Similar, but Different - Antecedents of Dynamic Capabilities in Family and non-Family-owned SMEs

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Abstract

The several turbulences that characterize our world are nowadays setting new challenges for the companies, especially for small and medium-sized entreprises, which are an essential type of business for the global economic growth, employment and innovation. Dynamic capabilities can be the solution to these changes and help SMEs overcome challenging environments.

This research wants to shed light on the mystery around the antecedents of the development of dynamic capabilities in family and non family-owned SMEs. The literature has particularly focused on general SMEs and larger companies when researching this matter. However, to which extent can the literature of dynamic capabilities in SMEs be applicable for family-owned SMEs? What are the differences between the antecedents that drive family-owned SMEs to develop dynamic capabilities compared to the non family-owned SMEs? We argue that there is a need for more researches on the differences between these heterogeneous groups of SMEs.

This study wants to compare the development of dynamic capabilities taking into consideration several variables: managerial attitude, resources and skills, organizational structure, learning orientation and organizational culture. These variables have been studied using a qualitative approach, through interviews with eight Spanish companies: four non family-owned SMEs and four family-owned SMEs.

The findings advance in the research of dynamic capabilities and underline the importance of study these two groups of SMEs separately. Differences were found in the social capital and cognitive capabilities of the manager, the role of reputation, path dependency, implementation, coordination, traditions, learning motivation, commitment and entrepreneurial attitude. From the differences above mentioned, we conclude it is not possible to discuss SMEs without taking into consideration the ownership variable. Therefore, there is a need to start particularizing the future researches on SMEs.

Keywords

Dynamic Capabilities, Antecedents, Turbulences, family-owned SMEs, non-family owned SMEs, Manager, Resources, Skills, Learning Orientation, Organizational Culture, Organizational Structure.
Acknowledgment

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Kalmar, May 2016

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Martina Barbaro

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Jesús Monllor López
“Not only strike while the iron is hot, but make it hot by striking”

- Oliver Cromwell
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<td>Description</td>
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<tr>
<td>DCs</td>
<td>Dynamic Capabilities</td>
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<tr>
<td>SMEs</td>
<td>Small and Medium-sized Entreprises</td>
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<tr>
<td>ECB</td>
<td>European Central Bank</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>NCR</td>
<td>National Cash Register Corporation</td>
</tr>
<tr>
<td>S.L</td>
<td>Sociedad de Responsabilidad Limitada = Limited Liability Company (LLC)</td>
</tr>
<tr>
<td>C.B</td>
<td>Comunidad de Bienes = Jointly Owned Company (JV)</td>
</tr>
<tr>
<td>S.A</td>
<td>Sociedad Anónima = Limited Company (LC)</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
</tr>
<tr>
<td>WOM</td>
<td>Word of Mouth</td>
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<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
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<tr>
<td>PVC</td>
<td>Polyvinyl Chloride</td>
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<td>PET</td>
<td>Polyethylene Terephthalate</td>
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1. Introduction

In this chapter, the key concepts representing our paper are introduced. Firstly, background information is provided to present the context of our research: turbulent environment, challenging time of crisis, dynamic capabilities (DCs) and its antecedents, and finally small and medium-sized enterprises (SMEs). Secondly, a research gap is found through the problem discussion, which leads to the research question and the purpose of the research. Lastly, an illustrative outline of this paper is also included at the end of this chapter.

1.1 Background

Over the past decades, the world economy has experienced impressive changes (International Monetary Fund, 2014). These changes have created turbulences and continuous challenges. The concept of turbulence is often used in the literature to refer to the major and rapid changes, which economies, markets and companies must deal with. In fact, as explained by several authors such as and Erdem and Keane (1996), Pine (1993), and Keane (1996) turbulences are instable, unpredictable and uncertain changes. These characteristics of a turbulent environment can be easily distinguished, for example, in the financial crisis of 2008. This financial crisis has had several effects in companies around the world. In fact, businesses needed to readapt their operations due to a lack of cash flow and cut budget by employee layoffs (Houston Chronicle, 2016). High unemployment rates characterized the period of the crisis, which are still present in some countries such as Greece, Spain, Portugal and Cyprus (Kirk, 2015). Reduction of Research and Development (R&D) activities, expenditures for marketing and advertising were also other main consequences (Cowling, 2015). The recovery is still happening and the situation nowadays is not as critical as it was years ago (The Economist, 2016). Despite these negative effects, the crisis had increased companies flexibility; companies started to adapt to the new conditions in order to keep their business activities (Cowling, 2015). Another positive effect was the increase of entrepreneurial activities and the creativity among companies to face the difficult changing environment (Ibid).

Nowadays challenges do not come only from the aftereffects of the financial crisis of 2008, other problems are shaking the economies and creating challenges in the environment. For example, the Syrian crisis (Rodgers et al., 2016), swings on China’s stock markets and its slow
economic growth that put a lot of pressures in those countries dependent from China’s demand of commodities (The Economist, 2015b); and the tumbling in the oil price that contributes to the concern of facing another financial crisis in Europe (The Guardian, 2016).

In order to overcome these difficulties, companies need to develop DCs. The importance of the concept of DCs has been increasing over time due to the continuous events, which have been creating new challenges to the business environment as explained before. In fact, DCs can help companies adapt to changes, have better chances to be profitable, compete better against their competitors and maintain their competitive advantage in turbulent environments. Therefore, DCs are an answer to the challenges caused by difficult time of turbulences.

Authors such as Teece et al. (1997), consider that in turbulent environments companies should pay additional attention to identify new opportunities and organize their resources and capabilities to successfully benefit from them. In fact, changes, and particularly dynamic environments, force firms to adapt if they want to survive.

Dynamic capabilities are “the abilities of the firm to reconfigure, integrate, and build firm’s resources and routines to address rapidly changing environment” (Teece et al., 1997, p.515). The concept of DCs have its origin in the article of Teece, Pisano and Shuen (1997), considered as an extension to the resource-based view which affirms that the performance, the position and the possibility to gain competitive advantage are affected by the mix of resources and capabilities that each company possesses. Therefore, different combination of resources and capabilities result in different outcomes, this explains the reason behind the differences in performance of companies (Barney, 1991). However, in a turbulent environment, in order for a company to maintain its position, its competitive advantage and its performance, this is not enough and the company needs to develop DCs (Teece et al., 1997). The resource-based view is considered therefore as a static theory, which does not explain the evolution of the resources over time and does not take into consideration how firms maintain the advantage gained also in time of crisis (Teece et al., 2007; Easterby-Smith and Prieto, 2008). Contrary to what affirmed by Teece et al. (1997), Eisenhardt and Martin (2000) have interpreted dynamic capabilities as being processes and routines, more than a firm’s capabilities or abilities. In their definition, Eisenhardt and Martin specify some of the processes that involve DCs: integration, reconfiguration, gaining and lastly releasing of firm’s resources.

The paper of Zahra, Sapienza and Davidsson (2006) offers an interesting definition of DCs: “the abilities to reconfigure a firm’s resources and routines in the manner envisioned and
deemed appropriate by its principal decision-maker(s)” (p. 918). This definition is crucial for the discussion because it underlines the importance of the manager’s role for the development of DCS, in line with the recent entrepreneurial approach that focuses the discussion on the manager and his perception, willingness and ability to undertake the changes (Helfat and Martin, 2015; Sternad et al., 2013; Barrales-Molina et al., 2013). Despite the continuous discussions and overlaps in the literature of DCS, Zahra et al. (2006) individuate three main areas previous literature was focused on: antecedents, processes and outcomes. This research will focus on the antecedents of the development of DCS.

Antecedents can be defined as the factors that can either help or hinder the development of dynamic capabilities. Although addressed in many literatures, there has not been a clear and consistent definition of antecedents. Antecedents comprise several components such as structural, managerial, cultural factors and different combinations of these may lead to different processes of DCS and different consequences and outcomes (Ambrosini and Bowman, 2009; Teece, 2007; Zahra et al., 2006; Eriksson, 2014; Prieto et al., 2009; Wang and Ahmed, 2007). It is interesting to study the antecedents of DCS particularly in situations where the turbulent, rapidly changing and unpredictable environment entail an extra concern for SMEs and their strategic decisions. In fact, companies are challenged by the changes in the environment (Grant, 2003), and SMEs are considered more vulnerable than larger companies (Martin and Staines, 1994; Wang and Shi, 2011).

SMEs are necessary to preserve the global economic growth, it is essential therefore to study more in-depth this type of firm. In fact, the importance of SMEs has been considered in many literatures, since they are the type of business able to drive the global economic growth, crucial for the economic activities as well as important for employment and innovation (Sandberg, 2013). Moreover, they account for more than 99% of the total number of companies in the European Union (Eurostat, 2015). Unlike larger companies, SMEs are believed to have more difficulties to meet the economic resources needed to sustain the development of DCS (Arend, 2014). This might create obstacles in renewing or changing their resource base to overcome the external changes (Wang and Shi, 2011). Furthermore, adaptation is more important for SMEs because the external pressures have a greater impact on them compared to larger companies (Wade and Hulland, 2004). Hence the importance of DCS in SMEs as the right tool to overcome uncertainties by helping smaller firms to successfully conduct the change within the organization (Roaldsen, 2014).
1.2 Problem discussion

Antecedents, processes and outcomes have been studied differently. The literature analyzed has shown a tendency in researching the outcomes of DCs. In fact there is a propensity of relating the DCs to a positive firm’s performance and to a higher possibility to gain competitive advantage (Teece et al., 2007; Helfat and Peteraf, 2015; Makkonen et al., 2013; Eriksson, 2014; Eisenhardt and Martin, 2000; Prieto et al., 2009). The outcomes have been extensively researched in large companies (Eisenhardt and Martin, 2000, Sambharya et al., 2014), but also researched in SMEs (Arend, 2014; Nedzinskas et al, 2013; Kuuluvainen, 2012), and family companies as well (Siakas et al., 2014; Chirico et al., 2011). There have also been researches that include the negative impact that DCs can have on the performance of the company (Winter, 2003; Zahra et al., 2006; Ambrosini et al., 2009).

Regarding the processes, a broad literature explaining the different processes involved in the development of DCs have been produced (Ambrosini and Bowman, 2003; Teece, 2007; Eriksson, 2014; Eisenhardt and Martin, 2000; Helfat and Peteraf, 2015). The way processes are pursued might differ from company to company, SMEs, family-owned SMEs and large companies. Although with different characteristics, they are very alike. There might be emphasis on specific processes for the development of DCs but overall they can be summarized in processes of: coordinating; reconfiguring (Eisenhardt and Martin, 2000; Teece et al., 1997) generating (Prieto et al. 2009); and finally releasing (Eisenhardt and Martin, 2000).

Nevertheless, it is more relevant to study what can push companies to develop dynamic capabilities hence the antecedents, since by understanding what make companies being able to develop DCs, managers will be more likely to understand the right adjustments to implement in a difficult time of turbulence. Many literatures study the antecedents by giving more importance to some components only, such as the role of the manager (Rosenbloom, 2000; Barrales-Molina et al., 2010; Zahra et al., 2006) or collaboration and trust within the company (Blomqvist et al., 2004). However, few papers take all of them into consideration (Eriksson, 2014).

Antecedents of DCs have mostly been researched in larger companies (Rosenbloom 2000; Sumit, 1999; Rindova & Kotha, 2001), few researches on these have been addressed in SMEs (Filippini et al., 2012; Nieves and Haller, 2014; Gniży et al., 2014), and even less literature
addresses the matter in family owned SMEs (Chirico et al., 2011; Chirico and Nordqvist, 2010; Eriksson, 2013). For example, the article of Sumit (1999) empirically analyzes the dynamism of large firms. One of the main problems is the organizational culture, considered “sticky” and inhibiting the dynamism of the large firms (Ibid). Rosenbloom (2000) explains the importance of the management level by studying the development of DCs in NCR corporation. The author explains how new internal processes and routines were necessary for the company that was lacking in having a good collaboration among teams, flexible culture, learning orientation and experience for the development of innovation. Rindova & Kotha (2001) analyze the development of DCs in Yahoo stressing how important the structural factors of the companies are.

The discussion above underlines how antecedents of DCs have been researched, but without any thorough analysis of antecedents in SMEs (Eriksson, 2013). One reason is the fact that from some researchers’ point of view these firms can better face changes by being smaller and more flexible (Carlsson, 1989), and since DCs are cost and time consuming (Winter, 2003), the use of them in SMEs would not be cost efficient. Another reason could be that the information in SMEs are sometimes tacit and difficult to collect, codify and analyze, whereas in larger firms most of the information are also available online and therefore secondary data can be used to leverage the primary data in the literature (Eriksson, 2013). Other authors instead, consider that by having fewer resources available than larger firms, SMEs have more difficulties in reconfiguring their resources (Filippini et al., 2012), and therefore more research on the factors leading to the development of DCs in SMEs is nowadays needed.

An important variable which should be taken into consideration when analyzing SMEs is the ownership, since the literature lacks in differentiating SMEs and family-owned SMEs (Chirico and Nordqvist, 2010; Hall et al., 2001; Arregle et al., 2007; Chirico and Salvato, 2008, Kontinen and Ojala, 2012). Moreover, the importance of family-owned SMEs research is growing (Harms, 2014), hence the need to study eventual differences. Therefore, in order to build our framework, we consider the literature of general SMEs to be more applicable and generalizable to non family-owned SMEs. We excluded from the general literature of SMEs what was more applicable to family-owned SMEs and therefore discussed these in the family-owned SMEs section.

The differences between the two types of SMEs have been illustrated in the research of Donckels and Frohlich (1991), who individuate the differences to be on type of entrepreneur,
values, attitudes, objectives, competences, strategies and networking. Many other literatures underline the importance of studying these two separate types of companies (Harms, 2014; Barreto, 2014; Molina and Rutterford, 2010). For example, Sternad et al. (2013) explain that organizational flexibility is one of the main characteristics present in non family-owned SMEs; Filippini et al. (2012) mention that non family-owned SMEs are characterized by facilitate innovation processes; and the work of Wang and Shi (2011) reveal that these companies are more likely to adopt innovative methods and tools. On the other hand, family-owned companies are usually introverted and less flexible, they are skeptical about changes and have a great respect for the traditional way of doing business (Hall et al., 2001). Moreover family firms hesitate more when embracing new methods, since they rely more on path dependent abilities (Chirico and Salvato, 2008), and the adaptation to changes in the environment can be a particularly arduous task for them (Ibid). As explained by Sawers et al. (2008), a close collaboration can be found among the employees and managers of non family-owned SMEs. In family firms, the relationship is even stronger since social relations among their member are also present outside the work environment, which not only increases the trust among individuals, but also causes that the members usually agree with the ideas and perspectives of the others (Chirico et al., 2011). The main drawback of this could be the fact that when deciding about a new idea, the lack of opposition and new perspectives may be not favorable for the company (Ibid). On the other hand, the close interactions between members of the family facilitate the process of knowledge sharing, which is beneficial for the company (Ibid). Furthermore, Pérez-Cabañero et al. (2012) explain that another difference is the fact that family-owned firms pursue both economic results and non-economic results, while non family-owned SMEs owned- SMEs are mainly focused on financial results.

In conclusion, significant differences are present between the two types of companies, hence the need of comparing the antecedents of DCs in both types of SMEs.

1.3 Research question

From the problem discussion, the following research question is formulated:

1. How do the antecedents of dynamic capabilities differ between family and non family-owned SMEs?
1.4 Purpose

The aim of this study is to describe and analyze the antecedents of DCs in both types of SMEs, to understand how the factors leading to the development of the DCs differ in family and non-family-owned SMEs.

By underlying these differences, this paper can represent a further help to the study of DCs, particularly on antecedents, by opening a new perspective to the dynamic capabilities topic ready to be analyzed more in-depth by the academia.

Moreover, this paper can also help managers to understand what are the factors that can inhibit or boost the development of DCs based on their type of firms, particularly by facilitating the manager decision making and helping SMEs overcome the future difficult times.

1.5 Thesis outline

Chapter 1: The main concepts that represent the background of this paper are introduced in this section. Problem discussion, purpose of the paper and related research question are appointed here as well.

Chapter 2: Academic literature is being reviewed and discussed in this section. Theories on DCs are building the theoretical framework for this paper which will then be used for analyzing the empirical data.

Chapter 3: In this section we explain the method used together with reliability and validity issues discussion.

Chapter 4: Empirical data collected from the interviews with the companies are presented in this chapter.

Chapter 5: The empirical data found in chapter 4 will be then analyzed and discussed in the light of the framework described in chapter 2.

Chapter 6: From the analysis of chapter 5 conclusions on the main findings are drawn and future research and limitations presented.
2. Theoretical framework

Taking into consideration the background and the problem above discussed, in this chapter the relevant literature, which is the base for the framework of this research and a valuable tool to analyze the empirical data, is presented. Two articles are chosen as pillars and base for the theoretical framework: Zahra et al. (2006), and Teece et al. (1997). Firstly, we follow the same concept of entrepreneurial activities and learning activities as in the conceptual paper of Zahra et al. (2006). Secondly, Teece et al. (1997) introduce the concept of position which englobes some of the factors that enable the company to reach that determined position and strategic situation in the market, namely technological assets, financial assets, reputational assets - hereby presented as resources and skills; and structural assets and organizational boundaries are categorized as organizational structure. In conclusion, all these factors shape and model the DCs (Ibid). Organizational culture is also considered as an important antecedent factor in the process of capability development (Oliver, 1997).

Here below are presented the different components of the antecedents of DCs: managerial attitude, resources and skills, organizational structure, learning orientation and finally organizational culture.

2.1 Managerial attitude

At the center of the discussion of DCs many authors position the manager and his entrepreneurial activity (Rosenbloom, 2000; Barrales-Molina et al., 2010; Biauzzi, 2012; Zahra et al., 2006; Pinho, 2011; Helfat and Peteraf, 2015; Villar et al., 2014). Researchers agree on the importance of managers in the acquisition and development of several capabilities useful for the performance of the company (Zhang, 2007; Montealegre, 2002; Macpherson et al., 2004). In addition, Rosenbloom (2000) affirms that leadership by individuals plays a core role in the ability of the firm to change in relation to the external environment. Many other authors discuss that the decision making ability of the manager is essential for the change and reconfiguration of the firm’s resources (Eriksson, 2014; Barreto, 2010; Hermano and Martín-Cruz, 2016). In fact, a prepared entrepreneur with developed skills, expertise and experience is able to develop the existing capabilities of the firm to better face the external challenges (Atuahene-Gima, 2005).
Adner and Helfat (2003) introduce the concept of dynamic managerial capabilities. Changes and challenges in the environment involve the decisions of the manager whose capabilities lie in three levels: managerial human capital, managerial social capital, and managerial cognition (Ibid), this can be seen in *Figure 1*. Becker (1964) provides a definition of human capital as referring to the peoples’ knowledge, learned skills, health, or values that cannot be separated and that require investments in education, training, and learning. Managerial social capital refers to the network and the social ties that the manager holds (Coleman, 1988) and they are considered important for both tangible and intangible resources accumulation (Adler and Kwon, 2002; Blyler and Coff, 2003). Blyler and Coff (2003) affirm that social capital is a necessary condition for the development of DCs, yet not a sufficient one. In fact, “social capital allows firms to acquire, integrate, recombine, and release resources” (Blyler and Coff, 2003, p. 679). Regarding the managerial cognition, Helfat and Peteraf (2015) have recently investigated in this field, underlining how cognitive capabilities and the experience of the manager, as well as of the organization, are triggers for the need of change and adaptability. Ambrosini et al. (2009) and Barrales-Molina et al. (2010) contribute to enrich the literature on DCs by stressing the importance of the managerial perception and their attention to changes. In fact, they discuss that the firm’s ability to develop DCs depends mainly on the perception that the manager has of the internal and external environment. If the manager is not attentive enough to sense the threats or opportunities in the external environment nor he realizes of the importance of the change, then the company is highly likely to suffer the risks of being stuck and not able to evolve and reconfigure its resources. In fact, managers might hold different skills and sometimes not able to recognize the change and take the right decisions (Barrales-Molina et al., 2010). The managerial value system is also part of the managerial cognitive capabilities that leads to specific mental models which guide managers in the decision making process (Adner and Helfat, 2003). Their work explain the interactions between these three levels of capabilities and how one affects the others (Adner and Helfat, 2003). Following the same thought, Blyler and Coff (2003) underline that human capital has very little value in bringing new resources without the social capital.
Managerial attitude in SMEs

Regarding SMEs, Sternad et al. (2013) defend the major role of top management as the most relevant factor in the generation of DCs, because of their scarcity of resources. Their research argues that having a great top management is a requirement for SMEs, since it is the only way to thrive in time of crisis (Ibid). In fact, the managers in smaller firms have a more important role than in larger firms when shaping the firm’s future and the learning process (Borch and Madsen, 2007). Furthermore, Pinho (2011) underlines the importance of the social capital of the managers of SMEs, particularly to reach those higher level dynamic capabilities, which are needed in dynamic and turbulent environments. The author also explains that the managerial cognitive dimension is influential for building new capabilities (Ibid). Finally, Nieves and Haller (2014), and Uhlaner et al. (2013) contribute to the discussion by suggesting that the influence managers have on employees have more impact on SMEs than in larger firms.

Managerial attitude in family-owned SMEs

In family-owned SMEs, although the decision making tends to be centralized in one or few individuals, employees have the opportunity to participate in the process. By doing that, managers motivate them to help the firm in the long term (Kotey, 2005). Arregle et al. (2007) describe the managerial social capital of family firms as being much stronger than in other types of firms. In fact, the manager’s social capital is represented by the connection that
manager has with the other members of the firm, which are also member of the family and are considered a unique social network (Ibid). Apart from this, the topic of the manager, his capabilities and his entrepreneurial activities is under researched in family-owned SMEs.

2.2 Resources and skills

Technological assets, financial assets, employee’s skills and reputational assets are considered important by other authors for boosting the development of specific dynamic capabilities (Figure 2). The resources available to a company affect the firm’s ability to face changes (Teece et al. 1997; Zahra et al., 2006; Eriksson, 2014).

The relevance of both tangible and intangible resources for companies has been extensively researched in the literature. An example is the work of Barney (1991) who believes that the competitive advantage of the firm could be only obtained if the resources were valuable, rare, perfectly inimitable and non-substitutable. DCs require the firms to adapt or modify their current portfolio of resources in relation to changes in the internal and external environments, therefore the extent to which this adaptation or change is done greatly depends on the current resource mix of the company (Todorova and Durisin, 2007). Moreover, the reputational asset is considered one of the most influential intangible resources for the performance of the firm (López and Iglesias, 2010). Therefore, the development of DCs needs to be nurtured and supported by sufficient and adequate resources.

![Figure 2. Framework of the resources and skills](image-url)
**Resources and skills in SMEs**

Regarding the studies on SMEs, it is believed that with less asset endowments it can still be possible to succeed in overcoming the changes by developing DCs (Nieves and Haller, 2014). In their paper, the authors researched the impact of the employees’ knowledge resources when building DCs and their findings support the view that intangible assets are the ones leading to a greater development of DCs in SMEs, compared to the tangible ones (Ibid). As Teece et al. (1997) affirm, there are some capabilities that cannot be bought, but need to be developed instead. However, for those capabilities available on the market, SMEs have fewer possibilities to acquire them because of the limited financial capacity (Borch and Madsen, 2007). In fact, financial assets are critical for SMEs and their survival and particularly relevant for innovative SMEs, since they introduce new products or services frequently, and usually do not dispose of the necessary internal financial resources to do so (Lee et al., 2015). The endowment of technological resources needed by an SME depends largely on the sector the firm is performing its activities (Villar et al., 2014). SMEs need to compete with actors which hold recent technological advancements (Wang and Shi, 2011), which may be a problem considering the lack of resources that SMEs possess in many cases (Filippini et al., 2012). Reputational assets are important for firms regardless their size, but particularly for SMEs is an organizational resource able to create competitive advantages (López and Iglesias, 2010).

**Resources and skills in family-owned SMEs**

Family firms are also characterized by having a confined asset endowments, limited resources, limited access to information and may have more difficulties in accessing capital (Pérez-Cabañero et al., 2012). Furthermore, family-owned SMEs usually focus the research to acquire resources on a narrower range of possibilities in the environment than non family-owned SMEs (Classen et al., 2012). Family firms are more focused on a long term orientation and on the wealth of the family as well as the wealth of future generations, they are more concerned about the debts that future generations will need to face (Crespí and Martín-Oliver, 2015). Consequently, family firms are highly likely to use less external financing than non family-owned SMEs (Ibid). Garcés-Galdeano et al. (2016) comment that the technological resources needed by a family firm also depend greatly on the industry the company is operating. Their research shows that in technology-intensive industries family firms perform great investments in technology, while in other industries the investments are lower than the ones performed by
other type of firms (Ibid). Moreover, in family firms the importance of the name and the reputation of the family are important asset, which needs to be preserved, and therefore very little mistakes are allowed and risks are not taken (Vlachakis et al., 2011).

2.3 Organizational structure

The structural assets and the organizational boundaries have significant influence on the development of DCs (Figure 3). This is supported by authors such as Teece et al. (1997), Rindova and Kotha (2001), Wang and Shi (2011), Eriksson (2014), Nieves and Haller (2014), Prieto et al. (2009), and finally Casalino et al. (2015).

For instance, if the level of autonomy of a company is low and its boundaries are related only to a few activities in the supply chain, the company has less possibility to maneuver in the market; consequently, the organization has fewer chances to smoothly change in accordance with the environment (Prieto et al., 2009). Rindova and Kotha (2001) confirm that a decentralized structure and a local autonomy boost the development of DCs. These factors affect the flexibility of a company (Figure 3), and act as a driver to facilitate adaptation and renewal (Casalino et al., 2015). Flexible organizations can better address the changes in the business environment (Ibid).

![Figure 3. Framework of the organizational structure](image-url)

**Figure 3. Framework of the organizational structure**
Organizational structure in SMEs

SMEs are usually more flexible and consequently more agile than the larger companies, therefore they are considered to hold a better ability to change when the environment is changing (Eriksson, 2014; Nieves and Haller, 2014; Pinho, 2011). Larger firms are, in some occasions, path dependent (Eisenhardt and Martin, 2000; Helfat and Peteraf, 2015), and cannot fully perceive and exploit the opportunities, consequently they are less able to succeed and have more difficulties when change is needed (Nedzinskas et al., 2013; Nieves and Haller, 2014). Whereas, SMEs are less path-dependent than larger firms and their level of successful implementation of practices is therefore higher (Filippini et al., 2012). In fact, according to Nieves and Haller (2014), it is easier to perform effective implementation in a limited space with fewer employees than in a large enterprise. Moreover, Uhlner et al. (2013) contribute to the discussion and argue that the implementation of routines and practices is more controlled within SMEs than in larger companies.

Organizational structure in family-owned SMEs

In the literature, two main streams can be differentiated with regard to the flexibility of family firms that shows that research is still needed in this area. For some authors, such as Pérez-Cabañero et al. (2012) and Pindado et al. (2015) family firms are considered to be flexible, including flexibility to adapt to the changing needs of customers and flexible decision making. On the other hand, authors such as Hall et al. (2001), Chirico and Nordqvist (2010) and Chirico et al. (2011) consider that family firms are inflexible due to the organizational culture they develop over time, therefore resistant to change, not proactive and too keen on respecting the old traditions. Kotey (2005) shares this view and explain that family-owned SMEs do not feel comfortable when facing changes. This could explain the general agreement there is regarding the path dependency of family firms. Chirico and Salvato (2008) explain that family firms are usually characterized by being highly path dependent; therefore, they may experience more problems than non family-owned SMEs to implement new processes and routines. Dess et al. (1999) argue that the path dependency of family firms might be the result of the owner-manager’s unwillingness to change towards new business strategies. This might lead to proactive behaviors, lower risk taking and limited experiments (Ibid). Moreover, a centralized structure where the decisions are only taken at the top management levels might hinder entrepreneurship and also the ability of the firm to change when the environment
requires doing so, encouraging rigidity within the family firm’s structure (Zahra et al., 2004). In addition, centralization hinders the support received by the employees while decentralization enhances the employee's involvement and new entrepreneurial ideas (Ibid).

2.4 Learning orientation

The learning is believed to influence the ability of the firm to change. In fact, many authors have pointed out the importance of the learning as a base for the creation of DCs (Figure 4), therefore it is considered as an antecedent to the development of DCs per se (Easterby-Smith and Prieto, 2008; Zahra et al., 2006; Zollo and Winter, 2002; Lee et al., 2011; Rindova and Kotha, 2001). Firms with a strong learning orientation learn more and better (Gnizy et al., 2014). Networks, relationships and in general external links (Figure 4) are believed to be influential for the development of DCs, the promotion of competitiveness and the improvement of firm performance (Henderson and Cockburn, 1994; Powell et al., 1996; Eriksson, 2014). In fact, organizations exploiting the network and the external links to acquire information, detailed knowledge and specialized experience are more likely to adapt to changes (Lee et al., 2011).

Figure 4. Framework of the learning orientation

Learning orientation in SMEs

Gnizy et al. (2014) provide one of the few researches that directly relates learning with DCs in SMEs. Therefore, according to the research, a proactive learning orientation originates new
valuable resources in SMEs. Furthermore, SMEs with a proactive learning orientation are more adaptive, sensitive to country-specific conditions, competitors, communication and technical standards (Ibid). Prior knowledge facilitates the ability to perceive the importance of new relevant information, understand it and incorporate it to the activities of the company (Cohen and Levinthal, 1990).

As Pinho (2011) explains, networks may offer great help for companies, especially SMEs. In fact, the author affirms that commonly networks are not costly to maintain, but major benefits can come from them, such as information about markets, products and technological processes. Montealegre (2002) also points out the role that networks, not only with other companies but also with other institutions, may have to benefit firms. In fact, external social collaborations with partners can enhance learning and can play a fundamental role with regard to the collection of external knowledge, especially for SMEs (Pinho, 2011). This new knowledge allows SMEs to develop their existing capabilities and, in some occasions, even acquire new ones (Ibid). Network and relationship, and inter-organizational collaboration can help SMEs overcome those lacks of resources that inhibit the development of DCs (Sawers et al., 2008).

**Learning orientation in family-owned SMEs**

The learning orientation is a critical factor for a family firm; there is a stronger motivation to learn since the performance of the firm determines, to a great extent, the family wealth (Zahra, 2012). The management level in family firms should value appropriately the importance of learning and encourage different learning mechanisms (Ibid). The prior knowledge of family firms is also narrower in comparison with larger firms, since outsiders with different views and perspectives are not always accepted in this type of firm (Ibid). Inter-unit and inter-firm resource exchange (Adler and Kwon, 2002) together with innovation and knowledge accumulation (Cabrera-Suárez et al., 2001; Chirico, 2008) are affected to some extent by the social capital of the family firms. In fact, the tight social networks in family-owned SMEs can be used to enrich the knowledge, information from other family firms or suppliers and provide access to external resources (Kraiczy, 2013). Family firms develop closer relationships with customers and suppliers, which translates into long-term relationships with these actors (Pérez-Cabañero et al., 2012). Therefore, these networks are stable and provide firms with regular and useful business information in a less formal manner (Ibid). Maseda et al. (2015)
mention the importance that outsiders can have for the knowledge accumulation of family firms. They can provide the company with a different point of view and expertise, as well as complement and improve the knowledge of the company (Ibid).

2.5 Organizational culture

Organizational culture is considered as an important antecedent in the process of capability development (Oliver, 1997). Montealegre (2002) discusses the relevance of trust for the development of DCs, while the work of Augier and Teece (2009) also shows the importance of both trust and loyalty within the company (Figure 5). These are supposed to facilitate the development of DCs, whereas an internal environment without support, trust and collaboration can possibly hinder the abilities to change (Eriksson, 2014). Biauzzi (2012) affirms that the relationships between employees and superiors and also among employees are guided by the organizational values and beliefs, and by the level of trust, collaboration and motivation. A good atmosphere of trust leads to ease the development of DCs and create deep relationships (Grabher, 1993). It has also been discussed the power of the management level to build trust and respect among employees (Augier and Teece, 2009). Blomqvist et al. (2004) underline how the internal collaboration is critical for the success of a good work environment within the company, therefore the development of dynamic capabilities can be very challenging in the absence of these factors (Figure 5). The reconfiguration or change of the routines and traditions of the company allows the development of DCs (Prieto et al., 2009). Sumit (1999) agrees in this matter, explaining that the new configuration facilitates the generation of several new capabilities. A favorable entrepreneurial attitude also encourages the development of DCs, since the firm will be better able to renew its resources (Barrales-Molina et al., 2010).
Organizational culture in SMEs

In SMEs, where the number of managers and employees is limited, the general organizational collaboration is crucial (Sawers et al., 2008), usually more than in a large company where the effective collaborations and communication between the departments may be difficult, resource and time wasting (Wang and Shi, 2011). The work of Delmas (2002) underlines the difficulty of the European SMEs to develop DCs. Delmas (2002) found that firstly, the more positive attitude toward risk and uncertainty, the more attitudes toward changes to innovate. Secondly, there is a negative relationship between knowledge acquisition and innovation. Lastly, the lack of responsiveness to new products by the customers can inhibit the development of innovation (Ibid). Regarding the motivation of employees in SMEs, it is higher than in larger companies. In fact, employees are more likely to have monetary stakes in the success of the firm, and therefore care more about the adaptability of the firm to the changing environment (Arend, 2014). SMEs must be creative and proactive in launching innovations and have a high degree of risk taking, this is the determinant for establish the degree of entrepreneurship of a company (Messenghem, 2003).
Organizational culture in family-owned SMEs

Chirico and Nordqvist (2010) affirm that “family inertia can be seen as a cultural tendency of some family firms to resist change even when it is needed to match a changing environment” (p. 500). Behaviors and decisions taken for preserving traditions and by denying responsibility and freedom to the members of the family within the organization have been proved to hinder the versatility of family firms (Ibid). Moreover, as affirmed before, also the entrepreneurial culture is necessary, particularly for proactiveness and risk taking, which allow the firm not to be trapped in its rigidity and to adapt to new environments and change therefore the current firm's routines and resources (Ibid). While tradition and paternalism negatively affect family-owned SMEs, since they take the place of the control mechanisms (Kotey, 2005), entrepreneurial culture has a positive effect on family firms’ ability to overcome difficult changes in the environment Chirico and Nordqvist (2010). Therefore, it is necessary for companies to go beyond traditions, change the way activities are conducted inside the business and adapt to the environment (Ibid). In fact, in family-owned SMEs, it has often been criticized that members are too preoccupied with the present strategy to make changes and adaptation of the strategy to overcome the difficult time (Borch and Madsen, 2007). In these companies, the level of trust and support is higher than in non family-owned SMEs (Arregle et al., 2007). In fact, social relationships in family firms are based on trust and a shared language with other family members, which boost collaboration and communication (Kraiczy, 2013; Tagiuri and Davis, 1996). A warm and informal “family atmosphere” is created in these firms as a consequence of these factors (Pérez-Cabañero et al., 2012). Zahra et al. (2004) affirm that a family firm is likely to have a group cultural orientation, which boost cooperation and collaboration and ease therefore the decision taking process. Individual oriented organizational cultures instead could inhibit the collaboration and sharing knowledge within the organization (Ibid).

The value system, which includes honesty, credibility and respect, is very important in family firms (Siakas et al., 2014). Therefore, family firms have a higher personal commitment than the other companies because both employees and managers have the feeling of belonging and attachment to the firm as well as a higher sense of respect and honesty (Ibid). Moreover, in family firms the culture directly derives from the personal values of the founder or owner (Ibid). A research done by Vlachakis et al. (2011) pointed out how family firms have overcome the difficult time of crisis better than non family-owned SMEs firms. In fact, as the
researchers explain, the family firms and their sense of belonging to the firm have fostered effective collaboration and cooperation towards the common goal of survival (Vlachakis et al., 2011). Consequently, managers receive a higher support and motivation by the other members because most of the employees’ wealth and interests are tied to the firm (Ibid).

2.6 Theoretical synthesis

Taking into consideration what above mentioned, the antecedents of dynamic capabilities can be categorized in managerial attitude, resources and skills, organizational structure, learning orientation and organizational culture.

*Figure 6* shows the connection between the factors discussed above and represents therefore a synthesis. Particularly, it is possible to notice the influence that both the learning orientation and the organizational culture have on the other factors such as managerial attitude, resources and skills, and organizational structure. In fact, as mentioned before, the learning orientation of the manager affects the managerial human capital (Becker, 1964), but also the managerial cognitive capabilities – the higher the perception of an unstable environment, the higher investments in learning mechanisms (Barrales-Molina et al., 2010). Moreover, the level of learning orientation affects the creation of new valuable resources in SMEs and therefore it is a factor strictly linked with the resources and skills (Gnizy et al., 2014). In addition, the organizational structure is affected to some extent by the learning orientation, in particular towards the implementation of new routines and activities. In fact, the more willing to learn, the wider knowledge and therefore as affirmed by Cohen and Levinthal (1990), the level of prior knowledge also affects the ability of the firm to understand new routines and incorporate these to the activities of the company. From the discussion above, it can be seen the influence that organizational culture has on the other factors. The organization is shaped by the culture of the manager and his values (Ambrosini, 2009). In addition, the culture affects the perception towards the need of buying new updated machineries and towards the reputational assets, affecting therefore the resources and skills. Finally, culture is also strictly related to the structure of the company affecting it; for example, the path dependency and the level of implementation.

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1 In this synthesis we consider relevant to mention the connection among the different antecedents found, but its study is not the purpose of this thesis.
The managerial attitude refers to the entrepreneurial activities of the managers and his capabilities, considered essential for the acquisition and development of several other capabilities leading to the progress towards the creation of DCs (Rosenbloom, 2000; Barrales-Molina et al., 2010; Zahra et al., 2006; Pinho, 2011; Helfat and Peteraf, 2015; Montealegre, 2002; Eriksson, 2014; Barreto, 2010). These are related to the managerial human capital, social capital and the cognitive capabilities that allow the manager to identify the opportunities to innovate and change in relation to the changes in the environment (Adner and Helfat, 2003; Blyler and Coff, 2003; Helfat and Peteraf, 2015). Regarding SMEs, the role of the manager is influential for the whole organization and for developing new capabilities useful to the organization (Uhlman et al., 2013) and it is even more crucial given the limited resources (Sternad et al., 2013). Human capital (Borch and Madsen, 2007) social capital and cognitive capital (Pinho, 2011) help the company reach those higher level dynamic capabilities needed during turbulent times. Social capital is considered stronger in family firms (Arregle et al., 2007).

The resources and the skills that companies dispose can inhibit or boost the development of DCs; therefore, they are considered important when studying the antecedents of DCs (Zahra et al., 2006; Nieves and Haller, 2014; Teece et al., 1997). By being small, both family and non family-owned SMEs dispose of limited resources (Lee et al., 2015; Filippini et al., 2012; Pérez-Cabañero et al., 2012). It is therefore interesting to study how these companies succeed in overcoming their limited resources and develop DCs. Regarding the reputational asset the literature underlines how this is perceived to be stronger in family firms (Garcés-Galdeano et al., 2016).

The possibility to change in relation to the challenging environment and be flexible depends on a great extent to the structure of the company, whether the company is autonomous, path dependent and its routines can be well and easily implemented to tackle the changing environment (Rindova and Kotha, 2001; Eriksson, 2014; Nieves and Haller, 2014; Prieto et al., 2009). Both types of SMEs are considered flexible (Cabañero et al., 2012; Pindado et al., 2015). However, some authors argue how family firms are path dependent and therefore rigid in their structure (Hall et al., 2001; Chirico and Nordqvist, 2010).

Moreover, it is important for the company to develop a strong learning orientation and learn both internally and through external relationships. Only by developing the learning orientation a company can develop DCs and overcome the changing environments (Easterby-Smith and
Prieto, 2008; Zahra et al., 2006; Rindova and Kotha, 2001; Gnizy et al., 2014; Pinho, 2011; Sawers et al., 2008). Since the learning is related to the prior knowledge (Cohen and Levinthal, 1990), it is supposed to be difficult for SMEs to be aware of the changes needed to overcome difficult times (Nieves and Haller, 2014; Helfat and Peteraf, 2015). However, it is affirmed that the willingness to learn is stronger in family firms because of the direct attachment to the firm (Zahra, 2012). Moreover, the relationships with customers and suppliers are highly exploited in both companies, however closer relationships are present in family-owned SMEs (Kraiczy, 2013; Pérez-Cabañero et al., 2012).

The level of trust and loyalty, the support and collaboration among the employees and with the managerial level, the entrepreneurial attitude, the traditions and finally the respect and commitment of the employees towards the manager are all elements that characterize the organizational culture of a firm; and can facilitate the development of DCs (Montealegre, 2002; Augier and Teece, 2009; Oliver, 1997; Eriksson, 2014; Grabher, 1993; Blomqvist et al., 2004). In SMEs for example, collaboration is greater because of the limited environment (Sawers et al., 2008; Wang and Shi, 2011) as well as high motivation (Arend, 2014). However, in family-owned SMEs the organizational culture is stronger because of the strong relationships between managers and employees (Pérez-Cabañero et al., 2012). Moreover the organizational culture is shaped by the traditions and the same routines that characterized the family firms (Chirico and Nordqvist, 2010; Hall et al., 2001).
Figure 6. Theoretical framework of synthesis of antecedents of DCs
3. Methodology

In this section, the research approach and strategy are presented, together with the design of the case study as well as the criteria to select the case companies. The data collection approach and the method of data analysis are also presented in this chapter. Furthermore, we argue about the quality of the research, including a discussion on credibility, dependability, confirmability and transferability.

3.1 Research approach

Induction, deduction and abduction are the main three research approaches differentiated by Alvesson and Sköldberg (2009) with the aim of explaining and understanding the research theory. This paper follows an abductive approach starting with the observation of a specific phenomenon, which in this case are the antecedents of the development of DCs. In fact, we can see how some SMEs survived the difficult time of crisis and how instead other failed to develop dynamic capabilities and therefore overcome the turbulences in the environment. Moreover, relating to the theory we then discover that SMEs present some heterogeneous characteristics and therefore the way non family-owned SMEs develop DCs might be different from for family firms. The theory of DCs allows us to prepare a set of questions and obtain therefore empirical data to understand what boosts companies to develop DCs and therefore to study the antecedents of DCs in both types of SMEs. The abductive approach can be seen as a combination of induction and deduction, since the process involves the alternate use of empirical data and theory as the research advances. In fact, abduction starts with empirical data, as the case of induction, but it does not dismiss theoretical preconceptions, as the inductive approach does, therefore in this way abduction is also similar to deduction (Alvesson and Sköldberg, 2009). We believe the abductive approach being the most suitable one for our paper since it enables us to have the flexibility necessary to go back to the theory once the data have been collected.

3.2 Research strategy and method

Another topic of discussion when doing a research is whether use qualitative or quantitative methods (Alvesson and Sköldberg, 2009), although a combination of both is also possible (Creswell, 2013). While the main objective of quantitative methods is to demonstrate existing hypothesis, a qualitative design is usually focused at investigating and providing hypotheses
(Alvesson and Sköldberg, 2009). The authors also argue that the researchers should choose between these two methods by looking at the research question and purpose (Ibid), since none of the research strategies can perfectly fit any research problem (Silverman, 2013). Therefore taking into consideration the purpose of our paper, which is to describe and analyze the antecedents of DCs in family and non family-owned SMEs, the qualitative research strategy is the most suitable to our case.

The case study is one of the main tools for the qualitative research, along other research strategies such as archival analysis and experiments (Yin, 2014). Taking into consideration our research question, as explained by Yin (2014) and Leonard-Barton (1990), the case study holds specific advantages when approaching “how” questions and when focusing on a “real-life” phenomenon. In fact, case studies can explain, describe, illustrate, evaluate and explore a particular phenomenon or situation, and they are particularly suitable when the contextual characteristics of a phenomenon want to be explored (Yin, 2014). Therefore, the case study is the best approach for our purpose of describing and analyzing the antecedents of the development of DCs and the ability of the firms to reconfigure their resources when the environment is changing. Furthermore, the case study can give us the flexibility to tailor the design and the data collection to our research question (Meyer, 2001; Easton, 2007). Our aim, as explained previously, is to understand how the factors leading to the development of the DCs differs in family and non family-owned SMEs. As we explain later in this chapter, we believe Spanish firms offer one of the best opportunities to study the dynamism of the two types of SMEs in a turbulent environment. The case study allows us to really understand the antecedents of the development of DCs in the totality of the Spanish environment and use the cognitive capabilities of the researchers to enhance the details, considered positive as affirmed by Gummesson (1988).

The central focus of a case study is the explanation of the relevant elements of a particular situation, event or phenomenon. Merriam (1998) explains that a case study is especially useful to describe a process and its contextual factors since it offers rich insights that facilitate the understanding of a phenomenon with different variables to be taken into account, which therefore makes it the most suitable choice for this paper. On the other hand, some drawbacks of a case study include the factors that the length and details that should be offered are always a problem for the performers, and that the vision of the investigator gathering the information can influence the data collection (Merriam, 1998). Other issues could also involve the little
ground for generalization, the length of the case study as well as the reliability and validity of the case (Yin, 2014; Merriam, 1998).

Lastly, Merriam (1998) differentiates among descriptive, interpretative and evaluative case studies. Our study cannot be classified as interpretative, since the focus is not on supporting or confronting theoretical presumptions developed before the data collection (Ibid). Therefore, our study displays a combination of a descriptive and an evaluative approach, since the aim of our paper is to describe the antecedents of DCs in both family and non family-owned SMEs, as well as evaluate the differences between the two types of SMEs.

3.3 Case study design

As explained before, the case study gives the researchers the flexibility needed when designing it (Meyer, 2001; Easton 2007). Therefore, case study research offers the possibility of a single or multiple case studies (Yin, 2014). The use of multiple case studies, also known as collective case studies or cross-case studies, implies the collection and analysis of data from different cases (Merriam, 1998). Considering that a comparison between family owned SMEs and non family-owned SMEs is a requirement to perform our study, multiple case studies are needed for a right comparison. We consider that this is the most appropriate way to assess the differences and similarities between the two types of SMEs. In addition, the use of several case studies is highly likely to provide further insights in the topic, since usually a single case study provides limited evidences with the result of a difficult degree of generalization of the findings (Eisenhardt, 1989).

Leonard-Barton (1990) also affirms that a multiple case approach is more likely to increase the generalizability of the research. We agree with Hartley (1994), that generalization is more linked to the theoretical propositions than to the numbers of population. Eisenhardt (1989) also argues that multiple case studies allows to have more credible findings and therefore the reliability and validity of the study will also be improved (Merriam, 1998). According to Eisenhardt and Graebner (2007), multiple case studies leverage the empirical findings more than a single case study and allow for a broader exploration of the research question.

A usual concern for the researchers performing a multiple case study is to know how many cases are necessary to provide a robust work (Yin, 2014). The author explains that multiple case studies should follow a replication structure and not a sampling rationale; therefore, the cases need to be chosen rigorously and thoughtfully (Ibid). However, as Mayer (2001) affirms,
the multiple case studies need to have the “right” number for the purpose and the research question, moreover the author suggests having fairly few cases in order to obtain richer and deeper findings rather than having many cases with no in-depth analysis. We decided that for the paper eight Spanish case studies, four cases for each group of SMEs would be suitable and valid enough for the comparison to be acceptable. This is also supported by Eisenhardt (1989), who believes that a number between four and ten case studies is the closest to the ideal number. Furthermore, given the timeframe of the study and the page limit, we consider that less case studies would make the research not reliable enough while more case studies would not give us the possibility to describe the companies in-depth. One of the main aspects, which need to be taken into account, is the fact that the more cases included, the less exhaustively each case is analyzed (Lor, 2011). When selecting several countries for the study, the researcher lacks in taking into account cultural factors (Ibid). It is for this reason that in our case, only the country of Spain was chosen.

### 3.3.1 Selecting case companies in Spain

Since the aim of the paper is to understand how the factors leading to the development of the DCs differ in family and non-family-owned SMEs, the case study is represented by Spanish SMEs. The choice of Spanish SMEs was made due to the level of dynamism that exists in the business environment of the country. In fact, Spain is one of the major countries that has been affected by the crisis of 2008, and it is still suffering from its consequences since its economy has been growing at a slow pace (The Economist, 2015). During the last years, it has also been an unseen situation with regard to the politics of the country, since new political parties emerged and took control of numerous cities (The Economist, 2015a).

In addition to the dynamic environment, another factor, which makes interesting to perform the case study in Spain is the relevance of SMEs for the economy of the country. SMEs represent the 99.9% of businesses in Spain (Eurostat, 2015). According to the European Commission (2015), SMEs are more important for Spain than for the other European countries, since they contribute to the value added and employment of Spain to a greater extent than in any other parts of Europe. It is therefore interesting to study how these companies managed to develop DCs and what have pushed them to do so, by studying their antecedents. Moreover, family companies are also relevant for the Spanish economy, since they account approximately for the 89% of the total number of registered business in the
country (Instituto Empresa Familiar, 2016). In conclusion, Spain is the location selected offering great opportunities to perform our study.

3.3.2 Definition of family and non family-owned SMEs

In our study, we differentiate between family and non family-owned SMEs. To define SMEs, we follow the definition of small and medium-sized enterprises given by the European Commission:

<table>
<thead>
<tr>
<th>Enterprise category</th>
<th>Number of employees</th>
<th>Annual turnover</th>
<th>Annual balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt;250</td>
<td>≤ EUR 50 million</td>
<td>≤ EUR 43 million</td>
</tr>
<tr>
<td>Small</td>
<td>&lt;50</td>
<td>≤ EUR 10 million</td>
<td>≤ EUR 10 million</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt;10</td>
<td>≤ EUR 2 million</td>
<td>≤ EUR 2 million</td>
</tr>
</tbody>
</table>

Table 1. SMEs definition developed from the European Commission

On the other hand, to define family-owned SMEs, we use the view of family firm developed by Chirico et al. (2011) in combination with the concepts of Villalonga and Amit (2006). Therefore, we define a family-owned SME as a company where a family possesses significant ownership stake, multiple family members are involved in the operations of the company and at least two family members hold top management positions.

Merriam (2009) describes convenience sampling as one of the factors the research could be based on, and gives some examples on this matter, such as time, availability or budget. The number of cases is always influenced by the limitations of the researchers, and mainly due to the time constraints, we have decided to study eight companies, four family and four non family-owned SMEs.

3.3.3 Sampling process

The case studies have been selecting purposely and not randomly, as suggested by Crabtree and Miller (1992). Despite the previous mentioned advantages, multiple cases might generate some problems, especially when sampling the companies. Companies were thus chosen related to their likely contributions and offer of theoretical insights more than on the uniqueness of the case study (Eisenhardt and Graebner, 2007). We therefore took into consideration some factors when sampling SMEs. Firstly, they needed to have survived the
difficult time of crisis; secondly, all of them needed to be under the previous mentioned categorization of SMEs and half of the sample needed to comply with the chosen definition of family-owned company; finally, following Pettigrew’s (1990) the case selection was not limited to any particular industry, which helps to generalize to a greater extent the findings of the study by providing variation in the contextual factors. In Table 2 the selected companies are presented.

<table>
<thead>
<tr>
<th>Company</th>
<th>Contact Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destilerías y Distribuciones Liber S.L.</td>
<td>Phone call took place with the Managing Director on 2016-04-13. Email contact with the Managing Director on 2016-04-17 and 2016-04-28.</td>
</tr>
<tr>
<td>Grupo Innova Hogar S.L.</td>
<td>Managing Director and Senior Manager, interviewed in Cúllar Vega on the 2016-04-26</td>
</tr>
<tr>
<td>Alucristal Huétor Vega S.L.</td>
<td>Senior Manager interviewed in Huétor Vega on the 2016-04-27</td>
</tr>
<tr>
<td>Loalba C.B.</td>
<td>Managing Director, interviewed in Granada on the 2016-04-28</td>
</tr>
<tr>
<td>Químicas Solbea S.L.</td>
<td>Managing Director and Senior Manager, interviewed in Granada on the 2016-04-29</td>
</tr>
<tr>
<td>Maritoñi S.L.</td>
<td>Managing Director, interviewed in Ogíjares on the 2016-04-29</td>
</tr>
<tr>
<td>Plásticos Granada S.A.</td>
<td>Phone call took place with the Senior Manager on 2016-05-04. Email contact on 2016-05-08.</td>
</tr>
<tr>
<td>Sulayr Global Service S.L.</td>
<td>Email contact with the Senior Manager on 2016-05-09, 2016-05-13 and 2016-05-16.</td>
</tr>
</tbody>
</table>

Table 2. Interview trail

3.4 Data collection

Merriam (1998) and Yin (2014) explain the possibility of using different methods for the data collection when performing case studies, such as observations, interviews or the analysis of documents and archives. Our main method of data collection is the interview. One of the reasons for this choice is explained by Alvesson and Sköldberg (2009), who argue how the everyday life is somehow affected by implicit rules and conventions that are sometimes not straightforward to explain. It is therefore the aim of the ethnomethodologist to “shake up the
taken-for grantedness of the lifeworld - for example by questioning in practice social conventions - and in this way to spotlight the background expectations, the implicit rules” (Alvesson and Sköldberg, 2009, p.81). By studying antecedents of DCs, our research implies “taken for granted” practices, which are difficult to relate exactly to the development of DCs. It is therefore necessary to make these practices explicit through an interaction with the informants. The interview method is therefore the most suitable one for this matter.

Primary data were the main type of data used for this paper since most of the interviews were performed on site in Spain, mainly because Spanish managers feel more comfortable and open to share personal experiences and opinion when meeting face-to-face. However, the impossibility to have an interaction on site with all the companies due to time restrained coming from both the companies and the researchers have forced the latter to gather information through phone and emails which had limited the flow of information obtained, but still considered valid and acceptable for the purpose of the paper. In fact, following the suggestions by Meho (2006), the questions in the emails were clear enough, and examples and illustrations were given to avoid misinterpretations. This method allows longer time for the interviewees to answer the questions and also to reflect upon them before sending (Meho, 2006).

Secondary data coming from websites and other documents available online, such as newspaper articles, were also combined with the primary data and collected in two moments: before the interviews in order to have a first impact and be familiar with the companies; and also collected after the interviews to double-check some of the insights obtained.

Taking into account the complexity of the topic, we consider that semi structured interviews to be the best tool to gather data. This type of interviews can proportionate the flexibility needed to fully understand the phenomenon. Hereby the explanation is followed.

3.5 Interviews

Interviews correspond to the main primary data collection method that is used in this research, particularly semi structured interviews. In fact, according to Brinkmann and Kvale (2015), the openness and the flexibility of the semi structured interviews give the opportunity to the researchers to widen the study and to find new useful insights that can be included in the research. Semi structured interview provides the researcher with a number of topics to be discussed and a number of questions, but it also allows the researcher to change the order of
the questions as well as introduce new ones taking into consideration the answers by the interviewees (Brinkmann and Kvale, 2015). Therefore, we consider semi structured interviews to be the most suitable way to approach the interviewees, since it is a requirement for the understanding of the phenomenon and its context to be flexible and to formulate new questions, which may arise when discussing a particular issue. Moreover, taking into consideration the different types of interviews introduced by Kvale (2007): factual interviews, conceptual interviews, focus group interviews and narrative interviews, our approach is more towards a narrative interview focusing on the story that the interviewees tell and not on obtaining factual information, nor conceptual clarification.

The interviews were conducted with the person who holds the most relevant knowledge in the company in accordance with our research question, all the interviewees are part of the top management level of the selected companies. In SMEs, the managerial level work closely with most of the units of the organizations that is the reason why they are considered a priori the most indicated ones to participate in the interviews. The interviews were conducted using common language, instead of approaching the matter with more academic or scientific terms, enabling the non-researchers to better understand the findings, for example managers or people interested in the discussion (Merriam, 1998). Of all the interviews were performed on site, the shortest one was 35 minutes while the longest one was 70 minutes.

Kvale (2007) gives to the researcher a critical role for the quality of the scientific knowledge because the interviewer is the main instrument for knowledge collection. The author argues that when conducting interviews, the cultural aspect needs to be taken into consideration by the researcher/interviewer. Since both researchers hold a high understanding of the Spanish culture, time of establishing familiarity with the interviewees and their culture is minimized. Moreover, the risks of misunderstandings of some verbal and non-verbal aspects were greatly reduced. The interview guide and the related questions can be seen in the appendices A and B. Hereby the explanation of the operationalization is presented.

3.5.1 Operationalization

By studying the antecedents of DCs in family and non family-owned SMEs firms, it is possible to understand what are the main differences in the development of DCs in both types of companies and therefore help the managers take the right decisions when the environment is changing. These capabilities might be different between the two types of SMEs, and
therefore different antecedents might lead to different managerial decisions to develop the right capabilities.

The interview guide is based on the conceptual framework of Figure 6, therefore focused on obtaining insights about the antecedents of DCs in both types of SMEs. As we said before our research approach is the case study, it is therefore necessary to have a preunderstanding of the theory (Gummesson, 1988) and develop a theoretical framework before collecting and analyzing the data, which is different for grounded theory or ethnography that only develop theory from the firsthand data (Glaser and Strauss 1967; Strauss and Corbin 1990). Taking into consideration the theoretical frameworks previously discussed, Table 3 shows the operationalization of the interviews based on the theoretical framework. The interview guide with the questions in each macro group, can be found in appendices A and B.

<table>
<thead>
<tr>
<th>Group A</th>
<th>Managerial attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Opportunities and risks</td>
</tr>
<tr>
<td></td>
<td>Influence</td>
</tr>
<tr>
<td></td>
<td>Network</td>
</tr>
<tr>
<td></td>
<td>Experience and knowledge</td>
</tr>
<tr>
<td></td>
<td>Skills</td>
</tr>
<tr>
<td></td>
<td>Decision making</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group B</th>
<th>Resources and skills</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Properties, machinery, patents</td>
</tr>
<tr>
<td></td>
<td>Experience and knowledge</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group C</th>
<th>Organizational structure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company flexibility</td>
</tr>
<tr>
<td></td>
<td>Speed of change</td>
</tr>
<tr>
<td></td>
<td>Adaptation to external requirements</td>
</tr>
<tr>
<td></td>
<td>Autonomy</td>
</tr>
<tr>
<td></td>
<td>Importance of traditions</td>
</tr>
<tr>
<td></td>
<td>Implementation of new routines</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group D</th>
<th>Learning orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Customer feedback</td>
</tr>
<tr>
<td></td>
<td>Observation of competitors</td>
</tr>
<tr>
<td></td>
<td>Trial and errors approach</td>
</tr>
<tr>
<td></td>
<td>Acquisition of new information</td>
</tr>
<tr>
<td></td>
<td>External Researches</td>
</tr>
<tr>
<td></td>
<td>Investment in learning</td>
</tr>
<tr>
<td></td>
<td>Partnership with other companies</td>
</tr>
<tr>
<td></td>
<td>Importance of relationships</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Group E</th>
<th>Organizational culture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Work environment</td>
</tr>
<tr>
<td></td>
<td>Relationships</td>
</tr>
<tr>
<td></td>
<td>Communication</td>
</tr>
<tr>
<td></td>
<td>Trust and collaboration</td>
</tr>
<tr>
<td></td>
<td>Help</td>
</tr>
<tr>
<td></td>
<td>Commitment</td>
</tr>
<tr>
<td></td>
<td>Risk taking approach</td>
</tr>
<tr>
<td></td>
<td>Willingness to change</td>
</tr>
</tbody>
</table>

Table 3. Operationalization of the interviews

These macro areas have been divided separately in order to study respectively how these differ in both types of SMEs.
After the first three interviews (Table 2) changes were made on the initial framework developed. We realized the answers to some specific questions about the external relationships with other companies were highly connected to the learning orientation. We combined the relationship/learning orientation framework together in the theory chapter and we changed the order of the questions. This underlines how our approach is abductive and therefore how theory was revised after the first interviews and collection of data.

3.5.2 Transcription of the interviews

As explained by Kvale (2007), the step before the data analysis regards the transcription of the interviews. The interviews done on site were all recorded using a mobile phone and then transcribed. There is no general agreement regarding the transcription of the interviews, whether these need to be accurately transcribed word by word or only transcribed with the main answers (Kvale, 2007). The transcription of the interviews is a very important step, which also has to deal with some problematics such as the transfer of words from an oral to a written style (Ibid). However, it enables the researcher to gain a rich familiarity with each case, which eases the analysis and the comparison of the findings (Meyer, 2001). We chose to transcript the main concepts and the list of the interviews can be seen in Table 2.

As explained by Kvale (2007) and Meyer (2001), the step after the transcription of data is the analysis.

3.6 Data analysis

A researcher has not only the role of collecting the data, but also to apply his perception and extract important insights for the topic chosen (Alvesson and Sköldberg, 2009; Easton, 2007). The process of interpretation and analysis of data is therefore crucial.

The theoretical framework and the literature revised in the previous chapter are tools needed for the analysis (Alvesson and Sköldberg, 2009). In fact, empirical material should support the interpretation more than straightly leading up to it (Ibid). Empirical data should provide the researcher with arguments for the interpretation.

In order to facilitate the process of analysis, tables including the findings of each case study has been developed taking into consideration what suggested by Eisenhardt and Graebner (2007). We divided the findings by macro areas, which corresponds to those discussed in the theoretical framework. These summary tables (Appendices C and D) helps to underline the
case evidence and it is an effective way to present them (Ibid). The framework is then applied to the findings of each case in order to help the researchers understand and compare the results to study the similarities and differences in the development of DCs between the two different types of SMEs.

3.7 The rigor of qualitative research

The criteria for the rigor of researches in both qualitative and quantitative studies, presented by Merriam (1998), are classified in validity, external and internal, reliability and objectivity. However, many researchers have been reluctant in analyzing the rigor of the qualitative research using these criteria. The new criteria introduced by Lincoln and Guba (1985) are believed to fit more the qualitative studies and the needs of the new researchers (Shenton, 2004). These new criteria are credibility, transferability, dependability and confirmability.

3.7.1 Credibility

Validity of the operational measures

Credibility is linked to the validity of the operational measures argued by Yin (2014). Therefore, in order to improve the credibility, the specific procedures employed for the data collection and methods of data analysis should be leveraged with those projects that have been successfully utilized the same methods. In this research, the interview method used is the most suitable one for answering not only the research question, but also understanding the behavior and the “given for granted” practices hidden behind the everyday life of the interviewees. As explained before, the use of interview is a reliable tool for gathering primary data information (Kvale, 2007), raising therefore the credibility of our study.

According to Kvale (2007, p.80), if interviews are done following some specific criteria, then these can be considered high quality interviews and raise the validity of the whole research. In fact, all of the interviews followed these criteria:

- Spontaneous, rich, specific and relevant answers from the interviewees.
- Long interviewees answers to short interviewers’ questions.
- Follow-up questions and clarifications on the relevant aspects of the answer.
- The interview is a self-reliant story that hardly requires extra explanations.
Establishment of prolonged engagement and persistent observation

In order to raise credibility, Lincoln and Guba (1985) suggest establishing a prolonged engagement and a persistent observation with the parties. These give the possibility to the researchers to gain trust, understand the other’s culture, the social setting and receive more trustworthy answers (Ibid). In our case, since both the researchers of this thesis hold a high understanding of the Spanish culture, times of establishing familiarity and a relationship of trust with the interviewees were minimized. Moreover, the risk of misunderstandings of some verbal and non-verbal aspects was greatly reduced because of the common language.

Triangulation

The use of different methods to collect data enhances the credibility of the research by compensating for the limitations of each single method (Lincoln and Guba, 1985). Our study did not only use primary data collected through interviews and e-mails, but also double checked with secondary data through company documents and websites. According to Denzin (1978) and Patton (1999) this is considered method triangulation, but also two other types of triangulation have been used in our paper: analyst triangulation and theory/perspective triangulation. The first is due to the fact that multiple observers and analysts have analyzed the data and different perspectives have been taken into consideration. The second because several theoretical perspective have been used to interpret the data.

Collaborative sessions – member checks

One of the main factors raising credibility is also the collaboration between the groups of researchers (Lincoln and Guba, 1985). Data, interpretation and conclusions are discussed together to correct biases and false interpretations. This technique stimulates discussion and creation of ideas and new theories, and helps assess a summary of the preliminary findings and the relative adjustments to take into consideration (Ibid). In our case, interviews were conducted by both researchers and therefore after each interview discussions on alternative approaches and point of views were developed, raising the whole credibility of the paper.

Peer debriefing

The scrutiny of the research by peers is a good opportunity to receive other point of views on the matter, capture different perspectives by providing improvements and suggestions (Shenton, 2004), and identify taken for granted biases (Lincoln and Guba, 1985). The several
feedback received throughout the research project has challenged the researchers to improve the quality of the paper and be more aware of the biases of the research. The whole process of scrutiny this paper has undertaken, raise the credibility of the information and strengthen the research since different debriefers have revised the paper several times.

**Deviant case analysis**

To raise the credibility of the paper, Lincoln and Guba (1985) suggest finding a deviant case that corresponds to the opposite pattern found in other cases. This might help the researchers revise and confirm the patterns emerged in the data analysis (Ibid). We believe our research to be credible, due to the use of the deviant case found that underlines the importance of the pattern in the other cases.

**3.7.2 Transferability**

Lincoln and Guba (1989) introduce the transferability factor, the extent to which the findings may be valid and generalizable. However, taking into consideration the small sample size and the lack of statistical data, it is not right to refer to generalizability in its conventional sense, which is why transferability has been adopted by the new researchers as a way to ensure the quality of the paper (Morrow, 2005). In order to ensure this is acceptable, Lincoln and Guba (1985) suggest the tool of the thick description. Therefore, the researchers should give as much information as possible regarding the context of the study and the fieldwork, to better give the chance to the reader to consider the extent to which the findings are transferable to other times, settings, situations and people (Lincoln and Guba, 1989). We consider important information and meticulous description of the methods and context used have been done to raise the transferability of this paper.

**3.7.3 Dependability**

Lincoln and Guba (1989) believe dependability to be another issue researchers need to overcome. One of the tools that help research to do so is the external audit. Similar to the peer review, the external auditors are usually researchers positioned outside the company that have the task of helping the researchers improve their paper by challenging the process and the findings of the study, and assessing adequacy of data and preliminary results. Our paper has been supervised and analyzed by several external audit not involved in the research. Moreover, in order to further raise the quality and the dependability issue the researchers should give an exhaustive description of all the processes involved (Shenton, 2004). This
allows other researchers to assess the quality of the paper and the possibility to reproduce the same analysis. Taking into consideration the detailed description of the methodology in this chapter, we believe the validity of the research study to have been risen.

### 3.7.4 Confirmability

When it comes to the confirmability issues, Lincoln and Guba (1985) recognize some of the tools previously explained as being important for overcoming the confirmability problems as well. We have already introduced the concept of external audit, which can boost the confirmability factor; as well as the triangulation tool, and therefore the use of multiple methods, not only the interviews, to gather information and raise the confirmability.

**Audit trail**

The audit trail is one effective way of solving the issue of the confirmability. It includes a meticulous description of all the steps taken by the team from the start until the end of the research. This clear description of the research path should be done taking into consideration the research design, data collection, analysis and report of data. Lincoln and Guba (1985, p. 319-310) suggest also the inclusion of several other materials of information to rise the confirmability of the research.

**Reflectivity**

One of the major issues regarding the rigor of quality is connected to the characteristics and preferences of the researcher (Lincoln and Guba, 1989). In fact, it is believed that researchers could affect the findings and the overall paper by using their beliefs, experience and perspective (Ibid). The result is a lower quality of the paper and lower confirmability. It is for this reason that researchers once again should clearly describe the processes made and methods adopted, for example the reasons of having chosen one approach instead of another (Ibid). A detailed methodological chapter gives the opportunity to the reader and future researchers to address the confirmability and the overall quality of the research. Another way is by supporting more evidence in the form of quotation (Morrow, 2005), that can be added throughout the empirical data section and analysis. This strengthens the data and persuades the reader that the interpretation of the researcher derives from the true experience of the interviewees and not from his experience (Ibid). Taking into consideration the detailed description of the methodology and the balance between interpretative commentaries and quotes, we believe to have overcome the confirmability issue of the research.
4. Empirical data

In this chapter, the empirical data are presented. The data were mostly collected through interviews, three of the following companies were not able to have a face-to-face meeting on site therefore phone calls and emails were the tools used to collect data. The empirical data hereby shown have been divided taking into consideration the macro areas found in the theoretical chapter. The main aspects of the non family-owned SMEs are summarized in tables 4-7, while the summaries of family-owned SMEs’ characteristics are displayed in tables 8-11. The main findings for each company can be seen in appendix C for non family-owned SMEs and in appendix D for family-owned SMEs.

4.1 Destilerías y Distribuciones Liber S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destilerías y Distribuciones Liber S.L.</td>
<td>El Padul (Granada)</td>
<td>4 Employees</td>
<td>None</td>
<td>Non family – owned SME</td>
</tr>
</tbody>
</table>

*Table 4. Summary of Destilerías y Distribuciones Liber S.L.*

Destilerías y Distribuciones Liber is an SME that manufactures alcoholic beverages, such as whisky, gin, vodka, orujo and liquor. The company has four employees, with no members of the same family involved in its operations. The firm is well known thanks to the variety and quality products it manufactures.

The company was founded in 2001, thanks to seven entrepreneurs and the investment of fifty-five partners. Two of the employees are graduates in chemistry, which is unusual in the sector, but it allows the company to be innovative. The year 2011 represented a big change for the company, since it started to manufacture alcoholic drinks on a daily basis for other companies; before 2011 that type of activity was performed only occasionally. The change “was of crucial importance for the company, since it reduced the number of customers to focus on, however it provided large orders as well as contributed to reduce the problems with payments that the company experienced in the past” (Managing Director, email interview, 17th April 2016). Overall, the company did not suffer the effects of the economic crisis nor has experienced
more problems with late payments by customers. In fact, during the years of the crisis the company experienced an increase of its invoicing volume and its profits. Therefore, over the last years the company has specialized in manufacturing particular and specific products that other companies are requesting them to produce, especially in the premium alcoholic drinks sector.

4.1.1 Managerial attitude

The expertise of the manager allows the company to identify new opportunities, assess risks and promote the importance of R&D in the company. Furthermore, “I am in continuous contact with customers and I listen to their thoughts about the latest tendencies. I also evaluate the risks and benefits of incorporating new customers” (Managing Director, email interview, 17th April 2016). The attitude and vision of the manager are determinant in the performance of the company, as well as for shaping the culture of the organization in a positive way emphasizing values such as respect, trust and professionality. The network of the manager is another key factor for the company, in fact, the manager spends time developing long-term relationship with customers and actively looking for new potential ones.

4.1.2 Resources and skills

The company possesses a manufacture plant and specialized machineries to produce alcoholic drinks, as well as numerous large oak casks and barrels necessary to storage the product in the warehouse. The bottling and labelling of products are also performed in the company. To comply with the improvements needed in the production, due to the new requests by old customers as well as the demands of new customers, “machineries that allow the firm to increase the drinks production have been acquired in the last years” (Managing Director, email interview, 17th April 2016).

The fact that two employees have a degree on chemistry allows the company to adapt to new and complicated customer requests and develop products with the exact requirements and conditions clients are demanding. This represents a great advantage in the sector the company operates. “The employees are excellent professionals, they know their job and what I am expecting from them” (Managing Director, email interview, 28th April 2016).

The company enjoys a high reputation at a national, and particularly regional, level. The company has received several awards, mainly related to its innovative vision and the
promotion of the province of Granada. The word of mouth (WOM) is also important for the recognition and reputation of the company.

4.1.3 Organizational structure

Several departments are found in the company. The manager participates actively in all the departments, emphasizing the need of a good coordination within the company. In fact, the manager assigns particular tasks to each employee “depending on his capabilities, skills and circumstances” (Managing Director, email interview, 28th April 2016). This is an effective way of organizing the company and adjusting the needs of the company to the employees currently available. Informal meetings take place for taking decisions and all the employees participate and exchange ideas and suggestions. In addition, new ways to improve the products and efficiency of the company are discussed together, although all the main decisions are taken by the manager.

The company is able of adapting to the new needs of customers and changes in the environment relatively fast, since “the firm can change important aspects of the production quickly, if these changes do not require the use of new machines or particular tools” (Managing Director, email interview, 17th April 2016). In fact, this might create a long and slow process of changing due to the fact that in the sector the machineries are expensive and relatively limited.

The company mainly depends on few customers, which purchase drink products from them and sell these under their own brands afterwards. The firm does not rely on traditions, while “most companies in the sector are traditional and follow the same paths as in the past” (Managing Director, email interview, 17th April 2016), the company tries to refine processes when there is an opportunity for improvement. New processes and changes are easy to implement thanks to the knowledge of employees, their propensity to learn and the attitude of the manager.

4.1.4 Learning orientation

The prior knowledge of the two chemists, as well as the experience and knowledge of the manager facilitate the learning processes. Internet, publications and magazines related with the sector and even specialized discussion forums are also part of the learning of the company. Furthermore, “the research and development department is crucial to learn” (Managing Director, email interview, 17th April 2016). Usually the firm first obtains external information
from its customers, “this is the main way of learning for the company, since the customers determine new trends and know better than anyone the new tendencies in the sector” (Managing Director, email interview, 17th April 2016). Occasionally the company imitates what other companies do.

The firm collaborates with several companies, which are mutually beneficial not only to gain prospective customers, but also to obtain new ideas and perspectives. These collaborations are mainly established in trade fairs and exhibitions.

4.1.5 Organizational culture

The relationship between the employees and the management level is well founded. In fact “the employees are fully aware of the needs and objectives of the company, which facilitates the understanding within the company” (Managing Director, email interview, 28th April 2016). The manager offers optimal job conditions for the employees, since “they do not need to work overtime and they receive their payments regularly at the end of the month, conditions which are not always met in small companies, but I believe these to be crucial to keep the employees with a positive attitude and make them feel comfortable within the company” (Managing Director, email interview, 28th April 2016). Thanks to these factors, a good work environment is present in the company.

The company is modern and highly innovative, in fact a wide range of products has been introduced in the last years. The firm takes risks developing new products and performing internal research, since in the sector R&D activities are highly valued by customers and usually requirements for companies in order to survive. For example, until few years ago, the company was not manufacturing any kind of gin, but due to the growing demands, the company introduced this product. Nowadays, it produces more than twenty types of gin to satisfy the needs of several clients. Moreover, the company also produces other innovative products such as chewing gum liquor and a new product that it has been only introduced few weeks ago: liquor of whisky with subtle sweet and spicy notes. On the other hand, most of the companies in the same sector keep manufacturing the products with old recipes belonging to older generations of the family, using mostly the same machineries as in the past.
4.2. Grupo Innova Hogar S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
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<td>Cúllar Vega (Granada)</td>
<td>8 Employees</td>
<td>None</td>
<td>Non family – owned SME</td>
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Table 5. Summary of Grupo Innova Hogar S.L.

Grupo Innova Hogar S.L. is an SME dedicated to the manufacture and placement of designed window bars and grills, customized fences, soundproof material, painted iron, aluminum elements and door locks. The company has eight employees, with no members of the same family involved in its operations. It is well known for paying great attention to details and offering a high quality finish-touch for every product.

The company was founded in 2010, however, the two founders had previous experience in firms of the same industry. One founder is specialized in the iron work industry, the other one in the aluminum industry. When the company of one of the founders bankrupted, he decided to buy the machineries and keep working for the same customers, at the beginning using his own garage to manufacture small products. The customers were truly satisfied with the quality of the products and the demand rose, hence the need for acquiring a factory and hiring experienced employees. Eventually, the two founders met each other and decided to start this business.

Customer satisfaction is the focus of the firm. As the Managing Director explains: “Due to the crisis of 2008 consumers are nowadays more price-aware and more sensitive to price changes, for example last year when the price of the aluminum went down customers demanded a lower price” (Managing Director, on site interview, 26th April 2016). The crisis has changed the mentality of the consumers who are demanding more nowadays, hence the need of being able to change and adapt to the new demands and needs of customers.

4.2.1 Managerial attitude

The two founders of the company, who are also the managers, consider important the entrepreneurial activity. The strategy of the company is changing often since “future events and changes in the sector are sometimes difficult to predict, it is not easy to have a plan and
follow it accurately” (Managing Director, on site interview, 26th April 2016). Since “taking the risks without precautions is difficult nowadays” (Managing Director, on site interview, 26th April 2016), the company listens to the customers and let them “lead” towards the innovation. Little risk is taken by the managers, however their imagination, creativity and handcraft skills are still important. The managers entirely trust in the employees and their capabilities to satisfy the needs of clients.

One of the founders brought to the company several customers that were previously dealing with the firm he used to work for; the other also convinced some of his old customers to use the services of the firm.

4.2.2 Resources and skills

As being a small company, its production assets include a large warehouse with machineries and a truck. The company is pursuing the idea of opening a showroom with its products, since “we think it will attract new customers and increase the sales of the firm” (Managing Director, on site interview, 26th April 2016). The company has not discarded any of its assets, but new tools and machineries have been acquired, under suggestions of the managers in order to increase the production and improve the uniqueness of the products. The firm has recently introduced one secretary to take care of the paperwork, so the managers can invest their time in other activities. The lack of resources inhibit the company from hiring new employees, furthermore both managers agree that nowadays it is very difficult to find new good knowledgeable employees. Therefore, the importance of innovative activities among the current employees is fostered by the managers, since the skills of the employees are crucial for the success of the company as well as for the level of innovation. Reputation is an important aspect for the performance of the company. The WOM is the most relevant factor contributing to the good reputation of the company.

4.2.3 Organizational structure

The organization of the company has changed considerably in the past six years, and the managers have realized that two aspects are critical: the coordination of the company and the speed to serve customers. As the Managing Director explains “we are now aware that decisions have to be taken faster and tasks coordinated better in order to save time and resources” (Managing Director, on site interview, 26th April 2016). The company is able to deal with eventual problems or changes in the preferences of customers and it also offers
flexibility for customers in the payment methods. Flexibility is a crucial factor of differentiation from other companies, not only when it comes to manufacture new products quickly, but also it refers to the adaptation to unexpected situations. For example, “when customers cannot open their garage doors or a pipe bursts, we prioritize these cases and we leave everything we are doing at the company, just to go help the customers” (Managing Director, on site interview, 26th April 2016).

The company has recently introduced written reports, which every employee needs to fill daily, with the aim of facilitating the control of the company’s activities. Routines can change easily. In fact, significant changes have been experienced from the first years, where no coordination was present and the duplication of tasks were constant. At present, “the tasks are organized in divisions and everyone knows what they need to do without asking, this allows the company to be quicker and more efficient” (Managing Director, on site interview, 26th April 2016). Therefore, organization and coordination are critical for the company, since time and resources are wasted if coordination is not present.

The implementation of changes is not difficult, facilitated by the coordination. Nevertheless, the implementation of processes in the company might take long time, not because employees experience problems when learning, but because they do not believe changes are necessary nor important to improve the situation of the firm.

The relevant decisions are taken by the two managers, while most of the decisions in the company are taken together with the employees, therefore the structure is decentralized. Informal meetings take place on a daily basis by the managers, also employees are present in some occasions. Everyone is involved in the decision making, since “the employees are better able to give advice on certain materials and products” (Managing Director, on site interview, 26th April 2016).

The company sell more than half of the production to another firm. Some of the needed materials and techniques for the manufacturing process of some products are provided by other companies, as well as some services since it is more cost-efficient to outsource rather than producing within the company. For example, “the folding of aluminum plaques and the use of ovens for the painted parts of some products would be time and resource consuming, so it is more convenient for the company to use the services of other firms” (Managing Director, on site interview, 26th April 2016).
4.2.4 Learning orientation

All the employees in the company have years of experience in the sector, so they learn easily thanks to their prior knowledge and experience in the same field. However, “in numerous occasions they are not willing to learn, they think that what they already know is the best way of doing things” (Managing Director, on site interview, 26th April 2016). The employees and managers of the company do not attend any fairs or exhibitions. Nevertheless, online sources are consulted to gather information.

For the company, the opinion of customers is the most important way of learning with regard to new products and new trends in the market. The company pays also attention to the activities of other companies and imitates them in some aspects. Particularly important for the management level are the discussions and the meetings with the company, which purchases more than half of the company’s production, since “the relationship we have with this company allows us to learn more about the way other companies do business, the way they coordinate employees and the way of organizing the company” (Managing Director, on site interview, 26th April 2016). The company does not collaborate nor have partnerships with other companies, with the exception of the example mentioned before.

4.2.5 Organizational culture

The motivation of the employees is positive, the managers successfully transfer their passion and motivation to the rest of workers. The employees and the managers “share the same goal and the same view on the importance of customer satisfaction” (Managing Director, on site interview, 26th April 2016). The level of trust is high within the company, as a consequence of the fact that decisions are taken together. Collaboration is also a constant in the company, not only among the workers in the production and installation processes, but also between employees and managers. Loyalty comes from the respect that the managers give to the employees, “without loyalty there would not be any effective coordination” (Managing Director, on site interview, 26th April 2016). The “trial and error” approach is a common strategy regarding the placements of products, more than the production itself, since “some situations push the company to be creative and try new things when problems occur, for example, installing a product” (Managing Director, on site interview, 26th April 2016). As explained before, no risks are taken when introducing new products, since the opinion of customers before developing new products is always requested.
4.3 Químicas Solbea S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Químicas Solbea S.L</td>
<td>Santa Fe (Granada)</td>
<td>5 Employees</td>
<td>None</td>
<td>Non family-owned SME</td>
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</tbody>
</table>

*Table 6. Summary of Químicas Solbea S.L.*

Químicas Solbea is an SME specialized in the production and sale of washing powders, softeners, stain removers and all kind of soaps and detergents. The company has five employees, with no members of the same family involved. The company is respected in the area thanks to the customer service it offers.

The managers bought an existing company established in 1982 and founded Químicas Solbea in 2013, but they decided to maintain the name of the commercial brand the old company used: Cremuik. Under the new management, the company increased the range of manufactured products as well as their quality. The managers did not have any previous knowledge or experience in the sector, however they identified the business as an opportunity and they took advantage of it.

For the company customer service is crucial, since both products and prices are similar to the competitors. Therefore, the company tries to differentiate through the range of services offered, for example by offering reliable deliveries, which are rarely seen in the sector. Furthermore, the company is able to customize to a greater extent the product demanded by customers, in terms of aromas and colors of the products, another advantage from the competition.

The economic situation of the last years has increased the difficulties of the company to sell large volumes of its products. After the crisis, customers started to be more demanding and more focused on obtaining cheaper prices rather than a good quality. As the Managing Director explains, “our distributors used to purchase enormous quantities which were usually sold within a month. Now these distributors do not buy anything if they are not sure they can sell the batch within a week” (Managing Director, on site interview, 29th April 2016).
Furthermore, the company has been experiencing problems with the sales in the construction industry due to the political situation of the country, as Spain has been without government since the last general elections on December.

### 4.3.1 Managerial attitude

The managers bought the company without having any prior knowledge or contacts in the sector. The management level approach is often based on “trial and error”, since the managers do not hold enough knowledge of the sector. For example, unnecessary costs could have been avoided if they would have had more experience in managing a company: “we weren’t fully aware of all the costs we had” (Managing Director, on site interview, 29th April 2016). Innovations usually do not come from the management level, but from the chemist, who is responsible for searching for new formulas to develop new products.

### 4.3.2 Resources and skills

The company possesses an industrial plant and used to have a van, but in order to reduce the costs the latter was sold. Furthermore, “several machines and tools were acquired to improve the production processes and the quality of the products” (Managing Director, on site interview, 29th April 2016).

One of the employees is a chemist who is responsible for the manufacturing process and holds relevant experience and knowledge of the sector. Nowadays, it is difficult to find knowledgeable employees because of the large number of competitors in the market. Due to the economic crisis, the company was forced to reduce its number of employees, and currently it does not have any commercial agent. The company would like to expand its production plant and hire new commercial agents, but it is not possible due to the economic situation. In fact, the two managers are the ones currently performing the tasks of commercial agents.

Reputation is truly important for the firm, and customers value the service and technical support the company offers. The WOM is the main factor allowing the company to keep a good reputation.

### 4.3.3 Organizational structure

The Managing Director and the Senior Manager are in charge of the decision making in the company, nevertheless the chemist is consulted occasionally since he holds relevant knowledge, which can be important when taking particular decisions. No formal meetings are
scheduled and decisions can be taken fast. Currently, the company is autonomous, but it used to depend on another company which was purchasing around 40% of its production. However, due to several pressures on lowering the price coming from this customer, the company decided to end the commercial relationship since “we couldn’t meet its numerous and high requirements” (Managing Director, on site interview, 29th April 2016).

The company has continuously changed the chemists working within it, due to “their inadequate skills and deficient knowledge, and they weren’t able to research and develop new products” (Managing Director, on site interview, 29th April 2016). Furthermore, a poor relationship existed between the management level and the employees. Because of the constant rotation of personnel, processes and routines have been reasonably complicated to implement and establish. Furthermore, it has been difficult to research new formulas for the development of new products.

4.3.4 Learning orientation

Exploiting the knowledge of the new chemist is one of the main ways of learning for the company. He is responsible for the R&D of the company, and with regard to the manufacturing processes, the learning is focused on his figure.

The company has changed employees several times and because of that, the learning process has been quite complicated in the last years. Moreover, the two managers attend exhibitions and fairs in order “to improve our knowledge and get new perspectives and ideas” (Managing Director, on site interview, 29th April 2016). One of the main ways of learning is to listen to customer’s opinions and feedback. This is crucial for the company, since it allows the development of new products. The competition in the sector is high, therefore “good ideas and insights can also be obtained through the observation of the competitor’s activities” (Managing Director, on site interview, 29th April 2016). Occasionally the firm imitates what other companies are doing.

The company did not have any partnership nor collaboration with other firms in the past, nevertheless, at present the company is starting to collaborate with other businesses of the sector “to change the course of the company and improve the performance” (Managing Director, on site interview, 29th April 2016).
4.3.5 Organizational culture

The work environment is acceptable. There is a good relationship between the two managers since “we don’t take any decisions until inform the other one previously, even for small decisions, and we absolutely trust each other” (Managing Director, on site interview, 29th April 2016). Nevertheless, support, collaboration, trust and loyalty for the rest of the employees are not present. As explained before, it is complicated for the company to rely on traditions due to the high rate of employee turnover, factor that also hinders the commitment of the employees.

The company takes risks when developing products, “we like to take risks, even though in a lot of occasions this approach didn’t work. For example, in multiple occasions we started manufacturing new products which we thought they were really good, without waiting for the opinion of customers” (Managing Director, on site interview, 29th April 2016).
4.4 Sulayr Global Service S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
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<td>106 Employees</td>
<td>None</td>
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</tbody>
</table>

*Table 7. Summary of Sulayr Global Service S.L.*

Sulayr Global Service S.L. is an SME dedicated to recycling and selling multi-layer polyethylene terephthalate (PET). The company has one hundred and six employees, with no members of the same family on the management level. It is one of the most well known firms in its sector in Spain.

The company was founded in 2009 by four entrepreneurs; one of them was the developer of the system to recycle PET, patented by the firm. The beginnings were quite challenging, but with the help of the Innovation National Enterprise, the company started its operations to recycle hundreds of tons of multi-layer PET per month. Until 2012 the company had only an industrial plant, and the technology used allowed recovering discarded products belonging to the food packaging industry.

The product obtained after the recycling process is then sold to companies, which manufacture pipes, wood-plastic composite and street furniture, as well as packaging films. Even during the difficult times of the economic crisis the company continued to grow, currently the firm has three industrial plants, two in Spain (one for the recycling of bottles and the other one for the other packaging formats) and one in Austria.

**4.4.1 Managerial attitude**

The management level of the company is formed by four members and a manager who is in charge of coordinating the company. Therefore, he is the responsible of implementing the decisions of the management board in the different departments. The influence of the management level is critical for the company thanks to the years of experience and knowledge of its members. Despite the fact the company has a considerable number of employees, the
direct contact between them and the members of the management level allows a good communication flow.

The company is highly innovative, the R&D department is critical for the performance of the firm. The management level is responsible for identifying opportunities and assessing the risks. The members of the management level have developed a wide network of different contacts in the sector, and nowadays the company is considered one of the most renowned firms in its sector in Spain. These contacts allow the company “to have a considerable presence in the market, something that is really important in such a fast-moving market” (Senior Manager, email interview, 16th May 2016).

4.4.2 Resources and skills

The company possesses three industrial plants where the recycling processes are conducted, and several storage facilities. The firm has acquired resources over the last years to improve its production processes, including hiring new personnel. The employees, most of them industrial engineers and chemists, are highly qualified and hold relevant knowledge since they have been working in the company for a long time.

The two patents of the company (one granted in 2009 and the other in 2011) represent important company’s resources, since “they allow us to recycle a plastic material which it was not possible to recycle before” (Senior Manager, email interview, 16th May 2016). The patents allow the company to have a competitive advantage since competitors are not able to offer the same product.

The company enjoys a high and respected reputation, and as mentioned before it is a well known firm in the recycling sector in Spain. The company, particularly in its beginnings, won several awards in entrepreneurship competitions. The prizes “give you publicity on the media and make you notorious” (Senior Manager, email interview, 16th May 2016).

4.4.3 Organizational structure

The organization of the company is divided in several departments: manufacturing, administrative and financial, logistics and commercial, maintenance and R&D. The coordination among the different departments is crucial for the efficiency of the firm. The decision making is quite centralized since it is performed by the management level, but information flow smoothly through the different departments and allows the company to
change aspects fairly fast and be “a flexible company in this matter” (Senior Manager, email interview, 16th May 2016). Formal meetings are scheduled to keep the staff well informed.

The company counts on several suppliers which provide the material used in the recycling processes. In fact, the company recycles and gives a new use to the waste products generated by the packaging industry in Spain, in Italy and in Central Europe. Nevertheless, there is still a high percentage of these products which is not being recycled at the moment, but the company has the capacity to recover up to 1.2 million tonnes of waste a year in Europe. The company depends on a reduced number of customers, although these are located in different European countries.

Processes and routines are important to some extent in the recycling processes, but the firm is “continuously investigating and considering new developments” (Senior Manager, email interview, 16th May 2016). The coordination within the different sections of the company as well as the knowledge of employees facilitate the implementation of new processes and routines.

### 4.4.4 Learning orientation

Most of the employees in the company have years of experience in the sector, and they learn easily thanks to their prior knowledge. Meetings, conferences and even informative talks are considered important for the learning, although mainly the members of the management level are the ones attending these types of events. Furthermore, one of the most important ways of learning is through R&D activities conducted within the company, since “the company and our business areas are built upon the research” (Senior Manager, email interview, 16th May 2016). In fact, at present the company is developing new processes to recycle generic medicines, which currently are incinerated; and coffee capsules, whose recycle involve problems due to the inconsistencies in the consideration of the materials they are made from.

The company considers the opinion of suppliers critical for learning and obtaining new ideas, but particularly it takes into consideration the opinion of its customers, since these help the company “to be aware of the latest trend and tendencies in the market and seek new developments consequently” (Senior Manager, email interview, 16th May 2016). The company does not need to spend money in advertising, since as explained before, the number of customers is reduced. The company has cooperated with other firms in the last years,
especially in research projects, helped by government agencies. Furthermore, the company collaborates with several local organizations.

4.4.5 Organizational culture

A good work environment is present in the company, enhanced by the fact that direct contact exist between the employees and the management level. Most of the employees “have been working in the company several years, show their commitment for the company and can be trusted” (Senior Manager, email interview, 16th May 2016). The different departments collaborate with each other and the manager is coordinating, clarifying and solving any possible problems in the communication. Traditions are not important, since innovation and research are fundamental.

The company has a positive and high organizational entrepreneurial culture since its origins. In fact, the technologies developed by the company over the years, including the two patents, allow the company to be a referent of recycling not only in Spain but also in some regions of Europe. Furthermore, the R&D activities are supported by the European Regional Development Fund, since the European Commission consider the recycling of these products as an attractive investment.
4.5. Alucristal Huétor Vega S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
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<td></td>
<td>(Granada)</td>
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</table>

*Table 8. Summary of Alucristal Huétor Vega S.L.*

Alucristal Huétor Vega S.L. is an SME specialized in the production and installation of aluminum windows, glass screens, mosquito nets and curtains. There are currently seven employees working in the company, with two members of the same family integrating the management level. The company is well known for its commitment and for the quality of products they offer.

The company was founded in 1990 by a married couple. A few years ago one of the founders retired, and the company has been on the hands of the founder’s wife since then. In that moment, their son became the senior manager, due to his experience and knowledge.

The philosophy of the company underlines the importance of both the use of high quality materials and the commitment with customers. The prices of its products are average, but the company strives to sell the best quality products. Consequently, “the company purchases raw materials only from trustworthy suppliers which can offer high quality, even though higher price materials” (Senior Manager, on site interview, 27th April 2016). Due to the economic crisis, the company was forced to reduce the price level in the last years. Before the crisis customers were not aware of the price, but due to the situation they now compare prices with other companies, which have increased their bargaining power.

4.5.1 Managerial attitude

The new manager considers marketing as an important tool, particularly the WOM. In fact, few years ago he decided to advertise the company on the radio and renew the website. This decision led to a growth in the number of customers and revealed to be a good investment. The old manager was reluctant on using marketing tools, but the son recognized instead the need of having a marketing plan.
The manager is also responsible for proposing new products, for example “the company was one of the first in the region in offering such a range of mosquito nets” (Senior Manager, on site interview, 27th April 2016). Mosquito nets are not expensive to produce, therefore not large investments are required to start producing them while considerable marginal profits can derive from them, hence the opportunity. In fact, during a conference in Spain, the Senior Manager realized that it was a good idea to start producing mosquito nets in order to offer a broader range than the types which were available on the market. Another example is the introduction of glass screens, which were not produced before due to the reluctance of the old manager to introduce new products and take risks. His personal experience is helpful for the company, since he started to work with his father at a young age. The manager pays attention to the needs of employees, collaborates with them and supervises the changes introduced. Numerous customers and suppliers have been maintained since the origins of the company due, to a large extent, to the cordial way of dealing with them.

### 4.5.2 Resources and skills

The company has limited resources: a production facility, an office and a van. The employees are highly skilled and hold a wide knowledge in the field, since most of them have been working in the company since its foundation. Due to the economic situation of the last years the company sold some of the machineries the employees did not use, idea of the manager “to better use the available resources and obtain some money for machineries and tools the company was not using” (Senior Manager, on site interview, 27th April 2016). However, the firm also acquired new ones, which improved the manufacturing processes of the products.

The lack of financial resources limits the possibilities of offering new products. In fact, the company would like to introduce polyvinyl chloride (PVC) windows, since it is a highly demanded product, but it would require the acquisition of a bigger warehouse. The company is respected in the area and the WOM is the main factor helping the company to have a good reputation. Moreover, the company collaborates with several associations.

### 4.5.3 Organizational structure

The company is highly centralized, since all the decisions are taken by the manager and even small actions are consulted with him firstly. Furthermore, the tasks of the Managing Director, mother of the current manager, focus more on both maintaining relationships with other actors and taking care of the financial issues. The employees are “slightly more organized than they
used to be some years ago, and they are in constant communication, also with the person in the office to solve any question a customer may have” (Senior Manager, on site interview, 27th April 2016). There is a lack of formal meetings because of the family environment present in the company, nevertheless occasionally employees give suggestions to the manager and informal talks happen quite often.

The company can prioritize urgent orders and introduce fairly fast the changes or modifications in the products required by customers. The importance of routines and processes for the company is significant, these have been slightly modified over the last years. When relevant changes are ready to be implemented, both employees and managers have problems in accustom themselves to new routines, consequently the time of implementation is fairly long.

The company has specialized suppliers to maintain high quality materials, but it does not depend on few of them for its production. Furthermore, the company purchases roof panels, awning and rolling shutters from other firms, since “customers demand those products but we do not produce them, therefore we need to acquire these kinds of products to serve their needs” (Senior Manager, on site interview, 27th April 2016).

4.5.4 Learning orientation

Meetings, conferences and exhibitions are considered fundamental and crucial for the learning, although is mainly the manager who is attending these events. “Online information insights on what other companies are doing, it is crucial for the company to be aware of the trends on the market and the actions of competitors” (Senior Manager, on site interview, 27th April 2016). The employees of the company have years of experience in the sector, their prior knowledge facilitate the learning process. The “trial and error” approach is occasionally used, mainly in the placement of the products.

The main way of learning for the company is the feedback received by customers, since “their opinion is of great importance to power innovations in the company” (Senior Manager, on site interview, 27th April 2016). Direct observation of the activities of other companies is also important for the learning and suppliers help the company to gather information and discuss new trends and ideas. As mentioned before, an important part of the network of the company is formed by customers and suppliers, which have been loyal since the beginning.
The company does not consider partnerships with other companies useful, because of the sector it operates. The firm would like to have a stand in future national exhibitions and fairs, since “it is one of the best ways of meeting new customers and suppliers to collaborate with, as well as to learn and gather information” (Senior Manager, on site interview, 27th April 2016).

4.5.5 Organizational culture

Routines are important for the company, especially when it comes to organize and perform daily activities. When introducing new products or activities in the company, some procedures may slightly change, but numerous traditions and habits are still followed. The work environment is warm and friendly, since “the feeling is that all the members of the company belong to a big family” (Senior Manager, on site interview, 27th April 2016). Because of this, employees are motivated and work together for the same goals. Moreover, trust, loyalty and collaboration are crucial.

As a common rule, the company waits for customers to tell employees exactly what they want, although occasionally, such as the case of the mosquito net, “the company takes the initiative and innovate to analyze if the product is positively welcomed” (Senior Manager, on site interview, 27th April 2016).
4.6 Loalba C.B.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loalba C.B.</td>
<td>Granada</td>
<td>8 Employees</td>
<td>2</td>
<td>Family-owned SME</td>
</tr>
</tbody>
</table>

Table 9. Summary of Loalba C.B.

Loalba C.B. is an SME dedicated to manufacturing and selling fine jewelry, particularly gold and diamond jewelry. The company also offers a broad selection of articles for small gifts, mainly silver jewelry articles, rings, bracelets and necklaces. Currently, eight employees are working in the firm, four of them are siblings and integrate the management level. The company is recognized by the high quality of products and by offering exceptional value for money.

The company was founded in 1958 by a married couple, parents of the current Managing Director of the company. The owner is gradually dedicating less time to the company giving total responsibility to his descendants to run the business. Therefore, the siblings continue with the activities of the company and form the management level of the firm.

The way of dealing with customers is one of the most relevant concerns for the company. It is important to personalize the relationships, because loyalty is one of the most important values, which represents the company’s vision and mission. Consequently, several new generations of former customers are still buying the products the firm offers. The company used to sell mainly to other firms, but nowadays it is mostly selling to individual customers.

Due to the situation of the last years, the company has experienced a drop in the invoicing volume and difficulties to finance itself. The effects of the financial crisis were particularly severe in the sector the company operates.

4.6.1 Managerial attitude

The influence of the management level is very positive on the employees, all members share the same values and work together to pursue common goals. Managers continuously support the staff and teamwork is present. The culture of effort is highly valued inside the company and it is crucial to motivate the employees since “when a good work environment is present
the overall performance is better” (Managing Director, on site interview, 28th April 2016). The knowledge and expertise of the management level are also crucial factors for the performance of the company, they know the business well since they started to help their parents at a young age.

The management level is aware of the latest trends on the market, constantly proposing new ideas to improve the business and looking for new agreements and opportunities with other actors. The relationships the management level has developed over time allow the company to maintain old customers and to keep serving the needs of their descendants.

### 4.6.2 Resources and skills

The business is equipped with all the necessary machineries to produce high quality jewelry. The company consists of a modern shop and a workshop in the historical city center of Granada. The firm has not sold any machineries since its beginning, however tools and instruments have been acquired to improve the finish-touch of the products. Taking into consideration the handcraft sector the company operates, this depends less on machineries and therefore, the most important factor is the experience of the employees. Nevertheless, “the technology is lately modifying the way of designing jewelry, in fact the company is using nowadays computer software to develop complete previews of the products, and the acquisition of a 3D printer is among the short term objectives of the company” (Managing Director, on site interview, 28th April 2016). Due to the economic situation of the last years, the company rearranged some of its financial credits with banks.

The employees are highly qualified and willing to acquire new knowledge and new responsibilities. Reputation and loyalty from customers are critical for the firm. The company enjoys an excellent reputation thanks to the advertisement of the company in local newspapers and magazines, but especially the WOM is the best tool to keep a high reputation.

### 4.6.3 Organizational structure

Despite being a small family business, “the company can adapt faster than larger firms when changes in the market occur, which we consider the biggest advantage against them” (Managing Director, on site interview, 28th April 2016). Traditions and routines are important within the company, numerous procedures in the firm have remained intact since the establishment of the company, particularly regarding processes related with the production
activities. On the other hand, some processes have changed to adapt to market requirements, due to the increase in the use of technology in the designing processes of the competitors.

Managers are responsible for the decision making in the company. Nevertheless, “the rest of employees are also involved in the process and give different suggestions which we take into consideration” (Managing Director, on site interview, 28th April 2016). No formal meetings are scheduled in the company. The firm does not depend on any companies or particular customers, moreover the whole production is processed onsite in the workshop, hence it is independent and autonomous.

The implementation of new processes and activities is highly facilitated by the fact that employees have long experience and high skills, furthermore they are open to learn new methods and techniques to contribute to the improvement of the products and the overall performance of the firm.

4.6.4 Learning orientation

The employees are highly skilled and knowledgeable, willing to learn new practices and techniques. Employees and managers are aware of the last tendencies, since they travel to visit international exhibitions and fairs, mainly in Italy and France. Moreover, all the employees, together with the managers, are in continuous formation: gemology courses, design courses and courses on how to treat different materials.

Due to the economic situation of the last years, the price of the raw materials that the company needs has been increasing over time, while the buying power of customers have been decreasing. As the Managing Director explains, “at present a kilogram of gold costs approximately 36,000 euro, while a kilogram of silver costs around 460 euro. We learnt that critical changes needed to be made in order to survive, and we started to produce more items made of silver and enriched the choice of articles introducing ceramic products” (Managing Director, on site interview, 28th April 2016). Therefore, the company managed to keep the same high quality in the products with less costly raw materials in order to offer a more affordable price to customers.

The way of learning is focused to a great extent on the figure of customers and their feedback. The company also pays attention to the activities and products of competitors, as well as it is aware of the new market trends. Technology advancements have also been influencing the learning and the activities of the company. The firm maintains a close relationship with its
customers, but technology has created even a stronger relationship offering new possibilities. For example, “we now close deals through WhatsApp, after sending pictures of the products to the customers who are not able to go to the shop and want to have more information or pictures of the products we post on the social networks” (Managing Director, on site interview, 28th April 2016). This method of selling products was established by the management level after having taken into consideration the opinion of different customers.

The company collaborates with several NGOs (non-governmental organizations), and with social and cultural associations of the city of Granada, since “the firm should not be just one more company in the region, but help the city, be more involved in the activities of the city and improve, to the best of its abilities, the life of the people living here” (Managing Director, on site interview, 28th April 2016). Collaboration with other small companies is also present, which allows the company to develop exclusive and commemorative products as well as encourage the exchange of information between them.

4.6.5 Organizational culture

The culture is characterized by a close relationship between employees and management level, good collaboration and trust. A family environment is present in the company, which helps to create a great work environment, enhancing the performance of the firm. Collaboration and support are present and the employees feel comfortable with their tasks. In fact, they freely give suggestions to the managers, who take into consideration their opinions. As mentioned before, employees and managers are committed to the company and the culture of effort is highly valued. Nevertheless, “as in any family, some disagreements and misunderstandings occur from time to time, but these are quickly solved thanks to the participation and attitude of all the employees” (Managing Director, on site interview, 28th April 2016).

As previously specified, by being such a traditional handcraft company, the traditions are important for the company, particularly regarding the production processes.
4.7 Maritoñi S.L.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maritoñi S.L.</td>
<td>Ogíjares (Granada)</td>
<td>30 Employees</td>
<td>2</td>
<td>Family-owned SME</td>
</tr>
</tbody>
</table>

*Table 10. Summary of Maritoñi S.L.*

Maritoñi S.L. is an SME dedicated to the production of biscuits, cakes and regional traditional sweets. The company has thirty employees, with five members of the family involved in its operations. The business is well known for offering traditional and tasty handmade products with carefully selected ingredients, which became quickly popular and now considered a symbol of Granada.

The company was established in 1950, but the founder started working in it several years before (the situation was complicated due to the turbulent period of time after the Spanish Civil War). The company used to sell around 80% of its production to the catering industry and food companies, while approximately 20% of production was going to the supermarkets. The percentages have been reversed in the last years since the company, like the other firms in the market, needed to adapt to the economic situation. As explained by the Managing Director “this was particularly hard for us, since we offer products categorized under the “pleasure” scope, whose consumption decreased considerably during recession times” (Managing Director, on site interview, 29th April 2016). Despite the increase in the price of the ingredients, the price of the product has been remaining constant for the last years.

4.7.1 Managerial attitude

The management level is important for transmitting to the employees the vision and objectives of the company, as well as pushing them towards the continuous improvement required for the survival of the firm. The members of the management level pay attention to the latest tendencies in the market, as well as propose new possible products. Furthermore, the management promotes the culture of effort within the company. The Managing Director has been involved in the operations of the company since he was an adolescent, and the rest of the management level, including his sister has significant experience in the business. The
company has more than 60 years of experience, its suppliers are reliable and loyal, and the relationship with them is well established. Suppliers know the company well and they trust the managers. In fact, “they know that the company has been through several periods of difficulties, but they rely on the capacity of the management level to succeed and develop the company” (Managing Director, on site interview, 29th April 2016).

4.7.2 Resources and skills

The company possesses an industrial plant, three cafeterias and a complete vehicle fleet. The firm did not release any machinery in the last years, nevertheless it has acquired several new machines and tools necessary to improve the production. The economic situation have limited the company in having more commercial agents. In fact, the crisis of the last years in Spain have lead the company to reduce the number of workers, but “all the cases were earlier retirements, not a single dismissal occurred, and the negotiations were adequately discussed and performed in a favorable way for both parties” (Managing Director, on site interview, 29th April 2016). Furthermore, the company modified some of its loan agreements as well as methods of payments.

The employees are crucial in the success of the company. In fact several employees have been working together with the family members of the company for 20 and 40 years. In fact, these are fully aware of the characteristics of the product and do not need modern technology for the production, which are instead required by the competitors. Nowadays the company works closely with specialized technicians who are trying to improve the characteristics of the products and find new ways to use fewer quantities of additives.

The reputation of the company is exceptional. In fact, Maritoñi is a well known brand in the region and in numerous provinces of Spain. It appears on several publications and movies as a part of the history of the province of Granada.

4.7.3 Organizational structure

Decision making processes are centralized at the management level of the company, although the opinion of employees is always highly valued and taken into consideration. The inexistence of paperwork accelerates the formalities and increases the speed of decision making and responses. The company has monthly meetings scheduled, which allow it to always be updated on everyone’s work and give to the employees the image of a professional company. Furthermore, informal meetings are organized on a daily basis and therefore
suggestions, advices and problems can be gathered at any time and be promptly. “The flexibility is a key factor for any small company, particularly for a family company. In fact, it offers the greatest advantage against larger companies” (Managing Director, on site interview, 29th April 2016).

The products of Maritoñi have a short durability in comparison with the products of other brands, “the average durability of the products of competitors is 6-8 months, while for us it is just 2 months” (Managing Director, on site interview, 29th April 2016). This is due to the fact that no additives are included in the products, which results in higher quality and freshness, but also lower autonomy of the company, since dealers need to distribute the products more frequently than for the competitors. The products have been improved in the last years, even though the importance of traditions and routines are still crucial in order to keep the same taste in the products. The recipes are all traditional, however the company is currently focusing on reducing the use of food additives. The activities, related with the packaging and the labelling, are more automatized now than they were before. In fact, the use of technology has mostly been applied in these areas because it does not affect the quality and the taste of the product, but it allows much faster work. The employees are always receptive and hold extensive experience, which facilitates the implementation of processes and new techniques.

4.7.4 Learning orientation

The company is always gathering information with regard to new trends in the market. Some employees take courses in different topics, such as finance or industrial hygiene. As mentioned before, the employees are highly valued in the company due to their experience and knowledge, and are willing to learn to improve the performance of the company. Furthermore, the managers attend conferences, and sector magazines and publications are also consulted.

The company often develops new products. “In order to launch new ideas, the proposals need to pass 3 tasting sessions: the first one among the employees of the company, the second one performed by children and adolescents of schools, and the third one by the target group chosen” (Managing Director, on site interview, 29th April 2016). These led to an increase in the number of products introduced.

The most important way of learning is through customer feedback, moreover the firm observes the activities of other companies in the same sector. Suppliers and dealers are another important source of information. Furthermore, the company collaborates with another famous
brand of the region, *Puleva*, a company that manufactures dairy products. The two companies are famous in the province of Granada. Both companies learn from each other and the partnership has been highly successful.

The company considers itself part of the history of the province and therefore the managers want to be more involved in the community and improve the life of its citizens. The firm constantly collaborates with NGOs and associations: “*we give away to charities and associations the products that we do not place on the market due to size problems or wrong slicing*” (Managing Director, on site interview, 29th April 2016). Furthermore, the company provides its products to schools, cultural, social and sport organizations since “*we consider this is the right way to advertise our products*” (Managing Director, on site interview, 29th April 2016). These events create a further opportunity for the company to learn from the opinions of the people involved. Because of the increase in the problems related with obesity in the last years, the company has been promoting and supporting several sport events in the region, particularly focused on kids, since “*we do not only want to learn from them, we also want them to learn from us how to balance a correct diet with the right physical activity*” (Managing Director, on site interview, 29th April 2016).

**4.7.5 Organizational culture**

The company has a good work environment. In fact there is a close relationship between the management level and the rest of employees. Communication, trust and collaboration among the employees are important and well supported thanks to the family environment present in the company; freely opinions are given by the employees and appreciated by the management level: “*we are not only a family firm because the company belongs to a single family and several members are part of its operations, we are a family firm because of the work environment*” (Managing Director, on site interview, 29th April 2016).

Traditions “*are of great significance for the company, since regarding the organization within the company and the way the product is made we have tried to modify several things*” (Managing Director, on site interview, 29th April 2016).

The company has a positive entrepreneurial attitude, since for example, due to an increase of the Muslim population it is currently undertaking the challenge of offering products without lard. Moreover, it is trying to offer products with less sugar and fat due to the new customers’ demands.
4.8 Plásticos Granada S.A.

<table>
<thead>
<tr>
<th>Company name</th>
<th>Location</th>
<th>Number of employees</th>
<th>Family members in management level</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plásticos Granada S.A.</td>
<td>Atarfe (Granada)</td>
<td>35 Employees</td>
<td>2</td>
<td>Family-owned SME</td>
</tr>
</tbody>
</table>

*Table 11. Summary of Plásticos Granada S.A.*

Plásticos Granada S.A. is an SME dedicated to manufacturing and marketing polyethylene films and bags. The company has thirty-five employees and the management level is formed by four individuals, two of them belonging to the same family. Quality and customer service are priorities for the company, which is one of the leading companies in its sector at a national level.

The company was established in 1984 and it is owned by four brothers. Two senior managers are sons of two of the brothers that founded the company. The other two people forming the management level are two old partners who only have an advisory role.

The high quality offered, the continuous improvements in the processes and the customer service are factors of crucial importance for the company. In the sector, customers search for a good price, high quality and excellent service, since the same products are made by numerous companies. As a response to the decline in sales volume caused by the financial crisis, the company modernized its production line, which allowed an improvement in the performance of the firm. The environmental legislation published during the last years has influenced the activities and decisions of the company.

**4.8.1 Managerial attitude**

The experience, knowledge and skills of the members of the management level are of great importance for the company. The experience and abilities of the managers are crucial to achieve efficient changes contributing to the global improvement of the company. The problem solving and the decision making are performed by the management level.
Occasionally employees are consulted, but “their suggestions and opinions are not considered indispensable” (Senior Manager, email interview, 8th May 2016).

A close relationship exists between the management level and the rest of the employees, since the managers are always available for any queries, and the instructions, suggestions and assignation of tasks are always performed face-to-face. A good work environment and trust are present, to a great extent inspired by the managers. In fact, as the senior manager explains, “we are always willing to help in the production processes when employees are not available” (Senior Manager, email interview, 8th May 2016). The management level influences the attitude of the employees and motivates them to collaborate with each other. The importance of the group to achieve goals is shared by all the individuals.

The identification of new opportunities and the analysis of potential risks are tasks performed by the management level, together with the search of new suppliers for expanding the range of products the company offers. The company possesses an important network, which has been developed over the years thanks to the attitude of the managers. For example, customers rely and trust the managers when their orders involve major investments.

4.8.2 Resources and skills

The facilities of the company include an industrial plant fully equipped with the latest machinery and a storage hall. Despite the fact there are some tools which still need to be renewed, the company has acquired several machines in the last years since the management considered them keys to improve the production line and increase the production volume, in fact “thanks to these elements the company has almost doubled its invoicing volume” (Senior Manager, email interview, 8th May 2016). The employees are highly qualified and hold important knowledge of the sector.

The reputation of the company is very favorable, due to the experience in the market as well as the customer service the company provides. The reputation has been built “thanks to the experience, the rapid response to any kind of problem that customers may have and to the great assistance in case of deficiencies or errors in the orders” (Senior Manager, email interview, 8th May 2016).
4.8.3 Organizational structure

As mentioned before, decision making processes are mainly centralized at the management level, since the opinion of employees is not a requirement for most of the decisions taken by the managers.

The company operates 24 hours, 7 days a week, since the machinery is quite delicate and it cannot be unattended or stopped. The employees are divided in two shifts (day operation and night operation), and this affects the organization of the company. Because of this reason, just half of all employees take part in the meetings. Furthermore, when it comes to the implementation of new processes and methods, this is also an issue since “the managers are not present during half of the day and consequently certain queries cannot be solved” (Senior Manager, email interview, 8th May 2016). Although the implementation of new processes and routines is not difficult for the company, it might take longer times to implement any changes, since the company needs to wait until all the employees have rotated to the day shift. The company is able to adapt to changes in the price of the raw materials or the seasonal demands since “the modern machinery allows the use of different kinds of materials and different speeds. Furthermore, some specific elements can be added to the machines to conduct specific orders and demands; this reduces the response time” (Senior Manager, email interview, 8th May 2016).

The company is continuously improving and changing the organization of the production processes. In fact, just a few processes have remained unaltered over the last years. These improvements are critical and contribute to a lower level of errors in the production line. The company has several suppliers and customers and it is not dependent on any of them, which the management level consider as being positive.

4.8.4 Learning orientation

The members of the company do not usually attend any exhibitions or conferences, but researches on Internet are performed occasionally. The learning of employees is a crucial factor, the WOM within the company as well as the notice board play a key role in this process. The employees are fast learners and assimilate well the new knowledge. Usually the people in charge, and occasionally even another employee, are the ones who have the responsibility to teach new employees. Nevertheless, “when a new machinery is acquired, the mechanic engineer in charge is responsible for teaching” (Senior Manager, email interview,
8th May 2016). The “trial and error” approach is important for the company in all areas. The company promotes the setting of small objectives, which “whether achieved or not, help and encourage the learning process” (Senior Manager, email interview, 8th May 2016). Competitors are not willing to cooperate, and direct observation is not useful in the sector. One important way of learning is the information given by maintenance and support assistants, since they work for several companies and give their opinion about other companies’ activities. Usually the information obtained “is not absolutely accurate, since these assistants may have other interests, but it is an information that the company is able to use” (Senior Manager, email interview, 8th May 2016). Also suppliers and customers help in the learning process by providing insights on the evolution of the market and future trends. The company has agreements with several firms, since the manufactured product is just a part of a supply chain. Furthermore, the company also collaborates with other firms, which can perform some specific laminating or cutting required by the firm.

4.8.5 Organizational culture

The work environment in the company is good, commitment, trust and respect of the employees are factors present in the day to day operation. The teamwork is crucial: employees help each other as much as they can to pursue common goals. Employees “want to improve day after day and learn from the mistakes they have made in the past” (Senior Manager, email interview, 8th May 2016). They understand the commitment required by the management level, they recognize their mistakes and work hard to not repeat them. For example, “when an unexpected event occurs, the employees stay as long as needed to fix the problems without any previous negotiation with us” (Senior Manager, email interview, 8th May 2016). The employees strive to continuously improve and appreciate the work of their peers, they understand that the good performance of the firm requires a collaborative effort. The technology is critical for the success of the firm. Having the latest machinery is a requirement for the company, as well as being aware of the latest techniques and trends in the market to be able to develop innovative processes. In fact, traditions are not particularly important for the company, since “improvements are implemented quite often and modernization, in every respect, is among the priorities of the company” (Senior Manager, email interview, 8th May 2016).
5. Analysis

In this chapter, the empirical data are analyzed in the light of the theoretical framework. We divided the analysis into the same macro areas found in the theory chapter: managerial attitude, resources and skills, organizational structure, learning orientation and organizational culture. Within each macro area, the theory of non family and family-owned SMEs is applied to the companies belonging to the respective category of SMEs. At the end of each macro group’s discussion, a comparison between non family and family-owned SMEs is presented.

5.1 Managerial attitude

5.1.1 Non family-owned SMEs

The managerial human capital at Destilerías y Distribuciones Liber, Grupo Innova Hogar and Sulayr Global Service was found to significantly influence these companies. Examples are the knowledge of the industry and experience in the sector of the manager which are key to the performance of Destilerías y Distribuciones Liber; the expertise and knowledge on iron and aluminum products of the two managers of Grupo Innova Hogar and the knowledge of the industry and the company held by the manager of Sulayr Global Service which allows him to effectively coordinate tasks among the departments. We conceive the knowledge and expertise of the managers to be influential for the success of the organization, confirming what the literature affirms, that the management level plays a key role in SMEs as an important enabler of DCs (Sternad et al., 2013).

Our research indicates that the managerial social capital within the company was important in three of the SMEs analyzed: Destilerías y Distribuciones Liber, Sulayr Global Service and Grupo Innova Hogar. The manager of Destilerías y Distribuciones Liber dedicates time to develop relationships with customers, the managers and the management in Sulayr Global Service values the connections in the sector developed over time. The social capital was found to be a critical factor in one company, Grupo Innova Hogar, since the connections and relationships of the two managers allowed the company to start the business and have its first clients. As explained by Byler and Coff (2003), social capital is a necessary condition, but not a sufficient one for developing DCs.

The cases of Destilerías y Distribuciones Liber, Grupo Innova Hogar and Sulayr Global Service illustrated a high perception of the need of change and adaptability by the managers,
underlining the relevance of the managerial cognitive capabilities. In Destilerías y Distribuciones Liber the manager is aware of the opportunities in the market for the company and changed the customer base to increase the performance during the crisis; in Grupo Innova Hogar managers are aware of the business opportunities and suggest the acquisition of machineries to expand the activities of the company and in Sulayr Global Service the rapid assessment of opportunities is a requirement for the management in the fast-moving industry the company operates. This is also underlined by the theory; Barrales-Molina et al. (2010) recognize the importance of the perception of the manager when finding new opportunities and assessing risks. Therefore, this suggests that the cognitive capabilities of the manager affect the recognition of the change and therefore the decision making.

In all of the above discussion, one company is missing: Químicas Solbea. This company showed deficiencies in the managerial dimension. For example, we consider that the lack of knowledge and expertise by the management level has considerably affected the ability of the company to develop DCs over the years. The managers lack in having relationships with other actors to boost the performance of the firm. Moreover, the managers have not been able to identify the opportunities and facilitate the changes within the company.

5.1.2 Family-owned SMEs

As shown in our framework (Figure 6) the managerial dimension is divided into managerial human capital, social capital and cognitive capabilities.

The managerial human capital was discovered to be beneficial for the daily operation of the SMEs, not only thanks to the experience and knowledge of the managers, but also thanks to their positive attitude. For example, in Alucristal Huétor Vega the Senior Manager enhances collaboration among employees and contributes to the good work environment; in Loalba and Maritoñi the managers promote the culture of effort among the employees; the management level of Plásticos Granada contributes to the importance of teamwork by helping in the production line when needed. This is in line with the theory, which gives importance to the skills of the manager for helping small companies strive despite the turbulences (Sternard, 2013; Borch and Madsen, 2007).

Regarding the social capital, the empirical data revealed that in Alucristal Huétor Vega, Loalba, Maritoñi and Plásticos Granada this factor was not only important within the company, but also the relationships with actors outside the company were considered crucial.
for the ability to change and adapt to the environment. The management level of Alucristal Huétor Vega has a good relationship with external actors due to their experience and years nurturing the relationships; in Loalba a wide network is maintained by the four siblings who at present keep serving the needs of descendants of old customers; Maritoñi maintains a good relationship with numerous actors which trust the managers, finally the management level of Plásticos Granada plays a key role in maintaining customers, since these trust the management especially when their orders involve large investments. We consider this to be a consequence of the long period of time the managers have been involved in the company’s operations. They know better what the company needs and they have stronger relationships with suppliers and customers. This confirms what explained in the theory chapter, the managerial social capital in family-owned SMEs is a key factor for the performance due to the closer connection managers have with the rest of the employees that creates a unique network (Arregle et al., 2007).

With regard to the managerial cognitive capabilities, managers were found to be responsible for identifying opportunities and assessing risks. Examples are the introduction of the mosquito nets in Alucristal Huétor Vega; the decision of manufacturing more silver jewelry in Loalba; the development of products without lard in Maritoñi and finally the acquisition of particular machinery to fulfill the new market requests in Plásticos Granada. All initiatives started from the managerial perception of the market, agreeing on what stated by Barrales-Molina (2010) and Ambrosini (2009). We consider this to be due to their long experience working in the companies, the managers have a wider knowledge and therefore know better what it is best for their companies.

5.1.3 Comparison

The managerial human capital has pushed both family and non family-owned SMEs in pursuing the development of DCs. In both types of SMEs experience, knowledge and skills affect the daily operations of the company and the success of the organization to adapt in relation to the external changes. On the other hand, both managerial social capital and cognitive capabilities present some differences between the two types of SMEs. Regarding the first, the relationships and connections of the managers are shown to be closer and stronger in the family-owned SMEs, not only within the company but also outside it. On the contrary, the social capital was found to be less relevant regarding outside relationships in non family-
owned SMEs, with the exception of Grupo Innova Hogar. With regard to the second, the managers are the ones responsible for finding opportunities, assessing risks and developing new products in both types of SMEs. Nevertheless, due to the fact the managers of family-owned SMEs have more experience, they are more aware and pay more attention to the environment. This can be explained by the fact that the wealth of several members of their family depends on it.

Consequently, in Table 12 we consider the differences as being moderate in both managerial social capital and cognitive capabilities, while the managerial social capital is considered to be similar.

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Managerial human capital</th>
<th>Managerial social capital</th>
<th>Managerial cognitive capabilities</th>
</tr>
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<tbody>
<tr>
<td>Family-owned SMEs = Non family-owned SMEs</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Different to some extent</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Very different</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 12. Comparison of managerial attitude

5.2 Resources and skills

5.2.1 Non family-owned SMEs

Pérez-Cabañero (2012) explains the difficulties for SMEs deriving from the lack of technological assets, financial assets, reputational assets and employees’ skills. In the non family-owned SMEs interviewed, only the lacks of financial assets and technological assets were perceived to be a disadvantage. In fact, the lack of financial resources is considered as an important drawback for Químicas Solbea since they would like to have a bigger production plant and commercial agents. Furthermore, Destilerías y Distribuciones Liber would like to have a more automated production facility and Grupo Innova Hogar would open a showroom if they had more financial assets; while Sulayr Global Service is satisfied with its current financial endowment.
Because of the industry in which *Sulayr Global Service* operates, the company depends heavily on its level of technology of the market, which is in line with the discussion by Villar et al. (2014). For *Destilerías y Distribuciones Liber, Químicas Solbea* and *Grupo Innova Hogar* there is a low level of dependency from the technological assets.

However, as underlined by Nieves and Haller (2014), skills and experience of employees are considered more important than tangible assets. Examples are the case of the chemists in both *Destilerías y Distribuciones Liber* and *Químicas Solbea*; the qualifications and experience of the employees at *Grupo Innova Hogar* to solve eventual problems; and finally the industrial engineers and chemists performing R&D activities in *Sulayr Global Service*. Moreover, the employees of all the companies interviewed hold deep knowledge for the tasks assigned. The importance of the skills and experience of the employees is also underlined by the fact that *Grupo Innova Hogar* and *Químicas Solbea*, for example, would find it difficult to hire new knowledgeable and skilled employees even if they held enough financial resources to do so.

López and Iglesias (2010) affirm that reputation is a key factor for the performance of the firm. In fact, the reputation was found important for all the analyzed companies, however we consider competitive advantage has been created only in one non family-owned SME: *Destilerías y Distribuciones Liber*. In fact, the reputation helped this company to create competitive advantage thanks to the several awards obtained, which made the firm differentiate from other competitors. On the other hand, for *Grupo Innova Hogar, Químicas Solbea* and *Sulayr Global Service* reputation, particularly boosted by WOM for the first two, was found to be important mainly to gain new perspectives customers and maintain the old ones, but no competitive advantage has been created.

### 5.2.2 Family-owned SMEs

The data analyzed indicated challenges for all the family-owned SMEs regarding the development of DCs due to the lack of certain assets endowment, confirming the theory of Pérez-Cabañero (2012) that underlines how SMEs are limited by the lack of technological assets, financial assets, reputational assets and employees’ skills. For example, *Alucristal Huétor Vega* would like to sell PVC windows, but it would be necessary to acquire a bigger warehouse for it; *Plásticos Granada* would like to renew some of its machineries, *Maritoñi* would like to dispose of more commercial agents and *Loalba* wish to acquire a 3D printer, but financial resources are needed in all these cases. Our study also underlined the difficulties to
obtain capital for investments in SMEs. For example, due to the economic crisis, both *Maritoñi* and *Loalba* were pushed to change financial agreements and experienced some difficulties to obtain financial assets. The first modified the loans and methods of payments while the second rearranged credits with financial institutions.

*Plásticos Granada* and *Alucristal Huétor Vega* showed a great dependency on the technological machineries available on the market, while *Maritoñi* and *Loalba* were found to be less dependent because of the sector they operate in. This is consistent with the discussion of Garcés-Galdeano et al. (2016), arguing that the required technological assets depend greatly on the sector the firms operate, and do not depend on the size of the company as affirmed by Pérez-Cabañero et al. (2012).

However, the companies did not perceive the limited size as a factor influencing the employees’ skills and reputational assets. Despite the data suggested a major focus on managerial skills rather than the employees ones, all the companies underlined the importance of the employees, their role, knowledge and experience as one of the most important assets for the company since the learning orientation, implementation of processes and work environment of the company depends on them to a great extent. For example, in *Alucristal Huétor Vega* most of the employees have worked in the company since the establishment, in *Loalba* employees are eager to be involved in the company and receive new responsibilities, in *Maritoñi* the knowledge of employees allow the company to use less machineries for the production processes, finally in *Plásticos Granada* employees assimilate well the new knowledge and transfer it to the new employees. Our research found that the employees in all the companies studied were highly knowledgeable and skilled, due to the fact that most of them have been working in the company for a long time. This matches the work of Nieves and Haller (2014) underlining the knowledge of employees as an important factor to develop DCs.

Regarding the reputational asset, this was found to be fairly important in accordance to what stated by Vlachakis et al. (2011) and Crespí and Martín-Oliver (2015). Particularly it was found to be better preserved in those companies that have been on the market for longer time, such as *Loalba* and *Maritoñi*. Moreover, it was found that in these two companies as well as in *Alucristal Huétor Vega*, there was a stronger willingness to have a reputation not only among the customers, but also among the whole community through the collaboration with NGOs and other associations. In *Alucristal Huétor Vega*, WOM was found to be the most useful tool to
keep the reputation high offering a competitive advantage, which is in line with the work of López and Iglesias (2010) explaining that reputation is a crucial asset for the performance of the company since it helps to create a competitive advantage.

**5.2.3 Comparison**

In both types of SMEs, technological and financial assets are limited. Nevertheless, intangible resources such as employee’s knowledge and skills are considered more important than the tangible assets. We consider this to be the result of the fact that managers, in both types of SMEs, are more concerned on maintaining these intangible assets than on lacking of financial and technological assets. The reputational asset is considered crucial in both types of SMEs; in fact, they all have a high level of reputation enhanced by the use of the WOM in most of the cases. Non family-owned SMEs consider reputation as a tool for maintaining customers, gaining new ones and create competitive advantages. On the other hand, it was found that the family-owned SMEs were more motivated in keeping the reputation high not only for those reasons, but also as a way of gaining recognition among the whole community through the collaboration with NGOs and other associations.

Therefore, in the *Table 13*, we consider financial, technological assets together with employees ‘skills to be similar, while the reputation considerably differs between family and non family-owned SMEs.

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Financial assets</th>
<th>Technological assets</th>
<th>Employees’ skills</th>
<th>Reputation</th>
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<tbody>
<tr>
<td>Family-owned SMEs = Non family-owned SMEs</td>
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</tr>
<tr>
<td>Different to some extent</td>
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<tr>
<td>Very different</td>
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*Table 13. Comparison of resources and skills*
5.3 Organizational structure

5.3.1 Non family-owned SMEs

In our study, only Grupo Innova Hogar was found to have a decentralized structure, since the employees together with the manager take most of the decisions in the company, for example on the materials and machineries to be acquired. On the other hand, in Destilerías y Distribuciones Liber, employees’ opinions are taken into consideration, but the main decisions are taken by the manager; in Químicas Solbea the chemist is consulted, but the decision making is performed by the two managers; in Sulayr Global Service decisions are taken by the management level. Nevertheless, from the interviews with the managers of the companies, results indicate that having a centralized structure does not necessary hinder the dynamism of the company as suggested by Rindova and Kotha (2001).

The autonomy or dependency, as explained by Rindova and Kotha (2001), are factors that can boost or inhibit the development of DCs. While Químicas Solbea do not depend on any other companies, Destilerías y Distribuciones Liber and Sulayr Global Service depend on a reduced number of companies, while Grupo Innova Hogar sells more than half of its production to another firm.

None of the four businesses studied rely on the importance of the same processes and routines, in fact, numerous aspects have changed in all these companies over the years. For example, Grupo Innova Hogar has reorganized and divided tasks and processes in the company, Destilerías y Distribuciones Liber is an innovative and modern company which refines processes when there is an opportunity for improvement; in Químicas Solbea processes have changed considerably due to the rotation of personnel; and Sulayr Global Service is continuously investigating and developing new processes. This is in line with the discussion of Filippini et al. (2012) arguing the less path dependency of SMEs.

In our study, we found that in Sulayr Global Service, Destilerías y Distribuciones Liber and Grupo Innova Hogar the implementation was facilitated by the knowledge of employees, however the most determinant factor was found to be the coordination within the company. For example, in Destilerías y Distribuciones Liber particular activities are assigned by the manager to each employee, in Grupo Innova Hogar coordination is enhanced by the introduction of written reports and in Sulayr Global Service the manager facilitates the information flow between departments. This is considered essential for the good
implementation of the new routines as well as for the overall success of the company. This follows the theory by Nieves and Haller (2014) and Uhlaner (2013) explaining that implementation in SMEs is facilitated by the fact that working space and the number of employees are reduced, which allows the management to better control this implementation. However, different is the case of Químicas Solbea, where despite the limited number of employees, the implementation was still difficult due to the continuous rotation of personnel. Coordination was not present in the company, contrary to what found in the other non family-owned SMEs.

We consider three companies having a high level of flexibility: Sulayr Global Service, Destilerías y Distribuciones Liber and Grupo Innova Hogar; while Químicas Solbea shows an acceptable level of flexibility despite the lack of smooth implementations and coordination. For example, Grupo Innova Hogar prioritize customers problems over the day-to-day operations, Destilerías y Distribuciones Liber introduced gin as a response to the demands by customer and Sulayr Global Service is able to change the processes and adapt them to the new market requirements. These findings are consistent with the theory analyzed since as explained by Eriksson (2014), Nieves and Haller (2014) and Pinho (2001), SMEs are considered flexible which allows them to better adapt to changes when needed.

5.3.2 Family-owned SMEs

Our research did not indicate significant difficulties when developing dynamic capabilities in a centralized environment. As opposed to what affirmed by Zahra et al. (2004) and Rindova and Kotha (2001), the centralized structure did not hinder the ability of the companies studied to develop DCs. All the four family-owned SMEs have a centralized structure. In fact in Alucristal, even the small decisions need to be taken together with the manager; in Loalba although employees are involved in the decision making and give suggestions, managers are the main responsible figure; in Maritoñi the opinion of employees is highly appreciated, but decision making processes are responsibility of the management level; and in Plásticos Granada the opinion of employees is not indispensable.

In our research, three of the family-owned SMEs studied have a considerable level of autonomy since they do not depend greatly on any of other companies, suppliers or clients. Alucristal Huétor Vega has several specialized suppliers, which provide them with the materials needed. Loalba does not depend on any supplier or customer and moreover all the
production takes place in their workshop, hence no help from other companies is needed. These factors increase the level of flexibility of the firms, which is in line with the discussion of Prieto et al. (2009). Plásticos Granada has several customers and suppliers and therefore do not depend on them. Whereas, Maritoñi depends to some extent on the dealers to sell its products since these need to be distributed more frequently than the products of its competitors.

The data implies a high dependency of family-owned SMEs of routines and processes. For example, Maritoñi has modified few of its organizational activities and production processes; in Alucristal Huétor Vega activities and processes have been slightly modified over the last years and in Loalba numerous procedures have remained unaltered since the foundation of the company. This follows the discussion about path dependency of family firms by Kotey (2005) and Chirico and Salvato (2008), and disagrees with what argued by Filippini et al. (2012) explaining that SMEs are less path dependent than other firms. For example, this theory matches with the case of Plásticos Granada, which is not path dependent since it is continuously modifying and improving procedures within the company. However, the same authors argue that this path dependency causes problems when the companies need to implement new processes and routines. Our study does not match with this view, in fact the implementation of new routines was found to be smooth and not complicated in all of the companies interviewed thanks to the extensive knowledge and experience of employees. We agree with Pérez-Cabañero et al. (2012) and Pindado (2015), since our research found that despite the path dependency, family-owned SMEs are flexible. This is opposed to what argued by several other authors such as Hall et al. (2001), Chirico and Nordqvist (2010) and Chirico et al. (2011). We consider that despite the path dependency and the centralized structure found in most of the family-owned SMEs studied, flexibility was still present and providing an important advantage against larger firms.

5.3.3 Comparison

With regard to the organizational structure of the SMEs studied, the important decisions are taken by the management level, while minor decisions are consulted together with the employees. Therefore, a centralized structure is present in both types of SMEs. Contrary to what expected, the findings showed a higher level of autonomy present in the family-owned SMEs, while non family-owned SMEs showed to be more dependent on other companies.
The findings underlined how the path dependency highly differs between the types of SMEs. Family-owned SMEs are path dependent following the same routines and processes, while non family-owned SMEs have low path dependency as they continuously modify processes and routines.

Implementation was found to be different to some extent, since despite the prior knowledge of employees facilitating the implementation in most of both types of the companies, this was perceived to be the result of the attachment and the family feelings that the employees hold towards the whole company. However, one of the main findings of our study, which was not mentioned in the literature review, is the role that coordination plays in enhancing the dynamism of the company, helping in the further development of DCs and allowing non family-owned SMEs to have a smoother implementation. This factor was not mentioned in any of the interviews with the family-owned SMEs, however it was considered as a key facilitator of other structural factors, such as implementation, by non family-owned SMEs.

Nevertheless, despite the facts mentioned above, we consider that a high level of flexibility is present in all of the companies in both groups, with the exception of Químicas Solbea. Following what said in most interviews, the lack of paperwork and the fast decision making are crucial factors, which heavily increase the flexibility of the company.

In Table 14 it is possible to see that no differences have been found regarding the level of centralization of the companies interviewed, while moderate differences were found regarding the level of autonomy and implementation. On the other hand, strong differences can be observed in the path dependency and coordination.

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Type of structure</th>
<th>Level of autonomy</th>
<th>Path dependency</th>
<th>Implementation</th>
<th>Coordination</th>
</tr>
</thead>
</table>

**Table 14. Comparison of organizational structure**

- Family-owned SMEs = Non family-owned SMEs
- Different to some extent
- Very different
5.4 Learning orientation

5.4.1 Non family-owned SMEs

Positive learning attitude was found in this type of SMEs. In fact, Destilerías y Distribuciones Liber constantly searches for new information and reads magazines and publications about the sector; Grupo Innova Hogar considers the meetings with the company that collaborates with the firm as being crucial for the learning process; Químicas Solbea attends exhibitions and fairs to obtain knowledge and new ideas; finally Sulayr Global Service considers meetings and conferences as an important learning resource to improve its R&D activities. As explained by Gnizy et al. (2014), a positive learning orientation can be beneficial for SMEs, since this may allow the company to better adapt to changes in technical standards and trends in the market as well as to the new activities of competitors. However, difficulties arise when comparing the willingness to learn between companies. In fact, only Destilerías y Distribuciones Liber and Sulayr Global Service were found to have employees willing and more open to learn. On the contrary, employees in Grupo Innova Hogar were less willing to learn new routines and practices, and in Químicas Solbea the lack of motivation and continuous rotation of personnel hindered the learning of employees and consequently the learning of the whole organization.

In all four SMEs analyzed, relationships and network were considered crucial, in particular, the main way of learning for Destilerías y Distribuciones Liber, Grupo Innova Hogar and Químicas Solbea was found to be the feedback and opinions of the customers. On the other hand, although Sulayr Global Service considers the opinion of customers important, R&D activities were found to be more crucial for the learning. Following the theory by Pinho (2011) and Monteaulegre (2002), networks help companies to gather information and encourage learning. Químicas Solbea has recently started to collaborate with another firm to be able to learn in order to improve the performance of the firm. In addition, Grupo Innova Hogar considers more convenient to collaborate with other companies to learn practices related to organization and coordination. This is in line with what mentioned by Sawyer et al (2008) about SMEs establishing network and relationships to overcome the lack of resources.

5.4.2 Family-owned SMEs

In all the companies, the research suggested a decisive proactive learning attitude. In fact, the managers at Alucristal Huétor Vega, Loalba and Maritoñi attended conferences and exhibitions and in the last two companies, courses on different topics were also taken by the
employees. In Alucristal Huétor Vega and Plásticos Granada, the learning is also considered important, but due to the sectors these companies operate, the process of learning was more related to the “trial and error” approach. Our study matches the analyzed theory since the learning orientation is a crucial antecedent for the development of DCs. In addition, as also explained by Zahra (2012), our research indicates the importance of the manager in supporting and encouraging the learning of the company. For example, managers in Loalba and Maritoñi promote the learning of employees by encouraging them to take courses on different topics, such as gemology and industrial hygiene respectively. In Alucristal Huétor Vega and Plásticos Granada online research is performed in order to get new perspectives and information for the learning and improvement of the company. We believe that since the employees have been working in all the companies for many years, no difficulties to learn were present thanks to their prior knowledge and good attitude. Moreover we consider the fact that the employees’ wealth is attached to the company as a booster to their motivation to learn.

Our research has underlined how relationships and networks are important tools to gather external knowledge in an informal way, as affirmed by Pinho (2011) and Kraiczy (2013). Moreover the network and connections in all of the family firms were found to be tight and close, which confirms what stated by Pérez-Cabañero (2012). For example, apart from the collaboration with the firm Puleva, Maritoñi constantly collaborates with schools, cultural, social and sport associations and perform tasting sessions to learn from the opinions of the people involved; and Loalba usually collaborates with other small companies, which allows the company to develop exclusive products. Furthermore, in Alucristal Huétor Vega, Loalba and Maritoñi the opinion and feedback of customers are considered the most important way of learning, while for Plásticos Granada customers are important way to learn, but maintenance and support assistant personnel provide better insights and information. This is in line with what affirmed by Maseda et al. (2015), that networks also provide companies with useful information about new trends and how to develop new products.

5.4.3 Comparison

As shown in Table 15 the learning attitude and the external relationships differ to some extent between family and non family-owned SMEs. Although customers are the most important way of learning for both groups, together with other activities such as the observation of other companies, there are some differences when it comes to the learning orientation of employees.
For example, in family-owned SMEs, the fact that these have been working in the company for many years together with the previously mentioned commitment and feeling of belonging to a big family, facilitate the attitude and willingness to learn. In fact, findings indicate that employees in family-owned SMEs are more motivated to learn than in non family-owned SMEs because their wealth is attached to the family firm than the non family-owned SMEs.

Regarding the external relationships, considerable differences exist between family and non family–owned SMEs. In fact, relationships are closer in family–owned SMEs, since collaborations are constant, while in non family-owned SMEs these collaborations occur less frequently.

<table>
<thead>
<tr>
<th>Comparison</th>
<th>Learning attitude</th>
<th>External relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family-owned SMEs = Non family-owned SMEs</td>
<td>Different to some extent</td>
<td>Very different</td>
</tr>
</tbody>
</table>

Table 15. Comparison of learning orientation

5.5 Organizational culture

5.5.1 Non family-owned SMEs

Loyalty, trust, collaboration and support were present in three of the non family-owned SMEs analyzed, and these have helped create a good work environment, which enhanced the development of dynamic capabilities. For example, Grupo Innova Hogar affirms that loyalty and trust are key factors for the dynamism of the company since satisfied and trustworthy employees are more open to accept the necessary measurements to adapt to external changes; in Destilerías y Distribuciones Liber these factors were essential to help keep the employees with a positive attitude which leads to a smoother day-to-day operation of the company, and finally in Sulayr Global Service the trust among employees and the support and the collaboration among the different departments contribute to have a good atmosphere and to
solve communication problems. Whereas, in *Químicas Solbea*, because of the lack of loyalty and trust between the managers and the employees, the development of DCs was somehow inhibited, which underlines the importance of these for the dynamism of the company (Eriksson, 2014; Montealegre, 2002; Augier and Teece, 2009). Moreover, no strong collaboration and support between the management level and the employees was found in the latter firm, but as explained by Sawers et al. (2008) these two elements are requirements for a good work environment, since the employees and the management level work closely with each other on a daily basis. The absence of these factors, believed by the literature to be antecedents of DCs, inhibit the development of dynamic capabilities and create difficulties for the companies to pursue the change (Blomqvist et al., 2004).

Three of the four companies studied showed a high level of commitment among employees and managers, facilitating by the fact that managers and employees share the same values and goals. For example, in *Destilerías y Distribuciones Liber* payments are promptly and employees are not asked to work overtime, which increases the commitment towards the company; in *Grupo Innova Hogar* commitment is high since employees are able to take part in the decision making of the company, finally in *Sulayr Global Service* the employees show their commitment and level of dedication towards the company by performing challenging R&D activities. However, in *Químicas Solbea*, a lack of commitment is present since employees are rotating often and this creates complications, which may be the reason of difficulties in the development of DCs in this firm. Furthermore, all of the companies analyzed showed a high level of respect and honesty. It is important to mention that these factors also affect some of the previously explained elements, such as coordination and implementation, as explained by the managers of *Grupo Innova Hogar* and *Destilerías y Distribuciones Liber*.

The companies studied did not consider relevant the traditions; they are therefore not following traditional routines in the day-to-day business. The literature analyzed did not take into consideration the traditions as factors affecting the development of dynamic capabilities in non family-owned SMEs, therefore our study is in line with the literature.

The four companies analyzed indicated a high level of risk taking or creativity in several aspects. For example, *Destilerías y Distribuciones Liber* introduced twenty types of gin, chewing gum liquor and liquor of whiskey with new flavours; *Grupo Innova Hogar* considered critical the creativity in the production processes; a high risk-taking approach can be seen in *Químicas Solbea* since the company is opened to try new activities developing new
products, and Sulayr Global Service started to develop new processes to recycle generic medicines and coffee capsules. This is in accordance with the literature, in particular Messenghem (2003) explains that SMEs needs to have a high degree of risk taking and encourage innovation and creativity for their survival.

5.5.2 Family-owned SMEs

In all the four companies studied, the good work environment positively affects the attitude of employees, which managers believe to enhance and encourage the performance of the company and the possibility of being more dynamic. For example, in Plásticos Granada the managers help in the production processes when needed, furthermore when a problem occurs employees stay at work until it is solved. In Alucristal Huétor Vega all employees feel part of a big family and in Loalba and Maritoñi the culture of effort is present to always help each other. In all the companies, teamwork is a factor always present and the employees personally care about the situation and future of the company. This is supported by the literature analyzed, the family atmosphere is the result of the collaboration, trust, loyalty, support, respect and commitment of family firms (Pérez-Cabañero et al., 2012). Some authors such as Kraiczy (2013), and Tagiuri and Davis (1996) believe that close relationships and shared language in family-owned SMEs boost the development of these factors above mentioned, which are also important antecedents for the development of DCs.

In Alucristal Huétor Vega, Loalba and Maritoñi, traditions are followed and are part of the organizational culture. For example, Alucristal Huétor Vega has been following similar habits and procedures since its establishment; in Loalba handcraft techniques has persisted important since the foundation of the firm and in Maritoñi the recipes have remained mostly unaltered over the years. This confirmed what argued by Chirico and Nordqvist (2010), that traditions in family-owned SMEs are important. Despite being traditional, we consider that Loalba and Maritoñi have a positive entrepreneurial culture, which boost the level of dynamism of the companies and help them overcome the problem of being rigid in their traditions. For example, Loalba uses WhatsApp to close sales and Maritoñi is developing new products without lard and with less sugar and fats to adapt to the new market requirements. On the other hand, for Plásticos Granada modernization is present in its procedures, this is the reason why the company is not as traditional as the others. This is underlined by Hall et al. (2001) and Chirico and Nordqvist (2010), who believe traditions could hinder the ability of the company.
to develop DCs and overcome changes. However, if an entrepreneurial culture is present in the company, this can still assist to cope with the obstacles set by the traditions, help the company being versatile and overcome the changes (Chirico and Nordqvist, 2010).

5.5.3 Comparison

From the discussion above, Table 16 shows no differences in factors such as trust, loyalty, support and collaboration, since a high level of all of these elements were present in family and non family-owned SMEs with the exception of the previously explained Químicas Solbea, our deviant case.

Differences can be found in the level of respect and commitment. Although commitment, honesty and respect are present in non family-owned SMEs, we consider these factors as being stronger and more significant in family-owned SMEs. As mentioned before, employees of the latter have a special commitment towards the organization because of the feeling of belonging to the family. Furthermore, the culture of effort is present in these family-owned SMEs, inspired by the managers.

Significant differences can be seen in the traditions of the two different types of SMEs. Family-owned firms consider traditions of highly importance, while non family-owned SMEs do not rely on traditions since they are continuously modernizing their procedures.

Regarding the entrepreneurial culture of the organization, differences are present between the two types of SMEs. In fact, family-owned SMEs have a positive attitude towards innovation despite following traditions, which we believe it underlines the necessity for family-owned SMEs to go beyond their traditions not to be stuck in their rigid culture. Nevertheless, non family-owned SMEs are highly innovative and they present a more risk taking culture, where the “trial-error” approach is particularly important.
<table>
<thead>
<tr>
<th>Comparison</th>
<th>Trust and Loyalty</th>
<th>Support and collaboration</th>
<th>Respect and commitment</th>
<th>Traditions</th>
<th>Organization entrepreneurial attitude</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family-owned SMEs = Non family-owned SMEs</td>
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<tr>
<td>Different to some extent</td>
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<td>Very different</td>
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*Table 16. Comparison of organizational culture*
6. Conclusions

In this chapter, the different parts of the puzzle representing our research are finally assembled together. The research question is answered, both managerial and theoretical implications are underlined and the limitations of the study are presented, together with several suggestions for future researches.

6.1 Answer to the research question

`How do the antecedents of dynamic capabilities differ between family and non family-owned SMEs?´

This thesis suggests that there is not only one way of being dynamic and develop DCs, since there are several ways to react to external changes and response to turbulent environments. We identified the same antecedents for family-owned and non family-owned SMEs, nevertheless differences are present within some of them.

Regarding the managerial dimension, the managerial human capital was found to be similar in family and non family-owned SMEs. On the contrary, some differences were found in the managerial social capital and managerial cognitive capabilities. In family-owned SMEs, the social capital of the managers is stronger, not only with members inside the company but also with outsiders. Furthermore, the cognitive capabilities of the managers in family-owned SMEs were also considered more crucial than in non family-owned SMEs. In fact, these were found to be more aware of the beneficial opportunities for the company since the management has been involved in the company for a long time and know extremely well its needs.

Similarities were found in the resources and skills of the SMEs interviewed, particularly the intangible resources are recognized as critical for both SMEs. Nevertheless, differences were found in the role of reputation. Reputation in non family-owned SMEs is considered as a crucial tool to maintain customers, gain new ones and create competitive advantages; while in family-owned SMEs reputation is seen as a critical tool not only for these factors, but also to gain recognition among the whole local community.

Regarding the organizational structure, both types of SMEs present a centralized structure where the decision making process is mainly performed by the management level. Contrary to what we were expecting, family-owned SMEs present a higher level of autonomy than non
family-owned SMEs, which are more dependent on other companies. Moreover, family-owned SMEs are more path-dependent and follow old processes and routines, while non family-owned SMEs are continuously modernizing the way of doing business and organize activities. Implementation was found to be facilitated in both type of SMEs due to the prior knowledge of employees, but in family-owned SMEs this aspect was even more encouraged by the family attachment and commitment of employees towards the firms. One of the main findings of the research was the importance of coordination in non family-owned SMEs, which it was not commented by the literature analyzed, but it was mentioned by all the managers of the non family-owned SMEs interviewed and should be considered as another antecedent of DCs, which can be further studied.

The learning in both types of SMEs is focused on the figure of customers. Strong is the willingness to learn in family-owned SMEs, furthermore the feeling of belonging to a big family encourages and facilitates the learning activities. However, different is the motivation and the learning willingness employees have in some of the non family-owned SMEs interviewed, resulting from the lack of motivation and the rotation of personnel. Regarding the external relationships, these were found to be closer in family-owned SMEs, since collaborations occur more frequently.

The organizational culture also presents similarities and differences between the two types of firms. Factors such as trust, loyalty, support and collaboration are present in a similar manner in both types of companies, with the exception of one firm. However, differences in the level of respect and commitment exist between the two types of SMEs. Despite the fact these aspects are present and important for non family-owned SMEs, in family-owned SMEs these factors are enhanced since employees have a strong feeling of belonging to the company. Furthermore, the culture of effort inspired by the managers of family-owned SMEs encourages these factors. Differences are also present in the entrepreneurial culture of the different types of SMEs, since non family-owned SMEs show a more innovative approach and take more risks than family-owned SMEs. A significant difference, which was well explained by the literature, was found in the importance of traditions. While for family-owned SMEs traditions are considered of great importance to the operability of the firm, non family-owned SMEs do not consider them important, since often modernize and update processes and habits.
According to the findings above, hereby presented the revised framework with the inclusion of one additional antecedent: coordination (Figure 7). We consider the coordination affecting the flexibility of the company, therefore an important factor helping in the further development of DCs.

6.2 Managerial implications

The results of the research can offer a helpful perspective to the members of the management level of SMEs. Firstly, it gives insights on the factors, in both family and non family-owned SMEs, that could enhance or inhibit the dynamism of their companies. In fact, the important role of the manager for the development of DCs implies that he needs to support the employees and the whole organization with his knowledge and experience, which were found to greatly affect the level of boost towards the change. Furthermore, managers in non family-
owned SMEs could foster reputation among the whole community and gain legitimacy. Both family and non family-owned SMEs could use coordination to enhance the learning orientation, implementation of new routines, management of the employees and efficiency of the company. Managers in non family-owned SMEs should also enhance motivation and commitment within the company. Finally, the managers of family-owned SMEs should try to find the right balance between traditions and innovations.

Secondly, our deviant case represented by the company *Químicas Solbea* suggests that being too dynamic has sometimes drawbacks. Therefore, this can result in bad performance and risk of changing the company, its assets, its culture and its structure excessively. The manager has the important role of supporting the dynamism of the company by boosting the development of DCs, however he needs to be careful in balancing what is good for the company with what it is required by the market.

6.3 Theoretical implications

This thesis can be a starting point for further researches on the antecedents of DCs development. The lack of literature on antecedents of DCs in SMEs (Chirico et al., 2011; Chirico and Nordqvist, 2010; Eriksson, 2013) provided the right opportunity to contribute more on the topic. When conducting the research, differences in the antecedents of DCs between family-owned and non family-owned SMEs were found in the social capital and cognitive capabilities of the manager, the role of reputation, path dependency, implementation, coordination, traditions, learning motivation, commitment and entrepreneurial attitude. This underlines how important it is to differentiate between these two groups of SMEs when researching DCs. Furthermore this thesis provides insights to narrow the knowledge gap present in both family-owned and non family-owned SMEs (Chirico and Salvato, 2008; Hall et al., 2001) by analyzing different factors in several areas: managerial attitude, resources and skills, organizational structure, learning orientation and organizational culture. Coordination was found to be a relevant antecedent for non family-owned SMEs, despite it was not mentioned in the literature analyzed as a factor which could considerably influence the development of DCs. Therefore, coordination should be considered for further researches on the topic. Flexibility was found to be a characteristic of family-owned SMEs as well, not only non-family SMEs like affirmed by Hall et al. (2001). Traditions, as explained by Chirico and Nordqvist (2010), were found to be relevant and part of the organizational culture in family-
owned SMEs, whereas in non family-owned SMEs traditions were not considered crucial. Furthermore, as mentioned by Kotev (2005) and Chirico and Salvato (2008), family-owned SMEs were found to be path dependent following therefore the same processes and routines, while these were not found to be relevant for non family-owned SMEs.

6.4 Limitations

The main limitation of the study refers to the fact that the sample of companies selected for the research was limited to a region of Spain. Since considerable differences are present among the different regions of the country, in the way of doing business, having relationships and perceiving the environment, the same study in other regions might have offered different insights. Similar to this limitation the study did not take into consideration any other country, which could have given additional information on the topic, since family-owned and non family-owned SMEs might present different characteristics in each country.

Another important limitation of the research is the fact that the interviewees answered questions about past events and situations, which can affect the validity of the thesis. It is possible that the members of the management level may not have mentioned relevant aspects of the requested information, furthermore answers regarding past situations can be disproportionate over the course of time.

An additional limitation for the empirical data is related to the type of interviews conducted. Five interviews were conducted on site, while three were conducted through e-mails and phone calls. This brings three main drawbacks: inconsistencies in the interview format, the impossibility of capturing non-verbal aspects and possible deficiencies in the amount of details of the information provided.

Finally, the literature revised showed the connections between some of the antecedents and the organizational culture and the learning orientation. However, these connections could not be studied due to the wide scope of our research.

6.5 Suggestions for future research

The main differences in the antecedents of DCs in family-owned SMEs and non family-owned SMEs were presented, but studies in other regions of Spain are necessary to increase the validity and the generalizability of the findings. Therefore, the same study could be conducted in other areas of Spain in order to find similar or different patterns.
Moreover, we suggest to conduct the research in other countries in order to observe whether the results follow the same pattern and if therefore the antecedents of DCs can be affected by not only the type of firm, but also by the type of country culture.

In addition, future research could take into consideration to perform the study in different industries since the antecedents of DCs in SMEs belonging to the same industry might be different from the ones identified in other industries.

Further research could be conducted to identify more possible connections present among the several antecedents introduced in this thesis, since the literature only identify the influence of the learning and the organizational culture in other antecedents.

Furthermore, quantitative studies can be performed to verify the consistency of the findings and better generalize the results. These studies could be performed for each particular antecedent, which would offer a better understanding of each variable.

One of our main findings was the role of coordination in non-family SMEs as a tool to overcome the difficulties in developing DCs. Therefore, we suggest conducting studies particularly focusing on the role that coordination has in non family-owned SMEs through qualitative studies, as well as the impact that this has in the development of DCs compared to the other antecedents through quantitative studies.
7. References

*Interviews*


*Literature*


Crespi, R., and Martin-Oliver, A. 2015. Do family firms have better access to external finance during crises?, *Corporate Governance: An International Review, 23* (3): 249–26


**Online sources**


Appendices

Appendix A - Interview guide: English

- Introduction of the company, number of employees, company activities, and company values.

- Why do customers come to your company instead of going to your competitors? What makes your products or services special? What’s the value of your products/services?

- Comment on the main changes of the company in the last years and some of the innovations introduced.

- How did these factors change in the company in the last years?
  
  o company strategy
  o management methods
  o organization structure
  o technological equipment or manufacturing process
  o business processes
  o production/manufacturing processes

- Would you consider your business one of the first to have introduced new products/services? If yes, what have initiated the input for the development of new products? OR was the introduction of new products a response to actions which competitors initiated?
Resources and skills

Group B

- Comment on the asset endowment of your company (properties, machinery, patents...)

- Given the situation in the last years, did the company acquire new assets or get rid of any of the existing ones?

- Given the situation in the last years, would you say the lack of resources (financial, knowledge, experience) have had impact on the changes in the company? To which extent financial, knowledge and experience has had impact on the decision of changing/ adaptation to the environment?

- How important is the reputation of the company? Would you risk the reputation for changing and adapting to the environment?

Organizational structure

Group C

- Explain the structure of the organization. Do you consider your company flexible? Can you make important changes rapidly?

- Elaborate on the ability of the company to adapt to some of the changes in the last years (late payments by customers, new needs of customers, new legislation, more difficulties when accessing to capital...)

- How autonomous is your company? Any dependent relationship with other companies? Would you say the level of autonomy has inhibited or boosted the changes in the company?

- How much are traditions and past routines important for the company? Given the changing environment, how willing is the company to go beyond tradition and implement the necessary changes?

- Did you find the implementation of these changes difficult?

- How is the implementation of routines controlled internally?
Learning orientation

- What are the most important learning mechanisms for the company?
  - Customer feedback
  - Observation of competitors
  - Trial and errors - Learning by doing
- Does the company learn easily? Does it have difficulties to implement the new knowledge into processes, routines and products?
- How important are the results of formal research and systematic evaluation for the strategic decisions?
- How much do you invest in learning and training?

Organizational Culture

- Comment on the work environment of the company. What are valuable capabilities or skills of your company and employees? Relationship and communication between the employees and the management level of the company, as well as the level of trust and collaboration. Of these factors mentioned, what were the ones you think helped the change the most?
- Would you say your approach is more explorative towards new opportunities and towards risk taking, or is it more a “wait-and-see” approach to minimize the risk?
- To what extent is the organizational culture shaped by the managerial culture? And to what extent is instead the employees culture shaped by the managerial one?
- Are you willing to change old approaches and try new strategies?
Managerial attitude

Group A

- Comment on the importance of the manager when it comes to:
  - Identify new possible opportunities or threats
  - Assessing risks
  - Influence on employees

- How influential is the managerial network when dealing with other companies?
- How much influential is your knowledge, experience and skills for the changes in the company?
- To what extent are the decisions taken at the managerial level? Is there any sort of agreement with employees or would you say the structure is quite centralized?

External relationships

Group D

- Comment on the importance of the network and relationship when it comes to:
  - Hiring new personnel
  - Deciding on changes in suppliers and connection with other companies
  - Sense the opportunities and threats of the environment
  - Other strategic decisions

- Does the company have any partnership with other companies?
- How much information is acquired externally?
- FAMILY FIRMS ONLY: Would you say that by being a family firm your network and relationship are closer and more cost effective than other companies?
- How much efforts do you put in building networks and relationships (type of commitment)?
Appendix B - Interview guide: Spanish

**Preguntas generales como introducción**

- Presentación de las actividades de su empresa, su origen, número empleados, valores de la empresa
- Número de personas de la misma familia que trabajan en la empresa
- ¿Por qué los clientes elijen a ustedes en lugar de otras empresas? ¿Cuáles son sus mayores ventajas / que hace especial sus productos?
- Mayores cambios en la empresa en los últimos años e innovaciones introducidas en ese período. Cómo han cambiado los siguientes aspectos dentro de la compañía en los últimos años:
  - Estrategia de la empresa
  - Estructura y forma de dirigir la empresa
  - Actividades de producción
  - Trato con clientes
- ¿Ha sido la empresa pionera en introducir algún producto o servicio? ¿Qué fue lo que llevo a la introducción de estos productos? ( o principalmente se introducen como respuesta a competidores)

**Ámbito interto**

*Recursos/ habilidades*

- Comente los principales activos físicos ( instalaciones, maquinaria) de su empresa
- Debido a la situación de los últimos años, ¿se ha visto la empresa obligada a adquirir o deshacerse de alguno de estos activos para reconfigurar las actividades? Comente las razones.
- Principales elementos que adquiriría si tuviera mayores recursos (empleados, maquinaria, experiencia). ¿Cómo se ha adaptado la empresa a los cambios en el entorno empresarial de los últimos años?
- Reputación de la empresa
Estructura de la organización

- ¿Cuál es la estructura de la organización?
- ¿Se consideran una empresa flexible? ¿Pueden cambiar aspectos importantes de su producción relativamente rápido?
- Comente la capacidad de la empresa para adaptarse a algunos de los cambios de los últimos años (por ejemplo más dificultades para financiarse, pagos aplazados por clientes, etc) ¿Han cambiado muchos aspectos dentro de la compañía en los últimos años?
- Autonomía vs dependencia de otras empresas (por ejemplo un cliente al que dedican gran volumen de ventas). ¿Le favorece o perjudica el no depender de otras empresas para realizar cambios?
- Importancia de rutinas y tradiciones para la empresa. ¿Han cambiado alguna de sus tradiciones / manera de hacer las cosas para implementar cambios necesarios?
- ¿Diría que es difícil implementar estos cambios en la empresa?
- Cómo se controla esta implementación (reuniones, supervisión, …)

Aprendizaje

- Métodos de aprendizaje de la empresa más importantes (imitar a otras empresas, opiniones de clientes, prueba y error, búsqueda de información, etc)
- ¿Considera que la empresa “aprende” fácilmente o tiene dificultades para integrar nuevos conocimientos y opiniones en sus actividades diarias para mejorar sus productos?
- Comentar si se hace algún tipo de investigación de mercado y cómo se obtiene esa información (Internet, conferencias, …)
- Aprendizaje de los trabajadores

Cultura de la organización

- Comente el ambiente de trabajo en la empresa. ¿Cómo es la actitud de los trabajadores? Relación y comunicación de los empleados con la dirección de la
empresa. Colaboración y confianza. De los factores mencionados, ¿cuáles favorecen más la implementación de cambios en la empresa?

- Qué enfoque prevalece en la empresa: “tomar riesgos” vs “esperar y ver qué pasa”
- Influencia del director/ dirección de la empresa en los trabajadores
- Disposición a cambiar antiguos métodos/ perspectivas y probar nuevas estrategias

Actividades empresariales/ emprendedoras

- Importancia del director en: identificar nuevas oportunidades, evaluar riesgos, invertir en aprendizaje, actitud trabajadores
- Influencia de su red de contactos
- Importancia de su conocimiento, experiencia y habilidades para cambiar la empresa
- ¿Se discuten con los trabajadores posibles cambios, o la toma de decisiones está más centralizada y no suele consultarlo con ellos antes?

Ámbito externo

- Importancia de contactos y relaciones con respecto a: posible contratación de personal, cambios de proveedores, como benefician a la empresa (oportunidades, riesgos, etc)
- Colaboración con otras empresas y organizaciones (ONGs, asociaciones vecinales, etc)
- Publicidad de la empresa
- ¿Diría que la mayor parte de su información es adquirida externamente (clientes, proveedores) o internamente?
- Actividades de la empresa para construir relaciones con otros actores en el mercado
### Appendix C - Empirical data summarized non family-owned SMEs

<table>
<thead>
<tr>
<th>MANAGERIAL ATTITUDE</th>
<th>General managerial influence</th>
<th>Managerial human capital</th>
<th>Managerial social capital</th>
<th>Cognitive capabilities</th>
</tr>
</thead>
</table>
| Destilerías y Distribuciones Liber S.L. | • Important to identify opportunities.  
• The attitude and vision of the manager are determinant for the good performance of the company, as well for shaping the culture of the organization in a positive way. | • The expertise and knowledge of the manager are key factors in the success of the company.  
• Attitude of the manager is also critical for the good performance of the company. | • The network of the manager is helpful for the company. | • Important to identify opportunities and promoting the importance of Research and Development for the company.  
• The manager assesses the risks and the benefits. |
| Grupo Innova Hogar S.L. | • Influence of the manager is critical.  
• The figure of the manager is highly valued and respected, although in occasions employees prefer to be a little more independent. | • Experience and expertise of both managers is helpful and relevant for the company. | • The two founders kept their old customers. This fact greatly helped the company in its beginning. | • Little risk taking approach, however creativity is always important. |
Químicas Solbea S.L.

- Influence of the management level on the employees is fairly low.
- The Managers bought the company without having any prior knowledge and experience of the sector.
- Managers bought the company without having any prior knowledge of the sector → their human and social capitals are not of great help for the company.
- The management level approach is more based on “trial-error” due to their inexperience in the sector.
- Innovations and ideas do not come from the managers, but from the responsible for searching for new formulas to create new products.

Sulayr Global Service S.L.

- Vision and attitude of the management is crucial for the development and performance of the firm.
- Expertise and knowledge of the managers is important for the R&D activities. Positive attitude and direct contact with employees help to create a good environment in the company.
- Management has developed a wide network of contacts in different locations which are beneficial for the company.
- Management plays a key role in the identification of opportunities, assessment of risk and awareness of the latest trends in the market.
<table>
<thead>
<tr>
<th>RESOURCES AND SKILLS</th>
<th>Resources</th>
<th>Reputation</th>
</tr>
</thead>
</table>
| **Destilerías y Distribuciones Liber S.L.** | - New acquired machineries → new products and increased production.  
- Valid expertise of the employees and manager → two employees have a degree in chemistry. | - The company maintains its high reputation in the region → several awards have been given to the company thanks to its propensity for innovation.  
- Reputation enhanced through WOM. |
| **Grupo Innova Hogar S.L.** | - The lack of resources does not allow the company to pursue the idea of opening a showroom with its products and hire new knowledgeable personnel.  
- No discards of any machineries → new tools and machines have been acquired to increase the production and improve the quality of the products.  
- Knowledgeable and highly skilled employees. | - Reputation is one important key to the success of the company. Thanks to the WOM it has been increased lately. |
| **Químicas Solbea S.L.** | - The company possesses a warehouse and it used to have a van, which it was sold to reduce costs due to the economic situation.  
- New machinery has been acquired to improve the manufacturing processes.  
- Knowledgeable and highly skilled employees. | - WOM allows the company to increase its reputation. |
| **Sulayr Global Service S.L.** | - The company possesses three industrial plants and storage halls.  
- New machineries have been acquired over time to improve the recycling processes.  
- Highly skilled employees, most of them industrial engineers and chemists.  
- Two patents provide the company with a competitive advantage. | - The company maintains a high reputation in Spain → several awards have been given to the company due to its innovation level. |
<table>
<thead>
<tr>
<th>ORGANIZATIONAL STRUCTURE</th>
<th>Type of structure</th>
<th>Dependency</th>
<th>Flexibility</th>
<th>Path dependency</th>
<th>Coordination</th>
<th>Implementation</th>
</tr>
</thead>
</table>
| Destilerías y Distribuciones Liber S.L. | • Several departments.  
• All the employees participate and exchange ideas and suggestions during informal meetings. | • The company mainly depends on few customers. | • The company is capable of adapting to new customer needs and changes in the environment relatively fast. | • No path dependency → very innovative. | • Coordination is essential. | • Easy implementation → thanks to the knowledge of employees, their propensity to learn and the attitude of the manager. |
| Grupo Innova Hogar S.L. | • Relevant decisions are taken by the two managers, while the minor ones are taken together with the employees → decentralized structure.  
• There is no formal meetings for taking decisions. | • Around 60% of the production is sold to one company only, which lower the level of autonomy.  
• The company has several suppliers.  
• They need the services of other companies to perform certain activities. | • The company is flexible. | • No path dependency. | • Coordination is crucial to save resources and time. | • Greatly facilitated by the coordination→ however, the implementation may take long time in some occasions due to the fact that employees believe new routines and changes are not necessary for the success of the company. |
<table>
<thead>
<tr>
<th>Químicas Solbea</th>
<th>Learning attitude</th>
<th>External relationships</th>
</tr>
</thead>
<tbody>
<tr>
<td>S.L.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managers are the ones taking the decisions → occasionally the employees participate.</td>
<td>The company is autonomous, they don’t depend on a few customers</td>
<td>No path dependency.</td>
</tr>
<tr>
<td></td>
<td>Flexible and capable to adapt to changes.</td>
<td>No coordination → root of several problems.</td>
</tr>
<tr>
<td></td>
<td>New processes are complicated to implement → because of the continuous rotation of personnel.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Sulayr Global Service S.L.</th>
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</thead>
<tbody>
<tr>
<td>Several departments in the company.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decision making focused on the management level.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Formal meetings.</td>
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<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>LEARNING ORIENTATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Destilerías y Distribuciones Liber S.L.</td>
</tr>
<tr>
<td>Internet, publications and magazines are part of the learning of the company.</td>
</tr>
<tr>
<td>Occasionally the company imitates what other companies do.</td>
</tr>
<tr>
<td>Important prior knowledge of chemists and manager.</td>
</tr>
<tr>
<td>Customers are the main way of learning.</td>
</tr>
<tr>
<td>Collaborations with other companies exist, these are mainly established in trade fairs and exhibitions and are good way of gaining prospective customers and new ideas.</td>
</tr>
</tbody>
</table>
Grupo Innova Hogar S.L.
- All the employees in the company have years of experience in the sector, so it is very easy for them to learn because of their prior knowledge and experience. However, some employees are not willing to learn new things so easily because they are attached to their old knowledge.
- The company imitates the way of doing business and coordination of other companies.
- The company learns thanks to the customers, both companies and individuals.

Químicas Solbea S.L.
- Exhibitions and fairs to get new knowledge and ideas. Only the managers.
- The company has changed employees several times and because of that the learning process has been very difficult.
- Since competition is high in the sector, being aware of what other companies are doing is a must.
- Managers recognize the importance of learning by listening to customers’ opinion.

Sulayr Global Service S.L.
- Important prior knowledge of the employees.
- Meetings, conferences and informative talks.
- Research and development activities performed in the company.
- Importance of the feedback by suppliers but particularly from customers.
- Collaboration with organizations in the area. Some collaborations with other companies to foster research projects have been performed.
<table>
<thead>
<tr>
<th>ORGANIZATIONAL CULTURE</th>
<th>Trust and Loyalty</th>
<th>Support and collaboration</th>
<th>Entrepreneurial culture</th>
<th>Traditions</th>
<th>Respect and commitment</th>
</tr>
</thead>
</table>
| **Destilerías y Distribuciones Liber S.L.** | • Good work environment in the firm.  
• High trust among the employees and between them and the manager. | • Optimal job conditions for the employees this helps keep employees with a positive attitude. | • The company takes risks developing new products and performing internal researches. | • Not important.  
• Modern company with an innovative approach. | • Cordial relationship.  
• Honesty from the employees.  
• Level of respect and commitment is high for both manager and employees. |
| **Grupo Innova Hogar S.L.** | • Trust is very high within the company decisions are taken together.  
• Loyalty comes from the respect that the managers give to the employees.  
• Loyalty is important for the dynamism of the company satisfied employees are more open to accept the necessary changes in the company. | • Collaboration is important discussion between employees and managers is always fostered.  
• The level of trust, support and cooperation among the managers and employees create a good work environment. | • The strategy is occasionally “trial- error” regarding placements of products more than the production itself. | • Not relevant for the firm. | • The motivation of the employees is very high.  
• The employees and the managers share the same view and the same goal of customer satisfaction. |
Químicas Solbea S.L.

- The work environment is acceptable.
- There is a good relationship between the two managers → no presence of strong trust and loyalty from the employees.
- No strong collaboration and support between the employees and the management of the company.
- They take risks, but this approach has not worked so far.
- It has been very hard to establish new routines.
- Lack of real commitment since employees are changing continuously.

Sulayr Global Service S.L.

- Good work environment in the company. Most of the employees have been working in the firm for a long time, are loyal and can be trusted.
- Support and collaboration are present among employees and among the different departments.
- The company has a positive and important entrepreneurial culture since its origins. The two patents are an example of the innovation and entrepreneurial orientation of the company.
- Traditions and routines do not have a considerable importance for the company, since innovation and research are fundamental and affects those aspects.
- Most of the employees have been working for a long time, respect their colleagues and the company and are committed to its objectives.
## Appendix D - Empirical data summarized family-owned SMEs

<table>
<thead>
<tr>
<th>MANAGERIAL ATTITUDE</th>
<th>General managerial influence</th>
<th>Managerial human capital</th>
<th>Managerial social capital</th>
<th>Cognitive capabilities</th>
</tr>
</thead>
</table>
| **Alucristal Huétor Vega S.L.** | • The role of the manager is crucial for several aspects of the company ➔ He is the one taking the initiative, bringing positivism to the firm and enhancing trust and collaboration among employees.  
• The organization is highly shaped by the managerial figure. | • Knowledge and skills of the manager are crucial for the company ➔ long experience in the company, he is aware of the majority of activities in the sector.  
• He started to be involved in the company’s activities when he was an adolescent. | • Important network of the manager ➔ to a large extent due to many years of working in the company. | • Manager is aware of the importance of marketing ➔ advertisements of the company on the local radio.  
• Risk taking approach, innovative ideas, introduction of more products. |
| **Loalba C.B.** | • The managers bring positivity, enhance collaboration and promote the “culture of effort”. | • Knowledge and expertise of the managers are crucial for the performance of the firm. | • The network that the management level has been developed over time is important for the company.  
• Important to maintain old customers and keep serving the needs of their descendants. | • Managers are aware of the new trends on the market, propose new ideas and identify business opportunities with other companies and organizations. |
Maritoñi S.L.

- The management level is very important for transmitting to the employees the vision and objectives of the company, as well as pushing them towards a continuous improvement required for the survival of the company.
- The management level has notable experience in the sector due to the long background in the business.
- The management level is always putting efforts to maintain the company network since suppliers and customers are very important.
- Managers are aware of the new trends and the latest requirements of the customers. The identification of opportunities, ideas and proposals for new products usually come from the management level.

Plásticos Granada S.A.

- Great importance of the management level.
- Leading role in the problem-solving and decision making.
- The positive spirit of the managers influence the attitude of the employees, and the importance of the group to achieve goals is shared by all the individuals.
- The experience, knowledge and skills of the members of the management level are of great importance for the company.
- Reliable relationships with the rest of the network.
- The identification of new opportunities and the analysis of potential risks are tasks performed by the management level.
<table>
<thead>
<tr>
<th><strong>RESOURCES AND SKILLS</strong></th>
<th><strong>Resources</strong></th>
<th><strong>Reputation</strong></th>
</tr>
</thead>
</table>
| **Alucristal Huétor Vega S.L.** | • Due to the economic situation of the last years several machines were sold → however new machineries were acquired to improve the production process.  
• The firm would like to offer PVC windows, but currently it does not have the resources required to do so. | • Respected company in the area, the WOM contributed greatly to the beneficial image of the company. |
| **Loalba C.B.** | • The firm has not sold any machinery in the last years → acquisition of new tools. | • Reputation of the company and loyalty by customers are critical.  
• WOM is crucial to keep high the reputation. |
| **Maritoñi S.L.** | • The company did not need to release any machinery, → however it has acquired several machines and tools necessary to improve the production process.  
• The situation of the last years also caused a reduction on the number of workers. | • The reputation of the company is exceptional, particularly in Andalucía but also in several provinces of Spain.  
• The company most famous product, “Maritoñi”, appears on several publications and movies as part of the history of the city. |
| **Plásticos Granada S.A.** | • The company has acquired several machines and tools → improve the production line and increase the production volume.  
• The employees are highly qualified and hold important knowledge of the sector | • The reputation of the company is very favourable  
• The reputation has been build thanks to the rapid response to any kinds of problem that customers may have as well as to the great assistance in case of deficiencies or errors in the orders. |
<table>
<thead>
<tr>
<th>ORGANIZATIONAL STRUCTURE</th>
<th>Type of structure</th>
<th>Dependency</th>
<th>Flexibility</th>
<th>Path dependency</th>
<th>Coordination</th>
<th>Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alucristal Huétor Vega S.L.</td>
<td>Centralized decision making, the manager is the main figure.</td>
<td>The company has a large number of customers and suppliers → the company does not depend greatly on any of them.</td>
<td>The company is flexible.</td>
<td>Path dependent → importance of routines and processes for the company.</td>
<td>Not important.</td>
<td>When new products are required, the implementation of the routines and processes to produce them can take a long time.</td>
</tr>
<tr>
<td>Loalba C.B.</td>
<td>Decision making processes are centralized in the management level of the company. No formal meetings.</td>
<td>The firm does not depend on any particular customer or supplier</td>
<td>The size of the company is a critical aspect influencing positively its flexibility → a great advantage versus larger companies.</td>
<td>Importance of traditions, processes and habits → Handcraft business.</td>
<td>Not considered important.</td>
<td>The employees are highly skilled and knowledgeable, → implementation of new processes is greatly facilitated by this fact.</td>
</tr>
<tr>
<td>Maritoñi S.L.</td>
<td>Decision making processes are centralized in the management level of the company → although the opinion of</td>
<td>Short durability of products in comparison with other brands → dependability on dealers to sell the products, since dealers need to</td>
<td>The flexibility is key in the success of the company, and it is a great advantage against larger competitors.</td>
<td>Traditions and routines related with the production activities are important</td>
<td>Not taken into consideration.</td>
<td>It is not difficult to implement changes since the employees are always receptive. Employees have been working for many years → their experience</td>
</tr>
</tbody>
</table>
employees is always highly valued and considered.
- Quick decision making.
- No paperwork in the company → this accelerates the decisions.
- Informal meetings take place on a daily basis among the management members to discuss any kind of issue.
- Monthly meetings scheduled.

Plásticos Granada S.A.
- Decision making is centralized in the management level.
- Occasionally employees are consulted.
- Formal meetings

- Several suppliers and customers
- The company is quite flexible.
- The firm is not path dependent → improving and changing
- Not taken into consideration.
- It is not difficult to implement changes, but it takes some time.

- distribute the products more frequently than for the competitors.
- in the company → more flexibility.
- and knowledge about the products is more than remarkable.
<table>
<thead>
<tr>
<th>LEARNING ORIENTATION</th>
<th>Learning attitude</th>
<th>External relationships</th>
</tr>
</thead>
</table>
| **Alucristal Huétor Vega S.L.** | • Conferences and exhibitions are considered crucial for the learning process.  
• Occasionally use of “trial and error” approach  
• Feedback and opinions of customers are the main ways of learning.  
• The company also keeps vigilant to what other companies are doing → suggestions are proposed by suppliers. | • Collaboration with associations. |
| **Loalba C.B.** | • The management level often attends international exhibitions and conferences to get ideas and expand the network of the company.  
• Several courses are taken by all the employees.  
• The main way of learning is the feedback and opinions of customers.  
• Competitors and new trends are also taken into account. | • The company collaborates with several NGOs and associations of Granada → promotion of several cultural events.  
• Collaboration with small companies to develop exclusive products. |
| **Maritoñi S.L.** | • Sector magazines and publications are consulted.  
• The management level attends conferences  
• There are employees who take courses in different topics.  
• The most used way of learning is by conducting tasting sessions.  
• The most important way of learning and getting information is through customer feedback.  
• The company also observes the activities of other companies in the same sector. | • Collaboration with schools, cultural, social and sport organizations → tasting sessions  
• The company collaborates with another famous brand of the region, Puleva, a company which manufactures dairy products.  
• Strong collaboration with NGOs and associations. |
**ORGANIZATIONAL CULTURE**

<table>
<thead>
<tr>
<th>Trust and Loyalty</th>
<th>Support and collaboration</th>
<th>Entrepreneurial culture</th>
<th>Traditions</th>
<th>Respect and commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Alucristal Huétor Vega S.L.</strong></td>
<td>• Family environment enhances trust and loyalty → crucial in family firms.</td>
<td>• Family environment enhances support and collaboration.</td>
<td>• Usually, the company it is not innovative when it comes to develop new products, although in some occasions the firm took the initiative.</td>
<td>• Importance of traditions in the company → particularly in the way of doing and organizing daily activities.</td>
</tr>
<tr>
<td><strong>Plásticos Granada S.A.</strong></td>
<td>• No exhibitions and conferences</td>
<td>• The employees are fast learners and assimilate well the new knowledge.</td>
<td>• The company has agreements with several companies</td>
<td>• Strong commitment by employees caused by the warm and friendly work environment.</td>
</tr>
</tbody>
</table>
Loalba C.B.  
- Family environment enhances trust and loyalty → crucial in family firms.  
- Family environment enhances support and collaboration.  
- The use of technology has increased the performance of the company.  
- Numerous sales through WhatsApp.  
- Importance of routines and processes for the company → the company mostly offers handcraft products.  
- High respect, honesty and commitment → family environment.  
- Employees and managers are committed to the company and the “culture of efforts” is important and highly valued.

Maritoñi S.L.  
- Family environment enhances trust and loyalty → crucial in family firms.  
- Family environment enhances support and collaboration.  
- The company has a positive and important entrepreneurial culture → population of Muslim increased → the company plans to offer products without lard.  
- The company wants to offer products with less sugar and fat due to the new demands.  
- The routines and traditions are of great significance for the company → it offers handmade products.  
- Recipes have not changed over the last 60 years.  
- High respect, honesty and commitment → family environment.  
- Employees freely give opinions and respect the management and vice versa.  
- "Culture of effort” is enhanced by the management.  
- Commitment by employees is really high.
• The work environment in the company is good and this is reflected in the commitment, trust and respect of the employees.

• The teamwork is crucial for the company, employees help each other as much as they can to pursue common goals.

• Positive entrepreneurial attitude, and the technology is critical for the success of the firm. Having the latest machinery is a requirement for the company, as well as being aware of the latest techniques and trends in the market.

• Traditions and routines are not particularly important for the company.

• Employees want to improve, great respect for the improvement and contribution to the firm.