

**Strategic Decision-Making Processes in South African SMEs Amidst Economic
Turbulence**

23992108

A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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Abstract

The study investigates how financial crises impact the strategic decision-making processes of South African small and medium-sized enterprises (SMEs). Empirical evidence suggests that SMEs are essential to the economic growth and job creation of South Africa. This study seeks to assess the internal and external variables that shape their strategic responses in periods of uncertainty. A purposive sampling technique was adopted where in-depth semi-structured interviews were conducted with SME owners and managers from different industries. Through thematic analysis, the following themes emerged: resilience, partnerships, digital transformation, and short-term survival vs long-term growth. The findings elucidate the range of adaptive approaches SMEs pursue, such as joining business networks, optimising resources, and innovating. All these strategies are important to reduce risks and guarantee sustainability in turbulent economies. The study adds to the growing literature on the themes of resilience and strategic decision-making while also providing SME practitioners and policymakers insights on how to build operational resilience. Recommended areas for future research include exploring differences between sectoral structures and the relationship between government policies and SME performances.

Keywords

- Resilience
- Strategic Decision-Making
- Business Networks
- Innovation
- Economic Turbulence

Plagiarism 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 Business Administration 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.

23992108

4 November 2024

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Chapter 1: Introduction to Research Problem

1.1 Background Information

The past few years of South Africa's economic history have been historically turbulent, making it difficult for small and medium-sized enterprises (SMEs). The COVID-19 pandemic worsened the already present economic struggles, which has contributed to creating a sense of uncertainty. Furthermore, SMEs are important for South Africa's economy as they assist in job creation and contribute towards the GDP (Leboea, 2017). However, the critical areas in which these businesses are vulnerable have received less attention due to the consequences of the pandemic, and proactive measures need to be put in place for them to thrive (Rajagopaul et al., 2020).

The SME sector contributes more than 60% of South Africa's GDP (O'Neill, 2024). The sector is diverse and consists of various categories, such as the informal, retailing, hospitality, transport, financial and professional sectors respectively. Similarly, the sector is highly vulnerable to economic downturn due to its reliance on consumers and business clients (Sitharam & Hoque, 2016). For example, when the country was under lockdown, and all consumers were indoors, lockdown restrictions led to a loss of income for SMEs. Furthermore, many service-based businesses that depended on consumer spending and logistical services within the region were met with supply-chain challenges which worsened their conditions (Gopaul & Rampersad, 2020).

A comparative analysis of various sectors reveals that the SME sector is pivotal in contributing towards job creation and poverty alleviation (Gopaul & Rampersad, 2020). The nature of this sector makes a considerable number of SMEs employ semi-skilled or unskilled labour, which is a major factor that drives inclusive economic growth. As stated by the South African Small Enterprise Development Agency (SEDA), approximately 50% of private sector employment comes from SMEs, helping in curbing unemployment (SEDA, 2021).

Furthermore, the industry faces challenges as many SMEs encounter economic turbulence because of the low profit earned and scarce financial resources accessible to them (Leboea, 2017). Service-providing SMEs do not have capital reserves such as larger organisations. Hence, there are difficulties accessing working capital due to weather uncertainty (Fatoki, 2014). Furthermore, their inability to switch to different business models effectively during times of uncertainty detrimentally leads to the

exposure of their weaknesses. For instance, when COVID-19 arose, scenarios occurred in SMEs where they were unable to shift their operations virtually and thus closed down or suffered significant revenue losses (OECD, 2020).

Due to these risks, strategic decision-making is especially relevant for SMEs within various industries to survive economic turbulence. New revenue streams, cost reduction strategy implementation and business networking are good examples of such adaptive measures. Simultaneously, the speed and volatility of the economic environment require SMEs to put short-term measures in place in order to achieve longer-term sustainability goals (Rajagopal et al., 2021). Therefore, the objective of this study is to understand the decision-making processes of SMEs operating in the retail, manufacturing, and services sectors to survive an economic crisis.

1.2 Historical Context and Trends

The contribution of SMEs to South Africa's economy is estimated to be around 40 percent of its GDP, while the country's SMEs employ about 60 percent of the private sector (SEDA, 2021). Thus, the development of the SME sector has gone through the expansion and contraction phase, each cycle having its difficulties and advantages.

History of Economic trends of South Africa, and how it relates to SME establishment

Most of the SME's growth in South Africa has been, in one way or another, influenced by its changing policies and the economy. Post-Apartheid reforms during the '90s aimed at restructuring the economy by empowering small businesses to the extent of encouraging government support (Irene, 2017). The Global Financial Crisis of 2008 confirmed the crisis faced by South African SMEs, especially in the manufacturing and retail sectors, as most could not keep up with business due to insufficient finance to expand their businesses and fluctuations in consumers' purchasing behaviour (Fatoki, 2014).

Trends in Support and Policy Interventions

Programs initiated by the Government to support SMEs, such as the National Development Plan (NDP) and Small Enterprise Finance Agency (SEFA), have managed to provide financial and technical assistance to these sectors. Nevertheless, challenges related to policy implementation and structural reforms still limit the outcomes of these interventions (Fatoki, 2014). Thus, the future growth and sustainability of these SMEs will rely on these policies, the innovation of entrepreneurs and stronger collaboration

between private and public sectors. Figure 1 below illustrates the challenges experienced by SMEs in securing financial aid from the government with regard to their knowledge of it.

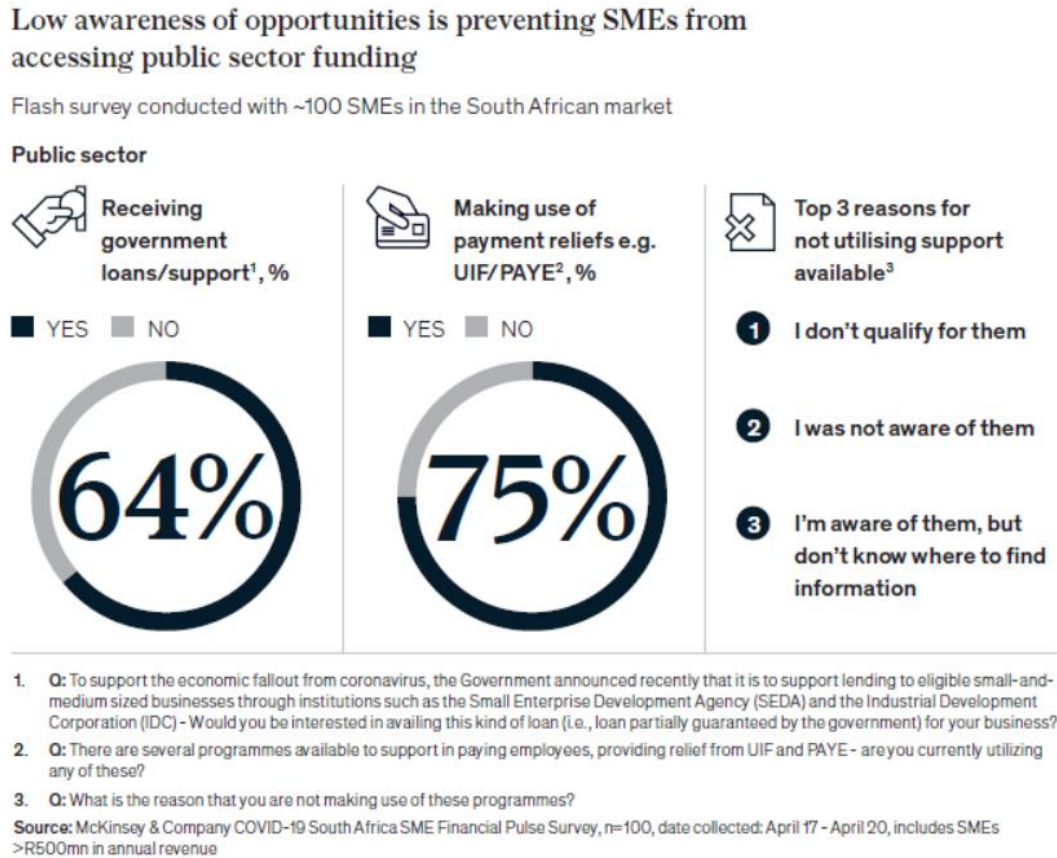


Figure 1: SMEs knowledge of access to Governmental Aid ((Rajagopaul et al., 2020)

1.3 Research Problem

The lack of research and analysis of the calculated decision-making processes of SMEs in South Africa during global recessions is under-researched, considering the value it adds to the country's economic stability. In particular, SMEs are vulnerable to economic turbulence due to limited resources and flexibility. This can lead to high failure rates in crises (Leboea, 2017). The recent COVID-19 pandemic has exacerbated these issues, emphasising the need for strategic decision-making to navigate through these periods of adversity.

1.4 Specific Problem Statement

South African SMEs struggle to make structured decisions during an economic crisis. Therefore, this results in businesses closing doors, which in turn causes the economy to be unstable. Contrary to the importance of SMEs within the economy, there is limited knowledge of how these organisations adopt measures that relate to strategic decision-

making in times of turbulence. This creates a knowledge gap which prevents successful support systems and policy-making processes that can suit the specific needs of SMEs in times of recession (Gopaul & Rampersad, 2020).

There have been intense weaknesses in judging market dynamics owing to the high unemployment rate, poor market conditions, and unreliable lines of finance inflows. While it is known that SMEs should be agile and operate within external environments characterised by changes, the strategy formulation aspect of such firms is still under-investigated, especially during an economic environment that is constantly contracting (Sitharam & Hoque, 2016).

In addressing this gap, factors affecting the business sustainability of SMEs, such as performance, will not only enhance the evaluation of business support programs but also impact policy related to SME support in South Africa. This study intends to assess the drivers of strategic change and resilience in SMEs operating in the retail, manufacturing, and services sectors to understand their implications for economic development and employment creation within the country.

1.5 Significance of the Problem

It is through solving this particular problem that SMEs can be enhanced in resilience and sustainability. This is important for the growth of the economy and employment opportunities that are scarce in South Africa (Pasara & Garidzirai, 2020). The employment rate and the contribution of the GDP of South Africa depend heavily on SMEs (Pasara & Garidzirai, 2020). Therefore, their survival during an economic crisis is uncertain. High unemployment rates and economic instability characterise the economic environment in South Africa. This causes complications in the operating circumstances of SMEs (Dele-Ijagbulu et al., 2021). Hence, understanding the strategic decision-making processes can help develop specific support operations for SMEs. Thus, this should enhance their chances of survival and allow for growth during economic turbulence.

Existing Gaps: Presently, the literature on strategic SME decision-making during economic turbulence is infrequent. It often lacks an extensive approach which is preventing a comprehensive understanding of the challenges encountered by SMEs. Moreover, there is evidence that some research has been done on resilience and innovation factors with respect to SMEs. However, there is a gap in investigating their intersection with the strategic decision-making processes in times of crisis. Research by

Dolz et al. (2019) and Klyver & Nielsen (2021) suggests a lack of understanding regarding the decision-making frameworks and adaptive strategies SMEs utilise during economic adversity. Thus, this research aims to address these gaps by analysing the strategies that SMEs deploy during these periods of uncertainty.

1.6 Purpose of the Study

The research objectives of this study are to explore and understand the strategic decision-making processes that characterise South African SMEs amidst economic turbulence. Furthermore, this study aims to explore the critical elements or factors that motivate these decisions, such as the roles of resilience and innovation, while also analysing internal and external support mechanisms in relation to these decision-making processes.

1.7 Research Objectives

The primary research objectives of this study are to:

- Examine the importance of the strategic decision-making processes employed by South African SMEs during economic adversity
- Determine the key factors affecting these processes
- Analyse the role of resilience, innovation, and strategic adaptation in SME decision-making processes
- Assess the impact of external support and business networks on the strategic decisions taken by SMEs.

The secondary objective aims to identify the various aspects of an SME's performance, such as how SMEs ensure short-term survival while providing long-term stability and growth. It will also look into the similarities and differences in strategic decision-making processes among SMEs by size and sector.

Expected Contributions: This study anticipates adding to academic knowledge by closing the gaps in the existing literature on SME strategic decision-making during economic turbulence. It entails a comprehensive understanding of SMEs' decision-making frameworks and adaptive strategies. Thus, offering a valuable understanding for both researchers and practitioners (Caballero-Morales, 2021; Clauss et al., 2021). The practical implications of this research include notifying SME managers about best practices and strategies to enhance their resilience and adaptability during economic crises. These results can also enable managers to formulate appropriate practices to devise specific actions and support mechanisms that foster SME resilience and

competitiveness (Eggers, 2020). Thus, enhancing economic development and job creation for the South African GDP.

1.8 Scope of the Study

This study focuses on SMEs in South Africa, particularly those in the retail, manufacturing, and services sectors, as they have been significantly affected by recent economic turbulence. The research includes qualitative interviews with SME owners and managers, which allows for in-depth insights into their planned decision-making processes. The study does not include large enterprises or SMEs outside the three mentioned sectors. Thus, this ensuring an intensive analysis applicable to the targeted demographic.

1.9 Boundaries and Limitations

The research is limited to SMEs within the retail, manufacturing, and services sectors within South Africa. The study's focus is on qualitative data collection. Thus, interviews took place, which may introduce self-reporting biases.

1.10 Relevance to Strategic Decision-Making and Economic Turbulence

This research is useful in explaining how SMEs make strategic decisions during periods of economic uncertainty. For SMEs, making strategic decisions is important, especially when trying to weather crises with respect to surviving and thriving. This study aims to demonstrate the interplay between resilience, innovation and strategic adaptation and how South African SMEs' decision-making processes are transformed as a result of this. The context of economic turbulence is critical, as it provides a background within which these strategic decisions are formulated. Thus, pinpointing the challenges and opportunities that emerge in such environments (Gopaul & Rampersad, 2020; Deleljabulu et al., 2021).

Exploring the strategic decision-making processes in SMEs allows this research to provide an in-depth insight into how these businesses can prepare for and respond to economic crises. Understanding the components that influence decision-making and the strategies that enhance resilience and adaptability will be critical for the survival and development of SMEs in South Africa.

Chapter 2: Literature Review

2.1 Resilience and Strategic Decision-Making in Crises

Resilience is of high significance as far as SMEs are concerned in terms of economic turbulence. The essence of dealing with resilience is an undesirable situation wherein the organisation is able to withstand pressure and sustain the impact of the conditions for further growth in the future (Eggers, 2020). Crises are also common among SMEs in this case since there is little, if any, financial reserves and heavy reliance on external market conditions. Furthermore, Dolz et al (2019) & Thorgren & Williams (2020) emphasised that strategically adaptive SMEs display superior performance in coping with disruptive environments.

2.1.1 Role of Ambidexterity in SME Resilience

Ambidexterity has been defined as the proportionate balance between the exploration and the exploitation of new ideas and has been found to be one of the important aspects that makes SMEs more resilient (Dolz et al., 2019). Exploration is the activity in which new ideas are generated for new markets. At the same time, exploitation is the activity in which efficiency is gained on the processes and business operations already in existence. Ambidexterity provides a framework for companies to manage resistance and adaptability within turbulent times, which is vital for the organisation's short-term operational continuity and the longer-term market growth strategy.

Dolz et al. (2019) maintain that firms in the SME category with management teams capable of handling both operational and strategic decision-making possess higher chances of encouraging ambidexterity. In the firms owned by family members, the presence of family in business leadership can assist in improving times of decision-making; hence, they are able to respond to threats or changes in the marketplace quicker. These given firms are able to exploit their current assets efficiently whilst concurrently searching for alternative income thus increasing their ability to withstand economic downturns.

2.1.2 Adaptive Culture and Stakeholder Engagement

Apart from leadership and ambidexterity, there are other factors like stakeholder relationships that foster resilience in SMEs and organisational culture that is adaptive. Thorgren and Williams (2020) put great emphasis on the fact that SMEs with internal cultures which are ambidextrous are able to change their strategies promptly should their

environment face unforeseen changes. Wider stakeholder relations include the organisation's employees, customers, and suppliers, which are also essential in promoting survival from turbulence.

Maintaining active engagement with the stakeholders is fundamental to enhancing resilience. SMEs that are able to maintain lines of communication and transparency with the stakeholders are able to command trust and loyalty in the course of trying times (Naradda Gamage et al., 2020). This trust ensures that there is business continuity because suppliers and customers are prepared to join forces and assist each other in trying times. The same goes for employees in SMEs, who are most likely to be resilient in providing and participating in problem-solving as it is easier to be creative during times of struggle in collaborative settings (Eggers, 2020).

Furthermore, organisations can turn to these business communities as mentors and reach out informally to disseminate best practices and penetrate new regions of opportunity (Kottika et al., 2020). These external and informal networks also help SMEs gather useful information about the changing competitiveness of the market, enabling them to be proactive rather than reactive towards competition. Table 1 below highlights key factors that were discussed.

| Factor | Definition | Example | Impact on Resilience | Outcome |
|------------------------|---|--|---|--|
| Ambidexterity | Balance between exploration and exploitation of ideas | SMEs developing new products while improving operations | Increases capacity to withstand economic shocks | Enhanced Market Position and Resilience |
| Adaptive Culture | Rapid strategy changes within the organisation | Quickly pivoting business models during crises | Ensures survival through adaptability | Maintained Revenue Streams through Adaptation |
| Stakeholder Engagement | Engagement with employees, customers, and suppliers | Collaboration with suppliers during supply-chain disruptions | Builds trust and ensures business continuity | Improved Digital Capacity and Market Flexibility |

Table 1: Key Factors Contributing to SME Resilience

In the case of SMEs functioning in unpredictable settings, resilience is a prerequisite. In seeking to remain relevant during turbulent periods, ambidexterity and adaptive cultures allow SMEs to balance survival and growth considerations. Resilience is premised on effective leadership, good working relationships with stakeholders and being connected to external networks. It means that SMEs with these capabilities are more likely to survive economic turbulence and continue to operate irrespective of adverse conditions. This part argues that resilience highlights the key proactive role resilience plays in the development of strategic decision-making frameworks.

2.2 Innovation as a Recovery Strategy

In times of crisis, SMEs find innovation to be the most feasible means of recovery. Through it, organisations can meet new standards in the market, become more efficient in their operations and work without interruptions. SMEs that adopt innovation in a systematic fashion can leverage technology and restructure their businesses to reduce the negative effects of economic instability (Caballero-Morales, 2021). The purpose of this section is to address the different forms of innovation that can serve as a tool for recovery with emphasis on product, process and business model innovations and the contribution of agility and digital transformation in crisis management.

2.2.1 Product, Process and Business Model Innovations

Innovation is not limited to the introduction of new products, it also covers the introduction of process innovations and transforming the business model. Caballero-Morales (2021) points out that SMEs in developing markets can improve their effectiveness by looking at how their products and operations can be modified to face tougher economic climates. For instance, during the period of the COVID-19 pandemic, SMEs that launched new lines of products or changed their current offerings were able to meet the changing needs and expectations of the consumers (Klyver and Nielsen, 2021).

Furthermore, Clauss et al. (2021) underline that specific temporary business model enhancements were paramount for the SMEs that dealt with turbulence during the COVID-19 period. These focused on changing revenue strategies, altering marketing channels, and introducing new practices in order to save and earn money during times of mobility restrictions. Such flexible reactions made it possible for firms to survive most of the challenges posed by the disruption of the market and existing business operations. It is evident from this scenario that such responsive business models are crucial for the SMEs that are facing a crisis.

2.2.2 Agility and Digital Transformation as Key Enablers

To be innovative, it also means that the SMEs should be able to practice agility which is the ability to turn the course within a short space of time due to other external factors. It is Agility that makes it possible for SMEs to take advantage of new opportunities, reallocate assets and ensure continuity of operations even when there is a change in the structures of the business (Caballero-Morales, 2021). In this context, digital transformation has become of paramount importance since it allows SMEs to engage their customers better and improve the supply chain and the internal operations of the business (Clauss et al., 2021).

As Clauss et al. (2021) mention, several SMEs adopted e-commerce platforms in an effort to contact their customers over the internet during lockdowns, while other SMEs worked on remote solutions for business continuity. These instances show the need to employ new technologies and develop technological capabilities for organisations to withstand turbulent environments. New digital SMEs which are able to incorporate digital innovations into their operations will be able to forge a competitive advantage and increase their flexibility in turbulent markets.

2.2.3 Fostering an Innovative Culture

Naradda Gamage et al. (2020) argue that innovation is not simply associated with technology but that technology adoption within organisations is part of a wider change and development that needs to be actively encouraged. Organisations that seek out creative contributions from their end users will likely be better suited to cope with changing environments (Naradda Gamage et al., 2020). There is a positive impact in the contribution of external parties, especially in times of crisis, to ensure that businesses are actually looking to solve their immediate and future concerns. This approach further strengthens the resilience of SMEs as they are able to constantly evolve their operations with the changing market conditions.

Innovation is the core element in helping SMEs to pull through and develop during times of economic crisis (Clauss et al., 2021). Thus, through the integration of new technologies, restructuring their business processes and solidifying their innovative nature, SMEs may improve their sustainability and become resilient during volatile environments. The capacity to innovate not only gives a business an edge over the competition but also enables such a business to take responsive actions to the ever-changing market landscape. As documented by Caballero-Morales (2021), SMEs are able to use innovation to recover from economic shocks and perform better in times of uncertainty.

2.3 Strategic Adaptation and Business Model Transformation

Strategic adaptation is a crucial characteristic for all SMEs, which enables them to change their operations and business strategies so that they become relevant to the operational environment (Herbane, 2018). In times of economic crises, such as during the COVID-19 pandemic, SMEs are required to take quick and proactive measures to avoid the collapse of businesses and loss of revenue streams (Delladio et al., 2023). This part of the study delves into the details of strategic adaptation, business model transformation, cooperative strategies and how they assist SMEs navigate crises.

2.3.1. Adapting to Market Changes and Seizing New Opportunities

Strategic attention is taken by the management of the organisation during various operational changes and looks into the internal and external environment, which explains the forecasted trends and anticipates changes, including economic downturns (Delladio et al., 2023). Thus, strategic adaptation includes the expansion of product lines, the geographical scope of operations, and the efficiency of business processes. During the outbreak of COVID-19, Italian SMEs completed the task of quickly modifying their products or services to meet the new market requirements (Delladio et al., 2023). In the same way, Greek SMEs pursued business model transformation as a gradual process, where the companies leveraged their previous experience with regard to crisis management and changed their ways of conducting business as a response to the environmental changes (Kottika et al., 2020).

Other actions included digitalisation in order to acquire new customers and establishing targeted partnerships that would increase access to the market. Quite a few of those SMEs who reacted proactively with regard to the change in market conditions managed to stabilise their streams of revenue and the continuity of their business. This shows the role that strategic agility and foresight play in the picture of strategic adaptation (Delladio et al., 2023).

2.3.2 Business Model Transformation as a Strategic Imperative

Business model transformation is not just about making minor adjustments to existing practices; it calls for a complete change in the value creation, delivery, and capture mechanisms of SMEs (Waiganjo et al., 2021). This includes moving to e-commerce platforms, diversifying service offerings or even expanding into different geographical regions. For example, SMEs which moved to online platforms during the COVID- 19 pandemic managed to keep their customers and sales even amid the lockdowns and all mobility restrictions (Clauss et al., 2021).

To be able to survive and thrive in turbulent situations, understanding the market and changing an organisation's business model is imperative (Thorgren & Williams, 2020). SMEs operating in the areas of business model transformation often do not just manage to go through hard times but are often able to grow when this unstable period is over (Kottika et al., 2020). However, in order to effect these changes, a critical mass of resources, technologies, and strategic alliances has to be available for these small companies that are usually short of funds (Kottika et al., 2020).

2.3.3 Role of Partnerships and Collaborative Networks in Transformation

Business model transformation cannot be achieved without open partnerships and collaborations with stakeholders (Clauss et al., 2021). With collaboration, SMEs are able to efficiently share resources, acquire new technologies, and penetrate new markets. For instance, businesses that had partnered with logistics firms during the pandemic were still able to carry out their activities as planned and provide services to customers, even in the face of a supply-chain crisis (Eggers, 2020).

Furthermore, the collaboration with banks and technology providers has permitted SMEs to develop the necessary infrastructure to undergo digital transformation (St-Pierre et al., 2018). Collaborative networks not only provide them with the necessary resources but also assist them to have a proper understanding of the existing market and the gaps that require innovative solutions (Naradda Gamage et al., 2020). They enable the exchange of experience among SMEs to design and implement transformation processes more effectively.

The sustainable development of SMEs during crises is related to their strategic reorientation and transformation of their business model. SMEs may adjust their business activities by expanding product offerings, reaching new customers, and utilising trend technologies. However, effective transformation needs partnerships and resources to support their new mode of operations. Adapting and transforming their models of doing business helps SMEs not only limit the damage caused by the crises but also determine the future for development and business resilience.

2.4 Financial Strategies and Resource Management

Considering the fact that in an economic crisis, many SMEs have limited access to financing, experience a drop in sales and have suspended operations, effective financial planning and management are critical (Motta & Sharma, 2020). Such strategic financial management allows SMEs to maintain liquidity, manage their resources and even continue operations under adverse conditions (Lim et al., 2020). This part highlights the

particular strategies adopted by SMEs during crises, such as measurement of costs, estimation of revenue, and seeking out sources of finance.

2.4.1 Cost Management and Liquidity Preservation

Many SMEs seek to control liquidity and cost management during turbulent conditions (Motta & Sharma, 2020). Lim et al. (2020) point out the need for effective cost management and operational cost measures that will improve efficiencies and reduce overhead expenses. Some of the suitable options available include reducing the size of the operations, postponing non-essential expenses, and re-negotiating with suppliers for better payment plans.

One of the best ways to preserve liquidity is for SMEs to free up capital by reducing expenses such as salaries, rental agreements and inventory purchases (Motta & Sharma, 2020). Klyver and Nielsen (2021) stress the necessity of financial restructuring due to the fact that during the crisis it is impossible to have the right amount of expenditure without going into negative working capital. Thus, SMEs that are geared towards monitoring cash flow can anticipate challenges that may arise and take pre-emptive actions like reducing operational expenditure or consolidating operations.

2.4.2 Revenue Optimisation and Diversification

SMEs should not only cut costs but also seek measures towards revenue optimisation to keep business operations within a sustainable range (St-Pierre et al., 2018). Hence, this involves several streams of income generation, retention of existing customers, and venturing or diversifying into other prospects. According to Clauss et al. (2021), SMEs that innovate and offer new products and services during uncertain times are likely to enhance their customer satisfaction which focuses on the unmet needs of customers. These innovations would, therefore, boost their revenues.

Customer retention is achieved via loyalty programs or special marketing campaigns so that self-employed persons still have reasonable income in low demand situations. Some of the SMEs have concentrated their efforts on digitalisation and now employ technology as their main tool to reach new customer bases (Delladio et al, 2023).

2.4.3 Accessing Alternative Financing and Government Support Programmes

During periods of uncertainty and economic hardships, access to finance for SMEs becomes key since businesses require further financing to remain active (Motta & Sharma, 2020). SMEs can seek financing through government schemes, soliciting loans, and selling of equity stakes (Eggers, 2020). Countries like South Africa and other nations have also put in place emergency measures which include relief, grants and collateral backed loans to assist SMEs in times of uncertainty (Leboea, 2017).

Apart from the government support, SMEs also seek private sector financing by forming partnerships with financial institutions or investors. But it is often these smaller SMEs who find accessing them difficult due to credit and collateral constraints (Clauss et al., 2021). As a way of resolving such obstacles, businesses can deploy tactics such as negotiating with creditors or raising finances from business networks (Klyver & Nielsen, 2021).

During economic recessions, both the resilience and sustainability of these enterprises will always depend on the financial strategies employed. SMEs should focus on cost reduction, optimisation of revenue and access to financing to ensure sustainability despite turbulent economic conditions. However, the ability to access external sources of funding and government intervention, if at all any, is an essential resource to numerous SMEs as they are without capital reserves as opposed to larger institutions. The proactive management of financial strategies enables SMEs to withstand turbulence in the economy and facilitates an effective re-entry into the market once conditions improve.

2.5 Role of External Support and Networks

External support comprising government assistance, business networks and partnerships is crucial as far as SMEs' effectiveness in crisis management is concerned (Rajagopaul et al., 2020). During economic turbulence, financial assistance, subsidies, and the ability to acquire learning resources are some of the tools that help SMEs to sustain uncertainties (Eggers, 2020). This part examines the different types of external support that are directed to SMEs, with a particular focus on government support, business networks, mentorship and collaborative support.

2.5.1 Government Aid and Policy Interventions

The government support schemes are critical in maintaining the sustainability of SMEs during crises (Park et al., 2020). Available government support, such as the financial assistance programs that encompass grants, subsidies, and tax payment plans, help avert disruptions of business operations by providing cover of transaction costs and liquidity (Eggers, 2020). In South Africa, there have also been other interventions, such as the provision of loan guarantees and stimulus packages towards SMEs during the periods of the COVID-19 pandemic (Rajagopal et al., 2020).

Additionally, reaching out to government programs seemed difficult, especially for enterprises that could be small in scale and may not possess the administrative capacity to seek funding (Lim et al., 2020). The success of government responses also relates to how sector needs are met by the responses and the timeline within which the funds are available to businesses that need them (Park et al., 2020). Hence, revamping the

structure and the content of such programs becomes imperative to enable the realisation of such purposes.

2.5.2 Business Networks and Knowledge Sharing

Business networks increase the chance of survival for SMEs during crises by assisting them in making critical decisions and deploying their resources effectively (St-Pierre et al., 2018). Industry association networks, financial institutions, and business peers are a few examples of networks that give SMEs easy access to essential and relevant information. These networks support knowledge transfer which enables businesses to learn and implement the best practices and new ideas (Eggers, 2020).

Additionally, in the course of active participation in research networks, the SMEs obtain knowledge about new technologies, economic conditions and policies of the countries effectively (St-Pierre et al., 2018). Furthermore, associations of industry and business practitioners arrange numerous webinars and seminars aimed at resolving actual problems providing concrete ways to cope with challenges. Such collaboration within business communities builds an atmosphere of unity and resilience as companies combine resources and tactics to address mutual problems (Kottika et al., 2020)

2.5.3. Mentorship Programmes and the Collaborative Networks

Mentorship programmes, in which more experienced business leaders help SMEs overcome challenges, are also other forms of external support that help enhance adaptive capacity (Kurdve et al., 2020). Mentors guide the SMEs through practical strategies and offer emotional reinforcement so that complicated challenges are met, and resilience is established (Kotsios, 2023). It is imperative to note that business mentorship fosters anticipatory actions, particularly concerning crisis management, as mentors provide tips from previous resolutions they have undertaken.

Through collaborative networks such as joint ventures and strategic alliances, SMEs are able to pool resources and skills (Kurdve et al., 2020). Thus, these relationships can lower operating costs, open up new markets, and encourage innovation through inter-sectoral cooperation. For instance, certain SMEs have integrated with logistics firms to accomplish the supply-chain functions more efficiently, and other SMEs have associated with technological companies to strengthen their digital competencies (Creazza et al., 2023).

SMEs require external support not only to survive crises but also to preserve the day-to-day functions of the business (Kurdve et al., 2020). While financial assistance from the government helps out in the immediate cash flow crises, business networks offer crucial information and resources (Park et al., 2020). Furthermore, mentorship and collaborative

networks help SMEs enhance their resilience and adaptive capacity which makes them better able to deal with similar situations in the future (Kurdve et al., 2020). Thus, the capacity to utilise these external support systems not only improves the survival chances of SMEs in the short term but also sets a foundation for growth and sustainability in the long run.

2.6 Strategic Decision-Making Frameworks

The capacity of SMEs to weather economic turbulence depends largely on robust strategic decision-making frameworks which cut across important areas of business management (Eggers, 2020). Such a comprehensive framework will guarantee that the risk exposures, resources, and planning efforts of the SMEs are well coordinated so as to endure external shocks and operate in times of uncertainty (Lim et al., 2020). This section addresses the issue of resource management, risk assessment, continual evaluation, and scenario planning in the formulation of effective decision-making frameworks for SMEs.

2.6.1 Integrating Resource Management for Strategic Decision-Making

Lim et al. (2020) suggest that factors to consider may include strategic, financial, physical, human, and organisational resources. SMEs must strive to seek integrated management of the said resources within their decision-making frameworks, to prevent wastage or depletion during periods of crisis (Crovini et al., 2021). Hence, ensuring financial liquidity needs to be considered just as important as the investment of human resources aimed at long-term sustainability.

During times of uncertainty and turbulence, an exogenous change confronts SMEs with the need to reorganise and redistribute capacity and other resources optimally so as to survive and grow (Lim et al., 2020). There needs to be a focus in businesses on balancing the short-term factors of conserving a firm's resources and investing them so that every challenge faced today will prepare and set an organisation for the opportunities that exist in the future (Crovini et al., 2021). With risk management, the managing of flexibility, optimisation of resources and strategic framework development are crucial in maintaining daily routines under unstable conditions (Crovini et al., 2021).

2.6.2 Risk Assessment and Continuous Monitoring

In relation to the decision-making frameworks, risk has to be considered as various exposures and possible threats must be acknowledged and their business impacts must be comprehensively assessed (Crovini et al., 2021). Hence, risk assessment is a must for SMEs since it enables them to have control over threats, a resource allocation strategy, and a risk control plan such that business functions are protected. These can

include risks from disruptions in the supply chain, evolving market conditions and risks in liquidity, all of which need to be managed proactively (Klyver & Nielsen, 2021).

Monitoring of these factors ensures that there is a gradual progression of SMEs through internal and external changes (Crovini et al., 2021). Hence, monitoring the trend of the economy, the movement of the competitors and the overall performance of the firm serves the purpose of identifying risks from an early stage. Additionally, monitoring facilitates organisations having countermeasures in their planning and strategy such as that of new opportunities presenting themselves with minimal exposure to risks (Eggers, 2020).

2.6.3 Scenario Planning and Contingency Strategies

Scenario planning helps formulate realistic contingency strategies that will facilitate SMEs' readiness for a variety of possible situations (Waiganjo et al., 2021). This involves determining how plausible scenarios can affect the business and the emergency response plan for each of them (Delladio et al., 2023). For example, some scenarios an SME may prepare for may include abrupt changes in the supply-chain, sudden decline in sales or changes in the regulatory frameworks of doing a specific business.

In the planning process, SMEs have options available so that they are prepared for them if need be. Unusual circumstances can be avoided by employing contingency strategies (Waiganjo et al., 2021). Thus, these strategies should specify the adjustments that are required to address these situations so that business operations can continue effectively during the worst of situations (Naradda Gamage et al., 2020). Additionally, integrating scenario planning with regular reviews enhances the capacity of the business to make necessary pivots (Crovini et al., 2021). Thus, reducing operational interruptions and targeting new opportunities.

Given the prevailing economic uncertainty, implementing strategic decision-making frameworks in SMEs is prudent. These frameworks combine resource optimisation, threat analysis, constant recovery, and predicting situations to help decision-making. Upholding the concept of being simultaneously ready for a variety of resource elements and various future possibilities allows SMEs to reduce risks and increase their optimal chance of survival. The degree of external and internal monitoring allows them to remain active and responsive during crises, which is a prerequisite for further development and success over the years.

2.7 Case Studies and Practical Insights

Real experiences of case studies from the SME sector bring to light the practices of adaptation and change, crisis management, and generally how SMEs develop new

products over time under challenging circumstances. Such cases highlight the role and need for making choices or decisions on planning, endurance and partnerships during turbulent periods. Economically challenged SMEs that outperform their rivals are those that are flexible, innovative, and futuristic organisations. This part collects several international case studies, showcasing the variety of strategies which SMEs employ in different sectors and areas.

2.7.1 Mexican SME: Leveraging Innovation as A Tool for Survival

Caballero-Morales (2021) analyses a family-owned Mexican SME which made use of innovative products and operations in dealing with the disruptions brought by the COVID-19 pandemic. With both falling sales and limitations on operations, the SME repositioned itself by introducing new product lines in line with changing market preferences and repositioned itself through effective customer interaction. The firm also redefined its operational processes to ensure effectiveness and focus on using available resources during the crisis.

The case clearly illustrates how product and operational innovation ensured the SME's survival and enhanced its competitive edge in the market. The willingness of the company to implement technological integrations and find sensible streamlining processes proves how innovation can help in times of turmoil. This goes to show that even under less than favourable situations, quick adjustments in addressing the ever-changing consumer needs can work out to gain a competitive edge.

2.7.2 Italian SMEs: Adapting through Diversification and Market Exploration

Delladio et al. (2023) review the activities of Italian SMEs during the lockdown periods caused by the COVID-19 pandemic. A lot of these firms expanded their product lines almost immediately in response to consumer's Personal Protective Equipment or online services, among others. Furthermore, SMEs broadened their digital presence and began offering e-commerce services which made it possible to service clients remotely and generate income in times of distress.

To minimise the impact of competitive disadvantages when traditional markets had to be abandoned, those firms began to look for new opportunities and new markets, both at home and abroad. This specific case sheds light on the necessity of adapting the business model to market needs and exploring new market opportunities. Companies that actively sought new ways of income generation or new types of services were in a stronger position during the crisis.

2.7.3 Greek SMEs: Learning from Previous Crises

The study carried out by Kottika et al. (2020) reveals how Greek SMEs that survived the 2009-2014 economic crisis were in a better position to counter the impacts of the COVID-19 pandemic. Such businesses implemented strategies to cope with past shocks by building solid digital infrastructures ahead of the pandemic to avoid disruptions in the future, building relationships with suppliers and banks, and extending product lines to provide leverage against market changes. This case illustrates the importance of thinking strategically and organisational learning. Thus, SMEs that invest in devising systems for contingent periods and in building digital assets ahead of a crisis are likely to be able to be more adaptable in times of disruption. Once again, the necessity for research and development before a crisis has been highlighted, in particular, how investments in networks and social capital are particularly advantageous during instability.

2.7.4 Indonesian SMEs: Crafting Strategies for Sustainability

As per Lo and Sugiarto (2021), the SME hotels in Bali, which they evaluated from a financial perspective, were in disarray after international tourism was highly affected during the COVID-19 pandemic. These hotels applied Mintzberg's concept of crafting strategy, and change was an essential component but conservatively practised. For example, they provided local price range models for local customers and domestic tourism appeals, together with introducing new services like virtual experiences, and food delivery to doorsteps.

This case validates that strategy and organisational development should be priorities of any business undertaking. This means that such SMEs need to operate in a feedback loop where they gradually revise their plans based on the market parameters that are available at the time. Thus, this is the only way they can survive in such a cutthroat industry.

2.7.5 Risk Management Integration in Italian SMEs

Crovini et al. (2021) try to understand the dynamics of Italian SMEs in terms of the role of risk management within organisational strategies. What the study revealed is that even if a lot of SMEs do not have such a structured approach or formal policies, they integrate intuitive and flexible risk assessments into their decision-making processes. These companies did the following:

- Focus on identifying and understanding the risks early in order to minimise the possible consequences of any unforeseen scenarios.
- Had dynamic structures in place that enabled the rapid alteration of strategies due to drastic changes in the environment.

This case highlights the need to have risk management as part of the daily activities of decision-makers, regardless of the existence of risk management protocols. It is the risk-conscious and adaptable SMEs who are likely to spot opportunities when others would most likely fail during the time of crises.

2.7.6 SME-University Collaboration: Building Innovation Capacity

Kurdve et al. (2020) analyse the effects of cooperation between Swedish SMEs and universities with the goal of promoting opportunities for innovation. These partnerships enabled SMEs to seek outside resources to create and implement new technology or business strategies. The case illustrates that SMEs were able to access academic material which would increase their chances of inventing new ideas. It would also allow them to obtain knowledge that assists them in researching market conditions and modifying their approaches more efficiently.

The case demonstrates that collaborative networks have the potential to expand the innovation scope and enhance the resilience of SMEs. In addition, SMEs would gain insights from different perspectives to formulate optimal strategies to cope with uncertainty and achieve sustainable growth.

2.7.7 Access to Finance through Lending Technologies

Access to finance remains a major hindrance to growth for SMEs who are updating their digital platforms. St-Pierre et al. (2018) highlight how lending technologies have eased access to funds for SMEs. Through the use of digital lending platforms, SMEs are able to replace conventional loan application processes with a secure system and obtain loaning services more successfully. Furthermore, they can find new ways of funding like peer-to-peer or equity crowdfunding. Finally, they strengthen their partnerships with financial institutions, which enhances their chances of receiving credit.

This case highlights that the emergence of technological advancement in finance is key towards resolving the funding inadequacy challenges facing SMEs. The availability of funds ensures that businesses are able to weather storms and prepare for changes that will assist them in their recovery and future growth.

The case studies presented highlight that SMEs are able to weather storms and crises by being agile in their strategic positioning whilst also being innovative and working with others. Firms that embrace digital technology, broaden their knowledge and understanding and form partnerships are positioned to be able to withstand disruptions and grow. Additionally, the need for organisational learning, risk management, and contingency planning is needed in order for firms to do well in times of crisis.

From these practical lessons and insights, SMEs will appreciate the fact that they need to implement strategies which incorporate innovation, collaboration and proactive planning in order to manage a crisis. SMEs using these strategies will not only survive times of economic turbulence but will be able to set foundations that enable sustainability and provide them with a competitive edge. Table 2 below summarises SME responses from the case studies during turbulent periods.

| Country | Key Strategy | Type of Innovation | Challenges Faced | Outcome |
|-----------|---|---|---|--|
| Mexico | Innovation and Strategic Planning | Product Innovation | Operational Restrictions, Falling Sales | Enhanced Market Position and Resilience |
| Italy | Product Diversification and Market Expansion | Process and Business Model Innovation | Lockdowns, Market Disruption | Maintained Revenue Streams through Adaptation |
| Greece | Digital Infrastructure and Proactive Planning | Digital Innovation | Past Economic Instability | Improved Digital Capacity and Market Flexibility |
| Indonesia | Crafting Strategy and Service Reconfiguration | Strategic Innovation and Pricing Models | Collapse of International Tourism | Sustained Operations through Local Market Focus |

Table 2: Comparative Analysis of SME Case Studies

2.8 Conclusion

This literature review provides many frameworks, strategies, and examples that show how SMEs manage, survive, and grow in times of crisis. If one were to find a common thread connecting all of them, it would be that crises demand the responsiveness of SMEs to be agile, the ability to adapt, and foresight to account for turbulent business periods. Thus, there are 3 main themes which are agility, collaboration and foresight.

Based on the case studies that were showcased it appears that SMEs with a focus on innovation and an appropriate response to ever-changing circumstances have greater chances to survive turbulent periods and continue doing business. Companies recover by satisfying new needs in the market, establishing new product lines and services, optimisation of processes, and ensuring that the business model is efficient.

However, what one cannot emphasise enough is the role of resilience that is created as a result of organisational ambidexterity, strong adaptive culture of organisations, and active engagement of all stakeholders. Organisations that look for new market trends and optimise core competencies will have greater chances of weathering adverse economic conditions. Innovative networks and institutional support programs, including government interventions, mentorship, and collaboration, improve the capacity of SMEs to access skills, information, and financing.

Furthermore, in terms of decision-making processes SMEs seem to benefit from combining risk management together with strategic decision-making. This concept helps SMEs consider how vulnerabilities will expose an organisation to threats and develop contingency plans. This type of dynamic environment would aid in defining the capacity of an SME to respond to an opportunity or threat.

Ultimately, with a clear strategy, commitment to transformation and collaboration, resilient SMEs are the ones more likely to perform well during economic downturns. Several inferences can be drawn from this chapter that provide useful knowledge and models that are relevant to the South African environment where SMEs are key to the economic growth and stability. The next chapter will build on these insights by explaining the specific research questions and the objectives which will guide the study in exploring the strategic decision-making processes in South African SMEs amidst economic turbulence.

Chapter 3: Research Questions.

3.1 Preliminary Insights or Hypotheses

Drawing from initial observations, it is hypothesised that SMEs who are more innovative and exhibit proactive adaptation in their strategies are likely to survive and thrive during and post economic turbulence. Furthermore, SMEs who are able to leverage external support and business networks effectively are expected to display greater resilience and adaptability. The above hypotheses will be tested through qualitative data collection and analysis. Hence, this will present an in depth understanding of the strategic decision-making processes in SMEs (Crovini et al., 2021).

3.2 Research Questions

The aim of this study is to investigate the strategic decision-making processes employed by South African SMEs during periods of economic turbulence. In order to attain this, the following research questions will guide the study:

Primary Research Question: How do South African SMEs make strategic decisions during times of economic turbulence? This question's objective is to exhibit decision-making processes and strategies that SMEs use to navigate economic uncertainty.

3.3 Secondary Research Questions:

- What are the important factors that influence the strategic decision-making processes of South African SMEs during economic turbulence? This particular question is posed in order to identify the internal and external factors that influences how SMEs invent and implement their strategies in times of crisis.
- How does resilience and innovation play a role in strategic decision-making processes of South African SMEs? This question aims to investigate the role of organisational resilience and innovative practices in determining strategic decisions and ensuring the survival and growth of SMEs.
- What is the impact of external underpinning and business networks on the strategic decision-making of South African SMEs? This question is aimed to analyse the influence of external resources, including government aid, business networks, and industry associations with regard to strategic choices made by SMEs.
- How do South African SMEs find a balance with regard to short-term survival with long-term growth during economic turbulence? This question explores the strategies used by SMEs to manage the current challenges while positioning themselves for future growth.

- Are there any differences in the strategic decision-making processes among SMEs of different sizes and sectors within South Africa? This question's focus is to recognise any variations in decision-making approaches on the basis of the size and sector of the SMEs. Hence, this will provide an understanding of the tailored strategies for the various types of businesses.

Addressing these research questions helps the study provide an in-depth understanding of the strategic decision-making processes in South African SMEs amidst economic turbulence. Thus, this should contribute crucial insights to both academic research and practical applications.

Chapter 4: Research Methodology

4.1 Choice of Research Design

The selection of an appropriate research design was important for the success of this study (Asenahabi, 2019). Given the emphasis on exploring strategic decision-making process of SMEs amidst economic turbulence, the research design chosen for this investigation utilised an exploratory qualitative design (Creswell et al., 2007). Thus, aiming to uncover the complexities of SME decision-making during economic uncertainty.

Purpose of Research Design - This research adopted an exploratory qualitative research design. The descriptive aspect allowed for a detailed interpretation of SME strategies within a turbulent economy. Thus, it focused on identifying their experiences in terms of what, who, where and how these SMEs applied their strategies in terms of decision-making processes during economic turbulence (Aberdeen, 2013).

Philosophy – The adopted philosophy chosen for this study was an interpretive philosophy. Thus, recognising that SME strategies form part of a complex social context. Understanding the subjective experiences and perceptions of SME owners requires an interpretive lens (Dlamini & Schutte, 2020). Hence, allowing for a nuanced exploration of their decision-making processes

Approach Selected - An inductive approach was adopted due to the need to generate insights from the specific experiences of SMEs in response to a declining economy. This utilised an iterative process of data collection and analysis, which allowed for the emergence of patterns and themes. Thus contributing to a comprehensive understanding of SME strategies with respect to their decision-making processes amidst economic turbulence (Aberdeen, 2013).

Methodological Choices - This study employed a monomethod design which focuses primarily on qualitative methods. The in-depth exploration of SME strategies required a qualitative approach to capture deeper insights and the diversity of their experiences (Creswell et al., 2007). Hence, it focused on understanding the 'how' and 'why' of the decision-making processes, which are best explored through personal accounts rather than numerical data.

Strategy - A semi-structured interview strategy was chosen to allow SME owners to share their stories and experiences. The interviews provided a flexible and participant-centric approach. Hence, allowing for a deeper understanding of the factors influencing SME strategies during economic adversity (Dlamini & Schutte, 2020). The justification of

this places participants' perspectives at the forefront. Thus, this enabled the study to gain a deeper understanding of contextual factors influencing these processes. The advantages of this are that it allows participants to express their experiences in their own words which resulted in rich qualitative data. The expected outcomes from this strategy were to gain insights from their decision-making processes and identify their adaptive strategies and the contextual data that the study will provide.

Time Horizon - Given the focus on understanding the current strategies of SMEs in response to a declining economy or black swan events such as the coronavirus pandemic, a cross-sectional time horizon was adopted. This approach allowed for an understanding of their strategies during a specific period which offered relevant insights (Rindfleisch et al., 2008).

4.2 Proposed Research Methodology

4.2.1 Population

The population for this investigation consisted of SMEs who faced challenges from a declining economy specifically in the services, retail, and manufacturing sector. The nature of SMES is diverse and operates across different sectors but it was too broad and vague to try and approach all SMEs. A purposive sampling approach was used to ensure that participants who were selected experienced economic turbulence and had to adapt and strategise, thus providing relevant and insightful data (Ames et al., 2019). This study aimed to capture the diversity of the SME's strategies in its response to an economic decline.

The criteria for the selection of SMEs that were considered were the industry type, geographic location and different levels of economic influence. The research intentionally selected participants based on the above criteria as the research then aimed to uncover sector-specific variations concerning SME strategies. This intended approach aligns itself with the study's qualitative design (Creswell et al., 2007). Thus, this facilitates in-depth research into the dynamics that influenced SME decision-making during challenging economic times.

Furthermore, the sampling focused on multiple SMEs of different sizes to ensure a fair representation across the industry (Creswell et al., 2007). Thus, this recognised that economic downturns can uniquely affect industries. Thus, this sampling strategy aimed to capture the unique challenges and adaptive strategies within the retail, manufacturing and services sector. The selection of SMEs was guided by the goal of achieving maximum diversity, allowing for an understanding of the different approaches undertaken by SMEs to navigate economic adversity.

4.2.2 Unit of Analysis

The unit of analysis of this study was the SMEs which were represented by a responsible designated person who could effectively make decisions. Hence, this specified choice went hand in hand by emphasising the micro-level dynamics of SME strategies during a declining economy. The participating SME was treated as a unique case. Thus, allowing for an examination of their diverse responses, challenges and adaptive measures.

The aim of the analysis extended to key decision-makers, such as owners or senior executives. Hence, these participants play crucial roles in implementing strategies during economic uncertainties (Eggers, 2020). Focusing on these individuals allowed the research to capture the subjective experiences, motivations and decision-making processes that influence the overall strategy of the SME.

The aim of this analysis extended beyond financial benchmarks to incorporate qualitative aspects, such as organisational culture, leadership style and the level of innovation (Zutshi et al., 2021). These qualitative aspects contribute holistically to an understanding of the SME. Therefore, recognising that strategies are created using the interplay between quantitative and qualitative factors.

SMEs, as the primary unit of analysis, are rooted in the inductive nature of the research design. Thus, this allowed for an in-depth exploration of the contextual factors that contribute to the formulation of strategies for SMEs

4.2.3 Sampling Method and Size

The sampling strategy for this study was purposive sampling which is an approach that intentionally selects SMEs with a specific criteria relevant to the research questions and objectives (Ames et al., 2019). The aim was to ensure the inclusion of SMEs from different parts of the retail, manufacturing and services sectors and economic contexts (Herbane, 2018). Thus, improving the study's findings within a broader range of experiences.

Sampling Criteria:

1. **Industry:** SMEs from the manufacturing, retail and services industries were targeted to identify sector-specific strategies and challenges.
2. **Geographic Variation:** The study included SMEs operating in various regions across Gauteng, South Africa.
3. **Economic Impact:** Participants for the interviews were key decision-makers within the SMEs, such as founders, owners, CEOs, or senior executives directly involved in

strategic decision-making. These individuals were best positioned to provide insights into the strategic processes and adaptations that their companies made in response to economic turbulence. The sample consisted of 12 SMEs as guided by the principle of data saturation (Guest et al., 2006). Participants were identified through professional networks, industry associations, and referrals. To ensure compliance with the Protection of Personal Information Act (POPIA). Participation was entirely voluntary, and participants were informed of the purpose of the study and asked for their consent to participate. This was disclosed through a letter of consent attached in Appendix A. They were also invited to suggest colleagues who had relevant insights, with the assurance that these colleagues were approached separately and confidentially.

As the data collection progressed, the emerging patterns and themes were then assessed. Sampling continued until reaching a point where additional data did not contribute to the understanding of SME strategies. Hence, this ensured a clear investigation of the research questions.

4.3 Measurement Instrument

The data collection tools chosen for this qualitative study were semi-structured interviews, which were analysed using thematic analysis through ATLAS.ti. Both served a different purpose in capturing the intricacies of SME strategies during economic decline. One being the data gathering tool whilst the other being the analysing tool.

4.3.1 Semi-Structured Interviews

The design of semi-structured interviews prioritised flexibility, allowing SME stakeholders to openly share their experiences, perceptions, and strategies in alignment with the approach advocated by Creswell et al. (2007). The content of the interviews encompassed a number of topics, which included financial management practices, innovation initiatives, decision-making processes, and responses to economic challenges. An illustration of the interview guide can be found in Appendix B of this document. Participant selection focused on key decision-makers within the SMEs, such as owners or senior executives, ensuring insights were directly derived from those actively involved in the decision-making process. The mode of interviews provided options for either in-person or virtual sessions. Hence, accommodating the preferences of all participants and enhancing accessibility to diverse perspectives.

Participant recruitment involved inviting SMEs meeting specific criteria to participate in semi-structured interviews. The design of interviews prioritised flexibility, allowing participants to willingly and confidentially share their experiences, perceptions, and strategies, capturing both anticipated and unforeseen insights. The data collection

process accommodated participants' preferences, offering the option of in-person or virtual interviews to ensure accessibility (Côté et al., 2013). Recording methods included both audio recordings and notetaking to capture participants' responses. Thus, allowing for the preservation of the authenticity of their statements throughout the research process.

4.3.2 Thematic Analysis

Thematic analysis, as a methodological framework for analysing qualitative data, is advocated by Lester et al. (2020). The analysis process entailed the initial familiarisation through in-depth readings of semi-structured interview transcripts. This was then followed by open coding, theme development, and constant comparison to identify emerging themes. Importantly, thematic analysis embraces flexibility, allowing for the identification of unexpected patterns or themes during the analysis (Lester et al., 2020). Moreover, this approach extends beyond quantitative dimensions, incorporating qualitative dimensions such as organisational culture, leadership styles and adaptive capacities into the analytical framework (Lester et al., 2020).

Thematic analysis was suitable for this study as it provided a systematic approach to identifying and interpreting key themes that emerged from the qualitative data (Lester et al., 2020). This method allowed for a detailed examination of the insights provided by SME owners and managers. Thus, highlighting the underlying patterns and insights related to strategic decision-making (Lester et al., 2020). Using thematic analysis allowed this study to uncover the critical factors that contribute to the successful navigation of economic turbulence by SMEs (Lester et al., 2020). Hence, thematic analysis was positioned to provide a contextual understanding of the diverse strategies employed by SMEs. Thus, capturing the depth and breadth of their involvement within the turbulent economic landscape. This comprehensive analysis contributed to a nuanced interpretation of SME responses to economic challenges (Herbane, 2018).

The analysis approach for this study was that of a thematic analysis. The process began with familiarity with the data through reading interview transcripts. Initial codes were generated through an iterative process using ATLAS.ti. These codes were then broken down further to identify the most common codes into which the process involved the grouping of codes. These grouped codes were then organised into overarching themes that enclosed the diverse strategies employed by SMEs in response to a turbulent economy. The relevant thematic codes and table illustrating how data saturation was achieved can be found in Appendix E of this document. This approach aligns itself with

the study's investigative and logical nature which allowed for the arrival of patterns from the data itself (Guest et al.,2006).

Integration of Instruments - The combination of semi-structured interviews and thematic analysis formed a reciprocal relationship. Interviews served as the primary source of contextual data, while the thematic analysis offered a systematic approach to interpreting this data. These instruments provided an extensive understanding of the various strategies employed by SMEs facing economic turbulence.

Literature Review Integration - The primary objective of conducting a literature review was to facilitate the formulation of an in-depth interview guide and guide the data collection process. Thus, ensuring that insights from the existing literature inform the development of relevant questions aligned with the current research outlook on SMEs (Côté et al., 2013).

4.3.3 Data Collection

The sampling process for data collection persisted until data saturation was achieved, signifying a comprehensive exploration of themes and patterns in the gathered information (Guest et al.,2006). This iterative approach ensured a thorough understanding and robust exploration of the chosen themes and patterns within the SME context (Guest et al.,2006).

Unifying these stages in the data-gathering process allowed for a methodical investigative aspect of SME strategies during economic uncertainty. Collaborating existing knowledge with new insights from SMEs allowed the study to contribute to both theoretical and practical understanding for SME stakeholders.

4.4 Quality Controls

Several quality control measures were executed to ensure this study's reliability. Member checking was considered, which allowed participants to review their interview responses to authenticate the accuracy and interpretation of their experiences (Van Maanen, 2010). Peer debriefing sessions were introduced, which involved discussions with colleagues who were familiar with qualitative research. This enhanced reflexivity and allowed for consideration of alternative interpretations (Van Maanen, 2010). Decisions made throughout the research process were documented in order to enhance the transparency of the research (Van Maanen, 2010). This was done by making sure that the findings were reliable, valid, and reflective of all the complexities within SME strategies during economic turbulence.

4.5 Limitations

Whilst the proposed research methodology was designed to identify the strategies of SMEs during a declining economy, it is essential to acknowledge the limitations. Hence, the qualitative nature of the study limited the generalisability of findings to a broader SME population. The use of purposive sampling introduced selection bias as participating SMEs had characteristics that influenced their strategies. In addition to this, the dependence on self-reported data initiated social desirability bias, as participants presented their strategies in a favourable light. Regardless of these limitations, the study's focus on in-depth investigations and the implementation of qualitative research methods aimed to alleviate potential biases and contribute to significant insights.

4.5.1 Generalisability Challenges

The findings of this qualitative study were not intended to be generalisable but rather to provide insights that are transferable to similar contexts (Köhler et al., 2021). Thus, while emphasising contextual richness, readers are advised to interpret findings with an awareness of the distinct characteristics of the sampled SMEs. Regarding selection bias, the purposive sampling strategy, with its intentional selection based on specific criteria, could have introduced bias. Therefore, highlighting the importance of transparent reporting to allow readers to evaluate potential biases and limitations (Köhler et al., 2021). With regards to social desirability bias, the reliance on self-reported data could have introduced bias as participants could have presented their strategies in a favourable way. It underscores the need for a critical evaluation of the data in the context of potential social desirability biases (Köhler et al., 2021).

4.5.2 Constraints and Subjectivity

The data saturation constraints involved recognising the subjective nature of determining qualitative saturation, relying on the researchers' judgment (Köhler et al., 2021). Thus, continuous evaluation of emerging patterns was essential to guide decision-making on data adequacy. Addressing the interpretative nature of thematic analysis involves subjective interpretation influenced by the researchers' viewpoints (Lester et al., 2020). Therefore, regular reflexive dialogues were emphasised to acknowledge potential biases and enhance the credibility of analytical decisions. In terms of resource and time constraints, the study acknowledges the trade-off between achieving qualitative depth and limitations in time and resources, which may constrain the extent of data collection (Oliver et al., 2005). Overall, these considerations underscore the complex landscape of understanding and capturing the dynamics of SME responses.

4.6 Research Ethics

A consent form containing details of the study, outlining that participation was voluntary and that it was possible to withdraw at any time and without any penalties, was provided to all the subjects of this investigation. The consent form can be found in Appendix A of this document. Moreover, the subjects of the research were made clear that their interviews would be audio-recorded, transcribed and used for research purposes. Participants were requested to sign the consent form before collecting any data. Thus, informing them of the potential use of their verbatim transcripts for the purpose of this research.

In order to conceal the identities, no volunteers' names were included in the data findings. Participants were assured that their identifiers would be kept secure when sharing the responses and that any quotations in the findings would not have the actual names of the participants or their organisations. All the information that was received from the participants was presented in a manner that could not be related to the specific individual people who took part in the study.

Everything that was gathered throughout this particular study, including interview recordings, transcripts and notes will be kept in an online secure cloud storage facility for a period of 10 years to which only the researcher and research supervisor will have access to.

Chapter 5: Findings/Results

This chapter outlines the results obtained from qualitative research with the respective SMEs across various industries in South Africa. The focus of this chapter is therefore to present the information obtained from the interviews with the participants so that the data collected can be represented in a concise manner. The findings have been arranged in themes to correspond to the key research questions posed in Chapter 3.

The interviews were analysed using thematic analysis which helped to reveal how SMEs made strategic decisions in the face of economic turbulence. By organising the findings into primary and secondary research questions, the chapter provides an explanation of how businesses strategise, innovate and make decisions in response to the external factors.

This chapter attempts to bring out the views of the participants thus giving rich qualitative accounts of how SMEs operate during economic uncertainty. The adoption of structured themes ensures that the findings address the important questions of the research while exposing the SME sector to the issues of resilience, innovation and strategic adaptation.

5.1 Description of the Sample

This section presents the examined participants in the research; The subjects of research are identified with business type, area and history of operations. The heterogeneity of the sample gives an insight into how SMEs from different sectors across the industry cope with economic downturns. Additionally, each of the participants belonged to a different business and provided insights on aspects of strategy formulation, innovation and adaptation through tough economic uncertainty.

The scope of the study is aided by the inclusion of different industries like retail, services and manufacturing which enhances the study scope to encompass a wider range of experiences. The sample demonstrates the diversity of South African SMEs which is vital background information for assessing their responses to economic adversity.

| Participant | Business Type | Sector | Location |
|-------------|---|----------------------------|--------------|
| 1 | Labelling and Printing Press | Manufacturing | Johannesburg |
| 2 | Firearm Sales and Training | Retail/Services | Pretoria |
| 3 | Swimming School | Services | Johannesburg |
| 4 | Solar Mounting Structure Manufacturer | Manufacturing | Pretoria |
| 5 | Auto Spares Retailer | Retail | Centurion |
| 6 | Clothing Retailer | Retail | Johannesburg |
| 7 | Used Car Dealership | Retail | Johannesburg |
| 8 | Fast-Food Franchise Owner | Retail/Food | Johannesburg |
| 9 | Fintech Company (Foreign Imports/Exports and Wholesaling) | Technology/Services | Johannesburg |
| 10 | Plastic Bag Manufacturer | Manufacturing | Johannesburg |
| 11 | Tech Company (Certification Body) | Technology/Innovation | Johannesburg |
| 12 | Logistics and Wholesaling | Fast Moving Consumer Goods | Johannesburg |

Table 3: Summary of Participants

5.1.1 Demographic Overview

Years in Operation

Participants constitute SMEs with an operational range of between five to thirty years of experience, thus, views from businesses that have weathered the turbulence of an economy. Such businesses have experience in long term sustainability and have also experienced different economic challenges especially that of COVID-19.

Industry Representation

The sample study encompasses enterprises that fall into three major sectors; manufacturing, retail and services. Different types of industries experience distinct challenges. For instance, manufacturing businesses have problems with supply chain and production capacity. Retail businesses are highly dependent on the demands and purchasing power of customers, whilst service-type businesses are vulnerable to disruptions in operations caused by mobility restrictions.

Business Size and Employment

The employees count across the SMEs in this sample range from 5 to an upper limit of 50. It opens up opportunities for a study that factors in the aspect of the size of the business and its relationship with strategic planning, resilience, and shift in operational activities.

Geographical Spread

Respondents are concentrated in Gauteng which is the main economic hub of South Africa. The geographical distribution of the respondents brought favourable conditions for the research to shed light on how SMEs cope within a competitive environment. Thus, urbanised businesses, for instance, might have access to wider markets but might also face stiffer competition, while businesses in smaller towns might have to depend on community networks to establish business linkages.

5.1.2 Relevance to Research Objectives

In structuring the sample, the aim of having a diverse sample was deliberate so as to ensure that the study accounts for some of the differences that exist in the SME sector of South Africa. It is these diversified businesses with different operational contexts that would give the reader an insight into the strategic decision-making of all these enterprises. It also ensures that a comprehensive perspective is captured by the study. Thus, addressing various sectors of the economy, the research will map the broad contours of the findings while isolating those that are specific to the emerging context.

Demographic diversity of participants corresponds with the main purpose of this research which is aimed at establishing how SMEs operate in times of economic volatility. The challenges of these businesses will enhance the relevant body of knowledge while informing SME owners and policymakers who are working towards improving the resilience and adaptability of SMEs in a challenging economic environment.

5.2 Findings Organised by Research Questions / Themes

5.2.1 Research Question 1: What Is the Strategic Decision-Making Approach of South African SMEs In Times of An Economic Crisis?

In this part, various decision-making structures and strategies that SMEs employ in order to cope with economic turbulence have been analysed with attention to the processes and procedures that emerged from the interviews. It was reported that a variety of adaptation strategies were utilised such as scenario planning, making decisions in collaboration, and a quick response to overcome challenges.

5.2.1.1 Overview of Strategic Decision-Making Frameworks

Participants pointed out the importance of quick and robust decision-making processes, as sometimes, it is a combination of both analysis and gut feeling that drives decisions. Many businesses included scenario planning in their strategies so as to be ready for several probable scenarios at the time of economic uncertainty. For example, Participant 4 (Solar Mounting Manufacturer) talked about the need to pivot in various scenarios so that they stay competitive, saying:

"At the same time, there was a growing interest in renewable energy. So, we had to quickly pivot and adjust to meet the new demands." (Participant 4, Solar Mounting Manufacturer)

Some of the participants stressed the aspect of decision-making as a group process that requires the involvement of the team in strategy meetings in order to have a range of opinions. This was in the case of businesses such as Participant 5:

"We involved all staff in discussing how to deal with the reduced demand and supply-chain delays. Their insights helped us adjust production levels efficiently." (Participant 5, Auto Spares Retailer)

5.2.1.2 Data-Driven and Intuitive Approaches

Some participants adopted data-driven approaches, which paid attention to financial and operational indicators, whereas others relied on gut instinct and experience of past cases in their decision-making. Both of them, nevertheless, were frequently mentioned as critical approaches to overcoming economic instability.

Participant 8 illustrated the use of sales data in making the decision on various promotions:

"We tracked daily sales to determine which promotions were most effective and made quick changes where needed." (Participant 8, Fast-Food Franchise Owner)

On the other hand, Participant 10 pointed out the role of experience:

"In a crisis, you sometimes just know what to do—years of experience help you predict what will work." (Participant 10, Plastic Bag Manufacturer)

5.2.1.3 Agility and Rapid Response Mechanisms

The fast pace of the business environment prompted quite a number of participants to highlight the importance of quick response spur-of-the-moment decisions. This kind of agility enabled SMEs to take up new areas or change the way they were running their operations swiftly. For instance:

Participant 7 narrated how the business changed the focus of the inventory:

"We had to stop bringing in certain vehicles and focus on smaller cars that sell faster luxury vehicles just weren't moving." (Participant 7, Used Car Dealership)

5.2.1.4 Collaboration as a Key Decision-Making Tool

Strategic decision-making brought together a number of participants who pointed out collaboration as one of the key areas of focus.

In order to have all parameters considered and approved for swift implementation of plans, teams, business associates, and other stakeholders participated in the decision-making processes. Participant 5 shared:

"We asked for input from employees and partners. This helped us avoid making costly mistakes when restocking inventories." (Participant 5, Auto Spares Retailer)

| Participant | Business Type | Key Decision-Making Strategy | Quote/Insight |
|----------------|-----------------------------|----------------------------------|--|
| Participant 5 | Auto Spares Retailer | Collaborative Decision-Making | "We asked for input from employees and partners." |
| Participant 4 | Solar Mounting Manufacturer | Scenario Planning | "Managing the cash flow. it was critical to be careful about our spending. " |
| Participant 8 | Fast-Food Franchise | Data-Driven Promotions | "Sales data dictated our promotional strategies." |
| Participant 10 | Plastic Bag Manufacturer | Experience-Based Intuition | "We have been a company in this trade that has been known for the quality and bringing in innovation." |
| Participant 7 | Used Car Dealership | Agility and Inventory Adjustment | "We shifted to smaller vehicles due to demand changes." |

Table 4: Decision-Making Strategies Across Participants

The interviews reveal that South African SMEs observe various decision-making practices in relation to economic turbulence, which include the use of information, gut feelings, seeking consensus and being agile. These strategies are consistent with knowing that when the business environment changes rapidly, it helps to have a vision but also be able to adapt quickly. The findings are consistent with the literature concerning decision-making in SMEs, which concentrates on aspects of time sensitivity, ingenuity, and the interests of other parties.

5.2.2 Research Question 2: What Are the Important Factors Influencing SME Strategic Decision-Making During Economic Turbulence?

In this section, the research aims to explain how South African SMEs strategise during economic slumps by shedding light on some of the most robust internal and external influences on their level of economic activities. Insights from the interviews conducted

with the participants point out the existing constraints and enablers to their decision-making, stating that it concurs with literature on strategy for SMEs during turbulent times.

5.2.2.1 Internal Factors Influencing Decision-making

1. Leadership and Experience

The presence of effective leadership and experience is important to the formulation of strategies in the SMEs. A number of participants shared that leadership comprised experienced people who gave their organisations the ability to make better decisions with regard to timing. For instance, one participant said:

Participant 6 explained:

"Having been through other tough times, we knew which areas to focus on, like cutting costs but not compromising on quality." (Participant 6, Clothing Retailer)

This is consistent with Thorgren and Williams (2020) who argue that managerial attention towards the need for the management team whose experience is crisis related is a key to resolving the issues of being both proactive and reactive.

2. Financial Resources and Liquidity

SMEs are greatly constrained when it comes to financing resources. There was more than one participant who voiced out that an acute challenge in cash flow revolved around their operational flexibility in turbulent times. For example:

Participant 2 stated:

"Without cash flow, even the best strategy is useless. We had to cut back on marketing to keep the business running." (Participant 2, Firearm Sales and Training)

With appropriate financial management systems, some SMEs performed better than others and managed to endure uncertainty due to the need to have enough cash flow (Lim et al., 2020).

3. Innovation and Flexibility

"To innovate" is a word or probably a phrase that was recommended by all key participants drawing an overwhelming consensus in its contribution toward implementation of effective decision-making. It was observed that SMEs with improved creativity in terms of the products and the processes were able to be more flexible in their decision-making processes.

Participant 3 narrated as follows:

"We launched virtual lessons within a week to keep the business going." Participant 3, Swimming School)

This emphasises the need for strategic flexibility and the ability to deploy or discover new business models (Caballero-Morales, 2021).

5.2.2.2 External Factors Influencing Decision-Making

1. Market Dynamics and Customer Behaviour

Strategic decisions were directionally set by changing market conditions and evolving customer expectations. SMEs had to keep their heads to the ground in order to match and surpass the current market trends.

Participant 8 explained:

"Besides the promotional support from delivery partners, we also got some relief from our franchise group, which waived a portion of the franchise fees. This gave us breathing room financially" (Participant 8, Fast-Food Franchise Owner)

This is supported by the findings of Kottika et al. (2020) who further study that in times of recessions, it is crucial to adhere to the market strategies and dynamics.

2. Government Regulations and Policy Interventions

Regulatory changes and government antics were also found to be important external factors. Some participants indicated that the availability of government assistance programs helped reduce the financial strain.

Participant 10 stated:

"We did aim at getting some sort of IDC funding during these times and we successful in doing so just as a relief fund." (Participant 10, Plastic Bag Manufacturer)

This concurs with the literature, which puts emphasis on the need for policy interventions in times of economic uncertainty affecting the SME sector (Eggers, 2020).

3. Industry Networks and Business Partnerships

Participants pointed out the need for joint networks and partnerships in the sharing of resources and the market reach of associates and partners.

Participant 9 advised that:

"We could link to investors externally from a finance perspective. And the impact of this external support is major because these people find it's their funds that they've invested in and running the business." (Participant 9, Fintech Company)

Networking and partnerships were essential, increasing the ability to withstand crises and improve decision-making (Naradda Gamage et al., 2020).

| | | |
|-----------------|---|---|
| Internal | Leadership and Experience | "We knew from past crises where to cut costs." (Participant 6) |
| | Financial Resources and Liquidity | "Without cash flow, even the best strategy is useless." (Participant 2) |
| | Innovation and Flexibility | "We quickly launched virtual classes." (Participant 3) |
| External | Market Dynamics and Customer Behaviour | "We adapted to home delivery trends." (Participant 8) |
| | Government Regulations and Policy Support | "We aimed at getting some sort of IDC Funding." (Participant 10) |
| | Industry Networks and Business Partnerships | "We could link to investors externally from a finance perspective." (Participant 9) |

Table 5: Factors Influencing SME Strategic Decision-Making

The strategic decision-making processes of South African SMEs are embedded in a complex set of both internal and external influences. Internal forces include leadership experience, cash-flow stability, and innovation, whilst external forces include market conditions, government policies, and business alliances. These factors together shape the capacity of SMEs' ability to withstand turbulence, seize new opportunities as they arise, and continue operations through economic downturns.

5.2.3 Research Question 3: How Do Resilience and Innovation Contribute to Strategic Decision-Making in SMEs?

This section analyses the role of resilience and innovation of the South African SMEs in their respective strategic decision-making processes. By drawing on the experiences of the participants and using relevant literature as a guide, the results emphasise the importance of these two constructs in sustaining and expanding the business during periods of economic uncertainty.

5.2.3.1 Resilience: a Key Construct in The Process of Making Strategic Decisions

Resilience is very critical in being able to shield SMEs from unpredicted interruptions and still conduct activities in the event of difficult times. Most participants reiterated that the factor of being resilient enabled them to make reasonable strategies.

Participant 5 stated:

"When one supplier couldn't meet demands, we found another within days. We couldn't afford delays." (Participant 5 Auto Spares Retailer)

This is consistent with what Eggers (2020) points out that businesses with resilience are the ones that look for and implement solutions to unforeseen events in a timely fashion.

The concept of organisational resilience has a psychological and practical component that enables SMEs to take decisional action even in times of uncertainty (Thorgren & Williams, 2020). Participant 1 elaborated:

"We didn't panic. Instead, we focused on streamlining operations and finding new clientele. We also cut down on non-essential expenses." (Participant 1, Labelling and Printing Press)

Stakeholder engagement has been cited as a factor that also enhances resilience in which trust and communication also support strategic management processes.

5.2.3.2 Innovation as a Tool for Strategic Adaptation

Innovation shapes itself into two forms where it acts as a coping device in times of crisis and as a strategy for competitive advancement. Some participants explained how innovation opened new possibilities in their business models.

Participant 10 stated:

" We installed a generator. So, we were strategic. We definitely took some decisions with heart, but we got through it." (Participant 10, Plastic bag Manufacturer)

This illustrates that there is the capability to shift and adjust the operations within the organisation. This is an aspect of innovation explained by Clauss et al. (2021) who also elaborate on the shifting of business models in order to stay afloat during such times.

Digital transformation in its integration or application also emerged as an important form of innovation.

Participant 8 noted:

"We integrated with delivery platforms within weeks, which gave us access to new customers." (Participant 8, Fast-Food Franchise Owner)

The move towards technology-driven solutions reflects broader trends identified in the literature, where SMEs capitalise on digital platforms to respond to changing customer needs and increase in productivity (Clauss et al, 2021).

5.2.3.3 The Interplay Between Resilience and Innovation

The accounts of the participants suggest that resilience and innovation are two sides of the same coin when it comes to strategic decision-making. While resilience makes the company stable, innovation enables SMEs to pursue new market opportunities.

Participant 7 explained:

"Our ability to stay calm during market fluctuations allowed us to try out new marketing strategies without panicking." (Participant 7, Used Car Dealership)

This view is supported by Naradda Gamage, et al. (2020) who assert that enhanced adaptive resilience reflects why SMEs are able to try innovative approaches knowing that they can absorb any potential failures.

Furthermore, the balance between innovation and resilience was evident in how research participants managed their risk. Most SMEs adopted resilient strategies and were able to think outside the box proactively.

| Theme | Examples from Participants | Literature Support |
|----------------------------|---|---|
| Resilience in Operations | "We found a new supplier within days." (Participant 5) | Eggers (2020) highlights quick adaptability as vital. |
| Stakeholder Engagement | "Transparent communication kept us focused." (Participant 2) | Thorgren & Williams (2020) emphasise the value of trust and engagement. |
| Innovative Business Models | "We could do more recycling in better ways." (Participant 10) | Clauss et al. (2021) stress the importance of pivoting during crises. |
| Digital Transformation | " We integrated with delivery platforms" (Participant 8) | Clauss et al. (2020) note the rise of tech-driven solutions. |

Table 6: Key Insights on Resilience and Innovation

Resilience and innovation are crucial with regards to their interplay between that of the decisions and strategies of SMEs make during the times of economic turbulence. While

resilience offers the strength to sustain challenges and adversity, innovation allows organisations to tap into diverse business models and opportunities that are available. The interplay of these two is needed for sustainable operations, risk management and sustainable growth.

5.2.4 Research Question 4: What is the Role of External Support and Business Networks in SME Strategic Decisions?

External start up support and business networks are essential with regards to the involvement of SMEs in economic activities particularly during turbulent economic circumstances. During crises, SMEs are dependent on government support and private partnerships which will be explored within this section. This subsection presents significant outcomes associated with external support and the roles of business networks according to the insights of the respondents and existing literature.

5.2.4.1 Government Aid and Policy Interventions

According to the data gathered, government policies are crucial in assisting SMEs to survive economic challenges. A number of participants shared their experiences of utilising government programs during the trying times.

Participant 10 (Plastic Bag Manufacturer) noted:

“The relief fund we accessed helped us manage payroll and avoid layoffs.” (Participant 10, Plastic Bag Manufacturer)

Likewise, Participant 5 pointed out that,

“We benefited from a government backed loan that kept us afloat during the lockdown.” (Participant 5, Auto Spares Retailer)

Such remarks are in consonance with Eggers (2020), who argues that financial aid programs in the form of grants, subsidies, and tax relief are important for SMEs at the times economic uncertainty. The government-sponsored schemes assist the SMEs to maintain a certain level of liquidity, and therefore the risk of interruption of some operations is reduced.

Nonetheless, there were concerns with regard to the processes and qualification procedures of such support. It was noted by the participants that dealing with red tape and understanding the specifications for qualification and requirements posed major challenges and was very time consuming.

5.2.4.2 Collaborative Networks and Strategic Partnerships

Most of the participants mentioned business networks and joint activity as a means of enhancing resilience capacity and better decision-making. Collaborative relationships enable SMEs to access greater resources, knowledge, and opportunities.

Participant 8 explained:

"Supply agreements were made with local sources so that delivery of stock would not be interrupted in the case of shortages." (Participant 8, Fast-food Franchise Owner)

Participant 7 remarked:

"Interactions with fellow businesses enabled us to change our prices in line with other competitors." (Participant 7, Used Car Dealership)

Such practices run in parallel with Kottika et al, (2020) claims, that networks increase the availability of essential components, and provide knowledge on emerging trends which looms active response from the SMEs on the likely changes. In addition, collaborations with suppliers and clients, and industrial peers serve to provide the necessary knowledge that can help in dealing with turbulence in the market. (Naradda Gamage et al., 2020).

5.2.4.3 The Role of Business Networks and Mentorship

Participants suggested that mentorship programs and business associations were among the most important sources of direction and assistance. Mentorship support to SMEs was also prevalent in giving practical advice and emotional welfare during turbulent times.

Participant 6 shared:

"We approached seasoned business owners for advice and did not ruin the business." (Participant 6, Clothing Retailer)

Also, the business association enables small businesses to protect their ideas while building a competent skills base. Participant 2 stated:

"We applied for government assistance, but the process was too slow. Instead, we relied more on partnerships with other businesses, like our deal with the security company. That kind of support has been more effective for us." (Participant 2, Firearm Sales and Training)

These results correspond with Kurdve et al. (2020), which argue that mentorship programs and professional networks allow concentrating on developing strategic artefacts and prompt the decision-making process.

| Theme | Examples from Participants | Literature Support |
|---------------------------------|--|---|
| Government Financial Aid | "Relief funds helped manage payroll." (Participant 10) | Eggers (2020) emphasises the role of financial support. |
| Collaborative Networks | "We partnered with suppliers to avoid shortages." (P8) | Kottika et al. (2020) highlight the importance of partnerships. |
| Mentorship Programs | "Approached seasoned business owners." (P6) | Kurdve et al. (2020) discuss mentorship's role in planning. |
| Business Associations | "Relied more on partnerships with other businesses" (P2) | Naradda Gamage et al. (2020) focus on knowledge sharing |

Table 7: Impact of External Support and Business Networks on SME Decision-Making

The study results anticipate that external assistance and business networks bear a strong impact on the strategic choices of SMEs. Furthermore, collaborative networks enable resource and knowledge sharing. Practical mentorship equips SMEs with skills that facilitate uncertainty reduction. Thus, the combination of these elements improves the resilience and adaptability of SMEs, which in turn enable them to withstand periods of uncertainty.

5.2.5 Research Question 5: How do SMEs balance short-term survival with long-term growth during economic turbulence?

The participants employed different methods to respond to the immediate operating concerns of the business and the prospect of growth in the future. Their responses show that there was a lot of operational shifts, cost control and some future oriented planning involved.

5.2.5.1 Managing Operational Costs While Investing in Growth

Participant 6 explained:

"We focused on managing costs carefully while still investing in our online presence and marketing. We also kept stock levels lean, only ordering what we knew would sell quickly. It's been about staying flexible and ready to adapt." (Participant 6, Clothing Retailer)

This reveals the manner in which SMEs handle cash flow by reducing the company's expenses while redirecting funding into research and development such as digital platforms which would yield returns later on.

Similarly, Participant 7 emphasised that even with low operating costs, opportunities for growth were created.

"We've focused on keeping operational costs low while investing in marketing and customer retention. Our goal is to build a loyal customer base that will come back to us when the economy improves." (Participant 7, Used Car Dealership)

This method highlights the importance of allocating resources to minimise risks while working towards materialising relationships with potential clients in the future.

5.2.5.2 Leveraging Partnerships for Both Immediate Survival and Long-Term Strategy

A number of respondents discussed the necessity of seeking alliances in order to survive turbulent times while positioning themselves for future circumstances. For instance, one of the participants, Participant 6, stated that:

"Most of the support came from partnerships with local designers and suppliers. We collaborated to offer exclusive items, which helped us attract new customers." (Participant 6, Clothing Retailer)

These collaborations allowed the business to generate revenue even as they geared themselves for competing in the market for an extended period.

The point that Participant 7 raised dealt with the importance of working with banks:

"Offering financing options through banks gave our customers more flexibility and allowed us to close deals faster." (Participant 7, Used Car Dealership)

By pursuing customers through external partners, the business managed to increase sales and build up customer relations that would work for them in the longer term.

5.2.5.3 Creating Incentives to Foster Customer Loyalty

Furthermore, the SMEs also came up with creative ways to maintain the engagement of consumers. For example, Participant 6 recounted their experience as follows:

"Our loyalty program and online flash sales were particularly effective. They kept customers engaged and gave us quick cash flow boosts, which helped us manage short-term survival while also laying a foundation for future growth." (Participant 6, Clothing Retailer)

These efforts indicate the way SMEs target promotion in particular with current sales needs while at the same time nurturing the brand and the future sales of the company.

5.2.5.4 Strategic Product Offerings to Balance Priorities

Additionally, participant 7 focused on high-demand products:

"Focusing on affordable, reliable cars was key. We also introduced trade-in bonuses and referral discounts to encourage repeat business and word-of-mouth advertising." (Participant 7, Used Car Dealership)

This example shows that by supplying the market with products that it needs, it is possible not only to generate revenue but also to sustain the relationship with the customers.

To summarise, the respondents insisted on the need for keeping operational flexibility when investing in digital platforms, forming strategic alliances and focusing on building customer loyalty. These ways show how the SMEs cope with the immediate challenges with the long-term goals in place. This part presents lessons learnt on what strategies are adopted by the SMEs in working to achieve the survival of the organisation in the short term while aiming for sustainable growth in the long term during economic distress.

5.2.6 Research Question 6: Are There Variations in Decision-Making Among SMEs of Different Sizes and Sectors?

This part explains the differences in decision-making processes between SMEs of different sizes and industries based on the insights shared. Respondents emphasised the effects of their size of business, sector orientation, and the resources available on the strategies chosen, reiterating the point that strategy has to be specific.

5.2.6.1 Sector-Specific Approaches to Decision-Making

Participants respective sectors determined the strategies that they adopted in that they had a different set of problems that had to be solved in a different way.

Using insights from Participant 7's Interview, the interviewee stressed the need to follow up stock control when they mentioned:

"We focused on high-demand, affordable cars and started offering financing options to make it easier for people to buy. I also had to negotiate better terms with suppliers and explore auctions for affordable stock." (Interview Participant 7, Used Car Dealership)

Similarly, Participant 6 mentioned that they had to adjust their product offerings when they pointed out:

"We began offering promotions and discounts to attract customers. I also reached out to local suppliers to find quicker and more reliable sources for new stock." (Interview Participant 6, Clothing Retailer)

For the manufacturing sector, participant 10 made emphasis on how the planning of production schedules became paramount when they said the following:

"Doing 24-hour shifts in certain departments because we are divided into six to eight departments from recycle to the final product that goes to the end user." (Interview Participant 10, Plastic Bag Manufacturer)

5.2.6.2 Differences Between Small and Medium Enterprises

The interviews highlighted that these entrepreneurs who had personal relationships with either their suppliers or customers used a hands-on approach, which made them adaptive in their decision-making. For instance, Participant 6 mentioned:

"Knowing we had reliable partners gave us confidence to introduce new product lines. It also allowed us to experiment with different pricing models and joint promotions, which boosted sales without adding too much risk." (Interview Participant 6, Clothing Retailer)

On the other hand, medium-sized firms, especially used car dealerships (Participant 7), utilised their personal banking networks in order to increase their business level:

"Offering financing options through banks gave our customers more flexibility and allowed us to close deals faster." (Interview Participant 7, Used-Car Dealership)

5.2.6.3 Agility and Sector Constraints

The Key Roles of Ambidexterity were employed and highlighted by certain participants in relation to the industry constraints. As stated by participant 3:

"We didn't have much time to decide. We launched virtual lessons within a week to keep the business going." (Interview Participant 3, Swimming School)

Also, participant 11 mentioned that his concern was on the time to develop the product:

"We work in an agile environment, we basically break up our projects into sprints and into smaller, bite-sized chunks for us to enable us to meet our deadlines. (Interview Participant 11, Tech Company)

The insights provided suggested that the pressures carried by a particular strategy together with the specific socio-economic environment vary between types of businesses and sectors, with some SMEs concerned in terms of their operational flexibility, while others had more established infrastructure and partnerships. This shows that even when all SMEs are required to be flexible, the competitive strategies that they pursue vary widely according to the demands of their sector-specific industry and the resources at hand. Understanding such nuances further gives light to the possibility of offering recommendations to enhance support programs and policy interventions for SMEs at a microeconomic level.

5.3 Emergent Themes from the Interviews

This section outlines the emerging main themes developed through the thematic analysis of the interviews. These themes summarise the diverse strategies, challenges, and support mechanisms SMEs utilised during economic turbulence.

5.3.1 Emotional and Mental Resilience

Sub-themes:

Employee Motivation: *"I remind the staff that tough times pass. Our ability to stay calm during market fluctuations allows us to try new marketing strategies." – Participant 7*

Leadership Qualities: *"Transparent communication kept us focused with respect to our employees." – Participant 2*

Resilience: *"It was about staying optimistic and not giving up." – Participant 5*

5.3.2 Creativity and Problem-Solving Under Pressure

Sub-themes:

Problem-solving: *"We decided to offer online theory-based firearm training." – Participant 2*

Innovation: *"We launched virtual lessons within a week to keep the business going." – Participant 3*

Adaptation: *"We integrated with delivery platforms within weeks, which gave us access to new customers." – Participant 8*

5.3.3 Shift Towards Digital Transformation

Sub-themes:

Technology Adoption: *"We introduced online engagement with parents, sharing videos and tips to keep kids active."* – Participant 3

Innovation Integration: *"We offered a module separately, allowing clients to see its value before upgrading to the complete software."* – Participant 11

Operational Adjustments: *"We started a delivery service, which was a game-changer and part of our growth strategy."* – Participant 5

5.3.4 Importance of Partnerships

Sub-themes:

Supportive Suppliers: *"We partnered with suppliers to avoid shortages so that delivery of stock would not be interrupted."* – Participant 8

Partnering: *"We partnered with a security company to offer bundled services, which helped us reach a new market."* – Participant 2

Business Networks: *"We approached seasoned business owners for advice, which helped us avoid mistakes."* – Participant 6

5.4.5 Shifting Customer Preferences

Sub-themes:

Customer Needs: *"Focusing on delivery made a big difference...it opened up new revenue streams, and we managed to reach customers beyond our usual area."* – Participant 8

Online Presence: *"Creating an online shopping option gave us access to customers outside our local area."* – Participant 6

Market Trends: *"We offered combo meals and family deals to attract larger orders."* – Participant 8

5.3.6 Challenges Accessing Government Support

Sub-themes:

Government Aid: *"We applied for government assistance, but the process was too slow."* – Participant 2

Regulatory Challenges: *"We applied for a small grant, but it took a long time to get processed."* – Participant 5

Financial Resources: *"We couldn't rely on government aid, so we partnered with other businesses to stay afloat."* – Participant 2

External Factors: *"Border closures impacted the logistics between South Africa and Zimbabwe, making it difficult to access goods on time."* – (Participant 12, Wholesaler)

5.3.7 Reliance on Personal and Family Support

Sub-themes:

Family Background: *"We are a very family-oriented business...partners contribute to different departments and make decisions together."* – Participant 10

Personal Involvement: *"It was about staying optimistic and not giving up—family support played a huge role in keeping me motivated."* – Participant 5

Collaborative Decision-making: *"There's no sort of hierarchy. It's just partners involved, and each partner gives a contribution to a certain department."* – Participant 10

Leadership Influence: *"Initially, the partners had to put in everything—day, time, sweat, and money to keep the business afloat."* – Participant 10

5.3.8 Balancing Survival with Long-Term Growth

Sub-themes:

Inventory Management: *"We kept stock levels lean, only ordering what we knew would sell quickly."* – Participant 6

Training Programs: *"We also used this period to train our staff and improve our processes so we could come out stronger when the situation improved."* – Participant 8

Long-term Growth Strategies: *"We break projects into sprints, which helps us meet deadlines while staying flexible for future opportunities."* – Participant 11

The emergent themes explain how SMEs turned to innovation, partnerships, resilience, and loyal support as they experienced economic turbulence. A list of the codes relating to their respective themes can be found in Appendix E of this document. Furthermore, there were difficulties in obtaining government support for numerous SMEs so they would have to resort to other networks and internal resources instead. The combination of the SME's digital pursuit and the balancing of their short- and long-term goals was also critical in achieving sustainability. Figure 2 highlights common concepts that emerged across all interviews.



Figure 2: Common concepts that emerged from Interviews

Chapter 6: Discussion of Results

6.1 Introduction

The aim of this chapter is to give an in-depth analysis of the findings from the interviews in this study in relation to their objectives and questions set in the previous chapters. This chapter tries to integrate the outcomes discussed in Chapter 5 with the theoretical issues raised in Chapter 2 and offers a review of how these outcomes add to the body of knowledge on the dynamics of strategic decision-making, resilience and innovation in the context of SMEs. In doing so, it seeks to understand whether the findings have been substantiated, broadened or contradicted.

The organisation of the chapter follows the six specific research objectives. Each section deals with one research question, not only reporting the findings but also critically discussing the findings in relation to relevant literature and case studies analysed in the literature review. This structure enables an understanding of how SMEs in South Africa make strategic decisions in times of economic turbulence and the range of internal and external factors that shape these choices.

Additionally, from answering the primary research questions, this chapter also pinpoints and considers emergent themes which were established during the analysis but were not directly related to the original questions for which the investigation was designed. These themes also add to the understanding of the SME sector characteristics during periods of economic uncertainty, such as emotional and mental resilience and the limitations offered by government schemes.

The discussion presented here not only gives theoretical contributions in linking the results with the uncertainty amongst scholars but also has practical implications for SME managers and policymakers. The purpose is to understand the practical side of the strategies mentioned and to determine in what way these strategies can act as guiding frameworks for SMEs operating in turbulent economies.

The last section of the chapter looks at how the findings are expected to enhance both the body of knowledge and practice. It prepares the reader for the concluding chapter where recommendations, policy implications and directions for future research are addressed.

6.2 Discussion of Research Questions and Key Findings

6.2.1 How Do South African SMEs Make Strategic Decisions During Economic Turbulence?

Regarding the insights shared by interview participants in Chapter 5, this section seeks to understand how South African SMEs focus their decision-making processes in regard to options that are available to them during periods of economic instability. The findings indicate that these SMEs largely have a blend of both reactive and proactive strategies whilst dealing with crises. These consist of a mix of scenario planning, collaborative decision-making, and intuitive decisions, indicative of the adaptability that is required for sustainability during volatile market conditions.

Scenario Planning and Agile Decision-Making

During turbulence, it becomes increasingly prudent to be ready for a range of potential scenarios as indicated from the insights gathered. Thus, unforeseen circumstances may happen and an organisation must be ready to allocate resources proportionately. The study's results were consistent with literature that suggests that planning is necessary in order to be able to survive a financial crisis. An essential element is the agility in which SMEs have to adjust their operations significantly and continue to deliver their services during a changing market. This ability to adapt aids organisations in keeping an active engagement line with consumers as well as maintaining their ongoing business during an economically turbulent event. This is consistent with Clauss et al. (2020), who note that the combination of agility and swift decision-making is necessary for SMEs operating in a turbulent environment.

Collaborative Decision-Making

It was established that the degree of decision-making among SMEs was a significant factor in weathering turbulence. Moreover, those in charge of making decisions engaged from top to bottom and fostered shared responsibility and innovation between their employees. This is consistent with Thorgren and Williams (2020), who claim that collaborative decision-making enhances resilience and develops an organisation's ability to develop a strategic plan. Thus, this participatory approach supports the argument of Thorgren and Williams (2020) that SMEs do well in times of crisis because they enable stakeholders to share their ideas on innovation and responsibility whilst delegating tasks and responsibility across the wider organisation.

Combining Data-Driven and Intuitive Approaches

The study revealed that SMEs utilise data and intuitive decision-making which are founded on experiences and judgment. However, Intuition and prior experiences provide value for the organisations as it enables them to prepare themselves for upcoming challenges. This equilibrium reflects the theoretical models which indicate that SMEs combine the use of analytical techniques and experience as argued by Kottika et al., (2020). Hence, the combined approach increases the strategic options available to SMEs for making appropriate decisions during economic volatility.

The implications of the findings are that there is a South African SME perspective that takes into account strategic choices that are proactive and those that are reactive. These strategies include collaboration, agility, and intuition combined with data in the decision-making processes. This further corresponds with the literature that has already been published regarding adaptive decision-making strategies amidst uncertainty. SMEs who adopt these strategies are more likely to outlast the crisis while also being able to recognise opportunities or gaps in the market for expansion.

6.2.2 What Are the Important Factors Influencing SME Strategic Decision-Making During Economic Turbulence?

This section discusses the internal and external factors that influence the strategic decision-making of South African SMEs as presented by the interviews. These findings confirm important insights that have been highlighted in the literature, the combination of operational, financial and external environmental factors influencing decision-making during times of adversity.

Internal Factors: Organisational Resilience, Leadership, and Financial Constraints

Participants emphasised the importance of organisational resilience, leadership and the ability to manage cash flow as internal factors which had a considerable degree of impact on their strategic choices. This demonstrates how previous experience and lean operations assist in ensuring that their decision is indeed resilient and effective as in the case of Eggers (2020) who pointed out that SMEs thrive on past crises for future profits.

Another internal factor that influenced decision-making was leadership, with constructs such as active communication and transparency being the dominant aspects of this factor. This indicates that it is important to have strong leadership during turbulent times. As noted by Thorgren and Williams (2020), leadership is essential and it enhances resilience through the promotion of clarity and motivation within an organisation.

However, a lack of financial resources restricted the strategic moves that SMEs can make during these periods. This alludes to an interpretation that an organisation cannot and should not hold too much inventory during times of adversity. This is consistent with Clauss et al. (2021) who pointed out that a lack of funds and cash reserves acts as a catalyst with respect to forcing SMEs into a very defensive and conservative strategy when it came to their strategies for staying afloat.

External Factors: Market Shifts, Collaborations, and Regulatory Challenges

The volatility within the market turned out to be a crucial external consideration in decision-making. Thus, this depicts how businesses evolved to serve the direct needs of consumers. The same is the case with Clauss et al. (2021) noting that SMEs need to do adapt quickly in order to respond to changes in client preferences, thus ensuring the organisations relevance and income streams.

Partnerships have also come into play with respect to external factors. This backs the claims made by Kurdve et al. (2020), who contended that networks and partnerships are essential for operating in an uncertain environment while trying to access new markets and creating a pool of resources.

In addition, the macro-environment in terms of lockdown regulations and COVID-19 restrictions made the performance of their tasks even more complicated. This is in line with the findings of Motta and Sharma (2020) who stressed that certain government measures and policies which were not anticipated and planned for, disrupted supply-chains and resulted in the need for SMEs to modify their measures.

The decision-making processes of South African SMEs during economic volatility are the product of both the internal and external environmental context. Internally, issues such as resilience, leadership and financial shortfalls are central issues. Externally, issues such as market conditions, partnerships, and other regulatory aspects affect strategy formulation. Such observations are corroborated by the literature in that SMEs have to continuously reconcile their internal capabilities with external realities in order to make informed strategic decisions during times of economic adversity.

6.2.3 How Do Resilience and Innovation Contribute to Strategic Decision-Making in SMEs?

This section examines the relationship between innovation, resilience and the strategic decision-making of an SME in times of economic uncertainty. Insights from the interviews revealed that these two dimensions – resilience and innovation – are necessary to help businesses complete the cycles of coping with disruptions and gearing up for future

expansion effectively. The findings correspond with the literature, thus reinforcing that operational resilience is a prerequisite while innovation is the key to creating opportunities for transformation (Caballero-Morales, 2021; Thorgren & Williams, 2020).

Resilience as a Foundation for Decision-Making

Resilience is a distinct characteristic which is influential in terms of decision-making processes within SMEs. This demonstrates that individual and organisational resilience assists entrepreneurs in not only thinking or aiming at survival but rather allowing organisations to maintain a futuristic approach in making critical decisions even through trying times. According to Thorgren and Williams (2020), there is a link between focus and stability with respect to resilience and what it does during a crisis, adding that this allows strategic decisions to be made and executed in a calm and efficient manner.

Similarly, an organisation's resilience is then translated into its ability to communicate transparently and proactively when problem-solving. Hence, this proactive mentality enables leaders to envision challenges that they may encounter and come up with pre-emptive strategies to counter them. This corresponds with Eggers (2020) who observed that resilient companies are more flexible and adaptable when it came to times of economic adversities.

Innovation as a Driver of Strategic Transformation

A significant aspect is that innovation is essential for strategic decisions that SMEs would adopt in order to remain afloat during these turbulent periods. Some of the participants explained how they used innovative practices to cope with adversity. This is consistent with Caballero-Morales (2021), who argues that digital advancement provides opportunities for SMEs to venture and create more sales avenues like e-commerce and delivery when other market constraints arise.

There are other ways that innovation was utilised in that certain SMEs had to change their offering in terms of their product and services. Hence, in the case of SMEs, the need for innovation goes beyond the products that are offered. Thus, they had to become innovative in the way they delivered these products. As noted by Clauss et al. (2021), the swift development of products in terms of innovation during times of crises helps businesses to adapt in order to remain functional.

The Intersection of Resilience and Innovation

The results suggest that resilience and innovation are interdependent with each other in the context of strategy formulation. Participant 6 narrated resilience in practice and

described how it allowed them to test new strategies. This is consistent with the documented concept that resilient organisations are more likely to be the sources of innovative strategies because they are able to absorb the risks involved in the processes of both innovation and experimentation (Kottika et al., 2020). Furthermore, resilient leadership helps organisations foster an innovative culture. This illustrates how companies practice resilience by adopting a system of accomplishing what seems to be improbable, thus making room for innovation that is iterative.

While Resilience and Innovation might be viewed as two different and distinct concepts, they are interrelated and interdependent in the strategic decision-making processes within SMEs during periods of economic turbulence. Resilience provides organisations with the ability to anchor and concentrate efforts in order to overcome obstacles, whilst innovation aims at developing solutions that are transformative and increase the potential to grow. The dynamic combination of these two concepts enables SMEs to not only endure crises but also to put themselves in a position for long-term success. These findings also align with the literature, as evidence suggests that resilient organisations are likely to be more innovative, thus, innovative organisations are likely to be more resilient over time.

6.2.4 What is the Role of External Support and Business Networks in SME Strategic Decisions?

This part aims to discuss how external structures such as government assistance, partnerships, and business networks affect the strategic decisions of SMEs during difficult circumstances. The results indicate that despite government assistance being slow or minimal, business networks, partnerships, and mentorship programs proved to be practical substitutes for ensuring business survival. These findings are in agreement with the previous findings of Eggers (2020) and Kottika et al (2020) which pointed out the importance of external collaborations and support mechanisms for SMEs in the times of economic adversity.

Business Networks and Partnerships as Strategic Enablers

The need for business networks and partnerships in the strategic decision-making phase was also emphasised by several participants. This reflects how SMEs dealt with supply-chain disruptions as time constraints, which is in line with Caballero-Morales (2021) who put emphasis on the notion of partnership in navigating economic uncertainties.

Certain franchise groups waived franchise-fees in an attempt to reduce the burden on their franchisees. This indicates how networks facilitate flexibility in terms of an organisation's cash flow through collaboration and cooperation. Such results are

consistent with the literature that stresses the importance of partnerships and alliances for the improvement of organisational resilience and reduced financial strain (Eggers, 2020).

Mentorship as a Source of Guidance and Support

Mentorships were noted as being a source of practical and emotional support. In a business context, this means that mentorship allows for knowledge to be developed and shared and aids organisations in the form of strategic decision-making in order to mitigate risks. Kurdve et al (2020) likewise maintain that mentorship programs enhance the pace of decision-making by exposing the mentees to actual experience and the relevant tactics to be employed when faced with these challenges.

Mentorship was not only present in business strategy but was also prevalent in personal resilience and motivation. Some respondents noted how family support played a huge role in keeping them motivated. This means that personal networks, which include mentors and family, are imperative in helping manage an entrepreneur's emotional resilience which is required to navigate turbulent periods.

Challenges with Government Support

While assistance from the government was desirable, many respondents voiced their dissatisfaction with the system. Such frustrations are consistent with findings by Rajagopaul et al. (2020), who pointed out that ineffective government programs were an obstacle during times of uncertainty. Due to these difficulties, SMEs had no option but to seek alternative forms of support in partnerships and private networks. This result confirms the statement made by Kottika et al. (2020) that collaborative partnerships at the early stage of turmoil can provide immediate relief which will reduce the dependence on delayed governmental aid.

Due to government support not being accessible easily and often in times taking time to process, building business networks, partnerships and mentorships was more beneficial to SMEs when making strategic decisions in difficult moments. Such external support boosted companies' operational capacity and provided supply-chain resolutions and emotional support, which enabled the companies to continue running the business and look for alternative opportunities within the market. The congruence between the findings and the literature confirms the necessity of developing cooperative networks and mentorship programs towards improving the resilience and adaptability of SMEs.

6.2.5 How Do SMEs Balance Short-Term Survival with Long-Term Growth During Economic Turbulence?

Particular focus is made within this section on how SMEs tend to risk the chances of being effective in the immediate short-term and how they strategise and position themselves for future prospects amidst economic adversity. The insights suggest that SMEs have a range of tools at their disposal which include strategies such as cost reduction, retention of clients and long-term investments in the hope for future growth. A combination of such strategies shows that organisations have to navigate short-term struggles while strategically planning for growth opportunities such as market gaps and market demand. This is consistent with the literature regarding the balance between short-term survival and long-term sustainable growth (Klyver & Nielsen, 2021; Clauss et al., 2021).

Cost Management and Resource Optimisation

The participants highlighted the role of cost control in an effort to manage cash flow. This shows that there is an orchestrated attempt to enhance core activities by reducing expenditure that is deemed unnecessary in the immediate short-term, hence, this is in line with Lim et al (2020) with respect to financial sustainability amidst economic turbulence. There was also a common opinion that companies should maintain an optimal level of stock. This approach aimed at ensuring the organisation's operations were efficient and mitigated risks associated with inventory management which would impact cash flow during turbulent times.

Customer Retention and Loyalty Programs

Some of the respondents noted the importance of strategies targeting customer retention in achieving short-term needs without compromising on long-term growth. This demonstrates how clients' engagement and loyalty schemes may enable SMEs to ensure business continuity when the economy is experiencing periods of turbulence whilst also developing a brand for the future. Respondents also noted the emphasis on improving and strengthening the relationships with customers. Such strategies are in line with Clauss et al. (2021), who state that increasing the emphasis on customer service and satisfaction results in immediate revenue generation and the potential for further growth.

Investments in Growth-Focused Initiatives

Despite the companies experiencing short-term setbacks, the participants mentioned that their initiatives aimed at future growth opportunities provided them with a sense of

optimism for long-term sustainability. This shows that enterprises made use of downtime periods to enhance their internal capabilities so as to be ready for the market once it improves. Respondents also emphasised the need to digitise their business model where digital platforms were created. These investments showcase the two concepts of grappling with survival in the present and planning for future growth whilst leveraging technology as a key driver of business growth and sustainability (Delladio et al., 2023).

Strategic Flexibility and Adaptation

The ability to deploy resources and adapt the operational strategy in times of uncertainty turned out to be a common theme in balancing short-term survival with long-term goals. This demonstrates that it is important for organisations to become flexible in their operations and introduce different forms of revenue streams. This is in line with Clauss et al. (2021) in relation to innovation-driven growth during economic adversity. Respondents also explained how their company leveraged modular product development in order to showcase their value proposition to clients. This approach shows how companies employed phased product versions to meet immediate cash inflow demands while planning for future growth and expansion.

The results show that SMEs place equal emphasis on short-term and long-term goals by decreasing costs and developing means of retaining clients whilst also seizing opportunities that require investments in projects with a long-term focus. These mechanisms show that SMEs need to be flexible, adaptive, and agile putting themselves in a position whereby they do not only survive but prepare themselves for sustainable growth. The congruence between the results and the literature reinforces the need for strategic adaptation and innovative capabilities in order to balance survival and growth.

6.2.6 Are There Variations in Decision-Making Among SMEs of Different Sizes and Sectors?

This section examines how decision-making processes change between SMEs of different sizes and industries in times of crisis. The responses provided by the participants suggest that an organisation's size and type of industry dictate its strategic management approach, operational focus, and crisis management strategies. These results are consistent with previous studies of Clauss et al. (2021) and Klyver and Nielsen (2021) which states that decision-making practices are not the same in all cases throughout different industries and even the size of the business commands its own complexities.

Sector-Specific Strategies

Some respondents pointed out that the differences in sectors determined the nature of their strategic responses. Thus, this illustrates how manufacturing enterprises tend to emphasise their supply chain and procurement management in order to cope with the risks of shifting input costs. This is in line with the findings by Lim et al (2020). Furthermore, respondents mentioned that they had to shift their operations to a virtual environment in order to keep the business going. Thus, showing how service-based sectors had to resort to digital solutions in the times of the pandemic which led to lockdowns thereby highlighting the role that agility plays in service delivery (Kottika et al., 2020).

Size-Related Decision-Making Differences

The size of the SME also shaped the decision-making hierarchy and its flexibility. With the minimal formalisation of hierarchies, these businesses relied heavily on decisions driven by owners' and/or partners' preferences. This method of decision-making for smaller SMEs is flexible and relatively informal, which is a characteristic of smaller businesses as decisions from partners do not require extensive efforts to change. On the contrary, larger complex SMEs had structural decision-making processes embedded in them. This highlights how larger, technology-driven SMEs require processes to be formal in order to remain efficient and agile.

Differences in Risk Management Approaches

Participants from different industries, and of varying sizes also shared different perspectives and practices for risk management. Respondents noted lean stock management and payment terms with their respective suppliers. This response shows a risk-averse orientation in the management of financial risks in the retail sector during times of uncertainty, which is consistent with the practices discussed by Crovini et al. (2021). On the contrary, some respondents took a more aggressive approach in diversifying their operations so as to avoid over-reliance on some of their suppliers. This aided them in optimising their processes such that fast-moving items were always available to their consumers. This optimistic risk-aversion strategy illustrates how the priorities of certain SMEs are based on the ability to be flexible by way of having alternative sources.

Impact of Sector-Specific Regulations and Policies

Government policies and regulations had an effect on SMEs in a different manner depending on their sectors. Some participants noted regulatory issues as new laws were being passed. This shows the effect of industry-specific regulations in making operational

decisions, as supported by literature that policy uncertainty affects the way businesses implement their strategies (Park et al., 2020). Cross-border uncertainty and closures indicated how logistics-oriented industries had to improvise in their unique challenge which required them to tailor strategies to avoid supply-chain disruptions.

The decision-making processes of SMEs are found to be influenced by the size and the type of the business significantly. It was also noted that smaller organisations rely more on informal collaborative decision-making, whereas larger companies use formal methods such as agile project management. Additionally, strategic issues such as supply-chain disruptions and regulatory concerns cut across industries in a different way that was unique to their industry. This is consistent with the existing literature and further stresses the importance of designing decision-making structures to the requirements of particular businesses. The variance in strategies highlights the capacity and strength of the SMEs and drives home the importance of sectoral expertise and organisational agility in turbulent economic challenges.

6.3 Emergent Themes and Thematic Analysis

In this section, a deeper analysis is provided for the identified themes that were raised during the thematic analysis, including how these themes correlate with the research objectives and the literature. The themes delve further into strategic decision-making, resilience strategies and the challenges encountered by SMEs. The discussion also shows how these emergent themes are related to key issues in the other chapters and provides a deeper understanding of the academic insights drawn from Chapters 2 and 5.

6.3.1 Emotional and Mental Resilience

A theme that was dominant was emotional resilience, in which participants argued that emotional welfare and motivation are crucial in stressful situations. For instance, certain participants noted how they had to keep their staff optimistic during the worst of times. This advocates that there is a need for a leadership approach that utilises a positive mindset when handling issues. This corroborates with Thorgren and Williams's (2020) view when they pointed out that psychological resilience enables organisations to survive.

Remote work was noted to have an impact on mental well-being, as elaborated by remote-working respondents. Individuals were subjected to working from home whilst dealing with personal matters on a more prevalent scale and this created emotional pressure on them. This is consistent with the literature on challenges to mental health

during crises highlighting the importance of support systems within organisations to ensure the well-being of their employees (Kottika et al., 2020).

6.3.2 Creativity and Problem-Solving Under Pressure

SMEs showed tremendous levels of creative capacity and innovation by coming up with new ways to respond to practically any challenge. Participants noted that they had to adjust their standard items and offer combos to attract customers. This is in accordance with literature on business model adaptation such as Clauss et al. (2021), which provide examples of how SMEs modify their products in line with customer needs.

Service-offering respondents had to switch their operations to a virtual medium thereby noting the creativity in which they had to deliver their service. This element of being adaptive illustrates the agility of SMEs and supports the literature which is focused on the transformation of organisations through the use of technology (Caballero-Morales, 2021).

6.3.3 Shift Towards Digital Transformation

Another significant theme was digital transformation since many SMEs implemented technology to keep their businesses alive. This aligns with the literature whereby organisations utilise technology in a quest to remain relevant as argued by Clauss et al. (2021). Moreover, a participant stressed the role of partnerships with delivery platforms, which benefited them by increasing their customer base. This depicts how technology was used by SMEs not only as a tool for survival but also as a way to explore new markets, which is consistent with the literature regarding the use of digitalisation as a key to expansion (Dolz et al., 2020).

6.3.4 Importance of Partnerships and Collaborative Networks

Partnerships turned out to be critical in providing survival mechanisms for SMEs. One participant explained how they switched their business model from only wholesaling to accommodating retail. This is in tandem with studies that have indicated that being part of a collaborative network increases resilience due to resource and skill pooling (Kurdve et al., 2020). Respondents also underlined the need for collaborations with the local partners. Thus, emphasising the role of local partnerships in supply chain risk management strategies further strengthens the importance of external support systems (Eggers, 2020).

6.3.5 Shifting Customer Preferences

Thematic analysis revealed that shifting customers' demand was a key driver in formulating business strategies. Respondents narrated how they changed their orientation in their product lines. This concurs with the literature about market responses

in accordance with a customer-centric approach during adversity (Clauss et al., 2021). Similarly, other participants managed to scale down their business models with attention to drawing in customers with smaller budgets. This shows how SMEs modified their services in accordance with the ever-changing needs of customers and substantiates the findings about strategic adaptability (Caballero-Morales, 2021).

6.3.6 Challenges Accessing Government Support

The analysis disclosed that accessing assistance from the government was another constraint as experienced by multiple respondents. This supports the literature highlighting delays in government intervention during times of crisis (Rajagopal et al., 2020). Furthermore, access to government funding was challenging and lengthy in terms of its processing time. This further speaks to the importance of support mechanisms being made available in simpler forms that are user-friendly as mentioned by Park et al. (2020).

6.3.7 Reliance on Personal and Family Support

The involvement of family and personal networks also played a crucial role with respect to decision-making and resilience. Some participants noted collaborative decision-making as a tool to overcome economic turbulence. This collaborative decision-making approach corroborates with the literature noting the benefits of family involvement within SMEs as studied by St-Pierre et al. (2018). Participants noted the importance of emotional support that was accessible to them with respect to keeping them motivated and optimistic. This is consistent with the literature that examines the role of emotional support networks in times of distress and turbulence, thus emphasising the role of personal relationships in business resilience (Eggers, 2020).

The thematic analysis revealed a myriad of approaches taken by SMEs to withstand economic volatility. Thus, the themes that emerged highlighted the importance of emotional resilience, creativity, digital transformation, collaboration with others, and involvement of family. These themes are in line with the findings of the literature and stress the significance that agility, collaboration, and innovation have for business survival during crises. The challenges faced by multiple SMEs in obtaining government support showcase why such support needs to be delivered by measures that are more pragmatic. Holistically, these themes encompass the strategic decision-making processes of South African SMEs amidst economic uncertainty whilst contributing towards literature in terms of crisis management and resilience.

6.4 Conclusion

This chapter begins with a discussion of the findings from the interviews and embraces the theoretical frameworks and research questions of the study. The evidence supports the contention that strategic decision-making in the context of economic turbulence created by COVID-19 within the South African SME space is both complex and diverse. Among them were highlights on the need to find the right balance between proactive and reactive strategies, the need for agility and the nature of crisis management using both working collectively and intuitive aspects of individuals.

The discussion also highlighted both internal and external factors such as the importance of leadership, resilience, partnerships, and financial constraints during periods of uncertainty that help to develop relevant strategies for SMEs. The external environment posed further threats as there were changes in demand for products being produced, an increase in regulatory requirements, and limited support from the government. Resilience and innovation appeared to be dependent on one another as they are both aspects of effective decision-making that enhance the sustainability of businesses in the long run.

The emergent themes such as emotional and mental resilience, creativity under pressure, and the role of digital transformation and personal and family support were also discussed within the context of how SMEs manage to survive or perform positively under uncertainty. In turn, the chapter provides a synthesis of the findings and the body of literature indicating their congruence with literature that has previously been done thereby enriching the theoretical discourse of SME resilience and crisis management.

Chapter 7: Conclusions and Recommendations.

The final chapter of this study crystallises key outcomes, findings and a contribution that is derived from the research conducted. The primary aim is to go back to the research questions and objectives by looking at how these questions have been answered through the findings, and placing this study in the perspective of literature and business practices that have been previously compiled.

7.1 Research Context and Importance

The reason for conducting this study stems from the tough economic environment experienced by South African-owned SMEs. This is quite important because there is a lot of greater focus given to the overall contributions of SMEs in the economies of South Africa in terms of employment and activities. Many of the recent disruptions in the economy, in particular the COVID-19 pandemic, have shown how these enterprises are vulnerable due to a lack of resources, the disruption of supply chains and the volatile market environment.

Contextual Relevance to the Study

Throughout the country, SMEs are key sources of job creation and contribute to GDP; they account for approximately 40% of GDP and employ around 60 % of the private sector. Due to their relatively low financial reserves and high reliance on cash flow to stay afloat, they are particularly exposed to volatility in the economy and external uncertainty.

The research investigates the retail, manufacturing and services sector which contributes significantly to the GDP of the country and was the most affected by lockdowns. Service-based SMEs were affected by low consumer demands in which they had to scale down their operations, and cope up with supply-chain issues that compounded their strategic decision-making processes.

Importance of Studying Strategic Decision-Making

A range of SMEs could raise their chances of survival during a financial crisis through well-established strategic decision-making. In this context, it becomes fundamentally important for those organisations to develop a comprehensive and holistic understanding of how such enterprises make decisions, process resources, and respond to challenges in achieving and sustaining growth for the firm.

The increase of knowledge and skills garnered from this research is most useful in bridging the knowledge gap that exists on the techniques used by SMEs in times of crisis. This helps enrich the body of literature that relates to resilience, innovation, adaptive strategic frameworks, and, enhance the capacity of SMEs to deal with future uncertainties.

Impact on Stakeholders

The research provides not only SME managers with practical recommendations but also the policymakers. Making the SMEs more resilient through supportive structures may make them better able to contain job losses and enhance stability in South Africa's ever-changing economy.

Furthermore, the research also explains how SMEs manage immediate threats with long-term perspective and growth, with increasing emphasis on the need to come up with new ideas, the need to modify approaches and combine efforts, as it is needed in the case with businesses that are under stress and strain.

This research seeks to address the gap in understanding the best practices and policy measures that can support the sustainability of the SME sector by looking at a region and sector that has witnessed a lot of turbulence.

7.2 Knowledge Gaps Addressed and Unanswered Questions

This section focuses on concerns and theories pertaining to the knowledge gaps about SMEs resilience, their strategic decision-making, and the role of innovation and entrepreneurship. Studies done earlier stressed the significance of agility, partnerships, and digitalisation for SMEs to succeed during crises. Clauss et al. (2021) also considered that in decision-making, it is essential to have a combination of intuitive and data-driven approaches, particularly in uncertain market conditions. Similarly, Müller et al., (2018) also indicated the importance of business model innovation and resilience in order to deal with turbulence.

The literature does point out certain gaps which were not addressed. For example, the bulk of the literature available emphasises more on larger-scale enterprises with limited attention to SME resilience methods or the ways in which these businesses develop agility through their networks (Eggers, 2020). Furthermore, while there has been literature around government interventions as being an important recovery indicator in the case of SMEs, however, their effectiveness and the extent to which they can be accessed are still vague, as seen in the interviews conducted in this research and other literature studies (Kottika et al.,2020).

A concept that is missing in the literature is the balancing of short-term immediate survival needs with long-term aspirations in contexts like that of South Africa in which there is extreme volatility within the market. This study extends the debate to the determinants of personal resilience, innovation and forming of alliances or partnerships that are applicable to SMEs. Further findings of this research suggest that digital transformation is the heart of business sustainability and competitiveness during economic adversity.

7.3 What Specific Questions Did This Research Answer?

The objectives of this research were aimed at addressing the South African SMEs gaps by seeking to answer the following research questions. This research questioned the possible strategies, plans, and approaches that SMEs employed for survival during times of economic turbulence.

1. How do South African SMEs make strategic decisions during economic turbulence?

The findings indicate that the decision-making processes of SMEs combine proactive and reactive strategies. They acknowledge the pressures of the market and increase the level of rapid decision-making, employ scenario planning and collaborate with other organisations in their web of decisions. Participants stressed the need for balance between gut feelings and the significance of information during decision-making, which conforms to the literature reviewed.

2. What are the important factors influencing SME strategic decision-making during economic turbulence?

There are internal and external factors such as leadership, lack of finance, changing markets, and partnerships that are paramount in the making of a decision. Leadership was seen as critical whereby proactive management enhanced resilience. Financial constraints forced the SMEs to implement lean and strategic cost-reduction strategies, while external factors like the market demand and partnerships dictated the adaptive strategies.

3. How do resilience and innovation contribute to strategic decision-making in SMEs?

The study has established that resilience enables the SMEs to continue pushing through, support themselves, and introduce new concepts. The participants emphasised particularly the need for innovation in products, service delivery, and digital change as

critical for survival and expansion in the future. Resilience and opportunity for innovation became a central strategy to achieve an enduring competition advantage.

4. What is the role of external support and business networks in SME strategic decisions?

Given the slow and intricate process of formal support, business networks and collaboration were found to be more beneficial than government assistance. The participants explained that partnerships enabled SMEs to sustain their supply-chain needs, enter new markets, and save costs. Mentorship programs also contributed emotionally and strategically to the participants during unstable periods hence increasing their decision-making ability.

5. How do SMEs balance short-term survival with long-term growth during economic turbulence?

From the findings, it can be deduced that SMEs had strategies to ensure both short term continuity whilst also focusing on opportunities for long-term growth. Participants pointed out factors such as maintaining lean inventories, retaining customers, and investments in the digital space which preserved business operations without compromising their optimism for growth in the future.

6. Are there variations in decision-making among SMEs of different sizes and sectors?

The study found that the size of an SME and the sector it operates within had a bearing on its strategic focus. It was observed that smaller SMEs relied on informal and flexible systems of decision-making whereas larger SMEs adopted more structured approaches such as agile management techniques. Sectoral differences also shaped strategies such as those of service-oriented SMEs who concentrated on digital offerings and those of manufacturing firms who focused on supply-chain robustness.

Answering these questions means that this research also explains some of the strategies that have been employed by South African SMEs in their efforts to cope and do business within a turbulent economic climate. The results are in general with what has been documented with regards to the body of knowledge but are providing other additional information that is relevant to the South African context particularly at the business level.

7.4 Research Methodology and Key Findings

This part explains how the research questions were answered by providing a summary of the methodology used and the key findings.

Research Methodology

In order to understand how South African SMEs make strategic decisions during economic turbulence, a qualitative approach was adopted. The data was collected via semi-structured interviews with 12 participants from the manufacturing, retail, and services sectors among others. This method did not limit the participants whereby they expressed their experiences which resulted in rich data being collected.

Thematic analysis, which identifies patterns and themes within a qualitative dataset, was applied to the data collected from the interviews. This process included; coding of the interview transcripts and grouping codes into themes to address the research questions. In this way, the research was able to tap into critical issues with regard to decision-making including resources, innovation, collaboration and the external challenges faced by the SMEs.

Key Findings

There were some notable patterns that emerged from the data:

Resilience and Innovation: The participants stressed how the ability to bounce back and weather a crisis is also associated with the risk of changing the status quo and introducing new adaptable and agile approaches. For instance, a number of SMEs resorted to switching their medium of service delivery to virtual ones and introducing new products in the market due to the demand changes of the consumer. Such observations are consistent with the literature of Caballero-Morales (2021) who emphasises that the relationship existing between resilience and innovation is important for the success of SMEs.

Partnerships and External Support: Organisational partners were also able to emphasise how effective collaborative partnerships are critical in terms of the pooling of resources and mitigating of risk. A considerable number of the surveyed SMEs were however disappointed and lacked optimism in the slow and sporadic governmental aid to the crisis. This corroborates with what Rajagopaul et al. (2020) share, thus claiming that a lack of public support often leads SMEs to seek assistance from their private networks.

Balancing Survival with Long-Term Growth: It becomes apparent that SMEs had a dual approach where cashflow and customer were prioritised for retention in the short-term

and long-term initiatives were made for the improvement of the company's infrastructure such as online exposure or digitalisation and training or skill development of staff. This is in agreement with the literature which points to the need for strategic flexibility during economic turbulence (Klyver & Nielsen, 2021).

Sectoral and Size-Based Differences: Different sectors had different approaches to making decisions; for example, service-oriented SMEs were more interested in digital adoption, while manufacturing-oriented SMEs were more focused on the optimisation of their supply chain. Furthermore, the decision-making processes of small firms seemed to be more relaxed compared to larger and more formal organisations. Such findings assist in the understanding of the context-specific strategies whereby strategies should be tailored in accordance with the dynamic environment they are in (Clauss et al., 2021).

Interpretation of Results

The results indicate that South African SMEs employ a variety of steps including adaptive strategies in order to weather turbulence of the economy. The interplay between resilience, partnerships, and innovation are central concepts, signifying the necessity of being agile in volatile markets. Even though public support systems were inadequate, SMEs sought private networks and collaborations in a bid to supplement resource deficiencies.

This study makes contributions to the body of knowledge by integrating theoretical perspectives and real-life examples, and gives evidence that the ability to be strategically adaptable through working together and being resilient, is a key component for the survival and expansion of an SME. Such findings show the urgency for comprehensive policies and support schemes that respond to the specific needs of SMEs in emerging economies.

7.5 Contributions to Scholarly Debate

This segment explains how the study adds to the existing literature on the issues of resilience, business networks, and strategic decision-making in the case of SMEs. The findings make substantive contributions to the theories that have been advocated for on these aspects and particularly so in the case of SMEs in South Africa by supporting, extending or contradicting such theories.

Contribution to the Theory of Resilience

The findings show how resilience is paramount when adapting to harsh environments. It was shown by the participants that both organisational resilience and personal resilience allow a business, even in economic adversity, to be motivated, flexible and resourceful.

This is consistent with Thorgren and Williams (2020), who argue that to be resilient is to be strategically agile, which enables firms to adapt effectively during crises by deploying innovative strategies. Furthermore, the participants' emphasis on mental well-being and optimistic leadership expands on the depth of understanding of themes such as emotional resilience, hence contributing to the literature by focusing on aspects of resilience which have received limited attention in the existing literature in terms of its psychological dimensions.

Contributions to Business Networks and External Support

The research affirms previous studies by asserting that business networks, partnerships, and collaboration are crucial in dealing with the uncertainty associated with economic turbulence. Results show that partnerships enabled SMEs to enter into new markets and sustained operations whereby governmental support was absent. This is in support of Eggers (2020) and Kottika et al. (2020), who maintain that strategic partnerships may counterbalance uncertainties pertaining to the market. This negative sentiment expressed by participants about government support challenges the public support models and particularly calls for the need for private sector input. Thus, adding new dimensions to public-private resource management during times of crisis.

Strategic Decision-Making and Adaptation in SMEs

The study explains how these businesses use both data and intuition to make decisions, thus contributing to the ongoing debate about the adaptive decision-making strategies used in SMEs. This observation builds on the findings of Clauss et al. (2021), who contend that integrating quantitative and experiential knowledge enables SMEs to cope with economic adversity. Evidence from this current study emphasises that SMEs need to balance their short-term-immediate survival needs with their long-term strategic objectives. Thus, aligning with Klyver and Nielsen (2021) but adding deeper context to how organisations adjust their strategy based on the size and industry of their particular organisation.

Relevance and Implications for Future Research

This research helps broaden the theoretical discussion by focusing on partnerships and how they enhance the resiliency and strategic decision-making of SMEs. Previous studies have discussed these themes in broader terms whilst this study aims at addressing these challenges from a South African context. Thus, contributing to the global literature in terms of region-specific challenges and solutions. These results also seek to challenge the understanding of hierarchies in the decision-making of SMEs as

they depict that smaller SMEs are more collaborative in strategy. Hence, leaving the need to consider the cultural and structural nuances of decision-making further.

7.6 Managerial Implications and Recommendations

There are some implications to this research which are of direct relevance to SME managers, policy makers, and industry associations that should enable them to improve decision-making, resilience and operations during periods of economic adversity. This section identifies key takeaways and gives practical suggestions to cover strategic responses in the SME sector.

7.6.1 Key Takeaways for SME Managers

The following are critical insights that managers of SMEs can apply to build more resilient and adaptive organisations. Remember that the market is volatile, so SMEs must be able to shift and transform.

1. **Agile Decision-Making is Essential:** The recurrence of being able to pivot quickly and make swift decisions during uncertainty was common amongst respondents. Scenario-planning and real-time data accompanied by intuition emerged as tactics. This is consistent with Clauss et al. (2021), who argue that agility enables SMEs to effect a quick reaction to competition and other threats. It is advisable that managers should aim at making an organisation flexible in order to accommodate the ever-changing demands of the market.
2. **The Importance of Strategic Partnerships:** For SMEs, partnering with suppliers, delivery methods and other firms helped them mitigate the effect of disruptions. As highlighted in the interviews, partnerships provided not only financial relief but also new market opportunities. This means that it is important to work on these partnerships as they will enable SMEs to build operational resilience and prolong their respective business models in the case where formal or governmental structures fail to do so.
3. **Balancing Short-Term Survival with Long-Term Growth:** After the preliminary analysis, it became clear that clients must allocate resources toward future investments while maintaining a positive cash flow for the present. The participants discussed cost reduction, optimised operations, and customer retention. Short term managerial decisions should deal with meeting the operational targets and search for long term value within the organisation, like investments in digital transformation and optimising the efficiency of business processes.
4. **Emotional and Mental Resilience Matters:** To inspire teams' morale, leaders must be emotionally strong and communicate clearly during a crisis. This finding

supports the existing literature by Thorgren and Williams (2020). Managers should foster a positive work environment whilst enhancing its corporate culture and strengthening employees' mental health and welfare to boost morale.

7.6.2 Actionable Recommendations

For SME Managers:

- **Develop Adaptive Business Models:** SMEs should adapt strategies which are agile with respect to their decision-making and explore options such as scenario planning in order to ensure that the organisation is equipped with the necessary tools if faced with economic turbulence.
- **Invest in Technology:** SMEs need to adopt and extensively use strategies that include e-commerce, engage with market players through different mediums such as online communities, and further develop these strategies to enhance revenue streams and effectiveness.
- **Strengthen Collaborative Networks:** Forming stronger ties with suppliers, fellow industry associates and service providers can be an additional source of operational resources needed in times of disruption. The managers should look out for new prospects with regards to joint ventures and collaborative partnerships.

For Policymakers:

- **Improve Access to Government Support:** There is a need for the mapping out and streamlining of grant, loan and other support mechanisms so that SMEs do not face barriers as they seek assistance from the government.
- **Encourage Public-Private Collaboration:** The government has a role in providing incentives which would make partnerships between businesses and public enterprises possible, thus, enhancing the capacity of SMEs to survive
- **Tailor Support Programs by Sector:** There are policy instruments which are multi sectoral and as such are able to target particular needs. For instance, the resolution of supply-chain interruptions in manufacturing is different from the change in consumer preferences within the retail sector. These intricacies ought to be incorporated into policies.

For Industry Associations:

- **Offer Mentorship Programs:** There are various industry bodies within specific sectors which can aid SMEs by facilitating mentorship initiatives. The experience

of these seasoned entrepreneurs will aid inexperienced business owners by helping them navigate crises through experience.

- **Create Knowledge-Sharing Platforms:** Set up forums for learning on best practices and innovative development. This will create networks for SMEs on how to prepare, adjust and thrive pre and post economic turbulence.
- **Support Mental Health Initiatives:** The mental well-being of business proprietors and employees should be safeguarded by embracing wellness programs which will help in placing emphasis on the mental status of the individuals involved in the sector.

7.7 Limitations and Future Research Directions

This study faced a few limitations that should be taken into consideration when interpreting the results:

7.7.1 Limitations of the Study

1. **Small Sample Size:** The research was done using a small sample of 12 participants. Even though the participants contributed useful data with regard to the strategic decision-making processes of SMEs, the limited sample restricts the ability to generalise the findings over all the SME sectors in South Africa. This is true since qualitative studies aim at carrying out in-depth analysis rather than statistically representative data (Creswell et al., 2007).
2. **Regional Focus:** A research question that emerged from the findings was the extent to which other contexts would be relevant in comparison with the province of Gauteng Province. Although Gauteng is a major economic region with regards to South Africa's economy, the geographical focus limits the use of the findings in relation to other regions within South Africa which may have different strengths and weaknesses.
3. **Sectoral Scope:** Although participants were sampled from a range of sectors, the study did not aim to include all the industries or sectors that are found within the SME space. In relation to this, some sector related problems might not be captured in full and therefore the conclusions drawn are limited to the sectors represented in the sample taken.

7.7.2 Future Research Directions

1. **Regional and Cross-Provincial Studies:** Further research should target SMEs in different geographical regions across South Africa including rural economies and socio-economic disadvantaged areas where location imposes a different set of problems that impacts the decision-making processes. In particular, rural and

urban comparisons of SMEs are necessary in order to provide some regional context of the problem and determine location-specific strategies.

2. **Sector-Specific Research:** As an alternative this study could centre on the various industries to find the problems and the strategies associated with each one. For example, having a study on retail, manufacturing or agriculture focusing on the SMEs of those industries would show how the sector is adjusted and the type of decisions made.
3. **Quantitative Approaches:** What is being underscored in this discussion is that there is a need to bring in quantitative research techniques in subsequent studies so that noticeable statistical relationships between factors such as resilience, innovations and success in business may be established. More general surveys will produce more representative results and corroborate qualitative results in a wider context of SMEs.
4. **Impact of External Economic Policies:** It would be interesting to look at how government policies and economic intervention influence the performance of an SME. This understanding could assist in the evaluation of the impact of programs such as grants, tax relief, or even loan schemes and make better policies while pinpointing the tools which need further development.
5. **Longitudinal Studies on SME Resilience:** Future research could use a life-cycle stages approach in order to show how SME strategies develop in the course of time. This will shed light on the aspect of survival over the long haul and how exactly businesses reorganise their strategies when circumstances shift towards a different economic stance.

7.8 Conclusion

This chapter brings together the findings from the research, thus providing a coherent picture of how South African SMEs cope with economic difficulties. Based on strategic decision-making, partnerships, and resilience, the study shows the coexistence of internal resources and external factors influencing the organisation. It reinforces the idea that SMEs have to find the equilibrium between short-term and long-term strategies with respect to their agility, collaboration and innovative capacity.

The results add to both theoretical and practical insights and are in alignment with and expand the current published literature on resilience, business networks, and strategic management. At the same time, the limitations identified highlight the need to conduct more studies focusing on diverse contexts, regional dynamics, and quantitative analysis. Practical guidelines for managers, policymakers and industry stakeholders focus on the

formulation of proactive strategies, integration with supporting networks, and adaptable business approaches in light of uncertainty.

Ultimately, this research offers valuable lessons to SMEs that are operating within turbulent economies. South African SMEs should concentrate on building resilience, leveraging collaboration, and empowering innovation so that they will not only survive but thrive through the harsh economic conditions. The insights acquired here form the foundation on which future policies, management, and academic studies can rely on in order to enhance the development of the SME environment.

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Appendix A: Letter of Consent

Gordon Institute of Business Science

University of Pretoria

INDIVIDUAL INFORMED CONSENT

I am currently a student at the University of Pretoria's Gordon Institute of Business Science, completing my research in partial fulfilment of a Master of Business Administration (MBA).

I am conducting research on the strategic decision-making processes of SMEs in South Africa amidst economic turbulence. Our interview is expected to last approximately one hour and will help us understand how SMEs navigate challenges during difficult economic times. Your participation in this study is entirely voluntary, and you may withdraw at any time without any penalty.

By signing this letter, you are indicating that you have given permission for:

- The interview to be recorded;
- The recording to be transcribed
- Verbatim quotations from the interview to be used in the report, provided they are not identified with 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.

All data will be reported without identifiers. If you have any concerns, please feel free to contact my supervisor or me. Our contact details are provided below:

Researcher Name: Khalid Mahomed

Email: 23992108@mygibs.co.za

Phone: +27 71 457 3954

Research Supervisor Name: Dr Frank Magwegwe

Email: magwegwef@gibs.co.za

Phone: +27 11 771 4000

Signature of Participant: _____

Date: _____

Appendix B: Semi-Structured Interview Guide

Interview Guide: Strategic Decision-Making Processes in South African SMEs Amidst Economic Turbulence

1. Introduction (5 minutes)

- **Welcome and Introduction:**
 - “Thank you for participating in this interview. We are conducting research to understand the strategic decision-making processes of SMEs in South Africa amidst economic turbulence. Your insights will help us better understand how SMEs navigate challenges during difficult economic times.”
 - “The purpose of this discussion is to explore your experiences, thoughts, and perceptions regarding strategic decision-making within your SME.”
- **Confidentiality and Consent:**
 - “Please be assured that your responses will be kept confidential and used solely for the purpose of this research. We will ensure that your name is not linked to your answers. Is it okay if I record this interview for accuracy?”
 - "Before we begin, do you have any questions? Are you comfortable with proceeding?"

2. Background Information (5 minutes)

- **Personal Demographics:**
 - “Can you tell me a little about yourself? Your role within the SME, how long you’ve been in this role, and your background?”
- **Business Overview:**
 - “Could you give a summary of your business, including its industry, size, and location?”
 - “How long has your SME been in operation?”

3. Impact of Economic Challenges (10 minutes)

- **Current Economic Impact:**
 - “How has the recent economic instability, particularly stemming from events like COVID-19, impacted your business operations?”
 - “What challenges have been the most significant for your SME during these turbulent times?”

4. Strategic Decision-Making Processes (15 minutes)

- **Decision-Making Approach:**
 - “What is your typical approach to making decisions in your company?”
 - “Can you share a recent decision made by your SME in response to economic adversities?”

- **Factors Influencing Decisions:**
 - “What are the primary factors influencing how you make decisions? How do internal elements such as culture and leadership, and external factors like market conditions and competition, affect your decision-making process?”

5. Resilience and Innovation (10 minutes)

- **Resilience:**
 - “To what extent does resilience factor into your strategic decision-making? Could you provide examples showcasing how your SME has exhibited resilience during economic uncertainties?”
- **Innovation:**
 - “In what ways do you integrate innovation into your strategic decision-making processes? Could you provide some examples?”

6. External Support and Networking (10 minutes)

- **External Support:**
 - “What kind of assistance (e.g., government aid, business contacts) have you utilised when facing difficulties?”
 - “How have these external aids impacted your decision-making?”

7. Balancing Short-Term Survival with Long-Term Growth (10 minutes)

- **Balancing Priorities:**
 - “How do you manage the immediate survival needs of your SME alongside long-term growth goals?”
 - “What tactics have you put in place to ensure both short-term success and long-term sustainability?”

8. Final Reflections (5 minutes)

- **Additional Insights:**
 - “Are there any aspects of strategic decision-making during economic uncertainties that we haven’t discussed but you consider important?”
 - “Do you have any advice for other SMEs dealing with similar challenges?”
- **Looking Ahead:**
 - “What areas do you believe are crucial for research or assistance for SMEs regarding decision-making during economic turbulence?”

9. Closure (5 minutes)

- **Wrap-up:**
 - “Thank you very much for your time and valuable insights. If you have any further questions or thoughts, feel free to contact me.”

Summary of Interview Guide vs Consistency Matrix

| Research Question | Relevant Interview Questions | Purpose | Literature Review |
|---|---|---|--|
| Primary Research Question: How do South African SMEs make strategic decisions during times of economic turbulence? | - "What is your typical approach to making decisions in your company?" | To understand the processes and frameworks SMEs use to develop strategies under turbulent conditions. | Resilience and strategic decision-making in crises (Eggers, 2020; Dolz et al., 2019) |
| | - "Can you share a recent decision made by your SME in response to economic adversities?" | | |
| Secondary Question 1: What are the important factors which influence the strategic decision-making processes of South African SMEs during economic turbulence? | - "What are the primary factors influencing how you make decisions?" | To explore the drivers of decision-making, including both internal and external factors. | Adaptive culture and stakeholder engagement (Naradda Gamage et al., 2020; Thorgren & Williams, 2020) |
| | - "How do internal elements such as culture and leadership, and external factors like market conditions and competition, affect your decision-making process?" | | |
| Secondary Question 2: How do resilience and innovation play a role in strategic decision-making processes of South African SMEs? | - "To what extent does resilience factor into your strategic decision-making? Could you provide examples showcasing how your SME has exhibited resilience during economic uncertainties?" | To assess the role of resilience and innovation in navigating uncertainties and fostering growth. | Resilience, ambidexterity, and innovation in SMEs (Caballero-Morales, 2021; Clauss et al., 2021) |
| | - "In what ways do you integrate innovation into your strategic decision-making processes? Could you provide some examples?" | | |
| Secondary Question 3: What is the impact of external underpinning and business networks on the strategic decision-making of South African SMEs? | - "What kind of assistance (e.g., government aid, business contacts) have you utilised when facing difficulties?" | To understand how external support systems, including business networks and government aid, influence SME strategies. | External support and network (Clauss et al., 2021; St-Pierre et al., 2018) |
| | - "How have these external aids impacted your decision-making?" | | |

| | | | |
|---|---|---|---|
| <p>Secondary Question 4: How do South African SMEs find a balance between short-term survival and long-term growth during economic turbulence?</p> | <p>- “How do you manage the immediate survival needs of your SME alongside long-term growth goals?”</p> <p>- “What tactics have you put in place to ensure both short-term success and long-term sustainability?”</p> | <p>To explore strategies used by SMEs to ensure survival while planning for long-term growth.</p> | <p>Balancing strategies for resilience (Klyver & Nielsen, 2021; Rajagopaul et al., 2021)</p> |
| <p>Secondary Question 5: Are there any differences in the strategic decision-making processes among SMEs of different sizes and sectors within South Africa?</p> | <p>- “Could you give a summary of your business, including its industry, size, and location?”</p> | <p>To assess if sectoral and size differences impact decision-making frameworks and strategies.</p> | <p>Variations in decision-making across SME sectors and sizes (Dolz et al., 2019; Klyver & Nielsen, 2021)</p> |

Appendix C: Ethical Clearance Approval

| | |
|---|---------------------------------------|
| Gordon Institute of Business Science University of Pretoria | Ethical Clearance Approved |
| <p>Dear Khalid Mahomed,</p> <p>Please be advised that your application for Ethical Clearance has been approved. You are therefore allowed to continue collecting your data. We wish you everything of the best for the rest of the project.</p> <p>Ethical Clearance Form</p> <p>Kind Regards</p> | |
| <p>This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.</p> | |

Appendix D: Copyright Form

| Copyright declaration | |
|--|------------------|
| <p>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.</p> <p>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.</p> <p>.</p> | |
| Signature: | Date: 30/10/2024 |
| Supervisor signature: | Date:31.10.2024 |

Appendix E: Thematic Analysis Saturation Table

| Thematic Codes | | |
|---|---|---|
| Emotional and Mental Resilience | Creativity and Problem-Solving Under Pressure | Shift Towards Digital Transformation |
| | | |
| Resilience | Creative Solutions | Digital Platforms |
| Positive Mindset | Problem-solving | Technology Adoption |
| Adaptability | Experimentation | Online Presence |
| Employee Motivation | Innovation | Digital Tools |
| Support | Agility | Innovation Integration |
| Communication | Brainstorming | Online Training Platform |
| Team Motivation | Adaptation | Operational Adjustments |
| Leadership Qualities | Strategic Decision-making | Online Flash Sales |
| Optimism | Alternative Solutions | Online Marketing |
| Managing Customer Expectations | Quick Response to Changes | Software Development |
| | | |
| Importance of Partnerships | Shifting Customer Preferences | Challenges Accessing Government Support |
| | | |
| Partnerships | Customer Needs | Government Aid |
| Collaborative Decision-making | Customer Behaviour | External Factors |
| Reliable Partners | Customer Relationships | Financial Constraints |
| Partnering | Customer Feedback | Supply Chain Disruptions |
| External Support | Customization | Regulatory Challenges |
| Supplier Relationships | Loyalty Programs | External Support |
| Business Networks | Online Presence | Flexible Payment Options |
| Joint Ventures | Customer Retention | Funds Management |
| Supportive Suppliers | Market Trends | Financial Resources |
| Networking | Adjusting Strategies | Operational Cost Management |
| | | |
| Reliance on Personal and Family Support | Balancing Survival with Long-Term Growth | |
| | | |
| Family Background | Cash Flow Management | |
| Personal Involvement | Cost Management | |
| Collaborative Decision-making | Long-term Growth Strategies | |
| Team Culture | Inventory Management | |
| Support | Diversification | |
| Collective Decision-making | Training Programs | |
| Employee Well-being | Product Offerings | |
| Hierarchy | Strategic Decision-making | |
| Leadership Influence | Cost-cutting | |
| Motivation | Operational Efficiency | |

| Data Saturation Cross Code Co Occurrence | | | | | | | | | | | | | |
|---|---|--|--|--|---|---|---|---|---|---|---|---|--------|
| | Interview w Participant number 9 Gr=51 | Interview w Participant number 10 Gr=58 | Interview w Participant number 11 Gr=86 | Interview w Participant number 12 Gr=41 | Interview w Participant 1 Gr=37 | Interview w Participant 2 Gr=23 | Interview w Participant 3 Gr=21 | Interview w Participant 4 Gr=19 | Interview w Participant 5 Gr=18 | Interview w Participant 6 Gr=17 | Interview w Participant 7 Gr=13 | Interview w Participant 8 Gr=14 | Totals |
| Totals | 574 | 631 | 1031 | 463 | 687 | 355 | 329 | 337 | 319 | 319 | 248 | 265 | 5558 |
| Intentional codes Gr=357; GS=1785 | 51 | 58 | 86 | 32 | 37 | 23 | 21 | 19 | 18 | 17 | 13 | 14 | 389 |
| ○ Decision- making Processes Gr=333 | 48 | 53 | 82 | 30 | 37 | 20 | 19 | 18 | 17 | 15 | 12 | 12 | 363 |
| ○ Balance of Survival and Growth Gr=238 | 26 | 27 | 47 | 22 | 34 | 19 | 16 | 17 | 14 | 16 | 10 | 12 | 260 |
| ○ External Support and Networks Gr=238 | 27 | 26 | 50 | 22 | 34 | 18 | 15 | 16 | 14 | 15 | 11 | 12 | 260 |
| ○ Influencing Factors Gr=238 | 25 | 29 | 51 | 22 | 34 | 17 | 16 | 16 | 14 | 15 | 10 | 11 | 260 |

| | | | | | | | | | | | | | |
|--|----|----|----|----|----|----|----|----|----|----|----|----|-----|
| ○ Resilience and Innovation Gr=232 | 25 | 26 | 47 | 21 | 34 | 17 | 17 | 16 | 15 | 14 | 10 | 11 | 253 |
| ○ Balance of Survival and Growth: Internal Factors Gr=155 | 18 | 19 | 31 | 14 | 21 | 14 | 11 | 11 | 9 | 8 | 7 | 6 | 169 |
| ○ Resilience and Innovation: Frameworks Gr=71 | 7 | 9 | 11 | 6 | 8 | 7 | 5 | 7 | 6 | 4 | 4 | 3 | 77 |
| ○ External Support and Networks: Strategic Decision-making Gr=70 | 8 | 7 | 14 | 6 | 8 | 9 | 2 | 7 | 3 | 4 | 4 | 4 | 76 |
| ○ External Support and Networks: Factors Gr=69 | 9 | 6 | 11 | 6 | 6 | 7 | 4 | 7 | 5 | 5 | 4 | 5 | 75 |

| | | | | | | | | | | | | | |
|---|----|---|----|---|---|---|---|---|---|---|---|---|----|
| ○ Influencing Factors: Strategies Gr=66 | 10 | 7 | 10 | 6 | 8 | 4 | 5 | 6 | 4 | 4 | 4 | 4 | 72 |
|---|----|---|----|---|---|---|---|---|---|---|---|---|----|

