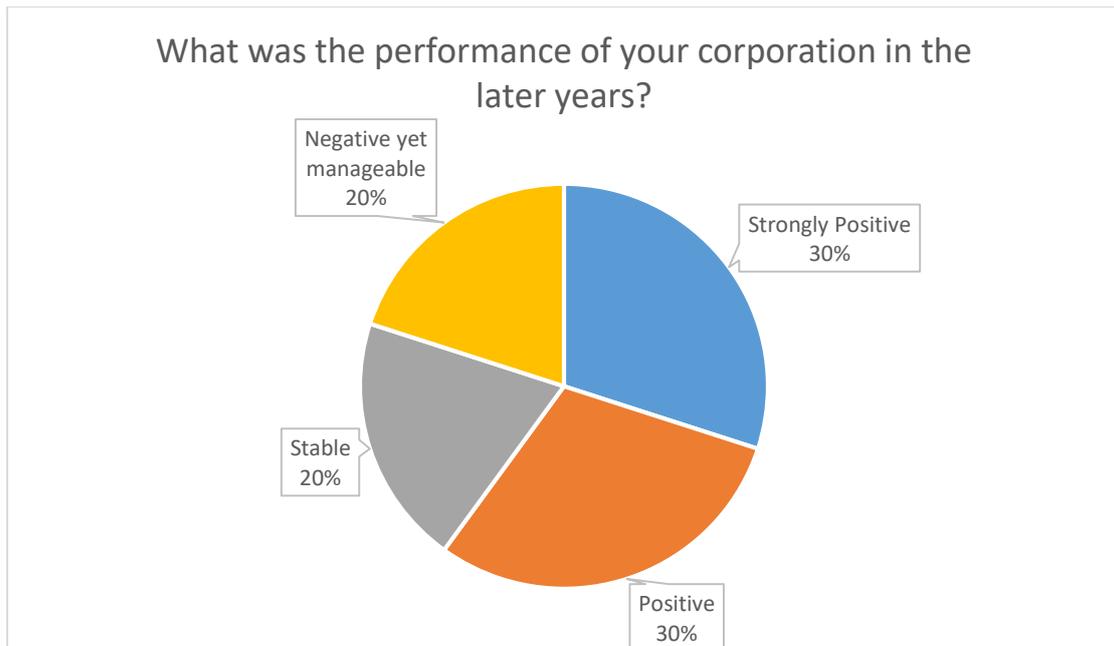


Diagram 3

The fact that 80% of the firms under review managed to remain profitable or even show signs of growth (in 30% of the cases even strong growth) is particularly noteworthy. The remaining 20% is no less remarkable however, since it managed to sustain only relatively minor setbacks compared to the rest of the sector, considering the massive shrinking and turbulence that the industry experienced, evident by the Economic Sentiment Indicator (SETE, 2016), that marked a drop of 46 points with the beginning of the crisis (111,6 to 74,5), a slow rebound to 104,2 in 2014 only to plummet again to 75,2 in 2015 due to the 3-week bank closure and ensuing capital controls imposed on the economy.

It is obvious that the selected firms are not representative of the industry, as their performance places them towards the top of the industry. This is excellent for the purposes of this study however, since it allowed deep insights into the factors that won these corporations their place and allowed them to weather the crisis so successfully.

4.3. CORPORATE RESILLIENCE

The first two sections of the findings (See 4.1 and 4.2) served as a detailed description, at least for the purposes of this paper, of the economic environment in the tourism sector of Greece as well as the firms under review. That description paints the picture of a taxing environment with severe fluctuations, strong negative

external influences and of a number of firms managing to stay afloat and thrive regardless. Keeping in mind Demmer’s definition of resilience (2011) as “the ability of a corporation to either manage to avoid the negative consequences of a crisis, or weather its effect and relatively quickly recover to the previous, or even improved, levels afterwards” it can be argued that the corporations under review do indeed exhibit strong signs of resilience. The ways this is achieved are described below:

4.3.1 METHODS FOR ACHIEVING RESILIENCE – PSYCHOLOGICAL CAPITAL

When the interviewees were asked about the factors contributing to the success of their corporations despite the crisis as well as the reasons they consider their companies resilient -if they indeed do – after being provided with a definition of resilience, they gave a range of responses, as is to be expected. After minimal processing these responses were grouped and presented in the following pie chart (Diagram 4), from which one can draw a number of conclusions.

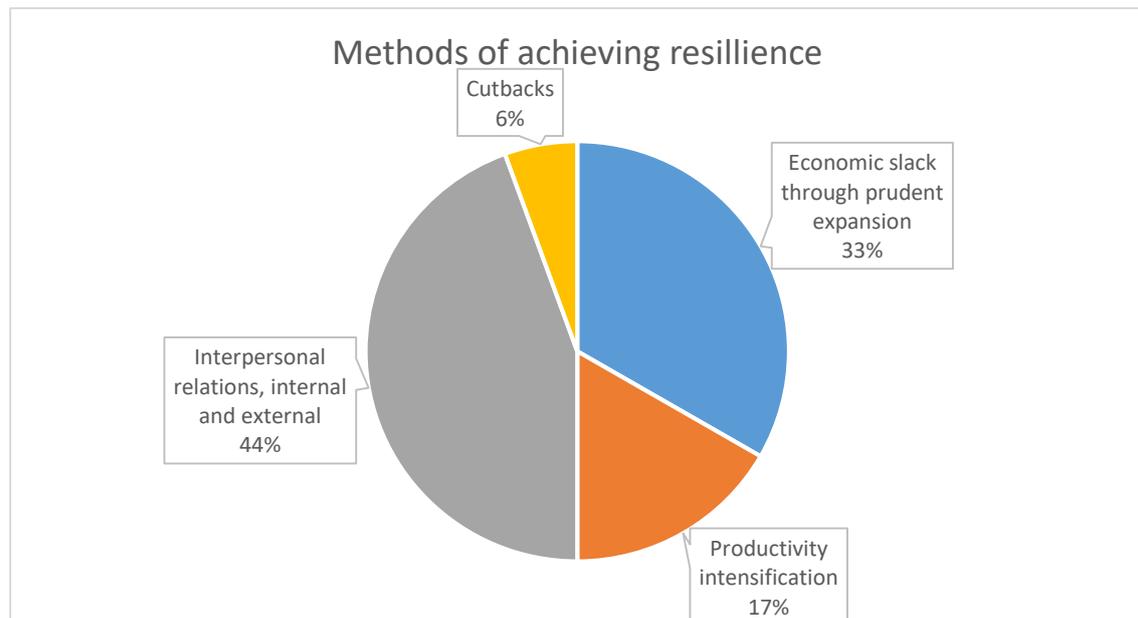


Diagram 4

Firstly, it becomes apparent that the most prevalent response to external pressure caused by the crisis was a systematic focus on the interpersonal element and the fostering of human connection. This takes the following four forms:

1. Internal focus, with both mental and material support of the employees, which fosters loyalty and enhances productivity.

Quoting one interviewee: “[...] *we support and have supported our employees by not affecting their compensations despite the difficult period, which in turn motivated them to try even harder*”

A further quote by an employee that requested to not be named “[...] *we always get paid on time, we didn't suffer any major losses, especially compared to other employees in the sector and despite the problematic periods the company went through and the difficult external environment. This is something that we too appreciate immensely and it shows to the customer*”

2. External focus, by fostering “upstream” connections with suppliers, landlords and other people on whose work the company depends.

A good look into this phenomenon can be gleaned by the words of one of the owners of a newly opened hotel in Thessaloniki: “[...] *a crucial part for us was the factor of the interpersonal relations, both amongst ourselves [the owners] as we really believed in it, as well as amongst the people and the teams that we worked with, from the landlords all the way to the architects, the civil engineers and the construction crews. Particularly the latter, because they were seeing a different stance from our corporation, for instance during the bank closures last year when we were trying to pay them at least a little money, €500 or so, cash from our cashflows so that they could go on vacation during August or whatever, they themselves came and worked voluntarily on our project payless, on credit, for a period, until the situation could be normalized again and so that we didn't fall even further behind on our schedule*”

3. External focus on the customer, by heavily investing on customer satisfaction and repeat business.

A high-ranking employee of ComTravel tourism office in Lesvos has given a representative quote: “[...] *it is important to give motives to the people to come to the island other than price and what the nature and infrastructure can provide. We have really focused on that aspect, on customer satisfaction and it pays off, as even*

though we are not a very famous island, we manage to have around 90% capacity on the charter flights that we book and around 30% of our clientele are repeat customers that keep coming back for the past 15 years”

These findings seem to align themselves with the preexisting research, as they agree to a certain extent with the finding concerning psychological capital in corporations, as presented through the works of Luthans *et al* (2007) and Shin *et al* (2012).⁷ At the same time however there also appears to be some divergence from the preexisting research, in two key areas:

First, while in the preexisting literature the psychological capital is presented as mostly a vastly important yet secondary form of resilience (Shin, 2012), (Luthans, 2002a) one sees here that it is the most prevalent type of response during the conducted interviews. While this observation might not be decisive for any concrete results, it causes interest, and possibly hints to the particularities of SME operations in the Greek economic realm, where “hard”, institutional norms of the market often take a backseat compared to personal networking.

The second area of divergence has to do with the official structure of this response. While preexisting literature mostly focuses on organizations with an official structure actively fostering the psychological capital (Luthans, 2002a) (Shin, 2012), this response comes in most cases from firms lacking such a design and from people lacking any official knowledge of the literature on this subject. This observation leads one to think that while psychological capital can be systematically and possibly more efficiently developed through active effort, it also appears to be one of the latent resiliency responses that materialize instinctively in times of crisis if the conditions are right (e.g. an honest interest for the well-being of the firm and personal stake in it compared to a cutthroat, opportunistic culture in it). Certainly, an avenue for further research.

⁷ Also refer to chapters 2.3 and 2.4

4.3.2 METHODS FOR ACHIEVING RESILIENCE – FINANCIAL SLACK

Moving back to the diagram (4) and focus on the second response concerning resilience, that of *financial slack* afforded to the company by prudent economic management. Garnering 33% of the given responses, it is the second most commonly mentioned factor, which perfectly correlates with the existing research as economic slack along with flexibility are the two most commonly cited attributes contributing to organizational resilience⁸. To provide a representative quote by one of the managers: *“The most fundamental way to make do in such a difficult period is to handle all problems with prudence. The financial management of the company has always been prudent and this is a fact that helped immeasurable in this crisis”*. At this point, two observations that became apparent through the interviews warrant attention: Firstly, every single interviewee stressed the fact, that financial slack has its limits as a resiliency factor. While it does help with the absorption of downturns, it is very difficult for SME’s to keep a significant portion of their equity aside for an indefinite amount of time so as to use it when a crisis demands it. As such, the reactionary approach does play a part, with the management team simply making gradual and measured development moves, keeping some amount in easily-liquidateable assets aside and scaling things per the external environment. The interviewees seemed to unanimously share the opinion that only larger firms can afford to “be greedy when others are fearful” as W. Buffet has at some point advised⁹. To also quote one of them: *“as far as avoiding the consequences of a crisis completely, I believe that that is impossible, unless we are talking about huge companies possessing a huge capacity to dampen external tremors and make huge deals in the process, yet the effects of those moves are realized after a long time, after 10 years or more”*.

The second point of interest is that all of the firms under review followed prudent economic practice not due to a specific concern for the highly risky external environment, but as a general rule of good business management. While they all

⁸ Refer to chapter 2.3

⁹ Found here: <http://www.goodreads.com/quotes/29255-be-fearful-when-others-are-greedy-and-greedy-when-others>

recognized the importance of the factor in the survival and financial success of their firms, not one mentioned specifically the heightened volatility of the Greek economy (Bryant Ralph C., 2001) as a deciding force for the practice.

4.3.3 METHODS FOR ACHIEVING RESILIENCE – PRODUCTIVITY INTENSIFICATION & CUTBACKS

The third most common answer was the increase in productivity, with 17%. Considering the fact that the majority of the firms that were approached were family-owned SME's (the type of company making up the vast majority of the Greek private sector) (GSEVEE, ESEE, KEEE, TFGR, SETE, 2014). This is a response that diverges somewhat from the literature, however it is inferred in the texts dealing with the fostering of psychological capital (Luthans, 2007), (Shin, 2012). It does however represent two major realities of family-owned SME's: The devotion of the management team to the success of the company, making them willing to devote as much time as necessary without any corresponding immediate financial compensation (Jindrichovska, 2013) as well as the lack of specialization often observed in small corporations, especially fresh ones, where the core team acts as a "jack of all trades" until either the firm development or the stress necessitate the hiring of specialized help in order for the core team to start delegating. As one of the interviewees responded when asked about his position: *"I am one of the three owners of the company, responsible at the same time for the "operations" part of the business covering other positions as well when there is need and I am able"*.

Finally, on the issue of cutbacks: This was by far the most seldomly mentioned factor during the research conducted, however this doesn't necessarily mean that it was the least prevalent, as it is a loaded issue which a lot of managers might have opted to avoid talking about. After all, one needs to only look at the statistics of unemployment¹⁰ in Greece to realize that a lot of enterprises had to resort to that measure. However, by comparing with the number of references the measure of

¹⁰ Found here
http://www.mof.gov.cy/mof/cystat/statistics.nsf/labour_32main_gr/labour_32main_gr?OpenForm&sub=2&sel=2

“psychological capital” got, it can be inferred that firms -or at least successfully resilient ones- only resort to this harsh scale-back measure as a last resort or an inevitable outcome of downsizing brought about by mid-to-long term worsening of the climate in the industry.

4.3.4 REEVALUATION OF RESILIENCE

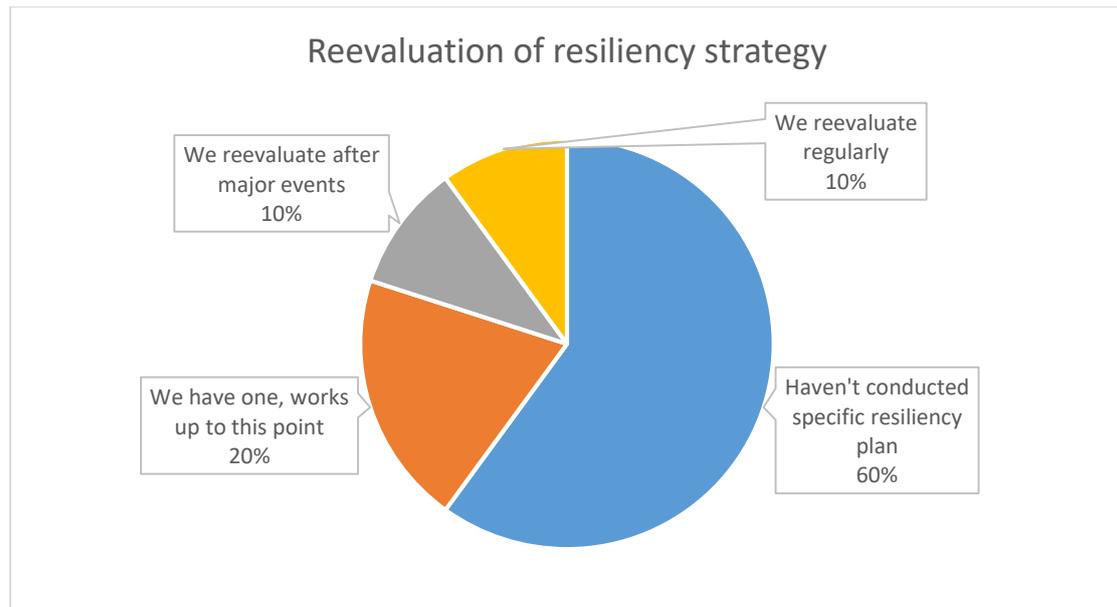


Diagram 5

Having presented the findings concerning the resilience responses as expressed by the interviewees during the research, it is time to focus on a different issue, that which is contained in the following question: “Does resiliency require a specific structure in order to effectively present itself as an organizational quality in a corporation?” The responses provided seem to offer an indicative first answer on this topic that still remains undocumented in the literature dealing with the issue of organizational resilience, as stated by Linnenluecke (2015). While all of the firms under review have exhibited strong resiliency, as already established¹¹, none of the SMEs had a concrete structure in order to achieve this, dealing with most crisis in a preemptive manner yet considering each and every one of them a singular event, as can be also seen in Diagram 5. Of the few firms that did at least have some sort of unofficial protocol stemming from experience, this remained stable until challenged,

¹¹ See 4.3

or was reevaluated only after some significant event, like an extremely crisis whose management didn't go as planned, or after a change in the management team of the enterprise. Of the companies interviewed, only one had an established protocol to achieve resilience, with regular reevaluation of the practices, and this company was a major hotel with a large number of employees. To quote from the interview:

“On the yearly summit of the board there is a timeslot allocated to the discussion of the possible adversities the firm might face in the coming year. The recent track record is considered and several estimates are being made. While these might not always become true, this discussion allows us to take a proactive approach towards the issue.” (Firm and interviewee requested to remain unnamed)

The prevalence of the observation that SMEs lack an official structure pertaining to the subject under research for this paper combined with the fact of their continued successful existence despite the challenges faced seem to indicate that while official structures might be necessary in larger organizations, it can also be exhibited in smaller enterprises as a consequence of good business practice or through the awareness of the core group of the necessary actions needed to ensure the survival of the company, without necessitating a rigid internal structure while the business is still small and thus flexible.

4.3.5 OUTCOMES OF RESILIENCE IMPLEMENTATION

The last finding of the research to be presented have to do with the outcomes of following a number of practices that foster organizational resilience, other of course than the main goal. By referring to Diagram 6, one can observe that while “ruggedness” is a desirable quality for a corporation, it does come at a cost, as the vast majority of the enterprises did experience a number of negative effects as an outcome of the followed practices. Interestingly enough, the remaining 30% didn't follow any radically different approach to resilience, yet it is made up exclusively by corporations that act as brokers (in this case travel agencies and tourism offices), or rather, corporations whose majority of assets are immaterial (in the form of

partnerships and networking) rather than physical infrastructure. However, not all such corporations mentioned that they experience no drawbacks from their resiliency practices.

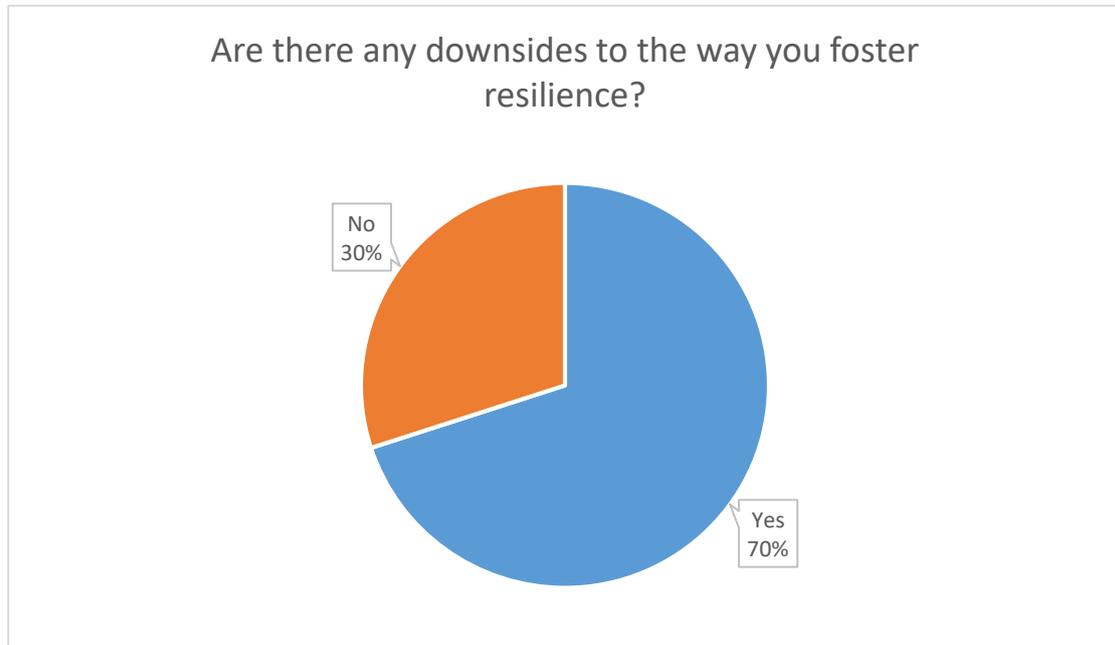


Diagram 6

Moving on to the type of drawbacks most commonly presented, the managers that responded yes to the above question, when asked to elaborate, gave a number of responses summarized in Diagram 7.

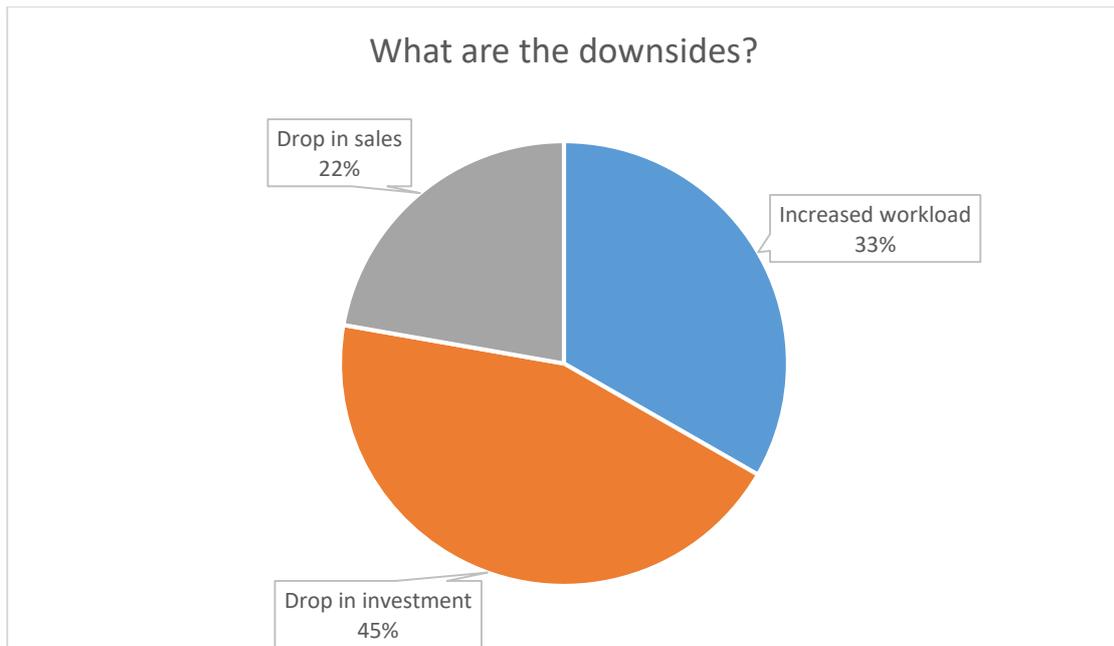


Diagram 7

The most common disadvantage experienced was a drop in investments possible by the firm. When a corporation is forced to be more prudent about its openings, hold back and keep a certain amount of equity as a reserve in order to secure financial slack it becomes less efficient and thus has to slow down its expansion. This clash between efficiency and resilience is also supported by the literature, being mentioned in the vast majority of the works [See 2.3.3, also (Linnenluecke, 2015) (Rice, 2003)]. Another expression of the efficient function of the internal workings of the enterprise is the increased workload associated with a firm's resiliency, which represents 33% of the given responses in the interviews. Finally, a drop in sales - compared to estimates based on simulations where maximum revenue and growth was the target- caused by factors such as decreased availability of credit for suppliers and a decreased marketing budget among others, completes the picture of the most probable costs one can expect to pay in order to make an organization more reliable.

5. CONCLUSIONS & RECOMMENDATIONS

To summarize the findings, one should begin mentioning the industry. Greek tourism appears to be a dynamic and functioning market market, yet there is a lot of room for improvement and there are serious areas of backwardness and inefficiencies, as well as large external pressure. In this environment, a lot of corporations that

exhibit resilience do so in a remarkable way, managing to survive and thrive despite the imposing challenges they had to face in the recent years. They do so however at a cost, both financial and non-economic in the form of increased “wear and tear” imposed on all stratas of the human capital. Moreover, the resilient responses appear to be more a result of intuition, instinct and general good business practices instead of stemming from official training and information on the available tools to foster such responses. Finally, what presents great interest is the fact that when one attempts to answer the question whether a formula for crisis management exists or not, one arrives at a hybrid answer: While each and every crisis for each and every firm is different and thus requires it’s own customized response, there indeed exist a number of blanket practices, chief among them the fostering of 1) financial slack 2) diversified sources of income 3) investment in psychological capital and in interpersonal relations, that, when paid attention to, can make a corporation much better prepared, reliable and in the end, resilient.

With all that in mind, one can recommend the following to managers or existing or prospective firms in the branch of tourism or even in the broader economy in Greece:

- Don’t blindly follow the quest for efficiency, but also keep the issue of resiliency in mind as a core goal. Treat the extra cost as an investment.
- Following proper business practices is crucial, yet by educating yourselves as well as the internal stakeholders in the company about the principles of resiliency and by properly planning for it, the positive results can be compounded
- Invest in interpersonal relations both internally and externally
- Learn and strategically analyze the economic environment in which you operate, both locally, nationally and in a global sense, in an effort to acquaint yourself with factors that caused upheaval in the past. Adopt a proactive stance and plan for their possible repetition.
-

6. LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

The creation of this study has been a work that took significant amount of effort both in planning as well as execution, in an attempt to produce a work that is as complete, scientifically sound and transparent as the available timeframe and resources would allow. However, as is true with any scientific work, there are always questions left unanswered, or even created by the work itself, there are always avenues left unexplored and details not hashed out. As such, this paper too could be no exception. Some of the major limitations worth mentioning:

- In qualitative research there exists the perennial question: “How many interviews are enough?” (Sarah Elsie Baker, 2012). While the focus always is on the “quality” of the interviewees and the insights that they can provide, which a goal towards which a great amount of effort was devoted, given more time, better access and greater resources more interviews could be conducted and thus insights gathered that at this point remain unknown.
- As the qualitative process of research is dynamic and precludes an innate flexibility on the side of the researcher when conducting the interviews, I ended up modifying the protocol used in order to arrive to a version that was both detailed and non-leading.
- One of the observations made apparent during this paper is that a lot of SMEs that exhibit resiliency do so without using a formal structure or possessing a team privy to on the available tools or provided with the relevant literature. It would be interesting to study how a number of enterprises that start from this level perform when such information is made available to them and integrated in their structures in an official manner. Moreover, a comparative analysis between firms that didn’t survive the challenges of the environment that the Greek tourism industry presented in the latter years and the ones that did in order to determine different patterns between the two groups would be of interest.

- Research on organizational resilience is really sparse in Greece, which is something that opens up interesting future potential, especially concerning the depth and breadth of the crisis that still plagues the economy.

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8. APPENDIX

Interview protocol used -final version:-

Part 1 – Preliminary general information

1. What is your position and role in the company?
2. What is your experience in the industry?
3. What is your level of involvement in the strategic decision undertaken by the corporation?
4. If you or your company wish to remain unnamed in the study, please state so here.

Part 2 – Condition of Company and Industry

1. How is the sector doing in general at this time?
2. Would you say that your corporation is doing well in the industry? If yes, why? If not, why?
3. According to your opinion, do you think that your company has gone through a turbulent period in the later years or has it been operating smoothly?

Part 3 – Resilience

1. If you responded with “turbulence” to the previous question, what were the main factors that caused it and how did the company manage to pull through? Alternatively, if smooth operation has been the case, what were the main factors in your opinion that contributed to such a result?

An acceptable definition of resilience in the business context is “*the ability of a corporation to either manage to avoid the negative consequences of a crisis, or*

weather its effect and relatively quickly recover to the previous, or even improved, levels afterwards”.

2. Would you say that the above definition applies to the functioning of your company? If yes, how? If not, please elaborate.
1. Does your corporation have any form of official structure and plan in place so as to better prepare for possible difficulties in the future? If yes, what might they be? And if not, what is the reason for that?
2. Is the above position (the existence of a crisis management plan or lack thereof) ever reassessed? For example, before or after some major event, or on a recurring basis?
3. Do you think that the way your corporation fosters resilience has any adverse effects on the operation of the company?
4. Specifically, for the Greek crisis, do you feel that your company has been affected by it and if yes, what are the most significant ways that the crisis affected it?