Crisis Management and Early-Stage Greek Startups
The case of COVID-19 pandemic crisis

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Abstract

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Emmanouil Adamopoulos and Wasim Malik

The COVID-19 pandemic had a worldwide economic effect, and it seems to have produced a challenging economic climate for startups to work in. Thus, the aim of this degree project is to investigate how startups survived the financial and organizational crisis caused by the COVID-19 pandemic, and what was the role of their employees during the crisis. The objective is to look at how early-stage startups in Greece are dealing with the COVID-19 crisis, whether they can utilize crisis management models, and how the crisis encourages creative destruction. Schumpeterian innovation theory has been merged with crisis management theories to achieve this goal. The thesis employs a qualitative methodology and uses a multiple case study design where cases are the individual startups interviewed. Semi-structured in-depth interviews were conducted with a top-management representative of each company.

The results indicate that the startups under discussion are experiencing significant changes. At the beginning of the crisis, they faced a threatening disengagement and demotivation of their employees, which they managed to overcome by focusing on their wellbeing, coaching them, and guiding them through the crisis. The Caplanian model was utilized to analyze their approach. Based on the companies' core competencies, they are actively pivoting to emerging business models and new markets. These companies are discovering new possibilities and innovating in a number of areas, following both the Schumpeterian evolutionary theories of creative destruction and creative accumulation. Overall, the findings suggest that in responding to the crisis, startups modified and strengthened their strategies. The shift in customer purchasing behavior was a major reason why businesses needed to develop their strategies. The modified consumer behavior was the outcome of actions taken by the Greek government and the Public Health Agency to avoid the spread of the virus such as social distancing, travel bans, and closed borders.

Keywords: COVID-19, Crisis Management, Crisis Management Model, Innovation, Qualitative Study, Startups, Thematic Analysis
Popular Science Summary

This is a study about innovative startups and how they can survive during crises. To make this study feasibly, we narrowed down the involved parameters. We studied early-stage startups, which are startup companies still early in their journey, with limited resources in their disposal. Specifically, we focused on the early-stage startups of the emerging Greek ecosystem. Furthermore, we decided to narrow it down more, and study how these were impacted by the COVID-19 pandemic crisis.

To conduct the study, we arranged online interviews with 6 of these companies, and we discussed with the interviewees based on a set of questions we had previously created to serve as a guide. After we transcribed the recordings of the interviews, we tried to find similarities and differences of how the interviewees explained or approached the discussed concepts. Based on these, we managed to analyze the interviews. Finally, we utilized theory from the fields of innovation management and crisis management to support and explain our findings.

Our findings indicated that the companies we interviewed, faced significant problems at the beginning of the crisis, but managed to survive and, in certain cases, thrive after the initial shock was over. At the beginning, the companies encountered problems internal to the organization, related to the psychology, engagement, and motivation of their employees, which they achieved to solve through extensive efforts towards this direction. Our findings, additionally indicate, that there was a shift on the consumer habits which caused the companies to try to identify new, emerged, needs, alter their products and ship new solutions to the market. Overall, the findings suggest that in responding to the crisis, startups modified and strengthened their strategies.
Foreword

For this study, we collaborated closely, and almost on a daily basis. Everything had to be done remotely because of the COVID-19 pandemic. To make things work we utilized a variety of tools like (Google Meet, Zoom, Discord, Slack, Google Drive, Microsoft Word, Otter.ai etc.). So, the collaboration worked asynchronously with set deadlines for the deliverables. The assignment of tasks and the deadlines were occurring through online meetings. After the deadline, we exchanged the files with the content we had created and read each other’s parts. Next, we were arranging a meeting to discuss and propose changes before we include it in the draft and send it to our supervisor.

We have both worked on every part of the document; the way we split the work can be seen on the below. In the table we include the parts of the thesis that were mainly edited by one of us; the parts of the thesis that are not included in the table, were edited equally by both of us.

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*Table I. Allocation of tasks*
Acknowledgements

This Master thesis was our final task before graduating from Uppsala University. For us, this entails finishing the course Industrial Management and Innovation, which we consider specialization in engineering, innovation management, and business administration.

During our time at Uppsala University, a number of people have contributed to the successful completion of our studies. All our professors and their assistants were always close to us for everything we needed. Especially Nina Kivinen, our Master Thesis supervisor, who became the most valuable coach and friend one could have during this journey. Nina, we are grateful for all you did for us. Thank you for everything, the time and effort you put into this, the long talks, the guidance, everything.

We'd also like to express our gratitude to the interviewees for contributing their time and knowledge to this degree project. We'd also like to thank our classmates for offering suggestions about how to improve our degree project during the semester.

Last, but certainly not least, we owe a debt of gratitude to our families, especially our parents, for their support and motivation throughout our lives, and especially during our studies. They have been there, supporting us in every way possible and helping us move forward and become better.

Alexander the Great about his father, and his teacher Aristotle.

“...τοῦ πατρὸς, ὡς δὲ ἐκαίνων μὲν ζῆν, διὰ τοῦτον δὲ καλῶς ζῆν, ὡστερον ὑποπτότερον
...” (Plutarque, n.d., p. 242)

“... for that the one had given him life, but the other had taught him a noble life...” (Plutarque, n.d., p. 243)
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Table II. List of abbreviations and explanations found in the thesis
1 INTRODUCTION

We are about to begin a journey in a very interesting area, Crisis Management in early-stage Startups. To make it even better, we are going to focus on the emerging startup ecosystem of Greece, which we chose as we had easier access to its companies, due to the density of the companies in the area, and the experience of one of the authors in the ecosystem. The nature of the study is not random, as we, as authors, are involved with activities relevant with segments of the study. Through our activities, we identified the lack of existence of studies and tools that could help startups steer through fragile crises situations, like the recent pandemic. So, the problem that is going to be addressed is that; the lack of a crisis management tool for early-stage startups. We will focus our efforts to propose such a model, which will be based on the insights gained from the interviews, and the theoretical framework of the study.

In this document, we will discuss extensively about crisis management in startups. Focusing on the latest crisis, that of the COVID-19 pandemic, we will examine the Greek startups. Before we dive into this, we would like to take a step back and go through the elements of our work; these elements are Startups, Crisis Management, and the Greek ecosystem.

1.1 Startups

The first thing that comes in mind when reading these keywords must be “What is a startup?”. There is not a definition unanimously acceptable to describe startups in detail, but a broader description of a startup would be that it is a venture implemented from one or more entrepreneurs, who are seeking a scalable model (Robehmed, 2013; Katila, Chen and Piezunka, 2012). At their first steps the risks and uncertainty are extremely high, and this explains the big percentage of failures (Schmitt et al., 2018).

We could say that startups, at least at their beginning are a special subcategory of SMEs (Small Medium Enterprises) which have some special attributes. According to European Startup Monitor [ESM] (2016), startups are defined by three major characteristics:

1. Startup is a company only younger than ten years.

2. A startup company develops innovative technology or business model.

3. A startup company has significant growth.

4. To qualify as a startup, a venture must satisfy the first characteristic and additionally one or both of the rest.

The above definition clearly separates the startups from the SMEs. Despite that, the startups in their early stage, could still be characterized as SMEs, because they are still testing the product and the market, which makes them to make actions and adopt practices that are not scalable. That is the reason why later we will address some aspects of the SMEs. After growing a bit, the differentiation becomes clearer because SMEs do not offer something innovative, and their focus is to support the livelihood of the owners. The startups on the other hand could be seen as “gazelle companies”: growing young ventures that are built to create wealth (Aronsson, 2004).
Startups are interesting because anyone with a promising idea can try to start one, and if they are lucky enough, if they make the correct assumptions and steps, if they manage to overcome all the difficulties and the ‘Valley of Death’ they might be among those who succeed. And when we say that a startup succeeds, we mean one of two things. First it can become a unicorn, which is the terminology for startups valued over one billion US dollars. Or second achieve a profitable exit, which can be achieved by selling the company, going public, etc. (Katila, Chen and Piezunka, 2012).

Additionally, to that, the journey to get there, is more than exciting for the parties involved in the venture. This journey certainly does not only have upsides; The struggles entrepreneurs face is real and harsh. The uncertainty for the future, the doubts for most of the moves they make, the “hits in the face” from the market, the disbelief about the viability and worthiness of their venture from their environment in many cases (professional or personal) are some of the challenges people of this area face in daily basis. This means that they have to develop a “thick skin” and manage to navigate the situation (Ihugba, Odii and Njoku, 2014).

Despite the difficulty faced in their first steps, the past ten to fifteen years, we can see a significant increase in the number of startups created. We see them pop up in our social media feeds, in the news, even becoming significant parts of our life filling gaps in the need of new innovative solution to existing or emerging problems. Perhaps the mentality of this generation is that which combined with all the tools provided by the ecosystem ease the way for people to try to follow their dream by creating their company.

1.2 Small and Medium Enterprises

As we mentioned above, it is important to examine some basic relevant characteristics of the SMEs, as the companies interviewed are on their early stage, and have a lot in common with that type of companies.

In the modern global economy, small and medium-sized enterprises (SMEs) play a crucial role in the industrial dynamics of developed and emerging nations. They are the most competitive enterprises in the financial system and play a critical role in improving the human well-being of every community. SMEs pay for 90 per cent of businesses and recruit around 60 per cent of the world's labor force (Munro, 2013). The importance of small and medium-sized companies to eradicating poverty and sustainable development is thus significant. Fiseha and Oyelana (2015) stressed that small and medium-sized businesses are collaborating with the growth of rural economy populations in countries all over the world. The role of small and medium-sized enterprises (SMEs) in the enhancement of local growth is very important for the eradication of poverty, injustice and joblessness in the rural regions, because small and medium-sized enterprises (SMEs) assist people to meet their basic needs and aid disadvantaged groups, especially disabled individuals, female heads of households, uneducated people and poor families.

Small and medium-sized businesses tend to promote equitable and balanced economic development and eliminate unfairness. Consequently, in the government policy framework, most nations agree on the capacity of SMEs to resolve main strategic challenges, especially in rural settings (Fiseha and Oyelana, 2015). Stuart (2011) stressed that the promotion of small
and medium-sized enterprises (SMEs) helps to alleviate poverty, create jobs and boost quality of life, especially for women and disadvantaged groups, by rising wages and self-employment. As Miller, Steier and Le Breton-Miller (2003) claim, the creation of an individual enterprise has proven more appealing than engaging in standard style professions for many profitable years, which seems at some stage to stop the work. The most important aspect is that small and medium-sized businesses profit the nation through their ability to utilize local resources, such as local materials, local revenue production, and opportunities for self-employment and opportunities for learning semi-skilled employees through internships. It is the most efficient field of any market in terms of generating employment.

1.3 Crises and Crisis Management

According to Evans and Elphick (2005) the most useful typologies for managers focus on the way a crisis occurs. Originally Booth (1993) had proposed 3 types of crises: gradual, periodic, and sudden. But later, Seymour and Moore (2000) summarized those in two main, broad categories based on the way they occur. These two categories are the Python and the Cobra crises. A Cobra crisis occurs suddenly and more often than not has a great shock effect. Examples of Cobra crises could be terrorist attacks. The proposed response to this kind of crises is defensive relying to the ‘known and trusted’. A Python crisis occurs gradually or periodically, for example poor management or climate change. The proposed response to that kind of crises is bureaucratic as long as the crisis is not acknowledged and negotiated when it is. To the proposed responses agree Booth (1993) and Seymour and Moore (2000).

A crisis applies to a completely unexpected incident that severely disrupt an organization’s activities and creates both an economic and a reputational threat (Seeger, Sellnow and Ulmer, 1998). Early crisis response practice suggests that a rapid and unpredictable occurrence challenges company priorities and stresses management in order to take timely steps to react. At the company scale, the essence of crisis management is to build techniques that, during a crisis situation, reduce economic damage and improve resistance. Contemporary crisis management literature often addresses multinational corporations with little exposure to small and medium-sized businesses. Small companies could be more responsive to disaster situations due to resource limitations, poorer market positions, and other causes. SMEs, therefore, can have benefits such as versatility, cognitive skills, creativity, consumer relationships (Herbane, 2013).

Crisis management is the method through which an organization deals with any important adverse occurrence that threatens to damage the corporation, its owners, or the general population. Most concepts of crisis have three elements: (a) a challenge to the enterprise, (b) the factor of uncertainty, and (c) a limited decision time (Seeger, Sellnow and Ulmer, 1998). Crisis management is the practice of planning the essential equipment and operational processes to react successfully in the event of disaster and rebound quickly in the aftermath. It is about developing the capacity to recognize the institution's potential challenges and creating a strategy to counter those challenges.

Crisis may be extremely detrimental to business as they damage trust, kill share value, challenge business priorities, impose pressure on people by having insufficient space for organization to react, and can also result in financial loss. Recent research indicates that,
due to limited rates of readiness, budget limitations, comparatively poor market roles and greater reliance on government and local authorities, small enterprises could be more vulnerable to disaster incidents (Herbane, 2013). SMEs generally struggle from economic losses, decreased market volume, failure to satisfy terms and conditions, trouble with financial statements, decreased number of employees, and even company closures during or during emergencies. Crisis situations will also place victims and SME administrators under sentimental and psychological pressures (Doern, 2014).

As we can see, it is natural for all companies to face crises, startups though are more prone to that. All we managed to identify about crisis management was literature addressing mainly corporations, or SMEs. These types of companies have in their disposal more resources than a startup does at its early stages. This is why the literature cannot be applied as is on them. This is also the reason we decided to move forward with this research; to identify and propose a crisis management framework for early-stage startups.

1.4 COVID-19 Pandemic in Greece

In December 2019, the COVID-19 crisis erupted in China and became a global pandemic shortly afterwards. As of 12 May 2021, 222 countries were impacted, with a total of 160,319,384 sick individuals, 3,311,780 fatalities, and 138,959,520 healed patients (Worldometers, 2021; World Health Organization [WHO], 2021). The COVID-19 crisis is more nuanced relative to past crises. As in every country in the world, the pandemic took its toll in Greece as well; it affected the country in so many levels, economically, socially, politically. Since it began, Greece was under lockdown, with small breaks in summer (Skapinakis et al., 2020).

The way government tackled the situation was focused on preserving the health of the people. The precautionary measures started being imposed on late February 2020; by June 2020 all the aspects of the social, economic and even religious conducts of the country have been regulated. This practically meant that places where people congested had to close. The sectors that stopped working first (spring of 2020) were entertainment (Theaters, Cinemas, Concert venues, etc.), and dinning (Bars, Clubs, Restaurants, etc.). Following, physical shops had to close (spring and early summer of 2020), and public gatherings to be prohibited. Only ecommerce kept operating and soared in sales, which created an overload to the couriers and mail agencies that almost crashed them in the fall of 2020. Services like hairdressers, and beauty salons were operating periodically depending on the situation at that time. Businesses other than commerce had to implement remote work for their employees; it was allowed only 40% of the personnel to be onsite and the rest had to work remotely. This, as in all the countries, created issues that had to be tackled imminently for the companies to keep operating. Issues of infrastructure, equipment, and relevant tools arose to the surface (Bamias et al., 2020; Gov.gr, 2021; Pawłowski, 2020).

Starting from late spring of 2020, all the kindergartens, schools, and universities were closed, and remote teaching was applied, with similar issues making their appearance as mentioned above (Karalis and Raikou, 2020). People had to use an SMS system to go out from their house; with this system people were texting their address, the reason of going out, and where they
were going. Wearing face masks in public was, and still is, mandatory; those who do not, get fined by the police (Gov.gr, 2021).

The tourism sector, as one of the most important sectors of Greek economy, suffered great loses. 2019 was the best year ever for Greek tourism with record numbers in terms of incoming tourists (33 million) and revenues. So, it was expected that 2020 that would be continued, and an even better season would occur. The pandemic affected the situation, and the numbers were 60% lower in comparison to 2019. Many companies (Hotels, Restaurants, Tour Operators, and more) did not even open for the summer season of 2020, which affected the unemployment of the seasonal workers (Papanikos, 2020).

All the types of organizations, public or private, regardless the industry, had to comply with the governmental guidelines and follow the designated mode of operation. A board of specialists has been introduced from the very beginning of the pandemic. This board consisted of scientists, professionals and politicians who were responsible to evaluate the situation and decide how each sector would operate, if a lockdown needed to be imposed or terminated, and what would happen with the educational structures (schools, universities, etc). Based on their recommendations, the government regulated the situation (Skapinakis et al., 2020; Karalis and Raikou, 2020; Gov.gr, 2021).

1.5 Startups and SMEs in the Greek Ecosystem

The global economic crisis of 2008, the strict budgetary measures and the uncertainty for new investments had devastating impact in Greece’s economy. The economy collapsed, there was a significant decrease of the GDP, the country’s debt increased dramatically, and the unemployment skyrocketed. The development model Greece was following could not be characterized as a sustainable solution; that’s why, the need presented for change towards improvement of the financial policy and the deployment of innovative strategies for businesses’ development. From 2012 onwards, at the end of the economic crisis, there has been a shift on the economic, social, and political landscape; this shift, brought to light an emerging startup ecosystem.

In Greece, exist almost 830,000 SMEs which employ just under 2 million people (Small Business Act [SBA], 2018). 63% of Greek people perceive entrepreneurship as a desirable career choice with the relevant EU average being 58%. Additionally, the established business owners in Greece reach 12.5% in comparison to the EU average (7%) (SBA, 2018). These statistics show that the backbone of the Greek economy consists of SMEs, and that Greek people value and hold entrepreneurship as a mindset.

Some characteristics of the Greek startups as seen from ESM (2016) are the following: 70% of the founders were men and 30% women. Over half of the founders belonged to the age group 25-34 years old. 94% of the startups were founded by teams and only a 6% by solo entrepreneurs. The 84% of the managing directors were men. And finally, 58% of the startups were cooperating with existing companies, and 51% were cooperating with other startups. We expect these numbers to have increased dramatically as the ecosystem has grown and matured significantly since then; we will be able to get a taste of the new reality only later on, during the interviews process.
From the above, we can see that the big part of the Greek economy is entrepreneurship, SMEs and as of the last years, Startups. The Greek economy have greatly suffered from the pandemic to most of its segments. Big corporations managed to apply existing crisis management plans and strategies and adapted to the situation. SMEs followed the same path, and they received additional support from the government. Startups, especially those who were bootstrapped took a significant hit. We have only to identify how they responded, if they were successful, and what they are planning for their future.

The startup ecosystem described above, kept growing and maturing since 2012, reaching significant numbers for a country as small as Greece, having undergone that significant downturn on its economy. In 2019, according to Enterprise Greece (2019), approximately over 1000 startup companies existed in the country. The number of VCs (Venture Capital funds) participating in EIF (European Investment Fund) counted to 10 and the total number of investors (angels and VCs) counting in hundreds (Foundation, 2019). In the past decade, more that 300 startups have received funding reaching a total of Billion 2.4 € (The official platform on the Greek Startup Ecosystem - Elevate Greece, 2021). Except investors and startups, the ecosystem gave birth to a variety of incubators and accelerators operating independently, or under the provision of the country, systemic banks, and big corporations (Foundation, 2019).

In the second half of the past decade, the first results begun appearing with the first exits, some of them being quite big for the standards that the domestic business community was used to. Such examples where the following:

<table>
<thead>
<tr>
<th>Company name</th>
<th>Exit deal (€ in millions)</th>
<th>Exit Year</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beat (Taxibeat)</td>
<td>€40.48*</td>
<td>2017</td>
<td>Mobile application that transforms the way people move in their cities and beyond.</td>
</tr>
<tr>
<td>Innoetics</td>
<td>€*</td>
<td>2017</td>
<td>Develops advanced synthetic voices and offers solutions that integrate with their text-to-speech technology.</td>
</tr>
<tr>
<td>Avocarrot</td>
<td>€17.85</td>
<td>2016</td>
<td>Leading programmatic native ad exchange &amp; mediation solution for mobile publishers, offering an all-in-one platform for optimizing and monitoring mobile ad revenue.</td>
</tr>
<tr>
<td>E-Food</td>
<td>€*</td>
<td>2014</td>
<td>Website that enables its users to order food online from restaurants in Greece.</td>
</tr>
</tbody>
</table>

*Undisclosed amount, market estimations were taken into consideration for the ranking.

Table 1. The four biggest startup exits (Foundation, 2019)

The government also began making steps towards this direction, trying to create a fruitful environment for the creation of innovative companies, the attraction of new investments, the
attraction of big international companies like Amazon, Microsoft, TeamViewer, Cosco, Tesla, Cisco. Relevant legislation has passed creating a new company type, flexible enough, combining the benefits of an S.A. and an LLC. The tax framework for these companies has also been quite low helping them survive their first difficult steps. Finally, in 2020, the government announced the official repository of Greek startups, Elevate Greece. The purpose was to map the ecosystem, bring closer its players and promote collaborations, and finally provide actual help to them tailored for their needs. In the last 3 months it operates, over 180 startup companies have registered to Elevate Greece (The official platform on the Greek Startup Ecosystem - Elevate Greece, 2021).

1.5.1 The COVID-19 in Greece and Startups

Everything was evolving promisingly since 2012, the economy had started growing again, the unemployment significantly dropped to 16.9% and new investments were becoming a norm (Foundation, 2019). But then, suddenly, in the early 2020 COVID-19 crisis stroke. The pandemic escalated quickly and by the beginning of March, Greece was under strict lockdown. This had a horrible effect on the SMEs, which is the backbone of the Greek economy. Nobody was ready for something like that. The entertainment sector terminated operations, for more than a year (with a small break for the summer of 2020) the same applied for the hospitality and tourism sector (another “heavy industry” of Greece). The government did its best to protect the people from the pandemic, and at the same time keep the economy alive by providing economic relief to those heavily struck by the situation (tax reductions, reduction of rent, freeze mortgages, freeze loan payments, etc.).

Of course, the innovation ecosystem could not possibly avoid the hit from the pandemic. Over half of the startups in Greece (51.9%) (Foundation, 2019) follow B2B (Business to Business) business models. With the businesses in shock trying to adapt to the situation of remote work, the sales stopped, the fundraising opportunities disappeared, and the costs remained. That was a reality for startups not only in Greece, but globally. The productivity of their employees decreased their wellbeing the same. So, the founders had to navigate their companies through a very dangerous crisis situation, without indication of how long it will take to return to normal conditions of “Business as Usual”, with their runway not exceeding 12 months (65% of the cases) (Slush, 2021).

To sum it up, the pandemic crisis has created a generalized problematic situation for businesses and especially for the startups. This situation is getting worse because the majority of the initiatives to protect the economy during the pandemic, target mainly established organizations of big size, and only some of the industry’s sectors; These initiatives though, aim to protect employment and preserve the economic activity (Walsh and Cunningham, 2016). Thus, the focus is steered towards the protection of the present, and the future economic activity is neglected. Despite that, startups shaping that future economic activity are recognized among the most important actors in any economy (Kuckertz et al., 2020).

One of the major consequences these companies face due to the situation is the loss of clientele, while their fixed costs remain the same (Salamzadeh and Dana, 2020; Kuckertz et al., 2020). While all the above is happening and midst the pandemic, the founders and management of the startups have to manage to mitigate the damage and try to identify opportunities for the
company. To do that, though, a particular set of skills is required from the entrepreneurs to have in order to survive (Buheji and Ahmed 2020); an example being the ability to alter their business model to adapt it to the new reality (Salamzadeh and Dana, 2020), due to the severe changes the market has undergone, causing the nullification of their market penetration strategies (Zinger and LeBrasseur 2003).

1.6 Research Focus

While studying literature regarding tackling crises, we came upon a plethora of definitions for the term “crisis”. The most common characteristics among these definitions were the uncertainty of when the crisis is going to occur, and the impact it is going to have (Ratten, 2020). As Perrow (1984) noted, crises surprise because the timing and impact they might have been unknown. Of course, there are many types of crises and not all of them fall in the same category. A broader definition of crisis could be:

“When a group of people, an organization, a community, or society perceives a threat to shared values or life-sustaining systems that demands an urgent response under conditions of deep uncertainty.” (Ansell and Boin, 2019, p. 1081)

Every crisis can bring threats and opportunities, depending on the way one perceives it (Doern, 2014). Eggers (2020) describes that a crisis threatens to destroy, or disrupt existing structures causing a necessity for extensive spending in order to restore them, but in can also lead to new knowledge, creation of new markets, products and innovation. It is certain that they can cause distress, to businesses and the society, but the inventive minds of the entrepreneurs can identify the openings in the market and harvest the opportunities (Ratten, 2020).

As Ratten (2020, p. 5) wrote, “non-decisions lead to worse conditions”. Due to the uncertainty that comes with crises like the one we are facing at the moment, it is common that established approaches fail, and a more entrepreneurial way is required (Ratten, 2020; Giones et al., 2020).

The research of this master thesis investigates the advocacies Greek early-stage startups faced and the actions they made to adapt and survive. Specifically, we want to understand the crisis management policies these companies followed and document a model for future usage. As startups and entrepreneurship attract increasingly more people in creating companies, identifying problems and offering solutions, we believe that it will be important to provide a tool that, if utilized, could shield them from future crises. The model we plan to create, should be able to adapt to the business model they follow and the stage of the company.

Finally, we believe that due to the nature of our studies, interests, and experience, the topic fits us perfect. It touches the fields of business, innovation, sociology, and entrepreneurship. As mentioned by Ratten (2020, p. 7) “entrepreneurship research is well suited to take a crisis perspective that can offer advances to other streams of literature including business and sociology”.
1.7 Research Questions

This master thesis aims to document the crisis management model Greek early-stage startups have followed in order to adapt and survive the pandemic crisis. The research questions of our thesis would be the following:

1. How have Greek startups managed to survive in the pandemic crisis?
2. How has the COVID-19 crisis affected employees in startups?

By successfully answering our research questions, the startups will be in position to utilize it to create the company’s plan for the crises to come. The two research questions will contribute to the fulfilment of the thesis’ aim and the delivery of an outcome addressing a real practical issue, but at the same time contributing to the academic world. We addressed these questions through an interview study with six startups.

1.8 Limitations

Our study could be a guide for early-stage startups on which crisis management model they could utilize. For that reason, we would like to mention the limitations that we identified in the study we conducted. After taking into consideration the limitations mentioned below should one use our study. We limited our study to Greek early-stage startups, in the time of a global pandemic crisis, which might make it challenging to replicate, so the transferability of it is significantly reduced. As one of the people conducting the study is active in the Greek startup ecosystem, and personally involved with many of the people that own and manage that type of companies and will participate in the interviews, their outcomes could be affected; that means that the confirmability of the study is affected. Finally, the involvement of one of the authors in the Greek startup ecosystem, could have affected the perception of the authors, the interviewees answers, and the interpretation of data, because of possible bias on the topic.
2 LITERATURE REVIEW

The most significant factor in the literature review was the lack of crisis management departments in small companies. Without crisis management techniques in small businesses, when an external incident happens, the probability of major financial damage or company closure is greater. The lack of appropriate crisis response plans in small businesses is a concern because, without a backup plan, a catastrophe could persist and inflict further harm. Ley et al. (2012) concluded that designing plans to organize and efficiently handle an unforeseen crisis could be more appropriate for larger enterprises.

Numerous challenges prevent small business owners from implementing disaster survival plans. A lack of financial investments in small enterprises has also restricted the opportunity to brace for unforeseen emergencies (LiPuma, Newbert, and Doh, 2013). Unfortunately, time pressures and the size of the enterprise also add to the reasons why executives do not participate in crisis management techniques in small businesses. Despite the argument for not incorporating crisis management techniques in small enterprises, the gradual growth in the number of emergencies since 2009 has led to increasing market questions on the problem of crisis management (Wood, 2015). Future studies to help define solutions for small businesses can help resolve the psychological difficulties incurred by these forms of accidents, whilst recognizing resource restrictions as internal limitations that impede successful crisis management.

2.1 SMEs and Crisis

Several scholars (Regester and Larkin 2002; Latham 2009) suggest that small and medium-sized businesses are by far the most significant targets of a protracted economic recession. Small and medium-sized businesses can struggle significantly from market crises, due to their limited financial capital and their reliance on bank loans, charging such large interest rates. In addition to the economic factor, their comparative limitations in terms of technical, administrative, and human capacities could limit their potential to resolve the financial recession (Das and Pradhan, 2009). In the other hand, their increased dependence on (lower) consumers, suppliers, and markets (OECD, 2008) may contribute to increased difficulties in managing their operations in the context of the disaster. Many small and medium-sized businesses have endured from market shock. As stated by the Organization for Economic Cooperation and Development (OECD, 2008), competition for products and resources has declined and credit terms for small and medium-sized enterprises have improved globally.

However, there is extensive research that cast doubt on the fact that both small and medium-sized businesses are having a greater influence of the economic downturn in comparison with large companies. Gregory, Harvie and Lee (2002) suggests that during the Asian financial and economic crisis of 1997, Korean SMEs agreed that it would be best to improve their advertising
and technological advancement practices. This has become the simplest modification for small and medium-sized firms in the sense of large units. They find out that SMEs respond even more efficiently and rapidly than big companies using product differentiation strategies.

We see compelling explanations in the research why small companies can have distinct results from larger companies. In adjusting to an economic decline, smaller firms can be more resilient because they are less responsive to uncertainty, stiffness, and sunken costs, more capable of leveraging consumer niches (Gregory, Harvie and Lee, 2002), and less dependent on structured credits relative to their larger debt-loaded equivalents. By imitating the industry standards of other businesses, even their drawbacks at technical and expertise levels can be solved. As a result, small and medium-sized businesses could be more capable of maintaining their survival and thereby counteracting the detrimental impact of the recession, thus contributing to support the market. In addition, small and medium-sized enterprises (SMEs) are strategically important for financial restoration because they assist reorganize industries, because they can behave as a source of rivalry for larger enterprises, enhance community trade, and make a contribution to the technology transfer and also to rural growth. In addition, the significance of startups has traditionally been key to economic growth by making contributions to job building and social advancement (Elmore, 2009).

2.2 Innovation and Crisis

We are now seeing one of the most economically and socially destructive developments since the 2008 financial crisis. The COVID-19 pandemic has changed nearly every area of life causing communities to reconsider their behaviors and standards, from how individuals live and operate to how businesses engage with their clients, how customers select and buy goods and services, and how they support their supply chains.

Crisis, particularly the one we are currently experiencing, impose major capital and personnel costs by inactivating properties and human resources, resulting in significant social and economic instability. However, these conditions will help lead the way for disruption and the emergence of new business models (Furstenthal, 2020).

Decision-makers in each sector face a critical option in terms of promoting progress led by short-term development, which may have long-term implications for their companies' potential to expand in the coming years, so current safety can be a narrow-minded decision at this time.

Over time, innovation has been the primary driver of rising living standards. However, the invention process is profoundly destructive because it makes traditional technology obsolete. Digital networks, cloud infrastructure, IoT, data analytics and AI are emerging innovations that will either accelerate the growth of a business or cause it to fail if entrepreneurs do not implement them on time. While some of these inventions were developed over two and a half decades ago, they were neither popular nor profitable. In recent years, the situation has drastically changed, and almost every sector now utilizes one or more of these technologies. Their main applications in all industries, especially healthcare, automobile, finance, environmental monitoring, agriculture, energy management, defense, sports, and gaming, is altering how people live, function, and play (Soni et al., 2020).
According to some studies, following the start of the COVID-19 crisis, businesses have been more concentrated on short-term problems, in regard to innovation. Most businesses ignore innovation in order to concentrate on four things: maintaining the core market, seeking known opportunities, maintaining cash and minimizing costs, and creating various possibilities in the face of uncertainty. The decrease in the concentration on innovation is significant in almost all fields, with the exception of the pharmaceutical and medical industries, where a growth of nearly 30% has been registered since the start of the health crisis (Furstenthal, 2020).

2.3 Innovative Startups

The assumption that innovative startups are effective actors in facilitating growth and national competitiveness is widely held (Birch, Hagerty and Parsons, 1995). However, the definition of a startup has become a point of dispute. People and companies have different definitions of a startup. To identify a startup, many considerations must be taken into account, including the current business model, stage of the life cycle, revenue produced, number of workers, level of creativity, and so on. The most common term comes from Steve Blank, who describes a startup as "a temporary enterprise designed to find a repeatable and scalable business model" (Blank, 2013). Furthermore, StartupRanking gives the concept a framework, including elements of success, development, and technology, a startup is a company with a high level of innovation and a solid technical foundation, as well as the ability to expand quickly and retain independence over time (StartupRanking, 2020). There is no straightforward and generally agreed scholarly concept of a startup due to the high degree of inventiveness involved. However, the debate on startups is dominated by two methods. The first method is to use Schumpeter's concept of creativity as a starting point. According to Schumpeter (1928, p. 378), innovation is defined as:

“What we, unscientifically, call economic progress means essentially putting productive resources to uses hitherto untried in practice, and withdrawing them from uses they have served so far. This is what we call ‘innovation.’”

This method is typically more appropriate for technology-intensive product-based businesses that have specific requirements for determining innovativeness. It focuses on innovation and attempts to quantify it scientifically (Soderblom and Samuelsson, 2014).

The second strategy is more flexible and dependent on situations and expectations. The following is a section from Van de Ven, Peters and Waterman (1983, pp. 4-5) research that concisely discusses innovation:

“An Innovation is a new idea, which may be a recombination of old ideas, a scheme that challenges the present order, a formula, or a unique approach which is perceived as new by the individuals involved (Rogers, 1983). As long as the idea is perceived as new to the people involved, it is an ‘innovation,’ even though it may appear to others to be an ‘imitation’ of something that exists elsewhere.”

Our thesis is quite related to the second approach. The argument for this is because this method does not break innovative activities and allows for background to be considered. Considering the above, an innovative startup is described as follows in this thesis:
“A firm that has been founded less than ten years ago, which has to some extent a technological base, and approaches innovation” (Van de Ven, Peters and Waterman, 1983, p. 5)

2.4 The Role of Employees

The COVID-19 pandemic is causing the whole globe a major crisis. There is a clash between income and security in this pandemic. The institution must prevent its regular routines and launch a new structure for communicating and performing its daily activities. In this crisis, managers must take a crucial decision to save the preferences of organizations and their workers. The scenario in June or July has begun to become normal, but they still have to survive with COVID-19. This is a significant obstacle for organizations to perform daily work in accordance with the 'new normal' timetable with different new regulations for the security of all. Organizations that interact with technology, but only white-collar and highly qualified employees, are efficient in doing so (Karin et al., 2020). Employees employed in production or banking, customer care or any place where direct communication is needed have been seriously hindered by COVID-19. These workers are in the most dangerous situation in the world. Job at home today doesn't go that much. Working at the same time, taking care of families and children, causes a clash of responsibilities. These challenges also affected workers' overall efficiency. In order to ensure protection, there are many improvements enforced by the state. People at work must be protected with covers, physical distance, washing hands, and using sanitizer all along (Wolor et al., 2020).

The efficiency of workers also relies on the emotional state of the staff. The workers were more worried about safety during the COVID-19 pandemic. Hamouche (2020) states in her report that the psychological state of workers is generally overwhelmed and depressed. Workers are most associated with protection, virus risk, social isolation, lack of money, and work uncertainty. This is the primary explanation for the depression and lack of success in the workplace by workers. To minimize tension and increase the efficiency of workers, the company has to ensure the protection of the wellness, social distance, financial stability, and work wellbeing of people.

Hasanat et al. (2020) carried out research on the effect of COVID-19 on e-business. The article states that small and medium-sized stores were heavily impacted by the disease outbreak due to the low market presence, and the shopping behavior of customers was also strongly impacted by the unique coronavirus. COVID-19 has had an influence on all forms of enterprises around the world. The market is going downward for that cause. But this is not how the planet should work. All began to open, and companies became trained for physical work under 'modern standard' laws. Home job and the digitization of the office during COVID-19 was a successful initiative, just not for a long period due to digital inequality Beaunoyer, Dupéré, and Guitton (2020). Beaunoyer, Dupéré, and Guitton (2020), work on the impacts of the COVID-19 crisis and digital inequality, where it has been clarified that technical disparities, race and variations with other workers generate these differences. Workers from remote and inaccessible locations will not have the high-speed internet to perform work at home tasks, intervention from relatives will irritate work from home periods during job. According to Ince (2020), the performance of employees during COVID-19 was reduced similar to the state before COVID-19.
are required to work from home because of COVID-19, and it has adversely affected the performance of employees. Therefore, the performance of employees decreased during the COVID-19 pandemic outbreak.

2.5 Employees’ Performance and Engagement

There is no question that the fear of catching coronavirus impacts the efficiency of workers, whether they work from home or work at the office. Fear of coronavirus spreading from corona-positive individuals prevents us from heading to the hospital to do certain stuff. The fear of coronavirus as it spreads without contact is common. But it is conceivable to reduce the risk using 'new standard' laws. These rules are enforced by all companies to minimize both the danger and the apprehension of workers. Thus, workers can do higher without terror at the office (Solis et al., 2020).

The success of workers relies on several things, and one of them is protection. In terms of job efficiency, employee knowledge of COVID-19 is very significant. Workers need to know protective metrics, their mindset needs to be optimistic about the improvements, and finally, employees need to conduct safety measures to reduce the coronavirus hazard. Training on staff safety metrics has to be implemented by the company. Workers will go through this preparation from time to time to implement social distancing, using gloves, ensuring hand grooming before and after work. Staff sensitivity will then be improved and the fear of coronavirus from workers will decline. Employees would now be relaxed working fearlessly in the office (Das, 2020).

COVID-19 is known as the worst virus and companies have to shut down and implement new concepts to maintain their everyday job at home because of it. But it has been discovered that work has decreased the level of staff efficiency. In order to mitigate fear and resume official work from home, work from home is an optimization approach. Yet it still has drawbacks. Frustration, family-work dispute, digital inequality, stress, not all work can be completed from home, and many other problems impacting employee results (Wang et al., 2020). Identity fraud, not just these concerns, but also cybercrime, breaking into a home network, is a big concern. Therefore, due to fear of coronavirus, the output of workers from home as well as from workplaces is difficult to sustain. From May 2020, built on the 'fresh standard' scheme, many workplaces around the globe have begun their daily routine. Workers across the world have now begun to function physically. The task now is to ensure the safety of workers as well as to get the job completed by staff (Sasaki et al., 2020). Worker output declined due to revised guidance. It has been mentioned in that article that the condition after COVID will also be very limited. Now the dilemma is, how can the company boost the efficiency of workers during this pandemic?

It was according to Sasaki et al. (2020), by lowering fear and concern about COVID-19, the maintenance of employee performance organization needs to maintain mental wellbeing. The research also indicated that the psychological state of an employee could also be the cause for their results. To improve the sound output of personnel, organizations need to compete against coronavirus and ensure sound health & wellbeing. Employee safety preparation can be more effective in evaluating patient safety and enhancing the efficiency of workers. This time is one of the most difficult circumstances for the organization to contend with. Since the success of
workers is the foundation of the company. If every company wishes to retain good results, the company has to make sure that the performance of its workers is also good.

2.6 Schumpeterian Innovation Theory

Schumpeter was among the first academics to consider in his theory of economic development the significance of innovation and market cycles (Schumpeter, 1934). He not only identified the circle flow produced by the adoption of innovation, but also 'entrepreneurs' as economic actors turning the wheel of economic growth. Later, in Capitalism, Socialism, and Democracy, he stressed the role of R&D (research and development) in larger companies that are still involved in regular invention processes (Schumpeter, 1942).

We believe that in periods of discontinuity or a global crisis, Schumpeter's theories on creativity are extremely important. There are three fundamental concepts of Schumpeterian innovation theory for industry growth, which are (I) creative accumulation, (II) creative destruction, and (III) rejection of competitive market equilibrium (Sengupta, 2014). All the three aspects of the theory concentrate on the factors of growth and innovation of the firm (Sengupta, 2014). We believe that for our project among these three concepts creative accumulation and creative destruction are useful. These two concepts help in describing the effects of economies being thrown into uncertainty, such as a financial crash, a rapid regulatory reform, a trade war between countries, or the adoption of a new technology (Berggren et al., 2011). Both concepts will be discussed in more depth in the following subsections.

2.6.1 Creative Destruction

In this era, where the market climate is constantly changing, the research of one individual economist and theorist, Joseph Schumpeter, stands out in many ways, including resolving opposing concepts. Schumpeter resolved the competing values of innovation and destruction in his famous notion of Creative Destruction by finding out that innovation and entrepreneurship are storms of creative destruction (Schumpeter, 1942). In other words, it means creative regeneration. He defines creative destruction as a "phase of industrial transformation that constantly reshapes the economic system from within, constantly replacing the old one and continually producing a new one" (Schumpeter, 1942, p. 82-83). The essence of creative destruction is that existing objects, systems, and facilities have to be purposefully dismantled in order to be replaced by new and updated versions. This is another significant criterion for innovation, and Schumpeter believed that "innovation is the driver of transformation and economic growth in contemporary capitalistic systems" (Schumpeter, 1934, p. 83), as he describes in his Theory of Economic Development.

Entrepreneurs (and emerging firms) are the innovation-drivers, as seen through the perspective of creative destruction (Schumpeter, 1934). Notably, the concept of creative destruction places a strong focus on young and smaller businesses. Smaller companies and new competitors are the innovators due to their qualities of adaptation and flexibility. These firms have an advantage over the larger existing companies. According to Christensen and Rosenbloom, the larger incumbent companies depend heavily on the business model (Christensen and Rosenbloom, 1995). This is a given framework in which the company competes and interacts with its consumers. However, the structure of the business model changes in the case of innovation, and larger companies find it difficult to adapt to this transition not because of
technical capabilities, but because of the discomfort of being firmly rooted in an old context and associated with old consumers (Christensen and Rosenbloom, 1995). Furthermore, unlike larger companies, young and smaller firms do not often have a large body R&D expertise, and as a result, to address the limitations imposed by skills and other capital, they prefer to partner with other smaller and new firms (Archibugi, Filippetti and Frenz, 2010). Unlike companies engaged in 'creative accumulation,' which will be described shortly, companies operating in creative destruction rely on emerging technology and pioneering developments, with a stronger emphasis on practical skills (Archibugi, Filippetti and Frenz, 2010).

2.6.2 Creative Accumulation

Creative Accumulation is a complex concept that includes dynamic variables such as new variations, entrepreneurship, dynamic versatility, and 'the role of the banker' in promoting financing in investment (Sengupta, 2014). To innovate, the above considerations must play a significant role. From the perspective of innovative accumulation, the greater existing firms are the innovation generators. According to scholars, existing companies are essential agents of invention due to the collective essence of technical growth (Granst and Patel and Pavitt, 1997). In other words, establishment firms benefit from their acquired experience and use it to effectively innovate. They are most likely to test out new ideas that are supported by formal analysis. Because technology adoption and cumulativeness are important, previous developments and acquired knowledge are highly critical, and the barriers to entry are strong in such markets (Archibugi, Filippetti and Frenz, 2010).

According to the Schumpeterian innovative development principle (Sengupta, 2014), there are five fundamental categories of innovations:

- **Product innovation**: the implementation of a new product or service to an existing structure, as well as a shift in the distribution network.
- **Process innovation**: the use of modern technologies to improve the efficiency of input and production.
- **Organizational innovation**: shifts in market-structure tactics (e.g., same products adapted for different countries).
- **Market innovation**: it entails trade expansion, which necessitates shifts in market layout.
- **Input innovation**: using new raw materials or intermediate inputs (e.g., software development).

2.6.3 Creative Destruction Vs Creative Accumulation

Given the concepts of creative destruction and creative accumulation, this means that, on one side, smaller and new companies are more likely to come up with game-changing developments during technological discontinuities due to their greater resilience and accelerated responsiveness (Archibugi, Filippetti and Frenz, 2010). Larger companies, on the other hand, are more likely to introduce incremental innovations on a regular basis, relying on their acquired experience (Archibugi, Filippetti and Frenz, 2010). Berggren et al. (2011) also point out that creative accumulation occurs much more often than creative destruction. In truth, over time, Schumpeter compared himself, resulting in the development of these two principles.
Despite the fact that the two principles or concepts are diametrically opposed, they coexist and, depending on the entity, one is prioritized over the other.

2.7 Entrepreneurship and Innovation

Entrepreneurship and innovation are abstract terms with a wide range of interpretations. The terms innovation and entrepreneurship are also used interchangeably. This can be linked back to Schumpeter's (1934, p. 74) concept of entrepreneurship, which describes entrepreneurs as individuals who try out new combinations (i.e., innovations). In the course of innovation, Schumpeter identifies four roles: the founder, who creates an innovative idea; the entrepreneur, who tries to promote the idea; the investor, who gives financial services to the entrepreneur (and shares the risk of the venture project); and the boss, who manages the day-to-day operations of the company.

The literature on entrepreneurship considers a wide range of entrepreneurial positions in structural change many of which are indirectly associated with a favorable economic outcome. If entrepreneurs are described as people who are innovative and imaginative in seeking ways to increase their own income, strength, and reputation, it is reasonable to believe that not all actions can contribute to society in a positive way (Murphy, Shleifer and Vishny, 1991). Many entrepreneurs may not actually lead to a rise in total revenue for a number of reasons, certain entrepreneurship is better described as a non-profit-seeking enterprise (Benz, 2006).

2.8 Crisis Management

Small and medium-sized businesses should set up a crisis strategy on good days. Small businesses with adequate contingency plans prosper and are more able to rebound from crisis situations. Ferris, Hochwarter and Matherly (2012) proposed that HR should be accountable for implementing a crisis strategy that involves multiple operational layers and guarantees its prompt distribution, and that SMEs should include a crisis management committee that includes personnel from different sectors and also outside crisis experts. From a coordination point of view, in order to preserve the credibility of businesses, it is important for companies to pay commitment to effective communication during emergencies. Crisis management is the mechanism by which an organization takes action to deal with a destructive and unpredictable occurrence that tends to damage the firm or its investors (Fink, 2013).

Experts suggested that it is important for survival from disaster situations to provide a crisis alert mechanism. Kurschus, Sarapovas and Cvilikas (2015) proposed that a robust crisis alert mechanism that completely takes into account all financial and non-financial causes must be implemented by SMEs. To recognize a potential problem at an early phase, they have suggested a stakeholder viewpoint on crisis assessment.

Top management and HR are important in the event of crisis. During emergencies, removing vital workers may be devastating. The efficacy of leadership and planning and the reliability of coordination were described by Dent, Woo and Cudworth (2018) as the top two barriers to successful crisis management. Proper instruction for administrators on crisis managing stress and dispute mediation in the organization should be supported by SMEs.
At last, when handling cross-border conflicts, reliability and versatility are particularly challenging. Companies need to change their plans effectively and rearrange their plans of action in a timely manner. Some firms are emerging from disasters, and others have not. Because of their capital limitations and comparatively poor market positions, exertion from crises is never total and complete, especially in SMEs (Hong, Huang and Li, 2012).

Startup companies have a better probability of success during recession cycles during difficult times than during the expansion phase, possibly due to the lack of work openings. During disruptions, investors sought new markets and created new paths for their businesses and developed a diverse and robust stock of expertise that would encourage entrepreneurship after disasters. SMEs show robust consumer response, despite their fundamental flaws. Sustainability techniques include a leadership mentality, the application of various conflict management methods, the preservation of a healthy partnership and a strong network, the recognition of risks and opportunities, and timely and scalable intervention (Hong, Huang and Li, 2012).

In contrast to the common belief that companies are strongly subject to financial restrictions during emergencies, Cosh et al. (2009) argued that small and medium-sized businesses should not face additional challenges in finding financial assistance during disasters. Instead, though, they struggle more from demand restrictions (customer/market loss). In consideration of this, potential proposals should center on ways to improve demand. Small to medium-sized businesses will use network networking channels such as Facebook and YouTube to explore potential market possibilities after disasters.

Post-crisis continuous improvement capacity is also key to restoration. SMEs with high dynamic and imaginative skills and able to learn from disaster situations are increasingly emerging (Saunders, Gray and Goregaokar, 2013). Startups should participate in market planning training and seek networking opportunities or special seminars to learn from observing people that have endured difficult times.

2.8.1 Crisis Management Approaches

We identified five major approaches based on the timing each approach is initialized. Specifically, it concerns the way a company acts, or reacts, before, during, and after a crisis. The identified approaches are based on the study of Sahin, Ulubeyli and Kazaza (2015).

Escaping Approach

This approach helps mainly in preventing crisis from occurring. Here, the company must monitor closely both its internal and external environment. The communications inside the company regarding policy, values, philosophy and objectives should be thorough and continuous. As Milburn and Walls (1983) mention, the problems should be identified and solved, and the appropriate company structure should be established to ease the operations. Finally, crucial is the monitoring for signals in the macroeconomic environment of the company that could indicate an upcoming crisis.
**Solving Approach**

This approach can be deployed during a crisis. It requires identifying the upcoming crisis and acting in time. The parameters and conditions of the situation should be taken into careful consideration for the decision-making process. Ultimately a systematic approach should be followed for the aggregation and filtering of information, to increase the success rate of the decisions made. Additionally, to that, it is important to identify the sources of the crisis (Milburn and Walls, 1983).

**Proactive Approach**

This approach aims to create plans for possible crisis to come, so that if and when they come the company will be prepared. It involves continuous training of the personnel, and periodical update of the plans according to the stage of the company and its environment (Sahin, Ulubeyli and Kazaza, 2015).

**Reactive Approach**

This approach is activated once the crisis has occurred. The top management usually conducts meetings deciding on how to “react” to the crisis. Often the outcome involves shrinkage of the business in order to protect the firm (Sahin, Ulubeyli and Kazaza, 2015).

**Interactive Approach**

This approach is the most complete of all, as it incorporates planning and monitoring of the possible crisis before it occurs, while it is happening, and after its end. It involves continuous learning and training of the personnel, periodic update and modification of the plans created self-control mechanisms for the firm. A communications and information strategy are set well beforehand. This kind of approach is usually utilized by large firms as it requires significant resources to be created and sustained (Sahin, Ulubeyli and Kazaza, 2015).

In our opinion, all the approaches can offer benefits if utilized under certain circumstances. These circumstances would be relevant to the company’s industry, growth stage, and available resources. If we had to choose one though, this would be the last one as it is the most complete compared with the rest. It offers a holistic plan monitoring and management of the potential disaster. Additionally, it utilizes the key outcomes of the crisis for training purposes, which we think is of great importance. However, as we mentioned above, it requires significant resources, and for that reason it would be unrealistic for an early-stage startup company to adopt it as it could consume valuable resources and cause further destruction. Therefore, we would choose the proactive approach, which is quite similar, without all the requirements of the Interactive. The point of difference between these two are iterative aspect of the latter approach (Interactive), which could be proven more demanding to maintain than what the startups could afford to.

### 2.8.2 Crisis Management Models

Crisis management can be described as a continuous organized and systematic initiative that companies placed in place in order to first and foremost consider and prevent crises, as well as to efficiently handle those that may arise, taking into consideration the interests of their
stakeholders in each phase of their planning, preparation, and response activities (Santana, 2004).

Crisis management is split into two methods according to Pauchant and Mitroff (1992). The first step is preventive, which occurs prior to a disaster as a result of close monitoring. A method of dealing with problems is known, and efforts are taken to prevent or at least reduce the problem's effects. Second, the constructive strategy is concerned with crisis management after a crisis has arisen, with the goal of minimizing any disruption and restoring an organization to its previous state of control in order to maintain a state of stability in which all powers are balanced and competing.

Crisis management models are methods that help companies deal with disasters, and they provide modules for prevention, planning, response, and reconstruction (Smith, 1990). The roles of prevention and planning are discussed before a crisis, reaction during a crisis, and post-crisis reconstruction. These models vary depending on the crisis descriptions provided by policymakers. The crisis management models are based on the crisis life cycle, which is adapted from physiological models and demonstrates a connection between the crisis and an individual, when both go through the stages of birth, development, maturity, and death (Herrero and Pratt, 1996). The most common models in crisis management are described below.

**Caplan (1970)**

Caplan adopts a psychological perspective which focuses on the way a person cope with the crisis. Limitations of this model is its lack of precision due to its descriptive nature and that it is homeostatic. Caplan's crisis model is based around the idea of homeostasis. According to him, the system is continually striving to maintain a homeostatic compatibility with its surroundings. When this stability is disrupted by physiological or psychological factors, the person participates in problem-solving exercises needed to restore it. A crisis is described as an interruption of a stable or homeostatic state.

**Slatter and Lovett (1999)**

Slatter and Lovett have a more economic approach towards the crisis in question; it cannot be characterized as process, instead it is a model that indicates all the points that could initiate a crisis in a firm. Slatter and Lovett developed a model of crisis that connects internal and external variables to an organization's sensitivity to crisis. They suggest that there are three critical factors to consider in an organizational crisis that are Environmental, managerial and organizational factors. The key point identified by them was that if an organization correctly identifies the significance of the problem early enough and makes the necessary measures, there is a chance of minimizing at least some of the crisis.

**Arnold (1980)**

Arnolds model is focusing on the reaction of communities in crises; it has a more sociological scent. The Arnold model is concerned with the person in relation to the community. The model is concerned with how individuals react to a crisis. This model has four phases in total. The first stage of responding is shock, this is an emotional response that is very common. The individual's second stage is to refuse and escape from the crisis. The third stage is a breakthrough in which the person realizes that the truth of the situation must be tackled. Finally,
the fourth stage is adaptation, in which the person rebuilds and learns from the crisis, as well as establishes new coping strategies. Its limitations lay to the way it is designed. The model concentrates on the person in relation to the community. The problem to that, is that the company probably perceives a crisis differently than the person.

Booth (1993)
Booth tries to locate all the commonly appearing attributes in crises. Simon Booth investigates the traditional practices taken by many businesses in the face of disruption and crisis. He warns of the risks of concepts that exaggerate the causes of crises and their potential solutions as well as those that ignore the unique existence of each firm and its atmosphere. According to Booth, there are three categories of crises, each of which affects the crisis response in a different manner. The first is a sudden or unexpected disaster, which is a traditional definition of the crisis. The second form of crisis is a creeping crisis, which lacks the features of concentrated dramatic incidents to draw our attention. The third form is a long-term problem that can last weeks, months, or even a year. The limitation of the model is its simplicity, caused by its generalization trying to homogenize the crises. Clearly the crises are unique in terms of conditions, causes, impact, etc.

Seymour and Moore (2000)
Seymour and Moore designed their model to identify the blockings of decision making while the crisis is ongoing. Seymour and Moore (2000, p. 10) relate crisis scenarios to snakes in their description of crisis scenario types. A cobra crisis is a tragedy that strikes an organization unexpectedly, catching it off balance and resulting in a crisis with little time to respond. A python crisis, on the other hand, indicates a crisis caused by a slower growing matter, i.e., a crisis that reflects a series of issues that paralyze a company one after the other, gradually killing it. Limitation of this model is its generalized nature and the fact that it is quite descriptive.

Clarke and Varma (1999)
Clarke and Varma design their model with the intention to create a strategic process. According to Clarke and Varma (1999) model, crisis management should be considered as a significant factor in the strategic management process, and therefore a key concern for senior management. As a result, it is a critical component of maintaining an organization's long-term sustainability. Companies must constantly change their crisis management plans to match changing market trends. The downside of it is that it is difficult to be put into operation.

Smith and later Smith and Sipika created the model to address a crisis from its beginning to its end. This approach places corporate preparation at the core of a particular organization's crisis management model. Such companies should see the model as a set of interconnected systems that occur in a never-ending circular loop. Thus, the model's concept is to be able to assess future emergencies and prepare for them in a pre-crisis period, but as the crisis occurs, agility can be the guide to managing it, while still remembering the value of gaining from those crises and moving such learning to the pre-crisis preparation stage. Another feature that separates this
model from others is that it involves government regulations. In their attempt, the model they created could be characterized as general and possibly quite descriptive.

According to Heath (1998), the goals of crisis management models are to:

- Schedule and prepare for potential crisis situations during the pre-crisis stage.
- Minimize or compensate the effects of a crisis by strengthening emergency management during the crisis.
- Quickly and efficiently assess the crisis's damage during the post-crisis stage.

In addition to the above models, many businesses remain unprepared for disasters. Perhaps the failure of businesses to prepare for emergencies is due to planning assumptions. Such initiatives are often seen as a waste of financial resources. To be efficient, preparations must completely involve the interest and attention of as many employees as possible in preparation for how to respond to a real crisis. In the pre-crisis era, the possible situations must be considered by organizations. While disasters are likely to be unpredictable, they can also be prepared for by implementing a well-thought-out crisis management plan.

2.8.3 The Caplanian Model for MHC

One of the approaches we believe is quite interesting, is that of Gerald Caplan (1970) and his model for Mental Health Consultation. Caplan discussed the importance of consultation regarding mental health when it comes to crises. He created a theoretical model which describes the roles of the consultant and the consultees. The author described the act of consulting as the

“interaction between two professional persons, the consultant, who is a specialist, and the consultee, who invokes his help in regard to a current work problem with which he is having some difficulty and which he has decided is within the consultant's area of competence” (Caplan, 1964, p. 212).

The theory was created under certain conditions. Caplan in 1949 was living in Israel, and as a psychiatrist was assigned to oversee and care for the mental health of more than 16,000 immigrants spread across the country. Because of the substantial number of patients, which was constantly increasing, and the inhospitable and rugged physical terrain of the country, it was clear that physically attending and treating every patient individually was near to impossible. For that reason, he came up with the solution to travel and meet the caregivers of the patients. He planned to train them so that they would be able and more fit to help the patients. The training that was taking place, was executed through discussion between Caplan and his team with the caregiver. This method was originally named “counseling the counselors” but later was renamed to “mental health consultation. Through this method Caplan managed to scale the operations of the task he was assigned.

G. Caplan later, while he was studying at Harvard, managed to advance his theory and model and apply it on public health nurses (Caplan, 1970) and Episcopal Church clergy (Caplan, 1972). In later years, others have discussed the impact of Caplan’s studies on various fields, examples being its practice on school psychology (Knoff and Batsche, 1995; Meyers et al., 1993), community psychology (Ehly, S, 1994; Kelly, 2019), and community mental health
(Backer, 1993). As (Caplan, Caplan and Erchul, 1994) mentions, it is not easy to investigate the impact of the Caplanian Model on the organizational development because of its orientation towards mental health. Despite that observation, it has been noted that psychological factors related to the organizational function has been considered by Caplan considerably before they were included in the literature of organizational development (Levinson, 1993).

The reason why the Caplanian model is that important, is because it managed to impact a variety of diverse industries. The reason this happened is because the model has a psychological perspective and in specific, it focuses on the way individuals cope with a crisis. Its lack of precision and the fact that it is of a descriptive nature, adds up to the reasons mentioned above (Evans and Elphick, 2005). Additional reasons that make the model important, as (Caplan, Caplan and Erchul, 1994) list them, are the following:

- Its focus on mental illness prevention and mental health promotion.
- Its approach regarding consultant-consultee relation to be nonhierarchical.
- Its delineation of four major types of consultation.
- Its emphasis on both individual and environmental factors (Erchul, 1993a).

Next, we will present and discuss the Caplanian model (1970) and its eight (8) main principles that according to Caplan, Caplan and Erchul (1994) withstood in time. We will also use these eight principles later, as part of our theoretical framework and we will try to connect them with the results of the interviews.

The eight principles:

1. **Guide the consultation based on its ecological field.**

   This principal aims to connect the action of consultation with a variety of factors. These factors exist in the environment of the consultant, consultee, and the relationship between their environments. For example, in order to achieve the best possible outcome out of the consultation, the consultant should examine and monitor the organizations behind consultant and consultee, but also them as individuals. Additionally, the consultant must include in the equation the consultee’s family and any psychological, social, cultural or religious aspects that could affect the process. This principle opposes to a common misconception that Caplan’s model focuses strictly on the psychoanalytical aspect, and for that, it cannot consider other factors (Caplan, Caplan and Erchul, 1994).

2. **Define and formalize all agreements for consultation.**

   This principle aims to formalize any effort and arrangement for consultation. Any effort, in order to be proven successful, has to be conducted under a standardized and formal agreement of the parties involved. This ensures to the parties involved in the contract that both their professional goals will be achieved. Additionally, this has to happen because in any other case there is a high risk to end up in a situation where the discussions and interactions transform to simple talks without holding any significance or impact on the
overall situation for which the consultation is happening for. It has been noted that even if contracts have been signed for the consultation, if these are poorly developed, the results can be the same as if they had not been signed (Caplan, Caplan and Erchul, 1994).


This principle aims to establish an equilibrium in the relationship between the consultant and the consultee. The relation between the two parties has to be non-invasive. This means that their relation has to allow the consultee to choose to follow or reject the consultant’s proposals and suggestions. This way it is more probable the consultee will choose to follow the best suggestions/proposals/ideas leading towards the solution of the problem/situation. Caplan mentions that in order such a relation to be facilitated, the consultant should not have authority over the other party’s actions, administrative or of other nature. Erchul (1993b) recognized that such a relation to occur between consultant and consultee poses a significant challenge for many consultants.

4. Client-centered Vs Consultee-centered consultation.

In Caplan’s model there are two main types of consultation, client-centered and consultee-centered consultation.

- The client-centered consultation aims to solve a problem of a client. For example, in a Customers’ Support department, a problem could be the frustration and anger of some clients. So, the consultant in this scenario, has to consult the consultees (employees) to solve the indicated client’s (Customers’ Support department) problem (angry customers). As Caplan (1970) explains, this approach aims to inform the consultee on how the client/organization can be helped and how he/she can cover that need.

- The consultee-centered consultation aims help the consultee grow by solving shortcomings he/she might have in order to make him/her better with a certain type of clients. An example here would be a manager of the Customers’ Support department, who wants to develop his/her skills on crisis management, to be able to handle better their teams in critical situations. This approach is focused on the education of the consultee and his/her personal development (Caplan, 1970).

5. Prefer indirect techniques of psychotherapy.

This principle aims to establish a more positive environment for the consultee and builds upon the above-mentioned principle “Keep the consultation relationship non-invasive”. If the consultant chooses to utilize the method of interpretation of insight-oriented psychotherapy, and through that directly point to the consultee’s difficulties it might backfire; the established non-hierarchical relationship might break and cause the consultee to raise defenses against the consultant’s ideas, proposals, and suggestions. For that reason, in order to achieve the best possible outcome for the consultation, the consultant should choose to utilize indirect techniques like parables, nonverbal focus on the client etc. (Caplan and Caplan, 1999).
6. Utilize displacement object.

This principle aims to give the consultant a tool to better help the consultee. Caplan mentions that there might be cases where the consultees personally connect themselves with one or more of the client’s problems. In such situations, the consultants can utilize this connection in order to send the appropriate messages to the consultees to assist them overcome unreasonable expectations. The consultant has to focus their ideas and messages to the client related parts rather than trying to confront the consultees. It has been stated that this could be considered as manipulation but believes that it can be used in an ethical way during the consultation in order to help the consultees become aware of feelings against which they are unconsciously defending themselves (Caplan, Caplan and Erchul, 1994).

7. Encourage systematic reflection.

This principle aims to ensure that the consultee is in a calm position able to reflect the situation properly. Caplan and Caplan, (1999) state that usually the consultees are under certain stress or crisis when they meet the consultant, and being in such state, can negatively affect the focus, problem solving skills and critical thinking of the consultees. When this happens, the consultees might lead themselves in fault conclusions. For that reason, the consultant has to foster calm and systematic reflection which will help the consultees to think clearly, avoid emotional decisions and gain awareness of the available options and possible solutions (Caplan, Caplan and Erchul, 1994).

8. Reference the ecological factors.

This principle aims to guide the consultant to utilize the factors mentioned in the first principle in order to use them as references to better help the consultee analyze the situation. It helps the consultee put into perspective the different aspects of a situation (social, economic, psychological, etc.). The role of the consultant must be to provide a safe environment for the consultee to conclude to the above analysis and at the same time try to solve any emotional and/or psychological issues that might occur.

Internal Consultant – External Consultant

Originally, the Caplanian model was created for consultants external to the consultees and client’s organization(s), as it was built to serve the needs of G. Caplan trying to train the caregivers in the clinics of Israel (Caplan, 1963; Caplan, 1970). This changed though after a while, with the organizations employing in-house consultants to be part of the organizations’ staff and act hands-on internally. Such organizations were schools, and hospitals. This way, the role of the “Internal Consultant” emerges in the literature of organizational development (Steele, 1982; Lippitt, 1977).

The emerge of the internal consultant’s role created conflicts to the existing model of Caplan (1970), as some of the model’s core principles were affected. A characteristic example is that of the non-intrusive consultation, which practically could not be facilitated. Caplan, Caplan and Erchul (1994) appose two representative examples, which present vividly the line between consultation and supervision that more often than not internal consultants face.
• An internal consultant school psychologist is very difficult to act non-hierarchically among the school’s teachers, due to their extended knowledge on the field, which provides them increased expertise on the instructional process in comparison to most of the teachers.

• It is extremely challenging for a business manager to act as a consultant (internal) using the Caplan’s model (1970) if he/she holds higher title than his/her consultees.

Previously, in the principal about non-intrusive consultation it was described that the consultant has to give the necessary freedom to the consultee to accept or reject the proposed ideas. This is becoming quite difficult when the role of the consultant transforms to that of the internal consultant, because he/she is directly responsible for the outcome of the situation for which the consultation is taking place. These types of challenges, tied to the role of the internal consultant, were the reason a new mode of interprofessional communication to be developed, that of mental health collaboration (Caplan and Caplan, 1999).

According to Caplan, Caplan and Erchul (1994) there are two main differentiation points between the two modes of interprofessional communication (mental health consultation – mental health collaboration):

• Consultee-collaborator: lack the freedom to adopt or reject ideas/advice/suggestions, because the main objective of the relationship is to achieve the optimal results. To achieve optimal results, the consultee has to choose the best possible course of action leading to them which deprives them the option to make any other choice.

• Consultant-collaborator: responsible for the overall outcome and the program’s/case’s final results in general.

In general, the internal consultant, consultant-collaborator, acts proactively in the team utilizing his/her skillset and expertise the best way possible aiming to ameliorate mental health outcomes of the case or program. Due to the nature of the role, the consultant-collaborator, holds equal responsibility for the final outcomes as the rest of the team. For that reason, he/she usually has guide team’s attention to make certain that the desired outcomes will occur, by utilizing a variety of methods available to them. More rarely he/she will have to try to make the necessary alterations to the management of the organization to ensure that the mental health outcomes, for which he/she is primarily responsible, will be the expected or better.

2.8.4 Smith and Sipika Model for Crisis Management

We will concentrate on the model introduced by Smith (1990) and improved by Smith and Sipika (1993) here, the model includes three different stages of the crisis management process which are managerial crisis, operational crisis, and legitimation crisis. This model offers a process that allows the tracking of different stages of crises as well as understanding throughout the process. The review process indicates the end of the crisis and the need to gain lessons for the company to return to its pre-crisis state. The three stages of the model are describe as following.
Management Crisis

Organizations must be mindful of the potential situations that can occur during the pre-crisis era, and good preparation must include a significant number of employees in order to practice how to respond in a true crisis (Harrison, 2000). From the terrorist attack on September 11th, it is obvious that many businesses are unprepared for a crisis. It has been stated that the reason companies do not prepare is due to planning misconceptions, in which strategies are seen as a waste of time if they are incorrect and may lead to a delay in making required improvements, reducing flexibility. There is also a common perception of overconfidence about corporate crisis management policies, as they are quite helpful while people are uncertain how to use those (Bland, 2016).

The essential components here are connectivity, history, and decision-making processes, as well as the aspects in which these influences contribute to instability. Failure of management to respond to events effectively may cause a low-level incident to rapidly escalate into a crisis. This is the stage at which management, owners, or other stakeholders in the company may declare the development of the corporate community by making or not making decisions. The key issues to consider during this initial stage of the method are the role of management in the generation of errors, limitations in the management system, restricted decision-making, and communication.

Furthermore, the ethos and structure of the rescuers, as well as communication channels, play a significant role in how efficiently the situation is handled (Smith and Sipika, 1993). An organization's culture is often regarded as essential to organizational decision-making. The human face of management is critical in mitigating the effect of the crisis because it will decide whether the company benefits or struggles as a result of the crisis (Smith and Sipika, 1993). The main tasks in this stage revolve around the involvement of crisis management teams, strategy formulation and control, and the communication plan.

Operational crisis

The model's second phase is operational crisis, which happens when a situation worsens to the point that harm is incurred, or the organization's image is compromised. This process occurs while the enterprise is experiencing severe pain as a result of the organizational crisis. According to Smith's study (1990), this is the process in which the human face of management is a significant factor in reducing the operational effect of the incident. According to Smith (1990), this process is often officially initiated in certain larger organizations where a senior management decides that the incident has the potential to harm the image of the group or the major parent firm of the different business divisions.

This step is often characterized by the involvement of external authorities, often acting as rescuers, who will often take short-term care of the destructive incident until the demands revert to a degree that can be managed by normal management procedures. Thus, a crisis may not stop until the minor problem is resolved but may worsen further as the crisis progresses to more of a potential financial issue in the next step, which is the ‘legitimacy’ phase.

Furthermore, the goal of this process is to be compassionate to those affected, particularly when there has been a loss of life (Smith, 1990). The emphasis here would be on the rescue teams,
who could include emergency responders as well as crisis decision teams, who aim to drag the organization out of the crisis.

Legitimation Crisis

As the situation worsens, it begins the model's final step, the crisis of legitimacy, which includes a time of recovery and regeneration (Smith, 1990). Communication is critical here. In times of crisis, the model allows the organization to recognize external groups, such as the government, and to engage and cooperate with them. This model will not be appropriate for all forms of crises, since not all would require government engagement.

This step also highlights the problems of recovery management, the rebuilding of reputations and a set of mechanisms to ensure the validity of the company of its internal and external partners. This are all problems that administrators need to consider during the operational and legitimacy process of the crisis management model. This final step also covers organizational learning processes which create many of the requirements for addressing future crisis (Elliott, Smith, and McGuinness, 2000). In the ongoing post-crisis phase, the move to find people to blame is always made to target them in an effort to legitimize running organizations and various management types. In this process the company is trying to rebuild external confidence both in its management framework and in its operating systems. In this period of crisis, the government usually seeks to participate by looking for both authority and prevention.

Applications of the Model

Smith's model is used to train companies for a change in their corporate environment. The morality was poor after the 9/11 attacks due to concerns over job stability and the then occurring unemployment. In such a crisis, Recovery policies are expected to help companies to take them back to normal working conditions. Although the tasks are broadly divided during the recession, companies focus mostly on cost reduction exercises. After this time, companies will learn from their mistakes and return to the exact stage from where they draw up future disaster plans. The model is a continuous process that can be examined and changed if a problem happens.

Discussion of the Model

If seen as a whole, the three phases of the crisis are inseparably connected. It is difficult to tell which step of the model is the most difficult for the company. However, if we examine the three phases individually, step three, Legitimation Phase, could be the most difficult for the company. Many times, the post-crisis period leads to the emergence of a new crisis. In order to ensure that learning continues within the organization, the structure and ethos of the organization should be considered. According to Smith and Sipika (1993), there are five major points in this stage, restructure for a responsive framework, evaluate the managerial style of the company to avoid similar crises, often even change or exclude personnel from the company, proper marketing whether the crisis is generated by a product fault or by other organization. The effect of a crisis after it has struck is extremely deadly, and certain organizations are often unable to manage the damage of a crisis, depending on the scale and structure of the organization.

Furthermore, after the actual crisis has passed, it is critical that lessons be recycled back into the company, as the crisis management paradigm outlined suggests, crisis management is a
continual process requiring a feedback loop back to the pre-crisis stage after the crisis has passed. This encourages internal learning to occur, allowing businesses to enhance their results by learning from failures and planning for the next possible crisis. No two crises are alike, and since businesses differ in size, sophistication, and orientation, responses will differ from one to the next in order to adapt the response to circumstances.

However, the model that is created by Smith (1990) and Smith and Sipika (1993) may be a valuable starting point for managers to determine the risks associated and define the functions and roles of the different internal and external stakeholders. Of course, organizations must apply the model to their own situations so that they can be certain that effective and consistent crisis response procedures are in place. Since the model is a valuable tool for defining and categorizing situations, it is critical to understand the shortcomings in disaster preparation and ensure constancy in response while using it.

1st Phase:

Organizations must be mindful of the potential situations that can occur during the pre-crisis era, and proper planning must include a large number of employees in order to practice how to respond in a crisis situation. (Harrison, 2000).

2nd Phase:

The purpose of this stage is to keep the crisis from increasing and to be aware of those harmed, particularly when there is a loss of human life (Smith, 1990). Emphasis focuses on rescuers, which include the crisis decision units, who attempt to pull the organization through the crisis.

3rd Phase:

The aim of the last phase, the legitimizing crisis is that it requires a period of change and restoration (Smith, 1990). Effective communication is always important especially when the media is hungry for news (Regester and Larkin, 2002).
2.9 Theoretical Framework

For our theoretical framework we are going to utilize the three theories we analyzed in the literature review. The first is Gerald Caplan’s theory about mental health consultation, the second Smith’s and Sipika’s three stage crisis management model and the third Joseph Schumpeter’s creative distraction and creative accumulation.

We chose Caplanian model because it connects the aspects we are more interested in. These aspects are the mental health of the consultee, the impact this has to the client/organization and the connection these must navigating a crisis. Another reason we chose this model, is because it distinct the importance of the internal consultant. The way we want to utilize it is by trying to make connections with the actions the interviewed companies followed and based on that understand the role of their employees during the pandemic crisis. Additionally, we plan to include aspects relevant to this model to the one we aim to create. This model might be descriptive and vague in a way; however, we deeply believe it will help us understand the way the participating companies operated.

We utilized the 3-stage model, which is introduced by Smith (1990) and later modified by Smith and Sipika (1993). It is called the 3-stage model because its crisis management process is consisted upon 3 different and critical stages of the company, such as management crisis, operational crisis, and Legitimation's crisis. This model is applied in a way that it tracks the crisis phases and including the essential role of learning in crisis management. Until organizations will return to the pre-crisis period, a feedback loop reflects the resolution of the crisis and the learning of lessons (double loop learning). The first pre-crisis phase focuses on raising employee and management understanding of future situations that could arise.

We choose the Schumpeter innovation theory because he concluded that anyone who seeks profits must innovate. This would result in a shift in the utilization of the market's available productive resources. According to Schumpeter, creativity is a critical factor of competition and economic dynamics. He also argued that creativity is at the heart of global progress, resulting in gales of "creative destruction," a concept used by Schumpeter in Capitalism, Socialism, and Democracy. According to Schumpeter, innovation is a method of generating new ideas and Industrial mutation is a continuous process that transforms the economic system from inside, constantly destroying the old one and continuously producing a new one (Schumpeter, 1942).

According to Schumpeter, creativity is critical in understanding economic development, and the entrepreneur is the primary innovator. According to Schumpeter's description of The Theory of Economic Development, the key role of the capitalist is to assign current capital to new uses and new combinations. Schumpeter's believed that entrepreneurship is both a special force of development and a rare social input that causes economic history to unfold (Schumpeter, 1934).
3 METHODOLOGY

The proposed study is of an explorative kind. Hence, the research methodology is assumed to be largely inductive. According to Bryman and Bell (2011), using an inductive analysis method would enable researchers to analyze a hypothesis or observational process in order to support or generate new theory. As a result, we will use qualitative analysis methods to meet the research's objectives. However, considering that the research is based on current hypotheses on startups, crisis management, COVID-19 and small and medium-sized businesses, we also claim that there are certain deductive aspects to the study.

3.1 Qualitative Research

The aim of qualitative analysis is to get a better view of the social environment by looking at how people experience their surroundings (Bryman and Bell, 2011, p. 386). A qualitative thesis, like this one here, will be built with words instead of figures, as no quantitative data will be obtained or produced. The phrases, on the other hand, would be focused on records and, in most cases, interviews (Miles and Huberman, 1994).

Qualitative analysis is an evaluative model that enables us gain insight into the particular meanings and attitudes encountered during the global pandemic (Polgar and Thomas, 2000) from the individual perspectives of the researchers. It will allow one to construct abstracts, ideas, explanations, or theories by answering questions such as "why," "how" and "in what way?" (Creswell, 1998). Quantitative approaches deal using numerical results and take a very objective, comprehensive approach. Qualitative approaches, on the other hand, use definitions and subgroups (words) to examine individual perceptions and situations from the viewpoint of the subject. It is frequently an iterative method in which the theory/hypotheses arise from the evidence as it is gathered, making the author an important part of the data collection and interpretation process.

The study layout is fluid and adaptive, adapting to changing circumstances as the research progresses. The aim is to interpret the phenomena from the participants' perspective, while keeping the phenomenon's unique institutional and social meaning intact; efforts to measure the results lose this data and context (Cohen, Manion and Morrison, 2000). The validity of qualitative approaches can be enhanced by combining data collection techniques and having several people analyze the data.

The inspiration for qualitative research, as compared to quantitative research, derives from the fact that there is one thing that divides people from the rest of humanity, it is our capacity to communicate! Qualitative analysis approaches are intended to aid researchers in better understanding individuals and their social and cultural environments.

3.2 Research Design

Bryman and Bell (2011) address five categories of research designs: experimental, cross-sectional or social sample, longitudinal, case study, and comparative. A case study design was found most suitable for this thesis. In fact, such designs are preferable for addressing research questions that are usually presented as "how and why," for when the researcher has "little to no influence over interpersonal events and for when the subject of research is on a real
phenomenon (Yin, 2014. p. 2). In accordance with this viewpoint, a case analysis studies a case (i.e., a recent phenomenon) in its real sense and the relations between the occurrence and framework may not be clear (Yin, 2014). Furthermore, case study analysis may be extended to appraisal studies where one potential use is to clarify the assumed causal relations in real-world initiatives, or to identify the method and its real-world meaning, among other things. Other concepts were also reviewed such as experimental, longitudinal design etc. They were not chosen because they would weaken the aim of this report, which was to capture the core beliefs of startups.

The unit of research in this case is startups at times of global pandemic. The layout for a single case study could be expanded to a multiple case study, which is typically preferred to examine the various cases. As a result of using different instances, we are able to see similar traits as well as variations between them (Bryman and Bell, 2011). According to Stake (1995), when investigating a specific syndrome, several cases are being investigated. A simple, case study approach will examine several cases and will draw general conclusions (Bryman and Bell, 2011).

In order to consider the problems, tactics, and experiences of small businesses during the COVID-19 crisis, it is important to gain knowledge on the ideas and viewpoints of startup managers. As a result, a case study with analyzing different cases based on qualitative method is suitable and will perfectly fulfill our research objectives (Hong, Huang and Li, 2012).

### 3.3 Selection of Companies

Sampling can take place at several levels in qualitative analysis, including data collection, interpretation, and reporting. Since the authors of the study are not involved in drawing conclusions at a statistical basis therefore qualitative analysis has been carried out. Sampling for qualitative analysis is not same as sampling for quantitative research. In this research, the main technique that is utilized for sampling is purposive or strategic sampling in order to select the startups on certain filter for the purpose of answering the research questions. Purposing sampling technique is quite different from the sampling techniques that are used in quantitative analysis e.g., random sampling etc. As a result, probability-based sampling (e.g., random sampling) is ineffective. The problems with sampling vary depending on the process used.

The startups for interviews were selected according to purposive sampling technique but later on according to the situation of the pandemic, convenience sampling has also been utilized (Gray, 2017; Patton, 1990). Purposive sampling is a kind of non-random survey where rich samples of information are purposely chosen to collect detailed information (Patton, 1990). Convenience sampling applies to the sampling if transparency and affordability obstruct the collection of interviewees (Gray, 2017). Convenience sampling was utilized in order to have maximum numbers of interviews for the study.

We combined purposive sampling with convenience sampling because first, the samples are taken for the interviews are based on a specific purpose to answer the research question and to get the important information which cannot be gotten from other choices. Second, the sample we selected were according to our conveniences, these were both easily accessible and willing to participate. Our sampling techniques consists of convenience sampling to have maximum
interview and enhance validation and purposive sampling to maximize generalizability when selecting interviews for a research sample.

The startups to be interviewed were selected using four filters.

- The company is under 10 years old.
- The company has an innovative product.
- The company has less than 20 employees.
- The company’s main operations are in Greece.

Finally, the interviewees were chosen carefully after taking into consideration their role in the startups. We interviewed people only from the top management of each startup (Owners/C-level executives/etc.) which had direct connection to the COVID-19 crisis management.

### 3.4 Number of Companies

Typically, qualitative studies need a smaller sample than quantitative analyses, yet the sample size should be sufficiently large to provide enough data that can explain the phenomena under study and answer the research question (Morse, 1994). Earlier research has shown that qualitative studies need a minimum sample of size 10 interviews to achieve data maturity (Braun and Clarke, 2016). Therefore, a sample of 10 was deemed sufficient for the qualitative analysis and scale of this study but due to the crisis situation and lack of time we only managed to get 6 interviews.

Six separate startups from diverse industry’s sectors in Greece were interviewed, including the sectors of travel technology, e-commerce and distribution, financial technology, 3D-Printing, agro technology, and food and beverage. These sectors represent the majority of the main sectors startups choose to address in Greece.

We began our discussions with the startups relatively early in the process, and the sampling size seemed feasible to be reached. Later during the process of the interviews, transcriptions, coding and thematic analysis, we found it difficult to cope with the size of the data we had collected. This took us more time than we expected, which led to some delays in the last interviews. Finally, as the Greek economy was rebooting for the summer of 2021, and all the startups began focusing on their reorganization, sales and marketing, they were not able to provide the necessary time to participate to the interviews. Considering all the above, we believe that the interviewed companies represent the desired segment of the Greek startup ecosystem (early-stage startups) and thus it is sufficient for the purpose of this study.

### 3.5 Data Collection

Both primary and secondary data were collected for this study. The primary data was collected mostly through qualitative interviews and secondary data were collected through desk search. The following sections discuss and elaborate on the data collection methods.
3.5.1 Desk Study

Desk research entails the collection and summary of secondary information. The aim of developing a detailed desk search was to find relevant literature and material that could aid in better proficiency of the study's context as well as concerns raised by interview respondents. Furthermore, the desk search supports triangulation of reports (i.e., conclusions for the search of the workplace and interviews).

The information gathered included electronic books and peer-reviewed publications. These were collected by using search engines such as Science Direct, Web of Science, Google Scholar, and the digital library at Uppsala University. Several keywords and variation were used during the search, including COVID-19, Schumpeter, disaster, emergency, Crisis management, Crisis management models, entrepreneurship, innovative companies, and innovation in crisis, creative destruction, founders, and a list of startups in Greece. In addition, government and news websites were used, mostly for COVID-19-related information and policies. Notably, all of these references are classified as 'grey literature.' Grey research is scientific material that has not been published in group journals (Gray, 2017, p. 107). It was critical to review grey literature because the situation with COVID-19 is so complex and novel that there are little to no previous applicable published science studies.

3.5.2 Interviews

An interview helps in gaining perspective into the interviewee's life as well as a better sense of the essence or significance of the interviewee's daily interactions. The interview is also used to bring a theory to the test (Cohen, Manion and Morrison, 2000). There are three types of interviews: structured, semi-structured, and unstructured. In a structured interview, the respondents are told the same thing in the same manner every time, including the tone of voice. There is no space for variation or discovery of topics outside of the set questions in a structured interview, which is close to a survey. Unstructured interviews, on the other hand, are relatively cheap conversations that can lead the interviewer and interviewee away from the intended topic. The queries are arranged in a semi-structured interview, but the interviewer will differ significantly from the planned questions if an unintended conversation point proves fruitful (Bell, 1999). The data produced from unstructured and semi-structured interviews is always richer and provide a more in-depth assessment of the subject than a questionnaire (Bell, 1999). We will use a semi-structured interview in our study to question various startups about their experiences dealing with pandemics. The recording of the interviews may be captured, and the interviews will also be videotaped if information such as non-verbal signals are required for interpretation.

Semi-structured interview

Since the research is exploratory in nature, with an emphasis on perceptions, behavior, and implied conflicts, a dialogue rather than an interrogative interview is needed. All at the same, an open unstructured conversation and a structured format are desired. Going only with unstructured interviews, on the one hand, will lead to non-defectiveness and sidelining from the main focus, whereas going only with formal interviews becomes an investigation and defeats the intent of gathering the necessary data. As a result, in order to consistently direct participants' perspectives in a path that meets the aim of the thesis, a semi-structured interview
guide was considered most appropriate to assist participants in consideration of answers to such thematic questions and stimulating future analysis. It is the mixture of unstructured and organized interviews, a structured dialogue that provides both versatility and structure/focus.

According to Gray (2017), semi-structured interviews are non-standardized interview forms that are ideal for gathering views and viewpoints. The interviewer has a list of topics or questions she needs to cover, so she does not have to go through them all. It is determined by the interviewee and the nature of the interview. Gray goes on to say that the order of the questions or subjects is unimportant, and that the interviewer should follow the direction of the discussion (Gray, 2017). When it comes to asking questions during an interview, Gray (2017, p. 395) recommends a few approaches. However, since this report does not stick only to conventional study methods, we have also explored other methods for data collection such as desk study. Much of this recommendation undermines the study's mode of analysis. Gray (2017), for example, urges 'not to use hypothetical comments and double questions', but in this analysis, these are powerful ways to generate conflicts and dilemmas. Based on these considerations, an interview guide was created to guide the interviews.

An interview guide is designed to encourage different researchers to perform separate interviews (Bryman and Bell, 2015). This interview guide will be checked first with an interviewee who will be able to offer input on the questions. This input will be considered in the creation of the interview guide.

3.5.3 Interview Guide

Planning for semi-structured interviews entails the creation of an "Interview Guide" which is a list of subjects to be discussed by the interviewer. The interview should not be restricted by the guide and should be handled carefully and efficiently to allow for follow-up on points of concern to either the interviewer or the interviewee. An effective interviewer, in addition to the Interview guide, must be able to put an interviewee at ease, have effective communication skills, and be able to handle an interview environment to gather data that accurately reflects the interviewee's thoughts and feelings about the chosen topics (Bryman and Bell, 2015).

The interview guide we created is divided in 4 main sections, and each of them targets a different aspect. The first section aims gather information about the interviewee and the startup he/she owns. The second section aims to discover more about the industry of the interviewee’s company. These two sections helped us understand the interviewees’ relationships with their teams before the pandemic crisis, the common risks and dangers of each industry, and also the backstory of each startup which was important as it contributed to the way we interpreted the collected data. The third and fourth sections concern the pandemic crisis. In specific, through the questions of the third section we gathered information about the impact of the pandemic on the companies and their people. Through the questions of the fourth section, we collected information about the actions these companies made before and during the crisis, and on the results of these actions. The interview guide can be found in Appendix (A).

From March to April of 2021, interviews with startup firms were held. To prevent facial contact during the COVID-19 outbreak, we performed in-depth semi-structured interviews via online platforms (e.g., WeChat, WhatsApp, Zoom, and Google Meet). The interviews were recorded
and preserved in digital format in WeChat or WhatsApp voice recordings and lasted about 120 minutes (about 2 hours) on average. During the interviews, we additionally took written notes. The interviews were held in both English and Greek, with the transition into English taking place shortly thereafter. Within three days of the interviews, we sent overviews of the interviews to the interviewees for confirmation to ensure the uniformity of the results. We would pledge to give a copy of our paper to all participants to enhance participation's confidence. The interview questionnaire is provided in the appendix (A), which is consistent with the study goals.

3.5.4 The Risk of Using Interviews

Although these interviews offer interesting and useful insights, there are certain drawbacks to be informed of. According to Yin (2014), there is a risk of bias due to poor query design, poor memory, which can lead to inaccuracies, and reflexivity (interviewee gives what interviewer wants to hear). However, precautions were taken to reduce these biases. The interview guide was reviewed by the thesis supervisor to ensure its quality. The interviews were recorded, notes were taken during the interviews, and the notes were expanded upon directly after the interview using the audio/video files.

3.6 Data Analysis

Below, we explain the way we analyzed our data.

3.6.1 Thematic Analysis

In a research project, data analysis entails summarizing a large amount of data and communicating the findings in a manner that expresses the most important aspects. In qualitative analysis, we are concerned in finding a big picture, but we use various approaches to find it. Much of time, we're interested in using data to explain a phenomenon, express what it means, and appreciate it. Different methods require different kinds of analysis.

For the study of this project, the thematic analysis of the qualitative research approach, which is a data-based theory, would be carefully evaluated through the qualitative study. Thematic analysis is a type of qualitative analysis. It is used to analyze classifications and present themes (patterns) that relate to the data. It illustrates the data in great detail and deals with diverse subjects via interpretations (Boyatzis, 1998).

Thematic Analysis helps the investigator to accurately evaluate the relationship between the definitions and to compare them with the repeated results. Thematic analysis helps you to relate the different ideas and views of the participants and compare them to the data obtained in various circumstances and periods during the study.

We have selected thematic analysis as it offers rich, informative data that is aligned with Braun and Clarke's (2006) vision. Blacker (2009) further suggests that a rich thematic overview of the data as a whole would help readers obtain a sense of "main and significant themes" from the data. Thematic research examines evidence without relying on pre-existing themes. To put it another way, each argument or concept contributes to a deeper interpretation of the problems, which leads to a stronger awareness of the overall picture. This is due to the fact that each
statement is true in comprehending a particular concept or principles that are shared with other statements (Blacker, 2009).

3.6.2 Thematic Analysis Procedures

To conduct a thematic study. To continue, we will transcribe interviews and take notes on ideas from the transcripts as part of the familiarization process. Second, to create the original codes, line by line coding would be done. The details would be organized into initial themes after being clustered together under similar codes. In the Saliency Study (Buetow, 2010) of the themes included evaluation of the occurrence of observations within the theme and the relative significance of the theme. Themes would be categorized as relevant if accompanied by respondent comments such as "the most important thing is..." and repeated if a high number of respondents addressed the same topic, not on the basis of the volume of comments. If a theme is noticed to be neither salient nor repetitive, it will be eliminated (Buetow, 2010).

After completing the process, we generated codes and based on them, we created the themes. The themes were created based on the repetition of the codes, and in certain cases on the similarities and differences of how a phenomenon was described or commented. The themes would then be reviewed, refined, described, and compared to one another. Thematic saturation occurred in the study, suggesting a sufficient sample size (Lyons and Coyle, 2007). After that, the initial interview transcripts were read again to make sure that the final themes were validated by the original evidence. We produced multiple themes, and for that reason we used organizational themes to group them. After that, we combined them under our main themes, which are more general. The way we organized the identified themes can be found in Table 2.

3.6.3 Explanation Building

After thematic analysis, it is important to find relationships and comparisons between the theory and the themes. There are fewer methods for analyzing qualitative cases compared with other models, such as experimental design (Gray, 2017; Yin, 2014). In the case-study analysis there are therefore five theoretical methods: matching pattern, explanation building, analysis of time series, logic models, and cross-case synthesis.

Among others, explanation building appears to be the most rational to use in this analysis. If the research is explanatory, it also describes causal connections between events and also develops suggestions for future studies. Other approaches, including logic models and cross-case analysis, have also been considered, however, they are not suitable for this study as it is a case study research and data have been collected for a short period of time. In addition, the analysis problems cannot be answered by these approaches. However, pattern matching is somewhat close to building explanation, although two different patterns would not be compared in this analysis.

This research is similar to pattern matching, but it is less formal. It aids in the creation of a case explanation. The aim of an exploratory analysis is to generate ideas for future research rather than to draw a conclusion (Yin, 2014). Data interpretation is often done along with data collection in qualitative experiments, and aids in fine-tuning future data collection.
In our analysis, we first went through various literature and hypotheses to base our thesis on, and afterwards we planned the interviews and concentrated on the key goal of the study, which was to determine how startups in Greece were able to succeed and what their management techniques were during the crisis. Following the interviews, we conducted thematic analysis and formed various themes based on the codes created in the interviews. Alongside the generation of themes, we attempted to link them to the concepts and hypothesis we had in our literature and to construct an explanation of guidelines for potential crises in terms of various crisis management models and invention theories. Our research does not use grounded theory, instead, we focus our findings, explanations, and possible recommendations on the theory that we already have. In our report, we attempted to align the results with the literature and current evidence in order to ensure that the reader completely understands our findings and that they are accurate. This approach is very much iterative. Some trends were already apparent following the first few interviews.

3.7 Ethical concerns

The participants' ethical consent for this research was sought. The research was designed with flexibility in mind to provide for the possibility that interviewees will become distressed during the interview. Participants were informed of their right to end the interview at any time, or to take a rest from it and return when they are ready.

Participants was given the chance to debrief, discuss their interview with experience, and ask some questions as soon as the remote recorder is shut off after the interview. They were also given the option of requesting a review of the report or the whole research report if they so choose. Interviews were delivered in a calm, thoughtful, and considerate manner, with curiosity and excitement. This was intended to ensure that the participants are happy, able to express anything they wanted to say and that they were treated with dignity.

3.8 Methods’ Limitations

This explanation design research has a high degree of independence, but it has a few pitfalls. Most of them is that the researcher must be extremely cautious of the quality of the study, which involves much more methodological perspective (Yin, 2014). Another disadvantage is that the researcher could depart from the primary goal. This is due to the iterative nature of the method, in which establish are surveyed based on prior observations. This can lead to selective bias in some data (Yin, 2014). However, steps were taken to stop them as far as possible by recreating the initial goal of the analysis and reflecting on a regular basis.

One more drawback of this analysis is the challenge of assessing an acceptable sample. While we have done our best to ensure that the study is diverse in terms of industry and population, it is likely that our sample includes variables that are specific to this survey, making the results theoretically less true for startups other than those studied. In our view, this field needs research consideration, and we agree that future studies on the topic are appropriate and necessary, given the world that covers us today, where startups are a vital form of innovation and are continuously growing.
4 ANALYSIS

In this chapter, the results of the conducted interviews are presented and discussed. To conduct the interviews, we followed the methodology described in the previous chapter. Details about the companies we interviewed can be found in Appendix (B).

We managed to interview six (6) startup companies operating in a variety of industries. The age of the ventures ranged between two (2) and five (5) years old and all of them were founded by Greek entrepreneurs. All six (6) of them had their product available in the market and they are trying to streamline their processes to scale. Most of the companies were affected negatively by the pandemic outbreak from its beginning. The challenges they faced were tightly related to financial, psychological, operational, managerial, and logistical issues the pandemic generated, or intensified.

The companies managed to cope with the pandemic and even gain from it. To do that they had to rely heavily to their employees and their products. As many of them stated, running a startup involves a huge amount of risk, stress, agony, depression (sometimes), crises, etc. but also includes positive energy, strong relationships, thrill, and happy moments in general. So, these people had faced crises before, and one of their common characteristics we identified was the agility and adaptability in difficult situations they have developed. For that reason, most of them managed to solve their key issues and empower their teams to keep moving forward. By doing that they achieved to provide value in a disturbed market and not only survive, but in certain cases thrive.

Finally, in this chapter the two main themes are presented separately. Under each main theme, we present the results of each organizational theme and the subthemes that comprise it, together with a short discussion.
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<th>Themes</th>
<th>Organizational Themes</th>
<th>Sub-Themes</th>
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<td>1</td>
<td>Managing People</td>
<td>N/A</td>
<td>Team Spirit Challenges</td>
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<td></td>
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<td>Team Management Challenges</td>
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<td>Fixing Internal Communications</td>
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<td>2</td>
<td>Efforts to Survive</td>
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<td>Financing now vs future Financing</td>
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<td>Operational and Business continuity</td>
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<td>Internal restructuring</td>
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<td>Innovation solutions for startup management</td>
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<td>Adoption of business model</td>
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<td>Preparedness for the crisis</td>
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<td>Spirit of collaboration</td>
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Table 2. Complete theme's structure, with main themes, organizational themes, sub-themes
4.1 Managing People

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<td>Fixing Internal Communications</td>
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</tbody>
</table>

Table 3. Managing People theme structure

The first theme we identified is managing people. We identified that people played a significant role in the companies’ reaction to the crisis and their survival or not. All the companies interviewed are in their beginning and consist of small teams of people. Usually, the bonding of the people within these teams was strong, and they could be characterized as motivated, and determined to succeed, first as a team and of course personally. Due to this close relation of the companies’ actions with the situation among their employees, we decided to create the first theme, and include sub themes describing the situation, challenges that occurred, and actions the companies made to solve them.

Challenges

First, we will present the results for the sub-themes representing the challenges the companies faced. From the interviews it was clear that a big part of the issues all companies had to overcome were tightly related to team management, team spirit, etc. The first two sub-themes of the main theme “Managing People” include all exactly these challenging situations in relation with the employees, that were stated in the interviews.

4.1.1 Team Spirit Challenges

The first sub-theme of managing people is the team spirit challenges. This sub-theme describes the employees’ change of motivation, engagement, and attitude. We have seen that the spirit of people significantly changed, at least at the beginning of the pandemic situation. It was different for each company. The changes varied from slight demotivation to complete disengagement of the employees. The factors that affected the severity of the change were, according to the interviewees, the companies’ stage, the financing status, the years of operations, and the relation among the founding members. They explained that these are the factors they believe that create a more stable environment, with less risk and more security for the people working in it. The interviewees mentioned that the financing status of the company can create a feeling of security to its employees, when it is such that it can ensure their future
in the company. Additionally, they claimed that the founding members’ relations and the years of operations, translate to a high level of security and stability to the employees' minds, as it proves to them that the people managing the endeavor have experience in relevant situations.

Below we can see how the companies described the situation. The quotes are sorted in order starting from the first, which describes the mildest results towards the last, which describes the most severe.

Company-5 had the mildest impact, with the interviewee-5 describing the way the employees have been feeling about the developments of the pandemic crisis and its impact on the travel industry. The employees have been feeling concerned about the future of the company, and in connection to that, their future in it. Because of this uncertainty, they have been demotivated, and their work-related results have been decreasing.

“...you know it was difficult in the beginning, people were feeling insecure, and that had an impact on their work. Not knowing what is going to happen next day, especially in one of the industries suffering the most, tourism, is quite a burden.” (Interviewee-5)

Company-2 faced more tangible problems, with interviewee-2 explaining that the fact that they had to stay at home and work completely remotely for an extended period of time, caused them a significant decrease in their productivity. As the interviewee explained, the employees of the company have been working on-site for quite some time; the change that occurred because of the pandemic, shook their relationship and impacted their work-results.

“But just the lockdown, its effect on people, made us less productive as a team. Despite us being used to working remotely, it still affected us.” (Interviewee-2)

Company-6 situation was similar to that of Company-2, but as interviewee-6 explained, their people reaction to the sudden changes caused by the pandemic was intense. In the case of this company, the employees reacted more aggressively than the previous companies, and tensions arose between their relationships, creating a negative environment.

“How can I explain it? The feeling we were getting was that of our people being numb. There was a point at the beginning of the situation that people were on the edge. Disagreements, disputes, tensions, that was the situation on a daily basis at the beginning of the crisis.” (Interviewee-6)

Company-1 faced a case of extreme demotivation and despair of a team’s member. This occurred because this person was working fulltime in another company and participated in the startup as a head of the technology team; when the pandemic hit Greece, his/her company fired personnel and he/she was among those people. This situation, and the fact that the startup could not sufficiently support financially its employees, caused extreme stress and demotivation to this person, affecting immensely the results of his/her work.
“In this situation you have to manage the fact that this person is now fulltime (previously was part-time) and navigate the considerations on how this person will survive etc., given that the company is not in a place yet to pay normal salaries to all its people.” (Interviewee-1)

Company-3 went through the most extreme scenario compared to the rest of the companies. The employees have been so demotivated, that they have stopped caring about the future of the company, they gradually began to distance themselves from their responsibilities, leaving only the CEO back, to handle the situation alone.

“…they (the rest founding team’s members) don't give a fuck about what we're doing at the moment as a company, they don't want to take any responsibility for the company's survival.” (Interviewee-3)

It is clear that all the employees from all the companies suffered to some degree. In most of the cases, this shift in peoples’ focus caused problems in the outcome of their work. The interviewed entrepreneurs mentioned that they empathized and understood that this reaction was normal under the circumstances. It has been noted that people involved in high-risk companies such as startups, calculate and tolerate a certain amount of risk and uncertainty, ‘…it makes them feel alive.’ (Interviewee-4). When the risk and uncertainty immensely increase, they feel uncomfortable and ‘…the Pandora’s box’ might open so it needs delicate handling. We can identify this, by reading the quotes above. There were cases of mild changes in the spirit of the company (1st quote), but also there was a case that the team was almost dismantled (5th quote).

4.1.2 Team Management Challenges

The second sub-theme of the managing people is team management challenges. This sub-theme describes the situation the companies faced during this pandemic, having to change the way they manage their people. In general, all the interviewed companies consist of small and agile teams of people with a high degree of freedom in their work. Additionally, a big portion of the companies have extensive experience working remotely.

What the interviews indicated regarding managing the team under these circumstances, is that people were feeling more insecure. They needed confirmation about their actions and decisions more frequently than before the pandemic, and more misunderstandings have been occurring. The quotes from the interviews below, describe the shift in the way things were happening in the respective companies. The key attribute presented in them is the lack of confidence and focus by the employees and its impact on the business operations.

“...we had to discuss a task multiple times before people would feel comfortable to begin working on it. And even then, we had to keep talking because they wanted to get the «OK» in each step. I feel that they are numb and insecure, so they need to be reassured in each step of the way.” (Interviewee-6)

“It has been a nightmare. We were describing a feature that needed to be developed, we agreed upon its details, and we were closing the meeting. After a couple of days, a version of the feature was presented that had nothing to do with what was discussed.
This happened multiple times after the pandemic started. It was like talking to a wall, it was too frustrating for everybody. ” (Interviewee-5)

These team management issues the pandemic has caused to the companies, were crucial to their survival as they described. It created bottlenecks and decelerated their growth velocity. The problem though, was not bound only to the existing teams and team members, but also affected those teams that were trying to expand and onboard new members. An example being one of the companies which tried to onboard three new employees to the 5-membered team during the pandemic and the lockdowns. This generated an unusual workload for the CEO of the company, who had to guide them and try to onboard them to the team, while everything was happening remotely. The same person mentioned that there was a period that the only thing he/she was doing was to be on call with the 3 new employees trying to solve misunderstandings and issues that were occurring. The main thing causing these problems according to him/her, is the distance and the lack of trust, as they are new to the team.

“The sad thing was that you could not build and bond a new team. Because we increased in numbers, we hired three people, we now realize it is quite difficult to onboard them correctly. The onboarding process took some time, and it is still incomplete. This situation (the pandemic and working remotely), you know, creates a problem to the people. It creates misunderstandings and people are not satisfied; it is difficult.” (Interviewee-4)

To conclude, it seems that every person involved in these types of companies, existing or new entry, has been affected. The results for the companies were frustrating, which they said was due to their inexperience to manage a team under such stressful and extreme circumstances. All of them though, believe that they can find the way to handle the situation and navigate the problems that occur. A quote that depicts their confidence is the following:

“Ο καλός ο καπετάνιος στην φουρτούνα φαίνεται” (Interviewee-6)

Which can be translated as ‘A great captain can be proven during a bad sea.’ This means that everybody can sail a calm sea but only the skilled and worthy can sail in severe weather. It is similar to the English saying, «When the going gets tough, the tough get going». With that they want to say that whatever happens, they will find their way forward.

4.1.3 Discussion

Regarding the first part of the main theme Managing People, Challenges generated by the pandemic, the findings have been homogenous for all the participating companies. The only alteration was the degree each company suffered the impacts of the pandemic on their team. The two main aspects that have been affected were the spirit of the teams and the engagement of the team in matters related to the company. Vardarlieri (2016) explains that there are two common effects a crisis has on an organization (a) lack of morale and motivation, which cause low performance, and (b) panic in the organization. Regarding morale, it has been noted by Brenneman (1998) that companies measure their “emotion” using it as their basic and most important dogma. Guralnik (1982) has described the term “morale” in the Webster’s New
World Dictionary of the American Language, as the courage, the discipline, the confidence, the enthusiasm, and the willingness to endure hardship within a group.

The findings indicated that the people working for these startups have been feeling afraid, insecure about their future, and for the company’s future as well, demotivated, and sometimes edgy. All these feelings seem to be normal taking into consideration the pandemic and its impact to the people, not only as employees, but also as parts of their social circle (family, friends, etc.). As it has been mentioned in the interviews people were numb, they could not completely comprehend what was happening and what they could do to stop it. So, we believe that fear was a big part of the unknown was a major factor that caused the above-mentioned feeling to the employees. Thus, employees could do better without that kind of fear (Solis et al., 2020). Sasaki et al. (2020) also connected the performance of the employees with the psychological state they are in, in the frame of the pandemic crisis.

Another factor that affected people’s spirit was the situation at home for each one of them. There were some indirect mentions about that on the interviews, but we did not manage to retrieve explicit information about it, as people wanted to keep their private life private. We believe that staying at home for a long period of time, and executing every daily routine in the same environment, could inevitably cause friction and tension among the people living together. Wang et al. (2020) mentions that working from home can cause frustration to the employee and also to the people staying together with him/her; he continues explaining that the frustration can be caused by family-work disputes, stress and other factors which cause the employees’ work results to drop.

Regarding the engagement of the people in the companies’ related matters, we identified that people were feeling insecure about every decision they were about to take and move they were going to make. They needed the confirmation of their manager almost for everything. Additionally, to that, the work of the managers increased; they took up tasks of solving misunderstandings and interpersonal issues that were occurring. Sasaki et al. (2020) mentions, and we agree, that an organization has to maintain the mental wellbeing of its employees if it wants to sustain its performance. So, we think it was normal for the managers to take on this role. As we mentioned earlier that kind of issues can be justified due to the extreme nature of the crisis and the inexperience of the employees and managers, which they admitted to. This is verified by Hamouche (2020) who stated in her report that the psychological state of employee's midst the pandemic has been generally overwhelmed and depressed.

*Actions & Solutions*

Now that we have presented, and discussed the results representing the challenges, we will move forward to present and discuss the results of the sub-themes concerning the actions made by the companies to solve the challenges that were mentioned above. Two sub-themes will be presented, Reinforcing Employee’s Engagement, and Fixing Internal Communication. For both sub-themes, recurring concepts appeared which were grouped and are presented below.

In general, the companies tried to keep their employees engaged through activities, hoping to lift their morale. They believe their efforts had positive results, as there has been a change in the way people interact with the company and the other employees. Also, they tried to increase
the communication and create a more frequent and personal internal communication strategy. The changes in the communication plan have been proving to be helpful for the company, as there have been noticed a decrease in tensions, and an increase in productivity.

4.1.4 Reinforcing Employee Engagement

This sub-theme was created to reflect the repeating codes derived from the interviews regarding companies’ actions to strengthen the engagement, lift the spirit, and motivate their employees.

The companies tried to transfer the events and occasions they used to participate in real life, to the digital world. This means that casual occasions like enjoying soft drinks with the rest of the team or taking part in team-bonding activities (games, seminars, etc.) have now been transferred and held through zoom and other online tools.

“Before lockdowns and COVID era, we used to go out for drinks every Friday. Now all these stopped. We tried to maintain a weekly informal call with all the members of the team for discussion, thoughts and maybe some drinks.” (Interviewee-1)

Other companies have utilized gamification tools for rewards, expressing gratitude, or just giving congratulations to employees of the firm. They mentioned that by doing that simple thing, they increased the involvement of the employees, encouraged communication and interactions and in general helped people feel like they were back in office again.

“We started using various extensions in slack, and people loved them. They began using them daily and sending -BRAVOs- to other members, creating polls with the playlist of the day... yes, we use discord, and we vote on the type of music we will play in each channel. We spotted an important change on how people talked and participated in the common activities. We hope it will last.” (Interviewee-5)

Interviewee’s-6 company utilized similar tools and methods as interviewee’s-5 company. The other companies used additional tools and strategies to increase the engagement of their people. Interviewee’s-2 company utilized a multiplayer video-games platform and organized company tournaments with small prizes. Interviewee’s-3 company tried to organize online seminars on topics of choice of their employees which, as they said, did not have as satisfactory results as they expected. Lastly interviewee’s-4 company organized a quiz-type competition on a weekly basis, where the employees had to solve a daily quiz or riddle to gain some points. At the end of the week the one with the biggest score was the winner. In their opinion, it affected the psychology of the team in a positive way.

A common attribute among the interviews was that the companies aimed to decrease the level of stress their people were suffering from. All of them took measures and made actions to include gamified solutions in their daily routine, and some of them put extra effort to organize and execute activities for their employees. From the interviewees’ answers, it appears that those who included activities external to the work of the employees, managed to decrease their stress and increase their engagement to the rest of the company related matters; as an effect, they have noticed an increase in productivity and of course improvement on the mentality of the team.
4.1.5 Fixing Internal Communication

The last, sub-theme of Managing People is Fixing Internal Communication. This Sub-Theme describes the situation regarding the internal communication for the companies interviewed. The interviews indicated that working remotely for long periods of time can cause problems on the way people communicate; the way someone expresses a message, the way someone perceives that transmitted message, and the time needed to complete the communication and have the same results as before the pandemic, dramatically change. For this reason, the companies have dedicated a considerable amount of time and energy to work and improve the situation.

All the interviewed companies have increased the time spent in meetings. This happened to solve the increasing misunderstandings and disputes that have been occurring.

“It is a communication issue actually. When you communicate in person, some things can be solved fast. But when you are remote, it needs a lot of time, and it's not quite easy to do it. So, I understand that it is a communication issue for the new people in the team. Especially when you are almost doubling the team size, so then you have problems. I tried to compromise a little bit and maybe talk with these people more. So, as you can easily assume the hours spent on meetings daily increased by a lot.”
(Interviewee-4)

“The negative impact was the remote work and the communication with the rest of the team. We moved full digitally, zoom calls for team meetings, for sales, for everything. I organized daily meetings with every person in the team, to discuss next steps, plan the daily tasks etc. It was terrible for my schedule, but what can you do? At least it had a positive impact on the team’s communication well-being and productivity...”
(Interviewee-1)

The rest of the companies followed a similar pattern of increasing the number of meetings and the duration of each meeting. Only one company (Company-3) followed the exact opposite way and decreased the communications to a minimum. The leader of the company took on all the necessary tasks for the survival of the company and communicated with the employees of the company on a monthly basis first, but later that changed to a quarterly basis.

All the interviewed companies stated that eventually, the efforts they had made on the internal communications aspect of the company, had played a crucial role in their survival, and in some of the cases in their growth. The points that kept making their appearance during the interviews were the following. People of the companies seemed to appreciate and value the efforts of the leaders to de-escalate the situation. The stress of the companies’ leaders appeared to be significantly high. And finally, the companies that devoted time to work on their internal communications, had positive results.

Here one could try to connect the efforts and hours spent working on the communications with the final outcome of the companies at the end of the crisis. This connection is out of our research scope, so we will not dive deeper on that.
4.1.6 Discussion

Regarding the second part of the main theme Managing People, Companies’ actions and solutions to resolve the occurred issues, the findings indicated that the majority of the companies followed similar approaches and utilized common tools and techniques. Their efforts focused on two main aspects, as it has been presented in the results. These were to increase their engagement, and to fix the internal communication in the company. The interviewees stated that only concern was to help their people think straight, ease their stress, and help them produce results as close to the pre-pandemic era as possible. We believe that it was the managers’ responsibility to engage and try to fix the situation, as they did. In such small teams, as the early-stage startups we interviewed, the leader and manager of the company seemed to be the person the rest were looking up to, so it is inevitable for him/her to have to take on the role of the mentor, motivator, sponsor. Greenstone and Leviton (2002) describe that the effectiveness of managers usually is affected by their ability to boost their team’s morale, and Williams (1978) continues mentioning that the morale and the spirit can be raised through communication. Closing with Martin (2004) he concludes that it is the manager’s or employer’s duty to strengthen communication, and therefore morale and spirit, during a crisis period.

Šontaitė-Petkevičienė (2014) states that managers trying to address a crisis have to begin by utilizing communication to work on their teams’ physical or psychological issues. There are many approaches documented of how this can be done. Regarding lack of morale and motivation that causes decrease on performance, according to Janka et al. (2015) a classical understanding would be to apply treatments on individuals, without including them in the general crisis management plan. Zaidi (2005) on the other hand, explains that a more modern approach would be employee assistance programs to be crafted by the Human Resources departments, to aim the psychological support and motivation of the employees during the crisis; in these programs mentoring and coaching can be utilized to achieve the desired goal. Zaidi closes mention an important aspect of these programs, saying that they are not important only for the organization and its people, but for their families as well, which is a factor mention in the Caplanian model in its first principle as the ecological field of the consultee.

Trying to examine the companies’ actions and solutions under the lenses of the Caplanian model (1970), we are going to connect them with its main principles and discuss them.

*Guide the consultation based on its ecological field.*

Through this principle, the Caplanian model explains the variety of factors a consultant has to take into consideration when he/she performs the consultation. Among these factors are included the relation of the consultee and the consultant, the relation of the consultee with the client/organization, and aspects of the consultee’s social, cultural, and religious environment. The role of the interviewees (consultants) in their companies led them to have deep knowledge of the employees’ (consultees) characteristics in regard to beliefs, social and cultural status, etc. Due to that they were able customize the consultation to them in order to achieve the best possible results. The consultations were individual in all the companies, which follows the classical approach of Janka et al. (2015).
Define and formalize all agreements for consultation.

This principle indicates that the relationship between the consultant and consultee has to be formalized and proceeded in a form of contract or agreement. This usually works best with external consultants, as we explained in the discussion of the Caplanian model. In the case of the interviewed companies, the consultant was internal (Consultant-Collaborator), which created the difficulties mentioned in the theory. Additional issues were generated because of the relationship among the consultants and the consultees, as being small teams that worked in intense pace, they have built bonds and friendships among them. We believe that in certain cases this was the reason they did not formalized the relationship, because they were relying on the trust, they had on each other.

Keep the consultation relationship non-invasive.

This principle explains the dynamics of the relationship of the consultant and the consultee. The most important objective of this principle is to foster a relationship through which the consultee can choose to adopt or reject the consultant’s ideas. The problem comes when the consultant becomes internal to the organization, and he/she is directly affected by the result of the consultation. He/she is hold responsible for the mental health of the consultee and thus, the improvement of their results. In our case, as described in the previous principle as well, the consultants were internal, and their interests were tightly connected to the interests of the company. This led them to guide the consultees (employees) towards the solution they believed was the best, and the consultees were deprived of the option to choose to follow or discard the guidance. We want to mention that the interviews indicated that due to their close relation, this phenomenon was not severe, and there was room for discussion and change of the consultant's suggestion.

Client-centered Vs Consultee-centered consultation.

This principle indicates the differences between the two types of consultation. The client-centered consultation acts by guiding the consultee on how the client (organization) can be helped, and the consultee-centered acts by educating the consultee for his/her own good. In our example, we would expect a client-centered approach, as the role of the consultant was taking the manager of the company. Instead, we identified that the type of consultation was consultee centered. Regarding this, the interviewees expressed numerous times during the interviews that their first priority was to do the best they could for their employees. They have additionally mentioned that it was more important to them the well-being of their people than the direct results of the company. They justified it by explaining that if their people were in a nice condition, then the company results would eventually come. Their commitment and focus on their teams were impressive. Based on the above, we concluded that the interviewees approach was consultee centered.

Prefer indirect techniques of psychotherapy.

This principle explains the way the consultants should approach an issue concerning the consultee. They should not address it directly and confront the consultee, instead, they should use indirect methods. In our case, the interviewees used a combination of methods, depending on the consultee. In the cases where the consultee had a close relationship with the interviewee (consultant), the methods used by the interviewee were mainly direct. This was due to the
familiarity, friendship and trust they have built through the time they have been working together. In cases where the consultees did not have close relations with the consultant, the latter preferred more gentle and indirect ways to approach the issues. According to the interviewees (consultants) the mixed techniques allowed them to customize the communication and achieve the desired outcomes. We believe that the usage of hybrid techniques (direct and indirect) is the best option, because it provides the necessary agility to the consultant to work in a different pace with each consultee.

**Utilize displacement object.**

This principle explains a tool in the hands of the consultant. This tool is the manipulation that can be utilized when a consultee is personally connected to an issue of the client (organization). Then the consultant can manipulate him/her to guide him/her to the best possible solution. We did not manage to identify what was the case for the interviewed companies, as nothing relevant was mentioned. Our opinion though, matches with that of Caplan, Caplan and Erchul (1994), and it is that manipulation can be used for good purpose. A consultant can carefully use manipulation, if necessary, in order to guide the consultee for the latter’s best interest and to overcome misconceptions or sentimental attachments to faulty beliefs.

**Encourage systematic reflection.**

This principle discussed the importance of the clear mind and systematic reflection of the consultees. The consultants have to guide them through it and help them see the situation and the available options with a clear mind. The results of the interviews indicated that the consultants (interviewees) did put actual effort trying to calm the consultees (employees of the team) and helping them understand the situation. They mentioned that startups always face new crises, and they passionately supported that the only way to make the right decisions is by having a clear mind. We believe that this is correct, but we are concerned regarding its easiness of application. During the interviews we noticed that some of the interviewees seemed to be still on edge about the developing situation. There are various ways to translate this finding. We believe that despite them (interviewees) claiming being calm and able to systematically reflect the situation, there is a high probability of the opposite scenario; being still in stress and panic and only believing they were thinking clearly.

**Reference the ecological factors.**

The last principle guides the consultant to utilize the factors taken into consideration to better explain and guide the consultee. The findings indicate, as described earlier, that the consultants (interviewees) have deep knowledge of multiple aspects concerning the consultees (employees). This way they managed to develop their own code and utilize it to enhance their communication. We believe that through this way the consultation can lead to the desired results faster. The consultant is able to customize the messaging to the consultees’ stimuli, and finally the consultants can reach and connect with the consultees on a deeper level leading on more meaningful discussions.

Closing we believe that the consultants (interviewees) have to continue training themselves on how to manage their consultees (employees), on crises situations. Garcia (2006) and Mitroff (2005) indicated this need and highlighted its importance as the business environments change.
As Denis, Lamothe and Langley (2001) and Wang and Belardo (2005) explain, crisis leadership are mainly a responsibility of human resources functions, but due to the size of the examined companies (small startups) this role is assigned to the managers of those teams.

To sum up, we can identify a high correlation between the actions of the companies and the Caplanian model. There were certain principals that could not be satisfied though by the companies interviewed because of their size and the relations that have been developed among the employees. We believe that most of the companies, except company-3 did relatively good managing their people having in mind the severity of the pandemic’s situation. For that reason, we believe that by modifying it, to bring it closer to the needs of a startup, it can be part of the crisis management plan we wish to compose.

4.2 Efforts to Survive

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*Table 4. Growing the company theme structure*

The second main theme that we have generated from all the sub-themes and categories is Efforts to Survive. It consists of two organizational themes which are further divided into more sub-category themes.
Organizational themes

Our main theme consists of two organizational themes because the focus of the organizational theme is on the organizational structure of the company. Organizational structure is a framework that defines how specific tasks are conducted in order to accomplish an organization's goals. These operations can include the implementation of laws, tasks, and obligations. The organizational framework also governs how knowledge flows within the group. Organizational structure of the company includes some problems and their solutions, so, the first organizational theme is related to the problems that a startup company faces during COVID-19 pandemic and the second one is the solutions and opportunities that the startup companies have during the crisis in Greece.

Problems

We know that “problems” is a more general organizational theme but here, we are focusing on the problems that are specially caused or arose during the COVID-19 pandemic in the organizational structure of a company. The first organizational theme which is “problems” is divided into further four themes which are as follows,

- Financing now vs future financing.
- Operational and business continuity.
- Improve existing products vs develop novelties.
- Ability to effectively operate.

4.2.1 Financing now Vs Future Financing

The first sub-theme in the problem section of the organization in main Efforts to Survive theme refers to the financing aspect of the company. How have the companies decided to finance their venture till today, and what they plan for the future. According to the interviewee’s perspectives, the common characteristic amongst their answers was that all of them are bootstrapped. They believe that it is better to kick off a self-funded project and take it as far as possible before you seek investment. Most of them relied on their clients to better the financing of the company. Interviewees also mentioned that most of the startup companies are trying to enter different competitions and expos in order to close deals with as many customers as possible to raise funds, further develop the system and increase sales in the times of Crisis.

“We have been bootstrapped since our beginning... We’ve applied for some European funds, through European programs...” (Interviewee-3)

“Crisis made it difficult for us to raise funds because it stopped many events that required physical presence which contributed to enhancement of the financial issues.” (Interviewee-6)

The aspect that gathered the biggest variety of answers was that of future financing of the company. Some of the startup companies included that they are trying to secure investment from a VC Fund (Venture Capital), whereas the rest were quite opposite to that approach. Interviewee’s-3 and Interviewee’s-2 companies would consider investment from Angel Investors, while Interviewee’s-4 Company was leaning towards a bank loan. All of them
though, except Interviewee’s-1 Company, had applied for investment coming from European Grants. The investment needs for each company differ based on their product, business entity form, the stage of the company, and the plan they have, as they have noted.

According to the participants, Government support and funds from different organizations plays an important role in Startup sustainability because it is obvious that, in tough times investment stops, people become more cautious in investing and so the company’s activities and operations get damaged. Participants mentioned that the best way to raise funds in a crisis is to join expos and communicate with as many people as you can but due to COVID-19 physical interaction is restricted which contributes to increase the financial issues to a high extent.

4.2.2 Operational and Business Continuity

Another sub-theme that is generated is directed towards the operations and business flow during a crisis and it has been discovered that the approach to a crisis situation is seen through different perspectives. The differentiation factor is a level at which methods are introduced, business success is determined not only by how well companies adopt transition, but also by how well they respond to environmental conditions in comparison to those with which they compete for capital and markets.

“I’ll keep the company probably if it’s possibly till 2022 and then we’ll see actually, all the services have to be digital.” (Interviewee-3)

“Apart from other issues, we had logistics issues during the pandemic which was mainly affected by external factors because as you know there is a huge limitation in Greece when it comes to e-commerce.” (Interviewee-6)

Most of these interviews concluded that during a crisis, business efficiency is highly unstable. Some firms succeed whilst others fail. The crisis is expected to cause significant uncertainty in business results. Erstwhile high-performers might struggle in crisis conditions, while previous poor-performers may leapfrog competitors. Participants also mentioned that due to the flexibility and agility of the startup companies, they are most likely to survive and pass the crisis better than other companies.

4.2.3 Improve Existing Products Vs Develop Novelties

The third sub-theme consists of improving existing products/services vs developing novelties. This is actually referred to as Incremental vs disruptive innovation. The interviews we conducted stated that most of the startup companies are working on process innovation during the crisis, as the participants believe this is the best way to run the operations smoothly, reach maximum customers and fulfil the communication gap.

“So now we talk about improvement of an existing process. And if we want to be more accurate, it’s about digitization of an existing process.” (Interviewee-4)

“We are constantly improving the software aspect of our platform.” (Interviewee-2)
Participants included those noticeable changes have been brought by customers and competitions. Companies are being forced to improve existing processes, adopt versatile policies and action plans during the crisis. Participants concluded that the most common riddles their clients were trying to solve were cost reduction, expenditure reduction, entry into international markets, performance, and revenue increasing.

“We are trying to shift our focus towards B2B, because there is higher interest there, it is easier to approach a client when you are offering a product or service that they already know they need.” (Interviewee-1)

“What we do is always be on alert, listen to our customers, discuss with them and develop solutions for the problems in the Crisis.” (Interviewee-5)

According to the interviews, startup companies constantly make changes in the product and the services they offer to the customers. These companies have diverted the focus to customer support to gain customer loyalty in order to overcome the problems they face during the crisis.

Startup companies are too small to work on an incremental innovation. Participants argue that as their companies are working on a novel product and for that they want to build a customer base therefore very less effort is made to do the incremental changes in the product instead they have shifted their focus on customer care and response. Participants mentioned that listening to customers, discussing, and solving their issues helps startup companies to recover from the crisis and generate good revenue even in crisis.

4.2.4 Ability to Effectively Operate

The final sub-theme that is generated form the interview for the Problem section in the organization aspect is related to the effective management and external communication for the operation to be carried out and for the employees working in crisis communication who must be responsive through various modes of communication with the customers in the age of digitalization, social media, and conventional ways of communication (such as phone and email). According to the participants, companies are struggling to have smooth communication with their partners and want to reach as many customers as possible in order to increase sales and generate revenue.

“We were using project management and different communication tools like Asana and Slack. We have been using them a lot, but now these proved to be invaluable. We moved full digitally, zoom calls for client meetings, for sales, for everything.” (Interviewee-1)

“What we are offering is not easy to build. And we have a head start on this aspect, obviously, and we are at the point where we gain customer loyalty.” (Interviewee-2)

Participants in the interviews argued that their companies are becoming more interactive with the customers as they embrace modern technologies to collaborate, communicate, and address topics that are important. From the participants’ perspective companies feel connected to the customers in communication when filtering information to listen to only a limited range of customers to gain customers loyalty thanks to technological advancements.
“We believe having a response plan for the crisis is very crucial to our company. Working on new technologies is as important as working to increase customer base.” (Interviewee-6)

According to the participant’s statements, it is vital to be mindful of the new technologies and how it can be applied with conventional crisis response plans. Most of the startup companies in this new digital world recognize and appreciate the fundamental ideas and elements that have been important in management and communication processes for decades.

4.2.5 Discussion

The harmful effects of the COVID-19 crisis have left their impact on the majority of European countries, with damaging effects for economic development. Among these, Greece was one of the most badly impacted, leading to the rapid transformation from sustained economic development to economic recession in just a few months. Apart from a few places that benefited from the disaster, all areas of business were affected. In such an environment, there is a need for research to find startups that can lead to economic growth during and after the COVID-19 crisis.

The study’s findings indicate that during periods of crisis, both buyer and seller behaviors change dramatically because of extensive changes in environmental conditions that modify the normal course of industry. Thus, the findings of previous research on the impact of crises on the business world are validated, revealing both negative effects and new opportunities generated by crises (Furstenthal, 2020).

In terms of the study results, the findings demonstrate the uncertainty of small companies during the COVID-19 crisis. However, the areas of flexibility that small businesses learn from are also discussed, as they may use innovative technology to start new businesses. This supports the findings in the literature on the ability of entrepreneurship in creative fields (Acs and Audretsch, 2005). Interviewees ranked e-commerce as the most appealing area for companies during the COVID-19 crisis. This can be encouraged by funding schemes and fiscal facilities, as well as by providing conditions for the growth of an entrepreneurial environment focused toward promoting startups, such as the establishment of startup hubs, innovation enhancement activities, entrepreneurship education programs, and so on. Most of the opinions shared by participants indicate that innovation is the driving force for economic growth and strategies to solve the crisis. Moreover, the intensification of competition pressures industrial networks to make innovation their survival mechanism, thus generating real assumptions to create new spaces in which innovation itself is the industrial dynamics. Innovation will, however, help to ensure the overall economic ecosystem’s sustainable growth (Schumpeter, 1934).

In addition, the entrepreneurship environment makes a major impact to regional growth that is both sustainable and long-term. A successful entrepreneur, according to the literature (Schumpeter, 1934), is distinguished by a high degree of imagination as well as a lot of courage and determination. Equally, entrepreneurs should be personally engaged in developing holistic interactions, both with staff and with the company’s external community, which could lead to sustainable entrepreneurship with long-term benefits. In this regard, many entrepreneurs who chase short-term opportunities should be stopped because they can result in socioeconomic
losses rather than long-term development. Given the consequences of the COVID-19 crisis, the role of entrepreneurs in promoting a collaborative market vision that combines economic and social values is becoming increasingly relevant. The desire to follow sustainable practices, innovate, and create social networks are concepts that appear in the study (Schumpeter, 1942).

According to the interviews, their startups, unlike bigger organizations, did not have their own committed R&D staff. To innovate and progress through the crisis, they focused on collaborations (partnering) and applied expertise borrowed or accessible to them. These startups conducted comprehensive observational efforts and entered new markets. In parallel, they have improved their existing goods and services, as well as developed innovative product lines, new distribution platforms, and business models. While none of the startups created fully revolutionary path-breaking developments in their respective sectors, they did create several incremental innovations and innovative business models within their respective contexts. If observed closely, they have shifted to a different market or product based on their core competencies, which they have developed over time. As a result of the interviews, startups are innovating because of both creative destruction and creative accumulation.

COVID-19 has certainly disrupted the ‘traditional’ ways of working and communicating, so the disruption aspect has been very well conducted by this crisis, but we can still see how people have adapted ‘modern’ ways of working from home and communicating. They still have the central technology. Nevertheless, the COVID-19 crisis highlighted inefficiencies in systems and stressed the importance of using these innovations and diverse ways of creativity. For example, the business travel has ended, but this has not prevented people from holding the same meeting electronically. In reality, many of the startups in this study are achieving the same outcomes without having to travel. Furthermore, they save money on costly flights and pollute less. People are holding teleconferences instead of lectures, and interactive meetings and fairs instead of attending. The only time startup founders struggle is when they must bargain with new people to make critical choices and close sales. They fail to examine their colleagues’ environments and body language, which is critical for judging the individual. This is one area where innovation is needed to develop a framework that allows them to make critical decisions virtually for their clients.

The prime reason that this thesis is helpful for professionals is that each crisis is special, and so more experience in the field can lead to a better understanding. As a result, businesses will be better able to manage for future emergencies. The most notable aspect of the COVID-19 pandemic and the associated economic crisis was the governmental strict laws imposed to prevent the virus’s spread, which made it almost impossible for businesses in certain sectors to perform business as normal. The information given in this thesis will encourage managers and marketers, especially those working with startups that it could be important to use creative solutions to survive and prosper. Mostly because of the low cost of implementation.

Solutions

Now here we move to the next part of the organizational theme which is about the solutions. Solutions are basically those which are applied to the problems or issues, or damage caused by the pandemic. Solution section of the main theme also has some opportunities related to the organizational structure during the COVID-19 pandemic.
So, the solution section of the organizational theme is divided into further five sub-themes which includes,

- Internal restructuring.
- Innovative solution for startup management.
- Adoption of business model.
- Preparedness for the crisis and spirit of collaborations.

### 4.2.6 Internal Restructuring

The first sub-theme that is generated in the solution/opportunities section of the organizational perspective is internal restructuring. Internal restructuring mainly consisted of developments, improvements and changes made in the organizational structure during the crisis.

“We are working on improvement and the development of the tools that the system we already have, and offer incorporates.” (Interviewee-4)

The discussion with the participants in the interview included that COVID-19 crisis forced almost every startup company to go through big changes. Due to this, startups have faced significant technological changes and because of that startup were found to be in much better position to deal with the crisis than other firms. Participants during the interview also mentioned that they are in the process of optimizing the product and the system, so that they can trigger more of the company's innovative ability to step ahead and recover ever stronger from the crisis.

“I took more control of everybody's task. I was checking more. And, I mean, that's in contrast to what we usually do.” (Interviewee-2)

The participants revealed that the management task was more critical than others. Management started to check the activities of the employees more often during the crisis. Companies are under pressure and are afraid of not meeting their budgeted goals, so they believe that restricting regulation would make the results look better.

According to the participants, there is a need for strict regulations in the company in order to keep the company’s operations ongoing. They mentioned that sometimes people panic in the tough times, and they want to get out of the situation and do not want to contribute any work to the firm which is due to the lack of proper policies. In order to increase efficiency and productivity of the company, there is a need for internal restructuring and proper policies during the crisis.

### 4.2.7 Innovative Solutions for Startup Management

Another sub-theme we generated is referred to Innovative solutions and management aspects of a company. Majority of the interviews we conducted revealed that their startups are focusing on innovative solutions. Innovation is generally viewed as a constructive path to profitable market growth. During the times of crisis, companies often reduce their investment on innovation in order to refocus on core operations, item, service, and method developments.
According to interviewees, Innovation can be seen as critical avenues for companies to navigate their way out of crisis and plan for an upswing.

“We moved full digitally, zoom calls for team meetings, for sales, for everything.”
(I­n­ter­viewee-1)

“We managed to create the automations and flows, workflows in the system that could easily automate operations..., you know, to help people pay for their activities.”
(I­n­ter­viewee-5)

According to the participants, the changes they made or the solution they employed in management are not actually incremental enhancements of what is currently in place, but more radical shifts in the market and product/service definition also they believe success cannot be determined solely by the amount of money spent on innovation, but rather by the innovation model employed.

Participants also said that startup companies need more innovative solutions to keep their operations running. For the smooth flow of the operation, companies need better communication especially in the times of crisis. Participants identify that as traditional workplaces are closed in the crisis, there is a need for innovation for communication within and outside of the organization. From the interview, it has been identified that most of the companies shifted their communication digitally and introduced automation techniques to the operations which ultimately contributed to the increase of production and sales.

4.2.8 Adaptation of Business Model

Another recurring sub-theme that is generated is related to the business model of the startup company. The first priority is to sustain the business, and then you can examine it again later, but for now, it's a matter about who can save themselves. And we believe the mindset is positive.

“Based on the feedback, we make changes on the product, we have the training of the users, and the marketing to the countries that we primarily target.” (Interviewee-1)

“To stay competitive in the business, we have expanded the online customer service options, such as introducing an online customer chat box.” (Interviewee-6)

The participants in the interviews revealed that their companies have gone through many changes and with these changes the business model and the market structure of the company is highly challenged. Participants further mentioned that companies are adopting the new business model in various ways in their own context.

“We are trying to increase our market share to increase our sales and we are trying to navigate through the growth stage of the company.” (Interviewee-4)

According to the participants, Startups are going through massive changes during COVID-19 crisis. Based on their key skills, they are actively shifting to new business models and new markets to contribute to the growth of the company.
Participants from the interview mentioned that the biggest challenge for their company is how to bring back the business to its original pre-crisis environment and for that they have to change their business model during the time of crisis. Participants believe the current is not to be lost. Those who take one step ahead will be better from those who gave up the game and they will be far more ready to resist the challenges and take the opportunities in the normal environment after the crisis than those who do not.

### 4.2.9 Preparedness for the Crisis

The fourth sub-theme that has been identified is about preparation for the crisis and actions/decisions that are necessary for the startup companies during the crisis. Like every crisis this crisis will also pass but in the view of the interviewees, the most important thing is to prepare for the next crisis. It is important to benefit from this experience to build a more productive and resilient organization so that the next crisis has the least damaging effects possible.

> “We have created a system/network around the world where customers connect with their partners..., so I think that the system is what will help us in the future to tackle some crisis.” (Interviewee-5)

> “When we identified that there was a problem, okay, we cut down the expenses of marketing, identifying what people needed at the moment and increasing our sales and development efforts.” (Interviewee-5)

> “For the crisis, I would stock more components, because depending on the crisis’ location of origin there might be a lack of certain items. And I would start the marketing earlier and more aggressively to take advantage of the situation.” (Interviewee-1)

From the interviews, it has been revealed that some of the startup companies have built a network/system around the world to exchange ideas across industries and locations. These systems help startups to move forward and emerge quickly from the crisis. The participants have also mentioned that they've been expanding their product/service range and supply chain, and all are engaged in activities to expose themselves and ensure that others are aware of their existence. This has resulted in a wider client base and increased visibility.

Participants also mentioned that to be prepared for the crisis, startup companies should be driven by the sense of priority and constantly eager to follow agile methods. They should lean on short video conferences to solve issues and assign more decision-making power to remote teams. It is also essential for cross-functional units to have the long run-in mind and to prevent panic responses.

### 4.2.10 Spirit of Collaboration

The final sub-theme that is generated is connected to partnership and collaboration with other companies. During a crisis if you do not collaborate or become partners with other companies then you might lose everything because one startup company cannot handle all the activities/operations by themselves. They need other big companies from the market who can provide betterment and help to the company to get them out of the crisis situation.
“We initiated the collaboration with the Slovenia Circular Academy. And we kept collaborating with the Polish circular hotspots. And we are with the Nordic circular hotspot as well.” (Interviewee-3)

“We are going after partnerships with some strong players in different aspects of our industry. We believe that only through collaboration and complementary offerings we can create the ultimate irresistible value for our customers.” (Interviewee-2)

According to the participants, collaborations and partnership is essential for a rapid change in reaction to the pandemic. They further mentioned that collaboration helps the organization to maintain and revive the business in the short-term.

“We are on initial discussions with some Supermarket chains... and we are going after collaborations with data companies with data relevant to the food chain industry.” (Interviewee-1)

Participants argued that companies value the importance of partnerships and collaborations because they identified that this is the way for them to move faster forward and place themselves ahead of their competitors.

Most of the Participants from the interview included that their startup companies have strong expectations that a strategic partner would help them promote growth and improve their image. Partnerships are far more important to early-stage startups than they are to later-stage startups. This is most likely due to the fact that early-stage companies often lack a user base and sales, and/or they are still discovering their product/market fit. As a result, early-stage startups are more likely to hope that the business client will become a potential buyer or that the corporate will provide them with market and customer expertise.

4.2.11 Discussion

The above-mentioned studies generated some contributions to organizational crisis theory, which are discussed in this section. The study is focused to investigate organizational crisis and Schumpeter innovation theory to obtain insights into why and how certain companies survive and restore stakeholder interest and others are struggling to do so.

According to the above-mentioned findings, as compared to other studies in the field addressed in the research, this study adds new perspective by discussing the question of participation in the growth of innovative startups in the light of the COVID-19 pandemic. As a result of the research findings assessment, the initiatives seek to provide a framework and initiatives to promote innovative startups in order to expand business in target sectors for seeking solutions to the crisis, but also in areas that have recently benefited from growth opportunities. Furthermore, government help services would continue to concentrate on funding innovative and creative initiatives that offer alternatives to the established models.

Furthermore, it would be advisable for startups to be directly engaged in the growth and transformation of companies on long-term basis, with a focus on staff and society. In this regard, a crisis management model that focuses on finding crisis indicators and solutions through close cooperation between businesses, the public sector, academics, and people is
needed to support sustainable growth (Smith and Sipika, 1993). Such partnerships allow businesses to learn from the findings of research on market needs and to create new products to address those needs. Adoption of such products often usually requires government assistance. Collaboration with the academic community, on the other hand, will offer additional experience in various fields arising from science research, as well as facilities for creating new ventures and promoting current ones through the establishment of business incubators, collaborative initiatives, and entrepreneurship courses, among other things (Smith and Sipika, 1993).

In crisis circumstances, such as the one caused by COVID-19, where there are multiple riddles about how to get out of the crisis and how long it will last, increasing one's engagement in such crisis models is completely important. The crisis, however, can create barriers to the implementation of crisis management models as one of the main challenges is the need to secure the sources of funding.

Because government sanctions have made it impossible for businesses to do business in the present, companies must consider not only sustainability but also the viability of the corporation when it is possible to conduct business as normal. Therefore, companies have been pressured to move from short to long-term concentration. What this research adds to managers' understanding is a clarification of prior knowledge stating the value of disaster management for bad situations in order to attract clients after the situation has improved.

Nothing lasts forever, even the pandemic. We have, however, been compelled to rethink how we work, communicate, and eat. Customers have been compelled to shift their behavior because of COVID-19, and the behavioral change will last for some time. The traditional business models and market dynamics are being questioned because of this shift. Many current models are no longer valid or are inefficient. As a result, developers have had no choice but to adapt and innovate. Under these conditions, existing companies find it difficult to transform (Foster, 1986), while this study's research shows that Greek startups are innovating. The research shows that during the COVID-19 crisis, both creative destruction and creative accumulation were recognized through innovation and adaptation.

As the number of crises increased, the role of crisis management and creativity in organizations increased (Hong, Huang and Li, 2012). Organizational crises may have a significant effect on organizations, such as income reduction, cost increases, and instability. Disasters can be divided into various categories of problems, such as those that are simple or difficult to forecast external or internal. Crisis management is a comprehensive approach to coping with institutional crises that requires strategies from planning to recovery and learning. Furthermore, proactive crisis management can be described as a method of limiting the effect of a crisis on the organization (Smith and Sipika, 1993). It blends a crisis management approach with a strategic management approach to prepare the company's response in the face of potential disruption. Organizations must use strategic crisis management to deal with emergencies (Ritchie, 2004). Hong, Huang and Li (2012, p.545) introduced strategic crisis response models to SMEs, with an emphasis on adapting to their unique features However, according to Mikušová (2013), many SMEs do not use strategic crisis management. Startups often lack financial reserves, human capital, skills, and time to execute strategic planning.
After the crisis is over, it must take time for the organization to recognize what has happened. One of the secrets to getting the best out of a situation is to not delay for long after it has ended. If too much time passes between reflection and assessment, management can approach a stage known as "ignorance" (Kovoor-Misra and Nathan, 2000). The organization has returned to routine activities at this stage, and the desire to assess and learn from the crisis has declined. At a minimum, management must assess how the situation has been managed and whether improvements in the crisis management plan are to be implemented. Pearson and Clair (1998) proposed that the performance and disappointment degrees of such an assessment can be investigated. For example, a company can be successful in resuming activities on time but fails to maintain its image. Some organizations do not appear to listen to the experiences from the case, rather than to learn from a disaster, and consequently make the same mistakes as similar events arise in the future. In the other hand, a good learning institution can change its processes and practices if possible and adapt the latest experience to upcoming crisis situations.
5 CONCLUSION

This study explored how innovative startups in Greece are reacting to the COVID-19 crisis, as well as how it is promoting theories of innovation and crisis management. Schumpeterian innovation concept has been merged with crisis management models to achieve this goal. This investigation was carried out using a qualitative case study technique. This will include obtaining both primary and secondary data via desk research and conducting six in-depth semi-structured interviews with representatives of innovative Greek startups.

This research reveals significant contributions that can be used to enhance our understanding of startup growth and transformation during the COVID-19 crisis. According to the findings, startups are facing massive changes. Based on their core competencies, they are actively turning to emerging business models and new sectors. This change is associated with combining both creative destruction and creative accumulation. Several technical, leadership, and organizational challenges were established, resulting in the discovery of two themes: startup management and survival. In addition, this work has added to the field by discovering and dealing with various crisis management models described in the article, the most closely linked models to our analysis were the Caplanian and the three-stage model introduced by Smith and Sipika (1993). The innovation concept, in conjunction with crisis management models, offers a deeper understanding and awareness of developed entrepreneurship practices and themes. The conclusions of this analysis are expanded and concluded in depth below.

One significant finding was that the startups was developing and innovating through a combination of innovation theory such as, creative destruction and creative accumulation. Thus, participants in many ways were completely shifting their old market strategies to the new markets, which was mostly based on their core capabilities and increasingly developed skills (Schumpeter, 1942). In addition, they are aggressively seeking prospects and entering new markets where they have historically been unavailable. Another significant outcome is how their decision-making is affected and what management tactics they suggest. Their decision-making behavior shows that they are socially driven, particularistic, are more oriented towards the short-term, and are rather affective and externally managed.

One component of this research focused on recognizing the challenges that startups faced as a result of the COVID-19 crisis. The next can be concluded as most of the management, business survival and sustainability activities which are discussed during the interviews such as decision-making and virtual negotiation, remote project management, and new recruitment issues without knowledge, poor cash flow, effective communication and immediate access to key employees, disturbances to the supply chain, and disruptions to the expected operations and innovation were the most difficult to overcome. This challenge demanded the startups to use crisis management models, where the staff of the different startups interviewed and had mixed responses.

In addition, we concentrated in this analysis on identifying the solutions/strategies explored in the interviews. Under solution structure, there were eight sub-categories, which included internal redesign, creativity solution for startup management, implementation for new business model, fixing internal connectivity, spirit of collaboration, and so on. The startups could not
accommodate all options effectively and some leaders were able to better integrate them than others. This disaster opened up a space of opportunities alongside the response and threats. Startups are shifting their business strategies to meet the changing demands and desires of their customers, they have reached or expect to join different market spaces, and the downturn has provided an incentive to focus and focus on creating a more post-crisis stable organization.

The experience of dealing with this situation has also served as a learning opportunity for the leaders. Organizational leaders in every industry must find ways to learn, response and practice to the current standard imposed by the pandemic's crisis. If organizations in every industry, in every region, want to emerge stronger from this crisis, they must figure out how to deal with the new realities and find ways to operate skillfully through rapidly changing circumstances in the coming months. Leaders who effectively handle the challenges and opportunities generated by the crisis, as well as adjustment at the employee, community, and organizational levels, are engage in organizational flexibility and potential improvement (Wang, 2005). Human resource experts will play a vital role in crisis response activities by growing corporate learning and restructuring the crisis structure (Wang, 2005). Leaders are reacting quickly to the COVID-19 pandemic's unique emotional, physiological, and socio-technical threats.

The important lessons from this study in terms of managing the COVID-19 crisis in Greek are the significance of expanding the business strategy and supply chain, ability to adapt, planning for grasping opportunities in new marketplaces, people management, digitalization and adoption of digital technologies, the ability to work from home, and, also, startups can organize their lessons from this crisis into increased preparedness for future crisis. Future analysis should concentrate on some important points for further investigation, such as further exploring what new business models arise from the crisis to what degree COVID-19-related short-term options have been turned into long-term strategies and sustainable companies, and whether the crisis has enhanced big changes that are influencing our future.

Finally, a point that surprised us was regarding business networks and the involvement of startups in them. From our knowledge and experience, these type of companies rely a big portion of their strength and growth on the business networks they participate. During the interviews, there were limited mentions to the networks each company participates, and no mentions on the impact these networks had on their survival status during the pandemic. We do not have enough data to support our opinion, but we believe this happened because of the prioritization the companies made. They prioritized their internal issues higher than the situation with their networks. So they probably decided to steer their efforts on stabilizing the company first, and then address to their networks to offer help or seek common grounds for synergies.

5.1 Survival in the Crisis

When it comes to how the interviewed businesses survived the COVID-19 epidemic, it is largely consistent with how past studies in the area forecasts a disaster outcome. However, since the COVID-19 crisis is marked by distinctive features, it varies in several ways. This thesis leads to future studies in the area of disruptions by addressing the first research question, "How have Greek startups survived in the pandemic crisis?"
The corona crisis has had an effect on every business field in Greece, including startups from almost every industry. This study's qualitative data shows that the recent corporate and economic chaos caused by the coronavirus has had a severe impact on startups. The study clearly shows that businesses have limited opportunities for survival. They will depend on financial resources, government contributions, and/or seeking a new way to use their competencies (e.g., Innovation, Crisis management and collaborations) since one of the characteristics of startups is that they often have insufficient finances, they cannot depend on capital savings to withstand an economic downturn as revenues decline. Instead, many startups would rely on government subsidies, which is not the best long-term option. The more appealing approach is to mix government support with reorganization and creation of new effective ways of using the company's skills and knowledge.

In general, the results of this study analysis indicate a relationship with the initiatives proposed for businesses facing a crisis in many respects in previous studies (Gregory, Harvie and Lee, 2002). It does, however, highlight certain variations. One example of how firms' policies vary from theory is that, with the exception of a handful, none of the companies questioned have attempted to reduce their operating costs. Almost every startup that we interviewed had made improvements in their sales network toward the consumer, but not to reduce costs, rather, the changes were made to get around the issue of government regulation.

Previous analysis has suggested that companies concentrate their marketing activities on areas where they are a good competition (Birch, Hagerty and Parsons, 1995). International customers are important to firms such as those in the hotel and tourism industries. However, the current downturn has almost eliminated the chance of meeting these consumers. This indicates the crisis's uniqueness, which necessitates any novel solutions. In essence, the execution of a strategic marketing approach will include the particular measures thus, initiatives such as collaboration, adopting management strategies, reducing expenses, aggressive marketing efforts, a long-term focus, as well as adopting a crisis management technique or model will be critical tools in surviving this crisis.

5.2 Role of Team’s Members

Trying to understand how the Greek startups managed to survive the pandemic, we identified that the human factor had a major role in it. The interviewees had focused a big part of their answers to us, during the interviews, to talk about the employees of their companies and how they reacted to the pandemic crisis. Additionally, great significance was given to the leader of the company and the actions he/she had made trying to resolve the issues that had occurred. If we would have to describe the role of the people with just a few words, these would be -Passive at first, Active at the end-.

Our findings indicated, presented, and discussed in depth the reaction of the people during the pandemic. The results, as expected, indicated that people were surprised, and due to the circumstances (increase of risk, increase of uncertainty, extended periods of lockdown, mandatory remote work, etc.) their mentality and psychology were affected. A chain-reaction occurred, caused by the shift in their psychology and mentality. That was that people felt demotivated, they were feeling insecure about their future, and in many cases, they were on edge causing tension, misunderstandings, and in some cases fights. All the above in connection
with the remote work framework caused significant communication issues to all the interviewed companies. Because of the above, most of the employees of the startups developed a passive role in the companies. As mentioned in the analysis chapter, they stopped taking initiatives, they became insecure about their work and results, and needed verification and approval for everything they were doing. Of course, the impact on the companies was significant with the productivity dropping greatly.

The period the employees of the companies were passive, did not last for long. Soon after the pandemic began affecting the companies, and after they had suffered the initial shock which caused the passive role of the employees, there was another shift spotted, this time towards the opposite direction. The companies started increasing their productivity, and their results were improving (in terms of marketing and sales). This was because the employees of the firms had been reactivated and claimed back their active role in their companies. The reason these people were activated and changed role, was mainly because of the leader of each company. The leaders become acting among other things, as the internal consultants in their companies, as Caplan (1970) would describe it.

The leaders of the interviewed companies have placed as their number-one priority the wellbeing of their people, and because of that, they devoted a lot of energy working with them, trying to guide them, motivate them, fix the issues that had occur (e.g. communications), re-organize the work that had to be done and other. We could say that they acted as consultants for their own teams following a consultee-centered consultation approach (Caplan, 1970), and at the same time they were also the leaders of these teams, setting the example for the rest of the employees. Sequentially, the employees of their teams responded to their guidance and example, they became motivated and regained the active role they had lost. We could say that the internal consultant/leader of the company was successfully managed to help them reflect on the situation in a systematic way, as Caplan (1970) explains in the seventh principle we presented earlier. From that point forward, the interviewees mentioned that the companies managed to achieve promising results, despite the pandemic crisis.

Closing, we wanted to stress the importance of the leaders in these small teams, as they were the people who rebooted and re-boosted their teams, as they had deep influence on them. Based on our study, we believe that a strong and capable leader in a team, is the first step towards its survival in a crisis. In our example the first step was made when the leaders managed to change the role of their firms’ employees from Passive to Active.

5.3 Suggested Crisis Management Plan

While advancing with this study, we noticed that patterns were emerging on the actions the startups had made and the results these actions brought. Motivated by our study, the long discussions with the interviewees, and the emerging patterns mentioned above, we would like to make some suggestions on a possible descriptive crisis management plan for the survival of early-stage startups in times of crisis. We make these suggestions, acting more as consultants rather than researchers, because they still have to be researched and validated. The descriptive model we are suggesting, consist of six steps.
**Identify the crisis**

The first step of the model is to identify the crisis. To identify a crisis, the startups can set indicators which would help them spot a crisis at its beginning, and possibly, depending on the indicators set, the severity it might have on the company’s operations. The indicators that could be set by each startup are probably different, and they would relate on the industry the company focuses on, and its geographic location.

**Cut unnecessary expenses**

After identifying an upcoming crisis, or while the crisis is evolving, it is important the startup to cut down all the unnecessary, to its survival, expenses. We identified from the interviews that usually early-stage startups run on a low budget, and even the smallest amount of money that can be saved could be the difference between survival and death of the company. By cutting the expenses, the company increases its runway, which means that it gains more time to find a way to survive.

**Strengthen the internal of the company**

The next step would be for the startups to work with the internal affairs of the company in order to fix what would be necessary. In our case, the main aspects that the companies focused on, were those of communications, employees’ engagement, and project management. We believe that these aspects might differ depending on the crisis and the company. The purpose of this step is to indicate that it is important the companies to stabilize and strengthen their internal environment before they attempt to make drastic moves.

**Spot the needs**

Every crisis is different from the other, the one thing they all have in common is that in every single one of them, new opportunities arise. For that reason, the next step of the model would be to try to spot these opportunities or needs that might be created because of the crisis. In reality, based on the interviews, this is a natural attribute of a startup; it always tries to find new needs, in order to utilize them and penetrate the market.

**Make the change**

After locating the emerged opportunities and needs, we encourage the startups to examine how they can serve them by adjusting their solutions or adding extra solutions on top of the existing. This is a step that can be dangerous for the survival of the startups if they decide to make drastic changes to their products, which will mean that great costs will emerge. So, it might be best for the companies to be really careful and probably choose to move forward with alterations of their products or creation of new products that they can afford both in financial and time manners.

**Extroversion**

Lastly, after the companies have designed and built the solutions that they believe solve the spotted needs, it is important to try to make them known to the public. We encourage them to be as extroverts as possible, and to communicate their offerings to their prospect clients. This can be done through marketing, direct sales, participation on expos, partnerships, or other ways. The ways differ for each company, based on their business model and product or service. Our
findings indicated that the companies which chose to be extroverts and communicate their crisis-related solutions presented an increase in sales and revenue.

The suggested six-step crisis management plan for early-stage startups, was created based on the actions of the interviewed companies. These companies do not have the required resources to conduct research and create plans for crisis prior to the actual crisis arrival. This occurs from the interviews’ findings, and validated by the theory (Ley et al., 2012). So, we believe that a generic, descriptive model such the one we are suggesting can be of help to those companies, which are agile enough to implement it.

5.4 Implications

In this section we discuss the identified implications our work might have on a variety of aspects. These implications mainly concern theoretical, practical, social and ethical, and sustainability aspects.

5.4.1 Theoretical Implications

Since the COVID-19 outbreak caused a crisis, that seems to be different from previous crises, the outcomes in this study offer some interesting findings. The most significant factor that is identified is the government restrictions, which have made it nearly impossible for some industries to conduct business. As a result, businesses have been led to implement new and unique alternatives in order to avoid problems caused by these restrictions; consequentially, this study has provided information that may be used to guide future research on the subject of crisis management and/or innovation.

Aside from the conclusions drawn, the study has also supported much of the prior research. One of the most notable findings in this study, which also verifies earlier research, is the weakness of startups during an economic downturn. This is reflected by the way the interviewed startups were pushed to adjust their budgets and manage to reorganize most of the aspects of their business plan.

However, regardless the causes of crises, it is apparent that innovation provides an effective strategy for entrepreneurs to withstand them. Because the data presents innovation's crucial impact on startups during times of crisis, it could be used as a direction for future research on the subject to try and verify this beneficial impact. As a result, the findings of this study have not only led to a larger theoretical base, but also to greater depth within the field of research.

Finally, the crisis management model that was proposed, underlines a perspective that might have been neglected in the traditional and established models, that of the human factor and its importance on the outcome of the crisis. This model addresses the needs of early-stage startups and could serve as a base for future research on the subject.

5.4.2 Practical Implications

This thesis has some interesting discoveries that concern the practical application of crisis management. The study's researchers expect to be able to assist entrepreneurs in times of crisis. At the same time as this thesis is being prepared, the startups are dealing with the current crisis
(caused by the COVID-19 pandemic). We believe that the results of this study will be useful to startups in various industries if a crisis occurs and affects the Greek landscape in the future.

The key reason that this thesis is important for startups is because more information in the subject of crises management will contribute to a better understanding of crises. As a result, businesses will be better able to deal with future disasters. What the entrepreneurs could learn from this thesis, would be that it is often very important to utilize innovative alternatives in order to survive, and focusing on the company’s good internal operations is the key to survival.

Since the situation is extremely difficult for the startups to operate in current times, and it is affecting the whole business, therefore they must consider not only survival but also their future. As a result, businesses have been pushed to change their attention from the long-term roadmaps to the short-term survival mode. What this study adds to entrepreneurs' understanding is a validation of past information that highlights the need of maintaining the coherence among the company’s employees, and try to smoothen the operations, regardless the severeness of the crisis.

This study will help startups to have a better knowledge of crisis management and how to execute it. It can assist them in making informed decisions on the crucial activities of the various stages. Furthermore, it may alter the way people think about crisis management in general. This research will further increase the knowledge of the people about the importance of crisis management for startups in times of crisis and also, that preparedness and planning are both essential for the survival during crisis. Furthermore, it may challenge the perspective of viewing the crisis not just as a catastrophic incident, but also as an opportunity for change or improvement.

5.4.3 Social & Ethical Implications

This research creates some gripping management implications. Indeed, many companies are unsure how to handle the present issue and what policies should be implemented. Because of the scarcity of in-depth research on the issue, as well as the extremely dispersed nature of sources of information on crisis management in early-stage startups, decision-makers have little access to meaningful information that might guide their thoughts on the most relevant measures to adopt. The study emphasizes the need of companies maintaining their employees' physical and mental health, as well as developing a back-up plan for affected company employees to help them emotionally and physically.

According to the findings, in today's environment, the startups need to be better equipped to meet a variety of difficulties without sacrificing its human resources. In the current time, appropriate employee training and growth should contain the capability to work with the most up-to-date technology, as well as frequent upgrading of these abilities. One never knows what incident may bring off a huge shift and being adaptable is the only way to stay afloat.

According to the findings, crisis management in startups may help society in a variety of ways. The crisis management model, we proposed will not only enhance their company’s efficiency and possibility of survival, but will also help the leaders to build stronger relationships among their employees as a result of their efforts to boost the employee's morale and the mental well-
being. The model highlights the importance of the role of leaders, who take the responsibility of the management and on whom the employees rely on.

The proposed model on the other hand, might cause an ethical issue of intrusiveness from the side of employers, as they will be deeply involved in the employees’ affairs. While acting as the companies’ internal consultants, the employers, might lead the employees to make actions for the best interest of the company, but not necessarily for their best interest of their own (consultees’). Finally, being in a position of power and acting as an internal consultant, contradicts some of the principles of the Caplanian model regarding the non-invasive nature of the consultations, and the displacement objects utilized for the consultations. The displacement objects could be perceived as manipulation, which could result in bad relations in the company.

5.4.4 Economic Sustainability Implications

Our study has a number of significant economic consequences for startup owners and employees. A major one is to respond to the situation in a timely manner and to make stakeholders not just notified, but also to support a constructive and transparent communication strategy. A collapse of faith with key parties during the reorganization makes an agreement very problematic. Business owners must be aware that family environment and personal troubles can lead to worsen crises scenarios and threaten the company's survival. As a result, startups must concentrate on boosting awareness and resource planning.

The study's findings are important for startups exploring crisis management methods, which is seen as a significant facilitator and supporter of restructurings. Although crisis management focuses largely on the operational aspects of the firms, a package of financial measures (e.g., a sound redesign of the business model, finance, and cost savings) is required to maintain support. It is usually the critical decisions based on strategic factors that allow a firm to prosper in the long run and set the foundation for new goods and services.

Startups should see the current crisis as a chance to closely monitor and examine their financial aspects and KPIs, as well as recognize the necessity of capital. Furthermore, they should begin planning for the management of their current finances. Entrepreneurs must recognize how global pandemics may further affect their economic stability and access to funding.

Finally, through the proposed crisis management model the startups could be able to survive and continue to provide work for their employees. Through the innovative new products and services designed after the identified market needs, the companies could sustain their growth course. And finally, through the last part of the model, the extrovery, the companies could create partnerships which might lead them achieve their strategic goals. The above cover a range of the seventeen goals for sustainable development set by the United Nations. The goals that are covered are listed below:

1. Decent work and economic growth
2. Industry innovation and infrastructure
3. Partnerships for the goals
5.5 Limitations

The value of this report is mainly its detailed observational case study methodology, where managers were able to identify the underlying perceptions and tensions. It explains that anything is difficult in the scope of startups and the COVID-19 crisis. Another value of this research is that it aligns management models, allowing entrepreneurs to apply them in their own environments.

Furthermore, the theoretical data was gathered from a survey of just six startups in Greece. As a result, the exploratory evidence is dependent on a small group of organizations and interviewees, which may have an effect on the reliability and validity. The fact that COVID-19 has only influenced startups financially, but also their flexibility for an interview, has added significantly to the restricted data set.

There is no research which is without limit. There is a risk of data misinterpretation in a qualitative analysis. The aim of this research was to identify the fundamental dynamics in the startups that were interviewed. There's a possibility that not all of the stresses were garnered. It takes years of experience to capture all of the challenges through dialog. Furthermore, the challenges had to be sparked on the spot and directly after the interviews. It was found that after listening again (second or third time), the more secret challenges were difficult to generate while, during the talk itself, they were reasonably easy to find.

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Another thing that contributed to the limitation of the study was the limited amount of time that is provided for a master's degree project. If the study would have had more time and being able to interview more companies, there is a chance that new opinions and thoughts would have occurred and thereby the findings could have been something else. However, in an attempt to solve this issue, we selected startups and interviewees with care. For instance, the study interviewed startups with different geographical locations in Greece, in order to not get empirical evidence from one city in Greece. In addition, the interviewed companies were restrained with the information they shared. Since some information could be used by competing companies in order to gain advantage.

5.6 Guidelines for Future Research

This thesis was an exploratory study involving innovative approaches in Greek startups. It will be worthwhile to do comprehensive analysis on the success and development of startups during the COVID-19 crisis. Similarly, to achieve a greater degree of generalizability, another analysis with a broader or separate focus may be performed. Furthermore, the aim of this analysis was to determine the effect of COVID-19 on startups in Greece; however, this may be extended to the broader company to see if there are any impactful activities.
This study showed that decision-making and the management of wider virtual teams was challenging. More research should also be carried out. Around the same moment, at least in part, work from home gradually becomes norm, how do managers ensure that the staff are committed and productive? This research also revealed mixed reactions to employee productivity level. Consequently, one can be informed by the factors affecting productivity in businesses around the world and by the strategies that can help increase an organization's overall profitability. A research to look at this would be extremely useful for beginners, who don't normally need to look after their workers in an HR department. It has been noted that one company has discovered a method for optimizing the management of its employees by using various contact instruments such as Discord. Their staff are more creative than before and became more committed to how digitalization would help create a more creative distributed workplace/culture.

At coffee machines, where people have historically communicated, sometimes innovative ideas arise. Would automated coffee breaks still be the same or, if not, how can companies ensure that the influx of new innovations is not struck down due to less physical interaction? With this in mind, it is worth looking at how innovation management would look if the team went fully remotely. The ethos of creativity is highlighted. A research on how to integrate a philosophy of creativity into a remote work culture will also be of great importance in the near future. In addition, as COVID-19 is an unknown pandemic in the world, more analysis may be suggested to equate the pandemic effect of COVID-19 on companies with past crises and explore the differences between other crises on startups.

Many startups have also been found to change their strategy model in different ways. It will be very useful to see whether the model as a suggestion we mentioned in this study can be utilized by the startups and whether this new model has any patterns or contribute to the success and survival of the startups during crisis. This also triggered the question if startups were able to focus after the crisis on this model, i.e., did they turn their COVID-19 short-term approaches into a sustainable long-term business. It was also discovered that startups has changed their business models. So, it would be very important to investigate what new business pattern has been emerged as a result of the crisis and whether they have any significant effects.

Since the implications of this crisis are going to impact organizations for long-term, it would also be worthwhile to investigate the future. Numerous trend researchers and futurists are trying to anticipate and forecast the future. Among them futurist Gerd Leonhard in his book Technology versus Humanity points out some major mega shifts that are shaping the future. These include Digitization, Mobilization, Screenification, Disintermediation, Transformation, Intelligisation, Platformification, Automation, Virtualization, Anticipation and Robotizations. It would be interesting to see how the crisis has impacted the megatrends and mega shifts. Is the future closer than it appears?


6 REFERENCES


APPENDIX

Appendix A - Interview Guide & Questions

1. Find out about the company.
   a. Can you tell us about your company?
      i. What is the company mission?
   b. Tell us about the company's roots.
      i. What is the issue you are working to solve?
   c. Tell us about your product, are you looking to improve an existing product or introducing a new one to the market?
   d. What is your unique value proposition and competitive advantage?
   e. Who are your closest competitors, and how do you position yourself differently from them?
   f. Who are the company’s ideal customers?
      i. How did the company approach them before the crisis?
      ii. How is the company approaching them now?
   g. How did the organization get to the point that it is today? (Funding/ no Funding)
   h. What business model are you working on?
      i. What is the stage of the company? (MVP / Pilots / Early adopters / Product-Market-Fit / Scaling)
   j. What are you working on at the moment? (Project/important partnership/damage control/etc.)

2. Find out about possible risks, and uncertainties of their industry.
   a. Is there a known threat in the industry?
      i. Can you talk a bit about it?
   b. Have you faced this kind of threats/crises before?
      i. Can you describe the situation?
   c. Do you have any strategies/plans in place in order to tackle this kind of situations?
      i. Can you explain how you designed them, and if you tried them out?
   d. Have you faced other crises?
      i. Which had the biggest impact on your business?
      ii. Can you talk a bit about it? (Situation, environment, type of crisis, crisis management steps etc.)
      iii. What parts of the company were affected and how?
      iv. Were you prepared about it or not?
         (1) (If yes) How you had prepared for it?
         (2) (If No) What would you do with the knowledge you have today to prepare?

3. Find out about the pandemic crisis.
   a. What areas of your company were affected?
   b. Which two were affected the most?
   c. How were these affected?
   d. How were people affected by the situation?
e. How people affected the situation? (Check if they made it worse or better and how - details)
f. What was the main challenges you faced when trying to navigate this situation?
g. What actions did you make to handle it?
h. What results did these actions had?
i. What impact these actions had on the people of the company?
j. Did you utilize any known model for crisis management, or did you take the advice of a relevant professional? What was the model/ advice?
  i. (If yes): Now that you tried them, what would you change and what not?
  ii. (If No): Now that we have been for a year in this situation, what would be the advice or steps that would have helped you if you had heard them?
k. Have you created a strategy/model/playbook for tackling situations like this?
  i. (If yes) What does it contain?
  ii. (If No) What would you include?

4. Find out about opportunities.
   a. How do you perceive the outcomes of the pandemic? (Situation now)
   b. What positive changes have your company observed during the global pandemic?
   c. Do you see Covid-19 Crisis as an opportunity for innovation?
      i. (If yes) Why, and how?
      ii. (If No) Why?
   d. Does your company work remotely?
      i. (If yes) Have you seen any differences compared with the pre-corona era?
         1) How do you maintain your company culture remotely?
      ii. (If No) Have you seen any differences compared with the pre-corona era?
   e. What are the opportunities that have been considered for your business continuity plan, and why? (New products / Pivot / New markets / New customer profiles)
      i. Is there a new Market/Customer that you could perhaps infiltrate?
      ii. Are you able to change your startup's product to satisfy the demands of the new Market/Customer?
   f. Is there any opportunity to collaborate with or combine forces with other companies right now?
      i. (If yes) Have you moved forward with partnerships / Joined ventures?
      ii. (If no) Would you be interested to move forward with partnerships / joined ventures? Why?
   g. The COVID-19 pandemic has made it very challenging for different companies to stay afloat. Which were the key decisions you made or opportunities you identified that helped you adapt and survive?
   h. What do you think the “new reality” will look like for the startups in Greece?
      i. What lessons has the company learned from the COVID-19?
   i. How does your business model helped you steer through the crisis?
   j. How will your business model help you regain rebound from the aftermath of the recession?
   k. Will you make a special deal to support consumers through the recession and even to attract new clients for the duration after the crisis?
5. Closing question
   a. Do you have something else to add, that maybe we missed to ask?

Appendix B - Interviewed Companies’ Details

The names of the companies and the interviewees have been anonymized as some of the companies requested to keep their identity secret.

<table>
<thead>
<tr>
<th>#</th>
<th>Company</th>
<th>Interviewee Position</th>
<th>Age</th>
<th>Interview Duration (minutes)</th>
<th>Description of the company</th>
<th>Industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Company-1</td>
<td>CEO</td>
<td>36</td>
<td>148</td>
<td>“Company-1 has developed a completely automated hydroponic agriculture connected home device.”</td>
<td>Agro-Tech</td>
</tr>
<tr>
<td>2</td>
<td>Company-2</td>
<td>CEO &amp; COO</td>
<td>27  &amp; 26</td>
<td>164</td>
<td>“Company-2 offers a complete platform, a one-stop-shop for knife makers, both professional and hobbyists to assist them in the process of making unique, one of a kind, handmade knives.”</td>
<td>E-commerce, Custom Knife manufacturing</td>
</tr>
<tr>
<td>3</td>
<td>Company-3</td>
<td>CEO</td>
<td>40</td>
<td>101</td>
<td>“Company-3 aims to tackle the food waste in the dining sector, and to add the food circularity necessity, to tackle the climate crisis.”</td>
<td>Food &amp; Sustainability</td>
</tr>
<tr>
<td>4</td>
<td>Company-4</td>
<td>CEO</td>
<td>34</td>
<td>112</td>
<td>“Company-4 is a company trying to connect the innovation ecosystem by offering relevant tools.”</td>
<td>FinTech</td>
</tr>
<tr>
<td>5</td>
<td>Company-5</td>
<td>CEO</td>
<td>32</td>
<td>127</td>
<td>“Company-5 is a company operating in the travel industry, offering a SaaS back-office management solution to the tour and experience providers.”</td>
<td>TravelTech</td>
</tr>
<tr>
<td>6</td>
<td>Company-6</td>
<td>COO</td>
<td>29</td>
<td>129</td>
<td>“Company-6 is offering an online software to build 3D-designs and offers the option to 3D-print them and send them to the customers.”</td>
<td>E-commerce, 3D-printing</td>
</tr>
</tbody>
</table>

Table 5. Details, for the interviewees and their companies