Gordon Institute of Business Science
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Exploring the role of stakeholders on organisational survival and sustainability post business rescue

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Abstract

South African business rescue regime is governed by the Companies Act of 2008, that introduced a comprehensive framework under chapter six, aimed at the rehabilitation of financially distressed companies to avoid liquidation. The business rescue process provides a moratorium mechanism for companies to restructure and reverse the financial decline under the stewardship of a qualified independent practitioner described as business rescue practitioner (BRP). If the company business rescue restructure plan is approved and the rescue is successful, the company exits the business rescue. If the plan fails or is not approved liquidation becomes one of the available options.

South African business rescue objectives entail the balancing of the interests of primary stakeholders (employees, creditors, and shareholders) through the restructuring and preserving the business, the employment and maximising the return for creditors.

The aim of the study was to explore the role of stakeholders on business survival post business rescue and understand the enablers and inhibitors of stakeholder support during business rescue process. A qualitative study utilising semi-structured in-depth interviews was conducted with 21 participants, constituted by the primary stakeholders of the companies that achieved substantial completion and/or implementation of the business rescue plan and successfully exited business rescue, suppliers as well as industry role players.

The study revealed that the enablers to business survival prospects post business rescue entail collaborative decision-making, effective stakeholder engagements, accountability for success, and solution-driven initiatives. The inhibitors were identified as stakeholder opposition and passiveness, conflicts regarding committing to the equitable allocation of resources, and stakeholder failure to navigate stakeholder dynamics in business restructuring. With regards to the timing of the involvement of stakeholders, the study indicated that the contributing factors to include effective planning in financial distress, aligning and balancing interests of stakeholders, and systematic implementation of the plan.

These enablers and inhibitors have therefore assisted this study to understand the role of stakeholders on business survival and sustainability post business rescue, which fits squarely within the scope of the research undertaken.

Declaration

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Philosophy [insert programme name here] at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

[Name of Researcher] **Date:**

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CHAPTER 1: INTORDUCTION TO RESEARCH PROBLEM

1.1 Background to the research problem

The Companies and Intellectual Property Commission's (CIPC) 2022 report revealed that since the introduction of Chapter 6 of the Companies Act (Act 71 of 2008) in 2011, out of 4 730 companies that have filed for business rescue, only 18% successfully came out of business rescue. Despite the marginal increase of 3% from 15% in 2016, the success rate remains depressively low. The business rescue process may be initiated either through a voluntary resolution taken by the directors of the distressed company or by an application to court made by any of the primary stakeholders (also known as the affected parties), whose rights and interest are impacted by the company's financial woes (Pretorius, 2018). Decker (2018) defines stakeholders as any person or group of people affected by the company's activities in a manner that renders it an important stakeholder of the company, including employees, customers, suppliers, funders, communities, governmental institutions, special purpose associations and trade unions.

Business rescue entails the restructuring of the affairs of the financially distressed business, which may include the business model, property, debts, and other liabilities as well as equity. The purpose of such as exercise is to maximise the likelihood of a going concern or the disposal of its assets to yield better returns for the creditors than would be the case in liquidation, and to save jobs, thereby contributing to the country's economy (Pretorius & Burke le-Roux & Pretorius, 2017; Wessels & Madaus, 2018; Jombe & Pretorius, 2022).

The South African Business Rescue law is a fairly new legislative regime for administering corporate reorganisations and was introduced in 2011 under the auspices of Chapter 6 to the Companies Act. Chapter 6 of the Companies Act replaced the judicial management procedure that was regulated under the old Companies Act no 61 of 1973. Judicial management proceedings were first introduced in 1926 under the Companies Act no 46 of 1926, which is referred to as the Judicial Management Regime.

The Judicial Management Regime was similar to the insolvency procedures applicable in the developed nations, for example, in the United States of America (USA) and the United Kingdom (UK). Several European countries permitted the sale of the insolvent debtor's assets and utilisation of the proceeds thereof to settle the claims of existing creditors of the company. According to Sudarsanam and Lai (2001), Loubser (2013), Decker (2018) and Rico et al. (2021), the process totally disregarded the interest of the vulnerable stakeholders, which according to the authors, includes any party impacted by the closure of the company and that the process literally feeds them to the wolves. Loubser (2013) goes further to question the reason why it took more than 80 years for the legislature to repeal the Judicial Management Regime, given its low uptake since inception.

Chapter 6 of the Companies Act establishes a formal legal framework that supports the rehabilitation and recovery of financially distressed companies, aiming to stave off liquidation and allow for the reorganisation of their affairs to ensure continued existence of their businesses. The aim is to foster stakeholder cooperation, preserve value of the business as well as jobs. Chapter 6 of the Companies Act outlines the procedure and criteria for appointing a Business Rescue Practitioner (BRP). The BRP oversees the business rescue process and is tasked with developing and implementing a business rescue plan to facilitate the rehabilitation of the company's financial affairs.

Chapter 6 of the Companies Act requires that the business rescue process be undertaken expeditiously, prescribing that should the whole process take more than three months, the business rescue practitioner is required to give monthly updates to creditors (section 132). Barbero et al. (2020) posit that successful and surviving business rescues execute turnaround strategies early while safeguarding against retrenchment volume aggressiveness. Sudarsanam and Lai (2001), Pretorius (2018) and Tsebe (2022) on the other hand, note that any delay in the filing of the rescue proceedings has grievous irreversible consequences for the business and stakeholders alike, as liquidation becomes the only viable option.

Decker (2018) recognises that successful business rescue does not only benefit the rescued companies, but the entire stakeholders' groups (with the spillover to the communities and government on sustained employment and improved standard of living), which in turn drives the country's economic agenda through a positive GDP. Naidoo et al. (2018) agree that if successful, the restructured viable businesses will have a positive impact on the entire South African economy. Conradie and Lamprecht (2018) note that Chapter 6 of the Companies Act was introduced to provide redress to the affected parties that are exposed to the South African unique economic conditions (dominated by the high unemployment and intolerable levels of inequality and poverty) and hoping that high level of successful rescues will thereby support the legislative objectives.

For purposes of Chapter 6 of the Companies Act, successful business rescue entails 1) the maximisation of the likelihood of the company under rescue continuing a going concern following business rescue; or 2) a better return for the company's creditors than they would recover under liquidation. Conradie and Lamprecht (2018) insist that for a business rescue to be considered successful, the impact thereof should be felt by all the stakeholders of the company (including its customers, suppliers, and communities) and not just primary stakeholders. Barbero et al. (2020), Jombe and Pretorius (2022) as well as DesJardine et al. (2023) are of the view that the outcome of business rescue might have a negative impact on employment security. One job saved is better than no job at all.

Decker (2018) as well as Lusinga and Fairhurst (2020) note that the existing research does not adequately address the role that stakeholders play and the manner in which claims are canvassed during turnaround and business rescue respectively, to ensure business survival post reorganisation. The model of organisational decline and turnaround by Trahms et al. (2013) pays a special tribute to stakeholders as key construct of the turnaround theory. Given the importance of stakeholders as described above, Lusinga and Fairhurst (2020) conducted a study on the role of stakeholders within business rescue. Their study confirmed the assertion that stakeholders are not limited to creditors and shareholders, but included parties like customers, communities, and suppliers. This study aims to build onto the study by Lusinga and Fairhurst (2020) by looking at the role of stakeholders post business rescue. Findings will assist businesses to better manage their stakeholders during as well as post business rescue, depending on their interests and influence, to ensure business continuity.

1.2 Definition of the research problem

CIPC (2022) reveals that some of the South African companies that successfully exited the business rescue struggle to survive in the short to medium term. In most cases, they end up either re-filing for business rescue or liquidated (CIPC, 2022). The turbulence within the business operating environment renders South African business rescue process a fertile ground for ascertaining how the stakeholder theory is experienced in an empirical setting with a formal legal process in place.

Noting that South Africa is faced with a persistently high unemployment rate, currently sitting at 32.9% (Stats SA, 2023), the introduction of Chapter 6 of the Companies Act brought some glimmer of hope that its implementation will assists with the alleviation of the stress associated with business closures, loss of jobs and diminishing stakeholders’ value as a result of liquidation of companies which is usually a source of conflict between various stakeholders (Mitchell et al., 1997; Lusinga and Fairhurst, 2020; Decker, 2018). The intended benefits associated with introduction of the business rescue regime would not have come at an opportune time given the economic challenges facing South Africa (Mitchell et al., 1997; Jombe & Pretorius, 2022). Decker (2018) suggests that strategic actions by top management teams have positive effect on the success of the business rescue, while also noting the role of stakeholders (i.e., of governments, customers, and/or suppliers) in the rescue proceedings.

According to Trahms et al. (2013) as well as Decker (2018), there is limited evidence suggesting that the importance of stakeholders is elevated for financially distressed businesses or those undergoing turnaround. In agreement with Trahms et al. (2013), Lusinga and Fairhurst (2020) acknowledge the limited research to date, on the roles that stakeholders play during business rescue and emphasise the need for further research from the South African perspective. While only 18% of businesses that undergo business rescue come out successful (CIPC, 2022), and the role of influential stakeholders such as creditors is known during business rescue (Lungisa & Fairhurst, 2020), the role and potential influence of stakeholders post business rescue is unknown. To close this gap, building on Lungisa and Fairhurst's (2020) study, this research explores whether the roles that the stakeholders' play in the business rescue setting, enable and/or inhibit the business survivability and return to sustainability in the short to medium term post business rescue. The study also notes the powers afforded by Chapter 6 of the Companies Act to primary stakeholders (who are also referred to as affected parties). The primary stakeholders' rights, depending on their classification, include, the right to vote on critical matters that affect the company's future. These rights revolve around the approval or rejection of the business rescue plans and other important decisions impacting their interests (Trahms et al., 2013; Decker, 2018; Pretorius, 2018).

1.3 Theoretical need for the research

The theoretical need for this study is premised on the pivotal role played by stakeholders during business rescue (Lungisa & Fairhurst, 2020), hence looking at such a role post business rescue. Despite the recent slump in business performance globally due to the negative impact of covid -19, historically, companies experience some form of financial distress due to a myriad of reasons, triggered either by external causes (e.g., competitive position; industry decline; regulatory changes and/or shocks caused pandemic) or internal causes (e.g., stage in the product's life cycle; inertia; and/or ineffective top management) that may result in the company in/voluntarily filing for business rescue (Trahms et al., 2013; Samimi et al, 2022).

Unlike turnaround theory, Chapter 6 of the Companies Act's focus is on the defined primary stakeholders and therefore not aligned with the stakeholder theory which, according to D'Aveni and MacMillan (1990) and Trahms et al. (2013) encompasses a larger pool of affected parties (including customers, suppliers and governments), who play an important role in the businesses that are in financial distress and not limited to only the primary stakeholders parties defined under Chapter 6 of the Companies Act (albeit with limited available evidence). Trahms et al. (2013) and Decker (2018) further suggest that it is usually the resourceful stakeholders that have disproportional influence on the survival of financially distressed businesses by either discretionary availing or withholding the important financial resources required to arrest the financial decline.

Pretorius (2018) on the other hand, reckons that the Chapter 6 business rescue process alters the traditional stakeholder composition with the primary stakeholders gaining more power and legitimacy than other stakeholders recognised by the stakeholder theory. This view is shared by D'Aveni and MacMillan (1990), Clarkson (1995), Donaldson and Preston (1995), Ogden and Watson (1999), Trahms et al. (2013) as well as Decker (2018), holding that during turnaround, the interests and roles of stakeholders may shift due to the restructuring efforts aimed at resuscitating the distressed company. For example, creditors who have been entitled to immediate repayment may be agreeable to negotiated terms, deferring repayment or the employees' roles being restructured to ensure company's sustainability. DesJardine et al. (2023) suggest that during financial crisis, top management team is stripped of all powers pertaining to the governance of the company under business rescue, retaining only the obligations to: 1) support the process by providing any company information required by the BRP to prepare or finalise the plan; and 2) procure the implementation of the approved recovery plan and (if applicable) taking over the business following termination of the business rescue upon substantial implementation of the plan.

Slatter (2011), Barbero et al. (2020) and DesJardine et al. (2023) stress the importance of a positive relationship between the BRP and the stakeholders, noting the power that stakeholders have during business rescue. Similarly, as stated by Decker (2018) as well as DesJardine (2023), the influential stakeholders (for example, funders or shareholders who may be transactionally oriented) may influence the BRP (who may also be transactionally wired) into preparing a plan that leans towards return maximisation regardless of the negative impact it might have on other vulnerable stakeholders (for example, to employees, communities if jobs are lost). Conversely, existing stakeholders may be willing to provide funding in support of a rescue that ordinarily will not be available to a company experiencing financial decline (Trahms et al., 2013). However, Decker (2018) suggests that the external stakeholders might only be prepared to provide the resources if their expectations and demands on strategic interventions and financial returns and those of management's are aligned, otherwise the likelihood of successful rescue vitiates, due to lack of stakeholder support.

Decker (2018) laments the skewness of business rescue proceedings, towards the resource providing creditors which usually prejudice vulnerable stakeholders. Pretorius (2018) agrees that the change in power dynamics during business rescue, following the BRP's appointment, triggers a conflict triad (between the BRP on one hand and creditors, especially funders and/or employees and/or shareholders on the other hand and/or among the stakeholders). As is the case with stakeholder collaboration in turnaround, Roslyn-Smith and Pretorius (2014) suggest that Chapter 6 of the Companies Act was introduced to not only level the playing field by providing the distressed company an opportunity to engage stakeholders, with the help of the BRP, but to also reorganise its affairs timeously with the affected stakeholders via the moratorium and the rescue plan. Pretorius (2018) further posits that business rescue assists financially distressed companies stave off liquidation and save jobs, which has a positive impact to the greater economy of the country. Slatter (2011) and Barbero et al. (2020) suggest that during financial decline, time is of essence and that alignment of interests is critical for the successful turnaround and improved financial performance for the survival of the company.

1.4 Research aims

The aim of this research is to explore the role of stakeholders on business survival post business rescue. This aim will be achieved through understanding the enablers and inhibitors of stakeholder support during the business rescue process as well as understanding how is early stakeholder involvement a contributing factor to survival and sustainability of the company post business rescue. This research will contribute to the existing body of research on the importance of stakeholder theory in the business rescue setting and its contribution to the survival and sustainability of businesses post rescue.

1.5 Research questions

The research questions (RQs) were formulated based on some of the literature perused (Chowdhury, 2009; Slatter, 2011; Trahms et al., 2013; Decker, 2018; Pretorius, 2018; Lusinga & Fairhurst, 2020; Samimi et al., 2022; DesJardine et al., 2023).

The study investigated the phenomenon using the following research questions:

1. RQ1 – How do stakeholders' role enable the company's survival prospects post business rescue?
2. RQ2 – How do stakeholders' role inhibit the company's survival prospects post business rescue?
3. RQ3 – How is early stakeholder involvement during business rescue a contributing factor to the survival and sustainability of the business post business rescue?

This research benefited from the inclusion of the proposed primary research questions (Bell et al., 2019), which increased the likelihood of research being able to place limits on the scope of the study and increase the feasibility of completing the project.

1.6 Research scope

The focus of the research was on the role of stakeholders from a South African business rescue process perspective. The literature on business rescue, stakeholder management, turnaround, bankruptcy, re-organisations, complexity-leadership, strategy execution, and interview approaches were analysed as a foundation and guideline to structure the research problem, research questions, relevance and motivation of the research, research methodology and design, interview guideline, interview approaches, data gathering and analysis process.

To ensure authenticity of the study based on diverse experiences and unbiased influence by the researcher on the findings, participants of this research were carefully selected based on the following:

- The limited scope of the research which is focused on the South African participants who had participated in and/or been involved with a company that has undergone business rescue process as well as for ease of access to participants given the limited time available to complete the research.
- The participants were primary stakeholders contemplated by Chapter 6 of the Companies Act (employees, shareholders, creditors), suppliers, key industry players (company directors, BRPs, attorneys and bankers) working for institutions that provided post commencement financing and/or their advisors.

1.7 Structure of the research

This research report consists of seven chapters. Chapter one is an introduction to the business problem. Chapter two focuses on extensive literature on stakeholder theory and business rescue. Chapter three carries over the description of research questions. Chapter four focuses on the descriptions and components of research methodology and design. Chapter five presents the results of the research. In Chapter six, the discussion is focused on comparing the research findings contained in Chapter five with literature contained in Chapter two. Lastly, Chapter seven of the report highlights theoretical conclusions, research contribution, recommendations as well as suggestions of the future research.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This chapter outlines the literature relating to the role of stakeholders on business survival and sustainability prospects post business rescue. As a point of departure, the chapter begins by laying the theoretical grounding of the study. Concepts such as business rescue, turnaround, reorganisation, restructuring, organizational survival as well as organisational sustainability are also presented. It is worth noting that since the business rescue legislations is fairly new within the South African context, there exists scant literature on the subject (Trahms et al., 2013; Tangpong et al., 2015; Arora, 2018; Decker, 2018; Lusinga & Fairhurst, 2020). As a result, in some cases, this research leans on turnaround literature for guidance.

2.2. Theoretical grounding of the study

The grounding theory for this research is stakeholder theory because it has been identified as a key construct within business rescue and turnaround (Trahms et al., 2013). Traditional company law view as suggested by Hillman and Keim (2001) and Aguinis and Glavas (2012), emphasises the importance of shareholders and the duty that the top management team owes to the shareholders which informs how they should manage the organisation, the focus being on servicing the best interest of the shareholders (as the providers of the resources required to run the business), and to maximise the company profits accruing to the shareholders .

According to Miles (2012) and DesJardine et al. (2023), the nature and the fluidity of the stakeholder phenomenon instigates the never-ending debate between different scholars on who qualifies to be considered a stakeholder of a company. Phillips et al. (2003) submits that it is neither what it is said to be, but that it depends on the context of each instance. Phillips et al. (2003) maintains that there are many dimensions to define the term stakeholder that evokes different reactions by the incumbents through their respective lenses. Stakeholder theory recognises financial investors as critical investors of the company that may have a bearing on company's successful reorganisation which the top management team of the company must be mindful of. Donaldson and Preston (1995), out of the three ways of classifying stakeholders they identified (that is, instrumental, normative, and descriptive), they prioritise instrumental stakeholders which they suggest are contributing economic and financial resources to the company and therefore important for the company's financial requirements (more so during financial crisis). This view is shared by Barney (2018) and Amis et al. (2020) who posit that resource-based theory of profit generation and appropriation is not only for the shareholders but for the stakeholders that contributed to the generation of profits by availing the resources.

Research by Lusinga and Fairhurst (2020) states that stakeholder theory is aimed at providing a theoretical base for assessing the relationship between the company and its erstwhile stakeholders, for purposes of improving performance for business continuity. For successful management of the company, managers are expected to balance the interest of both internal stakeholders (e.g., shareholders, employees, and managers) and external stakeholders (e.g., suppliers and customers, governments, competitors, and special interest groups including communities) (Trahms et al., 2013; Lusinga & Fairhurst, 2020).

The latest emerging view by Bernstein et al. (2017) and Shi et al. (2022) introduces an additional stakeholder in a form of direct competitors of a distressed company, which the authors suggest it is due to the spill overs triggered as the result of the disturbances in the market resulting from the company's inability to operate efficiently and deliver the activities due to financial distress. Bernstein et al. (2017) and Shi et al. (2022) are of the view that competitors of a distressed company qualify for being considered stakeholders within the context of business rescue. They argue that competitors' actions or interests gets impacted (albeit indirectly) by the distressed company's altered position in the market and therefore deserves consideration and treatment as a stakeholder in relation to the distressed company. According to these authors, the competitor might consolidate its market position by 1) adapting its marketing and pricing strategies; and 2) express an interest to acquire the distressed company business; or 3) through supply chain disruptions, might benefit or be negatively impacted by changes in market conditions due to loss of supply of goods and services provided distressed company but for the financial distress.

Miles (2017) propagates for universal stakeholder theory that eliminates the shortcomings of traditional theories of distinguishing between four types of stakeholders (the influencers, claimants, recipients, and collaborators). The author believes that there is a need for the development of a stakeholder context-based concept that will defray the confusion caused by the different definitions of stakeholder theory emanating from various ideologies. Additionally, Decker (2018) suggests that in financial distress, the top management team is expected to juggle between the competing interests of stakeholders for a successful turnaround, failing which it might lose the support of some critical stakeholders due to information asymmetry, leading to the withdrawal of resources and resultant failure of the turnaround strategy and liquidation of the company.

The stakeholder theory has developed overtime especially in the US, UK, and European countries, with a growing emphasis on stakeholder engagement during turnaround in congruence with the principles of a shared value system and sustainable business practices. South Africa has adopted a similar stance, emphasising stakeholder inclusivity, transparency, and a communicating leadership (Jombe & Pretorius, 2020). Research by Pajunen (2006) suggests that during business rescue, the sphere of influence and power tends to change and favour the stakeholders with economic and financial resources.

To gain the necessary insight on the role of stakeholders on the survival and sustainability of business post reorganisation as well as to determine the adequacy of business rescue strategies in addressing the interests of stakeholders affected by the company's financial distress, the research utilised stakeholder theory (Trahms et al., 2013; Decker, 2018; Lusinga and Fairhurst, 2020; Lamprecht & Van Wyk, 2022). Stakeholder theory assisted in determining how the interests of the stakeholders are dealt with by those at the helm of the business during rescue, which from the South African perspective is a BRP (Pretorius, 2018; Jombe & Pretorius, 2022; Lusinga & Fairhurst, 2020).

2.2.1. Power dynamics and competing interests

During the business rescue process, stakeholders often have different priorities and interests, leading to power dynamics and competing interests that can polarise the relationships and have negative impact on the prospects of successful rescue of the distressed company. This view is shared by Schweizer and Nienhaus (2017) and Nason et al. (2018), that stakeholder power dynamics during business rescue may significantly influence allocation of resources within a distressed company. Decker (2018) and Rico et al. (2021) suggest that these dynamics results in conflicts between stakeholder groups such as creditors, shareholders, and employees who, due to the degree of influence and power the respective stakeholder holds over the distressed company's scarce resources, may exert power, and steer the future direction of the distressed company. Adding that depending on level of stakeholder influence, might affect the prospects of a successful rescue due to misalignment of stakeholder interests by prioritising the stakeholders with the desired resources at the expense of vulnerable ones rather than risk withdrawal of the support of the aggrieved stakeholder.

Furthermore, Lusinga and Fairhurst (2020) argue that given the nature of business rescue, being a resource dependency process, during plan development, approval and implementation stages, the providers of resources (mostly funders and employees) become kingmakers without whom the future of the business might hang in the balance. Decker (2018) agrees with this view, stating that the distressed company's desperation for financial resources renders it vulnerable and unable to navigate through the rescue process effectively. She further suggests that the lenders normally create this dependency to influence the rescue plan decisions and that it is this decision that subsequently affects the likelihood of a successful business rescue.

Decker (2018) adds that the power dynamics often compromise top management team's rationality resulting in dependence on influential stakeholders, which might affect the prospects of a successful rescue due to misalignment of stakeholder interests and prioritisation of stakeholders with economic means at the expense of vulnerable ones (which might lead to withdrawal of support of the reorganisation plan by the aggrieved stakeholder/s).

Also, Pretorius (2018) recognises the importance of appointing a competent BRP, since during business rescue, the BRP is given carte blanche to run the day-to-day activities of the company with the support of the company's top management team, the board's powers being subject to the BRP's oversight. The powers of the board during business rescue are limited to ordinary cause management, engagement with stakeholders, submission, and implementation of the business rescue. Even though the board retains its powers, they are somehow diluted in that any decision may be overturned by the BRP, especially in relation to major transactions, contracts or restructuring strategies contained in the approved rescue plan (Nieuwoudt, 2021).

2.3. Contextualisation and patterns of business rescue

The introduction of Chapter 6 of the Companies Act brought South African business rescue regime into the spotlight on how it compares to the standards applicable in the developed geographies (for example, in the US, UK, Canada, Australia and Europe). As posited by D'Aveni and MacMillan (1990), Trahms et al. (2013), Decker (2018) and DesJardine et al. (2023), there is not enough evidence available to determine whether anyone of the US's, UK's, European or South African insolvency regimes fully recognise the impact of stakeholder management during business rescue and its effects on business survival and sustainability thereafter.

2.3.1. The successful business rescue - South African context

Successful business rescue is evaluated based on various factors that determine the effectiveness of the process in attaining the objectives of rehabilitating financially distressed companies. The key aspects which contribute to the success of business rescue in South Africa include:

Preservation of financially distressed companies from liquidation

Success is measured by: 1) the number of companies that are rescued and continue operating post rescue, 2) preserving jobs and sustaining economic activities; and failing which, 3) the sale of the assets of the distressed company and the proceeds yielding better returns for creditors than would under immediate liquidation (Conradie & Lamprecht, 2018).

Stakeholder involvement and commitment

The involvement, cooperation, and support of stakeholders such as creditors, employees, and shareholders are critical, with the BRP playing a significant role facilitating the business rescue process through the business rescue plan as approved by the relevant stakeholders. Success depends on stakeholders' willingness to collaborate, negotiate, and implement the rescue plan (Trahms et al., 2013; Schweizer & Nienhaus, 2017; Rico et al., 2021).

In both turnaround and business rescue regimes, stakeholders play crucial roles but with some nuances. In turnaround, creditors often negotiate repayment of their claims without a formal insolvency process (Ghazzawi, 2017). Shareholders seek improved profitability, they might even actively facilitate restructuring plans or change in management to enhance distressed company's performance. Employees are directly impacted by any form of restructuring and their morale and cooperation are crucial for a successful turnaround. Customer retention, trust and loyalty are a priority. Similarly, with suppliers, they may be willing to collaborate closely with other stakeholders, including renegotiating terms of payment (Hillman & Keim, 2001; Aguinis & Glavas, 2012; Ghazzawi, 2017).

Under business rescue, some stakeholders' roles are entrenched under Chapter 6 of the Companies Act. Creditors and employees have specific rights and protections that are entrenched under Chapter 6 of the Act. Creditors participate in creditors' meetings and vote on proposed rescue plans. Employees' rights include being informed about business rescue process by the BRP. They have the right to participate in creditors' meetings and to be represented (Jombe & Pretorius, 2022). Additionally, employees' interests, including job security and payment of outstanding salaries or benefits are taken into consideration during business rescue proceedings. Shareholders roles might be more constrained during business rescue, although they might have a say in approving or rejecting the rescue plan where it potentially alters their rights (Conradie & Lamprecht, 2018). For the legitimacy of the process, it is critical that employees stay informed, provided with updates to be able to protect their rights though legal representation should the need arise (Jombe & Pretorius, 2022). Government bodies and regulatory authorities oversee and provide guidance during business rescue process to ensure compliance (Pretorius, 2018).

While stakeholder theory focuses on entities or individuals that are impacted by or can influence the company's actions, operations or decisions. In the context of business rescue or turnaround perspectives, stakeholders typically include groups like employees, creditors, shareholders, customers, suppliers, communities, governments, and regulatory bodies. Whereas stakeholder theory traditionally emphasizes these common stakeholders, the role of a practitioner such as business rescue practitioner or a turnaround specialist can be acknowledged within a stakeholder framework by the powers entrusted in the position it occupies for purposes of restructuring. Mitchelle et al. (1997) and Lusinga and Fairhurst (2020) posit that the stakeholder attributes can either be the power of the party to influence the distressed company's decision making and/or the legitimacy of the relationship it enjoys with the distressed company and the urgency of its claim against the distressed company. Phillips et al. (2003) on the other hand view the stakeholder as an influencer and defines an influencer as "those who can assist or hinder the achievement of the organisation's objectives" (p 481).

It is not clear to what extent the practitioners may be considered a stakeholder as conventionally its relationship with the company is not the same as those directly impacted by the company's actions even though its role, during business rescue depending on its relationship with the distressed company, the external versus internal stakeholders as well as in relation to claims for unpaid fees (which might be on contingency basis), can straddle between enabler and inhibitor.

Effective business rescue plans

Developing and implementing a viable and realistic rescue plan is critical. Success is measured by the feasibility of the plan in reorganising the affairs of the company, the financial recovery, exiting business rescue and surviving short to medium term (Schoenberg et al. 2013; Conradie & Lamprecht, 2015; Pretorius & Rosslyn-Smith, 2019; Cepec & Grajzl, 2021; Rico et al. 2021; Tsebe, 2022).

Timeous implementation of the rescue plan

In financial distress, time is of the essence. Among other things, success is driven by how quick and efficient the rescue plan is developed and implemented to facilitate resource allocation towards steering the distressed company towards recovery (Arogyaswamy et al., 1995; Schoenberg et al., 2013; Schweizer & Nienhaus, 2017; Chirico et al., 2019).

Transparency and adherence to legal requirements

According to Conradie and Lamprecht (2015), Bundy et al. (2017), Rico et al. (2021) as well as DesJardine et al. (2023), transparency and compliance are essential for the successful implementation of the plan.

Sustainable recovery

Success is measured by the company's return to operating sustainably after business rescue is finalised (Schoenberg et al., 2013; Rico et al. 2021; Naidoo et al., 2018). The low success rate of South African business rescue has perpetuated the prevailing doubts about the effectiveness of business turnaround in general and business rescue in particular, in decline reversal and business survivability post rescue. This further prompts questions regarding the role that stakeholders play during the business rescue process (Hillman & Keim, 2001; Slatter, 2011; Conradie & Lamprecht, 2018; Pretorius & Burke le-Roux, 2017; Pretorius, 2018; Barbero et al., 2020; Lusinga & Fairhurst, 2020; DesJardine et al., 2023). With some scholars and practitioners enquiring whether the successful outcome is not inhibited by powerful stakeholders (for example, owner shareholders and banks) whose support are mainly driven by self-interests advancement (Trahms et al., 2013; Schweizer & Nienhaus, 2017; Decker, 2018; Pretorius, 2018; Conradie & Lamprecht, 2018; Rico et al., 2021; DesJardene et al., 2023).

Pretorius (2018) and Conradie and Lamprecht (2018) suggest that the low rate of companies that exit business rescue successfully is attributed to 1) the lack of universal standard defining what success means in turnarounds; and 2) lack of relationship and alignment, lack of collaboration between top management team and other stakeholders (dominant and vulnerable) (Hillman & Keim, 2001; Slatter, 2011; Conradie & Lamprecht, 2018; Pretorius & Burke le-Roux, 2017; Barbero et al., 2020; DesJardine et al., 2023). Additionally, Arogyaswamy et al. (1995), Schweizer and Nienhaus (2017), Decker (2018) and Rico et al. (2021) argue that stakeholder engagement, alignment of interests and collaboration fosters a supportive environment conducive for provisions of additional resources such as financing, expertise, and networks, thereby enhancing the probabilities of a successful rescue. They also allude that opened lines of communication between the management and employees reduces the anxieties that are prevalent in financial distress environment.

Hillman and Keim (2001), Slatter (2011), Trahms et al. (2013) and later Decker (2018), recognise the critical role played by stakeholders in driving turnaround and top management team's responsibility to keep lines of communication open regarding the company's state of decline and the proposed strategic initiatives for decline reversal and survival enhancement. Further, that top management team and employee buy-in are the drivers of successful turnaround. Decker (2018) and Barney (2018) proposes that stakeholder interest alignment leads to the company's improved reputation, trust, and enhanced legitimacy.

2.3.2. Collaboration

Collaboration ranks very high on the stakeholder theory's agenda as suggested by Lusinga and Fairhurst (2020), that failure to engage stakeholders may lead to missed opportunities for collaboration and strategic partnerships that could propel growth and long-term sustainability. Mitchell et al. (1997) and Decker (2018) propose that lack of engagement with and between stakeholders such as creditors, suppliers, or customers can constrain stakeholder relationships, resulting in delayed payments, disrupted supply chains or loss of customer trust, which is a recipe for disaster when dealing with financial distress.

Research by Trahms et al. (2013) and Decker (2018) shared the views of prior authors on congruence between retrenchment and recovery and its importance for ensuring strategic alignment between retrenchment and long-term goals of recovery. The view that actions taken during business restructuring should support the overall recovery plan and not inhibit it was later shared by Schweizer and Nienhaus (2017) who cautioned management when implementing measures during restructuring not to underestimate the company's ability to recover. Decker (2018) and Rico et al. (2021) agree that a congruent approach ensures the distressed company's agility and resilience during both retrenchment and recovery stages. These authors consider flexible strategies critical for allowing the distressed company the room to adjust as it navigates the extreme market conditions. They further emphasize the importance of maintaining a positive employee morale through a congruent recovery plan that promotes open communication, transparency, and engagement, addressing the possibilities of impact of employee layoffs and motivation for remaining employees. Lastly, the authors suggest that the recognition of the interrelatedness between the retrenchment and recovery strategies rebuilds stakeholder confidence. Contrary to Pearce and Robbins (2008), Smith and Lewis' (2011) narrative, that retrenchment and recovery are contradictory forces that can only be dealt sequentially, the authors suggest that the emphasis should be on the consistency of the approach and ensuring stakeholder buy-in on the narrative that management is committed to rescuing the company and gaining trust with stakeholders.

Additionally, Schweizer and Nienhaus (2017) suggest that the centralisation of decision-making, and lack of stakeholder engagement can have a negative impact on the company. The critical impediments being management's limited perspective overlooking critical insights due lack of input of diverse stakeholder groups that might be subject matter experts, thereby exposing the company to unnecessary risks or exacerbate the distress related challenges.

Schweizer and Nienhaus (2017) think decisions made without involving employees can lead to disengagement, reduced morale, lack of ownership and decreased motivation among the employees. The disengagement can negatively impact productivity and innovation necessary to steer the company away from financial distress.

Samimi et al. (2020) and Krause et al. (2022) argue that centralised decision-making renders the company ineffective and incapable of finding creative solutions that address real concerns of respective stakeholders. This may result in short-term solutions that are artificial in that they do not address underlying issues and perpetuate the company's distress related problems.

2.3.3. Effective stakeholder engagement

According to Couwenberg (2001) and Cepec and Grajzl (2021), lack of stakeholder involvement might introduce a culture of resistance to change, making strategy implementation a challenge and inhibiting the company's ability to adapt in time of distress. Identifying and reconciling tensions during turnaround is crucial for successful restructuring and promotes stakeholder engagement. Smith and Lewis (2011), Schulz and Wiersema (2018) believe that identifying concerns and priorities of stakeholders helps with understanding issues from their perspective and increases the likelihood of finding common ground on critical decisions and eliminating conflicts.

Mohrman and Mohrman (1983), Schweizer and Nienhaus (2017) and Schnatterly et al. (2018) state that during financial distress, employee involvement, dedication and commitment can positively influence the success of the business rescue, thereby becoming a catalyst for change. Further, Mitchell et al. (1997) and Decker (2018) argue that since top management team is expected to serve a variety of stakeholders, it's approach on dealing with the stakeholders will determine the level of support (if any) that the respective stakeholders provide to the distressed company. Also, that the stakeholder turnaround related support largely hinges on the stakeholder's perception of top management team's perceived capabilities.

2.3.4. Scepticism and lack of trust

Several industries rely heavily on trust as a fundamental principle for their businesses due to the nature of their relationships with customers. According to Martin et al. (1995), Schweizer and Nienhaus (2017) and Decker (2018), the banking sector is one such industry, where trust plays an important role in the determination of whether to render support to a distressed company during business rescue. However, Schmitt and Raisch (2013) and Schweizer and Nienhaus (2017) argue that it is an engaging management team that gains trust with stakeholders (especially external to the company) which contributes positively to garnering stakeholder support and the successful reversal of distress. Whereas Decker (2018) argues that it is the demonstration of willingness and commitment to reverse the decline through transparency and the sharing of information that creates trust, mutual understanding between the distressed company and the stakeholders translates to mutual obligation to render the support required to reverse the decline. Atanassov and Kim (2009) and Dewaelheyns et al. (2017) argue that in certain circumstances, selling of assets as part of turnaround can be a viable strategy to generate funds, save jobs and build trust and at the same time contributing positively to performance. However, according to the authors, this strategy requires a careful balancing of interests to ensure the best possible outcome of preserving jobs as well as maintaining the distressed company's long-term performance on the other. This gesture of goodwill might result in the employees supporting the plan, due to gaining confidence and trusting the rescue process and build employee loyalty which translates to a successful business rescue outcome. Clauss et al. (2021) disagrees, suggesting that such a strategy might hinder the company from recovering fully and create long-term job stability required to boost the economy.

DesJardine et al. (2023) and Samimi et al. (2020) suggest that it is upon the top management teams' dynamic capabilities to balance the company's interest with that of stakeholders by leveraging on available resources required for decline reversal purposes. Additionally, Decker (2018) posits that stakeholder theory plays a vital role in the success of a turnaround process, which in turn impacts (positively or negatively) on the prospects of successful reversal of the decline and business survival in the short to medium term. Other literature emphasises the importance of the strategic capabilities of the restructuring officer and/or top management team to align the stakeholders' interests with timeously implementing a successful turnaround plan. This includes capital raising prosects post rescue and the likelihood of successful rescue that result in solvency, liquidity and going concern (Slatter, 2011; Pretorius & Du Preez, 2013; Tangpong et al., 2015; Barbero et al., 2020).

Research by Trahms et al. (2013) and later Decker (2018) suggests that despite the prominent role that stakeholders play a during turnaround, not enough research has been conducted regarding the impact the role of stakeholder support or lack thereof has on the rescued company's post turnaround activities. In support of the prior studies, Slatter (2011), Pretorius (2018), Decker (2018) as well as Lungisa and Fairhurst (2020) state that balancing of interests and concerns of various stakeholders entails a successful turnaround where a company exits business rescue as a going concern and continue operating on a solvent basis for the benefit of all stakeholders. However, from a South African business rescue perspective, it is the primary stakeholders' voting power that influences the outcome of the plan and the survival prospects of the rescued entity (Lusinga & Fairhurst, 2020).

Lusinga and Fairhurst (2020) suggest that the definition of affected person under Chapter 6 of the Companies Act discriminates against other key stakeholders of the company who are affected by the company's distressed position. Noting the list of stakeholders recognised under the stakeholder theory in terms of which customers and suppliers are also recognised stakeholders.

Burdette et al. (2011) and Rajaram et al. (2018) suggest that the saving of jobs following business rescue is a key indicator of a successful business rescue. Arora (2018), Jombe and Pretorius (2022) as well as Conradie and Lamprecht (2018) agree and impress that the successful business re-emergence post business rescue is the function of the top management team's strategic initiatives, and stakeholder collaboration. They go further to suggest that the positive perception of the management team by stakeholders might enhance its legitimacy and the likelihood of access to important resources (i.e., from a financial or human capital perspective) which are critical for the survival of the business. Decker (2018) thinks it depends on how much power the incalcitrant stakeholders have in the form of scarce resources, and how aligned they are with the top management team, for the prospects of company survival to be negatively or positively impacted.

On the other hand, Arora (2018) and Jombe and Pretorius (2022) contend that successful business rescue should enhance the legitimacy of the process with all the stakeholders in an indiscriminatory manner. Similar to Trahms et al. (2013) and Decker's (2018) suggestion that turnaround puts the top management team's negotiations skills, competencies, and conflict management skills to the test. Madigoe and Pretorius (2022) agree that the successful plan and the implementation thereof depends on how well the BRP manages the relationship with and between these important stakeholders.

2.4. Empirical review

Lusinga and Fairhurst (2020) state that a successful business rescue process is beneficial to the South African economy in general and fundamentally to the stakeholders (which include employees, creditors, suppliers, and customers) of the distressed company. Conradie and Lamprecht (2012) and Pretorius (2018) agree that a successful business rescue in South Africa results in the company exiting business rescue process as a viable and sustainable business, capable of operating and contributing positively to the economy and of repaying its debts to creditors and stakeholders per the business rescue plan. Several factors contribute to a successful business rescue in South Africa: - the implemented plan must result in the company exiting the rescue as a going concern, or the business rescue process must have yielded better returns for creditors than would under immediate liquidation. Conradie and Lambrecht (2018) agree with Jombe and Pretorius (2022) that the saving of jobs, surviving, and becoming sustainable post business rescue is the determinant of successful business rescue process (Chapter 6 of the Act, section 128(b)). However, according to Couwenberg (2001) and Cepec and Grajzl (2021), it is possible for the successful plans to turn out to liquidation plan in disguise, going concern sale or a real business reorganisation. The authors suggest that test is whether the plan complied with the formal requirements for its implementation for the company to be considered to have survived. This might be one of the contributing factors to the low level of survival of the companies that successfully exited business rescue in the short to medium term.

2.4.1. Business exiting business rescue as a going concern

As mentioned, the first of the primary goals of business rescue process (section 128(b)(iii) of Chapter 6 of the Companies Act) is the successful outcome that will result in the business continuity on a solvent basis (Lusinga & Fairhurst, 2020). Rajaram et al. (2018) believe that settlement of creditors' claims is one of the criteria to prove that the company has attained the going concern status. D'Aveni and MacMillan (1990) as well as Decker (2018) agree that a common global phenomenon faced by companies that successfully exit turnaround, is the hovering threat of repeat decline whereby the company re-files for business rescue or straight liquidation soon thereafter.

It appears though that the debate on the uniform criteria of measuring success that has been raging for years on end, is far from being settled, with the South African writers joining the debate from a position of weakness being the youngest regime that is still developing (Grinyer et al., 1990; Barker & Duhaime, 1997; Couwenberg, 2001; Morrow et al., 2007; Trahms et al., 2013; Conradie & Lamprecht, 2018; Pretorius , 2018; Decker, 2018; Cepec & Grajzl, 2021). Unlike the South African business rescue context, which recognises Better Returns than in Liquidation (BRiL) as one of determinants of a successful outcome, Couwenberg (2001), Morrow et al. (2007), Trahms et al. (2013), Conradie and Lamprecht (2018) as well as Cepec and Grajzl (2021) suggest that different turnaround models in the US, UK and Europe countries tend to overlook the critical importance of a going concern asset sale.

2.4.2. Process yielding better returns for creditors than would under immediate liquidation (BRiL)

The second primary goal of the business rescue process is the concept of yielding Better Returns than in Liquidation (BRiL) compared to what the creditors would have received under liquidation. The goal, according to Conradie and Lamprecht (2022), is to restructure the distressed company's operations, finances, and liabilities in a manner that preserves its value and allows it to continue as a going concern. Instead of opting for immediate liquidation, the creditors have the election to negotiate the terms of their contractual claims, allowing for a potential to receive higher returns in due course.

The focus is the balancing of stakeholders' interest by treating them fairly in their diverse interest. BRiL is a paradigm shift from the asset retrenchments strategies focussing only on aggressive cutting of costs to a duality strategy where the interrelatedness of retrenchment and recovery strategies is recognised for the preservation and sustainability of the business (Schweizer & Nienhaus, 2017; Rico et al., 2021). Different authors emphasise the importance of a business rescue regime that accommodates the interests of all stakeholders and not just affected parties listed in Chapter 6 of the Companies Act (Trahms et al., 2013; Pretorius, 2018; Decker, 2018; Jombe & Pretorius, 2022). Schmitt and Raisch (2013), Schad and Bansal (2018) as well as Schweizer and Nienhaus (2017) literature reveals that when business rescue is successfully implemented, jobs are saved, which has a positive correlation to employee morale, which in turn results in improved performance.

2.4.3. Saving of jobs from business rescue participation

The South African business rescue regime aims not only to rescue financially distressed companies but to also preserve jobs, when possible (Jombe & Pretorius, 2022). The driver being, finding a viable solution to attain a going concern and preservation of jobs, which is a critical aspect of business rescue. Decker (2018) states that in some cases, the employee layoffs might still happen despite the BRP's best endeavours during business rescue if the financial distress is severe. Maintaining open and transparent communication with employees about the financial challenges, the steps taken to attempt reversal, and their role in the process fosters an understanding and cooperation which might increase the prospects of getting the stakeholders support leading to a successful turnaround (Decker (2018). Pretorius and Burke le-Roux (2017) support this view and insist that the focus of Chapter 6 of the Companies Act should also be on ensuring the development of entrepreneurs and for BRPs to provide them with the necessary skills during business rescue, to ensure business continuity post rescue. Similarly, Madigoe and Pretorius (2022) impress the importance of collaboration between stakeholders, top management team and the BRP to achieve a successful business rescue outcome.

2.5. Survival and sustainability of business post business rescue

The survival and sustainability of a company following recovery from financial distress depend on some key factors that contribute to its long-term viability. Findings by Arogyaswamy et al. (1995), Schweizer and Nienhaus (2017) as well as Krause et al. (2022) highlight that a well-executed implementation plan explains how the liabilities will be restructured to ensure business continuity, stakeholder engagement through open communication and sharing of information. Research by Krause et al. (2022) reveals that transparency and openness by leadership creates a culture of honesty and accountability. The work of Sharma et al. (2022) and Clauss et al. (2021) shares interesting highlights regarding leadership transparency, engagements and accurate communication and its relatedness to stakeholder commitment and support in challenges times of distress. Decker (2018) agrees that the gesture of goodwill and open engagement facilitates the alignment of conflicting interests and stakeholder support, which is survival enhancing.

The aim is to allow businesses that were successfully rescued to continue trading profitably in the short to medium term (Trahms et al, 2013; Decker, 2018; Rajaram, et al., 2018).

2.5.1. Organisational survival

Research by Rico et al. (2021) having interrogated the traditional view on retrenchment strategies suggesting that asset and cost retrenchment is associated with stabilising performance decline and survival prospects, concluded that retrenchment of inventory and employees is associated with liquidation. The authors further concluded that neither tangible nor intangible asset retrenchment is associated with organisational survival and that only the retrenchment of debt is associated with survival. This is in line with an earlier definition by Schoenberg et al. (2013) that survival is the ability of a business to withstand challenges, adapt to changes by replenishing and renewing itself and continue doing business over time to overcome its financial challenges and survive. Whereas Cortes and Herrmann (2021) also building onto Schoenberg et al. (2013) work, suggest that organisational survival is about strategic positioning for long-term incremental growth and not day to day survival. Given the above definitions one may conclude that business rescue related survival involves strategies and actions taken to revive or restructure a struggling business to prevent its collapse and ensure that it continuous its business. As Rico et al. (2021) suggests, when survival is at risk, asset and cost retrenchment strategies must be considered carefully prior to application and should not be implemented as a kneejerk response to financial response.

Successful organisational survival entails strategic planning, willingness to adapt to market changes, prudent financial activities; accountable leadership, effective communication and gaining stakeholder support, (Schweizer & Nienhaus, 2017; Neely et al., 2020).

2.5.2. Organisational sustainability

Contrary to prior research that supported broad definitions of what constitute turnaround that integrated companies aiming for survival with companies aiming for sustainable competitive advantage. Wood et al. (2018) defines sustainability as the long-term viability of the business that integrates environmental, social, and economic principles into its operation. Naciti et al., (2021) posit that in the context of a company under business rescue, sustainability involves not only rescuing the company from immediate financial distress but includes implementing strategies that support its ability to thrive in the long run. According to Oktarina (2018); Manisa and Defung (2017) financial conditions alone are not adequate to predict or minimise financial distress. That the company stakeholders per the stakeholder theory, require disclosure of non-financial matters like the company's environmental and social status. Additionally, in relation to sustainability, Jombe and Pretorius (2022) posit that the main function of business rescue is to resuscitate financially distressed companies to become sustainable and self-renew. Oktarina (2018) and Manis and Dafung (2018) note that the sustainability reporting requirement is brought about by the company's responsibility to its stakeholder groups (customers, employees, creditors, shareholders, suppliers, environment, and communities around its area(s) of operations. Wood et al. (2018) and Jombe and Pretorius (2022) agree and suggest that the company could implement the reporting requirement by adopting implanting strategies relating to 1) environmentally friendly practises (e.g., adherence to the carbon reduction pledge; 2) social responsibility (i.e., engaging with stakeholders communities, promoting fair labour practice in the company, and ensuring ethical operations); 3) maintaining financial stability building a healthy balance sheet and innovate for resilience beyond the immediate rescue phase to secure the company's future sustainability; and 4) building strong relationships with stakeholder through collaborative initiatives (i.e., creditors, customers, suppliers and investors), winning their support and trust is critically important and will contribute positively to the company's long-term sustainability. Lasty, embedding sustainability into the company's operations during business rescue even if the benefits might now show immediately, it might set a foundation for being a responsible and sustainable organisation and in the in the long run will have positive effect and insulate the company against similar threats of financial distress.

2.6. Conclusion

This chapter presented the literature relevant to this study. The theoretical foundation was discussed as stakeholder theory, where the arguments were presented that Chapter 6 of the Companies Act does not necessarily recognise other stakeholders beyond creditors, employees, and shareholders. A case was made for the inclusion of other stakeholders such as supplier, customers, communities and even competitors. The chapter also presented an overview of the business rescue process within South Africa with is nuances. The chapter concluded by reiterating the importance of business survival and sustainability post business rescue, for the socio-economic benefit of South Africa.

CHAPTER 3: RESEARCH QUESTIONS

3.1. Introduction

The aim of this research was to explore the role of stakeholders on business survival post business rescue. This chapter presents the research questions (RQs), which emanate from some of the literature relevant to the topic presented in Chapter 2 (Chowdhury, 2009; Slatter, 2011; Trahms et al., 2013; Decker, 2018; Pretorius, 2018; Lusinga & Fairhurst, 2020; Samimi et al, 2022; DesJardine et al., 2023). To explore the role of stakeholders in the formulation and implementation of strategies aimed at decline reversal and value creation for all as espoused by Chapter 6 of the Companies Act, the literature focused on stakeholder management as a key construct within turnaround (Trahms et al., 2013).

3.2. The research questions

The study topic and research questions stem from the research gaps identified in the literature perused which then informed the research questions raised (Trahms et al., 2013; Decker, 2018). The study aimed to build on, among others, Lusinga and Fairhurst's (2020) conclusion that "a study of stakeholders in business rescue from the perspective of other stakeholders, namely legal practitioners and credit insurers, is recommended." (p.10). These authors further recommend that empirical research be conducted to enhance an understanding of the stakeholders' roles' influence during business rescue process and whether its impact enables and/or inhibit the survival and sustainability of the business post business rescue (Trahms et al., 2013; Tangpong et al., 2015; Arora, 2018; Decker, 2018; Lusinga & Furhurst, 2020).

The below research questions are therefore raised in line with the research problem defined in Chapter 1.

Research question 1 (RQ1) - How do stakeholders' role enable the company's survival prospects post business rescue?

This question sought to explore and analyse the ways in which stakeholders contributed to enhancing a company's prospects for survival after successfully completing the business rescue process. This research question was vital for understanding the post-rescue phase and the critical role that stakeholders played in ensuring the continued viability and growth of the business.

Research question (RQ2) - How do stakeholders' role inhibit the company's survival prospects post business rescue?

This question sought to investigate the conflict and misalignment of stakeholder interests and impact thereof on the prospects of business survival and sustainability post business rescue.

The analysis of the literature pertaining to the topic resulted in identification of the need for a better understanding of the importance of early stakeholder involvement in decline reversal attempts that a company might be implementing. Research question 3 was formulated to gain a deeper understanding thereof.

Research question 3 (RQ3) - How is early stakeholder involvement during business rescue a contributing factor to the survival and sustainability of the business post business rescue?

The research question sought to evaluate stakeholder engagement practices and strategies applied in the business rescue process (i.e., pre and during business rescue) and its impact on survival and sustainability of business post business rescue.

CHAPTER 4: RESEARCH METHODOLOGY

4.1. Introduction

This chapter provides an outline of the research methodology that the researcher utilised to collect and analyse data in order to answer the research questions. The chapter outlines the choice of methodology, population, sample, data collection instrument, data analysis as well as quality controls.

4.2. Choice of Methodology

Research methodology refers to the systematic theoretical analysis of the methods applied in a field of study including techniques, procedures and principles used in conducting research, gathering data, and analysing information to draw conclusions from (Bell et al., 2019).

The choice of research methodology provides the blueprint on how the investigation was conducted to resolve the problem and answer the research question(s), noting the limited research on the critical role that stakeholders play during business rescue to procure the survival of businesses and subsequent improved financial performance (Trahms et al, 2013; Leedy & Ormrod, 2019). In this research, the qualitative research was the methodology of choice. It is an appropriate research methodology for an in-depth exploration of the subject of interest (Tomaszewski et al., 2020). Saunders and Lewis (2018) explained qualitative research as a bottom-up approach to theory development, informed by the meaning that individuals attach to specific events. In this process, evidence is based on a data that is used to understand the complex issues and their relationships that are central to their occurrence (Bell et al., 2019).

4.2.1. Research paradigm

The paradigm provides insights on the overall belief of the research that guide the actions of the research. To understand how the meaning will be constructed from the data through understanding what constitutes knowledge, which is the ontological position and how that knowledge is developed which is the epistemological position (Kivunja & Kuyini, 2017). Villiers and Fouché (2015) had earlier contextualised research paradigm as a framework that is used to make various assumptions about what constitute the problem as well as the solution and its criteria of proof. All qualitative research follows a set of very abstract rules that bring together ideas about “what is”, “how we know”, “what we know”, and “how to do things”. The researcher's thoughts and actions are based on these ideas. A research's ontological, epistemological, and methodological beliefs are all part the paradigm (Yadav, 2022). The study is based on lived experiences and insights of the participants, thereby allowing the researcher to produce a comprehensive report on the area of the study interest (Bell et al., 2019). The ontology of this study is the classification of stakeholders' role in line with their impact on the company success and sustainability post business rescue.

4.2.2. Research approach

Research approach can either be deductive, inductive, or abductive. These are common approaches used in research (Okoli, 2022). Based on the research questions, the inductive approach was employed in this study. Bell et al. (2019) explained that the inductive approach is used to generate theory out of data. Saunders and Lewis (2018) agreed that the inductive approach enables an in-depth understanding of the research context from observing the patterns of the phenomenon to formulate a proposition from which to develop a theory. This is appropriate for the focus of this study which was to bring insights into the business rescue process and help to refine the relevant theory. In this study, the inductive approach was followed because it allows the collection of data by the researcher on participants' experiences to reach conclusions (Bell et al., 2019).

4.2.3. Methodological choice

The chosen method for this study was a qualitative study methodology. Bell et al. (2019) suggested that qualitative research is an inquiry and analysis of an individual or group of individuals, with the goal of capturing the in-depth understanding of the object of study. Bell et al. (2019) supported by Rosenthal (2016) argued that the qualitative research study allows for the opportunity to conduct interviews and ask open ended questions in a structured, semi-structured and/or unstructured manner. This methodological choice allowed the research to undertake an in-depth understanding of the enablers and inhibitors of stakeholders' support in the business rescue process that might impact the prospects of survival and sustainability of the business post business rescue (Bell et al., 2019; Rosenthal, 2016; Saunders & Lewis, 2018). The study also investigated how early stakeholder involvement during business rescue is a contributing factor to the survival and sustainability of the business post business rescue. Due to the format of semi-structured interview, the research could pose key questions that allowed for further probing to clarify or follow on a question to get more detail (Bell et al., 2019). The qualitative research was used to investigate and answer questions relating to the experience, perspective and meaning (Hammarberg, Kirkman & de Lacey, 2016).

4.2.4. Research strategy

Saunders and Townsend (2016) posited that the strategy provides the details of the design within the methodological choice that is followed in research. There are several strategies that can be employed in qualitative methodology, and these are narrative, phenomenology, case study, grounded theory, and ethnography (Creswell & Poth, 2016).

This study followed a narrative qualitative research strategy as it centres on understanding the fundamental nature of a lived experience, which can be perceived or experienced by individuals with varying perspectives (Merriam, 2002; Neubauer et al., 2019). This type of research enables the researcher to develop an understanding of the meaning that the participants have created about their lived experiences (Merriam, 2002). This study explored how the participants experienced the roles that stakeholders play during business rescue and whether they perceived same to enable or inhibit the prospects of survival and sustainability of businesses post business rescue (Creswell & Poth, 2016; van Manen & van Manen, 2021).

4.3. Population and unit of analysis

A population is an exhaustive collection of individuals who share specific traits, while a sample is a representative cross-section of the population (Thacker, 2020). In research, various features of a population are used to define the population. Saunders and Lewis (2018) posited that in research, a population must be selected in line with its relevance to the study and accessibility of participants.

In this study, consideration of issues such as time, relevance, availability, and accessibility of resources was central to the selection of the population. The population consisting of primary stakeholders (employees, shareholders, creditors), suppliers, key industry players (company directors, BRPs, attorneys and bankers (working for institutions that provided post commencement financing and/or their advisors)), was considered relevant for this study (D'Aveni & MacMillan, 1990; Clarkson, 1995; Decker, 2018; Saunders & Lewis, 2018).

Yin (2003), Pereira et al. (2022) posited that the unit of analysis is the main problem that defines the research. The unit of analysis for this study were the stakeholders of the businesses that successfully exited business rescue (that is, businesses that would have substantially completed and/or implemented the rescue plan) and the unit of observation consisted of company directors, BRPs, bankers (working for financial institutions that provided post commencement finance and/or their advisors) and other relevant stakeholders.

4.4. Sampling and size

Saunders and Lewis (2018) defined a sample as a sub-group of a population that is the subject of research. For successful research, the chosen sample must be informed by applicable techniques, availability, and accessibility of the resources for utilisation by the researcher (Saunders & Lewis, 2018). Saunders and Lewis (2018) identified probability and non-probability techniques. The probability sampling method entails a complete list of the population selected using a random sampling, while non-probability sampling method is a default technique used in research where no complete list of population exists, and the sampling method is for qualitative studies.

In this study, purposive sampling was used. A non-probability sampling method was found suitable for the intended semi-structured interviews (Saunders & Lewis, 2018). Within the non-probability methodology, the study employed the purposive sampling technique. In this instance, the research relied on the researcher's judgment used to select a sample with high probability to answer the research questions, which consisted of primary stakeholders and industry role players (including company directors, BRPs, attorneys and bankers. The targeted participants were considered appropriate for this study because they have lived through the business rescue process either as a primary stakeholder, a BRP, a Banker, an attorney and/or an advisor to the company or creditor, a union during business rescue process. They therefore have a lived experience of the business rescue process and the insight they provided is valuable for the research.

This type of sampling technique is commonly used for semi-structured interviews (Saunders & Lewis, 2018). The sample size was 21 participants which are considered diverse enough and adequate for the purpose of the study. This sample was within the recommended sample size of five to 25 for narrative qualitative studies (Creswell & Poth, 2016; Saunders & Townsend, 2016; Saunders & Lewis, 2018; Bell et al., 2019). The sample reached the saturation (Hennink & Kaiser, 2022). The sample was constituted by the primary stakeholders of the companies that achieved substantial completion and/or implementation of the business rescue plan and successfully exited business rescue as well as the industry role players. Kondowe and Booyens (2014) noted the importance of ensuring that the choice of recruitment is informed by the accessibility of study site, the participants as well as acceptance by the participants.

4.5. Data collection instrument and collection

In this study, the data source is the interviews of primary stakeholders and industry role players. The interviews were conducted using a semi-structured questionnaire - an interview guide (Bell et al. (2019). The interview guide comprised of eight questions, linked to the research questions. The full interview guide is provided in Appendix 6.

The initial introductory contact with participants, providing brief context of the study as well as requests for consent in Appendix 7 were conducted via email, telephone, text or virtual platforms. This is because these methods allowed for flexible scheduling, greater geographic access, and convenience (the meetings could be conducted at any time of the day) (Keen et al., 2022). The interview meetings were scheduled upon receipt of duly signed informed consent forms by each participant. The researcher utilised Microsoft Teams which were considered a less disruptive albeit credible meeting platform and most convenient to both the researcher and the participants. According to Sah et al. (2020), there are numerous advantages of using the virtual communications tools that include, overcoming time constraints and financial burden of the research process (e.g., travelling from point A to B and costs of petrol, hailing or public transport fare). The interviews whether conducted by telephone or virtual means require transcription to ensure reliability, accuracy and credibility of data collected (Chacia & Millward, 2011). Azat et al. (2021) posited that these alternative platforms, when compared with face-to-face meetings, have demonstrated other additional benefits, ranging from flexibility, balanced anonymity, costs savings (transport logistics and time) and power dynamics (with less emotional stress) as well as the safety of participants being elevated.

4.6. Data analysis

The data analysis was conducted using the six-phase thematic analysis from Braun and Clarke (2019). Braun and Clarke (2019) emphasised the importance of clarity as to why the research is being conducted, what it entails as well as the methods that are used to analyse data. Castleberry and Nolen (2018) agreed and further argued that thematic analysis is very useful for analysing the qualitative data, as it offers the researcher the opportunity to present work that is credible and trustworthy. This analysis was conducted with assistance of a computer aid program, Atlas.ti 23.

In the first step, an effort was made to refamiliarise with the data to ensure that both content and context are not misinterpreted during coding. In the second step, the researcher conducted a line-on-line coding to generate the initial codes. These codes were generated without filters, the main intention was completeness. This was followed by generating unique codes, with ‘unit of meaning’. In stage three, the individual codes were consolidated into code groups or themes which themes were followed by the development of the sub-themes. In stage four, the themes were reviewed and then defined in stage five. In this process, the thematic maps were also developed, which highlight the necessary relationships which can be ‘association, contradiction or code being part of a theme’ amongst others. The last stage was an evidence based write up of the findings.

4.7. Data quality controls

Braun and Clarke (2019) suggested the importance of data analysis clarity and the role it plays in the evaluation of the trustworthiness of the research study. Nowell et al. (2017) agreed and stated that it is the researcher’s responsibility to conduct a rigorous thematic analysis that will lead to the trustworthy and informative findings. Utilising thematic analysis and the criteria posited by Nowell et al. (2017) as well as Lincoln and Guba (1985) as a guide, this study ensured the validity and trustworthiness of the data by adhering to the following:

1. Credibility – comparison of participants' responses to identify similarities or differences and data triangulation and validation (including, the confirmation of participants' relevance for the purpose of the research, sharing of findings with the participants to confirm accuracy of results interpretation, members' check (Shenton 2004)), and that the sample was large enough to reach saturation;
2. Transferability – clear design, collection, and analysis – ensuring that the findings are transferable to similar settings without generalisation. Ensuring simplification for the reader's ease of understanding and application by the reader in another similar setting;
3. Confirmability – objective reporting, especially in ensuring the continuous check and re-check of data throughout the collection and analysis process to ensure that it aligns with the prevailing narrative in an objective manner to align with the participants' narrative (for example when quoting verbatim statements) to eliminate any form of bias on the part of the researcher by providing for contradictory views on the empirical data; and
4. Dependability - consistency in reporting, use of research design (interview guide) that is widely used in similar studies, and to maintain a record of decision trail that is easily auditable as evidence should the need arise to confirm consistency between data and the analysis (Nowell et al., 2017).

According to Shenton (2004), Saunders and Lewis (2018) as well as Bell et al. (2019), the validity and trustworthiness is achieved if the research successfully provides clear explanation of how data is collected, analysed using themes to explain findings which responds to the questions, and the objectives of the research. This research followed these steps to ensure validity and trustworthiness.

4.8. Limitations and research ethics

Due to time constraints, availability and accessibility of the participants, the focus of the research was on the experiences of primary stakeholders (employees, shareholders, creditors), suppliers, key industry players (company directors, BRPs, attorneys and bankers (working for institutions that provided post commencement financing and/or their advisors)).

Given the limited focus, the experiences of other important stakeholders that exist outside business rescue but recognised by stakeholder theory (i.e., customers, government, suppliers, communities) were excluded from the study. As a result, the researcher cautions against the over generalisation of the research findings (D' Aveni & MacMillan, 1990; Clarkson, 1995; Donaldson & Preston 1995; Ogden & Watson, 1999; Decker, 2018; Pretorius, 2018).

4.9. Conclusion

This chapter presented the methodology implemented by this study. Being exploratory in nature, this study followed the qualitative approach in order to explore the lived experiences of participants with regards to the role of stakeholders on business survival and sustainability post business rescue. The chapter also outlined the narrative approach followed by the study, as well as the population, sample, sample size, data collection tools as well as the analysis process. The chapter concluded by outlining the quality controls employed in order to ensure validity and trustworthiness as well as outlining the limitations of the study.

CHAPTER 5 – FINDINGS OF THE STUDY

5.1. Introduction

The primary objective of this research was to explore the role of stakeholders on business survival post business rescue. The researcher aimed to delve into the stakeholders' role in shaping and executing strategies designed to reverse a company's decline and create value for all involved parties. This investigation revolved around the following key research questions (RQs), as discussed in Chapter three:

RQ1: How do the stakeholders' roles enable the company's survival prospects post-business rescue?
RQ2: How do the stakeholders' role inhibit the company's survival prospects post-business rescue?
RQ3: How is early stakeholder involvement during business rescue contributing to the survival and sustainability of the business post-business rescue?

The 21 interviews occurred during August and September 2023. The research was conducted using inductive approach to identify key themes with respect to stakeholders' roles. The qualitative codes from the empirical data are presented in Appendices 1A, 1B, 1C, respectively. These were used to develop the themes and sub-themes. By addressing these research questions, the study aimed to shed light on the dynamics of stakeholder roles during business rescue and their impact on post-rescue business survival scenarios and extract valuable insights for the benefit of the research community and business practitioners alike. In this chapter, the findings of the study are presented, starting with a sample overview. This confirms the relevance of the sample as well as the sample size.

5.2. Overview of the sample

The study's participant cohort comprised primary stakeholders, as defined in Chapter 6 of the Companies Act, who participated in the business rescue proceedings in respect of which plans were substantially implemented and effectively exited business rescue proceedings, signifying the successful execution and implementation thereof. The participants' demographics are detailed in Table 1, arranged according to groupings and industry specialisations.

Table 1: Summary of the Participants Profiles

Participant ID	Job Role	Specialisation/ Industry	Title/Another demographic identifier
Primary Stakeholders (Individuals directly associated with businesses that completed and implemented rescue plans successfully)			
G1 Participant 1	Business Turnaround and Restructure	Finance	Manager
G1 Participant 2	Business Restructuring	Legal	Manager
G1 Participant 6	Trade creditor/Supplier	Freight Forwarding	Booking
G2 Participant 1	Employee	Labour	Trade Union General secretary
G2 Participant 2	Employee	Labour	Trade Union Shop Steward
G2 Participant 3	Employee	Energy	Sales Manager
G2 Participant 4	Shareholder	Textile	Managing Director
G2 Participant 5	Shareholder	Gaming	Group Chairman
G2 Participant 6	Shareholder	Automotive	Managing Director
Industry Key Players (Encompassing Attorneys, Business Rescue Practitioners)			
G3 Participant 1	Business Restructuring Attorney	Legal	Partner
G3 Participant 2	Labour Relations Attorney	Legal	Managing Director
G3 Participant 3	Senior Business Rescue Practitioner	Business Rescue	Senior Business Rescue Practitioner
G3 Participant 4	Ceo & Business Rescue Practitioner	Business Rescue	CEO
G3 Participant 5	Junior Business Rescue Practitioner	Business Rescue	Business Rescue Practitioner
G3 Participant 6	Senior Business Rescue Practitioner	Business Rescue	Senior Business Rescue Practitioner
G3 Participant 7	Business Rescue Practitioner	Business Rescue	Managing Director
G3 Participant 8	Senior Business Rescue Practitioner	Business Rescue	Managing Director
G3 Participant 9	Business Rescue Practitioner	Business Rescue	Managing Director
Bankers (Bankers affiliated with institutions that offered post-commencement financing to these businesses)			
G1 Participant 3	Banker - Business solutions and Recoveries Manager	Finance	Manager
G1 Participant 4	Banker - Client Advisory	Finance	Head
G1 Participant 5	Restructuring Advisory	Finance	Head - Africa

Additionally, key industry players, encompassing company directors, BRPs, attorneys, and bankers affiliated with institutions that offered post-commencement financing and/or their advisors, were deemed pertinent for inclusion in this research. Of the 21 participants interviewed, nine were either attorneys or BRPs, three were creditors (i.e., post-commencement finance providers and supplier of goods or services), three were company owners, with the other three being employees of the rescued companies. The balance being bankers at the financial institutions that provided post-commencement funding or advisory to the financial institutions or the companies that underwent business rescue. Four participants (two each from the same company) noted that each gave very different insights emanating from their personal experiences, industry, and roles in the business rescue process.

The participants were considered appropriate for selection due to their likelihood to answer the research questions because of their exposure to the business rescue process, either as primary stakeholders contemplated in Chapter 6 of the Companies Act or as industry role players (i.e., as company directors, BRPs, attorneys and/or bankers working for institutions that provided post-commencement financing or their advisors). The participants' profile depicted in Table 1 represents the job role or title, specialisation, industry and/or other demographics. The participants' titles range from unionised and unionised employees to companies' chief executives within specific industries and practices. It was critical to not only include primary stakeholders contemplated by Chapter 6 of the Companies Act but to also to include other parties that interacted with or would have interacted with the company prior to and during business rescue. This diversity allowed the researcher to get participants' insight on whether such interaction enables or inhibits the success of the company post business rescue. Further, to gain participants' insights on whether the early stakeholder involvement plays a critical role in the survival of the company post business rescue.

5.3. Stakeholders' role enablers for company's survival prospects post business rescue

The first research question highlighted in Chapter three was phrased as: How do stakeholders' role enable the company's survival prospects post business rescue?

The successful emergence of a company from the business rescue process hinges on various factors, with stakeholders playing a pivotal role in determining post-rescue survival prospects. This study aimed to comprehensively address Research Question 1 (RQ1), delving into the multifaceted ways in which stakeholders contribute to a company's viability following the completion of the business rescue process. As a prelude to addressing RQ1, the research first identified the intricacies of the business rescue ecosystem, summarised in Table 2.

This initial exploration serves as the foundational context for understanding the subsequent analysis of how stakeholders' roles significantly influence the post-business rescue landscape.

Table 2: Foundational Context for Understanding stakeholders' roles influence in the post-business rescue landscape

Category	**Specialization**
Primary Stakeholders	Shareholders/Business Owners
	Company Creditors
	Employees/Trade Union
Industry Key Players	Business Rescue Practitioners (BRPs)
	Attorneys, Bankers, Advisors

Primary Stakeholders

Roles: These individuals directly associated with businesses that successfully completed and implemented business rescue plans.

Diversity: Encompasses business turnaround and restructuring managers, legal professionals, creditors, customers, suppliers, employees, and shareholders, communities, government, and regulatory bodies.

Industry Key Players

Roles: Includes attorneys specialising in business restructuring and labour relations, banks, as well as a range of Business Rescue Practitioners, from junior to senior levels.

Expertise: The participants bring financial, legal, labour and business rescue experience critical for ensuring a successful business rescue process.

Figure 1: The Business Rescue Ecosystem

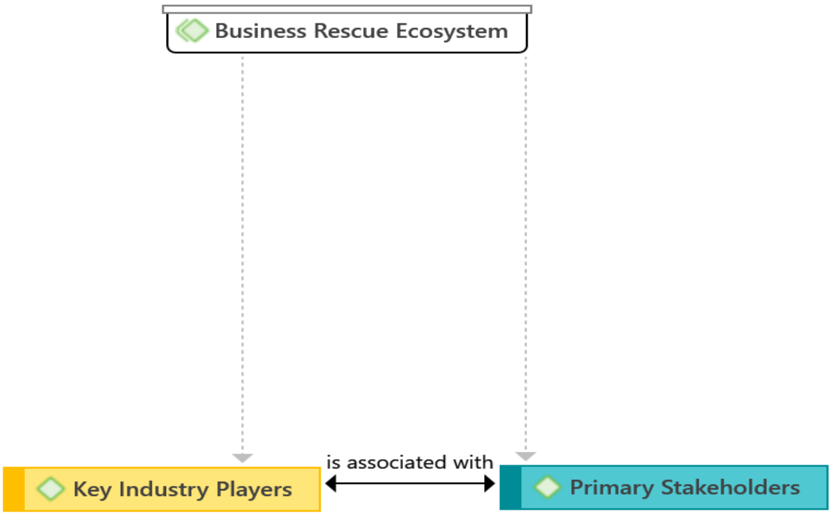


Figure 1 illustrates and conceptualises the ecosystem involved in the business rescue process. The Business Rescue Ecosystem involves a diverse set of stakeholders crucial for the successful implementation of business rescue plans. These stakeholders contribute by sharing their experience and/or expertise in finance, law, labour relations, and business restructuring, collectively forming a comprehensive support network for businesses undergoing rescue processes. The inclusion of bankers further emphasises the financial aspect of the ecosystem, highlighting the collaborative efforts needed for successful business recovery.

To further understand the enabling role, the empirical study sought to explore and analyse the ways in which stakeholders contribute during business rescue towards enhancing a company's prospects for survival post-business rescue. Understanding these dynamics is essential for deciphering the critical role stakeholders play in ensuring the continued viability and growth of a business during the post-rescue phase. The insights gained from participants provide valuable perspectives on the intricate interplay between stakeholders and the company's sustained success. The insights from the participants are depicted in Table 3. These themes and subthemes shed light on the various dimensions of stakeholder involvement and collaboration during the business rescue process and the subsequent efforts to secure the company's survival and long-term viability.

Table 3: Stakeholders' role in enabling the company's survival prospects post business rescue

Themes	Subthemes
Collaborative decision-making	Balancing interests for better returns
Effective stakeholder engagement	Executing the business rescue plan for company survival.
Accountability for success	Ensuring promise fulfilment and implementation.
Solution driven initiatives	Embracing collaborative responsibility for change management
	Employee commitment for long-term viability
	Creditor body involvement and confidence

5.3.1. Collaborative decision-making

Stakeholder collaboration and decision-making during business rescue are essential for a company's survival and long-term recovery. The complex interplay of stakeholders, including shareholders, employees, unions, creditors, customers, and suppliers, can significantly impact the outcomes of the business rescue process. This theme delves into the distinct roles of stakeholders and their collective influence on the business's ability to navigate the challenges of rescue and secure its post-rescue survival. One participant hinted at the potential conflicts that can influence decision-making and made the following observation:

> "So, there is a natural conflict that arises from time to time because the shareholders obviously want to maximize return. They want to contain as much control over the business as they would have had in the ordinary course of business. Against that, you have the competing forces of the employees and the unions who do not want to see anyone lose their jobs." – **G1 Participant 1**.

This quotation underscores the inherent conflict that often arises during business rescue. Shareholders seek to maximize returns, while employees and unions are focused on job preservation. This conflict can lead to tough decisions, such as retrenchments, which may be necessary to ensure the viability of the business. It highlighted the complexity of managing diverse stakeholder expectations and interests, directly affecting the business's ability to survive and recover post-rescue, hence the need to collaborative decision making. The following quote from another participant subtly confirms this conflict:

"Creditors, one thing that they're interested in is to get their money, and the employees represented by Unions are interested in ensuring that the company gets the strategy that will make the company work and survive out of the rescue process." – **G2 Participant 1**

The willingness of creditors to delay repayment can provide the business with the financial breathing space needed for recovery. This support positively impacts the company's survival by allowing it to focus on stabilisation and growth without the immediate burden of settling debts. Employees, either represented by unions or ununionised, play a crucial role in ensuring the company's long-term survival through honoring their employment obligations. Employees with their focus on the company's long-term survival, play a crucial role in ensuring that the company emerges from the business rescue process with a sustainable plan. Their engagement and cooperation can positively impact the business chances of long-term survival by facilitating smoother transition and recovery process. Further, they are instrumental in helping the company to emerge from the business rescue process with a sustainable plan, thus enhancing the business's chances of long-term survivability. It is intriguing to hear what this participant had this to say about collaboration:

"The first thing is to bring everybody on board since our common goal is the sustainability of the business. The agreement in principle between the stakeholders is that the creditors have to find ways to recover the debt owed by the company. The shareholders as the main stakeholder of the company have to find ways to inject cash into the company for the smooth running of the company. The employees have to participate in ensuring that works and is sustainable." **- G2 Participant 2**

To sum it up, the insight from the participants highlighted the roles of creditors, shareholders, and employees as critical stakeholders during business rescue. Creditors seek to recover the moneys owed, while employees are concerned about the company's post-rescue survival for job preservation. The impact of these roles on business survival is multifaceted, with creditors' flexibility regarding debt payment and employees' commitment to a viable strategy both playing significant roles in the business's ability to survive and thrive after the rescue process under the stewardship of the business rescue practitioner, as affirmed by G3 Participant 5:

"And then you've obviously got the creditor body, that's your customers and your suppliers, in terms of stakeholders and active involvement, need to be involved in the business rescue process. They need to be confident in the ability of the business rescue practitioner." – **G3 Participant 5**

The involvement and confidence of customers and suppliers, as may be part of the creditor body, are vital for the business's continuity. Their active participation and trust in the business rescue process contribute to the company's ability to maintain operations and a stable supply chain.

In summary, stakeholder collaboration and decision-making are central to the success of business rescue for business survival and sustainability post business rescue. The roles and interests of shareholders, employees, unions, creditors, customers, and suppliers collectively influence the business's ability to recover and thrive beyond the rescue process. The delicate balance of these stakeholders and their commitment to a common goal—ensuring the company's survival—shapes the business's post-rescue journey. The impact of these roles on the survival of the business post-business rescue is evident from the participants above and can create a conflict of interest with the need to make tough decisions, such as job cuts, to ensure the viability of the business. The participants underscore the complexity of managing diverse stakeholder expectations and interests during business rescue, which can have a direct impact on the business's ability to survive and recover.

5.3.2 Effective stakeholder engagement

This narrative delves into the theme of promoting engagement of stakeholders for the survival and sustained success of a business post-rescue. Participants detailed the critical role that engagement and support play in steering a company towards a more secure future. The importance of effective engagement among stakeholders emerged as a critical factor in facilitating the company's survival and sustainability post business rescue. This view was shared by one of the participants who stated that:

> "You're never going to get to meaningfully engagement with suppliers and being able to produce products for your customers. So, you definitely need to have that, once you have the money the second greatest execution risk is that you need to finalize." – **G3 Participant 1**

> **"**if there's no collaboration within the stakeholders themselves, then there will not be any agreements in terms of a way forward." – **G2 Participant 3**.

This insight highlighted the importance of agreement among stakeholders for the company's survival following successful business rescue because the fate of the company hinges on the ability to unite in purpose and action.

> "I think a component of stakeholder engagement that is often overlooked is education. So, you have an entity that is doing well, stops doing well, goes into financial distress

> and goes into a completely different regime of operating. And there's a set of new rules, new ways of engagement, new obligations, and one of the frustrating aspects is waiting for people to catch up to where the practitioners are in terms of the process that's about to follow." – **G3 Participant 1.**

This insight highlighted that the participant believes engagement is not just important but a fundamental and non-negotiable aspect of post-rescue success. Such engagement needed to be supported by proper education on the business rescue process, such that stakeholders are on the same page at all times, to make for effective engagement. Conversely, another participant suggested that for stakeholder engagement to be effective, it must primarily be underlined by suppliers' and employees' support:

> "But in the case where your business relies on the engagement of stakeholders to survive, then you have them that they have to be retained." – **G2 Participant 5**.

This quote offers a critical insight into the fragility and complexity of post-rescue scenarios. It underscores that stakeholder engagement extends beyond the boardroom and into the larger ecosystem of creditors (including suppliers, customers), shareholders and employees. The challenges can be overwhelming, making engagement and support from these stakeholders existential. This insight is a reminder and caution that in the absence of this collective support, the very survival of the company hangs in the balance. While another participant emphasised the critical importance of engagement in crafting clear objectives:

> "They go into the company and play various roles but that's not gonna happen when the company comes out of rescue, they must be able to run the business themselves, and know what the objective were of putting the business in rescue." – **G2 Participant 6**.

Another participant agreed with the above statement, and this is what s/he had to say about stakeholder participation and support:

> "It can be really complex, in the case of [•] it was very complex and but without the participation and support of all those stakeholders, the value would have been destroyed and at some point, that value destruction would relate to nothing worth saving." **– G2 Participant 5**

The statement depicts the importance of transitioning from dependency to self-sufficiency for business survival and sustainability post business rescue. The insight from this quotation underscores the significance of the post-rescue phase as a period of transformation and self-reliance. It implies that while external support may be essential during a crisis, it is equally critical for stakeholders to develop the internal capacity and knowledge to operate independently once the company is back on its feet. In a nutshell, this insight emphasises that the end goal of business rescue is not just survival but also building the capability for long-term success. In summary, the fundamental importance of engagement among stakeholders as a cornerstone for the business's survival and post-rescue sustainability has been thoroughly examined in this narrative.

Participants shared their perspectives on the necessity of stakeholders' unity in purpose and action, emphasising that the fate of a company often depends on the ability to reach agreement and work together effectively. Furthermore, it becomes evident that effective stakeholder engagement during business rescue is critical for developing a successful plan that steers the company to recovery. One participant stated:

> “But from my experience, businesses, even ones that are doing well, take a longer period to develop business plans, engage their stakeholders before they're able to present it to either shareholders or a board and so in my view that, if in the ordinary course you could never do it in three months, in a distress environment with more high stakes and greater execution risk, it would be much harder to, even in the ordinary course to get to a three month implementation period” **-G3 Participant 1**

5.3.3. Accountability for success

In the face of mounting business challenges resulting in financial difficulties caused by corruption and maladministration, the stakeholders have recognised how critical is the role they play during business rescue. This came out strongly from one participant noting that:

> “The issue of maladministration, corruption and all other things that affect the company require that there has to be a great level of accountability, cause if we're not accountable, if people aren't being held accountable then what is the point, as no matter how much money you bring into the company will just disappear without resolving the problem because of lack of accountability and maladministration.” – **G2 Participant 2**.

This statement emphasises the critical role of executive management’s accountability in addressing the issue of corruption, maladministration and other factors that negatively impact the company’s financial performance. The insights derived from this statement are that unless the stakeholders take joint responsibility in addressing the root causes, the company’s financial woes will persist despite any level of external interventional. One participant suggested that stakeholder engagement and communication, collaborative decision-making, and realistic expectations are of critical importance for a successful plan implementation which in return translates to survival and sustainability in the short to medium term.

> “If you go away, develop a plan, present a plan and expect it to be voted through without any stakeholder engagement. I mean, I think you living in a dream world, and you need to bring stakeholders into the process to buy into the plan because when it comes to implementation and the success of a process, it's going to be them. Having understood why you are proposing what you are proposing, understanding what the future of the business looks like.” - **G1 Participant 1**.

This participant’s focus is on the company’s long-term survival and sustainability beyond business rescue process. Another participant highlighted the critical role that the government plays in ensuring good corporate citizenry principles and stated as follows:

> “Government will always play a critical role in terms of ensuring that they keep management in check in terms of the implementation because where companies having to go in business rescue literally means that there is something that has not worked and then we can tell you most of the time collapses comes from executive management. So, if you are not going to keep those checks and balances, it's possible to have another collapse in the company.” – **G2 Participant 1**.

There are several key insights that are gleaned from this quotation, namely: the need to hold executive management to account implies that they may be a key contributor to the company’s financial woes. Government oversight role in the context of business rescue ensures that companies adhere to proper governance risk management and compliance which ensures economic development and saving of jobs thereby alleviating the economic pressures.

This participant commented about the critical importance of stakeholder financial support during business rescue and stated that:

> “Let me start at the end towards the success of a business rescue and that first formula is the financial creditors and then the trade creditors and suppliers because without the two of them and their ongoing support through PCF, you usually have a challenge from a liquidity perspective.” **G1 Participant 4**

The participant emphasises the importance of stakeholder financial support during business rescue to ensure the successful implementation of the business recuse plan. Further, the participant acknowledged that without it the company will have cashflow related challenges which might threaten the survival of the business in the short term.

In a nutshell, these insights highlighted the critical importance of learning from the past mistakes and taking the preventative measures to avoid recurrence of financial distress.

5.3.4. Solution driven initiatives

The process of business rescue requires ongoing interaction among stakeholders with the aim to provide quick solutions to arising matters relating to the process. Several participants regarded stakeholder communication and engagement regarding solutions as essential.

> “You need to realise that if you do not do what you're supposed to do on a daily basis, the reality is that they can put you in liquidation and you can lose everything that you've worked for and that that's always been our driving force.” **– G2 Participant 6**.

The abovementioned statement underscores the critical significance of taking responsibility for day-to-day operations of the business, thereby actively looking solution driven initiatives that seek to help the business emerge successful post business rescue. Further, the statement demonstrates that failure to take responsibility might lead to the demise of the business.

> “The employees also must give input on what must happen to improve our company because situations leading to business rescue were due to a lot of maladministration, hence, we find ourselves in this particular situation. So, we have to work together so that we avoid such circumstances in the near future.” – **G2 Participant 2**.

This statement highlighted the crucial significance of employee engagement during the business rescue process and communication of the strategic plan formulation to ensure that their inputs are considered for successful implementation. G3 Participant 1 expressed the importance of implementing solution driven initiatives and the support by employees is critical for successful business rescue. The participant stated that:

> “Then, employees also critical component of that. If you haven't had a supportive employee base during the business rescue and post business rescue, it becomes very difficult for you to meet the various targets that you may have in the business because of the employee dynamics.” – **G3 Participant 1**

The statement highlighted the importance of employee engagement and support towards successful implementation of the business plan and future survival and sustainability of the company. Another participant believed that stakeholders ought to share collective responsibility and accountability, expressing that:

> "The responsibility of the shareholders is very important, is probably the most important stakeholder responsibility after the conclusion of business rescue and they need to support the board and the executive management." – **G3 Participant 4**.

This statement highlighted the critical importance of shareholders' support and the pivotal role that the board can play in overseeing the implementation of the rescue plan by the management team to ensure business sustainability post business rescue. One expert participant emphasised that effective communication alone is not sufficient, engaging stakeholders is equally crucial (including offering solutions). Furthermore, this expert asserted that:

> "I would say yes. Employees, lenders, to a lesser extent customers and suppliers but your lenders are obviously a critical component of that survival post business rescue and their collaboration and depending on the resources in the company, you may have to rely on external resources that your lenders may have the skill set, they may have industry expertise that they may have and so some of the insights that they bring into that collaborative process, help you pre, during, and post business rescue." - **G3 Participant 1**.

Another participant suggested that in the business rescue it is critical to implement solution driven initiatives alongside gaining stakeholder support and confidence to a successful outcome. The participant stated:

> "It's critical for that reason to take the stakeholders into confidence and to sort of have their support from the get-go, because it is the same stakeholders that will determine whether: 1) you've got accurate information, 2) whether you're able to access to post commencement finance, 3) whether any proposed strategy for the rescue, whether it's an amendment of the shares or the debt, whether that has the support and then is able to carry the business rescue proceeding forward, so stakeholder active involvement is quite critical." - **G3 Participant 9**.

In a nutshell, the statement recognises the importance of collaboration of various stakeholders in the context of business rescue both pre, during and post business rescue. It further emphasises the critical importance of the galvanisation of resources for survival and sustainability of the business post business rescue, which are normally provided by either the shareholders, lenders and/or investors, customers (remaining loyal and agreeing to negotiated terms) suppliers (agreeing to negotiated deferments and contracts restructuring) in line with enabling legislation. Figure 3 illustrates and conceptualises the role of stakeholders in enabling the survival of the company post-business rescue.

Figure 2: Stakeholders’ Role in Enabling Company Survival Post-Business Rescue

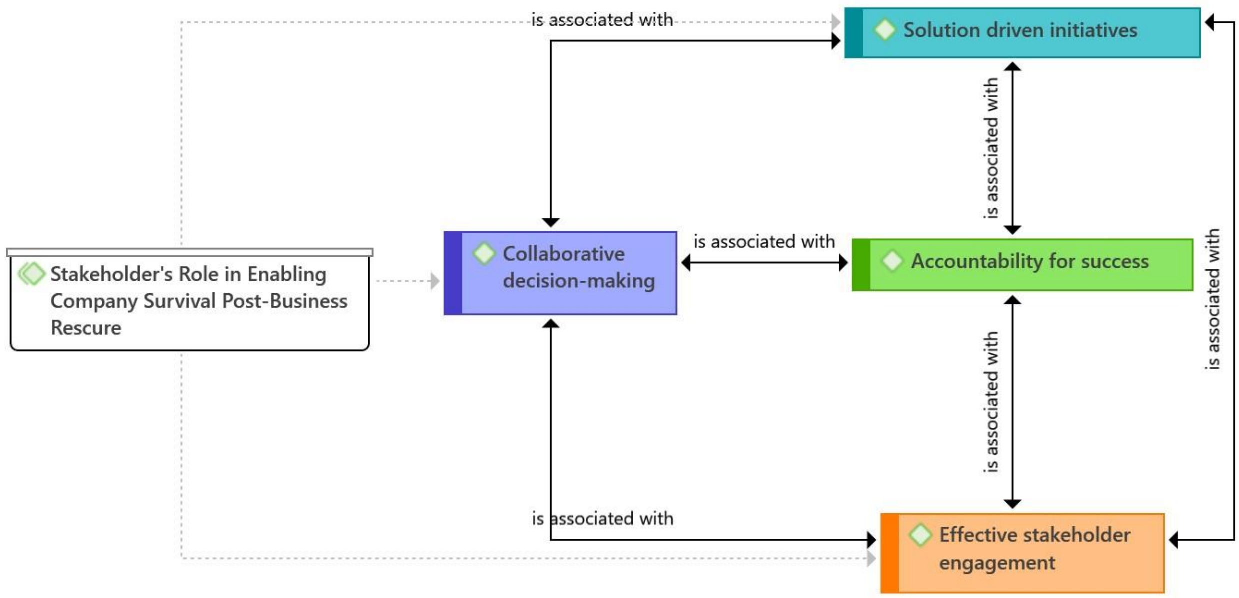


Figure 3 conceptualises the stakeholders’ roles as enablers of business survival and sustainability post business rescue. It embraces interconnectedness and collaborative nature of the stakeholder relationship, the need for solution focussed approach, inclusive decision making, active engagement and shared accountability to successfully navigate the complexities associated with the business rescue process. These interconnected collaborative roles and decisions pave the way for effective stakeholder engagement which in turn paves the way for sustainable recovery and future growth. Similarly effective stakeholder engagement has a positive relationship accountability for success which ensures that the company emerges resilient and revitalised post business rescue.

In conclusion, this section sought to explore how stakeholders enable a company’s survival prospects post-business rescue. The section delved into the complex dynamics of stakeholder involvement during and after the business rescue process. The participants’ insights revealed the varied roles and contributions of different stakeholders, from shareholders to creditors, employees, unions, customers, and suppliers, in shaping the destiny of a distressed company. The themes and sub-themes that emerged highlighted the significance of stakeholder engagement, collaboration, and accountability in securing a company’s post-rescue survival and long-term sustainability.

5.4. Stakeholders' role inhibits the company's survival prospects post business rescue

In the second question, the focus was to understand: How do stakeholders' role inhibit the company's survival prospects post business rescue? In this section, the research delved into the examination of Research Question 2 (RQ2), which focused on the role of stakeholders and its potential hindrance to a company's survival prospects following a business rescue. This inquiry aimed to shed light on the complexities of conflicting stakeholder interests and the consequences of inadequate stakeholder engagement, particularly regarding a company's ability to endure and prosper in the aftermath of the business rescue operation. By scrutinising these themes, the study sought to uncover the critical insights and implications surrounding stakeholder involvement, their varying interests, and how these dynamics influence the post-business rescue landscape. The analysis contributes to a deeper understanding of the pivotal factors affecting a company's sustainability during the challenging transition period that follows a business rescue.

The extent to which stakeholders engage, commit, or resist can either facilitate the effective implementation of rescue plans, thereby nurturing the company's revival, or hinder its path to recovery. Table 4 explores various themes and subthemes that encapsulate stakeholders' actions and attitudes and their impact on a company's post-rescue survival prospects. The qualitative codes that are part of the analysis of this section are presented in Appendix 8 hereto.

Table 4: Stakeholders' role inhibiting the company's survival prospects post business rescue

Themes	Subthemes
Stakeholder opposition and passiveness	Making concessions to ensure the implementation of the plan
Committing to the equitable allocation of resources	Acting promptly to maintain financial sustainability
Navigating stakeholder dynamics during business rescue	Financial influence and its implication to the business rescue process

5.4.1. Stakeholder opposition and passiveness

The theme of hindering business survival through stakeholder opposition and passiveness puts in a nutshell, the diverse experiences shared by participants. Within this theme, most participants reminisced about their encounters with conflicts of interest among stakeholders and a concerning lack of cooperation during the business rescue process. Such dynamics they believed, play a significant role in the post-rescue failures of businesses.

"I would say it is, otherwise, the company is not sustainable because of stakeholders (creditors) who want the business rescue to benefit them and not others (employees). Hence the clashes between major creditors, business rescue practitioner and employees as they want to retrench employees to minimize the salary bill so that there will be more money for them. So, there's competition between the stakeholders." – **G2 Participant 2**.

The insight underscores the complexity of business rescue situations, where managing diverse stakeholder interests, often entangled in conflicting agendas and priorities is crucial for the company's sustainability. It also highlighted the potential conflicts and challenges that can arise when stakeholders have conflicting objectives, particularly between creditors seeking to maximise their financial recovery and employees concerned about their job security. This insight is valuable for understanding the complexities of business rescue operations and the need for effective negotiation and collaboration among stakeholders to achieve a successful outcome. While the other participant suggested that the competing interests and inequality between stakeholders is the cause of the power dynamics that negatively impact on business survivability post business rescue.

"In terms of working together with others, they're not gonna be dictated by employee representation groups, and they're not going to be held hostage by these little hostage creditors. Well, I normally call them stationery and cleaning materials creditors that want to file for liquidation if they don't get hundred cents in the rand and something like that. Favours the heavy guys with the security, without balancing the rights and interests of all stakeholders and that refers to 7(k)." – **G1 Participant 4**.

The participant cautioned and addressed that the complexity of conflicting stakeholders' goals demands delicate diplomacy and strategic consensus-building engagement to ensure that the rescue plan, while aligning the conflicting stakeholder demands, also safeguards the interest of the company which is the core of the restructure. One participant had stated as follows:

"Financial creditors, would their lack of involvement inhibit the success, yes because they are less likely going to actually vote. And shareholders, perhaps not so much because, as I say, they tend to sort of lose interest. Your critical stakeholder groupings are the ones, the management, employees, financial and trade creditors, those are the ones that I think if you're not bringing them along with you, that could inhibit success." – **G1 Participant 5**.

The participant confirmed that the engagement and participation of stakeholders, particularly management, employees, financial creditors, and trade creditors, is critically important to the success of the business rescue process. Their involvement, commitment, and alignment regarding the rescue plan will dictate the outcome of the business rescue process. In contrast, financial creditors' limited engagement and shareholders' waning interest may pose obstacles to success, but the active support of these key stakeholder groups is indispensable for a successful business rescue.

This insight highlighted the significance of both adherence to the rules of the plan and that failure to do so may unnecessary delay even a simple rescue plan which might lead to dire consequences for other stakeholders. The Participant expressed the following view.

> "You often find that when this process is being drawn out, it is because of sinister behind the scenes negotiations, etcetera, where business rescues often being abused for purposes of other objectives. So, in general, the three months should be adequate where there's legitimate instances of extending it that can be dealt with appropriately. But I think in many instances, if not the majority, there's a complete abuse of the extension of the three-month period for ulterior purposes." **G3 Participant 2**

This highlighted the potential misuse or abuse of business rescue process for ulterior motives or hidden agendas. The participant suggested that business rescue proceedings are sometimes protracted due to secretive and potentially unethical negotiations occurring behind the scenes.

Another participant emphasised the paramount significance of honest and transparent interactions among stakeholders to ensure the well-being of the company. This participant highlighted the essential role of truthful negotiations in advancing a shared agenda, particularly emphasising their critical importance for ensuring the long-term sustainability of the business following a business rescue:

> "So, I wouldn't say that lack of support necessarily will always inhibit the business rescue process. What would inhibit the process, is stakeholders that are clearly pulling in their own direction, which is contrary to what the business rescue practitioner is trying to do." – **G3 Participant 8**.

The statement highlighted that the key to a successful business rescue lies in the cooperation and alignment of stakeholders' interests with the business rescue practitioner's objectives contained in the plan. It implies that addressing conflicts and ensuring that all stakeholders are pulling in the same direction is vital for the process to move forward effectively and increase the chances of a positive outcome.

5.4.2. Committing to the equitable allocation of resources

In the context of business rescue, the allocation of resources is a critical task. Stakeholders must navigate and balance financial constraints, competing interests, and the pressing need to safeguard a company's future. The theme of 'Committing to the Equitable Allocation of Resources' underscores the significance of resource allocation during the business rescue process for business sustainability post-rescue. This theme explored the insights of participants to gain a deeper understanding of the role played by resource allocation in securing the company's long-term viability. In this regard, the below participant suggested the pre-requisites for the successful implementation of the plan and survivability of the business post business rescue:

> "So, it makes a lot of sense to put time, effort and money and resources and get a plan together and get people to agree to save something that's maybe just hit the pothole, shouldn't be awful down." – **G1 Participant 2**.

The statement highlighted the importance of investing time, effort, money, and resources in creating a business rescue plan to address a situation where a business is facing financial challenges but hasn't reached a point of irreparable damage. With another participant positing as follows:

> "You're trying to get the company out of crisis, and you've got a certain amount of time and a certain amount of resources to do that. So, if they are receiving weekly feedback and they're asking the right questions and they're making an effort to understand the business and to understand the challenges, then and by the conclusion of the business rescue process, they should have a very good understanding of the business as a whole and of its divisions and what the remaining challenges are." **G3 Participant 4**.

5.4.3. Navigating stakeholder dynamics in business restructuring

Financial distress often looms over any company and can manifest in the form of a cash flow deficit. This predicament can put even the most robust companies on the brink of crisis, making it a central concern during the rescue process. The participants noted the following:

> "I think a component of stakeholder engagement that is often overlooked is education. So, you have an entity that is doing well, stops doing well, goes into financial distress and goes into a completely different regime of operating. And there's a set of new rules, new ways of engagement, new obligations, and one of the frustrating aspects is waiting

> for people to catch up to where the practitioners are in terms of the process that's about to follow." **- G3 Participant 1**.

The participant provided insight having experienced the volatility that happens during the business rescue period, navigating stakeholder dynamics often demands a proactive centred on education. Education initiatives are meant to alleviate the complexities of the rescue process, ensuring a collective understanding of the change and adaptation to the new ways of working and conducting business.

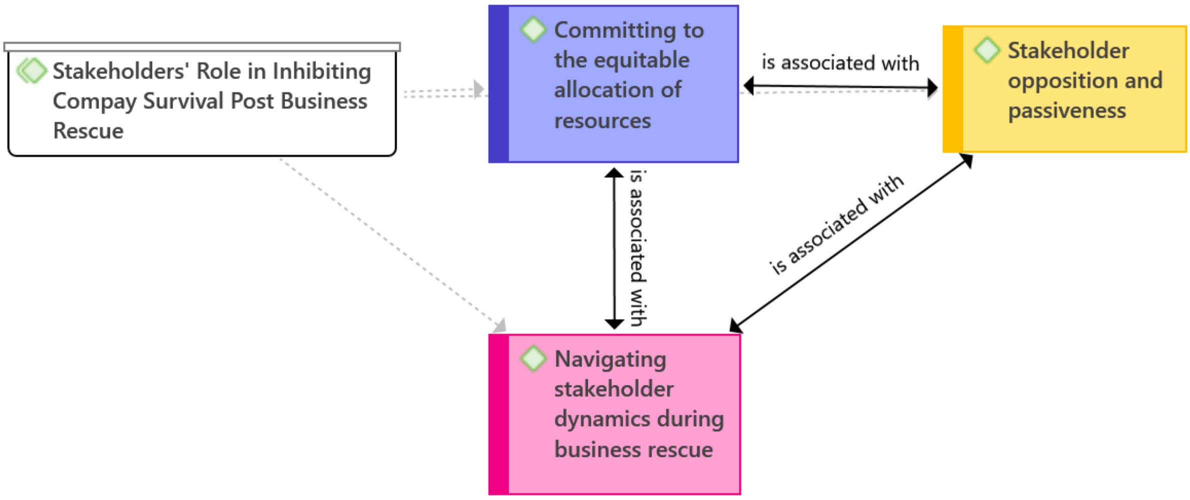
> **"**So that depends on the financial ability of the company. If you are in financial distress as is set out in the Companies Act, you should have sufficient money to run your operations, but you foresee a cash flow deficit in the ensuing six months. And in that scenario, the financial resources of the stakeholder are impactful but less impactful in reality or in most instances" – **G3 Participant 1**.

In this discussion, the participant provided insight into the role of financial resources of stakeholders in influencing business rescue proceedings. The participant suggested that the extent of a stakeholder's financial influence depends on the financial health of the company in distress. Another participant echoed the same sentiment and expressed as follows:

> "In my opinion you'd find that if a stakeholder and does not really have that financial backing or financial interest they will not necessarily be able to help the company to go through the transition of business rescue. They will literally want to fast track the process. In terms of fast tracking the process, that's when you would get casualties in terms of the employees that will no longer have anywhere to rely on when the company closes the gate so that that that's how I see it." **– G2 Participant 3**.

In the above statements, the participants provided valuable insight into the role of stakeholders in the business rescue process, particularly in the context of their financial backing or interest. The participants' perspectives highlighted the complex relationship between stakeholders, their financial interests, the pace of the business rescue process, and the potential consequences, especially for employees. It underscores the need for a balanced approach that considers the financial stability of the company, the interests of stakeholders, and the well-being of employees during the business rescue process. Figure 3 illustrates and conceptualises the role of stakeholders in inhibiting the survival of the company post-business rescue.

Figure 3: Stakeholders' Role in Inhibiting Company Survival Post-Business Rescue



The analysis of RQ2 has uncovered the complex and varied role of stakeholders in business rescue, their influence on the post-rescue environment, and the critical importance of aligning stakeholder interests and resources for the long-term sustainability of companies following a successful business rescue process. The insights provided by the participants offer a valuable understanding of the challenges and complexities involved in post-rescue business survival, emphasising the need for strategic coordination, equitable resource allocation, and transparent negotiations among stakeholders to secure a positive outcome.

5.5. Early stakeholder involvement during business rescue contributing to survival and sustainability

The third research question focused on understanding: How is early stakeholder involvement during business rescue a contributing factor to the survival and sustainability of the business post business rescue? In the business rescue process, where the very survival and sustainability of a company hangs in the balance, early stakeholder involvement emerges as a pivotal factor in determining the outcome. This narrative explored the profound impact of involving stakeholders from the outset of a business rescue process and its role in securing the company's future.

The success of a business rescue process is not solely determined by the actions taken during the critical moments of financial distress. It is a result of a carefully crafted intent that begins long before the rescue itself and extends well into the company's future. Early stakeholder involvement emerges as an important factor in determining the outcome of a business rescue, with its profound impact resonating in several key themes and subthemes. Table 5 presents these themes and subthemes that collectively contribute to RQ3.

Table 5: Themes and sub-themes of early stakeholder involvement during business rescue contributing to survival and sustainability

Themes	Subthemes
Effective planning in financial distress	Managing time to facilitate engagements
Aligning and balancing interests of stakeholders	Developing systems and controls to create stakeholder value.
Systematic implementation approach	Importance of stakeholder compliance and organized execution

5.5.1. Effective planning in financial distress

In financial distress, which is at the core of business rescue, effective time management and strategic planning form the bedrock for successful stakeholder engagements. Effective planning allocates specific time slots for dialogues, workshops or seminars to ensure regular and purposeful engagements and interactions among stakeholders. This requires clear communication channels and defined roles for decision-making processes to minimise delays due to misunderstandings to expedite resolution of issues by and among stakeholders' groups and the company. Proactive and anticipation of potential risks and hurdles will dictate proactive mitigation strategies suitable for the business. Time based assessments are also necessary to confirm whether strategies are working according to the plan and allow for continuous adaptation and alignment with operational requirements and improving business capabilities post rescue.

This theme resonated with the following participant's view, that:

> "One of the reasons, my personal view, that companies don't tick part A of the Act, (i.e., a better outcome), I think they're going to business rescue too late. And what they do then is they use it simply for the moratorium." - **G1 Participant 3**.

This statement suggests that one of the key reasons contributing to the failure to achieve a better outcome contemplated by Part A of Section 150, Chapter 6 of the Companies Act is due to the delay in triggering the business rescue process until it is too late. The statement further talks to not utilising the moratorium to communicate the decline reversal strategies and prepare for the new ways of working and change management aligned to the revised strategies in mitigating losses while maintaining business operations. One participant agreed and emphasised the critical importance of engagements between key stakeholders, management, and the members of the company's board to plan around the business rescue process:

> "No, I think for me the critical things to highlight is working together, but I do think one thing that we always bang a drum around is timing and time and it talks to an earlier point I've raised around the engagement from a board and management perspective with key stakeholders." - **G1 Participant 4**.

This participant highlighted the critical importance of communication between key stakeholders, management, and the board to facilitate effective engagements, conflict resolution and solutioning for an early intervention plan. One participant suggested that there is no perfect time to commence stakeholder engagements and that each case is different due to the complexities at play which require continuous engagements for continuous improvement. The participant stated that:

> "It can be really complex, in the case of [•] it was very complex and but without the participation and support of all those stakeholders, the value would have been destroyed and at some point, that value destruction would relate to nothing worth saving." – **G2 Participant 5**.

The insight highlighted in the statement is that despite the time being of the essence, each case should be decided considering its merits as there are high stakes involved and the need for effective planning and engagements among stakeholders to prevent the loss of a business's intrinsic value is critically important for business survival post rescue.

5.5.2. Aligning and balancing interests of stakeholders

The business rescue process is inherently complex, but success is contingent on the alignment of stakeholder interests. By recognising the importance of stakeholders, engaging with unions, fostering employee engagement, instilling high performance culture, facilitating productive discussions, implementing robust systems and controls, and having effective leadership, businesses can navigate the challenging process of rescue, ultimately leading to a revitalised and sustainable future. Aligning stakeholder interests is not only a necessity but a fundamental element for a successful business rescue and sustainability. During business rescue, aligning and balancing of interests requires some level of compromise between the stakeholders. Therefore, a proper analysis of each stakeholder needs, clear communication of what is practical and what is impossible is necessary to manage expectations and it becomes foundational to the mitigation against stakeholders' future conflicts. Lastly, emphasising shared goals and sustainability of the company promotes uniform vision and stakeholder support for the greater good.

> "Unions can put the brakes on most of the things, especially when it comes to employees. In most cases, the minute employees hear the word restructuring, they think job losses. So, it's important that you engage with the unions and take them into your confidence."– **G3 Participant 7**.

The statement highlighted the significant influence of unions, especially in situations involving employee-reshuffling and/or restructuring during a business rescue process. It emphasises the importance of aligning and balancing the interests of stakeholders, especially the employees and unions and maintaining open communication to address concerns.

> "During the period from the start to the end of the business rescue. that will be the role of those stakeholders. Post the rescue it would depend on what the plan for example has suggested. If you have a plan that suggests that creditors are compromised, in other words, they don't receive the full value of their claim. In those instances, creditors would not typically play any significant role post the rescue because they are only interested in recovery of what is owed to them, and they are also unlikely to continue trading with the company on the terms that, for example, would have been applicable before business rescue." – **G3 Participant 8.**

The statement highlighted the importance of negotiation skills to find a common ground with creditors, whose interests might conflict with the proposed rescue plan striving for compromises that safeguard their investments while supporting the company's survival plans. Further, looking at implementing fair and equitable solutions (e.g., debt restructuring or deferring repayment instalments) to preserve the relationship for the benefit of all in the long term.

5.5.3. Systematic implementation approach

As the survival and sustainability of a distressed company hangs in the balance, the stakeholders play a pivotal role in determining the outcome. Among the intricate web of factors that contribute to the success of a business rescue, effective implementation of rescue plans remains a cornerstone. This narrative explored the critical importance of ensuring stakeholder interests' alignment, and organised execution of the business rescue plan. As one participant stated:

> "Yes, I think it is, for as long as after that they comply with the rescue plan and to organize everything as to who gets paid first, at the end we all received what we have to receive nonstop, that's what happens. In our client's case, we got paid in instalments and I don't even think they missed one instalment registered in the plan, if they did, maybe the last two, but immediately paid. I think it's a reasonable amount of time to prepare until the plan is implemented, yes." – **G1 Participant 5**.

The participant highlighted that a well-structured rescue plan is only effective if all stakeholders involved adhere to it. The mention of receiving payments in instalments and the lack of missed payments indicates that a well implemented rescue plan can lead to successful outcomes. The participant's view emphasises the need for consistency and adherence to the plan to ensure that stakeholders receive what they are owed without interruptions and in line with the plan. Furthermore, the participant considers the time allocated for plan preparation as reasonable, suggesting that proper planning is a crucial component of the success of the business rescue process. This insight highlighted the significance of both adherence to the plan and careful planning in the context of business rescue. This is what this another participant said about the monitoring of implementation:

> "You're gonna see if all the undertakings are being made, if implementation is happening like it should be, so that is part of support. You might feel like a bit of a policeman because you're checking in and they might be more often than you would with other clients, but that's part of making sure that what was envisaged gets implemented." - **G1 Participant 2**.

This insight underscores the importance of compliance with the applicable procedures, accountability, and oversight within the business rescue framework. Another participant emphasised the importance of a systematic approach that integrates strategy formulation and adaptability in line with contextual changing conditions for the successful rescue plan implementation. The participant stated:

> "I do not have any further points other than to re-emphasise that actually the supportive role of stakeholders is more critical during the process of formulating the business rescue plan and implementation thereof, more important than their role post the business rescue, because post the business rescue then, the environment normalizes and the company operates on a similar basis to other companies as if the rescue process never took place." – **G3 Participant 8**.

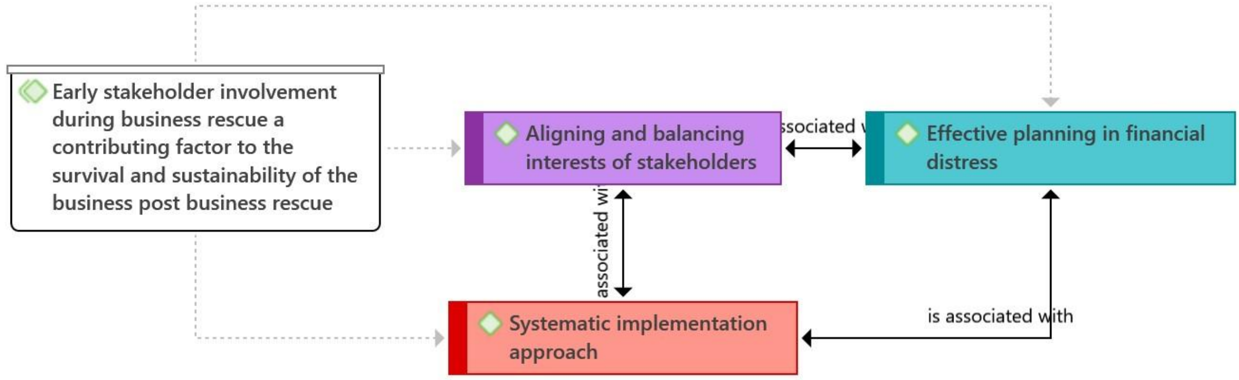
Another participant mentioned that stakeholders play different roles during business rescue, each contributing uniquely to the outcome of the rescue process. The participant had the following to say:

> "Different categories of stakeholders have obviously different roles to play within the context of the regime. For instance, your shareholders, often directors, have a critical role in determining whether the business intervention becomes successful or not, because often they are the ones who possess the institutional knowledge of the business." - **G3 Participant 9**.

Ultimately, a systematic implementation process that is underpinned by transparent communication, adaptability, and strategic alignment of stakeholder interests, serves as a bedrock for attaining a successful business rescue outcomes that align the stakeholders' interest for the greater good of the company.

Figure 4 illustrates and conceptualises early stakeholder involvement as a contributing factor post-business rescue.

Figure 4: Early Stakeholder Involvement as Contributing Factor Post-Business Rescue



In conclusion, early stakeholder involvement in business rescue is a vital factor for the survival and sustainability of a business post business rescue. The insights gleaned from participants emphasise the importance of a timely action, open communication, collaboration, and careful planning to navigate the complexities of financial distress and business rescue effectively. Additionally, vigilance is required to prevent any misuse of the process, ensuring that the process remains focused on its intended purpose of rescuing, turning around and revitalising distressed businesses. These findings provide valuable guidance for future research prospects in the field of business rescue and financial distress management.

In summary, this research has comprehensively investigated the pivotal role of stakeholders on the company's survival and sustainability post-business rescue. The findings underscore the dynamics of stakeholder engagement, revealing the diverse contributions of shareholders, employees, creditors, unions, customers, and suppliers in shaping the success of distressed companies. The analysis of stakeholder roles during and after business rescue emphasises the need for aligning stakeholder interests and resources for sustainable outcomes. Strategic coordination, equitable resource allocation, and transparent negotiations emerge as critical factors for long-term success.

Furthermore, the study highlighted the importance of early stakeholder involvement, emphasising the vital role it plays in the successful outcome of the post-rescue process. Timely action, open communication, collaboration, and careful planning are identified as essential elements for effective navigation through the complexities of business rescue. The research also underscores the importance of vigilance to prevent misuse of the process, ensuring it remains focused on its core objective of rescuing and revitalising distressed businesses. The insights from participants not only contribute to the current understanding of business rescue but also provide valuable guidance for future research directions in the broader field of financial distress management.

5.6. Conclusion

This chapter has presented the finding of the study. Such findings were presented in line with the research questions as proposed in Chapter three. The findings were presented following the thematic analysis as they related to each research question, supplemented by evidence from the participants.

CHAPTER 6: DISCUSSION OF THE FINDINGS

6.1. Introduction

The aim of this research was to explore the role of stakeholders on business survival post business rescue. Data was collected by interviewing a sample of 21 participants consisting of primary stakeholders (employees, shareholders, creditors), suppliers, key industry players (company directors, BRPs, attorneys and bankers (working for institutions that provided post commencement financing and/or their advisors). The first two research questions were designed to solicit answers and understand how stakeholders' roles enable or inhibit the company's survival prospects post business rescue. The last and third research question aimed to gain an understanding on how early stakeholders' involvement a contributing factor to the company's survival and sustainability prospects post business rescue.

6.2. Stakeholders' role in enabling company's survival prospects

The first research question of the study was interested in understanding how stakeholders' role enables the company's survival prospects post-business rescue. The findings highlighted that the company's survival prospects can be enabled by collaborative decision-making, effective stakeholder engagements, accountability for success as well as solution-driven initiatives.

6.2.1. Collaborative decision making

The findings of the study noted that collaborative decision-making forms a critical pillar of the stakeholders' enabling environment for the company's survival post-business rescue. Collaborative decision-making would minimise the prospects of non-disclosure or inadequate disclosure of information as well as stakeholders working in silos. The study's findings also noted the conflict between stakeholders (i.e., including internal versus external) due to conflicting demands and expectations of business rescue outcome. For example, the employees' jobs preservation versus creditors' debt repayment demands and/or expectations. According to Trahms et al. (2013), Schweizer and Nienhaus (2017) as well as Rico et al. (2021), a successful turnaround results in the saving of the company as well as the socio-economic multipliers in the wider economy (driven by creation and /or saving of jobs, creation of business opportunities for customers and suppliers of the revived business). However, while collaborative decisions have various advantages, it is critically important to strike a balance.

Decision making process has to be efficient and timely considering the extreme context of the business rescue space. Too much consensus-seeking or delayed decisions can hinder progress and exacerbate the financial woes of the already distressed company, leading to the unsuccessful rescue process, which is not the desired outcome contributing to the unpalatable current statistics faced by the South African business rescue regime. In a nutshell, collaborative decision making in the context of retrenchment and recovery strategies in turnaround situations can lead to a more holistic solution that takes into account multiple stakeholder perspectives, which may positively contribute to successful implementation of the restructure plan and recovery for the company. Trahms et al. (2013), Schweizer and Nienhaus (2017) as well as Rico et al. (2021)suggest that this position has persisted despite the lack, mixed or limited empirical evidence of their positive impact on the rate of successful turnarounds and/or business survival post reorganisation of the business affairs.

The findings of this study further highlighted that the lack of alignment between stakeholders may be due to non-disclosure to some stakeholders, of critical information required to make effective decisions. The findings of the study highlight the risks associated with the silo decision making by stakeholders that may result in ill-informed decisions being taken due to incomplete, inaccurate, or incomplete data, leading to the implementation of ineffective strategies or resolutions. Walrave et al. (2011), Schmitt and Raisch (2013), Cortes and Herrmann (2021) agree that focusing on either retrenchment of assets or performance recovery may exacerbate financial distress during turnaround due to silo decision making. The collaborative decision making creates an enabling environment that allows differing views of stakeholders to facilitate an outcome beneficial to all concerned.

The findings further revealed that stakeholder collaboration is critical for harnessing diverse experiences, resource allocation and a medley of perspectives that can stimulate innovative decisions to navigate financial distress related challenges. Some authors suggest the company management (prior business rescue process) and the BRP during business rescue must ensure alignment of stakeholders' interests and that failure to do so may lead to some or all withholding their support during business rescue, which has a catastrophic consequence for a business in distress (Mitchell et al. 1997; Decker, 2018). The findings further highlight that stakeholder collaboration during business rescue promotes a sense of ownership and commitment to work towards a common goal, which increases their buy-in and support for the successful implementation of the plan.

The findings of the study also note the critical importance of collaboration in instilling trust and positive relations among stakeholders, which can facilitate alignment of their respective interests necessary for the company's survival post business rescue. According to Arogyaswamy et al. (1995), Trahms et al. (2013), Schweizer and Nienhaus (2017), addressing conflicts of interest of during turnaround requires transparency, ethical decision making and adherence to corporate governance principles is of critical importance for the turning around of performance. They emphasise that the importance of implementing robust policies of disclosure, independent oversight, and the commitment to the prioritisation of the collaborative interest of the company and all stakeholders is crucial to navigate challenges faced by the distressed in a fair and transparent manner. These findings provide cautionary insights pertaining to possible legal ramifications that such conflicts could lead to the breaching of legal duties by the top management if decisions are made solely for the benefit of one stakeholder at the expense of others, risking legal challenges that might put the company in legal jeopardy. Schmitt and Raisch (2013), Schad and Bansal (2018), Schweizer and Nienhaus (2017) on the other hand, note the existence of complementarities between the retrenchment of assets and performance recovery during turnaround (as a duality) and that managers may utilise an integrative approach strategy to harnessing the interrelatedness to increase the benefits and reduce the costs of their integration. Schmitt and Raisch (2013); Schad and Bansal (2018); Schweizer and Nienhaus (2017) posit that the integrative approach to turnaround is positively associated with turnaround performance.

6.2.2. Effective stakeholder engagement

The findings of the study highlighted that effective stakeholders' engagement during business rescue involves engaging and involving stakeholders in the business rescue process to lobby support, align interests, and drive the successful transformation of the business through the rescue plan. The findings of the study reveal the critical importance of the identification of key stakeholders in the business rescue process (i.e., employees, creditors, shareholders, suppliers, customers, regulatory bodies, government, and local communities) and be clear of their role in the process. This is congruent with Arogyaswamy et al. (1995) and Schweizer and Nienhaus (2017) who posit that for the business rescue process to be successful, management needs to do more than just identifying stakeholders, an effective stakeholder engagement will entail substantive and symbolic actions by management and/or BRP (including transparency, recognition and understanding of stakeholder concerns, tailor communication strategies to address specific worries and expectations).

These findings contextualise the importance of active stakeholder involvement, communication, and cooperation between stakeholders (including management and the BRP) and the understanding of the respective stakeholder needs, expectations and/or concerns. Also central to this is the importance of clear consistent communication as well as the provision of regular updates regarding the progress and challenges encountered during the business rescue process. This practice is important to achieve joint involvement. Schweizer and Nienhaus (2017) suggest that when the management team faces stress (especially when the company is under financial distress) they tend to centralise decision-making and engage less, thereby reducing communication channels both within and outside the company. This can be deemed counter-productive and not ideal for improving the chances of a successful business rescue. The need for stakeholder involvement is evident from the findings, as they highlight the importance of involving all stakeholder groups in the decision-making processes pertaining to the business rescue process and the resultant plan.

The findings of the study allude that engagement is a continuous process that should take place for the duration of the business rescue period. The findings note that the period within which to develop the plan tends not to be adequate. Such an engagement, according to Arogyaswamy et al. (1995) and Schweizer and Nienhaus (2017), ensures that the management team and/or BRP is able to garner the support of most critical stakeholders that they would not if it was not for their transparency and sharing information, including securing business rescue funding on reasonable terms.

The findings of the study confirm the importance of crafting business rescue adaptive strategies that are easily adjustable when the need arises to implement the plan. Whereas Arogyaswamy et al. (1995) and Trahms et al. (2013) as well as Schweizer and Nienhaus (2017) later noted that it is not rocket science that the financially distressed company's tense work environment restricts the ability to compete effectively with the competitors due to myriad of reasons (e.g., the environment becoming toxic for others, as well as potential employee retrenchments which may lead to the resignation of critical institutional knowledge and human capital). Similarly, according to Mohrman and Mohrman (1983), Schweizer and Nienhaus (2017), Schnatterly et al. (2018), an economically uptight climate discourages employee involvement in company's decision-making. Resulting in management missing opportunities of harvesting the input and knowledge that might help the company innovate, compete effectively and arrest the decline. According to Mohrman and Mohrman (1983), Schweizer and Nienhaus (2017), Schnatterly et al. (2018), engaged employees can be catalysts for change.

This can be achieved as findings highlight that if there is trustworthiness there will be honest engagements which then translates to successful outcome. Trustworthiness and honesty of the management team and/or BRP play a critical role when engaging stakeholders to gain the confidence and buy-in of the stakeholders, especially during business rescue. Schmitt and Raisch (2013) and Schweizer and Nienhaus (2017) suggest that the engagement of the stakeholder groupings (shareholders and management team together with the BRP team, employees, creditors and suppliers, customers, and the government) enables the buy-in, mutual trust, and commitment to finding solutions to business rescue challenges. The authors further note that during turnarounds, engaging management has a stronger influence through the respect they gain during interactions, thereby providing employees with resilience and motivation to strive for the rigorous use of assets during retrenchment resulting that positively contributes to the benefits and costs reduction (Schmitt & Raisch, 2013; Schweizer & Nienhaus, 2017).

The findings of the study further highlight the importance of proactive management of conflicts between stakeholders by providing mutually beneficial solutions. Smith and Lewis (2011) and later supported by Schulz and Wiersema (2018) posit the importance of awareness of the existence of tensions by management team and the ability to reconcile competing interests by finding innovative solutions.

6.2.3. Accountability for success

The findings of the study highlight that the accountability for a successful business rescue outcome and company's survival post-business rescue is shared. In the first instance, among stakeholders including shareholders and management team together with the BRP team, employees, creditors and suppliers, customers and the government that must develop the business rescue plan. The study's findings reveal that at the core of a successful outcome of the business rescue is commitment, responsibility, and collaborative effort of all stakeholders. Each stakeholder role is critically important towards the common goal of saving the company's business for future survival and continuity. Schweizer and Nienhaus (2017) posit that the company's top management are responsible for the company's performance as a result, the effectiveness of decline-arresting strategies is reduced when the top management team are perceived to be responsible for the financial distress. The authors further hold that management's failure to arrest financial decline and take accountability for it may result in losing credibility with stakeholders and becoming stigmatised (Trahms et al., 2013; Schweizer & Nienhaus, 2017).

Despite this, management remains crucial during the business rescue process. The study's findings highlight the importance of management's accountability for implementing the restructuring plans and steering the company toward profitability. The findings of the study further note the importance of the funders (creditors and suppliers) and that their support for post commencement finance goes a long way in ensuring successful business rescue, provide ongoing support and investment in expansion initiatives and business sustainability. They are also responsible for ensuring stakeholder collaboration for a successful business rescue by procuring the implementation of the plan. According to Mitchell et al. (1997) and Decker (2018), as part of its management of the company during business rescue process, the BRP must take accountability for ensuring alignment of all stakeholders' interests if it were to deliver a successful business rescue at the end of its appointment. The authors further note that failure by the BRP to do so may lead to some stakeholders withholding their support of the business rescue plan, which might have a catastrophic consequence for a business in distress

(Mitchell et al. 1997; Decker, 2018). The study's findings further highlight that the importance of employee engagement and support create a conducive environment for navigating the business rescue process related complexities. The study's findings reveal that employees feeling valued and engaged is integral part of the business resuscitation and sustainability post-business rescue. Gilmore and Hirschhorn (1984), Rao (1990) as well as Schweizer and Nienhaus (2017) agree that in respect of financially distressed companies, even employees' anxieties may be reduced by management opening the channels of communication.

The findings of the study confirm the critical importance of creditor accountability and responsibility to uphold the restructured contractual terms in support of the company's journey to recovery. Existing literature suggests the power shift in corporate distress scenarios whereby creditors utilise their financial resources to influence the company's retrenchment strategies to recover the majority of the proceeds of asset sale instead of supporting the reorganisation plans and restructure their contractual terms in favour of business continuity (Li, 2013; Schweizer & Nienhaus, 2017, Rico et al., 2021). The continued support through favourable terms of supply of goods and services as well as customer loyalty for business continuity's sake and reciprocal benefits of all stakeholders is key. This view is also shared by Schoenberg et al. (2013) and Rico et al. (2021), who suggest that successful turnarounds have been associated with customer segments that are loyal or less price sensitive.

The findings further confirm that the government (regulatory authorities tasked with overseeing the administration of the business rescue process), and the industry players (external advisors, legal experts, and bankers) are accountable for ensuring legal compliance and for providing accurate advice and support during business rescue. The findings of the study suggest that regulatory compliance should be a gold standard that all business rescue participants should abide by and proactively engage with regulatory bodies for guidance during business rescue. Couwenberg (2001) suggests that until recently, most of European insolvency laws were only geared towards liquidation where turnaround process entail the sale of assets (and in some instances employee contracts are bundled with the sale of assets). It suffices to note that different insolvency regimes worldwide now offer companies different legal options and moratoriums that facilitate reorganisation of the company's business affairs, leading to survival (Cepec & Grajzl, 2021). Governments also have a responsibility to create an enabling environment that supports the rescuing of financially distressed businesses and financial recovery to ensure a sustainable future employment to address the triple challenges. Conradie and Lamprecht (2018) and Cepec and Grajzl (2021) maintain that historically, governments in the developed world have failed to provide the required support through systems that provide for genuine survival of businesses post turnaround rather than liquidations disguised as turnarounds.

6.2.4 Solution-driven initiatives

The findings of the study reveal the critical importance of solution-driven initiatives to revitalise a financially struggling business during business rescue. The findings of the study suggest that the initiatives aim at addressing the challenges faced by the business, reorganise its affairs, and propel the company towards recovery and sustainable growth. The findings of the study highlight the importance of crafting solution-driven initiatives that will ensure reversal of financial distress and steering the company towards recovery and sustainability post rescue. Research by Sudarsanam and Lai (2001), Trahms et al. (2013) and Decker (2018) examining the frequency, timing and intensity of use of distress reversal strategies focusing on operational, asset, managerial and financial aspects, highlighted that a higher percentage of non-recovery than recovery companies restructure their operations, cut dividends and restructure their debts within two years post distress.

The solution-driven initiatives should revolve around the strategic restructuring of the business of the company (i.e., both organisational, operational, and financial) to improve efficiencies, alignment of resources in an effective manner (Sudarsanam & Lai, 2001; Trahms et al., 2013; Decker, 2018). As highlighted in Sudarsanam and Lai (2001), Trahms et al. (2013) as well as Decker's (2018) findings, that non-recovery companies that appeared to aggressively restructure than the recovery companies, the probability or the size of recovery is not associated with the intensity of the restructuring. This means that the success of a recovery is not solely determined by the intensity of the restructuring, it all depends on the merits of each case, the effectiveness of the measure, their timelines and the distress company's business environment.

The stakeholder communication and engagement during business rescue, especially regarding debt restructuring matters, asset retrenchments and company reorganisation, addressing concerns, giving updates and feedback, entertaining queries, and consideration of inputs, to earn stakeholder support of the plan, came on top of the study finding's agenda. Furthermore, the findings of the study confirm the importance of collaborative development of initiatives to address financial distress (through debt restructuring), instilling stakeholder confidence in the viability of the rescue plan (employee engagement, supplier - contract negotiation and customer relations management), as well as operational efficiency post business rescue.

Combined solution driven initiatives with concerted effort to secure active stakeholder support and, confidence and trust lays a foundation for a successful business outcome. When implemented systematically, the solution-driven initiatives may significantly contribute to the successful business rescue by addressing critical issues and steering the company towards long term sustainability and growth. This can be achieved if there is strong leadership and governance of the distressed company to ensure effective decision-making, accountability, and transparency throughout the business rescue process. The research by Johan and Handika (2017) found a direct correlation between top management's characteristics and turnaround performance and that top manager's educational level and time spent at the organisation negatively impact performance. This view was later confirmed by Samimi et al. (2020) in their research where they found that firm's performance may represent the strategic leader's personality traits and behaviour. While company performance will determine whether this impacts the organisation positively or negatively, a balanced approach will be necessary to ensure business sustainability outside personalities.

6.3. Stakeholders' roles inhibit company's survival prospects

The second research question of the study was interested in understanding how stakeholders' role inhibit the company's survival prospects post business rescue. The findings of the study revealed that the survival prospects can be inhibited by stakeholder opposition and passiveness, committing to the equitable allocation of resources, and navigating stakeholder dynamics in business restructuring.

6.3.1. Stakeholder opposition and passiveness

The findings of the study revealed that there is general lack of trust among stakeholders regarding the business rescue process due to lack of transparency and information asymmetry about impact on stakeholder interests. For example, about how the business rescue will affect stakeholders' interests (i.e., employees' scepticism about job security or financial losses due unpaid loans for creditors and shareholders, or breach of supply contracts for suppliers and customers). Martin et al. (1995) later supported by Schweizer and Nienhaus (2017) suggest the trust gets lost in instances where stakeholders feel that they are not adequately informed or not included when decisions affecting their interests are made. The competing interests of the stakeholders is at the centre stage of the stakeholder opposition and passiveness. For example, competing financial interests between creditors and shareholders regarding the allocation of resources or repayment structure during business rescue. Atanassov and Kim (2009) and Dewaelheyns et al. (2017) suggest that managers may opt for selling of physical assets to prevent retrenchment of employees including compromising future financial performance.

The findings of the study also highlight concerns and doubts about the competence, credibility and/or the intentions of the BRP and the management teams regarding the prospects of the business rescue strategies created by the BRP, whether they will lead to the desired outcomes and sustainability of the company. Nnabuife and Onwuzuligbo (2015) also cited top management's lack of competence and expertise to direct the company as one of the key internal factors that negatively impacts recovery. There is also a stakeholder opposition and passiveness due to perceived communication gaps between stakeholders emanating from insufficient or inconsistent communication about the business rescue, progress updates or company financial situation.

The findings of the study suggested that stakeholder opposition and passiveness during business rescue may be addressed by ensuring – transparent communication (clear, consistent, honest communication about business rescue plan - progress, and milestones achieved); engagement and involvement of stakeholders (in discussions and decision-making processes pertaining to turnaround, solicit their input and feedback especially on matters impacting their respective interests); proactively address stakeholder concerns (take reasonable steps to mitigate negative impacts on stakeholders' interests); and consistently follow through on commitments made to stakeholders to build trust and credibility. Research by Sharma et al. (2022) and Clauss et al. (2021) confirm that ensuring transparency, accuracy in communication and engaging stakeholders openly are critical for successfully navigating challenges associated with stakeholder opposition and passive behaviour during business rescue.

6.3.2. Committing to the equitable allocation of resources

The findings of the study highlighted that the equitable allocation of resources is a critical task that demands careful analysis and implementation. Stakeholders must navigate and balance financial constraints, competing interests, and the pressing need to safeguard a company's future. Decker (2018) agrees and cautions that while companies rely on financial assistance from external stakeholders to reverse decline, should there be a conflict about strategic allocation of resources and financial returns might negatively impact the likelihood of successful turnaround. The findings of the study revealed that committing to the equitable allocation of resources underscores the significance of resource allocation during business rescue process for sustainability post-rescue (Pretorius, 2018). The findings of the study highlighted the critical importance of stakeholders gaining a deeper understanding of the role played by resource allocation in securing the company's long-term viability.

The findings of the study highlighted that there is often an inherent conflict that arises between the stakeholders during the business rescue process. This conflict can then potentially change the role of stakeholdership from being an enabler of the business rescue process to that of an inhibitor. Within the critical stakeholders which include employees, shareholders, creditors, and suppliers, the conflict arises where shareholders and creditors seek to maximise the returns, while employees and unions (who are employee representatives) focus on job preservation, and suppliers whose focus is on the honoring of their supplier terms. These stakeholders behave this way because they all want to safeguard their respective competing interests. This is a problem when there is a lack of balancing of stakeholders' interests. To protect employees from opportunistic sale of assets to retrench employees, the literature notes that the bundling of employment contracts with assets sale attempts to align the competing interests of creditors and employees (Couwenberg, 2001; Cepec & Grajzl, 2021). However, there are nuances pertaining to the regulation of this within respective jurisdictions, in some instances the bundling principle (either in the form of going concern sale or piecemeal sale of assets) do not meet the requirements for formal survival of a bankruptcy process by a company (Hillman et al., 2019).

The findings of the study also revealed that for the shareholders, their interests are on business continuity and return on investment. Different types of creditors have different expectations - lenders require repayment of loans, trade creditors require payment for services rendered per contractual arrangements, whether preferred, secured and non-secured. This group of creditors' interests is payment of what is owed to them and for them business continuity is secondary. Despite this, they would also prefer to have business continuity because it is easier to maintain a continuous business than recruiting, developing, and signing up a new customer. This is congruent with the views of Chowdhury (2009) who argues that successful turnaround entails performance improvement strategies that are measured by revenue generation and cutting back on direct and/or discretionary expenses. These expenses include increased employee productivity or reduction in direct cost (i.e., asset retrenchment and reduction of staff). On the one hand, Bozeman (2010) posits that corporations with debt-funded, forced-growth strategies had a much higher failure rate than a matched set of corporations with no such strategy. According to Bozeman (2010), this finding held regardless of the overall industry growth rate.

Another critical finding was that the employees and their union representatives are only concerned about saving jobs. This is not surprising within the context of South Africa that is struggling with 'triple challenges' of high unemployment, poverty, and inequality. Typically, the findings of the study highlight the need for the business rescue mechanism that would aim at preventing job losses by restructuring the company to facilitate both financial and employment sustainability thereby serving the objectives of Chapter 6 of the Companies Act of balancing the interests of stakeholders (Tangpong et al., 2015; Jombe & Pretorius, 2022;). The ultimate goal for all stakeholders should be to align interests, maintain operations to resolve the financial challenges and resultant conflicts associated with retrenchments (Amabile & Conti, 1999; Bundy et al., 2017; Schweizer & Nienhaus ,2017). The findings also highlight that efforts to recover debts and/or stimulate financial performance must be balanced with strategies aimed at addressing the root causes of the triple challenges to achieve sustainable economic growth and social progress. The findings of the study further reveal that the government plays a crucial role in addressing the triple challenges through implementing various policies and interventions (e.g., social grants, and small business development scheme) to stimulate economic growth. Alakent and Lee (2010), Smith and Lewis (2011) as well as Schulz and Wiersema (2018) suggest that retrenchment strategies have a tendency of stimulating conflicts among stakeholders, which results in social and institutional pressures to prevent and/or mitigate impact thereof. While Martin et al. (1995) and Schweizer and Nienhaus (2017) note that employees' commitment improves when they feel as part of the change and included in the communication chain.

The findings also confirmed that a major conflict that arises where the employees would want to save the jobs at all costs while the creditors see the retrenchment strategies as the most viable mechanism for an effective business rescue. This is because the employee costs and benefits are fixed costs in the business rather than a variable cost which can change depending on the production levels and other related factors. This dichotomy is supported by historical literature which suggests that retrenchment and recovery are contradictory forces (Pearce & Robbins, 2008; Smith & Lewis, 2011). With other proponents disagreeing and proposing that successful turnarounds entail choosing either of the two as opposed to forging interrelations between the two (Hofer, 1980). While the others suggesting that these interests can only be dealt with sequentially (Bruton et al., 2002; Robbins & Pearce, 1992). On the other hand, Schmitt and Raisch (2013), Lohrke et al. (2012) are of the view that the interrelations between retrenchment and recovery have been downplayed while the emphasis has been on the need to choose one option over the other, hence the conflict requiring that tough decisions be taken (i.e., on retrenchment versus profit).

This view is supported by other scholars who suggest that retrenchment and recovery may result in a mutually reinforcing and beneficial integration. They argue that for a successful retrenchment, one needs to know which resources will be required to be retained to sustain the business and improve performance (Arogyaswamy et al., 1995: Pajunen, 2006). The authors argue that successful companies embrace the complementarities, and that the lack of proper understanding of these complementarities, leads to a misalignment and conflict of interests at the expense of harnessing the prospects of successful turnaround (Arogyaswamy et al., 1995; Pajunen, 2006; Smith & Lewis, 2011). However, some authors warn that integrating retrenchment and recovery may prove to be an expensive exercise that might negatively impact turnaround performance (Pearce & Robbins, 2008). While others suggest that while retrenchment and recovery are a duality (i.e., they are contradictory and enabling at the same time) as they allow turnaround firms to create benefits that exceeds the costs of their integration, thereby facilitating performance. Schmitt and Raisch (2013) and Rico et al. (2021) on the other hand suggest that retrenchment of inventory and employees results in liquidation and that it is retrenchment of debt that is associated with survival. The authors suggest that during turnaround, the focus should be on liquidity and operational improvements aimed at debt reduction and not a tool implemented as a knee jerk reaction to financial distress. The other major conflict highlighted by the research findings can occur between the creditors themselves due to the ranking of their claims against the distressed business. This may happen if the secured and/or preferred creditors demand payment of their claims and are not concerned about the survival of the business since they will be settled whether the business continues or not. Whereas the unsecured might be willing to wait for the business to turnaround for their claims to be paid in the ordinary course albeit waiting a bit longer.

6.3.3. Navigating stakeholder dynamics in business restructuring

The findings of the study confirmed the critical importance of navigating stakeholder dynamics in business restructuring to ensure alignment of interests. The findings of the study reveal a lack trust and/or dishonesty among stakeholders that hinders collaboration necessary for identifying underlying issues causing financial distress. The findings further reveal that without honest discussions about the root cause, the rescue efforts might be misdirected at addressing symptoms and not the underlying issues.

It is evident from the findings that there are several reasons that might contribute to the lack of honesty in communication during business rescue – fear of consequences for company failures (management might fear disclosing the full extent of the company’s challenges or failures, tantamount to lack of transparency and communication); to protect the reputation of the company (by presenting an overly optimistic picture to stakeholders to protect the company’s or management team’s image); avoiding accountability (avoid disclosing information to apportion blame or avoid incriminating themselves); short term or silo thinking (focusing on short-term gains or disguising issues as trivial with the hope that underlying issues will not surface in due course). Neely et al. (2020) confirms that effective consequence management is critical as it reinforces the importance of adhering to standards and expectations of stakeholders, which translates to successful recovery.

The findings further highlight the need to address the lack of navigating stakeholder dynamics in business restructuring. The findings of the study revealed the critical importance of embracing a culture of transparency that encourages open discussions about challenges and proposed solutions during business rescue. This can be addressed amongst others by exemplary leadership to encourage honesty among internal and external stakeholders versus management and amongst each other (Krause et al., 2022). The findings of the study noted the critical importance of holding individuals accountable and responsible for their actions while also emphasising collective responsibility for the stakeholders to work transparently towards the common goal of steering the company to recovery and sustainability.

The literature suggests that the power afforded to the BRP during business rescue, renders the BRP responsible to ensure frequent and open communication between the BRP team and the relevant stakeholders and between stakeholders. Failure to do so might reduce the likelihood of stakeholder support, leading to an unsuccessful business rescue and business failure (Arogyaswamy et al. 1995; Pajunen 2006; Decker, 2018).

According to Neely et al. (2020) and (Krause et al. (2022), the advent of social media has rendered the walls between the company's top management and their business environment more accessible and therefore accountable than ever. The are long-term benefits of navigating stakeholder dynamics in business restructuring (fostering trust, credibility and laying the foundation for sustainability post business rescue).

6.4. Early stakeholders' involvement in business rescue

The third research question of the study was interested in understanding how early stakeholders' involvement a contributing factor to the company's survival and sustainability prospects post business rescue is. The findings of the study highlighted that the contributing factors can be effective planning in financial distress, aligning and balancing interests of stakeholders, and systematic implementation of the plan.

6.4.1. Effective planning in financial distress

The findings of the study revealed that during business rescue, effective planning is pivotal for the company's success. The findings of the study further revealed that effective planning during business involves a comprehensive assessment of the company financial situation (including evaluation of cashflows, indebtedness, liquidity as well as the identification of the root cause of financial distress); identifying critical matters that require prioritisation during business rescue (e.g., expenses and maintain operations of the company); debt restructuring (evaluate indebtedness, explore and negotiate restructure options with creditors, explore post commencement refinancing options); scenario planning (anticipate different scenarios and formulate strategies to mitigate the risk in case they actualize); ensuring compliance with legal and regulatory requirements (seek legal advice to navigate distress challenges); stakeholder management (maintain open and transparent communication with stakeholders (including employees, shareholders, creditors and suppliers, customers) regarding the company's financial situation, rescue plan, and progress to build trust); regular updates and feedback. Trahms et al. (2013) and Tangpong et al. (2015); Chirico et al. (2019) agree that an effective planning approach helps the company select strategies that steer the company towards recovery while navigating the extremities associated with business rescue.

The findings of the study highlight the importance of strategic allocation of resources for continuation of operations, crisis management, stakeholder engagement and buy-in, decision making support, and debt management to position the company for survivability post business rescue. This includes keeping stakeholders informed about the rescue effective plan, seeking their inputs and support of the business rescue process (Krause et al., 2022).

6.4.2. Aligning and balancing interests of stakeholders

The findings of the study highlighted the importance of aligning and balancing the interests of stakeholders during business rescue for achieving consensus and cooperation, ensuring a successful outcome, and maintaining stakeholder support throughout the business rescue process. The findings of the study highlighted the importance of identifying all the stakeholders (employees, shareholders, creditors and suppliers, customers, and regulators), their interests and concerns. It is not just shareholders and creditors that are entitled to participate in decision-making pertaining to business rescue process, but all stakeholders (including but that employees and unions) are entitled to be consulted regarding business rescue matters affecting their interests. It is important to treat the stakeholders fairly in their diversity by aligning and balancing the interest of stakeholders without preferring one at the expense of the other (Trahms et al., 2013; Lusinga & Fairhurst, 2020). The importance of encouraging collaboration among stakeholders to find common ground and solutions that benefit multiple parties cannot be over emphasised.

The findings also highlighted the need for legal compliance to demonstrate commitment to fairness and transparency during business rescue. The findings of the study highlight the key aspects of Chapter 6 of the Companies Act relating to stakeholder interests – with management and the BRP required to act in good faith, balancing the interests for the benefit of all stakeholders and maintain transparency and disclose information relevant to the stakeholders (Lusinga & Fairhurst, 2020).

6.4.3. Systematic implementation approach

The findings of the study highlighted the importance of systematic implementation of the business rescue plan and that the journey involves a strategic process interlinking formulation and implementation for a successful business rescue. The findings of the study further confirm the importance of the alignment of formulation and implementation for a synchronised approach, fostering an adaptive environment that allows the company to navigate the complexities of business with agility and strategic foresight.

Decker (2018) posit that the success of this is grounded on ensuring that the stakeholder understand the plan, the allocation of clear responsibilities and detailed timelines with milestones, and tracking progress including interventions where the need arise. Research conducted by Conradie and Lamprecht (2022) suggests that the BRPs should provide training to stakeholders about the systematic plan implementation. The findings of the study further highlighted the importance of allocating clear roles and responsibilities to individuals or teams responsible for executing the plan. The detailed timeline with milestones and deadlines for each phase of the plan to track progress, ensure activities are completed within the set timelines, and regularly monitor and evaluate progress were also highlighted as critical.

6.5. Conclusion

This chapter provided a detailed analysis of the findings presented in Chapter five. Such analysis followed the thematic approach and was guided by literature presented in Chapter two. The next chapter provides overall conclusions to this study as well as recommendations for future research.

CHAPTER 7: CONCLUSION

7.1. Introduction

South African companies that successfully exited the business rescue struggle to survive in the short to medium term. In most cases, they end up either re-filing for business rescue or liquidated (CIPC, 2022). Since the introduction of the business rescue regime in 2011, the percentage increase of the companies that existed the business rescue remains depressingly low, with a marginal increase of only 3% between the 2016 and 2018 as depicted in the 2022 figures of the entities that successfully came out of business rescue published by the CIPC office (CIPC, 2022).

With the South African high unemployment rate at the unprecedented levels, currently sitting at 32.9% (Stats SA, 2023), the introduction of Chapter 6 of the Companies Act brought some glimmer of hope that its implementation will assists with the alleviation of the triple challenges related stress associated with business closures, loss of jobs and diminishing stakeholders' value as a result of liquidation of companies which is usually a source of conflict between various stakeholders (Mitchell et al., 1997; Lusinga & Fairhurst, 2020; Decker, 2018). The intended benefits associated with introduction of the business rescue regime would not have come at an opportune time given the economic challenges facing South Africa (Mitchell et al., 1997; Jombe & Pretorius, 2022).

The aim of this research was to explore the role of stakeholders on business survival post business rescue. This aim was achieved through understanding the enablers and inhibitors of stakeholder support during business rescue process and how is early stakeholder involvement a contributing factor to survival and sustainability of the company post business rescue. Using qualitative research methodology, the researcher interviewed 21 participants which are considered diverse enough and adequate for the purpose of the study (Creswell & Poth, 2016; Saunders & Townsend, 2016; Saunders & Lewis, 2018; Bell et al., 2019). The participants' sample was constituted by the primary stakeholders of the companies that achieved substantial completion and/or implementation of the business rescue plan and successfully exited business rescue, suppliers as well as industry role players.

7.2. Principal theoretical conclusions

The principal theoretical contributions are outlined below, in line with each research question.

7.2.1. Conclusions to RQ1

Research question one was stated as: How do stakeholders' role enable the company's survival prospects post business rescue? This first research question of the study was interested in understanding how stakeholders' role enables the company's survival prospects post-business rescue. The findings highlighted that the company's survival prospects can be enabled by collaborative decision-making, effective stakeholder engagements, accountability for success as well as solution-driven initiatives.

Trahms et al (2013), Decker (2018), Schweizer and Nienhaus (2017) as well as Rico et al. (2021) have confirmed the importance of collaborative decision making. The authors have also pointed out that the absence of collaborative decision making can lead to silo decision making by stakeholders that may result in ill-informed decisions being taken due to incomplete, inaccurate data, leading to the implementation of ineffective strategies or resolutions.

Further Arogyaswamy et al. (1995) and Schweizer and Nienhaus (2017) confirmed the importance of effective stakeholder engagement. These authors suggested that for the business rescue process to be successful, management needs to do more than just identifying stakeholders, among other things they need to ensure meaningful stakeholder engagement that entails substantive and symbolic actions.

Trahms et al. (2013) and Schweizer & Nienhaus, 2017) hold that management's failure to arrest financial decline and take accountability for it may result in losing credibility with stakeholders and becoming stigmatised. Mitchell et al. (1997) and Decker (2018) agree that as part of its management of the company during business rescue process, the BRP must take accountability for ensuring alignment of all stakeholders' interests if it were to deliver a successful business rescue at the end of its appointment. The authors highlighted the importance of management's accountability for implementing the restructuring plans and steering the company toward profitability.

Additionally, Sudarsanam and Lai (2001), Trahms et al. (2013) and Decker (2018) posit that the solution-driven initiatives should revolve around the strategic restructuring of the business of the company (i.e., both organisational, operational, and financial) to improve efficiencies, alignment of resources in an effective manner.

Within the context of the above, this research concludes that RQ1 has been answered. The study has revealed that the enablers to business survival prospects post business rescue include collaborative decision-making, effective stakeholder engagements, accountability for success as well as solution-driven initiatives.

7.2.2. Conclusions to (RQ2)

Research question two was stated as: How do stakeholders' role inhibit the company's survival prospects post business rescue? The second research question of the study was interested in understanding how stakeholders' role inhibits the company's survival prospects post-business rescue. The findings highlighted that the company's survival prospects can be inhibited by stakeholder opposition and passiveness, not committing to the equitable allocation of resources, and navigating stakeholder dynamics in business restructuring.

Sharma et al. (2022) and Clauss et al. (2021) confirm that ensuring transparency, accuracy in communication and engaging stakeholders openly are critical for successfully navigating challenges associated with stakeholder opposition and passive behaviour. Further, Amabile and Conti (1999), Bundy et al. (2017) as well as Schweizer and Nienhaus (2017) confirm that the ultimate goal for all stakeholders should be to align interests, maintain operations to resolve the financial challenges and resultant conflicts associated with retrenchments (Amabile & Conti, 1999; Bundy et al., 2017; Schweizer & Nienhaus ,2017). Decker (2018) agrees and cautions that while companies rely on financial assistance from external stakeholders to reverse decline, conflict about strategic allocation of resources and financial returns might negatively impact the likelihood of successful turnaround.

This research concludes that RQ2 has been answered. The study has revealed the company's survival prospects can be inhibited by stakeholder opposition and passiveness, conflicts regarding committing to the equitable allocation of resources, and stakeholder failure to navigate stakeholder dynamics in business restructuring.

7.2.3. Conclusions to (RQ3)

Research question three was stated as: How is early stakeholder involvement during business rescue a contributing factor to the survival and sustainability of the business post business rescue? The third research question of the study was interested in understanding how early stakeholders' involvement a contributing factor to the company's survival and sustainability prospects post business rescue is. The findings of the study highlighted that the contributing factors can be effective planning in financial distress, aligning and balancing interests of stakeholders, and systematic implementation of the plan.

Trahms et al. (2013), Tangpong et al. (2015) and Chirico et al. (2019) agree that an effective planning approach helps the company select strategies that steer the company towards recovery while navigating the extremities associated with business rescue. This includes keeping stakeholders informed about the rescue effective plan, seeking their inputs and support of the business rescue process (Krause et al., 2022).

Further, Trahms et al. (2013) as well as Lusinga and Fairhurst (2020) added that it is important to treat the stakeholders fairly in their diversity by aligning and balancing the interest of stakeholders without preferring one at the expense of the other.

Decker (2028) and Conradie and Lamprecht (2022) suggest that the BRPs should provide training to stakeholders about the systematic plan implementation and the success of this is grounded on ensuring that the stakeholders understand the plan, the allocation of clear responsibilities and detailed timelines with milestones, and tracking progress including interventions where the need arise.

Within the context of the above, this research concludes that RQ3 has been answered. The study has revealed that the contributing factors include effective planning in financial distress, aligning and balancing interests of stakeholders as well as systematic implementation of the plan.

7.3. Research contributions

This research building onto the work of Lusinga and Fairhurst (2020) and the earlier work of Trahms et al. (2013), will contribute to the existing body of research on the importance of stakeholder theory in the business rescue setting and its contribution to the survival and sustainability of businesses post rescue.

The business need for this research was to create awareness for South African business community, the critical importance of stakeholder management in so far as collaboration, engagement, accountability, solution focussed strategic approach to navigate the extreme contexts associated with the business rescue process.

7.4. Recommendations for management and/or other stakeholders

RQ2 (1) stakeholder opposition and passiveness

Management needs to address stakeholder opposition and passiveness. Management may consider encouraging and promoting open communication, stakeholder collaboration, clear vision and goals, building trust and confidence among stakeholders, and seek expert advice and procure education and awareness training for the employees. Martin et al. (1995) later supported by Schweizer and Nienhaus (2017) suggest that trust gets lost in instances where stakeholders feel that they are not adequately informed or not included when decision affecting their interests are made. The study highlighted concerns and doubts about the competence, credibility and/or the intentions of the BRP and the management teams regarding the prospects of the business rescue strategies created by the BRP, whether they will lead to the desired outcomes and sustainability of the company. Nnabuife and Onwuzuligbo (2015) also cited top management's lack of competence and expertise to direct the company as one of the key internal factors that negatively impacts recovery. Additionally, there is stakeholder opposition and passiveness due to perceived communication gaps between stakeholders emanating from insufficient or inconsistent communication about the business rescue, progress updates or company financial situation.

RQ2 (2) Committing to the equitable allocation of resources

Management to address the challenge of committing to the equitable allocation of resources during business rescue. Management may consider conducting a thorough assessment of resources, transparency will assist with understanding the limitations, prioritisation and need, consensus building and avoid over reliance on external relations. Decker (2018) agrees and cautions that while companies rely on financial assistance from external stakeholders to reverse decline, should there be a conflict about strategic allocation of resources and financial returns, this might negatively impact the likelihood of successful turnaround.

By implementing these recommendations, management will be introducing a culture of fairness and cooperation in resource allocation and prospects of successful business rescue.

RQ2(3) Navigating stakeholder dynamics in business restructuring

Management to consider stakeholder mapping and analysis, clear communication strategy, engagement and participation, alignment of interest, transparency and fairness, and leadership guidance and accountability. This can be addressed amongst others by exemplary leadership to encourage honesty among internal and external stakeholders versus management and amongst each other (Krause et al., 2022). Additionally, failure to do so might reduce the likelihood of stakeholder support, leading to an unsuccessful business rescue and business failure (Arogyaswamy et al. 1995; Pajunen 2006; Decker, 2018). According to Neely et al. (2020) and Krause et al. (2022), with social media at everyone's disposal, there are long-term benefits of navigating stakeholder dynamics in business restructuring (fostering trust, credibility and laying the foundation for sustainability post business rescue).

7.5. Limitations

Due to time constraints, availability and accessibility of the participants, the focus of the research was on the experiences of primary stakeholders (employees, shareholders, creditors), suppliers, key industry players (company directors, BRPs, attorneys and bankers working for institutions that provided post commencement financing and/or their advisors). Given the limited focus, the experiences of other important stakeholders that exist outside business rescue but recognised by stakeholder theory (i.e., customers, government, communities) were excluded from the study. As a result, the researcher cautions against the over generalisation of the research findings (D' Aveni & MacMillan, 1990; Clarkson, 1995; Donaldson & Preston 1995; Ogden and Watson, 1999; Decker, 2018; Pretorius, 2018).

The researcher interviewed at least 25 participants and only 21 interviews were transcribed due to time constraints. The omitted interviews might have highlighted valuable unique nuances to the study. Lack of access to the government officials at the CIPC (as the custodian of Chapter 6 of the Act) due to their unavailability is a missed opportunity to get insight on the impact of low rate of successful rescue entities exiting the business rescue system as well as impact on the wider economy of South Africa.

7.6. Suggestions for future research

This research proposes a study of stakeholders in business rescue, focussing on the role of a BRP during business rescue, whether a BRP qualifies to be classified as a stakeholder of the company (Lusinga & Fairhurst, 2020). The BRP plays a critical role in the business rescue space and the study could provide insight on the perceived multiple roles that the BRP plays during the business rescue process (stakeholder - Mitchelle et al. (1997); Agent - Pretorius & Fairhurst (2019); influencer - Phillips et al. (2003)). A qualitative study may be appropriate to understand views of the participants form their lived experience. The empirical research might be appropriate to understand the influence and impact (e.g., whether the role of BRP can be an enable or inhibitor of successful business rescue).

7.8. Research conclusion

The aim of the study was to explore the role of stakeholders on business survival and sustainability post business rescue. This aim was achieved through understanding the enablers and inhibitors of stakeholder support during business rescue process. The study has revealed that the enablers to business survival prospects post business rescue are collaborative decision-making, effective stakeholder engagements, accountability for success as well as solution-driven initiatives. On the other hand, the inhibitors were identified as stakeholder opposition and passiveness, conflicts regarding committing to the equitable allocation of resources, and stakeholder failure to navigate stakeholder dynamics in business restructuring. Lastly, with regards to the timing of the involvement of stakeholders, the study revealed that the contributing factors can be effective planning in financial distress, aligning and balancing interests of stakeholders, and systematic implementation of the plan.

These enablers and inhibitors have therefore assisted this study to understand the role of stakeholders on business survival and sustainability post business rescue, which fits squarely within the scope of the research undertaken.

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Appendix 1: Consistency matrix

RESEARCH QUESTIONS	**LITERATURE REVIEW**	**DATA COLLECTION TOOL**	**DATA ANALYSIS**
RQ1) - How do stakeholders' role enable the company's survival prospects post business rescue?	**Trahms et al. (2013) Walrave et al. (2011), Schmitt and Raisch (2013), Cortes and Herrmann (2021) Rico et al. (2021)**	**INTERVIEW GUIDE**	**THEMATIC ANALYSIS (Braun and Clarke (2019))**
(RQ2) - How do stakeholders' role inhibit the company's survival prospects post business rescue?	**Sharma et al. (2022) and Clauss et al. (2021)**	**INTERVIEW GUIDE**	**THEMATIC ANALYSIS (Braun and Clarke (2019))**
(RQ3) - How is early stakeholder involvement during business rescue a contributing factor to the survival and sustainability of the business post business rescue?	**Trahms et al. (2013), Tangpong et al. (2015) and Chirico et al. (2019) Schweizer and Nienhaus (2017)**	**INTERVIEW GUIDE**	**THEMATIC ANALYSIS (Braun and Clarke (2019))**

Appendix 2: GIBS ethical clearance

GIBS ETHICAL CLEARANCE APPLICATION FORM 2023/24

G. APPROVALS FOR/OF THIS APPLICATION

When the applicant is a student of GIBS, the applicant must please ensure that the supervisor and co-supervisor (where relevant) has signed the form before submission

STUDENT RESEARCHER/APPLICANT:

29. I affirm that all relevant information has been provided in this form and its attachments and that all statements made are correct.

Student Researcher's Name in capital letters:	LINDIWE BUTHELEZI
Date:	26 Jul 2023
Supervisor Name in capital letters:	KEITH FAIRHURST
Date:	26 Jul 2023
Co-supervisor Name in capital letters:	
Date:	26 Jul 2023

Note: GIBS shall do everything in its power to protect the personal information supplied herein, in accordance to its company privacy policies as well the Protection of Personal Information Act, 2013. Access to all of the above provided personal information is restricted, only employees who need the information to perform a specific job are granted access to this information.

Decision:

Approved

REC comments:

Approved

Date: 31 Jul 2023

Appendix 3: Copyright form

Gordon Institute of Business Science
University of Pretoria

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA
Denkleiers • Leading Minds • Dikgopolo tša Dihlalefi

19.1 COPYRIGHT DECLARATION FORM

Student details			
Surname:		Initials:	
Student number:			
Email:			
Phone:			

Qualification details			
Degree:		Year completed:	
Title of research:			
Supervisor:			
Supervisor email:			

Access

A.	My research is not confidential and may be made available in the GIBS Information Centre and on UPSpace.

I give permission to display my email address on the UPSpace website

Yes		No	

B.

	My research is confidential and may NOT be made available in the GIBS Information Centre nor on UPSpace.

Please indicate embargo period requested

Two years		Please attach a letter of motivation to substantiate your request. Without a letter embargo will not be granted.
Permanent		Permission from the Vice-Principal: Research and Postgraduate Studies at UP is required for permanent embargo. Please attach a copy permission letter. Without a letter permanent embargo will not be granted.

Copyright declaration

I hereby declare that I have not used unethical research practices nor gained material dishonesty in this electronic version of my research submitted. Where appropriate, written permission statement(s) were obtained from the owner(s) of third-party copyrighted matter included in my research, allowing distribution as specified below.

I hereby assign, transfer and make over to the University of Pretoria my rights of copyright in the submitted work to the extent that it has not already been affected in terms of the contract I entered into at registration. I understand that all rights with regard to the intellectual property of my research, vest in the University who has the right to reproduce, distribute and/or publish the work in any manner it may deem fit.

Signature:	Date:
Supervisor signature:	Date:

Appendix 4: MPhil student/supervisor agreement

<u>Contract between student and supervisor</u>

MPhil STUDENT/ SUPERVISOR AGREEMENT

This document must be read in conjunction with the following GIBS policy documents:

The GIBS MPhil Student Regulations

The GIBS Masters Research Regulations – i.e. Purple Pages

Any grievances, personal problems or disagreements that may arise between a postgraduate candidate and the supervisor must be referred to the GIBS MPHIL Research Management team,

Name of student:

………………………………………………………………………………………………………

Student number:

……………………………………………………………………………………………… ………

Student email address:

……………………………………………………………………………………………… ………

Name of Supervisor:

……………………………………………………………………………………………… ………

Supervisor email address:

……………………………………………………………………………………………… ………

Agreement undertaken by THE STUDENT

……………………………………………………………………………………………….. (insert name)

accepts and undertakes the following roles and responsibilities:

1. Abiding by the relevant rules and regulations of the Gordon Institute of Business Science.
2. Ensure that all interactions with the Supervisor – either written or in person, remains cordial at all times.
3. Working independently under the guidance of the supervisor and ensuring that she or he stays abreast of the latest developments in the field of study.
4. Agreeing with the supervisor, and abiding by, a time schedule which outlines the expected completion dates of various stages of the research work, i.e. prepare and submit a detailed project plan (See Supervisor section, #5 below).
5. Attending pre-scheduled meetings with the supervisor (via video call and/or in person) and being adequately prepared for these consultation sessions (See Supervisor section, #6 below).

Appendix 5: Certificate of additional support

(Additional support retained or not - to be **completed by all students)**

Please note that failure to comply and report on this honestly will result in disciplinary action

I hereby certify that (please indicate which statement applies):

- *I DID NOT RECEIVE any additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report:*

  ....

- *I RECEIVED additional/outside assistance (i.e. statistical, transcriptional, and/or editorial services) on my research report*

  ....

If any additional services were retained– ***please indicate below which:***

☐ ***Statistician***

☐ ***Transcriber***

☐ ***Editor***

☐ ***Other (please specify) ....***

Please provide the name(s) and contact details of all retained:

NAME: ....

EMAIL ADDRESS: ....

CONTACT NUMBER: ....

Appendix 6: Research interview guide

QUALITATIVE RESEARCH INTERVIEW GUIDE

Exploring the role of the stakeholders on organisational survival and sustainability post-business rescue

Background Information

Welcome and thank you for agreeing and consenting to participate on this study. Please note that the data collected will solely be used for academic purposes in partial fulfilment of the GIBS master's degree programme. Your responses will be completely confidential and anonymous, but your views, in combination with those of others, are extremely important for the purpose of the research.

1. **Participant's Profile**

Name: ________________________

Role: ________________________

Involvement/experience in the business rescue process:

2. In your understanding, who are the main stakeholders of a financially distressed business that is undergoing business rescue?

3. What role do different stakeholders play during business rescue? How do the respective roles impact the survivability of the business post business rescue?

4. Is stakeholder active involvement during business rescue process important for business survival post business rescue? Please explain.

5. In your opinion, do you think the lack of stakeholder support inhibits survivability of the business post business rescue? If yes, please explain.

6. In your opinion, does financial resources of a stakeholder play a role in the extent of stakeholder influence during business rescue?

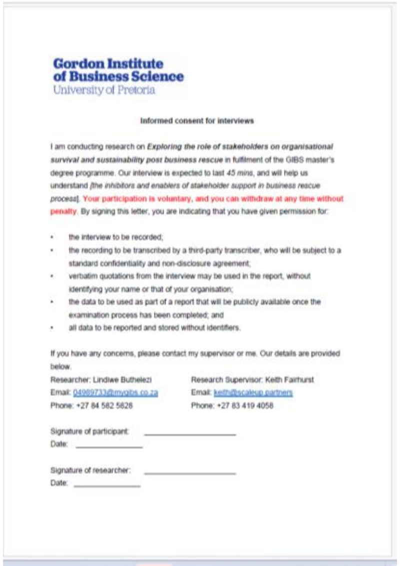
7. Chapter 6 of the Companies Act, 2008, requires that the business rescue process be finalised within 3 months of commencement. In your opinion, is this period adequate for effective stakeholder engagement and support for business survival post business rescue?

8. Is stakeholder collaboration during business rescue critical for business survival and sustainability post business rescue? Please explain.

9. Please feel free to add any comment regarding the role of the stakeholders in organisational survival and sustainability post-business rescue that has not been covered in this interview.

Thank you for your participation.

Appendix 7: Research informed consent form



Gordon Institute of Business Science
University of Pretoria

Informed consent for interviews

I am conducting research on ***Exploring the role of stakeholders on organisational survival and sustainability post business rescue*** in fulfilment of the GIBS master's degree programme. Our interview is expected to last *45 mins*, and will help us understand *[the inhibitors and enablers of stakeholder support in business rescue process]*. **Your participation is voluntary, and you can withdraw at any time without penalty.** By signing this letter, you are indicating that you have given permission for:

- the interview to be recorded;
- the recording to be transcribed by a third-party transcriber, who will be subject to a standard confidentiality and non-disclosure agreement;
- verbatim quotations from the interview may be used in the report, without identifying your name or that of your organisation;
- the data to be used as part of a report that will be publicly available once the examination process has been completed; and
- all data to be reported and stored without identifiers.

If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher: Lindiwe Buthelezi	Research Supervisor: Keith Fairhurst
Email: 04989733@mygibs.co.za	Email: keith@scaleup.partners
Phone: +27 84 582 5828	Phone: +27 83 419 4058

Signature of participant: ____________________
Date: _______________

Signature of researcher: ____________________
Date: _______________

Appendix 8: Code list

Codes used for RQ1

Collaboration Leadership Agreement Implementation Survival Stakeholder Education Emotional burden Overwhelmed Support Objectives Importance Management Conflict Control Financial obligations Maximizing return Business rescue Creditor interests Job security Employees Unions Engagement Information sharing	Accountability Responsibility Communication Checks and balances Government role Executive management Importance of stakeholders Company collapse Business challenges Financial difficulties Corruption Maladministration Stakeholder involvement Customer feedback Teamwork Financial stability Pressure Relief	Consequences Responsibility Conformity Communication Turnaround Problem-solving Lack of information Desire for engagement Transparency Change management Executive management Shareholders Controls and systems Shareholders Board Resources

Codes used for RQ2

Concession Implementation Opposition Passiveness Business sustainability Lack of support Conflict resolution Trade creditors Competing interests Power dynamics Conflict Cooperation Legal processes Power struggle Management	Financial sustainability Commitment Inequality Resource allocation Frustration Time constraints Consultation. Conflict Competition Employee welfare Negotiation Customer service Sustainability Business rescue	Employee support Stakeholder Employees Financial creditors Critical stakeholder Lack of involvement Success Management Company survival Financial distress Effort Cash flow deficit Financial distress Stakeholders Business restructuring Economic impact Financial challenges

Codes used for RQ3

Planning Management Time constraints Business rescue Company survival Complexity Stakeholder involvement Practicality Value creation Business Sustainability Implementation	Early intervention Leadership Collaboration Communication Problem-solving Engagement Business rescue Shareholders Support Satisfaction Responsibility Trust Criticism Cynicism	Stakeholders Role of unions Importance of stakeholders Employee engagement Facilitation Systems and controls Board Executive management Business rescue process