

University of KwaZulu-Natal

**Exploring the challenges small, medium and micro enterprises
face in establishing business resilience to disruption and crisis**

By

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degree of**

Master of Business Administration

**Graduate School of Business & Leadership
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DECLARATION

I Niresh Harinarain declare that:

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I thank the almighty, whose divine presence has illuminated my path throughout this journey.

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I am grateful to my wife, Nishani, for her support and advice during this journey.

DEDICATION

“I dedicate this dissertation to my daughters Alayka and Sahashra.”

“This work is a testament to perseverance and the power of believing in oneself.”

ABSTRACT

South Africa's small business failure rate is amongst the highest globally. The increasing turbulence in the world makes it imperative that SMMEs proactively develop resilience strategies to face any disruption the future may present. Despite the field of research on SMME survival and growth being relatively mature, the study of business resilience in SMMEs has not received sufficient focus prior to the COVID-19 pandemic. By identifying the challenges that retail SMME owners face in making their businesses resilient to disruptive events from a holistic perspective, more comprehensive and viable solutions can be determined to address such challenges and build more resilient and prosperous SMMEs. This study conducts a qualitative exploration of the challenges faced by SMME owners in the retail sector in building resilience against disruptive events and crises. It examines resilience across multiple dimensions, including financial, operational, technological, business model, organisational, and reputational aspects. Semi-structured interviews were carried out with 12 SMME owner-managers who were purposively selected from the research area of Westville/Reservoir Hills and analysed using thematic analysis. The findings highlighted several challenges to financial resilience, including difficulties with borrowing and assessing risk coverage and economic or resource-related barriers to diversifying revenue streams. Operational resilience was affected by issues such as supplier diversification constraints, reliance on backup power, weak social capital, and problems with labour management and security. Technological resilience was compromised by outdated systems and infrastructure. Business model and market position resilience faced hurdles in establishing alternative sales channels and adapting to changes in consumer behaviour. Organisational resilience struggled with developing employee skills and maintaining motivation. Reputational resilience was challenged by managing customer expectations and sentiment on social media, ensuring employee compliance with safety standards, and upholding sustainable practices.

Keywords: Challenges, Crisis, Disruption, Resilience, SME, SMME, Durban, KwaZulu-Natal

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LIST OF ABBREVIATIONS AND ACRONYMS

COVID-19:	Coronavirus Disease 2019
ESG	Environmental, Social and Governance
FMCG:	Fast-moving consumer goods
GDP:	Gross Domestic Product
HSSREC:	Human Social Science Research Ethics Committee
ISO:	International Standards Organisation
OECD:	Organisation for Economic Co-operation and Development
RBV:	Resource-based View
RBT:	Resource-based Theory
SaaS:	Software-as-a-Service
SEDA:	Small Enterprise Development Agency
SME:	Small and Medium Enterprise
SMME:	Small, Medium and Micro Enterprise
UKZN:	University of KwaZulu-Natal
UPS:	Uninterruptible Power Supply
WEF:	World Economic Forum

CHAPTER 1: INTRODUCTION

1.1 Introduction

The prosperity and sustainability of small, medium and micro enterprises (SMMEs) are considered vital to the economies of countries throughout the globe since they are considered to be key drivers of employment and economic growth (Khazad & Gooyabadi, 2021; Small Enterprise Development Agency (SEDA), 2016). In developing nations, where businesses are predominantly SMMEs, the survival and prosperity of these enterprises garner greater attention than in developed nations due to their perceived role in poverty alleviation (Ayandibu & Houghton, 2017; Fatoki, 2018).

According to the Small Enterprise Development Agency (SEDA) (2016), opportunity-driven entrepreneurship, where entrepreneurs seek better opportunities despite having jobs, is most prevalent in developed countries. In developing economies, however, necessity-driven entrepreneurship dominates, and job scarcity is the primary motivation for involvement in business activity. Hence the survival of SMMEs and their ability to remain resilient against adversity and stressors which threaten their longevity or sustainability is crucial in emergent nations.

This study explores the challenges that retail sector SMMEs face in making their enterprises resilient against disruptive events and crises. The chapter commences by delving into the study's background, followed by the study rationale and the problem statement. The research questions, objectives and methodology are then presented before concluding with an outline of the dissertation.

1.2 Background

From a regulatory perspective, small, medium or micro enterprises (SMMEs) are considered to be legal business entities, cooperative concerns or non-governmental organisations, managed by at least one owner, which could operate in any economic sector (Government Gazette, 1996). The industry sector, number of full-time paid personnel and annual turnover are amongst the criteria used to categorise businesses as “small”, “medium” or “micro”.

When categorising SMMEs by the number of employees in the retail sector, SMMEs with 10 or fewer employees are regarded as ‘micro’ enterprises, whilst those with 11 to 50 employees are termed ‘small’ businesses. SMMEs with 51 to 250 staff members are considered medium enterprises (Government Gazette, 2019).

SMMEs constituted over 96 per cent of South African businesses in 2022 (SEDA, 2022). Estimates indicate that approximately 59 per cent of the workforce in South Africa was employed by SMMEs in 2022 (SEDA, 2022). According to Rajagopaul, Magwentshu and Kalidas (2020), an estimated 25 per cent of job growth in the private sector was due to SMMEs. Hence, despite the contribution of South African SMMEs to gross domestic product (GDP) being 34 per cent in 2021 (Msomi & Zungu, 2023), which was lower than that of SMMEs in more developed nations (57 per cent in the European Union), SMMEs still constitute an integral part of the South African economy due to their critical role in job creation (Rajagopaul et al., 2020). SMMEs are also significant contributors to the development of new products and technical innovation, thereby facilitating industrial renewal and economic growth (Ayandibu & Houghton, 2017).

Considering the vital role that SMMEs play in a nation’s economy, their resilience is crucial to ensure sustainability and economic prosperity. Although having earlier origins, interest in the concept of business resilience has increased significantly since the 2008 financial crisis (Annarelli & Nonino, 2015), which prompted scholars to ponder why certain businesses overcome adversity whilst others fail. Resilient organisations are geared toward early anticipation and response to adversity. They regain equilibrium faster and assimilate the lessons derived from the experience (Duchek, 2020; Sutcliffe & Vogus, 2003). Hence, it is not surprising that the United Nations SMME disaster risk management strategy focuses substantially on business resilience (United Nations Disaster Risk Reduction, 2020). The increasing frequency and severity of disruptions experienced globally since the COVID-19 pandemic prompted The World Economic Forum (WEF), in an international collaboration effort, which included McKinsey, as well as global ministers and CEOs, to outline comprehensive resilience frameworks for the private and public sectors (World Economic Forum, 2024b). The resultant private sector resilience framework, based on a McKinsey model, addressed resilience across six areas or dimensions within private enterprises, which included financial, operational, technological, organisational, reputational (societal alignment) and business model resilience (World Economic Forum, 2023).

The multi-dimensional structure of the original McKinsey model addressed business resilience from a holistic perspective and therefore provided a comprehensive framework to either gauge or establish business resilience within an enterprise (McKinsey & Company, 2022; Nauck, Pancaldi, Poppensieker & White, 2021). Within the WEF/McKinsey framework, financial resilience encompasses factors such as liquidity and solvency maintenance, revenue stream enhancement and financial risk management (Natale, Poppensieker & Thun, 2022). Operational resilience focuses on business continuity, supply chain risk and relationship management, and operational flexibility (World Economic Forum, 2023). Technological resilience covers areas such as ensuring a robust digital infrastructure, adequate cyber-security and proactive adoption of new technologies (World Economic Forum, 2023). Business model resilience, from a market position and demand perspective, comprises factors such as adaptability to changes in market conditions, regulatory terrain changes, changes in technology, and innovation (Nauck et al., 2021). Organisational resilience pertains to leadership capabilities, business culture, skills and knowledge capital, and the adaptability of employees and management to change (Natale et al., 2022). Finally, reputational resilience, which includes alignment to societal expectations, looks at factors such as brand and reputational risk management, workplace safety, social responsibility and environmental accountability (World Economic Forum, 2023).

The increasing turbulence in the world today makes it imperative that enterprises proactively develop resilience strategies to face the myriad of crises or disruptions that the future may present. Not only would the establishment of resilience capabilities enable enterprises to withstand and cope with adversity, but it would also temper economic loss during disruption and pave the path to SMME prosperity (Khanzad & Gooyabadi, 2021).

1.3 Rationale of the Study

Over a decade ago, Pells (2009:1) cautioned “disruptive events are more common than most people realize, and that they are increasing”. The 2023 Global Crisis and Resilience Survey (PwC, 2023) highlighted that in 2019, 69% of organisations interviewed indicated they had experienced a disruptive event in the previous five years. However, by 2023, 91% of organisations interviewed indicated they had experienced at least one disruption during the last two years other than the COVID-19 pandemic. Although current research exists on

challenges SMMEs experience in general as well as on SMME resilience (Durst & Henschel, 2024; Saad, Hagelaar, van der Velde & Omta, 2021), the challenges and difficulties faced by SMMEs in establishing resilience within their businesses, has not received sufficient focus. The positive correlation between business and entrepreneurial resilience and business success (Bughin, 2024; Fatoki, 2018; Hu, Choi & Tan, 2024) implies that enhancing the resilience of an SMME would not only increase its potential for success but also ensure its ability to cope, recover and possibly even derive opportunity from disruption and crisis in the future. By identifying the challenges SMME owners face in making their businesses resilient to disruptive events from a holistic and multidimensional perspective, more comprehensive and viable solutions can be explored to address such challenges and pave the path towards building more resilient and more successful SMMEs.

The success and sustainability of South African SMMEs are crucial for the country's economic prospects to improve. Considering the extremely high unemployment rate in South Africa (Stats SA, 2024), the substantial contribution that SMMEs make to job creation and GDP warrants that any measures that enhance their resilience and sustainability be given sufficient attention.

1.4 Problem Statement

With limited resources and weaker market positioning, South African SMMEs are significantly more vulnerable than their larger, big business counterparts (SEDA, 2016). An SMME is generally considered to be 'established' only if it has been resilient enough to survive for at least 42 months (Fatoki, 2018). However, South Africa's SMME failure rate is amongst the highest globally (Mutezo, 2013; Olarewaju & Msomi, 2021), and 75% of SMMEs in South Africa never reach the stage of becoming established (Olarewaju & Msomi, 2021; Olawale & Garwe, 2010). Cant and Wiid (2013) approximated that 63% of SMMEs shut down after being operational for only two years, whilst Mutezo (2013) placed the failure figure at 75% within the initial two years. The grim picture painted by these statistics is further exacerbated when the business operating environment is impacted by disruption or crisis (Rajagopaul et al., 2020).

According to Akande and Afrogha (2022), 79% of businesses surveyed after the COVID-19 outbreak displayed low to moderate operational resilience and were relatively unprepared to handle disruptive events or crises. Fatoki (2018) identified that a positive relationship existed between entrepreneurial resilience and SME success. In addition, Hu et al. (2024) found that enhancing organisational resilience improved a firm's performance and specifically recommended that SMMEs focus on strengthening organisational resilience to not only withstand crises but also to improve performance. Hence, in order to address the high failure rates of SMMEs in South Africa, greater focus should be directed at establishing and enhancing resilience capabilities within these enterprises. In addition, the difficulties and challenges that business owners face in this endeavour should be identified and addressed.

Businesses in Durban suburbs, such as Reservoir Hills and Westville, in KwaZulu-Natal, have been exposed to a series of disruptive events and crisis situations within the short time frame spanning from 2020 to 2024, which ranged from COVID-19 lockdowns in 2020 to civil unrest and looting of businesses in 2021, followed by cataclysmic floods in 2022, whilst still coping with the national power crisis that peaked with power outages from 6-8 hours per day in 2023. Hence, exploring the challenges businesses within these suburbs experienced in establishing resilience capabilities against such adversity would provide value in developing support mechanisms to assist SMMEs in overcoming such challenges. Additionally, conducting an exploration of the challenges to resilience-building from a multidimensional perspective, which includes financial, technological, business model, operational, organisational and reputational resilience, as outlined by the WEF (World Economic Forum, 2023), would ensure that the challenges experienced by the SMMEs in developing resilience against disruption are explored holistically. Also, considering the persistently high failure rate of South African SMMEs, identification of any unique resilience attributes or measures that participant SMMEs have developed to overcome adversity and disruption would be a valuable addition to the body of knowledge covering SMME coping mechanisms and resilience.

1.5 Aim

This study aims to explore the challenges that SMME owners in the retail sector are faced with in fortifying their businesses with resilience against disruptive events and crises within the six dimensions of business resilience outlined by the World Economic Forum (2023).

1.6 Objectives

The study objectives are as follows:

- 1) To explore the challenges that retail SMMEs face in establishing financial resilience to disruption and crisis.
- 2) To explore the challenges that retail SMMEs face in establishing operational resilience to disruption and crisis.
- 3) To explore the challenges that retail SMMEs face in establishing technological resilience to disruption and crisis.
- 4) To explore the challenges that retail SMMEs face in making their business models and market positions resilient to disruption and crisis.
- 5) To explore the challenges that retail SMMEs face in establishing organisational resilience to disruption and crisis.
- 6) To explore the challenges that retail SMMEs face in developing reputational resilience to disruption and crisis.

1.7 Research Questions

- 1) What challenges do retail SMMEs face in establishing financial resilience to disruption and crisis?
- 2) What challenges do retail SMMEs face in establishing operational resilience to disruption and crisis?
- 3) What challenges do retail SMMEs face in establishing technological resilience to disruption and crisis?
- 4) What challenges do retail SMMEs face in making their business models and market positions resilient to disruption and crisis?
- 5) What challenges do retail SMMEs face in establishing organisational resilience to disruption and crisis?
- 6) What challenges do retail SMMEs face in developing reputational resilience to disruption and crisis?

1.8 Research Design

1.8.1 Research Paradigm or Worldview

Various worldviews or paradigms can inform research design, such as positivism, interpretivism, pragmatism, transformativism, postmodernism, etc. (Creswell & Poth, 2018; Saunders, Lewis & Thornhill, 2023). The approach to be employed by this study is based on an interpretive phenomenological school of thought (Braun & Clarke, 2013). The interpretive paradigm emanates from the view that people shape their ‘interpretation of reality’ based on subjective meanings they develop from their experiences and interactions. Hence, the focus is to gain an understanding of the experiences that people have lived through around the phenomena of interest (Braun & Clarke, 2013; Creswell & Poth, 2018).

1.8.2 Research Methodology

A qualitative-based approach was considered appropriate and selected for this research project. According to Leavy (2017), this method is pertinent where the primary objectives are to explain, describe or explore. The ‘how’ or ‘what’ questions in a study signify an enquiry that is exploratory in nature and an in-depth analysis of an inductive nature is best accomplished via a qualitative approach (Creswell & Creswell, 2018).

Exploration via a qualitative-based approach enables a researcher to understand the significance or meaning that a business or human-related problem represents to individuals or groups of people based on their experiences (Leavy, 2017). In terms of the SMME owners, their subjective interpretation and understanding of the events, decisions and circumstances they traversed through is what brings value to the study for the researcher to derive a pattern of meaning.

1.8.3 Population and Sampling

The study population comprised of retail-oriented businesses located within the adjoining suburbs of Westville/Reservoir Hills that were listed on a South African business search directory (yellosa, 2024). Purposive sampling was used to ensure that businesses chosen for the study fit the criteria of being formal, retail-related businesses that fell within the SMME category (Trochim, Donnelly & Arora, 2016). Although the point of data saturation would eventually decide the number of actual interviews conducted, an initial sample of 20 SMMEs

was selected to participate in the study (Saunders, Sim, Kingstone, Baker, Waterfield, Bartlam, Burroughs & Jinks, 2018).

1.8.4 Data Collection Methods

The research instrument employed for data collection was semi-structured interviews formulated as open-ended questions (Creswell & Creswell, 2018). An interview guide was created to serve as a reference for the interview questions and was designed in a manner that allowed participant flexibility to convey their perceptions, experiences and perspectives yet ensured that relevance to the phenomenon being explored was maintained. Employing a semi-structured interview format enabled a balance between predetermined query and the inductive nature of the exploration, which allowed themes to emerge so that the subject matter could be understood holistically (Fouché, Strydom & Roestenburg, 2021).

1.8.5 Data Collection Procedures

Before conducting interviews, participants were informed of their rights and assured of confidentiality, privacy and anonymity. Where recording was not permitted, notes were taken during the interview, which were later emailed to the participant for verification (Deggs & Hernandez, 2018). Where recording was allowed, the interviews were later transcribed using an online cloud-based transcription service called Otter.ai. This transcript was reviewed by the researcher for correctness and emailed to the participant for accuracy verification. After conducting 12 interviews, it was determined that saturation had been reached as no new information was being obtained from the interviews (Fusch & Ness, 2015; Leavy, 2017).

1.8.6 Data Analysis

The data analysis was accomplished via thematic analysis (TA) guided by the framework of Braun and Clarke (2006; 2013). The software used to conduct the thematic analysis was Nvivo v.14. The approach was inductive, allowing patterns and themes to come to the fore from the data. Details of the process followed are provided in Chapter 3.

1.8.7 Trustworthiness

As outlined by Lincoln and Guba (1985), trustworthiness was established by ensuring fulfilment of the following criteria:

- **Credibility** by establishing confidence in the verity of the findings through member checking (Bell, Bryman & Harley, 2019).
- **Transferability** which entails providing sufficient detail such that applicability of the outcomes to other contexts can be determined (Bell et al., 2019).
- **Dependability** by maintaining an audit trail or detailed records of each step of the research process and decision-making enabling repeatability (Ahmed, 2024).
- **Confirmability** which determines the neutrality of the findings to exclude researcher bias can be aided via reflexive journaling or member checking.

Details on the fulfilment of the aforementioned criteria are provided in Chapter 3.

1.8.8 Research Ethics

In accordance with the university's research ethics requirements, ethical clearance was obtained from the Human Social Science Research Ethics Committee (HSSREC) prior to conducting any interviews for this study (as evidenced by the ethical clearance certificate attached in Appendix B, bearing protocol reference number: HSSREC/00007490/2024). The purpose of the research and intended data usage was clearly explained to the participants. Each participant confirmed voluntary participation by signing a form, whereby consent to be interviewed and permission to be recorded was obtained. Each participant was also made aware of the right to discontinue participation by submitting a request to the interviewer via email upon receipt of which the data collected from the interview will be deleted and no longer included in the data analysis. Each participant was assured that confidentiality and privacy would be maintained concerning their details.

1.9 Expected Managerial Implications

Establishing resilience capabilities against disruption and crisis has already become a strategic imperative for larger organisations in today's business environment. By identifying some of the challenges that deter resilience-building in SMMEs from a multi-dimensional perspective, SMME leadership can plan strategies to resolve such impediments and address resilience-building from a more comprehensive and holistic frame of reference against crises or disruption. Not only would this create more robust and sustainable SMMEs, but greater resilience would also boost SMME performance and competitive advantage (Bughin, 2024; Hu et al., 2024).

1.10 Limitations of the Study

Limitations in research represent shortcomings or constraints that impact the research design of the overall study and may influence the outcome. The first limitation of this study was that participation was confined to business owners who were conversant in English due to the difficulties involved in conducting bilingual interviews as well as translation, transcription and interpretation thereof. Hence, non-English speaking formal SMME owners may have unique challenges in establishing resilience in their businesses, which would not be identified by this study. Furthermore, considering that the study was confined to retail SMMEs in the Westville/Reservoir Hills region, this may limit the generalisability of the findings to other sectors and provinces. Finally, this study was limited to small and micro businesses because the owner-managers of SMMEs in the medium business category, who were approached, were unwilling to participate in the study or to be interviewed. However, these limitations also represent opportunities for further research.

1.11 Dissertation Structure

Chapter One: The background to this research is provided, highlighting the significance of SMMEs before clarifying the rationale for this study and the problems experienced by SMMEs, which underscore the need for this explorative research. It then details the study aims, objectives, and questions and outlines the research design and methodology before presenting the managerial implications and limitations.

Chapter Two: An examination of the academic literature relevant to the study is carried out. The chapter defines disruption and crisis and discusses actual events within the study region. It then unpacks the concept of business resilience, its evolution within the business sphere and examines how the different dimensions of business resilience fortify businesses against disruption and crisis. It also discusses the literature on the overall challenges that SMMEs currently face.

Chapter Three: The theory informing the approach and methodology according to which the research was conducted are formally presented and the design concerning sampling, data gathering and analysis, trustworthiness and ethical considerations are also detailed.

Chapter Four: The findings are presented, and data analysis results are shared. The outcomes are interpreted and related back to the study questions and literature.

Chapter Five: Conclusions are drawn from the study findings in this chapter, implications are highlighted, a summary of the main points of preceding chapters and contributions to the field of research are discussed, and recommendations are made before concluding the study.

1.12 Chapter Summary

South Africa's SMME failure rate is amongst the highest globally (Olawale & Msomi, 2021; Olawale & Garwe, 2010; Mutezo, 2013). The increasing frequency of disruptive events in the world makes it imperative that SMMEs proactively develop resilience strategies to face any volatility that the future may present since resilient organisations are geared toward early anticipation and response to adversity (Pells, 2009; PwC, 2023). Despite the field of research on SMME survival and growth being relatively mature, the study of business resilience in SMMEs has been limited (Saad et al., 2021). By identifying the challenges SMME owners face in making their businesses resilient to disruptive events from a holistic perspective, more comprehensive and viable solutions can be determined to address such challenges and build more resilient and more successful SMMEs.

This study conducted a qualitative exploration of the challenges faced by SMME owners in the retail sector as they work to build resilience against disruptive events and crises. It examined resilience across multiple dimensions, including financial, operational, technological, business model, organisational, and reputational aspects. Semi-structured interviews were carried out with 12 SMME owner-managers that were purposively selected from the research area of Westville/Reservoir Hills and analysed using thematic analysis. Chapter one served to outline the study problem, rationale, research aim, objectives, questions and methodology. Chapter two will explore key concepts from academic literature that is relevant to the research objectives. It will begin by examining the concepts of disruption and crisis, alongside events previously experienced by SMMEs, before providing a comprehensive review of business resilience, tracing its origins and highlighting its strategic importance for enterprises operating in volatile environments.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter commences by introducing and examining the concepts of disruption and crisis. The chapter then discusses the exposure of retail SMMEs in KwaZulu-Natal to actual disruptive and crisis events that have occurred over the previous five years. The origins of resilience as a concept in academia and its application in the business environment are then examined. The chapter also explores the varied interpretations and opinions that have been proposed regarding resilience from an organisational perspective, the theories that underpin business resilience and the ambiguity that has existed within academia regarding the different dimensions that the concept is applied to within the business sphere. By utilising a holistic framework for business resilience that was proposed by the World Economic Forum (2023), the chapter then discusses each dimension of resilience, as outlined by the World Economic Forum and evidenced by academic literature, illustrating how the building of resilience capabilities within each dimension fortifies the business against disruption and crisis. Finally, the challenges currently impacting SMMEs, according to the available literature, are delved into before concluding.

2.2 Exploring the Concepts of Crisis and Disruption

2.2.1 Crisis

The term, ‘crisis’, has elicited numerous definitions within academia, each of which has contributed to our understanding of the phenomenon. An organisational crisis, as defined by Pearson and Clair (1998:60), was “a low-probability, high-impact event that threatens the viability of the organisation and is characterized by ambiguity of cause, effect, and means of resolution, as well as by a belief that decisions must be made swiftly”. The online Disaster Recovery Journal (DRJ) (2024) refers to a crisis as an unstable situation that deviates from the norm, thus posing a threat to an organisation’s reputation, strategic objectives or viability. Similarly, the International Standards Organisation (ISO22361) (2022:2) also viewed a crisis as an “abnormal or extraordinary event or situation that threatens an organization or community and requires a strategic, adaptive and timely response in order to preserve its viability and integrity”. By collating the key elements of crisis definitions, it becomes apparent that most consider a crisis to be an abnormal, unexpected, unpredictable, or unstable

situation or event with a low chance of occurring and which either represents a significant threat or presents significant challenges and a high degree of uncertainty for an enterprise, thus instilling urgency in decision-making and response. It also follows that not only is such an event perceived as being detrimental to the viability of the business, but it produces ambiguity in decision-making, threatens its values and objectives and has a negative impact on its bottom line and potentially its image (Cater & Beal, 2014; Doern, Williams & Vorley, 2019; Newman, Obschonka & Block, 2022). According to ISO22361 (2022), the International Standards Organisation also noted that a crisis includes a significant degree of complexity, may exceed the capacity of the organisation to respond, may impede the organisation's functional ability, and also poses a threat to its reputation, image, structure, resources and economic position. There is also a category of event-based crises that very rarely occur, which are termed "black swan events". These catastrophic events transcend risk or business planning models, are impossibly difficult to foresee or predict and tend to have a severe, paradigm-shifting impact on organisations. The COVID-19 pandemic is an example of a recent 'black swan' event (Thorgren & Williams, 2020).

However, considering that all the aforementioned definitions are event-based and place emphasis on events of an unexpected, low probability or unpredictable nature, criticism has been raised that this limits the scope of research in this field and excluded 'crisis' events that developed over time or those of a more frequent nature. This prompted some schools of thought to view the phenomenon of a crisis as more of a 'process', which, over a period of time, results in degeneration or weakening that culminates in an occurrence that severely unsettles the organisation's normal functioning (Doern, Williams & Vorley, 2019). Chronologically, according to Deverell (2012), the process approach of crisis management recognises three stages which are comprised of (1) "incubation" (before), involving emergency or risk planning; (2) "onset" (during), involving acute or operational crisis management; and, (3) "aftermath" (after), involving learning and reform. Deverell (2012) also indicates that resilience is significant to crisis management research since it encompasses activities that are relevant to attaining both crisis management and business continuity capacities within an enterprise.

2.2.2 Disruption

Disruption, as a concept, has also evoked many definitions from scholars. The online Disaster Recovery Journal (2024) considers a disruption to be an event that may be anticipated (e.g. civil unrest or a hurricane) or unanticipated (e.g. an earthquake, technological failure or blackout) and interrupts normal operations, processes or functions within a business. Similarly, the International Standards Organisation also defines a disruption from an organisational perspective as “an incident, whether anticipated or unanticipated, that causes an unplanned, negative deviation from the expected delivery of products and services according to an organisation’s objectives” (ISO22301, 2019:3). The common thread that links these definitions of disruption from a business perspective is the view that it constitutes an expected or unexpected disturbance to business continuity or to the ability of the business to fulfil its obligations to its stakeholders. The scale of disruptions could range from global occurrences, such as the blockage in shipping lanes from China due to congestion, which had an adverse impact on supply chains worldwide during the COVID-19 pandemic (Brock, 2022), or to localised incidents such as load-shedding, which brought operations in many businesses to a halt in South Africa due to the national power crisis (Naidoo, 2023; Schoeman & Saunders, 2018).

However, disruption within the business entrepreneurial sphere, from an innovation or technology point of view, refers to a change that invalidates the viability of services, products or processes that existed previously. This implies that a paradigm shift is created, which renders the previous ways of working or the business model of a company irrelevant or obsolete (Millar, Lockett & Ladd, 2018). The link between resilience as a response to disruption, whether considered from an organisational or individual perspective, has been recognised across numerous fields, for example business, engineering, economics and psychology (Durst & Henschel, 2024). Within these fields, resilience is considered to be “the ability to absorb shocks and to adapt in the face of disruption” (Zarghami, 2024:6031) or is viewed as the ability to recover and restore stability following a disruption (Bhamra, Dani & Burnard, 2011).

2.3 Exposure of the Retail SMME Sector to Disruption and Crisis

Retailing includes all businesses involved in the sale of products or even services to end-consumers for personal consumption (Kotler & Keller, 2016). The formal retail sector

consists of both physical (bricks-and-mortar) stores as well as online stores, wherein consumers can purchase a myriad of products for which a demand exists in the market. Small retail businesses in South Africa, and especially SMMEs within KwaZulu-Natal, have been impacted by a series of crises and disruptions over the past five years, some emanating from events that had a global impact, whilst others were localised occurrences. The most notable of these disruptions that have impacted SMMEs in the KwaZulu-Natal region over this period have been the COVID-19 pandemic and the associated government lockdowns, the 2021 civil unrest and looting, the devastating floods in KwaZulu-Natal in 2022 and high stages of load-shedding up to stage 6 which were frequently implemented from 2022 to March 2024.

Considering that SMMEs have limited resources and their market positions are relatively weak in comparison to their larger counterparts, they are much more vulnerable during crises and disruptive events, and approximately 80% of small businesses fail during the two years following a crisis (Järvis & Reinhold, 2022). Most SMMEs are not equipped to handle threats such as pandemics, natural disasters or even disruptions such as civil unrest and labour disputes, primarily because of the absence of formal planning for crisis management and limited human resources (Järvis & Reinhold, 2022).

2.3.1 The COVID-19 Pandemic

When the COVID-19 pandemic reached global proportions, prompting governments worldwide to impose strict lockdowns, international trade was also impacted resulting in ports coming to a standstill and shipping lanes from the major economies becoming congested (Brock, 2022). The spread of the COVID-19 virus fractured supply chains across the world. It led South African retailers, who depend significantly on imports, to experience inventory shortages, especially in terms of essential goods. On the other hand, the lockdowns and fewer customers also left retailers with challenges in managing shrinkage and spoilage issues with perishable goods at risk of expiry (Weber, 2021).

Because the lockdown measures imposed by the South African government were some of the most stringent globally, the repercussions on South African SMMEs were harder-hitting when compared to their counterparts abroad. Panic buying and stockpiling of essential goods were the cause of stock shortages and taxed existing supply chains (Wholesale & Retail SETA, 2021). The spending habits of consumers also changed, displaying increased price-

sensitivity with preference given to cheaper alternatives (Das, Sarkar & Debroy, 2022). Businesses that retailed in non-essential goods, however, experienced severe challenges; were closed for significant periods during the lockdowns and were forced to find alternate ways to reach their market. However, retailers that adapted to digital sales channels (online) and harnessed technology to reach their markets were better equipped to cope with the disruption and displayed greater resilience (Robertson, Botha, Walker, Wordsworth & Balzarova, 2022).

2.3.2 The 2021 Unrest and Looting in South Africa

In July 2021, civil unrest, in the form of riots and looting impacted businesses severely in KwaZulu-Natal. According to Larkin (2021), 89% of the companies affected were SMMEs, and retail was one of the sectors most affected by the unrest and looting. A briefing by National Treasury indicated that, in total, 1787 retail stores were damaged, and considering that the retail sector is one of the highest employers in South Africa, significant disruptions to the sector would also exacerbate the already high unemployment rate (Parliamentary Monitoring Group, 2021).

According to Opperman (2021), SMMEs, which were already struggling with access to markets during the COVID-19 pandemic, faced a 63% drop in revenue due to the looting and destruction of their businesses. Of the enterprises impacted, 7% had closed permanently, whilst 44% were temporarily shut. Many of the SMMEs impacted also faced the prospect of retrenching up to 11% of their workforce.

Furthermore, Opperman (2021) noted that 62% of the SMMEs affected by the unrest and looting did not have any business insurance, and only 5% of the surveyed enterprises had business interruption insurance. Thus they faced significant challenges in reopening. Larger companies, in contrast, displayed more resilience and were in a better position than SMMEs since 73% of the bigger businesses contacted did possess some insurance coverage.

2.3.3 The KwaZulu-Natal Floods

In 2022, devastating floods in KwaZulu-Natal wreaked havoc on businesses and infrastructure within the region (SAnews, 2022). The Durban port was severely impacted, resulting in containers being strewn across the landscape and infrastructure that linked the port operations to the rest of South Africa being damaged. Due to the petrochemical shipping

terminal being severely waterlogged fuel shortages were also experienced, all of which created a dire situation for businesses (Dutton, 2022).

The floods directly impacted at least 826 companies resulting in approximately R7-billion in damages to businesses and affected 31,220 jobs (SAnews, 2022). According to Dutton (2022), the city of Durban accounted for 50.6% of the damage and 68% of the job losses. Amongst the businesses impacted, SMMEs were hit the hardest, where many lost all their stock and were not in a position, financially, to restock. In addition, many of the impacted businesses were not insured.

2.3.4 Load-shedding and Power Outages

The national power crisis, which left some businesses in impacted cities without power for up to eight hours per day during high stages of load-shedding, was a chronic, yet escalating crisis, that had been disrupting businesses since 2008. Furthermore, besides the fact that the country's electrical generation capacity had been struggling to keep up with demand, other contributory factors that added to the frequency of outages ranged from copper cable theft from electrical transmission networks to breakdowns in the electricity transmission network due to neglected and ageing infrastructure, and illegal connections (Naidoo, 2023; Schoeman & Saunders, 2018).

The stability and reliability of the electrical supply is essential to facilitate growth in the economy because greater energy consumption has been shown to correlate to increased growth in GDP (Bah & Azam, 2017; Ezzo, 2010; Wahyudi, 2024). Most SME-related literature that focused on power disruptions or load-shedding concentrated on the business impact and response, where operational continuity or quality was affected (Olajuyin & Mago, 2022; Schoeman & Saunders, 2018) or financial repercussions where SME-related profitability and solvency suffered (Atiase, Agbanyo, Gnaza, Sambian & Ameh, 2022; Makgopa & Mpetsheni, 2022; Mbomvu, Hlongwane, Nxazonke, Qayi & Bruwer, 2021). Food spoilage issues in both retail and domestic settings and the prospect of food-borne illnesses also became an issue during load-shedding (Mabunda, Mukonza & Mudzanani, 2023; Naidoo, 2023; Olajuyin & Mago, 2022). In a study carried out by Goldberg (2015), which examined the economic impact that the unstable power supply and load-shedding had

on South African retailers, it was revealed that R13.72 billion rand in revenue was lost by retail businesses just within the first half of 2015.

Although sales within the prepared food segment of the retail sector increased during load-shedding, other retail and industry sectors recorded a 38.9% decrease in customers during power outages. In addition 42.6% of businesses also reported a drop in revenue on days when power outages were experienced (Schoeman & Saunders, 2018). After manufacturing and transportation, retail constituted the sector with the third highest recorded losses to the economy due to load-shedding between 2018 and 2019 (Walsh, Theron & Reeders, 2021). The escalation of the crisis, as depicted in figure 2.1, culminated in Eskom frequently imposing high stages of load-shedding where, in the period from 2022 to 2023, an 81% increase in load-shedding hours occurred, and during the same period, stage 6 load-shedding hours increased by 505%. In 2023 alone, businesses in South Africa experienced 6838 hours of load-shedding (Fitzgerald, Le Roux, Bekker, Pierce, Morison & Snyman, 2024).

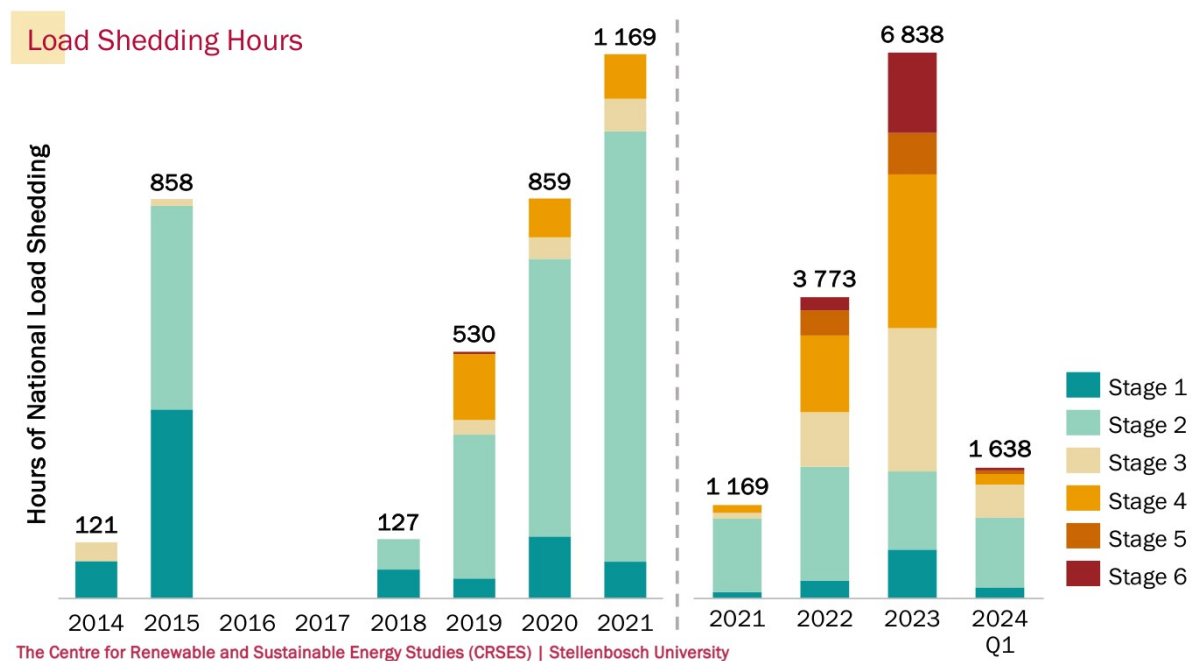


Figure 2.1. Visualisation of South African Energy Data - Load-shedding Hours

Source: Fitzgerald et al. (2024:26).

2.4 Resilience

The term ‘resilience’, according to Shepherd & Williams (2022), originated from psychology where it describes an individual’s ability to withstand or cope with and recover from trauma or adversity. Other scholars attribute ‘resilience’ to Holling’s (1973) description of the coping and absorption capabilities of an ecosystem to maintain its structure and function despite being exposed to change or disturbances (Parker & Ameen, 2018). However, the concept was applied across other disciplines such as engineering by Bruneau and Reinhorn (2006:1) to define seismic resilience as “the ability of a system to reduce the chances of a shock, to absorb such a shock if it occurs (abrupt reduction of performance) and to recover quickly after a shock (re-establish normal performance)”, whilst, from an economics perspective, Rose (2004) viewed resilience as the capacity of an economic system to cushion against damage or absorb and recover from loss or severe shock with the impact on markets being either inherent or adaptive.

From a business resilience perspective, various opinions and definitions have been presented in academia. Some scholars view business resilience through a survival and sustainability lens, where the capacity to withstand or absorb and recover from disturbances and stressors is paramount (Huggins & Thompson, 2015; Linnenluecke, Griffiths & Winn, 2012; Sanchis & Poler, 2014). Other scholars indicate that business resilience implies being able to anticipate threats (Duchek, 2020; Gilly, Kechidi & Talbot, 2014) and prepare the business to cope whilst continuing to function (Linnenluecke & Griffiths, 2011; Su & Junge, 2023) and learn from such disruptions (Saad et al., 2021; Sutcliffe & Vogus, 2003). Later perspectives also include adaptation and growth experienced during crises as attributes of business resilience (Alonso & Bressan, 2015).

Linkov and Trump (2019) noted that developing resilience within a business context emphasises the significance of post-disruption recovery as much as the absorption of the actual threat and resulting consequences. As a philosophy, resilience accepts the impossibility of mitigating or preventing all categories of threats or risks before they have a tangible impact. As a practice, it endeavours to optimise resources and capabilities to prepare against the myriad of anticipated threats whilst acknowledging that regardless of how comprehensively the business has planned, at some point in the future, disruption and crisis will impact the business.

From a temporal perspective, early research in business resilience revolved around ‘shock’ events and neglected the complexity of disruption, where recurrent threats over a prolonged period are a reality (Saad et al., 2021). Hamel and Välikangas (2003) emphasised this decades ago when they indicated that resilience was not about just rebounding from adversity but involved continuous anticipation and adjustment to trends that threaten a business’ earning capacity.

This temporal view was also supported by Linkov and Trump (2019), who argued that the resilience of a system, such as the operations within an organisation, does not focus on a singular point in time when losses may be incurred due to disruption, but rather is a process that indicates how the system behaves and performs before, during, and after the disruption. As shown in Figure 2.2, the stages of planning and absorption seek to be a preventative approach to avoiding the threat altogether. However, if that cannot be achieved, the system should be able to prevent total breakdown by giving essential functions precedence over non-core operations. Furthermore, although the plan and absorb stages are crucial for preparing a system to handle systemic disruptions both before and as they emerge, resilience strategies must also emphasise how the system responds after the disruption has materialised by addressing recovery from the disruption, and adaptation to avert exposure to similar threats in future (Linkov & Trump, 2019).

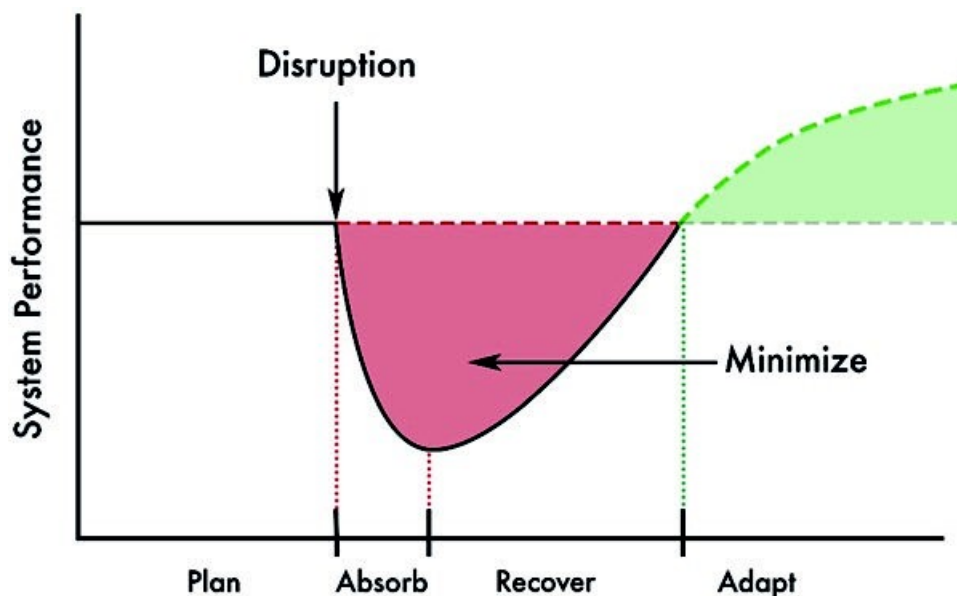


Figure 2.2. Stages of resilience

Source: Linkov & Trump (2019:11)

Although the concept of resilience spans many disciplines and elicits varying definitions, there is a commonality of key attributes used to describe or define resilience which include the ability to anticipate, absorb, cope, recover from, bounce-back, learn and adapt from adversity, disruption or crisis. Furthermore, all scholars unanimously agree that businesses with greater resilience display greater sustainability in a crisis (Paeffgen, 2022).

2.4.1 Social Capital Theory and Resilience

Social capital theory focuses on the advantage of exchange and access to resources that enterprises gain through social networks (Jia, Chowdhury, Prayag & Chowdhury, 2020). Whilst substantial research has focused on how human capital and internal collaboration facilitate resilience within an enterprise (Polyviou, Croxton & Knemeyer, 2020; Shela, Ramayah & Hazlina, 2023; World Bank, 2021), external relationship-building also plays a vital role in enhancing resilience (Chowdhury, Prayag & Patwardhan, 2024). Social networks can take many forms, both online and off-line, from industry-specific forums to business networking groups and professional associations. For example, online social network platforms, such as LinkedIn enable business owners to build external relations and connections with potential partners, suppliers, customers, investors and industry peers.

The relationships that constitute the social capital of the firm enable the enterprise to employ its connections with partner firms and easily tap into complementary resources and capabilities when required, thereby boosting resilience (Chowdhury et al., 2024). From a small business perspective, social capital constitutes a key asset via which entrepreneurs can not only identify opportunities but also facilitate the mobilisation of resources (Martinelli, Tagliazucchi & Marchi, 2018). Furthermore, at both organisational and community levels, social capital has also come to represent a critical factor in the establishment of resilience against disruptive events and crises such as natural disasters (Martinelli et al., 2018).

Social capital is comprised of three dimensions, namely, structural, cognitive and relational capital. Structural capital is concerned with the links between people in networks across organisations. The primary focus of structural capital is the configuration of the entrepreneur's social network in terms of diversity, density and size (Jia et al., 2020; Polyviou et al., 2020). For example, a small business that has established reliable and diverse suppliers for raw materials, products, or services creates a strong structural network.

Cognitive capital pertains to “the resources providing shared representations, interpretations and systems of meaning among parties” (Polyviou et al., 2020:72). As parties within a network interact over time, a shared understanding of goals, similar ambitions, values, behavioural norms and network-specific knowledge are created, which constitutes cognitive capital. This, for example, facilitates shared thinking processes amongst supply chain partners who can better co-ordinate their exchanges for greater efficiency (Jia et al., 2020).

Relational capital encompasses the actual bonds, friendship and interpersonal relationships between the actors in the social network and the qualities that their close interaction develops over time, such as trust, respect, friendship, reciprocity and a collective commitment to the common good (Jia et al., 2020; Polyviou et al., 2020). Relational capital is based on the premise that repeated transacting over time, where all parties derive benefit, transforms self-serving tendencies into a shared sense of good for the collective. For example, a small restaurant may collaborate closely with local farmers to source the best produce, thereby creating relationships based on mutual trust and reliability. Chowdhury et al. (2024) noted that a positive relationship existed between relational capital and organisational resilience, whereby increasing the level of relational capital also strengthened organisational resilience. Hence, when faced with disruption or crises, such established relationships can be instrumental in aiding recovery.

2.4.2 Resource-Based Theory (RBT) and Resilience

Resource-based theory (RBT), sometimes referred to as the resource-based view (RBV), posits that an organisation’s resources drive value creation and are strategically fundamental in developing competitive advantage and helping the enterprise to outperform its competitors (Barney, 1991; Wernerfelt, 1984). Furthermore, long-term, sustainable competitive advantage can be derived by enterprises that possess “valuable, rare, imperfectly imitable, and non-substitutable” (VRIN) resources (Barney, 1991:116).

Besides tangible resources (physical company assets), intangible resources that RBV encompasses include knowledge, skills, patents, brands as well as capabilities within the firm which could be configured to produce competitive advantage (Sirmon, Hitt & Ireland, 2007). According to Polyviou et al. (2020), intangible resources such as social capital, for example,

can also constitute a VRIN resource since it enhances competitive advantage via internal social capital (relationships developed internally amongst employees) and external social capital (relationships developed with employees from partner firms). Internal social capital boosts knowledge-creation, skills, and information exchanges within enterprises, whilst external social capital facilitates more favourable transacting across organisations (Polyviou et al., 2020).

Another resource-based factor considered instrumental in enhancing business resilience is the concept of resource slack (Johnson, Whittington, Scholes, Angwin & Regner, 2017). Slack resources refer to ‘idle’ or surplus financial, human (underutilised talent) or technological resources, which enable an enterprise to adjust to external environmental pressures (Conz, Magnani, Zucchella & De Massis, 2023; Otter & Uschkurat, 2024). Slack resources are instrumental to resilience-building within a company by allowing spare resources, which serve a buffer function, to be made available to assist and restore parts of the firm that were impacted by disruption or shock events (Johnson et al., 2017). Such underutilised resources allow organisations to counter threats or cope with the uncertainty that unexpected and unanticipated shifts or disruptions in the environment bring by either absorption of the shock or enabling adaptation to the disruption (Conz et al., 2023). Surplus financial resources, for example, can assist an enterprise in absorbing or reducing the adverse effects of a disruption or crisis event by alleviating the strain of sudden drops in revenue. However, slack resources on their own, being static, were insufficient to address business resilience against the myriad of disruptive events and shocks that enterprises face (Otter & Uschkurat, 2024).

Furthermore, resource-based theory (RBT) also faced criticism over its static nature. Simply possessing resources was not deemed to guarantee value creation or competitive advantage from these resources, especially within dynamic, highly turbulent and uncertain environments (Priem & Butler, 2001). Also, considering that resilience represents a complex phenomenon that is linked to or influenced by externally triggered disruptions and shocks, the static nature of RBV could not, on its own, address resilience-building in its entirety, especially within the dynamic environments that modern businesses operate (Do, Budhwar, Shipton, Nguyen & Nguyen, 2022; You, Lou, Zhang, Chen & Zeng, 2023).

Hence, dynamic capabilities began to gain prominence as a strategic capacity that complemented RBV and addressed criticism of RBV’s ‘static nature’, particularly with

respect to value creation and the complexity of resilience in dynamic and turbulent markets (Do et al., 2022; Eisenhardt & Martin, 2000; Wu, 2010).

2.4.3 Dynamic Capabilities and Resilience

Teece, Pisano and Shuen (1997:516) viewed dynamic capabilities as “the firm’s ability to integrate, build, and reconfigure internal and external competencies to address rapidly changing environments”. Helfat, Finkelstein, Mitchell, Peteraf, Singh, Teece & Winter (2007:4) considered dynamic capabilities to be “the capacity of an organization to purposefully create, extend, or modify its resource base”, where the resource base is deemed to comprise all tangible, intangible and human resources and capabilities owned and controlled by the enterprise. Eisenhardt and Martin (2000) viewed dynamic capabilities as strategic organisational routines or processes that integrate and reconfigure resources in response to market shifts or even to effect market changes. Dynamic capabilities therefore extend RBV theory to cater for the dynamic nature of markets and environmental conditions.

However, for resources and capabilities to facilitate long-term success and sustainable competitive advantage they cannot remain static because the competitive advantage provided in the present would, in the course of time, be imitated or become redundant as the market and environment changed or shifted (Teece et al., 1997). Hence the static nature of ordinary capabilities precluded their effectiveness in providing benefits and superior performance over time, whilst dynamic capabilities enable the organisation to adjust to changing environmental needs by recreating, extending or modifying its existing resources and capabilities to maintain competitive advantage (Helfat et al., 2007). For example, findings by Huang, Wang, Lee & Yeung (2023) indicate that combining industry 4.0 technological resources with dynamic capabilities resulted in both competitive advantage and resilience within the supply chain. Industry 4.0 technologies refer to emerging intelligent and digital technologies, such as big data analytics, Internet of Things (IoT) and 3D printing, which revolutionises production and promotes industrial transformation (Huang et al., 2023).

Dynamic capabilities not only overcome the criticism levelled at the static nature of RBV, but they also provide a valuable strategy for continuity within organisations in turbulent and dynamic environments, thus making them instrumental to enhancing organisational resilience (Martinelli et al., 2018). By building up their dynamic capabilities and optimizing VRIN

resources, enterprises can gain greater competency and resilience whilst operating in increasingly turbulent and disruptive environments (Do et al., 2022).

2.4.4 Agility and Resilience

Agility in an organisation refers to its capacity to identify and react to threats and opportunities quickly and effortlessly. Organisational agility has become vital due to growing turbulence and disruption in the business environment since it enables the enterprise to anticipate environmental shifts and react as they appear. Agility also facilitates greater adaptability within the organisation (Johnson et al., 2017). Durst and Henschel (2024) noted that firms which were more agile and responsive also exhibited greater resilience to external shocks and disruptions.

A study by McCann, Selsky and Lee (2009) found that the strong correlation between agility and resiliency also facilitated better company performance. According to their findings, even at high levels of turbulence, firms displaying greater agility and resilience were more competitive and profitable. However, they also noted that agility and resilience cannot exist within a company without individuals and teams that embrace agility and resilience as well.

According to Miceli, Hagen, Riccardi, Sotti and Settembre-Blundo (2021), the implementation of strategically agile processes within an enterprise creates a balance between efficiency and efficacy of the company's response to disruption, thereby also facilitating strategic resilience.

Agile business processes create greater flexibility and responsiveness in the enterprises structure and strategy thereby enabling the firm to answer disruptions and changes of all types efficiently. Agility is therefore instrumental in long-term resilience-building since it not only facilitates absorption and adaptation, but also accelerates renewal and transformation of the organisation afterwards (Miceli et al., 2021).

2.4.5 Differentiating Business Resilience from Risk Management and Business

Continuity

Risk management focuses primarily on identifying risks in advance and reducing them, thus lessening the vulnerability of a system such as an organisation to associated disruptions or crises that may occur. The objective is to render a system safe by reducing errors, accidents

or exposure to adverse circumstances and implementing organisational measures to minimise the impact of disruptive events. The essence of risk management is, hence, preventative and provides valuable input for management of business continuity (Radic, Herrmann, Haberland & Riese, 2022).

According to the International Standards Organisation (ISO), business continuity refers to an organisation's ability, during a disruption, to carry on delivering services and products at predefined capacities and acceptable time frames without interruption (ISO22301, 2019). Business continuity management is the process of planning and establishing business continuity. The focus is not on prevention but on dealing with the consequences of disruption and crisis and being able to operate effectively in the wake of such disruption. Radic et al. (2022) emphasise that although the disciplines of risk management and business continuity management complement each other, both are lacking when compared to the overall perspective that business resilience encompasses.

Unlike traditional risk management, developing business resilience involves the acceptance that the nature of systemic threats to a business is unpredictable, often random and inherently uncertain. Also, considering the myriad of possible threats, the concept of business resilience accepts that disruptions can and will occur in the future. Thus, within the context of KwaZulu-Natal where unpredictable events, such as flooding, civil unrest and power outages have plagued SMMEs, the recurrence of such disruptions should be considered inevitable. Hence, it is crucial that the business possess the capacity not only to anticipate and prepare but also to cope, continue functioning, recover, adapt and even exploit new opportunities that may appear after a crisis. Therefore, business resilience not only holistically encompasses risk and business continuity management but also includes the ability to learn and benefit from crisis events and disruption (Hynes, Trump, Love & Linkov, 2020; Radic et al., 2022; Su & Junge, 2023). A resilient SMME, for example, would be equipped to withstand losses emanating from disruptions such as civil unrest, natural disasters, or power outages, recover rapidly, adapt to new environmental conditions and markets, and continue operating.

2.4.6 Relevance of Business Size to Business Resilience

The question of whether the establishment of resilience in a business is impacted by its size has also drawn significant scholarly interest. Considering that smaller firms tend to be

constrained in terms of resources (OECD, 2021; Su & Junge, 2023; Sullivan-Taylor & Branicki, 2011), they are forced to reconfigure their resources frequently to cope with challenges that arise daily (Parker & Ameen, 2018). When functioning in dynamic environments, resource configuration is a process whereby the business responds to changes in its internal or external environment by removing, recombining, supplementing or redeploying resources (Dothan & Lavie, 2016). This frequency of resource reconfiguration also makes smaller businesses adept at the process and, hence, better prepared when struck by disruptive events.

However, Su and Junge (2023) argued that resource constraints also meant fewer resources were available for smaller organisations to invest in anticipation and preparation for disruption. Therefore, SMMEs tend to be more innovative, agile and flexible in how they cope and respond to adversity. In comparison, large organisations are more complex and tend to be hierarchical and geographically spread, which may hinder their coordination and agility in responding to disruption or crises. Hamel and Välikangas (2003) also cautioned that having more resources may foster a sense of invincibility and a greater appetite for risk in large organisations, leading them to ignore or miss changes in the business environment to their detriment.

According to the OECD (2021), the supply-chain capabilities in small enterprises are much weaker than in large companies. During COVID-19 SMMEs were harder hit by the supply chain disruptions than their larger counterparts. The smaller supplier networks and smaller inventories maintained by SMMEs render them more susceptible to price increases and disruptions in the supply chain. Considering that their size limits their bargaining power, SMMEs also tend to be burdened with less favourable payment terms (OECD, 2021). Also, unlike their larger counterparts, smaller enterprises tend to base their supplier evaluation and selection on quality and price rather than assessing suppliers via risk-related metrics, consequently making them more susceptible to supplier-related disruptions (Polyviou et al., 2020). Hence, due to their size, SMMEs are saddled with inherent supply chain vulnerabilities that represent a significant threat to the resilience of their operations during disruptive or crisis times.

Becker and Schmid (2020) noted that businesses of all sizes are susceptible to disruption of their business models by new technologies. New digital technologies not only provide new

opportunities for companies and can strengthen their resilience, but conversely could pose a threat to their resilience if they are unable to adopt solutions that help to attract a larger market. However, the resource and capital constraints that SMMEs experience could pose a hindrance to technological adoption. Furthermore, whilst larger companies have greater capital availability, allowing them to acquire new digital technologies more easily than SMMEs, the smaller size of SMMEs enables quicker and more seamless integration of these technologies.

2.5 Towards a Holistic Framework of Business Resilience

Scholarly opinions regarding which dimensions of resilience within an enterprise are crucial to prepare companies to cope with and recover from adversity have also differed significantly. However, business resilience from a financial, operational, supply-chain, organisational and technological perspective has been commonly researched (Annarelli & Nonino, 2015; Atiase et al., 2022; Elleuch, El Mouloudi, El Mhamedi & Chabchoub, 2016; Robertson et al., 2022). Literature on resilience has, over the past decade, begun to collate the different streams of research to frame a more holistic perspective of business resilience.

Cranfield University's Resilience and Security Institute (Cranfield University, 2024), for example, bases its resilience framework on developing capabilities within the 'five capitals', namely, natural, human, financial, social, and built capital. Another holistic framework by McKinsey and Company outlined business resilience as being determined by six dimensions, namely, financial, operational, technological, business-model, organisational and reputational resilience (Nauck et al., 2021). The McKinsey framework implies that it is vital for an enterprise to develop resilience capabilities in multiple dimensions. Hence, although a business with a stable capital base and sufficient liquidity to withstand drops in revenue may consider itself to be financially resilient, to withstand the myriad of disruptive possibilities that can impact an organisation, resilience capabilities should be established across all six dimensions.

When the Resilience Consortium was launched by the World Economic Forum (WEF) in 2022, one of the aims of the consortium was to create a private sector resilience framework for private businesses to develop more robust organisational capabilities and achieve more sustainable growth (World Economic Forum, 2024b). In 2023, the consortium outlined a

resilience framework, based on the McKinsey model, which identified six dimensions of resilience, within which private-sector entities could develop or enhance their resilience capabilities, enabling them to withstand, recover and bounce back from business disruptions and external shocks (World Economic Forum, 2023).

This study will explore the challenges facing retail SMMEs in establishing business resilience within the following six dimensions outlined in the McKinsey/WEF resilience framework and depicted in Figure 2.3.

- 1) Financial Resilience
- 2) Operational Resilience
- 3) Technological Resilience
- 4) Business Model Resilience (Market position/demand)
- 5) Organisational Resilience
- 6) Reputational Resilience (Societal alignment and purpose)



Figure 2.3. Private sector resilience framework

Source: World Economic Forum (2023:23)

2.5.1 Establishing Financial Resilience

According to the World Economic Forum (WEF) (2022:7), “financial resilience describes the organisation’s financial health in relation to its ability to weather a crisis”. One of the primary determinants of financial resilience, and the ability of an enterprise to rebound from crises or shock events, is whether the enterprise can readily access financial resources, such as liquidity and capital, when required (World Economic Forum, 2022).

Maintaining sufficient liquidity and a comfortable capital position, with a favourable debt-to-liquidity ratio, allows the enterprise to withstand and cope with sudden increases in cost, credit issues or rapid drops in revenue. Furthermore, this also protects the business in the future event of reduced access to equity, borrowing capacity or deterioration of the market they operate in, which could occur during periods of disruption (Mkhize, 2022; Nauck et al., 2021). Rognaldsen and Dyrnes (2023) emphasised the essential role of a firm's financial resources in dealing with crisis and disruption. They considered financial capital as a robust determinant of a firm’s resilience and revenue stream diversification as a means to enhance financial business resilience against crises.

The use of revenue stream diversification as a resilience strategy was successfully implemented during the COVID-19 pandemic by some entrepreneurial SMMEs, such as Granadilla Swimwear, to fortify their financial resilience against the disruption (Green, Ritchie, Bradley & Parry, 2021; Mkhize, 2022; Safitri, Wiksuana, Candraningrat & Baskara, 2023). Granadilla Swimwear overcame declining revenue and negative cash flow by using the resources in its existing swimwear segment and the processing and handling resources from its Kombucha business to diversify into selling and delivering fresh produce from small farmers who could not find a market. They added an online ordering facility and marketed via instagram to get running within two days. The result, Granadilla eats, was a highly successful revenue stream that is currently still expanding its offerings to other types of food and beverages (Marks, 2020).

However, most SMMEs, during the pandemic, focused primarily on cost reduction, such as payroll reduction and budget cuts to survive rather than exploring alternate avenues of revenue generation through entrepreneurial innovation (Atiase et al., 2022; Thorgren & Williams, 2020). Alberti, Ferrario and Pizzurno (2018) acknowledge that revenue

diversification increased profitability and resilience but cautioned that, to derive such benefit, diversification should be in adjacent business areas to exploit commonalities and competencies. According to Natale, Poppensieker and Thun (2022), although attaining greater margins by increasing revenue rather than cost-controlling was more conducive to financial resilience-building, financial resilience strategies in the future would most likely focus on balancing value-added growth with retained earnings growth rather than on operating margins.

Wieczorek-Kosmala, Henschel and Strupczewski (2024) reasoned that since smaller enterprises have a smaller customer base and limited resources, their access to sources of funding and credit facilities to rebound from lost income is also lowered, rendering them more vulnerable. Hence, financial risk mitigation tools such as business interruption insurance are vital in providing security and ensuring that financial resources will be available to enable the continued operation of the enterprise after a crisis or disruption. This also provides the business owner with a sense of security and the confidence to risk investing in growing their enterprise, which can lead to increased innovation and enhanced resilience.

A desktop study by the South African Cities Network (2023) identified insurance coverage taken by SMMEs for a wide range of risks, such as liability, property damage and business interruption, as a vital means of financial protection to ensure business resilience. Not only does insurance coverage safeguard the firm's operations and provide asset protection, but it also accelerates recovery after a disruptive event or crisis. Mundhree and Beharry-Ramraj (2022:20056), emphasised that the impact of disruptions, like the 2021 civil unrest and looting, on SMMEs is significant and a mindset of "anticipation and containment" is essential in resilience-building, where potential emergencies are constantly identified (anticipated) and addressed.

Examples of the various types of commercial insurance available to small business owners are provided in Table 2.1; however, individual business needs may vary.

Table 2.1. Types of Business Insurance Coverage Available

Insurance Type	Areas Covered
Commercial property insurance	Coverage against loss or damage to business buildings, equipment or contents due to fire, theft or natural disasters.
Commercial Vehicle Insurance	Coverage for business vehicle loss or damage.
Business Interruption Insurance	Protection against income loss and additional expenses incurred when unexpected events interrupt the operations of a business.
General liability insurance	Protection against claims by third parties for death or injury on business property or for damage to the property of a third party.
Product liability insurance	Protection against claims arising from products sold causing injury to customers or property damage.
Professional Indemnity/ Liability Insurance	Protection against claims relating to loss or injury sustained due to services rendered or professional advice given to customers.
Cyber Liability Insurance	Coverage for losses and claims related to data breaches or cyber-attacks.
Worker's Compensation Insurance	Coverage for work-related employee accidents, injuries and illnesses.
Fidelity insurance	Coverage for losses incurred due to theft or fraud perpetrated by company personnel with or without third party collusion.

Source: Information collated by author from Momentum (2024); Santam (2023); Shopify (2022).

2.5.2 Establishing Operational Resilience

Operational resilience refers to an organisation’s ability to maintain business continuity across operations during disruption or shock events, such as cyber-attacks, natural disasters, civil unrest or even power outages. Also, in the event of operational failure, the ability of the business to recover quickly and resume normal operations, such as service delivery or production, forms a key element of its operational resilience (Birkie, Trucco & Kaulio, 2014; World Economic Forum, 2022).

Operational flexibility in the face of disruptive events, whereby the enterprise has the potential to adjust and adapt or innovate under uncertain conditions, also facilitates operational resilience. SMMEs have the ability to be more flexible than their larger counterparts in adapting to change. Furthermore, SMMEs integrate at a level which keeps them closer to their customers and to market demand, thereby enabling them to be more responsive to customer needs (Burnard & Bhamra, 2011). These represent the inherent capabilities of SMMEs, which can be exploited to enhance operational resilience against crisis and disruption in the business environment and ensure sustainability. Natale et al.

(2022) also confirm that service or production capacity in operationally resilient organisations should be robust such that the enterprise can maintain stability when faced with operational disruption, as well as pivot to cater for changes in demand.

Many scholars view operational resilience as encompassing all organisational operations and incorporate supply chain resilience as part of operational resilience (Birkie, Trucco & Kaulio, 2014; Essuman, Boso & Annan, 2022). However, some scholars prefer to focus on supply chain resilience as a field on its own (Ozdemir et al., 2022). Supply chain resilience refers to the enterprise's continued ability to procure and provide services or goods to customers despite exposure to stressors or disruption (Annarelli & Nonino, 2015; Dankyira et al., 2024; Essuman et al., 2020; Hepfer & Lawrence, 2022; Nauck et al., 2021). This study will consider supply chain resilience as a part of operational resilience in accordance with the WEF/McKinsey resilience framework.

According to Macdonald and Corsi (2013), supply chain disruptions represent unforeseen and unexpected occurrences that adversely impact the usual movement of materials and goods in a supply chain. Hence, establishing operational resilience involves strengthening supply chains against such adversity and developing robust mechanisms to ensure continuity in providing customers with services or products, even in the face of various disruptions from natural disasters and pandemics to geopolitical tensions and failures by supply chain partners (Natale et al., 2022). When supply chains were crippled during COVID-19, supply chain risk management techniques, such as supplier diversification and geographical diversification, were identified as essential strategies that fortified resilience (McKinsey & Company, 2023a). By diversifying its supplier-base, a company is able to avert single supplier dependence (Lin, Fan, Shi & Fu, 2021). Similarly, by diversifying the areas or regions from which a company procures, the supply chain risks associated with concentrating trade with a single region also diminish (McKinsey & Company, 2023a; Seong et al., 2022). Adopting such risk management techniques could strengthen the operational resilience of an enterprise and also limit its exposure to localised disruptions, such as civil unrest or even geo-political disruptions like trade wars (Shih, 2020; World Economic Forum, 2023).

Ozdemir et al. (2022) also noted that supply chain resilience in an enterprise can be strengthened by the development of robust, collaborative and supportive relationships with its supplier network and its workforce. Close cooperation and empowerment of key partners in

the supply chain enables shared responsibility and flexibility with suppliers, which become crucial during disruptive times or crises. Furthermore, information sharing and collaborative-planning with supply chain partners were vital for risk mitigation and served as a significant resilience-enhancing capability as it improved supply-chain visibility and enabled quick response to fluctuations in supply and demand (Polyviou et al., 2020). According to Tengblad and Oudhuis (2018), from an operations perspective, enterprises with resilient supply chains are able to address disruption and crisis in ways that allow them to snatch market share from competitors who lack resilience in their supply chains.

2.5.3 Establishing Technological Resilience

Technological resilience refers to the enterprise's ability to overcome negative technology-related impacts on the business during disruptive occurrences (Nauck et al., 2021). For an enterprise to establish resilience and bounce back after a disruptive event, it is crucial that technology and digital transformation must be embraced. Furthermore, businesses that ensure their technology is updated according to current standards and maintained accordingly display greater resilience to shocks and disruptions (Abidi, El Herradi & Sakha, 2023; Cirera, Comin, Cruz, Lee & Torres, 2022). Robertson et al. (2022) found that by adopting and building digital maturity, SMMEs, especially in the retail sector, were able to enhance their business resilience and continue functioning successfully during disruptive events such as the COVID-19 pandemic. Retail SMMEs that adapted to digital technologies outperformed their peers and displayed greater promise for growth (Robertson et al., 2022).

Compared to larger companies, adoption of information technology by SMMEs was low before COVID-19 mainly due to cost, lack of skills and limited knowledge. However, the COVID-19 pandemic spurred greater adoption primarily in the fields of e-commerce and remote work. Information technology became a vital tool for SMME survival during the pandemic since SMMEs could shift their businesses online to overcome the challenges posed by the lockdowns (Chan & Asni, 2023; Ndiege, Mwaura & Foster, 2023).

However, according to Mishrif and Khan (2023), the cost factor weighs heavily in terms of technology adoption and usage in developing countries, where the level of digitisation in most SMMEs is still low. Small businesses are considered to have a high level of digitisation

if they adopt technologies such as online payment, cloud storage and cloud-based applications and shift towards paperless processes where printing is unnecessary. Moderate digitisation applies to businesses that also adopt online payment processes as well as cloud-based systems but are not totally paperless, although less printing is involved. SMMEs falling in the 'low digitisation' category use traditional or standard communication methods and accept on-premise cash or credit card payment mediums only (Mishrif & Khan, 2023). According to Akindeji, Doba & Kikasu (2023), 41% of retail businesses in South Africa have not fully embraced digitisation, which highlights the slow overall implementation rate.

Easily accessible digital technologies such as social media usage were identified as invaluable coping strategies allowing SMMEs to maintain healthy business relationships with their key stakeholders, such as customers, during the pandemic. Social media usage enabled collaboration and openness with stakeholders and effectively improved the resilience of the business amid the economic downturn (Erdiaw-kwasie, Abunyawah, Yusif & Arhin, 2023). Technologies such as digital payments and remote meeting tools such as 'Zoom' allowed adaptable SMMEs to conduct and sustain their businesses online (Ndiege et al., 2023).

According to Nauck et al. (2021), resilient enterprises implement secure, yet flexible infrastructure that helps to avoid breakdowns in operational technology, and most significantly, mitigates threats such as cyber-attacks. Hence, cyber-security is crucial for SMME resilience. A study by Bak, Shaw, Colicchia and Kumar (2020) indicated that by harnessing advanced technologies and secure information systems, owner-managers of SMMEs can strengthen the resilience of their business significantly. Giancotti and Mauro (2020) also emphasised that technological resilience can be established by implementing interconnected IT infrastructure and systems, which would ensure more responsiveness and better communication with various stakeholders, such as employees, suppliers and customers. Not only would this assist the enterprise to cope during crises and disruptive events, but it would also help to accelerate recovery thereafter.

Technological resilience also entails that any data the company uses must be maintained securely so that privacy is respected and regulatory requirements are complied with. Furthermore, technological resilience also requires that enterprises invest in technology-related projects to keep pace with competitive demands whilst meeting customer needs. Finally, technological resilience also dictates that interruptions in service for internal

operations and customers must be avoided by ensuring robust disaster recovery and business continuity capabilities (International Labour Organization, 2023; Natale et al., 2022; Nauck et al., 2021). Cloud-based data backup, for example, provides a robust, cost-effective and secure data backup and recovery medium that SMMEs can adopt in contrast to managing manual, on-premise data backup systems, which can be prone to hardware failure (Jun & Sha-sha, 2011; Prakash, Mody, Wahab, Swaminathan & Paramount, 2012).

2.5.4 Establishing Business Model Resilience/Market Position & Demand

Business model resilience, according to Radic et al. (2022), refers to an organisation's ability to maintain and continue fulfilling its value proposition amid unanticipated disruptive occurrences. Niemimaa, Järveläinen, Heikkilä and Heikkilä (2019), however, noted that business operating environments were subject to unexpected occurrences, which could render the business logic of a company's business model ineffective. To counter this vulnerability, business model resilience was conceptualised as an enterprise's capacity to be flexible and adapt its business model in response to disruptions or crises in the environment where the enterprise operates. This was perceived as vital for business continuity and sustainability in the face of such occurrences. According to Duchek (2020), resilient firms can adapt their competencies to changing conditions in the business environment or market.

However, in addition to adaptation, according to Giancotti and Mauro (2020), the use of Business Model Innovation, which encompasses a firm's ability to leverage its internal resources and capabilities to innovate effective responses to changes in the business environment, was also vital in improving an enterprise's business resilience. Not only does this preclude the enterprise's business model from becoming obsolete or irrelevant due to technological advancement but also enables the firm to identify and meet unfulfilled customer needs and attract new segments of customers. During the disruptive COVID-19 pandemic, for example, SMMEs that were able to identify and market their products through alternative channels, such as switching from local to global markets or moving to online market spaces, were able to weather the crisis more easily (Kawane, Adu-Gyamfi, Cao, Zhang, Yamazawa, He & Shaw, 2024; Rajagopaul et al., 2020).

Natale et al. (2022) also emphasized that innovation was crucial. Although they also viewed business model resilience as the organisational ability to adapt to significant changes in the technological, regulatory or physical landscape or to shifts in consumer demand or the competitive environment, they added that the enterprise also needs to be innovative to increase its success rate in adjusting to uncertain and dynamic environments. During the COVID-19 pandemic, Robertson et al. (2022) found that retail SMMEs, who innovatively harnessed digital technologies as part of their business models, could better maintain operational continuity. Not only were they able to successfully respond to the disruption by strengthening their market positions and even outperforming peers, some businesses even grew. This also highlights the interconnectedness between the different dimensions of business resilience, where technological resilience became instrumental in ensuring operational resilience.

2.5.5 Establishing Organisational Resilience

Durst and Henschel (2024:6) summarised organisational resilience as “an organisation’s ability to withstand and recover from a crisis”. They elaborated that organisational resilience meant that the enterprise could adapt to disturbances in the business environment and still operate effectively in the face of adversity. According to ISO22316 (2017), the International Standards Organisation views organisational resilience as an organisation’s capacity for absorption and adaptation in a fluctuating environment. Organisational resilience focuses on orientating the culture, interaction, coordination and mentality of the leadership and people within the enterprise towards specific resilience-building principles. The principles indicate that resilience is enhanced in an organisation when shared vision and purpose guide behaviour. The principles also highlight that good leadership, good governance and management and a diversity of skills fortified with knowledge and experience are the building blocks of organisation resilience. Su and Junge (2023) elaborate that an organisation is more likely to recover faster from adversity if positive relationships, which foster information-sharing and cooperation, are developed and maintained within the company.

According to the World Economic Forum (WEF) (2022), in its resilience framework, organisational resilience refers to the ability of the enterprise’s structure, workforce and culture to address crisis or disruptive events effectively. The WEF maintains that

organisational resilience depends significantly on its people, who formulate and action the enterprise's response before, during and after a disruptive event or crisis. Hence, training and upskilling the workforce also builds resilience by providing agility in decision-making and flexibility in capacity requirements during disruptive or shock events (World Economic Forum, 2023).

A motivated workforce, interacting within a positive organisational culture, contributes significantly to overcoming crisis and disruption events and grasping opportunities (World Economic Forum, 2022). For example, during a crisis, even though an organisation has financial resources, ineffective staff coordination, communication or lack of commitment by the workforce will still expose the organisation to failure. Conversely, a business with solid organisational resilience contributed to by committed staff but lacking in financial resources may be able to weather storms and bounce back better than firms that cannot exploit their advantage (Su & Junge, 2023; World Economic Forum, 2022). This also emphasises that although organisational resilience constitutes the overarching foundation of resilience within the business, it is interconnected and needs to interact effectively with the other dimensions of resilience for success.

2.5.6 Establishing Reputational Resilience (Societal Alignment)

Reputational resilience relates to perceptions formed by stakeholders, who range from customers to employees to investors. It includes environmental, social, and governance (ESG) alignment, brand management as well as limiting damage to the business image during adverse periods when the business cannot fulfil its value proposition or commitments optimally (McKinsey & Company, 2022; Nauck et al., 2021).

Tracey and French (2017) postulate that having a superior reputation provides a sustained source of resilience since it assists the business's interaction with its environment and market, thereby also favouring better financial performance over time. Roberts and Dowling (2002) viewed reputation as an asset that assisted in reputational damage control when disruptive or adverse events impact the business enabling the business to rebound more quickly.

The World Economic Forum (2023) considers societal alignment as being vital to business resilience and the company's reputation. This recognizes that a company's resilience is also interconnected with the social and political landscape that it functions within, and an enterprise should determine whether it contributes to and is in sync with the expectations of the communities and environment that it inhabits and operates within (World Economic Forum, 2022). For example, a company that embraces recycling is considered more appealing in an ecologically-aware society.

Natale et al. (2022) concur that stakeholders, from customers to investors to regulators and employees, are increasingly holding businesses accountable for socially and environmentally irresponsible behaviour and hence alignment of values and words with action is crucial for resilience in an enterprise. Furthermore, they maintain that openness and flexibility in communicating with stakeholders and responding genuinely to criticism directed towards the enterprise are imperative for reputational resilience.

2.6 Challenges that SMMEs Currently Face

Modern retail enterprises, both large and small, are exposed to a wide array of challenges ranging from technological upheaval, geopolitical events, climate change and financial crises to internal shocks ranging from strikes to accidents, all of which could disrupt the normal functioning and operations of the business (Su & Junge, 2023). Considering that significant research already exists on the challenges posed to SMME growth and survival, it is considered valuable for these challenges to be reassessed as part of this review.

The challenges emanating from resource scarcity and resource constraints that SMMEs are encumbered with include human resource constraints, technological resource constraints, financial resource constraints and insufficient access to capital resources (Olawale & Garwe, 2010; Sullivan-Taylor & Branicki, 2011). SEDA (2016) considered a key challenge to SMME growth to be their lack of physical infrastructure which increased the cost of doing business significantly. Regulatory challenges such as South Africa's labour laws also created significant challenges for SMMEs, because once workers are hired, it became difficult to let workers go should they become unproductive or if the SMME can no longer afford them. Added to this, due to high minimum wage laws in South Africa, SMMEs also find it

challenging to acquire unskilled or semi-skilled labour, which ultimately becomes an impediment to their performance.

SMMEs are also plagued with skills shortages, which include managerial, entrepreneurial, financial management and accounting skills (Khoza, Adeniyi & Ayandibu, 2022). The challenges that SMMEs had in accessing markets were also highlighted by SEDA (2016) as a significant threat to their survival and growth since credit providers consider access to markets to be a basic requirement for nascent SMMEs to access funding. The high crime levels in South Africa also pose enormous difficulties for SMMEs, considering they are saddled with extra expenditure in increasing security to prevent criminals from targeting their premises (Mhlongo & Daya, 2023; World Bank 2023). This escalates the cost of doing business. Poor financial recordkeeping and the failure to adopt newer technology were also viewed by SEDA (2016) as detrimental to SMME sustainability.

Ballesteros and Domingo (2015) identified that large scale disruptions, such as natural disasters, posed a threat to SMMEs on four fronts, namely, capital/funding, market/buyers, logistics and labour. An examination of known SMME vulnerabilities in literature through the lens of these factors is hence considered relevant and valuable to this study and discussed below.

2.6.1 Capital/Funding

Ballesteros and Domingo (2015) noted that for SMMEs, post-disaster expenditure tends to exceed revenue in the short term, resulting in SMMEs requiring capital/funds to finance ongoing operations, recovery and rehabilitation. The term of such assistance is dependent on the degree of disaster preparedness of the SMME. However, SMMEs tend to be amongst the most impacted sectors during disruptions primarily because liquidity constraints and smaller cash reserves leave them financially fragile with relatively small financial buffers when compared to larger businesses (BusinessatOECD, 2021). Furthermore, SMMEs tended to rely heavily on retained earnings and bank debt due to challenges they experience in tapping into other sources of finance (Atiase et al., 2022; OECD, 2021).

2.6.2 Market / Buyers

From a market and customer perspective, Ballesteros and Domingo (2015) identified that market demand shifts should be expected in the short-term by SMMEs since the demand for

basic commodities surge while demand for non-essentials decreases. Regarding markets and buyers, Rajagopaul et al. (2020) noted that SMMEs tend to be overly reliant on a small number of clients for revenue. In addition to having a small customer base, they also struggled to gain access to markets compared to larger businesses.

When shifts in market demand occur, SMMEs that are less diversified find their coping abilities being significantly challenged by these shifts (Ballesteros & Domingo, 2015). During the COVID-19 pandemic, larger businesses that had the resources to harness digital technologies to reach their markets, despite lockdowns, were more resilient and coped better with the disruption. SMMEs, on the other hand, found the uptake of this technology challenging and lagged significantly behind larger companies in its uptake (Robertson et al., 2022). Even in developed countries, prior to the pandemic, Bianchini and Kwon (2021) found that SMMEs were lacking in digital readiness and the requisite skills and mindset for the uptake of digital technology. According to the OECD (2021), adopting digital technologies and tools is instrumental in building business resilience.

2.6.3 Logistics

According to Ballesteros and Domingo (2015), the post-disaster impact on logistics, which emanates from public infrastructure and facilities dysfunction, such as communications and utilities, impedes the flow of goods and services across the value chain and affects SMME operations adversely. Compared to larger companies, the impact of logistics disruptions on SMMEs tends to have a more significant effect due to their weaker supply chain capabilities (OECD, 2021). Bak et al. (2020) also emphasised that the small size of SMMEs presented a challenge since their influence on supply chain partners is much lower than larger companies. This made SMMEs much more vulnerable to disruptions and the resulting price increases.

2.6.4 Labour

Post-disruption availability of labour is a crucial consideration where resumption of operations to meet spikes in demand or to meet targets is dependent on manpower (Ballesteros & Domingo, 2015). During disruptive times, small enterprises tend to face numerous challenges from a labour front since their ability to work with scaled down manpower resources is limited considering that their workforce is already small. Hence, if the workforce is also impacted by the crisis or disruption, then labour availability to ensure

business continuity also becomes a massive challenge for the enterprise (Nan & Park, 2022). Skills within human resources were also identified as a challenge that SMMEs need to overcome to derive maximum benefit from their manpower resources (OECD, 2021). Manpower constraints are also highlighted as one of the reasons why resilience-building activities are not prioritised in SMMEs (Sullivan-Taylor & Branicki, 2011).

2.7 Conclusion

In a world marked by increasing disruption and crisis, building resilience against such turbulence is a formidable task for SMME owners, who constantly navigate a complex array of survival and growth challenges. Developing the ability to anticipate threats, cope with disruptions, and recover whilst maintaining operational continuity is a crucial capability which not only helps small enterprises to navigate crises but also offers a competitive advantage that can drive long-term success (Bughin, 2024; Hu, Choi & Tan, 2024).

Although RBT infers that resource abundance can favour resilience-building (Barney, 1991), SMMEs are saddled with resource constraints, especially financial and human resources, resulting in resilience-planning activities receiving minimum priority (Mhlongo & Daya, 2023; OECD, 2021; Su & Junge, 2023). However, SMMEs tend to be adept at resource reconfiguration making them more agile and adaptable, which are integral resilience-building capabilities (Helfat et al., 2007; Parker & Ameen, 2018). Furthermore, the closer proximity of SMMEs to both their upstream and downstream partners compared to larger companies makes it easier for them to build resources such as social capital (Polyviou et al., 2020). However, weaker supply chain capabilities and low digital technology adoption are also crucial factors that weigh down SMMEs (Mhlongo & Daya, 2023; OECD, 2021). Hence, resilience-building in SMMEs should leverage the inherent strengths their size affords whilst overcoming their weaknesses.

Exploring the challenges SMMEs face in building resilience against disruption and crisis within the six dimensions of resilience outlined by the WEF/McKinsey framework, involves a holistic inquiry across many disciplines from information technology, finance and human resource management to operations management. The shift within the past decade to addressing business resilience from a more holistic perspective has been primarily oriented

towards large organisations, and research at SMME level is still relatively sparse. However, studies on the challenges SMMEs face in terms of growth and survival are well-researched and useful in this exploration as the persistence these impediments may also hinder resilience-building initiatives in SMMEs. This chapter focused on the available literature on crisis, disruption and business resilience and the theories that underpin these concepts. The next chapter will outline the methodology followed in exploring the challenges faced by SMMEs in establishing business resilience to disruption and crisis.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

Research, as defined by Sekaran and Bougie (2016:2), is “an organized, systematic, data-based, critical, objective inquiry or investigation into a specific problem”. Saunders et al. (2023) also viewed research as a process whereby data is systematically collected and interpreted with the clear intent of knowledge-building or discovery. Research consists of a sequence of actions specifically designed and executed to uncover answers to the questions of interest to the researcher. The answers presented may be derived via a thorough examination of primary data collected by the researcher or from available secondary data (Sekaran & Bougie, 2016). Whilst, some research focuses on developing theory, other studies are intended to test a theory or use existing frameworks or models to describe current situations (Saunders et al., 2023). According to Saunders et al. (2023), a methodology encompasses the theory that guides how research should be conducted, whilst a method refers to a technique or procedure used to acquire and analyse data.

This chapter details the design and implementation of the research process used to address the research questions and is organised as follows. In the next section the research model that guides the methodology is delved into. Thereafter, the research philosophy and worldview are discussed before the chapter proceeds to explain the research approach and the corresponding research method employed. The research population and sampling technique are detailed thereafter, as well as the study’s time horizon. The method employed for data collection as well as the procedure are discussed, before outlining how the data was analysed. The trustworthiness of the research is then unpacked before the study’s limitations and research ethics are detailed. Viewed from a broader perspective, this chapter therefore serves the integral purpose of detailing the rigour and validity of the research methodology followed during the course of this research project.

3.2 The “Research Onion” Model

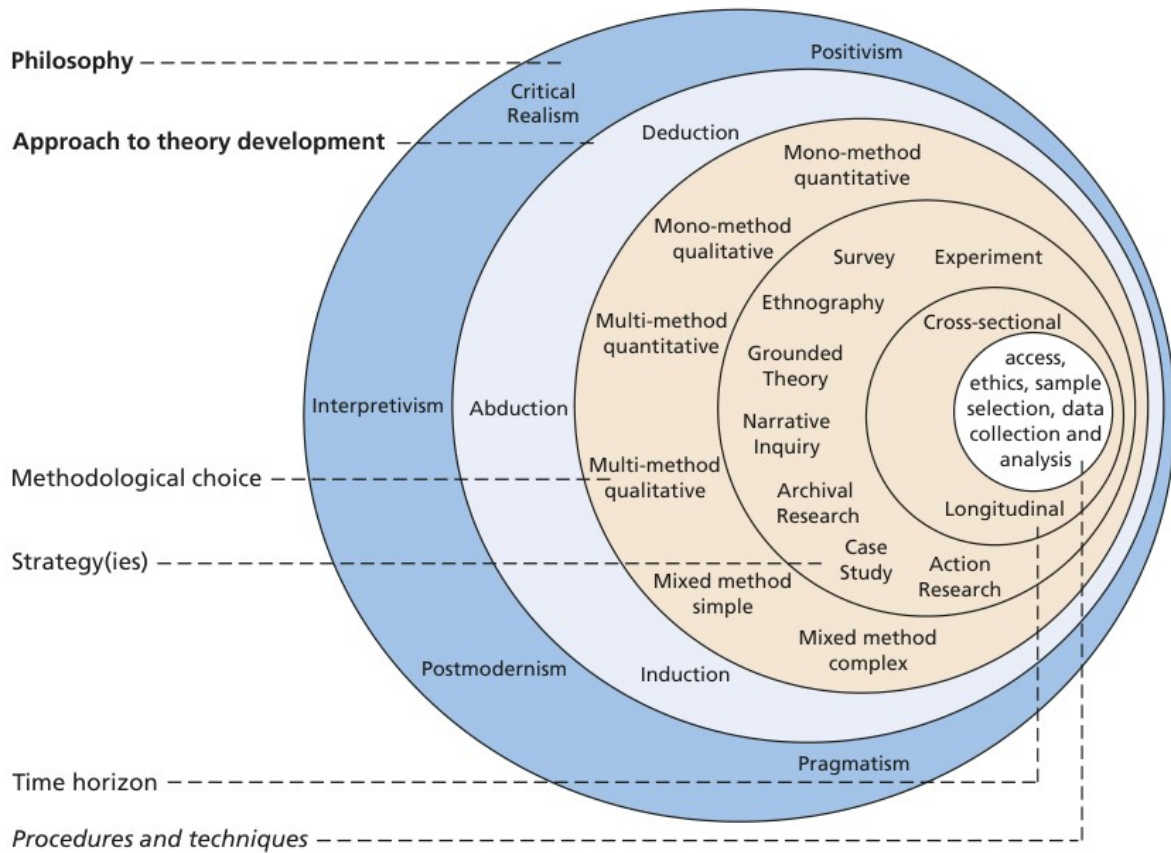


Figure 3.1. Research Onion

Source: Saunders et al. (2023:130).

The research onion model outlines a systematic approach to conducting research (Saunders et al., 2023) and guides the design of this study. Each of the six layers of the model depicts a separate aspect of the research process and guides the focus of the research design when proceeding inwards through the layers. The outer layer encompasses the philosophical stance adopted by a researcher. Theory development focuses on how the development of knowledge is approached by the researcher, whilst the methodological choice comprises the overall method used to conduct the research. Research strategy encompasses the strategy selected for data gathering. The timeframe over which the research will be conducted with respect to data collection constitutes the time horizon and finally the procedures and techniques refer to the specific methods and defined activities that are followed to accomplish data gathering and the analysis thereof (Saunders et al., 2023).

3.3 Research Philosophy and Paradigms

A paradigm represents a worldview, which serves as a lens that filters knowledge and guides how the research process is framed and implemented. The beliefs that make up the paradigm are the foundation of the methodology, thus providing a structure to examine the phenomenon of interest (Denzin, Lincoln, Giardina & Cannella, 2024; Leavy, 2017).

The ways of naming and grouping paradigms tend to differ amongst different researchers; however, some of the worldviews that are often encountered are interpretivism, positivism, pragmatism, critical theory and transformativism. The interpretivist paradigm posits that people are in a perpetual state of constructing meaning via their daily interactions. Researchers seek to understand this meaning (Leavy, 2017). Positivism, however, supports the objective development of knowledge through scientific or mathematical verification (Braun & Clarke, 2013; Sekaran & Bougie, 2016). Pragmatism is problem-focused without any leaning towards particular theories or sets of rules but instead supports the practical utility of concepts/tools to the research context (Leavy, 2017). Critical theory illuminates social action that vests human beings with the ability to transcend the social constraints they are subjected to by class, gender and race (Creswell & Poth, 2018). Similarly, the transformativist paradigm advocates for a democratic, inclusive, human-rights and socially oriented approach to research (Leavy, 2017).

This research was conducted via the lens of an interpretive paradigm. The interpretive paradigm encompasses four theoretical schools of thought: symbolic interactionism, ethnomethodology, dramaturgy, and phenomenology (Leavy, 2017). Symbolic interactionism concerns how people communicate meaning during interactions with gestures and language. Ethnomethodology examines the practices people employ to derive meaning through their social interaction with others to make sense of their lived reality. Dramaturgy suggests that individuals present a public persona during social interactions while maintaining a ‘backstage’ self where they can behave more authentically (Leavy, 2017). Phenomenology represents a philosophical school of thought concerned with how human consciousness interprets the world and reality within the context of the person’s subjective experiences (Leavy, 2017; Trochim et al., 2016). Phenomenology focuses on the participant’s recollections and their perceptions of those lived experiences (Saunders et al., 2023).

This study adopts an interpretive phenomenological approach (Braun & Clarke, 2013). It seeks to understand the types of experiences the participant SMME owners found problematic and perceived as challenges to establishing resilience capabilities against disruptive occurrences and crises.

3.4 Research Approach

The two classical approaches that inform research are the deductive and inductive approaches. The deductive approach is used by researchers to test hypotheses or confirm existing theories (Saunders et al., 2023). It follows a top-down logic beginning with a general theory about the phenomenon of interest, which is subsequently narrowed down into specific testable hypotheses. By collecting particular observations for testing of the hypothesis, further narrowing is achieved ultimately enabling the confirmation or refuting of the initial theory (Sekaran & Bougie, 2016; Trochim et al., 2016).

The inductive approach, in contrast, follows a bottom-up approach, beginning with particular observations and resulting in theory formulation or broader generalisations. Inductive reasoning facilitates exploration of the phenomena of interest and development of an explanatory theory via data collection and analysis. The intention of the inductive approach is to allow meaning to emerge as data is collected to find regularities or patterns that inform theory-building or development of some general conclusions (Saunders et al., 2023; Trochim et al., 2016). The inductive approach was employed in the context of this study.

3.5 Research Methods

Academic inquiry is guided by research methods which scholars employ to explore, investigate and understand complex systems and phenomena. The three primary approaches in research are qualitative, quantitative and mixed-methods research (Saunders et al., 2023).

Quantitative research is generally deductive and aimed at confirming, refuting or supporting existing theories. The quantitative approach uses numerical data and statistical methods to measure and test relationships between variables to uncover causal relationships, correlations and patterns (Leavy, 2017). Sampling is primarily probabilistic in quantitative studies and the primary data collection instrument is the questionnaire (Saunders et al., 2023). This approach

is often employed in studies where the predominant objective is to explain or evaluate (Leavy, 2017).

Qualitative research emphasises an inductive approach to knowledge-building aimed at deriving meaning or generating theories (Bell et al., 2019). Qualitative techniques enable researchers to explore, interpret and understand social phenomena and gain an in-depth understanding of the meaning that people ascribe to their subjective experiences (Leavy, 2017). In essence, this approach aims to comprehend phenomena from the participant's point of view (Merriam & Grenier, 2019). In qualitative research, sampling techniques are generally non-probabilistic, and the researcher serves as the primary data collection instrument. Words and images constitute the data from which meaning is derived via patterns and themes (Saunders et al., 2023). The qualitative approach is suited to studies where the primary purpose is to describe, explore or explain (Leavy, 2017).

Mixed-method research involves conducting both quantitative and qualitative research, thereby integrating inductive and deductive thinking within a single study. Hence, it leverages the advantages of each whilst compensating for their shortcomings (Sekaran & Bougie, 2016; Trochim et al., 2016). Mixed-methods research is generally more suited to studies that aim to explain, describe or evaluate. However, this approach is more time and resource intensive, and its complicated design requires clarity in presentation for comprehension (Leavy, 2017).

In this study, a qualitative approach was deemed most suitable, as the primary objective was an exploration of human experience (challenges) within the context of their business enterprise.

3.6 Time Horizon

The temporal aspects of research design, which pertain to the time over which the research is conducted and points of time over which data is gathered, are referred to as the time horizon of the study (Saunders et al., 2023; Sekaran & Bougie, 2016). Temporal framing in research design differentiates between two types of studies, namely cross-sectional (one-shot) and longitudinal studies. In cross-sectional studies, data gathering across the sample occurs once.

However, this may occur over days, weeks or even months. Longitudinal studies, however, involve data gathering at two or more points in time to address the research query. A cross-sectional research design was considered appropriate for this study because the exploration embarked on did not require the comparison of two or more ‘snap-shots’ of data, and the time available for completion of the study was limited (Saunders et al., 2023; Sekaran & Bougie, 2016).

3.7 Population and Sampling

The population, in a study, represents the complete set of members or entities on which the research inquiry is conducted (Saunders et al., 2023; Sekaran & Bougie, 2016). Although the total population available comprised of all retail SMMEs in South Africa, the accessible population, on which this study was conducted (the subset of retail SMMEs that the researcher has reasonable access to), comprised of retail SMMEs located in the adjoining suburbs of Westville and Reservoir Hills in Durban that were listed on an online South African business search directory (Yellosa, 2024). Any business selling goods or even services to final consumers is regarded as a retailer (Kotler & Keller, 2016). Hence, the range of business types falling under the category of retail is extensive and varied and could range from supermarkets to fuel service stations (fuel retailers) to pizza outlets (food retailers) (Solomon, Marshall & Stuart, 2023).

The retail SMMEs from the adjoining suburbs of Westville and Reservoir Hills were regarded as a single population for the purposes of this study. Since the search directory served mainly as a business search directory and the same business could appear under multiple sub-categories, it was not possible to determine the exact number of retail businesses by adding up the relevant sub-categories. For example, the same business might be listed both under "Sweet Shops" and "Food Retailers" causing duplication. However, given the qualitative nature of the study and the chosen sampling method, the precise count of retail businesses within the population was not considered critical to the research objectives.

Sampling entails choosing a subset of appropriate individuals, objects, or events from the population to serve as representatives for the whole population (Sekaran & Bougie, 2016). Sampling methods are generally categorised as either probability or non-probability sampling methods. For this research, purposive sampling, a type of non-probability sampling method,

was employed to select participants who possessed certain characteristics or met specific predetermined criteria (Trochim et al., 2016). In this study, only retail-oriented businesses within the SMME category were considered.

Two important inclusion criteria for the sample were:

- The business was officially registered as a formal business.
- The business should have been in operation for at least 5 years. This ensured that the SMME was ‘established’ (Olawale & Garwe, 2010) and had traversed through major disruptive periods such as COVID-19 lockdowns, the 2021 civil unrest and the KwaZulu-Natal flooding.

Hence informal SMMEs were excluded from the study. When determining the sample, the retail-oriented businesses were approached directly to ascertain that they met the study criteria and then invited to participate in the study. All the retail-oriented SMMEs, whose owner-managers agreed to participate in the study, were either small or micro enterprises. The owner-managers of retail businesses in the medium category (51 to 250 employees) who were approached were unwilling to participate in the study. Within the time and resource constraints available to the researcher, it was not possible to find retail SMMEs in the medium category whose owner-managers were amenable to be interviewed for the study.

According to Leavy (2017), when conducting a study based on interviews, if no further insights are being derived from additional data as interviews are conducted, then data saturation is considered to be reached. In terms of sampling, Saunders et al. (2018) cite ample evidence that despite a study adopting the criterion of saturation, a prior sample size is also frequently proposed. Hence, a sample of 20 small and micro retail-oriented SMMEs that fit the defined inclusion criteria was selected as the initial sample, which is within the parameters of studies that reviewed qualitative sample sizes and the point of saturation (Boddy, 2016; Guest, Bunce & Johnson, 2006; Hennink & Kaiser, 2021; Malterud, Siersma & Guassora, 2016; Patton, 2015; Saunders et al., 2018; Saunders et al., 2023).

Guidance offered by Saunders et al. (2023:314) suggested “between four and 12 participants for a homogenous and 12 and 30 participants for a heterogeneous group” as likely sample sizes. According to Hennink and Kaiser (2021), saturation was converged upon consistently within a narrow range of 9 to 17 interviews, particularly in studies where populations were

homogeneous; whilst Boddy (2016) found data saturation had definitely become evident by 12 interviews. Guest et al. (2006) also found data saturation generally occurred within the first 12 interviews. The actual number of interviews conducted for this study was also dependent on the point at which data saturation was reached. In the case of this study, saturation was confirmed to be reached after 12 interviews.

3.8 Data Collection Method

3.8.1 Data collection instrument

In qualitative research, the most widely used data collection method is the interview (Fouché et al., 2021). Merriam and Tisdell (2016) consider a research interview to be a process of conversational engagement between the researcher and the participant that centres on questions pertinent to the research. An interview, according to Sekaran and Bougie (2016:113), represents “a guided, purposeful conversation between two or more people”, where such “individual or group interviews may be unstructured or structured”. Effective verbal communication is essential for gathering authentic, detailed, and comprehensive data via interviews (Fouché et al., 2021). Interviews that are conducted with individuals or groups can take the form of highly structured, unstructured or semi-structured interviews (Fouché et al., 2021; Merriam & Tisdell, 2016).

3.8.1.1 Highly structured interviews

When the type of information required is known from the outset, highly structured interviews can be conducted. However, highly structured interviews adhere rigidly to questions which are predetermined and ordered, and therefore may not be conducive to fully accessing how the participant views and understands the world (Merriam & Tisdell, 2016).

3.8.1.2 Unstructured interviews

In unstructured interviews, there are no predetermined questions, and this format is employed by researchers when insufficient information is available about a phenomenon to pose relevant questions. However, this approach generally yields a myriad of divergent views and seemingly disconnected bits of information, which requires experienced researchers to make

sense of and is ordinarily helpful as a preliminary step to gather information and prepare to conduct more structured interviews (Merriam & Tisdell, 2016; Sekaran & Bougie, 2016).

3.8.1.3 Semi-structured interviews

Semi-structured interviews represent the middle-ground between unstructured and highly structured interview formats. In a semi-structured interview, although an interview guide with predetermined questions guides the researcher, the questions are generally open-ended. Furthermore, flexibility is maintained whereby the researcher can pose follow-up questions and ‘probe questions’ to further explore themes of interest to the topic that may emerge during the interview. This interview format allows a balance to be maintained between obtaining “rich and thick” data from a smaller sample whilst providing direction to the interview and preventing it from being side-tracked by inconsequential information. However, conducting semi-structured interviews are time-consuming for both researcher and participant (Creswell & Creswell, 2018; Fouché et al., 2021).

3.8.2 Research instrument used

The research instrument employed for data collection was semi-structured interviews formulated as open-ended questions. An interview schedule was created to serve as a reference for the interview questions (Creswell & Creswell, 2018), which is provided in Appendix C.

3.8.3 Pilot testing

According to Saunders et al. (2023), conducting at least one pilot interview is recommended to refine research instruments such as an interview schedule. The interview guide was pilot-tested with two SMME owners known to the researcher, who were not part of the sample selected for this study. The intent was to verify the clarity of the questions in the interview guide and the approximate length of the interview, both of which were confirmed by the feedback received from these SMME owners. As indicated, the pilot test interviews were not included as part of the study.

3.9 Data Collection Procedure

Before carrying out interviews, the participants were assured that all protocols regarding privacy, confidentiality, anonymity and secure data storage were being observed. If recording was permitted by the interviewee, permission to begin recording was requested before conducting the interview. Where possible, notes were also jotted down by the researcher (Leavy, 2017). Recorded interviews were thereafter transcribed. To ensure the transcription was accurate, the relevant transcript was first reviewed against the researcher's notes and corrections made where necessary. The transcript was then emailed to the interviewee for verification.

Where the participants were not comfortable with the interview being recorded, notes were taken by the researcher as these participants provided their feedback for each of the interview questions. After the interview, these notes were reviewed and supplemented where necessary, whilst the ability to recall interview details was still 'fresh'. These handwritten notes were then typed into a text-based file and emailed to the interviewee to confirm the accuracy of the notes (Rutakumwa, Mugisha, Bernays, Kabunga, Tumwekwase, Mbonye & Seeley, 2020). A reflexive journal was also maintained to record observations, perceptions and personal reflections emanating from interactions with the participants during data collection. Further data collection was halted at the point of saturation when the data was deemed repetitive after conducting 12 interviews (Fusch & Ness, 2015; Leavy, 2017).

3.10 Data Analysis

The data analysis was carried out via thematic analysis (TA) guided by the framework of Braun and Clarke (2006; 2013). Thematic analysis (TA) represents "a method for identifying themes and patterns of meaning across a dataset in relation to a research question" (Braun & Clarke, 2013:175). Saunders et al. (2023) elaborate that identification of themes across a data set, such as a series of documents or interviews, is facilitated via processes of coding whereby patterns of meaning emerge, which can be further analysed within the context of the inquiry.

The software used to conduct the thematic analysis (TA) was Nvivo v.14. Although the interview questions guided the conversation towards the resilience capabilities in the SMME

and difficulties in achieving them, the data analysis approach was inductive allowing hidden themes to emerge from the data the participants provided.

Table 3.1 The steps followed in conducting the final data analysis

i.	Familiarisation through data immersion was carried out, which involved repeated reading of the data, which helped to gain a deeper understanding within context.
ii.	Meaningful and interesting features in the data were identified to create the initial codes.
iii.	The sub-themes were synthesised with the aid of Nvivo v.14 within the context of the main themes that were already determined by the resilience dimensions of the WEF resilience framework that guided this study.
iv.	All derived sub-themes were reviewed to ensure coherence, consistency and distinctiveness.
v.	Defining and naming of the final sub-themes was then carried out.
vi.	Production of the final report followed, where the data extracts and an analytical narrative were woven together to present a coherent analysis. How the sub-themes emanated from the codes, within the main theme context, how they related to the research question, each other and existing theories are outlined.

Source: Braun and Clarke (2006; 2013).

3.11 Trustworthiness

Qualitative researchers reject the notion of a single absolute account of social reality and instead embrace the view that different experiences and perspectives make us see reality differently. Hence, a key element of qualitative research is how well the findings reflect the participants' actual experiences. Qualitative researchers therefore reject the rigid reliability and validity standards used to judge research quality by quantitative researchers (Trochim et al., 2016). However, ensuring trustworthiness in qualitative research is essential for reinforcing the legitimacy and reliability of the findings and for shaping future research directions. Hence, Lincoln and Guba (1985) proposed four criteria upon which trustworthiness and research quality in qualitative research should be determined, namely, credibility, dependability, transferability and confirmability.

3.11.1 Credibility

Given the qualitative perspective that multiple accounts of social reality are shaped by those experiencing it, establishing credibility in the findings of a qualitative exploration entails determining whether they reflect what the participants meant to convey. The findings need to reflect that the researcher has been able to successfully grasp the participant's experiences surrounding the phenomenon of interest (Saunders et al., 2023).

According to Trochim et al. (2016), the participants are indeed the only ones qualified to assess the credibility of the results. Member checking or "respondent validation" represents a common strategy for ensuring credibility in qualitative studies where the researcher shares emergent findings with some or all of the participants from whom the data was obtained (Braun & Clarke, 2013; Lincoln & Guba, 2013; Merriam & Tisdell, 2016). This strategy was adopted and used to establish credibility within this study.

3.11.2 Dependability

Dependability entails maintaining detailed records and a valid audit trail, which includes fieldwork notes, recordings, interview transcripts and data analysis decisions (Bell et al., 2019). This ensures that any modification of focus as the research progresses is recorded, thereby creating a reliable account of the research process. Ensuring transparency via careful documentation of each research step allows others to evaluate the dependability of the findings by reproducing each process and grasping the decision-making rationale (Ahmed, 2024). In this study, dependability is achieved by maintaining a complete audit trail of all documentation, including the researcher's notes, interview recordings, transcripts, and a reflexive record.

3.11.3 Transferability

Transferability pertains to the viability of applying the research findings to other settings or contexts (Lincoln & Guba, 2013). Providing a 'thick' description of the study's context, participating SMMEs, and methodology enables readers to compare their settings with the study, thereby helping them assess the pertinence and viability of applying the findings to their contexts (Bell et al., 2019; Trochim et al., 2016). This study has endeavoured to provide

detailed descriptions of the research context, assumptions, methodology and participants and thereby achieve transferability.

3.11.4 Confirmability

Confirmability aims to guarantee that the researcher's personal values or theoretical biases have not influenced the research process or its resultant findings by ensuring the data and interpretations are rooted in the evidence (Bell et al., 2019). According to Korstjens and Moser (2018), maintaining an audit trail of the research process, as carried out for dependability, also aids confirmability. Ahmed (2024) posited that member checking, as carried out for credibility, also enhances confirmability. Also, reflexive journaling helps researchers document any developing thought processes, observations, and reflections, thereby facilitating transparency and enhancing confirmability (Ahmed, 2024).

3.12 Limitations and Delimitations

Research limitations represent weaknesses or shortcomings in the study methodology, which the researcher acknowledges may influence the study's outcome (Creswell & Creswell, 2018). The main limitations identified and acknowledged pertain to the research sample selection:

- SMME participation was kept confined to English-speaking SMME owner-managers due to the complexities involved in conducting bi-lingual interviews, where, in addition to catering for translation during and after the interview, post-interview transcription and interpretation also escalate the time required and monetary expense. Furthermore, the added challenge of discounting interpreter inaccuracy and bias has also to be considered. Hence, any unique challenges that non-English speaking SMME owners may experience in establishing business resilience would not be identified by this study.
- Also, considering that all participants in the study were from the Westville / Reservoir Hills region, it is noted that this poses a limitation in exploring how the challenges experienced by SMMEs in establishing business resilience may have been influenced by geographical location. In addition, although confining the study to the retail sector enhanced the 'thickness' of the data obtained for exploration within that specific sector of interest, it also limits the generalisability of the challenges identified to other sectors.

However, it must be noted that these limitations also suggest opportunities for future research.

- All the retail-oriented businesses whose owner-managers agreed to participate in the study were either small or micro enterprises. The researcher was unable to include retail SMMEs from the medium category (51 to 250 employees) in the study because the owner-managers of these businesses that were approached in the Westville/Reservoir Hills region were unwilling to participate. The search for medium category retail SMMEs whose owner-managers were amenable to be interviewed was eventually abandoned owing to resource and time constraints.

The delimitations pertain to the interconnected decisions that guided this study, as listed below:

- The geographical scope of the population in this study was confined to the Westville/Reservoir Hills region primarily due businesses and communities in both these adjacent areas being impacted by multiple disruptive events over the past 5 years, including COVID-19, the 2021 civil unrest and looting, and the 2022 floods and stage 6 followed by grid failures. Additionally, resource and time constraints also contributed to opting for this geographical area.
- SMMEs were only chosen for the study if they been in operation for least 5 years. This guaranteed that these SMMEs had traversed through multiple disruptive events.

3.13 Research Ethics

Ethics in research is defined by Fouché et al. (2021:279) as “a set of moral principles that is suggested by an individual or group, is subsequently widely accepted, and offers rules and behavioural expectations about the correct conduct towards experimental subjects and respondents”. Hence, the purpose of research ethics is to establish high standards of behaviour and conduct in any research undertaken, and ascertain that the relevant rules and principles that protect the rights and welfare of participants are observed. The research code of ethics, according to Saunders et al. (2023), is meant to ensure non-maleficence (avoidance of malpractice or harm to participants) and promote beneficence (advocating respect, fairness, integrity and both private and public well-being). Besides observing non-maleficence and beneficence, this study also accounted for the following considerations:

3.13.1 Ethical Clearance

In accordance with the university's research ethics requirements, ethical clearance was attained by the researcher from the Human Social Science Research Ethics Committee (HSSREC). The ethical clearance certificate obtained, bearing protocol reference number HSSREC/00007490/2024, is attached in Appendix B.

3.13.2 Voluntary Participation

The decision of any potential participant to decline participation in the study and not be subject to any harassment to participate is unquestionable and indisputable (Saunders et al., 2023). All participants were informed, prior to any interviews being conducted, of the voluntary nature of participation and their right to discontinue at any point without any loss or penalty being suffered by them.

3.13.3 Informed Consent

Informed consent entails enabling potential research participants to make an informed decision on participation. This is carried out by providing them with as much information as possible about the study and their rights as potential participants (Bell et al., 2019). An informed consent form was submitted to the HSSREC for approval, as evidenced in Appendix A. Signed informed consent was obtained from each participant, who acknowledged that they understood the study's purpose and their rights concerning participation.

3.13.4 Transparency

According to Fouché et al. (2021), any attempt to conceal the nature of the research or any deliberate misrepresentation of the facts surrounding the study to mislead participants, indicates lack of transparency and constitutes deception. All the interviewees were fully briefed on the study objectives and the estimated time the interview would take. They were also allowed to view the interview guide questions before the interview commenced.

3.13.5 Privacy, Anonymity and Confidentiality

Assurances of maintaining confidentiality, anonymity and preservation of privacy serve to place respondents at ease enabling the researcher to elicit truthful and informative data (Fouché, Strydom & Roestenburg, 2021). In this study, the privacy and confidentiality of each participant and the business name were protected by unique identifiers to ensure anonymity. The audio and transcription data files and interview notes were encrypted and password-protected for storage. Each participant was informed that the data retention period, as per university requirements, is five years, after which the data will be deleted.

3.13.6 Compensation

As stipulated in the informed consent document, at no point was any incentive offered to any party for participation in the study and no compensation was made to any participants (Fouché et al., 2021).

3.14 Chapter Summary

This chapter outlined the philosophy, methodology and related processes that informed the design and execution of this study. Through the lens of an interpretive phenomenological worldview, a qualitative approach was employed, where data was gathered from SMME owner-managers in the Westville/Reservoir Hills region via semi-structured interviews. All interviews were arranged and conducted according to the highest ethical standards that adhered to all principles and expectations outlined by the research ethics committee. The goal of the interviews was to collect qualitative data until saturation, which would be analysed via Nvivo14 to identify the themes that would elucidate the challenges that SMMEs have experienced in establishing business resilience to disruptive events and crises. Analysis of the qualitative data revealed themes which will be presented in the next chapter. Multiple criteria were accounted for to ensure trustworthiness in the study.

CHAPTER 4: ANALYSIS AND DISCUSSION OF DATA

4.1 Introduction

A systematic presentation and analysis of data gathered through semi-structured interviews with SMME owner-managers will be carried out in this chapter. This chapter endeavours to provide a detailed examination of the challenges small businesses face in establishing resilience to disruption and crisis, as identified through the participants' experiences and insights. Following an in-depth thematic analysis, patterns, underlying themes, sub-themes and insights emanating from the data are highlighted. The resulting interpretation of the findings, within the context of the research questions, is related back to the existing literature and theoretical framework. Excerpts from interviews are included to enrich the understanding of the data and elucidate the findings.

The analysis is organised around six core themes that correspond to the dimensions of business resilience comprising the WEF/McKinsey private sector resilience framework (McKinsey & Company, 2022; Nauck et al., 2021; World Economic Forum, 2023), within which the participants' perspectives on the hurdles and limitations they face in resilience preparedness are reflected. In presenting these findings, this chapter aims to illuminate the complexities small enterprises face when attempting to build resilience and provide insights into the practical challenges that may hinder their efforts in times of disruption. The findings will serve as a foundation for the subsequent discussion and conclusions in Chapter Five, where implications for practice and recommendations for SMMEs will be explored. This chapter continues with a participant overview in Section 4.2, followed by a presentation and discussion of the main and sub-themes in Section 4.3 before concluding with Section 4.4.

4.2 Overview of participants

Table 4.1. Demographics of Participant SMMEs

Respondent	Sub-sector	No. of employees	Years in operation	Suburb	Category
Participant 1	Meat Retail	35	40	Reservoir Hills	Small
Participant 2	Meat Retail	10	8	Westville	Micro
Participant 3	Supermarket/Minimarket	50	10	Reservoir Hills	Small
Participant 4	Supermarket/Minimarket	4	29	Reservoir Hills	Micro
Participant 5	Food & Beverage Retail	18	6	Westville	Small
Participant 6	Food & Beverage Retail	3	29	Reservoir Hills	Micro
Participant 7	Food & Beverage Retail	10	14	Reservoir Hills	Micro
Participant 8	Fuel Retail	47	50	Reservoir Hills	Small
Participant 9	Hardware & Building supplies	10	17	Reservoir Hills	Micro
Participant 10	Sporting Goods	3	5	Westville	Micro
Participant 11	Garden Supplies	4	42	Westville	Micro
Participant 12	Automotive supplies	8	19	Reservoir Hills	Micro

The mean years in operation : 22.42 years

The median years in operation : 18 years

In total, interviews were conducted with 12 participants. All the SMMEs that participated in the study were operational for at least 5 years or more and, hence, can be regarded as ‘established’ enterprises (Fatoki, 2018). Most of the SMMEs recruited were mature enterprises, with the calculated mean years in operation being 22.42 years. The median years in operation was determined to be 18 years.

Different categories of SMMEs within the retail sector were included, ranging from meat retail (butcheries), supermarkets/minimarkets, food and beverage retail, automotive parts, fuel retail, and hardware and building supplies to niche retail stores such as specialist sporting goods and garden supplies. The SMMEs from the adjoining suburbs of Westville/Reservoir Hills were regarded as a single population for the purposes of this study. All the businesses whose owner-managers agreed to be interviewed, and participate in the study were either

small or micro enterprises. It was not possible to find business owner-managers in the medium category (51-250 employees) who were willing to be interviewed.

4.3 Presentation, interpretation and discussion of themes and sub-themes

The central themes that this section is structured around emanate from the six dimensions of business resilience outlined by the WEF/McKinsey framework for private enterprises (McKinsey & Company, 2022; World Economic Forum, 2023). They serve to guide the exploratory focus on the challenges that the interviewed businesses faced in establishing resilience to disruptive or crisis events within each of the dimensions of business resilience. Each of the following six central themes interconnects with and supports the other themes in fortifying the enterprise at a holistic level against small and large-scale disturbances (McKinsey & Company, 2022; Nauck et al., 2021; World Economic Forum, 2023):

- **Theme 1: Financial resilience.** The challenges to establishing financial resilience encompassed the difficulties experienced by the SMME in managing its capital and liquidity requirements, ensuring revenue inflows and managing financial risk when facing disruptive or crisis events.
- **Theme 2: Operational resilience.** The challenges to establishing operational resilience encompassed the difficulties experienced by the business in ensuring operational continuity, supply chain flexibility and adaptability amidst turbulence in the business environment.
- **Theme 3: Technological resilience.** The challenges to establishing technological resilience encompassed the difficulties experienced by the business in maintaining stability in its digital technology, ensuring system and data security and managing technology updates.
- **Theme 4: Business model and market position resilience.** The challenges to business model and market position resilience encompassed the difficulties encountered in developing business model flexibility and adaptability in response to shifts in market demand, as well as in innovating alternate market channels.
- **Theme 5: Organisational resilience.** The challenges to establishing organisational resilience encompassed the difficulties experienced by the business in acquiring good

talent, ensuring crisis management training, enhancing staff skills and maintaining a positive company culture.

- **Theme 6: Reputational resilience (Societal Alignment).** The challenges to establishing reputational resilience encompassed the difficulties experienced by the business in managing the business image, ensuring sustainability and social responsibility and maintaining workplace health and safety.

The themes and subthemes will now be discussed in more detail.

4.3.1 Theme 1: Challenges in establishing financial resilience to disruption and crisis

These challenges represent hurdles experienced in fortifying the enterprise with the capabilities needed to meet its financial obligations and cover its financial risks amidst disruption and crisis.

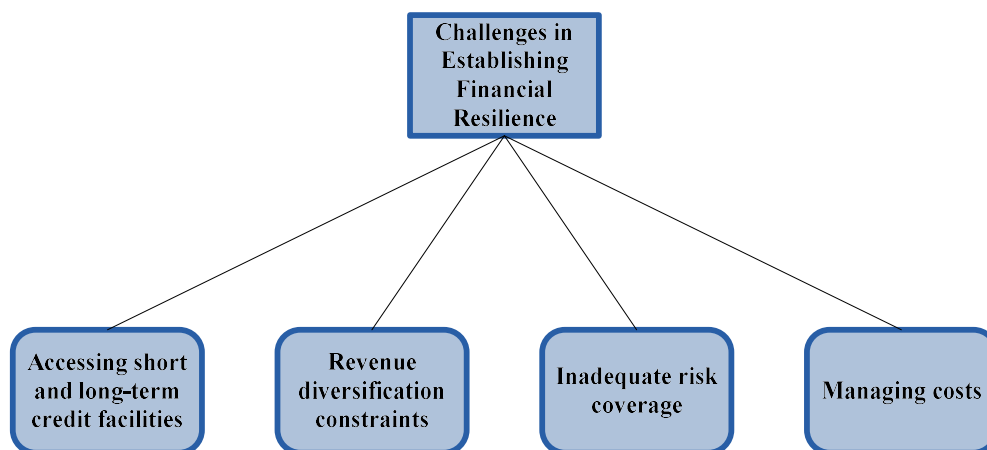


Figure 4.1. The challenges in establishing financial resilience

Table 4.2. Participant Contribution to Financial Resilience Sub-themes

Sub-theme	Participant
Accessing short and long-term credit facilities	7
Revenue diversification constraints	4
Inadequate risk coverage	5
Managing costs	6

4.3.1.1 Sub-theme: Accessing short and long-term credit facilities

A significant challenge faced by many of the retail SMMEs interviewees was accessing financial assistance from banks during disruptive and crisis events. When describing the difficulties experienced in trying to get assistance from the banks during the turbulence of COVID-19, Participant 1, whose family business had been running successfully for forty years, stated: *“Banks are the worst in tough times”... “It’s impossible to get help from the banks. Credit facilities with banks get more difficult each year”*.

Participant 7, whose business had been in operation for fourteen years, also reported difficulties in getting credit assistance when approaching the banks during a turbulent period: *“It’s very difficult for credit facilities. Banks are guarding themselves.”*

Despite these participants confirming that they maintained reserves to cater for difficult business periods, prolonged environmental disruption necessitated that many enterprises eventually sought credit facilities to maintain liquidity. However, most of these SMMEs also reported stricter or more stringent requirements imposed by banks on their businesses when approached for assistance during these chaotic times. Participant 5 stated, *“Stringent bank requirements are a problem”... “Not easy to get access, but we have been able to get credit”*. Participant 6 also found the bureaucracy and rigid rules stipulated by the banks made it difficult to get the amount of financing they required: *“No, their paperwork and everything was like you have to do the things on turnover”... “So there was no concession from the banks.”* Participant 8 also confirmed that banks were more challenging to deal with, *“banks have gotten very tight with lending and borrowing”*. In the case of Participant 2, who had been in operation for eight years and never required bank financing prior to COVID-19, bank assistance was not forthcoming: *“The banks... everything was just like you're on your own now.”*

Access to capital in the form of loans was also extremely difficult. Participant 1 indicated that severe supply disruptions during crisis times for essential ingredients in their retailed meat products necessitated that they produce their own, however, attempts to set up operations by getting financing from their banking partner with whom they had banked for decades were rejected: *“... when there was no supply we decided to do it ourselves”... “We had been banking with them for a long time even before they changed their name years ago but they refused to provide the finance to set up even though we had a long relationship with them.”*

Participant 4 also reported that they found it impossible to get SMME loans during disruptive times: *“they're very difficult. I mean, even when they had all of those issues and said apply for SMME loans... we didn't get a single cent.”*

Lack of access to finance and credit facilities by SMMEs has been a common theme in studies that focused on hurdles to nascent SMME growth and survival (Khoza et al., 2022; Mazanai & Fatoki, 2012; Moos & Sambo, 2018; Olawale & Garwe, 2010). Under regular business environmental conditions, SEDA (2016) noted that South African banks are conservative, preferring to lend to SMMEs in more mature stages of development, whereas lending by banks to fledgling SMMEs is much less likely. However, considering that all the SMMEs in this study were operational for over five years at the minimum and qualified as ‘established’ enterprises (Fatoki, 2018), and the mean age of the participants in the study is 22.42 years, their inability to access financing possibly suggests that banks had become significantly more stringent on their lending criteria during disruptive and crisis times which SMMEs need to be mindful of in their risk and resilience planning.

4.3.1.2 Sub-theme: Revenue Diversification Constraints

Economic constraints to revenue diversification

Despite facing a large-scale disruption such as COVID-19, which had been instrumental in spurring companies to diversify (Fubah & Moos, 2022), some of the SMMEs interviewed indicated that diversification into alternate streams of revenue represented an expansion that was not possible due to the economic conditions in the country. For Participant 2, for example, adverse economic conditions left the SMME with only enough funds to remain solvent and investing in diversification initiatives was not considered viable: *“With our economy, there's no diversifying... You're making a small profit to stay afloat”*. Similarly, Participant 4 considered expansion by diversifying to other revenue streams as being out of their reach despite attempts to do so and concluded the interview by citing the economy as the biggest challenge that impacted their situation: *“As much as we have tried to, it was a bit difficult... It's very small moves that you can do because obviously funds are limited”* ... *“The economy, our financial situation, that's the biggest challenge”*. Participant 12 also viewed the economy as being an impediment which precluded expansion and hence rendered the possibility of pursuing other revenue streams unlikely: *“It's the financial economy that's our*

biggest problem. People got no money”... “I wouldn't want to grow much more the way the economic situation is”.

Olawale and Garwe (2010) listed unfavourable economic conditions, such as a recession, as a notable obstacle to SMME growth. In this case, economic conditions within the country were instrumental in impeding SMME expansion to incorporate other revenue channels, which consequently also impacts their resilience capabilities. However, entrepreneurial innovation was instrumental in Participant 1 seeing the challenging economic environment as an opportunity and introducing a new range of budget-priced products aimed at price-conscious customers, which has been an extremely successful new revenue stream, *“Our budget range was an opportunity that we saw in the crisis due to people’s circumstances and for which there was great demand ... even now we’re sometimes doing up to two tons per day. COVID meant we needed to innovate other products to cater for the market as it changed.”* Participant 1 also adapted their business model successfully to function as a wholesaler to other butcheries, thereby also creating an additional revenue stream: *“Taking on the wholesaling in conjunction with our retailing business was a big adaptation where we had to diversify and cater for a different market. We became a supplier to other butcheries.”*

Infrastructure constraints to revenue diversification

Infrastructure constraints also featured as an impediment for some businesses to diversify and earn revenue from other streams. In the case of Participant 8, diversification was deemed non-viable due to insufficient space being available on their premises: *“...with regards to diversifying the business, you know, if we had more space, we could do more... At the moment, we face these constraints, space constraints”*. Despite having a successful business at the current location, the constraint of inadequate space prevented Participant 8 from expanding their offerings and strengthening their resilience. Participant 4 also found the lack of space to be a hurdle to incorporating other revenue streams in their business: *“You have to work with what you have... I don't have the space and the means in order to fulfil that”*.

In the literature related to SMME growth, infrastructure constraints in terms of business premises and space have often emerged as an impediment to growth that plagued SMMEs (Khoza et al., 2022; Moos & Sambo, 2018). By impeding SMMEs from growing and adding other revenue streams to their income, these constraints also impede the resilience of the

enterprise since revenue diversification is instrumental in boosting financial resilience (Green et al., 2021; Safitri et al., 2023).

4.3.1.3 Sub-theme: Inadequate risk coverage

Determining insurance coverage requirements for the business and the cost of obtaining sufficient coverage was identified as a challenge for many companies. Whilst some businesses had adequate cover, most only realised their coverage was inadequate after the disruptive event. In the case of Participant 2, the realisation that the SMME lacked insurance coverage for several risks became apparent after the 2021 unrest and looting: *“We’ve only added that stuff after the looting... disruption of business, theft of stock, all that sort of stuff, now we’ve added to our insurance”*.

Participant 3 also admitted that the enterprise needed to review and add additional coverage: *“Yeah, I know... we need to look into that insurance.”*

Participant 4, who now ran the family business, only realised that the SMME was not covered against income loss during disruptions in the business environment after the events actually occurred: *“I didn’t deal with the insurance in the past. But then after COVID and looting and stuff, I relooked at everything... and I’ve adjusted everything in order for us to be covered sufficiently”*. *“...But when we needed it, we didn’t have the cover”*.

Participant 9 found that the cost of comprehensive coverage for mitigation of all risks they were exposed to was unaffordable: *“the actual stock... is covered, but not business interruption”*... *“I’m not covered for cash loss, for example, because it’s very costly”* ... *“to insure cash is very costly”*. Another issue that businesses discovered was that they had been covered at the depreciated market value and not at replacement value. This proved highly costly for Participant 7, whose business was looted and torched during the 2021 civil unrest in KwaZulu-Natal: *“The consequences we’re going through now are the after-effects of the unrest... because we started from scratch again”*. *“...we had to re-renovate everything...”*. *“They paid us out, but it’s all according to what everything would have depreciated by.”*

Opperman (2021) reported that 1787 retail stores were damaged during the 2021 civil unrest and looting, and the small businesses that were insured still faced significant challenges in reopening. Having sufficient insurance coverage is considered to be an effective risk-mitigation strategy that is instrumental in aiding the recovery phase of resilience in the

literature (Wieczorek-Kosmala et al., 2024). According to Surminski (2022), due to the increase in extreme events and climate-related disasters, financial instruments such as insurance can play a critical part in risk reduction and in establishing resilience against such occurrences.

4.3.1.4 Sub-theme: Managing costs.

Participants expressed difficulties in managing rising operational costs, which became prevalent after disruptive events. These cost escalations, which were the consequence of disruptions such as load-shedding, the COVID-19 pandemic, or 2021 civil unrest, placed additional strain on the financial resilience of SMMEs. Furthermore, disruptive events frequently impact supply chains, leading to stock shortages and additional cost escalation. Increased expenses related to backup power generation, repairs, and securing additional stock further increased SMME expenditure (Meyer, Prescott & Sheng, 2022; Msomi & Zungu, 2023).

Participant 2 explained the impact of lost business days due to government lockdowns and business closures during COVID-19 and 2021 unrest on the SMME whilst contending with rising costs: *“Running a business, at the end of the month, your costs are there... every half a day that you miss out on... it's going to come out from your own pocket... there was a protest, and we've got no business done ... didn't do any sales... the owners of businesses pay the consequences for this. And the governments don't lose out, the staff don't lose out, it's the owner that's always losing out in the business”*. Participant 3 also indicated that costs were increasing: *“Prices have been rising... but we try to keep the prices as low as possible... people's salaries don't double”*.

Participant 5 echoed the difficulties in managing costs effectively: *“the biggest challenge is being cost effective especially in current difficult times with the economy”*. Participant 7, who had to rebuild after the business was torched during the 2021 unrest, conveyed the difficulties in meeting overheads: *“To pay the rent... it's become very difficult... water rates have bumped as well. So, that...affects us because of the washing, the cleaning, the food, the preparations... We haven't picked up the prices for a long time. So it's like, although prices have shot up... we still maintain the same thing. So we take a small knock on our prices obviously”*. Participant 8 targeted labour costs as the primary area to manage, *“so at the time,*

you had to reshuffle, readjust, drop your overheads... In this business, the biggest overhead is the labour cost". Participant 9 also found that escalation in costs resulted in decreased sales: *"And then also... your running costs... it did affect the revenue"*.

During periods of disruption and crisis, dips in revenue combined with high operating costs, such as rental, utilities, and inventory, place additional financial pressure on SMMEs. The financial strain resulting from declines in income, whilst accruing fixed costs, reduces financial resource availability for crisis adaptation. Rising expenses and fixed costs also weaken financial resilience by depleting cash reserves (Atiase et al., 2022; Meyer et al., 2022; Mkhize, 2022; Msomi & Zungu, 2023). When enterprises experience disruptions, revenue drops and increased expenditure is expected, and common strategies employed tend to focus on labour-cost reduction and reduction in non-essential expenditure (Thorgren & Williams, 2020). Being in a good capital position with adequate liquidity allows most enterprises to cope with cost escalations and revenue dips and favours financial resilience (Nauck et al., 2021).

4.3.2 Theme 2: Challenges in establishing operational resilience to disruption and crisis

These challenges impact operational continuity amidst disruption, both from an internal operations perspective and in relation to upstream and downstream supply chain partners.



Figure 4.2. The challenges in establishing operational resilience

Table 4.3. Participant Contribution to Operational Resilience Sub-themes

Sub-theme	Participant
Barriers to supply chain diversification	8
Backup power for operational continuity	9
Capitalising on long-standing relationships	4
Managing labour	4
Ensuring security and personal safety of staff and customers	5

4.3.2.1 Sub-theme: Barriers to supply chain diversification

When determining challenges to operational resilience, the majority of participants confirmed that they had experienced supply chain issues during past disruptions such as COVID-19 and during the 2021 civil unrest. Participant 2 reported experiencing supply chain disruptions during the COVID-19 period where the SMME’s supply chain came to a complete halt for a certain period: *“...there were disruptions where no deliveries were coming because everybody was closed. There was a complete shutdown. So obviously suppliers have stopped their orders coming in. There was a backlog...”*

Similarly, in the case of Participant 4, their suppliers either halted operations or shut down entirely during COVID-19, impacting the SMME’s ability to restock and maintain their inventory levels: *“...our suppliers were closed, shut down, some of them even closed down... resourcing stock and always having consistent supply became an issue”*. Participant 5 also experienced inventory shortages which impacted business operations: *“following the lockdown, when business resumed, getting stock became a problem and we depleted all the excess stock we had”*.

Participant 9 experienced stock shortages, which threatened their business operations due to their suppliers being non-operational or working fewer hours: *“There was a shortage of product... because not all suppliers were working, were operational. Not all suppliers operated as normal”*. Participant 10, who imported a significant amount of their retail goods, also experienced stock shortages during COVID-19 due to shipping delays: *“...but suppliers as well, it was very difficult to get stock from them. Transport issues, things stuck in the...”*

harbour”... *“It just was like delays... of stock. But that's obviously getting it in from other countries”*.

The literature confirms that during COVID-19, inventory shortages became rife in the retail sector primarily due to panic-buying and stockpiling behaviour by consumers (Wholesale & Retail SETA, 2021), which coupled with delays in imports due to shipping lane congestion and ports coming to a standstill led to supply chain disruptions in countries across the world (Brock, 2022). According to Mongale (2022), supply chain disruptions during the 2021 civil unrest and looting was also widespread in KwaZulu-Natal, which was attributed to warehouses being looted and burnt as well as rioters barricading major highways thereby blocking goods and commodities from being transported through Durban and to other areas in KwaZulu-Natal.

During the 2021 unrest, Participant 3, for example, found that even their suppliers were out of stock when trying to get their store operational after it was looted: *“...after the unrest, the challenges of trying to get the shop running... because obviously most of the things weren't available to get up here. Suppliers don't have the stock”*. In the case of Participant 4, the business was once again vulnerable since they were highly dependent on a small group of fixed suppliers resulting in empty shelves: *“once again, all the suppliers were closed. You couldn't get stock... our stores were empty with stock. People were panic buying”*. Participant 8 also found their primary supply chain partners were unable to supply goods during the 2021 civil unrest, creating uncertainty in their ability to procure goods and commodities to stock their shelves: *“With regards to supply, during the looting, we had a lot of problems with getting basic commodities into the store... we couldn't get supply from our normal suppliers”*.

For Participant 2, who had fixed suppliers and expected a specific quality from their suppliers, it was not deemed possible to procure elsewhere: *“No, we don't switch suppliers because we buy certain items, certain quality from certain abattoirs. So we just had to wait for our stuff to come”*. Hence supply chain disruptions had a direct impact on operational continuity for Participant 2. In the case of Participant 4, who was also committed to procuring from fixed suppliers previously, it became a challenge to procure from new suppliers who were reluctant to supply them during shortages since they had been purchasing from competitors: *“People are also apprehensive to start supplying your goods because... you've been buying from their opponent or you've been buying from somebody else. Now, you're coming to us”*. Participant 3, however, adapted their procurement strategy by turning to other

suppliers and procuring other products to stock their shelves: *“There were other suppliers available, other products”*. Similarly, in the case of Participant 7, supplier diversification kept their supply chain resilient to stock shortages: *“We have alternate suppliers for the same thing”*.

Participant 8 was sufficiently agile in finding external suppliers based in other regions to source these goods from, *“I managed to go there and pull from other external suppliers” ... “I used a supplier from Harrodsburg just to keep bread and milk in the store... And flour I managed to source ... because bread, milk, flour, sugar was what we needed to survive at the time”*. By being adaptable and agile with their procurement processes and sources of supply, SMMEs could maintain operational continuity within their stores whilst other SMMEs struggled to stock their shelves due to commitments to fixed suppliers who were themselves adversely impacted by the disruption.

Over-reliance on a small set of fixed suppliers challenged the operational resilience of many SMMEs during past disruptions and crisis events. Although the participants who weathered the supply chain disruptions easily were reactive and approached other suppliers after experiencing supply shortages, it still reinforces the notion that supplier diversification is an effective risk strategy to enhance operational resilience (Lin et al., 2021).

4.3.2.2 Sub-theme: Backup power for operational continuity

Due to the power crisis experienced in South Africa, 9 out of the 12 participants in the study have installed backup power systems in the form of a generator, inverter or Uninterruptible Power Supply (UPS) to ensure that their digital and technological infrastructure was operational during power outages. Some of these SMMEs needed their appliances such as fridges, freezers, or cutting machines to run on backup power for business continuity, whilst others required backup power to keep their electronics such as computers, cash registers and in some cases Wi-Fi and credit card machines operational.

Participant 1: *“Load-shedding had to be resolved by using generators”*.

Participant 2: *“...we've also put in generators over the time... So... we fully operate on the generator”*.

Participant 3: *“We do have a generator, so we are able to operate while there's load shedding”*.

Participant 4: *“...with load shedding, we had to get generators installed”*.

Participant 5: *“In terms of load-shedding, it was a problem at the beginning, but now we are covered with generators”*.

Participant 7: *“We had to install generators”*.

Participant 8: *“Being a service station, you can't run a service station without backup power. We've got a generator. We've got UPS power. The site has to run no matter what”*.

Participant 9: *“I've got things like inverters installed... So, in terms of load shedding, through stages one to four, it was manageable for us... Then you get electricity cuts into stage six... We had to run generators at that time”*.

Participant 11: *“I've got alternatives. I've got these... UPS”*.

As indicated in the literature, technological and operational continuity and resilience are interconnected and interdependent (Bak et al., 2020; Robertson et al., 2022), hence backup power was essential during the power crisis to ensure continuity in the business. However, in addition to load shedding, power outages were also experienced out of scheduled times which plagued SMMEs. In the case of Participant 4, instability in the ageing power grid was also an issue that warranted backup power: *“...and then there were times where especially in our area where load shedding would end, the electricity would return, and then we have a power outage”*.

Participant 8 also indicated that power outages resulting from grid breakdowns necessitated having backup power: *“... we had an outage for one and a half days. That thing ran for one and a half days. And remember, if I don't keep the pumps running through the generator, I can't fill the generator with diesel”*. Disruptions caused by breakdowns in the electrical transmission network in South African suburbs occur due to numerous factors, ranging from illegal connections and ageing infrastructure to copper cable theft (Naidoo, 2023; Schoeman & Saunders, 2018).

The three participants who did not install backup power either deemed it unfeasible due to the market they targeted or their business was not highly disrupted due to the low usage of electricity-powered technology to maintain operations.

Participant 6, being based in a residential area, found that their customers preferred to wait after power outages to go out to shops in the area: “... *customers in this area... they don't basically come out to come to your shop because their gates and everything is also getting disrupted... So either way, even if I put a generator, it's not going to do the job, because the customers basically don't come out*”. Participant 10 indicated that during a power outage, except for not being able to carry out administrative work, the SMME benefited since it gained foot traffic from neighbouring buildings where work stopped due to the outage. In terms of Participant 12, except for using social media to communicate with customers and a personal computer (PC), they also did not need backup power since they were not highly disrupted during power outages: “...*we use social media... Our line of work is all hands-on*”.

The majority of participants viewed disruptive power outages, whether due to load shedding or problems with grid transmission, as a challenge impacting their businesses operationally and economically (Mabunda et al., 2023) and which substantiated the cost of installing backup power to ensure both technological and operational resilience within their businesses. They reasoned that a stable and reliable electricity supply would guarantee consistent productivity in their businesses. From an economics perspective, Esso (2010) confirms that energy consumption and GDP are related whereby greater energy consumption has been shown to correlate to increased growth in GDP.

4.3.2.3 Sub-theme: Capitalising on long-standing relationships

During the COVID-19 period, many participants found that their long-standing relationships with supply chain partners no longer held any value. Participant 1 experienced numerous difficulties in dealing with their supply chain partners during and after disruptions such as COVID-19 and the 2021 civil unrest: “*Suppliers were not supportive... They are not negotiable. Relationships no longer carry weight. Even long-term relationships that existed before no longer matter... Trust relationships don't exist anymore*”. Participant 1, who had been operational for approximately forty years, noted that the social capital that they had built up before with their partners both in the banking sector and within their supply chain had changed and had become impersonal. Decisions were now only based on financials and no longer on their track record of maintaining a good partnership over the decades: “*Before, we had a good relationship. Our supply was relationship-based and there was a trust relationship that we had. Back then, even the banks and our suppliers were helpful but now,*

with both, everything is based on figures only. There's no trust. Relationships have all changed".

Participant 1 emphasised that decisions were now only based on financials and no longer on their track record of maintaining a good partnership over the decades. Even when the SMME experienced downturns in their business during the crises, suppliers would not assist by adjusting payment terms: *"Suppliers were not supportive. The business has become quite cut-throat due to suppliers enforcing payment terms even during very difficult times. They are not negotiable. Relationships no longer carry weight. Even long-term relationships that existed before no longer matter... They now keep payment terms very tight"*.

Similarly, Participant 4, whose business has been operational for 29 years, reported that their suppliers were no longer flexible and had reduced the duration of their payment terms substantially after the disruptions and crises experienced over the past few years: *"Especially like over tougher times, they've just been getting tighter and tighter. Before, if you had terms of 90 days and stuff, the guys have reduced it to 30 days"*. However, Participant 4 also indicated that even their suppliers were experiencing difficulties amidst the current economic environment: *"Financially, economically, everyone is feeling a very big strain right now, especially over the last two years. Everyone has been clamping down"*.

Participant 5 also reported that whilst some of their suppliers were supportive during times when the SMME was experiencing difficulties, others were not willing to compromise, even though they did have good relationships with all of them: *"Everyone was affected including the suppliers... Some suppliers were understanding but others weren't"*. However, participant 5 also indicated that even their suppliers were experiencing difficulties during that disruptive period.

Building social capital by cultivating and strengthening relationships with supply chain partners from both a cognitive and relational perspective has been shown to provide enterprises with a competitive advantage and enhance their resilience during difficult times (Chowdhury et al., 2024; Jia et al., 2020; Polyviou et al., 2020). However, many of the participants in this study found that the social capital developed in the past with suppliers was ineffective in gaining support from these suppliers during disruptive times particularly when the economic environment is unfavourable and suppliers are also experiencing downturns in

their business. Hence, capitalising on long-standing relationships is a challenge in difficult economic conditions when multiple partners in the supply chain are over-stretched.

Some participants also reported having good or long-standing relationships with banks, but they were still denied assistance:

Participant 1: *“Banks are the worst in tough times... It’s impossible to get help from the banks... We had been banking with them for a long time”*.

Participant 2: *“No... The banks... everything was just like you're on your own now”*.

Participant 1 considered the impersonal nature of banking due to automation and decision-making based on algorithms as being the cause of a breakdown in banking relationships since there was no longer a bank manager with whom trust relationships can be developed: *“The relationship with banking has become impersonal where decisions are made by algorithms ... Before we had a bank manager who would look at your financials and credit history and your plan to make decisions”*.

4.3.2.4 Sub-theme: Managing labour

Effective management of labour resources was a significant challenge in maintaining operational continuity for many participant SMMEs during past disruptions and crisis events. To meet government regulatory requirements during COVID-19, Participant 2 needed to ensure operational continuity with only half their staff complement at a time in rotation, which also meant that the workload of on-site staff increased: *“Our staff was half the amount, so they were under stress as well. They had to work a bit harder, so we rotated them, you know. So everybody, all ten never got to work, five got to work at a time. But we rotated them, so everybody kept their job”*. Participant 4 also reduced the number of staff that came to work: *“We had limited staff. We didn't allow everyone to come to work at once... We still ensured everyone got paid”*.

Participant 5 eventually found that the business could not sustain all the staff and acted accordingly, *“COVID-19 cost me a lot with the uncertainty, the lockdown. I had to lay off some staff”*. Participant 8 operated in shifts and created a roster to manage staff working hours whilst ensuring that all staff were able to work and earn an income amidst the

uncertainty: *“The 22 pump attendants, we had to put everyone on short time and retain two guys because remember, lockdown, you couldn't move around... We tried to sustain it, and we tried to rosterise the guys, two per day or two per shift, as opposed to eight and ten guys per shift. We run three shifts on site here”*.

Literature on SMMEs and labour related issues confirm that scaling labour resources is challenging for SMMEs because the workforce in SMMEs is already small. Although reducing staff during the pandemic was undertaken to conform to government regulations, according to Ballesteros and Domingo (2015), during disruption and crisis times, workers may also be impacted by such events, which also reduces the workforce. Considering that the SMMEs needs to balance their operational labour requirements, whilst conforming to regulatory requirements during disruptive periods, maintaining operational continuity with a reduced workforce represents a considerable challenge. Staff are required to work much harder to complete the same amount of work that a full complement of staff usually does (Nan & Park, 2022).

4.3.2.5 Sub-theme: Ensuring security and personal safety of staff and customers

Disruptive events such as the 2021 civil unrest and looting of businesses raised security concerns leading communities and businesses to implement improvised security measures, including community policing members and volunteer to protect businesses. Maintaining safety and security became critical for ensuring continued operations and protecting staff and business assets.

Participant 4 reported using personal networks to address their security concerns: *“I had to get my own friends to come in and stand in and, you know, support me in security to make us feel a bit safer so that nothing happens; our staff and our customers are safe”*. In addition, Participant 4, who had maintained good relations with the closest informal settlement, was assisted by them with information during the unrest: *“The informal settlements... they were quite in touch with us. They kept us informed. They advised us when to open, when to close. They really took care of us because we also support them when they need stuff and when they go to like flooding in their informal settlements”*.

Participant 5 indicated that during the unrest, their main concerns revolved around *“how to get staff to and from work and safely to their homes”*.

Participant 7 noticed a significant decrease in foot traffic to their store: “... *due to the unrest and COVID, people were fearing coming... So we dropped in our sales*”.

Mongale (2022) found that, during the 2021 unrest and looting, civilians turned to self-protection, self-defence, and community-oriented policing due to initial uncertainty by the authorities on how to manage civil unrest of such a magnitude. Ultimately, the police services within the impacted regions were assisted by military personnel deployed to maintain order. Mundhree & Beharry-Ramraj (2022) advised that resilience-building against disruptions, such as civil unrest, involved proactive identification of impending emergencies and flexible solutions to contain the impact of these occurrences.

However, high criminal activity in South Africa, such as armed robberies, also results in business disruptions, where the safety and security of staff and customers are placed at risk (Fagbadebo, Kabange, Zwane, Joseph & Mabizela, 2024; Olawale & Garwe, 2010; World Bank, 2023).

Participant 8 reported criminal activity as becoming hazardous to safety, requiring added security measures: “*We faced challenges like theft in the evenings. The risk in the evenings became a major hazard in this business... We're trying to tighten up on security*”.

Participant 9, whose business was directly impacted by an armed robbery, recounted that despite seeing the perpetrators on camera, they were powerless to prevent the incident: “*We had an armed robbery in January ... the guys stole cash ... That situation... armed robberies, we have cameras, we saw the guys... There's...nothing else we could do*”. However, Participant 9 did prepare the staff for such occurrences: “*...we have gone through... a safety procedure... in terms of... if there's a robbery, for example*”.

Olawale and Garwe (2010) ranked crime as a significant challenge to SMME growth and survival. Besides the potential adverse impact of such occurrences on the SMME's sales, the costs of repairing property damage and increased expenditure on boosting security also impact the business. Mhlongo and Daya (2023) also considered the operational impact and security costs that SMMEs were saddled with in dealing with crime as being significant.

4.3.3 Theme 3: Challenges in establishing technological resilience to disruption and crisis

These challenges pertain to building and updating technological capabilities that ensure stability, security, durability and recovery of business data and applications.

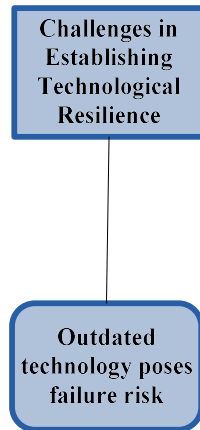


Figure 4.3. The challenges in establishing technological resilience

Table 4.4. Participant Contribution to Technological Resilience Sub-themes

Sub-theme	Participant
Outdated technology poses failure risk	6

4.3.3.1 Sub-theme: Outdated technology poses failure risk

Out of the 12 participants, only three outsourced their information technology (IT) management to external IT professionals and another two indicated that they used cloud services to ensure data backup security and easy recovery.

Participant 1: *“The software that we use is not on the premises. It’s cloud-based so even if our computers are impacted, our financial and business information is still safe.”*

Participant 5: *“I needed to employ an IT guy for that. So it was outsourced.”*

Participant 6: *“I outsourced to a company in Johannesburg, I’ve signed up with them all these years, and we use their computer programme for the pizzas”.*

Participant 8: *“We’ve got backups. Now we’re using cloud-based backups because external hard drives now are not as secure as before. So we just upgraded in the last one and a half years to cloud-based systems”.*

Participant 12: *“We have an IT guy who sees to us all the time... we outsourced.”*

Although cloud-based storage is cost-efficient and ensures robust disaster recovery and lower vulnerability in terms of data security (Jun & Sha-sha, 2011), most of the participants still used on-premise hardware-based data storage techniques, which are prone to hardware failure (Prakash et al., 2012). Furthermore, Participant 9 reported using older operating systems which were no longer supported: “*We're running like old operating systems, Windows 8, Windows 10 and stuff. But basically, you know, it's a very simplified point-of-sale system, so it's Excel-based.*” Technological resilience for business data requires robust data or disaster recovery strategies to be adopted by businesses, as well as ensuring that applications are updated (Natale, Poppensieker & Thun, 2022). However, the findings are consistent with studies on the adoption of technology by SMMEs in developing nations, which confirm that most SMMEs still utilise outdated technology and have a low level of digitisation, with a slow rate of adoption in terms of cloud-based technology and paperless processes (Mhlongo & Daya, 2023; Mishrif & Khan, 2023). Furthermore, a significant percentage of SMMEs are still reliant on on-premise cash and credit-card based payment methods, whilst implementation of secure digital payment technologies such as e-Wallets have been slow amongst South African retailers (Akindeji, Doba & Kikasu, 2023; Mishrif & Khan, 2023).

4.3.4 Theme 4: Challenges in establishing business model resilience to disruption and crisis

These challenges represent hurdles to innovating alternate market channels and maintaining business model agility in response to shifts in market demand.

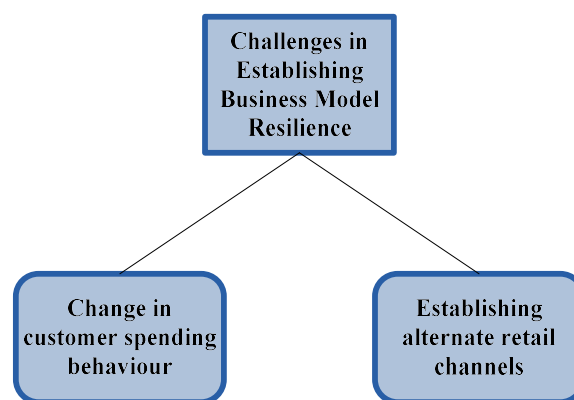


Figure 4.4. The challenges in establishing business model and market position resilience

Table 4.5. Participant Contribution to Business Model and Market Position Sub-themes

Sub-theme	Participant
Change in customer spending behaviour	5
Establishing alternate retail channels	8

4.3.4.1 Sub-theme: Change in customer spending behaviour

Many participants have noted changes in consumer spending behaviour, which they have attributed to high inflation and a troubled economy. Participant 1 attracted customers by offering the store’s primary product below cost so they could benefit from complementary products or the additional items that browsing consumers would purchase, but noted a decrease in the average amount of products sold: *“...even though we make a loss, our view is to draw customers and look at the per basket sales we make... However, per basket sales used to be more before though... people don’t have money anymore. The economy is a problem, and we have noticed. Inflation has impacted people badly”*. Similarly, Participant 7 also reported lower consumer spending when judged by the average per person product sales: *“The biggest business challenge at the moment is I don’t do what I used to do on a Friday.”* ... *“They order smaller from the menu now, they’ll order smaller basket sizes.”*

Several other participants also confirmed that they had noted the inflationary impact on their prices and the related consumer spending impact:

Participant 3: *“The biggest challenge, I would say the prices. Prices have been rising. I’ve seen prices double on all vegetables. So, but we try to keep the prices as low as possible... people’s salaries don’t double”*.

Participant 4: *“... everyone is feeling a very big strain right now... The business has become a lot more difficult profit-wise... trying to make things affordable for people to purchase”*.

Participant 9: *“post-COVID, people are more, like ... what’s more affordable”*... *“So, people don’t splurge as much, you know what I mean, they’re not as decadent as pre-COVID”*.

Participant 12: *“It’s the financial economy that’s our biggest problem. People got no money”*.

The South African economy has been experiencing a challenging phase over the past decade, which was aggravated by COVID-19 and load shedding resulting in high inflation and surging interest rates (Kganyago, 2023). During the COVID-19 pandemic, numerous retail SMMEs saw their revenue decrease substantially due to changing market conditions where

consumers became more budget-conscious, opting primarily for essential commodities and cheaper alternatives, which has also filtered through to the post-COVID-19 economy (Das et al., 2022; Tinonetsana & Msosa, 2023). Similar changes in spending behaviour after large-scale disruptions such as natural disasters were noted by Ballesteros and Domingo (2015). In response, Participant 1 adapted to shifts in market conditions and diversified the firm's offerings by innovating a range of budget-priced products to cater for the growing budget-conscious consumer demographic: *"...people don't have money anymore... Inflation has impacted people badly... We had to make changes to cater for the market as it became difficult. Our budget-priced range has increased ... We have adapted and so far have been coping with the market changes"*.

An enterprise's ability to adjust its business model to changing market conditions, like shifts in consumer demand or regulatory changes is regarded as a crucial business resilience trait (Duchek, 2020; Niemimaa et al., 2019). In addition, Natale et al. (2022) emphasised innovation as being vital for an enterprise to adjust to uncertain and dynamic environments successfully.

4.3.4.2 Sub-theme: Establishing alternate retail channels

During the uncertainty and disruption caused by the COVID-10 pandemic, attempts by Participant 5 and Participant 6 to cater for consumers who preferred to order from home by adding an online or telephonic ordering channel with a home delivery option were fraught with logistical difficulties. In the case of Participant 5, lack of experience and a steep learning curve created challenges in fulfilling orders and delivery via a service provider: *"We decided to deliver to homes using Uber Eats, but moving to Uber Eats was a trial and error process we went through"*. Participant 6 found that the demand in the area for a telephonic ordering and delivery service was not sufficient for their delivery service provider to continue with the endeavour: *"...at my delivery service, I did sign up with Mr. D after that, but it didn't work in our area. So Mr. D kind of closed up within six months..."*

In the case of Participant 2, the enterprise's business model was based on 'foot traffic' sales: *"It's more of a niche market... We're just trying to service the customers that we do have... we did continue with the normal items that we do sell. But obviously it was mainly retail, walk-in customers"*. Participant 2 did not consider alternatives such as online sales to be

possible within their business model due to them being committed to specific suppliers and product availability being variable: *“We don't switch suppliers because we buy certain items, certain quality from certain abattoirs... We're just trying to service the customers that we do have...it's very hard where every day different things are sold. You don't have everything every day where you can just put an online shop, and then people can just order. It doesn't work”*. Similarly, Participant 4 did not consider creating an e-commerce channel to be feasible for their store since the SMME's business model is also based on 'foot traffic' to their 'brick and mortar' channel where customers are inclined to buy more than just the items they initially intended to purchase: *“... a lot of our sales is based on people coming into the store... when a person is physically in your store if they come for one item, they walk around, they're most probably leaving with a minimum of five. So, I also feel that's beneficial. It's still that old school, you know, see and feel and look”*.

Since participant 3 was largely dependent on 'walk-in' customers as well, by decreasing the number of consumers that could enter the store at a time, during COVID-19, sales were also adversely impacted: *“Basically we limited people into the shop. We had to do it.”... “It limited our sales we made up during that period”*. Participant 3 was not planning to implement an online channel. Participant 7 was also largely dependent on sales to 'walk-in' customers, and disruptive occurrences that threatened the safety of patrons also impacted the business's sales: *“Due to the unrest and COVID, people were fearing coming”... “So we dropped in our sales”*.

Participant 9 adapted to low customer 'foot traffic' during COVID-19 by implementing both a telephone and WhatsApp channel for customers to place orders whilst also handling delivery and payment collection; *“COVID forced a little bit of change where customers would WhatsApp through their orders, phone through their orders and we deliver”*. This simple adaptation proved highly successful with customers, and the process is still currently maintained and used: *“So we do a lot of that now as well”*. Participant 10 considered expanding to an online market and had set up a website to provide information on the products they stock and pricing, however there were challenges in going further with this e-commerce project. Delays in the setup pertain to incorporating a secure online payment facility into the website: *“... on the e-commerce side... I still need to get it fully up and running. I don't have one where someone can pay online, but I do have a website where they can view our products... it is the way going forward because you can bring in much more revenue on an online structure as well”*. Another challenge to the participant's e-commerce

endeavour was the setup of the delivery logistics which was delayed due to the learning curve: “we're still implementing a little bit of our plans in progress of how to get... something like that going. For example, if someone is in... another province now, delivery-wise”.

Incorporating alternate retail channels in an enterprise’s business model, such as online market spaces, is an effective strategy to establish business resilience (Kawane et al., 2024; Rajagopaul et al., 2020). If one channel is impacted by disruptive events, the SMME could still maintain operational continuity via the alternate channel. During the COVID-19 lockdowns, for example, many fast-moving consumer goods (FMCG) retailers saw sales plummet in their ‘brick and mortar’ outlets but were still able to continue operating successfully via online e-commerce stores and home deliveries (Wholesale & Retail SETA, 2021).

4.3.5 Theme 5: Challenges in establishing organisational resilience to disruption and crisis

These challenges represent hurdles in acquiring skilled talent, ensuring employee skills acquisition, and promoting a positive company culture.

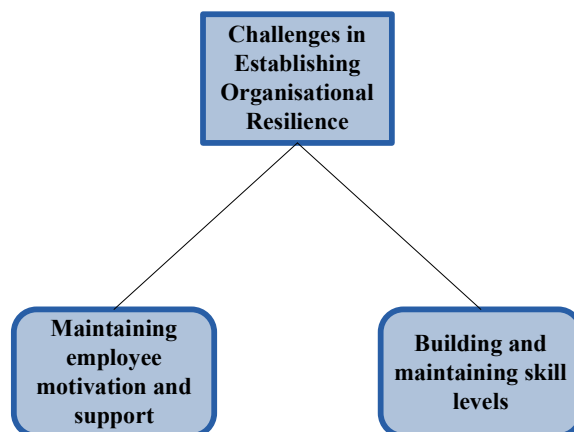


Figure 4.5. The challenges in establishing organisational resilience

Table 4.6. Participant Contribution to Organisational Resilience Sub-themes

Sub-theme	Participant
Maintaining employee motivation and support	8
Building and maintaining skill levels	3

4.3.5.1 Sub-theme: Maintaining employee motivation and support

Some of the study participants found it easy to navigate through crises, such as the COVID-19 pandemic and 2021 civil unrest, with the full motivation and support of their staff.

In the case of Participant 4, staff were regarded as family and provided their full support for the SMME: *“I think they're very supportive. The culture in the store between me and my staff, it's more like family. We care about each other... we're always there for each other”*.

Similarly, Participant 6 also had a positive relationship with staff: *“... without your staff, you cannot do the work, and I run the business because I know their kids go to school and things, and my previous staff that left last year, she worked for me for 23 years”*.

However, in other cases, employees were not as supportive or engaged as expected, which created further challenges for organisational resilience. According to Participant 1, frequent monitoring of staff was needed to prevent staff from getting complacent in terms of following rules and procedures: *The staff gets lax if they are not monitored frequently to make sure they are able to follow instructions”*. Participant 2 also reported tardiness and non-conformance to company procedures amongst staff: *“Sometimes they're late. Sometimes they take off without sick letters”*.

Participant 5 also experienced difficulties in motivating staff and ensuring optimum productivity during stressful times: *“This is difficult because anxiety levels are high during those types of situations among staff... The challenge is in maintaining it because the staff gets lax”*. Furthermore, Participant 5 faced hurdles in getting staff support when implementing processes for environmental friendliness and social responsibility: *“Getting staff buy-in, and changing old habits and behaviour has been a challenge.”*

Participant 7 also reported experiencing issues with acquiring staff support during turbulent times: *“... you get a percentage that may not be supportive. Although we pay for the house*

that they live in, we give them food, we give them the water as well...but they still want to hold you captive, which is not fair at all”.

Participant 8 found that staff commitment and work ethic has declined since COVID-19 which has impacted the culture in the business: *“I’ve been faced with the challenge since COVID. The mindsets have changed. And it’s becoming a mission now to get that mindset back to where it was. And remember, we’re always employing people here. And from what I noticed, the mindset and the calibre of people that we take on every year... is just different. It’s just different. The ethics have changed”.*

In the case of Participant 9, being in the building supplies retail industry, getting the manpower to offload building materials during deliveries has been challenging, *“... we sell things like cement and blocks... but to get to a customer’s house, you need to physically offload... I cannot find any South African local guys who are willing to do that type of job... the guys that work inside my store are local, but to do physical, manual labour, I cannot find”.*

The culture and people within an enterprise are the critical enablers and drivers of organisational resilience (World Economic Forum, 2022). A positive organisational culture and a motivated workforce are key elements that enable firms to overcome disruption and crisis and seize opportunities. An enterprise is more likely to recover quickly from disturbances and stressors if it fosters and sustains positive relationships that encourage collaboration within the business (Su & Junge, 2023).

4.3.5.2 Sub-theme: Building and maintaining skill levels

The availability of a diverse range of skills in an enterprise becomes highly valuable when disruptive and crisis events arise. Having the right mindsets and appropriate skills enables enterprises to navigate the coping phase when impacted by unanticipated events easily and represents an asset to the business. Hence, it is imperative for businesses to enhance their capabilities and overall skills to enable flexible and adaptive responses to unforeseen challenges (Durst & Henschel, 2022; Su & Junge, 2023).

Participant 1 indicates that despite training, staff do not follow the outlined procedures, which results in disruption to operations as well: *“We have training for them, like I said, for those*

crisis situations. But they also go through training on how to use supplier equipment and sort out problems... The staff then knows what to do since they have these procedures... The biggest problem is human error...where staff doesn't follow instructions..."

Participant 6 reports that despite staff being competent in carrying out the making of the pizzas in the business, administration of the order and payment still had to be facilitated by the SMME owner: *"So my staff can make pizzas, but as far as financing, like, making the orders and things, then I do all of that"*. The staff were not sufficiently skilled to handle the business in the absence of leadership.

In the case of Participant 8, the owner-manager was challenged in finding personnel with the appropriate skill level and aptitude and even in training people with the relevant skills to perform the required tasks in the business: *"We're always employing people, and we can't get the skill right. We can't get them to adapt to the environment, to the work, to the skill. Not like before, you take somebody, you coach them, you skill them, and you're rolling... I'm having a problem with employing people in the office. I mean, it's a basic task"*.

The difficulties expressed by the participants in maintaining suitable skill levels amongst staff is a common theme arising in past studies on impediments to SMME growth and survival (Olawale & Garwe, 2010). Khoza et al. (2022) also found that shortages in skilled labour and low business skill availability are factors that limit the ability of SMMEs to cope during uncertain times. In South Africa, it is challenging and costly for SMMEs to employ skilled workers. Hiring labour comes with expenses and businesses must comply with labour laws, including the "Employment and Minimum Wage Regulations" (Olawale & Garwe, 2010:732).

4.3.6 Theme 6: Challenges in establishing reputational resilience to disruption and crisis

These challenges represented hurdles in maintaining the business image, aligning with sustainability requirements, health and safety considerations, or other societal expectations.

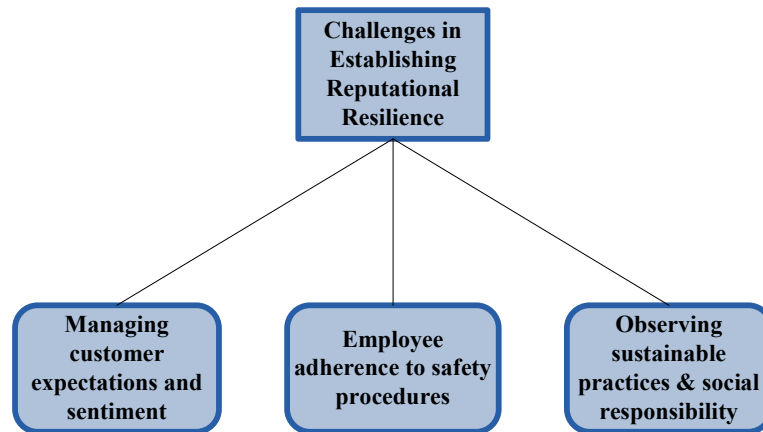


Figure 4.6. The challenges in establishing reputational resilience

Table 4.7. Participant Contribution to Reputational Resilience Sub-themes

Sub-theme	Participant
Managing customer expectations and sentiment	5
Employee adherence to safety procedures	3
Observing sustainable practices and social responsibility	8

4.3.6.1 Sub-theme: Managing customer expectations and sentiment

Maintaining a good reputation for consistency and reliability in terms of the products sold and quality can be a struggle for SMMEs during crises due to fluctuations in stock availability, price escalations or enforced changes to business operations (Wholesale & Retail SETA, 2021). Most of the participants indicated that they employ cost-effective methods such as social media, website comment or compliment postings, or emails to keep their customers informed, gain awareness of customer expectations or address service-related issues:

Participant 1: *“We have been active on social media in keeping in contact with our customers and communicating promotions”.*

Participant 2: *“We have our own pages”.*

Participant 6: *“I have a page, like a Facebook page... which I regularly update... I have a website which is always updated”.*

Participant 7: *“We have our web pages for compliments.”*

Failure to meet customer expectations or address customer issues timeously can damage reputational resilience, resulting in customer dissatisfaction and impacting customer loyalty (McKinsey & Company, 2022; Nauck et al., 2021; Tracey & French, 2017). Customers may perceive the business as being unreliable in terms of products, service or quality, which can be difficult to reverse, especially in competitive markets. Participant 1, for example, indicated that when issues are brought to their attention, they would promptly refund or exchange the product: *“If anyone is not happy with any product, we have no problem in taking it back ... but you can't please everyone”*. Participant 6 also relayed that their business puts great effort, even during disruptive times, in ensuring that customer expectations are met: *“I always try, and I don't ever tell a customer we don't have mushrooms ... Even if it's very expensive, I will buy it because that's what it's supposed to be”*.

However, in some cases, SMMEs found that customers may not behave ethically and this made it difficult for them to address the ensuing adverse impact. For example, Participant 7 found that some customers would not highlight an issue directly with management or give them an opportunity to respond to any negative experiences the customer may have. Instead customers would instantly resort to posting photos with negative comments about the SMME on social media: *“We have our web pages, for compliments, and then you're getting your negatives... some customers can go out of their way to ruin you... where they can easily have sorted and resolved the issue... you can resolve the issue with the management. But they will take out the photos and they put it onto <social media site> and they negatively defamed us”*.

Participant 8 indicated that they avoided exposing their business on social media but could not control customers posting negative comments on blogs: *“I don't like marketing our business on social media, because that can go either way... We get people blogging... and boasting about our meals... But then you get the odd person who will have a negative comment to say... And then that one negative comments below him, you'll see all negative comments... I don't like that kind of exposure.”*

Considering that SMMEs do not have the resources for dedicated customer service management that their larger counterparts do (OECD, 2021; Su & Junge, 2023; Sullivan-Taylor & Branicki, 2011), they are exposed to greater risk if negative feedback from customers is circulated especially when customers do not address issues directly with the business management and allow the SMME to respond to any customer dissatisfaction.

4.3.6.2 Sub-theme: Employee adherence to safety procedures

Ensuring workplace safety and adherence to safety procedures is a challenge for some SMMEs, impacting both employee well-being and external perception. Employee non-compliance or negligence can result in crisis situations, which can negatively affect societal alignment and the reputation of the enterprise. According to Williams, Gruber, Sutcliffe, Shepherd and Zhao (2017), policies and procedures are necessary for effective crisis handling in an organisation. Crisis events result in capabilities, routines and structures being disrupted, and effective handling and recovery require adequate training, good teamwork and shared understanding (Mkize, 2022; Williams et al., 2017).

Participant 1 reported that employees tend to ignore the safety rules sometimes, which has in the past resulted in accidents: “... *people get injuries when they get distracted while using the machinery. We’ve had injuries not very long ago. A person got their hand injured in the machinery, and another person was injured with the cutting machine. It happens when safety rules are not followed*”.

Participant 8 also indicated that many of the tasks are high risk and they need to ensure staff compliance, however, staff attitudes are a problem: “*you're working with flammables, high risk... You're working with oil fryers... all high risk... It's our responsibility to make sure that these guys are trained and refreshed all the time. So, it's our duty to ensure that these guys have the mindset adapted accordingly. I've been faced with the challenge since COVID. The mindsets have changed*”.

Participant 9 also conveyed that although they have not had any injuries that disrupted their operations, staff do take chances: “... *no injuries, fortunately, but... they take chances... there are things where... you require two people to do it... one person will try to do it*”.

Businesses perceived as neglecting safety measures may face reputational risks. This perception can undermine the image of the business, especially in environments where customers, potential recruits and other stakeholders are sensitive to workplace conditions (Hollands, Haensse & Lin-Hi, 2023; World Economic Forum, 2023).

4.3.6.3 Sub-theme: Observing sustainable practices and social responsibility

Most participants recognised that sustainability and environmental responsibility were important considerations and had procedures in place to ensure environmental friendliness in

their enterprise. However, their initiatives were tempered within the means of their resources due to the additional costs and logistical challenges of implementing environmentally friendly practices in financially constrained times (OECD, 2021; Su & Junge, 2023; Sullivan-Taylor & Branicki, 2011).

Participant 4: *“...our cardboard is recycled... so we do whatever little that we can. It's difficult, but we try our best to do what we can”*.

Participant 6: *“We kind of changed our boxes, not having those ones that are painted ... But polystyrene is not good for the environment. That part, I know”*.

Participant 7: *“We got the oils picked up by an outsourced person, the oils, and we have grease traps...”*

Participant 8: *“... make sure that our monitoring wells are clear. There's no leakage... there's no spillages. There's no fuel seeping through the ground”*.

Participant 12: *“We've got people picking up our old oils...”*

However, other participants admitted that they did not have such processes in place currently as they did not have the means due to the difficult economic conditions in the country:

Participant 1: *“In terms of ESG, it's been very difficult to concentrate on during the difficult times ... especially since we were trying to change our business to keep afloat”*.

Participant 3: *“...we don't have recycling”*.

Participant 9: *“...we don't really recycle because it's not really an option yet”*.

The inability to meet environmental standards can deter environmentally conscious customers from patronising a business. However, considering that SMMEs may not have the resources to adopt sustainable practices fully, some may struggle to align with environmental responsibility expectations under the framework. Furthermore, the relevance of this factor during times of disruption and crisis is debatable, especially for SMMEs, considering that consumers become more budget conscious and opt primarily for essential commodities and cheaper alternatives (Das, Sarkar & Debroy, 2022; Tinonetsana & Msosa, 2023).

4.4 Conclusion

The focus of this chapter was on presenting and discussing the findings derived from a thematic analysis of the qualitative data collected from SMME owner-managers through semi-structured interviews. Through the guidance of the key themes and identification of

significant sub-themes, the challenges faced by SMMEs in establishing resilience to disruption and crisis were revealed and substantiated with direct excerpts from the interviews, thereby enhancing the credibility and depth of the findings. These challenges highlighted the significant hurdles SMMEs encounter in establishing business resilience to crises.

Difficulties in obtaining bank assistance, in managing costs and insurance and in revenue stream diversification represented significant challenges to financial resilience. Operational resilience challenges ranged from supplier diversification barriers, the need for backup power and personal safety considerations to social capital inefficacy and labour management issues. Outdated technology posed a challenge to the technological resilience of SMMEs, and the overall digital technology adoption amongst the participants was found to be low. Changes in customer spending patterns posed challenges from a business model resilience perspective, and attempts by the participants at establishing alternate retail channels had variable success rates with a few expressing an inability to pursue such a venture. Staff motivation and skill-building emerged as significant hurdles to organisational resilience. Difficulties in managing customer sentiment and staff laxity with safety protocols emerged as the most significant challenges to the reputational resilience of the participants. Resource constraints and logistical challenges limited the degree to which some participants were able to engage in sustainable practices, whilst the others conceded that difficult economic conditions prevented them from adopting such practices at present.

These theme specific challenges derived in the findings span a variety of disciplines and processes across the business highlighting the holistic frame of the exploration. The subsequent chapter will employ these insights derived from the analysis as a foundation to draw relevant conclusions and make recommendations that address the findings.

CHAPTER 5: CONCLUSION

5.1 Introduction

The goal of this research was to conduct an exploration of the challenges that retail-oriented SMME owners face in fostering resilience in their businesses. This was accomplished via an inductive inquiry into the difficulties they experienced in developing resilience capabilities within their enterprises, guided by the holistic resilience framework for private enterprises outlined by the World Economic Forum (McKinsey & Company, 2022; Nauck et al., 2021; World Economic Forum, 2023). Although the proliferation of disruptive events and turbulence globally has popularised the incorporation of business resilience capabilities, from a holistic perspective, into the procedures, processes and culture of larger companies, at SMME level, resilience-building, where small businesses develop capacities to anticipate, cope and recover from volatile and disruptive occurrences, receives less priority primarily due to financial and human resource constraints that SMMEs experience (Mhlongo & Daya, 2023; Msomi & Zungu, 2023; Olawale & Garwe, 2010). The six dimensions of business resilience as outlined by the WEF/McKinsey framework for private enterprises (McKinsey & Company, 2022; Nauck et al., 2021; World Economic Forum, 2023) served as the main themes that guided the qualitative inquiry that was analysed and presented in the previous chapter.

In the next section of this chapter, an overview of the research methodology is provided, which describes the approach and methods used to derive insights from the SMME owner-managers. The chapter then revisits the research objectives and presents a summarised discussion of the key findings, contextualising these results within the broader literature. Pursuant to the findings, practical recommendations for enhancing SMME resilience strategies and for further research are offered.

5.2 Summary of Methodology

This exploration of the challenges that SMMEs faced in establishing business resilience to disruption and crisis events was undertaken via an interpretative, qualitative-based approach, whereby SMME owner-managers that fulfilled the inclusion criteria were interviewed using a semi-structured schedule. Sampling was purposive, whereby 20 retail-oriented SMMEs from the Westville/Reservoir Hills region were initially selected from an online business directory

to participate. In total, 12 interviews were successfully scheduled and conducted before reaching saturation. Recorded interview transcription followed. For each of the two interviews where the recording was refused, notes were taken and typed before being loaded into NVivo14. Thematic analysis was carried out on the 12 interviews and initial codes and then sub-themes were generated under each resilience dimension which constituted the relevant main theme.

5.3 Study Objectives and Findings

5.3.1 Objective 1: To explore the challenges that retail SMMEs face in establishing financial resilience to disruption and crisis

5.3.1.1 Accessing short and long-term credit facilities

Out of the twelve participants, seven participants experienced difficulties in obtaining short-term credit financing during past disruptions, with the banks demonstrating increased risk-aversion during economic downturns (Mazanai & Fatoki, 2012; Moos & Sambo, 2018; Msomi & Zungu, 2023). In terms of long-term financing, the participants who sought bank loans during the COVID-19 period also reported experiencing challenges. More stringent criteria, automated and impersonal interaction and algorithm-driven decision-making instituted by the banks have also created hurdles for the SMME owners to justify their credit-worthiness. These restrictive practices and shifts in financial institution criteria limit the ability of SMMEs to cope with the financial strain that disruption and crisis events present and make SMMEs highly dependent on alternative practices such as enhancing cash reserves or seeking other financial partnerships to maintain liquidity during prolonged crises (Khoza et al., 2022).

5.3.1.2 Revenue diversification constraints

Some SMME owners reported successfully diversifying their revenue sources amidst disruption and enhancing their financial resilience (Green et al., 2021; Safitri et al., 2023) with initiatives such as introducing new product lines and delving into the wholesale market. For instance, one participant saw opportunities amidst the economic turmoil and launched a budget product range during the COVID-19 pandemic to cater to a financially strained customer base, which became immensely popular and is still their best-selling range. However, many SMMEs in the study either struggled to diversify their revenue sources or

ignored that avenue due to unfavourable economic conditions or the risk of entering unfamiliar markets. This is in line with the literature where adverse economic conditions are listed as impediments to SMME growth or expansion (Moos & Sambo, 2018; Olawale & Garwe, 2010). However, infrastructure limitations in terms of space also became a hurdle for two participants, who reported the desire to develop alternate revenue streams, but space was an issue for their businesses. Infrastructure constraints regarding business premises and space have often emerged as an impediment to growth that plagued SMMEs in the literature (Khoza et al., 2022; Moos & Sambo, 2018).

5.3.1.3 Inadequate risk coverage

Insurance is regarded as a vital risk management tool in financial resilience (Surminski, 2022) and determining the types of coverage necessary has presented challenges for SMMEs. The high cost and complexity in terms of understanding and obtaining adequate insurance coverage can leave SMMEs financially vulnerable to future crises. Two SMME owners, whose premises were destroyed during the 2021 civil unrest, were not paid the replacement value for their equipment and needed to find additional financial resources to cover the difference. Several businesses reported updating their coverage only after the crisis highlighted gaps in their policies. Although business interruption insurance represents a crucial risk-mitigation strategy against disruption (Wieczorek-Kosmala et al., 2024), very few SMME owners were covered, which resulted in them struggling to remain afloat considering the immense loss in business days during disruptive events.

5.3.1.4 Managing costs

In volatile economic times, cost management becomes an integral strategy for SMMEs to stay afloat (Fubah & Moos, 2022; Mkhize, 2022). For many SMMEs, maintaining cost efficiency was essential to survival, but crisis conditions led to unexpected increases in overheads. Both during the coping phase of the disruptions and in the aftermath (recovery phase), many participants reported plummeting revenue and increasing operational costs, such as supply prices and costs of utilities, whilst having to carefully manage the work schedules and labour costs of staff to preserve jobs, which is consistent with the literature (Meyer et al., 2022; Msomi & Zungu, 2023). This constant financial pressure affects profit margins, making it challenging for SMMEs to build cash reserves or invest in diversification strategies thus also weakening financial resilience.

5.3.2 Objective 2: To explore the challenges that retail SMMEs face in establishing operational resilience to disruption and crisis.

5.3.2.1 Barriers to supply chain diversification

Reliance on limited suppliers undermines operational resilience in a business due to the high probability of inventory disruptions and pricing instability during crises (Lin et al., 2021). However, several of the SMMEs interviewed depended on specific suppliers and found it challenging to switch due to established relationships or difficulties in creating new relationships with alternative sources of supply. During past disruptions and in the aftermath, many SMMEs also reported experiencing strained supplier relationships as payment terms tightened and flexibility diminished. The lack of backup suppliers or alternative sourcing options created supply issues and impacted operational continuity and resilience. During a regional disruption which brought supply chains to a halt in the city of Durban leaving retail store shelves empty for essential goods, one participant successfully resorted to establishing supplier relationships out of the impacted region and kept the business shelves stocked. For two participants who already maintained alternate suppliers for the same products, stock shortages were not an issue.

5.3.2.2 Backup power for operational continuity

Load-shedding and power outages severely impacted the ability of SMMEs to maintain operational continuity (Mabunda et al., 2023). Without backup power, businesses risked losing sales, and operational capacity. Out of the twelve participants, nine participants invested in generators. The three participants that did not install backup power either deemed it unfeasible due to the market they targeted or the low level of disruption they experienced did not warrant the cost. Although load shedding may no longer be a threat to business continuity, breakdowns in the electrical transmission grid due to illegal connections, ageing infrastructure and copper cable theft still remain tangible threats to operational resilience (Naidoo, 2023; Schoeman & Saunders, 2018).

5.3.2.3 Capitalising on long-standing relationships

Although social capital is considered a significant factor in aiding operational resilience (Jia et al., 2020; Polyviou et al., 2020), three participants reported that despite long-standing relationships with suppliers, support was often minimal during crises, with suppliers

enforcing strict payment terms. For two participants, even longstanding relationships with banking partners proved ineffective in securing bank assistance during crises. They reported that these relationships had become more transactional, with less tolerance for delayed payments or requests for adjusted terms. This breakdown in trust and reciprocity in business relationships forced stricter supply and credit restrictions on SMMEs. Bank process automation and digitisation, based on algorithms and figures, where interaction with managers was no longer possible, was identified by a participant as the primary cause of the breakdown in their business relationships with the banks. However, a few participants noted that their suppliers were also struggling amidst the turmoil, which highlights the possibility that social capital can be rendered ineffective in supply chain relationships when multiple parties are adversely impacted by environmental turbulence.

5.3.2.4 Managing labour

Effective labour management during disruptive times represented another significant challenge for SMMEs (Erdiaw-kwasie et al., 2023; Fubah & Moos, 2022). SMMEs reported issues with rotating staff, implementing additional safety measures to ensure worker health, maintaining productivity, and handling increased demands on a reduced workforce (Stemmler, 2022). Crisis tends to impact labour availability due to workers being affected by the crisis and businesses needing to downscale staff numbers or reduce hours due to factors such as cost management or social distancing (Nan & Park, 2022). Hence, owners often need to operate with fewer employees during crises, which results in additional effort being required from the workforce present. Moreover, the crisis event also contributes to heightened employee stress, affecting morale and productivity.

5.3.2.5 Ensuring security and personal safety of staff and customers

Establishing safety protocols that protect the personal safety of staff and customers is vital for crisis management and operational resilience, especially when facing crises like civil unrest or armed criminal activity (Mkize, 2022; Williams et al., 2017). Some participants shared that safety procedures, such as limiting operational hours or enhancing security, became critical measures to address disruptions. Whilst necessary, these measures also increase operational costs and demand adaptability from both staff and management. Two participants reported implementing targeted emergency protocols and training, such as procedures to follow during

a robbery, to protect staff and customers and ensure operational stability, but case-by-case management of such events has been necessary and proved challenging for SMMEs to build resilience.

5.3.3 Objective 3: To explore the challenges that retail SMMEs face in establishing technological resilience to disruption and crisis.

5.3.3.1 Outdated technology poses failure risk

SMMEs often struggle to keep up with technological advancements due to cost constraints (Ndiege et al., 2023). Outdated systems expose them to operational risks, cyber threats, and reduced efficiency. Upgrading technology is essential to maintain competitiveness, yet many SMMEs find it challenging to allocate resources toward these necessary improvements. Despite most of the SMME owners in the study being cognisant of protecting their system from viruses and malware by scanning with antivirus software, on-premise storage hardware was still commonly used which is prone to failure (Prakash et al., 2012). Of the twelve participants, three participants outsourced their IT needs to professionals who provided them with the latest technology, such as cloud usage. Another two participants indicated they had also adopted cloud-based storage technology to enhance the security of their data, thereby boosting resilience (Jun & Sha-sha, 2011). Overall, the level of digital technology adoption employed by most of the SMMEs is still considered low, which is consistent with the literature (Mishrif & Khan, 2023).

5.3.4 Objective 4: To explore the challenges that retail SMMEs face in making their business models and market positions resilient to disruption and crisis.

5.3.4.1 Change in customer spending behaviour

The resilience of the SMME's business model and market positioning entails adaptability to changes in the external environment and shifts in consumer behaviour, particularly during economic downturns (Radic et al., 2022). Shifts in consumer priorities during crises impacted demand for products and services and challenged the participants to respond swiftly. Many participants observed that customers became more price-sensitive during crises, such as the pandemic, which is consistent with the literature (Das, Sarkar & Debroy, 2022). This

influenced some business owners to adapt according to the market by freezing prices or offering more budget-friendly products. Firms that could adapt to these shifts during crises by adjusting pricing, product lines, or marketing approaches enhanced their competitive position and maintained stability in adverse conditions (Martinelli et al., 2018; Natale, Poppensieker & Thun, 2022).

5.3.4.2 Establishing alternate retail channels

Businesses reliant on foot traffic or in-person interactions faced steep declines in sales during the lockdown and civil unrest due to safety concerns. Digital and alternative sales channels, like e-commerce, offer crucial flexibility during these types of crises (Chan & Asni, 2023; Kawane et al., 2024; Rajagopaul et al., 2020). However, while some businesses had started online marketing, the transition to e-commerce posed challenges for many SMMEs, with several lacking the infrastructure, resources, or technical knowledge to set up online sales channels. Furthermore, dependency on logistical partners for pickup and delivery also hindered three SMMEs from fully capitalising on online channels, which are crucial during crises that limit physical interactions or when physical operations are disrupted. Entrepreneurial adaptation proved advantageous for one participant, who, despite a lack of knowledge in terms of digital technology, countered declining sales by using basic technologies, such as the telephone and WhatsApp, to take orders and then deliver.

5.3.5 Objective 5: To explore the challenges that retail SMMEs face in establishing organisational resilience to disruption and crisis.

5.3.5.1 Maintaining employee motivation and support

The morale and motivation of employees are key drivers of resilience, as engaged employees are more likely to support business and operational continuity efforts during crises (Su & Junge, 2023; World Economic Forum, 2022). However, crises often lead to stress, uncertainty, and burnout among employees. Maintaining morale during crises is a recurring challenge for SMMEs, with businesses struggling to keep employees motivated amidst uncertainty. Two SMME owners emphasised the importance of fostering a family-like culture and supporting staff, which helped maintain morale during challenging times. However, balancing the need to maintain morale with financial constraints due to decreased staff

productivity during crises, such as the COVID-19 pandemic, also posed difficulties for some SMME owners. Five of the participants reported noticeable problems with staff work ethics, where staff either became lax when management or supervisors were otherwise engaged, were resistant to learning, or in some cases refused to do specific tasks. Considering that the culture and people within an enterprise are the drivers of organisational resilience (World Economic Forum, 2022), the resultant impact of a lack of employee support on organisation resilience during crises is significant.

5.3.5.2 Building and maintaining skill levels

The interviews highlighted the importance of multi-skilling employees to handle crises independently (Mkize, 2022; Williams et al., 2017), however three participants expressed difficulties in acquiring suitable skill levels amongst staff (Olawale & Garwe, 2010). For one participant, hiring personnel with business skills to carry out basic office tasks proved challenging. According to Khoza et al. (2022), low business skill availability is a prevalent issue in South African SMMEs. Formal procedures and skills training are essential for handling disruptions effectively, especially in the absence of leadership (Durst & Henschel, 2022). Although some SMMEs interviewed conducted routine staff training in safety protocols and operational continuity, limited resources and time constraints often prevented consistent reinforcement of such training. This gap in skill development could impact resilience during unforeseen crises.

5.3.6 Objective 6: To explore the challenges that retail SMMEs face in developing reputational resilience to disruption and crisis.

5.3.6.1 Managing customer expectations and sentiment

Maintaining a positive reputation is critical for SMMEs (Tracey & French, 2017), especially since social media can amplify customer dissatisfaction. Two participants reported challenges with negative online reviews, which can quickly damage customer perception. Meeting or managing customer expectations effectively builds a positive reputation, whilst transparent communication and responsiveness to customer needs further reinforce it. Effective communication and prompt issue resolution are therefore essential, but SMME owners, being

constrained in financial and human resources (Mhlongo & Daya, 2023), lack the capacity for dedicated customer support, which hinders reputational resilience management.

5.3.6.2 Employee adherence to safety procedures

Ensuring employees consistently follow safety protocols is key to reputational resilience (Tracey & French, 2017). Ensuring employee compliance with safety procedures not only protects physical assets but also creates a safer and more stable workplace that benefits both employees and customers and reinforces the firm's reputation as a reliable business. Three business owners noted that although procedures are in place some staff members become complacent over time. This lapse in adherence can harm the business's reputation, especially in high-sensitivity scenarios like the COVID-19 pandemic or when using heavy machinery (Durst & Henschel, 2022). However, interviews suggest maintaining such adherence can be difficult without regular reinforcement.

5.3.6.3 Observing sustainable practices and social responsibility

Incorporating environmental accountability and social responsibility into business practices enhances reputational resilience as consumers increasingly value sustainable and ethical behaviour (Tracey & French, 2017). However, SMME owners, who are already resource constrained (Mhlongo & Daya, 2023; OECD, 2021), struggle with the added costs and logistical challenges of implementing environmentally friendly practices, particularly in financially constrained times. For three of the participant SMMEs, social responsibility was shown to be a resource that strengthened community ties and, according to the participants, had been instrumental in reinforcing resilience through a positive image with informal communities and fostering support during the unrest. Even modest, cost-effective steps like recycling or supporting local community causes build goodwill and enhance resilience against reputational risks.

5.4 Recommendations and Future Research Directions

The following key recommendations were deemed appropriate based on the findings of the research:

Recommendation 1 - Review Risk Coverage: Some businesses reported inadequate insurance coverage during crises. SMMEs need to reinforce insurance coverage by adding essential business coverage, such as business interruption coverage. Annual reviews and updates should be carried out on insurance policies to ensure that any amended conditions on coverage imposed by insurance companies still provide an adequate financial safety net during disruptive events.

Recommendation 2 - Diversify Suppliers. Although one participant did confirm having multiple suppliers for the same product, most participants' businesses were dependent on a few fixed suppliers. Greater operational resilience can be facilitated by diversifying suppliers and building redundancy in the supply chain. SMMEs need to establish multiple supplier relationships, especially for essential goods or materials. By establishing a network of alternative suppliers, procurement risks are minimised if the primary suppliers are unavailable during disruptive times.

Recommendation 3 - Leverage Community Partnerships for Safety: By building relationships with neighbouring businesses, community leaders, local law enforcement and community policing forums, SMMEs can stay informed and collaborate on local security during civil unrest. Other joint security initiatives, like shared emergency contacts or neighbourhood watch programmes, can enhance safety for both staff and customers. Engagement with informal communities by supporting local causes and contributing to relief assistance in informal communities when impacted by disasters can build social capital and gain reciprocal support in times of crisis.

Recommendation 4 - Establish an e-Commerce Presence: SMMEs can build an e-commerce presence on a budget with a minimal investment, which could support revenue even when in-person shopping is limited. While some SMME owners found digital channels beneficial, others were hesitant due to the nature of their products. For SMMEs struggling to establish an online presence, simple steps like setting up a storefront on social media or

convenient online marketplaces, such as BobShop or Takealot, or creating basic e-commerce websites using affordable platforms (such as Shopify or WordPress) can expand their reach without significant costs. Offering click-and-collect options or partnering with local delivery services also allows SMMEs to remain accessible to customers who cannot shop in person.

Recommendation 5 - Adopt Cloud-Based Technology Solutions: By transitioning to cloud-based data storage and software-as-a-service (SaaS) business applications, SMMEs can gain access to current technology that is constantly updated and robust disaster recovery and backup technology which safeguards essential business information and can be accessed securely from any location. This reduces the need for on-premise IT networks and storage, which can be prone to hardware failures and cyber-attacks.

Recommendation 6 - Outsource IT support: Although a few participants have already confirmed outsourcing their IT support requirements, for SMMEs without in-house IT expertise, contracting with affordable IT service providers, either locally or through virtual support, can help protect against cyber security threats and maintain technological resilience. Small monthly contracts for ad-hoc technical support and essential cyber security protection can be a cost-effective way to keep up-to-date technology.

Recommendation 7 - Formalise Crisis Management Procedures: Although some participants confirmed having documented crisis management procedures, many SMMEs handled crisis management informally with staff. Training staff to handle common disruptions (e.g. power outages, staff shortages, and security threats) and follow crisis protocols, from emergency closures to securing inventory, without direct leadership is crucial to foster a sense of employee self-empowerment and prepare employees to act swiftly and consistently during unpredictable events and maintain employee morale. Documenting, reviewing and practising these procedures regularly reinforce preparedness and can reduce decision-making delays during actual crises.

Recommendation 8 - Create Customer Communication Plans: In order to facilitate clear communication with customers during disruptive periods, SMMEs should have customer communication plans that can be implemented to inform customers about changes in hours, product availability, and safety protocols to manage their expectations and reinforce trust.

Clear communication, whether through social media, SMS, or signage, would ensure that customers feel valued and kept in the loop.

Recommendation 9 - Managing customer sentiment: To protect against and counter negative online reviews, SMMEs need to proactively encourage satisfied customers to also leave positive feedback. Monitoring online platforms and responding constructively to criticism would help to mitigate the impact of negative reviews on public perception.

Recommended direction for further research:

Considering that the phenomenon being studied varies by industry sector, equivalent studies carried out in other SMME industry sectors and other regions may yield additional resilience themes and findings and also compensate for regional disposable income disparities.

Additional studies can also possibly focus on medium businesses to add even more value to the existing body of knowledge.

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APPENDICES

Appendix A: Informed Consent

**UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP**

Information Sheet and Consent to Participate in Research

Date: 27 August 2024

Dear Sir/Madam

My name is Niresh Harinarain from the MBA programme at the Graduate School of Business and Leadership in the University of KwaZulu-Natal (email: [REDACTED]@stu.ukzn.ac.za Tel: [REDACTED]).

You are being invited to consider participating in a study that involves research on the challenges small, medium and micro enterprises (SMMEs) face in establishing business resilience to disruption and crisis. The aim and purpose of this research is to explore the hurdles that retail small, medium and micro enterprise owners experience in making their businesses resilient enough to continue operating effectively in the midst of disruptive events or crises. The study will enroll 20 participant SMME owners within the Westville/Reservoir Hills region. It will involve conducting an interview with the owner of each participating business, which is expected to last no longer than 30 minutes.

There are no foreseeable risks in participating in this study. We hope that this study will also create awareness, in the participants, of the factors hindering their businesses from becoming resilient to crises or disruption. From a research point of view, this study will enhance our understanding of the hurdles to business resiliency experienced by retail SMMEs, and may also identify any business resilience requirements that are unique to SMMEs.

This study has been ethically reviewed and approved by the UKZN Humanities and Social Sciences Research Ethics Committee (approval number HSSREC/00007490/2024).

In the event of any problems or concerns/questions you may contact the researcher at [REDACTED] and email address [REDACTED]@stu.ukzn.ac.za or my supervisor, Prof. Chasomeris at [REDACTED]@ukzn.ac.za or the UKZN Humanities & Social Sciences Research Ethics Committee at:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban, 4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557- Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

Business participation in this study is voluntary and no compensation or incentive is provided for participation. The research participants may refuse/ withdraw their participation at any point without any penalty or loss to themselves. Any participant wishing to withdraw from the study may do so in writing to the researcher's email provided above. In such an event, the interview and the data collected from the interview will be deleted and not included in the data analysis.

All interview data will be kept confidential, and the identity of the owner and name of the business will be kept anonymous. Individual privacy will be maintained in all written data resulting from the study. The data will be securely encrypted and retained for 5 years, as per University requirements, after which it will be deleted.

CONSENT TO PARTICIPATE IN STUDY (Retained by interviewer)

I, _____ have been informed about the study entitled "*Exploring the challenges small, medium and micro enterprises face in establishing business resilience to disruption and crisis*" by Niresh Harinarain.

- I understand the purpose and procedures of the study.
- I have been given an opportunity to ask questions about the study which have been answered to my satisfaction.
- I declare that my participation in this study is entirely voluntary and that I may withdraw at any time without incurring any penalty or loss.
- I have been informed that no incentives or compensation is provided for participating in this study.
- If I have any further questions/concerns or queries related to the study I understand that I may contact the researcher at tel: [REDACTED] or email: [REDACTED]@stu.ukzn.ac.za.
- If I have any questions or concerns about my rights as a study participant, or if I am concerned about an aspect of the study or the researchers, then I may contact:

HUMANITIES & SOCIAL SCIENCES RESEARCH ETHICS ADMINISTRATION

Research Office, Westville Campus
Govan Mbeki Building
Private Bag X 54001
Durban
4000
KwaZulu-Natal, SOUTH AFRICA
Tel: 27 31 2604557 - Fax: 27 31 2604609
Email: HSSREC@ukzn.ac.za

- I hereby provide consent to audio-record my interview YES / NO

Signature of Participant

Date

**Signature of Witness
(Where applicable)**

Date

Appendix B: Ethical Clearance Certificate



22 August 2024

Niresh Harinarain (901336780)
Grad School of Bus & Leadership
Westville Campus

Dear N Harinarain,

Protocol reference number: HSSREC/00007490/2024

Project title: Exploring the challenges small, medium and micro enterprises face in establishing business resilience to disruption and crisis.

Degree: Masters

Approval Notification – Expedited Application

This letter serves to notify you that your application received on 13 August 2024 in connection with the above, was reviewed by the Humanities and Social Sciences Research Ethics Committee (HSSREC) and the protocol has been granted **FULL APPROVAL**.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years.

Incidents of adverse events and serious adverse events (AEs and SAEs) should be reported in writing to HSSREC, the study sponsors, and any regulatory authority (where appropriate), within 7 working days of the occurrence for local sites and 14 days for all other South African sites.

This approval is valid until 22 August 2025.

To ensure uninterrupted approval of this study beyond the approval expiry date, a progress report must be submitted to the Research Office on the appropriate form 2 - 3 months before the expiry date. A close-out report to be submitted when study is finished.

HSSREC is registered with the South African National Health Research Ethics Council (REC-040414-040).

Yours sincerely,



Professor Dipane Hlalele (Chair)
/nng

Humanities and Social Sciences Research Ethics Committee

Postal Address: Private Bag X54001, Durban, 4000, South Africa

Telephone: +27 (0)31 260 8350/4557/3587 **Email:** hssrec@ukzn.ac.za **Website:** <http://research.ukzn.ac.za/Research-Ethics>

Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

INSPIRING GREATNESS

Appendix C: Interview Schedule

Interview Guide:

<p>Business Demographics:</p> <p>Number of employees _____</p> <p>Total years in operation _____</p>
<p>Operational</p> <ol style="list-style-type: none">1. Can you describe how your business operations were disrupted during events such as COVID-19, the 2021 unrest, KZN flooding and the load-shedding electricity crisis? What challenges have you experienced in ensuring these operational disruptions do not recur?2. What difficulties did you face with suppliers when you experienced downturns in your business during events such as COVID-19, load-shedding, etc.? Have you been successful in ensuring that your suppliers will be supportive and flexible during difficult periods?3. If supply of your important products is not available from your main suppliers, what challenges do you have in procuring these products or similar products from other sources?
<p>Financial resilience</p> <ol style="list-style-type: none">4. What difficulties have you experienced in ensuring you have sufficient funds (liquidity) easily accessible to keep your business running in difficult periods if your revenue is reduced by unforeseen business disruptions? Do you have easy access to bank credit facilities?5. Have you tried to diversify your business to derive other sources of revenue? If yes, then what hurdles have you experienced in doing so?6. Have you experienced any difficulties with insurance companies in getting covered against business disruptions in the past or with claims? Do you regard your business as having sufficient insurance cover (including business interruption insurance) to comprehensively cover your business against future disruptions or crises?
<p>Business model / Market position and Demand Resilience</p> <ol style="list-style-type: none">7. What challenges do you have in implementing other channels to market your products through, such as e-commerce or social media based channels?8. Do you regard your business as being informed about customer preferences and price expectations? What difficulties do you have in meeting these customer expectations?9. Have you experienced difficulties in adapting your business or in finding new ways to continue functioning during previous disruptions and crises experienced in the business environment? Can you elaborate on the difficulties experienced?

Interview Guide:

Technological resilience

10. How has the technology in your business been impacted during previous disruptive events such as load-shedding? What challenges did you face in overcoming these problems?
11. Are the electronics used in your business protected against viruses, malware or cyber attacks? What difficulties do you have in ensuring this?
12. What challenges do you have in ensuring that the technology used in the business, is updated and modernized as technology improves?

Organisational resilience

13. Have you defined and communicated procedures for staff to follow when the business gets disrupted by unforeseen events? What challenges did you have in this process?
14. What difficulties have been experienced in ensuring that business management and staff have sufficient skills or training to make decisions during business disruptions in the absence of leadership?
15. Describe the challenges experienced in maintaining a positive culture such as good values, behaviours and interaction amongst staff even when facing difficult situations or events?

Reputational resilience / Societal Alignment

16. From experience, what difficulties have you faced in ensuring that the image and reputation of your business is always kept positive in the market?
17. What challenges have you experienced in making your business operate in an environmentally friendly and socially responsible manner?
18. What challenges have you experienced in terms of implementing workplace safety?

Thank you for the valuable insights provided. Is there any additional information you would like to add before concluding?

Appendix D: Similarity