

**Crisis response strategies of established SMEs in a resource constraints  
environment.**

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## **ABSTRACT**

The purpose of this research is to investigate the crisis management strategies used by owner managers of established SMEs to survive and overcome business crisis. The study uses contingency theory alongside the general crisis management model to explore crisis triggering events in SMEs, the crisis response strategies they employ during crisis and further examine the learnings derived from the crisis experience. Using a qualitative narrative inquiry, in-depth interviews were conducted with 12 owner managers of established SMEs and inductively analysed to extract response strategies used in the face of various types of crisis. Through thematic analysis, different types of crisis and factors contributing to the causes of crisis were also uncovered.

The study found that owner managers engage in adaptive and proactive response strategies embedded in various survival tactics, adaptation business model and stakeholder management to navigate crisis periods. The results reveal that learning from crisis brings positive change and resilience. The study has revealed the dire need to assist SMEs to develop and implement crisis and risk management plans to mitigate failure.

**KEYWORDS:** Crisis management, SMEs crisis management, entrepreneurship, causes of business crisis, SME crisis response strategies

## **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.

Ditumisho Antonella Sedibe 01 December 2020

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## **CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM**

### **1.1 Introduction**

This research explores the crisis management strategies of owner managers of established Small to Medium Enterprises (SMEs). In this chapter, the objectives of the research are outlined in relation to the identified research problem. The researcher further outlines the academic and business contribution the research seeks to achieve through the findings. The chapter commences with an outline of the pertinent issues that underpin the study as well as the problem statement the study seeks to address.

### **1.2 Background to the research problem**

The 21<sup>st</sup> century has witnessed a series of devastating global crises characterised by natural disasters, economic and financial meltdowns, pandemics, terror attacks, corporate scandals, and riots to name a few (Cui, Wang, & Wenjie, 2016), which have highlighted the importance of effective crisis management to remain sustainable as a business (Doern, Williams, & Vorley, 2019) and (Kuckertza, et al., 2020). However, crisis does not only refer to the spectacular, few and far, one-off events (Topper & Lagadec, 2013). "Crisis applies to all situations that are unwanted, unexpected, unprecedented and almost unmanageable causing uncertainty" (Boin, Kofman-Bos, & Overdijk, 2004, p. 150)

Crises are widely developing into an integral component of business activity (Doern, 2016) that can threaten the functioning and sustainability of all types of organisations (Williams, Gruber, Sutcliffe, Shepherd, & Zhao, 2017) and (Boin, 2009). The way organisations respond to crisis could lessen the negative impact on the organisation and avoid failure or could cause further harm (Doern, 2016). Crises and crisis management studies exist in abundance, however, existing literature in this field has been predominately focused on large organisations (Doern, 2016); (Bundy et al., 2017); (Herbane, 2013); (Buchanan & Denyer, 2013); (Herbane, 2010) and (Runyan, 2006). This is surprising considering the social and economic value of small businesses and their vulnerability to crises given their resource constraints (Giannacourou, Kantaraki, & Christopoulou, 2015) and weak preparedness to deal with such eventualities (Becken & Hughey, 2013); (Doern et al., 2019) and (Herbane, 2010).

Previous studies of crises and crisis management in small businesses such as (Runyan, 2006) and (Doern, 2016) have found that crisis can result in losses, contraction and cash flow interruptions and in other instances pressure on small businesses to cut jobs and complete failure. Scholars such as (Brünjes & Revilla, 2013) argue that crises present new opportunities and may bring about positive change. However, there is no consensus on the kinds of crises that lead to business opportunity and the required prerequisites for crisis to turn into an opportunities. Therefore, limited literature and contracting perspectives on the impact of crisis allude to the need for further research to develop overall understanding of small business survival.

Limited studies have mainly focused on crises caused by exogeneous factors such as natural disasters and terror attacks (Herbane, 2010); (Doern et al., 2019) and (Deverell, 2020). This is owing to the fact that the foundation of crisis management literature has predominately defined crises from an 'event' perspective (Williams et al., 2017) which emphasises that crises are unpredictable or unexpected, sudden, unambiguous and exceptional events such as natural disasters (Pearson & Clair, 1998) and (Boin, 2009). As a result, this foundation has favoured studies on large organisations that generally come under the spotlight in times of such crises and neglected other types of crises faced by small businesses that may influence the outcome of the business.

Entrepreneurship scholars have challenged this biased focus on crisis events, calling it narrow and limited in scope, and have called for authors to expand crisis literature to investigate other types of crises, especially those that occur gradually where triggers could arise from mundane functions (Doern et al., 2019); (Lalonde & Roux-Dufort, 2013) and (Williams et al., 2017). Doern et al., (2019) argues that shifting focus from big crisis events such Tsunamis, provides an opportunity for researchers to better investigate different types of crisis faced by small businesses, the causes and strategies they employ to handle such crisis. Such research is expected to produce a richer understanding of crisis management in small businesses.

Small businesses in South Africa operate under extreme business conditions characterised high unemployment rate, very low economic growth, low skills, difficulties accessing funding and markets and with a high level of failure rate amongst small businesses (Beaureu for Economic Research, 2016); (Stats SA, 2019); (Herrington & Kew, 2016). A high failure rate of businesses in most economies (Byrne & Shepherd,

2015) and particularly South Africa (Fatoki, 2018) necessitates a need for deeper understanding of entrepreneurship. Research has established that the actions of small business owners during unplanned interruptions or crisis could sustain or lead to premature failure of small businesses (Doern, 2016). Accordingly, authors such as Korber & McNaughton (2017) have called for further research to focus on what entrepreneurs do when faced with disruption, unexpected situations, or crisis.

This research, through qualitative research methods anchored on contingency entrepreneurship as the theoretical framework, attempts to answer the call by (Doern et al., 2019); (Korber & McNaughton, 2017); (Herbane, 2013) and (Herbane, 2010) to expand crisis research on how small business owners respond to business crises brought about by some external or internal triggering events. Employing a narrative inquiry, the study explores crisis management strategies used by established SME owner managers. Through this inquiry, the types of crises encountered by SMEs are revealed. including unique crisis triggering events and the crisis response strategies owners use to survive and overcome crises. The exploration of the survival strategies is key to mitigate premature failure.

### **1.3 Practical Research Problem**

Prominent crisis scholars, Kash and Darling (1998, p. 179) claimed that “It is no longer a case of ‘if’ an organisation will face crisis; it is rather a question of ‘when’, what type and how prepared’ the organisation is to deal with it”. In July 2020, (Stats SA, 2020) reported that the South African Gross Domestic Product (GDP) contracted by 51% in the quarter April to June 2020. This follows the severe lockdown measures instituted by government to combat the spread of the novel coronavirus or COVID-19 pandemic which was discovered in Wuhan, China in late 2019 (UNDP South Africa, 2020). The pandemic hit South Africa in the middle of a technical recession after two consecutive months of negative growth in 2019, that is, -1.8% in 3<sup>rd</sup> quarter and -1.4% in 4<sup>th</sup> quarter (Stats SA, 2019), coupled with Moody’s downgrade of the sovereign credit rating to junk status (The Banking Associating Association of South Africa, 2020).

Entrepreneurship and small businesses are considered key economic drivers of growth (Gorgievski & Stephan, 2016) and top priority sectors for economic growth and job creation in SA (Beaureu for Economic Research, 2016) due to the 30% unemployment

rate for the first quarter of 2020, which is considered one of the highest in the world (Stats SA, 2020). At least 65% of employment in SA is accounted for by SMEs (SEDA, 2016). Despite various efforts to support the growth and development of SMEs, the Global Entrepreneurship Monitor (GEM) reported that SA still has one of the highest failure rates of SMEs, with the rate of discontinuing established businesses in 2019 higher than that of continuing businesses (GEM, 2019). Factors contributing to the discontinuance of small businesses could be external or internal (Omoredede, 2019) and (Fatoki, 2014). External (environmental) factors include the bad economy, policies, politics and competition, whereas internal factors include education, skills levels, resilience, and leader's actions amongst others (Fatoki, 2018). This study presents an opportunity to investigate how owner managers of SMEs manage crisis situations and continue to operate in the face of disruptions.

The unprecedented nationwide lockdown with restrictions on local and international travel interrupted normal ways of conducting business (McKinsey & Company, 2020). The impact was immediately felt by SMEs as many reported close to 90% fall in revenue (Small Business Institute, 2020), decline in demand for goods and services and a halt in projects amid economic and social uncertainties created by the pandemic (McKinsey & Company, 2020) and (Small Business Institute, 2020). The National Small Business Chamber (2020) reported that 79% of 1 000 SMEs surveyed in April 2020 did not expect to survive the COVID-19 crisis. Their survey also revealed that most SMEs surveyed did not have cash reserves to survive beyond 30 days and were at risk of a permanent shut down. Although various COVID-19 relief funds for SMEs were put in place, it was reported that only 6% of SMEs surveyed received assistance (National Small Business Chamber, 2020).

The external shock from COVID-19, coupled with the inevitable adversities of running a business (Williams et al., 2017) and pre-existing poor economic conditions, presents a tough operating environment for SMEs. Some scholars have found that entrepreneurship thrives in tough economic conditions and argue that the nimbleness of SMEs allow them to navigate such conditions better than large companies (Simon-Moya, Revuelto-Taboada, & Ribeiro-Soriano, 2016). However, other studies have shown that SMEs are vulnerable during economic downturns (Lai, Saridakis, Blackburn, & Johnstone, 2016) and (Bourletidis & Triantafyllopoulos, 2014) that crises are detrimental to small businesses (Bartz & Winkler, 2016). Given South Africa's low levels of entrepreneurial activity and high failure rate of SMEs, the study holds the view that prolonged weak economic

conditions enable incessant and frequent crisis triggering events that threaten the existence of SMEs.

This means that SME managers must be prepared when crises arise from whatever direction. Just how SME owner managers respond to crisis and what triggers crises in these organisations remain speculative due to the paucity of empirical research in this area. Authors have noted that lack of financial resources, poor human capital and time constraints limit small business's capability to plan for crisis (LiPuma, Newbert, & Doh, 2013). Without strategies to manage crises, the risk of significant financial loss or business closure is higher when an unexpected and unplanned interruption occurs (Scherdin & Zander, 2014).

#### **1.4 Academic research problem**

There is limited research on crisis management strategies employed by small business owners (Doern et al., 2019). Buchanan & Denyer (2013) state that crisis response management has been speculative and mainly prescriptive in terms of best practice, however, empirical studies on response management are lacking. Doern et al., (2019) argue that the lack of literature in this area can be attributed to the fact that researchers have predominantly focused on rare and unexpected events such as natural disasters and thus limiting the research scope of crisis management studies in small businesses where crisis can arise from everyday nuances such as an 'accumulation of business imperfections (Williams et al., 2017) and Roux-Dufort, 2016). In order to address the scant crises literature in small business, scholars have called authors to expand crisis research to include both crises, that is, crisis related to rare and unexpected events such as COVID-19 pandemic and crisis attributed to internal business weaknesses and vulnerabilities (Williams et al., 2017) and (Doern et al., 2019). This research attempts to fill this gap through an empirical study that investigates the responses strategies of small business owners and the types of crises they face.

In addition, the general bias to concentrate only on rare crises such as natural disasters have produced case studies specific to the contexts of those countries. For example, Doern's (2016) study on the experiences of small businesses during the London 2011 riots; Runyan (2006) and Marshall & Schrank's (2020) study on responses and recovery from Hurricane Katrina in the United States; Sfakianaki, Iliadis, & Zafeiris's (2015) study

on crisis management under an economic recession in Greece; a survey study on the reliance of entrepreneurs to natural disasters in Italy (Martinelli & Tagliazucchi, 2018); and recent survey study on the impact of the COVID-19 pandemic on small businesses in Germany (Kuckertza, et al., 2020). Although such studies reveal great insights, most were conducted in developed nations with advanced institutions, resources and sophisticated entrepreneurship ecosystems that enable SMEs to thrive (LiPuma, Newbert, & Doh, 2013). To this date, small business crisis literature in emerging markets is rare, notes Doern et al., (2019). Therefore, this research aims to fill the gaps identified and attempts to investigate crisis response strategies of owner managers of established SMEs in Gauteng, South Africa.

### **1.5 Research objectives**

The overarching purpose of the study is to explore crisis management strategies of small business owner managers given their limited resources. Thus, the following are the objectives of the study:

- (a) To explore how established small business owners have responded to and survived crisis;
- (b) To explore the triggers of crisis in small businesses and investigate how these triggers occur; and
- (c) To explore the aftereffects of crisis on small business, especially to explore and establish any learnings derived from crisis.

### **1.6 Contribution of the study**

The academic contribution of this research is to add to the new body of literature on entrepreneurship and small business crisis management by expanding crisis to both rare crisis events and other crises as may be experienced by small businesses. Studying the responses of small business owners who have survived crises presents a learning opportunity on the intricacies of building and growing a business with limited resources in an emerging market.

The researcher aims to make a practical contribution to small business development and crisis survival through the findings of the research. The findings can be utilised to assess and recommend appropriate support for small business when formulating business

interventions. In addition, findings derived from the study can be used to capacitate and equip small business owner managers with strategies that will assist them to navigate crisis and reduce its impact on business operations and discontinuance. Furthermore, the findings offer insights on the types and causes of crises in small businesses and shed insight on preventable crisis. It is the aim of the researcher to ensure that the study enables small business owners derive key learnings from peers in their contexts and apply such learnings to further advance their businesses.

## **1.7 Conclusion**

This section presented the specific gaps in entrepreneurship and crisis management studies. Mainly, literature has neglected crisis research in the context of SMEs and existing literature has focused on small business owner's responses to exogenous crisis such as natural disasters without paying attention to internal processes that trigger crisis events in this sector. SMEs in South Africa contribute at least 65% of employment and make up 95% of commercial businesses and are therefore a critical sector for economic growth. Crises are more common than previously envisaged and organisations that survive are those that prevent or manage crisis effectively. A research investigating the crisis management strategies of SMEs and understanding the types and causes of crises they face is warranted to enrich our understanding of crisis in order to address the high failure rate of SMEs and promote growth.

The next chapter will develop a theoretical framework for this study through reviewing crisis and crisis management literature in detail, including an account of crisis definitions by prominent scholars, conflicting perspectives on crisis management approaches as well as crisis typologies. .



## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

This study sought to investigate crisis management strategies of owner managers of established SMEs. This chapter presents a critical review of literature and past studies to highlight gaps the research aimed to fill. This chapter starts by exploring and clarifying the concept of crisis and crisis management to deepen the conceptual understanding of the constructs and thereby lay a foundation for this study. A review of contingency theory and crisis management models is conducted to provide the reader with the theoretical framework employed to understand how owner managers respond to crisis. A summary of crises typologies is provided followed by a brief section distinguishing crisis from other related concepts such as disaster, risk, incidence, and issue. Past crisis studies in SMEs are reviewed to highlight specific gaps for this study.

### **2.2 Defining crisis**

Crisis is a multidisciplinary phenomenon (Coombs, 2014) and (Zamoun & Grope, 2018) that is rooted in Greek, medicine, psychology, sociology, organisational studies, industrial and environmental studies (Deverell, 2012) and (Forgues & Roux-Dufort, 1998). As a result, scholars have not agreed on one definition of crisis (Frandsen & Johansen, 2020) and (Coombs, 2012). However, authors agree that crisis is broadly conceptualised as an event and a process (Williams et al., 2017). Below is a review summary of key event-type and process-type crisis definitions. From this review, the author derived this study's definition.

#### **2.2.1 Event-type crisis**

The most cited early definition of crisis is by Hermann, (1963; p.64), "An organisational crisis (1) threatens high priority values of the organisation, (2) presents a restricted amount of time in which a response can be made, and (3) is unexpected or unanticipated by the organisation". Following on Hermann's approach, Pearson & Clair, (1998, p. 10) defined crisis as "a low-probability, high-impact event that is perceived by critical stakeholders to threatens the viability of the organization and that is subjectively experienced by these individuals as personally and socially threatening".

Pearson and Clair's (1998) definition is the most cited definition in crisis and disaster studies. Event-type crisis definitions are generally used interchangeably with disaster, emergency and catastrophe (Herbane, 2010). However, authors agree on is that crisis is a socially constructed concept according to one's responsibilities, beliefs and interpretations (Drennan, McConnell, & Stark, 2015) and thus is one thinks there is a crisis therefore, a crisis exists Coombs (2014, p.3).

The researcher noted the following: Firstly, authors using this definition were focused on large complex organisations (Pairote & Patipan, 2018), industrial and technological organisations with a focus on accidents and incidences (Quarantelli, 1988), politics and public policies (McConnell, 2011) and (Boin, 2009). Secondly, the studies were concentrated on environmental and social disasters, for example natural disasters (Quarantelli, 1988); (Runyan, 2006) and (Marshall & Schrank, 2020) and public riots (Doern, 2016). Thirdly, the rising focus on public relations and stakeholder management during crisis increased studies in crisis communications and popularised public relations response strategies such as (Coombs, 2006) and (Boin, 2009) in relation to large catastrophies. The low probability, high consequence has thus favoured research towards the rare one-off crisis. Linnenliecke, (2017) observed, during the 1980s and 1990s, scholars were concerned with major industrial accidents with far reaching consequences such as oil spills at Exxon Valdez.

### **2.2.2 Process crisis**

Perrow, (1984) laid the foundation for the process-type crisis perspective in his study on 'normal crisis'. He asserted that crisis are normal and the surprise element comes from the fact that one does not know when the crisis will occur as opposed to if it will happen (Buchanan & Denyer, 2013). This was further corroborated by (Roux-Dufort, 2016) who states later stated that crisis maybe unpredictable but not unexpected. The process view was further extended by Shrivastava, (1994) in the context of technological risk and crisis. He referred to crises a "processes of severe disruption and harm originating from organised industrial activity" (p.10). Several authors have defined crisis as a process, for example (Mikušová & Horváthová , 2019) stated that crisis is a progressive process of change that rejects longstanding systems because they are no longer fit for purpose. Deverell, (2012) argued that crises are not "bona fide surprises" because there tend to be sufficient signs and warning signals that precedes the crisis.

This means that process-type crisis occurs in phases over a period of time and not suddenly and unexpectedly as other scholars have previously claimed. This perspective suggests that crisis can be traced to its roots and causes can be uncovered; the so-called “geoneology of crisis” which can be tracked before the crisis outbreak (Forgues & Roux-Dufort, 1998) and (Doern et al., 2019). This view posits that crisis goes beyond the extreme and isolated point in time events. Roux-Dufort, (2016) asserts that crisis must be viewed in light of the “accumulation of organisational imperfections and managerial ignorance” and such dysfunctions combined with everyday adversaries create vulnerabilities (Williams et al., 2017) that may trigger crisis. As such, crisis-event, is only part of the process.

Roux-Dufort, (2016) debated that a specific and identifiable triggering event precedes crisis. Organisational and environmental conditions can create triggers (Roux-Dufort, 2016) and these triggers have a distinct origin that can be traced. Shrivastava, (1993, p. 30) classified causes as triggers, “the antecedent conditions that allowed failures to occur”. The key aspect with triggering events is the actual meaning that is construed and interpreted by the perceiver. Keown-McMullan, (1997) argued that for a situation to be considered a crisis it must have a triggering event of which, if perceived to threaten the organisation and creates difficulties to cope, will cause a crisis. Thus, understanding triggers helps identify and understand when the crisis set in as perceived by the interpreters and the actions taken at that particular time.

Consequently, Williams et al., (2017) proposed a crisis definition that incorporates both process and events perspective. Williams et al., (2017, p. 1) defined crisis “as a process such that over time there is a weakening or degeneration that can culminate in an event that disrupts the organization’s normal functioning. This weakening or degeneration in turn may result from daily disturbances that must be overcome by the organization (e.g. strategic drift) and/or extreme low probability events (e.g., natural disasters)”. Doern et al., (2019) asserts that a process-type crisis definition is yet to be explored in entrepreneurship. They argue that the process view could better encapsulate the types of crisis SMEs confront and provide insight as to how such crises they arise. Williams et al.’s., (2019) definition was used as a starting point for data collection.

### **2.2.3 Authors definition of crisis**

Combining both event-type and process-type crisis, this study proposes this definition.

*“A crisis is an unplanned, uncertain and negative situation that has developed gradually or suddenly, triggered by internal or external factors and perceived to be highly harmful, undesirable and threatening to one or more key parts of the business or the entire organisation now or in the near future. The situation requires urgent attention from those responsible to intervene with appropriate actions in order to minimise harm and sustain the business or organisation”.*

### **2.3 Crisis typologies and impact**

Crisis have also been described in typologies such as scale, impact, nature and origins (Buchanan & Denyer, 2013). For example, scholars have differentiated between ‘major’ and ‘minor’ crises. An earthquake is a major crisis, whereas a sick employee is a minor crisis (Doern, 2019). Scholars have also distinguished crisis by its origins such as internal crises (occurring and induced from within an organisation, for example, employee theft or negligence) and external crises (induced from without the organisation, for example, community riots) (Bundy et al., 2017).

Crisis causes have also been reviewed extensively and authors have noted causes such as human induced crisis (for example, kidnapping and managerial mistakes), climate, systems, structural and technological failures (Deverell, 2012). Broadly, crisis has been identified according to its discipline and technical nature such as organisational, environmental, economic, financial, political, leadership, health, social, industry, and personal crisis (Deverell, 2012).

Furthermore, a critical feature in crises classification is their impact or outcome they produce. The impact is mostly regarded as negative and unwanted, such as loss of reputation and financial loss (such as, drop in revenue and increased costs trying to rebuild after the crisis) (Herbane, 2013) and indebtedness (Mikušová & Horváthová, 2019). (Eggers, 2020) emphasised that in crisis, SMEs become even more riskier to financial institutions which impacts their ability to raise funds. He further states that this is worse for those SMEs that did not have a solid record and relationship with their banks. However, Marshall & Schrank, (2020) found that the impact of crisis on SMEs may be minimal in

some cases and significant in others. They argued that the nature of the business, decisions of the owner or leaders, industry the background of the business owner, financial position and location moderated the impact. An increasing number of scholars have recognised that crises often produce positive outcomes and present opportunities (McConnell, 2011); (Antonacopoulou & Sheaffer, 2013) and (Seeger, Ulmer, Novak, & Sellnow, 2005). Therefore, the position on impact or outcome is inconclusive and require further exploration.

Typologies in themselves do not provide insights into the dynamics and processes of crises (Forgues & Roux-Dufort, 1998). However, such typologies are useful in terms understanding the complexity of crisis and identifying the type of response and management that can be applied.

## **2.4 Distinguishing crisis from disaster, risk, incidences and issues**

Because of its multidisciplinary roots, crisis often overlap with other disciplines such as risk, issues/problems, incidences, and disaster. These are briefly described below however they fall outside the scope of this research. These are highlighted to show how they influence crisis management strategy.

### **2.4.1 Disasters**

According to Roux-Dufort, (2016) disasters are major incidents caused by nature and a type of extreme crisis. Often referred to as catastrophes, these are linked to event-type crisis.

### **2.4.2 Risks**

Studies have attributed several corporate disasters and crises such as, BP oil spill and fall of Lehman Brothers, to failure to anticipate and manage risks (Pairote & Patipan, 2018). Theoretically all crises include an element of risk, however, not all risks present a crisis (Pairote & Patipan, 2018).

### **2.4.3 Incidents**

According to Coombs, (2014, p.4) incidents are “minor and localised disruptions” that do not threaten the entire organisation. Incidents are contingent and isolated events rather

than routines (Roux-Dufort, 2016). From the literature review, major incidents causes a crisis

#### **2.4.4 Issues**

The most frequently cited definition of an issue comes from (Chase, 1984, p.38) and states that an issue is “an unsettled matter which is ready for decision”. An issue is considered a condition or events or current problem that poses a risk to the organisation and if left unresolved can turn into a crisis and thereby threaten the entire organisation (Jaques, 2007). Failure to manage issues results in crisis (Zamoun & Grope, (2018), Therefore, to avoid a crisis, an organisation must proactively manage issues (Zamoun & Grope, 2018).

#### **2.5 Theoretical framework - Contingency theory**

Contingency theory was popularised by Fred Fiedler in 1964 through his article, “*A Contingency Model of Leadership Effectiveness*”. The premise behind contingency theory is that the best course of action is contingent upon the situation and there is no universal way of organising (Fiedler, 1964) and (Cui et al., 2016). The core underlying assumption of this theory is fit (Kulkarni, 2017). What is effective in some situations may be ineffective in others (Fiedler, 1964). The theory suggests that the best management style is the one that fits, and fit is determined by array of factors including the nature of the organisation, internal and external resources. Therefore, in turbulent environments, an organisation should be able to adapt itself.

Contingency theory is not without limitations. Mainly, the theory has be criticized for being reactive in nature and the lack of clarity around the interactions of the contingent factors (Schoonhoven, 1981). However, other studies have shown that if the contingent factors are adequately analysed, proactiveness is attained (Grötsch, Blome, & Schleper, 2013). Crises are unplanned; therefore, a contingency response is likely to be reactive. The goal of contingency is fit, being able to adapt according to the situation. SMEs are dynamic in nature and expected to adapt their strategies as the situation unfolds. This may involve trial and error until the right response is archived.

Contingency theory is applicable in this study for these reasons. Firstly, relevance has been established in entrepreneurship and in some instances contingency is considered a resource for entrepreneurs (Harmeling, 2011). Giannacourou et al's., (2015) study on the perception of crisis by Greek SMEs found that SMEs responded differently to crisis. They

asserted that SMEs responses are contingent upon their internal position, whether strong or weak, prior to the crisis and uncertainties presented by external conditions such as weak economy. Kuckertza et al., (2020) found that SMEs pursued different strategies in responding to the COVID-19 pandemic. Doen et al, (2019) posits entrepreneur's responses to crisis depends on factors such as their experience, key personal attributes of the owner managers, stage of business, resources and type of crisis. Due to the distinct and dynamic nature of SMEs and entrepreneurship, this paper holds the view that the assumptions of contingency theory are applicable in how established small business owners responds to crisis.

## **2.6 Crisis management**

Crisis management is part of management planning and strategy (Fener & Cevik, 2015). The essence crisis management is to prevent or lessen the damage, contain the crisis, and limit the negative outcomes (Coombs, 2014). Bundy et al., 2017, p.1663) broadly defined crisis management as "organizational leaders' actions and communication that attempt to reduce the likelihood of a crisis, work to minimize harm from a crisis, and endeavor to reestablish order following a crisis". According to (Mikušová & Horváthová , 2019), it is a process by which business handle disruptive and unforeseen events that could destroy the organisation and its stakeholders. In large organisations, crisis management involves other team members who form part of a crisis management team (Coombs, 2014). SMEs which have not yet developed into large teams may not have the luxury of a crisis team, and therefore reliant on the owner manager.

According to Fener & Cevik, (2015, p.697) crisis management is "the process where the indicators of crisis are obtained and assessed for the risk of a potential crisis and where necessary measures are taken and applied in order to experience minimum loss in a state of crisis". Zamoun & Grope, (2018) defined crisis management as a proactive process of preparing for a crisis prior to it occurring, during and after the crisis. Herbane, (2013) states crisis management is planning, preparing and responding to threats that may impact operational activities.

Despite the different crisis management definitions; there is convergence on notion that crisis management is not just one thing, rather it is a three tiered process involving the pre-crisis, during crisis and post crisis phase (Coombs, 2014); (Mikušová & Horváthová,

2019); (Boin, 2009) and (Bundy et al., 2017). The three process model incorporates instrumental crisis approaches such as Steven Fink’s four stage life cycle model and Ian Mitroff’s five stage model. A holistic crisis management plan incorporates Risk Management or Enterprise Risk Management (ERM) and Business Continuity Plans (BCP) Coombs (2007) and Herbane (2013).

## 2.7 Crisis management model

A brief outline of the crisis management model is provided in this section. Although there are other models, the three stage or general model, Fink and Mitroff’s models are the most notable Coombs (2014). A summary of the model is also depicted in Table 2.1 below. The crisis management model aligns with contingency theory because it context specific, planned responses may not fit the context and require adjustments at each stage.

Table 2.1: Summary of key crisis management models

General model	Fink’s model	Mitroff’s model
3- stage	4-stage	5-stage
Pre-crisis	Prodromal	Signal detection
		Probing detection
During crisis	Acute	Containment
	Cronic	
Post-crisis	Resolution	Recovery
		Learning
<b>Critique</b>		
The three stage model is criticised for being too generic. Moreover, life cycle models too linear and assumes a chronological order of events where rising issues are handled one at a time, whereas, crisis is dynamic and the reality is that they are managed simultaneously (Jaques, 2007).		

Source: Own work, adapted Coombs (2014).

### 2.7.1 Stage 1: Pre-crisis

The pre-crisis stage involves preparation and prevention of crisis (Mikušová & Horváthová, 2019). Fink’s (1986) model used medical metaphors, and he called this stage prodromal



phase where clues and warning signs emerge. He asserted that crisis outbreak can be prevented if warning signs are heeded timeously. Prolific crisis scholar Ian Mitroff named this stage signal detection stage, where warning signs can be identified and managed to prevent crisis (Pearson & Mitroff, 1993). The effectiveness of crisis management is in preventing the crisis from occurring in the first place (Pearson & Clair, 1998) and (Coombs, 2014). Crisis anticipation is embedded in this phase (Doern et al., 2019), which overrides the idea of crisis being a surprise and previously defined by Hermann (1968).

A critical component of this stage is formalising plans and processes through BCPs (Herbane, 2013), issue management (Jaques, 2007) and ERMs (Mikušová & Horváthová, 2019) and (Drennan, McConnell, & Stark, 2015). BCP and ERM fall outside of the scope of this research, however, key to crisis management planning. ERM is a proactive and formalised strategic plan that involves risk identification, assessment, response, mitigation and monitoring (Pairote & Patipan, 2018). It is designed to assist organisation to detect and manage risks before they cause a crisis. It also entails noting and handling issues and incidents management. BCP provides an organisation with a framework to avoid and reduce downtime and minimise negative effects of a crisis (Herbane, 2013). Staff training is also an essential element of the process.

### **Triggers and causes of crisis**

Triggers and causes of crisis occur in the pre-crisis stage. As such, effective preparation and prevention plans during this stage should assist to identify and classify triggering events so as to prevent and manage the crisis. This also helps to pick up the source of the crisis (Gopinath, 2005). (Penuel, Statler, & Hagen, 2013, p.954) defined trigger event is any event that sets a course of action in motion or an event that precipitate other events". Trigger events could be immediate or delayed and other not noticeable because when they occur no one is there or only a handful of people know what they are (Penuel et al., 2013).

Picking up triggers requires a study and analysis to identify important trends (Gopinath, 2005). Gopinath (2005, p.2) states that "understanding of the role of triggers will help management take appropriately strong corrective action in time to avoid a crisis". A triggering event could come from internal or external sources (Williams, 2017) and recognition of triggering events should happen early enough otherwise to prevent crisis, otherwise they are notice of a real crisis situation. Triggers aligns with Fink's (1986) model

which begins with a trigger. The challenge with identifying triggers is that they can be subjective. Therefore, they need to be prescriptive and clearly distinguished. However, crisis is subjective, as such it is sensible for triggers to depend on the perciever.

### 2.7.2 Stage 2: During crisis

This stage is the response phase or the outbreak/accute phase according to Fink (1986); it is when crisis hits. A triggering event activates the crisis and threat is realised resulting in damage. This phase may linger for some time, becoming chronic, until is fully contained and things are back to normal or a new normal (Fink, 1986). Pearson and Mitroff (1993) called this phase damage containment. The essence of this phase is that organisational actors have to take actions that mitigate the crisis and minimise the impact of the crisis and limit further deterioration (Coombs, 2014). The success of the response is dependant on how well phase one was executed. Provided phase one one was well executed, then organisation’s interventions are proactive (Fink, 1986). On the same token, failure to prepare creates and perpetuates reactive responces.

### Crisis response strategy

A crisis response strategy is a key component of stage two of the crisis management model. A response strategy must consider both the internal and external environment including stakeholders (Mikušová & Horváthová , 2019). Crisis response strategies are “what an organisation says and does after a crisis hits” (Coombs, 2006, p. 245). These are efforts to minimise and limit the negative impact of crisis. Developed within the context of public relations and reputation management, Coombs (2006) outlines various response strategies to match with a crisis type or crisis situation. Coombs (2006) asserts that specific crisis situation requires certain response strategies. A summary of these stratgies is provided in a table below.

Table 2.2 Summary of crisis response strategies

Response Strategies	Tactical response	
Deny Response Option	Attack the accuser	Crisis manager confronts the person or group claiming something is wrong with the organization.
		The organization threatened to sue the people who claim a crisis occurred.
	Denial	Crisis manager asserts that there is no crisis.
		The organization said that no crisis event occurred.

	Scapegoat	Crisis manager blames some person or group outside of the organization for the crisis. The organization blamed the supplier for the crisis.	
Diminish Response Option	Excuse	Crisis manager minimizes organizational responsibility by denying intent to do harm and/or claiming inability to control the events that triggered the crisis. The organization said it did not intend for the crisis to occur and that accidents happen as part of the operation of any organization.	
		Justification	Crisis manager minimizes the perceived damage caused by the crisis. The organization said the damage and injuries from the crisis were very minor.
	Deal Response Option	Ingratiation	Crisis manager praises stakeholders and/or reminds them of past good works by the organization. Crisis manager praises stakeholders and/or reminds them of past good works by the organization. The organization thanked stakeholders for their help and reminded stakeholders of the organization's past effort to help the community and to improve the environment.
			Concern
Compassion			
Regret		The organization offered money and products as compensation. Crisis manager indicates the organization feels bad about the crisis. The organization said it felt bad that the crisis incident occurred.	

Source: Adapted from Coombs (2006)

An obvious critique of these strategies is that they mainly focus on reputation management and repair, and were developed with the stakeholder in mind. In addition, findings are inconclusive in terms their effectiveness (Park, 2017) as the conditions which makes each strategy effective differs. Furthermore, they were developed with large organisations in mind resourced with skills teams dedicated to crisis management. The SMEs on the other hand rely on the owner who is often the be it all of the business. Therefore, accordingly to contingency theory, owner managers would assess the situation and repond as they see fit, perhaps using trial and error approach. Response strategies are not fixed.

Alpaslan, Green, & Mitroff, (2009) identified four response typologies that organisations use in the response phase. These are presented in Table 2.3 below. The strategies are categorised as proactive, reactive, accomodative and defensive. These can be applied

during stage one or the preparation and stage two, which is the response phase. Similar to Coomb's (2006) response strategies, these were developed in the context of corporate stakeholder management to manage perceptions of shareholders and aimed at protecting image of the organisation.

Table 2.3: Crisis Management Behavior in Preparation and Response Phases of a Crisis

<b>Crisis management behaviours</b>	<b>Preparation phase</b>	<b>Response phase</b>
Reactive	Deny the possibility of a particular crisis.	Deny any responsibility and its effects on stakeholders Be uncooperative, hide the truth, shut all communications.
	Deny the potential effects of a crisis on the firm and its stakeholders.	Be uncooperative, hide the truth, shut all communications.
Defensive	Perform cost–benefit analyses, and prepare only for crises with high expected cost to the firm Involve stakeholders in crisis preparations, only if mandated by law.	Perform cost–benefit analyses, and prepare only for crises with high expected cost to the firm Involve stakeholders in crisis preparations, only if mandated by law.
Accommodative	Accept the possibility of the crisis and its effects both on the firm and on a broad set of stakeholder.	Accept responsibility for the crisis.
	Involve in crisis preparations a broader set of stakeholders than mandated by law.	Voluntarily attend to the needs of the victims, and tell the truth as you know it.
Proactive	Develop mutual trust and cooperation-based relationships with all stakeholders.	Anticipate that the crisis may trigger a chain reaction of other crises.
	Try to involve in crisis preparations all stakeholders that may be harmed by organizational decisions and actions.	Get the worst about yourself out on your time before the media dig it.

Source: Alpaslan et al., (2009.p.40)

### 2.7.3 Stage 3: Post crisis

Also referred to as the recovery stage (Pearson & Mitroff, 1993) or resolution phase (Fink, 1986). Pearson & Mitroff, (1993) states that in the recovery stage the organisation must attempt to resume normality as far as possible. Mitroff's model includes learning, which entails reflection and lessons learnt that will be incorporated into the preparation stage and improving current operations (Pearson & Mitroff, 1993). Fink (1986) posits that the resolution phase seeks to return to precrisis state. Coombs (2014) stated that in this stage

the organisation must aim to restore stakeholder confidence. Pearson & Clair, (1998) stated that learning from a crisis contributed to organisational improvement and emphasised that post crisis stage was more than restoring order and returning to normal; learning is a key outcome that helps to prevent future crisis.

BCPs have also become a regulatory and legislative requirement in the interest of stakeholders and the environment (Herbane, 2010). The crisis management planning process is considered a specialist field, requiring skills and technical knowledge often performed by consulting practitioners (Mikušová & Horváthová, 2019). These models were conceived around large organisations where a dedicated practitioner or team is responsible for this ongoing process (Weick & Sutcliffe, 2007). Further, models were applied based on event based crisis such as industrial accidents and natural disasters (Herbane, 2013).

Research has proven that SMEs lack the resources to enact such a process because they find it expensive and time consuming (Doern et al., 2019). Owner managers are often not equipped to handle the process themselves. This, then, leaves SMEs vulnerable to crisis.

## **2.8 Previous studies of crisis management strategies in SMEs**

As previously recorded, there are limited studies on crisis management strategies in SMEs and those available have largely focused on event-type or one-off crises. Therefore, this section may also draw literature from studies conducted in large organisations as deemed relevant. The review of past studies is organised according to the general crisis management model, pre-crisis, during crisis and post crisis to reflect past findings of in an SME context.

### **2.8.1 Pre-crisis**

Herbane's, (2013) quantitative study found that SMEs rarely possess formalised crisis plans and most go without business insurance. The lack of preparedness is a disadvantage as confirmed by Muñoz, Kimmitt, Kibler, & Farny's, (2019) study that discovered that SMEs with adequate crisis plans were in a much better position to recover from a crisis. Muñoz's et al., (2019) found that SMEs draw from learnings of past crisis and incorporate them into preparations to handle future crisis. This research is distinguished from other studies because it focused on SMEs living under continuous threat or crisis,

thus preparation was an ongoing and necessary process. Even so, the findings reveal that there were still SMEs who were inadequately prepared. This corroborates with Sfakianaki, Iliadis, & Zafeiris 's, (2015) findings that SMEs who lacked preparation and crisis management plans endured more impact during the Greece financial crisis.

However, lack of preparedness does not necessarily reflect neglect and lack of desire as LiPuma, Newbert, & Doh, (2013) argued that a variety of factors such as inadequate financial resources, poor skills and time hampered SMEs ability to enact crisis management plans. Antonacopoulou & Sheaffer, (2013) also revealed that education levels in business leaders was related to their capability to develop crisis management strategies. This point was further confirmed by (Mikušová & Horváthová , 2019)'s research which revealed that SME managers recognise the need for crisis preparation, however, many admitted that they do have the know-how.

Further, literature is silent on triggering events in SMEs. The closest study to triggering events is by (Chong & Laitinen, 1999, p.1) who developed an "early warning-signal list to predict crisis in SMEs". Their respondents, mainly failed SME owners, ranked "lack of budgetary control, deteriorating profitability and dependance on the success of one big project" high on the signal list (Chong & Laitinen, 1999, p.99). The study offers well known factors that lead to failure, however, does not fit the triggering event definition and therefore not useful to understand triggering events in SMEs. Without crisis plans, triggering events are the only signals to highlight impending crisis for SMEs. Understanding what triggers a crisis and how owner managers perceive triggers is key to crisis management strategies.

### **2.8.2 During crisis stage – response strategies**

Archibugi, Fjlipetti, & Frenz, (2013) posited that in economic crisis, firms innovate and innovation determines survival. Their survey study found that firms that survive crisis are those that aggressively increased innovation by way of new products, which constitute breakthrough innovation.. Innovation broadly could be in the form business model reconfigurations such as restructuring and processes, introducing new or enhancing products and services (Keeley, 2013). Similarly, Bessant, Howard, & Trifilova, (2012) also found that social entrepreneurs used innovation to birth new processes or products or improved services during crisis. Chakrabarti, (2015) claims that product diversification and

business model reconfigurations provided firms with cushion during economic shocks. Hausman & Johnston, (2014) blamed lack of innovation as the contributing factor to SME closures during the 2008 financial crisis. The expectation that SMEs would innovate during crisis is warranted, however, the conditions and environment that fosters innovation are different and SMEs may not always have the financial resources and time required (Eggers, 2020) which means innovation as response strategy may not be a viable option.

Close to innovation, mainstream research found that in turbulent environments, firms tend to use adaptive strategies (Schindehutte & Morris, 2001). This incorporates incremental modifications of essential elements of the business (Schindehutte & Morris, 2001). Adaptation is also closely related to contingency theory, where the external environment influences the decisions leaders make.

Following their's study on Greek SMEs during the financial crisis, (Bourletidis & Triantafyllopoulos, 2014) suggested strategies such as product innovation, price adjustments with big discounts, collaborating with other SMEs and stakeholders such as suppliers, government and local chambers. The basis for the suggestions was not clear because there was no clear link with the findings. Doern's, (2016) study on experiences of SMEs during the London riots found that SME owner managers used a combination of defensive, pricing and relational strategies. This included an attempt to minimise losses by hiding stock from looters, reaching out to their networks for support, offering discounts and improvising as needed. However, this was mainly related to retail shop owners who were in the vicinity of the riots and may not be applicable to other types of businesses. Another survey study in Iceland found evidence that professional services SMEs resorted to outsourcing of non-core functions as a response strategy (Edvardsson, 2015). These studies are useful, however, they are also very context specific with limited sample size and generalisability is limited.

Previous studies in mainstream business research have advocated for the use of negotiations as effective crisis response strategies (Varma, 2011). There is limited research on negotiations for or in SMEs during crisis. Research in this area, focuses on hostage crisis and general negotiations principles. Furthermore, Manzaneque-Lizano, Alfaro-Cortes, & Priego de la Cruz's, (2019) novel study on stakeholder management in SMEs, argued that SMEs are part of a system and they categorised stakeholders into the critical role they play in SMEs during distressed period. The study found that customers,

employees and suppliers were the most critical stakeholders for SMEs and particularly, early payment terms by customers were key to ensure SMEs sustainability and overcoming crisis. Manzanque-Lizano et al., (2019) further posited that the ability of a stakeholder to provide economic and financial relief to SMEs during crisis was key and suggested a collaboration and co-responsibility model to support SMEs during difficult periods.

An earlier study by Herbane (2010) discovered that SME owners had held different crisis perceptions compared to leaders of large organisations. His study found that SME owners held a narrow view about crisis and concentrated on aspects of cashflow and being able to pay salaries.

### **2.8.3 Post-crisis stage – recovery and learning**

A study by (McConnell, 2011) stated that the crisis recovery is never fully realised, and particularly in SMEs who lack resources and are still trying to establish themselves in the market (Corey & Elizabeth, 2011). According to McConnell (2011) the success of crisis management does not mean there was no failure, effective crisis management entails both elements of success and failure. Success is not only aversion and containment but learning from crisis was also considered success. This corroborated with a study by (Seeger, Ulmer, Novak, & Sellnow, 2005) who argued that crisis also brings renewal and positive change due to the valuable learnings that can be used to improve the organisation. Linking crisis and failure, they further stated that crisis exposes hidden problems and promotes experimentation in search for solutions and can often bring a sense of cooperation and cohesion amongst teams and stakeholders.

Furthermore, (Antonacopoulou & Sheaffer, 2013) argued that failure to learn from crisis will likely create future crisis. This aligns with Mitroff's four stage model which makes learning a key feature of crisis management. Moreover, learning is closely related to adaptation, the more organisations learn the more they are able to adapt (Schindehutte & Morris, 2001). Thus learning from crisis is imperative in order for the organisation to adapt and survive. However, Herbane (2010) and Doern's (2016) studies on SMEs reported that there was limited learnings from the crisis on the part of the owner managers. This tied in with Roux-Dufort's (1998) claim in that event-type crises are unlikely to effect



positive change than process-type crisis. The contradiction in findings warrants further empirical research since learning is generally considered a key aspect of growth.

## **2.9 Conclusion**

This chapter argued that the pre-dominant focus on event-type crisis has limited research of SME crisis management strategies. A review and distinction between process-type and event-type crisis was provided, whereby the author derived a new definition combining the two types. Contingency theory was outlined and how it fits with crisis management model reviewed. A review of previous studies on crisis in SMEs revealed gaps in crisis management strategies of SMEs in different contexts due to the focus on disasters. The next chapter presents the research questions the study attempted to answer based on gaps identified.

## CHAPTER 3: RESEARCH QUESTIONS/PROPOSITIONS/HYPOTHESES

### 3.1 Introduction

The main purpose of this research was to investigate the crisis management strategies used by owner managers of SMEs. Three sub-research questions were formulated and deemed sufficient to meet the research purpose. These were based on the gaps identified in the literature review and form the basis for the pursuit of this study. The questions are presented below.

### 3.2 Research questions

**Sub-research question one: How do owner managers of established SMEs in a resource constraint and unstable environment respond to crises?**

Sub-research question one sought to establish the crisis response strategies used during the crisis stage as per the crisis management model presented in chapter two. Reviewed literature revealed the paucity of empirical research on crisis response strategies of SMEs in especially in different context (Doern et al., 2019). Studies also revealed that most SMEs lack crisis management plans (Herbane, 2013) and (Mikušová & Horváthová, 2019) and lack of resources further made SMEs vulnerable during crisis. Previous studies have predominately focused only on event-type crisis, particularly natural disasters (Runyan, 2006); (Martinelli & Tagliazucchi, 2018); and (Sfakianaki et al., 2015) therefore response strategies used in these context may not be suitable in different crisis context such as in internal crisis or crisis resulting from COVID-19 pandemic lockdown measures. This research sought to understand how SMEs responded to crisis, what crisis strategies they used and what informed those strategies.

**Sub-research question two: What are the factors that lead to or trigger business crisis in established SMEs?**

The primary aim of this sub-question was an attempt to investigate the root of crises in SMEs, particularly what signals a crisis. Roux-Dufort, (2016) suggested that there is a geneology of crisis that can be tracked way before the crisis hit and that an accumulation of dysfunctions leads to deterioration that brings forth a crisis (Williams et al., 2017). Keown-McMullan (1997) argued that for a situation to be considered a crisis it must have a triggering event of which, if perceived to threaten the organisation, activates crisis

response actions. Further, Williams et al., (2017) and (Penuel et al., 2013, p.954) said a triggering event could come from internal or external sources stated. Gopinath (2005, p.2) states that “understanding of the role of triggers will help management take appropriately strong corrective action in time to avoid a crisis”. The triggering events are unique and specific to the organisation (Roux-Dufort, 2016). The literature review established the lack of literature reviewing crisis triggering events and this study attempted to explore this aspect of the pre-crisis stage.

### **Sub-research question three: What do owner managers of established SMEs learn from the crisis experience?**

The last question sought to investigate and understand the post-crisis effect of crisis on SMEs. Antonacopoulou & Sheaffer (2013) argued that learning from crisis is an important element of managing crisis. They further asserted mistakes that lead to crisis (whether driven by internal or external factors) are likely to be repeated if organisations fail to learn from crisis. McConnell (2011) argued that success and failure in crisis management can coexist, failure often brings out lessons that carry success. Previous studies on SME crisis such as Doern (2006) and Herbane (2013) reported limited learnings. Mitroff’s fourstage model argues that learning takes place after crisis. The researcher sought to investigate if participants derived any learnings from crisis and how the learning impacted the business.

### **3.3 Conclusion**

This section outlined the research questions of the study and provided the underlying context and logic that informed the questions. The questions were used to collect data from owner managers of established SMEs. Responses from these three research questions are expected to reveal the crisis management strategies of SMEs.

## **CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 Introduction**

The purpose of this section is to acquaint the reader with the methods and strategies followed in the research process in order to assess reliability and validity of the study. A thorough outline and motivation for the methodology and design is provided. The researcher's choices are defended and evidenced with supporting literature. The section also discusses the data collection process that was followed, and the methods used to identify and secure the participants. The section provides a summary of the data analysis process and how the researcher ensured research rigour. The chapter is concluded with the limitations of the study.

### **4.2 Research design**

The purpose of the research was to explore the crisis management strategies of used by established SMEs. Since crisis is still under-researched in SMEs and there is limited information about the crisis strategies used by SME managers, Saunders & Lewis (2018) recommends an exploratory design as a starting point. Exploratory studies are suitable for when the phenomenon is still not well understood, and the researcher wants to gain new insights about the topic (Saunders & Lewis (2018)). Exploratory studies are associated with qualitative methods and thus appropriate for this study.

Fischer, Dietz, & Antonakis (2017) argues that there are relatively few qualitative studies in business research when compared to quantitative studies. Whilst both quantitative and qualitative research provides invaluable responses to key questions of "how, who, where, when and why"; quantitative research mainly handles numerical and statistical data interpretation with an inflexible objective view of reality (Lawrence, 2015). Pearse (2019, p.1) argues that "the consequence of this relative neglect of qualitative research is that there is a superficial understanding of, and little theory development related to the behavioural and social processes that take place in organisations and business". In addition, Herbane (2010) noted that experiencing a crisis led to more concerns about crises as opposed to having a crisis management. This and the fact that crisis is relatively unexplored in entrepreneurship coupled with the complex, dynamic and multidimensional nature of crisis, supported the researcher choice for qualitative research method and thus following in the example of Doen (2016); (Herbane, 2010) and (Runyan, 2006).

### **4.3 Research philosophy**

Research is the process of acquiring knowledge and that process is largely influenced by varied factors including the researcher's and respondent's beliefs or philosophy Saunders & Lewis, (2018). Scotland (2012, p.1) agrees that "what knowledge is, and the ways of discovering it, are subjective". In order to understand how owner managers of SMEs responded to crises; an interpretive philosophy was considered appropriate since the experience of and response to a phenomenon is subjective and there is empirical evidence to prove that entrepreneurs can react differently to the same phenomenon (Jenkins, Wiklund, & Brundin, 2014). Therefore, how the manager perceives the crisis, influences the response strategies they would use. An interpretive philosophy aligns with qualitative methods and therefore appropriate to meet our research objectives.

### **4.4 Research Approach**

In line with an interpretive philosophy, an inductive approach was employed because the researcher sought to understand the individual responses to a subjective phenomenon where different meanings and perceptions were attached to their experiences of business crisis (Saunders & Lewis, 2018). Unlike the deductive approach which aims to test existing theory, this approach involves generating and building theory from collected data; analysing it by observing patterns, repeated occurrences and looking for similarities and differences and making generalisations (Saunders, Lewis, & Thornhill, 2019). In addition, an inductive approach allows the development of theoretical concepts and propositions for alternative explanations (Suddaby, Bruton, & Si, 2015). Given the purpose of this study, an interpretive philosophy aligned with inductive approach was appropriate to proceed with the research.

### **4.5 Research methods**

The purpose, objectives, research problem and questions informed the research method chosen for this study. Given the methodological choices between quantitative and or qualitative research methods; a mono-qualitative method was selected and deemed adequate for this study because of its simplicity and sufficiency to draw in-depth insights from lived experiences of participants (Javadian, Dobratz, & Gupta, 2020). Reputable researchers in the field of entrepreneurship such as Omorede (2019); Byrne & Shepherd (2015) and Singh et al. (2015) have found convincing results using mono-qualitative

methods. Therefore, the researcher deemed a mono-method adequate to address the research purpose and answer the request questions.

#### **4.6 Research Strategy**

The researcher opted for a narrative inquiry instead of a case study to complement the purpose of the research design. Semi-structured interviews well suited for narrative studies to provide a good guideline for the researcher to keep within the boundaries of the research (Saunders & Lewis, 2018). Although case studies, often involving a relatively smaller sample to narrative inquiry, are well established in small businesses and crisis; they are time consuming and therefore were not considered suitable for this research due to time constraints (Saunders & Lewis, 2018). Narrative inquiry is a qualitative story telling technique for sharing lived experiences that allowed owner managers to narrate their story as it was unfolding (Cresswell, Hanson, Clark Plato, & Morales, 2007), compare their stories and find similarities to generate themes. Answering broad and open-ended questions, the participants' responses were unrestricted which gave the researcher intimate and profound insights on how they experienced crisis, how the crisis arose, how they managed the crises and the learnings they derived from the crisis experience.

#### **4.7 Time Horizon**

The researcher employed a cross sectional study because data was collected "from participants at only one period in time" (Saunders & Lewis, 2018, p.130). Whilst a longitudinal design would have provided rich data that because the topic is studied over a period of time; this is time consuming for a student researcher with limited time constraints (Saunders & Lewis, 2018). A cross-sectional study was sufficient for an explorative study and provided rich answers for a point in time.

#### **4.8 Population**

The population represents the complete set of participants with mutual characteristics the researcher wants to study (Saunders & Lewis, 2018). The population of this study comprises of owner managers of established SMEs whose main operations are in South Africa. Established SMEs according to GEM are those SMEs that have been in existence and paying salaries for over 3.5 years. There is no conclusive, accurate and reliable estimates on the number of established SMEs in South Africa therefore the exact

population could not be confirmed (Beaureu for Economic Research, 2016). Stats SA, (2015) reported that nearly fifty percent of formal SMEs are in Gauteng and the province is responsible for over a third of South Africa's GDP (Stats SA, 2018). Gauteng not only presents vast opportunities for SMEs in general, but also a competitive, complex, and dynamic business environment with a magnitude of business challenges. The discontinuance or failure of established SMEs is concerning because they are businesses that have proven concept and have been providing reliable employment. Therefore, insights gained from a sample representative of this population was deemed invaluable and appropriate for this study.

#### **4.9 Unit of analysis**

The unit of analysis refers to the individual or object that will be analysed and from whom data will be collected (Kumar, 2018). It is the 'what' or 'who' of what is being studied (Kumar, 2018). Kumar (2018) further posits that the phenomenon being studied determines the appropriate unit of analysis. This study sought to understand the lived experiences of owner managers of SMEs and how they responded to crises. Therefore, for this study, the unit of analysis was the individual owner managers of SMEs. Owner managers of SMEs as a unit of analysis are under researched (Khelil, 2016) and (Frese & Gielnik, 2014), more so in South Africa with its rich ethnicity and cultural diversity. The study employed a narrative strategy to understand how they handled crises as executives in their businesses.

#### **4.10 Sampling**

This section provided an overview of the sampling method, sample size and justification thereof.

##### **Sampling method**

A sample refers to "a subgroup of all group members or the whole population" (Saunders & Lewis, 2018, p. 138). Since a complete list of the total population and its subgroup was unknown as stated in the previous section, the study employed a non-probability sampling method which is suitable for such a case and commonly coupled with semi-structured interviews (Saunders & Lewis, 2018). The researcher used a combination of three non-probability sampling techniques.

- i. Purposive non-probability sampling technique was selected because the researcher sought after respondents that would be suitable to answer the research questions and meet the research objectives. The sample was identified and selected due to their ability to provide rich information from their experiences in handling crisis (Palinkas, et al., 2015). In particular, homogenous variety of black African owner managers was selected as this group represents the majority of the population in South Africa.
- ii. Since the researcher works in the small business development industry, convenience sampling was employed based on the researchers own networks. Because convenience sampling is widely criticised as the lazy technique (Saunders & Lewis, 2018), the researcher was careful to access only the sample that met the sampling criteria and avoided taking on participants because they were the only ones available and accessible.
- iii. To manage the reliance on convenience sampling, the researcher used the snowball sampling technique in order to enrich the variety of owner managers interviewed. Snowball technique forms part of the volunteer sampling where earlier members of the sample identify and volunteer suitable participants that meet the research criteria as provided by the researcher (Saunders & Lewis, 2018). The researcher found this technique invaluable because owner managers interviewed were able to refer suitable participants as entrepreneurs often share intimate details of their businesses with their peers. These various sampling methods were efficient and there were no differences between the participants.

The following sampling criteria was applied:

1. The target sample was Black African owner managers;
2. Owner managers running established businesses, that is, existing and paying salaries for 3.5 half years; and
3. Established businesses were based in Gauteng although operations were nation wide

Black African refers to black persons as defined by the Broad-Based Black Economic Empowerment Act 53 of 2003 (B-BBEE). This group makes up most of the South African population, which is also the most previously disadvantaged from a socio-economic point of view and likely to have access to less resources from a business context.



## **Sampling size**

In qualitative research, the sample is generally small (Saunders & Lewis, 2018) because the aim is for depth and it can be impractical to analyse large quantities of qualitative data. The goal of qualitative sampling is data saturation, which is the point at which the researcher does not get any new insights or information, or new information is redundant and no new codes or themes can emerge from the data (Braun & Clarke, 2019). According to Boddy, (2016) evidence of data saturation start to emerge with six in-depth interviews and become more evident with 12 in-depth interview especially in a homogenous group. The researcher conducted 14 semi-structured in-depth interviews, however, upon review, two of those participants did not meet the established business criteria. Therefore, the researcher reached saturation and concluded the study with data collected from 12 owner managers. Other entrepreneurship researchers who used qualitative methods such as Jenkins et al (2014); (Kojana & Mamabolo, 2020) and (Bytne & Sheppers, 2015) also interviewed the same amount of participants and were able to extract valuable insights. Thus, the sample was deemed adequate for this study.

### **4.11 Measurement instrument**

Semi-structured interviews are data collection tools used in qualitative research where a researcher seeks understand the participants' subjective view on a phenomenon (McGrath, Palmgren, & Liljedahl, 2018). McGrath et al., (2018) posits that researcher is the main instrument and co-creator of data collection and analysis. The researcher developed an interview guide that was used to facilitate the interviews. Since the researcher is the instrument, careful preparation was followed to ensure there is no data contamination or bias from the researcher.

The interview guide included the main research questions with sub-questions that covered the main areas of interest for the research. Although the interview guide was sequentially structured to move from simple and generic questions to specific and complex questions, the researcher did not rigidly follow the interview guide during interviews instead allowed participants' answers to guide the discussion. Questions were open ended in nature in line with the narrative inquiry strategy. Clarifying and probing questions were used where necessary to ensure true and accurate information was extracted from the participants. The semi-structured guide is presented in Appendix 1.

#### **4.12 Data gathering process**

Data was collected under extraordinary circumstances as the country was still under the national lockdown as explained in chapter one. In adhering with the rules of the national lockdown, interviews were conducted via an internet platform called ZOOM. The use of such platforms has become prominent in qualitative research and has opened opportunities for researchers to reach participants across the world (Lo lacono, Symonds, & Brown, 2016). Despite their limitations with regards to not being able to pick up the participants' body language and difficulty in building rapport; Lo lacono et al., (2016) found that such platforms worked well and should be embraced in qualitative research. A rigorous study by Sturges & Hanrahan (2004) found no difference in the data collected via telephone vis a vie face to face interviews.

The researcher started collecting data from late September 2020 with the last interview conducted on the 3<sup>rd</sup> November 2020. An email with a ZOOM link was sent to participants inviting them to the interview. The email was frequently accompanied with the informed consent form participants were required to sign. **See Appendix 2 for a sample email and Appendix 3 for the informed consent letter.**

#### **The interview process**

Semi-structured interviews were conducted with 12 participants using ZOOM. Participants were first contacted via telephone to establish rapport and to set up the logistics of the interview. A pilot interview was conducted to test the instrument and interview platform. The interview provided confidence that ZOOM can indeed be used effectively as a reliable alternative to face to face interviews and the researcher did not encounter any challenges with regards to connectivity during these interviews.

Conducting interviews via ZOOM was convenient for the researcher because it reduced the amount of travel required between participants. However, subsequent interviews were met with various degrees of internet connectivity issues that may have affected the data collection process. In one instant, the participant was rescheduled three times due to poor connectivity and a sense of irritation was noted from both the researcher and participant. However, the researcher found the data collected from this participant to be adequate, satisfactory, and relevant to the study and there was no reason to doubt the authenticity

and completeness of the information provided. Interviews lasted at least 40 minutes on average.

The ZOOM platform allowed audio recordings of the interviews and then transcribed using an artificial intelligence transcription software called Otter. Confidentiality through this software is provided using a password and username where the only person who can access the transcript is the researcher. The researcher reviewed the transcripts and corrected grammatical and spelling errors as deemed necessary to the extent that meaning was not lost or distorted.

#### 4.13 Data analysis approach

The researcher followed a thematic analysis process to analyse data. Thematic analysis is a step by step process used to identify, organise, describe, categorise, interpret and report on qualitative data in a thematic manner (Costa, Breda, Pinho, & Durano, 2016); (Longhofer, Kranke, & Townsend, 2010) and (Nowell, Norris, White, & Moules, 2017). Because of its flexibility, thematic analysis is applied to studying socially constructed phenomenon such as crisis and can translate qualitative data into enumerative data (Longhofer et al., 2010). However, the research sought substance over frequencies.

Using thematic analysis, the researcher was able to make sense of data that seemed unrelated. In addition, as the researcher is also part of the study in a qualitative narrative study Costa et al., (2016), her analytical and critical thinking skills were used to analyse and interpret primary data in order to develop themes. In line with qualitative methods, analysis was inductive where a wide variety of data is condensed to meet the research objectives Costa et al., (2016). The thematic data analysis process was implemented as follows according to Nowell et al's., (2017) guidelines:

Table 4.1 Thematic analysis steps

Step	Description
1. Read the transcripts	The researcher started by reading the transcripts and familiarized herself with the depth and breadth of the data.

2. Generating initial coding	The researcher then commenced categorizing the data and creating initial codes. Codes were generated and simplified by focusing on specific characteristics of the data and provided labels to aid with the analysis.
3. Searching for themes	This step involved sorting and linking the data with sub-themes. This step assisted the researcher to identify patterns and meanings.
4. Reviewing themes	In this step the researcher revised and refined the sub-themes, checking if they made a coherent pattern. A few sub-themes were deleted, and others collapsed into each other whilst others were separated.
5. Defining & naming themes	Using the sub-themes generated, the researcher conducted a detailed analysis of the data and narrated a story of each -sub-theme. Interesting sub-themes were identified with clear names to give the reader a sense of what the sub-theme is about.
6. Producing the report	The last step that involved interpretation of the data, conducting a final analysis, and generating conclusions. Direct quotes from participants were captured. When presenting the results, the researcher occasionally repeated step 1 to 5.

*Source:* Adapted from Nowell et al., (2017)

This analysis technique is suitable for a narrative strategy because the data collected was transcribed into text (Costa et al., (2016). The analysis was concerned with identifying patterns and themes that was used to create meaning out of it. This included looking for similarities and differences and comparing primary findings to literature and searching for missing data or unusual data that was not explored in detail.

Collected data was coded in a careful and pedantic manner following a manual process on Microsoft Excel. Following the steps above, responses were selected from the transcript according to the research aims, codes were generated in the form of phrases and each code was assigned meaning to form categories. Costa et al., (2016) followed a similar process in their study and the researcher found that it was an iterative processes until appropriate categories were developed. Dominant themes were derived from the categories and analysed. Although the researcher performed preliminary analysis during the interviews, most of the analysis was conducted post interviews. A code book sample is attached

## **Analysis for comparing process-type and event-type crises**

Although it was not the researcher's intention to conduct a comparative study, the data collected allowed the researcher to conduct shallow but meaningful comparisons between process-type and event-type crises. The researcher intended to investigate crisis as an inclusive phenomenon that incorporated and viewed crisis as both process and event according to the definition provided by Williams et al., 2017. Nonetheless, these comparisons revealed some key differences deemed useful for furthering crisis management studies in small business research. As such, it is imperative to note, however, that the comparisons groups were not created for this purpose rather they resulted from the data collected through coding, categorising and theming.

### **4.14 Quality controls**

A rigorous methodological process was followed to ensure quality. Methodological rigour in qualitative research must fulfil the trustworthiness criteria of credibility, dependability, transferability, and confirmability (Nowell et al., 2017). Each criterion is discussed below:

- i. Credibility - has to do with how believable or credible the findings are as reported from the participants' perspective (Nowell et al., 2017). Credibility was addressed through data triangulation. Triangulation refers to the use of multiple methods or data sources to develop a comprehensive understanding of a phenomenon (Sauders, Lewis, & Thornhill, 2019). The researcher ensured triangulation by collecting data from twelve (12) owner managers of established SMEs.
- ii. Dependability – is concerned with ensuring that “the research process is logical, traceable, and clearly documented” (Nowell et al., 2017, p.3). This was done by keeping records of meetings with participants, notes and recordings that provided a proper audit trail (Nowell et al., 2017).
- iii. Transferability – refers to the generalisability of the study. Recommended ways of achieving this include purposive sampling and data saturation already covered in the research methodology. However, given context specificity of this study and qualitative research in general, transferability is a common limitation as noted under the limitations section.
- iv. Confirmability – requires credible and dependable data and findings that could be corroborated by other researchers (Forero et al., (2018). As noted by Forero et al. (2018), the researcher's self-reflection is another technique that can be used to

achieve confirmability and this was applied consistently throughout the process.

#### **4.15 Ethical considerations**

Researchers have the responsibility to protect human subjects when conducting their study (Vainio, 2012). Narrative inquiry entails sharing of intimate personal stories and therefore the researcher has responsibility to ensure privacy and respect (Chunfeng, Sara, & Geale, 2015) and ensure that participants are not harmed in the process (Halai, 2006) and (Vainio, 2012). Chunfeng et al., (2015) stated that story telling may bring up negative emotions for some participants and which could break ethics codes. Therefore, researcher refrained from asking and probing participants questions relating to their emotional experiences because she does is not qualified to handle emotional breakdowns and this was outside the scope of the study.

Accordingly, the researcher obtain informed consent from participants and guaranteed them confidentiality and anonymity (Vainio, 2012) and (Halai, 2006). Although anonymity means that empirical data by disguising participants' names, the essence and substance of what was said is reported (Vainio, 2012). The interview process commenced one the researcher obtained ethical clearance from the Ethical Clearance Committee as attached in Appendix 4. Following the guidelines of university, the researcher informed all participants of the purpose of the study and advised them that their participation is voluntary with leeway to opt out before the report is written. Professionalism was maintained throughout the process and questions were focused the purpose of the study to investigate their crisis management strategies.

#### **4.16 Limitations**

The following are the limitation of the study:

1. Since the study places reliance on self-reported responses, there is always a possibility that participants may not give honest answers as people are often reluctant to share personal experiences (Byrne & Shepherd, 2015) or reveal strategic information that are central to the competitive advantage of the business. The researcher guaranteed the respondents confidentiality and professionalism and encouraged them to speak openly.
2. Chunfeng et al., (2015) noted that personal narratives and reflections are retrospective in nature; the amount of time which has lapsed since the experience

took place can influence how the owner manager narrates the events Roux-Dufor (2016). Roux-Dufor (2016) reported that recollection of events and rationalising are some of the pitfalls of data collected after the events. To manage this, the researcher encouraged participants to narrate the most recent.

3. Narratives are not necessarily facts or truthful accounts of events, rather meanings participants attach to the experience (Chunfeng et al., (2015). Therefore, these cannot be taken as fixed truths.
4. Qualitative research is aimed at understanding a specific phenomenon in a specific context and or specific time period; therefore, results cannot be generalised Saunders & Lewis (2018). Establishing causality is difficult due to the subjective nature of the research.
5. Following the COVID-19 pandemic and lockdown, and the negative impact it had on the economy and small businesses in general, responses may be exaggerated or restricted.

#### **4.7 Conclusion**

This chapter shared the researcher's methodological choices and research design adopted in this study. A qualitative mono-method using a narrative inquiry was justified and deemed appropriate the purpose of the study and research objectives. The data collection and analysis process were shared and highlighted how the researcher attempted to maintain rigour throughout the process to ensure validity and reliability. The methodological process allowed the researcher to collect insightful data in the best way possible without compromising on quality. The next chapter presents the results obtained from the interviews.

## CHAPTER 5

### 5.1 Introduction

The purpose of this chapter is to present the results from the interviews. The results are organised according to the research questions.

### **5.2 Research Question one results: How do owner managers of established businesses in a resource constraint and unstable environment respond to crises?**

This question sought to understand how owner managers respond to crisis. To answer this question, respondents were asked to share details of a crisis their businesses encountered that they considered the most threatening given the crisis definition provided in chapter two. The researcher provided context and examples of crisis and requested respondents to speak openly. Using their own words, respondents elaborated on what was happening in the business, why the crisis occurred, how the crisis affected the business and how they responded during that time.

Responses to this question revealed three critical information for this study. Firstly, the type of crisis the SMEs faced was thoroughly recorded. Secondly, results collected provided insights of their response strategies during the crisis stage as they were attempting to contain the crisis. Lastly, the impact of the crisis was derived from their responses. From the probing questions, the researcher also derived the response approach the participants took when handling the crisis. A summary of the findings is provided in Table 5.1 below and key results of each section are discussed according to the themes generated. The section commences with sharing the types of crises experienced.



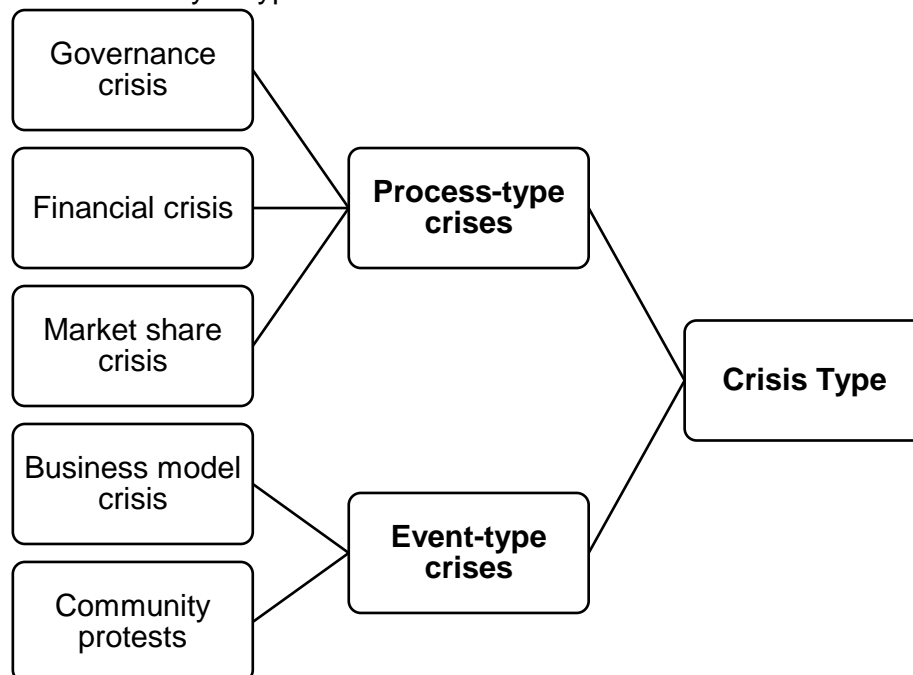
Table 5.1. Total summary of findings

<b>Crisis Type</b>	<b>Crisis Sub-type</b>	<b>Causes of Crisis</b>		<b>Triggers of Crisis</b>		<b>Crisis Responses</b>	<b>Crisis Learning Outcomes</b>
<b>Process-type Crises</b>	Financial Crisis Governance Crisis Customer Crisis	<b>Inadequate business management Skills</b>	Rapid Growth Bad Decisions Lack of Processes & Systems Poor Managerial Skills	<b>Internal Factors</b>	Insufficient Funds Loss of Customers Personal Dissatisfaction Legal Matter	Survival Tactics Business Model Adaptation Stakeholder Management	Self-awareness Engagement & Communication Processes & Systems Due Diligence
	Business Model Crisis		Lockdown Measures		<b>External Factors</b>	Law Enforcement Lockdown Measures Insufficient Funds Supply-chain Interruptions Reduced Product Demand	Government Relief Support Survival tactics Business Model Adaptation Stakeholder Management
Community Protests			Labour Rates Disputes	Market Observation		Stakeholder Management	Engagement & Communication
<p><b>Crisis Impact: Negative - Financial, Emotional &amp; Reputational; Positive - Learning &amp; Change</b></p> <p><b>Approach: Experimentation &amp; Decisive</b></p> <p><b>Crisis Management Strategies: Adaptive, Reactive, Passive and Proactive</b></p>							

## Types of crises

From the participant's responses, the researcher was able to theme the crises participants encountered into two broad categories of crises, that is, process-type and event type crises as explained in chapter one and chapter two. Data collected from participants shows that process-type crises originated from within the SMEs and can also be classified as internal. Recorded responses show that event-type crises were externally induced and largely by the business environment. The participants' responses were further themed to derive the crises sub-type as depicted in the figure below. The results under the process-type crises are first presented starting with financial crisis.

Figure 5.1: Summary of type of crises



Source: Author's own work

## **Process-type crises**

Under process-type crises, three main sub-crises were derived. The financial, governance and customer share crisis.

### **Financial Crisis**

Results collected shows that most participants encountered a financial crisis. Debt, depleted savings and cashflow were the main sub-themes making up the financial crisis. Participants vividly recalled the actual amounts associated with the debt, the inability to pay salaries and how they had depleted their personal savings. One participant elaborated on their financial situation as follows:

*“We had committed on a lot of projects, and we lost money, because our clients just didn't pay us. And we had to write off some of the monies because of that...we still owe a lot of our suppliers money. So obviously not wanting to compromise our professional integrity in the industry, we still needed to pay them, despite us not being paid by our clients... And we had already exhausted personal savings and unfortunately, we would not also talk to the banks, because the banks saw us as not being credit worthy at the time”.* Commodity Expert

Another participant who had a similar financial crisis where the business had over invested in office space and staff in anticipation of growth said:

*“We went from R1million positive to half a million in debt... our operational expenses had increased so drastically that we had made a loss and had used our savings of the previous financial year or our profit from the previous financial year... we were heavily indebted”.* Branding Master

In case of this other participant, everything was going well except that the business did not have enough cash to cover operations. The participant vividly recalled how the business could not meet their payroll obligation

*"Honestly, I ran out of money. I could no longer pay salaries... we just couldn't pay people".* The Professional

The business' financial crisis directly impacted the owner managers' personal finances. One participant recalled how it was a tough personal sacrifice to repay the debt incurred:

*"It actually affected me personally as a director more than it affected the business....there was a lot of things I had to sacrifice for that 12 month period, to make sure that the debt is settled".* ITC Genius

### **Governance Crisis**

Governance in this study relates to processes, structures, leadership, and management principles that pertains to the running of the business directly. Crisis under governance related to partnerships, compliance, and legal. This was an unexpected theme and one participant directly described it as such.

*"It was a process and a governance matter...It was clear that it was a governance issue"* ITC Guru

A participant who started the business with a business partner described how the partnership was at a shaky state and threatened the continuity of the business.

*"when you when you are not the sole owner of the business you always need to be in agreement as partners, but sometimes it takes a toll on the relationships And there's been points where, you know, under heavy negotiations, there was almost a split".* The Great Accountant

A participant who runs a property management company narrated how she found herself dealing with the police because her employees were not following procedures and caused a crisis that almost cost her business the hard earned reputation she has built over the years.

*“So some of the employees that were just pushing and rushing to secure properties without following the process. they ended up taking a wrong tenant just to fill the places that are empty”.* The Real Estate Genius

### **Market share crisis**

Market share crisis entails loss of customers. One participant mentioned how she lost all her customers. After gaining a lot of momentum and securing almost 35 customers, she suddenly had none left. She recalls that an employee who worked for one of her clients warned her that they were not happy with her service.

*“I don't think you'll be having any clients because your guys are not doing work properly. And indeed, the next month, all of them, they said, please don't come, please don't come. So basically, I lost, I lost all my customers. I lost everything”.*

Stocktake Expert

The loss of customers creates a crisis that has many ripple effects and leading to a financial crisis.

### **Event-type crises**

Two main crises sub-type found under event type crises were business model crisis and community protests. All but one of the participants who fell under this crisis category experienced a business model crisis.

### **Business model crisis**

The business model crisis in this study is characterised by the redundancy of the services and products the SMEs offered the market. This also includes the market and or industry they served. This means their services or products were no longer needed or they could not deliver their services as they usually would. This type of crises affected one third of participants, particularly those who were affected by the lockdown measures due to COVID-19. They narrated how their services were

suddenly irrelevant due to the social distancing measures. The business owner of an ICT company that installs, maintains, and services audio-visual conferencing equipment in boardrooms of blue-chip companies narrated that he simply could not work.

*“Since there were no people in the building, we could not do that. We could not send technicians; we could not support, and we could not install as well”.* AV Guru

The same participant, who is also a reseller of technology and software products, realised big corporates were selling directly to his customers and therefore he was no longer in business.

*“We actually saw an opportunity that video conferencing especially online platforms that are software were in demand, so we wanted to latch on to that and try sell those. But instead those big guys like Zoom, Google and others were selling directly to our clients and giving them licenses. So as small businesses, we could not get to sell those”.* AV Guru

Two participants' businesses particularly relied on events such as weddings, birthday parties and festivals found that the social distancing measures immediately affected their businesses. One participant manages performing artists and reported that with the lockdown measures, that side of the business was irrelevant:

*“So our business is mostly centred on events. We do custom cakes for weddings, showers and birthdays....And when the lockdown was started, then we could not have events as you can remember there were no social gatherings allowed”.* Perfect Cakes

*“Events was also a big aspect of the business... And so it was fully operational, there were funds coming in, meaning I was able to pay the people that I work with. So the normal running of the business was productive before COVID but COVID disrupted... meaning I kind of not really killed event side of the business, but it was no longer*

*really relevant, during lockdown, you know, people are not doing events. So it was not relevant during that crisis". Events & PR Guru*

### **Community protests**

Community protests crisis relates to community and labour unrest in the area where the participant had a project. This, affected a participant in the construction sector, when all work suddenly stopped, and he could not meet milestones as per the service level agreement he signed with his customer.

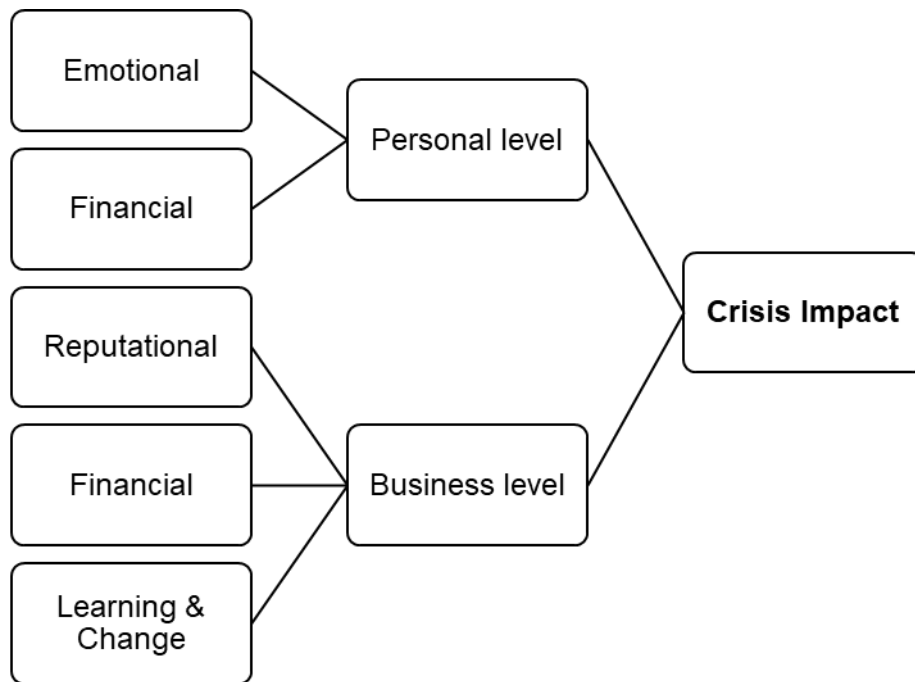
*"...if you're constructing at least 30% of the labour cost will be allocated to the local labour... the community feels that in as much as 30% is allocated, they want to renegotiate the labor rates that are sort of imposed or provided to them... And if those demands are not met, the community takes matters into their own hands. And that can either involve ensuring you're not coming into the community, to damaging the site office and making threads of damaging the work that's already been covered".*

Construction Expert

### **Crisis Impact**

Although the impact of crises was not the area of interest for the researcher, the researcher found that it was almost impossible to discuss crises without understanding and referencing the impact it had. Participants reported an impact on a personal and business level. The impact was similar across both process-type and event-type crisis except for reputational impact which was mainly mentioned in the process-type category.

Figure 5.2: Impact of crises on SMEs



Source: Authors own work

### **Financial impact**

The most prominent consequence of crises was the direct financial impact on the business. Participants reported the loss of income, inability to generate revenue, insufficient funds to finance business operations such as paying salaries and other expenses and increased debt. The participants in the construction industry narrates that the community protest crisis had far deeper repercussions on the business which forced him to abandon the project all together and therefore making losses.

*“So we're sitting with stock, which hampered cash flow. And we weren't able to claim for the work done because work wasn't done. And then thirdly, from an operational expense, in as much as the labor to do refurbishments is only paid according to the work done. The operational expense of security side*



*office lady, supervisor, driver still had to be paid. So those were the negative sort of financial and operational impact". The Construction Expert*

Another participant narrates that ultimately the impact is on financial resources. Since they could not produce any products, it meant she was not making an income.

*"Because of the COVID regulations, and all the restrictions, Ginger had been pulled off the shelves. So we are unable to produce, basically. And in terms of production for us, there was no production at all, like everything had come to a complete halt. I was not doing any sales... So meaning no cash coming in, just going out. The Ginger Master*

### **Reputational impact**

Only participants who encountered process-type crises had concerns over reputational impact. These participants had concerns over their reputation in the face of their customers and industry in general. Reputational impact was closely associated with poor service delivery and inability to pay liabilities. A participant who was experiencing a financial crisis emphasised the consequence of the crisis on their professional image in face of potential employees.

*"So you can imagine, in a business where you're working with professionals, if they don't pay you a salary for one month or they delay your salary by a day, never mind one month... your CV is out there already, because you no longer feel secure in this job. Our greatest risk was losing the people who were helping to build the business, if we lost those people, reputational impact of this business in the market, the business would be known to not pay salaries". The Professional*

Another participant explained how hard it was to break into the real estate industry because people did not trust black businesses. However, over time she had built a good name and most of her work was through referrals. Maintaining this good name

was key to the success of the business. She explained how the crisis almost ruined her reputation:

*“The image of the company, the name of the company was getting tarnished...Immediately as I discovered that there were fraudulent documents, that’s when I took the file from my admin, and handle it myself because I could see this might impact the company negatively and give us a bad image...I handled the file myself after picking up the suspicious documents”.* The Real Estate Genius

A participant in the stocktaking business summarised the impact of poor quality on the business as whole.

*“I lost all my clients, which affected the income, which affected the reputation of the company, and which affected basically everything”.* Stocktake Expert

### **Emotional impact**

Some participants voluntarily commented on the stressful nature of dealing with crisis. The researcher, however, did not probe further on the emotional impact as she does not have the required training to manage the emotional breakdown. As owner managers, the effects of dealing with crisis extended into their personal and family lives. Participants mentioned frustrations, stress and disappointment that came with the crisis

*“There was a lot of frustration between me and my partner; differences in opinions, and in terms of why certain decisions were taken and having my own ideas of why we should not have taken those kinds of decisions. I think there was a little bit of tension, conflict, a lot of stress”.* Commodity Expert

*“It’s stressful. it created stress for our business and stress for me over a 12-month period. it didn’t just affect the business only. But cash flow even extended to me as a business owner. I had to make sacrifices.* ICT Genius

## **Responses to crises**

The section reports the actual responses participants took to manage the crisis during the crisis outbreak. These contains specific actions taken to contain the crisis and minimise its impact. The predominant themes reported in this section are summarised in Table 5.2 below include survival tactics, stakeholder management, and business model adaptation. All participants employed one or more of these responses. In addition to these, some of those participants who were impacted by the lockdown also accessed COVID-19 relief funds. It is noted that the responses to crises were similar for process-type and event-type crises.

Table 5.2: Summary of themes for responses

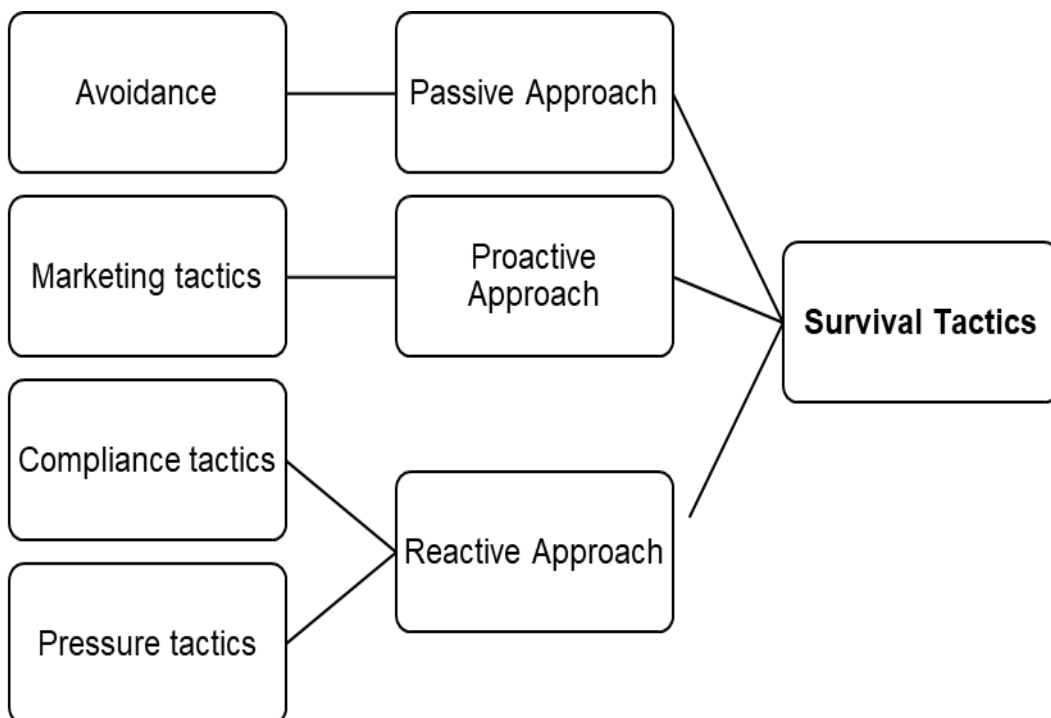
Codes	Categories	Themes
Approached the landlord for a meeting; The problem needed to be addressed using dialogue	Consultations	Stakeholder management
It was hard negotiations; We tried to negotiate the repayment terms; Negotiated our way out of it	Negotiations	
I went back to each client	Consultations	
<p>Complied with investigative officer</p> <p>Worked without being paid</p> <p>I gave my customers discounts</p> <p>Did not make legal threats</p> <p>Escalated the matters to owners</p> <p>Rethink the strategy of the business</p> <p>Had to reposition the brand</p> <p>Reshuffled employees</p> <p>Sought government relief assistance</p>	<p>Compliance tactics</p> <p>Marketing tactics</p> <p>Avoidance tactics</p> <p>Pressure tactics</p> <p>Reinvented the business strategy</p> <p>Reinvented the business strategy</p> <p>HR configurations</p> <p>Sought government relief assistance</p>	<p>Survival tactics</p> <p>Business model adaptation</p> <p>Sought government relief assistance</p>
<p><b>Strategy: Adaptive, Proactive, Reactive &amp; or Passive</b></p>		
<p><b>Approach: Experimentation &amp; or Decisive</b></p>		

Source: Authors own work

## Survival tactics

In this study, survival tactics refers to short-term actions taken by the participants in order to alleviate the effects of the crisis. All but three participants applied one or more of the various tactics recorded in this section. There were 10 codes and five sub-themes that made up this theme. Participants were either proactive or reactive in their approach to the survival tactics they employed. Figure 5.3 below provides an overview of this theme.

Figure 5.3



Source: Author's own work

## Proactive tactics

Participants either took a proactive, reactive and or a passive approach to their survival tactics. Specifically, proactive tactics were intentional actions aimed at attaining positive results in the short-medium term.

## **Marketing tactics**

Marketing tactics was a big sub-theme in the survival tactics highlighted the significance of customer engagement and brand visibility during crisis. With marketing tactics, participants offered their services for free, compromised on price and engaged social media marketing extensively. Most customers who proactively engaged in marketing tactics were those who were affected by the lockdown. Marketing tactics seemed to be a most logical way to survive the crisis particularly those who were affected by the lockdown.

The Ginger Master said that instead of being idle, she developed content that she placed on social media to educate her customers about the benefits of ginger.

*“So we were informing our client base about the benefits ginger, So we went on an educational stride, You know, and we kept telling them that, you know, in not so long would be back, even though we didn't know when”.* The Ginger Master

Another participant stated that she decided to continue offering her services to her clients for free. She believed this would help her reposition her brand and build trust going forward.

*“So remember I manage artists, musicians, so meaning if they don't perform, if they don't have other musical events, booking their festivals and all of that, if artists are not performing, It means they cannot pay me. So I have to continue working on their brand on digital platforms without being paid”.* Events & PR Guru

Similarly, Stocktake Expert who had lost all her clients to due poor-quality work, decided to offer generous discounts to her clients with the aim to regain their confidence. She also extended guarantees to secure the customers and promised that if the work was not performed their satisfaction, they would be eligible to further discounts.

*So basically, I was running at a 40% loss. But I had to do that just to gain the trust of my customers...And also guaranteeing them that if they feel the count is not done accordingly, there will be a further 20% discount.* Stocktake Expert

This appears to have been an effective tactic, as she was able to regain some of those customers and sign them up on monthly retainer.

### **Reactive tactics**

Other participants were more reactive in their approach to survival tactics.

### **Compliance tactics**

Being reactive does not necessarily mean a negative thing, rather, the situation required them to follow the rules. Such participant was The Real Estate Genius:

*"I resolved it by coming forth and helped the police to look for the suspect... I kind of assisted the police to catch him and used technology to trace him where he was and provided that information to the police".* The Real Estate Genius

### **Pressure tactics**

In this study, pressure tactics were reactive strategies aimed at putting pressure on another party in order to obtain an immediate response. This participant resorted to pressure tactics to get their client to pay them. They used methods such as escalations, referral to contractual agreements and requesting for board meetings.

*"we did put a lot of pressure on those mines that owed us money...we engaged end users putting pressure on them to pay us, talked to the procurement department and putting pressure because they would have signed the contract with us...We escalated the matter to the owners of the mine, senior management. We even insisted on board meetings".* Commodity Expert

### **Passive tactics**

Employing these tactics, participants either did not take any action or took minor actions whilst figuring out the best response. Other participants were deliberate to not engage in specific actions. This participant narrates that he did not engage his clients at the onset of the lockdown and believed clients would make the first contact.

*“I would say regrettably not consulting with our clients soon enough. And we waited for them to actually communicate with us... We understood that clients were going through this, and we thought they would maybe consult us, or all the contractors; consult us before they actually do anything”.* The AV Guru

### **Avoidance tactics**

Under avoidance tactics, participants took a conscience decision to avoid specific actions. Participants narrated that they decided on to go the legal route even though they have won the case. They emphasised that persevering the relationship was more important and taking legal action would jeopardize the working relationship going forward. The participants also considered the legal costs involved against their financial resources.

*“There was also a loophole from their side. And we could have easily won it if really it was all about arguing the matter on the table, but we decided not to go that route and focus on good service”.* ITC Guru

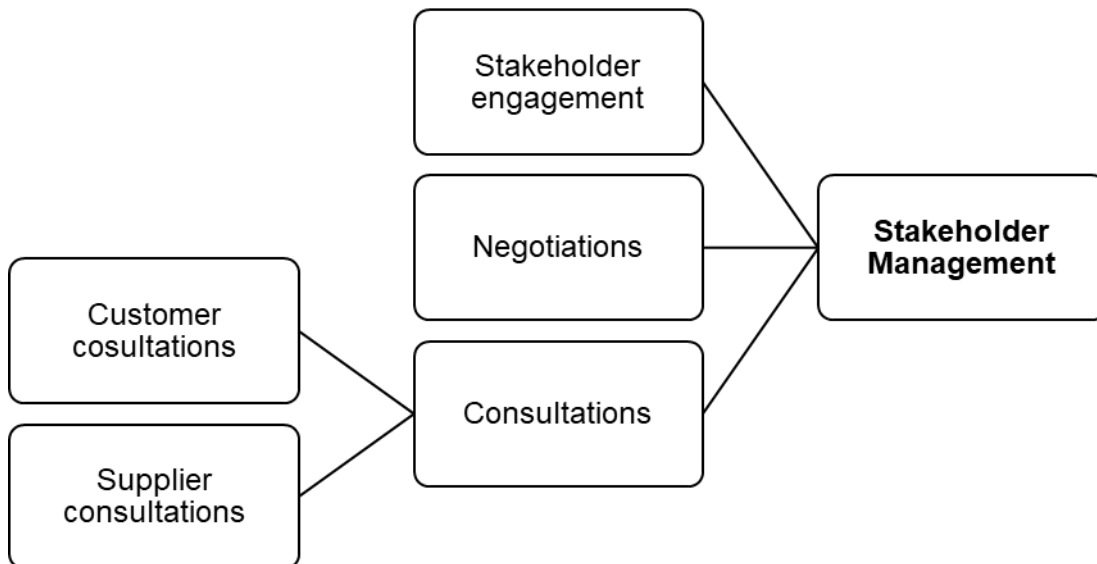
*“We didn't really consult our lawyers in terms of trying to recoup the monies that we owed to us...all that it does is you pay a lot of money to lawyers, and then the whole thing becomes protracted, and at the end of the day you just lose heart because they would come up with all delaying tricks to try and avoid paying...And also the kind of contract we would have signed with them was not a very watertight contract”.* The Commodity Expert



## Stakeholder management

Participants reported a proactive strategy of engaging with multiple parties to find solutions and resolve the crisis. This provided insights into the participant's interaction with their surroundings and their ability to identify and select appropriate ways to engage with different stakeholders. Half the participants mentioned addressing the crisis through extensive engagements with parties involved. Stakeholder management entails three sub-themes as depicted in the below figure. Negotiations was a dominant sub-theme, and, in some instances, it appeared to have been the only solution and most effective.

Figure 5.3: Stakeholder management



Source: Author's own work

## Negotiations

Half the participants in this category used negotiations not only to minimise the impact of the crisis but also to manage relationships with key stakeholders. Participants were very careful when negotiating with customers because they did not

want to lose the customers or burn their bridges. Negotiations was mentioned at least 20 times in interviews and almost always suggesting that they were difficult conversations. With a tint of emotions in his voice, one participant emphasised that negotiations and renegotiations was the preferred way of handling the crisis.

*“So, I think there was a lot of negotiation that went into it to try and allay their fears...it was just negotiations, you know, it was hard negotiations”.*  
Commodity Expert

One participant mentioned negotiations 10 times in his interview and concluded that it was an effective process that helped them reach a favourable way forward.

*“So, we then went back to the table in negotiating terms on what needs to happen, how it needs to happen going forward, so that all parties are happy...Under heavy negotiations... we negotiated our way out of it, and found a way forward”.* The Great Accountant

### **Stakeholder engagement**

A participant that was faced with a community protect crisis reiterated that dealing with the stakeholder was the only way to solve the issue. He was certain in terms of how to contain the crisis and that was to engage the stakeholder in order to move forward. This suggested that in a crisis involving multiple stakeholders, the solution or response is cocreated over ongoing discussions.

*“Well, I knew engagement was a necessity because the challenge needed to be addressed using a dialogue...I engaged with the community liaison officer, the community director, the mayor, the client to remedy the respective challenges, also engaging with the other contractors within the area to try and find the solution.* Construction Expert

### **Consultations**

Other participants responded to crises by consulting the relevant stakeholders in order to decide on the way forward. One participant lost all her customers, a crisis

that almost wiped out of business completely. She decided to consult all the customers she had lost to obtain feedback which she used to resuscitate and reinvent her business.

*“I swallowed my pride went back to each client... I went to all the 30 clients out of 30 clients only four of them phoned me back and agreed to come back and accepted the discount and they also told me their conditions”.* Stocktake Expert

The Real Estate Genius narrated that she knew she needed to work with the investigative offer assigned to the case and also consult with the landlord in order to ensure she does the right thing.

*“That’s when we got approached by the landlord. I told the landlord that she must provide me with the details of the police who came in the property... I became so transparent to both parties”.* The Real Estate Genius

### **Business model adaptation**

Adapting the business model correlated with the type of crisis participants faced. Those who faced a business model crisis, responded by adapting their business model to suit the situation. This was mostly so for those confronted with the lockdown who had to diversify their offering, changed the market segment and or adopted new ways to selling the same products.

For instance, since AV Guru could no longer provide conferencing support services to corporates, he added related products now targeting the residential market. Elaborating how he was diversifying his offering to navigate the crisis, he said:

*“What we actually tried is to then supply UPS systems that enable clients to work from home...And actually, as well, start selling the room or desk scheduling systems software’s for when people want to go back to their buildings’.* AV Guru

Such efforts focused on the current market conditions and pivoting was necessary to cater to the current needs of the market. Similarly, another participant repositions her brand to focus on a different aspect of the business.

*"I had to reposition my brand to put a PR face that come stronger than the event side of the business."* Events & PR Guru

Other participants, however, took a medium to long term view when adapting their model. This view also correlated with the type of crisis they faced, particularly those who were faced with crises relating to internal processes and structures. In addition to short term remedies, The Professional's response took a long-term strategic view of fixing the cause of the problem.

*"We took the bold decision of hiring someone who was an engineer, who understood process, who was very good analytically, who could put in processes to make sure that every invoice match what we are going to have to pay out in a month's time".* The Professional

Like the participant above, the Branding Master stated that he had to reshuffle employees around because they were no longer need in the areas where he had anticipated.

*"I'm trying to count as to the number of employees that I needed to reshuffle. We had to shift other people from photography and videography back into sales... So the rules were changed... we need to now restructure into sales and marketing so that we can then survive".* The Branding Master

### **Government relief support**

This was the most obvious response for those who were hard hit by lockdown measure. This can also be considered as another short-term survival tactic as it provided relief for a specific period especially when to comes to employee salaries through UIF incentives.

*"I also applied for the government funding as well and I've got the money so in a way it also I can't say it but it helped you know, to sustain me business but not hundred percent". Events & PR Guru*

### **Additional findings**

It was interesting to find when the researcher asked participants to speak about a crisis they had experienced, many mentioned that they had many crises as opposed to just one. One participant went into details of describing crises as episodes in varied degrees of complexity and impact. Some claimed that they view crises as another problem and challenge in business. When prompted why they had chosen to narrate that particular crisis, most claimed that it was the crises that presented the most difficulty whilst some said it is the one that almost ended the business.

A summary of key quotations noted in this regard is presented herein.

*"So in terms of crisis, I had lots of them. So I'll just mention a few that went to the heart. I know you only one to one, but I've got quite a few". Stocktake Expert*

*"We've had a lot of crises, we come across crisis every day. COVID is just another challenge, we view it as another challenge. And we've overcome a lot of challenges." ICT Guru*

*"I mean, there's probably a couple...The things that are considered crises for me, are the thing that kept me up for periods of times, and we needed to come up with plans for ourselves in terms of how we are going to get ourselves out of that". The professional*

*"It has been a number of events that have been frustrating in various degrees, you know, so there might, there might have been a crisis in 2016, for instance, there might have been in crisis in 2018. So they vary from complexity to challenge to challenge. But I think if I were to choose one, I think that when the business was really going through a lot of financial challenges..., it's*

*crises, as opposed to just one crisis. So it's different episodes... So it's multiple episodes, and they would have required different approaches... There would have been different in their nature... Because it almost ensured us that we basically went out of business, it almost collapsed the company. Yeah, it also most collapsed the business"... The Commodity Expert*

*"So basically that's just the long and short of it, without the ingredient there is no product...you could say was, yeah, it was threatened to be non-existence, you know the possibility of it like shutting down and going under". The Ginger Master*

### **Conclusion to Research Question one**

The results presented in this section shows the types of crises encountered by the participants which were broadly categorised as process-type and event-type crisis although there was no difference in how participants responded to each type. Understanding the type of crisis participants are facing provides insights to the appropriate response required in each situation. Participants' responses to crisis include a combination of various short-term survival tactics, business model adaptation and stakeholder management. Information collected shows that negotiations is an effective way to handle crisis where multi-stakeholders are involved.

### **5.3 Research question two results: What are the factors that lead to or trigger business crisis in small established businesses?**

Question two sought to uncover the key event that sets the crisis in motion, particularly looking at the process-type crisis. A triggering event was explained in Chapter two as a specific and identifiable event that precedes crisis that can occur from mundane functions (Lalonde & Roux-Dufort, 2013).

Participants were asked specifically what they considered the triggers of the crisis and a follow up question asked what they could have done to prevent the crisis. As a clarifying question, participants were asked to provide details of when they realised they were now in a crisis. Identifying the triggers was not clear because most participants confused triggers and causes. As such, participants' responses were also synthesised to derive causes of crises presented after this section. A summary of the themes is provided below.

Table 5.4: Summary of triggering events

<b>Codes</b>	<b>Categories</b>	<b>Themes</b>
There was no money coming in	No income	Insufficient funds
had used our savings of the previous financial year	Depleted savings	
Started losing clients	Loss of market	Loss of market
The police came to the property	Authority alert	Law enforcement
When ones start to question the other party's contribution	Dissatisfaction with business partner	Dissatisfaction with business partner
When security basically identified the trend	Market observation	Market observation
There is no ground ginger on shelf	Key ingredient out of stock	Supply chain interruptions

*Source:* Author's own work

Most participants referenced the insufficient funds as the main trigger of the crisis. Regardless of whether the crises or process-type or event-type, depletion of cash or

lack of incoming cash was reported as the main trigger. This is not surprising as the financial impact was the main concern for majority of participants. Because the businesses are different, each with its unique history, market, industry, location, employees, leadership and so on; the triggers were unique and specific to each business. For Construction Expert, the trigger was observing what was happening around the construction site as he narrates:

*“Those who had grievances would then break into the side offices at night and steal material. So I would say that the information that I got was from my security guard, indicating that this is a challenge with this contractor. And this is how the community is addressing it. They're breaking into that one. And then when it moved on to the next contractor, the same thing happened to them. Moving on to that one. So when security basically identified the trend, it was saying, Yeah, it's gonna eventually end up here, just so you know”.*

Construction Expert

For this participant, the trigger was when their client failed to pay them. For the ICT Guru the trigger was when they were called into a meeting by legal department from their client.

*“In April they failed to basically pay the full invoices twice So, we already knew that there was a problem when they failed to pay”.* Commodity Expert

*“It was picked up as an audit finding. And we had to be called at legal”.* ICT Guru

*“And within a week, that's when we get approached by the landlord, whom he said the police have come to the property looking for this kind of a person whom they suspect is the suspect that they're looking for”.* The Real Estate Genius

### **Causes of crises**

Probing questions under question two provided the causes of crises in SMEs, particularly considering that crisis is not just an isolated point in time event, but rather



a process that occurs in phases over a period of time and can be traced to its roots. Participants were asked to elaborate of what they thought triggered the crisis and what would have prevented the crisis. Combining responses from question two and some responses from question one, five main themes emerged as summarised below. The themes are interdependent and not mutually exclusive.

Table 5.5: Summary of themes contributing to causes of crisis

<b>Codes</b>	<b>Categories</b>	<b>Themes</b>
An accumulation of thoughts overtime	Frustrations	
It was one of the bad decisions we were making	Bad decisions	Bad decisions
Desperate to get business	Desperation	
Had we done a proper due diligence	Lack of due diligence	
SLA had loopholes	Lack of systems and processes	Lack of systems and processes
Inefficient operations	Inefficient operations	
Upscaling too quickly		
Doing a lot of the business, the business is growing	Growing business	Rapid growth
Implementing systems in business when the business is growing,		
No social gatherings allowed	Lockdown measures	Lockdown measures
Inadequate business management skills & experience		

## **Bad decisions**

Participants stated that a series of personal and business-related issues led to bad decisions that contributed to the cause of the crisis. Participants mentioned negative emotions such as frustrations and desperation in their decision-making process that influenced bad decisions. The state of the business before the crisis stage also played a role in influencing participants' decisions. This participant stated how their financial position and business state prior to the crisis created an oversight where they extended credit to a client that was under sequestration, a decision that crippled their business financially.

*"I mean, had we done a proper due diligence, and had we not been desperate for, for business and for traction in the sector? We should have, we should have known that was a no go".* Commodity Expert

Another participant states that the grievances between him and his partner created a lot of frustrations which almost led to a partnership split. He narrated when he reflects on the situation, he realised that he was wrong because the partner had always done what he said he would, but because he was unhappy, he was ready for them to go their separate ways.

*"And maybe it was just an accumulation of thoughts over time...not being open when one feels aggrieved".* The Great Accountant

## **Lack of processes and systems**

Participants acknowledges that lack of processes and systems contributes to the causes of crises. The lack of processes and systems correlates with employee failure to perform their duties properly. The deficiency in processes and systems includes hiring decisions, service level agreements, invoicing procedures, and customer processes. A participant recalls how a loophole in their contract led to the financial crisis where they had to payback a client more than half a million:

*“In one of our contracts, we didn't show the fine line that the amount excludes VAT... ..but then that was picked up after a year after of invoicing the client....we had to pay back”.* ICT Genius

Another participant narrates that an inefficient operation with their invoicing processes caused their cashflow crisis:

*“The payments got too big. And we were waiting for each of the individuals to send us timesheets, some of them sent us in over three months where they were working, so we had not invoiced that particular client for three months...it was inefficient structure that we were running that had created this problem”.*

The Professional

For this participant, a combination of inadequate employee training and having no standard operating procedures created a mass exit of customers.

*...“so I would hire a person probably because they know somebody that I know and so on. Those casuals didn't have proper training...They were doing guess counts”.* Stocktake Expert

### **Rapid growth**

Rapid business growth is aligned with the lack of processes and systems. Participants stated that they encountered crisis at the growth phase of the business. Their narrative suggests that crisis occurs at a point where the business grows more rapidly than they are prepared. The growth phase is further complicated when the business is dealing with blue chip companies and employing more people. This participant's business was growing organically, but there was no backoffice support for the growth

*“So it's the quick growing that almost crippled the business. So I mean, you would imagine we were doing a lot of the business, the business is growing...but we are not invoicing”.* The Professional

For this participant, growth was a perceived opportunity rather than an actual reality. The participant believed that the business was growing based on informal conversations he had with a current client where he was promised a contract that never materialised. The business's past performance indicated that he would be doubling his revenue in the year to come therefore he expanded the business in anticipation of growth.

*"Firstly, I would say, being eagerly optimistic at prospects of the business growing... I genuinely believe that meant the following year, we could actually double our revenue. Which meant that I could take higher risks. I took high risks by, you know, multiplying employees by three...we are bearing the consequence of upscaling too quickly".* The Branding Master

### **Lockdown measures**

Participants in the event-type crisis category narrates that the pandemic and lockdown measures caused the crisis. The ban on social gatherings negatively impacted on businesses regardless of industry but the impact was more visible in other sectors.

This participant was anticipating growth before the lockdown was enforced.

*"...I think a month before the crisis, or a month and a half, we moved to a new rental space. So, we were like, looking at growing because now are we accessible. We were on the main road, people can see us daily. So also business was picking up that beginning of March...and when the lockdown was started, then we could not have events as you can remember there were no social gatherings allowed... we could not work at all for the first two, three weeks of the lockdown.* Perfect Cakes

Another participant narrates that the lockdown measures did not immediately affect the business because she had an essential services permit. However, a few months into the lockdown, further lockdown complications resulted in the main ingredient of her product being pulled off the shelf.

*“We then found that ginger was completely pulled from the shelf and we couldn't purchase it, because people were now brewing alcoholic beverages in their own homes, which was now deemed illegal”.* The Ginger Master

The results also show that inadequate management skills contribute to causes of crisis. Participants stressed the challenges relating to all essential elements of planning, administration, coordination and controlling of various functions and resources of the business. One participant narrates:

*“When you're talking about crisis in my company, I would guess this comes from the difference between having the expertise of doing the job and having the expertise of running the company. So, I didn't have the expertise of running the company, I had the knowhow of performing the work, but I didn't have the knowhow of running a business, so everything was a learning process”.* Stocktake Expert

### **Conclusion of sub-research question two**

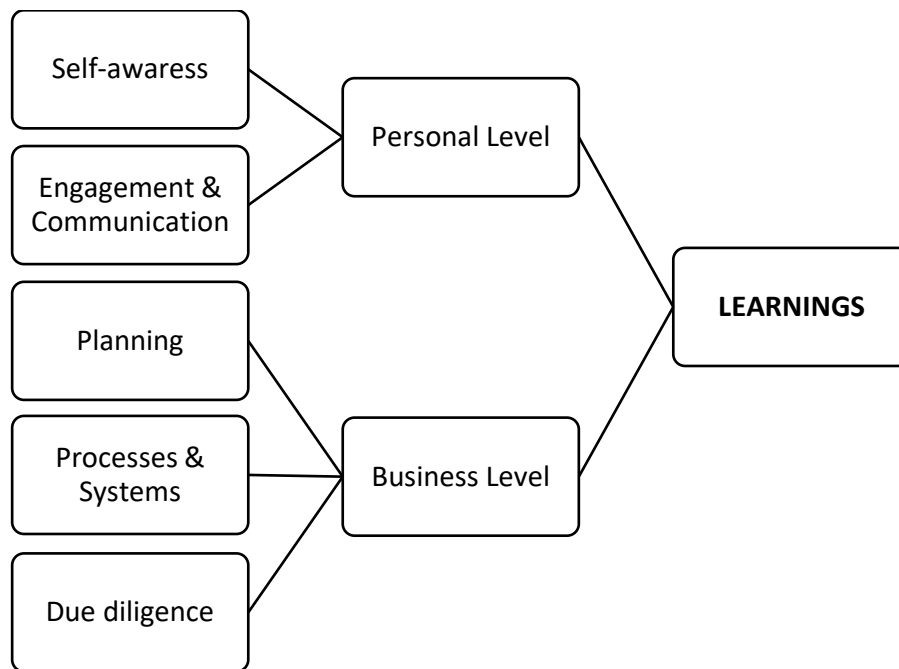
The results affirm that triggers of crises are unique in each crisis settings. The triggers bring the crisis into awareness and thus bring the underlying causes under the spotlight particularly in case of process-type crises. Although cause of crises may be multifaceted, participants could clearly trace the cause and articulate all factors contributing all things considered equal. For the event-type crises, triggers and causes can be the same as with the case of lockdown measures, however, this was not the case for all participants who experienced event type crisis.

### **5.4 Research Question Three results: What do small business owner managers learn from the crisis experience?**

This sub-question sought to understand the post crisis effects on SMEs. Specifically, sub-question one investigated if and what there were any learnings derived from the crisis experience. Themes generated from the responses show that learnings took place at a personal and business level as depicted in figure 55 below. Most learnings,

however, occurred at a business level particularly the need to have solid back office support in the form of processes and systems. Additional findings show that the post crisis impact on the business had an overall positive change on most SMEs. The section commences with presenting results from a personal level and follows with a presentation of the learnings at a business level.

Figure 5.5: Summary of lessons learnt from crisis



Source: Authors own work

### **Self-awareness**

At a personal level, the crisis experience made participants more aware of their personal strengths and weaknesses as business owners. This came with an awareness of how their personal limitations can hamper the business and the realisation that had they addressed those limitations earlier; the crisis may have not occurred. Some participants commented that their strengths were in starting businesses and not necessarily running them. This made participants realise the

need to recruit skilled people in the areas of their weakness to free up their capacity to focus on being entrepreneurial.

*"I'm an entrepreneur by nature, I'm not employee material. So, I need to back off from operational matters, day to day running of the business...So that is the lessons that I've taken, that had I employed a GM, you know, where the employees come and go...the ship would probably be such sailing nicely ...".*

The Branding Master

*"I think I'm very good at starting businesses...But I had been very bad running an established business...So there's one thing I've learned is, there needs to be people that are responsible, for HR for example. So, our MD of Internal Audit looks after HR, our MD of Actuarial looks after New Business. We are in the process of hiring an MD of Accounting, that person will look after finances".* The Professional

She recalls that when she was handling the crisis, she was very emotional. She took things personal and would get very angry. She learned in business one must be humbled, be open to feedback and learn to separate yourself from the business.

*"I had to learn that in business, don't mix emotions... started teaching myself to put on the business hat and separate myself from the business. I then realized that I work for the business, I am not the business. I had to teach myself to separate the two because before I couldn't".* The Stocktake Expert

## **Engagement and communication**

Other participants learned the importance of having efficient ongoing engagements with stakeholders. This emphasized the importance of being able to communicate with multiple stakeholders at the right level. One participant who almost split with his business partner, highlighted that it was important to learn how to communicate and discuss matters in business relationships.

*“In any relationship people are in a rush to split rather than go for a discussion or negotiation or inclusion of terms. So, I would not be in a rush to say, let's go separate ways, I would rather say how can we resolve this how, you know and...and look how we can work things out”.* The Great Accountant

*I think, more efficient engagements, especially when there's multiple stakeholders involved... my initial approach was to escalate it to specific individuals, assuming that the issues would be remedied up there. Whereas I needed to have all stakeholders in one room that could talk to each other.* The Construction Expert

Other participants reported that they have learned that business is unpredictable. This made them realise importance of planning ahead and anticipating change. One participant stated that he learned to be broad minded and think of solutions to problems that do not yet exist.

*“What I've learned is that you need to be ahead in the industry, even if something is not needed now put it there”* AV Guru

*“From the experience, what I've learned is, you know, things are just unpredictable. So, it's good to plan ahead”.* Perfect Cakes

### **Processes and systems**

The need to have and implement business processes and systems was a major theme that came out from the learnings. At least 80% of the participants narrated that having process and systems related measures in place was key to running a business successfully. Majority of participants had already implemented those processes whilst others were still contemplating. Within the processes and systems theme, participants emphasised the need for proper due diligence and continuous review of key business documentation. This participant emphasises the need for back office support and why processes and systems are important:

*“We've put in place processes to help us manage the business well. You need to have back office processes that support the core business or even for the*



*core business to do great. Without a strong back office, the business would still fail... We have put in a lot of measures, to see the risk, anticipate the risk and probably prevent it before it happens.* The Professional

*"From the experience, what I've learned is that, It's good to have, you know, processes in place to make sure that when something like this happens, you are fully prepared for it, and you have the resources to deal with it.* Perfect Cakes

Another participant narrated that the crisis made her realise that she lacks business management skills and experience. Therefore, the crisis forced her to seek support and training from business incubators where she received risk management training and policies were drafted for her business.

*"I remember one client was like; "do you even have policies? I mean, you guys are coming to my business and you are getting exposed to my financials... There were no sort of policies or even training done before the crisis... hence there was a need for having policies ...that's when I started implementing policies, and so on. And I had to also do risk management, things that one wouldn't even think about".* Stocktake Expert

### **Due diligence**

For other participants, having processes and systems also included training their staff on their duties and supervising their work. Participants emphasised the importance of being thorough and conducting proper due diligence. Others stated that had conducted proper due diligence, the crisis would not have occurred.

*"Make sure that there are no mistakes in your work. Yes, there will be mistakes, we are human beings, but make sure that you do proper due diligence and make sure that there are not a lot of errors because, when there a lot of errors, people tend to view you as an incompetent person, or view the business as a whole as incompetent".* ICT Genius

*"I took my rental admin to go for further training for FICA Act and for verification of documentation...I also implemented a standard rule to my agents that no clients will occupy our properties, before, verification of documents has been done including verification of previous rental history".*

The Real Estate Genius

This participant learned that relying on one supplier is detrimental to the business. Her focus during and following the crisis was developing a solid data base of multiple suppliers to minimise risks. Similarly, another participant learned that customer segmentation is critical success factor. He mentioned that they now conduct due diligence on all their customers and segment them according to their risk profiles.

*"The lesson that we came out with is that it is the worst decision as a, as a business to have one supplier of an essential ingredient of the product that you're making. So you should have multiple suppliers, so that if one goes down or has difficulties, you're able to tap into others".* The Ginger Master

*"So, basically, it has to do with our market segmentation. So, we've decided the kind of clientele that we want to do business with... We understand their buying patterns, we understand how they consume, we understand their pain, the payment terms... you can call it customer segmentation, basically informs the kind of customers that we do business with".* The Commodity Expert

### **Differences between learnings derived from process-type and event-type crisis**

At a personal level, only participants who encountered process-type crises personally learned from the crises. None of the participants who encountered event-type crisis reported learnings that directly related to them as owner managers. All participants who encountered event-type crises stated that there was nothing they could do to prevent the crisis and they could not have foreseen the crises.

Most participants who learned the significance of having processes and systems in place were those who faced process-type crises. These participants emphasised the

need for proper due diligence as opposed to those who faced event-type crises. The learnings correlated with the causes of crises which were internal. However, there were participants who faced event-type crises who learned that having processes and systems in place key for preventing and managing crisis.

### **Additional findings**

Most participants reported that the crisis a positive outcome for their businesses. Participants stated that it was easier to handle the subsequent crises following the crisis they shared in the interviews. Moreover, majority stated that the crisis brought positive change that was necessary for their businesses. This correlated with the learnings they derived from the crisis. The participant who learned the importance of having multiple suppliers commented that she is grateful for the crisis because it ultimately led her to an alternative supplier where she sources her products cheaper.

*“Looking back, I'm glad we didn't have a lot of stock on our side because we wouldn't have experienced the problem. Because having experienced the crisis has actually led us into a space where we are able to source from almost at distribution level of the ingredient, which also played a part in the price factor. So we're now getting a whole lot more of the ingredient at a much lower price, which is working well for our bottom line now and in the future”.* The Ginger Master

Another participant corroborated that the crisis they encountered prepared them for the COVID-19 crisis.

*“And when my second crisis happened, it was so easy for me to deal with it, because already policies way implemented. Had COVID came two years ago, this business wouldn't exist today. I would be probably be unemployed somewhere”.* The Professional

The same participant further added that he now runs the business as a corporate and not as an entrepreneur.

*“You'll see when you look at our website, we have a board...we have those things in place to kind of help us run the business, not as entrepreneurs but more as a corporate business”.* The Professional

This participant stated that the crisis she encountered brought about the pandemic and lockdown forced her to make use of digital methods and the rapid shift to digital platforms brought a positive outcome in her business.

*“...during the lockdown, my work for other brands was digital, everything was done digitally...That has forced business to think of digital ways of doing things because people spend more time online now. And probably this has been long coming even before the COVID-19 pandemic... So in a way people realize that and as a result brands came on board in my agency for assistance of expanding their presence on their online platforms, social media platforms, websites, and obviously, media exposure”.* The Events & PR Guru

Other participants narrated that they now review their company documents on an ongoing process. This means that they are aware of the changing nature of the environment they operate under and the need to adapt.

*“So, we've actually reviewed our business plan that we drafted in 2015. So we've reviewed it this year in 2020. And we've really, you know, scrutinized it, and we've redrafted it to basically, you know, take cognisance of the latest assumptions as we understand them.* The Commodity Expert

Majority of participants in both process-type and event-type reported that there were positive outcomes post the crisis. However, those who had faced event-type of crisis were still recovering from crises as it was recent, whereas those who encountered process-type crises stated that pandemic did not have a significant impact on their businesses.

### **Conclusion of Research Question Three**

Data collected from question three reveal that participants had significant learnings from crises regardless of whether they had faced process-type or event type crises. Results shows that the learnings correlated with the type of crises participants encountered. Nearly all participants learned the need to have processes and systems in place to manage the business. In addition, majority of participants narrated that they had practically implemented most of the learnings they took from the crises particularly those who experienced process-type crises. Data shows that crises equipped participants with better knowledge and skills to handle subsequent crises.

### **5.5 Conclusion of Chapter Five**

Using thematic inductive analysis, main themes were generated from raw data collected from participants and presented as narrated. Results generated from question one revealed rich data regarding the response strategies owner managers employed during crisis stage. Mainly, participants responded to crises by adapting their business model, through stakeholder management and employing a combination of various survival tactics such as delay tactics and marketing tactics.

Data collected in this chapter also revealed information that was themed to broadly categorise the different types of crises SMEs encountered ranging from financial crisis to governance, customer, and community protests crises. The main impact of crisis was financial impact, although participants also reported that crisis had an emotional and reputational impact as well.

Results presented for sub-research question two revealed factors that contributed to causes of crises. Insights presented shows that causes for process-type crisis originated from within the SMEs due to inadequate business management skills resulting in bad decisions over operational and strategic functions, lack of processes and systems and rapid growth. In contrast, factors that led to crisis in event-type

crisis were mainly external such as the lockdown and community labour rate disputes. However, there was no significant difference in the crisis response strategies of participants who faced process-type and event-type crisis.

Insights presented under sub-research question three revealed that participants had much to learn from crises experiences and participants narrated positive change and gain from the crisis aftermath. Main sub-themes derived from the responses included learnings at a personal and business level. At a personal level, results show that the experience of crisis made participants more aware of their personal strengths and weaknesses and realised a need to address their limitations by recruiting skilled personnel. At a business level, participants learned the importance of having processes and systems, effective engagements and communications and need for planning. Additional data revealed from the learnings is that in the crisis aftermath, SMEs saw positive change and benefits. In the next chapter, the findings of the research are discussed considering the research problem and research questions, the literature review, methodology and results.

## **CHAPTER 6: DISCUSSION OF RESULTS**

### **6.1 Introduction**

This chapter provides a detailed analysis and interpretation of the results presented in the previous chapter in relation to owner manager's experiences of and responses to crisis. Key findings are discussed in relation to the problem statement in chapter one, previous findings in literature as per chapter two and the key research questions in chapter three.

### **6.2 Discussion**

Following an inductive analysis, the findings are discussed using research questions as main headings and the three-stage crisis management model as sub-headings. It is noted that sub-research question two is part of during crisis stage, sub research question two is part of the pre-crisis stage and lastly, sub-research question three makes post-crisis stage.

**Analysis discussion for research question one: How do owner managers of established SMEs in a resource constraint and unstable environment respond to crises?**

#### **During crisis stage – Crisis response strategies**

The main purpose of question one was to investigate the crisis response strategies used by owner managers of established SMEs during the crisis stage. Upon reviewing and analysing the results, the researcher found that their response strategies can be categorised as operational and strategic. Operational responses served the immediate to short-term goal to survive the crisis with as little negative impact as possible. These related to day-to-day activities that keep the business going and were themed broadly as survival tactics in the results chapter. Operational responses were largely based on trial and error, improvisation and experimentation as narrated by participants. Their approach was congruent with the effectual logic

that asserts a high level of experimentation during uncertain periods until a suitable model or solution is realised (Sevantiea & Rispal, 2018). Although participant's actions were experimental, their actions were within their domain of work, what they know and had done in some form.

The study found slight similarities between the survival tactics employed by participants and (Alpaslan, Green, & Mitroff, 2009)'s crisis response strategies. For example, compliance tactics correlated with accommodative strategies where participants took responsibility for the crisis, become transparent with stakeholders, cooperated with authorities and used apology to manage the crisis situation. Both (Alpaslan, Green, & Mitroff, 2009) and Coomb's (2006) response strategies were silent on pressure and avoidance tactics, perhaps because their suggested strategies were specific to reputation management in large organisations. Avoidance tactics in particular, highlighted a key point; when evaluating possible response options and deciding on which actions not to take is as equally important as deciding which actions to take in crisis management strategy.

Further, as much as participants used an effectual approach in some instances, they were also very decisive and deliberate about specific responses and how those decisions could impact their businesses in the long run. For example, participants who decided against taking legal action even when they had strong base to go the legal route. These participants pointed that they did not want to compromise their relationship with customers and the process of going to court was costly. This is evidence of how lack of resources can disadvantage SMEs and causes them to compromise.

The use of marketing tactics corroborates with (Doern, 2016) and XXX findings where participants offered price discounts to lure customers in. Participants in this study went further than discounts, some narrated that they offered free services and others offered discounts nearly at 50% loss. Participants responded that these were effective in the short term and it was a sacrifice they were happy to make.



Flexibility is at the core of effectuation (Sevantiea & Rispalb, 2018) and the study found high level of flexibility and adaptability amongst SMEs as they navigated crises. This is confirmatory evidence as claimed by numerous scholars such as (Simon-Moya et al's.,2016) that size combined with limited bureaucracy, close involvement of the owner, presented SMEs with an advantage over large corporates in the face of crisis. Findings reveal that SMEs were able to rapidly adapt their business model to fit current market needs and recognised new ways of accessing markets or adding new products and services. Business model adaptation as a response strategy corresponds with (Archibugi, Fjlipetti, & Frenz, 2013)' findings on the use of innovation to introduce new products and services as a survival strategy during crisis. Further, an attempt at product diversification and business restructuring by SMEs aligns with previous claims by Chakrabarti, (2015) who claimed that firms which reconfigured their business model were more likely survive tough conditions.

Participants who reconfigured their business model reported improved operational efficiency and position after the crisis. Businesses who were able to make minor adjustments to their products and repositioned their businesses to fit current market demands reported immediate results that gave them access to new clients. This is true, particularly those who were impacted by the COVID-19 pandemic crisis. This depended on the type of business and product or services they provide. For example, participants in the events and PR industry was able to realise new customers but changing their market focus, slightly adjusting their products, and introducing new related revenue streams.

However, for most participants, the business reconfiguration was a medium to long term process aimed to address the cause of the crisis and therefore it was a strategy that was used alongside other response strategies. This can be categorised as a strategic response as opposed to an operational response. As narrated by one

participant who affirmed that changing the way they operated at the time of the crisis prepared and enabled them to get easily through the COVID-19 pandemic crisis.

The importance of being adaptable was mainly highlighted by participants who were impacted by lockdown measures as result of COVID-19 as most found that their existing operating models were limited. Business model adaptation as response strategy largely correlated with the type of crisis participants experienced, that is, business model crisis. Participants who recognised that their model contributed to the cause and type of crisis they encountered applied business model response strategy. Previous scholars had alluded to the point that identifying the type of crisis one is dealing with helps to provide a matching response strategy (Roux-Dufort C. , 2016).

Limited literature on stakeholder management in SMEs mainly focuses on identifying the most important stakeholders for SMEs (Manzaneque-Lizano, Alfaro-Cortes, & Priego de la Cruz, 2019) and the role of stakeholders in SMEs, however, there is lack of literature on how and to the extent that SMEs use negotiations, engagements and consultations during crisis to cocreate solutions and diffuse crisis. This study found that participants critically relied on stakeholders such as customers, suppliers and communities to limit adverse crisis impact and reach favourable outcomes. Apology and requesting feedback were found to be amongst tactics used in consultations and engagements. Continuous engagements with stakeholders was the only response strategy in specific crisis types, such as community protest. This strongly posit that specific crisis types require matching response strategies and identifying the crisis type can be useful as previously highlighted.

Previous studies have confirmed the effectiveness of negotiations in crisis (Varma, 2011), although not in the context of SMEs; whilst (Manzaneque-Lizano et al., 2019) posited that SMEs have low negotiation power and bargain, therefore vulnerable during negotiations. This proved to be true as participants stated that they were cognisant of power dynamics and sensitive in how they approached stakeholders.

They reported that they did not want to lose the stakeholder, thus very accommodative. Specific negotiation tactics used by participants not clear, participants narrated that they focused on long term objectives and sought mutual gain.

Findings revealed that participants who narrated a process-type crisis in the earlier years of the business were less impacted by event-type crisis such as the COVID-19 pandemic. Others went on to say COVID-19 was just another challenge. This suggests that process-type crisis, as it was mainly internal, allowed SMEs to be strengthen their internal structures to be weather the storm brought by the external environment.

### **Effective crisis strategies**

It was difficult to evaluate the most effective strategies because the SMEs operated in different industries, had different company dynamics and faced different types of crises. This forms part of the limitations for the study as discussed in the next chapter. Nonetheless, literature is not clear in terms of what constitute effective crisis management or successful (McConnell, 2011) because strategies are dependent on various factors such as the type of crisis, actors' actions and it is largely perceptual. What is considered success for others maybe be a total failure for another. However, there is consensus about that prevention, minimizing impact, continuing operations and returning to pre-crisis mode (assuming that was desirable) is what organisations strife for.

The researcher noted that adaptive strategies in the form of business model adaptations and proactive marketing strategies were most effective. Participants reported that they were able to obtain new customers, improved how they worked and minimised downtime. Although negotiations were effective, they were slow to produce results and because SMEs were accommodative, they might have compromised more than they could gained if power dynamics were equal.

## **Pre-crisis stage**

### **Analysis discussion for research question two: What triggers or crisis triggering factors in SMEs**

Firstly, this question sought to investigate triggering events of crisis. Secondly, the probing sub-questions revealed factors contributing to causes of crises. Triggering events were those specific and unique events that signaled the crisis and indicated a new state as previously described in chapter two. This question was categorized under the pre-crisis stage of the crisis management process because it reveals details of how the crisis occurs.

## **Triggers**

Because crisis studies have predominantly focused on event-type crisis, largely blamed on the environment, studies are silent on what triggers crisis. The finding of this research found specific and unique factors that triggered a crisis as stated (Roux-Dufort 2016). The most common trigger was insufficient funds. Participants narrated that they found confirmation when they realized the business had no money or they were no longer generating any income and had exhausted any savings that was at their disposal. Lack of financial resources is a known challenge for SMEs even outside of a crisis and it was expected that it would be one of the triggers.

For half the participants, the triggers were completely unique, very specific to the context of the crisis, the type of business, industry they operate it, the way they operated and so on. For example, a participant in the construction sector noticed what was happening to other construction companies and soon realized the same was going to happen in his business. A participant who got informed by the landlord that one of the tenants occupying the managed properties is a criminal suspect. For a handful of participants, the announcement of the lockdown measures the Republic's President set the crisis in motion, although this was not immediate for all. For instance, for The Ginger Master, the announcement did not have any significance because the business could still trade as an essential services provider. It was only

at the stage she could not source the key ingredient that triggered the crisis. This suggests that triggering events could be in phases and depending on how one perceives and construct meaning related to the event; a triggering event could be a warning and signal for a pending crisis. Thus, require careful analysis and strategic planning.

Triggering events set the crisis in motion as claimed by Roux-Dufort (2016) and (Isabella, 1990). Once the crisis is triggered, determining the appropriate cause of action is the immediate step that will inform how the crisis will be managed. The assumption on studying triggers was that they would inform the type and seriousness of the crisis and reveal specific details important to understanding crisis. However, the study could not verify how the triggers impacted how participants behaved following the triggers and if specific triggers are could have brought about different response strategies. Thus, in retrospect, the researcher found this specific inquiry not useful to the overall value of this research.

### **Causes of crisis**

The research was able to derive causes related factors participants responses. Responses derived from sub-research question one and two were used to arrive the causes.

Findings revealed that some causes were internal (meso level) and whilst others external (environment level). Underlying these causes was inadequate business management skills from owner managers (micro personal level). Key findings confirmed established research that growth, particularly rapid growth can lead to failure (Bushe, 2017), particularly unmanaged growth. A period of growth brings with it change and as one participant narrated "*as the business grows, you need to also change your strategies and grow as a person*". There is no link of growth and crisis in literature and majority of crisis studies are focused on external crisis. Growth as a cause ties in with lack or inadequate processes and systems in most SMEs, especially because most participants recollected a crisis that occurred in the earlier

stages of business as the most threatening. There was a causal link between inadequate processes and systems and rapid growth as causes of crisis. Causes are not always clear and there are multiple factors that can be taken into consideration, however, identifying numerous possibilities could assist to identify hidden problems and imperfections that cause the crisis.

Lockdown measures were the obvious contributing causes. Participants who reported that the lockdown was the cause could not relate the crisis to any other factors and causes. All reported that the businesses were on a positive trajectory before the lockdown and most believe they were on a growth path. Perhaps this is true, however, upon review and analysis of their responses, the causes could be attributed to other things as well. For example, The Ginger Master's challenge was being reliant on one supplier and when the lockdown started, this hidden problem was exposed. The AV Guru, for example, was reliant on a single service and relied on being a reseller. Whilst this is a model that works and has been working, crisis events expose the weakness in the model and hidden problems in the business.

The causes of the crisis provide a glimpse of the response strategies and learnings derived from crisis. Thus, most responses address the cause, and the learnings develop from the cause. Therefore, understanding the causes is more useful than triggers. To learn from crisis and address causes, requires a root cause analysis and review of what went wrong.

### **Post Crisis stage**

#### **Analysis discussion for research question three: What do small business owner managers learn from the crisis experience?**

Questions two focused on post crisis effects or outcome. Specifically, the research probed participants on what they had learned. This based on conflicting literature on whether there were any learnings derived on literature. Additional information

derived was analyzed in relation to the overall effect the crisis had on the business post the crisis.

## **Learnings**

The study found conclusive evidence that going through a crisis can bring valuable lessons or learnings. Findings highlight that the key lesson learnt was the realization and need to have a strong back office in the form of processes and systems. It is not to say that participants did not know this already, however, the crisis brought this to surface, made it visibly clear and created an urgency to correct the misalignment. This means that crisis exposed hidden loopholes and problems, management imperfections and that had been accumulating gradually and thus confirming (Seeger et al., 2005)'s on the potential on crisis to reveal problems and provide an organisation the opportunity to resume on a clean slate.

Findings show that all participants extracted key lessons on a personal and business. However, the research also found that those who benefited from the learnings are those who practically applied the lessons back into their business. Consider, The Stocktake Expert for example, who admitted that she lacked business skills after losing all her customers. This made her join a business incubator in order to obtain business training and coaching. Further, realising that the cause of the crisis was due to lack of processes; she took corrective action by implementing key systems and processes that not only protected the business but also restored stakeholder confidence. This was congruent with (McConnell, 2011)'s argument that the success or effectiveness of crisis management can be associated with the lessons derived. Therefore, the findings of this research contradicts (Doern, 2016) and (Herbane, 2013)'s findings that SMEs did not derive any learnings from crisis.

Interestingly, limited literature reviewed did not highlight any learnings that took place at a personal level of the business owners. Having gone through the crisis, at least half the participants acknowledged their own personal shortcomings be in their level

of education, skills or experience and the need to address those shortcomings. Notably, two participants narrated that they sought to hire managers who were strong and had skills in areas they struggled with. From this, we can deduce that learning crisis brings a time of reflection and introspection and if applied correctly, and fosters learning and development to improve how one prepares for the next crisis.

Further, the learnings were greater in participants who encountered process-type crisis than those who were dealing with the effects of COVID-19 lockdown. The research agrees with (Roux-Dufort, 2016)'s assumptions that process-type crisis would yield more learnings than event-type crisis. Moreover, the findings of this research corresponds with (Seeger, Ulmer, Novak, & Sellnow, 2005)'s research who stated that severe crisis impact, particularly if the cause came from human error or fault, produced critical and greater learning. This is because participants who faced process-type crisis also said it was preventable and thus believe it was self-inflicted, they could own it and take responsibility for it. Therefore, this recognition empowered them, they were more in their control and they became aware that it could happen again if they do not do anything about it.

Unlike, participants who faced process-type crisis; those who were dealing with event-type crisis from the lockdown measures blamed the environment and said that there was nothing they could have done to prevent the crisis. Although, these participants also reported key learnings such as the importance of planning, having processes in place, being compliant with statutory laws; only one had already implemented learnings.

### **Overall post crisis outcome**

Majority of participants said that the crisis they encountered provided great positive change and renewal for their business. The findings suggest applying the learnings from crisis can have a positive post crisis effect on established SMEs. Although the crisis impact may be negative during the crisis stage, the response strategies of the



participants determine how learnings can be used to improve and refine the business going forward. Some participants said they were grateful for the lockdown because it assisted them to find better ways improving their products and services.

However, recovery from crisis is a process. Other participants mentioned that the impact set them back a couple of years and instead of employing 40 people at the time of the interview, they could have been employing at least 200 people. Although there are no guarantees, crisis deters growth prospects and adequate response strategies are imperative for the future trajectory of the SME.



### **6.3 Conclusion of findings**

Findings detailed in this chapter were discussed in relation to previous literature on crisis and crisis management strategies in the context of SMEs. The research found that participants approached crises with effectual logic, using experimentation to contain the crisis as they saw fit. The study found that crisis triggers maybe warning signals for pending crisis, however, causes provide meaningful details than triggers. Key learnings from crisis are tied to the causes and effective response strategies are those that also deal with the cause and not just the crisis. The study contradicted with other SMEs that claimed owner managers did not derive any learnings from crisis.

The research findings reveal that SME owner managers used a combination of crisis respond strategies categorically, their responses were operational and strategic. Operational strategies were mostly reactive, passive and to some extent adaptive, whilst strategic responses were mostly adaptative and proactive. The most effective strategies were adaptive strategies, being able to adapt the business model, reconfigure and reposition the business. Short term response strategies such as survival tactics are effective in the short-run and buys time whilst the SMEs seeks solutions to address cause. Overall finding met the research objectives, however, a holistic study on crisis management could expand on the study. Several limitations of the study are noted and recommendations for future studies are presented in the next concluding chapter of the research.

## **CHAPTER 7 CONCLUSION**

### **7.1 Introduction**

This chapter provides overall conclusions of the research based on what it set to achieve, how the researcher went about it and the key findings discussed in the previous chapters. The chapter commenced with a conclusion on the research questions. Next, the contributions of the study and implications to stakeholders are highlighted. Furthermore, the limitations of the study are noted. The chapter concludes with recommendations for future studies.

The primary aim of this research was to investigate crisis management strategies used by owner managers of established SMEs. The following were the research objectives set in chapter one:

1. To explore how established small businesses owners have responded to business crises and survived;
2. To explore the triggers of crisis in small businesses and investigate how owner managers use triggers to mitigate crisis; and
3. To explore the after-effects of crises on SME; especially to explore and establish any learnings derived from crises.

The research was prompted by the alarming business statistics regarding the possible mass failure of SMEs at the wake of the COVID-19 pandemic crisis, the already ailing economy and high discontinuance rate of established SMEs (Herrington & Kew, 2016) as detailed in chapter one. Literature reviewed revealed a shortage of empirical research and knowledge gap in understanding the crisis management strategies of SMEs in emerging markets. The researcher argued that the lack of crisis management strategies in SMEs is due to the biased focus towards event-type crisis, such as natural disasters, because early definitions of crisis were developed in those contexts. Process-type crisis was reviewed in contrasts which offers elements previously neglected by event-type scholars, such as crisis triggering

events and genealogy of crisis. Having reviewed both event-type and process-type crisis, the author provided a definition fitting for this study:

*“A crisis is an unplanned, uncertain and negative situation which has developed gradually or suddenly, triggered by internal or external factors and perceived to be highly harmful, undesirable and threatening to one or more key parts of the business or the entire organisation now or in the near future. The situation requires urgent attention from those responsible to intervene with appropriate actions in order to minimise harm and sustain the business or organisation”.*

## **7.2 Research questions conclusions**

**Key findings question one: How do owner managers of established SMEs in a resource constrained and unstable business environment respond to business crisis?**

Question one was the focal point of this research. The question aimed to establish crisis response strategies used by owner managers. Probing questions also revealed information relating to the type of crisis they faced and the impact it had on the business.

**Key findings** revealed that participants in this study encountered five types of crises categorically grouped as process-type (internal) and event type (external) of crisis. Participants who encountered event-type of crisis mainly suffered a business model crisis. The specific nature of the lockdown made most business concepts irrelevant and hastened the need for adaptation. Participants who encountered process-type crisis experienced financial, market share and governance crisis. The study also confirmed that crisis impact is both negative and positive. Negative impact entails financial, emotional and reputation impact. Positive impact is ingrained in the post-crisis stage as learning outcomes.

Further, findings agreed with previous studies which maintained that SMEs are indeed flexible and adaptable to change in times of crisis; their size and proximity to the owner provides it with an advantage to rapidly adapt (Simon-Moya et al.,2016). Accordingly, the study found that owner managers use a combination of short-term and long-term adaptive strategies. Adaptation as a response to turbulent environments has long been established as an effective strategy in mainstream research (Schindehutte & Morris, 2001). Owner managers' actions were effectual and demonstrated a high level of experimentation through trial and error. Their responses were also contingent upon factors surrounding external and internal environment.

Notably, owner managers used operational adaptive strategies such as survival tactics to get through the day-to-day and buy time. Proactive marketing strategies were found to be effective survival tactics. Participants impacted by the lockdown also accessed the COVID-19 relief funds for survival. Doern, (2016) reported some similar tactics, however, this research offered much more elaborative and insightful tactics. Strategically, owner managers made modifications to their business models through business model adaptation. This entailed the way they operated, some adjusted existing products, added new revenue streams, intensified focus on new markets, put other markets on hold and reconfigured themselves internally to fit current and future markets. There was no evidence of breakthrough innovation as suggested by (Archibugi, Fjlipetti, & Frenz, 2013). In addition, owner managers engaged in extensive negotiations with various relevant stakeholders and were aware of the economic importance of each stakeholder in process.

SME owner managers sought collaborative solutioning and mutual gain through stakeholder engagements. The research confirmed that customers and suppliers are the most important stakeholders for SMEs an in crisis (Manzaneque-Lizano et al., 2019). Customers and suppliers contributed to the cause of crisis and also formed part of the solution. Extant literature on the interaction of stakeholders (particularly customers and suppliers) and SMEs during crisis require futher investigation.

Studies in mainstream strategy and business management agree that businesses who fail to adapt eventually fail due to inertia (Corbo, Pirlo, & Rodrigues, 2018). This study found confirmatory evidence of adaptation as a response strategy to crisis.

**Key findings question two: What are the factors that lead to or trigger business crisis in small businesses?**

This question was developed on the premise that crisis does not only consists of rare special events, such as natural disasters, but also encompasses broad disruptions to operational functioning that develop gradually; therefore sought to understand the origin of crisis in SMEs. Triggers were explained in chapter two as unique and specific events that precedes crisis (Roux-Dufort, 2016) and a key characteristic of a crisis (Keown-McMullan, 1997). If triggers are identified early, they could serve as warning signs and managers can act to prevent the crisis stage. Otherwise if managers do not act early, they signal a crisis stage. The responses to this question provided triggers and further probing questions provided useful insights to derive causes of crises.

**Triggers**

**Key findings** demonstrated the uniqueness and specificity of triggering events as previous claimed by (Roux-Dufort, 2016) and (Isabella, 1990). However, the most common trigger was insufficient funds characterized by depleted savings and inability to cover operational expenses. The researcher concluded that insufficient funds as a trigger signals the crisis stage rather than a warning, thus the owner manager ignored or missed preceding triggers such as decrease in revenue. Other triggers included picking up fraudulent documents and contact from the police, losing 50% of customers, being contacted by lawyers, announcement of lockdown measures and personal dissatisfaction with a situation.

The study found that participants recognized the triggers, however, some failed to act to contain the situation whereas others attached different meaning to triggers. Triggers are important because they determine the appropriate course of action that could either prevent or contain. In conclusion, the study found that triggers are subjective it may be difficult to identify triggers (Penuel et al., 2013). The researcher noted that identifying triggers was challenging as a few participants struggled to distinguish between triggers and causes.

## **Causes**

**Key findings** on causes of crisis were broadly classified as internal and external causes. Internal causes originated from within the organization and were mainly because of rapid growth and lack of processes and systems and correlated with process-type crisis. External causes were linked to the operating environment and categorized as event-type crisis. The study established that the underlying factor behind these causes was inadequate management skills participants. These conform to known contributory factors leading to failure in SMEs (Bushe, 2017). External causes were mainly due to lockdown measures, these were also triggering events described above. This indicated that suddenness of external or event-type crisis. All businesses that were affected by lockdown measures reported a business model crisis signifying the need to adapt to external environment.

### **Question three: What do owner managers of established SMEs learn from the crisis experience.**

**Key findings** of this study revealed that crisis can be a positive agent of change, renewal, and a great teacher. Whereas previous studies such as Doern, (2016) and Harbaine (2013) indicated that limited or no learnings from crisis, the finding of this study contradicts their claims and agrees suggestions by (Seeger, Ulmer, Novak, & Sellnow, 2005). (Schindehutte & Morris, 2001) asserted that adaptive organisations and learning organisation and failure to learn is failure to adapt. The study found that learning took place at personal and business level. Personal learning demonstrated



personal introspection and reflection on personal weakness and strengths and how these impact the business. The study also found that personal learning only took place with participants who faced internal crisis or process-type crisis. This aligns with Ruox-Dufort's (2016) assumption that process-type crisis has potential to produce learnings that one-time event. At a business level participants learned the importance and need for internal processes and systems and due diligence.

### **7.3 Contributions of the study**

The study offers a model that reflects and explains the simultaneous actions that addresses operational and strategic needs the business during crisis. The contributes additional knowledge relating to the survival tactics that can be utilized in time of crisis. The study further revealed that learning from crisis can positively change and strengthen SMEs and prepare them for future crisis. The study's attempt at investigating triggering events in crisis offers a starting point for further research in this area.

### **7.4 Limitations**

Several limitations were noted during and post the research. Firstly, the sample consisted of a heterogenous group of businesses operating in different industries. Although the aim of the study was to explore crisis strategies of established SMEs regardless of the type of crisis or industry they were in, this may have limited the depth and richness of the findings.

### **7.5 Implications for stakeholders**

Previous research proves that SMEs that have crisis plans recover faster than those SMEs that do not have crisis management strategies Muñoz's et al., (2019). Stakeholders in the small business development sector should develop and include crisis simulations in SME education and interventions. Although our study confirms that a crisis experience brings learning and can bring positive change, this comes at

a high financial and emotional that sets back the business. Boin et al., (2004) suggested gamification simulation emulation real life situations.

Risk management education is often neglected small business development support programmes, the findings of this study suggests that crisis management should form part of the foundational and growing interventions in supporting SMEs, through education, coaching and mentoring. SMEs should be assisted to develop issue and incident management practices to anticipate and prevent crisis. Since established SMEs play such a critical role in employment and developing crisis management plans is often costly, government should subsidise the development of crisis management plans for growing SMEs.

### **7.5 Implications for SME owners**

SME owners could benefit from understanding the different response strategies available at their disposal. Understanding crisis triggering events and causes of crisis can equip SME owner managers with knowledge to detect and prevent crisis. The study highlights the importance of strategic business model adaptation, focusing on the short-term and long-term to ensure sustainability. Learning is a key outcome of crisis, owner managers should be reflective after every crisis, identify learnings and apply them in the business or at a personal level.

### **7.6 Future research**

Since the sample consisted of SMEs in different industries, it would be interesting to see a study focusing on a pure homogenous sample in terms of industry or sector. In addition, because this study consisted of a sample the faced different types of crisis, future studies should focus on one type of crisis. Governance crisis is relatively underexplored in SMEs and offer a great avenue for future research (Nu Nu Htay & Salman, 2013) particularly investigation the extent to which boards assist SMEs in times of crisis. Further, conducting a study on the sample that was impacted by

COVID-19 lockdown in the future might reveal great insights in terms of how they have progressed over the years and how the experience alternated their businesses.

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## **Appendix 1: SEMI-STRUCTURED INTERVIEW GUIDE**

### **1. SECTION A: INTRODUCTION TO THE STUDY (3 minutes)**

- i. Recall purpose of the research
- ii. Assure participant of confidentiality and refer to consent letter
- iii. Remind participants to avoid answers that refer to their emotional experiences about the crisis as it falls outside the scope of the research.
- iv. In this study, the definition of crisis is “a process such that over time there is a weakening or degeneration that can culminate in an event that disrupts the organization’s normal functioning. This weakening or degeneration in turn may result from daily disturbances that must be overcome by the organization (e.g., strategic drift) and/or extreme low probability events (e.g., natural disasters)”.
- v. Request permission to record, once granted, mention that recording has started.

### **2. SECTION B: BUILDING RAPPORT AND ESTABLISHING BUSINESS BACKGROUND (7minutes)**

- i. When did you start your business?
- ii. What does your business do?
- iii. What motivated you to start the business?
- iv. How many employees do you employ?

### **3. SECTION C: KEY RESEARCH QUESTIONS**

#### **Section C1: How do entrepreneurs in a resource constraint and unstable environment respond to business crises? (20 Minutes)**

- i. Tell me about a business crisis your business has experienced since its inception? The crisis disrupted the normal functioning of the business,

threatened the sustainability of the business and created uncertainty and put pressure on you to act quickly. Please provide context, how did it come about? When did it happen?

- ii. How did you, in your role as the owner and manager, respond to the crisis? What specific actions, strategic or operational, did you take to handle the crisis?
- iii. Can you share more as to why you chose to take the actions you took? How did you know those were right actions to take at the time?
- iv. Did you get any assistance from anyone in handling the crisis? Who? Can you elaborate why you chose the person/resource you chose?
- v. Which specific actions or interventions do you believe had the most effect in the way you responded to the crisis? Why?
- vi. What specific actions or interventions did you not take that you believe would have had a big effect in handling the crisis? Why did you not take those actions?

**Section C2: What are the factors that lead to or trigger business crisis in small businesses? Probe on crisis 1 mentioned above (15 minutes).**

- i. Reflecting on crisis 1 and when it started, what in your knowledge triggered the crisis?
- ii. Can you recall when you noticed that the situation if not managed would lead to a crisis? Can you tell me about it?
- iii. In your knowledge and experience, what would have prevented the crisis from occurring?
- iv. What other factors not mentioned would you say contributed to triggering the crisis?
- v. What sort of measures or assistance do you now think you needed to prevent crises? Did you know that then? How come you did you not put them in place?

**Section C3: What do owner managers of established SMEs learn from the experience? (10 minutes)**

- i. What sort of resources or support did you have or needed to recover from the crisis?
- ii. How did you know that you have now recovered from the crises? What did you notice or see that you were out of the situation (if so)?
- iii. Would you say that your businesses have fully recovered from the business?
- iv. When you reflect on your experience in relation to crises 1, what would do differently if the same or similar situation would arise?
- v. What have you now put in place to prevent and manage crises? If none exists, ask if there is a specific reason why?

**Section D: Conclusion (5 minutes)**

- vi. Thank the entrepreneur and ask if they have any comments they would like to add.
- vii. Assurance of confidentiality.
- viii. Conclude the process and stop the recording.

## Appendix 2: Email invitation to interview sample



Tuesday, 27 October 2020 09:00-10:00 <https://us04web.zoom.us/j/79893098602?pwd=S3Yzd1I3eTM1SXZnd1VRZGlqci9Vdz09>

Dear Christinah

Thank you so much for agreeing to take on my interview. Kindly find attached informed consent letter for your review and signature. Please return the signed form to me at your earliest convenience.

The link to join the meeting is below. I truly appreciate your time

<https://us04web.zoom.us/j/79893098602?pwd=S3Yzd1I3eTM1SXZnd1VRZGlqci9Vdz09>

Meeting ID: 798 9309 8602

Passcode: E0jn4u

Kind regards

Tumisho Sedibe

### **Appendix 3: Informed consent form**

#### CONSENT TO TAKE PART IN RESEARCH

Dear Participant

Thank you for agreeing to this interview, your feedback is valuable. I greatly appreciate you taking the time to provide insights into this research. I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfillment of my MBA.

The title of the research is "Entrepreneurs' responses to business crises in a resource constraint environment". For this study, a crisis is defined as: "a process such that over time there is a weakening or degeneration that can culminate in an event that disrupts the organization's normal functioning. This weakening or degeneration in turn may result from daily disturbances that must be overcome by the organization (e.g., strategic drift) and/or extreme low probability events (e.g., natural disasters)".

The purpose of this research is to understand crisis management strategies that small business owners use to respond to business crises and identify factors that trigger crises in small business. By doing this research, we will contribute to the limited body of knowledge on crisis management in small businesses. We can gain insights that can inform the type of interventions and support programmes that will assist entrepreneurs to prevent and manage crisis.

The interview is expected to last about an hour. Please note that your participation is voluntary, and you can withdraw at any time without penalty. Your responses must be in relation to how you addressed the business crisis to contain or defuse it such

that it does not threaten the continuance of the business. Please avoid responses that speak to your personal feelings and emotions you experienced as a result because such responses fall outside the scope and nature of this study. By participating in this interview, you agree to your interview being audio-recorded. With that, I wish to encourage you to speak freely and take comfort in knowing that the information shared in this interview will remain confidential and all data will be reported and stored without identifiers.

May I kindly ask you to sign this consent form and confirm that you are comfortable with me recording this interview using an audio and/or video recording device. An electronic copy of this consent letter will be shared with you via your preferred email address.

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

	RESEARCHER	SUPERVISOR
NAME	Tumisho Sedibe	Dr. Anastacia Mamabolo
EMAIL	<a href="mailto:19385812@mygibs.co.za">19385812@mygibs.co.za</a>	<a href="mailto:mamaboloa@gibs.co.za">mamaboloa@gibs.co.za</a>

Participant's signature: \_\_\_\_\_ Date: \_\_\_\_\_

Researcher's signature: \_\_\_\_\_ Date: \_\_\_\_\_



#### Appendix 4: Code book

No.	CODES	No	CODES	No	CODES
1	Just making decisions	58	A lot of financial challenges	115	Inefficient operations
2	It was just extremes	59	Had to write off money	116	Inefficient operations
3	You act as you see fit	60	We lost money	117	Inefficient operations
4	Weigh the pros and cons	61	Ran out of money	118	I didn't have the expertise
5	Banks did not work	62	Have not been paid	119	lack of business expertise
6	it was trial and error	63	exhausted personal savings	120	lack of business expertise
7	Juggled things around	64	savings almost depleted	121	In adequate staff training
8	I had to improvise	65	Not being credit worthy	122	Poor hiring decisions
9	Had to think on my feet	66	Your credit doesn't look goof	123	Poor hiring decisions
10	No hesitations	67	Delay SARS payments	124	Rapid growth
11	We approached our creditors	68	owners had in inject money	125	Rapid growth
12	I approached the landlord	69	Ran out of money	126	Growing business
13	Called the tenant for a meeting	70	Heavily indebted	127	Growing business
14	I approached the landlord	71	Heavily indebted	128	Growing business
15	Called the tenant for a meeting	72	Clients dissatisfied with service delivery	129	Growing business
16	Went back to each client	73	I lost all my customers	130	Key ingredient was out of stock
17	Stakeholder engagement	74	I lost all my customers	131	Lockdown measures
18	The problem need to be addressed using dialogue	75	Governance issue	132	Lockdown measures
19	Use of dialogue	76	company disrepute	133	Lockdown measures

20	It was hard negotiations	77	Partnerships	134	Community Labour rate disputes
21	A lot of meetings & discussions	78	Partnership takes a toll on the relationship	135	I am an entrepreneur; I am not an employee
22	Negotiations	79	Almost a split of the partnership	136	I've very good at starting a business but bad at running an established business
23	Negotiations	80	Services no longer relevant	137	Did not know how to run a business
24	Negotiations	81	Services no longer relevant	138	I learned not to mix business with emotions
25	Negotiations	82	Product no longer relevant	139	Learned to recruit skilled people to look after functional areas
26	Maybe renegotiations	83	Big companies selling directly to our clients	140	Learned that I need to hire a manager
27	we waited for clients to communicate	84	Key ingredient out of stock	141	In any relationship, it is important to discuss rather than rush to go separate ways
28	Did not make legal threats	85	Community protest	142	Learned to have more efficient engagements when there are multiple stakeholders involved
29	Did not make legal threats	86	Orders postponed due to lockdown	143	I need to supervise employees and review their work to minimise errors
30	Research	87	Clients failed to pay	144	Make sure there not a lot of errors because people view you as an incompetent person

31	Something to buy us time	88	Could no longer pay salaries	145	Learned to review paperwork
32	Escalated the matters to owners	89	We made a loss	146	Learned to put everything in writing
33	Escalations	90	Used up all savings	147	Implemented standard operating procedures
34	We put a lot of pressure	91	No income	148	Took my staff for training
35	Complied with investigative officer	92	Clients negatively impacted	149	Learn to create online processes
36	Transparency	93	Lost clients	150	We've put in place processes
37	took ownership	94	Started losing clients	151	Complying with business regulation is important
38	Transparency	95	The police have come to the property	152	
39	Ran at a loss	96	Audit findings and legal attention	153	
40	Giving discounts	97	Market observation	154	
41	Guarantees	98	Key ingredient out of stock	155	
42	Used social media to market new products	99	When ones starts to question the other party's contribution	156	
43	Educated customers of the benefits of ginger	100	Orders postponed due to lockdown	157	
44	Worked without being paid	101	Orders postponed due to lockdown	158	
45	Started over	102	Orders postponed due to lockdown	159	
46	Had to now position my company as more PR focused	103	Orders postponed due to lockdown		
47	Had to reposition the brand	104	Bad business decisions.		
48	Rethink the strategy of the business	105	So it was one of those bad decisions that we were making,		
49	Reshuffled employees	106	We're desperate to make it work		

50	Reshuffled employees	107	We were frustrated		
51	Reshuffled employees	108	Accumulation of thoughts		
52	Hired someone who was qualified	109	Not managing expectations		
53	Processes in place	110	poor communication		
54	Customers to purchase vouchers that they could redeem, at a later stage	111	Improper due diligence		
55	added new products	112	Improper due diligence		
56	added new products	113	Improper due diligence		
57	Sought government relief assistance	114	Lack of systems and processes		
58	Sought government relief assistance	115	Learned to implement policies		

Appendix XXX: Ethical clearance approval

MastersResearch2020 <MastersResearch2020@gibs.co.za>

to me ▾

**Gordon Institute  
of Business Science**  
University of Pretoria

**Ethical Clearance**  
**Approved**

Dear Tumisho Sedibe,

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.

[Ethical Clearance Form](#)

Kind Regards

This email has been sent from an unmonitored email account. If you have any comments or concerns, please contact the GIBS Research Admin team.

