- FINAL RESEARCH THESIS -

INVESTIGATING DISTRESSED VENTURE DECISION-MAKING DURING TURNAROUNDS

By

Ms. M. Brinkley	12118762	084 215 6870 maddy.brinkley@gmail.com

Submitted in fulfilment of the requirements for the degree
PhD in Business Management

in the

FACULTY OF ECONOMIC AND MANAGEMENT SCIENCES

at the

UNIVERSITY OF PRETORIA

Study leader:
Prof. M. Pretorius

Date of submission:
2023-03-14

DEPARTMENT OF BUSINESS MANAGEMENT

Declaration Regarding Plagiarism

The Department of Business Management emphasises integrity and ethical behaviour with regard to the preparation of all written assignments. Although the lecturer will provide you with information regarding reference techniques, as well as ways to avoid plagiarism (see the *"Guidelines on Referencing"* document), you also have a responsibility to fulfil in this regard. Should you at any time feel unsure about the requirements, you must consult the lecturer concerned before submitting an assignment.

You are guilty of plagiarism when you extract information from a book, article, web page or any other information source without acknowledging the source and pretend that it is your own work. This does not only apply to cases where you quote the source directly, but also when you present someone else's work in a somewhat amended (paraphrased) format or when you use someone else's arguments or ideas without the necessary acknowledgement. You are also guilty of plagiarism if you copy and paste information <u>directly</u> from an electronic source (e.g., a web site, e-mail message, electronic journal article or CD-ROM) without paraphrasing it or placing it in quotation marks, <u>even if you acknowledge the source</u>.

You are not allowed to submit another student's previous work as your own. You are furthermore not allowed to let anyone copy or use your work with the intention of presenting it as his/her own.

Students who are guilty of plagiarism will forfeit all credits for the work concerned. In addition, the matter will be referred to the Committee for Discipline (Students) for a ruling. Plagiarism is considered a serious violation of the University's regulations and may lead to your suspension from the University. The University's policy regarding plagiarism is available on the Internet at *http://www.library.up.ac.za/plagiarism/index.htm.*

For the period that you are a student at the Department of Business Management, the following declaration must accompany **all** written work that is submitted for evaluation. No written work will be accepted unless the declaration has been completed and is included in the particular assignment.

	Student
I (full names & surname):	Maddison-Lee Brinkley
Student number:	12118762

Declare the following:

1. I understand what plagiarism entails and am aware of the University's policy in this regard.
2. I declare that this assignment is my own, original work. Where someone else's work was used (whether from a printed source, the Internet or any other source) due acknowledgement was given and reference was made according to departmental requirements.
3. I did not copy and paste any information <u>directly</u> from an electronic source (e.g., a web page, electronic journal article or CD ROM) into this document.
4. I did not make use of another student's previous work and submitted it as my own.
5. I did not allow and will not allow anyone to copy my work with the intention of presenting it as his/her own work.

M Brinkley
_____
      Signature: Student

- DEDICATION -

This work is dedicated to my parents.
Thank you for teaching me how to work hard,
and for your unwavering support.
You have brought out the best in me.

- ACKNOWLEDGEMENTS -

First and foremost, I would like to express my sincere gratitude to my supervisor, Professor Marius Pretorius. Thank you for taking me on halfway through my doctoral journey. I am grateful for your guidance and encouragement, and most of all your patience. It has been a privilege to be one of your students.

Secondly, I would like to thank my previous supervisor Dr Ingrid le Roux. I remember when I was still an honours student and you told me: "when you do your PhD…" which inspired me to walk down this path. I am at this point in my academic journey thanks to you. You have helped me in ways I find difficult to articulate. Thank you for all the valuable lessons you have taught me.

Thank you to the Department of Business Management for the support during my studies. I am sincerely grateful for all of the assistance.

To my friend Andria – we did it! Thank you for your friendship and for your support in walking this journey with me.

Thank you to the Coetzee family and to Ouma Cobeth for opening their homes to me so that I had a quiet place to write. Without the space, I may never have finished this thesis.

To the Allam family, and to Cora, thank you for looking after my beloved Oliver so that I could attend interviews.

To the rest of my family and friends, thank you for your continued support and never-ending encouragement. And for continuously asking me how my thesis is going.

To my managers Chantel Strydom and Darrell Ingram, thank you for showing interest and supporting me on this journey and allowing me to take time off to complete this personal project of mine (even when it was during crunch time at work).

TABLE OF CONTENTS

APPENDICES

LIST OF FIGURES

LIST OF TABLES

INVESTIGATING DISTRESSED VENTURE DECISION-MAKING DURING TURNAROUNDS

1   CHAPTER 1: INTRODUCTION

1.1   BACKGROUND AND PROBLEM STATEMENT

Decision-making has been researched in numerous streams such as entrepreneurship, crisis management, management hierarchy, ethical decision making, and health care. However, there is a general consensus that considers decision-making as a selection process used by the decision-maker to determine the most appropriate choice among several alternatives, and most times under uncertain conditions. Decision-making is assumed to be a linear process where the decision-maker follows a logical sequence of steps by identifying the problem, collecting information, and making sense of that information in order to determine potential solution, and selecting the best alternative with the primary goals of minimising costs, and maximising reward (Holton & Naquin, 2005). However, decision-making is often hindered by challenges such as time and resource constraints, and lack of reliable and factual information.

Decision-making in this study will be investigated in the context of distress. A distressed venture is one experiencing economic distress, declining performance, inadequate management, declining or lack of demand, and/or a combination of these elements (Kidane, 2004:2). There are three remedies that can be used in a distressed business event (DBE) namely liquidation, turnaround, and business rescue. Liquidation refers to a process of winding up of an origination so that the organisation ceases to exist, and where assets have been deregistered and redistributed (Mphahlele, 2022:20). The focus of this thesis however is only on turnaround and business rescue, given that liquidation is focused on the winding-up of an organisation, and turnaround and business rescue are focused on continued operations. Turnaround refers to methods of management, long term decisions and actions that are required to assist a firm in operational, strategic, and financial recovery after performance decline that has threatened a firm's existence. Turnarounds are usually

conducted by a turnaround professional (TP), who has an agreement with the owner or funder in an advisory capacity to the organisation (Holtzhauzen, 2011:71). A business rescue practitioner (BRP) on the other hand has a mandate by law. Business rescue was introduced in Chapter 6 of the new South African Companies Act 71 of 2008 (hereafter referred to as the Act) and facilitates the rehabilitation of a company that has become insolvent or may become insolvent in the very near future (withing the next six months). The purpose is therefore, to maximise the likelihood of the company continuing in existence on a solvent basis (South Africa, Companies Act 71, 2008).

Section 128 of the Act provides for the temporary supervision of a company once a company has been placed in business rescue. In other words, the company, its affairs, business, property, and management thereof are placed under the temporary supervision of a business rescue practitioner. The Act provides for the development and implementation of a business rescue plan which serves to restructure the affairs of a business in a way that will either maximise the likelihood of continued existence on a solvent basis or at least yield better returns for shareholders and creditors than liquidation would. Unlike turnaround, business rescue proceedings happen in a short period of time and BRP's are under pressure to fulfil their decision-making role successfully under time constraints. For example, the practitioner has 10 days between his/her appointment as a practitioner and the first creditors meeting to investigate the affairs of a company to determine if there is a reasonable prospect of rescuing the company. As a result, BRPs are forced to make quick decisions that affect the outcome of a business rescue. However, a TP still needs to make faster decisions than normal management because the business has found itself in a critical situation.

For the purpose of this study business rescue practitioners and turnaround professionals are collectively referred to as "distressed decision-makers" (DDM). DDMs have to fulfil various roles as a practitioner in both their professional and personal lives. DDMs have to consider various factors that may have an effect on the decisions they make. For the purpose of this research, variables refer to the factors that may affect, influence, or alter decision-making by a DDM. Variables can be personal in nature such as reward, education, and experience for example. Variables can also be external in nature, such as complexity of the event, the influence of stakeholders, the Act, time availability, or liability of data

integrity. In addition, DDMs have less margin for error in their decision-making due to the severe consequences of their decisions.

It is evident from the literature that DDM's need to play certain roles, professionally and personally, while doing their duties (tasks) (Pretorius, 2018). Both business rescue and turnaround are decision-making processes by nature. As a result, DDMs are confronted with various alternatives in order to make the appropriate decisions at various stages of a distressed business event. However, what has not been shown from existing literature is what the factors are that may affect the decisions to be made by a DDM during the distressed business event and the influence these factors might have on the decisions at hand.

1.2 PURPOSE STATEMENT

The purpose of the qualitative study is to develop a better understanding of the variables that have an effect on decision-making in business distress (formally and informally).

1.3 RESEARCH QUESTIONS

The decision-making responsibilities of the distressed decision-maker begin immediately from the day the DDM decides to accept an appointment. Decision-making is embedded in the process of distressed businesses and is a key task for distressed decision-makers. For this reason, this study aims to answer the following research questions:

- What are the variables of decision-making during a distressed business event?
- How do the identified variables influence decision-making of distressed decision-makers during a distressed business event?
- What are the associations between variables? (The purpose of this question is to gain a better understanding).
- How do the variables of decision-making vary between a business rescue practitioner and a turnaround professional?

1.4   ACADEMIC VALUE AND CONTRIBUTION TO THE STUDY

There is a gap in the research relating to decision-making during a distressed business event. This study aims to identify, confirm, and explain the major variables that affect decision making for DDM, and potentially identify a variable that has a dominating influence on decision-making. Furthermore, this study aims to provide a priority matrix and environmental factors related to distress decision-making. In doing so, this research will contribute the emerging literature on turnaround and business rescue, as well as facilitate better understanding of the variables of decision-making present in distressed business environment.

The rest of this research is structured as follows: Firstly, Chapter 2 discusses existing literature on the context of distress, as well as turnaround management and business rescue in context as remedies for distress. Secondly, Chapter 3 explores theory relating to decision-making, a proposed framework, as well as the theory related to the variables influencing decision-making during a distressed decision-making event. Thirdly, Chapter 4 outlines the methodology, referring to research design, sampling, the data collection method, method of data analysis, criteria to ensure trustworthiness, and ethical considerations that were used in this study. Chapter 5 reports on the findings of this study, which are discussed in Chapter 6. Chapter 6 reports the DDMs' past experiences during DBEs and the variables that influence their decision-making as any associations between variables. Lastly, Chapter 7 concludes this thesis with a summary of the findings, managerial and theoretical implications, and any limitations a future research recommendations.

2   CHAPTER 2: DISTRESS THEORY IN CONTEXT

2.1   DISTRESS

Distress can be defined in various contexts, such as financial distress (both personal and organisational), moral distress, and psychological distress for example. However, organisational distress can be viewed in terms of decline or underperformance. Typically, organisational distress is defined in terms of financial distress. Financial distress refers to a situation where an organisation is unable to meet their current obligations with their current cash flow (Tron, 2021). Financial distress is a negative lasting occurrence. An organisation finds itself in financial turmoil characterised by low liquidity levels, increased costs, and inability to pay debits (Agostini, 2018:8). Financial obligations are met with difficulty, if at all (Lee, Koh & Kang, 2011:429). Furthermore, financial distress refers to a situation where an organisation is unable to pay all of their commitments when they become due within the next six months. Similarly, the Section 128 (1) of the Act, defines financial distress as a situation where it appears that a company will not be able to pay all of their debits within the six months of when these debts become due and payable, and when it appears that the company will become insolvent within the next six months (du Preez, 2012:12; Raubenheimer, 2012:[1]; Levenstein, 2011:9). However, financial distress may be a limited perspective, since the inability to pay debts within a six-month period provides for a measurement of distress and does not fully inform the causality and reasonable prospect during the distressed business event. Therefore, cash flow is perceived as a sign of distress rather than a cause of distress (Shiraz, 2017:72).

A distressed venture can be one that is subject to economic distress, one with declining performance, one of poor management, lack of demand, or most often a combination of those elements mentioned above (Kidane, 2004:2). Since this thesis is not necessary concerned with the specific reasons of causes of distress, the thesis views distress as a culmination of reasons that have caused decline, or crisis within an organisation. Pretorius (2019) describes distress metaphorically, he notes:

> *"Distress means that the venture landed in a 'hole' as a result of some reason and of some kind."*

There are several characteristics of a distressed business, namely, a cause that drove the business into distress, the origin which denotes the type of cause (whether strategic or operational), the level of severity, availability of resources, the opportunity to recover, and the strategy which will be used in the recovery process (Robbins & Pearce, 1992:287).

Although the focus of this research is not about the distressed venture, it is important to understand distress in context since the nature of distress informs the decisions made by the distressed decision maker during the distressed business event. In order for a distressed business event to be effectively addressed, it requires the distressed decision maker to address the organisation's distress problem (Pearce & Robbins, 1993:626). There are various elements that assist in recognising distress. These elements are useful in determining the deviation which has occurred as a result of distress. These elements include demand, appropriation capacity, profit model, liquidity and cash, caveats, management capacity, and external elements (Pretorius, 2017:63).

The demand for an organisation's product and/or service is a focal point to the firm's survival. The greater the demand, the higher the sales of the business. Inversely, low demand leads to fewer customers which results in less profits (Larkin, 2010). Appropriation capacity refers to whether the organisation has the ability to respond to the demand for their business. The profit potential of the organisation should be considered. In other words, sales should be greater than organisational costs. In addition, the organisation should be liquid enough in order to pay these debts. Caveats refer to the negative events that may occur which disrupt or interfere with the elements described above. These caveats may be external to the organisation and not directly as result of something the organisation has done (Pretorius, 2017:64). Management capacity is a crucial factor in a distressed venture. It has been noted in practice that distress is a result of poor management decision making. Management often do not respond timeously to distress signals if they even pick them up at all. Management capacity refers to the ability of the decision maker to develop and utilise resources to support effective execution of business (Jennings, Hall & Zhang, 2012:537). Distress is therefore caused by a culmination of problems where business decision makers have not shown enough attention to, and interest or urgency in addressing these problems.

Distress can be classified using causal origin, and resource munificence. Causal origin refers to the cause of distress which has originated which has an influence on the business. These origins can be either strategic or operational (Pearce & Robbins, 1993:626). Secondly resources may be scarce (Irungu, 2017:24). The distressed business decision maker uses these 'types' of distress to inform the decisions and strategic way forward during the distressed business event.

The causality of an event, state or process is the influence on a particular event which has been caused by another event, state, or process. Causality will be elaborated on in the following chapter. However, in this case, causality refers to the cause which has caused the venture to become distressed. Operational origin refers to causes originating from within a venture. Operational problems may include inefficiencies in operational areas such as advertising, manufacturing, lack of managerial efficiencies, and unprofitable cost relationships. These problems are under the control of management of the venture, and stem from previous decisions made by management (Chowdhury & Lang, 1996:323). Chowdhury and Lang (1996:323) also indicated that the correction of operational issues can be "quick and robust" if operational problems are addressed. This is potentially due to the fact that it is relatively easy to respond to operational problems. Strategic problems on the other hand are more difficult to address (Martins & Serra, 2017:3).

Strategic causes are external in nature. These causes relate to trends or events outside of the venture, and management have little to no control of these causes. Strategic problems include failure to keep up with technological changes, lack of demand, poor market position, and loss of a competitive advantage. These causes are not always visible to management; however, they require fast action. It must be noted that it is challenging to define strategic problems and understand the consequences thereof. Strategic problems indicate more distress within a venture than that of operational problems and will potentially require that the venture changes direction or expectation (Martins & Serra, 2017:3).

Resource scarcity is defined by a shortage of resources within the venture which has been influenced by a decrease in quantity, quality, and availability, and where the venture is not able to meet their demand with the resources on hand (Boateng, 2021). Hamilton *et al.* (2019:533) define resource scarcity as "the real or perceived lack of various forms of capital

(i.e., financial, social, cultural) or other production inputs." Resource scarcity refers to a critical state of resources that are required for venture operation. Typically, resources are few and far between when an organisation has entered advanced stages of distress. This makes it inherently difficult for the distressed decision maker to carry out their duties correctly, since the level of resources of a venture affect the implementation capacity of the firm. Resource scarcity generally happens as a result of previous decision-making, expenditure, and organisational learning and history (Pretorius & Holtzhauzen 2008:95).

Distressed decision makers should be able to respond to causality appropriately by directing resources to problem areas. Further to this, Pretorius (2010:224) notes "if leaders are weak in their decision-making, resource munificence will deteriorate; or if leaders incorrectly 'read' the origin of the decline, they can take the wrong decisions." A new strategy that is incorrectly formulated by the distress decision maker can have a severe and negative impact on the recovery of the venture. It is therefore imperative that the distressed decision maker is able to correctly diagnose the cause/s of distress in order to respond appropriately. This is important in the decision-making process of the distressed decision maker which is discussed in the following chapter. Further to this, distressed decision makers should be aware of the severity level of distress in order to respond appropriately.

Pretorius (2019) proposed a framework of distress consisting of six levels. The base level or going concern level concerns the continuation of the venture, such that a venture will not be forced to cease operations or liquidate their business in the future (Pretorius, 2019; Zureigat, Fadzil & Ismail, 2014:101). The first level is defined by the acknowledgement of the shareholders that their expectations of return are not being met. The second level indicates an irregular cash flow. The third level is characterised by more continuous cash flow irregularities, where the venture struggles to make payments on time and in full. The fourth level sees the venture in more severe distress where they are unable to pay for the costs of their fixed expenses and overheads. The fifth level is also a severe level of distress which sees operational challenges due to stock shortages since suppliers are no longer supplying stock. The final level is seen as the most severe level of distress which is categorised by operational failures and no sales (Pretorius, 2019). These levels are shown in Figure 2.1 below.
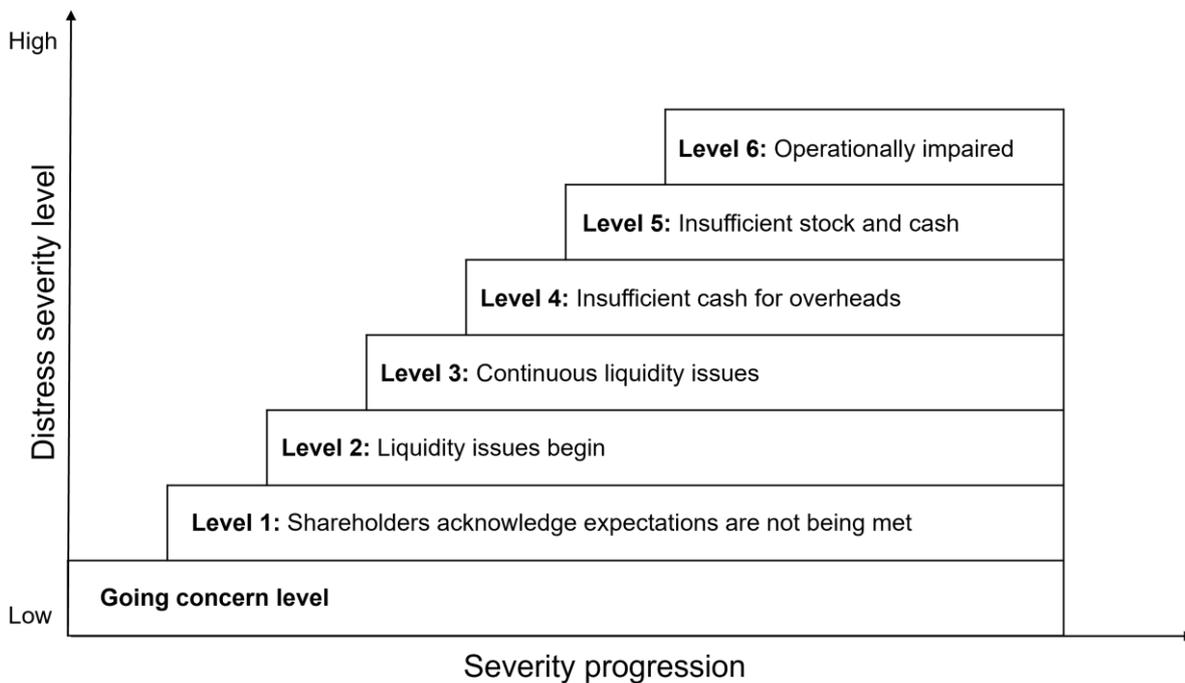
Figure 2.1: Levels of distress

Source: Adapted from Pretorius (2019).

The framework in Figure 2.1 is relevant in this context since the level of severity informs the diagnoses of causes of distress, and decisions made by the distressed decision maker. Turnaround processes become relevant from the first level of distress. Distress in an organisation acts a trigger for two types of responses, namely business rescue or a turnaround situation (Rajaram, Singh & Sewpersad, 2018:3).

2.2   REMEDIES FOR DISTRESS

2.2.1   Turnaround

A venture's performance that is deemed unacceptable to stakeholders may require turnaround intervention (Kow, 2004:229). Turnaround management refers to an informal process where a turnaround professional is appointed by the firm to address performance problems within the organisation. The turnaround process may be subject to creditor approval, however unlike business rescue, the turnaround process is not dependent on the court. The turnaround professional actively strives to reorganise the firm in an attempt to "save" the firm from failure through a consultation role to the venture (Fredenberger & Bonnici, 1994:59). Goodman (1982:71) notes that the turnaround profession seeks to:

"Produce a noticeable and durable improvement in performance, reverse a trend of results from down to up, from not good to clearly better, from underachieving to acceptable, from losing to winning."

The turnaround professional will attempt to guide management through a process of diagnosing the situation and initiating corrective action in an attempt to rehabilitate the firm such that they are able to return to normal trading conditions (Rajaram, 2016:27; Fredenberger & Bonnici, 1994:59). Although there are expert and referent powers associated with the position of the turnaround professional, the turnaround professional does not acquire decision making powers in the firm, they merely act in an advisory capacity (USDin & Bloom, 2012:82). The turnaround professional is said to be highly competent in nature and highly experienced in order to guide the venture through a stressful and tumultuous time (Holtzhauzen, 2011:71).

A successful turnaround can be defined as the reversal of declining performance that threatened the survival of the firm (Barker & Duhaime, 1997:18), Further to this a successful turnaround refers to recovery from a declining state (Khandwalla, 1983:14). Similarly, a successful turnaround is when an organisation recovers from decline which threatened the existence of the organisation to a state of resumption of normal trade operations, positive cash flow and performance levels that are acceptable to the stakeholders (Ayiecha & Senaj, 2014:88; Pretorius, 2009:11). Therefore, turnaround can be viewed as long term decisions and actions that are responsible for a firms financial, operational, and strategic recovery after an existence-threatening performance decline.

2.2.2   Business rescue

Unlike turnaround, business rescue is a formal process in which a business rescue practitioner is appointed by the court in order to preside over the business rescue event. According to the Act, under section 131, affected parties can apply to the court to place a firm into business rescue, or under section 129 the board of directors can file for resolution themselves (Raubenheimer, 2012:[1]; Levenstein & Barnett, n.d.:4). Section 128 (1)(b) of the Act denotes the purpose of business rescue is to aid a financially distressed firm (Levenstein, 2011:8). Section 128 (1)(b) of the Act further indicates that a business rescue

practitioner has temporary supervision rights over the venture. In other words, the business rescue practitioner is awarded temporary supervision over the debts, property, affairs, other liabilities, and management of the organisation (le Roux & Duncan, 2013:59; Levenstein, Winer, Brown & du Preez, 2011:[3]). The role of the business rescue practitioner in a business rescue, according to the Act, is to develop and implement a business rescue plan. The business rescue plan provides for the restructuring of business affairs in a manner that will afford the organisation with an opportunity to continue operations on a solvent basis, or in the very least yield returns which are better than immediate liquidation (Marsden & Osborne, 2014:3; Raubenheimer, 2012:[1]).

Management will therefore lose all decision-making powers and business rescue practitioner has all decision-making powers until the business rescue plan is presented to the creditors (Loubser, 2004:140). Section 140 (1) of the Act specifies that the business rescue practitioner: has full management control of the company in substitution of the board, may delegate powers to a member of the board or management, and may remove any person who had a management role and/or appoint a new member to the new management of the organisation. Secondly, the business rescue practitioner must develop a business rescue plan which is to be considered by affected parties, and implement any plan adopted by the affected parties. Therefore, a business rescue practitioner holds the following responsibilities (Pretorius, 2013:15):

- Management control
- Investigation of company affairs
- Preparation of a business rescue plan
- Implementation of the business rescue plan

2.2.3   <u>Distressed decision-making</u>

As indicated in the previous chapter, the focus of this research will be on "distressed-decision-makers". A distressed decision-maker can be either a turnaround professional, a business rescue practitioner, or someone who conducts both business rescues and turnarounds. A distressed decision-maker will preside over a distressed business event, which could either be a business rescue event, or a turnaround event. Therefore, any theory discussed above is also applicable in the context of the distressed decision-maker during a

distressed business event. Distressed decision-making events are generally quite complex. Typically, each event is unique and might be industry specific. This makes the decision-making process challenging (Mphuthi, 2019:86). Distressed decision-makers are required to make decisions from the moment they decide to accept an appointment.

One of the most important skills of the distressed decision-maker is their ability to operate in and make decisions in a distress situation (Bazarbekova & Andekina, 2013:120). Decision-making in distress requires sense-making in order to determine the causes and severity of distress, and in order to develop a plan. Therefore, a distressed decision maker will need to determine whether a demand for an organisation's value proposition still exists and if there is enough production capacity to produce in order to meet the demand. In addition, the distressed decision-maker will need to determine if there is potential for the venture to return to a state of liquidity and profit (Fredenberger & Bonnici, 1994:59).

Operating in a distressed environment, or in this case, the distressed business event, means operating under ambiguous, unclear, and uncertain conditions. Decisions made by distressed decision makers are often difficult and involve limited choice with regards to the distressed business event which involves trade-offs and dilemmas. It is vital to note that the consequences of distress are important, and these consequences can inform the decisions of distressed decision makers during a distressed business event. An appropriate response by the distressed decision-maker to the distress event can extend life cycle of business, however various factors may have an impact on the appropriate response, and many variables can affect considerations to be made by the distressed decision-maker (Pretorius, 2019). These factors are discussed in the following chapter. Therefore, it is clear that decision-making is one of the main competencies for the distressed decision-maker.

2.3   CHAPTER 2 SUMMARY

Chapter 2 described distress and distress in context of a distressed business event. Distress results when there are reasons that have caused decline in the organisation. The reasons include, but are not limited to, financial distress, operational distress, declining performance, poor management, and lack of demand. The Chapter also discussed the remedies of distress, namely turnaround and business rescue. Turnaround was described as an informal

process where management of the organisation maintains control and the turnaround professional merely provides expert advice on how to deal with distress. Business rescue on the other hand is a formal process where the business rescue practitioner is provided a mandate by the Act which gives them managerial control to make decisions. Lastly, the chapter notes that it is important that distressed decision makers should be able to diagnose the cause of distress. A DDM must make sense of this distress in ambiguous and uncertain circumstances where they are faced with difficult and limited choices and a myriad of dilemmas during a distressed business event. The following chapter discusses decision-making in context of distress.

3 CHAPTER 3: DECISION-MAKING IN CONTEXT

3.1 DECISION-MAKING THEORY

Throughout literature, decision making is described in various ways and from multiple perspectives. Decision making has been categorised in contexts such as adolescent decision making, decisions in health care (e.g., end-of-life decisions), decision making during emergencies and managerial and strategic decision making. We make decisions every day, about personal problems or business problems and we may do so consciously and deliberately or unconsciously. We make decisions by choosing between options where we have assessed risks and consequences of each. Further to this, decision making can be defined in an individual capacity, group capacity, and in organisational contexts (Arai, 2015:12). Many authors agree that decision making is one of the most, if not the most important capability of an organisation and its management, and it is often one of the easiest jobs to get wrong (Nilsson, Callerud & Mohamed, 2014:6; Philbin, 2005:36).

Decision making is broadly defined as a cognitive process in which the decision maker is required to make a choice based on several alternatives (Pasi, Viviani & Carton, 2019:8). Similarly, Kaya and Kahraman (2010:861) define decision making as the result of an evaluation process that aids the decision maker in selecting the most appropriate choice when presented with various alternatives. Holton and Naquine (2005) noted "decisions are assumed to be made through a linear and logical sequence of steps: identification of the problem or issue requiring a decision; collecting and sorting information about potential solutions; comparing each solution alternative against predetermined criteria; ranking possible solutions; and finally, selecting the optimal alternative. The goal is to maximize rewards and minimize costs simultaneously." Arai (2015:12) describes decision making as the expectation to solve a problem through an intuitive or conscious process. Decisions are goal directed and come with a choice, opportunity cost and involve risk. Decision making generally begins with the identification and definition of the problem at hand. Alternatives are then derived that could potentially solve the problem at hand. Typically, "criteria" are assigned to these alternatives in order for the decision maker to evaluate the effectiveness of each alternative, and the choice is made from this list of alternatives (Bearth, 2016:10).

Since decision making is defined by making choices between several possible outcomes, decision makers, in an ideal world, should select the alternative that best coincides with the goals, needs and values of the decision maker or organisation at hand, in addition to selecting the alternative with the highest probability of success, and that which meets the demands of the situation (Kaya & Kahraman, 2010:861; Nilsson *et al.,* 2014:6). However, decision making is a known complex problem. The greater the number of goals, criteria, and alternatives to choose from, the more difficult and uncertain the decision-making process will be. Therefore, for the purpose of this paper, decision making will be defined simply as the selection process used by a decision maker to determine the most appropriate choice among several alternatives, and oftentimes under uncertain conditions (Ajzen, 2020:320).

3.2   TYPES OF DECISIONS

Literature indicates that there are two types of decisions in the decision-making process, namely, programmed decisions or non-programmed decisions.

3.2.1   <u>Programmed decision-making</u>

Programmed decision making is classified by its routine nature. These decisions are seen as "automatic decisions" and are generally made unconsciously since they do not require new judgements to be made. Programmed decisions have well established procedures, guidelines or rules that would be applied when an inevitable, frequently occurring situation arises. In other words, the initial steps of the decision-making process have been highly standardised (Jones & George, 2016:188; Kittisarn, 2003:21).

3.2.2   <u>Non-programmed decision making</u>

Non-programmed decision making on the other hand are non-routine decisions and are applicable when standard rules or procedures are no longer applicable to the situation at hand. Rules for these situations do not typically exist since each decision event may present itself differently to the next, and decisions generally occur in response to something unexpected or uncertain. Moreover, decision makers often do not have much information

available (Jones & George, 2016:189; Kittisarn, 2003:22; Lipicnik, 2002:2). This is the typical situation that a distressed decision maker would find themselves in. Distressed decision makers are presented with situations riddled with uncertainty and risk and would need to spend much time searching for information which may be limited in order to solve the problems at hand. For the remainder of this thesis, decision making will refer to non-programmed decisions since it is the most inherently challenging type and characterises the type of decision to be made by the distressed decision maker.

Typically, decision makers rely on intuition or reasoned judgement where rules are lacking. Intuition refers to beliefs or "gut feelings" that are readily available to make decisions. Intuition does not require the decision maker to gather much information and results in on the spot decisions. Intuition stems from the decision maker's perspectives, personal values, and past experiences. Intuition is often acceptable when decisions need to be made quickly and/or the decision is simple in nature. It is therefore important to note the role of intuition in decision making since it may have an impact on the decisions made by the decision maker. These factors will be discussed in more detail in the section on variables affecting decision making. Reasoned judgement on the other hand makes use of factual information in order to make decisions. Reasoned judgements require more time and planning, and are a result of gathering information, and evaluating alternatives (Jones & George, 2016:189). It is also important to note that more complex decision making requires a more structured approach and will typically involve both reasoning and intuition in the decision-making process.

3.3   THE DECISION-MAKING PROCESS

Although the focus of this research is not on the decision-making process itself, it is imperative that the process is understood. The decision-making process has been researched thoroughly over the years and has developed into a seven-step process and outcome. Figure 3.1 outlines this process. It is important to note however that since decision making occurs in uncertain environments, interruptions and complexities may occur at any point in the decision-making process.

Step 1	• Identify the problem
Step 2	• Gather information
Step 3	• Identify alternatives
Step 4	• Assess the alternatives
Step 5	• Choose the most appropriate alternative
Step 6	• Implement the chosen alternative
Step 7	• Review the decision
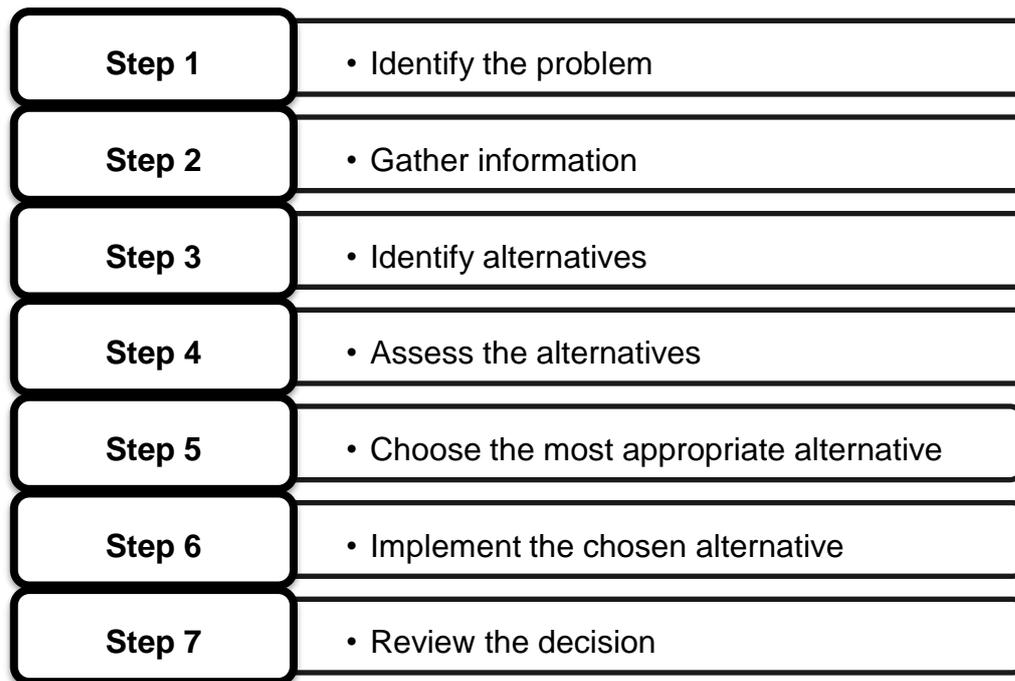
Figure 3.1: The steps in the decision-making process

Source: Adapted from Jones and George (2016:195); Kittisarn (2003:20).

Step 1 – Identify the problem

The decision-making process typically begins with the identification of an opportunity or the identification of a problem. An opportunity presents as a difference between a current expectation and a possibly better position. Whereas a problem presents as the difference between the current position and the actual desired position (Jones & George, 2016:195; Kittisarn, 2003:20; Nilsson *et al.,* 2014:9). In the case of the thesis, the distressed decision maker will more than likely identify problems during this phase of the process.

Step 2 – Gather information

The next step requires the decision maker to gather information relevant to solving the problem at hand. It is imperative that the decision maker knows which information to gather and where to find it (Nilsson *et al.,* 2014:10). Not only is this a crucial step in the distressed decision-making process, but it is also a challenging endeavour. Collecting relevant information is a time-consuming process, and oftentimes information is not readily available to the distressed decision maker. Time is a scarce resource for distressed decision makers

who enter the business and need to collate information and make decision within a short period of time.

Step 3 – Identify alternatives

The distressed decision maker will need to generate a feasible set of possible and desirable solution alternatives. This step requires the decision maker to view solutions from various perspectives and viewpoints. Alternatives or possible paths of action should be identified as a result of the information gathering process (Jones & George, 2016:195; Nilsson *et al.,* 2014:10). Again, due to time constraints and lack of information, the distressed decision maker may only generate a few alternatives.

Step 4 – Assess the alternatives

Decision makers should then assess the possible alternatives. This entails an evaluation of whether the alternatives identified in step 3, are appropriate for solving the problem identified in step 1. The evaluation of these alternatives may require the decision maker to determine the legality, practicality, ethicalness, and feasibility of the alternatives (Jones & George, 2016:196; Nilsson *et al.,* 2014:11).

Step 5 – Choose the most appropriate solution

The decision maker should then select the alternative/s with the highest probability of success (provided it is legal, ethical, practical, and feasible) for implementation (Jones & George, 2016:198; Nilsson *et al.,* 2014:11). Keinan (1987:639) noted that the consideration of alternatives in an environment riddled with stressors may be ineffective. The research suggests that in such cases, a decision may be reached before the decision maker has considered all the available alternatives. Further to this, the alternative scanning process is nonsystematic and disorganized, in which the decision maker frantically searches for a solution and quickly switches between alternatives. Lastly, it is suggested that not enough time is dedicated when considering alternatives and solutions are often chosen hastily because they may provide immediate reprieve.

Step 6 – Implement the chosen solution

Once the decision maker has chosen the best alternative/s they need to put the chosen alternatives into action. It is important that the decision maker is aware that many subsequent decisions will be made at this point in the process in order to support the original decision (Jones & George, 2016:198; Nilsson *et al.,* 2014:11). For example, if the original decision is to cut costs, the subsequent decisions may include which costs should be cut.

Step 7 – Review the decision

The last step in the process would be for the decision maker to evaluate whether the decision that was implemented has solved the problem identified in step 1 (Jones & George, 2016:198; Nilsson *et al.,* 2014:11).

The decision-making process described above is a general process that may be applied to many situations and is somewhat a formal process. As mentioned previously, there are various factors that may have an effect on the decision-making process by a distressed decision maker. Distressed decision makers need to be flexible in their decision making. Research on decision making over the years has led to the development of various decision-making models that best illustrate the many interdisciplinary aspects of decision making. Models have proven useful in reducing the number of near infinite complex variables that can present themselves in the process to a few variables that make the phenomenon under investigation more understandable and meaningful (Kittisarn, 2003:24).

3.4 DECISION-MAKING MODELS

3.4.1 <u>Classical or rational model</u>

The rational model of decision making is a prescriptive approach to decision making, and therefore describes how decisions should be made. The rational model assumes that decision makers are completely rational in their decision-making approach and that they seek the most effective solution for the problem at hand. Furthermore, the model assumes that decisions are reached through a structured process in which all the possible alternatives

and consequences of a decision outcome have been considered. In addition, decision makers are assumed to have access to all the information they need in order to make the best decision. Lastly, the model assumes that decision makers can easily list and rank their alternative solutions in order of preference (Jones & George, 2016:191; Kittisarn, 2003:26; Nilsson *et al.,* 2014:16). However, authors have argued that due to the inventible uncertainty and lack of information, the rational approach to decision making is not of much use to decision makers.

3.4.2   <u>Bounded-rationality model</u>

The bounded-rationality model on the other hand proposes a more accurate reality of decision making. The model proposes that decision makers do not in reality have access to all the information required for optimal decision making, and all possible alternatives cannot be known. The model further suggest that decision makers may lack complete mental ability to absorb all the information should it be available, and that decision makers behave rationally, but are constrained by their cognitive abilities to effectively define the problem and gather, interpret, and process information. As a result of these cognitive constraints, decision makers tend to "satisfy" instead of "optimise" their decisions. In other words, they settle for a "good enough" solution that can solve the problem, rather than one that is the most efficient. This is known as satisficing and is a direct result of an environment characterised by uncertainty, risks, ambiguity, time constraints and information costs (Jones & George, 2016:192; Kittisarn, 2003:28; Nilsson *et al.,* 2014:16).

Distress decision makers are constrained by all the factors mentioned and we are therefore aware that distress decision makers are not completely rational, in which they cannot consider each possible outcome, and each consequence of each outcome, and will show patterns of behaviour that infringe upon the view of the rational man (Brown, 2021:254). The rational man is one who is able to observe systems without affecting the systems, and one who does not make logical errors. However, it is known that individuals tend to disobey rules of logic when they are hindered by time and information limitations. Therefore, there is a tendency to make generalisations and conclusions without sufficient information (Brown, 2021:254; Joutsen, 2009:6).

Although there are various factors (environmental, situational, and personal) that may affect the decision-making process, it is similarly imperative that the research considers the intentions of the decision maker to engage in certain decision-making behaviour. This can be predicted using *The Theory of Planned Behaviour* (Madden, Ellen & Ajzen, 1992:3).

3.5   THE THEORY OF PLANNED BEHAVIOUR

The Theory of Planned Behaviour (TPB) is an extension of The Theory of Reasoned Action (TRA). TRA assumes individuals make rational decisions when they decide to engage in certain behaviours which are driven by intentions. The theory suggests that behavioural intentions are a function of beliefs and relevant information that the likelihood of particular outcome is a result of a particular behaviour (Madden *et al.,* 1992:3). Fishbein and Ajzen (1975) noted two types of belief antecedents of behavioural intentions, namely, behavioural, and normative. Normative beliefs influence an individual's "norm" or "subjective probability" about engaging in certain behaviour. Behavioural beliefs are said to be the underlying influence of the perceived advantages and disadvantages of the individual engaging in certain behaviour. They further assume that any external variables influence one's intentions only if these variables influence the norms or attitudes of the individual (Fishbein & Ajzen, 1975; Yuriev, Dahmena, Pailléc, Boirala, Guillaumieb, 2020:1). In addition, TRA assumes that behaviour is under volitional control, and TRA is only applicable if the decision-maker commands volitional control over behaviour and when they firmly believe that they are more than capable of performing a particular behaviour. However, complete volitional control is unlikely (Azjen, 2020:316).

TPB on the other hand includes perceived behavioural control as an antecedent to behavioural intentions in addition to subjective norms and attitudes. TPB has been successful in predicting intentions and behaviours and is dependent on motivation or intention and ability or behavioural control (Madden *et al.*, 1992:4). Behavioural intention in this instance refers to the effort applied by the decision-maker in order to influence action and perform a behaviour. This theory also suggests that perceived behavioural control can have a direct effect on behavioural intention and behaviour, whereas attitude and subjective norms only impact behavioural intention (Madden *et al.*, 1992:4; Yuriev *et al.*, 2020:1). Figure 3.2 shows this relation.
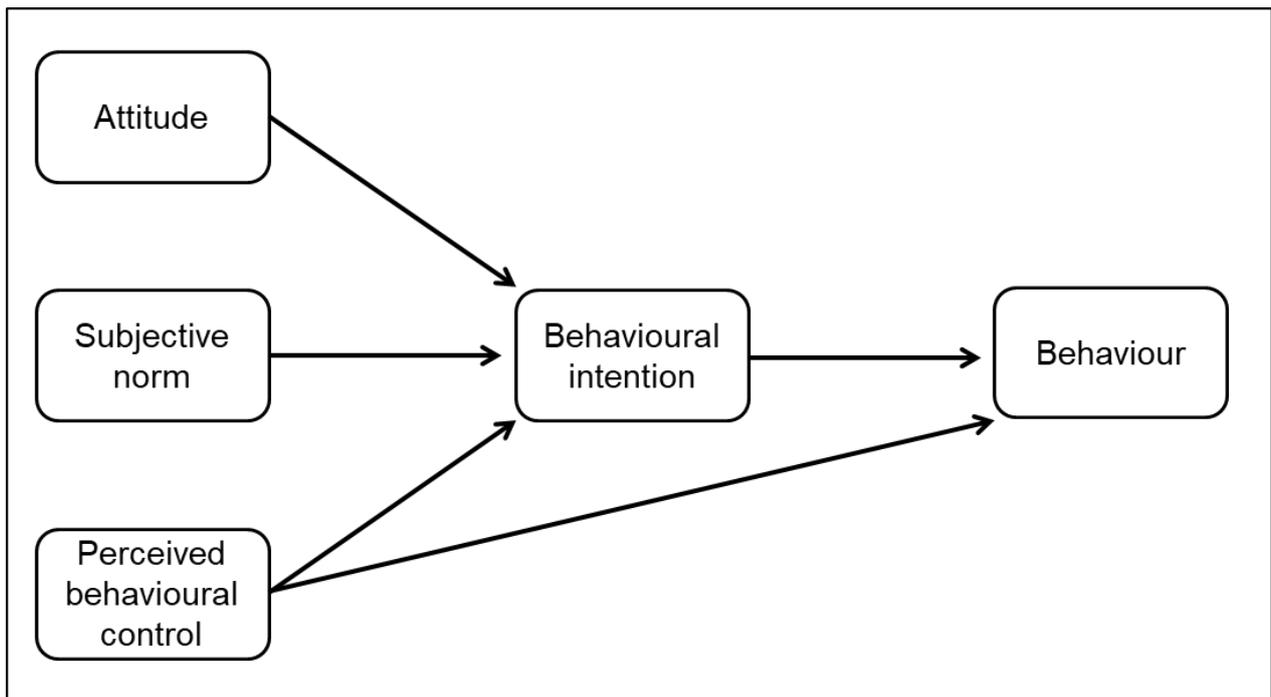
Figure 3.2: The Theory of Planned Behaviour
<u>Source</u>: Madden *et al.* (1992:4).

As previously mentioned, behaviour in this theory is predicted by three components, namely, attitude, subjective norms, and perceived behavioural control (Sussman & Gifford, 2019:920; Yuriev *et al.*, 2020:1).

Attitude towards behaviour refers to the decision-maker's evaluation of behaviour (which can be favourable or unfavourable), which is assumed to be the belief about the consequences of a behaviour. This is referred to as behavioural beliefs which as previously mentioned is the decision-makers subjective evaluation that performing a certain behaviour will lead to a particular outcome. These behavioural beliefs can create a negative or positive position towards a behaviour (Sussman & Gifford, 2019:920; Azjen, 2020:317; Yuriev *et al.*, 2020:1).

Subjective norms on the other hand refers to the perceived social pressure experienced by a decision-maker to behave a certain way. These normative beliefs are inherent in whether the groups or individuals close to the decision-maker approve of them performing a particular behaviour (Sussman & Gifford, 2019:920; Azjen, 2020:317; Yuriev *et al.*, 2020:1).

Lastly, perceived behavioural control over behaviour refers to the decision-makers personal evaluation of whether they are able to execute behaviour (Sussman & Gifford, 2019:920; Azjen, 2020:317; Yuriev *et al.*, 2020:1). These control beliefs are factors that may hinder or assist the decision-maker's performance of the behaviour. These factors include required skills, cooperation of others, available infrastructures, availability of time or lack thereof, and cost (Azjen, 2020:317; Yuriev *et al.*, 2020:1). Actual behaviour control is a moderator for the effects that intentions have on behaviour. Actual control can be determined by assessing the decision-maker's understanding of the various external and internal variables that may facilitate or impede the behaviour (in this study, the behaviour is that of decision-making), and the ability of the decision-maker to overcome any barriers by obtaining the required resources to do so. An individual with a level of actual control over behaviour is expected to act on their intention should they have the opportunity to do so. Therefore, as demonstrated in Figure 3.2 above, intention is the immediate antecedent to behaviour (Azjen, 2020:320; Bosnjak, Ajzen & Schmidt, 2020).

Under this theory, behaviour is more predictable when the perceived behavioural control of the individual is accurate. An individual should have a strong motivation to perform a behaviour, when the attitude and subjective norm of the individual are favourable, and their intention to engage in said behaviour is greater when their perceived control over a behaviour is strong (Azjen, 2020:317; Bosnjak *et al.*, 2020). When an individual believes that they do not have much control over engaging in certain behaviour, then their intention to do so may be low, even if subjective norms and attitudes are favourable. This thesis posits then that distressed decision maker's decision-making behaviour is influenced by the confidence of the decision-makers ability to engage in the decision-making process (Madden *et al.*, 1992:4). Further to this, this research proposes that distressed decision making is affected by three overarching factors, namely, situational awareness, causality and severity.

3.6   PROPOSED FRAMEWORK

3.6.1   <u>Situation awareness</u>

Situation awareness loosely translates to "what is the problem?" Although situation awareness has various meanings in various domains, the term can be described generically. Awareness refers to the decision maker knowing what is happening around them. Naderpour, Lu & Kerre (2011) note that situation awareness refers to "the perception of the elements in the environment within a volume of time and space, the comprehension of their meaning and the projection of their status in the near future." In other words, the decision maker is required to gather and interpret information from their surroundings and have the ability to predict how the situation may evolve as time progresses.

Situation awareness involves three levels (depicted in Figure 3.3 below). The first level is the perception of relevant information and critical factors in the environment of the decision maker. The second level concerns the comprehension of these factors and information, as well as determining whether they are relevant to solving the problem. Lastly, the third level involves projection, or the ability to predict what will happen with the situation in the future. The ability to anticipate future events and implications is vital to making timely decisions (Crichton, Lauchen & Flinn, 2005:119; Naderpour *et al.*, 2011:298; Valiente, Machín, García-Barriocanal & Sicilia, 2011:515).

Situation awareness is important in the evaluation process of the decision-making process and is particularly relevant in events such as the distressed business event where information needs to be collected and processed rather quickly, and where the consequences of bad decision could have serious implications. Furthermore, situation awareness is relevant during events where the situation may evolve, which requires the distressed decision maker to be constantly aware of what is going on around them, which is a time-consuming challenge (Crichton *et al.*, 2005:119; Naderpour *et al.*, 2011:298; Valiente *et al.*, 2011:515).
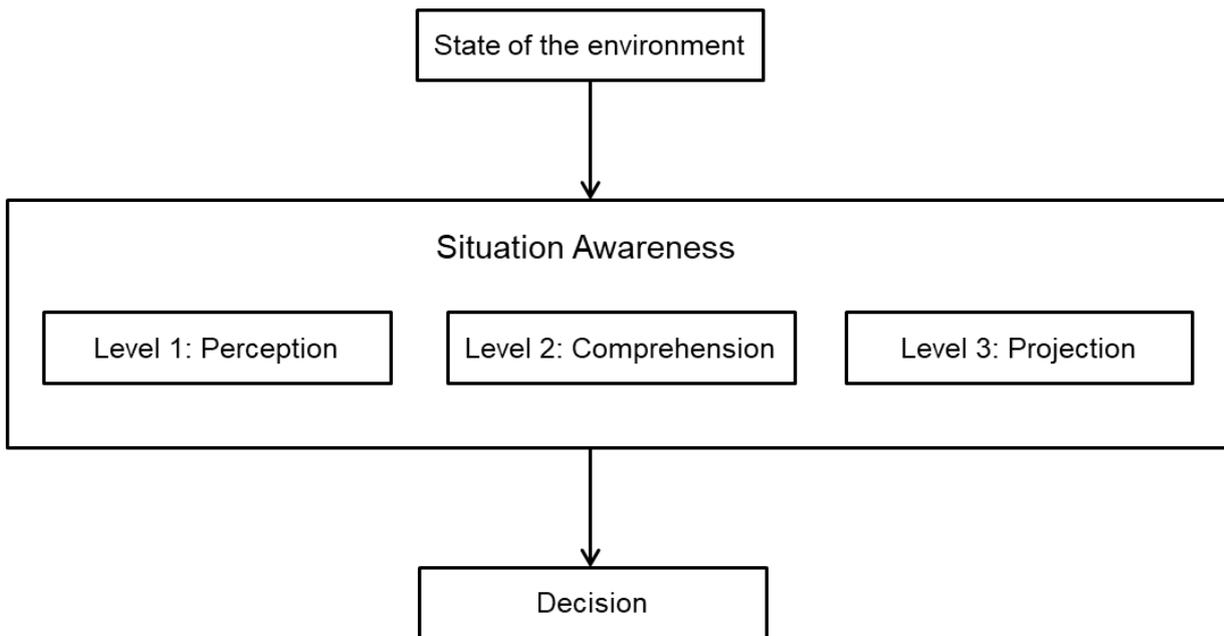
Figure 3.3: Three levels of situation awareness

3.6.2 **Causality**

Patal and Nagl (2010:33) define causality as "a concept by which physical or abstract events occur or properties and/or states are changed as a result of other physical/abstract events, properties and/or states". The Oxford English Dictionary (2019a) relates causality to cause and effect, and necessary ability to identify the control or influence that is responsible for every event. Likewise, causality is the ability to understand a particular event (DBE) which has been caused by another event/s (Daugirdienė, Petrulytė & Brandišauskienė, 2018:61). Causality refers to the predicted decisions of a decision-maker, who has a plan, that when carried out under particular circumstances, will result in the particular predicted outcome (Güss & Robinson, 2014:1). In the case of a distressed business event, the distressed decision maker is required to predict a set of decisions in the turnaround plan, which will be executed during the distressed business event, hopefully to produce a successful outcome, or at least an outcome more favourable than that if the business did not enter a turnaround process. Causality is therefore important in the decision-making process because the distressed decision maker must be able to predict the potential outcomes and/or consequences of his/her decisions before actually making the decision (Güss & Robinson, 2014:1). A distressed decision maker should also be able to recognise causal proprieties

that will assist them in understanding why some events cause others (Daugirdienė *et al.*, 2018:61). As a distressed decision maker predicts various decision alternatives, they are required to estimate the time and urgency of the event, the importance of each alternative, and likelihood of the success of the predicted consequences. Success depends on the distressed decision maker's knowledge, experience, and ability to implement their plan (Güss & Robinson, 2014:1).

However, it is important to note that not all alternatives, outcomes and consequences are predictable. This is particularly true in circumstances of uncertainty such as a distressed business event. In such cases DDMs may need to rely on reasoning which is based on unpredictable outcomes. In these instances, an effectual logic rather than a causal logic will apply. Effectuation refers to shaping the outcome with the means available rather than trying to predict the outcome. Whereas causal logic predicts an outcome and then choses the means to achieve said outcome (Kaatiala, 2021:27). It is therefore important to be aware that effectuation may apply to a DBE since DBE's are not necessarily all the same.

3.6.3 <u>Severity</u>

Severity is defined in the context in which it is researched. For example, Angelis, Lange & Kanavos (2018:132) define severity in terms of health conditions based on risk of permanent injury and death. Katarelos (2008:324) defines severity as a material hazard outcome (which should be quantifiable in monetary terms). Severity has also been defined in terms of a fire crisis as damage caused to soil and vegetation (Navarro, Caballero, Silv, Parra, Vázquez & Caldeira, 2017:8). Simply, severity refers to a severe event or situation, which refers to an undesirable or intense state. Kim, Hwang & Zhang, (2016:128) refer to severity as "the magnitude of the consequences and the nature of harm caused by the crisis." Likewise, and in terms of this research, severity refers to the damage to an organisation during a situation of distress. According to the level of distress that an organisation finds themselves in, will dictate the level of severity that the distressed decision maker needs to deal with which may have an impact on their decision-making process. The severity may therefore have an impact on the variables that affect the decision making of a distressed decision maker. These variables have been discussed below in a personal and external context.

3.7   VARIABLE AFFECTING DECISION-MAKING

3.7.1   <u>Personal variables</u>

3.7.1.1   *Perceived risk*

Decisions will not always result in predictable and favourable consequences. The uncertainty of these unfavourable consequences can result in perceived risk (Yang, Liu, Li &Yu, 2014:254). Perceived risk is generally arbitrarily defined and based on the context of the research, and most often defined in the consumer behaviour context (Bettman, 1973:184; Yang *et al.,* 2014:254). For example, Forsythe and Shi (2003:867) and Azman, Yi and Abdullah (2018:35) have defined perceived risk as the expectation of incurring potential losses when shopping online. Similarly, Khedmatgozar and Shahnazi (2018:392) define perceived risk as the likelihood of an adverse outcome or consequence when making purchasing decisions on an online trading platform. Other definitions include the uncertainty of the outcome of a customer performing a purchasing action (Neama, Alaskar & Alkandari, 2016:47), uncertainty about the outcomes of a particular behaviour and the unpleasantness thereof (Hummel, Toreini & Maedche, 2018:3), and the uncertainty about social consequences of an action or outcome (Michniuk, Gansser, & Schmitz, 2019:3). Therefore, for the purpose of this paper, perceived risk is defined as the uncertainty that exists regarding the favourableness of the outcomes of decisions made by the distress decision maker, and the potential loss that might be incurred by the distressed decision maker (Koporčić, Tolušić & Rešetar, 2017:432; Yang *et al.,* 2014:254).

Perceived risk occurs both at an organisational and personal level (Koporčić *et al.,* 2017:432). Since this paper concerns the distressed decision makers, the focus will remain at an individual level. Perceived risk is seen as a multidimensional construct which includes financial risk, physical risk, psychological risk, social risk, performance risk and time risk. These constructs can be defined as follows:

- Financial risk refers to the potential financial loss that may incur as a result of the decision or action (Khedmatgozar & Shahnazi, 2018:394). Since a business rescue practitioner acts as an officer of the court, he/she will not incur any financial risk if the business under rescue were to fail. In addition, the fees paid to the BRP will be first before other creditors should the business be liquidated. However, a BRP may also be entitled to a success

fee, and should the rescue fail, the practitioner would suffer this loss (Pretorius, 2016:489).

- Physical risk may be defined as the personal danger felt by the distressed decision maker as a result of a decision-making action (Harridge-March & Quinton, 2005:8).

- Psychological risk is related to damaged confidence levels as a result of making a "poor or incorrect" decision, which relates to feelings of anxiety, worry and tension (McLeay, Yoganathan, Osburg & Pandit, 2018:5).

- Social risk is related to the loss of social standing or network connections as a result of the decision or action. Closely related to social risk is that of performance risk which refers to the likelihood of the distressed decision maker performing poorly. For the purpose of this paper, these risks will collectively be referred to as reputational risk. According to Pretorius (2016:483) BRPs may be subject to reputational risk in the event an "affected person" has applied for the removal of the BRP under section 130 of the act. Distressed decision makers also run the risk of losing key relationships with banks, suppliers, customers, and revenue services if they were to fail to implement the proposed plan. As a result, distressed decision makers may lose out on future appointments.

- Time risk refers to the time needed to understand the situation or organisation at hand, the time needed to plan for and solve problems, and the concern of wasting time as a result of the decision made which may have been an incorrect or poor decision.

Prospect theory notes that in uncertain situations people are more likely to view a particular amount of loss more important than they would view the same amount of value (Yang *et al.,* 2014:254). For example, a distressed decision maker may not take on an appointment if he/she feels that they would suffer damage to their reputation, even if he/she would be compensated financially to the same value as the perceived risk. Since people are concerned more with potential losses than potential gains, they may feel more accountable. The responsibility of accountability may result in better processing of information and greater motivations to avoid any unwanted risk (Keinan & Bereby-Meyer, 2012:713). Therefore, sources of perceived risk are important for understanding why a particular decision is made.

3.7.1.2   *Reward*

A reward can be defined as financial, non-financial and psychological returns obtained by an individual for his/her contribution to a business (Nazir, Shah & Zaman, 2012:3047; Eshun & Duah, 2011:14). Literature refers to two types of rewards, namely, intrinsic rewards and extrinsic rewards. Intrinsic rewards refer to those that are non-financial. Typically, these rewards are psychological rewards, such as feelings of satisfaction, self-worth, and reinforced understanding of one's knowledge as a result of performing a particular activity or action. These feelings may come about as result of sharing knowledge with others and problem solving (Olori & Edem, 2017:47; Bock, Sabherwal & Qian, 2008:541).

Extrinsic rewards on the other hand refer to financial rewards typically tied to the performance of an activity (Olori & Edem, 2017:47). According to Olori and Edem (2017:47), such rewards may only "succeed in ensuring temporary compliance". Similarly, Winer and Crook (2016:3) noted that distressed decision makers often take on cases without appropriately considering turnaround feasibility in order to obtain the high financial returns. For example, according to Regulation 128 of the act, a BRP may charge an hourly rate prescribed by the tariffs in the act. The tariffs prescribed by Regulation 128 of the Act are as follows:

* R1 250 per hour, to a maximum of R 15 625 per day, (inclusive of VAT) in the case of a small business;
* R 1 500 per hour, to a maximum of R 18 750 per day, (inclusive of VAT) in the case of a medium-sized business; or
* R 2 000 per hour, to a maximum of R 25 000 per day, (inclusive of VAT) in the case of a large business, or a state-owned business.

However, there is no limit to what a BRP may charge since the duration of rescue proceedings may vary. In addition, Section 143 of the Act prescribes that a BRP may enter into an agreement with the business providing for remuneration above that of the BRP tariffs prescribed by the Act. These fees are contingent on the adoption of the business rescue plan and the attainment of any result/s related to the BR proceedings (De Abreu, 2018:19; Winer & Crook, 2016:3).

3.7.1.3   *Education*

A person can be shaped in thinking, behaviour, and interaction in the line with the expectation of the society through undergoing the process of education. Namdeo (2017:434) found that education largely affects decision making ability. In other words, educated individuals have a greater decision-making ability than that of their uneducated counterpart. Bhatti, Bashir and Nadeem (2015:121) also found that education is important in the decision-making process. This is because more educated individuals are able to notice changes more quickly and are able to adapt to these changes efficiently. Education is able to assist the decision maker in finding various alterative solutions to problem, by reducing uncertainty through more efficient information gathering, processing, and interpreting methods (Huffman, 1974:86). This is particularly important for distressed decision makers since no rescue or turnaround proceeding is the same.

According to Pretorius (2014) education is required to develop certain distressed decision maker competencies. These tasks include taking control of the business, investigating the affairs if the business, preparing the turnaround or rescue plan, implementing the plan, and fulfilling supreme task duties. Development of underlying competencies may help distressed decision makers decision making ability to solve problems, evaluate alternatives, make judgements and ultimately accurate and timely decisions. In addition to these competencies, The Turnaround Management Association (2019) have indicated four educational domains that they consider important in the education and training of distressed decision makers. These include financial analysis and capital structure, law, management, and professional best practices. The greater the number of competencies possessed by the distressed decision-maker, the better their decisions, since one's competency level influences the distressed decision maker's ability to make appropriate decisions.

3.7.1.4   *Stress*

It is well known that both turnaround and business rescue processes can be extremely stressful (Burke-le Roux & Pretorius, 2017:3; Harvey, 2011:5). Stress can be referred to as a state of mental, emotional, or physical strain or suspense, as well as the change in one's mental, emotional, or physical state in response to workplaces that pose a challenge or

threat to an individual. This in turn may result in compromising one's psychological and physical wellbeing (Jayasuriya & Bhadra, 2014:169: Chaudhry, Malik & Ahmad, 2011:171; Munir, Nielsen, Garde, Albertsen & Carneiro, 2011:1). Keinan (1987:639) notes that psychological stress can affect the quality of decisions. This is particularly true when the intensity of a situation increases. Similarly, Jordan, Ashkanasy & Lawrence (2006:4) note that stress can "detract" from quality decisions and lead to a decrease in focus on long term goals. Stress in one's personal and work life can affect productivity and performance. Furthermore, individuals in stressful situations such as the distressed decision maker process are often unable to make rational choices that are based on the consideration of all the possible consequences and outcomes of a situation. In such situations, decision-making is characterised as disorganised and an incomplete and/or poor evaluation of information, resulting in a poor-quality decision (Keinan, 1987:639).

3.7.1.5 *Cognitive bias*

It is well researched that decision-making in uncertain circumstances is based on mental short cuts of the decision maker. Research has also shown that people demonstrate predictable behaviours that bias the decision-making process (Higgins & Freedman, 2013:39). Since people have natural information processing limitations, biases reduce the thinking and processing capacity of the person making the decision. This is particularly true for stressful or time-constrained situations. These cognitive biases can lead to faulty decision making (Phillips-Wren, Power & Mora, 2019:63). Cognitive biases are defined in different ways, such as "a pattern of deviation in judgment that occurs in particular situations, leading to perceptual distortion, inaccurate judgment, illogical interpretation, or what is broadly called irrationality" (Lortal, Capete & Bertone, 2014:1). Similarly, Grazel (2015:419) defined cognitive bias as a deviation from rationality. Schlüns, Welling, Federici and Lewejohann (2017:233) note that cognitive bias stems from the emotional state of the individual which alters the way in which information is processed. Jackson and Harel (2017:5) state that cognitive bias is an error in remembering, evaluating, and reasoning as a result of the decision maker's belief or preferences, even if the information provides contrary evidence. For the purpose of this paper, cognitive bias relates to ignoring important information in order to make decisions more quickly (Lortal *et al.*, 2014:1). Although literature

refers to various types of biases, not all of them are suited to this topic. For this reason, this paper will consider conformation bias and framing.

Confirmation bias is the tendency to only search for, pay attention to or accept information that conforms to the decision maker's pre-existing expectation, belief, or decision, while ignoring any contradicting information (Cox, Strang, Søndergaard & Monsalve, 2017:17; Higgins & Freedman, 2013:39). Framing refers to frequently having to understand the situation at hand. This understanding comes from the perspectives of the decision-makers who should consider the different "frames" (Higgins & Freedman, 2013:37). For example, distressed decision makers who hail from a legal background, may frame (or understand) the distressed business event differently to a distressed decision maker from a financial background.

3.7.1.6   *Experience*

Experience refers to the time spent practicing a profession as well as the reflections on that practice (Sturesson, Falk, Ulfvarson & Lindström, 2018:830). An experienced decision maker has an enhanced ability to make judgements regarding the situation at hand, mostly due to the knowledge obtained through their time in the industry. It is therefore worth noting that judgements made by an individual outside of his/her knowledge field are often inaccurate. Experience allows for faster response times since the decision maker is able to process information and work through possible solutions more quickly than an inexperienced individual (Naidoo, Patel & Padia, 2018:3; Harvey & Fischer, 2014:149; Ozer, 2005:791; Klein & Klinger, 1991:18). Decision makers are also able to base current decisions on their past experiences in the industry (Amason & Mooney, 2008:410). In addition, a distressed decision maker who is experienced in sense-making, is able to identify crucial problems quicker, and therefore respond in a timelier fashion.

The experience required in the distressed decision maker domain has been described as "war-zone experience" (Pretorius, 2013:2; Midanek, 2002:24). Distressed decision makers are required to possess experience and knowledge in various domains such as the legal domain, business management domain, financial domain, human relations domain, and a have strong sense of leadership since they essentially become responsible for managing

the distressed business, therefore, experience and expertise are essential (Naidoo *et al.*, 2018:3; Midanek, 2002:22). Pretorius (2008:27) stated that each distress situation may require different experience. For example, the experience levels of BRPs are categorised by the licence held by the BRP. The CIPC (2021a) governs that a senior business rescue practitioner should have 10 years or more of relevant turnaround experience. An experienced business rescue practitioner should have more than 5 years, but less than 10 years of relevant turnaround experience and a junior business rescue practitioner will possess less than 5 years of relevant turnaround experience. The size of a business will determine the level of experience required by a distressed decision maker (Matuson Associates, 2019). For the purpose of this study, the experience of distressed decision makers will fall into the same parameters described above.

Time spent in the distress industry may also prove useful to distressed decision makers. For example, distressed decision makers who have been in the industry for a longer period of time have access to larger networks and therefore other expertise they may require during a proceeding (Furlough & Gillan, 2018:4). These networks also extend into the financing domain, where financers and banks are more likely to provide financing for the proceeding based on the prior dealings with the distressed decision maker (Gordon, 2018:17).

3.7.1.7 *Role conflict*

Distressed decision makers may be required to fulfil various roles in both their personal and professional lives. A role can be defined as a position which requires expectations or responsibilities to be fulfilled in order to achieve a particular outcome (Biddle, 1979:8). These roles include work related roles such as positions held within the workplace, and non-work-related roles such as the of a parent, spouse, community member, or student (Pluut, 2016:3). Role conflict can then be defined as the conflict that occurs when the expectations of one role makes it difficult to fulfil the responsibilities of another role (Hämmig, Gutzwiller & Bauer, 2009:2; De Villiers & Kotze, 2003:15). For example, working long hours may make it difficult for a distressed decision maker to spend time with his/her children in the evenings. Research has shown that role conflict may negatively impact job performance, goal achievement, job satisfaction, anxiety, and burnout as a result of the energy required by the individual to perform various roles, which in turn may hamper the decision-making ability of

the individual (Pluut, 2016:5). Since role conflict is not the focus of this study, the research will broadly consider role conflict in mainly three categories, namely, personal roles such as those fulfilled in a personal capacity, such as a parent or spouse; distressed decision maker roles which will be fulfilled during the distress event; and distressed decision maker career roles outside of distressed decision maker. For example, some distressed decision makers may have other careers in addition to being a distressed decision maker.

3.7.2 Environmental / external variables

3.7.2.1 *Time*

Simply put, decisions take time. Time will always be considered in the decision-making process since it is limited, and since decisions are made about an outcome that is to occur sometime in the future (Vaidya & Fellows, 2017:280; Lainema, 2004:439). Distressed decision makers require time in order to understand the business, particularly since the distressed decision maker is brought in from the outside with little to no knowledge of how the specific business operates. Due to this gap in knowledge, distressed decision makers have to collect, sort through, and analyse information in order to develop an understanding of the workings of the business. Again, this takes time. Time is also needed to evaluate all the possible alternatives to decision making (Lainema, 2004:439).

Unlike turnaround, business rescue proceedings happen in a short period of time, and BRPs face severe time constraints in their duty to fulfil all their roles successfully. According to the act, a BRP should convene and preside over the first creditors meeting within 10 days of appointment. Thereafter, a business rescue plan needs to be prepared and published within 25 days, and then the BRP should convene and preside over the second creditors meeting within10 days after the publication of the plan. Unless an extension is granted by the court, a business rescue lasts three months (Raubenheimer, 2012:[2]). As a result of this, BRPs are forced to make quick decisions that can affect the outcome of the rescue. However, turnaround professionals also need to make faster decisions than normal management because of the critical situation the business has found itself in. Time is not a luxury for either the BRP or the turnaround professional. Therefore, the distressed decision maker may experience time pressure which is as result of strict deadlines, and insufficient human, or time resources (Bronner, 1993:14).

3.7.2.2 *Liability of data integrity and asymmetrical information*

Decision making is dependent on access to reliable information. A decision maker appointed to a new post (in this case, the distressed decision maker) does not have much information about the performance, people, and systems of the business. The data needed may be available, but the distressed decision maker might need time to gain access to the data and to fully understand and find meaning in the data. In addition, the integrity of data may be compromised. Data integrity refers to the wholeness, completeness, correctness, truthfulness, and reliability of data which is available for decision-making. Effective decision making is dependent on quality information. A problem faced by the distressed decision maker is that a large amount of the data is subject to misrepresentation and its integrity can be compromised by bias, heuristic, human error, or intentional manipulation which in turn may influence decision-making of the distressed decision maker (Janse van Rensburg, 2016:34; Pretorius & Holtzhauzen, 2008:99).

In addition, the distressed decision maker relies on the members of the business to supply information which may also be subject to biases and/or manipulation. Members may interpret information requests in ways that serve their own perceptions or knowledge structures which undermines data integrity. Since data such as financial data and management records are susceptible to human errors, inaccuracies, biases and limitations, the distressed decision maker has the responsibility to verify data in order to prevent decisions which are made based on assumption. However, the process of verifying information is a time-consuming process, and as previously mentioned, time is not a resource that a distressed decision maker has at his/her disposal (Janse van Rensburg, 2016:35; Pretorius & Holtzhauzen, 2008:100). It has also been noted that directors "abuse" the business rescue process. Directors can deliberately try and sabotage the turnaround event by hiding assets and corruption (Pretorius, 2019).

3.7.2.3 *Companies Act*

Not all distressed decision makers are bound to the Act. Turnaround professionals for example, will have an agreement with the owner or funder of the business and will act in an

advisory capacity. A BRP on the other hand has a mandate by law. Section 128 of the Act provides for the temporary supervision of a business under rescue. This means that the business, property, management, and affairs are placed under the temporary supervision of the business rescue practitioner (Vitalis Consulting SA, 2016:1; le Roux & Duncan, 2013:59). Under section 140 of the Act, the BRP is bound to certain activities or duties. For example, the BRP acts as an officer of the court. The BRP has a duty to oversee the proceedings of the rescue. The BRP has the responsibility to prepare a business rescue plan which details the restructuring of business affairs in a way that should either increase the likelihood of the continuation of the business as a solvent one, or yield returns better than would result from an immediate liquidation of the business (Marsden & Osborne, 2014:3; Raubenheimer, 2012:[1]). Therefore, the Act provides a guiding measure for how BRPs will make decisions regarding the rescue.

3.7.2.4 *Stakeholders*

Stakeholders such as management, shareholders, employees, and financers are paramount to the success of a distress business event, since they serve as valuable resources and have a legitimate right to claim against the business (Conradie & Lamprecht, 2018:1; Lebeloane, 2017:32). Section 7K of the companies act provides for the "efficient rescue and recovery of financially distress companies, in a manner that balances the rights and interests of all relevant stakeholders" (Strime, 2012). However, the distressed decision maker is often faced by differing stakeholder goals and conflicting demands of stakeholders involved (Naidoo *et al.,* 2018:8; Bearth, 2016:2). The distressed decision maker therefore may find it difficult to balance these demands, since these stakeholders can make it difficult to successfully complete the distressed business event (Naidoo *et al.*, 2018:8). Therefore, it is important for distressed decision makers to build trust with stakeholders so that they can get the cooperation of stakeholders and get stakeholders on board with their way of thinking to support the business in the best way possible.

3.7.2.5 *Creditors*

Creditors play a significant role during the distressed business event. Since money is owed to creditors, they have a rightful claim to any residual value of the distressed business event

(Pretorius & Fairhurst, 2019:2). Support of creditors is therefore crucial in the mediation between parties of the event. During a business rescue event for instance, creditors have the final vote of the business rescue plan. For instance, most times creditors view the process as an "obstacle standing in the way of a quick collection of debts", and in these cases would prefer to see the company in liquidation (Bradstreet, 2011:358). Therefore, if the creditors are not in support of the plan, they are able to reject it. Lack of support in a distressed business event may result in a lack of cooperation from creditors during the process (Pretorius & Fairhurst, 2019:2). Most times, creditors scrutinise the steps taken by the distressed decision maker which may lead to conflicts (Le Roux & Duncan, 2013:62). High levels of conflict are evident in practice, since distressed decision makers and creditors have differing views regarding processes, goals, outcomes, interests, and fees. Banks are the creditors who are most often involved in conflict with the distressed decision maker (Pretorius, 2018:482; Le Roux & Duncan, 2013:62). It is important that the distressed decision maker maintain effective communication channels with creditors in order to obtain their support as well as preventing conflicts (Le Roux & Duncan, 2013:62).

3.7.2.6 *Complexity*

Complexity has been described in various ways, such as project complexity (Vidal, Marle & Bocquet, 2011), supply chain complexity (Dittfeld, Scholten & Van Donk, 2018), complexity in education (Alexander & Hjortsø, 2019), medical or health complexity, and others. It is clear that complexity should be defined in context. However, the science of complexity refers to the study of complex systems, which can be defined as a collection of parts or components that are interconnected. Complexity is then viewed as a feature that arises as a result of interactions with each of the components in the system (Daryani & Amini, 2016:360; Chung, 2014). Complexity is also exaggerated by larger numbers of interrelated factors within a system. It is important to be aware then that changes in one part of a system may lead to fundamental changes in other components of the system (Daryani & Amini, 2016:362; Beers, Kirschner, Bossche & Gijselaers, 2002:4). Therefore, an event that contains various sources of complexity from all the components interacting with each other can be aggregated to produce a "general level of complexity", which may have an effect on the decision-making process (Te'eni, 1989:168).

Te'eni (1989:168) noted that a distressed decision maker will always perceive some level of complexity in any given distressed business event. Therefore, it is then true that complexity is subjective to the individual and therefore affected by the distressed decision makers perspectives when assessing stimuli, and by their experience, knowledge, and expertise. Further to this, complexity can affect the choice of decision strategy and the ability of the distressed decision maker to implement chosen strategy. For example, a distressed decision maker who has the ability to distinguish between various solutions and alternatives that exist on multiple dimensions may have more enhanced decision-making, strategic planning, and problem-solving skills (Daryani & Amini, 2016:363; Mayer & Dale, 2010:24; Te'eni, 1989:168). Complex problems generally exist over multiple disciplinary boundaries, as is the case in a distressed business event, whereas previously mentioned, distressed decision makers require knowledge and experience in the financial analysis and capital structure, law, management, and professional best practices domains (Beers *et al.*, 2002:4).

3.7.2.7 *Security*

Security is a form of surety. Surety can be defined as "an accessory contract by which a person (the surety) undertakes to the creditor of another (the principal debtor), primarily that the principal debtor, who remains bound, will perform his obligation to the creditor and, secondarily that if and so far as the principal debtor fails to do so, he, the surety, will perform it or, failing that, indemnify the creditor" (Tsangarakis, 2018:14). Likewise, security is then a guarantee of the repayment of a loan or execution of a task. The security can be forfeited should a default in the agreement occur (Oxford English Dictionary, 2019b). During the distressed business event, it is crucial for the distressed decision maker to acquire post-commencement funding (PCF). Financiers require a guarantee against this funding in order to ensure that they will be repaid. Security is provided for against the unencumbered assets of the business (Pretorius & Du Preez, 2013:186). However, depending on the state of the business, the distressed decision maker may find it difficult to obtain unencumbered assets as security, which prohibits the decision-making process. Without funding, the distressed decision maker may need to consider other alternative solutions.

3.7.2.8 *Form of ownership*

A company can exist in one of two forms; as a profit company, or as a non-profit organisation (Swart, 2011:12). Profit companies can either be private companies, personal liability companies, state-owned enterprises, or public companies. A private company is one that is not state-owned and does not offer any shares or securities to the public. A personal liability company will have directors which are held jointly and severally liable, together with the company for any liabilities or debts that occur. A state-owned enterprise is defined in the Public Finance Management Act 1 of 1999 (PFMA) or is an enterprise that is owned by a municipality. Lastly, a public company is one that offers shares to the public (CIPC, 2021b; Swart, 2011:13).

Research on how forms of ownership may impact decision-making is limited. However, the form of ownership alludes to the size and complexity of the business which may have an influence on the decision-making process of distressed decision makers. For example, a public company is generally large, and the distressed decision maker would have to consider a greater number of shareholders and manage a greater number of affected parties (Pretorius & Du Preez, 2013:175), in comparison to a small private company which has few shareholders to consider. As such, distressed decision makers may experience more difficulty in the decision-making process. A state-owned enterprise may be subject to political and economic turbulences which could add to the complexity of a distressed business event (Yang & Wu, 2022:5). Therefore, distressed decision makers may require different levels of experience and expertise depending on the form of ownership of the business in the distressed business event.

3.8 CHAPTER 3 SUMMARY

Chapter 3 discussed decision-making literature such as the steps in the decision-making process as well as decision making in context of distress. Decision making was defined as a choice based on several alternatives in which the decision maker must consider the opportunity cost or risk involved in making the decision. Decision makers must rely on reasoned judgment and intuition in their decision-making process. Further to this, the chapter described decision making models which included the rational model and the

bounded rationality model. The rational model suggest that decision makers are rational and follow a structured and linear approach to decision making in which they have all the information necessary to make the best decision. On the contrary bounded rationality notes that decision making is not rational, and decision makers do not have access to all the necessary information, and that they cannot consider all possible outcomes.

In addition, the chapter noted that a decision maker's intention to engage in the behaviour of decision-making is influenced by his/her confidence to engage in the behaviour – this is according to the theory of planned behaviour. The chapter also proposed a framework consisting of situational awareness, causality, and severity. A DDM is required to constantly be in a state of awareness in which he/she knows what is always happening around them, particularly during evolving events such as a DBE. Secondly a DDM should be able to predict outcomes of the DBE, as well as the potential consequences of their decisions. Thirdly, the severity or the extent of damage to an organisation can have an impact on the decision-making process. Finally, the chapter outlined potential variables that may influence decision-making by the DDM. These variables included personal variables such as perceived risk, reward, education, experience, stress, cognitive bias, and role conflict. External variables included time, availability of data integrity and asymmetrical information, the Act, stakeholders, creditors, complexity, form of ownership, and security.

4 CHAPTER 4: METHODOLOGY

The purpose of Chapter 4 is to discuss the research process of this study. The first section deals with the research design, followed by the sampling methods, data collection methods, and data analysis methods employed in the study. The chapter concludes with a discussion of the elements of trustworthiness and ethical considerations of this study.

4.1 RESEARCH DESIGN

Since the purpose of this study was to obtain a clear understanding of the influencing decision-making variables during a DBE, a basic or generic qualitative design was employed. This design focused on the reflections and descriptions of past turnaround/rescue proceedings experienced by DDMs, as well as on their opinions, attitudes, and beliefs or perceptions about those experiences (Percy, Kostere & Kostere, 2015:78). In addition to expanding on the current available knowledge on the variables that have an impact on decision-making during a DBE, this study sought to explain and describe these variables and the impact they may or may not have on decision-making, as well as understanding influences variables may or may not have on each other during decision-making during a DBE. The qualitative nature of this study aimed to provide in-depth holistic reflections of the DDM (Persaud, 2010). Qualitative research was deemed appropriate since it allowed for flexible answers, rather than fixed or rigid responses (Merriam, 2009:18). Table 4.1 on the following page provides a summary of the research design in the form of a yin table that was used in this research.

4.1.1 <u>Epistemology</u>

It must be noted that the researcher was aware of her own values, methodological beliefs which could influence this research, and assumptions which could influence the way in which research was conducted, as well as the creation of bias in the interpretation of the data. Epistemology describes the 'intellectual climate" in which this research was undertaken.

Epistemology is the "theory of knowledge" which is used in research demonstrate knowledge by describing underlying principles of social phenomena (Pretorius & Holtzhauzen,

2013:474). This study made use of the interpretivism paradigm, which refers to subjective meanings and social phenomena. Interpretivism follows the details and value of what people, do, and feel, the realities of these details, as well as the subjective sense-making regarding the actions which motivate social actions, and experiences (Research Methodology, 2016). Interpretivism is qualitative or descriptive in nature and is employed when previous research and/or theory on the topic is lacking, as is true in the case of this research where previous research on the variables impacting DDM in DBE's has not been well established. Themes or pattern tend to emerge from this research process, and the researcher was afforded the opportunity to understand real-life situations from the point of view of the distressed decision-maker.

Table 4.1:   Research design used in this research

Component	Description
Research problem	Decision making during a distressed business event
Research aim	To identify and develop a better understanding of the variables of decision making of DDMs during a distressed business rescue / turnaround attempt
Research questions	• What are the variables of decision-making during a distressed business event? • How do the identified variables influence decision-making of distressed decision-makers during a distressed business event? • What are the associations between variables? (The purpose of this question is to gain a better understanding). • How do the variables of decision-making vary between a business rescue practitioner and a turnaround professional?
Context	The profession of a business rescue practitioners and turnaround professionals
Propositions	• Variables can be identified • The influence of variables on decision making can be determined • Interrelationships between variables will be better understood
Phenomenon investigated (UoA)	Decision making variables
Unit of observation	Distressed decision-making professionals
Method	• Semi structured interviews to identify variables • Causal mapping
Logic linking data to propositions	Distressed decision makers can identify, explain, and rate decision making hurdles during a distressed business event
Criteria for interpreting the findings	• Confirmation of variables affecting decision making by DDMs • Associations, influence, and extent of influence determined by causal maps
* = Propositions are set to structure the research process in support of the research question. Research questions are converted to statements for which support (or not) is sought	

Source: Adapted from Yin (2003:21).

4.2   SAMPLING

The unit of analysis in this study was turnaround professionals or business rescue practitioners (in other words, distressed decision-making professionals). The DDM participants must have been involved with a business rescue operation as a BRP or in a turnaround situation as a TP (or both). The research made use of snowball sampling in the beginning of the process in order to locate appropriate participants. These participates were identified based on the recommendations of others, such as other participants who had already agreed to take part in the study (Plano Clark & Creswell, 2015:334). Each participant was interviewed only once.

The sample in this study consisted of 12 DDMs from the Gauteng province in South Africa. Snowball sampling was supplemented by purposive criterion sampling in that participants were selected based on predetermined criteria (Polit & Beck, 2012:519-523). For the purpose of this study, subjects were approached based on the fact that they were either turnaround professionals who have had at least some experience in the turnaround field, or licensed business rescue practitioners who have had some experience with business rescue proceedings. The researcher contacted 58 DDMs and received 13 responses. All 13 DDMs were interviewed, and only 12 were included in this research. Saturation was reached during the semi-structured interviews by the ninth interview, in other words, no new themes or information emerged through further analysis of the data (Polit & Beck, 2012:521). However, saturation was not reached on the causal map aspect of this research. The reason for this may be that it became clear that causal maps could be case specific, meaning a single DDM could elicit different causal maps based on different situations. Table 4.2 provides the profiles and identifying characteristics of the participants of this study.

The table indicates whether the DDM is a practicing BRP or TP, or both, and if they are a BRP, the licence which they hold, and the lengths of the interviews, lastly the average length of the interviews. The Act governs the type of license that may be assigned to a BRP. A BRP who has been practicing for less than five years is a junior business rescue practitioner. An experienced practitioner is one who has been practicing business rescue for five years or more. Lastly, a senior practitioner is one who has at least 10 years of experience.

Table 4.2:   Participants' pseudonyms and characteristics and interview duration

Pseudonym	Type of practitioner	Duration of interview (minutes)
P1	Senior BRP & TP	55:12
P2	Senior BRP & TP	77:37
P3	Junior BRP	47:50
P4	Experienced BRP	65:05
P5	Junior BRP	67:25
P6	Junior BRP	47:25
P7	Senior BRP & TP	95:12
P8	Junior BRP	34:07
P9	Experienced BRP	70:22
P10	TP	33:25
P11	Experienced BRP	60:11
P12	Experienced BRP	48:54
		Average: 58:34

4.3   DATA COLLECTION

The primary source of data was obtained through semi-structured, in-depth interviews with DDMs which identified the variables that have an impact on their decision-making during a DBE. In addition, fields notes were made by the researcher and also by the DDM themselves. Interviews were appropriate given that the research investigated the perceptions, thoughts, and experiences of DDM's, and given the lack of knowledge regarding the phenomenon under investigation (Gill, Stewart, Treasure & Chadwick, 2008:292). The interviews consisted of open-ended questions that assisted the researcher in understanding and defining the topic in the context of DDMs. In addition, the open-ended questions allowed interviewees the freedom to form their own answers, while more specific probing questions were used to elicit a more in-depth response from the participant (Persaud, 2010:634; Gill *et al.*, 2008:291). Each of the questions in the discussion guide supports the main research questions of this study and were developed based on research of the literature. These questions can be found in the discussion guide in Appendix A (p.141). Participants had the freedom to add to, remove, or change any of the content (which had been developed from theoretical analysis) themselves. If for example, a participant did not agree with a particular variable that had been identified from the literature, he/she was given

the freedom to remove it as a variable, change its meaning, or add a new variable. These variables and their meanings can also be found in Appendix A (p. 141).

The semi-structured interviews were supplemented by causal mapping as a means of providing data richness. Causal maps are used in research to provide insights into the idiosyncratic beliefs of the participants (Markíczy & Goldberg, 1995:305). Causal maps represent an individual's or group's beliefs about causal relationships and can be used to help make sense of complex problems. Causal maps were used to determine how DDM's make sense of their experiences with either business rescue or turnaround and analysis is be supplemented with interview quotations (Bryson, Ackermann, Eden & Finn, 2004; Markíczy & Goldberg, 1995). Causal maps are characterised by two types of properties, namely relevance and influence relationships.

A causal map is a word-and-arrow diagram which links variable to one another through the use of arrows. A causal map is made up of nodes (or constructs – in our case variables), and arcs (arrows). Each arc will have a polarity which determines whether the influence between variables is positive or negative. In addition, each arc will have a value which is associated with the strength of the influence: 1 (weak influence), 2 (moderate influence), 3 (strong influence) (Markíczy & Goldberg, 1995). The process for constructing causal maps is described on the following page.
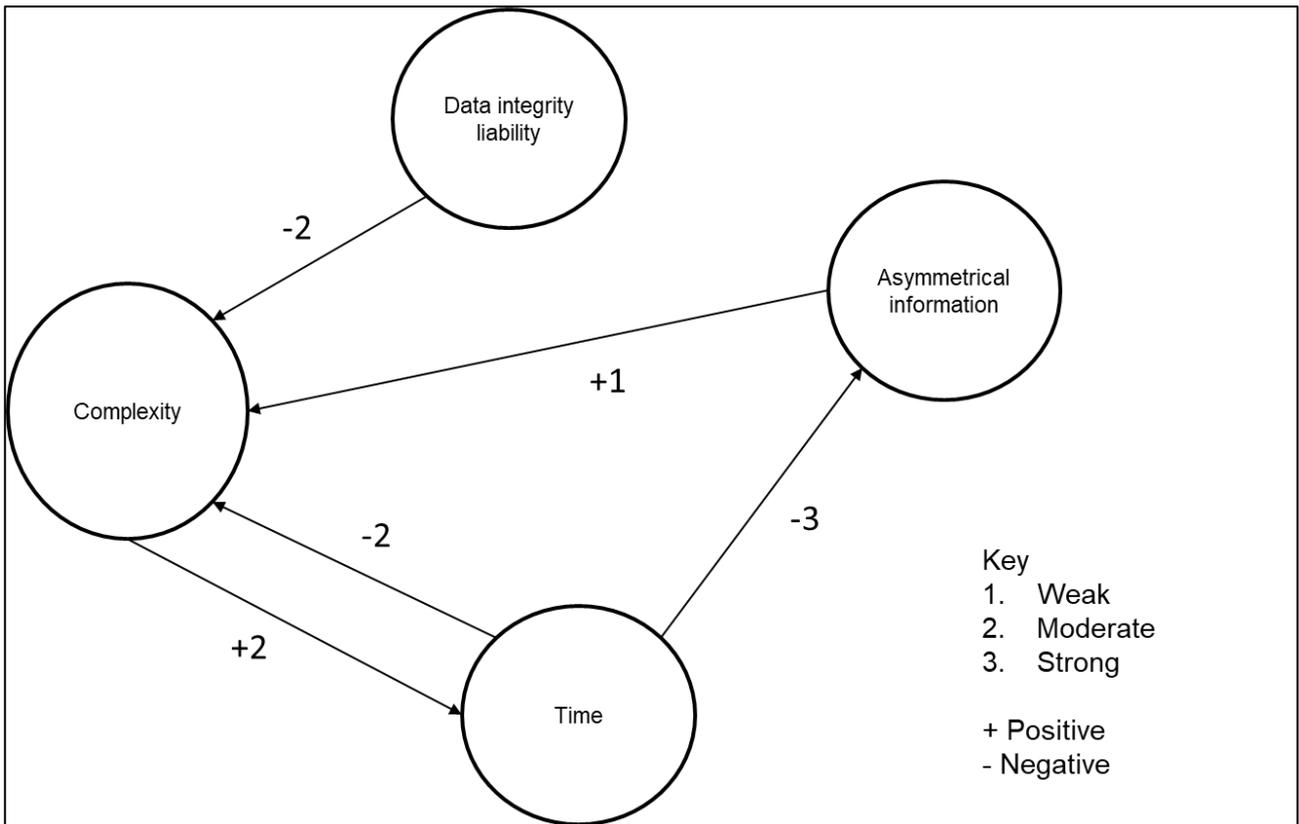
Figure 4.1: An example of a causal map

<u>Source:</u> Author's own compilation

Step 1: Derive constructs

Initially, constructs (or variables) had to be determined. The variables that were deemed to be applicable by the DDM were derived or confirmed through the semi-structured interviews. The number of variables (constructs) were not limited in this step.

Step 2: Reduce the number of constructs

The participant was required to select the most relevant constructs from a pool of constructs which were determined in step 1. The maximum number of constructs was limited to 10 in this step. The reason for this limitation is a practical one since interview time was limited (Markíczy & Goldberg, 1995:310). Participants were also required to select a minimum of five variables for the purpose of constructing a causal map.

Step 3: Derive arcs

- The participant was required to derive arcs by drawing arrows between variables to indicate whether there was a moderating influence between variables.

- Secondly the participant was required to determine whether this influence was a positive influence or a negative influence. A positive influence is indicated with a plus (+) sign, and a negative influence is indicated with a minus (-) sign. What is important to note is that variables can have inverse influences on each other. For example, a positive influence may occur between A and B, and a negative influence can occur between B and A. This is shown by the examples described below.
  - A positive influence is one where an *increase* in one variable can lead to an *increase* in another, for example, in a DBE, the more complex the situation, the more time may be need to complete task (see Figure 4.1). Or a *decrease* in one variable can lead to the *decrease* in another.
  - A negative influence on the other hand has an inverse influence such that an *increase* in one variable would lead to a *decrease* in another, or vice versa. For example, the more time available for an event, the less complicated the event may be (see Figure 4.1).
- Lastly, the participant had to indicate whether the influence had a weak, moderate, or strong influence.

All interviews, where possible, were conducted online on Microsoft teams by the researcher herself. All interviews were conducted in an office or quiet area where there were few distractions (Persaud, 2010:633). The researcher explained the purpose of the interview to the participants (see Appendix A, p. 144). Each of the participants was asked the same series of questions from the discussion guide. This was to ensure increased consistency, reduce the possibility of interviewer bias, and allow for additional questions to emerge from the dialogue (Persaud, 2010:633; DiCicco-Bloom & Crabtree, 2006:315). In addition, the participant was required to engage with the researcher. The researcher used Miro to allow the participant to fill in the demographic questionnaire and to create their causal map. Miro is an online collaborative whiteboard platform (Miro, 2021).

Interviews lasted approximately 60 minutes and were recorded with permission from the participants. All interviews were transcribed verbatim by the researcher herself. The researcher conducted two pre-tests to obtain feedback on whether there are any weaknesses and flaws within the discussion guide and interview process (Persaud,

2010:1032-1033; Turner, 2010:757). It was discovered that the variable of reasonable prospect was relevant and therefore was added to the discussion guide for future interviews.

4.4 DATA ANALYSIS

A thematic analysis was employed in this study which allowed the researcher to make sense of DDM's experiences by systematically identifying, organising, analysing, and reporting patterns within the interview and causal map data (Braun & Clarke, 2012:57). Thematic analysis was deemed appropriate since the themes discovered in the data provide a recurring and distinctive picture of DDM accounts during a DBE (King & Brooks, 2018:220). The researcher transcribed the interviews and familiarised herself with the data. This required that the researcher analytically and critically read through transcripts and listen to interviews several times (Braun & Clarke, 2012:61). In other words, the researcher got to know the data, focused on analysis of data, and categorised the data into themes. The interviews transcripts were inductively assigned codes or labels to describe text segments. Codes are referred to as short commentary that link to the purpose of the research. Codes were grouped together to create themes. A theme refers to a phrase that describe what the data means or what it is about (King & Brooks, 2018:220). Analysis of the causal maps include *factoring constructs.* This refers to the analysis of the patterns within the choice of constructs among participants. For example, did participants who selected variable A also select variable B. In addition, the importance of these variables within the system was also taken into consideration. The research also aimed to develop a central causal map for this study (Markíczy & Goldberg, 1995:323).

4.5 TRUSTWORTHINESS

The trustworthiness of this research was ensured through Lincoln and Guba's (1985) four trustworthy criteria. The first criteria, credibility, ensured the intended research was the research that was actually captured through internal validity of the research (Polit & Beck, 2012:591-594). Data in this study was collected from participants who were willing to participate in the study. Each of the participants had the freedom to refuse participation in this study. Participants were encouraged to provide open, and honest answers, and were

asked to review the transcripts of their interviews to verify their answers (Polit & Beck, 2012:591-594; Shenton, 2004:67-68). The second criteria, dependability, ensured reliable data collection, sampling, and methods of analysis. In addition, the criteria indicates that similar findings would be obtained if the study were to be conducted again using the same methodology. The methodology of this study has been described in detail. This detailed description facilitates a good understanding of the methodology used in this study (Polit & Beck, 2012:585; Shenton, 2004:71-74).

The third criteria, confirmability, requires findings to be objective, and that these findings should reflect the opinions and experiences of the participants of the study. In order to ensure the fulfilment of this criteria, the researcher remained open to emerging patterns, even if these patterns differed from her own assumptions. Furthermore, all research in the form of field notes, transcriptions, and recordings were maintained as a means of proof that interpretations of the responses do in fact align with actual responses (Polit & Beck, 2012:585; Jensen, 2008:113; Shenton, 2004:74). The final criteria, transferability, refers to whether others are able to apply the findings of this study to other settings. This study includes a detailed methodology which should provide sufficient information to a reader to determine transferability themselves (Polit & Beck, 2012:585; Shenton, 2004:69-70). Furthermore, this research complied with the ethical considerations of the University of Pretoria.

4.6   ETHICAL CONSIDERATIONS

This study was approved by the Research Ethics Committee in the Faculty of Economic and Management Sciences at the University of Pretoria. The informed consent form that all participants were required to read through and sign prior to being interviewed can be found in Appendix A (p. 141). The consent form explained the importance of anonymity and confidentiality. The purpose of this study was explained in the consent form and indicated that since participation is voluntary, that a participant could have withdrawn their participation at any time. The researcher gave the same explanations and assurances to the participants prior to each of the interviews and interviews were only started with consent of the participant. Table 4.2 (p. 44) lists the pseudonyms used to protect the identities of the participants.

4.7   CHAPTER 4: SUMMARY

Chapter 4 discussed the research methodology used in this research. Firstly, the research design generic qualitative in nature. This design assisted in the understanding of influencing variables on the decision-making process from the perception of the DDM. Secondly, business rescue practitioners and/or turnaround professionals made up the sample of 12 participants interviewed in Gauteng. Thirdly, data was collected through semi-structured interviews which consisted of open-ended questions. Interviews were supplemented by causal maps drawn by participants to show how they make sense of their distressed decision-making experiences. Fourthly, thematic analysis was used to analyse data to provide an image of DDM accounts. In addition, factoring constructs was used to analyse causal maps to determine patterns in the choices made by DDMs. The trustworthiness criteria of credibility, dependability, confirmability, and trustworthiness. Lastly, the ethical considerations were discussed. Chapter 5 reports on the findings of this research.

5   CHAPTER 5: FINDINGS

Chapter 5 summarises the findings in this research. The first part summarises the personal and external variables that may influence decision-making during a DBE, as well as any additional variables identified by the DDMs themselves. The findings are reported firstly in the form of a table which outlines how relevant the DDM believes each of the variables are to his/her decision-making process, and secondly in the form of a causal map drawn by each of the DDMs. The causal map provides a view of the variables the DDMs think have the greatest influence on their decision-making process as well as any influences between variables.

The findings per practitioner are followed by general findings on personal and external variables. Firstly, a table provides a summary on the average relevancy score of each of the main variables. Secondly, a graph shows the number of times each of the variables was represented in the causal maps. Thirdly, a graph shows the comparison between average relevance and number of occurrences. Lastly, a central causal map represents the most reoccurring relationships between variables. The findings in this section have been reported on in chapter 6.

5.1   ADDITIONAL VARIABLES

The following variables were identified by practitioners as additional variables that could influence their decision-making process. Personal variables include personality conflicts, transparency, and congruency. Firstly, personality conflict refers to a situation where parties involved are unable to see things in the same light, and where parties do not get along. These tensions are as a result of differences in beliefs, attitudes and values (Bisong & Oti, 2021:2). In the context of this study the DDM should be aware of and be able to handle different types of people, as well as how those people engage with the DDM. Any potential conflicts between different personalities could make the decision-making process more difficult. Transparency refers to the honest disclosure of reliable information regarding the organisation's financial position, operational performance, business model, and risks (Bhimavarapu, Rastogi & Kanoujiya, 2023:22). Lastly, congruency means that an

individual's actions consistently align with their intentions, in other words, they do what they say they will do.

The practitioners identified 18 additional external variables, these include: reasonable prospect, cause of distress, severity of distress, internal business operation, peer commentary, availability of post commencement financing (PCF), the industry, PESTEL, management cognition, the top management team (TMT), resource munificence, delayed action, "runway length", industry / market demand, politics, unions, legal risk, and the mandate. Reasonable prospect was added to the main list after it became clear that the variable was important to the decision-making process when all four of the first interviewed practitioners added it as a variable. Reasonable prospect is the evaluation of feasibility of a business rescue or turnaround. Reasonable prospect can be viewed as an ongoing evaluation that should be conducted through the DBE (Janse van Rensburg, 2016:27). Cause of distress refers to factors that may have put the organisation into a distressed state. These factors include, but are not necessarily limited to, cash flow, profitability, management competency, and industry conditions (Rosslyn-Smith, 2018:41). As discussed in chapter 3, severity is the level of damage of an organisation during a DBE. The researcher indicated that severity of distress may have an impact on the variables of decision-making, however it has been found that it should be included as a variable. Internal business operations are the typical day-to day activities conducted by the organisation to earn a profit (Bhatia & Kaur, 2017:347). If an organisation is unable to conduct these activities to ensure the going concern of the organisation, it makes it incredibly difficult for the DDM to manage the DBE, if at all.

Peer commentary refers to the assistance of colleagues and peers, often working in the same office. It was indicated that advice, comments, and guidance from multi-disciplinary team members was paramount to the decision-making process. Multi-disciplinary teams consist of professionals with various expertise working together in order to achieve a particular outcome (McCray, 2002:53; Manor-Binyamini, 2014:68). Post-commencement finance is the funding required to ensure going concern of the business. Funding is used to sustain operational activities of the business (for example, labour costs, operating materials, rent, etc). DDMs often struggle to obtain funding since lenders are not always willing to part ways with an investment that they may not get a return on (Calitz & Freebody, 2016:270).

The industry in which a DBE is being conducted in refers to the type of business an organisation conducts, for example, aviation industry or medical industry (Cambridge Dictionary, 2022). Different industries might be subject to different complexities, complications, and considerations, for instance one industry might require more legislative considerations than another. A DDM would need to be aware of such considerations and might need to adapt their decision-making process accordingly. Related to the industry variable is macro-economic (PESTEL) considerations. PESTEL refers to political, economic, socio-cultural, technological, ecological, and legal factors (Louw & Venter, 2022:181). A third industry variable that was identified was that of industry / market demand. Demand relates to whether there is a desire for a product or service or in this case even an industry (Weyers, 2000:11). There should be an indication that the efforts of the DDM would be worth the effort, and cost.

Resource munificence is defined as the level of critical resources required to ensure the going concern of an organisation. As discussed in chapter 3, DBEs are often conducted in situations of resource scarcity. The availability of resources is important to the ability of the DDM to respond appropriately to the distress situation (Pretorius & Holtzhauzen. 2008:95). Management cognition refers to the set of knowledge and cognitive structures of strategic decision-makers. Cognition embodies the management's ability, experiences and expertise required to recognise that a problem exists within the DBE and correctly analyse this information to formulate appropriate response strategies (Huang, 2018:1329). In line with management cognition is the capability and capacity of the top management team (TMT). TMT capability refers to the ability of the TMT to carry out the necessary steps to keep the firm a going. The top management team contributes to the success or failure of a firm. Further to this, top management can either be facilitators of the turnaround process or they hinder the process. If the TMT is not capable of doing their job correctly, the DDM may have to deal with a different set of circumstances during their decision-making process (Prior, 2014:26; Pretorius & Holtzhauzen. 2008:99). Applicability of this variable will be further discussed in the following chapter. Delayed action refers to the period of time before help was sought to begin the DBE. Obviously, the longer organisations or stakeholders wait to initiate the process of turnaround or business rescue, the more difficult the decision-making process by the DDM. "Runway length" refers to how long the organisation will be able to

survive. The decision-making process might change depending on the survival prospect of the organisation.

In South Africa, a trade union is an organised group of workers whose purpose is to protect the interests of the workers who belong to the union. Trade unions look after interests such as wage disputes and working conditions (South African Government, 2022). Unions often create difficulties for DDM during the DBE process, this could possibly be due to lack of understanding of the DBE process (particularly more relevant during business rescue) (Rosslyn-Smith, De Abreu & Pretorius, 2020:37). Political processes and agendas influence organisations and their industries. Political constraints include policies and regulations that often hinder organisational performance. Political process often favours certain outcomes even if it is not rational (Louw & Venter, 2022:163). DDMs need to be aware of political influences and agendas and how they may influence the DBE. DDMs also need to constantly be aware of and consider the legal implications of their decisions. Legal risk entails not only ensuring compliance with the Companies Act but also with legalities of decisions regarding stakeholders, and unions for example (Annamalai, 2017:9). Lastly, the mandate of the DDM. In other words, the decisions that the DDM is allowed to make is dependent on the type of mandate they have, for instance, as a BRP the practitioner controls the decision-making processes according to the Act, while in turnaround the practitioner does not have a mandate to make decisions, but rather to make suggestions.

5.2 INDIVIDUAL DDM FINDINGS

Firstly, the tables in the discussion below will indicate the relevance scores given by each DDM to the variables presented to them in the interview, as well as any additional variables they may have identified. A relevance score of 0 indicates that the DDM believed that the variable holds no weight in their decision-making process, in other words the variable is not relevant at all. If the DDM believed that the variable is relevant they have given it a relevance score of 1-5, where one is not very relevant, and five is extremely relevant. As per the discussion in Chapter 3 (see p. 27), the variables have been divided into those of a personal nature, and those of an external nature. Table 5.1 below summarises the personal and external variables identified in the literature as well as any additional variables identified by the DDMs.

Table 5.1: **Summary of personal and external variables identified in literature and by participants**

Variables identified in the literature	
Personal variables	**External variables**
- Perceived risk - Financial risk - Physical risk - Psychological risk - Reputational risk - Time risk - Reward - Intrinsic reward - Extrinsic reward - Education - Stress - Cognitive bias - Experience - Role conflict	- Time - Liability of data integrity and asymmetrical information - The Companies Act - Stakeholders - Creditors - Complexity - Security - Form of ownership - Reasonable prospect
Additional variables identified by participants	
- Personality conflicts - Transparency - Congruency	- Cause of distress - Severity of distress - Internal Business Operation - Peer commentary - Availability of PCF - Industry - PESTEL - Management cognition - TMT - Munificence scarcity - Delayed action "Runway length" - Politics - Industry/market demand - Politics - Unions - Legal risk - The mandate

Secondly the causal map demonstrates which of the variables have the most bearing on each of the DDMs decision-making process. The causal maps show how variables may also influence each other during the decision-making process. These influences are shown through the use of arcs drawn between variables. Each arc has two properties. The first

property indicates whether the variable has a positive or a negative influence on another variable, and the second property indicates the strength of that influence (see p.46). These tables and causal maps are presented below.

5.2.1   Practitioner 1

Table 5.2 shows the relevance scores assigned to variables by practitioner 1.

Table 5.2:   Relevance scores assigned to variables by practitioner 1

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	3	Time	5
Financial risk	0	Liability of data integrity and asymmetrical information	4
Physical risk	0	The Companies Act	5
Psychological risk	0	Stakeholders	5
Reputational risk	0	Creditors	4
Time risk	3	Complexity	5
Reward	0	Security	5
Intrinsic reward	0	Form of ownership	0
Extrinsic reward	0	Reasonable prospect	5
Education	5	*Legal risk	4
Stress	2	*The mandate	5
Cognitive bias	2		
Experience	5		
Role conflict	1		

*Additional variable added by the DDM

Practitioner 1 has indicated that most of the personal variables are irrelevant such as financial risk, physical risk, psychological risk, reputational risk, and reward (both intrinsic and extrinsic). Stress, cognitive bias, and role conflict were indicated as low relevance. Experience and education are the most relevant personal variables. On the external variables, time, the Act, stakeholders, complexity, security, reasonable prospect, and the mandate were indicated as the most relevant variables. While the form of ownership is considered irrelevant, this is because this practitioner only deals with private companies. Practitioner 1 added two new variables which include legal risk, and the mandate. The mandate was included in the causal map drawn by this practitioner.

Figure 5.1 shows the causal map drawn by practitioner 1. This causal map is particularly complex and therefore the author has used 'dotted' arcs in some instances to improve the readability of this causal map.
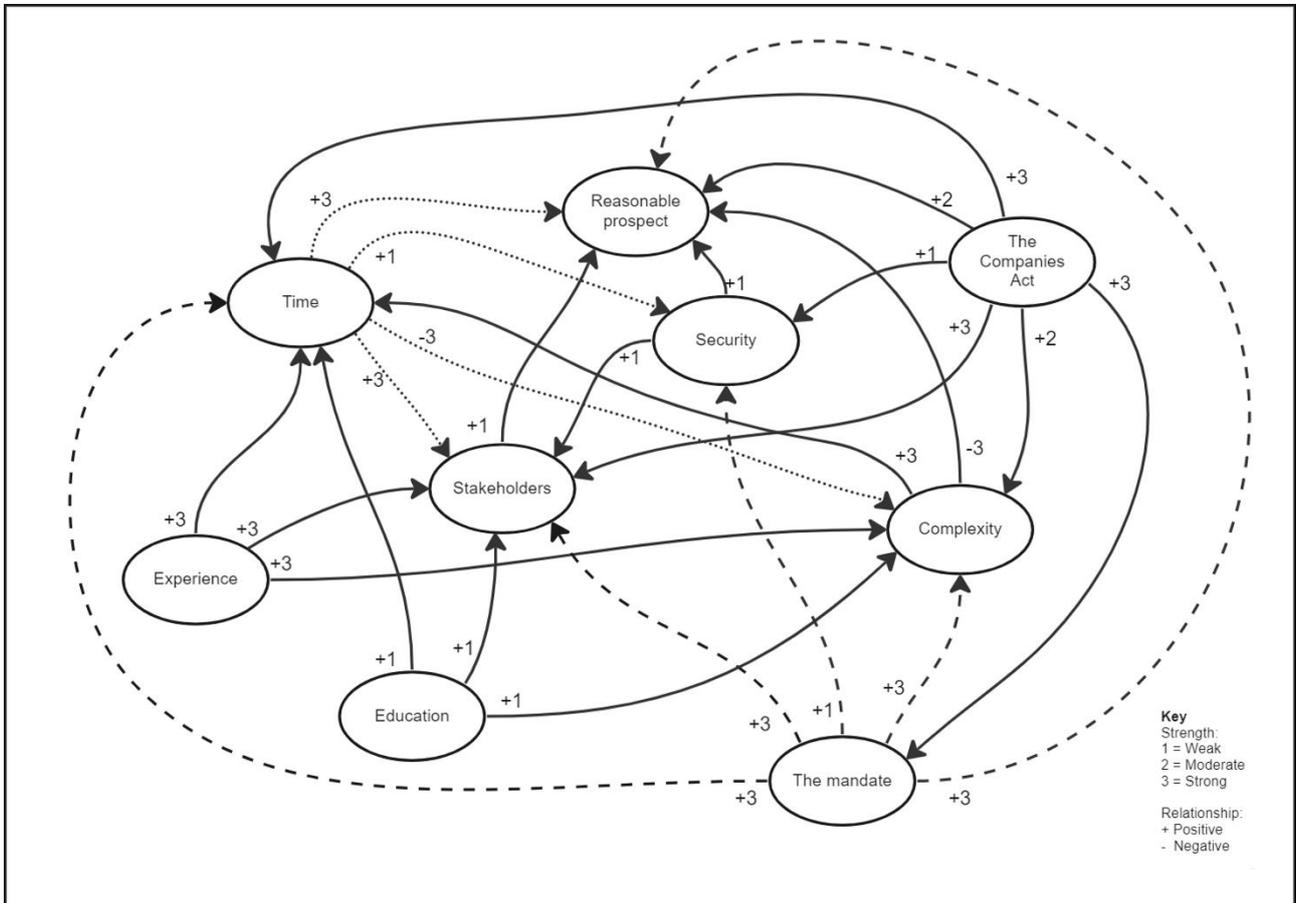
Figure 5.1: Causal map showing variables and influences identified by practitioner 1

Reasonable prospect and stakeholders were the variables that were influenced upon the most by other variables, each being influenced by six other variables. Reasonable prospect is positively influenced by time, such that the more time available to the practitioner, the greater the reasonable prospect. In addition, reasonable prospect is also positively influenced by stakeholders, security, the Act which provides guidelines to the practitioner on what qualifies as reasonable prospect, and the mandate, while it is negatively influenced by complexity. Stakeholders are positively influenced by time, experience, education, the mandate, the Act and security. The Act is the most dominating influential variable with positive influences on the mandate, complexity, stakeholders, security, reasonable prospect, and time. Time on the other hand influences reasonable prospect, security,

complexity, and the stakeholders, but is influenced by education, experience, the mandate, complexity, and the Act. Education and experience both influence complexity, stakeholders, and time.

5.2.2 Practitioner 2

Table 5.3 shows the relevance scores assigned to variables by practitioner 2.

Table 5.3: Relevance scores assigned to variables by practitioner 2

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	3	Time	5
Financial risk	4	Liability of data integrity and asymmetrical information	5
Physical risk	5	The Companies Act	5
Psychological risk	1	Stakeholders	5
Reputational risk	4	Creditors	5
Time risk	3	Complexity	4
Reward	4	Security	5
Intrinsic reward	4	Form of ownership	0
Extrinsic reward	3	Reasonable prospect	5
Education	1	*Internal Business Operation	3
Stress	2		
Cognitive bias	5		
Experience	5		
Role conflict	4		

*Additional variable added by the DDM

Practitioner 2 identified physical risk, cognitive bias, and experience as the most relevant personal variables. While psychological and education were rated as the least relevant variables in the distressed decision-making process. Nearly all the external variables were identified as extremely relevant, apart from complexity and internal business operation. Form of ownership was identified as not relevant to the distressed decision-making process. This practitioner identified one additional external variable, internal business operation, which was included in his causal map.

Figure 5.2 shows the causal map drawn by practitioner 2.
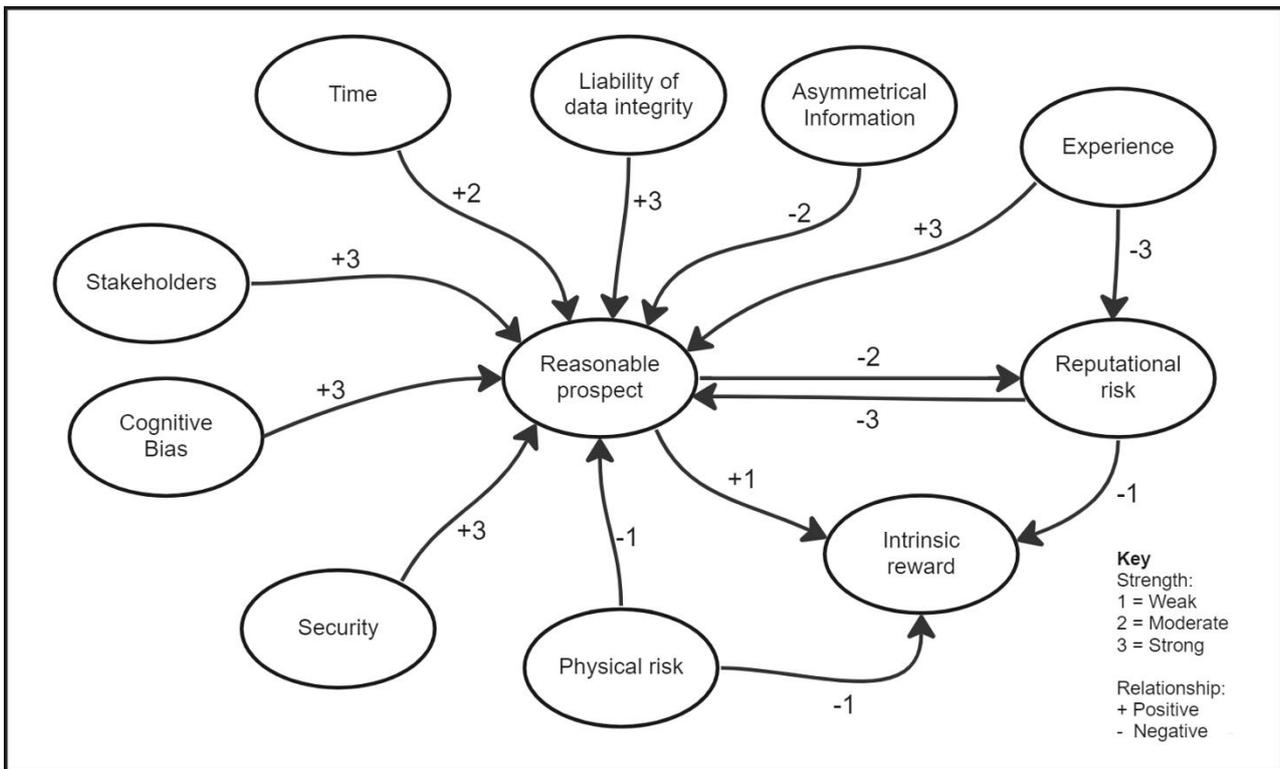
Figure 5.2: Causal map showing variables and influences identified by practitioner 2

The variable influenced most by other variables for practitioner 2, is reasonable prospect. Security, cognitive bias, stakeholders, liability of data integrity, and experience are all viewed to have a strong positive influence on reasonable prospect, while reputational risk has a strong negative influence on reasonable prospect. The DDM experiences intrinsic reward when there is a reasonable prospect and a diminished risk to his reputation. A lower physical and reputational risk also contributes to increased intrinsic reward, while education reduces reputational risk.

5.2.3 <u>Practitioner 3</u>

Table 5.4 shows the relevance scores assigned to variables by practitioner 3.

Table 5.4: Relevance scores assigned to variables by practitioner 3

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	5
Financial risk	3	Liability of data integrity and asymmetrical information	3
Physical risk	0	The Companies Act	5
Psychological risk	0	Stakeholders	5
Reputational risk	5	Creditors	4
Time risk	3	Complexity	5
Reward	0	Security	3
Intrinsic reward	4	Form of ownership	3
Extrinsic reward	0	Reasonable prospect	5
Education	5	* Peer commentary	5
Stress	0		
Cognitive bias	2		
Experience	5		
Role conflict	0		

*Additional variable added by the DDM

Practitioner 3 has identified perceived risk, reputational risk, education, and experience as extremely relevant variables to his decision-making process. On the other hand, he notes that physical risk, psychological risk, reward (extrinsic), stress and role conflict as completely irrelevant to his decision-making process. This is because he believes that although the variables might be present in the decision-making environment, they should not influence the decision-making process. This evaluation is different to other practitioners who indicated that the variables are still relevant, even if they do not influence the decision-making process – and they are aware of these variables.

Time, the Act, stakeholders, complexity, reasonable prospect, and peer commentary were indicated as the most relevant external variables for this DDM. Unlike many other practitioners, practitioner 3 has given form of ownership a relevance score of 3, along with security and liability of data integrity, and lastly creditors was given a relevance score of 4. This DDM added peer commentary as an additional variable. This variable is of great

importance to this practitioner who believes his job would not be possible without the assistance of his peers and colleagues. This is supported in his causal map below.

Figure 5.3 shows the causal map drawn by practitioner 3.
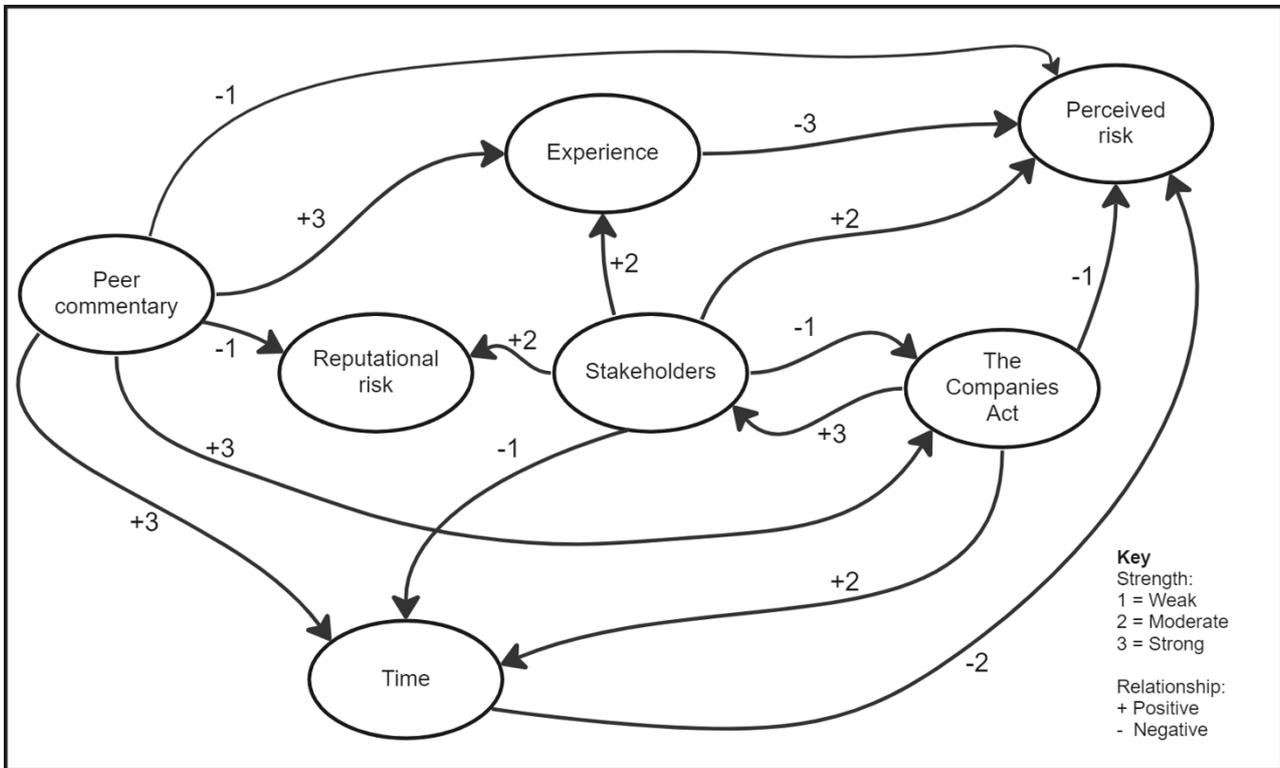
Figure 5.3: Causal map showing variables and influences identified by practitioner 3

As previously mentioned, peer commentary was indicated as particularly important to this DDM. As seen on the causal map, peer commentary is one of the most influential variables, strongly influencing the DDMs experience, time available to them and his understanding of the Act. Peer commentary also reduces perceived and reputational risk. Stakeholders is also an influential variable, however to a more moderate degree. In this case, dealing with stakeholders adds to the DDM's experience. If the stakeholders do not cause too much trouble the DDM experiences reduced perceived and reputational risk. On the other hand, dealing with stakeholders can be a time-consuming exercise. The more time this DDM has to resolve issues, it reduces the perceived risk experienced. The Act also mitigates some of this risk and provides a timeline and framework with how to deal with stakeholders, hence the positive influences. Interestingly, practitioner 3 did not include reasonable prospect in

their causal map, even though they felt that it was very relevant to their decision-making process.

5.2.4   Practitioner 4

Table 5.5 shows the relevance scores assigned to variables by practitioner 4.

Table 5.5:   Relevance scores assigned to variables by practitioner 4

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	5
Financial risk	4	Liability of data integrity and asymmetrical information	5
Physical risk	3	The Companies Act	5
Psychological risk	2	Stakeholders	5
Reputational risk	4	Creditors	5
Time risk	4	Complexity	5
Reward	5	Security	4
Intrinsic reward	5	Form of ownership	0
Extrinsic reward	5	Reasonable prospect	5
Education	5		
Stress	4		
Cognitive bias	4		
Experience	5		
Role conflict	2		

Practitioner 4 has indicated that perceived risk, reward (both intrinsic and extrinsic), education, and experience are the most relevant variables, while psychological risk and role conflict, feature lower down on the relevancy score. This is because although relevant, the DDM is of the belief that these 2 variables do not really influence the decision-making process. Of the external variables, this DDM gave nearly all of the variables a relevance level of 5, except for security which he ranked as 4, and like practitioners 1 and 2, form of ownership is not relevant to his decision-making process.

Figure 5.4 shows the causal map drawn by practitioner 4.
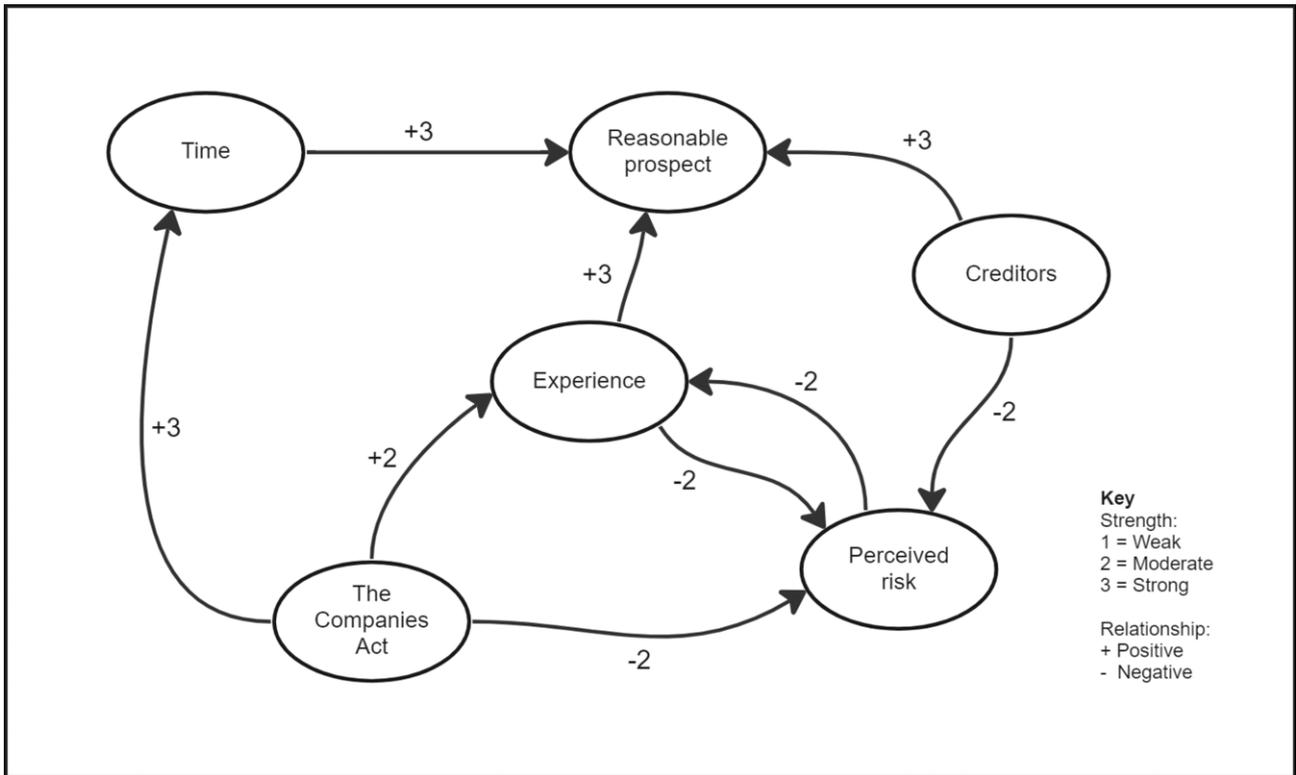
Figure 5.4: Causal map showing variables and influences identified by practitioner 4

Practitioner 4 has only selected six variables that have the most influence on his decision making. According to him, reasonable prospect is the most influenced variable, strongly influenced by time, experience, and creditors. In other words, the more time and experience available to the DDM, the better the reasonable prospect, and a positive influence from creditors also increases reasonable prospect. If creditors are troublesome, reasonable prospect can be diminished. The most influential variable on the other hand is the Companies Act. The Act sets out timelines that should be adhered to, and also mitigates some of the risk perceived by the DDM. The continuous use of the act enhances the experience of the DDM. As with the Act, the more experienced the DDM, the less risk he/she will face during the process. Practitioner 4 did not identify any additional variables that might influence decision-making.

5.2.5 Practitioner 5

Table 5.6 shows the relevance scores assigned to variables by practitioner 5.

Table 5.6: Relevance scores assigned to variables by practitioner 5

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	3	Time	3
Financial risk	4	Liability of data integrity and asymmetrical information	4
Physical risk	1	The Companies Act	5
Psychological risk	3	Stakeholders	5
Reputational risk	5	Creditors	5
Time risk	1	Complexity	3
Reward	3	Security	3
Intrinsic reward	2	Form of ownership	1
Extrinsic reward	3	Reasonable prospect	5
Education	5	*Availability of PCF	4
Stress	3	*Industry	3
Cognitive bias	3		
Experience	4		
Role conflict	4		
*Personality conflicts	5		

*Additional variable added by the DDM

Practitioner 5 has given the highest relevance score to reputational risk, education and personality conflicts. Reputational risk was identified as the most relevant risk type since a mistake by the DDM can tarnish his name in the industry. Physical risk on the other hand was scored very low since the practitioner was aware that others have been in personal danger, but he has not experienced any danger in his job and therefore it is not a dominating variable. Personality conflicts or "office politics" ranks high for this induvial due to the fact that their colleagues may override decisions he has made. Interesting to note, this DDM scored extrinsic reward above intrinsic reward even though he indicated that intrinsic reward is a big reason that he continues to work in the industry. Factors that scored in the middle of the spectrum are the result of variables that the DDM is aware but do not have any major influences on his decision making.

Of the external variables, the Act, creditors, stakeholders, and reasonable prospect are the most relevant. Most variables fall on the middle of the relevance scale and include time, complexity, security, and the industry the DBE is being conducted in. Form of ownership is ranked as the lowest relevance to a DBE. This practitioner believes that they type of organisation is not particularly relevant since they are in the DBE to complete the same process. This practitioner added two external variables, namely the availability of post-commencement financing, and the industry. Only one of which was included in his causal map.

Figure 5.5 shows the causal map drawn by practitioner 5.
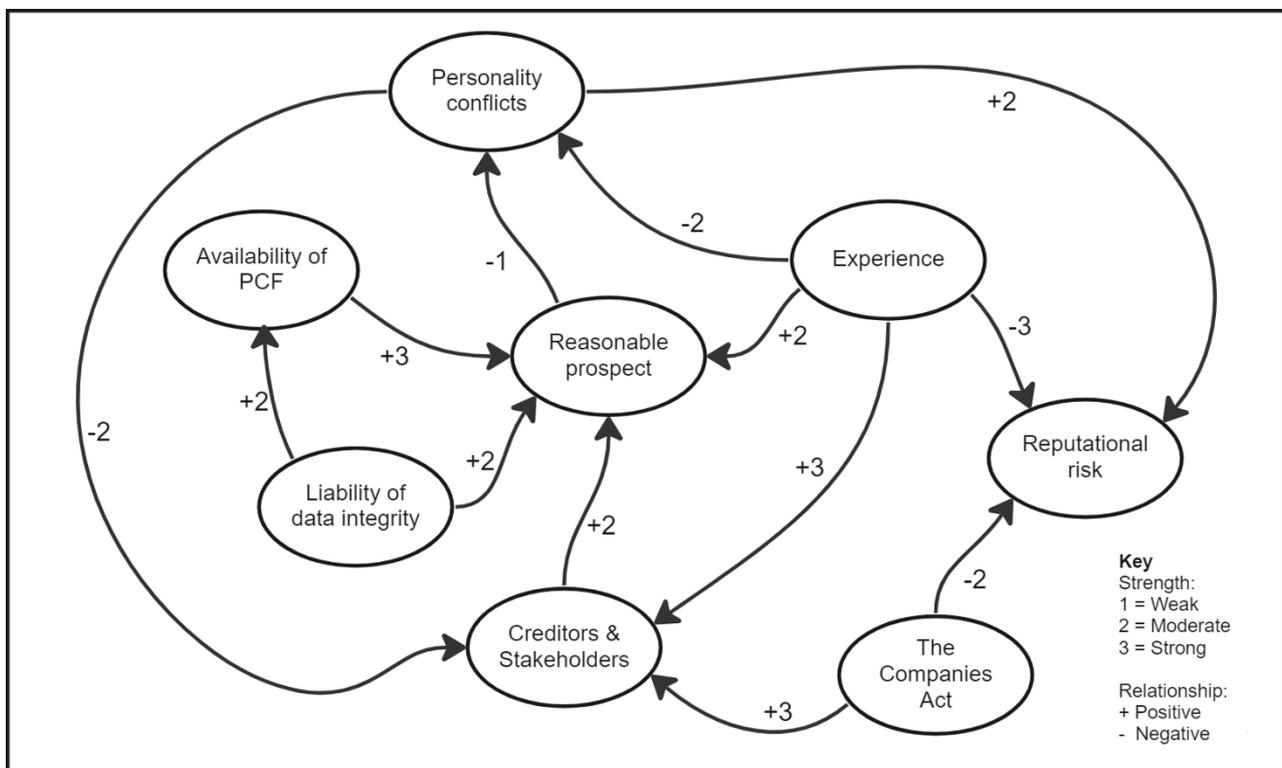
Figure 5.5: Causal map showing variables and influences identified by practitioner 5

In this DDM's case, experience is the most influential variable. Experience positively influences reasonable prospect and creditors and stakeholders in that the more experienced the DDM, the greater the reasonable prospect and his ability to deal with creditors and stakeholders. Experience also has a negative influence on reputational risk and personality conflicts, such that experience reduces risk and assists in dealing with conflicts more appropriately. Reasonable prospect on the other hand is positively influenced by availability

of PCF, liability of data integrity, and creditors and stakeholders. In other words, more funding, completeness of data and cooperation from creditors and stakeholders results in a greater reasonable prospect. Liability of data integrity also positively influences availability of PCF. As with many other practitioners, the Companies Act plays an influencing role in the decision-making process. A better understanding of the Act mitigates some reputational risk, and the Act also provides for guidelines on how stakeholders and creditors can be dealt with. Lastly, personality conflict is the personal variable added by the practitioner. Personality conflicts can influence the DDM's reputation - increased conflicts increases reputational risk, and increased conflict diminishes the DDM's ability to deal with stakeholders and creditors appropriately.

5.2.6   Practitioner 6

Table 5.7 shows the relevance scores assigned to variables by practitioner 6.

Table 5.7:   Relevance scores assigned to variables by practitioner 6

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	3	Time	5
Financial risk	2	Liability of data integrity and asymmetrical information	3
Physical risk	4	The Companies Act	5
Psychological risk	2	Stakeholders	4
Reputational risk	5	Creditors	4
Time risk	4	Complexity	2
Reward	4	Security	4
Intrinsic reward	4	Form of ownership	1
Extrinsic reward	4	Reasonable prospect	5
Education	4	*Internal Business Operation	5
Stress	2		
Cognitive bias	2		
Experience	5		
Role conflict	3		

*Additional variable added by the DDM

Stress, cognitive bias and financial risk are scored with relatively low relevance since these are variables that the practitioner should deal with but does not consider as a significant influencing variable on his decision-making process. Experience and reputational risk are

the most relevant personal variables for this practitioner's decision-making process. Again, time, reasonable prospect and the Act are the most relevant external variables, and form of ownership is the least relevant external variable. Complexity was scored as a three since a DBE is inherently complex and something that the DDM deals with on a daily basis.

Figure 5.6 shows the causal map drawn by practitioner 6.
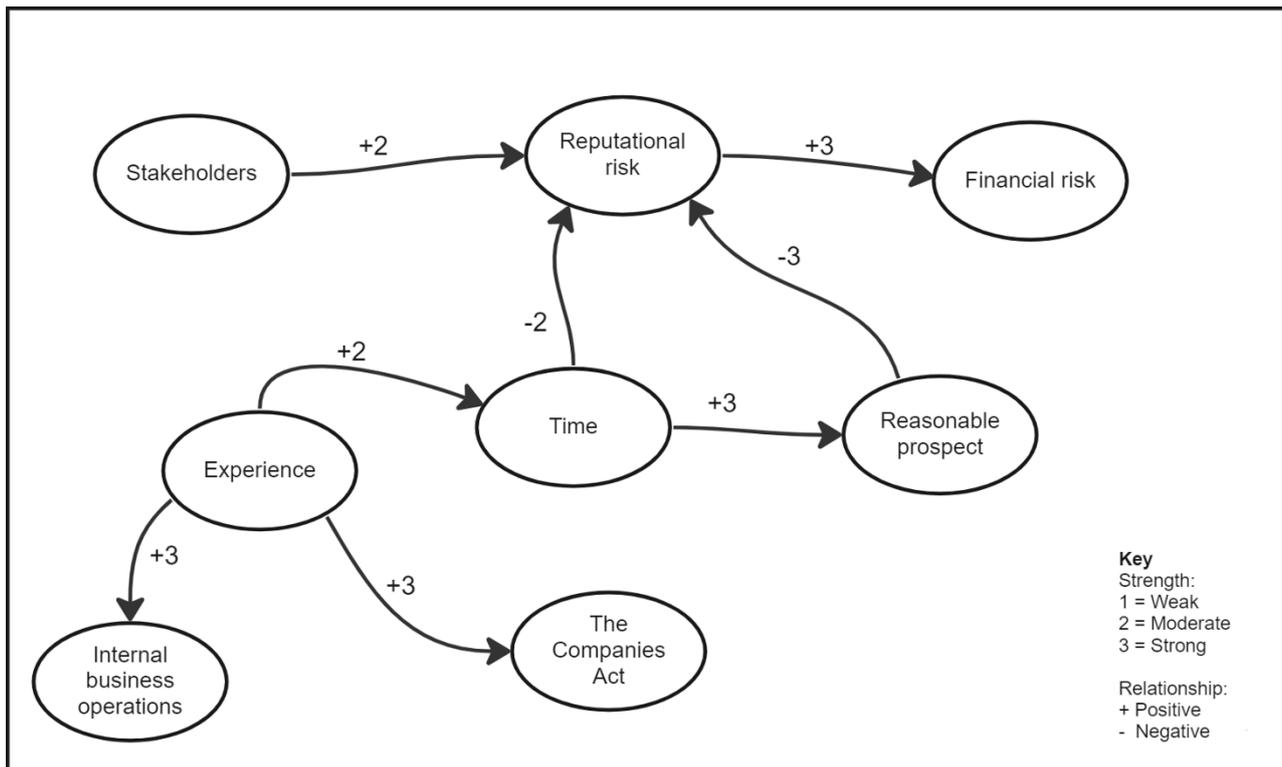
Figure 5.6: Causal map showing variables and influences identified by practitioner 6

Experience is the most influential variable for this DDM, strongly influencing his ability to ensure that the business continues to operate as profitability and operationally sound as possible, and his ability to understand and appropriately make use of the guidelines in the Act. The DDM also believes his experience contributes to the time he has available during a DBE. Common occurrences means that the DDM has acquired experience to deal with similar situations from previous cases, and therefore would have to spend less time in the sense-making process. Time also positively influences reasonable prospect since the prospect is greater when the DDM has more time at his disposal to gather data and understand the specific case. The greater the reasonable prospect and more time available during a DBE, results in lower risk attached to the DDM's reputation. Similarly, to practitioner

3, the DDM is exposed to more reputational risk should he not get adequate support from the stakeholders. Lastly, the DDM encounters greater financial risk, should his reputational risk be compromised.

5.2.7   Practitioner 7

Table 5.8 shows the relevance scores assigned to variables by practitioner 7.

Table 5.8:   Relevance scores assigned to variables by practitioner 7

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	2
Financial risk	5	Liability of data integrity and asymmetrical information	5
Physical risk	3	The Companies Act	5
Psychological risk	3	Stakeholders	4
Reputational risk	3	Creditors	4
Time risk	1	Complexity	5
Reward	1	Security	5
Intrinsic reward	4	Form of ownership	3
Extrinsic reward	3	Reasonable prospect	5
Education	5	*Cause of distress	5
Stress	3	*Severity of distress	5
Cognitive bias	1	*PESTEL	5
Experience	4	*Management cognition	5
Role conflict	4	*TMT	5
*Transparency	5	*Resource munificence	3
*Congruency	5	*Delayed action	3
		*"Runway length"	4

*Additional variable added by the DDM

Practitioner 7 scored the majority of the personal variables as extremely relevant. These include perceived risk, financial risk, education, and two additional variables added by the DDM of transparency and congruency. On the other side of the spectrum, cognitive bias was scored very low since the practitioner is aware of cognitive bias, but he does not rush into any decisions and therefore would not be filtering information. Time risk was also scored low since as previously mentioned, this practitioner takes a bit more time in his decision-

making process, this is probably afforded to him since he practices more turnarounds than business rescues.

This practitioner indicated several external variables as extremely relevant to his decision-making process. Liability of data integrity, the Act, complexity, security, reasonable prospect, cause of distress, severity of distress, environmental factors (PESTEL), management cognition and the TMT responsibility and capability were all scored as the most relevant variables. Time, form of ownership, resource munificence, and delayed action were also rated as the lowest relevance for this practitioner. Practitioner 7 added eight additional variables which include cause of distress, severity of distress, PESTEL, management cognition, TMT responsibility and capability, resource munificence, delayed action, and "runway length". Only PESTEL was not included in his causal map.

Figure 5.7 shows the causal map drawn by practitioner 7.
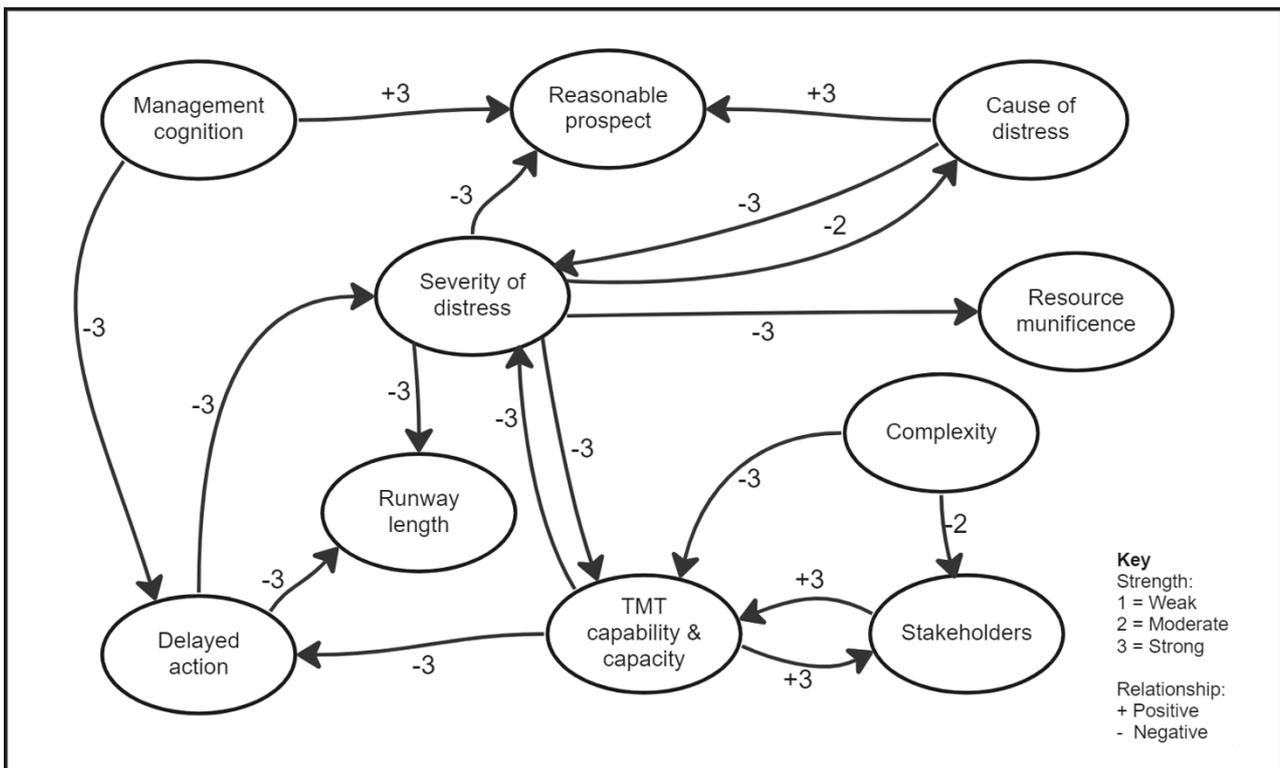
Figure 5.7: Causal map showing variables and influences identified by practitioner 7

Severity of distress can be identified as the most influential and most influenced upon variable for practitioner 7. Severity of distress has a strong and negative influence on

"runway length", TMT capability and capacity, resource munificence, reasonable prospect, and a moderate negative influence on cause of distress. The greater the distress severity, the shorter the runway length, fewer resources available, a diminished reasonable prospect and a hampered capability of the TMT. Delayed action also results in a shorter runway length and more severe distress. Delayed action is reduced by higher management cogitation levels which will also increase the reasonable prospect. The TMT capability also promotes faster action and can have a positive influence on stakeholder satisfactions. A group of satisfied stakeholders also promotes the capability and capacity of the TMT. Complexity on the other hand reduces TMT capability and cause upset with stakeholders, hence the negative influences. Lastly, a greater understanding of the cause of stress positively influences reasonable prospect and reduces the severity of distress.

5.2.8   <u>Practitioner 8</u>

Table 5.9 shows the relevance scores assigned to variables by practitioner 8.

Table 5.9:   Relevance scores assigned to variables by practitioner 8

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	4	Time	5
Financial risk	4	Liability of data integrity and asymmetrical information	5
Physical risk	2	The Companies Act	5
Psychological risk	4	Stakeholders	5
Reputational risk	4	Creditors	4
Time risk	4	Complexity	4
Reward	4	Security	5
Intrinsic reward	4	Form of ownership	2
Extrinsic reward	4	Reasonable prospect	3
Education	4		
Stress	4		
Cognitive bias	5		
Experience	5		
Role conflict	5		

It is quite clearly that personal variables play an important role to practitioner 8 in his decision-making process. Similarly, to practitioner 2, cognitive bias, experience, and role

conflict were indicated as the most relevant personal variables, with the rest (apart from physical risk) scored closely behind with a relevance score of 4. Although this practitioner has found himself in situations where he has faced physical risk, he is of the opinion it is part of the job and should be managed.

Like most other practitioners, reasonable prospect was given a lowest relevancy score. Interestingly enough this DDM is one of three practitioners who did not score reasonable prospect as one the most relevant variables. Time, liability of data integrity, the Act, stakeholders, and security were identified as the most relevant external variables to the decision-making process. This DDM did not identify any new variables.

Figure 5.8 shows the causal map drawn by practitioner 8.
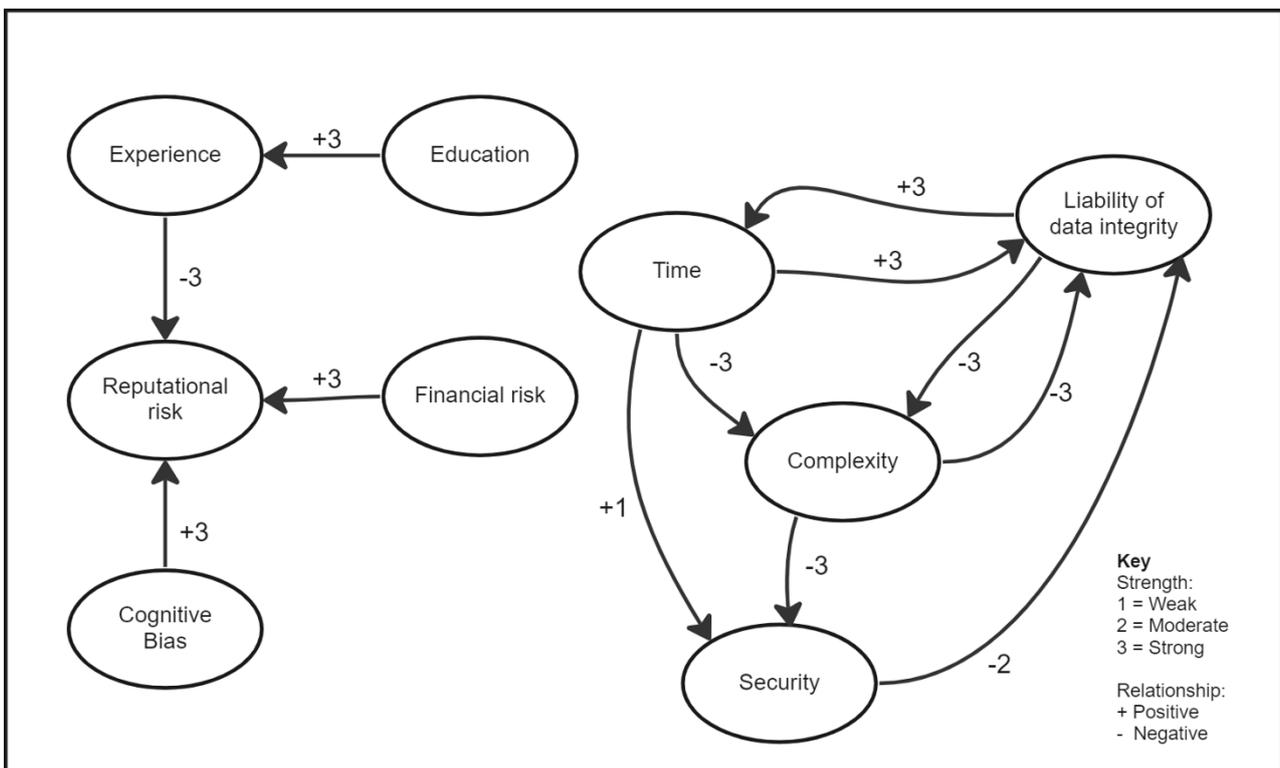
Figure 5.8: Causal map showing variables and influences identified by practitioner 8

Practitioner 8 identified five personal variables and four external variables that he believes has the greatest influence on his decision making. Interestingly enough this DDM drew the causal map in such a way that separates the personal variables from the external variables. This practitioner identified that reputational risk is the most influenced personal variable,

influenced strongly by financial risk, cognitive bias, and experience. In this map, the greater the financial risk and cognitive bias, the greater the reputational risk. However, the more experienced the DDM, the lower the reputational risk. Experience is also strongly influenced by education, such that the more educated the DDM, the more experience the DDM has.

On the external variable map, the liability of data integrity is of particular importance to this DDM. The liability of data integrity is strongly influenced by time and complexity and moderately by security. The more complete data on hand provides for a reduction in complexity of the situation since the DDM can problem solve more accurately. Similarly, the more complete the data and information available to the DDM the more time they have available to spend on other issues. If the DDM struggles with data reliability issues, they typically have less time available to spend on other issues since the time is spent on gathering relevant data to assist in the decision-making process. Time also strongly influences the liability of data integrity and the complexity of the DBE. The more time available to the DDM the less complexity present in the situation. The more time available to the DDM, the completer and more reliable the information will be. Time also has a positive, but weak influence on the security available.

5.2.9   Practitioner 9

Table 5.10 shows the relevance scores assigned to variables by practitioner 9.

Table 5.10: Relevance scores assigned to variables by practitioner 9

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	5
Financial risk	4	Liability of data integrity and asymmetrical information	5
Physical risk	3	The Companies Act	4
Psychological risk	0	Stakeholders	5
Reputational risk	2	Creditors	2
Time risk	3	Complexity	1
Reward	4	Security	3
Intrinsic reward	4	Form of ownership	1
Extrinsic reward	4	Reasonable prospect	5
Education	5		
Stress	2		
Cognitive bias	3		
Experience	5		
Role conflict	2		

Like practitioners 1 and 2, psychological risk was ruled out as a relevant variable. This is because he believes you cannot let this influence your decision making and you need to accept that you will never make perfect decisions 100% of the time. Similarly, stress and role conflict were also scored quite low, again for this DDM, these two variables are part of the profession and therefore should not bear too much weight on the decision-making process. As with many other practitioners perceived risk, education, and experience were identified as the most relevant personal variables.

Of the external variables, time, liability of data integrity, stakeholders, and reasonable prospect were identified as the most relevant variables, this is also like many other practitioners. Once again, form of ownership was given the lowest relevancy score, along with complexity in this case. Practitioner 9 believes that a DDM should not even enter the profession if they are concerned by complexity since the nature of DDM is complex.

Figure 5.9 shows the causal map drawn by practitioner 9.
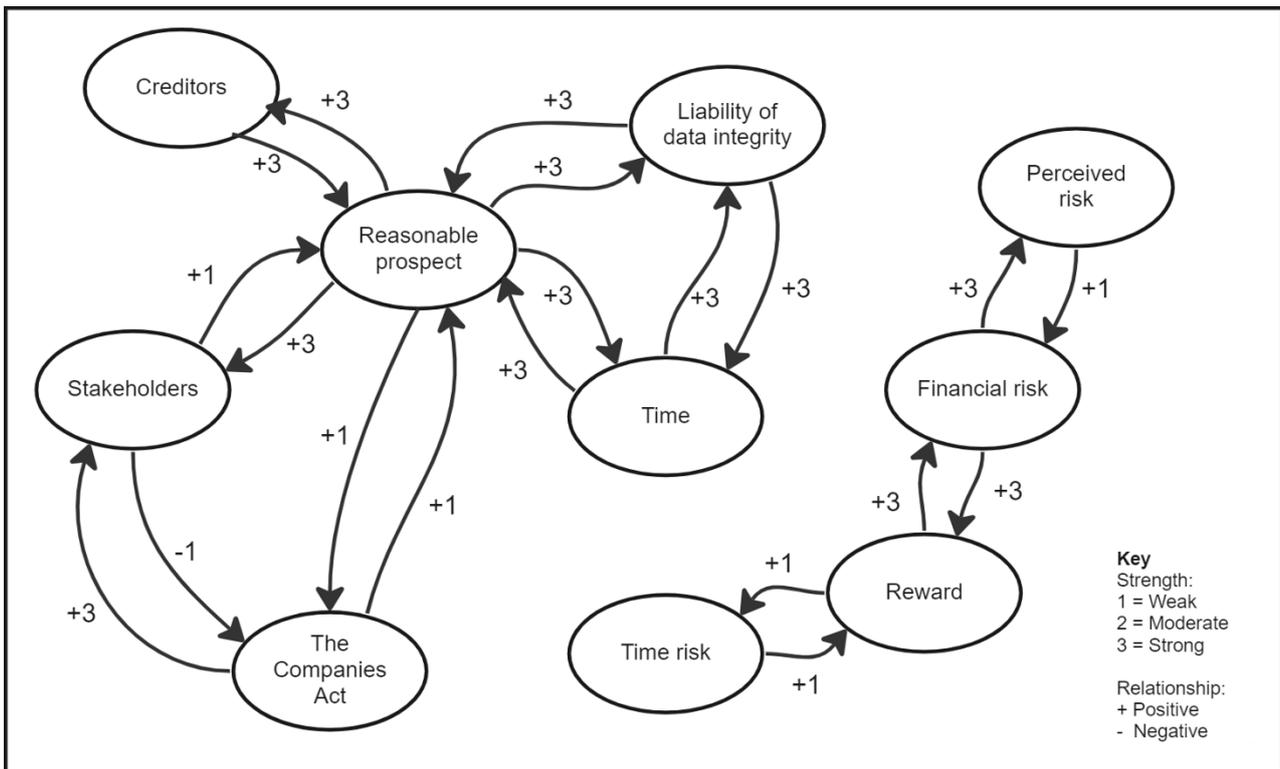
Figure 5.9: Causal map showing variables and influences identified by practitioner 9

What is interesting to note is that this DDM has drawn arcs to and from each of the variables, the only practitioner to do this. For him, it made sense that the influence goes both ways. Similarly, to practitioner 8, this DDM has also separated his causal map into smaller maps: a personal map and an external map. Time risk has a weak positive influence on reward which in turn positively influences time risk, such that the greater the risk, the greater the reward and the greater the reward, the greater the risk. The same concept applies to the link between reward and financial risk which have a strong positive influence on each other. Financial risk also has a strong positive influence on perceived risk, such that the greater the financial risk, the greater the perceived risk. While perceived risk as a weak positive influence on financial risk.

On the external variable side of the map, reasonable prospect was identified as the dominant variable with influences from liability of data integrity, time, the Act, stakeholders, and creditors. Reasonable prospect has a strong positive influence on stakeholders, creditors, liability of data integrity, and time. A better reasonable prospect allows for better

engagement with creditors, and stakeholders, it will also provide the DDM with more time, and possibly more complete data. Inversely, satisfied creditors and stakeholders, more time availability and more complete data lend to more reasonable prospect. Like practitioner 8, liability of data integrity has a strong positive influence on time, and time has a strong positive influence on liability of data integrity. Similarly, to practitioner 3, the Act assists with the framework for dealing with stakeholders.

5.2.10 Practitioner 10

Table 5.11 shows the relevance scores assigned to variables by practitioner 10.

Table 5.11: Relevance scores assigned to variables by practitioner 10

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	5
Financial risk	2	Liability of data integrity and asymmetrical information	5
Physical risk	3	The Companies Act	5
Psychological risk	2	Stakeholders	5
Reputational risk	2	Creditors	5
Time risk	4	Complexity	3
Reward	3	Security	3
Intrinsic reward	3	Form of ownership	1
Extrinsic reward	4	Reasonable prospect	3
Education	4	*Politics	4
Stress	5		
Cognitive bias	4		
Experience	4		
Role conflict	4		

*Additional variable added by the DDM

Practitioner 10 believes that perceived risk and stress are the most relevant variables in his decision-making process. Interestingly, other types of risk were scored lower down on the relevancy scale. Time, liability of data integrity, the Act, stakeholders, and creditors were perceived to be the most relevant external variables. Again, form of ownership was given a low score, and like practitioner 8, reasonable prospect scored in the middle of the spectrum. This practitioner added the addition external variable of politics. This DDM found that cases

with political ties were extremely difficult to navigate and definitely had a significant influence on his decision-making process during that time.

Figure 5.10 shows the causal map drawn by practitioner 10.
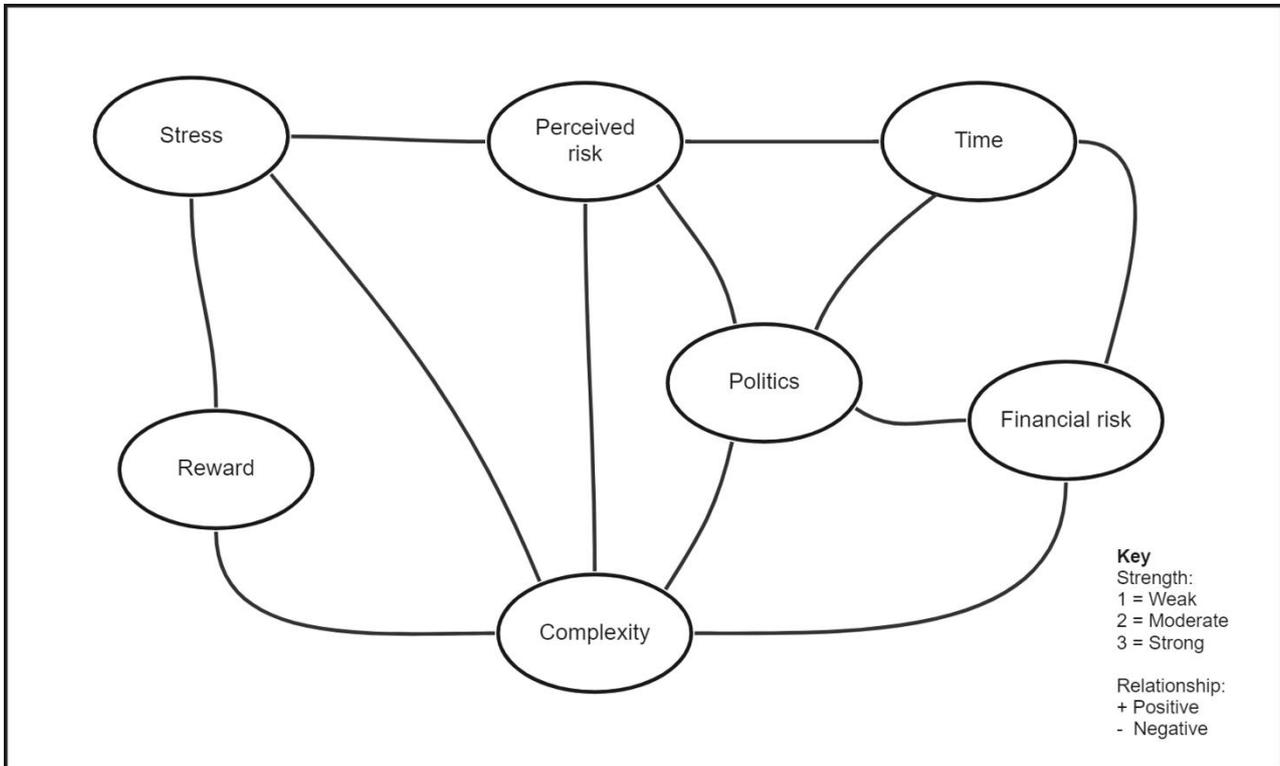
Figure 5.10:   Causal map showing variables and influences identified by practitioner 10

Practitioner 10 identified seven variables he believed had a significant influence on his decision-making process. These include stress (the only practitioner to add this to their map), perceived risk, time, politics, financial risk, reward, and complexity. What is interesting to note is that this DDM chose a few variables which he initially gave lower relevancy scores to. This supports the notion that a variable can be very relevant to a decision-making process but may not necessarily have an influencing role in the decision-making process. This will be discussed further in the next chapter. The reason that this causal map looks different to others is because this practitioner did not believe that it was feasible to only have a few influencing connections. He believes that the variables are intrinsically linked which is why he has drawn his map like a web. Further to this, he believes you need to balance all these considerations and you cannot place more importance on one over another.

5.2.11 <u>Practitioner 11</u>

Table 5.12 shows the relevance scores assigned to variables by practitioner 11.

Table 5.12: Relevance scores assigned to variables by practitioner 11

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	4	Time	4
Financial risk	3	Liability of data integrity and asymmetrical information	4
Physical risk	2	The Companies Act	5
Psychological risk	5	Stakeholders	4
Reputational risk	4	Creditors	4
Time risk	3	Complexity	3
Reward	5	Security	4
Intrinsic reward	5	Form of ownership	2
Extrinsic reward	4	Reasonable prospect	4
Education	4	*Industry/market demand	4
Stress	4	*Unions	4
Cognitive bias	3		
Experience	5		
Role conflict	4		

*Additional variable added by the DDM

Practitioner 11 has identified reward (particularly intrinsic reward), experience, and psychological risk as the most relevant personal variables. The high score on psychological risk is interesting considering many other practitioners gave a low score to this variable. This practitioner also gave relatively high scores to other personal variables. Physical risk was scored the lowest since it is only relevant if you find yourself in a dangerous situation.

Only the Act was scored as the most relevant external variable. This is because as a BRP the Act governs everything the practitioner does. All other external variables were given a 4 on relevance scale apart from complexity and form of ownership. Form of ownership is clearly not very relevant to most of the practitioners in their decision-making process. This practitioner added two additional external variables, namely unions and demand in the market/industry. Practitioner 11 has only included industry/market demand in his causal map.

Figure 5.11 shows the causal map drawn by practitioner 11.
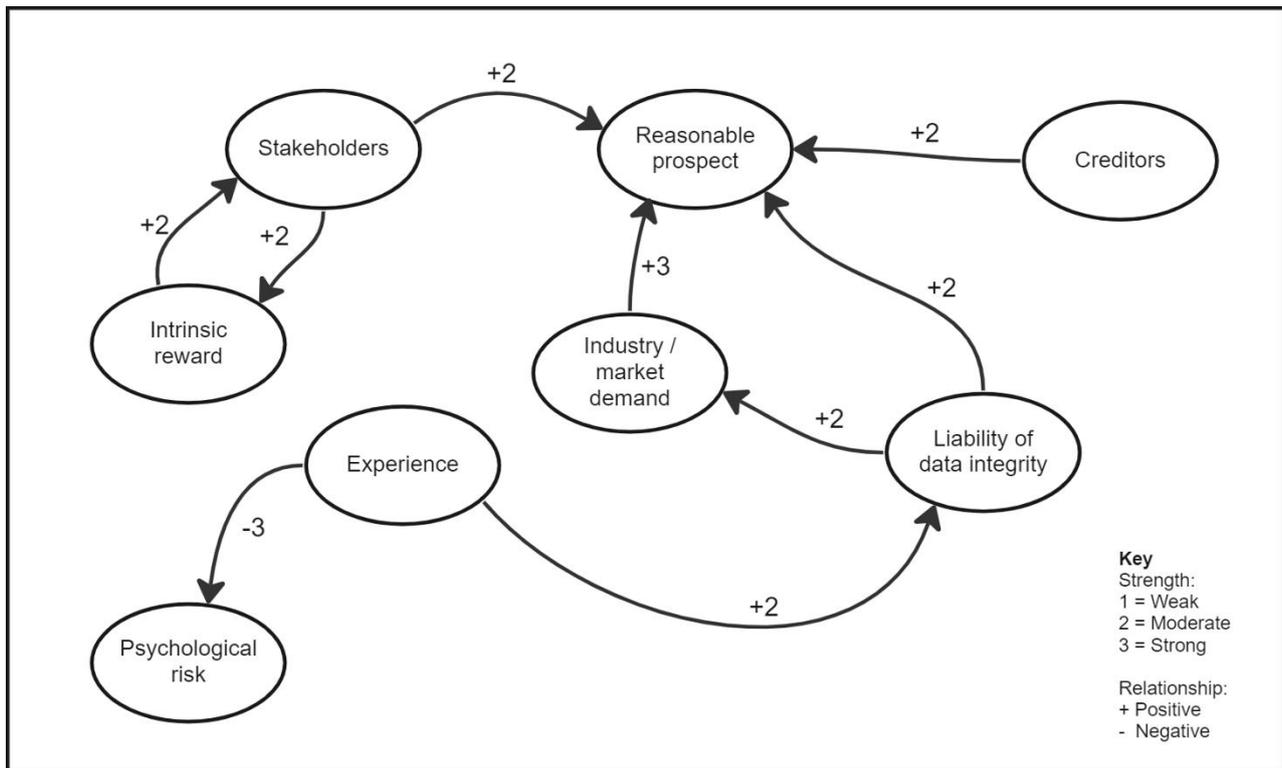
Figure 5.11: **Causal map showing variables and influences identified by practitioner 11**

Like various other practitioners, reasonable prospect is the most influenced variable being moderately influenced by liability of data integrity, creditors, and stakeholders, and strongly influenced by industry / market demand. These positive influences indicate that the reasonable prospect is increased should creditors and stakeholders be satisfied and is more freely available and if there is a demand in the market or industry. An organisation that does not have a demand or is in a dying industry is "dead in the water" and therefore there would be no reasonable prospect. Experience lends to the practitioner's ability to elicit and obtain the relevant data and information and mitigates the psychological risk that may be experienced by the DDM. Lastly, intrinsic reward and stakeholders have a positive and moderate influence on each other. For this practitioner, he experiences intrinsic reward when he can positively impact the lives of the stakeholders involved.

5.2.12 Practitioner 12

Table 5.13 shows the relevance scores assigned to variables by practitioner 12.

Table 5.13: Relevance scores assigned to variables by practitioner 12

Personal Variables	Relevance score	External Variables	Relevance score
Perceived risk	5	Time	5
Financial risk	3	Liability of data integrity and asymmetrical information	1
Physical risk	3	The Companies Act	3
Psychological risk	4	Stakeholders	5
Reputational risk	4	Creditors	3
Time risk	5	Complexity	3
Reward	5	Security	4
Intrinsic reward	5	Form of ownership	0
Extrinsic reward	3	Reasonable prospect	5
Education	4	*Politics	5
Stress	3	*Unions	5
Cognitive bias	3		
Experience	4		
Role conflict	4		

*Additional variable added by the DDM

Perceived risk, time risk, and reward (particularly intrinsic reward) are the most relevant personal variables for practitioner 12. Followed closely by psychological risk, reputational risk, education, experience, and role conflict. Lastly, financial risk, physical risk, extrinsic reward, stress, and cognitive bias were scored as the least relevant personal variables. Interestingly although intrinsic reward was scored higher than extrinsic reward, this practitioner included extrinsic reward rather than intrinsic reward in his causal map.

On the other hand, time, stakeholders, reasonable prospect, politics, and unions were considered the most relevant external variables. Liability of data integrity was scored very low on the relevance score since this practitioner has a process in which he "creates" his own data to analyse a case, rather than on relying on the organisation to provide the relevant data and information. Once again, form of ownership was noted as an irrelevant variable. This practitioner included two new external variables, namely politics, and unions. This practitioner included unions in their causal map.

Figure 5.12 shows the causal map drawn by practitioner 12.
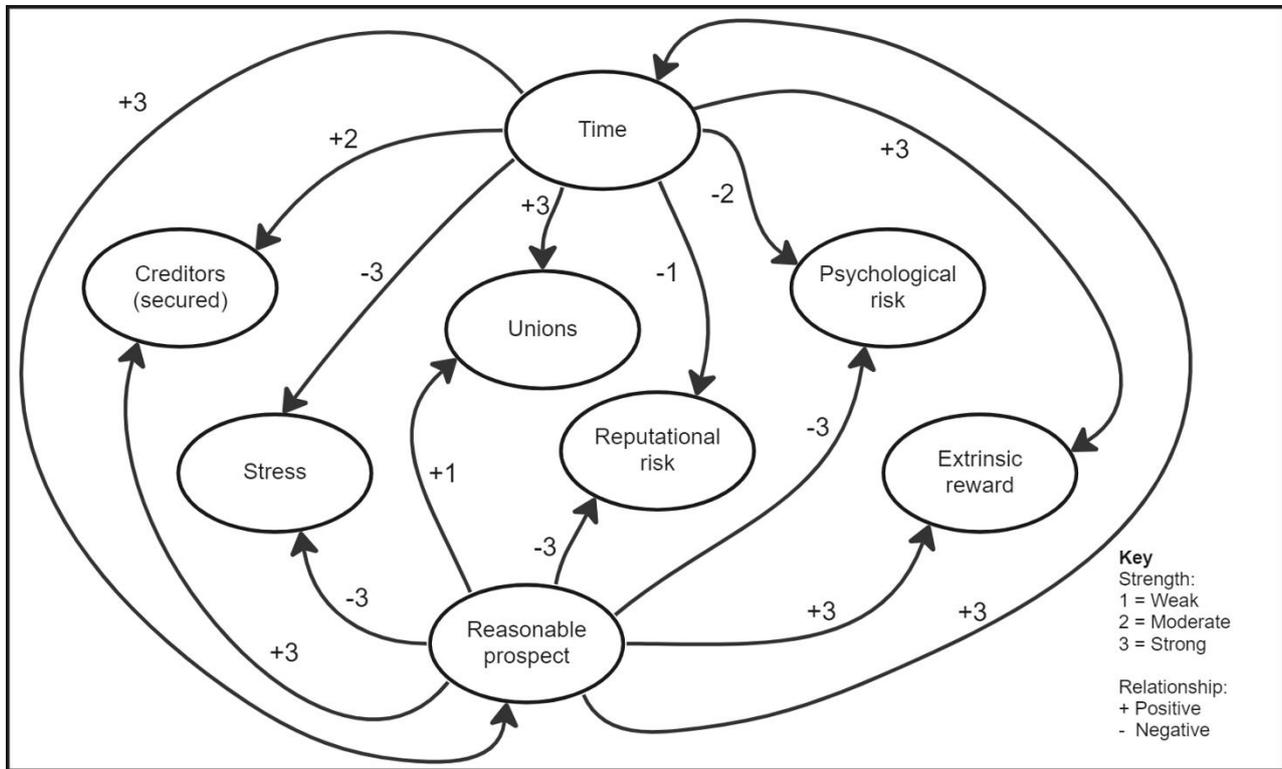
Figure 5.12: **Causal map showing variables and influences identified by practitioner 12**

The most influential variables for this practitioner were identified as reasonable prospect and time, each of these variables have an influencing effect on all of the other variables selected for this causal map. Reasonable prospect has a strong positive influence on extrinsic reward, creditors (specifically secured creditors), and time, where the greater the reasonable prospect the more time available to the practitioner, the more satisfied the creditors, and the greater the financial reward prospects. Reasonable prospect also has a strong negative influence on psychological risk, reputational risk, and stress, such that a greater reasonable prospect mitigates psychological and reputation risk, reduced levels of stress. Time on the other hand has a strong positive influence on reasonable prospect, unions, and extrinsic reward. The more time available to the DDM during the DBE results in greater reasonable prospect, satisfied unions and greater financial reward prospect. Time also has negative influences on psychological risk, reputational risk, and stress. Increased time availability reduces risk and stress experienced by the DDM.

5.2.13 General findings on personal variables

This below shows the average relevance scores across the main variables identified in the literature. Averages for variables identified by practitioners during interviews are not represented on the tables below since averages would not be accurately represented across all 12 practitioners since not all practitioners gave each additional variable a relevance score. Table 5.14 shows the average relevance scores of the personal variables of all 12 practitioners.

Table 5.14: Personal variables: average relevancy score given by participants

Personal Variable	Practitioner												Total	Ave
	1	2	3	4	5	6	7	8	9	10	11	12		
Perceived risk	3	3	5	5	3	3	5	4	5	5	4	5	50	4.2
Financial risk	0	4	3	4	4	2	5	4	4	2	3	3	38	3.2
Physical risk	0	5	0	3	1	4	3	2	3	3	2	3	29	2.4
Psychological risk	0	1	0	2	3	2	3	4	0	2	5	4	26	2.2
Reputational risk	0	4	5	4	5	5	3	4	2	2	4	4	42	3.5
Time risk	3	3	3	4	1	4	1	4	3	4	3	5	38	3.2
Reward	0	4	0	5	3	4	1	4	4	3	5	5	38	3.2
Intrinsic reward	0	4	4	5	2	4	4	4	4	3	5	5	44	3.7
Extrinsic reward	0	3	0	5	3	4	3	4	4	4	4	3	37	3.1
Education	5	1	5	5	5	4	5	4	5	4	4	4	51	4.3
Stress	2	2	0	4	3	2	3	4	2	5	4	3	34	2.8
Cognitive bias	2	5	2	4	3	2	1	5	3	4	3	3	37	3.1
Experience	5	5	5	5	4	5	4	5	5	4	5	4	56	4.7
Role conflict	1	4	0	2	4	3	4	5	2	4	4	4	37	3.1
Additional personal variables														
Personality conflicts					5									
Transparency							5							
Congruency							5							

The table shows that experience is the most relevant personal variable with an average relevance of 4.7, followed by education at 4.3, and perceived risk at 4.2. Intrinsic reward was scored at 3.7, followed by reputational risk with an average of 3.5. Financial risk, time risk, and reward all received an average of 3.2. This was closely followed by extrinsic reward, cognitive bias, and role conflict at 3.1. The lowest scoring variables were identified as stress with an average of 2.8, physical risk at 2.4 and lastly psychological risk at 2.2. Figure 5.13 below shows the number of times each of the personal variables appeared in a causal map.
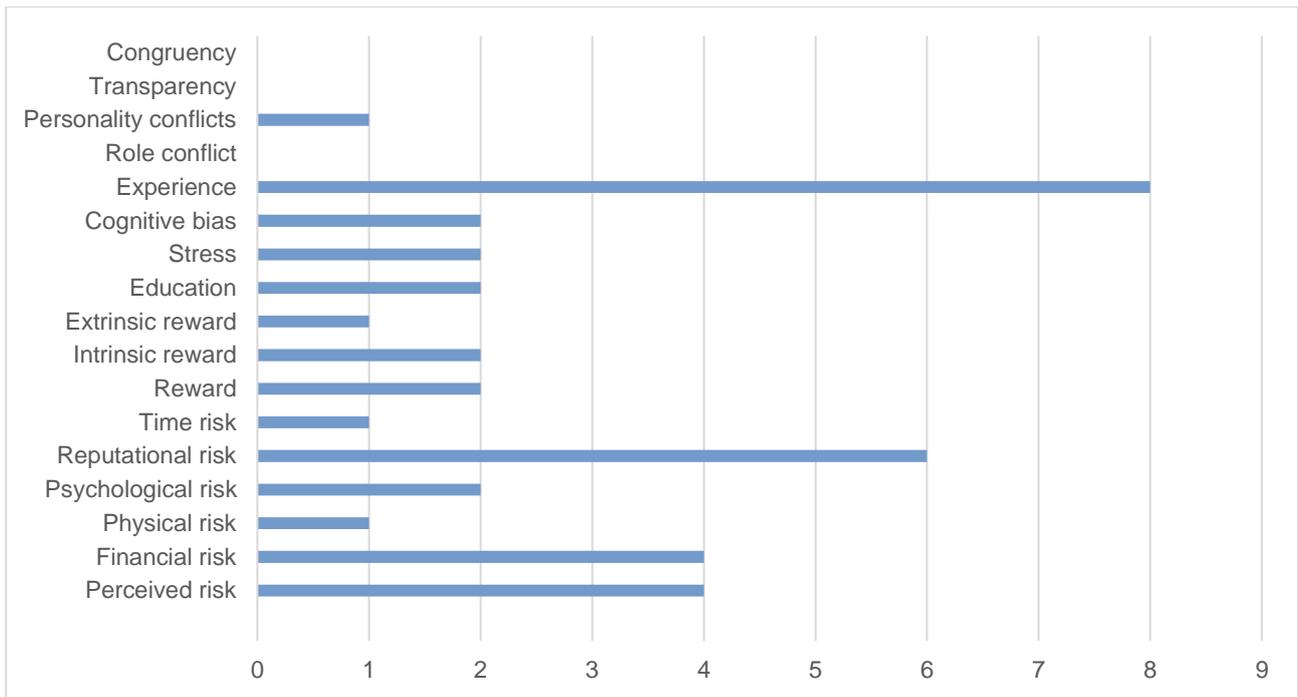
Figure 5.13: **Number of times personal variables were chosen to appear in individual causal maps**

Eight of the 12 practitioners included experience on their causal maps. This is by far the most influential personal variable, achieving an average relevance score of 4.7. This is followed by reputational risk which was chosen by half of the practitioners. It is important to note that while not all of the practitioners selected reputational risk in their map, many of them placed huge value on their reputations during the interview process. Financial risk, and perceived risk were each selected four times, while cognitive bias, stress, education, intrinsic reward, reward, and psychological reward were only selected twice. While physical risk, time risk, extrinsic reward and personality conflicts were selected once. The least influential variables were congruency, transparency, and role conflict. Figure 5.14 below shows average relevancy score compared to the number of times each of the variables was chosen for a causal map.
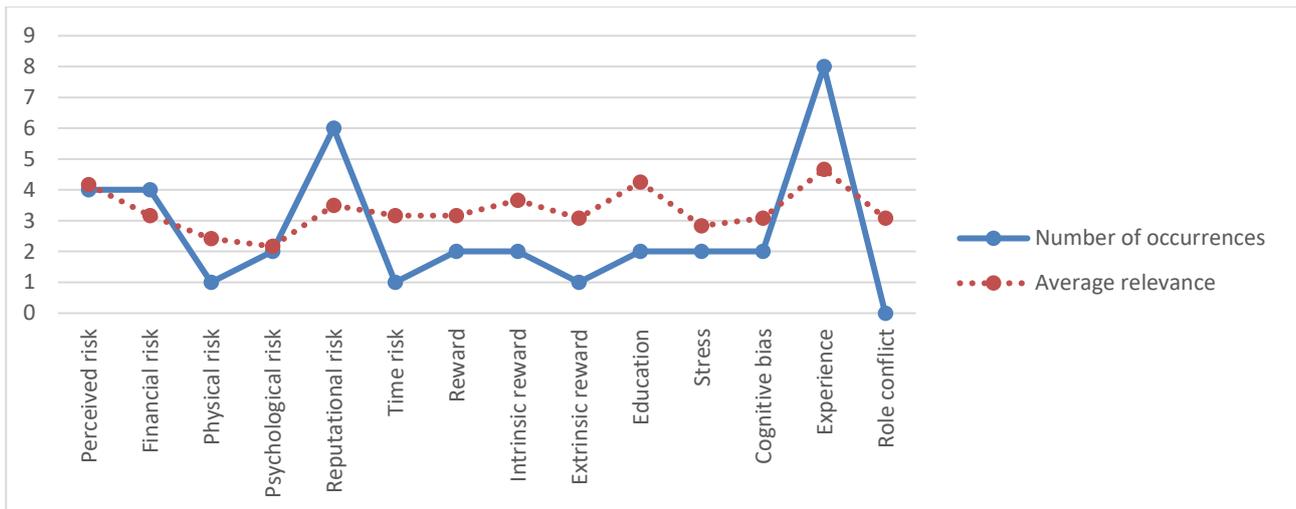
Figure 5.14: **Personal variables: comparison between average relevance and number of occurrences as determined by participants**

Both experience and reputational risk were chosen a high number of times, this correlates to the high relevancy scores for these two variables. It is interesting to note that other high scoring variables such as education and intrinsic reward were only each selected twice. Therefore, although these variables were identified as highly relevant to the decision-making process, they were not identified as variables that influence the decision-making process of the DDMs. This could be because relevance might not necessarily affect the decision-making process of the DDM but could be a variable that the DDM is aware of and although present in the DBE situation would not change the decision to be made or the process used to make decisions. This will further be discussed in the next chapter.

Figure 5.15 informs Figure 5.14 and shows average relevancy score as a percentage compared to the average number of times (as a percentage) each of the personal variables was chosen for a causal map.
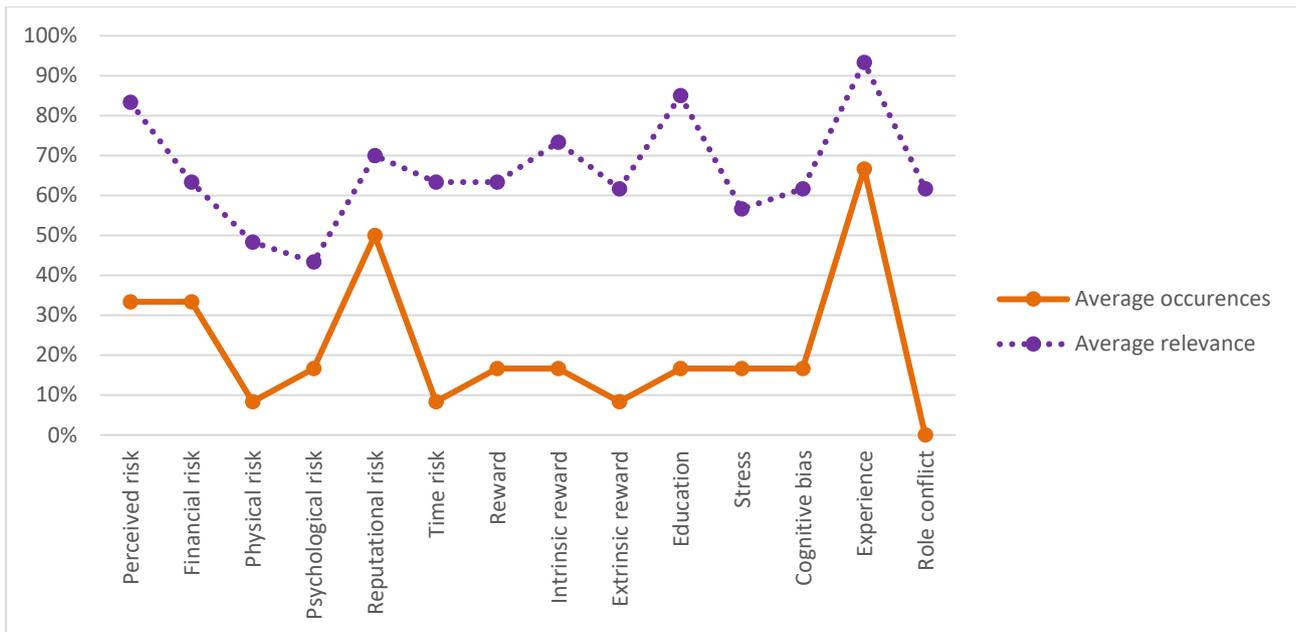
Figure 5.15: Personal variables: comparison between average relevance and average number of occurrences as determined by participants

Perceived risk was identified as the most relevant risk type, followed by reputational risk, and then financial risk. Interestingly though, although perceived risk was perceived as the most relevant risk type, reputational risk was identified by 50% of the participants as influential to the decision-making process, compared to the 33% who chose perceived risk. Time risk and reward were both assigned an average relevance of 63%, however they only received an average occurrence of 8% and 17% respectively. In addition, education received a 93% relevance score but only appeared in 17% of the causal maps. Again, this could be because relevance might not necessarily affect the decision-making process of the DDM but could be a variable that the DDM is aware of and although present in the DBE situation would not change the decision to be made or the process used to make decisions. Lastly, experience received the highest relevance score of 93% which correlated to the average occurrences by appearing in 67% of the causal maps.

5.2.14 General findings on external variables

This section shows the average relevance scores across the external variables identified in the literature. Averages for variables identified by practitioners during interviews are not represented on the table below since averages would not be accurately represented across all 12 practitioners since not all practitioners gave each additional variable a relevance

score. Table 5.15 shows the average relevance scores of the external variables of all 12 practitioners.

Table 5.15: External variables: average relevancy score given by participants

External Variable	Practitioner												Total	Ave
	1	2	3	4	5	6	7	8	9	10	11	12		
Time	5	5	5	5	3	5	2	5	5	5	4	5	54	4.5
Liability of data integrity	4	5	3	5	4	3	5	5	5	5	4	1	49	4.1
The Companies Act	5	5	5	5	5	5	5	5	4	5	5	3	57	4.8
Stakeholders	5	5	5	5	5	4	4	5	5	5	4	5	57	4.8
Creditors	4	5	4	5	5	4	4	4	2	5	4	3	49	4.1
Complexity	5	4	5	5	3	2	5	4	1	3	3	3	43	3.6
Security	5	5	3	4	3	4	5	5	3	3	4	4	48	4.0
Form of ownership	0	0	3	0	1	1	3	2	1	1	2	0	14	1.2
Reasonable prospect	5	5	5	5	5	5	5	3	5	3	4	5	55	4.6
Additional external variables														
Cause of distress							5							
Severity of distress							5							
Internal Business Operation		3				5								
Peer commentary			5											
Availability of PCF				4										
Industry				3										
PESTEL							5							
Management cognition							5							
TMT							5							
Resource munificence							3							
Delayed action							3							
"Runway length"							4							
Industry/market demand											4			
Politics										4		5		
Unions										4		5		
Legal risk	4													
The mandate	5													

The most relevant factors identified by the 12 practitioners are the Act and Stakeholders. The Act was scored highly because the Act provides the framework for decision-making and decisions should be made within the Act. This was particularly relevant for BRPs rather than turnaround professionals. The practitioners indicated that their decisions are often geared towards producing the best outcome for all parties involved which is potentially the reason that stakeholders scored so highly. One of the most influenced variables represented in causal maps obtained an average score of 4.6. This is because reasonable prospect is the

main variable that determines whether a practitioner will even engage in the decision-making process of a DBE. Creditors and liability of data integrity scored 4.1 indicating they are also relevant to the decision-making process, followed closely by security at 4.0. Interestingly complexity only scored 3.6. This could possibly be due to the fact that DBEs are inherently complex and although somewhat relevant, may not influence the outcome/s of a decision/s since the practitioner knows that he/she is dealing with a complex situation. Last, form of ownership was only given a score of 1.2. Most practitioners believed this variable was irrelevant to their decision-making process. Figure 5.16 below shows the number of times each of the external variables appeared in a causal map.
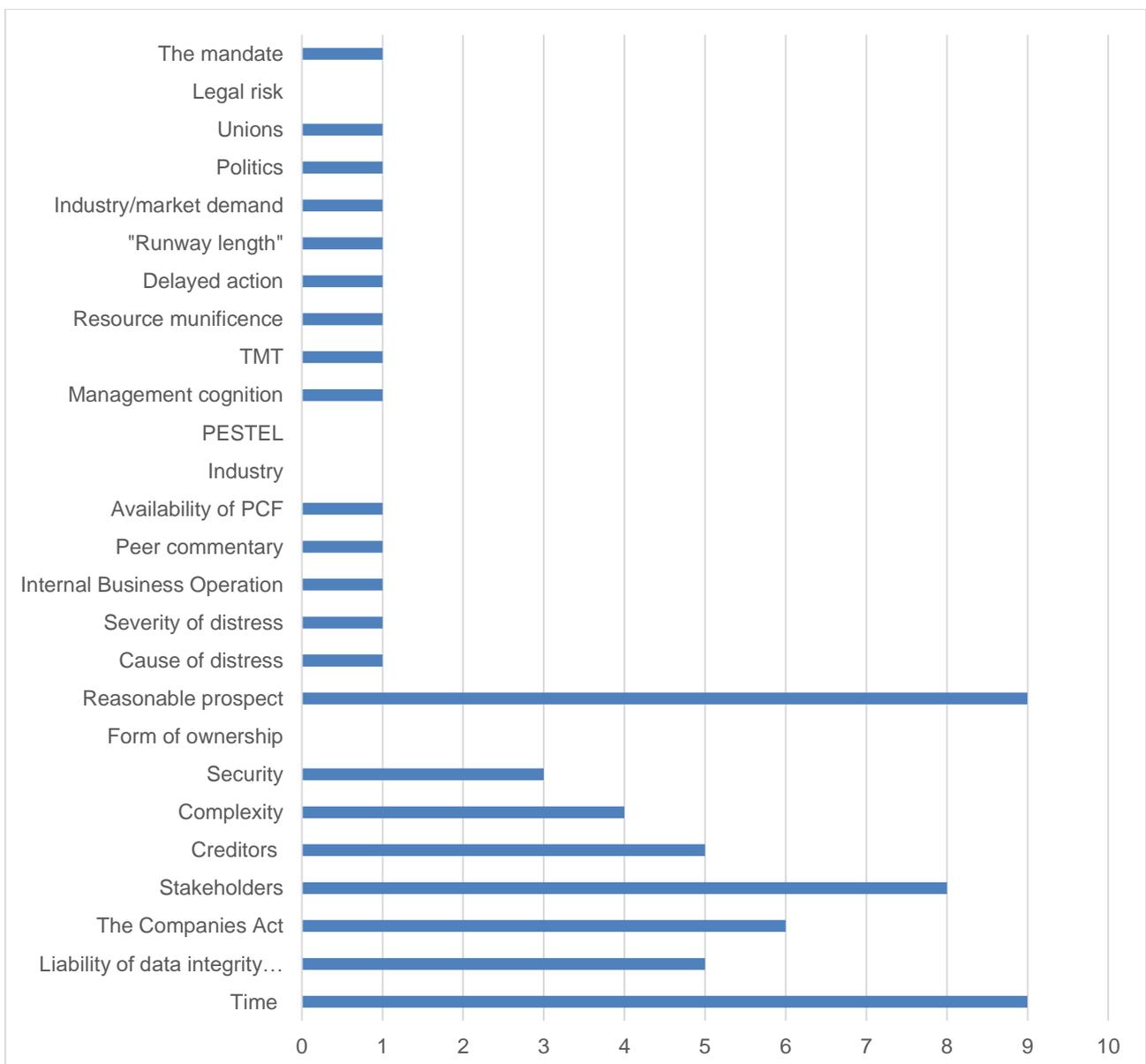
Figure 5.16: **Number of times external variables were chosen to appear in individual causal maps**

The most commonly occurring external variables were those of reasonable prospect, and time. Again, reasonable prospect was viewed as an important variable determining whether the practitioner agrees to take on a DBE or not. Secondly, time was important since the nature of the job is time sensitive. Time also determined how critical the case is. For instance, it was found, the more time available to practitioners, the more thorough investigations could be done, they also typically face less troublesome stakeholders and creditors. Stakeholders was chosen a total of eight times, again, it was important for DDMs to make decisions that benefit as many of the affected parties as possible. The Act was chosen six times, while liability of data integrity and creditors were each chosen five times. Complexity and security were chosen a number of four and three times respectively. Some of the additional factors that were added by practitioners were also included in those practitioners' maps. These include cause of distress, severity of distress, internal business operation, availability of PCF, peer commentary, management cognition, TMT capability, resource munificence, delayed action, "runway length" industry/market demand, politics, unions, and the mandate. Form of ownership, PESTEL, industry, and legal risk were not included in any of the causal maps. Interestingly to note however is that many of the practitioners were aware of the legal risks involved and indicated it could affect the decisions that they made, however did not include this as a variable in their causal maps.

Figure 5.17 below shows average relevancy score compared to the number of times each of the external variables was chosen for a causal map.
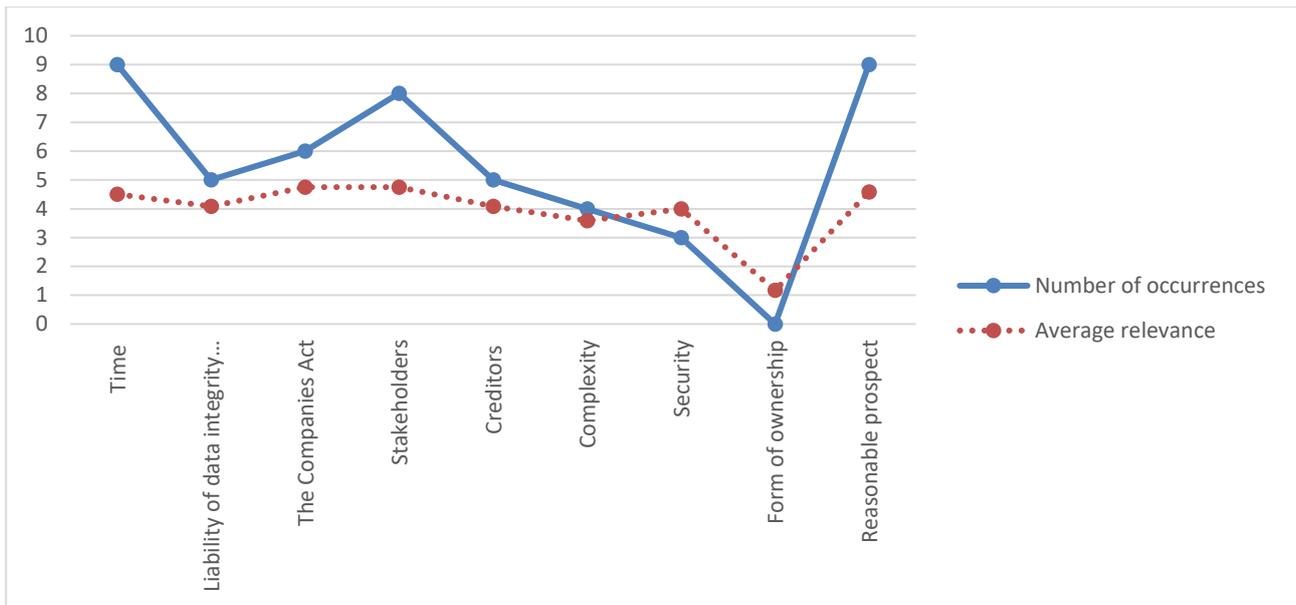
Figure 5.17: External variables: comparison between average relevance and number occurrences as determined by participants

Only two variables had a relevancy score higher than the number of times they were chosen on a causal map. These include security and form of ownership. As previously mentioned, form of ownership was considered as irrelevant most of the time, and therefore was not a variable that featured on a single causal map. The other variables show a better correlation between a high relevancy score and greater number of times the variables were selected. This correlation was different to the personal variables which had high relevancy scored but only featured a few times in the causal maps. This indicates that the external variables are more influential in the distressed decision-making process. This will be discussed further in the following chapter.

Figure 5.18 informs Figure 5.17 and shows average relevancy score as a percentage compared to the average number of times (as a percentage) each of the external variables was chosen for a causal map.
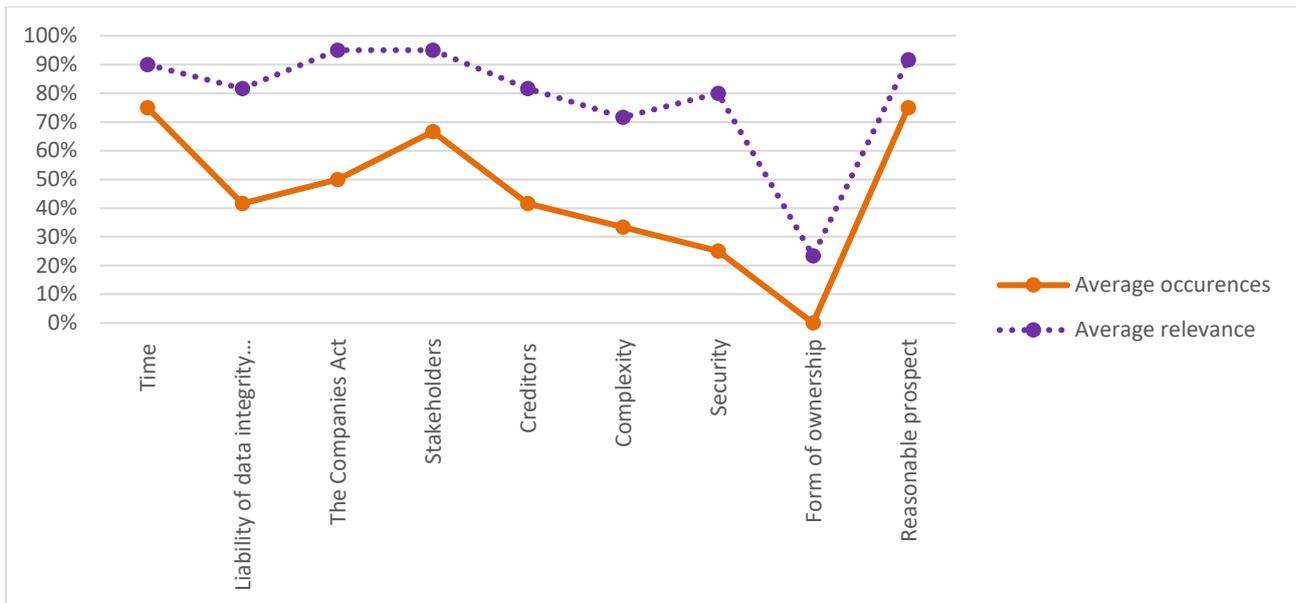
Figure 5.18: External variables: comparison between average relevance and average number of occurrences as determined by participants

The external variables show a closer correlation between the average relevance and number of occurrences than the personal variables do. Again, this suggests that participants found that external variables are more relevant and influential to their decision-making process. Form of ownership was given a very low relevance score of 23%, the lowest of any of the variables identified in this research. Liability of data integrity and creditors both received a relevance score of 82% but interesting were only selected by 42% of the participants. Similarly, security received a high relevance of 80% but was only chosen by 25% of participants. This could also be because relevance might not necessarily affect the decision-making process of the DDM but could be a variable that the DDM is aware of and although present in the DBE situation would not change the decision to be made or the process used to make decisions. Reasonable prospect and time are the most closely aligned in terms of relevance and average number of occurrences. Each of these variables received a score of 75% and appeared on at least 90% of the causal maps drawn by participants in this study. This suggests that time and reasonable prospect are dominating variables in the decision-making process.

5.2.15 <u>Central causal map</u>

Figure 5.19 below represents a central causal map of the most influential variables as perceived by the participants. The influences below include variables that were drawn three or more times on individual (separate) causal maps.
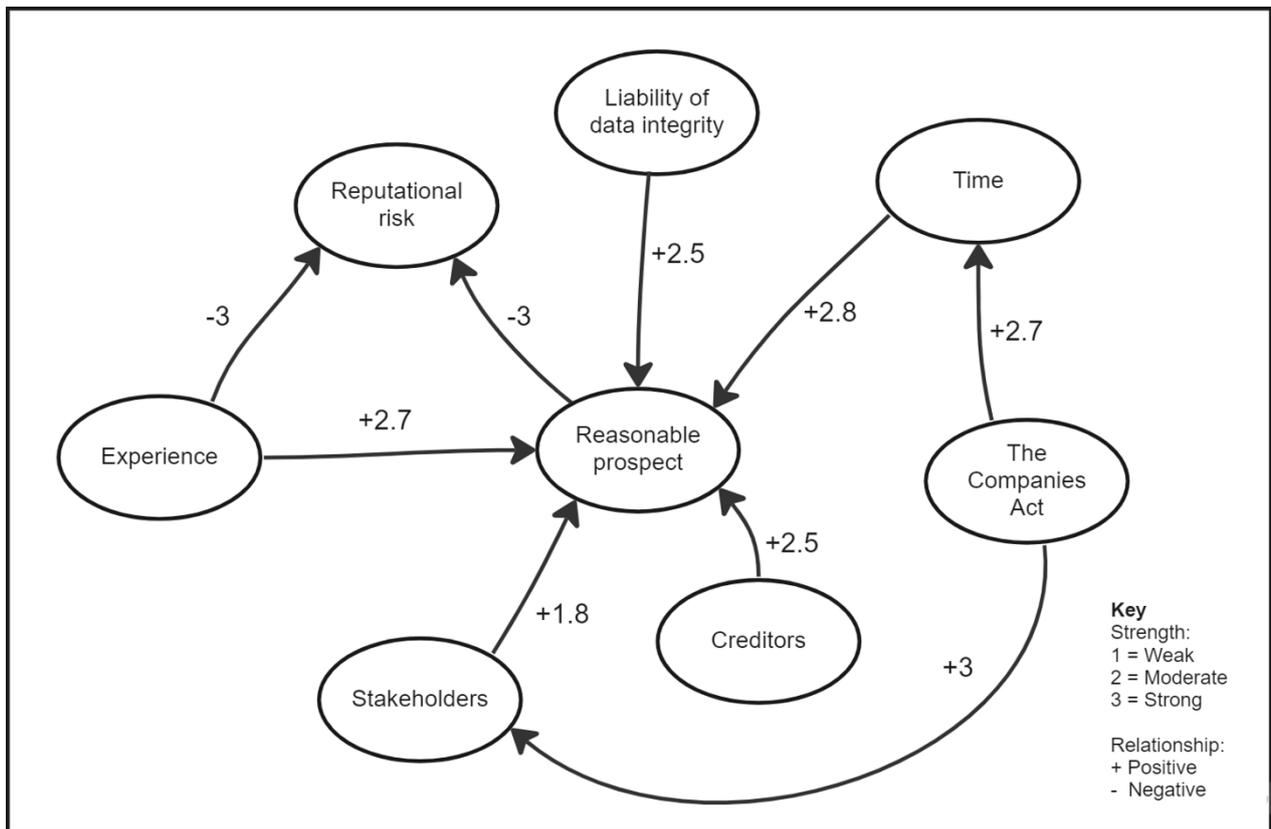
Figure 5.19: Central causal map showing most influential variables and common occurring influences identified by participants

Nearly all of the variables in the map influence reasonable prospect. This clearly indicates that reasonable prospect is an important variable in the decision-making process of DDMs, and without reasonable prospect, the decision-making process need not to exist. Three of the individual causal maps indicated that experience influences reasonable prospect. The relationship is a strong positive relationship (with an average of 2.7). This supports that, the more experienced the DDM, the greater the reasonable prospect of the case. As previously mentioned, experience appeared on individual causal maps more than any other personal variable and therefore has a strong bearing on the decision-making process. The influence of time on reasonable prospect appeared six times in individual causal maps of this study,

with an average strong positive relationship of 2.8. This indicates that the reasonable prospect of a case is diminished with time constraints, or in other words, the more time available during a DBE, the greater reasonable prospect is perceived. Reasonable prospect is also increased when the availability of data and information is more accurate and complete, as indicated by a strong positive relation of 2.5. This relationship was indicated a total of four times. Likewise, there is a strong positive relation of 2.5 between creditors and the reasonable prospect. This relationship was indicated on individual causal maps four times. The creditors' ability to make a DBE difficult for DDMs could negatively impact the reasonable prospect, however the reasonable prospect increases when creditors are satisfied. The same concept applies to the relationship between stakeholders and reasonable prospect which was chosen a total number of five times. This relationship was indicated to be a positive, weak-moderate relationship.

On the other hand, a strong negative relationship was identified between reasonable prospect and reputational risk, such that a DDM experiences less reputational risk when the reasonable prospect is good. Similarly, the experience of the DDM also reduces the DDMs reputational risk. Both of these relationships were identified three times in individual causal maps. Lastly, the Act has a positive, moderate to strong relationship to time, and a positive strong relationship to the stakeholders. Practitioners indicated that these relationships exist since the Act provides a framework for dealing with stakeholders as well as sets out time guidelines.

5.3   CHAPTER 5 SUMMARY

Chapter 5 summarised the findings in this research. In the first section, the personal and external variables that may have had an influence on decision-making during a DBE was summarised. The DDMs identified three additional personal variables not identified in the literature, these included personality conflicts, transparency, and congruency. Eighteen additional external variables were also identified. These included reasonable prospect, cause of distress, severity of distress, internal business operation, peer commentary, availability of post commencement financing (PCF), the industry, PESTEL, management cognition, the top management team (TMT), resource munificence, delayed action, "runway length", industry / market demand, politics, unions, legal risk, and the mandate. The findings

were reported in the form of a table which outlined how relevant each variable was to the decision-making process of each participant. Secondly, the findings were reported in the form of a causal map drawn by each of the participants providing a picture of the variables that practitioners felt had the greatest influence on their decision-making process as well as any influences between variables.

Next, the chapter summarised a report on the general findings on both personal and external variables. Firstly, a table provided a summary on the average relevancy score of each of the main variables. Experience, education, and perceived risk were identified as the most relevant personal variables, while the Act, stakeholders, reasonable prospect and time were identified as the most relevant external variables. Secondly, a graph showed the number of times each of the variables was represented in the causal maps. Experience and reputational risk were the personal variables that appeared most often, and reasonable prospect, time, and stakeholders were the external variables that appeared most often. Thirdly, a graph showed the comparison between average relevance and number of occurrences. Finally, a central causal map represented the most reoccurring relationships between variables. This map indicated that reasonable prospect was central to the decision-making processes of the participants in this study. The discussions of these findings are reported in the next chapter.

6 CHAPTER 6: DISCUSSION

The purpose of this qualitative study was to develop a better understanding of the variables that have an effect on decision-making in business distress (formally and informally), and the potential influences these variables have on each other. Therefore, to meet this purpose, this research explored three focus points. These include the decision-making process of the DDM, a distressed decision-making framework which discusses the influences of variables on decision-making, and the difference in influences between business rescue and turnaround.

6.1 DECISION-MAKING PROCESS OF DDM

6.1.1 Decision-making prior to the DBE

Although the purpose of this study was to investigate decision-making *during* turnarounds, it is clear that decision-making of DDMs does not only occur during a DBE. In fact, it occurs earlier than the acceptance of an appointment. DDMs begin their decision-making process when they need to decide on whether or not they should take on a DBE. This is important because their decision-making process done prior to acceptance extends into their decision-making process during a DBE. Reasonable prospect is an important prerequisite considered by both business rescue practitioners and turnaround professionals alike. As discussed in Chapter 5 (see p. 51), reasonable prospect refers to the initial evaluation of the feasibility of a DBE. The definition of reasonable prospect however is vague, and subject to interpretation, and practitioners do not report a formal process that they are able to rely on to determine reasonable prospect. Instead, they seem to rely on various mediators of judgment (Janse van Rensburg, 2016:27). Practitioners have indicated that before they agree to take on the DBE appointment, they do initial assessments to determine the reasonable prospect, as confirmed by a practitioner:

> *"I do an initial assessment because for me if in that initial assessment it is clear there is no reasonable prospect it's pointless to continue. I won't even try to take the appointment at that stage, so that that's where I start the whole process, is a reasonable prospect there?"* (P02)

Janse van Rensburg (2016) describes numerous signals that are used to determine reasonable prospect, and notes that these signals are informed by various approaches such as business management, legal perspectives, financial analysis, opportunity analysis and the "do we have a business" test. This study confirms the use of these signals. The initial assessments conducted by DDMs include evaluation of financial records, court papers, and the "pros and cons". The purpose is for them to establish whether there is a market, a profitable opportunity, a commercial prospect, availability of PCF, and/or an opportunity to make the going concern sustainable. In other words, is there a business that can be saved? Further to this, if reasonable prospect is poor, practitioners would consider the possibility of BRiL which refers to a better return than in liquidation. These sentiments are confirmed below:

"Do we have a market? Do we have a way of servicing the market? If we service it reasonably adequately, is there an opportunity to make enough margin? Is this sustainable. I don't necessarily look at making exceptional returns but just enough that the business can sustain itself. Failing that, is there some other logic that supports the view that you would get a better return than in liquidation?" (P07)

Reasonable prospect proved to be highly important to the decision-making process. The importance of reasonable prospect as a variable will be discussed later in this chapter. In addition to reasonable prospect, some practitioners indicated that they will not take on a DBE unless they have the required skillset and capability to do so, and believe they should be able to add value to the process:

"We check to see if we have the ability and the skill set to save the company. Some things we can do, some things we can't do." (P12)

"*We need to make sure that there's something that we can add value to, you know, if it's the process when the liquidator can do what we could do then there's not a lot of point in doing this.*" (P01)

6.1.2 <u>Decision-making during the DBE</u>

Interestingly, most DDMs do not have a formal decision-making process. However, the assessments they conduct prior to and during the DBE are used to inform the decisions that are required. Decision-making is guided by analysis of the challenges faced by the business, business viability, financial position, cash flow, sales, supply, infrastructure, and legal implications, as well as the Act. Other actions include meeting with management on a regular basis, preparing notices, and asking for extensions up front. Typically, these considerations remain the same:

> *"I wouldn't say it's a formalised process. We don't have a sort of checklist of factors that need to be met. It's more a judgment call, but in a surprisingly routine manner - we go through the same motions each time."* (P05)

> *"There's not one methodology necessarily that is a one-size-fits-all -no…over the years we've seen what works and what doesn't."* (P11)

However, this is not to say that these considerations remain the same in every DBE. It has been found that decision-making processes in this study cannot be considered a static process, it is continuously evolving. No two situations are the same, and therefore each DBE presents a set of unique circumstances that the DDM needs to consider at that time. This means that decision-making is situation dependent. This theme emerged as one of the main themes of this research, and for this reason it will be discussed continuously throughout the chapter. Decision-making depends solely on the problem at hand, for instance one DBE could require extreme cost-cutting measures, while another requires greater focus on the legal aspects. This is the reason practitioners do not have a formal decision-making process. When asked if there is a decision-making methodology, one practitioner said:

> *"No … there's a good reason for that. It is just so specific - the problem solving - there are no two days where you'll ever be faced with the same problem."* (P05)

The assessment of the DBE determines the focus of the DBE for the DDM. In other words, what should get priority. Priority however is difficult to establish due to the complexity of a

DBE. This priority is also subjective and depends entirely on what the DDM thinks the business needs at a specific point in time as well as what has the highest probability of success, and that which meets the demands of the situation (Kaya & Kahraman, 2010:861; Nilsson *et al.,* 2014:6). However, it was expressed that issues tend to have a natural sense of urgency and that is what the practitioner will focus on:

"At the beginning, I think almost everything is a priority. It is really hard to prioritize ... I look at which is the most time crucial – which has the greatest impact on the potential turnaround, recovery, and restructuring of the business. I think things have a natural urgency … if you've got one item which is on the critical path link in a chain, you have to deal with it, otherwise everything stops." (P13)

This supports the sentiment that practitioners also rely on their intuition or "gut feel" in their decision-making process:

"You'll often develop a gut feel for it (issues) based on urgency of decisions." (P05)

Priority also seems to change across the different phases of a DBE. For instance, immediately after the acceptance of the appointment, the DBE will need to prioritise immediate stability, and decisions that will keep the business alive. Many of the practitioners emphasised that their focus is to "stop the bleeding" (Mphuthi, 2019:61). This is done through cost cutting and retrenchments (Holtzhauzen, 2011:5). Some practitioners expressed the need to "stop bleeding" and ensuring stability:

"…it's about stopping the bleeding as soon as possible - it's stopping the things that went wrong as soon as possible and stabilising." (P11)

"In a turnaround situation, it's always - cut all their bleed from the company… how to stop any unnecessary funds going out." (P06)

"I suppose it depends on what time-period you are within the business rescue. You know, when you place a business into business rescue, generally the first two or three weeks are quite frantic, and the directors are deer in the headlights. The staff are panicking about the longevity of their positions, the creditors are panicking about the fact that

they're owed money. So, your immediate decisions are your strategic decision that allow for stability in the business." (P03)

These decisions occur quickly and urgently. It is important however that practitioners should not make impulsive decisions even though they have limited time. The DDM still needs to carefully consider all information, data, and potential consequences of his/her decisions (Ajzen, 2020:320). Once the proverbial "holes" have been plugged, the DBE enters a recovery phase (Holtzhauzen, 2011:5). At this point, practitioners shift their focus to long-term goals. This requires decision-making that will increase profits, improve operations, and reduce risks. In other words, the practitioner must ensure longevity, for example:

"What decision would create a sustainable outcome - which solution is more sustainable in the long run? So, if there are two decisions that look fairly the same, the one that's got more longevity – we will take that one. Because we are in the business of saving companies. So, saving the company is more important than the rand value to creditors for an immediate one … if we sold all the assets, get immediately - all the creditors sorted out, but then we lose all the jobs. So that is a decision with no longevity. So, we'd rather save the company and create a compromise to creditors." (P12)

Interestingly, some of the practitioners indicated that their main focus is to secure the best outcome for creditors. However, DDMs have a responsibility to all affected parties (particularly during business rescue). Section 7(k) of the Act requires "efficient rescue and recovery of financially distressed companies, in a manner that balances the rights and interests of all relevant stakeholders". This requires that the decision-making process of the DDM ensures a balance of the interest of all stakeholders, and not only creditors. There were a number of practitioners who stressed the importance of this role in their decision-making:

"So, I'd say that that's probably the first and foremost thing we think about is the effect on other parties, not just the creditors … I mean, the Act says to balance the interest of all stakeholders. How can you say that you are thinking about the stakeholders but not the creditors or the creditors but not the stakeholders?" (P05)

"The business rescue process relates to your affected persons, this your employees, your creditors and your shareholders." (P06)

Distressed decision-makers have noted that although they are required to balance the interest of all stakeholders, that these decisions are often unpopular and not always supported by all stakeholders. Choosing to make unpopular decisions is considered a cognitive struggle since the consequences of these decisions may affect people negatively and this can be stressful (Lysek, 2018:82). Of course, critical situations and events such as a DBE will result in unpopular decision-making, as it is the nature of a DBE to make difficult and unpopular decisions. It should be recognised though that DDMs have no choice but to make unpopular decisions because it is the correct thing to do, despite the negative backlash that they may receive from stakeholders (Alexander, De Smet & Leigh Weiss, 2020:5; Wallenius, Alvinius & Larsson, 2020:2). However, it is vital that DDMs make decisions which benefit all stakeholders and gives the business the best chance of survival. As such DDMs do not let unpopular decisions deter them from making the correct decision. For instance, retrenching people was expressed as one of the most difficult decisions to make by DDMs, however as previously mentioned, retrenchments are critical to stop the bleeding. It is clear that DDMs know that unpopular decisions are part of the process:

"Unpopular decisions are made all the time. This part of businesses rescue. You don't want to make everybody happy … you have to make those unpopular decisions." (P04)

However, unpopular decision making may influence the decision-making process, particularly when there are people involved. DDMs attempt to lessen the backlash of unpopular decisions by communicating to and negotiating with the affected parties. Including stakeholders into the consultation process, encouraging different viewpoints, and playing open cards with relevant parties is an important part of the process (Alexander *et al.,* 2020:5). The comments made by practitioners below express this need:

"We need to tell a whole lot of employees that we can't pay the pension this month because we need to direct those funds towards something else. And yes, it does affect your decision-making process, because if something is unpopular, it will affect the risk of the outcome of the rescue, because whoever feels hard done by in that decision is going to act differently going forward in the rescue, so you must take into account … it

affects how we make the decision because instead of just going cool, we suspend payments, don't pay pension and better luck next time - we are now going to say, okay, we're going to open up the 48 hour window for comment by the staff before we go ahead with that decision." (P05)

"*Decisions still need to be made and money is still flowing out of the bank and people are still losing jobs. You need to make a decision, but you need to caveat to all the people that are affected by the decision and need to tell them this is a situation, you need to be as transparent as possible in your decision-making process."* (P06)

The biggest issue with unpopular decisions is that practitioners might lose valuable time in the DBE process. For instance, in the example above practitioners give a 48-hour time period for commentary by the employees. Two days is a lot of time in a critical situation like a DBE, and time is not a luxury afforded to a DDM during a DBE. There are several circumstances that can influence the decision-making process. These include transports and bank accounts being held hostage, closing lines of business, looting, replacing top management, and the decision to continue with the turnaround process. These circumstances can change the trajectory of the business since they might change the formality and legality of the process, or these circumstances could force a practitioner to concede to stakeholder demands. Again, these circumstances are typically DBE specific and do not always occur. One practitioner describes such a circumstance below:

"They took control of the bank account, which means we cannot manufacture or produce any goods. And yet I've got obligations towards employees, suppliers, landlords and so forth. It got to a point where we needed someone to take them out. Now obviously, if someone takes them out, meaning, settle them and take ownership of their claim - it's very expensive funding … if I take this funding, it comes at a very expensive cost. Which might jeopardize not only the profitability and the turnaround in general, but it also jeopardizes my ability to source other PC (post commencement) funders or investors, because now I'm sitting with almost a 'corporate loan shark'. But that opens the doors for us to trade. So that's a very critical decision. I mean, if you're talking about millions and millions, it's very few people that have that type of money just lying around. So yeah, it's a critical decision as it doesn't just influence today. It influences the trajectory of the business. But if you don't make the decision, then you are most likely dead in the water in the next 72 hours." (P11)

Varying circumstances requires DDMs to be flexible in their decision-making approaches. Practitioners need to be able to adapt as new and challenging circumstances arise. Practitioners often referred to "thinking on your feet" which is the ability of the DDM to make decision quickly in light of changing circumstances (Greenwald, 1995:88). This ties into the lack of formal process discussed earlier since having a formal decision-making structure would not allow for flexibility in decision-making. Given that the nature of DBE is riddled with a myriad of complex scenarios, the DBE should be flexible and adaptable:

> *"You have to think on your feet, and you have to be willing to adapt to the situation."*
> (P09)

This study confirms that DDMs use analysis in their decision-making process to select the most appropriate alternatives that will ensure the greatest success of the business as well as the best possible outcome for all stakeholders. Further to this, this selection of alternatives is conducted in uncertain and changing circumstances (Ajzen, 2020:320; Kaya & Kahraman, 2010:861; Nilsson *et al.,* 2014:6). The selection of alternatives is influenced by several variables. These will be discussed below.

6.2   DISTRESSED DECISION-MAKING FRAMEWORK

Chapter 3 (see p. 24) proposed a framework of three overarching factors, namely, situational awareness, causality, and severity, that influence decision-making. However, based on the findings of this study, the author proposes an expanded version of this framework. The framework is illustrated in Figure 6.1 below. Briefly, the framework suggests that awareness, and severity have an impact on the DDMs confidence to make decisions, as well as the personal and external variables present during a DBE. These factors and variables in turn influence causality and effectuation. Lastly, these factors, variables and influences constitute distressed decision-making.
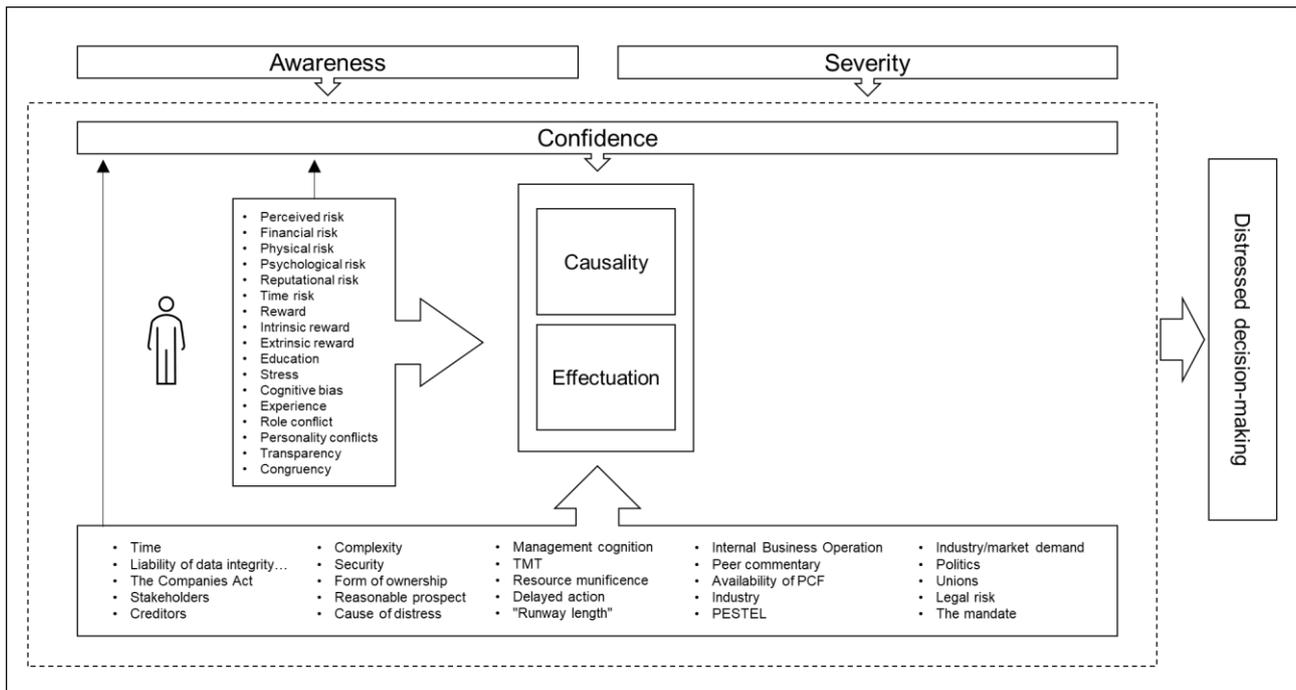
Figure 6.1: Distressed decision-making framework showing interrelationships of relevant variables during a DBE

6.2.1 <u>Awareness</u>

As discussed in Chapter 3, awareness refers to the DDM knowing what is happening around them. A DDM needs to know what is going on, and they should be aware of critical information and factors within the DBE. Further to this, they should be able to comprehend whether the information and factors are relevant to solving the problems within the DBE, and they need to be able to predict future events and implications (Crichton *et al.*, 2005:119; Naderpour *et al.*, 2011:298; Valiente *et al.*, 2011:515). Awareness was found to be a crucial factor to the distressed decision-making process since it is important to evolving situations. DDMs identified that they were often aware that variables and influences exist in their decision-making processes, and expressed the need to identify, and comprehend information under time constraints, as well as predict future outcomes or implications of the decisions they had to make. Awareness will be continually discussed in the following sections.

6.2.2 **Severity of distress**

Severity of distress has been mentioned numerous times throughout this study (see Chapter 3 and Chapter 6). This study confirmed that the level of distress is an important consideration for DDMs. The greater the distress faced by the organisation, the greater the severity that the DDM needs to comprehend and solve for. Many of the practitioners were aware that the level of distress sets the precedence for the DBE and therefore was found to be a moderating factor to the decision-making process. This supports the theme that decision-making is situation dependent. Lastly, practitioners also confirmed that severity is one of the major influencing differences between business rescue and turnaround. This difference will be discussed later in the chapter.

6.2.3 **Confidence**

This thesis supports the notion that a distressed decision maker's decision-making behaviour is influenced by the confidence of the decision-makers ability to engage in the decision-making process (Madden *et al.*, 1992:4). Confidence refers to the judgment of the DDM that a particular action is the correct (or incorrect) action given a particular scenario (Ma, Au & Ren, 2020:598). In this study, confidence influences the quality of the decision-making process through its influence on the variables present in a DBE. For instance, a practitioner might be more confident dealing with certain situations than others, for example understanding of legalities of the DBE. Good decisions often result when the DDM is confident in their decision-making ability. This is often influenced by variables such as education and experience, such that the more often a DDM has dealt with a particular scenario, or the more knowledge they have, the greater their decision-making confidence. The quality of the decision suffers when a DDM has low confidence in his/her ability to carry out a decision. Many practitioners try to mitigate this risk by surrounding themselves with people who have appropriate knowledge and experience in areas that they are lacking. In addition, several practitioners indicated that they work in multidisciplinary teams. Relevant knowledge, and experience from team members provide the necessary confidence to carry out decision-making. Multidisciplinary teams will be discussed in the next section.

6.2.4   The influence of decision-making variables

The influence of decision-making variables is discussed in terms of a priority matrix. Figure 6.2 below illustrates the priority of matrix of all the variables in this study, whether the variable was included in a causal map drawn by one of the participants or not. The matrix shows the average relevance provided by the participants to each of the variables as well as the influence the variable has on the decision-making process. Influence is determined based off the number of times a variable appeared in each of the causal maps, as well as the relevancy scored assigned to the variable. The size of each bubble represents the number of times a variable appeared on a causal map. Personal variables are orange in colour, external variables are grey, and additional variables are blue. The reason the author included additional variables as separate blue bubbles is because not all participants were given the opportunity to give each of the new variables a relevance score. In addition, the smallest occurrences did not appear on any of the causal maps but were included in the matrix to demonstrate the relevance they have on the decision-making process.
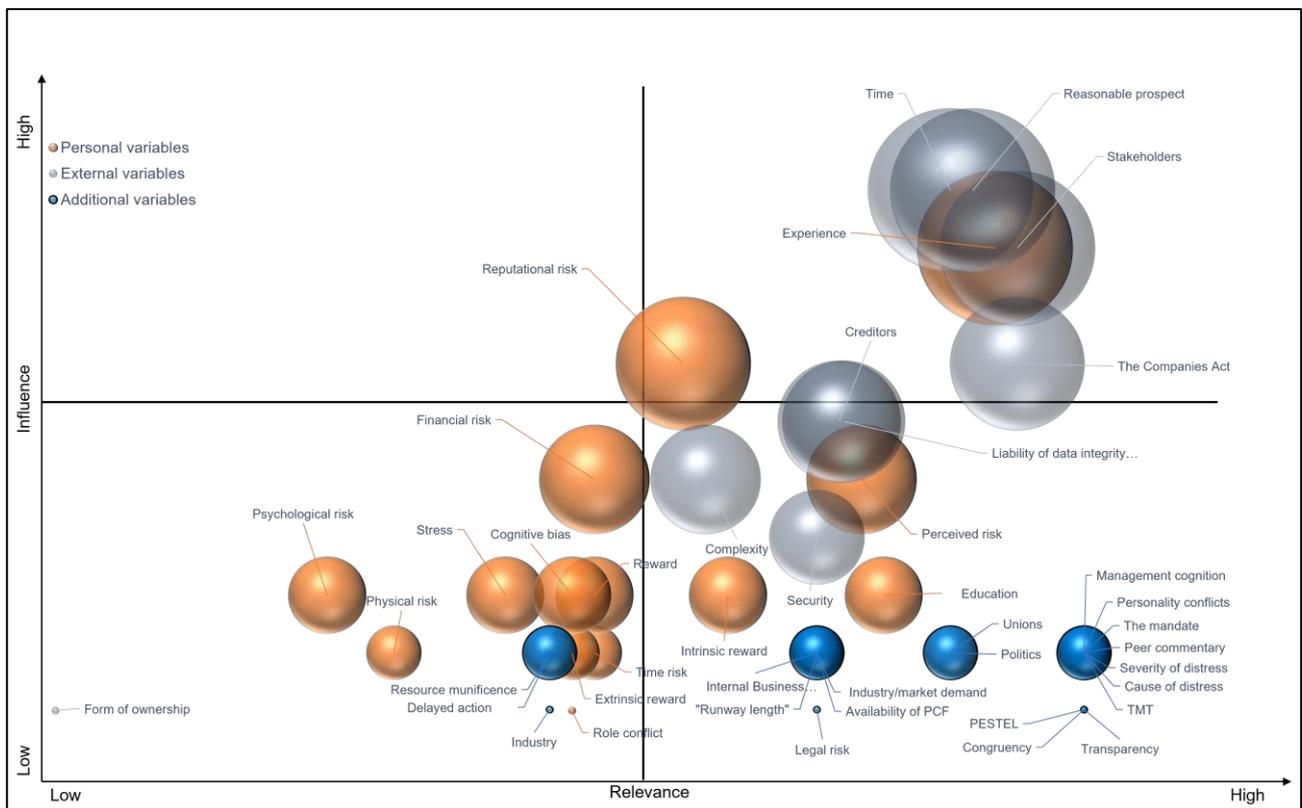
Figure 6.2:   Priority matrix showing the relevance and influence of all variables on distress decision-making

Figure 6.3 below illustrates the priority matrix of all the variables that appeared in at least one of the causal maps drawn by the participants. Again, the matrix shows the average relevance provided to each of the variables as well as the influence. The size of each bubble represents the number of times a variable appeared on a causal map. Personal variables are orange in colour, external variables are grey, and additional variables are blue. The section that follows discusses the variables in each quadrant of the matrix.
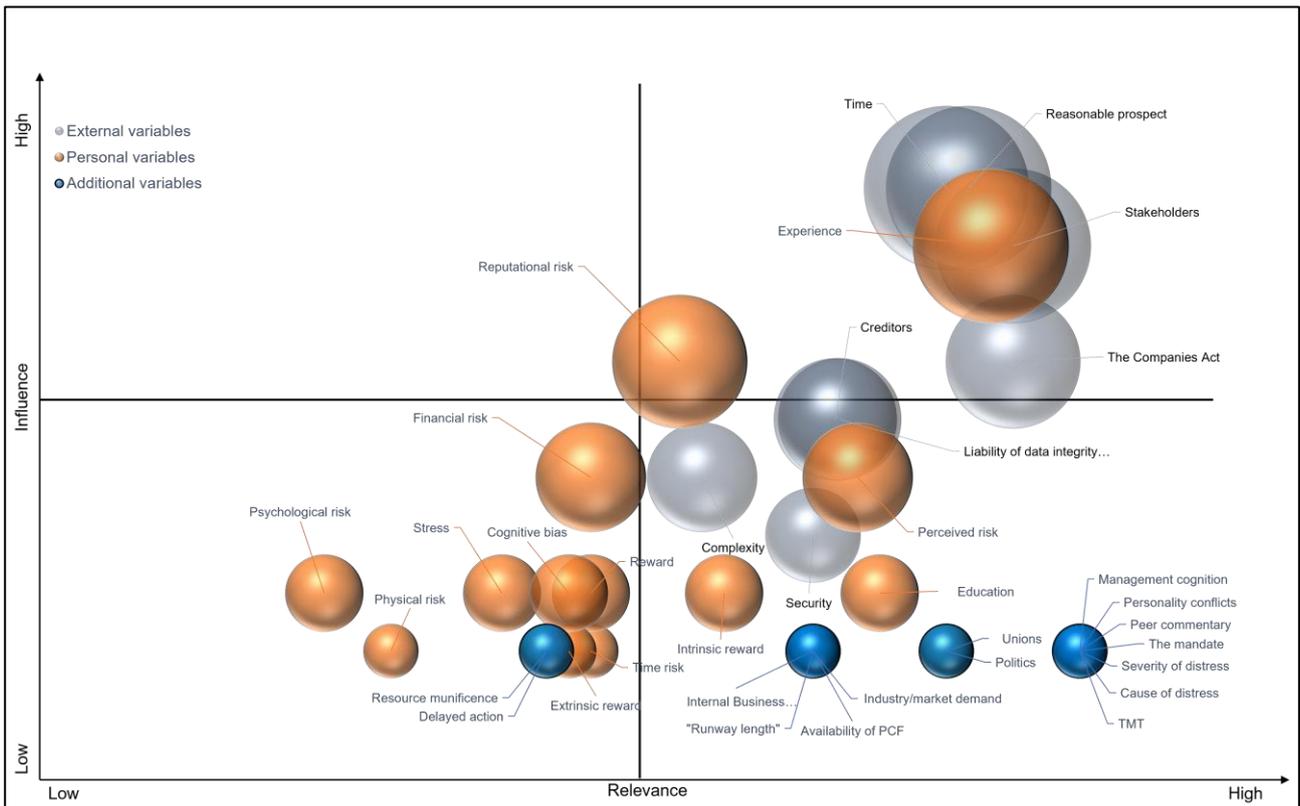
Figure 6.3: Priority matrix showing the relevance and influence of variables that appeared in at least one causal map

6.2.4.1   *Low influence- low relevance*

Most of the personal variables had a low-moderate relevance to (based off the average relevancy score assigned by the participants) and influence on the decision-making process of DDMs in this study. Although these variables are somewhat relevant to the decision-making process, they often do not influence the decisions that need to be made, or the decision-making process. Practitioners indicated that they were aware that these variables exist by giving the variables a relevance score, but the variable did not necessarily influence

decision-making. An example of one such variable is physical risk. Practitioners are aware that their decisions during a DBE could pose a physical threat to them, however it does not deter them from making a decision. They are also aware of the types of decisions and situations that would present this risk to them. This relates to causality in that the DDM needs to predict the outcome or consequences of his/her decisions and understand why their decisions can result in personal danger. Two practitioners shared their experience with personal danger:

> *"We have had a few negotiations; we walk into a room, and they put a gun on the table."*
> (P06)

> *"I'm to stand in front of them and tell them they were not being paid and their pay was coming late. It was very scary. So, I wasn't going to be reckless, but it did not stop me doing it … It won't stop me, but at the same time, I'm not going to be stupid about it."*
> (P07)

Interestingly, financial risk was identified as more influential on decision-making than reward. This could be due to loss aversion, where practitioners fear losing financially more than they value gaining financial reward (Dreher, 2007:270). The least relevant, and least influential variable in this study was that of form of ownership. This is surprising since theory on forms of ownership suggest that the type of company influences complexities of the situation and may require certain levels of experience (Yang & Wu, 2022:5). Many practitioners believed however that their job to rescue or restructure the company remained the same regardless of the form of ownership. Others only dealt with specific types of ownership and therefore it was not relevant to their process. The sentiment that forms of ownership is not relevant to the DDM decision-making was expressed by one practitioner:

> *"Form of ownership isn't very relevant in your decision-making process …The principle is the same. You've got to rescue the company."* (P09)

6.2.4.2 *Low influence- high relevance*

Many of the additional variables are found in this quadrant, however as previously mentioned, since not all these variables were presented to all practitioners, the influence on

decision-making is not accurately represented here. However, the relevance is important. Again, a number of these variables are situation dependent, for instance some cases are made more complicated by the involvement of political agendas and unions. These parties can create difficulties for practitioners and inevitably consume valuable time that could be spent elsewhere. A party such as a union may even change the trajectory of the DBE, and it is therefore important that DDMs are aware of these challenges. One practitioner described such a challenge:

> *"Something that in the last few years became more and more and more almost problematic is unions … We had a case where we literally had a PCF investor willing to give funding, willing to introduce an incentive scheme that within three years they will earn more than what they would forgo. The only condition was they're not gonna get a 13th check the next month, but everyone will keep their job and the unions in so many words spoke on behalf of the employment and said: well then close the place. Needless to say, we closed the place down and 180 people lost their jobs."* (P11)

An interesting finding was how practitioners relied heavily on their networks for knowledge and expertise in areas in which they were lacking. Although only one practitioner identified "peer commentary" as a variable, many others expressed the importance of help or guidance from their peers. A number of practitioners also identified that they work in teams or take on joint appointments. A multidisciplinary team is one that consists of members from different backgrounds or areas of expertise who work together to achieve the same goal (McCray, 2002:53). In this case, practitioners may come from different backgrounds and may not have all the required knowledge of the multifaceted practice that defines a DBE. The following quotes confirm this:

> *"We have people with different perspectives and points of view. So, it generally is a discussion amongst us. We will sit down in the office and say this is the problem I'm having; this is the solution I think is best on the options that are available to me, and this is the one I think is the best option. And then other guys with different experience might come in and say no - the first options are better options, or have you thought of these repercussions? And that allows us to really problem solve."* (P03)

"None of us know how business rescue practitioners operate as sole practitioners, how they do it because we couldn't. I don't think any of us could deliver the standard that we do if we didn't have a team around us. There's just no way." (P05)

Other variables such as complexity, security, perceived risk, and intrinsic reward were also identified as "awareness factors" such that practitioners indicated that they might be relevant but not necessarily influential. These are variables that might not necessarily change their decision-making process during DBE. Creditors and liability of data integrity were identified as the most influential variables in this quadrant. The discussion of creditors was covered previously, and therefore will not be discussed again. It is well documented that DBEs are riddled with data integrity issues. As a newcomer into a distress situation, a DDM is tasked with the mammoth job of sifting through enormous amounts of information in order to determine root causes of distress. One practitioner described this quite well:

"At the beginning of a business rescue, you're taking on information … it's a bit like drinking water from a fire hydrant. You've just got this massive information being flung at you by the company, by its creditors, by its employees, by the unions, by its suppliers, by its customers and by the revenue people. It's just madness. And so, you're absorbing all this information at the same time." (P01)

Not only is this a time-consuming process, but the practitioner can never be completely sure that the information they have received is correct, complete, and reliable. Some practitioners indicated that they do not rely on data and information from the company at all and synthesis their own data and information using proprietary processes they have developed over the years. Practitioners need to rely on their experience in the industry to sift through all the information and determine its relevance. This again ties into the awareness factor of the framework. The following quote confirms this:

"It's difficult to know how accurate all the information is that you're working with … you're not sure is the information correct. It's your personal experience assessment, gut feel that you sometimes have to rely on to be able to make a decision when there's no perfect information available at that stage." (P04)

6.2.4.3 *High influence- low relevance*

None of the variables in the study fell into this quadrant. This is not surprising since variables which are not relevant to the decision-making process are not likely to be influential either.

6.2.4.4 *High influence- high relevance*

Only two of the personal variables made it into this quadrant. Reputational risk was scored as medium relevance but somewhat influential. Reputation was identified as incredibly important to practitioners. This is because a DDM with a poor reputation does not get future appointments, they are also subject to public scrutiny. Further to this, a damaged reputation can hamper the ability of the practitioner to deal with relevant parties within a DBE they are busy with (Rosslyn-Smith *et al*., 2020:18). One of the practitioners emphasised the importance of their reputation:

> *"I think reputational risk is incredibly important and the reason specifically for that is that your reputation is everything in an industry that has a poor one. And at the end of the day, if you make a decision that that could corrupt your reputation because it's unlawful or immoral, then news spreads very, very quickly. And so, I think you've got to take proper decisions that ensure that your reputation remains intact."* (P03)

Experience was identified as the most influential and relevant personal variable. Not only is experience necessary in dealing with the challenges brought about by a DBE and ultimately the success thereof (Rajaram *et al*., 2018:7), but experience was found to be paramount to navigating the numerous variables that confront a DDM during a DBE. Since each DBE presents a different set of circumstances, decisions, and possible outcomes, DDMs rely on their past experiences to successfully navigate these complexities. As one practitioner noted:

> *"I think your experience and your ability will affect your decision making and you know when you've been down the road a few times - you'll know what works and what doesn't work."* (P01)

Four external variables were identified as highly influential and relevant. The Companies Act was mostly applicable to business rescue rather than informal turnaround. This is further discussed in the following section that discussed the difference between business rescue and informal turnaround management. The Act provides the framework for business rescue practitioners to conduct a business rescue and business rescue practitioners largely rely on the circumstances referenced by the Act in order to fulfill their duties. As discussed in the previous section, a DDM has the responsibility to manage and balance the interest of all relevant stakeholders (Strime, 2012; Naidoo *et al.*, 2018:8). This study has identified that practitioners are aware of this, and factor stakeholders into their decision-making process.

Reasonable prospect has also been discussed extensively in the previous section. Practitioners identified reasonable prospect as the most important variable not only during a DBE but also prior to the DBE which governs whether or not they take on the appointment. However, it is important to note that reasonable prospect is not only applicable prior to a DBE. Since reasonable prospect is a dynamic concept, DDMs evaluate it continuously throughout the DBE (Janse van Rensburg, 2016:17). The last variable in this quadrant is that of time. Time was a recurring theme throughout this research. Again, distressed business events require urgency, with fast and effective decision-making. However, in order to achieve this, time is required to do sufficient investigations, planning and considerations of possible outcomes. Decisions take time, and practitioners are faced with time sensitive decisions throughout the entire DBE, and often do not have the luxury of time. Time was identified as a critical resource for all practitioners, however DDMs must still make fast and concise decisions in the interest of rescuing the business:

> *"Time is probably the most critical … This is not space for dilly dallying about decision making and whatever, because it could be too late."* (P01)

6.2.5 Causality

In the literature, causality was defined as the prediction of a set of decisions in the turnaround plan that will be executed during a DBE. The DDM in this case should be able to predict potential outcomes or consequences of the decision, and they should understand

why some events cause others. Further to this, in this study, causality can be defined by awareness, severity, confidence, and the various variables discussed throughout this thesis. In order for a DDM to understand a particular event, he/she needs to be aware of the particular circumstances, the severity, and the variables of the DBE. This awareness is established through the initial and the ongoing analysis and investigations conducted by the DDM during the DBE. The confidence of the practitioner also influences this understanding. Outcomes can be theoretically predicted based on past events. This is particularly true in instances where DDMs have faced similar events in the past. These past experiences elevate the confidence of the DDMs and assists them in more accurately predicting outcomes or consequences since they have dealt with it before, and therefore know what they should do. Causality relates closely to the planning school of thought where decision-makers thoroughly analyse their environment, consider all alternatives and outcomes, and create a clear plan to achieve goals (Hauser, Eggers & Güldenberg, 2020:777). Again, this is true when DDMs have the same outcome or goal in mind across various DBEs, such as "stopping the bleeding" for instance which is often involves more routine decision making. Causal logic is defined by a well-defined singular goal, and while that may be true for some DBEs, it is not always the case since each DBE is different, and DDMs need to adapt as they go through the decision-making process. Therefore, this study identified that DDMs use effectual logic as well as causal logic.

6.2.6 <u>Effectuation</u>

Effectuation relates to reasoning based on unpredictable outcomes and is applied in situations of uncertainty. No two DBEs are the same and practitioners are faced with varying resources, circumstances, and potential outcomes with each case they take on. Since DDMs will not always have access to the required resources to achieve a specific well-defined outcome – their decision-making cannot always be causal. Oftentimes a DDM must utilise the resources they have available to them to achieve the best possible outcome. This means that their initial plan/s and outcomes might change as they progress through the distressed business event. In other words, the DDM must imagine new outcomes based on what they are presented with in the DBE (Duening, Shepherd & Czaplewski, 2012:208). Kuechle, Boulu-Reshef and Carr (2016:48) note that "effectuation is about changing the odds in one's favour". Practitioners stressed that they must do whatever they can to achieve the best

possible outcome for the business given the means they have available to them or can possibly create during the DBE (such as additional financing for example). The quotes below describe the applicability of effectual logic:

> "*You won't be able to foresee all the possible scenarios or the unintended consequences of your decisions.*"

> "*You need to play the cards that you've been dealt.*" (P11)

It is clear that a DDMs use of either causal or effectual logic is context and situation dependent.

6.3   BUSINESS RESCUE VS TURNAROUND

Business rescue practitioners and turnaround professionals deal with very similar variables that influence their decision-making. The main difference between business rescue and turnaround is the mandate provided to the practitioner. Business rescue is a statutory process and practitioners are obligated by the Act to fulfil their duties, while turnaround professionals have an agreement with the management of the organisation and act as a consultant – decision-making power in this instance remains with the top management team (Pretorius, 2018:9). This does not mean that turnaround professionals do not make decisions, because they do. Turnaround professionals provide advice in the form of a plan which is based on the same analysis principles applied by business rescue practitioners as a means of determining root causes and possible solutions to the problems at hand. Therefore, turnaround professionals make decisions about the causes of distresses and the solutions that could lead to the best possible outcomes, and they relay these decisions in the form of advice to top management (Fredenberger & Bonnici, 1994:61). The difference is that top management are the ones who execute the action (or not) based on the advice of the turnaround professional. This means that business rescue practitioners have more power to execute on decisions. One practitioner describes this difference below:

> "*It actually depends on the mandate that I'm given. If this is the mandate - the one which is driven by chapter 6 of the Act, which I understand very well or is the mandate given to*

me by the by somebody who had, who is looking for a different sort of outcome. And that's what I'm advising them to do - then that's what I advise them to do. Because remember in business rescue, I make the decisions and I implement them. In normal restructuring I make recommendations, then it's up to the board or the company to (implement decisions)." (P01)

Although many of the variables that influence decision-making for business rescue practitioners and turnaround professionals are the same, it was found that the influences of variables might differ across the two remedies. For instance, a turnaround professional is often brought into the process when the business is in a less distressed state. A BRP enters the process when the business is often in severe stages of distress. As such, a BRP often has a lot less time to evaluate and resolve issues. The sense of urgency is much higher in business rescue than in turnarounds. In addition, business rescue is considered a lot more stressful than normal restricting. Again, due to the obligation a BRP has in terms of the Act, they often feel they need to follow the law to the letter so that they do not get sued. As a result, BRPs experience higher risk propensities.

"So, the business rescue practitioner, first of all you are governed by the Act, by chapter 6, you better know it or be surrounded by people who do. Because if you miss a mark, all of these things can happen to you, your reputation, danger … you end up in court … A turnaround specialist can ignore information - turning a blind eye - he's not going to get into trouble. As a business practitioner ... if you do know and you see it, and you do nothing, you could find yourself in court. The stress level that I have involved with business rescue is 10 times that of a normal turnaround specialist. Reputational risk of course – a turnaround specialist's reputation never gets under scrutiny, but a business rescue reputation is always under scrutiny." (P04)

As a result of this obligation in terms of the Act, there is a critical view among DDMs who practice more in the turnaround industry rather than business rescue that BRPs only operate within the confines of the Act. Turnaround professionals may have a more holistic view of the case that extends beyond the Act. In this sense the Act governs all the decisions made by the BRP. This view is supported by the practitioners below:

"We pretty much treat the Companies Act as a Bible." (P03)

"I think true turnaround professionals would probably be more mindful of many of these things (variables). My cynical view is that business rescue practitioners by and large in South Africa administer business rescue, as supposed to manage. And they administer it in terms of Chapter 6, just to make sure that they cannot be sued ... And their level of thinking doesn't extend beyond the application of Chapter 6." (P07)

It is important that practitioners have a balanced view of the case in order to obtain the best outcome for the business and all relevant parties, while complying with the Act.

6.4 CHAPTER 6 SUMMARY

Chapter 6 covered the discussion of the findings of this study. First, the decision-making process of the DDM was discussed. The study found that decision-making begins prior to the appointment. During this time, reasonable prospect is of great importance. Decision-making during the DBE was then discussed, and it was found that no formal decision-making process exists. No two DBEs are the same and decision-making is dependent on the problem at hand. DDMs must analyse organisational challenges on a continuous basis and be flexible and adapt as the decision-making process evolves throughout the DBE. In addition, DDMs are required to assess the priority or focus of the DBE which is often cost-cutting. Priority was also found to change across the various phases of a DBE, for instance immediately after appointment, focused on short term goals, while long term goals were the focus when the organisation was stable and in recovery.

Secondly, a distressed decision-making framework was discussed. The framework suggests that awareness, and severity have an impact on the DDMs confidence to make decisions, as well as the personal and external variables present during a DBE. These factors and variables in turn influence causality and effectuation. Lastly, these factors, variables and influences constitute distressed decision-making. Awareness was found to be especially important for evolving situation such as a DBE. Severity set the precedence for the DBE. Confidence was found to influence the quality of the decision, which was in turn influenced by both personal and external variables. The variables were presented in a priority matrix which showed that reasonable prospect, stakeholders, the Act, time,

experience, and reputational risk where the most relevant and influential variables to the decision-making processes of the participants in this study. It was also found that form of ownership is not relevant at all. The framework further suggested that causality was more applicable during events that were similar to other DBEs, while effectuation was more appropriate given the fact that no two DBEs are the same, and DDMs were to use the resources available to them to achieve the best possible outcome.

Finally, the chapter discussed the differences in decision-making between business rescue practitioners and turnaround professionals. The main difference was the mandate provided to a BRP by law which requires that the BRP take responsibility of all the decision-making powers, oftentimes under a more severe case of distress. Turnaround professionals on the other hand act in an advisory capacity and are often brought in during a less severe time of distress. Lastly it was also found that while many of the variables that influence decision-making are the same in both business rescue and turnaround, the influences between these variables may differ.

The findings of this study are summarised in the table below.

Table 6.1:   Summary of findings

Finding	Summary of finding
Decision-making prior to the DBE	Decision-making occurs prior to acceptance of appointment
	Reasonable prospect is an important prerequisite considered by DDMs
	DDMs consider their own skillset and capability to take on a case, and believe that they should be able to add value to the process
Decision-making during a DBE	Formal decision-making process do not exist for DDMs. They rely on assessments and analysis of business challenges to inform their decisions
	Each DBE case presents a unique set of circumstances, and therefore decision-making depends solely on the problem at hand. This requires DDMs to be flexible in their decision-making process
	Problems have a natural sense of urgency which will guide the DDM on the decision-making priority
	DDMs rely on intuition or "gut feel" in their decision-making process
	Decision-making priority varies across different phases of a DBE. • Short term priorities include cost cutting and stablisation • Long term priorities include risk reduction, improving profits and operations, and longevity
	Decision-making by DDMs is classified as stressful and unpopular, however it does not deter the DDMs from making the best decision. In these instances, it is important for DDMs to navigate backlash from unpopular decisions by communicating and negotiating with affected parties
Distressed decision-making framework	**Awareness** • Important to evolving situations. • DDMs needed to be aware of critical information and factors within the DBE. • DDMs should be able to comprehend whether the information and factors are relevant to solving the problems within the DBE, and they need to be able to predict future events and implications • DDMs identified that they were often aware that variables and influences exist in their decision-making processes
	Severity of distress • Severity of distress sets the precedence for the DBE • The greater the distress faced by the organisation, the greater the severity that the DDM needs to comprehend and solve for

Finding	Summary of finding
Distressed decision-making framework	**Confidence** • Confidence influences the quality of the decision-making process • Good decisions often result when the DDM is confident in their decision-making ability • The quality of the decision suffers when a DDM has low confidence in his/her ability to carry out a decision • Confidence is influenced by variables such as education and experience • DDMs were found to surround themselves by people with appropriate knowledge and experience in areas that they are lacking
	Influence of variables • Low influence-low relevance: DDMs were aware of these variables but it did not influence decisions • Low influence-high relevance: DDMs were aware of these variables but it did not influence decisions • High influence-high relevance: had the most influence on the decision-making process and consisted of reputational risk, experience, The Companies Act, stakeholders, time, and reasonable prospect
	Causality • DDMs should be able to predict potential outcomes or consequences of their decisions, and understand why some events cause others • Causal logic applies on more routine decision-making processes
	Effectuation • DDMs may have to utlise resources available to them, rather than optimal required resources • DDMs must imagine new outcomes based on what they are presented with in the DBE
Business Rescue vs Turnaround	**Business rescue** • Is a statutory process and practitioners are obligated by the Act to fulfil their duties • Practitioner implements own decisions • Deals with variables when organisation is in more severe state of distress
	Turnaround • Has an agreement with the management of the organisation to act as a consultant • Make decisions about the causes of distresses and the solutions that could lead to the best possible outcomes, and relay these decisions in the form of advice to top management • Top management can implement decisions advised by practitioner • Deals with variables when organisation is in less severe state of distress

Source: Own compilation

7 CHAPTER 7: CONCLUSION

7.1 SUMMARY OF FINDINGS AND THEORETICAL IMPLICATIONS

This study aimed to develop a better understanding of the variables that have an effect on decision-making in business distress (formally and informally). In addition, this research explored the influence these variables had or did not have on the decision-making of a DDM during a DBE, the influences variables had on one another, and the potential differences in variables and influences between a business rescue practitioner and a turnaround professional. In order to do this, this research explored theory on distress, and described the remedies of distress which included business rescue and turnaround, as well as discussed distressed decision making in context in Chapter 2. Chapter 3 outlined decision-making theory, and a proposed framework consisting of situation awareness, causality, and severity. In addition, the potential personal and external variables that could possibly influence the decision-making of a DDM were identified and discussed. Based on the responses from 12 interviews, and 12 causal maps drawn by participants, the researcher was able to gain an in depth understanding of the DDMs experiences to determine which variables participants believed to be the most relevant to the decision-making process, as well as the influence the variables had on the decision-making process and on each other.

The study found three new personal variables, which are in addition to the 14 main personal roles of perceived risk, financial risk, physical risk, psychological risk, reputational risk, time risk, reward (intrinsic and extrinsic), education, stress, cognitive bias, experience, and role conflict. The three new roles included transparency, congruency, and personality conflicts. In addition, the study identified 18 additional external variables to the main external variables of time, liability of data integrity and asymmetrical information, the Act, stakeholders, creditors, complexity, security, form of ownership, and reasonable prospect. The additional external variables included cause of distress, severity of distress, internal business operation, peer commentary, availability of post commencement financing (PCF), the industry, PESTEL, management cognition, the top management team (TMT), resource munificence, delayed action, "runway length", industry / market demand, politics, unions, legal risk, and the mandate.

This research has provided valuable insight into the variables that have the greatest influence on decision-making during a distressed business event. Experience was identified as the most important personal variable which assisted participants to navigate the various challenges of a DBE. Experience was also important to preserving one's reputation and meant that the case had an increased reasonable prospect since the practitioner could successfully navigate the DBE. Participants also valued their reputations a great deal, since a poor reputation could lead to public scrutiny, losing future appointments, and difficulty dealing with stakeholders. The Act was important since it provided the framework (particularly to business rescue practitioners) to deal with their duties, as well as the mandate to perform their work. Both creditors and stakeholders had an effect on decision-making as well as reasonable prospect, and practitioners therefore had the responsibility to balance the interest of all parties.

Unsurprisingly time was also identified as an important variable for participants of this study. Time is an important resource for DDMs, since it is limited but required in order to conduct thorough investigations into the affairs of the organisation. Time was found to influence the reasonable prospect of the DBE, since the less time available to the DDM the poorer the outlook of the case. Liability of data integrity also had an influence on reasonable prospect, since DDMs need accurate and complete data in order to make the best decisions for the organisation. Lastly, this research identified that everything is about reasonable prospect which is an interpretation by the individual and therefore influenced by perception, time, liability of data integrity, creditors, stakeholders, education, and experience. There cannot be a single standard, but all of the participants agreed that reasonable prospect is the one thing that is central to the decision-making process, both prior to and during a distressed business event.

In addition to the identification of relevant and new variables, this paper developed a framework which showed that awareness, and severity had an impact on the DDMs confidence to make decisions, as well as the personal and external variables present during a DBE. These factors and variables in turn influenced causality and effectuation. These factors, variables and influences constitute distressed decision-making. Awareness was important for DDMs on a continuous basis, and DDMs identified that they were often aware that variables and influences existed in their decision-making processes, and expressed the

need to identify, and comprehend information under time constraints, as well as predict future outcomes or implications of the decisions they had to make. Further to this, the severity of distress determined the comprehension required by the DDM to problem-solve and make decisions. Awareness and severity of distress were influencing factors on the confidence of a DDM to make decisions, and it was found that confidence influenced the quality of the decision-making process. Confidence also determined the ability of the DDM to deal with the various variables of a DBE. However, variables also had an influence on the confidence of the DDM during a DBE. Causality was defined by awareness, severity, confidence, and the various variables, and was found to be applicable when more routine decision making was required and when DDMs had similar outcomes or goals in mind across various DBEs. However, since many DBEs are different and call for flexibility by the DDM in the decision-making process, it was also found that DDMs had to imagine new outcomes based on the circumstances of the DBE, rather than plan to achieve a specific outcome.

This research has therefore contributed to the literature on turnaround and business rescue, as well as distressed decision-making. In addition, this research has identified major influencing variables on the decision-making process, as well as identified dominating variables, and facilitated a better understanding of the variables of decision-making present in distressed business environment. This research has also developed a decision-making framework. Lastly, this research touched on the differences in decision-making between business rescue practitioners and turnaround professionals.

7.2   LIMITATIONS AND RECOMMENDATIONS FOR FUTURE RESEARCH

There is no study without limitations and is the case in this study. Firstly, the sample used is not representative of all distressed decision-makers (i.e., business rescue practitioners and turnaround professionals). The results of this study were based on the participants' personal experiences with turnaround or business rescue, and it is clear that the participants may have vastly different experiences with distressed decision-making, and therefore results cannot be generalised to all distressed decision-makers. However, although the findings cannot be generalised, this study provides a starting point for future research into decision-making of distressed decision makers, and the factors that influence decision-making. Secondly, the participants in this study all resided in the Gauteng province of South Africa.

An improvement to the study should include more participants from all nine provinces in the country.

Future research could consider distressed decision-making across different phases of a distressed business even, for example, prior to appointment, immediately after appointment, and during a recovery stage of the DBE. Furthermore, research might also consider looking at distressed decision-making of the same participants during different cases, for instance more routine cases might differ from cases that pose unique scenarios. A DDM might follow a different decision-making process during different cases, and may illicit different causal maps based on the situation they are presented with. In addition, more in depth research could be done to explore the potential differences in distressed decision-making between business rescue practitioners and turnaround professionals. Research could also explore the reliance of DDMs on colleagues, and likeminded networks to determine the impact on distressed decision-making. Similar research could be conducted to explore the decision-making of creditors during a distressed business event. Lastly, similar research could be conducted exploring decision-making of liquidators during the liquidation process.

8   LIST OF REFERENCES

Agostini, M. 2018. *Corporate financial distress: Going concern evaluation in both international and US contexts*. Switzerland: Springer.

Ajzen, I. 2020. The theory of planned behavior: Frequently asked questions. *Human Behavior and Emerging Technologies*, 2(4):314-324.

Alexander, I.K. & Hjortsø, C.N. 2019. Sources of complexity in participatory curriculum development: An activity system and stakeholder analysis approach to the analyses of tensions and contradictions. *Higher Education*, 77(2):301-322.

Alexander, A., De Smet, A. & Weiss, L. 2020. Decision making in uncertain times*. McKinsey Quarterly*, March 2020:1-6.

Amason, A.C. & Mooney, A.C. 2008. The Icarus paradox revisited: How strong performance sows the seeds of dysfunction in future strategic decision-making. *Strategic Organization*, 6(4):407-434.

Angelis, A., Lange, A. & Kanavos, P. 2018. Using health technology assessment to assess the value of new medicines: results of a systematic review and expert consultation across eight European countries. *The European Journal of Health Economics*, 19(1):123-152.

Annamalai, R. 2017. *A Legal Analysis of Bank Payment Obligations.* Doctoral dissertation. University of Johannesburg. [Online] Available from: https://ujcontent.uj.ac.za/esploro/outputs/graduate/A-legal-analysis-of-Bank-Payment/9911572507691#file-0 [Downloaded: 2022-11-03].

Arai, M. 2015. *Improved managerial decision-making frame: Case: A Financial Services Organization*. Unpublished master's dissertation. Haaga-Helia, University of Applied Sciences. [Online] Available from: https://www.theseus.fi/bitstream/handle/10024/92626/Arai%20Masood.pdf?sequence=1 [Downloaded: 2020-08-20].

Ayiecha, F.O. & Senaji, T.A. 2014. Moderating effect of organizational culture on the implementation of turnaround strategy. *Journal of Business and Management*, 16(4):88-93.

Azman, H., Yi, C.X. & Abdullah, M.M. 2018. The effect of Facebook adverting on generation Y purchase decision. *The Journal of Technology Management and Technopreneurship*, 6(1):31-46.

Baker, V.L. & Duhaime, I.M. 1997. Strategic change in the turnaround process: Theory and empirical evidence. *Strategic Management Journal*, 18(1):13-38.

Bazarbekova, A.D & Andekina, R. 2013. *Managerial decision-making in distress situations* [Online] Available from https://www.almau.edu.kz/upload/pdf/Managerial_decision_ making_%D0%9A%D0%B0%D1%80%D1%88%D0%B0%D0%BB%D0%BE%D0%B2%D0%B0.pdf#page=11 6 [Accessed: 2021-11-12].

Bearth, M.A. 2016. *Employee Contributions to Organizational Decision-Making Processes and Outcomes. Unpublished master's thesis.* Minnesota: St. Catherine University. [Online] Available from: http://sophia.stkate.edu/cgi/viewcontent.cgi?article= 1018&context=maolhonors [Downloaded: 2020-08-23].

Beers, P.J., Kirschner, P.A., Van den Bossche, P. & Gijselaers, W. 2002. *Decision-support and complexity in decision making.* [Online] Available from: https://www.researchgate.net/profile/Paul-Kirschner/publication/228760441_Decision-support_and_ Complexity_in_Decision_Making_ACADEMIC_TRACK/links/0fcfd5086c06e2997c000000/Decision-support- and-Complexity-in-Decision-Making-ACADEMIC-TRACK.pdf [Downloaded: 2020-08-23].

Bettman, J.R. 1973. Perceived risk and its components: A model and empirical test. *Journal of marketing research*, 10(2):184-190.

Bhatia, M. & Kaur, N. 2017. An Empirical study of Value Derivation in selected Telecom Service Providers in India. *International Research Journal of Management and Commerce,* 4(9):338-357.

Bhatti, W.K., Bashir, R. & Nadeem, M. 2015. Impact of conflict on organizational commitment of the employees. *Global Management Journal for Academic & Corporate Studies,* 5(1):114-123.

Bhimavarapu, V.M., Rastogi, S. & Kanoujiya, J. 2023. Ownership concentration and its influence on transparency and disclosures of banks in India. *Corporate Governance: The International Journal of Business in Society*, 23(1):18-42.

Biddle, B.J. 1979. *Role theory: Expectations, identities, and behaviors*. New York: Academic Press.

Bisong, P. & Oti, A. 2021. Hegelian Dialectics as an Approach to Organisational Conflict Management. *Pinisi Journal of Art, Humanity and Social Studies*, 1:1-6.

Boateng, G.O. 2021. A challenge to sustainable livelihood. In Williams, A. & Luginaah, I. (eds.) *Geography, Health, and Sustainability: Gender Matters Globally*. New York, NY: Routledge.

Bock, G.W., Sabherwal, R. & Qian, Z. 2008. The effect of social context on the success of knowledge repository systems. *IEEE Transactions on Engineering Management*, 55(4):536-551.

Bosnjak, M., Ajzen, I. & Schmidt, P. 2020. The theory of planned behavior: Selected recent advances and applications. *Europe's Journal of Psychology*, 16(3):352-356.

Bradstreet, R. 2011. The new business rescue: Will creditors sink or swim? *South African Law Journal*, 128(2):352-380.

Braun, V. & Clarke, V. 2006. Using thematic analysis in psychology. *Qualitative Research in Psychology,* 3:77-101.

Bronner, R. 1993. Decision-making in complex situations-results of German empirical studies. *Management International Review*, 33(1):7-25.

Brown, P.T. 2021. Quantum Theory and Samuel Beckett's Endgame. *Configurations*, 29(3):241-265.

Bryson, J.M., Ackermann, F., Eden, C. & Finn, C.B. 2004. *Visible thinking: Unlocking causal mapping for practical business results*. John Wiley & Sons.

Burke-le Roux, A. & Pretorius, M. 2017. Exploring entrepreneurial learning during formal business rescue processes: Insights from the South African experience. *SA Journal of Human Resource Management*, 15(1):1-15.

Calitz, J. & Freebody, G. 2016. Is post-commencement finance proving to be the thorn in the side of business rescue proceedings under the 2008 Companies Act? *De Jure Law Journal,* 49(2):265-287.

Cambridge Dictionary. 2022. *Industry*. [Online] Available from: https://dictionary.cambridge.org/ dictionary/english/industry [Accessed: 2022-10-31].

Chaudhry, A.A., Malik, M.I. & Ahmad, I. 2011. Examining the relationship of work-life conflict and employee performance (a case from NADRA Pakistan). *International Journal of Business and Management*, 6(10):170-177.

Crichton, M.T., Lauche, K. & Flin, R. 2005. Incident command skills in the management of an oil industry drilling incident: A case study. *Journal of Contingencies and Crisis Management*, 13(3):116-128.

Chowdhury, S.D. & Lang, J.R. 1996. The decline of small firms: a preliminary investigation into the concept of complacency. *Canadian Journal of Administrative Sciences*, 13(4):321-331.

Chung, K.S.K. 2014. Understanding decision making through complexity in professional networks. *Advances in decision sciences*, 2014.

Companies and Intellectual Property Commission. 2021a. *Duties and responsibilities of directors, auditors, company secretaries and business rescue practitioners*. [Online] Available from: http://www.cipc.co.za/index.php?cID=590 [Accessed: 2020-10-25].

Companies and Intellectual Property Commission. 2021b. *Register a Public Company*. [Online] Available from: http://www.cipc.co.za/index.php/register-your-business/companies/register-public-company/ [Accessed: 2021-11-04].

Conradie, S. & Lamprecht, C. 2018. What are the indicators of a successful business rescue in South Africa? Ask the business rescue practitioners. *South African Journal of Economic and Management Sciences*, 21(1):1-12.

Cox, K., Strang, L., Sondergaard, S. & Monsalve, C.G. 2017. *Understanding how organisations ensure that their decision making is fair*. Cambridge: RAND.

Daryani, S.M. & Amini, A. 2016. Management and organizational complexity. *Procedia-Social and Behavioral Sciences,* 230:359-366.

Daugirdienė, A., Petrulytė, A. & Brandišauskienė, A. 2018. Abilities of 4-7 years old children to provide independent explanations and generalisations of causality. *European journal of contemporary education,* 7(1):60-72.

De Abreu, N.V.A. 2018. An exploration of the costs associated with business rescue in South Africa. Unpublished master's thesis. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/70066/DeAbreu_Exploration_ 2019.pdf?sequence=1 [Downloaded: 2020-08-22].

De Villiers, J. & Kotze, E. 2003. Work-life balance: A study in the petroleum industry. *SA Journal of Human Resource Management*, 1(3):15-23.

DiCicco-Bloom, B. & Crabtree, B.F. 2006. The qualitative research interview. *Medical Education,* 40:314-321.

Dittfeld, H., Scholten, K. & Van Donk, D.P. 2018. Burden or blessing in disguise: interactions in supply chain complexity. *International Journal of Operations & Production Management*, 38(2):314-332.

Dreher, J.C. 2007. Sensitivity of the brain to loss aversion during risky gambles. *Trends in cognitive sciences*, 11(7):270-272.

du Preez, W. 2012. *The status of post-commencement finance for business rescue in South Africa.* Unpublished doctoral thesis. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/29597/dissertation_2012.pdf? sequence=1 [Downloaded: 2020-08-23].

Duening, T., Shepherd, M. & Czaplewski, A. 2012. How entrepreneurs think: Why effectuation and effectual logic may be the key to successful enterprise entrepreneurship. *International Journal of Innovation Science*, 4(4):205-216.

Eshun, C. & Duah, F. 2011. *Rewards as a Motivation tool for Employee Performance*. [Online] Available from: https://www.diva-portal.org/smash/get/diva2:832968/FULLTEXT01.pdf [Downloaded: 2020-09-06].

Fishbein, M. & Ajzen, I. 1975. *Belief, Attitude, Intention, and Behavior: An Introduction to Theory and Research*. Reading, MA: Addison-Wesley.

Forsythe, S.M. & Shi, B. 2003. Consumer patronage and risk perceptions in Internet shopping. *Journal of Business research*, 56(11):867-875.

Fredenberger, W.B. & Bonnici, J. 1994. Turnaround phases: extending the life cycle theory. *American Business Review*, 12(1):59-65.

Furlough, C.S. & Gillan, D.J. 2018. Mental models: structural differences and the role of experience. *Journal of Cognitive Engineering and Decision Making*, 12(4):269-287.

Gazel, S. 2015. The regret aversion as an investor bias. *International Journal of Business and Management Studies*, 4(2):419-424.

Gill, P., Stewart, K., Treasure, E. & Chadwick. B. 2008. Methods of data collection in qualitative research: interviews and focus groups. *British Dental Journal,* 204(6):291-295.

Güss, C.D. & Robinson, B. 2014. Predicted causality in decision making: the role of culture. *Frontiers in Psychology*, 5:1-4.

Goodman, S.J. 1982. *How to Manage a Turnaround*. New York, NY: Free Press.

Gordon, J. 2018*. Research on post commencement finance data from South African companies in business rescue*. Master's thesis. Cape Town: University of Cape Town. [Online] Available from: https://open.uct.ac.za/bitstream/handle/11427/29551/thesis_com_2018 _gordon_justin.pdf?sequence=1 [Downloaded: 2020-10-16].

Greenwald, L. 1995. *How to avoid 'thinking on your feet'*. In Extending Theories of Action: Formal Theory and Practical Applications: Papers from the 1995 AAAI Spring Symposium, 88-93.

Hamilton, R., Thompson, D., Bone, S., Chaplin, L.N., Griskevicius, V., Goldsmith, K., Hill, R., John, D.R., Mittal, C., O'Guinn, T. & Piff, P. 2019. The effects of scarcity on consumer decision journeys. *Journal of the Academy of Marketing Science*, 47(3):532-550.

Hämmig, O., Gutzwiller, F. & Bauer, G. 2009. Work-life conflict and associations with work- and nonwork-related factors and with physical and mental health outcomes: a nationally representative cross-sectional study in Switzerland. *BMC Public Health*, 9(1):1-15.

Harridge-March, S. & Quinton, S. 2005. Initiation of Trust and Management of Risk in On-Line Retailing: UK On-Line Wine Market. *International Journal of Wine Marketing*, 17(2):5-20.

Harvey, N. 2011. *Turnaround management and corporate renewal: A South African perspective*. Wits University Press.

Harvey, N. & Fischer, I. 2014. *Development of experience-based judgment and decision making: The role of outcome feedback*. In Betsch, T. & Haberstroh, S. (eds.) The routines of decision making, Psychology Press.

Huang, T. 2018. Research on the Relationship among Board Management Cognition, Strategic Flexibility and Corporate Performance of Listed Companies in Media. *American Journal of Industrial and Business Management*, 8(5):1327-1343.

Hauser, A., Eggers, F. & Güldenberg, S. 2020. Strategic decision-making in SMEs: effectuation, causation, and the absence of strategy. *Small Business Economics*, 54:775-790.

Higgins, G. & Freedman, J. 2013. Improving decision making in crisis. *Journal of Business Continuity & Emergency Planning*, 7(1):65-76.

Holton, E.F. & Naquin, S. 2005. A critical analysis of HRD evaluation models from a decision-making perspective. *Human Resource Development Quarterly*, 16(2):257-280.

Holtzhauzen, G.T.D. 2011. *Modelling business turnaround strategies using verifier determinants from early warning signs theory.* Unpublished doctoral thesis. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream /handle/2263/28693/Complete.pdf?sequence=10 [Downloaded: 2020-07-15].

Huffman, W.E. 1974. Decision making: The role of education. *American Journal of Agricultural Economics,* 56(1):85-97.

Hummel, D., Toreini, P. & Maedche, A. 2018. Improving digital nudging using attentive user interfaces: Theory development and experiment design*. DESRIST Proceedings*, 2018:1-37.

Irungu, V. 2017. *Turnaround strategies influencing recovery of commercial banks under receivership programme in Kenya: A case of Chase Ban*k. Doctoral thesis. University of Nairobi. [Online] Available from: http://erepository.uonbi.ac.ke/bitstream/handle/11295/102317/ Irungu_Turnaround%20Strategies%20Influencing%20Recovery%20of%20Commercial%20Banks%20Under% 20Receivership%20Programme%20in%20Kenya.pdf?sequence=1 [Downloaded: 2023-02-05].

Jackson, S. & Harel, A. 2017. Systems engineering decisions analysis can benefit from the added consideration of cognitive sciences. Systems Engineering, 55.

Janse van Rensburg, A.C. 2016. *Factual evaluation of rescue feasibility: a reasonable prospect approach*. Unpublished master's thesis Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/57157/JansevanRensburg_Factual _2016.pdf?sequence=1 [Downloaded: 2021-11-14].

Jayasuriya, R. & Bhadra, J.H.A. 2014. *The moderating effect of compartmentalization on role consensus and work-life balance: an investigation on managerial level employees in domestic commercial banks in Sri Lanka*. Paper presented at the 11th International Conference on Business Management, Sri Lanka, 11-12 December:168-187.

Jennings, E.T., Hall, J.L. & Zhang, Z. 2012. The American recovery and reinvestment act and state accountability. *Public Performance & Management Review*, 35(3):527-549.

Jensen, D. 2008. Confirmability. In: Given, L.M. (ed.) *The Sage encyclopaedia of qualitative research methods.* Thousand Oaks, CA: Sage. [Online] Available from: http://methods.sagepub.com.uplib.idm.oclc.org/reference/sage-encyc-qualitative-research-methods/n60 .xml [Accessed: 2021-11-16].

Jones, G. & George, J. 2016. *Contemporary Management.* 9th ed. Boston, MA: Irwin/McGraw-Hill.

Jordan, P.J., Ashkanasy, N.M. & Lawrence, S.A. 2006. Linking job insecurity to negative decision making: The mediating role of job tension. *20th Annual Conference of the Australian and New Zealand Academy of Management,* December:1-20.

Joutsen, M. 2009. *Risk Aversion-Examining What Affects Finnish Investors' Willingness to Take Risk in Financial Decisions*. Unpublished bachelor thesis. Finland: Lappeenranta University of Technology. [Online] Available from: https://lutpub.lut.fi/bitstream/handle/10024/45116/nbnfi-fe200905181493.pdf?sequence=3 [Downloaded: 2021-11-15].

Kaatiala, L.P.S. 2021. *SMEs' decision-making at the pre-internationalization phase: The interplay of causation and effectuation*. Master's thesis. University of VAASA. [Online] Available from: https://osuva.uwasa.fi/bitstream/handle/10024/14215/UniVaasa_2021_Kaatiala_Lauri. pdf?sequence=2&isAllowed=y [Downloaded: 2023-02-05].

Katarelos, E.D. 2008. The Safety Cost and Its Fair Distribution to Air Transport Industry's Stakeholders. *Air Transport Research Society 12th World Conference*. [Online] Available from: https://www.academia.edu/download/30465311/FINAL-KATARELOS-NR325.pdf [Downloaded: 2020-10-08].

Kaya, İ. & Kahraman, C. 2010. Development of fuzzy process accuracy index for decision making problems. *Information Sciences*, 180(6):861-872.

Keinan, G. 1987. Decision making under stress: scanning of alternatives under controllable and uncontrollable threats. *Journal of personality and social psychology*, 52(3):639-644.

Keinan, R. & Bereby-Meyer, Y.2012. " Leaving it to chance"--Passive risk taking in everyday life. *Judgment & Decision Making*, 7(6):705-715.

Khandwalla, P.N. 1983. Turnaround management of mismanaged complex organizations. *International Studies of Management & Organization*,*13*(4):5-41.

Khedmatgozar, H.R. & Shahnazi, A. 2018. The role of dimensions of perceived risk in adoption of corporate internet banking by customers in Iran. *Electronic Commerce Research*, 18(2):389-412.

Kidane, H.W. 2004. *Predicting financial distress in IT and services companies in South Africa.* Unpublished doctoral thesis. University of the Free State. [Online] Available from: https://scholar.ufs.ac.za/bitstream/handle/11660/1117/KIDANEHW.pdf?sequence=1&isAllowed=y [Downloaded: 2021-11-05].

Kim, S., Hwang, J. & Zhang, X.A. 2016. *The Impact of Organizations' Ethical Approaches in Times of Crisis.* Online] Available from: https://www.researchgate.net/profile/Sora-Kim-5/publication/309399237_The_Impact_of_Organizations%27_Ethical_Approaches_in_Times_of_Crisis/links/5ea05a3745851564fc34c871/The-Impact-of-Organizations-Ethical-Approaches-in-Times-of-Crisis.pdf [Downloaded: 2020-10-18].

King, N. & Brooks, J. 2018. Chapter 14 | Thematic Analysis in Organisational Research. In Cassell, C., Cunliffe, A.L. & Grandy, G. (eds.) *The SAGE Handbook of Qualitative Business and Management Research Methods: Methods and Challenges* [Online] Available from: https://methods-sagepub-com.uplib.idm.oclc.org/book/the-sage-handbook-of-qualitative-business-and-management-research-methods-v2/i1680.xml?fromsearch=true [Downloaded: 2021-11-18].

Kittisarn, A. 2003. *Decision-making: being a study to develop a decision-making style to amalgamate best management practice with traditional Thai society and culture.* Unpublished doctoral dissertation. Southern Cross University. [Online] Available from: https://researchportal.scu.edu.au/esploro/fulltext/doctoral/Decision-making--being-a-study/991012822166902368?repId=12673366500002368&mId=13674516100002368&institution=61SCU_INST [Downloaded: 2021-11-22].

Klein, G.A. & Klinger, D. 1991. Naturalistic Decision-Making Human Systems. *IAC Gateway*, 2(1):16-19.

Koporčić, N., Tolušić, Z. & Rešetar, Z. 2017. The importance of corporate brands for decision making in the business-to-business context. *Ekonomski vjesnik/Econviews-Review of Contemporary Business, Entrepreneurship and Economic Issues*, 30(2):429-440.

Kow, G. 2004. Turning around business performance: Part I. *Journal of Change Management*, 4(3):229-246.

Kuechle, G., Boulu-Reshef, B. & Carr, S.D., 2016. Prediction-and control-based strategies in entrepreneurship: The role of information. *Strategic Entrepreneurship Journal*, 10(1):43-64.

Lainema, T. 2004. Learning Decision-Making in a Complex World. Decision Support in an Uncertain and Complex World. *The IFIP TC8/WG8.3 International Conference*, 2004:436-446.

Larkin, Y., 2010. *Product demand characteristics, brand perception, and financial policy*. [Online] Available from: http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.720. 5537&rep=rep1&type=pdf [Downloaded: 2021-11-05]

Le Roux, I. & Duncan, K. 2013. The naked truth: creditor understanding of Business Rescue: A Small Business perspective. *The Southern African Journal of Entrepreneurship and Small Business Management*, 6(1):57-74.

Lebeloane, V.M. 2017. *An evaluation of business rescue plans based on business rescue principles and guidelines to determine leading indicators of business rescue outcomes* Unpublished doctoral thesis. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/59850/Lebeloane_Evaluation _2017.pdf?sequence=1 [Downloaded: 2020-09-18].

Lee, S., Koh, Y. & Kang, K.H. 2011. Moderating effect of capital intensity on the relationship between leverage and financial distress in the US restaurant industry. *International Journal of Hospitality Management*, 30(2):429-438.

Levenstein, E. 2011. *Business rescue: problems and pitfalls.* Paper presented at The Premier Corporate Governance Conference, Johannesburg, 13-14 September:1-60. [Online] Available from: http://www.chartsec.co.za/documents/2011SpeakerPresentations/ EricLevenstein .pdf [Downloaded: 2021-11-05].

Levenstein, E., Winer, P., Brown, W., & du Preez, L. 2011. *A guide to business rescue.* [Online] Available from: http://www.werksmans.com/wp-content/uploads/2013/04/2011-06-Business-Rescue-FINAL-updated-electronic.pdf [Downloaded: 2021-11-05].

Levenstein, E. & Barnett, L. n.d. *Basics of business rescue.* [Online] Available from: http://www.werksmans.com/wp-content/uploads/2013/04/Werksmans-Basics-of-Business-Rescue.pdf [Downloaded: 2021-11-05].

Lipicnik, B. 2002. *Knowledge and Decision Making–Do We Want What We Need?.* Online] Available from: https://proceedings.informingscience.org/IS2002Proceedings/papers/lipic085Knowl.pdf [Downloaded: 2020-10-05].

Lortal, G., Capet, P. & Bertone, A. 2014. Ontology building for cognitive bias assessment in intelligence. *IEEE International Inter-Disciplinary Conference on Cognitive Methods in Situation Awareness and Decision Support (CogSIMA),* March:237-243.

Loubser, A. 2004. Judicial management as a business rescue procedure in South African corporate law. *SA Mercantile Law Journal*, 16(2):137-163.

Louw, L. & Venter, P. 2022. *Strategic management: developing sustainability in southern Africa.* 3rd ed. South Africa: Cape Town: Oxford University Press.

Lysek, M.T. 2018. A Grounded Theory on Obtaining Congruence in Decision Making. *Grounded Theory Review*, 17(1):70-85.

Ma, C., Au, N. & Ren, L. 2020. Biased minds experience improved decision-making speed and confidence on social media: a heuristic approach. *Information Technology & Tourism*, 22(4):593-624.

Madden, T.J., Ellen, P.S. & Ajzen, I. 1992. A comparison of the theory of planned behavior and the theory of reasoned action. *Personality and Social Psychology Bulletin*, 18(1):3-9.

Manor-Binyamini, I. 2014. *Language and Discourse in Special Education: Understanding Ethnographic Interdisciplinary Team Culture.* Springer.

Markíczy, L. & Goldberg, J. 1995. A method for eliciting and comparing causal maps. *Journal of Management*, 21(2):305-333.

Marsden, M. & Osborne, J. 2014. *Total client services limited first meeting of creditors.* [Online] Available from: http://www.tcsonline.co.za/images/Annexure%20D-%20%20First%20Meeting%20of%20Creditors%20Presentation.pdf [Downloaded: 2021-11-05].

Martins, F.S. & Serra, F.A.R. 2017. Testing threat-rigidity thesis through the combined effects of antecedents on market orientation. [Online] Available from: http://www.anpad.org.br/abrir_pdf.php?e=MjMyNDg= [Downloaded: 2021-11-06].

Matuson Associates. 2019. *When crisis threatens the continuity of a business, we deliver services that best respond to complex challenges.* [Online] Available from: https://matusonassociates.co.za/services/engagements/business-rescue/ [Accessed: 2019-10-18].

Mayer, B.W. & Dale, K. 2010. The impact of group cognitive complexity on group satisfaction: A person-environment fit perspective. *Journal of Behavioral and Applied Management*, 12(1):24-47.

McLeay, F., Yoganathan, V., Osburg, V.S. & Pandit, A. 2018. Risks and drivers of hybrid car adoption: A cross-cultural segmentation analysis. *Journal of Cleaner Production*, 189:519-528.

McCray, J. 2002. *Towards a conceptual framework for interprofessional practice in the field of learning disability.* Doctoral dissertation. University of Southampton. [Online] Available from: https://eprints.soton.ac.uk/464825/1/883656.pdf [Accessed: 2022-10-30].

Merriam, S.B. 2009. *Qualitative research: a guide to design and implementation.* San Francisco, CA: Jossey-Bass.

Michniuk, A., Gansser, O. & Schmitz, S.O. 2019. Social comparison as a moderator between perceived social risk and purchase intention. *Communication Today*, 10(1):124-141.

Midanek, D.H. 2002. How to pick the right turnaround manager. *The Journal of Private Equity*, 5(4):21-24.

Miro. 2021. *About Miro.* [Online] Available from: https://miro.com/about/ [Accessed: 2021-11-18].

Mphahlele, D.N. 2022. *The Effect of Launching a Business Rescue Application After the Commencement of Liquidation Proceedings*. University of Johannesburg. [Online] Available from: https://ujcontent.uj.ac.za/esploro/fulltext/graduate/The-effect-of-launching-a-business/9916010007691?repId=126849890007691&mId=136849880007691&institution=27UOJ_INST [Downloaded: 2023-07-18].

Mphuthi, T. 2019. *Critical competencies of successful business rescue practitioners in South Africa.* Doctoral thesis. University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/73996/Mphuthi_Critical_2019.pdf?sequence=1 [Downloaded: 2022-10-25].

Munir, F., Nielsen, K., Garde, A.H., Albertsen, K. & Carneiro, I.G. 2011. Mediating the effects of work–life conflict between transformational leadership and health-care workers" job satisfaction and psychological wellbeing. *Journal of Nursing Management*, 20(4):512-521.

Naderpour, M., Lu, J. & Kerre, E. 2011. *A Conceptual Model for Risk-Based Situation Awareness.* In Wang, Y. & Li, T. (eds) Foundations of Intelligent Systems. Advances in Intelligent and Soft Computing, Berlin: Springer.

Naidoo, T., Patel, A. & Padia, N. 2018. Business rescue practices in South Africa: An explorative view. *Journal of Economic and Financial Sciences*, 11(1):1-9.

Namdeo, R.P. 2017. Impact of education on decision-making ability of women. *Educational Quest-An International Journal of Education and Applied Social Sciences*, 8:431-434.

Nazir, T., Shah, S.F.H. & Zaman, K. 2012. Literature review on total rewards: An international perspective. *African Journal of Business Management*, 6(8):3046-3058.

Neama, G., Alaskar, R. & Alkandari, M. 2016. Privacy, security, risk, and trust concerns in e-commerce. *Proceedings of the 17th International Conference on Distributed Computing and Networking*, January:1-6.

Nilsson, V., Callerud, S. & Mohamed, G. 2014. *What influence the influencers influence?: An exploratory case study on how management decision-making process is influenced by expansion to China.* Unpublished bachelor thesis. Sweden: Linnaeus University. [Online] Available from: https://www.diva-portal.org/smash/get/diva2:728385/FULLTEXT01.pdf [Downloaded: 2021-11-06].

Navarro, G., Caballero, I., Silva, G., Parra, P.C., Vázquez, Á. & Caldeira, R. 2017. Evaluation of forest fire on Madeira Island using Sentinel-2A MSI imagery. *International Journal of Applied Earth Observation and Geoinformation*, 58:97-106.

Olori, W.O. & Edem, A.L. 2017. Intrinsic reward strategies and employee performance in Nigeria's microfinance industry. *International Journal of Economics and Business Management*, 3(3):46-52.

Oxford English Dictionary. 2019a. *Causality*. [Online] Available from: https://www-oed-com.uplib.idm.oclc.org/view/Entry/29133?redirectedFrom=causality#eid [Accessed: 2019-10-15].

Oxford English Dictionary. 2019b. *Security*. [Online] Available from: https://www-oed-com.uplib.idm.oclc.org/view/Entry/174661?redirectedFrom=security#eid [Accessed: 2019-10-17].

Ozer, M. 2005. Factors which influence decision making in new product evaluation. *European journal of operational research*, 163(3):784-801.

Pasi, G., Viviani, M. & Carton, A. 2019. A multi-criteria decision-making approach based on the Choquet integral for assessing the credibility of User-Generated Content. *Information Sciences*, 503:574-588.

Patel, M. & Nagl, S. 2010. Coping with complexity: modelling of complex systems. *The Role of Model Integration in Complex Systems Modelling*, 33-55.

Pearce, J.A. & Robbins, D.K.1993. Towards improved theory and research in turnaround. *Journal of Management*, 19(3): 613-636.

Percy, W.H., Kostere, K. & Kostere, S. 2015. Generic qualitative research in psychology. *The Qualitative Report,* 20(2):78-85.

Persaud, N. 2010. Interviewing. In: Salkind, N.J. (ed.) *Encyclopedia of research design.* Thousand Oaks, CA: Sage. [Online] Available from http://methods.sagepub.com.uplib. idm.oclc.org/Reference//encyc-of-research-design/n197.xml [Accessed: 2021-11-16].

Philbin, J.P., 2005. *Strategic decision-making. Group behavior, and public relations strategies.* University of Maryland, College Park.

Phillips-Wren, G., Power, D.J. & Mora, M. 2019. Cognitive bias, decision styles, and risk attitudes in decision making and DSS. *Journal of Decision Systems*, 28(2):63-66.

Plano Clark, V.L. & Creswell, J.W. 2015. *Understanding research: a consumer's guide.* 2nd ed. Upper Saddle River, NJ: Pearson.

Pluut, H. 2016. *A balanced examination of inter-role conflict.* Published doctoral thesis. Netherlands: Tilburg University. [Online] Available from: https://pure.uvt.nl/ws/files/9489101/Pluut_A_balanced_06_01_2016.pdf [Downloaded: 2020-10-05].

Polit, D.F. & Beck, C.T. 2012. *Nursing research: generating and assessing evidence for nursing practice.* 9th ed. Philadelphia, PA: Wolters Kluwer Health | Lippincott Williams & Wilkins.

Pretorius, M. 2008. When Porter's generic strategies are not enough: complementary strategies for turnaround situations. *Journal of Business Strategy*, 29(6):19-28.

Pretorius, M. & Holtzhauzen, G.T.D. 2008. Critical variables of venture turnarounds: A liabilities approach. *Southern African Business Review*, 12(2):87-107.

Pretorius, M. 2009. Leadership liabilities of newly appointed managers: arrive prepared. *Strategy & Leadership*, 37(4):37-42.

Pretorius, M. 2010. Drivers and moderators of business decline. *Acta Commercii*, 10(1):218-233.

Pretorius, M. 2013. Tasks and activities of the business rescue practitioner: A strategy as practice approach. *Southern African Business Review*, 17(3):1-26.

Pretorius, M. & Du Preez, W. 2013. Constraints on decision making regarding post-commencement finance in business rescue. *The Southern African Journal of Entrepreneurship and Small Business Management*, 6(1):168-191.

Pretorius, M. & Holtzhauzen, G. 2013. Business rescue decision making through verifier determinants-ask the specialists. *South African Journal of Economic and Management Sciences*, 16(4):468-485.

Pretorius, M. 2014. A competency framework for the business rescue practitioner profession, *Acta Commercii*, 14(2):1-15.

Pretorius, M. 2016. The debtor-friendly fallacy in business rescue: Agency theory moderation and quasi relationships. *South African Journal of Economic and Management Sciences*, 19(4):479-496.

Pretorius, M. 2017. A framework for turnaround practitioners to assess reasonable prospect for ventures operating in the zone of insolvency. *South African Journal of Business Management*, 48(4):57-70.

Pretorius, M. 2018. Business rescue decision-making: Post-mortem evaluation of an 'orgy'. *South African Journal of Economic and Management Sciences*, 21(1):1-14.

Pretorius, M. 2018. Stakeholder dynamics moderation for distressed firms entering turnaround and business rescue: who and what counts?. *International Journal of Management and Decision Making*, 17(3):299-321.

Pretorius, M. & Fairhurst, K.J. 2019. Boundaries within boundaries: Identifying the boundaries facing private firms that are in financial distress. *The Southern African Journal of Entrepreneurship and Small Business Management*, 11(1):1-12.

Prior, V, 2014. *A pre-assessment checklist to filing for business rescue in South Africa*. Doctoral dissertation. University of Pretoria. [Online] Available from: https://repository.up.ac.za /bitstream/handle/2263/45009/Prior_Assessment_2014.pdf?sequence=1 [Downloaded: 2022-10-29].

Rajaram, R., 2016. *Success factors for business rescue in South Africa.* Unpublished doctoral thesis. University of Kwazulu-Natal. [Online] Available from: https://ukzn-dspace.ukzn.ac.za/bitstream/handle/10413/16399/Rajaram_Rajendra_2016.pdf?sequence=1&isAllowed=y [Downloaded: 2020-08-25].

Rajaram, R., Singh, A.M. & Sewpersadh, N.S. 2018. Business rescue: Adapt or die. *South African Journal of Economic and Management Sciences*, 21(1):1-13.

Raubenheimer, W. 2012. *Companies act – business rescue*. [Online] Available from: http://www.mazars.co.za/mazarspage/download/119437/19866406/file/Business%20Rescue%20-%20Sep %2012.pdf [Downloaded: 2019-08-18].

Research Methodology. 2016. *Epistemology.* [Online] Available at: http://research-methodology.net/research-philosophy/epistomology/ [Accessed: 2021-11-18].

Rosslyn-Smith, W.J. 2018. *Exploring the commencement standard for business rescue*. Doctoral dissertation. Pretoria: University of Pretoria. [Online] Available from: https://repository.up.ac.za/bitstream/handle/2263/67889/Rosslyn-Smith_Exploring_2018.pdf?sequence=1 [Downloaded: 2019-09-20].

Rosslyn-Smith, W., De Abreu, N.V.A. & Pretorius, M. 2020. Exploring the indirect costs of a firm in business rescue*. South African Journal of Accounting Research*, 34(1):24-44.

Schlüns, H., Welling, H., Federici, J.R. & Lewejohann, L. 2017. The glass is not yet half empty: agitation but not Varroa treatment causes cognitive bias in honey bees. *Animal cognition*, 20(2):233-241.

Shenton, A.K. 2004. Strategies for ensuring trustworthiness in qualitative research projects. *Education for Information*, 22:63-75.

South Africa. 2008. Companies Act, No. 71 of 2003. *Government Gazette*, 526(32121):1-392. [Online] Available from: http://www.gov.za/sites/www.gov.za/files/32121_421_0.pdf [Downloaded: 2019-08-18].

South African Government. 2022. *Register trade union*. [Online] Available from: https://www.gov.za/services/trade-unions/register-trade-union#:~:text=A%20trade%20union%20is%20an, registered%20unions%20have%20additional%20rights. [Accessed: 2022-11-03].

Strime, C. 2012. *Summary Companies Act amendments dealing with business rescue.* [Online] Available at: http://www.fluxmans.com/summary-companies-act-amendments-dealing-with-business-rescue-by-colin-strime/ [Accessed: 2020-10-08].

Sturesson, L., Falk, A.C., Ulfvarson, J. & Lindström, V. 2018. Registered nurses' own experience of using a nurse-initiated pain protocol based on their working experience. Journal of clinical nursing, 27(3-4):829-835.

Sussman, R. & Gifford, R. 2019. Causality in the theory of planned behavior. *Personality and Social Psychology Bulletin*, 45(6):920-933.

Swart, M., 2011. Is incompetence or red tape strangling small business start-ups?: new Companies Act. *Professional Accountant*, 2011(1):12-14.

Te'eni, D. 1989. Determinants and consequences of perceived complexity in human-computer interaction. *Decision Sciences*, 20(1):166-181.

The Turnaround Management Association. 2019. *TMA Education.* [Online] Available from: https://turnaround.org/education [Accessed: 2019-08-18].

Tron, A. 2021. Corporate Distress and Financial Equilibrium: Genesis and Prognosis. In Tron, A. (ed.) *Corporate Financial Distress*. Emerald Publishing Limited.

Tsangarakis, A., 2018. A Critical and Comparative Analysis on the Effect of Business Rescue on Creditors' Rights against Sureties. Unpublished master's thesis, Cape Town: University of Cape Town. [Online] Available from: https://open.uct.ac.za/bitstream /handle/11427/29546/thesis_law_2018_tsangarakis_andreas.pdf?sequence=1 [Downloaded: 2020-08-22].

Turner, D. W. 2010. Qualitative interview design: a practical guide for novice investigators. *The Qualitative Report*, 15(3):754-760.

USDin, S.D. & Bloom, N.M. 2012. Identifying signs a company is in financial distress. *The Legal Intelligencer,* 245:80.

Vaidya, A.R. & Fellows, L.K. 2017. Chapter 22 - The neuropsychology of decision-making: A view from the frontal lobes. In: Dreher, J. & Tremblay, L. (eds.) *Decision Neuroscience.* Academic Press.

Valiente, M.C., Machin, R., García-Barriocanal, E. & Sicilia, M.Á. 2011. An ontology-based integrated approach to situation awareness for high-level information fusion in c4isr. *International Conference on Advanced Information Systems Engineering*, 513-527.

Vidal, L.A., Marle, F. & Bocquet, J.C. 2011. Measuring project complexity using the Analytic Hierarchy Process. *International Journal of Project Management*, 29(6):718-727.

Vitalis Consulting. 2016. *Business rescue: a necessary evil or brilliant business?*. [Online] Available from: http://vitalis.co.za/wp-content/uploads/2016/03/BUSINESS-RESCUE-A-Necessary-Evil-or-Brilliant-Business.pdf [Downloaded: 2020-08-20].

Wallenius, C., Alvinius, A. & Larsson, G. 2020. Decision-making in a military staff context: A qualitative study on norms, challenges and difficulties. *Res Militaris*, 10(1):1-17.

Weyers, M.L. 2000. Selling social work and its 'products' – the theory and practice of social marketing. *Conference of the International Federation of Social Workers*, 2-27.

Winer, R., & Crook, A. 2016. Opening the door to further abuse? *Without Prejudice: Business Rescue Feature*, 16(7):2-3.

Yang, Y., Liu, Y., Li, H. & Yu, B. 2014. Understanding perceived risks in mobile payment acceptance. *Industrial Management & Data Systems*, 115(2):253-269.

Yang, X. & Wu, L. 2022. Specificity of the decision-making mechanism in public corporations. *Managerial and Decision Economics*, 1-11.

Yin, R.K. 2003. *Case study research: Design and methods*. Thousand Oaks, CA: Sage Publications.

Yuriev, A., Dahmen, M., Paillé, P., Boiral, O. & Guillaumie, L. 2020. Pro-environmental behaviors through the lens of the theory of planned behavior: A scoping review. *Resources, Conservation and Recycling*, 155:1-12.

Zureigat, B.N., Fadzil, F.H. & Syed Ismail, S.S. 2014. The relationship between corporate governance mechanisms and going concern evaluation: evidence from firms listed on Amman Stock Exchange. *Journal of Public Administration and Governance*, 4(4):100-110.

APPENDIX A

- Informed consent form and discussion guide-

Consent for participation in an academic research study

Dept. of Business Management

Investigating distressed decision-making of a distressed decision-maker

Research conducted by:
Ms. M. Brinkley (12118762)
Cell: 084 215 6870

Dear participant,

I am Maddison-Lee Brinkley, a Doctoral student from the Department of Business Management at the University of Pretoria. Thank you for agreeing to take part in my research.

The purpose of the qualitative study is to develop a better understanding of the variables that have an effect on decision-making in business distress (formally and informally).

I would like to remind you of the following:

- This study involves a semi-structured personal interview. Your name will not appear in the final research report and the answers you give during the interview will be treated as strictly confidential. You cannot be identified in person based on the answers you give.

- Your participation in this study is very important to me. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.

- The interview will take about 60 minutes of your time.

- The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of the findings on request.

- Please contact my study leader, Prof M. Pretorius, on via e-mail (marius.pretorius@up.ac.za) if you have any questions or comments regarding the study.

Please sign the form to indicate that:

- You have read and understand the information provided above.
- You give your consent to participate in the study on a voluntary basis.

_____   _____

Respondent's signature   Date

– DISCUSSION GUIDE –

INTRODUCTION

Welcome and thank you for your willingness to participate today. My name is Maddison-Lee Brinkley. I am a PhD student from the Department of Business Management at the University of Pretoria conducting a research study for partial fulfilment of the requirements for a PhD degree in Business Management. The purpose of this study is to develop a better understanding of the variables of decisions made by business rescue practitioners (BRP) as well as turnaround professionals (TP), collectively referred to as a distressed decision-maker (DDM) in a distressed business event (DBE).

This interview will take about 40-60 minutes of your time and will include questions regarding the variables that might influence your decision-making process as a distressed decision-maker. I would like to ask for your permission to record this interview, in addition to making notes so I may accurately document the information you convey.

I would like to note that this study involves a semi-structured personal interview, and a structured questionnaire. Your name will not appear in my final research report and the answers you give during the interview will be treated as strictly confidential. You cannot be identified in person based on the answers you give, and therefore I request you to be completely honest in your responses.

Your participation in this study is very important to me. You may, however, choose not to participate and you may also withdraw your participation at any time without any consequences. All of your responses will remain confidential and will only be used to develop a better understanding of the decision-making process and the variables that may have an affect thereon. The results of the study will be used for academic purposes only and may be published in an academic journal. I will provide you with a summary of the findings on request. I kindly ask that you sign this consent form. Thank you.

Do you have any questions or concerns before we begin? Then with your permission we will begin the interview.

MAIN QUESTIONS

I would like to start this interview by talking about your decision-making process/es as a DDM (BRP or TP).

1. How do you decide whether to take on a distressed decision-making event (DBE)?

2. Once you have agreed to take on a DBE, do you have a decision-making process or methodology which you follow?
2.1. If yes, please describe your process.
2.2. If no, why not?

3. Think of a time when you had to make an unpopular decision, did this affect your process as you described above?
3.1. If yes, please elaborate how.
3.2. If no, why not?

4. Think of a time when you were required to make an immediate or critical decision. Describe the decision that had to be made.
4.1. Why was this decision critical?
4.2. If any, what affect did this have on your decision-making process?

5. Assume you have two viable solutions for a problem you need to solve, how do you decide which solution to implement?

6. How do you decide what will get top priority during a DBE?

7. Do you think there are any variables or factors that affect your decision-making during a DBE?
7.1. If yes, please describe these variables.
7.2. If no, why?

From the literature I have identified possible variables that may affect decision-making during a DBE that. These variables include personal variables such as perceived risk,

reward, education, stress, cognitive bias, experience and role conflict; as well as external variables such as time availability, liability of data integrity and asymmetrical information, The Companies Act, stakeholders, complexity, creditors, causality, security, and form of ownership.

These variables and their respective definitions as identified by literature are presented here on this page. With your experience as either a BRP or TP in mind, please read through each definition and answer the following question:

7. Do you think these variables are relevant (do any of these variables affect the decision-making process of a DDM)? (Select relevant / not relevant / modify) (See page 150 for definitions)
7.1. Would you change any of definitions I have described here?
7.2. If yes, why do you think this variable is important?
7.3. If no, why do you think this variable is not important?

8. Are there any other variables that may influence your decision-making process during a DDM that I have not listed here?
8.1. If yes, what are these variables?
8.2. How would you describe this variable?

9. Do you think any of these variables influence the decision-making by BRPs and TP differently?
9.1. If yes, why would these variables have a difference influence?
9.2. If no, why not?

I am now going to ask you to draw a causal map. A causal map merely represents an individual's beliefs about the causal relations between various constructs – in our case, decision-making variables.

10. Of the variables we have listed here, please select the 10 variables you think have the greatest influence on the decision-making process of a DDM. Please write the name of a variable in one of the blocks on this page (see page 154).

11. We are now going to draw arcs (connecting arrows) between the constructs you believe have an influence on one another. Please note that not every variable needs to have an influence on or be influenced by another variable, and that a variable may have an influence on and be influenced by another variable. For example, the *time* available in a DBE may influence the complexity of the DBE, and the complexity of the DBE may influence the time available to make decisions (in this case we would draw an arrow from time to complexity and from complexity to time).

12. We are now going to give each arc two properties, a positive (+) or negative (-) relationship, and a relationship strength.
   - If a relationship is positive, it means that an increase in one will lead to an increase in another, and a decrease in one will lead to a decrease in another.
   - If a relationship is negative, it means that an increase in one will lead to a decrease in another, and a decrease in one will lead to an increase in another.
   - The values for the relationship strength are as follows:
     - 1 for weak
     - 2 for moderate
     - 3 for strong

In our previous example, time may have negative (-) but moderate (2) influence on complexity – such that an increase in the time available for a DBE may lead to decrease in the complexity of a DBE.

Complexity on the other hand may have a positive (+) but strong (3) influence on time – such that an increase in complexity of a DBE may require more time in the decision-making process of the DBE.

13. Is there anything else you would like to add on this topic?

14. Would you kindly fill out this short demographic questionnaire?

Thank you again for your time and willingness to share your insights with me. Would you mind if I sent a follow-up email to you over the next few days? The validity of the findings of my research are very important, would you mind if I sent you a recording of the interview to verify that what you said was indeed what you intended to convey?

| Personal variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
1. Perceived risk	The uncertainty that exists regarding the favorableness of the outcomes of decisions made by the DDM, and the potential loss that might be incurred by the DDM. Perceived risk is seen as a multidimensional construct which includes financial risk, physical risk, psychological risk, reputational risk, and time risk.	0 1 2 3 4 5	
1.1 Financial risk	Potential financial loss that may incur because of the decision or action.	0 1 2 3 4 5	
1.2 Physical risk	Personal danger felt by the DDM because of a decision-making action.	0 1 2 3 4 5	
1.3 Psychological risk	The damage to confidence levels because of making a "poor or incorrect" decision, which relates to feelings of anxiety, worry and tension.	0 1 2 3 4 5	
1.4 Reputational risk	The loss of social standing or network connections because of the decision or action.	0 1 2 3 4 5	
1.5 Time risk	The time needed to understand the situation or organisation at hand, the time needed to plan for and solve problems, and the concern of wasting time because of the decision made which may have been the incorrect or poor decision.	0 1 2 3 4 5	
2. Reward	Financial, non-financial and psychological returns obtained by an individual for his/her contribution to a process.	0 1 2 3 4 5	

Personal variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
3. Intrinsic	Psychological rewards such feelings of satisfaction, self-worth, and reinforced understanding of one's knowledge because of performing a particular activity or action. Results of result of sharing knowledge with others and problem solving.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
4. Extrinsic	To financial rewards typically tied to the performance of an activity.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
5. Education	The process of acquiring or imparting knowledge. In this case, the knowledge required to aid the decision-making process of a DDM.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
6. Stress	A state of mental, emotional, or physical strain or suspense, as well as the change in one's mental, emotional, or physical state in response to workplaces that pose a challenge or threat to an individual. This in turn may result in compromising one's psychological and physical wellbeing.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
7. Cognitive bias	Ignoring or filtering important information to make decisions more quickly.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
8. Experience	Time spent practicing a profession as well as the reflections on that practice.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
9. Role conflict	The conflict that occurs when the expectations of one role make it difficult to fulfil the responsibilities of another role. For example, working long hours may make it difficult for a DDM to spend time with his/her children in the evenings.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	

Personal variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
10. *other*		◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
11. *other*		◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	

External variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
1. Time	The period duration required to gather and analyse information to understand the business and make decisions regarding the turnaround thereof.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
2. Liability of data integrity and asymmetrical information	Data integrity refers to the wholeness, completeness, correctness, truthfulness, and reliability of data which is available for decision-making. Asymmetrical information refers to a situation where one party has more knowledge or information than the other.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	
3. The Companies Act	The mandate provided to the DDM by the law in terms of how rescue proceedings may or may not be carried out.	◯ ◯ ◯ ◯ ◯ ◯ 0 1 2 3 4 5	

External variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
4. Stakeholders	Management, shareholders, employees, and financers which are paramount to the success of a DBE, since they serve as valuable resources and have a legitimate right to claim against the business.	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
5. Creditors	Person/s and/or company/companies that money is owed to.	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
6. Complexity	A feature that arises because of interactions with each of the interconnected components in a system (business).	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
7. Security	A guarantee of the repayment of a loan or execution of a task. The security can be forfeited should a default in the agreement occur.	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
8. Form of ownership	The type of company in the DBE. Can include non-profit or profit organisations. Profit organisations refer to private companies, personal liability companies, state-owned enterprises, or public companies.	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
9. Reasonable prospect	The initial evaluation of the organisation to determine the feasibility of a business rescue or turnaround.	○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	
10. *other*		○ ○ ○ ○ ○ ○ 0 1 2 3 4 5	

External variable	Definition	Relevant / Not relevant (5 Very relevant and 0 Not relevant)	Modified definition / Comments
11. *other*		⚪⚪⚪⚪⚪⚪ 0 1 2 3 4 5	
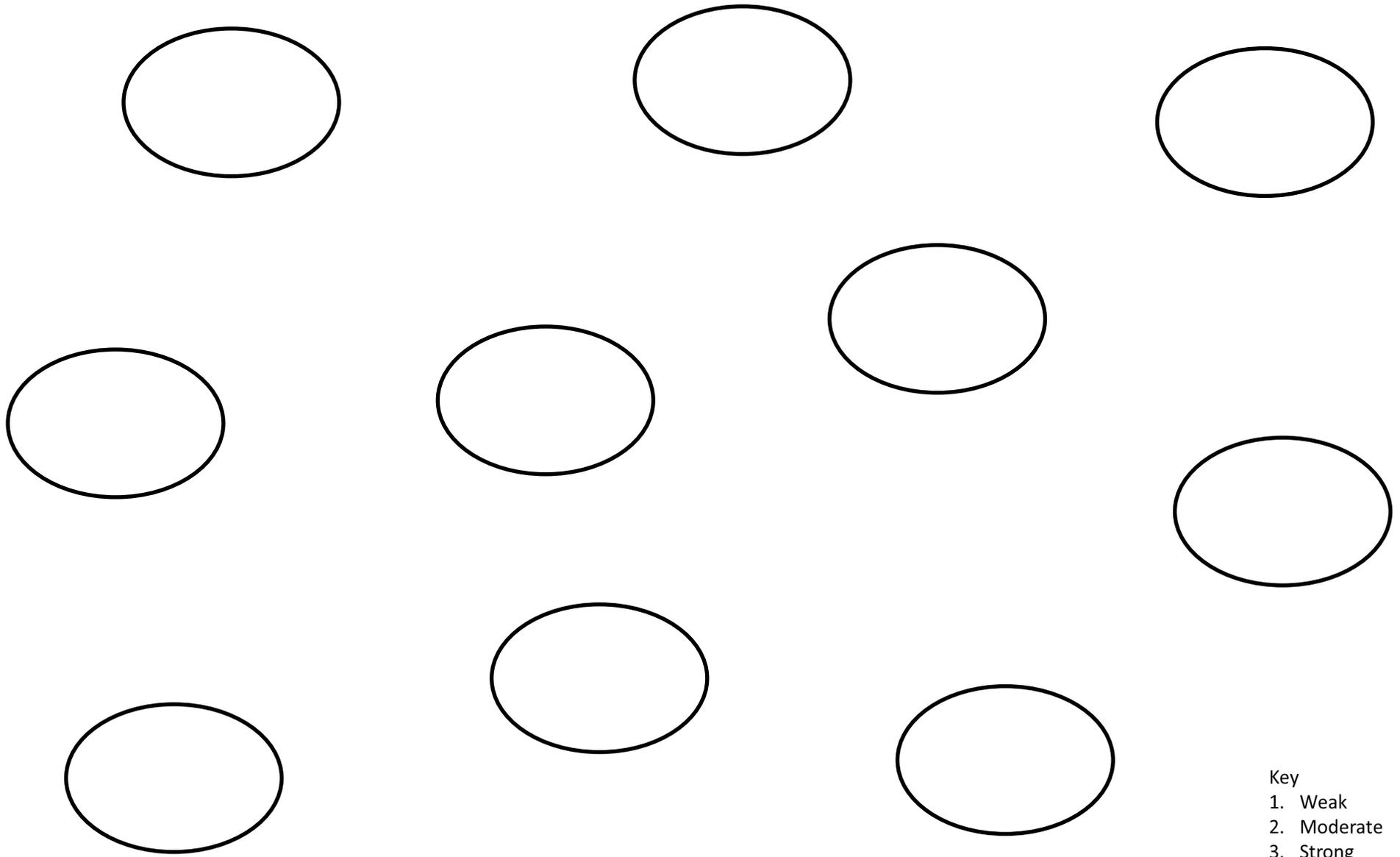
Key
1. Weak
2. Moderate
3. Strong

+ Positive
- Negative

155

- Investigating distressed decision-making of a distressed decision-maker -

Dear respondent

Thank you again for your willingness to participate in this study. This is an anonymous and confidential background and demographic questionnaire. You cannot be identified and the answers you provide will be used for research purposes only.

Please answer all the questions.

Q1.   Please indicate which industry sector you perform most of your work. (*Please place a cross (✘) in the appropriate block.*)

Legal	1
Finance	2
Business	3
Liquidation	4
Other (please specify)	5

Q2.   Please indicate which professional experience you have. (*Please place a cross (✘) in the appropriate block.*)

Turnaround professional	1
Business rescue practitioner	2
Both	3

If you selected turnaround professional only, please continue to answer at question 3. If you selected business rescue practitioner, or both, please continue to answer at question 2.

Q2.   Please indicate the business rescue practitioner license level that you hold. (*Please place a cross (✘) in the appropriate block.*)

Senior practitioner	1
Experienced practitioner	2
Junior practitioner	3

Q3.   How many years of experience do you have in the business rescue industry? _____ years

Q4.   Please specify your qualifications.

_____

_____

_____

_____

Please turn the page.

Q5. Please indicate your age. (*Please place a cross (✘) in the appropriate block.*)

Under 18	1
18 – 30	2
31 – 40	3
41 – 50	4
51 – 60	5
Over 60	6

Q6. Please indicate your marital status. (*Please place a cross (✘) in the appropriate block.*)

Single, not married	1
Married or domestic partnership	2
Divorced	3
Widowed	4

Q7. Please indicate the number of children you have. (*Please place a cross (✘) in the appropriate block.*)

0	1
1-2	2
3-4	4
5 or more	6

Q8. Please indicate your population group. (*Please place a cross (✘) in the appropriate block.*)

Black African	1
Coloured	2
White	3
Indian	4
Other	5

Q9. Please indicate your gender. (*Please place a cross (✘) in the appropriate block.*)

Male	1
Female	2
Choose not to declare	3

Thank you for completing this questionnaire.
I appreciate your assistance