


# Exporting Activity at Turning Point: Continuity and Viability of Greek Manufacturing SMEs

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## ABSTRACT

The purpose of this article is to study key factors affecting export activity in the Greek manufacturing small and medium enterprises (SMEs). Under this condition the authors focus on four consecutive sectors of Greek economic activity, i.e.: food and beverage (F&B), clothing, machinery, and wood and furniture sectors. The important characteristics are analyzed by using the sample firms' size, age, and financial indicators such as leverage and liquidity to underscore the importance of exporting activity in providing increased efficiency in the Greek manufacturing firms. The study uses an OLS econometric model to determine the importance of these factors and to present an overall perception of explanatory characteristics increasing business continuity and firms' viability.

## KEYWORDS

Crisis Period, Econometric Analysis, Manufacturing Firms, SMEs Operation

## 1. INTRODUCTION

Exporting small and medium enterprises (SMEs) are claimed to provide adequate support for solid economic framework in the developed world. The importance of export activity in the economic environment is obvious. However, all enterprises in the globalized world make efforts to be competitive and expand their presence beyond national borders acquiring higher levels of profits and increased efficiency.

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We seek herein to determine important factors that influence Greek manufacturing firms' exportability and activity. Obviously, some factors are being more representative than others regarding manufacturing firms' exporting activity. In this study we seek to answer the following question: "under certain limitations, which are the factors affecting the small and medium size manufacturing firms?" The reason why we do this is directly associated to the firms' management behavior by improving, respectively, its effectiveness. The characteristics considered in the study are the age of the business, the size, the account Earnings Before Taxes (EBT), as well as the Leverage and the Liquidity ratios to underscore business operation. These factors are used for the following four manufacturing sectors: 1. Food and beverage industry (F&B); 2. Clothing; 3. Machinery; and 4. Wood and furniture products sectors. The exporting activity can be a solution to the issue of the decrease in firms' yearly based revenues, especially during economic crisis periods. This study aims to better understand typical internal-oriented factors that effectively assist manufacturing firms' exporting activity.

The study is structured as follows: in the first part we present the theoretical framework and the literature review regarding the issue of firms' exporting activity, while in the second part, we place emphasis on a survey data gathered in order to analyze firms' economic performance. In the third and last part, we present the results and the conclusions drawn from the analysis and we provide insights and suggestions for further research on the topic.

## 2. LITERATURE REVIEW

Quite a few numbers of manufacturing firms in developed countries have recognized the importance of exporting activity in their operation. This importance is shown by relevant studies (e.g.: Kaleka et al., 1995; Voulgaris et al., 2014; Lemonakis et al., 2016) but also the choice of exporting orientation as the most appropriate alternative for sustaining revenues during periods of economic crisis.

The Bolton report was the motivation for the academic community to take a closer look at the SMEs, thus acquiring enough knowledge in this area (Bolton, 1971). This led to many important notes, like the one pointed in times of economic crisis that smaller firms are those that sustain employment and proceed to the implementation of innovative solutions for their operations instead their larger competitors (e.g.: Acs et al., 1990; Cohen et al., 1991; Acs et al., 1997). It is expected that larger firms in terms of volumes (i.e.: Total Assets or Revenues) have higher capacity to exporting activity than the smaller ones, like the Small and Medium Enterprises (SMEs). This may lead to domination in the field of exporting activity from a small group of specialized firms and exporters (Panigirakis 1995). In a globalized economy this is not a necessity as with smaller amounts of capital investments even SMEs may expand their business activities in other countries. It is also important to note that export orientation plays a quite important role for the business development particularly for SMEs.

As already mentioned, the export process is a difficult and a complex one described to the process of supporting revenues entirely come from the

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