Irish SME Coping Strategies Emanating from the 2008 Economic Recession.

Joanne Miller BSc (Hons) MSc

Department of Global Business and Enterprise

Ulster University Business School

Ulster University

Coleraine

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Table of Contents

Table of Contents II
List of Tables XIV
List of Figures XVII
Acknowledgements XVIII
Dedication XIX
Abstract XXI
Glossary XXII
Note on Access to Contents XXIV
Declaration XXIV
Chapter One Introduction 1
1.0 Introduction 1
1.1 Research Background 1
1.2 Research Context 3
1.3 Research Justification 3
1.3.1 Recessions and the Uniqueness of 2008 Recession 4
1.3.2 The Importance of SMEs 5
1.3.3 Recessions and SMEs 5
1.3.4 Criteria for Location/Geographical Focus of Research 7
1.3.4.1 Republic of Ireland 7
1.3.4.2 Northern Ireland 8
1.3.4.3 Comparison of Northern Ireland and the Republic of Ireland 8
1.3.5 The Timeliness of Recession 9
1.3.6 Gaps in Knowledge 9
1.4 Research Problem 10
1.4.1 Research Aim 10
1.4.2 Research Objectives 11
1.5 Research Methodology 11
1.6 Contributions to Knowledge 14
1.6.1 Theoretical Perspective 14
1.6.2 Practical Perspective 54
1.7 Structure of Thesis 16
1.8 Chapter One Summary 17
Chapter Two Literture Review and Theoretical Framework 18
2.0 Introduction 18
2.1 Recession Literature 18
2.1.1 Overview of Recession 18

2.1.2 Impact of Recession ... 18
2.1.3 Opportunities or Threats? ... 19
2.2 SMEs and Recession Literature ... 21
2.2.1 Introduction ... 21
2.2.2 Vulnerable or Resiliant? ... 21
2.3 SMEs Responses in Recession ... 22
2.3.1 Introduction ... 22
2.3.2 Proactive or Reactive? ... 23
2.3.3 Short Term Survival or Long Term Business Performance? ... 24
2.3.4 Competitive Advantage ... 25
2.3.5 Types of Strategies ... 25
2.3.5.1 Retrench or Invest? ... 25
2.3.5.2 Turnaround Strategy: Entrepreneurial and Efficiency Recovery Strategies ... 30
2.3.5.3 Lean Strategy and Organisational Restructuring Strategy ... 32
2.3.5.4 Diversification ... 33
2.3.5.5 Internationalisation Strategy ... 34
2.3.6 Factors Affecting SMEs Ability To Cope ... 35
2.3.6.1 Uncertainty ... 35
2.3.6.2 Business Age and Size ... 35
2.3.6.3 Innovation ... 36
2.3.6.4 Internal and External Barriers ... 38
2.3.6.5 Business Advice and Support ... 38
2.3.6.6 Government Support ... 39
2.3.6.7 SME Manager/Entrepreneur ... 41
2.3.6.8 SME Networks ... 46
2.4 Theoretical Overview ... 48
2.4.1 Development of Strategy Theories ... 48
2.4.2 Stone's Strategies (1975) ... 49
2.4.3 The Classical School (Whittington 1993) ... 49
2.4.4 The Systematic School (Whittington 1993) ... 51
2.4.5 The Processual School (Whittington 1993) ... 52
2.4.6 The Evoluntionary School (Whittington 1993) ... 52
2.5 Theories Underpinning the Current Research ... 53
2.5.1 Contemporary Strategy: Resource Based View ... 53
2.5.1.1 Criticisms of RBV ... 57
2.5.2 Dynamic Capabilities ... 59
2.5.2.1 Critique of Dynamic Capabilities ... 61

2.5.3 Organizational Theory 62
2.5.3.1 Critique of Organisation Theory-Slack 64
2.5.4 Entrepreneurial Orientation (EO) Theory 65
2.5.4.1 Critique of EO Theory 65
2.6 Overall Assessment of Theoretical Gaps 66
2.7 Practical Context 68
2.7.1 Economic Background of Republic of Ireland 69
2.7.2 The Nature of the Crisis 69
2.7.3 Impact of Recession on the Irish Economy 70
2.7.3.1 Irish Austerity Measures 72
2.7.3.2 Ireland and the Euro 72
2.7.3.3 The Importance of SMEs in Ireland and the Impact of Recession 73
2.7.3.4 Policy Response 73
2.7.3.5 Summary of Republic of Ireland Context 74
2.7.4 Economic Background of Northern Ireland 74
2.7.4.1 Impact of Recession on Northern Ireland Economy 75
2.7.5 Chapter Two Summary 77
Chapter Three Methodology 78
3.0 Introduction 78
3.1 Research Paradigm Perspectives/ Research Philosophies 79
3.1.1 Positivism 80
3.1.2 Phenomenology/ Interpretivist 82
3.1.3 Mixed Methods 85
3.1.4 Research Position: Pragmatism 87
3.1.4.1 Assumptions Underpinning Pragmatist Research Philosophy 88
3.1.5 Research Design 90
3.2 Research Design-Stage One 93
3.2.1 Introduction 93
3.2.2 Instrument Justification of Questionnaire 94
3.2.3 Survey Development and Distribution 95
3.2.3.1 Development of Draft Survey Design 95
3.2.3.2 Pilot Questionnaire Distribution and Responses 98
3.2.4 Development of Final Questionnaire Design and Administration 99
3.2.5 Sampling Strategy 100
3.2.5.1 Unit of Analysis 101

3.2.5.2 Sampling Frame 101
3.2.5.3 Sampling Technique 101
3.2.5.4 Sample Size 101
3.2.6 Questionnaire Distribution and Responses 102
3.2.6.1 Responses .... 102.
3.2.6.2 Online Surveys 103
3.2.6.3 Email Systems and Strategy 104
3.2.6.4 Reducing Bias 105
3.2.6.5 Data Preparation-Coding Data, Data Cleaning and Screening 105
3.2.6.6 Data Entry 106
3.2.7 Reliability, Validity and Practicality of Questionnaire 107
3.2.8 Quantatitive Data Analysis Strategy of Questionnaire 108
3.2.8.1 Data Analysis 108
3.3 Stage 2 Semi Structured Interviews 109
3.3.1 Introduction 109
3.3.2 Instrument Justification 110
3.3.3 Development of the Interview Schedule 111
3.3.4 Pre-testing of Instrument 111
3.3.5 Conducting and Recording Semi Structued Interviews 112
3.3.6 Sampling Strategy 112
3.3.7 Data Analysis Strategy of Semi Structued Innterviews 113
3.4 Ethnical Considerations 114
3.5 Chapter Three Summary 115
Chapter Four Research Findings 117
4.0 Introduction 117
4.0.1 Profile of Population-SMEs 118
4.0.1.1 Year of Establishment 118
4.0.1.2 Location of Business 118
4.0.1.3 SME Sector 119
4.0.1.4 SME Size 119
4.0.1.5 Pre-Tax Profits 120
4.0.1.6 Legal Status 120
4.0.1.7 Geographical Markets 121
4.0.1.8 Qualitative Respondent Profile 121
4.1 Research Objective 1 123

4.1.1 Introduction 123

4.1.2 Recession Context 123

4.1.2.1 Time When SMEs Felt Effects of Recession 123

4.1.2.2 Extent of Recession 124

4.1.2.3 Extent of Recession by Sector 124

4.1.2.4 SME Expectancy Timescale of Recession 125

4.1.2.5 Conclusion 126

4.1.3 Key Business Opportunities 126

4.1.3.1 Introduction: Overall view of Recession 126

4.1.3.2 Key Opportunities 127

4.1.3.3 Testing for Significant Difference 128

4.1.3.3.1 Key Opportunities by Location 128

4.1.3.3.2 Key Opportunities by Firm Size 129

4.1.3.3.3 Key Opportunities by Business Sector 130

4.1.3.3.4 Key Opportunities by SME Age 132

4.1.3.3.5 Key Opportunities by Proactiveness of Firms 132

4.1.4 Key Threats 133

4.1.4.1 Testing for Significant Difference 134

4.1.4.1.1 Threats by Location 134

4.1.4.1.2 Threats by Business Sector 134

4.1.4.1.3 Threats by SME Size 139

4.1.4.1.4 Threats by SME Age 141

4.1.4.1.5 Threats by Proactiveness of Firms 142

4.1.4.2 Summary of Quantitative and Qualitative Findings 142

4.2 Research Objective 2 143

4.2.1 Introduction 143

4.2.2 Proactive v Reactive 143

4.2.3 Selection of Strategies 144

4.2.3.1 Changing Marketing Strategies 145

4.2.3.2 Internationalisation Strategy 146

4.2.3.3 Investment and Innovation Strategy 147

4.2.3.4 Financial Management 148

4.2.3.4.1 Advertising and Promotional Expenditure 148

4.2.3.4.2 Pricing Policy 149

4.2.3.4.3 Retrenchment- Cost Cutting Policy 149

4.2.3.4.4 Cash Flow Management 151

4.2.3.6 Human Resources-Redundancies 151

4.2.3.6 Networking/Collaboration/Acquistion/Mergers 152

4.2.4 Strategies by Location 153

4.2.5 Strategies by SME Size 153

4.2.6 Strategies by Business Sector 154

4.2.7 Strategies by SME Age 156

4.2.8 Overall Strategy 157

4.2.9 Testing for Significant Difference 159

4.2.9.1 Overall Strategy by Location 159

4.2.9.2 Overall Strategy by Firm Size 159

4.2.9.3 Overall Strategy by Business Sector 160

4.2.9.4 Overall Strategy by SME Age 160

4.2.10 Evaluation of Strategy Success 161

4.2,11 Testing for Significant Difference 163

4.2.12 SME Position Emerging From Recession 163

4.2.12.1 Testing for Significant Difference 165

4.2.13 Summary- Quantitative and Qualitative Findings 165

4.3 Research Objective 3 166

4.3.1 Introduction 166

4.3.2 Barriers 166

4.3.2.1 Barriers by Location 167

4.3.2.2 Barriers by Business Sector 168

4.3.2.3 Barriers by SME Size 168

4.3.2.4 Barriers by SME Age 169

4.3.2.5 Barriers by Proactiveness of Firms 169

4.3.2.6 Testing for Significant Difference 169

4.3.3 Other Barriers 169

4.3.3.1 Time Taken to Implement Strategy 169

4.3.3.2 Competition 171

4.3.4 Testing for Significant Difference 171

4.3.4.1 Changes in Competition During Recession by Location 171

4.3.4.2 Changes in Competition During Recession by SME Size 171

4.3.4.3 Changes in Competition During Recession by Business Sector 172

4.3.4.4 Changes in Competition During Recession by SME Age 172

4.3.5 Lack of Business Support Available 172
4.3.6 Testing for Significant Difference... 173
4.3.6.1 Support Available by Business Location 173
4.3.7 Types of Business Support 174
4.3.8 Testing for Significant Difference... 175
4.3.9 Lack of Finance 176
4.3.10 Types of Finance 177
4.3.11 Testing for Significant Difference... 178
4.3.11.1 Types of Finance Used by Business Sector 178
4.3.11.2 Types of Finance Used by Firm Size.. 180
4.3.12 Time Taken to Overcome Barriers 180
4.3.13 Testing for Significant Difference... 181
4.3.13.1 Time Taken to Overcome Barriers by Location 181
4.3.14 Summary-Quantitative and Qualitative Findings............................... 182
4.4 Research Objective 4 183
4.4.1 Introduction.. 183
4.4.2 Profile of Population- Business Owners/Managers/Entrepreneurs 183
4.4.2.1 Gender 183
4.4.2.2 Age 184
4.4.2.3 Highest Formal Qualification 184
4.4.2.4 Number of Years in Current Management Position 185
4.4.3 Role of Business Owner.. 185
4.4.3.1 Design of Strategy 185
4.4.3.2 Planned Strategy 186
4.4.3.3 Testing for Significant Differences 186
4.4.3.4 Role in Implementing Strategy... 186
4.4.3.4.1 Time Taken to Implement Strategy by Gender 187
4.4.3.4.2 Time Taken to Implement Strategy by Business Owner Age............... 187
4.4.3.4.3 Time Taken to Implement Strategy by Number of Years in Current Management Position 188
4.4.4 Drivers and Motivators in Strategy Implementation 189
4.4.4.1 SME Owner Perceptions 189
4.4.4.1.1 Perceptions by Gender 190
4.4.4.1.2 Perceptions by Business Owner Age 190
4.4.4.1.3 Perceptions by Level of Education 191
4.4.4.1.4 Perceptions by Number of Years in Current Management Position 192

4.4.4.1.5. Perceptions by How the Business Will Emerge From Recession..................... 192

4.4.4.1.6 Testing for Significant Difference 192

4.4.4.2 Reasons for Choosing Strategy 192

4.4.4.2.1 Reasons for Choosing Strategy by Business Owner Gender.............................193

4.4.4.2.2 Reasons for Choosing Stratgey by Business Owner Age 194

4.4.4.2.3 Reasons for Choosing Strategy by Business Owner Level of Education 194

4.4.4.2.4 Reasons for Choosing Strategy by Business Owners Number of Years in Current Management Position.. 196

4.4.4.2.5 Testing for Significant Difference 197

4.4.4.2.5.1 Reasons for Choosing Strategy by Gender 197

4.4.4.3 Other Drivers and Motivators 198

4.4.4.3.1 Competitive Advantage 198

4.4.4.3.2 Testing for Significant Difference 199

4.4.4.3.3 Overall Strategy Selected by Management 199

4.4.4.3.4 Testing for Significant Difference 200

4.4.4.4. Barriers.. 201

4.4.4.4.1 Barriers by Gender.. 201

4.4.4.4.2 Barriers by Business Owner Age 202

4.4.4.4.3 Barriers by Business Owner Level of Education 202

4.4.4.4.4 Barriers by Business Owners Number of Years in Current Management........204 Position

4.4.4.4.5 Testing for Significant Differences... 204

4.4.5 Summary of Quantitative and Qualitative Findings 205

4.5 Research Objective 5 206

4.5.1 Introduction.. 206

4.5.2 Research Findings 206

4.5.3 Analysis and Interpretation of Factors 208

4.5.3.1 Factor 1... 210

4.5.3.2 Factor 2... 211

4.5.3.3 Factor 3... 211

4.5.3.4 Factor 4... 212

4.5.3.5 Factor 5... 213

4.5.3.6 Factor 6... 214

4.5.4 Chapter Four Summary 214

Chapter Five Discussion 216

5.0 Introduction 216

5.1 Respondent Profile 216

5.2 Research Objective 1 217

5.2.1 Introduction to Recession Opportunities and Threats 217

5.2.2 Introduction to Key Business Opportunities 217

5.2.3 Key Opportunities 218

5.2.3.1 Increased Efficiency 218

5.2.3.2 Increased Customer Focus 219

5.2.3.3 Target of Niches 219

5.2.3.4 Internationalisation 220

5.2.3.5 Increased Innovation 221

5.2.3.6 Unique Opportunities 221

5.2.4 Introduction to Key Business Threats 222

5.2.5 Key Business Threats 222

5.2.5.1 Business Failure 222

5.2.5.2 Difficulty Accessing Finance 223

5.2.5.3 Decreased Home Market Sales 223

5.2.5.4 Decreased Profitability 224

5.2.5.5 Increasing Costs 224

5.2.5.6 Increasing Bad Debt and Lack of Cash Flow 224

5.2.6 Action Taken to Deal with Threats 225

5.2.7 Summary of Key Business Threats 225

5.2.8 Factors Affecting Opportunities and Threats 226

5.2.8.1 Impact of Recession 226

5.2.8.1.1 Time and Extent of Recession 226

5.2.8.1.2 SME Expectancy Timescale of Recession 227

5.2.8.2 Proactive or Reactive 227

5.2.8.3 Firm Resources 227

5.2.8.3.1 Extent of Recession by Pre-Tax Profits 227

5.2.8.4 SME Location 228

5.2.8.5 SME Size 228

5.2.8.6 Type of Business Sector 229

5.2.8.7 SME Age 230

5.2.8.8 Lack of Knowledge and Experience 230

5.2.8.9 Entrepreneurial Characteristics of Business Owner 230

5.2.9 Threats into Opportunities 230

5.2.10 Summary of Research Objective 1 231

5.3 Research Objective 2 232

5.3.1 Introduction to Strategies Employed 232

5.3.2 SME Selection of Strategies 233

5.3.2.1 Important Factors when Selecting Strategies 233

5.3.2.1.1 Competitive Advantage and Differentiation 233

5.3.2.1.2 SME Resources 234

5.3.2.1.3 RBV and IO Complementary 236

5.3.2.1.4 SME Slack 236

5.3.2.1.5 Changing Marketing Strategies 237

5.3.2.1.6 Internationalisation Strategy 238

5.3.2.1.7 Investment and Innovation Strategy 239

5.3.2.1.8 Pricing Policy 241

5.3.2.1.9 Retrenchment-Cost Cutting Policy 243

5.3.2.1.10 Cash Flow Management 244

5.3.2.1.11 Human Resources- Redundancies 244

5.3.2.1.12 Networking and Collaboration 244

5.3.3 Firm Factors Affecting Strategies Selected 245

5.3.4 Evaluation of Strategy Impact 247

5.3.5 Long Term Considerations 248

5.3.6 A Range of Strategies 249

5.3.7 Summary of Research Objective 2 250

5.4 Research Objective 3 251

5.4.1 Introduction to Barriers in Strategy Implementation 251

5.4.2 Barriers 252

5.4.2 Lack of Finance and Support from Banks 252

5.4.2.2 Speed of Response 253

5.4.2.3 Lack of Market Information and Uncertainity 253

5.4.2.4 Lack of Government Support 253

5.4.2.5 Competition 254

5.4.2.6 Internationalisation Barriers 254

5.4.3 Barriers of SME Owners or Managers 255

5.4.4 Types of Support Available 255

5.4.5 Types of Finance 256

5.4.6 Time Taken to Implement Strategy 257

5.4.7 Time Taken to Overcome Barriers 257

5.4.8 Summary of Research Objective 3 257

5.5 Research Objective 4 258

5.5.1 Profile of Population- Business Owners 258

5.5.2 Role of Business Owners 260

5.5.3 Drivers and Motivarors in Strategy Implementation 261

5.5.3.1 SME Owner Perceptions 261

5.5.3.2 Motivations of the Manager and the Entrepreneur 262

5.5.3.3 Entrepreneurial Orientation 262

5.5.3.4 Reasons for Choosing Strategy 263

5.5.4 Other Drivers and Motivators 264

5.5.4.1 Competitive Advantage... 264

5.5.5 Summary of Research Objective 4.. 265

5.6 Research Objective 5 266

5.6.1 Introduction.. 266

5.6.2 Factor 1: Extent of Recession Affects on the Buisness 266

5.6.3 Factor 2: Reasons for Strategic Choice 266

5.6.4 Factor 3: Business Support Available.. 267

5.6.5 Factor 4: Financial Resources Strategy...267

5.6.6 Factor 5: Perception of Finance 267

5.6.7 Factor 6: Reasons for Selecting Strategy Given Opportunities 268

5.6.8 Summary of Research Objective 5 268

5.7 Discussion on Northern Ireland and the Republic of Ireland...............268

5.7.1 Introduction...268

5.7.2 Size and Sector..268

5.7.3 Construction Sector.. 269

5.7.4 The Euro and the Irish Banking System..269

5.7.5 The Regulatory System..270

5.7.6 VAT Rate...270

5.7.7 Speed of Government's Response...271

5.7.8 SMEs Strategic Response...271

5.7.9 Recovery...272

5.8 Summary of Chapter 5 272

Chapter Six Conclusions and Recommendations 266

6.0 Introduction........ 273

6.1 Key Theoretical Contribution 273

6.2 Practical Implications to Achieve Healthier SMEs........ 282

6.3 Recommendations for SMEs: The Health Prescription 285

6.4 Recommendations for Policy Makers 289

6.5 Recommendations for Private and Public Support Organisations........ 289

6.6 Limitations of Research........ 290

6.7 Suggestions for Future Research 292

6.8 Chapter Six Summary 293

Appendix I Introductory Email 294

Appendix II Phase One – Online Survey 295

Appendix III Phase One - Online Survey (Qualtric Format)........ 309

Appendix IV Phase One Follow Up Email (+ 1 week) 326

Appendix V Phase One Follow Up Email (3 weeks later) 327

Appendix VI Phase One Follow Up Email (Final email) 328

Appendix VII Phase Two – Interview Schedule 329

References 330

List of Tables

Table 1 Comparison of Northern Ireland and the Republic of Ireland......................................9

Table 2 Strengths and Weaknesses of Quantatitive Methodologies...82

Table 3 Strengths and Weaknesses if Phenomenology Approach 84

Table 4 Comparative Analysis between Quantitative and Qualitative Research 85

Table 5 Assumptions Underpinning Pragmatist Philosophy.. 89

Table 6 Jusification for a Pragmatist Stance 90

Table 7 Sources Utilised in Survey Development 96

Table 8 The Sampling Strategy.. 100

Table 9 Advantages and Disadvantages of Online Surveying 103

Table 10 Measures of Database Suitability for Factor Analysis... 109

Table 11 Qualitative Respondent Profile 122

Table 12 The Extent of Recession by SME Business Sector 125

Table 13 Key Opportunities Identified.. 127

Table 14 SME Location Independent Sample t-test... 129

Table 15 SME Size One-way ANOVAs (Opportunities)... 129

Table 16 SME Sector One-way ANOVAs (Opportunities) 131

Table 17 Percentage of Opportunities by SME Age.. 132

Table 18 Key Threats Identified 133

Table 19 Threats by SME Location.. 134

Table 20 Threats by Business Sector... 137

Table 21 SME Size One-way ANOVAs (Threats).. 141

Table 22 SME Age One-way ANOVAs (Threats) 141

Table 23 Strategies Selected During Recession 145

Table 24 Strategies by Location 153

Table 25 Strategies by SME Size.. 154

Table 26 Strategies by Business Sector... 155

Table 27 Strategies by SME Age.. 157

Table 28 Ranking of Overall Strategy.. 158

Table 29 Overall Strategy by Firm Size.. 159

Table 30 Overall Strategy by Business Sector 160

Table 31 Overall Strategy by SME Age.. 161

Table 32 Strength of Impact of Strategies 163

Table 33 Change in Competition 171
Table 34 Changes in Competition by SME Size 172
Table 35 Business Support Available 173
Table 36 Support Available by Business Location 174
Table 37 Type of Business Support Available 175
Table 38 Type of Business Support Available by Business Sector 176
Table 39 Types of Finance Used 178
Table 40 Usage of Finance by Business Sector 179
Table 41 Usage of Finance by SME Size 180
Table 42 Time Taken to Overcome Barriers 180
Table 43 Time Taken to Overcome Barriers by Business Location 182
Table 44 Person Who Designed Strategy 186
Table 45 Planned Strategy by Gender 186
Table 46 Time Taken to Implement Strategy by Gender 187
Table 47 Time Taken to Implement Strategy by Business Owner Age 188
Table 48 Time Taken to Implement Strategy by Number of Years in Current Management… 189
Position ....
Table 49 Perceptions by Gender 190
Table 50 Perceptions by Business Owner Age 191
Table 51 Perceptions by Level of Education 191
Table 52 Perceptions by how Business Will Emerge From Recession 192
Table 53 Reasons for Choosing Strategy 193
Table 54 Reasons for Choosing Strategy by Business Owners Gender 193
Table 55 Reasons for Choosing Strategy by Business Owner Age 194
Table 56 Reasons for Choosing Strategy by Business Owners Level of Education 195
Table 57 Reasons for Choosing Strategy by Business Owners Number of Years in Current……197
Management Position........
Table 58 Reasons for Choosing Strategy by Gender (Significant Differences) 198
Table 59 Competitive Advantage 198
Table 60 Overall Strategy Selected by Management 200
Table 61 Reasons for Selecting Strategy by Number of Years in Current Management……….
Position 201
Table 62 Barriers by Gender 201
Table 63 Barriers by Business Owner Age........202
Table 64 Barriers by Business Owner Level of Education........203
Table 65 Barriers by Business Owners Number of Years in Current Management Position…..204

Table 66 Total Variance Explained 207

Table 67 Final Factor Solution 209

Table 68 Factor 1 Results 210

Table 69 Factor 2 Results 211

Table 70 Factor 3 Results 212

Table 71 Factor 4 Results 213

Table 72 Factor 5 Results 213

Table 73 Factor 6 Results 214

Table 74 RO1 Key Findings 275

Table 75 RO2 Key Findings 277

Table 76 RO3 Key Findings 279

Table 77 RO4 Key Findings 280

Table 78 RO5 Key Findings 282

List of Figures

Figure 1 Research Design Diagram 13

Figure 2 Thesis Outline.. 16

Figure 3 The Resource- Based View 54

Figure 4 The VRIO Framework 55

Figure 5 Dynamic Capabilities Approach 60

Figure 6 Outline of Research Design 92

Figure 7 Chapter 5 Outline.. 117

Figure 8 SME Year of Establishment 118

Figure 9 SME Location... 119

Figure 10 SME Business Sector 119

Figure 11 SME Size 120

Figure 12 SME Pre-Tax Profits 120

Figure 13 SME Legal Status 121

Figure 14 Time When SMEs First Felt Effects of Recession 123

Figure 15 Extent That SMEs Have Been Affected By Recession 124

Figure 16 SME Expectancy Timescale of Recession 126

Figure 17 SME Overall View of Recession 127

Figure 18 Percentage of Opportunities Presented By Recession 128

Figure 19 Perceptions of How SMEs Will Emerge From Recession 164

Figure 20 Barriers to Strategy Implementation 167

Figure 21 Time Taken to Overcome Barriers 181

Figure 22 Gender Profile of Respondents 184

Figure 23 Age Profile of Respondents 184

Figure 24 Highest Qualification Profile of Respondents 185

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A friend had given me this poem to encourage me especially at times when the PhD seemed all too much and it is great advice for anyone starting out on their PhD journey or any large task;

<u>Don’t Quit</u>

When things go wrong, as they sometimes will, when the road you’re trudging seems all uphill
when the funds are low and the debts are high, and you want to smile but you have to sigh
when care is pressing you down a bit- rest if you must, but don’t you quit.
Life is queer with its twists and turns, as every one of us sometimes learns,
And many a fellow turns about when he might have won had he stuck it out.
Don’t give up though the pace seems slow- you may succeed with another blow
Success is failure turned inside out, the silver tint of the clouds of doubt,
And when you never can tell how close you are, it may be near when is seems afar
So stick to the fight when you’re hardest hit, it’s when things seem worst, you must not quit.

Dedication

I would like to dedicate this thesis to my family.

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To my precious baby boy, although not so baby now! James you came along in the middle of my PhD journey and changed my world completely (all for the better). James you are still young but you are my inspiration, after coming through your time of serious illness, (when this thesis was the last thing on my mind), teaching me never to give up but to keep going to come out the other end. You with your beautiful smile and twinkling eyes kept me going through the difficult and trying times. I thank you above all for your patience and love especially when wanting to play trains and mummy having to say no quite a few of them times. Well James mummy is pleased to say that we can now go and do those things that Mummy promised. You truly are my world and I love you to the moon and back and back again. I only hope that you are as proud of me as I am of you.

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To my heavenly Father, God who has given me life, strength, ability and perseverance to cope with all the stresses of both work life, home life and study at the same time.

Abstract

SMEs over the past few decades have received considerable interest; however fewer studies have investigated SMEs in the context of recession. This thesis explores the coping strategies that Irish SMEs adopted to help them survive the Great Recession of 2008. Despite the importance placed on SMEs contribution to the economy, the literature remains mostly under developed in terms of what strategies should be adopted to navigate turbulent times. With the use of strategic management theories such as RBV and dynamic capabilities, this research is positioned to explore recession opportunities and threats, to discern strategies selected while identifying barriers to strategy implementation and the impact of them as well as support available.

Methodologically, a two-phase, sequential, mixed methods approach is taken. Utilising a quantitative online survey instrument, the findings are presented and discussed from 269 SMEs. Qualitative exploration and explanation of emerging themes is conducted, presented and discussed through 31 semi-structured face to face interviews.

A number of important findings resulted from this investigation. Firstly, this research significantly contributes to the understanding of the strategies selected by SMEs based in Northern Ireland and the Republic of Ireland. Thus far, these locations have been largely neglected within the literature. The investigation also outlines the impact of the various approaches adopted by SMEs. A number of factors have emerged which have helped explain why certain strategies were selected, in particular the role of the business owner and the firms resources. Through confirmation, disconfirmation and extension of knowledge, theoretical and contextual contributions are made to the key area of SME strategic management performance in the context of recession. As a result, the research recommends that attention should be shown to the distinctiveness of SMEs, and the particular location and context before advocating certain strategies. This study provides useful findings for practitioners and policy makers.

Glossary

Abbreviation	Term in Full
A-Level	Advanced Level
AIB	Allied Irish Bank
ANOVA	Analysis of Variance
BoI	Bank of Ireland
BTEC	Business and Technology Education Council
CEOs	Chief Executive Officers
DC	Dynamic Capabilities
DETI	Department of Enterprise, Trade and Investment
EBITA	Earnings Before Interest, Taxes and Amortization
EO	Entrepreneurial Orientation
ECB	European Central Bank
EU	European Union
GCSE	General Certificate of Secondary Education
GDP	Gross Domestic Product
GNP	Gross National Product
HMRC	Her Majesty's Revenue and Customs
ICT	Information and Communication Technologies
IMF	International Monetary Fund
IO	Industrial Organisation
IP	Intellectual Property
Junior Cert	Junior Certificate
KMO	Kaiser-Meyer-Olkin
LEA	Local Enterprise Agency
MD	Managing Director
NI	Northern Ireland
NVQ	National Vocational Qualifications
OCED	Organisation for Economic Co-operation and Development
PCA	Principle Component Analysis
Q3	Quarter Three

Abbreviation	Term in Full
Q4	Quarter Four
R&D	Research and Development
RBV	Resource-Based View
RO	Research Objective
ROI	Republic of Ireland
SBA	Small Business Administration
SCP	Structure, Conduct and Performance
SD	Standard Deviation
SME	Small to Medium Enterprise
SPSS	Statistical Package for Social Scientists
SWOT	Strengths, Weaknesses, Opportunities and Threats
TQM	Total Quality Management
UK	United Kingdom
USA	United States of America
VAT	Value- Added Tax
VRIN	Valuable, Rare, Imperfectly Imitable, Non-Substitutable
VRIO	Value Rareness, Imitability Organization

Note on Access to Contents

I hereby declare that with effect from the date on which the thesis is deposited in the Research Office of the Ulster University, I permit

1. the Librarian of the University to allow the thesis to be copied in whole or in part without reference to me on the understanding that such authority applies to the provision of single copies made for study purposes or for inclusion within the stock of another library.
2. the thesis to be made available through the Ulster Institutional Repository and/or EThOS under the terms of the Ulster eTheses Deposit Agreement which I have signed.

Declaration

No portion of the work referred to in the thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

Chapter One Introduction

1.0 Introduction

This research is developed to explore Irish SME coping strategies emanating from the 2008 economic recession. In particular this research investigates the opportunities and threats that Irish SMEs found and what strategies they adopted as a result. The strategies are evaluated taking into account the barriers that were present when the SMEs were implementing their strategies. The role of the SME team is then examined. The first chapter of six within this thesis introduces the reader to the research. Within this introduction, the research background and context is presented (sections 1.1 and 1.2) and justified (section 1.3), the research problem is defined (section 1.4), the research methodology is clarified (section 1.5), the theoretical and practical value of the research is provided (section 1.6), and finally the structure of the thesis is described (section 1.7).

Initial interest in this topic and field of research has been triggered due to the fact that the researcher's job involves providing business advice to SMEs on a daily basis.

There is an extensive range of literature in business creation and SME internationalization over the past decade, however there is limited literature in the context of adverse economic conditions (Latham and Braun 2009; Kitching et al 2009; Sands & Ferraro 2010). In order to address this gap, this study seeks to add value to the current research, by investigating the impact of the adverse economic conditions on SMEs in Northern Ireland and the Republic of Ireland, and how they adapted to cope with the implications. It draws valuable lessons that can be learnt and recommended to SME business owners and policy makers.

1.1 Research Background

Economic recessions produce a time of significantly diminished environmental munificence in which entrepreneurs are presented with increased threat and duress that endangers the survival of every firm (Egan and Tosanguan 2009). Economic recession can be defined as a decline in gross domestic product (GDP) for two or more consecutive quarters. Although many economists accept that economic fluctuations happen, there is less conformity as to their root causes. Several ascribe variations to the bunching of innovations, while others associate fluctuations to the fall of aggregate demand itself, because of diminishing investment. Recessions have been attributed to a decline in customer demand and sales, (Geroski & Gregg, 1997) the rise of competitive rivalry in the marketplace, the reduction of resources and productivity (Pearce & Michael, 2006) and the "cleansing" of obsolete or profitless products, services or businesses (Caballero & Hammour, 1994: p.1352). Those SMEs that have been affected have also made profound organizational changes (Bryson, 1996; Geroski & Gregg, 1997). In addition, recessions usually have included significant reductions in profitability and inadequate finance which affects SMEs survival, especially when finance is needed for operational items (Pearce & Michael, 2006).

Recessions, however, impact businesses and sectors differently. A study by McKinsey and Company (McKinsey & Company, 1993) showed that the effects of recessions in EBITA terms differ across industries. Many sectors are more significantly impacted at the beginning of recessions (e.g. consumer discretionary, materials, energy, and industrials), while some (e. g. health care, and consumer staples) are quite resistant to them. Similarly, Geroski and Gregg (1997) results of firms in the 1990s UK recession also highlighted that the impact of recession on businesses differed with some being affected while some were unaffected, revealing that firm specific characteristics like size, strategy or structure can play a big part on the severity that recessions have on firms.

It is worth mentioning, that research carried out indicates that the most suitable strategies to combat negative effects include better management (Churchill & Lewis, 1984), product development and process innovation (Geroski & Gregg, 1993; DeDee & Vorhies, 1998), refocusing (Shama, 1993), positioning in multiple markets and geographies, and diversification strategies (Pearce and Michael, 2006), as well as collaboration with partners from other markets (Mascarenhas & Aaker, 1989). Yet, no final solution has been provided so far.

While the actual causes of the 2008-09 global recession continues to be argued several issues are generally agreed. Following a time of economic boom, the initial trigger was the financial crisis and ‘fall’ of the financial system. This development, which occurred in mid-2008, had a global knock on affect which led to declining world stock markets, the decline of financial institutions, and an excess of government rescue packages to bail out troubled financial systems (Shah 2009). It took hold of banks and other organizations in several countries, made more harmful by persistent defaults of ‘subprime’ mortgage holders in the USA (Loftus 2008). However, some academics contend that for such default to create widespread harm, a number of contributing circumstances were required (Hildyard 2008, Peston 2008, Wong 2009; Cable 2009, Jain 2009, Cloke 2009).

This recession is unique in that the period before the recession between 1990 and 2008 seen a quickly extending world economy created by the changing of former centrally-planned economies into market economies. For the first time ever in the history of economics, world markets combined into one massive global market.

In summary, there is a need to investigate this recession further. The current existing literature is fragmented and disjointed. In regards to the business community, there is a need to fully understand how and why strategies are selected and which were the most effective to navigate these turbulent times. The particular characteristics of the 2008 recession have definitely highlighted concerns within the academic community as knowledge of it still remains mostly unknown. It is argued that the uniqueness of this recession should compel researchers to further explore this area.

1.2 Research Context

It is important to identify the context of this research to provide a precise research scope for the reader. Ireland in the beginning of the early 1990's saw unprecedented economic growth as the level of Irish real GDP doubled in size over little more than a decade. The period 1995 to 2000 saw a high economic growth rate and led many to call the country the 'Celtic tiger'. However, the financial crisis of 2008 led to Ireland being the first country in the EU to officially enter a recession, as declared by the Central Statistics Office.

The research is conducted from a SME viewpoint, leading the researcher to define the research context from this perspective. There are a number of constraints in which the research is to be conducted. Firstly, the SME must be resident in Ireland either in the North or South. The SME must be at least two and a half years old when the recession occurred to avoid additional initial start-up issues which most SMEs face when becoming established. To inform the research, the SME must still be in existence and have survived the 2008 recession.

1.3 Research Justification

This section now aims to justify the research. This justification is based on five key areas, recession and the uniqueness of the 2008 recession, the importance of SMEs (SMEs can make a country stable in times of recession), investigating Irish SMEs, the timeliness of the recession and addressing gaps in the existing knowledge. Not all SMEs were affected by the recession; some suffered however others prospered. In fact some of the smaller firms, which in many ways are vulnerable actually experienced high growth. So another reason why this research is required and the fundamental question is how do some SMEs cope (and in some cases experience growth) with a recession?

1.3.1 Recessions and the Uniqueness of 2008 Recession

Recessions are known as 'financial crises', 'economic turbulence' and 'credit crunches.' Even though each term is different in its own right they are used to refer to as an unfavourable economic situation. The recessions that have affected the UK and Ireland have been labelled by Elliott (2012) as Post-war Blues (1920-1924), Great Depression (1929-33), Stagflation (1973-76), Manufacturing Meltdown (1980-81), Lawson's Legacy (1990-92) and the past one Banking Bust (2008-09). Recessions warrant further investigation due to their high rate of unpredictability which can lead to drastic declines in growth and a decision of what strategy to select in order to survive. Therefore a strong theoretical basis is required to understand the different aspects between the external circumstances and firm-specific strategic conduct. Scholarly concentration needs to focus on increasing the level of understanding of SME strategies in recessions, especially as business owners are bound to face recessions at one time or another throughout their careers. This research presents a unique opportunity for the scholarly community to link with practitioners. It therefore justifies that an exploration is needed to identify the opportunities and threats presented by the recession. It is of particular value to investigate how the strategies were selected and implemented during the recession and which were most effective.

Reflecting on past recessions, economic crises are not new for NI and ROI economies. NI and ROI have faced various recessions historically. The recessions were caused by many varying reasons, so the duration and intensity have also been diverse. However, the recession that occurred in mid-2008, is unique in that the period before the recession between 1990 and 2008 seen a quickly growing world economy produced by the transformation of the former centrally-planned economies into market economies, for the first time ever in economic history, combining the world markets into one large global market. Indeed some commentators contend that the 2008-09 recession might be part of a "phase shift" in the economy, in which past principles on how it operates are no longer valid leading to new consultations of economic models again. They contend that the results of the previous recession may be a new economic order which can't be fully comprehended. The 2008-09 economic climate by some commentators compared to the

Great Depression and labelled as the 'deepest recession' since the 1930's (IMF, 2009b, Sharma et al 2011, Verick and Islam 2010), adds compelling urgency to understand why some SMEs resist adverse conditions, since many more business sectors are experiencing severe impact from recession. Past recessions can provide some hints of SME responses, however given the unique nature of the 2008 crisis, it is hard to confidently forecast trends or recommend actions for businesses to take to lead to success. Given the limited research to date, recessions call for further exploration due to the uniqueness and importance of the 2008 recession, and the impact that it has had. Furthermore the enduring and reoccurring presence of recessions further supports the merit of this research.

1.3.2 The Importance of SMEs

The importance of SMEs has long been acknowledged in management literature (Birch, 1979; Wennekers & Thurik, 1999; Oke et al., 2007). SMEs are defined by the EU as "companies with fewer than 250 employees, annual turnover not exceeding EUR 7 million or an annual balance sheet total not exceeding EUR 5 million and not more than 5% of capital or voting rights is owned by an enterprise." SMEs are vital sources of dynamism, innovation and adaptability and play a major role in economic growth. SMEs encourage private ownership, spur innovations and build entrepreneurial skills. Their adaptability permits them to make rapid changes in market demands (Szabo, 2002). SMEs contribute to the economy in many different ways including making up the majority of businesses, creating many jobs, supplying local demands, and meeting requirements from larger businesses (Katua 2014, Storey 2010). In Europe, more than 99% of the total population of firms are SMEs, employing approximately 90 million people and generating around 58 % of total added value equating to around € 3.9 trillion (European Economic and Social Committee, 2016).

Acknowledging the importance of SMEs for the economy (Latham and Braun 2008, Oke et al 2007), this research focuses solely on SME firms. And given the vested interest of many stakeholders, the current research is potentially of huge benefit to not only SMEs but to local and central government, economists and business support agencies.

1.3.3 Recessions and SMEs

Economic recession presents a time of significantly reduced resources and associated level of stress for those involved in operating businesses (Shohet and Jenner 2008). As a result, strategic choices made by SME managers are critical for their survival (Srinivasan et al 2005, Brennan and McHugh 1993). Evidence indicates that SMEs were impacted greater by the

2008-09 recession compared to larger businesses (Bourletidis and Triantafyllopoulos 2014). As this was the deepest recession since the 1930s the impact was harsh upon many economies. This meant that the SMEs who prepared least were impacted the most and were more susceptible to failure (OECD 2009). Therefore each business had a blend of positive and negative effects. The scale of the recession for SMEs hinged on a variety of factors including the size of the business, their preparation of recession, the nature of the firm and their products and services, business size, their financial position and business strategies selected (Sharma et al 2011). Both favourable and adverse effects were also in varying degrees as some firms seen development while other SMEs fought hard to survive. However some academics (Kitching et al, 2009b) argue that some SMEs did not experience any impact at all.

Debates exist whether SMEs are less or more risk averse to economic recessions and therefore further investigation is required. Some academics contend that in the context of economic recessions SMEs are usually more vulnerable in times of downturns for different reasons including the following; it is hard for them to downsize due to their small size already; they are each less diversified in their economic operations; they have a poorer financial structure (i.e. lower capitalisation); they have less or no credit rating but are very reliant on credit and therefore have less financing options. On the other hand, other authors purport that small firms are more able to adapt to rapid changing conditions (Fiegenbaum and Karnani 1991). By concentrating on smaller niche market segments which can be less impacted by recessions (Pearce and Michael 1997), SMEs can often benefit from contrasting routes to growth than larger businesses, making them more resilient to economic crisis. Furthermore, SMEs often find times of rapid change as an opportunity to enter into markets that larger firms overlook and beat obstacles that would be more arduous to do in times of growth (Porter 2008).

Many authors argue that there are a number of factors which are considered by SMEs before they select a strategy including the sector in which they operate (Churchill and Lewis 1984), the depth of the impact (Hofer 1980), and that they are influenced by the entrepreneurs own personal traits (Brennan and McHugh 2009). Some SMEs seem to be driven into innovative activity by opportunity, others forced by necessity (Schaper and Volery 2007). SMEs implement strategies differently ranging from being proactive and taking risks, to being reactive and risk averse and this is generally decided upon depending on the resources available coupled with their past experiences (European Commission 2010). Due to the wide extend of strategies selected; the success and the consequent results vary for small firms. Some battled to survive while other SMEs experienced some growth. So the fundamental answer which this research seeks to address is how do some SMEs excel while others struggle to cope?

1.3.4 Criteria for Location / Geographical Focus of Research

1.3.4.1 Republic of Ireland

Ireland experienced unprecedented economic growth in the early 1990's which saw their real GDP level double in less than 10 years. During that time, their growth rates have been one of the highest in the OECD countries. Between 1996 and 2000 the average growth in gross domestic product (GDP) was 9.9% compared to the OECD average of 3.5% (www.oecd.org). Ireland was referred to as the 'Celtic tiger' during this time. Job creation in Ireland was at a scale not previously witnessed before. The country quickly changed from its traditional major industry of agriculture into one of the most vibrant export-led economies, with a wide ranging portfolio of products and services that utilised the newer technologies. Many Irish firms became world sector leaders in healthcare, software development, and enhanced food products. A report by A.T. Kearney in 2003 reported that the country had the highest economic integration of more than 60 countries investigated, and was the world's highest globalised economy. This was a staggering achievement as many of the sectors were less than 10 years in existence in Ireland.

However, such a turnaround occurred in 2008 which saw Ireland as the first country to officially enter into recession due to the financial crisis of that year. The large growth in the construction sector produced by a property market bubble rendered Ireland in a very risky position by 2007. The economic growth rate diminished in the second half of 2007, generally due to a contraction in housing construction. This lead to a severe recession in the economy beginning in 2008. Consequently, this created a catastrophic collapse in the financial sector, which was already heavily overexposed to the property market.

In 2008, output plunged for the first time since 1983, with the recession at its deepest in 2009. House prices rose significantly in the late 1990's up to 2005, and housing investment increased from 6% in 1996 to around 15% in 2006 (GNP). Given house building created the majority of total economic activity, the slowdown in the construction sector had contributed to a serious drag on the overall growth of the economy. In addition, the adverse conditions that had affected the international financial markets in 2007 and which deepen in 2008 and 2009 had intensified Ireland's financial and economic circumstances.

Irish exports where dramatically reduced due to the global nature of the recession as many national economies were significantly impacted. Therefore Ireland is of particular interest of how an economy that was booming was the first to plummet during the credit crunch and warrants further investigation. Furthermore Ireland is an interesting case because of its small size meaning the Irish economy is highly dependent on foreign trade. A population of 3.9 million offers limited opportunity for industrial expansion based on the domestic market.

1.3.4.2 Northern Ireland

The Northern Ireland economy is the smallest of the four countries that make up the United Kingdom. It has had a long established industrial economy including shipbuilding, and textiles, but most of these traditional industries have now been replaced by a growing services sector. Northern Ireland still continues to suffer from the impact of the 1960-mid 1990s Troubles. However during the 1990s, the economy of NI grew quicker than the rest of the UK, partly due to benefitting from the Republic of Ireland's economic growth often referred to as the 'Celtic Tiger' and more peaceful times. During the early 2000s the rate of growth slowed to that more similar to the rest of the UK economy but in 2005 it picked up pace again increasing by 3.2%, which was nearly double that of the UK. Findings from a survey conducted by Halifax in April 2007, showed the average house prices in NI to be one of the UK's highest just below London, the South East and the South West. NI also contained the top ten property "hot spots", with areas such as Newtownards and Craigavon growing by 55%.

So again, like the Republic of Ireland, investigation is required to see how this economy was severely hit by the 2008 recession. The researcher recognises the potential value in conducting a comparative study with both Northern Ireland and the Republic of Ireland. There will be much merit with the results and an element of practicality which is important to SMEs to be able to apply the lessons learnt.

1.3.4.3 Comparison of Northern Ireland and the Republic of Ireland.

Table 1 shows the main differences between Northern Ireland and the Republic of Ireland. Although both are located in the Island of Ireland they belong to two different jurisdictions. Both locations are discussed in greater detail in Chapter two in the section 2.7 investigating the Practical Context.

Table 1 Comparison of Northern Ireland and the Republic of Ireland.

	Northern Ireland	Republic of Ireland
Jurisdiction	Part of the United Kingdom	Independent sovereign state
Governance	Parliamentary devolved government under a constitutional monarch	Parliamentary constitutional republic
Head of State	British Monarch - Queen	President
EU	Member state (at present)	Member state
Population	1.8 million	4.8 million
Size	5,460 square miles (6 counties)	27,133 square miles (26 counties)
Currency	Pound Sterling	Euro
VAT Rate	15% (Dec 2008)	21.5% (Dec 2008)
Corporation Tax	30% decreasing to 20%	12.5%
Economy	60% public economy	60% private economy

1.3.5 The Timeliness of Recession

This recession occurred in 2008 just three years before this research was started so it is very timely. It is highly probable that the recession and firms corresponding strategies are still fresh in the minds of most business owners and decision makers. This is crucial to get as accurate information as possible to help formulate findings which will extend the existing literature.

1.3.6 Gaps in Knowledge

Over the past twenty years, only a few scholarly articles have been published in which recessions take the central role in the exploration. There is a striking lack of recession-themed investigations in top journals of management fields (Kitching et al 2009, Sands & Ferraro 2010). However, the reoccurring recessionary periods has prompted some limited investigations focusing on the impact of recessions on business performance. However most of the studies have concentrated on large firms and therefore questions the applicability of their findings for smaller ones.

The objective of this research is to examine the firm-specific characteristics and the strategies employed by small and medium sized enterprises (SMEs) in coping with the 2008 recession. Although this question is at the forefront of any manager operating in such markets and firm survival and growth has attracted the interest of management scholars for some years, the literature has so far failed to provide a conclusive answer to what makes certain firms overcome adverse economic conditions. The growth of SMEs despite negative economic conditions shows that there may be potential firm-specific factors that can provide businesses with a safety buffer against hostile environments. Past research has explored the impact of some recessions but lacked focus on what type of coping strategies were selected by SMEs to survive and in some cases grow as a result. In considering the knowledge gaps, such as the lack of recessional studies focused on SMEs, the uniqueness of the 2008 recession, the lack of research investigating strategies implemented and assessing their level of effectiveness, this research justifies further investigation.

1.4 Research Problem

As detailed in sections 1.1 and 1.2, this research sets out to explore the opportunities and threats presented by the 2008 recession and as a result what strategies were selected and implemented and which were effective in navigating the recessional storm. It aims to identify what barriers were present and what level of support was available from external sources. Section 1.3 has supplied a brief justification for the proposed research. The research problem itself is formulated from an informed basis, with a comprehensive review of theory (Chapter Two) and providing the basis upon which the research is developed. Furthermore, the critical literature review informs the research methodology and instrument designs, whilst assisting the researcher to depict contributions and recommendations for theory and practice.

From the review of the literature, it is apparent that the research area is currently undeveloped, leading to a need for an exploratory investigation of coping strategies in the past recession. To ensure the research problem is coherently addressed, the research aim and the five research objectives (RO) are outlined.

1.4.1 Research Aim

The research aim is to explore Irish SME coping strategies emanating from the 2008 economic recession.

1.4.2 Research Objectives

RO1**:** To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

R02: To identify and evaluate the impact(s) of each business strategy employed.

RO3: To identify barriers to effective business strategy implementation.

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.

R05: To establish influential factors of coping strategies in recessionary times.

These objectives have been identified from gaps in the existing literature:

- Various research studies have focused on strategies used by larger firms as opposed to SMEs (Wymenga et al 2011, Eggers and Kraus 2011, Soriano and Dobson 2009).
- Lack of research in analysing the different strategies i.e. which are the most effective by linking firm strategy with performance (Volberda and Elfring 2001; Pearce and Michael 2006 and Navarro 2005 Janoff 2001, and Cooke 2002; Geroski and Gregg 1997).
- Lack of academic research in providing practical solutions or advice to entrepreneurs/owner-managers in SME organisations (Navarro 2009; Lilien and Srinivasen 2010; Sloman and Jones 2011).
- Various research studies have mostly focused on a small sample in one particular industry- there is a need to broaden this to include multiple sectors to increase generalizability. (Teece et al 1997; Chowdhury 2002; Hausman and Johnston 2014; Conti et al 2015)
- Lack of research on the role of the entrepreneurs especially in terms of gender (Latham 2009, Kitching et al 2009a; Pearce and Michael 2006)

The research is intended to inform practitioners and policy makers of new findings and lessons that can be applied in their relevant situations.

1.5 Research Methodology

The methodology applied in this research is a two-phase, sequential, mixed methods approach (See figure 1). This methodology is described in detail in Chapter Three. The pragmatic philosophy supports the employment and mixing of positivist and interpretivist research methodologies (Teddlie & Tashakkori, 2012). Creswell (2009) supports this approach as researching such complex social phenomena requires a mixing of research positions and paradigms. The research methodology uses both quantitative and qualitative techniques which perform complimentary but specific functions, providing a more consolidated and vigorous methodology (Creswell, 2009; Johnson & Onwueguzie, 2004). The use of this mixed methods approach also permits triangulation of data and findings, providing confirmation and interpretation of the themes disclosed by prior investigation (Olsen, 2004).

An initial focus group is conducted with five businesses (as suggested by Remenyi 2012) to obtain general contextual background and reaction to the recession. Key issues and themes are identified which then helps devise a test pilot questionnaire. After testing the instrument with 21 responding SMEs (23 SMEs emailed in total) for ambiguity and potential problems with wording or measurement (Sekaran 1992) the survey is finalised using Qualtrics and distributed generating 269 SME responses. Convenience and purposeful sampling is used. The survey can be viewed in Appendix II. This approach is selected due to the need for an initial exploration of key issues and findings which are then used to observe common themes to help develop an interview schedule for the next phase. The interview schedule forms Appendix VII. It mostly includes open questions with some directional comments as advised by McCracken (1998) to gain as much rich in-depth detail as possible. A total of 31 interviews are conducted including 22 SMEs based in Northern Ireland and the remaining 9 from the Republic of Ireland. Transcripts are then developed within a few days of the interview and findings analysed to identify themes, commonalities and patterns which are used to inform subsequent interview responses. Intra-textual and inter-textual data analysis techniques are utilised, allowing comprehensive, systematic and objective handling of subjective, unstructured data (Tashakkori & Teddlie, 2003; Wester & Peters, 2004). Simple Observation is conducted through Ocular Scanning and the identification of Term Repetition and Key Words in Context. The methodology is carried our bearing in mind ethical considerations.

Figure 1 Research Design Diagram

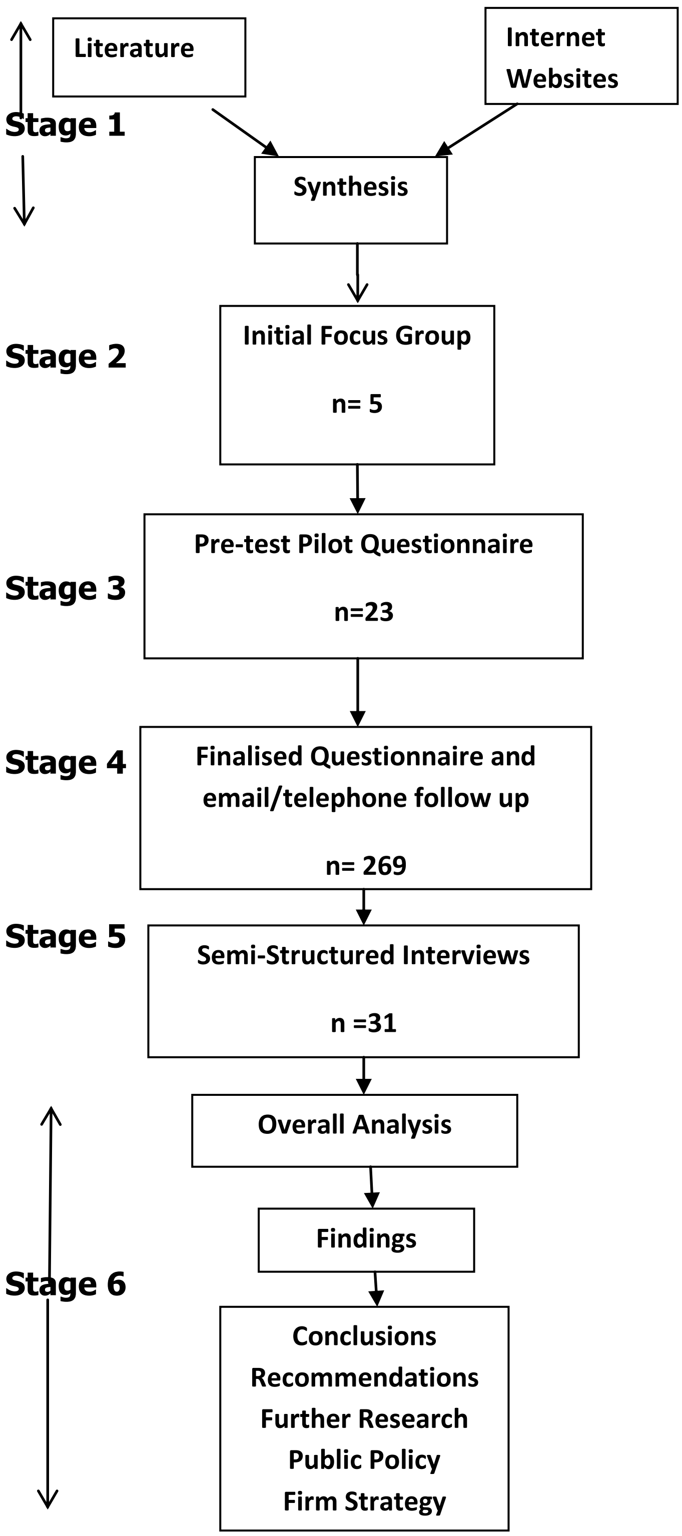


Figure 1 illustrates the methodology devised, with each phase of the research targeted to examine issues. The findings of each stage inform the research methodology of the preceding phase(s).

1.6 Contributions to Knowledge

The research is original in a number of aspects:

1. Research is conducted into investigating strategies adopted by SMEs in the 2008 recession in both Northern Ireland and Republic of Ireland.
2. The research investigates coping strategies employed during the 2008 recession in different sectors.
3. The research investigates the role of entrepreneurs and the strategies they chose during the 2008 recession.

The mixed methodology findings relating to all five research objectives are presented and discussed in regards to the reviewed literature. A number of contributions are made to knowledge through analysing the findings to answer the research objectives set. These contributions can be divided into two distinct ways firstly through either confirming or rejecting the extant literature and secondly through extending the knowledge base where there are knowledge gaps. The findings can be applied to both theory and provide practical recommendations. A number of improvements to existing theory are provided along with a significant number of practical recommendations. The details and value of these is now provided.

1.6.1 Theoretical Perspective

Although the research has reinforced most of the existing theories and correlating literature, several key contributions have been made through disconfirmation or extension of the current knowledge base. The research provides knowledge into different areas that have been largely unexplored, in particular the evaluation of strategies implemented during recession. Furthermore, the research has further developed strategic management theories within the context of recession which can be applied by SMEs to cope better. Moreover, the research contributes to the RBV theory by extending it further by highlighting the importance of a holistic approach and revealing how SMEs can maximise their resource base and core competences to become healthier leading to better business performance. Furthermore, the research progresses the theoretical field of the role of the entrepreneur when dealing with recession conditions as well as advancing the understanding of the research context. The body of knowledge pertinent to understanding the strategic management of recessions is more robust as is knowledge of the research context. Further details of the significant theoretical contributions to knowledge are contained in Chapter four, and discussed in Chapter Five.

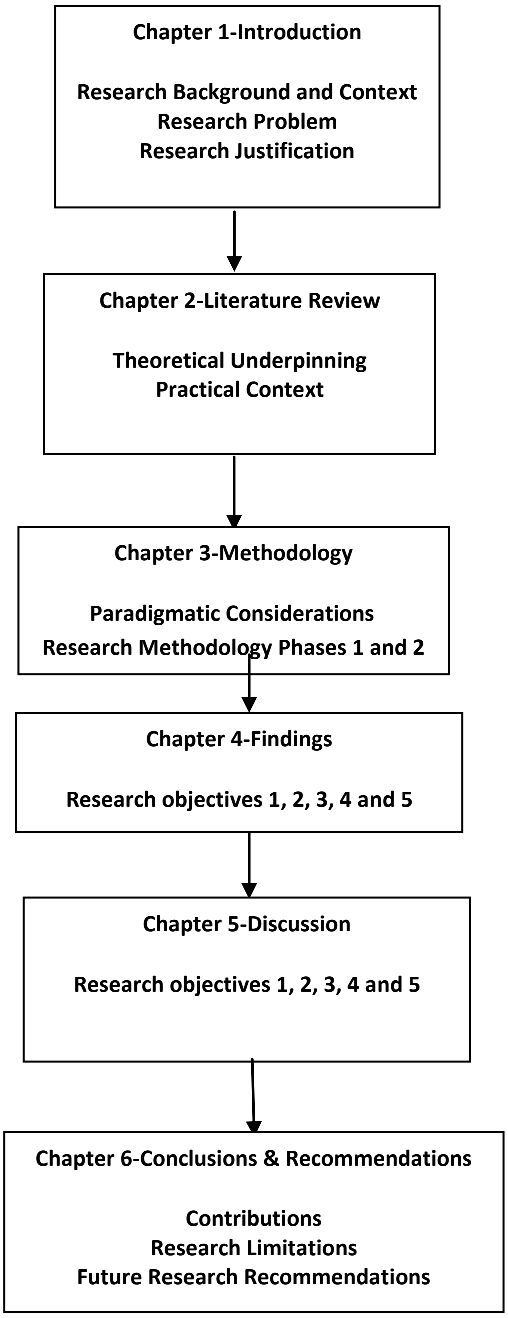
1.6.2 Practical Perspective

There is potential value to be derived from this research by stakeholders in the research area. Indeed, after analysing the data and taking into account their evaluation in consideration of the critical literature review, this thesis contains a set of recommendations directed at stakeholders. The prominent stakeholders to gain benefit from the findings of this research include SMEs, business consultants and advisors, local enterprise agencies, local councils, government organisations (e.g. Invest NI), legislators and education providers.

With regards to navigating economic recessions, the research makes a number of contributions and recommendations to advance the understanding of effective strategies in coping with recessions. Whilst the focus of these recommendations is firmly on Irish SMEs, these may be transferable to other SMEs based in different geographical locations. Recommendations are made with the intention of developing recession strategic management by providing practical guidelines and a health checklist for SMEs so they can be better prepared for coping in recessions.

1.7 Structure of Thesis

Figure 2 Thesis Outline



The current chapter (Chapter One) provides an introduction to the research. Chapter Two provides the reader with a thorough critical review of the literature. It includes a critique of SME strategic management as well as theoretical underpinnings upon which research is developed. Chapter Three provides a comprehensive description of the research methodology conducted in this research study; a two-phase, sequential, mixed methods approach. This includes the philosophical stance taken and the justification of it. Each of the two phases is detailed including: the instrument design; distribution strategies; sampling strategies; and data analysis strategies. Chapter Four presents the quantitative and qualitative findings by research objective. Chapter Five includes the discussion of the findings of each research objective in turn, taking into account the critical literature review. Within this discussion, the contributions to knowledge are delineated. Chapter Six closes this thesis with a conclusion of the theoretical contributions and implications. Furthermore, emanating from the identified factors for development, a number of practical recommendations are forwarded. Finally, Chapter 6 also considers the limitations of the research, and puts forward a number of recommendations for future research.

1.8. Chapter One summary

The first chapter of this thesis introduces the research. In particular, the background to the research and research context is outlined. Also, the research problem is defined and justified. The theoretical and practical value of the research is outlined, and the methodology is briefly described. Next the thesis chapters are summarised. The critical literature review is supplied in the next chapter (Chapter Two), providing a critical review of the existing literature along with the theoretical foundations of the research.

Chapter Two Literature Review and Theoretical Framework

2.0 Introduction

The previous chapter (Chapter One) provides an introduction to the research by outlining the research context, research problem, justification, contribution to theory and practice, methodology employed, and the structure of the entire thesis. Chapter Two provides a critical review of the literature and outlines the theoretical framework in which the research is framed. It offers a review of recession, SME and strategic management literature, theories and models. This literature review section seeks to investigate the existing gaps in the current literature, which the research intends to address and investigate. It identifies how the intended research can support and add further value to the existing research.

> "Knowledge doesn't exist in a vacuum and your work only has value in relation to other people. Your work and your findings will be significant only to the extent that they're the same as, or different from, other people's work and findings" (Jankowicz, 1999, p.128-129)

2.1 Recession Literature

2.1.1 Overview of Recession

Over the past few decades, only a few scholarly articles have been published in which recessions take the main focus in the investigation (Kitching et al 2009, Sands & Ferraro 2010). Therefore this warrants further investigation.

2.1.2 Impact of Recession

According to Shoham et al (2012) the 2008 crisis has been the most severe recession since the Second World War. An ongoing debate exists about the impact of a recession (Latham and Braun, 2011). Some argue that economic recessions represent the most revolutionized event faced by organisations. Latham (2009) argues that Schumpeter (1939) unlike others offered an analysis that considered the effects of recessions on firm level. He maintained that capitalist economies moved through four distinct phases' prosperity, recession, depression and recovery. He argues that recessions are a time of "creative destruction" which presents new products with higher profits which older firms are unable to achieve. It purges and cleanses inefficient firm industries during which some businesses and industries decline, while new ideas, products, technologies, and industries are created and become the catalyst for new economic growth (Caballero and Hammour 1994, Schumpeter 1939, Tvede 1997). During recession much “dead wood disappears” (Schumpeter 1939, p.143) and new innovation replaces previous innovations whose markets have become stale, forcing the economy out of recession (Aghion and Howitt 1992, Segerstram 1990, Grossman and Helpman 1991).These authors contend that recessions test the strength of strategy and strategy is most effectively measured when businesses are undergoing dynamic transformation.

However, others argue and accept recession theory that during times of cleansing the supply side is limited and rejuvenated. Some argue that it is a time of waste and decline and hard to believe that it is part of a national functioning economy (Lucas 1987). Some purport that during recessions, incumbent firms tend to suffer from organisation inertia, which prevents them from adjusting adequately to environment shocks. Conversely, however, a more recent argument has developed and focused on cyclical variations in the opportunity costs of change (Penrose 1959, Hall 1991). This pit stop theory predicts that firms will make investments during recessions which greatly utilise factors of production (management and labour) whose opportunity costs are quite low (Penrose 1959, Hall 1991). Firms will be more determined to modernise because the opportunity costs of not doing so are lower than during carefree times. The difference between Schumpeterian theory and the pit stop theory is that Schumpeterian theory involves the creation of new firms which replaces older ones and the pit stop theory involves already existing firms making internal changes to make investments. Therefore one places emphasis on an external process and the other on an internal driven process.

2.1.3 Opportunities or Threats?

Many scholars continue to have mixed views on whether recessions present an opportunity (Pearce and Michael 1997; Srinivasan et al 2005; Baker 2008; Quelch 2008; Rhodes and Stelter 2009) or threat (Deleersnyder et al 2009; Srinivasan et al 2005; DeDee and Vorhies 1998) for SMEs. Many scholars argue that recessions present many opportunities (Meyer 2009; Kitching et al 2009). This has been highlighted in the past with many multinational businesses being created including Apple, Microsoft and Kellogg, Opportunities include increasing market share from weaker businesses, negotiating lower prices and better delivery times by making cash payments at time of purchase, recruiting highly skilled and talented employees and managers from other firms, investment opportunities that present themselves in recessions, and purchasing businesses at very low prices as firms try to sell assets to improve finances. Meyer (2009) argues that times of crisis are times of opportunity and while the adverse conditions cause firms to shrink and rethink their business strategies new opportunities are created especially for smaller firms, allowing them to reposition themselves. Srinivasan and Strakumar (2011) agree that recessions offer a range of opportunities for those businesses that understand marketplace dynamics and then use the knowledge to plan to overcome problems and as a result not only survive but grow. Recessions provide unforeseen opportunities to change investment strategies (Kitching et al 2009) by improving portfolios or new products/ markets to match changing consumer requirements (Sands and Ferraro 2010). A recession is an opportune time for expansion and evidence demonstrates that during this time start up rates increase. However other scholars such as Box (2011) and Deleersnyder et al (2009) contend that most firms view the recession as a threat. They believe that recessions are considered the most serious environmental threat to SMEs survival, and profitability (Pearce and Byers 2012).

However still, Penrose (2000) claims that crisis such as recessions can be perceived as both a threat and opportunity. He contends that the way the key decision makers view the crisis directly affects the way they will respond. Shama (1993 p.2) supports this and states that it depends on how SMEs “perceive its meaning and impact on their businesses”. SMEs strategic development happens as business owners or entrepreneurs form their views in regards to the context, interactions with stakeholders such as the government and competitors, the existing problems and potential growth opportunities. Opportunities are identified and strategies formulated on the basis of these perceptions (Kitching et al 2009).

Considering that recessions brings both threats and opportunities, firms need to decide to either protect cash in expectation of threats or to use it to invest in opportunities (Nason and Patel 2016). Chou and Chen (2004) argue that firms need to use internal strengths to scan for external opportunities and to abolish potential danger from external threats. SMEs will have more ability to beat their competitors if they can identify more unique opportunities. They also contend the more superior the ability to establish opportunities in the changing environment and the more entrepreneurial orientation to invest in these opportunities the greater the business performance. Smith (2009) cites that although several firms of every kind have been left in a difficult situation, opportunities for growth and gaining competitive advantage still exist. Recessions are fierce but cleansing.

The severe recession conditions do not affect all firms to the same degree. For some, this environment is hostile and poses a threat, while for others it is a chance to explore opportunities of growth (Kunc and Bhandari 2011).

2.2 SMEs and Recession Literature

2.2.1 Introduction

Over the last two decades, numerous research studies have been carried out on SMEs but there has been little in examining the coping strategies of SMEs in recession contexts (Price et al; 2013) even though small business growth and entrepreneurship are recognised as necessary drivers of economic strategy (Matlay 2012, Roe 2010).

2.2.2 Vulnerable or Resilient?

An on-going debate has emerged on whether small or larger firms are more recession-resistant (Egan and Tosanguan 2009). In general, academics have identified two different directions based on firm size. On one hand, the traditional strategy; literature found in the industrial organisation field believes that SMEs are overall more vulnerable in times of recessions because it’s more difficult for them to downsize due to their small size already, they obtain less competitive advantages from economies of scale, they are each less diversified in their operations and activities, they tend to have a weaker financial structure, they are very dependent on credit and they have less financing choices and therefore have limited control over the external environment than larger businesses. (Porter 1980, Drummond and Chell 1994, Pearce and Michael 1997). Pearce and Michael (1997), for example, reported that the smaller manufacturing businesses were those that suffered most during the 1991 recession, showing a higher rate of failure of small businesses of more than 37 per cent when compared to the previous year. Resource constraints are thought to be the main barrier of SME resilience (Sullivan-Taylor and Branicki 2011). From this view, a recent study revealed that SMEs mostly lack resources such as cash and time to respond sufficiently (Herbane 2010). Bourletidis and Triantafyllopoulos (2014) support this and say that small businesses may suffer disproportionally due to restricted financial resources, with a greater reliance on bank lending, paying higher interest rates, limited human capabilities and fewer customers. Wilson and Eilertsen (2010) believe that smaller businesses adopt a defensive policy while larger ones seek opportunities for growth.

However, others disagree and stress the organisational resilient view that SMEs have the capacity to adjust to difficult conditions such as recessions and emerge stronger and more robust (Rudolp and Repenning, 2002). SMEs are not necessarily more vulnerable to recessions than larger organisations, contrary to media headlines often presenting this view. SMEs have unique characters such as higher resilience, flexibility, adaptability and absorptive capacity which helps them to survive and perform well in recessions (Fiegenbaum and Karnani 1991, Dean et al 1998, Carr et al 2004, Andren et al 2003, Fadahunsi 2012, Anderson and Russell 2009), and by concentrating on niche target segments of the market which may not always be influenced by overall recessionary trends (Pearce and Michael 1997), they often experience different paths of growth than larger firms, showing that some are unaffected by economic downturns. SMEs can employ market segmentation more effectively and quicker than larger firms. Latham (2009) contends that smaller firms are more resistant to recessionary pressures and that an important difference exists in terms of strategic response. Smaller organisations identify market niches while large organisations make savings by cutting costs and making redundancies. Smallbone et al (1999) purports that SMEs show resilience as they normally see the success of their business as personal as well as a commercial goal and therefore are committed to survival almost regardless of personal cost or sacrifices. Furthermore, small entrepreneurial firms often find times of rapid market changes as an opportunity to approach new markets that their larger competitors disregard and overcome barriers that would be difficult to do in growth periods (Porter 2008). Indeed evidence suggests that many SMEs have produced excellent sales figures in recession periods in various studies (Shama 1993). Both theoretical approaches have received sufficient validation through empirical research leading to confusing and conflicting evidence relating to the effect of environment changes on firm size, thus leaving the discussion open (Latham 2009).

2.3 SMEs Response in Recession.

2.3.1 Introduction

Economic recessions present entrepreneurs with increased risk that threatens the survival of their firms (Egan & Tosanguan 2009). Authors (Macpherson 2005, Gwyer 2010) contend that strategies used in a normal economic environment do not necessary help with survival or growth in adverse conditions. However, some authors argue that in such unpredictable times, entrepreneurs are left with few strategic options to cope with economic pressures. What is clear is that there has been no single definite answer provided to date as to what the best strategies are for businesses to employ effectively during a recession. Tansey et al (2014) argues that response strategies become crucial when dealing with turbulent environments. Therefore, recessions require businesses to assess the impact on their firms and to take adequate action to survive if not grow in the turbulent environment.

Although recessions are challenging for SMEs to achieve performance, this does not apply to every SME. In fact some SMEs flourish in the face of adverse conditions. SMEs respond differently to recessions as they are affected in different ways and in different degrees. Therefore further research is justified to investigate what strategies help SMEs cope.

2.3.2 Pro-active or Reactive?

SMEs will normally take one of three ways when implementing strategies. Firstly they will be proactive and be optimistic when planning for changes and reduce expenses in wake of a recession. This will lead them to being in a better position to purchase other businesses or increase their firms which can be cheaper in a recession. Another strategy could be to internationalise. The second way is to adopt a neutral strategy where some firms are neither proactive nor reactive and there only goal is to survive rather than obtain growth. This initially starts with cutting overhead costs to raise sales turnover. They normally restructure the business internally (De Jorge Moreno et al 2007). Thirdly, is the pessimistic approach where businesses who are ill prepared for uncertainties in the environment implement reactive strategies to survive. These strategies include downsizing or selling the business. These businesses have reduced access to the economic environment so find it difficult to cope and grow during recessions. However, other academics such as Gulati et al (2010) suggest combining strategies to manage and obtain good business performance in recession. Strategies can be mixed and matched to obtain maximum performance. However, there is no evidence to prove that one strategy is more effective than the other.

Lovelock (1997) contends that the best time to get ready for a recession is while the economy is still growing. Well thought out and planned strategies during a time of prosperity can to a certain degree protect a business against harsh conditions of a recession. He emphasises that reactive strategies, such as cost savings alone are not sufficient long term. He states that a proactive approach such as reducing costs without decreasing the value offered; reducing debt to allow for adequate working capital and introducing fresh methods of creating value should be attempted when things are blooming. He argues that the firm that is very well prepared for the potential of a recession is the one that will find it the easiest to survive in it.

2.3.3 Short Term Survival or Long Term Business Performance?

Business owners who are not taken by surprise when the recession occurs will be in a position to take a more long term view, benefitting from opportunities that will be available to SMEs as they come out of a recession. Other academics support this view and found that business fitness' prior to recession influences financial health as the recession ends. Geroski and Gregg (1997) found many SMEs survived but long term survival and competitive advantage are imposed by the extent that firms can utilise their existing resource base. Latham and Braun (2008) support those businesses with greater initial levels of stock resources fared better in terms of post-recession performance. Other academics found similar results. Beaver and Ross (1999) found that small businesses were at a higher risk of failure than larger ones but if they kept their strategic consistency they were likely to survive. Robbins and Pearce (1992) state many businesses who are financially weak at the onset of recessions decide to aim for fiscal conservatism, cost reductions, and higher efficiencies to protect them and stop resource losses. However, although this may help with immediate performance betterment it does not secure longer-term competitive advantages. Reeves and Deimler (2009) state that a defensive strategy does not give better outcomes in the long term. Cost cutting alone has been highlighted to have large consequences for the post-recession period (Roberts 2003). SMEs tend to suffer from lagging effects. Customers may change to alternative products during recession and when it ends they may continue buying from these firms rather than going back to their previous suppliers. There is a requirement for SMEs to go further than efficiency measures in order to adopt strategies that can lower customer loss during the recession and attract customers back post-recession.

Ghemawat (2001) argues a need to strike a balance between managerial saving and spending; a firm's resource base will impact not just on strategic decision making choices but also on the outcome of those choices when recessions end. Logic utters both low cost and differentiation approaches can enhance business performance (Homburg et al 1999) and lead to SMEs performing well in difficult economic conditions. However, short term action can raise business performance quickly but only initially and carries a threat of destroying brand image when strategies are very poorly planned. On the other hand, high performing firms in hostile environments normally adopt long term objectives to obtain increased sustainable advantages (Gulati et al 2010). Therefore balancing urgent needs with a long-term vision should be a vital realignment factor. Furthermore Gulati et al (2010) purport that cost reduction strategies need to be coupled with investment opportunities to survive during and after recession. Firms are compelled to become more agile and innovative to balance opportunities and threats during recessions (Rollins et al 2014).

2.3.4 Competitive Advantage

O'Callaghan (2011) contends that it is advisable to have a bold strategy that seeks growth rather than a protective approach the moment it happens. The key is to select an appropriate strategy that provides a competitive advantage that allows firms to differentiate from their competitors. For an example if a firm selects a low cost strategy then they need to decrease their selling prices, or if a business has a swift response strategy to changes in the environment then they should made immediate changes to the structure and operations of the business (Smith 2010). Many authors (Penrose 1959; Porter 1980, Teece 2007) put forward different strategies which can provide businesses with a competitive advantage and therefore the literature remains fragmented and confusing.

2.3.5 Types of Strategies

The following section will outline the different types of strategies that SMEs adopt.

2.3.5.1 Retrench or Invest?

The way in which businesses react to a change in the environment during an economic recession highlights the importance of a firm's survival or growth during difficult times. Recessions present SMEs with a problem; to reduce costs in the short term at the risk of reducing their ability to adapt adequately when it ends or on the other hand to keep higher capacity leading to higher costs in the short term to maintain the ability to gain opportunities of long term value creation when the upturn happens (Kitching et al 2011). Generally, the literature identifies three broad categories of strategy in recession conditions; retrenchment strategies (decreasing operating costs and divestment of non-core assets), investment strategies (investing on innovation and market diversification) and ambidextrous strategies (a combination of both retrenchment and investment). Hofer (1980) also provides a framework of four possible actions; cost cutting strategies, revenue-generating strategies, asset reduction strategies and combined effort strategies. The empirical evidence in support of Hofers (1980) framework is quite mixed, Latham (2009) contends that Hofer's framework (1980) has been used in several studies to develop hypotheses (Egan and Tossunguan 2009, Latham 2009) but a retrenchment strategy can have a negative impact for many SMEs. Many academics contend that cost-cutting strategies monopolise the strategic action of business managers (Beaver 2007, Beaver and Ross 1999). However, others have found revenue generating strategies to be the required response (Latham 2009) and others still have found a combination of strategies to be fundamental for high performing businesses (Kambil 2008).

Literature highlights that business performance does not follow tightly with organisation characteristics e.g. business size or sector. SMEs are not necessarily more vulnerable in recessions compared to larger organisations, regardless of headlines often presenting this notion. It mostly matters on how businesses view recessions i.e. if a risk then they will normally implement retrenchment strategies or if they view it as an opportunity they will normally invest. De Waal and Mollema (2010) state that there are opportunities to invest but they must create value for the firm such as recruiting talented employees from competitors and introducing fresh products. Valuable and worthwhile investments include product adaptations (improving product quality, repackaging and repositioning), increasing the brand image and marketing message (offering value and trust) and investing in product and process development (Baker 2008, Betts 2009, Rhodes and Stelter 2009, Geroski & Gregg 1993). Roberts (2003) supports that the main focus should be on the customer. He argues firms making valuable investments such as enhanced marketing and higher quality products will provide higher profits and improved market share during recovery. Findings highlight that marketing can be far more important in a recession than at any other time. It provides an opportunity to improve the firm and obtain competitive advantage in market share (Kamber 2002, Tellis and Tellis 2009). Such gains are more difficult to obtain during periods of growth (Koksal and Ozgul 2007). Rollins et al (2013) supports this and believes that increasing advertising and proactive marketing will provide higher sales and growth of market share. Pearce and Michael (1997) also argue that increases in market relations before and after recessions will raise return on equity. However, Knox and Freeman (2006) state that brand image will have a less impact during recessions and pricing reductions will have a two-pronged negative effect; they will lessen brand equity and impact on long term business performance. Chou and Chen (2004) state that resource –abundant firms can use a predatory pricing strategy to maintain their leading position in a market, but resource scarce firms must avoid price wars. However, many studies highlight that the overuse of price as a promotional tool may damage the value of a brand (Chapman and Wahlers 1999) and therefore it is dangerous to rush into a price war before considering the side effects. They believe that a value centric strategy is the best approach for businesses to survive. Given the restrictions of the environment, SMEs should invest in more innovation to improve products, create good brand prestige and utilise loyalty schemes and value-added services. They should emphasis value rather than price competition. Initiatives to gain and maintain customers are discussed greatly in the literature; the advice of several authors is that marketing research should be increased, advertising spend at least maintained and brand exposure enlarged with a particular focus on improving online awareness (Baker 2008, Rhodes and Stelter 2009). Lilien and Srinivasen (2010) cite that firms gaining when times are difficult lead to businesses separating themselves from the weakest and provide a benefit later on.

However, other academics argue that recession is a risk to firms and that they should retrench as an automatic response to maintain scarce resources with the aim of surviving until the recession ends (Deleersnyder et al 2009, Srinivasan et al 2005, Michael and Robbins 1998, Hillier 1999). Although operational definitions of retrenchment strategy have varied among academics, most view cost and asset reduction as vital elements. Despite gathering evidence that reducing marketing activities tends to weaken a firms' position significantly, adversely affect future sales and profits and enlarge the negative effects of a recession not just on the organisation itself, but also on the economy as a whole (Lamey et al 2007, Rhodes and Stelter 2009. O'Malley et al, 2011) several firms' reaction is still to retrench. Some academic's findings highlight a positive relationship between retrenchment and associated performance (DeDee and Vorhies 1998, Churchill and Lewis 1984, Michael and Robbins 1998). Slatter (1992) advises that firms that retrench in adverse environment conditions benefit from better business performance compared to their competitors. Tansey et al (2014) also agree that there is great support for cost leadership strategies being used in the construction sector as a means of survival. Michael and Robbins (1998) recognise that retrenchment is widely used however it is not the only response by SMEs. Given the uniqueness of the recession; retrenchment was likely the main if not only strategic option available. Navarro (2009) agrees that advertising usually declines in recessions but should provide more reason for businesses to use as a device to differentiate from competitors. But he warns that it is necessary to change the advertising message and product mix to meet the differing customer requirements. Many academics (Kitching et al 2009, Pappas 2014) advocate that managers should not raise prices due to price elasticity of demand during recession- they believe that customers become more price sensitive as recessions continue. They purport that businesses should reduce capital expenditure in the wake of recession so as to not be left with increasing debt as cash flow diminishes. Businesses should raise capital expenditure in recessions as costs in recessions tend to be less and therefore this can allow them to be the first to market with the latest products. Barnett et al (2015) contend that “trimming” should be utilised in the new economic situation so that firms can do more with less and improve their value. However, he warns that it should be only be used in ways that contribute to prior complementary capabilities and resources. Navarro (2009) cites that businesses must trim inventories in light of recessions and increase inventories as they prepare for growth. Large stockpiles e.g. raw materials can reduce profits at late expansion into early recession and have top prices.

However, Kitching et al (2009a) contend that recessions are difficult for SMEs, as a lack of resources can hinder them from identifying and reacting to adverse economic conditions. Also diversification is hard in the SME sector as there is more emphasis on smaller customer bases (Smallbones et al 2012).

Some academics (Gulati et al 2010; Van Scheers 2018; Kitching et al 2011) have discovered that ambidextrous strategies provide better performance results. Gulati et al (2010) contends that firms need to both retrench and invest in order to survive a recession, neither is sufficient alone. Van Scheers (2018) and Kitching et al (2011) found both cost reduction and growth strategies fundamental for survival. They contend that SMEs have adaptable managerial structures and therefore can easily change their strategies to survive recessions. They found that SMEs will usually retrench first then move towards more risk taking initiatives and contend that there is a requirement to strike a balance. Pappas (2014) also found in his studies that firms’ most vital strategies were cost reduction followed by innovation. Gurkov (2009) cites that cost leadership and differentiation is both necessary although cost leadership is most common due to survival in the short term. He argues that the decision between the two strategic choices is less reliant on the firm’s prior performance and competitiveness than by the motivations of key internal decision makers.

During recessions many businesses fail to make investments (Chan 2008) therefore downsizing becomes the main strategy used by firms to gain a business advantage (Cascio 2002). However, Luana et al (2013) cite that downsizing may not always be the suitable strategy for enhancing business performance as e.g. redundancies and organisational slack reductions may leave the business at an unsuitable size, therefore having a negative effect on the business. Shah (2000) contends that businesses should build on their core competencies (supports RBV approach) by securing knowledgeable staff rather than making them redundant or invest in assets to maintain flexibility and act as a buffer. Downsizing may limit a firms' competitiveness due to decreased resources which can cause inflexibilities and the incapacity to grow through acquisitions and mergers during a recession at a time during which businesses are often undervalued. Therefore downsizing may be a double-edged sword. There is an opportunity to merge and acquire as firms are undervalued in recession, therefore businesses may be provided with growth opportunities. However, others may downsize to remain competitive or even just to survive.

Academic research in the area of retrenchment versus investments offers conflicting insights. (Srinivasan et al, 2005). Many studies identify particular adaptations under recession conditions such as changes in marketing, branding and pricing. However, they usually do not focus on whether such changes lead to a fundamental strategic change, for example as part of retrenchment or investment strategy different from an operational change. More recent research (Shama 1993) provides limited insights with little theoretical evidence or generalizability. Hillier (1999) emphasis that for some firms with certain characteristics the best strategy is to retrench on marketing during recession, but he does not provide generalizable results. Only a few empirical studies have explored this topic, the results are incomplete and implications are limited to certain business sectors (Gulati et al 2010). Given the difference between the recommendation to invest in marketing and the widespread action of retrenchment, more in-depth research is required to understand the importance of marketing during hostile economic conditions (Reibstein et al 2009). Srininasan et al (2005) contend that there is a need to bridge the gaps in the understanding of the appropriate selection and effectiveness of marketing response and to create more knowledge to provide help for firms in the decision making process during recessions.

In summary, SMEs concentrate mostly on three strategies. The first is usually to make a reduction in expenses so they trim the amount of staff or decrease their wages and focus on improving productivity and efficiency. Secondly they aim to generate more income by becoming more innovative by either increasing their markets (to seek growth and higher sales), concentrate more on the customer or widen their range of services or products. Thirdly they use a mixture of strategies. These strategies depend on individual firms and their business health. The health of a firm is based around factors including resource availability, experience of the owner-manager, the economic condition, and how prepared the business is to cope with hostile economic conditions. SMEs which suffer more tend to put very strict strategies in place to fight recessions (Kitching et al 2009b).

2.3.5.2 Turnaround Strategy: Entrepreneurial and Efficiency Recovery Strategies.

Extant turnaround literature (Pearce and Robbins 2008, Lohrke et al 2004, Chowdhury and Lang 1996, Robbins and Pearce 1992) recommends business owners experiencing decreasing business performance to engage with both retrenchment and repositioning strategies. Pearce (2010) contends that turnaround is not clearly defined so it is hard to measure its performance. However, Cater and Schwab (2008) define it as a set of consequential directive long term decisions and actions targeted at the reversal of the perceived crisis that threatens firm survival. Pretorius (2000) states that a business has been turned around when it has been protected from a downturn that threatens its survival to proceed with normal operations and provides acceptable performance to its stakeholders. Latinen (2000) further defines it as a strategy that organisations adapt when reacting to unknown changes in the environment which aims to change threats into opportunities during a recession. They contend that businesses will retrench first then shift focus towards entrepreneurship initiatives.

While turnaround in a recession is not a new area, little has been provided on the issue (Latham 2009). Pearce and Robbins (1994) recommend two turnaround strategies or recovery strategies, namely entrepreneurial recovery strategies (actions to do things differently) and efficiency recovery strategies (to do much the same but on a smaller more effective scale). More importantly, Meyer (2009) found that businesses that act cautiously have less chance of identifying changes in the market and therefore overlook the opportunity to quickly change to the shifting market conditions. On the contrary, businesses that follow more entrepreneurial strategies normally adapt powerful scanning procedures of the environment and as such are able to identify more quickly and precisely the "tremors" in the market and "prepare for jolts" (Meyer 2009: p.528). Furthermore, they found that firms that utilised more entrepreneurial strategies performed best in hostile environments, while businesses using more cautious ones - avoiding financial risks and minimizing their capital investments – seen their competitive advantage significantly decline. In terms of strategic decision making, the entrepreneurial firms are the ones inclined to take business related risks, to promote change and innovation in order to get a competitive advantage for their organisation (Covin and Slevin 1989).

Schoenberg et al (2013) carried out a literature review of turnaround strategies and noticed six factors including cost efficiencies, asset retrenchment; focus on firms' core activities and building for the future. The other two relate to accompanying change processes necessary for implementation; reinvigoration of firm leadership and corporate culture change. Cost effectiveness relates to “quick wins” used to protect finances in the short-term until more detailed strategies are devised or to rapidly improve cash flow (Sudarsanam and Lai 2001). This is normally the initial action taken as it usually requires little capital outlay (Robbins and Pearce 1992). The most common steps entail; decreasing R&D, stock and marketing (Barker and Mone 1994). Some authors (Boyne and Meier 2009, Morrow et al 2007) disagree with decreasing costs too much as it can compensate assets necessary to support the core focus of the business. Boyne and Meier (2009) findings provides evidence that over pursuing cost efficiencies leads to asset reduction. Asset retrenchment includes disposing of the weakest assets (Morrow et al 2007). It is normally the next step and used especially if cost reduction is not sufficient alone. However, Filatotchev and Toms (2006) warn it can be hard to raise cash from their disposal and that asset sales could hamper future strategic options. The third element of concentrating on core activities includes refocusing on markets, products and customers that potentially create the highest sales therefore focusing on where businesses have a unique competitive advantage. The firm maximises its chances of recovery through helping the needs of the core customer so to help it increase its advantage compared to its competitors (Arogyaswamy et al 1995). There is a requirement to position themselves for the long term and build for the future when the immediate crisis has passed and their financial position has become stable (Filatotchev and Toms 2006). Reinvigoration of firm leadership is necessary as CEOs can be dismissed as they are usually initially blamed or are unaware of problems or try to use previous solutions to sort the problems (Barker and Patterson 1996). Managers must remember it is not just the organisations systems or structures that require change but the behaviours and attitudes of the individuals. Culture change aims to challenge past beliefs. Turnaround strategies have been too generic with little regards to the particular context faced. A gap exists in turnaround strategy particularly in the context of global economic recessions. Pandit (2000) highlights that past studies have often outlined the content of turnaround strategies but never really focused on the context and the process of turnaround. Contextual issues relate to the severity of the crisis, the attitude of shareholders, and the historical business strategy process. The procedure includes establishing the triggers that begin the turnaround process, the course of successful recovery actions, and the careful activity that can be taken to stop failure. O’Kane (2006) discovered a limitation of turnaround research in that it offers implausible results and little support for managers. Latham (2009) supports this view and states that it has received little systematic thought. However, other academics (Pearce and Michael 2006, Navarro

2005) argue that practical insights into turnaround strategies remain advantageous particularly in recessions, where failing businesses can become prosperous firms. Therefore they have made calls for more research on strategies for successfully coping with recessions. The RBV and dynamic capabilities view could be useful to further investigate turnaround. For an example does a business that holds to a RBV view achieve more successful recoveries by protecting and utilising their important unique resources? This research aims to answer this question as RBV and dynamic capabilities are two of the theories that underpin this research.

2.3.5.3 Lean Strategy and Organisational Restructuring Strategy

Singh et al (2009) contends that lean management can be a survival strategy by removing waste and making firms become more efficient. Businesses must be sufficiently adaptable to quickly change strategies to meet customer requirements and reduce prices but at the same time not compromise on quality. They argue that this can only be done through lean principles. Lean is able to manufacture a higher variety of products at lower costs and greater quality with fewer inputs, compared to traditional mass production. It requires less human effort, less space, less investment and less total cycle time as it uses the best skills of staff, by giving them a wide range of tasks by combining both direct and indirect work and by promoting continuous improvement activities (Dankbaar 1997). Firms should aim to be more superior, quicker, and less expensive than their competitors' e.g. train employees in many different areas. It also includes six sigma techniques, better customer communication through all stages of product growth and provides greater customer satisfaction. It also decreases operation and overhead costs, and lowers obsolescence e.g. stock, obsolete technology and decreases waste. TQM principles can be utilised to improve quality. In order to adapt firms must fully comprehend customers value proposition and maximise their value chains. They need to appreciate stream, by business process reengineering (Hammer and Champy 1993) and disregard activities that do not provide value and lessen the distance between the stages. It involves adopting Just –In-Time practices to manage inventory which has the advantage of decreasing required floor space and at the same time provide higher quality products. Businesses must concentrate on being more different by for example targeting niches by focusing on the features and options of a product that are more attractive to the customer. Lean strategy usually requires the restructuring of the business so it becomes more efficient. Many studies show that firms implement restructuring strategies to deal with hostile situations to help improve business performance. SMEs mostly conduct reactive structuring as they normally have not planned for recessions. These are informal and ad-hoc and known as problem-centred strategies and only implemented when problems arise (Vrecko and Sivec 2013). These informal strategies are normally only used to fix issues temporarily. Wainwright et al (2013) suggest seven strategies for restructuring namely relocation; outsourcing; off shoring; bankruptcy; mergers and acquisitions; internal restructuring and business expansion. However, some of these strategies may be more suitable and easier to implement for one SME but not another.

2.3.5.4 Diversification

Many authors (Mintzberg & Quinn 1996, Echols & Tsai, 2005) contend that SMEs should compete on differentiation as they don't usually have enough resources for reducing costs and implementing the cost leadership strategy. Mintzberg & Quinn (1996) advises a combination of differentiation through innovation strategy and a product-service centred strategy by providing more customer tailored solutions. They believe firms should target a niche market (usually based on innovation or quality), and understand customer value propositions preventing direct competition with larger firms (Fiegenbaum & Karnani, 1991; Echols & Tsai, 2005). Innovation will promote quicker adaptation to the ever changing environment; the product-service customization will allow good tracking of customers and better provision of products/services to meet their requirements, while targeting clear market segments will reduce competition from larger companies. "A viable niche should be big enough for the small firm, and unattractive to large firms thus enabling the small firm to utilize its limited resources and avoid head-on competition with the large companies." (Fiegenbaum & Karnani, 1991: p.102).

However, there is an ongoing debate for and against diversification. Some argue the case for core strategy; that it is better to keep to core skills and to what the firm knows and is best at. Others argue that firms can create value by reducing risks through diversifying (Peters and Waterman 1982). A study conducted by Zurich highlighted that the dominate resilience strategy has been diversification of products and services undertaken by 63% of SMEs. Although diversification creates revenue opportunities and can reduce sales risks, it can limit SMEs operationally or strategically, as well as introduce new business obstacles and vulnerabilities. These SMEs engaged in the biggest risk-management behaviour change in a generation. They became more strategic and took a longer-term view in financial planning which bodes well for the future but many were also still apprehensive and conservative, providing a mixed picture in the short-term. More research is therefore required to understand in detail what role diversification plays in business performance outcomes during times of recessions.

2.3.5.5 Internationalisation Strategy

Several studies (Calof and Beamish 1995, Hall 1980, Holmlund and Kock 1998) have investigated the process of firm internationalisation but research has been limited in the context of economic adverse conditions. The term “internationalization” has been used in the literature generally to cover a number of issues with confusing views and so needs to be clarified. Calof and Beamish (1995, p.116) define internationalization as: “the process of adapting a firm’s operations (strategy, structure, resource, etc.) to international environments”. Although there are many influences on firms to internationalise such as changing customer requirements, developments in manufacturing and commerce and changing competitive conditions, they may be pressurised into exporting abroad due to hostile local environments which make survival and growth more difficult (Hall, 1980). The push factors symbolises forces within the firm that put pressure on the business to internationalise. In their study of the importance of relationships in the internationalisation of Finnish firms, Holmlund and Kock (1998) discovered that some firms were forced to become international to maintain or protect their position in the market. They also found that businesses internationalise to gain access to resources and customers if the home market is saturated. Internationalisation can be a strategy which helps SMEs cope with recessions (Pederzoli and Kuppelwieser 2015, Evans et al 2008, Hutchinson et al 2007). Although a “voluntary” approach usually permits for more time to create, test and implement a strategy, perceived outside pressure from recessions may require faster decisions and action to strengthen a company’s position internationally.
Internationalisation can be perceived as a prerequisite for survival or an opportunity to exploit an existing competitive advantage in a new market (Van Scheers, 2018). He purports that internationalisation is vital for business recovery from economic recessions by firms shifting their revenues and profits to less affected countries. He discovered that internationalisation behaviour (pace of growth) increases after a recession. However, other academics (Morgan 1997, Rutherford et al 2001) argue that internationalisation for smaller firms can be expensive, more time consuming and a severe drain on scarce resources. Financial resources are ultimate barriers to SME development (Morgan 1997). Access to finance is often limited by a lack of collateral or short trading track records (Rutherford et al 2001). SMEs usually pay higher rates of interest than larger businesses. Most SMEs tend to

suffer from bureaucracy and red tape. Underdeveloped testing facilities, non-conformity of standardisation, weak certification and low commitment by SMEs prevent internationalization for these businesses (Yin, 2004). Chetty and Campbell-Hunt (2003) found that the decision makers' lack of information about a new market, their level of education, their internationalisation experience and their attitudes and beliefs about the threats connected with internationalisation affects the decision to internationalise and can therefore prove to be an obstacle. Information is an important resource for the new venture (Cooper et al 1995). Firms in an early stage of internationalisation have more barriers in accessing the needed funds for exporting their goods or services abroad (Bilkey and Tesar 1977). Although there are many challenges and barriers for SMEs entering new markets, some authors (Covelo and Martin 1999, Hauk et al 2007) contend that it is sometimes the only available option for survival during recessions. Decision-making processes in relation to the choice of market, timing and method of entry are important to comprehend from both a research and managerial perspective (Covelo and Martin 1999). However, Hauk et al (2007) argue that firms that already have internationalised should also consider withdrawing from markets where they are not the main players and concentrate on markets that offer better competitive advantages.

2.3.6 Factors Affecting SMEs Ability to Cope

2.3.6.1 Uncertainty

In recent times the issue of uncertainty has emerged in discussion as one of the main obstacles in retaining and growing a business. Uncertainty can be seen as both an internal and external barrier. If there is an increase in uncertainty over a long time period businesses become increasingly worried in which strategy they must carry out. Many firms will use a 'wait and see' policy which leads to stifled business performance. Both Bachmann et al (2010) and Webber (2016) confirm that uncertainty is bad for business.

2.3.6.2 Business Age and Size

Studies find that business age and size are associated with business performance. Age seems to have both a negative and positive impact on business performance (Blackburn et al 2013).Younger businesses have a higher failure rate but they also provide a faster growth rate. Much research shows that younger firms can deal better and grow faster than older firms. The main reason for this is because new firms tend to be risky during their start up so much so that just under half fail in the first two years of starting (Slatter 1992). However SMEs have lower closure rates after they reach more than five years of trading (Reid and Garnsey 1996). Nunes et al (2013) discovered that business success is associated to how quick SMEs can grow in their first few years. However, Hamilton (2012) finds that instead of business age, there is a closer relationship between employment size and business performance. The confusion in the findings highlights that in regards to business survival and performance, businesses act differently in various contexts. Studies also reveal that exporting firms grow quicker than non-exporting businesses (Robson and Bennett 2000). Therefore the type of business also makes an important impact on business performance.

2.3.6.3 Innovation

Innovation can be defined as incremental or fundamental ideas of changing the way things are being done. In the economic literature, there are three major categories of innovation; product, process and service innovation. Product innovation relates to the successful adaptations or additions to the physical product features (Rothberg, 1981). Process innovation involves the successful developments in the main operations of a business to achieve higher quality, flexibility, unit costs minimization, and greater performance outcomes (Davenport, 1993). Although a debate exists regarding its definition (Gallouj and Weinstein, 1997), service innovation normally relates to new or improved services, products, or methods of creating and producing pre-existing services. Innovation has mostly been associated with the new product and process developments in operating activities (Gallouj and Weinstein, 1997). However during the last twenty years it became clear that services are not only major users of innovations but also "pioneers" especially in the information technology advances (Miles, 2010: p. 669). In terms of the latter, a major development has happened in the field of economic research, and currently service innovation is identified as one of the major drivers of innovation.

One of the ongoing debates in economics relates to what the right conditions are for innovation. Rafferty and Funk (2004) contrast the two confusing explanations for increasing or decreasing R&D. The cash flow perspective argues firms with fewer funds will decrease R&D in recession. In contrast, the opportunity cost perspective maintains recessions offer cheaper strategic factor markets and innovation activities increase. Cefis and Marsili (2006) believe that it’s common knowledge that during recessions, firms that focus on innovation have higher chances of surviving. Falk (2013) contends that innovation is recognised to be an insurance against failure. Dibrell and Craig (2008) support this and state that it is a main driver of competitive advantage and provides higher market share, greater productivity efficiency, higher product growth and extra revenue (Van Auken et al 2008). Decreased demand during recession can promote innovation activities because the production foregone during recessions reduces the opportunity cost related to the necessary financial investment. Tubbs (2007) and Dugal and Morbey (1995), go further to state that R&D utilised early in recession leads to a higher business performance in the recovery cycle. Li (2000) research highlights that innovation in designing new products and manufacturing has enabled businesses to stay competitive and meet market requirements. Navarro (2009) argues that recessions is an opportune time to renew existing equipment because the opportunity costs of lost capacity utilization are lower. He recommends a buy-low-sell high approach when purchasing businesses at bottom prices in recessions and selling unwanted firms at maximum prices in the later stages of expansion (when prices of stock are beginning to rise). Innovation activities are positively related to profitability (Bayusetal 2003, Pauwels et al 2004) and add excellent value to firms by building strong market assets such as innovation experience, brands, and customer loyalty. Pearce and Michael (1997) emphasises those strategic adaptions such as the introduction of new products in the market, are highly effective during a recession. Established relationships are weakened by shifting behaviours of spending and firms must make suitable changes to their strategies to meet new consumers' requirements (Le and Nhu 2009, Shama 1993). Businesses that invest in brand and product development during recessions find it easier to gain market share and customer loyalty (Deleersnyder et al 2009, Tubbs 2007). Smith (2009) argues that businesses must do more than just decrease costs as this alone further weakens their already insecure market positions. He contends that it is not about pulling back but pushing forwards with fresh ideas. The goal is to save money by being more innovative not by being less costly. Champions in recessions are those that establish improved streamlined methods to benefit customers. They succeed by establishing new ways of doing things. Academics believe many SMEs will survive the recession but will suffer from lagging behind if they have retrenched initially. Others emerge on an upward path, stronger than ever. Their innovations will create the boom that follows. When competitors retrench in recession, they exit the field revealing that they are giving up, rather than pursuing new ways of succeeding. This leaves the field wide open for new innovations. Innovation can excel in many different economies, but it is the only way to succeed in a poor one. So for SMEs to be successful they need to "think outside the box."

Tognazzo et al (2016) believe that managers need to combine research and development investment with a consistent innovation strategy that involves business and management innovations like the establishment of mission and values, improved internal and external communication and change management practices.

Innovation and business performance has received mixed results. Mason et al (2009) contend that innovation leads to faster growth for SMEs. However, Coad (2007) did not find any association with innovation and business performance. Generally, most scholars contend that when exploring innovation, firms should consider financial, social and human resources.

2.3.6.4 Internal and External Barriers

Internal barriers are those obstacles and stumbling blocks that stop businesses from growing internally such as marketing and sales capacity, finances, intention and motivation for growth and managerial abilities. External barriers on the other hand are those such as unfavourable regulations, competitive market structures, and lack of infrastructure, government tax, and high interest rates which affect the business externally. Many authors agree that both barriers prevent business growth (Bachmann et al 2010, Goldberg and Pallodini 2008). The main barrier in NI and ROI during the 2008-09 recession was obtaining finance followed by cash flow (Lee 2011). Blackburn (2002) goes further to contend that SMEs are more impacted by external barriers then internal barriers. Confusing perceptions exist if business performance is linked more with internal or external factors. Kirkwood (2009) purports that it is related to internal factors such as excellent reputation, recruiting talented staff and concentrating on customer service however Furlan et al (2014) associates it more with external factors.

Murphy (1996) contains that if a firm experiences low-entry barriers than it has a lower survival rate and vice versa. This is because they will face more and more increased competition if there are less obstacles as it is easier to enter. Meanwhile Jamehshooran et al (2011) maintain that tough exit barriers will help stop business owners from leaving businesses.

2.3.6.5 Business Advice and Support

Many studies find a close relationship between business advice taken and business performance (Bennett and Robson 1999). SMEs seeking advice has increased since the mid-1980s. Support can come from two different sectors namely private including banks, accountants and solicitors and publicly including the Federation of Small Business, Chamber of Commerce's and Local Enterprise Agencies. The main type of advice that SMEs seek is tax and financial management, ICT training, business strategy and marketing advice (Robson and Bennett 2000). Even though many SMEs do not normally purchase advice, those that do get the benefit of advice that they buy-in. The advice widely used is from accountants followed by bankers and solicitors. Another key source of support is received from business friends and family especially as small firms do not like to reveal any business information to outsiders. Customers' and suppliers' advice is also highly regarded. (Department of Employment 1991). The key criticism of advice from external advisors is that it may be based on 'best practice' but is not generally contextualised to the individual firm (North et al 1997). Many support that the most reliable advice comes from trade organisations. Contextualised information may be gained from other similar business owners, subject experts and financial experts.

SMEs generally seek advice in two ways. Firstly, when it is difficult to maintain their position and secondly when they want to grow. Businesses require customised and timely support to secure and grow their business (Perran 1999).

Business planning also affects the success outcome for SMEs. Herbane (2013) surveyed 215 UK SMEs and suggests that the key to overcome the recession is business plans. Wickham (2006) supports this view and states that business plans are the way to accomplish growth in recessions. Business plans help businesses to cope and grow by formulating, communicating, analysing and making good decisions and actions. However, Deimel et al (2009) found 60% did not have any type of business plans and another study showed that over two thirds did not have any strategic plans.

2.3.6.6 Government Support

Many academics argue that because the lack of finance from banks is connected with finance and expansion and therefore employment and economic growth, it puts the onus on policy makers to provide and advocate alternative financing models for SMEs such as private equity funders, and crowd funding. Although the government's business growth initiative and loan guarantee schemes are available they are tailored more for larger businesses with high growth potential. However, some contend that the Small Business Act (2008) package of policies was established to put SME interests first and at the centre of decision-making. However, there still remains a general consensus that there is a need for policymakers to explore additional and alternative business models and revenue sources for SMEs. Madrid-Guijarro et al (2013) supports this and states because firm performance affects economic growth and job creation, government policy should be centred on encouraging businesses to invest and focus on innovation e.g. tax credits can promote investment in innovation which is key to remaining competitive. Also collaboration between SMEs and large firms can lead to overall economic stability (Narula 2004). Promoting collaboration between universities and SMEs can assist to create an innovative environment (Markman et al 2005) and promoting science parks, technology centres and incubators can help too. Such a policy will encourage investment in innovation, with particular relevance in process innovation (which suffers the most by recessions) even during recessions so that firms are still competitive in the long term. Business support organisations can use the information to help businesses better understand the significance of the connection between investment in innovation and business performance. Business managers may be unwilling to commit finances to innovation during periods of adverse economic conditions. The role of business advisers can be to help firms to comprehend the significance of a strategic commitment to innovation as well as how innovation improves business performance. Others suggest that policy makers emphasises specialise employee training, encouraging cooperation between SMEs to establish a consortium of financing, increasing tax payment times for SMEs promoting business incubators to help new ventures and promote innovation through the creation of innovation hubs (Li et al 2011). Makkonen et al (2014) support this and argue that policy making and economic subsidies encourage competition and innovation to maintain and create a healthy business environment during economic downturns.

Many scholars also place a responsibility on policy makers to play an active role in encouraging internationalisation (Berry and Brock 2004, Szabo 2002). Badrinath (1994) argues that careful collaboration between the government, promotional institutions and the business community is vital in providing an incentive for SMEs to internationalise. Government and trade organisations were identified as being crucial to SMEs to help them to keep up to date and be aware of the current market trends, consumer preferences and technologies and make contact with buyers. They should create specific tailor-made training programmes, establish a broad awareness of export opportunities and generate interest among the business community, assist firms in the planning and preparation stages for exporting and provide the necessary expertise and know-how to successfully enter and develop export markets and help in international market activity tangibly through cost-sharing initiatives (Seringhaus and Botschen 1991).

Future research is required in finding more effective ways of financially helping business relationships between SMEs and lenders including other suitable ways for lending to assist the survival of SMEs e.g. government guarantees. Although many authors advocate that there is a need for businesses to manage their assets better, the role of the government is still crucial in supporting SMEs in recessions so all can benefit.

2.3.6.7 SME Manager / Entrepreneur

In light of a recession, learning to manage the business cycle and recession proof a business have become important areas for both managers and academics (Navarro 2009). There is agreement that the business owner has a crucial role to play in the developmental process of the small firm (Bourletidisn 2013, Berry and Brock 2004, Barlett and Ghosal 2002). Several researchers (Stevenson 1983, Morgan 1997) have placed specific focus on the influential roles of entrepreneurs affecting the business performance and growth of small firms. There is a general consensus in the literature that the business owner has a significant influence upon the strategic orientation, growth orientation resource orientation, management structure, entrepreneurial culture and reward system of a business (Stevenson, 1983). Being the key decision maker in the business, the manager is responsible for the business positioning, and business performance. Therefore, it can be argued that the direction of the business is directly related to the characteristics of the business owner (Morgan, 1997). The important part played by the manager is crucial because the decisions made by them impacts the businesses overall performance. Penrose (1959) was among the first academic who discovered the relationship between managerial characteristics and firm performance. She advised that managerial willingness for growth is positively linked to firm growth, and cited that there were two types of managers, the manager and the entrepreneur, establishing the entrepreneurs as the managers who seek growth (Penrose, 1959). Many academics have developed this by not only concentrating on the growth orientation of the manager (Begley, 1995), but also on other psychological traits that impact on business growth such as their requirement for achievement, and control. The literature based around entrepreneurship has also separated the characteristics of owner-managers and entrepreneurs by their different attitudes towards risk and innovation. While managers find innovation threatening, entrepreneurs find innovation as a method to gain opportunities (Burns, 2001). Burns argues that although owner-managers and entrepreneurs do share some common characteristics, such as independence and control, entrepreneurs are different because they tend to be more innovative and proactive and not afraid to take risks and cope under higher uncertainty. In relation to these characteristics, two types of small firms have been recognised: the lifestyle firms, and the growth firms. Lifestyle firms are established by owners-managers to provide solely an income for the owner(s), were as growth firms are created by entrepreneurs with the aim of growth from the outset (Burns 2001).

Other academics have focused on leadership qualities of the manager, suggesting that "leaders" affect business performance either directly with their ideas, and strategies they implement or indirectly by placing trust and commitment in their staff (Westley & Mintzberg, 1989). In regards to leadership, Peters (2005) states that in the “crazy and chaotic times” which recessions can create, business owners may go back to a command and control style of leadership which is not effective compared to the participating styles of leadership which Hersey (1997) in his situational leadership model, argues will create greater productivity and profits.

Some scholars argue that previous experience and young age will be positively associated with business performance. They believe that firm tenure will be negatively associated with it, while education has received mixed outcomes. Hambrick and Mason (1984) cite that younger managers tend to be more successful due to their riskier nature compared to the more conservative nature of their older counterparts. Obeng et al (2014) support this and reports that younger owner-managers tend to grow firms faster. They suggest that younger managers tend to pursue riskier strategies, and hence "experience greater growth and variability in profitability from industry averages than firms with older managers" (1984: p.199). Most studies highlight a negative effect on business performance and older managers as they show "commitment to status quo, less likelihood of strategic change, and limited exploration of new alternatives" (Datta & Rajagopalan, 1998: p.837). Roper (1999) study revealed a negative effect between managerial age and innovation or strategic change. Empirical studies highlighted evidence to suggest that the business owner's age is positively linked to firm survival. However, the relationship is reversed when the owner is both very young (18-25) or reaches a certain age (55+) (Cressy, 1996). Furthermore Penrose (1959) argues that it is the level of education and not the type of education that managers possess which will be linked with innovation but business performance. Education is not directly linked to business performance although firms that are managed by well-educated owners are likely to have better steady performance than businesses managed by less educated managers. Singh et al (2001) found that SME owner-managers with university degrees had more successful businesses than ones without degrees. Rajagopalan and Datta (1998) argue that CEO educational levels will be positively connected with industry growth because highly educated managers tend to be able to multi-task better, make quicker decisions, and are more innovative. However, Macpherson (2005) and Cooney (2012) found that contextual experience has a more significant role in bringing business success than qualifications. Generally, educational background seems to be of vital importance particularly for smaller and younger businesses (Storey, 1994). Studies have also discovered that male owner-managers manage and grow firms faster than females (Singh et al 2001). This is because males tend to be bigger risk takers whereas females are more careful with resources.

In regards to firm tenure, defined as the number of years the manager has been in the organisation, has received mixed findings. Tenure in an organization has usually a negative effect on business achievements (Boeker 1997) especially under unpredictable situations when rapid changes are required, this outcome is strengthened, attributable to "rigidity and commitment to established policies and practices" (Boeker, 1997: p. 156). Therefore, the longer a manager's tenure, the less flexible they will be when managing strategic change. Rajagopalan and Datta (1996) found a direct negative connection between business sales growth and CEO tenure which was greater among high performing firms. Boeker (1997) study highlighted a negative impact of manager tenure on strategic change and this was greater under adverse conditions. Hambrik and Mason (1984) argue that firm tenure will be positively associated with profitability and growth in a stable environment, and that it would have a negative association with business performance in a hostile environment. Hambrik and Mason (1984) argue that in stable industries, experience that is linked to throughput functions will be positively connected to profitability, while in hostile industries, where competition is intense, experience in regards to output functions (sales, marketing etc.) will be positively linked to profitability. Although the findings from the above studies are confusing, the impact of the industry dynamics on the relationship between a manager’s characteristics and business performance is clearer. Managers are impacted by their views regarding environmental threats or opportunities, which then impact in their decision making, and ultimately on business performance (Chattopadhyay et al., 2001). Based on the results above many academics argue that the businesses that manage to grow even operating in hostile environments will be managed by managers with entrepreneurial tendencies, high educational levels, and long firm tenure.

However, Chandler and Jansen (1992) cites that pre-ownership experience in a similar business environment is positively connected to business growth. They discovered that managers of high profitable firms judge themselves with high levels of managerial skills, although there is no clear evidence of the impact of the managers' education levels and business performance. Although the findings are of managerial views, the impact of experience on business performance is clearly recognised. Martin and Staines (1994) also found that industry experience, and good technical knowledge with good track records is positively related to high business performance. Cooper et al (1995) also discovered that higher levels of education and industry-specific experience lead to not only firm survival but also growth. Little evidence or research has explored manager characteristics including gender, age, education and experience under recession conditions

Some literature makes the case that managers respond to environmental disruptions in two different ways (Latham and Braun 2008). One school of thought argues that environmental uncertainty stops managerial risk-taking and therefore decreases business change and adaptation as they concentrate on efficiency worries by cutting costs (Staw et al 1981). Heifetz et al (2009) label it "hunkering down". The other contending approach holds that managers will adopt more risk-taking behaviour, which is supported by prospect theory (Kahneman and Tverskiy 1979) as the expectation of managers facing declining performance may higher the risk level within their decision making process. While managerial views of recessions tend to influence strategic response, this aspect remains underdeveloped in the recession literature to date.

Some academics argue that managers cannot prepare and plan for recessions as recessions are very unpredictable. However, Navarro et al (2009) contradicts this perception and argues that managers can prepare for the business cycle with suitable strategies. For an example, countercyclical investment decisions normally lead to more successful outcomes. Supported by Navarro's (2005) research, firms should adopt a master cyclist perspective by selecting strategies in line with the business cycle stage. Alessandri and Bettis (2003) support this and cite that firms strategies are best looked at over a full economic cycle. Whittington (1988) and Kitching et al (2011) also argue business owners always have some choice regarding strategies they select, although the degree of choice is often limited by resources or the situation. Managers react with different strategic responses in recessions depending on the resources and capabilities available to them. However, Lovelock (1997) observed the difference between entrepreneurs who proactively plan for recessionary times, and those who are buffeted by the economic hardship when it arrives. He strongly argues that business owners must be proactive rather than reactive. SMEs should be following strategies of creativity and innovation to get a sustainable competitive advantage and create value for the business. What innovative firms need are people who are innovative (Kanter 1997). Haber and Reichel (2007) research found that entrepreneurial managerial skills was the greatest factor to both short-term and long-term business performance. The role and personality of the entrepreneur of the small firm and his/her strategic decisions are associated directly with the competitiveness and innovative performance of the SME (Hoffman et al 1998). It is the skills, knowledge and management practices and routines that are developed over time and experience which are not easily copied that help organisations achieve high performance (Brundin et al 2008). Innovation is the particular role of entrepreneurship (Drucker 1985). It is the means by which managers either create new valuable resources or enhance existing resources with greater potential for creating income (Piperopoulos 2010). Man et al (2002) developed a conceptual model to link SME owner characteristics and business performance. The managerial skills and knowledge, his/her demographic psychological and behavioural characteristics tend to be the most significant factors associated with SME business performance, particularly since SMEs usually have an entrepreneur as the founding member. Man et al (2002) identified six entrepreneurial competences namely opportunity competencies- identifying and developing market opportunities through a range of methods; relationship competencies; conceptual competences including conceptual abilities in the managers behaviour e.g. risk taking and innovation; organizing competences for example leadership, teambuilding and training; strategic competences including formulating, evaluating and implementing business strategies and finally commitment competences that push firms forward. He recommends that it is the business owner that must provide the business direction as they are responsible for the strategic planning process. They must be dedicated to the task to improve the business performance and at the same time motivate their employees. Business owners must keep abreast of what is happening in the market that is relevant to their sector and recognise adverse conditions in advance. Management must also consider the long term picture not just the short term benefits of retrenchment and formulate a strategic plan that will provide the best outcomes for the business when the recession ends. Raghavan (2009) argues that while managing strategies are mostly about surviving in the short-term, CEOs need to implement strategies which will ensure the longer term interests of the firm. Therefore they need to keep experienced high skilled staff. They need to provide clear regular communication to relieve worries of redundancies. They should keep staff up to date continuously and personally communicate progress to all stakeholders often. Smith and Gravers (2005) support this and contend that human resources are valuable contributors to the strategy process. Also, firms need to include develop risk managing strategies such as scenario planning which is an efficient instrument that can be utilised in their context.

While managerial views of environmental change are bound to impact on strategic response, this aspect remains underdeveloped in the existing literature. There is little evidence or research that has looked in-depth at the manager and /or entrepreneur characteristics including gender, age, education and experience and on how managers can successfully navigate recessions. For managers, the biggest learning point of the last recession of 2008 is that they have to develop a greater understanding of the business cycle and learn how to recession-proof their organisations. All managers must scan the environment and learn how to best implement appropriate strategies and develop their organisations with a strong business-cycle orientation and create a favourable structure and culture. Navarro (2009) believes that it is possible for all managers to master the business cycle. He suggests that the next challenge for business owners is to hang on to any gains when the economy starts to grow again.

2.3.6.8 SME Networks

Strategic management research has considered each business as a part of a complex arrangement of businesses linked and connected with one another (Porter, 1980; Thorelli, 1986). Businesses must be explored in terms of their social networks. In strategic management, social networks have been examined in terms of their makeup, and their operation (Provan et al, 2007). There are two main types of networks: internal and the external networks. Internal networks are the ones that are built up inside a business and external ones are created outside the business with actors (Sawyerr et al. 2014). External networks due to their complex nature have been broken down even more. For example, Szarka (1990) has differentiated between "exchange networks" -all the actors that businesses have commercial transactions with, "communication networks" -non-trading firms which act as information providers for the firm, such as advisors, local and central government etc. - and "social networks" which are made up of personal contacts such as family (Szarka, 1990: p.11). Lechner and Dowling (2003) have also discovered "social-personal networks", "reputational networks", "co-coo petition networks", "marketing networks" and "knowledge-innovation-technology" networks (Lechner & Dowling, 2003: pp.12-16). Many academics support that the positive effects of social networks on business performance can provide a number of advantages for the businesses that take part in them. Some of the advantages include an easier way to gain information and market knowledge (Gulati et al., 2010; Inkpen & Tsang, 2005), cooperation with other firms in creating new products, and processes (Gulati et al., 2010), exploring fresh perspectives for business strategy (Thorelli, 1986), and businesses being able to play equally regardless of size, to benefit from economies of scale and scope (Gulati et al. 2010). It has been affirmed that social networks help businesses accomplish greater levels of efficiency and effectiveness by allowing them to focus only on the operations in their value chain they are good at, while the rest of the business operations are completed by other network members who they are specialised in (Szarka, 1990). Firms can concentrate on building "core competences" (supports RBV approach) (Prahalad & Hamel, 1990), taking advantage of economies of scale and scope, and lowering their transaction costs, in order to beat competition. It has been argued that although strong ties are necessary for the new growing venture (Ostgaard & Birley, 1996), when a firm wants to grow, it is the creation of weak ties that becomes more significant (Nelson, 1989). Among actors that share closer ties, the diffusion of knowledge becomes often difficult: the stronger the ties, the fewer new actors engage in the knowledge sharing process, whereas the looser the ties, the higher the diffusion of knowledge towards more actors (Granovetter, 1985). In that respect, while new businesses depend on their inceptive strong ties, mostly established by the business owners' personal networks (Hite & Hesterly, 2001), as they shift towards initial growth, they tend to concentrate more on new weaker ties. These allow them to gain more opportunities and deepen the range of available resources required to grow. Small firms that are fast growing especially need to establish lots of weak ties to gain from the benefits from working together with different actors. "External resources.... are the key to above-average growth, letting them pursue opportunities that lie beyond what their present assets would afford" (Jarillo, 1989: p.135). Small firms must build the networks they rely upon because otherwise they will normally become unprotected during adverse periods and may lose a key supplier or customer. On the other hand, when small businesses keep a wider range of network connections, they can be more flexible and resilient to the changing environment (Szarka, 1990).

The confusing results of the above findings have led many scholars to concentrate on the affect that the environment has on the link between social capital and business performance. The rapid changes of the environment and the uncertainty in the market highlight the requirement for businesses' to network with different actors both within and outside their business sector (Borch & Arthur, 1995; Lorenzoni & Lipparini, 1999).

Dickson and Weaver (2008) research reveals a positive relationship between alliance formation and perceived uncertainty, technological demand and export intensity, and a negative relationship between the formations of alliances and managerial perceptions in respect to business growth and sales. Also, Lorenzoni and Lipparini (1999) argues that market uncertainty raises the "reliance on external partners who are known and trusted as reliable" (Lorenzoni & Lipparini, 1999: p.318). To justify their argument, they carried out in-depth case studies of three Italian businesses, and discovered that firms that use a range of formal and informal networks can accomplish higher positions in the industry despite the current economic situation. They also advise that networks that appear from long-term strong relationships are able to help a firm gain long term benefits by getting access to suitable capabilities, maximising on economies of scale and establishing innovative ideas (supports dynamic capabilities theory). Sawyerr et al. (2014) cite that high levels of perceived uncertainty are positively associated to both external and internal networking, which can give additional superior business performance. Their research of 357 USA businesses operating in high technological intensive industries supports their argument that under high uncertainty conditions internal networking is positively connected to business performance but findings did not show any association between external networking and performance.

2.4 Theoretical Overview

This section will provide a theoretical overview of strategies.

2.4.1 Development of Strategy Theories

Over the past few decades strategic management theories has developed in intricacy. As a result, the general landscape is severely confusing with a lack of agreement regarding the underlying theoretical assumptions (Volberda and Elfring 2001). Most studies are focused around how businesses accomplish and maintain a competitive advantage. Naude and Havenga (2014) cite that businesses marketing strategy needs to establish, mould, protect and maintain its competitive advantage. According to Teece et al (1997) many strategic management theories cluster around only a few ill-defined models. Many tries to categorise strategy have been made including Stone (1975) Five Strategies and Whittington (1993) four generic approaches which relates the different theories to the associated schools of thought within the strategic management arena.

2.4.2 Stone's Strategies (1975)

Stone (1975) has made valuable contributions. Stone identified five strategies namely survival strategy which involves decreasing costs by making staff layoffs, lowering stock levels, and disposing product lines with low profit margins. Adjustment strategy cantering on higher supplier credit, and equipment leasing and eliminating pay rises. Capitalising strategy involves contingency plans in operation and creating new enhanced products, lower prices, and improved service packages. Growth strategy includes businesses increasing which they may be pressurised to do due to the changing competitive process of the market in order to remain in the market. This could include purchasing other businesses by buying from weaker firms and exploring new foreign markets. He purports that managers need to manage rather than react.

2.4.3 The Classical School (Whittington 1993)

This school takes a rational and deliberate approach to strategy formulation with a unitary objective of profit maximization (Whittington, 2001). It assumes that the business environment is stable; however the approach is a non-starter if uncertainty happens in the macro environment. The classic school consists of Bain's SCP paradigm (1956) (structure-conduct-performance), Ansoff Matrix (1965) and Porter (1980, 1985) competitive forces approach (Five Forces of Competitive Advantage Framework and Value Chain Model). The SCP paradigm of industrial organisation (IO) economies has provided a foundation for many theorists. According to Mason (1939) the fundamental assumption of the SCP paradigm is that the performance of an industry is a function of the behaviour between buyers and sellers which is also a function of the industries structure. However the role of business strategy has been mostly ignored in the traditional literatures with the main focus being that industry structure, especially entry and mobility barriers, determines potential performance. It was this criticism of SCP that led to Porters (1980, 1985) work on competitiveness and strategy. "The strongest competitive force or forces determine the profitability of an industry and become the most important to strategy formation." (Porter, 2008 p. 80). The positioning school, developed by Porter (1980) views the firm obtaining "strategic fit" with its environment that is, with analysing the competitive forces working within the environment (Porters Five Forces and Generic Strategies Model) to decide how best to compete. Porters Generic Strategies model has been one of the most fundamental strategic management ideas for businesses chasing a competitive advantage and has been the basis for much strategy research across a broad range of sectors. The findings provide empirical support for the validity of Porters generic competitive strategies model consisting of cost leadership (lower costs), differentiation (from rivals) and focus (specializing in product in market niche). Firms adopting the cost leadership strategy concentrate on creating mainly standardised products, at the cheapest price, and benefits from economies of scale when selling higher quantities. This strategy centres on competing through efficiency rather than product quality or service (Green et al 1993). Businesses who select the differentiation strategy try to separate themselves from the competition by providing unique products and services and charging greater prices for them. Miller (1988) suggests two different types of differentiation strategies; differentiation through innovation and marketing differentiation. Differentiation through innovation includes the utilisation of new technologies to establish new products and services, while marketing differentiation tries to higher the perceived value of the products and services by enhancing their image through intensive marketing, unique pricing and market segmentation. Lastly, a focus or niche strategy happens when businesses adopt either a cost leadership or differentiation strategy on a narrow segment of the market. These firms that select niche strategies try to attract only a small margin of the whole market, geographically or demographically defined, by offering either low cost or tailor made products or services to specifically address the requirements of the customer (Green et al 1993). Niche strategies are normally classified in three dimensions; product, customer or technology depending on the particular focus. The businesses that do not select the above strategies will be "stuck-in the- middle", and therefore their chances of success are limited. These firms have a lack of investment on low-cost production processes, low differentiation to offset higher prices, while their market segments are not clear. In other words, these are the firms that attempt too many strategies at once and experience no success with any strategy (Baum et al., 2001). Although Porter (1980) has stated that a business should only chose one of the generic strategies (pure strategies) to avoid weakening it he has not always been consistent on this recommendation... "At the broadest level we can identify three internally consistent generic strategies (which can be used singly or in combination) for creating such a dependable position in the long run and outperforming competitors in the industry." (Porter 1980 p.34). Furthermore, empirical research has revealed that a combination of generic strategies (hybrid strategies) may be the best method of accomplishing a competitive advantage (Miller 1992).

The three generic strategies have received much discussion among scholars and practitioners. The advantages of the model in evaluating the businesses' competitive behaviour can be depicted by its clear structure, practicality, ease, and complementary role (Ormanidhi and Stringa 2008). However, Porters research has been criticised forming several debates in the strategic management literature. Kotha and Vadlamani (1995) are especially critical of Porters (1980) three generic strategies model, demonstrating that more finely tuned strategies are required to understand the intended strategies of businesses in the growing complex environment. Through empirical research they discovered that Mitzberg's (1988) typology of 6 generic strategies did much better than Porters (1980) typology, in regards to conceptual transparency and detail. Using a "hypothetic- deductivism custom, Miller and Dess (1993) also criticise Porters (1980) typology. Using Weick's (1979) three criteria of simplicity, accuracy and generalizability, they argue that Porter's (1980) structure lacks a precise perception of strategy in regards to performance relationship or of the ability of connecting strategic benefits. They also find that the strategies are more contingent than generic, therefore restricting the generalizability of the model. Murray (1988) also argues that the generic strategy approach is confusing as it fails to define how the generic strategies should be administered. He argues that limiting a business to one generic strategy is not fair to managers. Using a contingency approach, he demonstrates that businesses should not restrict themselves to only one generic strategy. Fellows (1993) argues that Porters (1980, 1985) three generic strategies is too definite being reliant on supply-side analysis. However, Betts and Ofari (1993) counter-argue Fellows (1993) by supporting that the generic strategies can be looked at in terms of both strategic advantage (supply) and strategic target (demand). Regardless of the criticisms with Porters (1980, 1985) generic model, its far-reaching use in the research arena is still popular (Budayan et al 2013, Murphy 2013). Porter's (1980, 1985) generic strategic model has clear uses for a wide range of firms and in many competitive contexts. It also takes into account both the supply and demand side of competitiveness.

2.4.4 The Systematic School (Whittington 1993)

This school seeks pluralist goals based on socio-economic systems of the environment as well as organizational goals in which firms operate (Whittington 2001). But outcomes are reliant on the social context in which the firm is operating in and the macro environment dictates the design of strategy. Its perspective is on long term planning. The systematic school consists of Granovetter's (1985) social network theory and Whitely (1999) Framework.

2.4.5 The Processual School (Whittington 1993)

This school places focus on a bottom-up approach in which individuals in the business determine strategy seeking to include their personnel goals as part of the business objectives (Batamuriza et al 2006). It depends on the businesses micro environment to decide on strategy particularly in unstable environments. Situated within the processual school are the resource-based view (RBV) (e.g. Wenerfelt 1984, Barney 1991 Grant 1991 and the theory of core competencies (Hamel and Prahalad's 1994). It aligns itself to the RBV view in that it purports that businesses should make the best use of what it has rather than make significant changes. These efficiency based theories formed as a result to the influence of the "erogeneity" approaches. Both approaches involve examining the internal processes of the business with focus on business-level resources and abilities, rather than Porters (1980, 1985) externally based approach. Using this context, de Haan et al (2002) discovered empirical evidence that many businesses show persistent results of market strategy and core capability, built on internal competencies and wise direction.

2.4.6 The Evolutionary School (Whittington 1993)

This school includes an emergent approach and depends on the market to access the unitary objective of profit maximisation. Therefore it argues that it does not matter what strategy a manager adopts, it is the market that will decide best, especially in rapidly changing environments. However a criticism of this approach is that it may not be realistic to base a strategy only on the basis of the environment without contemplating business resources. It leads to the question of how often will a firm need to create a strategy if it works in an unpredictable environment. The evolutionary school consists of Hendersons (1989) principle of competitive exclusion, Hannan and Freeman's (1988) organisation selection processes and the theory of dynamic capabilities (Teece et al 1997). The evolutionary school is based on the notion that intentional planning is ineffective since the external environment is constantly changing. Key to this idea is the theory of dynamic capabilities (Teece et al 1997). The dynamic capabilities approach is an expansion of the RBV theory of core competencies and aims to gain new forms of competitive advantage. Accordingly Teece et al (1997) accepts that a business's competitive advantage should arise from its ability to remodel its internal and external competencies to compete in quick changing environments. Green et al (2008) offered empirical support for the dynamic capabilities approach through exploring a case study. The case study found strong evidence on the importance of path reliance in making strategic choices with strategies being more often ad hoc rather than pre-planned.

In summary, every business works in a constantly changing environment in which they have to manage to accomplish their objective. Whittington has made an important contribution to strategy which many academics cite will stand the test of time as it allows both flexibility in strategy formation, and responsiveness to the changing business environment that needs modification as the requirement arises. Although there are different approaches to strategy there are only two main processes which are deliberate or emergent. Businesses must ensure that strategy formulation and implementation fit well together as several businesses have failed due to a strategy that has been formulated at a high level being far removed from daily activities (Mintzberg 1987). It is obvious that there is no single definition of strategy as it relies on what the business makes it to be. Businesses can indeed survive without a strategy and for several having no strategy in place could also be a strategy.

2.5 Theories Underpinning the Current Research

This section will now discuss the three theories that underpin the research namely the Resource Based View extended to include dynamic capabilities, organisation theory in particular organisational slack and entrepreneurial orientation stemming from entrepreneurship theory.

2.5.1 Contemporary Strategy: Resource Based View

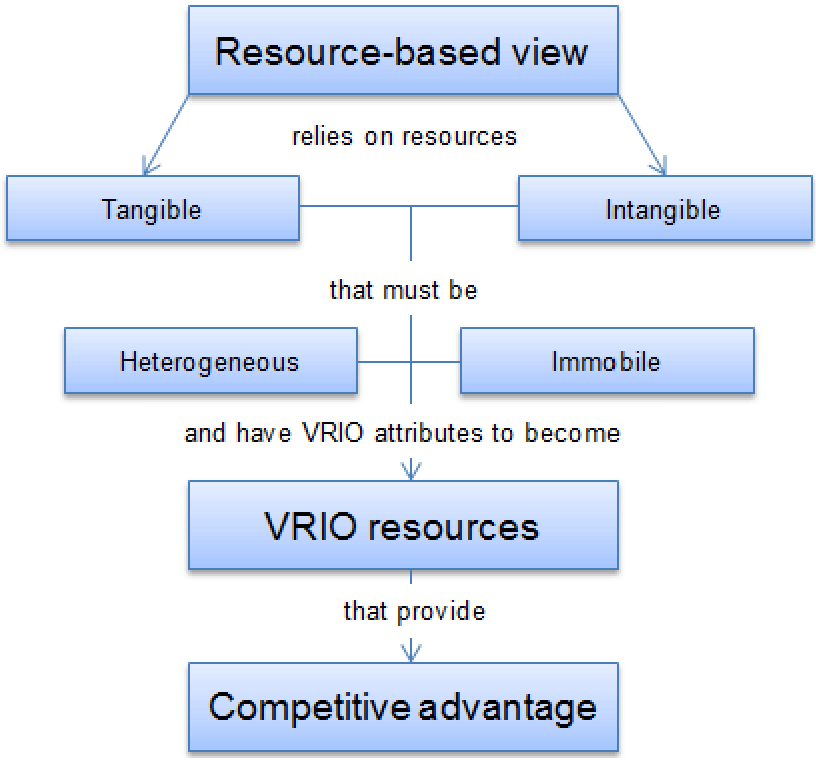
In the RBV School, initiated by Penrose (1959) and later developed by Rumelt (1984) Wernerfelt (1984) and Barney (1991), a business's competitive advantage can be gained from the resources that they manage and how these can be utilised better. These resources can be financial, social, human, organisational and technological and can lead to a sustainable competitive advantage when resources are unique, and difficult to substitute (Wernerfelt, 1984; Barney, 1991). Examples include excellent leadership, a strong financial position, a global presence, innovative ideas, well-managed processes, partnership and teamwork. They therefore, believe businesses, regardless of their size, should implement strategies that are able to maximise their unique resources (core competences) so to be as competitive as possible.

> "Given the differences between the skills and abilities controlled by firms can lead to differences in returns from implementing strategies, (this) logic

> implies that firms should seek to choose strategies that most completely exploit their individuality and uniqueness" (Barney, 1986b: p.793).

The resource-based view promotes long term fostering of corporate-level resources and capabilities which should lead to a sustainable competitive advantage for the firm (Barney 1986). Proponents argue that the firm should look internally to examine its sources of competitive advantage instead of looking at the external environment for it. According to RBV advocates, it is much easier to exploit external opportunities using existing resources in a new way rather than trying to acquire new skills for each different opportunity. The diagram below demonstrates the RBV model.

Figure 3 The Resource-Based View

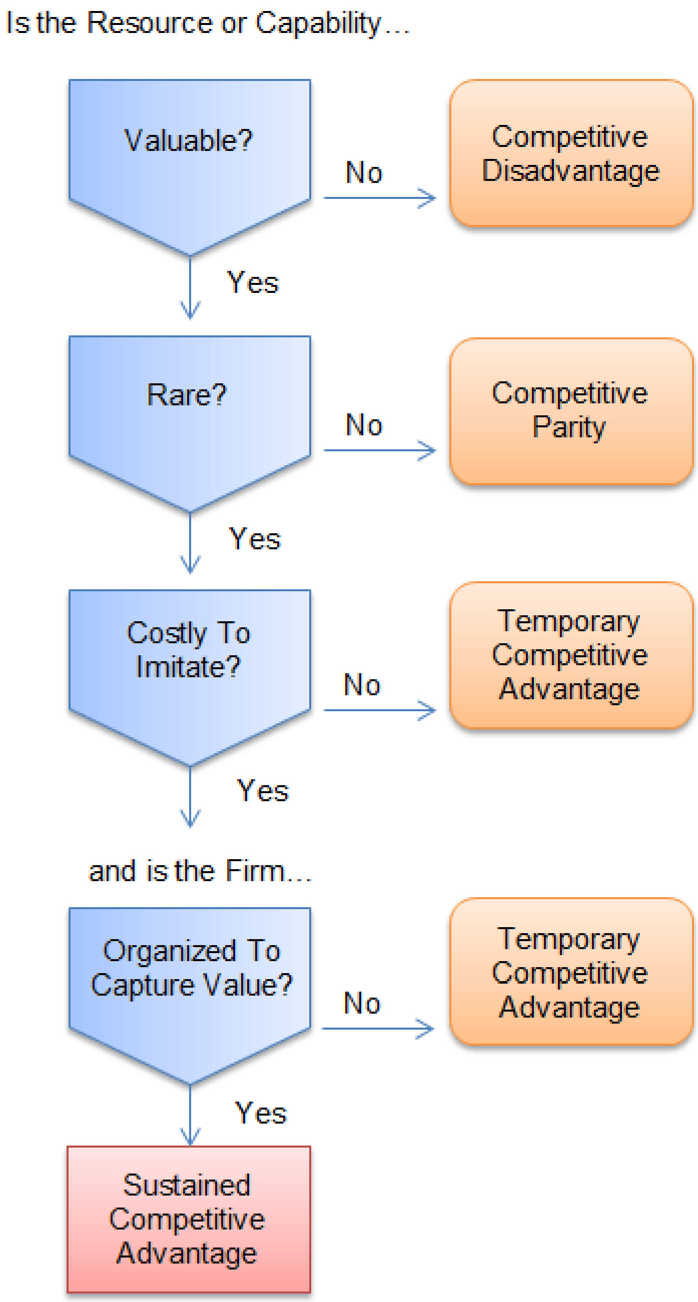


(Jurevicius 2013 p.67)

In the RBV model, resources are given the key role in assisting firms to accomplish greater business performance. There are two main types of resources. Tangible resources are any physical resource like land, premises, equipment and finance. They can be readily bought in the market therefore meaning that they do not provide much benefit to businesses in the longer term as competitors can soon access the same assets. Intangible resources are items such as trademarks, brand reputation, and intellectual property. These assets are developed over a long period of time and other businesses can't purchase them from the marketplace. These resources normally provide a sustainable competitive advantage. RBV makes two basic assumptions; one that heterogeneous resources vary from business to business. If each firm contained the exact resources then differentiation and ultimately a competitive advantage would be impossible. However real markets are not perfectly competitive and firms exposed to the same external conditions and competitive forces are able to adopt different strategies and outperform each other. Therefore RBV believes that businesses can achieve competitive advantages by using their unique bundles of resources. RBV also assumes resources are immobile and can't move from business to business in the short term and possibly the long term. Therefore firms cannot copy resources and employ the same strategies. Intangible resources are especially immobile.

The resource based view investigates the drivers of SMEs business success in times of recession (Tognazzo et al, 2016). It explores the relationship between resources, profit and growth (Penrose 1959, Wernerfelt 1984). It relates a businesses' performance to its competitive advantage. RBV does not dispute the significance of other sources of excellent performance such as economies of scale and first-mover advantages (Peteraf and Barney 2003). But they cite that other approaches only lead to a sustained competitive advantage if they are built and developed on VRIO resources (valuable, rare, inimitable and organised). They maintain that SMEs have limited market power and ability to benefit from other sources and therefore argue that higher profitability in SMEs can be ascribed by the resource based view and firms VRIO resources (Davidsson et al 2009). Furthermore, RBV centres on the internal industry factors that vary among businesses that strive in the same markets (Davidsson and Wiklund 2000, Peteraf and Barney 2003). Although having heterogeneous and immobile resources is vital in accomplishing a competitive advantage Barney (1991) cites that it alone is not sufficient to maintain it. He recognises a VRIN framework that if resources are valuable, rare, costly to imitate and non-substitutable then a business will have a sustainable competitive advantage. The VRIN framework was adapted to the VRIO framework by adding recognising that a business needs to be able to exploit these resources. The diagram below shows the VRIO framework.

Figure 4 The VRIO Framework



VRIO framework adopted from Rothaermel's (2013) 'Strategic Management', p.91.

The model contends that resources are valuable if they assist businesses to maximise the value provided to customers such as differentiation. Resources are rare if they can only be obtained by a few businesses. If more businesses have the same resources it leads to competitive parity. It is thought that if a business has valuable and rare resources they can obtain at least a temporary competitive advantage. However, resources must also be costly to replicate and difficult to substitute for a competitor, if a firm wants to achieve a sustainable competitive advantage. However, businesses must be organised if resources are to lead to any advantage and value is to be obtained from them. Only a firm that is able to exploit the VIRO resources can obtain a sustainable competitive advantage.

Latham (2005) states that the resource-based view is fairly new regardless of its widespread usage compared to other theories such as industrial organization economies and agency theory. He contends that business heterogeneity is the key explanation for performance differences, not industry or market conditions (Prahalad and Haamel 1990). During economic downturns there are important differences between organisation's recession performances within an industry determined by their resource make up. Scholars contend that while inceptive conditions might help explain some differences, business specific reactions must also be explored. The business might be limited by its environment but not controlled by it (Connor and Prahalad 1996, Miller and Shamsie 1996). Also RBV theory contends that it is the unique resources and capabilities that allow a firm to gain a sustained competitive advantage and higher profits (Dierickx and Cool 1989, Peteraf 1993). Firms must make persistent investments in their resources and capabilities if they want to obtain superior performance, but must also contemplate how these investment strategies are impacted by recessions. For an example, businesses may decrease investment to enhance their short term profits while other firms invest.

Despite arising from what appears to be confusing underpinnings, it has long been suggested in the literature that the two views (RBV and IO) are complimentary of each other. Even Barney, one of the strong advocates of RBV, argues that "IO concepts... suggests which categories of strategies a firm should consider (i.e. barriers to entry, product differentiation, etc.), while (RBV) logic suggests which particular strategies, within those broad categories, firms should choose to implement, that is, strategies that exploit a firm's unique skills, resources, and distinctive competencies" (1986b: 794). It seems that the key to success is in the examination of both the external environment and the internal competences of each individual firm, along with the establishment of a strategy that links its internal capabilities with the external situation. This has led to the heavy use of the SWOT (strengths, weaknesses, opportunities, threats) analysis, which investigates all aspects of the internal and external environment of a business when formulating a strategy.

2.5.1.1 Criticisms of RBV

Although RBV has become one of the most influential and cited theories in the history of management theory, there are a few deficiencies with it. Firstly, Lado et al (2006) argues that the RBV approach provides no managerial implications. They argue that the RBV suffers a tension between description and prescriptive theorizing. However, as this friction is identified throughout management research and remains unresolved (Von de Ven 2007); this critique should not be pinpointed at the RBV completely. RBV theory aims to try and explain the sustained competitive advantage of some businesses over others and therefore was never planned to impart managerial prescriptions (Barney 2005). Any explanation that the RBV approach might give might only be indicative, but still of merit to business owners, so therefore there is no grounds to require RBV to provide theoretically prescriptions.

Another criticism of RBV is that it suggests infinite regress. However, it can be argued that this weakness doesn't go against the RBV, as infinite regress only presents an issue for those who view management or economic science as a positivistic search for certainty. The infinite regress criticism is less useful when strategic management is valued as a practical engagement with indeterminacy and open-endedness.

Another issue relates to the generalizability of RBV and that its applicability is too limited. Gibbert (2006a) argues that RBV cannot generalise regarding uniqueness of resources. However, Levitas and Ndofor (2006) argue that it is feasible to produce useful insights about the degrees of resources uniqueness. Connor (2002) believes that the RBV approach solely appeals to large businesses with convincing market power. He argues that a sustained competitive advantage of smaller businesses cannot be gained from their static resources and therefore they fall outside the remit of RBV. However Miller (2003) stresses that this view is weaken whenever non-tangible resources are considered and that many smaller businesses can have the ability to acquire unique competitive advantages. He goes further to state that the resources a business requires to create sustainable competitive advantages are exactly those resources that are difficult to gain in the first place. Each business' past creates its present and future performance. However, if this is not used to trace back to the root resources responsible for a business's sustained competitive advantage, then this does not present many problems with RBV's applicability. If RBV compasses the individual resources and capabilities of the entrepreneurs that formed the business and there is we see no logic why it should not, then RBV can even apply to newly established businesses.

While these three criticisms could be dismissed, Barney (2002) points out a significant limitation in the applicability of the RBV; it only holds true as long as the 'rules of the game' in an industry remains mainly fixed. In highly changing environments, where new technologies and/or new markets emerge and the value of resources can significantly alter, there is a requirement to go further than the RBV approach to analyse a businesses' competitive advantage. Given that the recession is a major external environment change, dynamic capabilities theory can go further and overcome this RBV deficiency and help address a firm's competitive advantage.

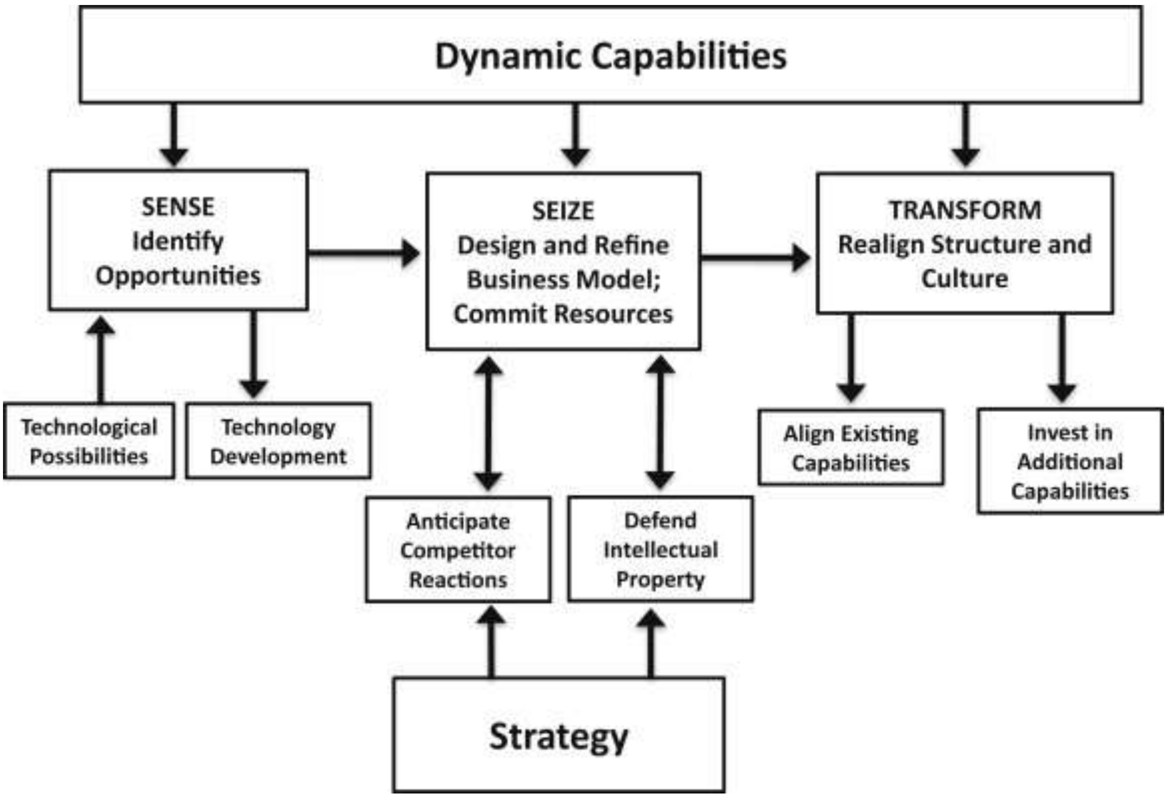
Another criticism of the RBV approach is that a sustained completive advantage is not achievable. Fiol (2001) rejects it outright claiming that both the skills and resources and the way firms utilise them, must continuously change, generating ever changing temporary advantages (Eisenhardt and Martin 2000) However, it can be argued that businesses are not passive, as this research implies, a competitive advantage is sustained only at the dynamic level through beneficial 'dynamic capabilities' or 'organizational learning' permitting businesses to change faster than their competitors. Inimitability is progressively limited by 'spill overs' as businesses products and/or services continue to reveal strategic knowledge about the processes that create them. So a business must continue to innovate.

No sustained competitive advantage can be eternal but in the short term it remains a significant strategic weapon. It directs a manager's focus on the dynamics that support it- highlighting the term 'sustained', seeking practical methods of defeating the markets own 'natural' timing, by speeding innovative or slowing imitation. It also accepts that in a dynamic environment businesses cannot achieve a sustained competitive advantage from a static set of resources. However, it can be argued that the RBVs logic applies as much to dynamic capabilities as it does to the businesses other resources (Barney et al 2001). Whilst some static unique resources could create a sustained competitive advantage in static environments, dynamic environments require dynamic capabilities (Kalfat et al 2001) However, Makodok (2001b) states that with the inclusion of dynamic capabilities, the RBV approach can account for ex post sources of sustained competitive advantage. Through these, it is possible for businesses to boost the productivity of their existing resources and also safeguard them from imitation through isolating mechanisms. So in conclusion sustained competitive advantage is indeed achievable with the RBV approach but it accounts mostly for ex post services.

2.5.2 Dynamic Capabilities

Recent researchers have further developed the RBV using the theory of dynamic capabilities to relate to the organisation's competence to maximise their resources and abilities to adapt to a hostile environment (Eisenhardt and Martin 2000, Teece 2007). The focus of the RBV are those physical, social, human, technological and organizational assets that can be employed to implement value-creating strategies (Wernerfelt, 1995) whereas dynamic capabilities, on the other hand, are “the antecedent organizational and strategic routines by which managers alter their resource base to achieve congruence with the changing business environment” (Teece et al., 1997, p.87). It includes the firm’s ability to integrate and build the internal and external capabilities to meet quickly shifting environments. The basic fundamental is that organisations’ core competences should be used to establish short term competitive positions and then be built into longer term competitive advantages. Where RBV concentrates on a sustainable competitive advantage, dynamic capabilities places importance on the issue of competitive survival in response to fast changing dynamic business conditions. The model below helps explain the dynamic capabilities approach.

Figure 5 Dynamic Capabilities Approach



(Teece 2018 pp.40-49)

DC theory recommends strategy development for management of successful businesses to employ radical discontinuous change, while maintaining minimum capability standards to secure survival. For example, industries which have traditionally depended on certain manufacturing processes cannot always change this process on immediate notice when new technology is introduced, when this occurs managers must adopt their own ways to make the most of their existing resources while at the same time plan for future process changes as the resources diminish. The objective is to identify different elements and dimensions of a business's centric abilities that they can utilise. The main advantages of DC are that businesses can enlarge their business alliances, mergers and joint ventures. Businesses can also create new and innovative lines of products or services for international markets that meet the needs and demands of customers. The new product lines can be introduced for an existing set of loyal customers and also attract customers in a new market. The process of DC involves learning and evaluating the basic ways that lead to strong interactions and efficient ways of problem-solving. It involves purchasing new assets through integrating technological factors and external activities through partnerships. It requires the reconfiguration of an existing line of assets in a cheap way to respond to changing market dynamics and increasing competition. It also includes co-specialization which is the strategic mixture of physical assets, human resources and intellectual property of the firm that are built up over time that work better in a combination rather than using them separately. This helps establish a sustainable competitive advantage. Businesses also need to have the knowledge to defeat the downside of “path dependency” - the element that the past experience and tradition play in what a business is good at doing and what it opts to do. Firms with high path dependency find it hard to adapt what they do, even if the world is changing at a rapid rate. They normally follow the same path over and over again regardless of what is happening in the external environment. They must be entrepreneurial and the role of the entrepreneur plays a key part in the process. It is argued that businesses that build specific, dynamic capabilities can become more agile in times of quick change and they should be more successful as a result. Therefore this theory underpins the research to investigate if this was a factor in helping firms cope in adverse economic conditions.

2.5.2.1 Critique of Dynamic Capabilities

In contrast to the RBV, dynamic capabilities theory focuses on dynamics. This allows it to be disconnected from criticisms directed at the RBV approach as a static and equilibrium model, therefore widening its interest. Leonard-Barton (1992) argues that it is a remedy to the gloom of a resource-based advantage, when developing situations turn core competencies into core rigidities. However, whilst Dynamic Capabilities can overcome some of RBVs weakness, it does in itself have some criticisms. The first issue is that a universal accepted definition of it has been slow tomaterialize. This has been a result of the definition provided by Teece et al (1997) being too broad permitting opportunities for other academics to distill, change and enlarge the approach. The initial definition questions what constitutes dynamic capabilities, what their attributes are, how they can be recognised andhow they can be created and established. Scholars from various research traditions have viewed dynamic capabilities differently such as Winter (2003) defining DC in terms of routines, an important aspect of evolutionary economics. In contrast, Eisenhardt and Martin (2000) identify them in processes whose nature varies with the degree of market dynamism, taking the form of simple procedures in rapidly changing environments.

There has also been an important debate concerning the effects and consequences of DC, particularly in regards to market advantages and business performance. On the one hand, Teece et al (1997) argue that there is a solid connection between DC and competitive advantage especially in times of quick change. He also goes further by disaggregating DC into component capabilities that are necessary to sustain superior business performance in a highly dynamic environment. However, Eisenhardt and Martin (2000) takes a very different approach of DC, arguing that dynamic capabilities do not permit a source of competitive advantage or superior business performance as they serve only as best practices and exhibit equifinality. Teece (2007) counters these arguments by stating that while best practices do not lead to competitive adavange they are not likely to establish DC. Other academics such as Zollo and Winter (2002) take a more agnostic approach claiming only that dynamic capabilities are in questof enhanced effectiveness.

These arguments about the effects of DC are connected with the different understandings of what categorically dynamic capabilities are and what features they have. However, Winters (1995) claims that during the advancement stage of a framework this indistinctness s is not a deficiency and permits space for pragmatic alterations as new concerns are attended to.

Another criticism is that DC arises from choices about internal actions that do not draw from competitive factor markets; there are no restrictions to the number of competitors that can establish their own adaptations of the capability.

Finally, another weakness to point out in the DC concept is that dynamic capabilities are hard to measure empirically, as well as the relationship between dynamic capabilities and business performance.

2.5.3 Organization Theory

Some scholars (Latham 2009, Kitching et al 2007) contend that pre-recession performance is not a reliable measure of within or post-recession performance and suggest that firms adapt to recession conditions in better ways that lead to competitive advantages. A debate exists around the issue of organisational slack during a recession between slack-as-a competitive advantage (Tan and Peng 2003, Nohrai and Gulati 1996, Cheng and Kesner 1997) and slack-as-inefficient (Ysai-Ardekani 1986, Simon 1997). Organization theory supports that slack, regardless of its costs, has a positive effect on business performance and allows the business to not only survive (Sharfman et al., 1988) but gain a competitive advantage over other businesses that do not possess slack. Slack may help in maintaining performance and ensuring survival in the face of an unfavourable environment and it provides convertible resources that may be utilised when needed (Smith et al 2001 p33). It also lets a firm test strategic innovation, take higher risks and be more confident to accomplish more. Slack provides for more opportune achievements in a dynamic environment (Hambrick et al 1996) and is necessary for firms to sufficiently and swiftly adopt and defend crucial processes from a hostile environment (Lawson 2001). Latham and Braun (2008) and Geroski and Gregg (1993) argues that firms with larger initial levels of stock resources did better in terms of post-recession performance. Geroski and Gregg (1997) findings reveal that many organisations' long term survival and competitive advantage depend on the degree that they can use their existing resource base. Several academics emphasise that slack resources are an extra cost to the firm and that a high level of slack is unsustainable (Galbraith, 1973). However, they mostly believe that, given the complex trade-offs, the benefits of slack outweigh its costs, and that a zero-slack firm is not practical. Lengnick-Hall and Beck (2005) argue that the effective deployment of heterogeneous slack resources provides growth and reworking of core competencies in businesses such as adaptability, redundancy and strong responses (Sheffi 2007). It creates competitive advantages and is influential in limiting market turmoil. Such dynamic capability development is significant in recessions, as supported by Burnard and Bhamra (2011) as flexibility (Hatum and Pettigrew 2006) or "adoptive capacity" is required for developing resilience. Resilient businesses showed flexibility in strategic decision-making in their planning, coupled by changeability in manufacturing and distribution to accomplish cost and lead time benefits over competitors. Thurow (1996) argues that slack can be advantageous to business performance and survival but argues that slack should be planned and provides management with a discretionary tool.

An entrepreneurial business is one that establishes value beyond the demand for current products and services. This ability to react to a recession by creating value with a restricted resource base needs an adoptive entrepreneurial capability so that when a recession happens all businesses employ fresh leveraging strategies to utilise its existing resources (Hamel and Valkangan 2003). SMEs gather less slack than larger firms but their adaptability of their internal businesses, centralised decision-making and their ability to swiftly change offset this weakness. Surplus resources in varying forms are always available in firms and growth and performance opportunities come from a manager’s ability to use them effectively (George 2005, Penrose 1959) Resource-based approaches encourage slack (Ireland et al 2003). A sustainable competitive advantage depends more on the skill to utilise extensive resources. Firms need to be both entrepreneurial and strategic. Therefore the policy of accumulating slack may assist businesses cope with environmental unpredictability and maintain a competitive advantage (Sirmon et al 2007) and therefore organisation theory (slack as a competitive advantage) underpins this research.

2.5.3.1 Critque of Organisation Theory- Slack

In contrast, agency theory argues that slack promotes inefficiency and hampers business performance and turns the organization theory approach 'upside down' (Davis and Stout, 1992). They argue that agency problems will lead to resource hoarding and needless investment, enlargement of the budget plan, none of which is beneficial to the organisations performance. Agency theorists go against the idea that keeping slack can be advantageous for the firm; rather, it will only be liked by managers acting as agents (Jensen and Meckling, 1976). Since business managers inherently have a set of objectives, such as status, money, and job security, managers may use slack to build empires and for on the job shirking. As a result, slack may become a source of agency problems. Empirical evidence, mainly from developed economies, has been confusing. Furthermore, little attempt has been made to test whether such an impact is linear or curvilinear. Most studies tend to argue that either that organisation’s performance diminishes or they cannot do anything to change their situation or that all firms are able to undertake practices in exactly the same ways. A compromise could focus on the specific factors influencing the varying levels of business performance accomplished by individual businesses (Beaver and Ross, 1999). The business environment is not fixed so a business must continue to build its resources and competences to take advantage of the changing conditions (Pettus 2001). If there is more slack there is a more chance of exploiting excess resources to maintain profit and growth. Slack which is surplus resources can help firms overcome recessions (Tan and Peng 2003, Zona 2012).

2.5.4 Entrepreneurial Orientation (EO) Theory

Entrepreneurial Orientation has emanated as a key issue within strategic management and entrepreneurship literature. Covin et al (2006) defines it as a strategic construct whose conceptual domain includes specific business-level outcomes and management-related preference beliefs and behaviours as expressed by top level managers. Examples include risk taking, being innovative and proactive. Several investigations have highlighted a positive association between Entrepreneurial Orientation and business performance (Madsen 2007, Jantunen et al 2005). However, still other research has not and therefore conflicting views exist (Smart and Conant 1994). Lumpkin and Dess (1996) contend that there are two other dimensions including competitive aggressiveness and autonomy bringing action to completion. However, scholars such as Covin and Slevin (1989) argue that EO construct is viewed best as a uni-dimensional concept and Lumplan and Dess (2001) yet again contend that the dimensions of EO may relate differently to business performance. There is no clear consensus in the EO literature.

Zaha and Covin (1995) state that firms with EO can scan the markets before their competitors by concentrating on high value market segments and charging higher prices. They contend that innovation provides them with a competitive advantage as well as improved financial performance. Pro-activeness gives businesses the ability to create new products and services and introduce them to the market first. Keh et al (2007) argues that EO plays a vital role in enhancing business performance. They claim that the greater the business is in terms of proactiveness and innovations, the less it is impacted negatively by recession (Soininen et al 2012). They also argue that even though risk taking can have a negative effect, businesses with higher EO have a higher chance of survival due to the smoothing effects of innovativeness and pro-activeness. EO theory underpins this research.

2.5.4.1 Critique of EO Theory

Although increasing entrepreneurial orientation of a business is a favourable thing, a debate exists as to whether it is always a good thing. Schillo (2011) suggests that under some situations such as staff not adapting to change or if there is a lack of flexibility in the business, then changes may affect employee’s productivity. Also, if some entrepreneurs are risk averse and are not willing to adjust fixed target levels and wage rates it can cause diminished business performance in the long term. They also highlight that EO is not beneficial in industries that are concentrated heavily on particular technologies and work environments. They therefore suggest that the success of entrepreneurial orientation depends on the nature, flexibility and adaptability of the business.

EO in the past and currently to some extent has been criticised as being hampered by a lack of robust testing for reliability and particularly for the validity of EO scales used (Lyon et al 2000). However in more recent years, statistical methodologies can provide the instruments to identify reliability and validity so academics are able to publish work that meets the requirements of management applications.

Another weakness identified by Linton (2016) is that EO does not improve the performance of all businesses. He insists that EO is not a simple performance enhancing tool for all but it is only enhancing if it is applied under the right circumstances of the business. He goes further to argue that in some cases EO can even be harmful for firms, if the situation of the firm does not fit with applying it. Different contexts can include the environment that the business is situated within or internal structures and strategies.

2.6 Overall Assessment of Theoretical Gaps

Economic recessions necessitate investigations due to their unpredictability and declining environmental prospects and harsh competitive environment. Investigations of SME business adaption under recession contexts vary in quality. Surprisingly, only a few academic papers have explored strategy of smaller businesses during a recession (Beaver and Ross 2000, DeDee and Vorhies 1998, Michael and Robbins 1998). How SMEs react is still mainly unknown. Research is underdeveloped in understanding performance differences in recessions (Bromley et al 2008). The literature is conflicting in terms of which overall strategy; retrench or invest that SMEs should employ. There is a need to fill the voids in the understanding of the appropriate selection and effectiveness of marketing response in economic downturns and to help provide information to firms for their decision making process. Strategists emphasise various factors of significance including industry factors, business-specific abilities and resources that are difficult to replicate. Some scholars advise that businesses should focus in building their dynamic capabilities and higher-order learning processes, while others stress the value-creating potential of networks. Some marketers support a market orientation approach, while others insist business owners must wisely segment markets and ‘resegment’, concentrate on ‘first mover’ innovations and build brand value (Hunt 2009).

Much analysis is descriptive and often prescriptive rather than explanatory. Although description is necessary it cannot produce a powerful explanation of how and why businesses adapt in the way that they do in adverse conditions. Description alone may lead to many thinking that all firms adapt in the same ways. Both the RBV and positioning schools would discredit this thinking, arguing that firms react in recessions depending on their resources and their industry structure. The current literature base often contains little explanation of the conditions that enable or restrict businesses to make decisions particularly in regards to adaptations or specific factors that impact on performance results. (Shama 1993, Barrett 1990, Beaver and Ross 2000, Janoff 2001, and Cooke 2002). Kitching et al (2009) argues that studies hint that either businesses face diminishing performance and are unable to change their situation or that all businesses are able to adopt strategies in exactly the same way all the time. Conti et al (2015) contends that economic theories are narrowly defined based on individual country views and therefore a business approach is required. Only a few academics have actually investigated the causes, processes and consequences of strategic adaption in hostile conditions. Several research studies reveal changes under recessions, such as changes in marketing, pricing and branding. However, they ignore if such alterations make for a fundamental strategic change as part of for example retrenchment or investment strategy different from an operational alteration. Even though recessions present big challenges to firms, few investigations have been carried out to what elements allow firms to cope with recessions and if specific business resource profiles and/or strategies give superior post-recession performance (Geroski and Gregg 1997).

Other weaknesses in the existing literature relate to the simple approach taken, not detailing both the internal and external conditions that make specific strategic changes possible or not. There is an explanation required as to why some organisation strategies are more successful than others. Kitching et al (2009) argues that most investigations are insufficient in connecting the macroeconomic environment with, business owner's goals and views of market risks and opportunities, and business resources. Pearce and Michael (2006 p.202) cite "despite the damage done during each recessionary period, little in the way of diagnosis, prescription or prophylaxis has been systematically identified to guide managerial action." A strong theoretical foundation is needed to understand the various elements of interaction between the external circumstance and business-specific strategic behaviour. There is a need for more academic articles to concentrate on building a deeper understanding of decision making in recessions particularly as it's a reoccurring issue that managers are bound to have to grasp throughout their careers. Many studies do not discuss the skills and knowledge needed to maintain and achieve business performance in hostile environments. This is because many explorations mainly adopt a quantitative approach to examine large-scale data with very generic and pre-determined criteria.

Therefore firm specific experiences are needed in the existing literature. This is a reason why this survey will adopt a mixed method approach to gain a deeper insight and richer knowledge in to how businesses actually cope.

Sloman and Jones (2011) takes an alternative stance, and argue that it is more beneficial to view strategies as interdependent and in a variety of ways including complementary. Each approach describes a variety of perceptions and can help managers with improving their understanding of strategic capabilities for their firms by exploring their analytical structures. Therefore further studies are required to fully understand the appropriate strategic response for smaller firms that might help their survival, especially given their vital role in the economy.

A perception exists that recessions can only be endured and not fought. More recent research has concluded that "managing the business cycle does not necessarily depend on the ability to accurately forecast its movements at all" (Navarro 2005, p.73) Indeed ongoing dialogue is required between researchers and managers to better understand the tools necessary for SMEs to cope with future recessions. Opportunities exist for further theoretical comprehension that will provide a stronger and practical interpretation of a firm's experience of recession. Academics and practitioners should work together to find improved answers to questions to be fully prepared for the next recession when it occurs and as Lilien and Srinivasen (2010) promise there will be a next time.

Past recessions can provide hints for worthy business responses but given the criteria of the 2008 recession, it is hard to predict patterns or advise strategies with much confidence in their likely performance outcomes. Given the uniqueness and importance of the current recession, the constant and substantial effect that recessions have on the global economy and the inadequate investigations carried out to date, many academics argue that this recession warrants further investigation.

In summation, the confusing evidence and theoretical gaps that have been outlined above provide the justification for the current study into 'Irish SME Coping Strategies Emanating from the 2008 Economic Recession'.

2.7 Practical Context

The previous section provides the theoretical foundations or underpinnings for this research into the investigation of coping strategies of SMEs in recessions. The current section provides a review of the contextual setting of Northern Ireland and Republic of Ireland SMEs in recession.

2.7.1 Economic Background of Republic of Ireland

Ireland has many times been referred to as an exemplary country. Ireland set a good example during the boom years of low taxes and deregulation. Its advancing economic growth made an impression on countries based on both sides of the Atlantic with demand increasing well above potential output. The Irish economy quickly grew during the period of 1995 and 2007 and was referred to as the “Celtic Tiger” due to its rapid progression after a period of being one of the weakest countries in Europe. Since 1973 when Ireland entered into the European Community it has gone through significant and historic transformation. It changed from an economy heavily reliant on the agricultural sector to a vibrant, dynamic and advancing economy based on state of the art technologies and innovations. During this period, the Irish economy benefitted from large investments from foreign multinationals such as Microsoft, Google, Pfizer and other leading pharmaceutical companies, attracted to the country by a small corporation tax and great provisions of highly skilled labour. Fitzgerald (2014) argues that Ireland was an excellent example of a vibrant small open economy with enduring long term outlooks.

This time of economic prosperity saw a significant boom in the construction sector. In 2008, construction contributed to 20% of jobs and 255 of Irish GDP. In the last ten years of the boom, around 700,000 new homes were constructed. This boom in construction was fuelled by rapid growth in bank lending. Increased risk and credit lending was taken by the main Irish banks due to the optimism over the continued acceleration of the Irish economy.

However, Ireland took a sudden U-turn and suffered a steep decline in GDP during the financial crash and their growth model diminished.

2.7.2 The Nature of the Crisis

Donovan and Murphy (2013) argue that for Ireland their ‘best of times” revealed for them the ‘worst of times’. They believe that there were four interlinked crises namely; a property market crisis, a banking crisis; a fiscal crisis and a financial crisis. The combination of these crises caused one of the most powerful and immense reversals in economic growth ever acknowledged by an industrial country. The crisis that impacted the Irish economy in 2008 was very similar to that in Spain. It started out from an unrestrained major property bubble which had developed over the previous 5 years, which was funded by inflows of finances into the domestic banking system and the consequential decline in the domestic financial system which was greatly aligned to the property market. The high expected returns from investments in Irish housing had inspired huge supply responses. Around 100,000 Irish houses were developed at the peak of the boom in 2007, which represented a major part of the economy being made up from the construction sector. As a result other sectors such as the tradable sector were squeezed through a high rate of wage inflation to ensure that the required resources such as labour were available to the construction sector. This in turn curtailed competitiveness. This led to a deficit in the current account of the balance payment in 2003, a deficit which plummeted rapidly.

As the property boom was funded through hostile lending by the Irish banking system, the decline in property values and the reduction in construction activity had led to huge losses in the banking system in Ireland. As a result this was conducive to the crisis through a squeeze on credit and the fiscal crisis, both through the expense of recapitalising the banking system and through the ruin of asset-driven revenues. The scale of these meant that the sovereign spread on Irish debt rose quickly in 2010, with concerns surfacing on whether the government could repair economic growth, fiscal sustainability and secure the banking system. As an outcome, in November 2010, a three year deal was decided upon with the International Monetary Fund (IMF) and the EU which changed the official sources of funding.

2.7.3 Impact of Recession on the Irish Economy

Ireland is an interesting case study given the severe impact of the recession and the huge damage to the real economy in the aftermath (Lawless et al 2015). 2007 had started well for the ROI economy. The average growth in the economy was just over 5% and the rate of unemployment was a mere 4.5% of the total labour force. The budget was in surplus and the country’s overall debt to GDP ratio was only 25% which was an all-time low. However, the dramatic impact of the recession saw the ‘Celtic tiger’ reduced to an International bailout from late 2007. Beblavy et al (2011) state that it was especially harsh on Ireland with a cumulative nominal GDP decline of 21% from 2007 Q4 to 2010 Q3. This meant that it was ranked among the worst- affected countries during the recession period in terms of output performance and was in fact the first European country to officially enter into a recession (Lane and Milesi-Ferretti 2011). Between the first quarter of 2008 and fourth quarter of 2010, real GDP and real GNP fell by 10.3% and 10.9% respectively. GNP fell by 17.5% at current market prices while unemployment increased from 4.8% to 14.8% during the same time (McCann and Calder 2014). Ireland also experienced a tough fiscal decrease. The fiscal balance changed from a positive surplus to deficits of 11-12% of GDP in 2009 and 2010. However there was some glimmer of hope as the export sector showed great resilience during the down turn. But SMEs in particular suffered more as a result of their indigenous non-exporting and labour-intensive nature and found it difficult to access finance.

Credit available to Irish non-financial firms increased from around 50 billion Euros in 2003 to a peak of 175 billion Euros in 2007, before decreasing quickly when the recession hit. Almost 60% of debt outstanding was accounted for by the construction and real estate sector. However it was not only the construction sector which entered into the property market in Ireland but also a large number of SMEs in the hope to benefit from property appreciations and capital gains. This lead to Irish SMEs having high property debt overhangs (O'Toole et al 2015, McCann and Calder 2014).

The 2007/8 recession severely hit Ireland's economy in particular the housing and finance sector. The main Irish banks experienced great losses due to their exposure to the US sub-prime mortgages default. The fall had a severe and immediate effect on the economy. The construction sector collapsed resulting in a steep decline in GDP from peak to trough of almost 10% and a reduction in GNP of just over 15%. Unemployment rose heavily by 10% from 2007 and 2012. The adjustment in the current account was particularly rapid in Ireland, due to the fall in the construction sector, whereas in countries such as Portugal and Greece, the adjustment was more gradual as there was not a property bubble there. They suffered as a result of domestic consumption decline rather than a rapid decrease in domestic investment. As the Irish property sector was tax and employment rich, it had a devastating impact on public finances. The lack of available credit changed property prices significantly increasing by over 300% since 1996, then dropping to over 50% less than their peak in early 2018. Ireland experienced one of the world's largest property crashes. Declining prices left homes with reduced wealth, leading to a drop in consumer spending worsening the 2008 crisis. In addition, the crash lead to increased vulnerability for the Irish banks with bigger and higher loses. Repossession rates rose but because of declining house prices, banks lost huge sums.

After a government surplus in 2007, the deficit rose rapidly to 11.3% of GDP by 2009 (even after significant decreases in the budget of 2009). In addition, the crisis lead to the government forced into investing over 40% of GDP into the banking system to overcome its losses and to recapitalise the main Irish banks namely the Allied Irish Bank

(AIB), the Bank of Ireland (BOI) and the Anglo Irish Bank. However, this was not enough and Ireland required an IMF-EU bailout in 2010 to ensure the banks did not collapse**.** Funding totalled approximately 150 billion Euros for the main Irish banks from the ECB and the Irish Central Bank by August 2011. At the start of the crisis in 2008, Ireland's debt was low at only around 25% of GDP however a rapid decline occurred as a result of the crisis and it peaked at 120% of GDP. It also caused a heavy reduction in tax revenues especially from property taxes which decreased in the recession. In addition as unemployment rates rose so did government spending on unemployment benefits along with Irish net borrowing being 355 of GDP in 2010 due to the banking bailout. By 2011 these problems created government debt increasing to over 100% of GDP. As a result, Irish bond yields increased rapidly due to fear by markets of soaring sovereign debt. Ireland suffered a disadvantage of their currency with the Euro as the nation had no Central Bank to lessen worries by being able to print money to address liquidity worries. An EU bailout deal was necessary with Irish bond yields reaching an escalating high level of 7%. This was astounding as Ireland should have had a stronger potential to recover given its strong economic entry position before the recession hit.

2.7.3.1 Irish Austerity Measures

As part of the EU bailout, Ireland was forced to respond with tough austerity measures. The EU demanded that this was necessary to reduce record budget deficits and improve the country's finances. The Irish government agreed to the strict policies and in order to do so increased their tax rates including VAT to 22.5% and at the same time lessened their capital and current expenditure. The EU was pleased that Ireland was able to achieve the deficit reduction targets. However as a result of their actions and reduced confidence Ireland entered into a double-dip recession. Ireland battled to achieve an average rate of growth throughout the period of 2011-2012. Their economic growth was +0.9% in 2012 but Ireland technically entered into recession again in the second half of 2012 with restricted negative growth.

2.7.3.2 Ireland and the Euro

As a result of Ireland joining the EU, it benefitted from grants and trade with the European Union. Ireland was keen to join the Euro and it significantly gained from the booming economy. However, as the recession hit it actually started to create obstacles for the country. Ireland was unable to devalue so therefore grew increasingly reliant on internal devaluation to become more competitive and reduce their current account deficit. Ireland suffered from tough bond yields which added pressure on fiscal consolidation at an inappropriate time in absence of an independent Central Bank.

2.7.3.3 The Importance of SMEs in Ireland and the Impact of Recession

SMEs located in Ireland account for 72% of private sector employment leaving aside the construction and agriculture sectors with 63% working in indigenous SMEs. Therefore this demonstrates the importance of private sector employment on domestic demand. The major trends shown by data highlight that the Irish credit market had become extremely over concentrated in the property, construction, hotel and restaurant sectors by the end of the boom in 2008. Lacina Jan Vavrina (2014) reports findings of a SBA study showing that SMEs are generally more widespread in Ireland than in the EU overall. SMEs were still suffering affects from the financial crisis in 2013. The reliance on bank financing was as high as 22% in Ireland but as low as 8% in Portugal highlighting that SMEs depended greatly on the stability of the euro areas banking sector. The IMF (2012) in its findings also stressed the importance of SMEs for Ireland's economy and of them being able to access finance which during the recession period was constrained. Holton et al (2014) in his survey found that the Irish SME rejection rate was double the euro area average and second only to Greece. This included bank loan and overdraft rejections along with a wide range of credit facilities. Mazars (2012) supports this and found in his study which included a bigger sample of Irish firms that 28% of SMEs suffered from bank loan and overdraft application rejections. He reports that the construction sector was affected the most. The better performing sectors from between 2008 and 2010 were the ICT and financial and insurance sectors. Fitzgerald (2014) found that the tradable sector of the economy was affected less by the recession and that its growth occurred when the fiscal adjustment started to kick in.

2.7.3.4 Policy Response

Even with rapid actions to restore the budget and to analysis the real scale of the banking devastation, the decreased confidence in the nation's ability to control the situation could not have been avoided. In the latter part of 2010, the financial markets, the ECB, the EU and the G-7 Finance Ministers met in Seoul, Korea, in Ireland's absence and concluded that a full-blown financial rescue package for Ireland was required. However, the speed at which the Irish government responded lagged behind the rapidly changing financial situation. When the Irish leadership realised only in autumn 2008 of the scale of the recession impact they had to adopt immediate action to address the quickly decreasing public finances in the 2009 budget. However it was only later in 2010 that the full scale of impact was discovered in the banking system. Access to funding disappeared which resulted in help of the Troika in late 2010. The newly appointed Governor of the Central Bank of Ireland, Patrick Honotian, had to announce the bailout and the yielding of an important part of the financial and economic sovereignty to the external institution (Involving the ECB, the European Commission and the IMF) rather than the Taoiseach Brian Cowen or the finance minister Brian Lenihan. This showed the level to which politicians had lost integrity with both the international institutions and the Irish public.

Although it was a clear process, the lack of information on the severity of recession impact resulted in initial action of regulators not being enough. As the restricted funding became clear so did the risk of sovereignty. This made it extremely difficult to over capitalise the banks as this would increase the sovereignty risk. A no win situation. Without the backing of the EU partners and IMF, there would have been insufficient finances for the banking system. The banking system had been very slow to react to the debt issues which was realised by stress tests in 2011.

2.7.3.5 Summary of Republic of Ireland Context.

Although the recession hit the Irish economy significantly, the catastrophe was mainly associated with the construction sector. Although the tradable sectors competitiveness had reduced during the boom years, it did not lead to wholesale closures being certain. Instead, the sector generally took the decision to re-price itself during the recession. This sector concentrated on activities that required skilled employees and on products and services where demand is income elastic. As a consequence, there was a rapid growth in exports of services, which almost contributed to half of the Irish exports. This led to the exports of goods and services being 14% higher in 2014 than their previous peak in 2007, despite the poor overall performance of the economy. The recovery was generally driven by high tech businesses in the tradable sectors.

2.7.4 Economic Background of Northern Ireland

Northern Ireland has the smallest economy in the United Kingdom. It suffers with one of the lowest wage and labour productivity rates with many disadvantaged areas. It has limited infrastructure and issues with deprivation and rurality. It also has suffered greatly with over thirty years of Troubles and this has impacted upon the country attracting foreign investment. Consequently, it has greater barriers to encounter when competing in the global market and attaining investment to develop the private sector and grow its economy. The private sector tends to be more focused on low-added sectors than other parts of the UK and as a result has an advancing productivity gap. The majority of private sectors in NI are wholesale and retail, manufacturing and business and professional services (real estate and business activities) but overall NI lacks a strong private sector with more reliance on the public sector for job creation. The public sector jobs total to almost one third of total jobs in NI compared to the UK average of 23.3% and has the largest rate in all regions of the UK. It therefore is presented with a task to rebalance its economy by investing and increasing its private sector and its ability to develop its exports. Northern Ireland is also unique in that it is not part of mainland UK but instead shares a land border with the Republic of Ireland. Overall, Northern Ireland has the weakest economy in the UK. However, over the past 30 years the Northern Irish economy has also like Ireland changed from a heavily traditional agricultural and industrial based economy of shipbuilding and textiles to one of a more services based economy along with the public sector. NI's main strengths and opportunities include inward investment, competitive labour costs, a mainly young population, a high quality education system even by UK standards and has a robust tourism sector.

The Northern Irish economy grew quicker than the rest of the UK economy throughout the 1990s, due in part to benefiting from the Celtic Tiger growth of the Republic of Ireland's economy and more peaceful times. However, development of the economy started to decline to the same pace of the rest of the UK in early 2000 as a recession occurred, but growth increased in 2005 again at nearly twice the speed of the UK total and in April 2007. The results of a Halifax survey found Northern Ireland's average house prices to be one of the highest in the UK, behind London, the South East and South West. It also reported that Northern Ireland had all top ten property 'hot spots' with areas such as Craigavon and Newtownards increasing by 55%. However, like the Republic of Ireland this dramatically changed in 2018 when the recession hit as prices of houses reduced to 40% lower than in early 2008 and had the UKs lowest average.

2.7.4.1 Impact of Recession on Northern Ireland Economy

The 2008 recession was more severe on SMEs in Northern Ireland than the rest of the United Kingdom (Ulster Bank Report). Before the crash in 2007, NI experienced one of the most astounding property booms than most regions in the UK however house prices plummeted by 40% in 2008. In the first quarter of 2009, private sector activity dropped at a quicker pace than anywhere else in the UK. The construction and retail were the worst performing sectors. This impact is highly connected to the collapse of the construction sector in the Republic of Ireland. Northern Ireland has important linkages with the ROI, which equated for 28.4% of manufacturing exports (Manufacturing sales and Exports Survey 2009/10 DETI 2010) and almost a quarter of construction output at the peak of 2007. When the ROI government started to reduce public sector borrowing to 3% GDP by 2014 it had a severe impact on NI. The biggest impact for NI was the obvious decline in demand for products and services. The requirements for the Republic of Ireland to focus on external sources such as inward investment and the tourism sector to accelerate their growth lead to more intense competition for NI to compete.

The unemployment rate in NI in March 2008 was 2.7% and it then quickly accelerated to 6.2% in September 2009 meaning it was the highest in the UK with an increase of 3.5% overall. As a result of the recession, the areas with the weakest labour markets suffered more. Declining workloads lead to a reduction in prices and staff redundancies. Many areas of the UK (except Northern Ireland and South West of England) during March saw an improvement in the business activity index. Firms in all sectors in Northern Ireland carried on cutting jobs at a fast rate in March however; the majority of job cuts were clearly seen in the construction sector. NI experienced the UKs largest decline in household incomes and the biggest growth in poverty during the recession (Institute for Fiscal Studies on behalf of the Joseph Rowntree Foundation). The average Northern Ireland household income reduced by 8% during the recession compared to only a 2% drop in the West Midlands.

In addition, Northern Ireland also experienced the weakening of sterling more compared to other regions of the UK. Input cost inflation between businesses in NI grew for the first time in four months compared to businesses based in the rest of the UK where input costs declined. A survey showed that output from businesses decreased for sixteen months with the poorest performing sectors being construction and retail.

NI businesses reduced their prices for six months even with bigger input costs and more fierce competition. One of the significant concerns faced by businesses was accessing finance. Glyn Roberts from the Northern Ireland Independent Retail Trade Association reported that although some sectors were surviving, businesses that manufactured products pertaining to the motor and construction industries were severely suffering and that there was a “long hard road ahead before we turn the corner.” Businesses located in NI found it near impossible to attain finance. Half of Northern Ireland’s four major banks are Irish owned and another has operations in ROI. Impairment provisions continued to affect profitability and liquidity and consequently availability of credit was very limited. A private sector led recovery requires businesses being able to obtain finances required for investment and innovation. However, NI businesses did benefit slightly from the loan given to the Irish government by the UK. However, NI economy’s ability to provide support to businesses was hampered by changes of the EU state aid rules, which limits the extent of public support that can be provided to local firms.

2.7.5 Chapter Two Summary.

This chapter (chapter two) has presented a critical literature review including the theories that underpin this research and the practical context. The next chapter (chapter three) will present the methodology in which the research has been conducted.

Chapter Three Methodology

3.0 Introduction

Research methodology refers to the procedural framework within which the research is conducted (Remenyi et al 2012). It has been argued that every research project demands a methodology. Hair et al (2015) argue that there needs to be a systematic way of producing knowledge or otherwise the research findings of a topic can be dismissed as guesswork. In addition, Bergman (2008) emphasise that the methodological approach, derives from the nature of the social phenomena to be explored. Saunders et al (2015) and Remenyi et al (2012) support that it is important that the appropriate strategy is adopted for the particular research questions and objectives. The choice of strategy is therefore dependent on which can best facilitate the authors' objectives. The approach must refine and even negate existing theories by challenging and questioning them and reduce biases as much as possible (Quinlan et al 2019, Bell et al 2018).

This chapter introduces and discusses the research methodology used for this study and how it has guided data collection, analysis and development of theory. It seeks to provide a rationale and justification for each stage of the research design including the approach and research position adopted and the methodological considerations implicit in investigating the research questions**.** The proposed methodology adopts a mixed methods approach and provides triangulation whereby multiple perspectives are used to investigate and interpret this particular phenomenon. This will improve the credibility and validity of the research. It progresses from an exploratory to explanatory inquiry, designed to fully address the research objectives. The subsequent sections describe the data collection phases for this study, which consisted of a focus group, a survey and semi structured interviews. The chapter concludes by explicating the analysis approach for the empirical data.

The review of the extant literature (Chapter 2) and the focus group identified emergent themes and research issues and gaps which need to be addressed if the field of study is to progress substantially and has in turn led to the development of the research questions.

As a reminder to the reader, the overarching aim of this study is to explore Irish SME coping strategies emanating from the 2008 economic recession. The objectives developed demonstrate the holistic approach that will be utilized. They are as follows:

Research Objectives

RO1**:** To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

R02: To identify and evaluate the impact(s) of each business strategy employed.

RO3: To identify barriers to effective business strategy implementation.

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.

RO5: To establish influential factors of coping strategies in recessionary times.

These research issues generated philosophical and methodological considerations which are discussed in subsequent sections.

3.1 Research Paradigm Perspectives/Research Philosophies

In recent years there has been a considerable debate in the role of philosophical assumptions and paradigms in doing research (Denscombe 2008, Morgan 2007, Bryman 2008 Onwuegbuzie et al 2009). The critique against previously accepted ways of researching and the debates between the proponents of different positions have been so extensive that some authors have called the period an era of “paradigm wars” (Niglas 2004, Hammersley 1992).

The term “paradigm” has come into vogue among social scientists, particularly through the work of Kuhn. The term was used initially to describe the progress of scientific discoveries in practice, rather than how they are reconstructed. Kuhn (1998) advocated that without paradigms, scientific research could not take place as a collective enterprise since science needs an organising principle. Guba and Lincoln (1994, p.7) define a paradigm as: “a set of basic beliefs that deals with ultimate or first principles. It represents a world view that defines, for its holder, the nature of the “world”, the individuals place in it and the range of possible relationships to that world and its parts, as for example, cosmologies and theologies do”

Literature clearly identifies between two key paradigms: the qualitative and quantitative paradigms (Cooper and Schindler 2006, Denzin and Lincoln 2000). Academics have referred to the quantitative paradigm as the positivist, the experimentalist and empiricist paradigm and the qualitative paradigm as the relativist approach, the constructivist or naturalistic approach, the interpretive approach and more recently the post-positivist and post-modernist approach.

Paradigms provide philosophical, theoretical, instrumental and methodological foundations for conducting research and in addition, provide researchers with a platform from which to interpret the world (Morgan 2007).

Grasping and achieving an understanding of a paradigm thereby permits researchers to decide upon which areas are worthy of examination and also suggests the likely tools that can be adopted in application. The positions taken by individual researchers vary considerably, from those who see the two strategies as entirely separate and based on alternative views of the world, to those who are happy to mix these strategies within their research projects. For example, Bryman (2008) argued for a `best of both worlds' approach and suggested that qualitative and quantitative approaches should be combined. Hughes (1997) nevertheless, warns that such technicality solutions underestimate the politics of legitimacy that are associated with the choice of methods**.** A researcher in prescribing to a particular paradigm accepts the methodologies, instruments and types of data collection that are incumbent upon that particular paradigm.

Onwuegbuzie (2009) states that it is important how well we are able to reflect upon our own philosophical choices as they fundamentally shape the research strategy and therefore we need to defend them in relation to the alternatives we could have adopted. No one philosophy is better than another; they are suited to achieving different things. Three research philosophies namely positivism, interpretivism and pragmatism will be discussed in greater detail in the sections that follow.

3.1.1 Positivism

The core belief within the positivist sphere is that the social world exists externally and that its properties should be measured through objective methods rather than being inferred subjectively through sensation, reflection or intuition (Easterby-Smith et al 2012). Positivists are concerned with establishing the fundamental patterns or relationships in social life. Positivism holds that science is the only true source of knowledge. Positivists believe that science is an objective procedure, which builds up a picture of how things work from a relatively secure base; if you have a theory about how things work, then data can provide an objective test of that theory (Saunders et al 2015). Positivists seek the facts or causes with little regard for the subjective states of individuals and are concerned with understanding human behaviours from their own frame of reference. Accordingly, positivism inclines towards quantitative methods, ensuring that the testing of ideas and hypotheses, that have been developed before the research project begins are carried out using a controlled method of measurement. Testing hypothesis is generated from theory, mainly quantitative data and statistical analysis. The quantitative approach makes it possible to do statistical comparisons and compare series of data (Vogt 2007). It decides if results confirm or refute the theory and forms conclusions that can be generalised to other situations. It identifies and isolates different variables to establish cause and effect relationships. The correlation design of positivism has its principal advantage in its analysis of the relationships among a large number of variables in a single study (Fanslow 1989). It describes, explains and tests relationships. Liebscher, (1998) supports this and states that a quantitative research methodology is appropriate where quantifiable measures of variables of interest are possible, where hypotheses can be formulated and tested and inferences drawn from samples of populations. It is deductive in that from the general situation, inferences can be made about a specific example. Objectivity is guaranteed: "the researcher is independent of and neither affects nor is affected by the subject of the research" (Remenyi et al 1998, p.33). Saunders et al (2015) support this and contend that positivism is an objective analyst, coolly making detached interpretations about those data that have been collected in an apparently value free manner. Hair et al (2015) state that there is emphasis on a highly structured methodology to facilitate replication and on quantifiable observations that lends themselves to statistical analysis. The emphasis in this approach is upon measurement, comparison and objectivity and the diagnostic feature is that the techniques used always generates numerical data (Zikmund et al 2013). Therefore no open-ended questions should be used and the questions most likely to be asked would be "which?" as opposed to "why?" Quantitative methods include surveys (numeric descriptions of trends, attitudes, opinions of a population sample) and experiments (test impact of a treatment on an outcome controlling all other factors that might have an influence).

The strengths and weaknesses of quantitative methodologies are provided in the following table:

Table 2 Strengths and Weaknesses of Quantitative Methodologies

Strengths	Weaknesses
Precision, as it is less prone to error through using quantitative and reliable measurement.	Weak at understanding social processes as often it does not discover the meanings people attach to social phenomena. Quantification can become an end in itself.
Reliability and validity may be determined more objectively than qualitative techniques as there is independence of the observer from the subject being observed.	It leads to the assumption that facts are true and the same for all people all of the time.
Strong in measuring descriptive aspects. Statistical techniques allow for sophisticated analyses and help to search for causal explanations and fundamental laws. Ability to produce causality statements, through the use of controlled experiments	Quantitative research often produces banal and trivial findings of little consequence due to the restriction on and the controlling of variables.
Generally reduces the whole to the simplest possible elements in order to facilitate analysis.	Inflexible direction. It often cannot be changed once data collection has started.
Comparison and replication are allowable.	It is not totally objective because the researcher is subjectively involved in the very choice of a problem as worthy of investigation and in the interpretation of the results.

(Easterby-Smith et al, 2012).

3.1.2 Phenomenology/ Interpretivist

The interpretivist paradigm was developed by philosophers during the last century, largely in reaction to the application of positivism to the "social sciences", stemming from the view that "reality" is not objective and exterior, but is socially constructed and importantly, given meaning by people (Easterby-Smith et al 2012). The relativist paradigm reports that reality is determined by people rather than by objective and external factors. "The goal of qualitative research is the development of concepts which help us to understand social phenomena in natural (rather than experimental) settings, giving due emphasis to the meanings, experiences and views of the participants" (Pope and Mays 2000, p.4). Hence the task of social scientists should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience. The focus therefore should be on what people are thinking and feeling and researchers should attempt to explain why people have different experiences, rather than search for external causes and fundamental laws to explain their behaviour.

The phenomenological approach derives its conclusions based on investigation, qualitative data and lets the investigation guide the project. The research questions often evolve as the study does because the researcher wants to know what is happening and would not want to bias the study by focusing the investigation too narrowly. This approach increases the understanding of the case studied since it can penetrate deeper into each case (Denzin and Lincoln 2008). It typically involves highly detailed description of human behaviours and opinions. Quinlan et al (2019) states that phenomenological research involves studying a small number of subjects, through extensive and prolonged engagement, to develop patterns and relationships of meaning. In this process, the researcher “brackets” his or her own experiences in order to understand those of the participants in the study (Bell et al 2018). It is concluded in a natural setting, without intentionally manipulating the environment. The phenomenology approach emphasizes description, uncovering patterns in the data, giving voice to the participants and maintaining flexibility as the research project develops. It allows for “deep” information gathering and perceptions through inductive, qualitative methods such as interviews, discussions and participant observation and representing it from the perspective of the research participant(s) (Lester, 2002). Qualitative research is principally used for answering the “how”, the “why” and the “what” types of questions. It is not used for the “how many” questions, which is so prevalent within quantitative research methodology (Webb 2002). The focus of qualitative research is therefore not on numbers but on words and observations, stories, visual portrayals, meaningful characterizations, interpretations and other expressive descriptions (Zikmund et al 2013). Qualitative techniques can be defined as an array of interpretations techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world (Easterby-Smith et al 2012).

The strengths and weaknesses of qualitative methodologies are provided in the following table:

Table 3 Strengths and Weaknesses of Phenomenology Approach

Strengths	**Weaknesses**
In-depth examination of phenomena. Facilitates understanding of how and why. Qualitative descriptions can play the important role of suggesting possible relationships, causes, effects and dynamic processes.	Data collection, analysis and interpretation can be time consuming as contact is personal. Conducting interpretative studies can be costly due to the extended research time as there may be multiple meetings with respondents.
Not limited to rigidly definable variables. This enables the researcher to be alive to changes which occur during the research process.	In-depth, comprehensive approach to data gathering limits the scope.
Examines complex questions that can be impossible with quantitative methods. Because of close researcher involvement, the researcher gains an insider's view of the field. This allows the researcher to find issues that are often missed (such as subtleties and complexities) by the scientific, more positivistic enquiries.	Reliability is very difficult. The problem of adequate validity or reliability is a major criticism. Because of the subjective nature of qualitative data and its origin in single contexts, it is difficult to apply conventional standards of reliability and validity. They do not lend themselves to direct generalization. The researcher bias is built in and unavoidable and therefore the researcher's presence has a profound effect on the subjects of study.
Good at understanding social processes. Qualitative research adds flesh and blood to social analysis.	Issues of anonymity and confidentiality present problems when selecting findings.
Deals with value-laden questions.	The researcher has to live with the uncertainty that clear patterns may not emerge. Contexts, situations, events, conditions and interactions cannot be replicated to any extent nor can generalisations be made to a wider context than the one studied with any confidence.
Explores new areas of research and builds new theories.	Data analysis is more difficult as data doesn’t tend to fall into neat categories.

(Lester, 2002)

Gorgon and Longmaid (1998) provide a useful comparison between qualitative and quantitative research as shown in Table 4:

Table 4 Comparative Analysis between Quantitative and Qualitative Research

Quantitative	Qualitative
Statistical and numerical measurement.	Open ended and diplomatic. Flexible.
Sub group sampling/comparison.	Depth of Understanding.
Survey can be repeated in the future.	Taps into consumer creativity.
Taps into individual responses.	Penetrates superficial responses.
Less dependent upon research/ exercise skills.	Richer source of ideas for marketing.

3.1.3 Mixed Methods

From the discussion under the two traditional schools of thought, it is apparent that both qualitative and quantitative methods involve differing strengths and weaknesses. Many academics today advocate a "paradigm of choices that seeks methodological appropriateness as the primary criterion for judging methodological quality. This will allow for situational responsiveness, that strict adherence to one paradigm or another will not" (Patton, 2005, p.3). The emergence of mixed methods as a third methodological movement in the social and behavioural sciences began during the 1980's. Proponents of mixed research typically adhere to the compatibility thesis as well as to the philosophy of pragmatism. The compatibility thesis is the idea that quantitative and qualitative methods are compatible, that is, they can both be used in a single research study. Tashakkori and Teddlie (2003, p.697) contend that it involves "integrating quantitative and qualitative approaches to generate new knowledge and can involve either concurrent or sequential use of these two classes of methods to follow a line of inquiry." Stange et al (2006) state that it involves integrating quantitative and qualitative data collection and analysis in a single study or a program of enquiry. Creswell (2009) also terms it 'multi-methodology.' Many authors Morgan (2013), Teddlie and Tashakkori (2012) and Niglas (2004)) support that the two paradigms can be complementary and run parallel. Fierro (2003) goes further to state that the two are so intertwined that a study of quantitative research is nearly impossible without referring to both qualitative and quantitative methods. Quantitative data can help with the qualitative side of a study during design by finding a representative sample while locating deviant samples, while qualitative data can help the quantitative side of the study during design with conceptual development and instrumentation. If in-depth examination of a phenomenon helps clarify patterns that lie within it and these patterns are formally described, then the qualitative and quantitative approaches will have done their duty; richness and precision will have complemented each other. "Quantification extends, refines and cross-checks qualitative knowledge" (Howe, 1995, p.10). This method involves an inherent advantage of methodological triangulation as by collecting both qualitative and quantitative data it avoids only using each extreme. This will provide the confirmation or corroboration of each paradigm, to elaborate or develop analysis providing richer details (Saunders et al 2015) and to initiate new lines of thinking through attention to surprises or paradoxes, "turning ideas around", and providing fresh insights (Yu, 2003). Each weakness in each single method will be compensated by counter balancing the strength of the other. Together qualitative and quantitative methods provide complementary views of the phenomena and efforts at achieving their reconciliation can elucidate processes underlying them (Castro et al 2010). Therefore, triangulation enhances the overall trustworthiness and accuracy of an enquiry (Teddlie and Taskakkori 2012, Johnson and Onwuegbuzie 2007). Amaratunga et al (2002) and Yonne Feilzer (2009) argue that the multi-method approach may be the best option as it has the potential to achieve the goals of convergent validity and completeness. Looking at the same problem from a number of viewpoints is an excellent way to verify interpretation and conclusions. It enhances understanding of the phenomena and aids the development of a holistic view as is required within the present research.

The philosophy of pragmatism believes that researchers should use the approach or mixture of approaches that works best in a real world situation. Pragmatism agrees the importance is the research question. In short, what works is what is useful and should be used, regardless of any philosophical assumptions, paradigmatic assumptions, or any other type of assumptions. Concepts are only relevant where they support action (Kelenen and Rumens 2008). This means that the most important determinant of position on each of the continua is the research question-one position may be more appropriate than another for answering a particular question. Saunders et al (2012) agrees and states that it is important that the appropriate strategy is adopted for the particular research questions and objectives. Moreover, if the research question does not suggest unambiguously that a particular philosophy should be adopted this confirms the pragmatists view that it is perfectly possible to work with different philosophical positions-multiple methods are therefore highly appropriate within one study. Pragmatists recognise many different ways of interpreting the world and undertaking research –one single point of view can never give the entire picture. This does not mean they always use multiple methods rather they use the method(s) that enable credible, well founded, reliable and relevant data to be collected that advance the research (Kelemen and Rumens 2008).

For pragmatists the nature of the research question context and likely research consequences are the driving forces in determining the most appropriate methodology choice. Both quantitative and qualitative are valued by pragmatists and exact choice will be contingent on the particular nature of the research (Nastasi et al 2010).

3.1.4 Research Position: Pragmatism

The previous sections within this chapter have discussed and analysed the strengths and weaknesses of each paradigm. Each philosophical approach has been considered in relation to the research objectives developed in this current research. The researcher will adopt a mixed methods approach and pragmatist stance because the research questions require both qualitative and quantitative approaches in combination to answer and provide a better understanding of the research problems and issues than either research approach alone. The researcher understands the importance of the research questions and that seeking their answers are key regardless of any philosophical assumptions, paradigmatic assumptions, or any other type of assumptions. The research objectives are diverse in terms of the type of information required to answer them, in their generalizability and framing.

Research objective one requires an investigation from a positivist position as it requires an objective, explorative approach to identify business opportunities and threats affecting SMEs necessitating a quantitative methodology. This will also provide the vehicle to aim for a good sample size of SMEs to examine. However as the other objectives emerge the research requires both a positivist approach and a more explanative, subjective investigation to gain more in depth knowledge and richer information requiring a qualitative methodology. The social world of business and management is far too complex to define “laws” as determined in physical sciences. Rich insights into this complex phenomena would be lost if complexity is reduced entirely to a series of law-like generalisations. Qualitative methods are highly appropriate and are required in business and management research as not only are business situations complex but they are also unique. They include a function of a particular set of circumstances and individuals coming together at a specific time. A deeper investigation with a qualitative approach will aid with fully understanding in particular research objective 3 regarding the barriers and therefore also support offered to SMEs and research objective 4 entailing the role, drivers and motivations of the SME management team in strategy implementation. Given the characteristics of all five research objectives, a mixed methods approach is required to effectively address the research problem. Therefore this study will have both a deductive (identifying casual relationships between variables) and inductive and exploratory nature (seeking new insights to assess phenomena in new light and developing a theoretical explanation to build theory). In terms of ontology this research will therefore display elements of both objectivism (how social entities exist independent of social factors and subjectivism (understanding the meanings between humans as social factors).

A mixed methods approach will provide a vehicle for the development of additional research stages to be based on real results rather than guesswork and provide an environment for new themes to emerge to gain richer information and greater understanding of the complex phenomenon under investigation. The inherent nature of triangulation will help ensure the accuracy of findings from each of the different perspectives.

3.1.4.1 Assumptions Underpinning Pragmatist Research Philosophy

Burrell and Morgan (2016) argue that at each phase of research a number of assumptions will be made by the researcher. These assumptions include three major types; the realities encountered in research which identify what research objects and phenomena is focused on and how the researcher approaches them (ontological assumptions), assumptions regarding human knowledge and determines the type of contribution to knowledge made as a result of research (epistemological assumptions), and assumptions regarding how the researcher's values influence the research (axiological assumptions) (Saunders et al 2019). The difference philosophies can be identified by the similarities and differences of these assumptions. These assumptions influence how research questions are understood, the methods employed and how the research findings are analysed and interpreted. Pragmatist ontology, epistemology and axiology are based on enhancing practice. Pragmatists use a variety of research strategies, selecting the best one that best answers the research problem. It aims to bring objectivism and subjectivism together including data and values and "accurate and rigorous knowledge and different contextualised experiences" (Saunders et al 2019 p.135). It achieves this by contemplating concepts, theories, and ideas in regards to their practical importance in different contexts. Reality is important to pragmatists as "practical effects of ideas and knowledge is valued for enabling actions to be carried out successfully" (Saunders et al 2019 p.136). The researcher focuses initially on the problem with the result of providing practical answers that contributes to future practice. The main interest is of practical outcomes based on the research problem. The researcher values prompts the reflexive method of inquiry, which begins by questioning that something is not

right or is irregular and belief is restored when the issue has been rectified. Pragmatists believe that there are a variety of ways of understanding the world and that no one view can contribute to the whole picture as there may be many different realities.
The table below has been adopted from Saunders et al (2019) to show the assumptions underpinning pragmatist philosophy.

Table 5 Assumptions Underpinning Pragmatist Philosophy

Assumptions	Pragmatist Stance
Ontology (nature of reality or being)	• Complex, rich, external. • ‘Reality’ is the practical consequences of ideas. • Flux of processes, experiences and practices.
Epistemology (what constitutes acceptable knowledge)	• Practical meaning of knowledge in specific contexts. • ‘True’ theories and knowledge are those that enable successful action. • Focus on problems, practices and relevance. • Problem solving and informed future practice as contribution.
Axiology (role of values)	• Value-driven research. • Research initiated and sustained by researcher’s doubts and beliefs. • Researcher reflexive
Typical methods	
• Following research problem and research question. • Range of methods mixed, multiple, qualitative, quantitative, action research. • Emphasis on practical solutions and outcomes	

Table 6 justifies the pragmatic stance in which underpins this research design.

Table 6 Justification for a Pragmatic Stance.

Factor	Advantage
Facilitation	One method may lead to discovery of new insights which inform and are followed up through use of the other method.
Generalizability	Helps to establish the generalisation of a study or its relative important. Establishes the credibility of a study or to produce more complete knowledge by using the mixed approach.
Complementarily	May allow meanings and findings to be elaborated, enhanced, clarified, confirmed, illustrated or linked
Interpretation	One method may be used to help explain relationships between variables emerging from the other.
Problem solving	The alternative method may help when the initial method reveals unexplainable results/insufficient data. It helps answers the question from a number of perspectives.
Focus	One method is used to focus on one attribute while the other on another.
Variation in data collection	Leads to greater validity.
Pre-existing assumptions	Ensures that they are less likely.
Gaps	Ensures that there are no 'gaps in the information and data collected.
Triangulation Confidence	Combines data to ascertain if findings from one mutually collaborates findings with the other method used. This leads to increased confidence in conclusions.
Diversity	Greater diversity of views to inform and be reflected in the study.
Initiation	The initial use of quantitative will help with the selection of interviewees and help formulation and draft the interview questions to be used to provide contextual background and better understanding of the research problem.

(Saunders et al 2012)

3.1.5 Research Design

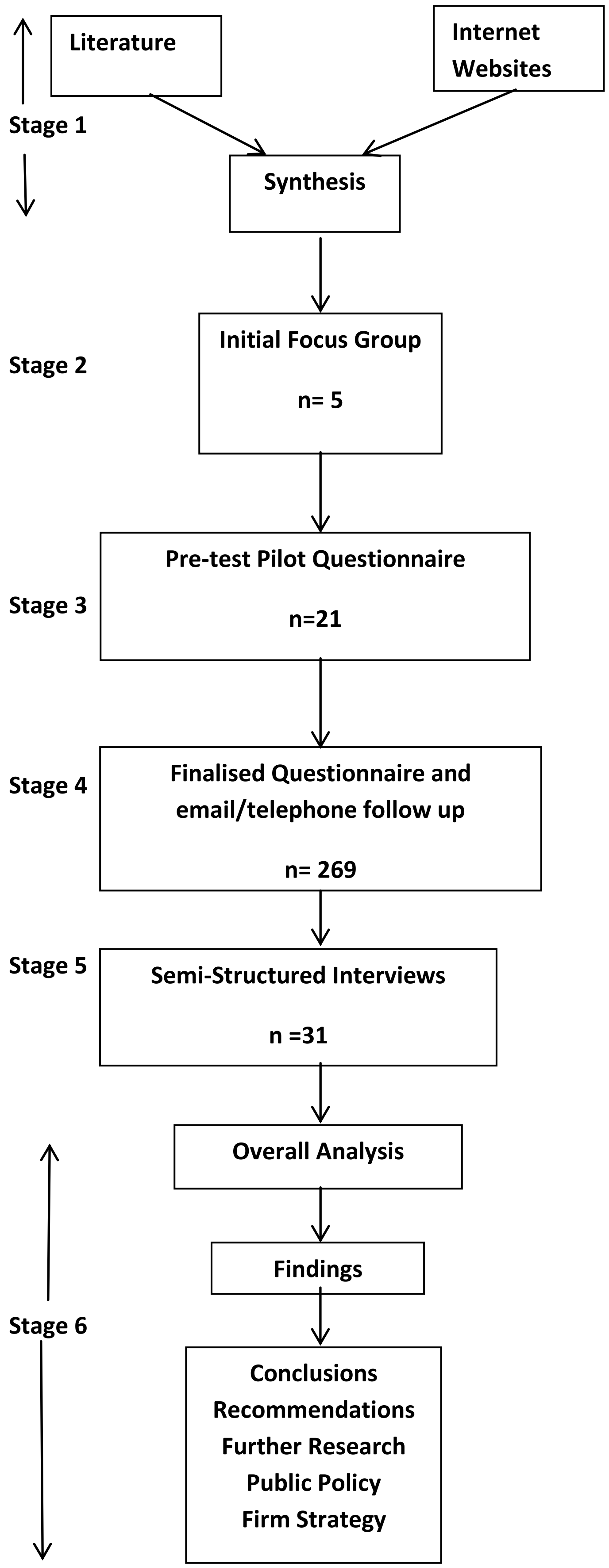
A research design is a general plan of how the researcher will answer the research questions. It must have clear objectives with valid reasons for each of the research design decisions derived from the research questions, specify the sources from which the researcher intends to collect data, how it will be collected and how results will be analysed as well as a discussion regarding ethical issues and constraints, such as access to data, time, location and money. Justification is required for each element based on the nature of the research questions /objectives and must show consistency with the research philosophy and demonstrate coherence across the research design.

This study provides a fully integrated mixed methods approach adopting a sequential mixed methods research approach where there is more than one phase of data collection and analysis. It has a double-phase research design where two alternative mixed methods research strategies are used with a sequential exploratory research design. Stage one uses a quantitative method of an online survey, drawing from a positivist perspective, followed by stage two of a qualitative nature of semi structured interviews, drawing from an interpretivist perspective. The researcher will use qualitative follow-up after analysing and interpreting the quantitative results from stage one, in order to expand and elaborate on initial findings (Glatthorn 1998). Denscombe (2008) argues that social researchers rarely if ever, rely on one approach to the exclusion of the other. Good research tends to use parts of both approaches.

Therefore the nature of the research design will have both an explanatory and exploratory nature. An explanatory study seeks to establish causal relationships between variables. A survey will be used to aid explanations from a sizable population to allow easy comparison, analyse and possible models to emerge. A survey has been adopted as it provides results of a cross-sectional of a particular phenomenon at a particular time as it would take too much time and resources to conduct a longitudinal study. Semi structured interviews will be used to aid the exploratory nature of the study. An exploratory study seeks to discover and gain deep and rich insights into a topic. It helps clarify understanding of a problem and provides flexibility as the researcher can change direction as a result of new data or insights. These instrument strategies have linked the researcher's philosophy and choice of methods in collecting and analysing the data. The researcher has been guided by the research objectives, the coherent link to philosophy research approach and purpose, the extent of existing knowledge, time available and the accessibility to potential participants. The research objectives must be thoroughly understood if the right questions are to be asked which in turn will lead to end results that will actually answer the questions (Maxwell 2012). Both methods will be equal with no method dominating the other (Creswell and Plano Clark 2007). It is important to also consider axiology which studies judgements about value. The role of the researchers own values in all stages of the research process is of great importance if results and conclusions are to be credible.

Figure 6 provides a clear overview of the research design accompanied with a brief description of each stage. Fuller detailed descriptions of the research design follows in subsequent sections.

Figure 6 Outline of Research Design



Stage 1: To review and synthesise the current literature in this field to critically assess the major research carried out identifying existing gaps that will lead to the formation of research objectives to add a valuable and original contribution to the existing research.

Stage 2: To arrange an initial focus group with 5 businesses (as suggested by Remenyi 2008) to obtain general contextual background and reaction to the recession.

Stage 3: Devise a pre-test pilot questionnaire with a sample of 21 SMEs (23 SMEs were sent the survey yielding a response rate of 92%) located in Northern Ireland and the Republic of Ireland – database purposely selected (Convenience sampling).

Stage 4: The finalised questionnaire will be an online survey, emailed and then followed up by email and then telephone if required to Chief Executive/Managing Directors/Business owners of 1,500 Irish SMEs. The responses will be analysed using SPSS software and from the findings certain businesses will be selected for interviews.

Stage 5: To conduct 31 semi-structured interviews approximately lasting one hour each. The findings will then be analysed to provide conclusions and recommendations.

Stage 6: Overall analysis of the responses will be conducted to provide overall findings, conclusions and recommendations to business practitioners and public policy makers.

This section has discussed the philosophical stance underpinning the research process and has outlined the research design. The following sections will provide a detailed account of each of the research design stages.

3.2 Research Design – Stage One

3.2.1 Introduction

As aforementioned, this research adopts a fully integrated mixed methods approach adopting a sequential mixed methods research approach. This will provide a thorough investigation of the phenomenon via triangulation. The first research stage of adopting an exploratory, quantitative approach involved the development of a self-administered online survey. A survey can be defined as “a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives.” (Sekaran 1992, p.6).

Sale and Brazil (2004) supports the use of self-completion questionnaires as the most appropriate device to explore issues. Surveys permit themes to emerge through rudimentary analysis to extract patterns and make comparisons to inform further research stages (Bell et al 2018). Findings from surveys also have the advantage of being population generalizable. A survey was employed to capture factual information from a sufficient sample of SMEs. The findings from a focus group were used in conjunction with an extant literature review to gain insights into common themes and patterns emerging and to structure the questionnaire. Saunders et al (2012) supports the critical role of a literature review in informing the design of questions in a survey. The literature can also contribute by introducing constructs, validated questions, and measurement scales which can be used or adapted for this research. The design of the questionnaire will consider Sekaran (1992) and Bell et al (2018) views that the document needs to be well structured and piloted with a number of respondents.

Pilot testing of the questionnaire ensures that it 'flows' and along with transition text ensures that all questions are answered in the correct order, that there is no ambiguity in the questions, no problems with the wording or measurements, thus enabling any inadequacies or flaws to be rectified in time, before the questionnaire is administered to the respondents and thus bias and confusion is reduced (Sekaran 1992). This will maximise instrument validity and reliability and ensure that it will address the research objectives appropriately. The survey was finalised and then distributed after the pilot study had been completed.

3.2.2 Instrument Justification of Questionnaire

A survey is just one instrument drawing from a range of quantitative methods. This section seeks to justify why a survey was selected as the most appropriate instrument in this stage of the research design. After analysing and evaluating the range of quantitative research instruments available, there were a number of reasons why a questionnaire was selected.

- To address the research objectives which require a quantitative instrument to provide explanation of the questions.
- A significant advantage of using a survey for this study was to collect larger amounts of data in a shorter time scale.
- The survey complemented findings from the focus group and helped to obtain a better idea of individuals' opinions towards the recession.

- Additionally, the survey highlighted interesting cases which could be approached in further data collection stages and thus supported the purposeful sampling approach of the semi structured interviews.

3.2.3 Survey Development and Distribution

This section will detail the development of the survey and how it was distributed.

3.2.3.1 Development of the Draft Survey Design

The design of the research instrument and the administration of it can play a significant role in terms of the research quality not just the selected methodology approach (Saunders et al 2012). The final questionnaire (see Appendix III) underwent a rigorous design process to ensure that it was sufficient to collect accurate and valid quantitative data to fully answer the research objectives. In particular, focus was placed upon the content and context, distribution and pilot testing of the survey. In developing the draft questionnaire a literature review was conducted to help develop the questions whilst at the same time inform deployment strategies. The questions were based on gaps identified in the existing literature and common themes emerging from initial information obtained from the focus group. Other tried and tested questionnaires were adapted to develop some of the questions in this survey. This helped to maximise the quality of the questionnaire**.**

In ensuring the questionnaire seeks to address the research objectives the following areas were identified as requiring investigation:

1. Firm Demographics
2. Impact of Recession
3. Recession Strategy
4. Barriers to Strategy Implementation
5. The Business Owner/Entrepreneur

In developing the survey, influence has been exerted from the existing base of knowledge and literature. The firm demographics section was self-devised (given the researchers experience of working with SMEs on a daily basis). In investigating the impact of recession, questions were adapted from Geroski and Gregg (1997) study which investigated UK company performance in recessions. Their influence and that of Latham and Braun (2011); Kitching et al (2011) and Barney (1991) studies of SMEs in recessions influenced the survey section on recession strategies. Pearce and Michaels (1997); Cooney and Malinen (2004) and Bachmann et al (2010) work influenced the devising of questions relating to barriers identified by SMEs whilst trying to implement their selected strategies. Morgan (1997); Chandler and Jansen (1992); Burns (2001) and Begley (1995) influenced the questions regarding the business owner/entrepreneur.

Table 7 Sources Utilised in Survey Development

Survey Section	Sources
Firm Demographics	Self-Devised
Impact of Recession	Adapted from Geroski and Gregg (1997)
Recession Strategy	Latham and Braun (2011); Kitching et al (2011); Geroski and Gregg (1997); Barney (1991)
Barriers in Strategy Implementation	Pearce and Michaels (1997); Cooney and Malinen (2004); Bachmann et al (2010)
Business Owner/ Entrepreneur	Morgan (1997); Chandler and Jansen (1992); Burns (2001); Begley (1995)

These broad areas form the different sections within the instrument providing appropriate research question placement. This allows the pioneering of particular variables instead of abstractions, so respondents can attribute values, at the same time permitting the required observation.

It is critical to ensure that the appropriate measurable responses are encouraged in the creation of relevant questions. Where possible, structured questions were used and open questions kept to a minimum to help with coding and to minimise problems at the analysis stage. Questions were worded carefully and avoided long and ambiguous, leading, biased questions, as well as jargon so respondents could understand clearly what was being asked in each question. Questions need to be created in such a way that the appropriate responses can be provided for each question and each question needs to be quantified through the appropriate measurement systems. By using the appropriate measurement scales it will enable participants to answer within a defined scope. The different measurement scales have been evaluated in terms of user-friendliness, whilst ensuring genuine high-value responses are collected. The survey uses different types of questions including the following:

- Closed questions benefits data collection in a highly structured fashion, easing accumulation and avoiding the potentially unwieldy pre-emption of possibilities (Brace 2018). Closed questions were mainly used throughout the survey guiding responses within a confined framework. This was so analysing of data would be simpler being able to easily code each response.

- Categorisation questions where used to provide pre-defined possible replies, allowing greater ease-of-use and reducing potential errors in data input saving time. Using the option for other (please specify) as for example in question 17 still provides a response to the question in a highly specific fashion whilst allowing non-categorised responses. More in-depth data can be gained from this approach than categorisation permits.

- Multiple choice questions which require respondents to choose just one response from a list of alternatives. Only one variable per question was necessary in the data analysis. An example of this is in question 1 asking the respondent to choose which type of industry their business is involved in.

- Check lists include a list of set items of which respondents select those that apply. Each statement was assigned a separate variable in the data analysis. An example of this is in question 13 asking the respondent to select which opportunities if any were presented during the recession.

- Numerical rating questions included Likert scales being used. These types of questions measure respondents' attitudes, feelings or evaluations and allow them to be analysed. Likert scales include a range of points across a spectrum of for example the level of change with each extreme representing the strongest feelings at each end. For an example, question 12 asked the respondent to indicate how certain factors had changed as a result of the recession. The scale ensured that there was no middle ground to avoid non-committal answers. To avoid confusion, scale direction and the degree of graduation points were kept the same throughout the survey. To enhance the validity and maintenance of scale direction, some of the questions have been contextually reversed.

  Ranking questions provides the opportunity for respondents to position certain factors in order of importance. Each statement was assigned a separate variable in the data analysis. For an example, question 20 asked the respondents to rank from

1-6, 1 being the most influential and 6 being the least influential the importance of statements reflecting the business's overall strategy during the recession.

- Open questions were kept to a minimum as they are more difficult to analyse and take respondents longer to respond. For these reasons only three questions of this type was included. However, open questions, qualitative in nature, do allow respondents to freely formulate their own statements and can lead to unexpected responses. For an example question 18 asked what the single most important action a business had taken to improve or maintain business performance. This question was of vital importance to the overall research question and therefore this open question was deemed necessary.

- The questionnaire also contained a set of structured closed questions based on firm demographics designed to gather data for classified purposes. For example questions relating to firm size, age, export ratio, and current export markets, to name but a few. This will allow further analysis to establish if there are any relationships between specific characteristics of firms and impact of the recession and strategies selected.

The layout of a questionnaire is very important as it must be clear and easy to read and follow with minimal stress to the respondent. Each section must be clearly titled and provide transitional instructions to navigate to the correct question and ensure a smooth transition between sections. Question order was designed in such a way to ensure logical sequence. The draft survey was firstly structured on paper to get the look and feel of the questionnaire and then typed. Qualtrics software was used later to form an online questionnaire. A cover letter was also constructed to explain clearly to the reader what was required and it provided clear instructions in how to complete the questionnaire. A copy of the cover letter can be viewed in Appendix I.

3.2.3.2 Pilot Questionnaire Distribution and Responses

Piloting of a research instrument facilitates verification of the feasibility and relevance of the tool selected and compliance with objectives set out by the overall study (Easterby-Smith et al 2012). Piloting also facilitates the identification of omissions and commissions. Pilot testing is imperative to test the instrument in a real-world setting to examine issues such as delivery mechanism, content and data collection procedure whilst aiding in preempting potential logistical issues. This approach is critical to ensure maximisation of research credibility by using a controlled environment to make any necessary instrument changes and corrections. The pilot group for a questionnaire need not be a representative sample of individuals from the research context and should be identified based on convenience (Babbie 2013).

As aforementioned in the previous section, focus was given to content, question order, instruction, layout and transition between sections when constructing the draft questionnaire. When the questionnaire had been thoroughly scrutinised it was attached to an email with a cover letter outlining the main aim of the research and instructions of how to complete the survey along with the time frame allocated, and emailed to 23 CEO /MD of local SMEs. According to Moffett et al (2003) the CEO/MD may be the most knowledgeable person of the subject. The convenient sample was purposefully selected from a database of 3,000 SMEs to quickly identify and establish any problems with the survey. The researcher, who works in a Local Enterprise Agency, has access to this database of 3,000 SMEs. All 23 emails where delivered with twenty one responses being received yielding a response rate of 92%. Only a few people refused to complete the questionnaire, mainly due to time constraints, and one person when contacted did not want to participate as she perceived questionnaires as an invasion of her privacy. The response rate and quality of survey data was very high due to purposeful sampling being used. This increased confidence that the questionnaire was thoroughly pilot tested before dissemination to uncover flaws and potential causes of confusion, such as misleading questions that could potentially result in invalid responses.

Data analysis involved generating frequency tables of the responses to each question to obtain an early impression of the results. This trial analysis ensured that the survey would fulfil the aims of the survey and yield data valuable to the overall study. After analysing the responses received, some minor changes were made to improve the instrument. Detail with be provided in the next section.

3.2.4 Development of Final Questionnaire Design and Administration

After the initial analysis of the pilot data, some changes relating to the questionnaire design and coding were undertaken. The most significant change was to amend the answer choices of question 10 “To what extent has your company’s operations been affected by the recession? (Please answer against a benchmark of normal trading conditions)” to using the words slightly and significantly as significantly and severely were deemed too similar. This change also was made concerning question 24 which asked the respondents to indicate how competition changed if at all during the recession. This ensured consistency. A few other questions were removed as it was felt that they could be used more effectively in stage 2 of the semi structured interviews to glean more rich data. Appendix III contains the final version of the questionnaire.

3.2.5 Sampling Strategy

An appropriate sampling strategy formulated from the research objectives is essential to ensure a high quality dataset is obtained. Saunders et al (2012) contends that the sampling frame should consider the research project constraints. Table 8 outlines the sampling strategy.

Table 8 The Sampling Strategy

Factor	Application
Unit of analysis	Irish SMEs at least 2 and a half years established before recession.
Sampling Frame	% random sample from LEA database. Referred SMEs through snowballing technique.
Sampling Technique	Convenience sampling. Snowballing technique.
Sample Size	1,500 SMEs usable email contacts.

3.2.5.1 Unit of Analysis

The following sample criterion applies to ensure that the research relates to the research objectives given the research context.

1. Companies have to be classified as a small or medium sized businesses under the Companies Act of 1985 (employs less than 250 people).
2. The companies have to be based in Northern Ireland and the Republic of Ireland. This will allow for a cross-national approach between SMEs based in Northern Ireland and those based in Republic of Ireland.
3. The companies will be studied in the period of adverse economic conditions (from mid-2008).
4. Companies will have to at least two and a half years of age before the recession occurred to avoid other start-up problems.

3.2.5.2 Sampling Frame

A sample frame requires a finite sample selection from a potentially vast target population. An effective sampling frame must not contain contaminations and inefficiencies in the resultant dataset as unintended unsuitable respondents may be present.

The sample frame is taken form a combined LEA database of SMEs. The complete database comprised of 3,000 SME based across Northern Ireland the Republic of Ireland of where 1,500 were drawn randomly. Overarching this was a snowball technique where SMEs provided details of other SMEs to contact or forwarded the survey link to others who may have been interested. As identified by Faugier and Sargeant (1997) peer-to-peer referral can combat issues related to accessing concealed populations. A post data-collection screening of the dataset was completed to remove SMEs falling outside the sample criterion.

3.2.5.3 Sampling Technique

It is hardly ever possible to survey the entire population to be studied due to time, resources, money and those businesses that have not registered with HMRC and where access is not possible. Therefore sampling techniques need to be employed. Henry (1990) states that using a smaller number of cases allows more time spent on designing and piloting the instrument and collecting more detailed information. A representative sample produces results which can be used to formulate generalisations. A representative sample was not chosen as it had not been possible to obtain a large enough random sample due to time and monetary constraints. For these reasons purposive or convenience sampling, a form of non-probability sampling, was used. A snowballing technique was also used where certain SMEs referred other SMEs to participate. Participants were not selected randomly but judged to be of interest to the researcher, which should not be understood as a limitation since the survey was designed as an explorative study.

The sampling population for this research project consisted of the 1,500 SMEs being selected. The LEA database was used to gain access and overcome time management issues.

3.2.5.4 Sample Size

Determining the sample size is essential in maintaining confidence levels within the research project constraints. If the sample size is too small, reduced credibility in the data exists. Conversely, large sample sizes have the problems of time constraints and logistical issues. Comrey and Lee (1992) contend that an adequate sample will comprise of at least

100 units.

A conservative response rate of 15% was estimated but in actuality the response rate was 269 of 1,500 which yielded 17.9%

Although, the starting point was 1,500 SMEs, 269 respondents was deemed to be sufficient for an explorative survey and provided an overview of participants' opinions at the time of data collection. Statistical measures such as confidence intervals could not be produced as the sample was not a probability sample and the survey did not have a defined population. Ethical guidelines were carefully followed when collecting the survey data: all data were treated confidentially, which was explained to the respondents together with the aims of the study. Respondents were free to add their name on the last page of the questionnaire if they were interested in taking part in a follow-up interview or wanted to receive the findings of the survey. The respondents were ensured that they would not be individually named on the thesis or any other research reports.

3.2.6 Questionnaire Distribution and Responses

The survey was disseminated in two formats, the majority of questionnaires were distributed online by the preferred method of an email with a link to the survey on Qualtrics but some surveys were emailed as an attachment as a word document at the respondents request to encourage their response rate. Qualtrics is a research software package that allows for the creation of an online survey and captures survey responses in one place. However, it is worth noting that the second method is a more cumbersome process for the respondent to download the attachment, complete and save it and then re-attach it to the email to send it back to the researcher. If any of these steps is not followed correctly, the survey is returned blank. Also it requires additional software and administration, and there is a risk that spam filters could perceive it as junk. The first method of embedding the survey was more preferable given the volume of information within the survey and the convenience of the approach.

3.2.6.1 Responses

The quantitative stage of the data collection yielded a total dataset of 269 responses from 1500 via the online survey mostly but also included, at the request of participants, other response methods including 22 paper based responses and 8 emailed completed survey responses. All responses received were useable. This yielded a response rate of 17.93% of which 87% (n=234) of respondents were located in Northern Ireland and 13% (n=35) were located in the Republic of Ireland.

In terms of qualitative data, 31 semi structured interviews were conducted in total. As only 26 of the 37 who had originally agreed to a follow up interview were willing to participate a further 5 SMEs were identified. These were based in the Republic of Ireland to ensure a more representative sample. Purposive and snowballing methods were used to maximise the response rate.

3.2.6.2 Online Surveys

An online survey was seen as an appropriate and convenient way to collect data to reach a high volume of respondents in a wide geographical area with minimum involvement of the researcher in data collection and analysis. Results of the survey can be automatically gathered in a database and downloaded in the form of tabular data which then can be imported into Microsoft Excel and SPSS software. Electronic surveys can direct respondents to particular sections of the questionnaire, depending on the way they have answered previous questions. Respondents can be automatically prompted when they provide an invalid response, such as selecting several tick boxes when only one should be marked. It also provides a way for respondents to share information without elevated emotional attachment to the potential sensitivities caused by the phenomenon under investigation. However, electronic surveys also have distinctive technological, demographic and response characteristics. For example, only individuals with computer and Internet access were able to complete the survey online. The strengths and weaknesses of online surveys are outlined in Table 9.

Table 9 Advantages and Disadvantages of Online Surveying

Advantages	**Disadvantages**
Convenience	Data security
Ease of follow-up	Technological variations
Low cost	Privacy
Flexibility	Perception of junk mail
Speed and Timeliness	Ambiguous answering instructions
Question Diversity	Potential low response rate
Sampling Control	Impersonality
Ease of data entry and analysis	Lack of online expertise
Wide geographical reach	Missing potential respondents who do not have access to the Internet

Adapted from Evans and Mathur (2005)

Given the time, and financial constraints and the advantages of convenience for both the researcher and the respondent, sampling control and ease of data entry and analysis, the online survey instrument was adopted instead of alternative methods such as postal or telephone distribution methods.

3.2.6.3. Email Systems and Strategy

In using email systems it is important to evaluate the advantages and disadvantages of using such medium. The advantages include accessing large sample sizes, quick turnaround and therefore yielding quicker results. However the associated disadvantages include the risk of the email being termed as junk due to the increase in the volume of email traffic and information overload. Also it relies on good Internet connection and speed. Emailing was used to enhance a larger response rate from SMEs across the widespread geographical area of the island of Ireland. To enhance the response rate an emailing strategy was devised and consideration was given to the content, delivery and follow up stages of the process. The email subject line included the name of the university and the type and title of research. This is a very important aspect as it impacts on the first impression of communication. It is important to increase the credibility so that it gains the respondents attention and is not deleted. Information was clear and precise to prevent communication barriers. Contact details of the researcher where clearly visible and respondents were encouraged to contact in the case of uncertainty or confusion pertaining to completing the survey. Each email was addressed to the recipient in a relevant way. It was felt that no financial incentive would be introduced as the research was relying on the credible association with the Local Enterprise Agency and Ulster University. A separate e-mail folder was created solely for this stage of the research design. Consideration was given to the time of when to send the email. Ramsey (2005) suggests avoiding Monday and Friday as research has shown that this is the most likely time for emails being discarded. Early morning was also avoided to prevent an overload of emails. Multiple respondents were added in the blind Carbon Copy to protect contact data allowing respondents to be reached en masse to reduce time. Distribution to a total of 1,500 respondents was conducted in a staged approach to avoid spam filters and minimise potential delivery failures. Emails were sent following the below sequence to maximise response rates:

1. Introductory Email with covering letter and link to questionnaire (Appendix I).
2. First Email Reminder follow up sent 1 week later to thank early respondents or email questionnaire as attachment when requested by respondent (Appendix IV).

3. Second email follow up if not responded within 3 weeks with another cover letter and copy of questions and/or link to survey attached (Appendix V).
4. Final Email follow up (Appendix VI).

3.2.6.4 Reducing Bias

Every effort was taken where possible to minimise non-response bias. There is the potential for bias to occur as participation in the research is voluntary. Saunders et al (2012) provide four reasons for non-response namely refusal to respond, ineligibility to respond, inability to locate respondent and respondent located but unable to make contact. These were considered and strategies were implemented to try and reduce them. Strategies included pretesting instrument, ensuring it was understood clearly, database being cleaned prior to distribution, and continual testing of instrument throughout data collection stage. Also targeting a relevant population who are in a position to answer the survey reduces non response bias. The potential for late response bias was checked using a non-parametric test to compare early and late responses but there was no evidence to suggest that it existed.

3.2.6.5 Data Preparation-Coding Data, Data Cleaning and Screening.

Before any of the data was analysed, it was essential to prepare the data by coding it properly followed by screening and cleaning it. This ensures that the data is of high quality by eradicating any errors and that it is in an appropriate form to be analysed.

In terms of analysing quantitative data, obtained predominantly from an online survey, the software package SPSS v23 was used. It was necessary to assign each response with a numerical code in order to draw up a codebook, followed by creating a data file and entering data. The data was coded before the survey was deployed to ensure that the variables on each system were mapped to each other. The data was then screened and cleaned by ensuring that the data was recorded and entered correctly. Ocular scanning and random checks were carried out to ensure that errors were corrected. Reports observing the minimum and maximum values were also run to ensure that data was accurate and the researcher checked each variable for scores that were out of the possible range. Missing data and outlier values were checked and verified.

Qualitative data obtained through semi-structured interviews was prepared by each interview being allocated a unique identifier when transcribing to ensure confidentially and anonymity of the respondents. Data obtained from the interviews were screened by ensuring that all transcriptions were recorded accurately from audio tape and checked through ocular scanning.

3.2.6.6 Data Entry

The survey data was firstly entered into an Excel spreadsheet and then imported into the statistical analysis software SPSS (Statistical Package for Social Scientists). The reason for using two different software packages was that Excel would automatically update graphs showing the frequencies of responses as survey data was entered. This gave early impressions and ideas about the data and helped reflect on findings at an early stage. Another reason for entering the data first into Excel was that there was no character limit for variables, which was convenient for open question and comments. Afterwards, data was imported into SPSS to facilitate advanced analysis of data, such as correlations between variables. In addition, SPSS could help to prevent false entries, as data ranges could be set, so that for example no number greater than 8 could be entered for a question. Responses to the open questions are categorised into common areas. Only the main points are actually reported under the section on findings. In regards to the interviews, responses are recorded and considered under the question headings/areas.

In every survey there will be missing data occurring for different reasons, which needs to be recorded and coded in a similar way to valid responses. In this study, different codes were given to different types of missing data. The following types of non-responses were identified:

1) The respondent has not responded to a question. The reason might have been by choice or simple overlooking of the question. The code given was '9'.

2) The respondent was not required to answer this question. After responding to question 9 'When did your business first feel the effects of the recession?' individuals who did not feel any effects would proceed straight to Section 5. The missing responses in Section 2, 3 and 4 was coded with an '8' to distinguish those from other missed responses (see above).

3) Response was invalid, e.g. where only one answer was required but the respondent ticked several responses. However, this was only the case with two questionnaires and therefore in this case was assigned a '9'.

It could be understood as a weak point of questionnaire-based surveys that they only capture surface opinions, seeing that respondents will not necessarily report their beliefs and attitudes accurately. These are easier to identify in interviews, as also prompts can be used. In addition, the use of mainly closed questions in a questionnaire merely allows respondents to choose between a limited number of responses (Robson, 2002). However, some of the respondents of this survey have overcome this limitation by making comments via email to express further opinions and thoughts.

Preliminary analysis of the survey responses were taken into consideration when designing stage 2 of the research design.

3.2.7 Reliability, Validity and Practicality of Questionnaire

To have a successful research methodology, the quality of it must be high, to judge this the validity and reliability is assessed. This will ensure the collection of genuine, credible data which will lead to trustworthy results. The evidence and results need to be able to stand up to close scrutiny. It is important that the questions have been designed to ensure they measure and address the research objectives. The questions need to be fully understood by the respondents for them to translate their response and then the responses need to be understood and interpreted at the data analysis stage. This is a complex process and therefore the instrument needs to be assessed thoroughly.

Reliability concerns the issue of consistent results of the study and if it is able to be replicated. A good guideline is to make sure that if the project was repeated it would provide consistent findings (Rott, 2000). It needs to ensure that are no logic leaps or false assumptions made. Instead the instrument contained a variety of variable constructs and contextual variation in relation to the questions set to provide comparison and ensure adequate performance of the instrument. A prerequisite for reliability is that all the documentation is in order and can be easily found (Yin, 1994). It needs to be fully transparent so others can judge. The goal of reliability is to minimise biases and errors in the research study. Saunders et al (2012) identifies four main threats to reliability including participant error, participant bias, and researcher error and researcher bias. The researcher has piloted the survey to reduce errors by both parties and tried to reduce biases by removing themselves from the respondent by the selection of the instrument itself. This is possible with this quantitative stage of the research deign as it is objective.

Validity concerns the issue whether or not the findings can be shown to be valid for the problem that is being investigated. Data collected must be relevant to the problem and the purpose of the thesis; otherwise there will be low validity. Irrelevant data and unnecessary information leads to low validity. According to Merriam (1998) there are six strategies that can be used to check validity which include; triangulation, checks, long term observation, peer examination, participatory/collaborative models of research and researcher's biases. In order to increase validity, different types of data collection have been used to provide triangulation and existing models and literature on the topic have been reviewed. As aforementioned the survey was pilot tested to allow real-world application and assessment. It's important that the research yields high internal validity so that it actually measures what it intends to assess. The survey's conceptualisation was based on an extensive literature review and variables from previous tried and tested surveys. External validity is related to research findings being generalised to other relevant groups e.g. used in different organisations. Therefore it must ensure the sample is as representative of the population as possible. There are a number of threats to internal validity including past or recent events which could change participant's perceptions, testing as participant views alter responses, instrumentation by changing the instrument between different stages of the project, mortality, maturity and ambiguity about casual direction as there could be a lack of clarity about cause or effect.

Practicality is concerned with available resources such as time and cost. Given these constraints the researcher aimed to provide the highest value as possible to develop an effective and efficient instrument. This survey was designed with clear instructions, consistent scales with each question being coded, clear layout and was pre tested to ensure time efficiency. It was developed by the researcher and web based technologies were used to reduce cost.

3.2.8 Quantitative Data Analysis Strategy of Questionnaire

3.2.8.1 Data Analysis

The data analysis strategy within this phase of research will be discussed. The data analysis strategy has been devised from the research objectives. Phase one aims to identify causal relationships between multiple variables attempting to explain any themes or patterns emerging. This is known as explanatory data analysis. The researcher aims to draw informed conclusions from the results by manipulating selected independent variables to identify the relationships between them. In doing the analysis it is important to be aware of issues relating to skewed data. Skewed data does not lie within normal distributions and are caused by over or under representation of outliers causing positive or negative skew. Parametric tests such as t-tests will be used on datasets within normal distribution and will provide data such as mean and standard deviation. Non-parametric tests such as Mann-Whitney U test will be carried out on nominal or ordinal data to handle data showing non-normal distribution. Non-parametric techniques have advantages including compatibility with all types of categorical data, easy to use for small samples and have fewer less stringent assumptions than parametric methods. Factor analysis techniques are also conducted. Factor analysis condenses a comprehensive set of variables into a more efficiently operable set of factors. By grouping variables based on their inter-correlations, deep-level factors from the population are extrapolated. Principle component analysis aims to identify patterns between variables whilst factor analysis delves into these factors to examine and quantify intercorelations within the substructure. Both principle component analysis and factor analysis will be used to ensure data appropriateness. Data must be appropriate such as interval or ordinal in nature, variables need to be linearly related to each other and variables should be at least moderately related to each other before factor analysis is conducted. Both the Kaiser-Meryer-OLkin (KMO) which measures the magnitude of partial correlations among variables with a value lower than 0.5 being unacceptable and Bartlett's test of sphericity which tests that the variables are completely uncorrelated can be used. A significance level $p<.05$ means that the data is suitable for factor analysis. The dataset in this study passes both tests providing a value greater than 0.5 for the KMO measure and $p<0.001$ in the Bartlett's test meaning it is suitable for factor analysis techniques. The data analysis will also focus on orthogonal rotation in factor analysis as opposed to oblique as there is minimal value in conducting the latter due to the complexity and minor disparity in results. Table 10 shows the measures of database suitability for factor analysis.

Table 10 Measures of Database Suitability for Factor Analysis

Kaiser-Meyer-Olkin measure of Sampling Adequacy	.649
Bartlett's Test of Sphericity • Approx. Chi-Square • Df • Sig.	 4091.837 1431 .000

3.3 Stage 2: Semi Structured Interviews.

This section will discuss in detail the semi structured interviews.

3.3.1 Introduction

Section 3.2 outlined the design and implementation of the quantitative instrument. As aforementioned this research has adopted a mixed-methods sequential explanatory design i.e. quantitative inquiry followed by qualitative inquiry. This provides for triangulation to investigate the phenomenon in a more comprehensive manner, collecting and conveying evidence from multiple levels. This section deals with the qualitative investigation. The most fundamental of all qualitative methods is that of in-depth interviewing (Easterby-Smith et al 2012). In this section the interview design and validity and credibility is discussed. The pre-testing of the instrument and the sampling and distribution strategy along with the data analysis strategy will be addressed as well as ethical considerations.

As the focus of the thesis is to identify and analyse Irish SMEs coping strategies emanating from the 2008 recession the author feels that semi structured interviews is the most appropriate qualitative methods, best able to elicit the necessary information and enable the author to accurately analyse the views of the respondents.

Interviews will be semi-structured in nature to obtain rich data and understanding of the phenomena under investigation. They will be used to probe the strategic directions of firms and underlying reasons for key strategies during the adverse economic conditions. The questions asked will cover themes including patterns and impact of strategies adopted, the role and motivations of SME management teams, barriers encountered and what support was provided throughout the process. The findings will then be analysed to provide conclusions and recommendations.

3.3.2 Instrument Justification

It is important to view the advantages and disadvantages of alternative instruments in order to defend the selected instrument used within this research. Case studies allow the researcher to study complex issues in their real life context and to collect and analyse multiple types of data (Yin 1994). Case studies are appropriate to answer the how and why questions when the focus is on a contemporary phenomenon with a real life context (Saunders et al 2012). They are suitable for exploratory studies as they can draw information from many different sources such as interviews, observations and historical data. They also provide new insights and understanding and flexibility. However, they do have limitations as they provide an odd basis for comparisons, as no two businesses are the same and therefore results will be different and they are also time consuming so only a few cases are chosen. Focus groups are good at getting key themes but are difficult to get exact information to answer specific research questions as the participants can get side tracked. Therefore a focus group was used only as a starting point and in combination with the other methods to gather information. Given the limitations of these alternative instruments and the fact that the researcher wanted to interview a larger number of SMEs and be able to have some control over obtaining the information required than the other methods would allow semi structured interviews were selected.

3.3.3 Development of the Interview Schedule

All research processes have been driven and guided by the research objectives with a desire to add value. An interview schedule should be designed in such a way to allow for an open flexible approach which alters on an ad-hoc basis to elicit information proficiently. The interview schedule has been designed based on the themes that emerged from the initial focus group, the literature review and the quantitative research. It is important that the interview is well designed to encourage participants to give complete and precise answers while at the same time avoiding biases.

Questions started broader, probing the effects of the economy downturn in general and appropriate strategies to navigate the recession. Floating prompts were used for reaching deeper meaning and understanding of responses and issues of interest throughout each interview. To ensure validity and authenticity there was prior engagement in the research process, a good quality interview schedule was designed based on a literature review process and findings from the quantitative stage and it was pilot tested and analysed. To avoid the problem that the research could be too close to the researchers setting, other LEAs databases from across Northern Ireland were used.

Credibility/dependability (Guba 1990) is important to ensure that data techniques and analysis will yield consistent findings. This was addressed by addressing follow-up themes, further information request cues and explanatory request cues. The main threats included subject and participant error, allowing anonymity of respondents. Given the fact that the interview was semi structured in nature meant that it lessen this threat.

3.3.4 Pre-testing of Instrument

A pilot test of the interview instrument was conducted to test for reliability, validity and practicality. The design and distribution were considered in detail and were refined in-house. The instrument was tested through a convenience sample (n=3) of SMEs and adequate comment was provided for minor modification to be made. The main changes were to reduce business jargon so that the participant fully understood the questions being asked. The instrument was then deemed logistically sound to the question phraseology.

3.3.5 Conducting and Recording Semi Structured Interviews

Business owners/CEOs were deemed the most appropriate individuals to interview as they are the people who have decision making power. Postal and telephone interviewing were deemed inappropriate as face to face interviews can gain more information and body language can be observed during the interview.

In depth semi structured interviews were carried out on a one-to-one basis and were recorded. Interviewees were asked data questions followed by open ended questions with directional comments, as advised by McCracken (1988). The researcher recognised that this technique requires dialogue to ensure that responses align with research objectives. Themes and topics were used to guide conversations and allow the researcher the freedom to delve to specific areas if necessary but interviewees were encouraged to digress from the question with related thoughts and examples. They were used to probe the strategic directions of firms and underlying reasons for key decisions. The questions asked covered themes including motivations, selection of strategies adopted, the role played by SME management teams, barriers encountered and support provided throughout the process. Keeping the participants engaged was key to obtain in-depth information. Semi structured interviews allow the researcher to identify participant-specific issues and stronger engagement rather than a standard approach. Cues were used to encourage the interviewee to expand on their answers to add depth. Paraphrasing was used to clarify responses and to ensure the interviewer understood the responses and it allowed for follow up questions (Strauss and Quinn 1997)**.** Interviews on average lasted between 45 minutes to one hour and were recorded on audio tape and transcribed for analysis as soon as it was possible so it was fresh when doing so. This process ensured that the highest quality and sufficient depth relating to the research objectives was obtained.

3.3.6 Sampling Strategy

The sampling strategy within the qualitative research stage is distinct to that of quantitative research. Qualitative sampling aims to identify those who are best placed to inform and not necessarily to provide a representation of the entire population. In this phase of data collection, an interpretivist approach is taken instead of a positivism approach. As an inherent disadvantage this technique suffers from issues of generalizability of results but provides in depth information. A convenience sampling strategy was employed (as suggested by Patton, 1990) in order to ensure a richness of information is gathered. All participants in the quantitative research stage were in a position to inform the emergent themes. SMEs were asked to indicate in the survey if they were interested in participating in a follow up interview in which 26 actually did. This provided those who were sufficiently motivated to participate in further research. Given the sample size and realisation of a certain drop out, no value was to be gained by applying further filtration to this sample size. A total of 26 of these interviewees were interviewed. A further 5 SMEs were selected purposive from the Republic of Ireland to ensure that there was enough for a cross national analysis.

3.3.7 Data Analysis Strategy of Semi Structured Interviews.

Each interview underwent a rigorous process of transcription in order to be able to analyse the data. Analysis occurred after each interview to identify themes, commonalities and patterns and allow response to inform subsequent interviews. Using open coding-text each interviewee was classified into emerging categories (Strauss and Quinn 1997).

Qualitative data analysis contains data derived in the form of words and phrases; it appears disordered with few standard procedures for analysis. This analysis claims to counteract the disadvantage of quantitative data analysis which omits details of context in which social relationships are embedded. Again the qualitative analysis approach has the research objectives as the main focus. It seeks to provide explanatory support to the themes emerging from the quantitative stage and therefore it will mostly involve iterative processes. This process of triangulation between qualitative and quantitative data was used to confirm and validate the findings. A number of qualitative analysis methods were used to interpret the information from the semi structured interviews. Given the ambiguous subjective nature of qualitative data and the lack of standardised instruments, qualitative content analysis seeks to address the situation. Textual data was analysed initially using the term repetition method by looking for the number of occurrences of a particular word or phrase. This method focuses on those issues prominent as participants discuss similar issues (inter-textual) and as each participant re-visits the same issues repeatedly (intra-textual). A tally system is then used to gauge which themes are most pertinent. It is important to bear in mind that the word repetitions may have been affected by the content and context of the stimulus provided to the respondent. Other methods were then used in conjunction to consider the context in more detail and ensure accuracy, reliability and maximum value was gained.

The ocular scan method was used next to highlight with different colours of pens the sections which pertained to each research objective. This eyeballing technique identifies the main themes emerging and Bernard (2000) states that the method allows the researcher to become intimately familiar with the data although it is only practical in a small number of data sets. Given the fact that only 31 participants were interviewed this was more easily managed. The aforementioned methods neglect the context in which the terms appear. Therefore another method implemented was the key words in context which does address the contextual setting in which the words and phrases occur which are then organised by the meaning of the terms. The final method used was the constant comparison methods which compare the repeated themes across multiple instances allowing effective cross-item analysis of the qualitative data without the need for incorporating the entire data set and allowing individual themes to be efficiently and formally scrutinised. This helps in theory formation as it leads to interlinking relationships to emerge.

The above methods analysing qualitative data has one aim in mind to address the research objectives by maximising the value of the information collected. Qualitative analyse provides rich in-depth knowledge to enhance understanding of the topic which cannot be gained from quantitative methods. However, this method is weaker in terms of unstandardized methods of interpreting qualitative data, compared to quantitative data. The use of triangulation therefore is important as it allows for a more substantive comprehensive investigation overall. The use of both methods allows findings to be generalised to a population in an exploratory nature whilst also providing in depth rich meaning and explanation in a situational context to the investigation. Both methods have been employed to gain as full a picture as possible to answer the research objectives.

3.4 Ethical Considerations

Moral responsibilities and ethical considerations have been addressed with utmost importance throughout the research process. Actions have been taken to ensure that whilst collecting quality data and writing up this thesis that the participants and their organisations have been protected. The researcher obtained permission from all the organizations involved and has kept all information confidential, without naming the specific individual or organisation. Confidentiality was maintained at all times with repeated statements that participant anonymity would be maintained. This was followed through consistently with no material published which would allow an individual to be identified. Gilbert (2008) contends that the desire to maintain human wellbeing should outweigh any endeavours for knowledge. This has been the case during this research process. The researcher can confirm that the research has not involved any deception, financial inducements or any other harmful ethical behaviour. The research has been conducted with strict adherence to the Ulster University's Research Ethics and Governance policies and procedures.

Saunders et al. (2012, p.188) identify five specific stages of the research process within which ethical considerations apply namely, the formulating and clarifying of the research topic, designing research and gaining access, collecting data, processing and storing data and analysing data and reporting findings. The research has been part funded by the researcher and by the researchers employer and therefore has adhered to the employers policies of data protection and confidentiality. The researcher's employer has agreed to the research topic as it is of benefit to the organisation and therefore access has been granted from their database of SMEs. Requests of participation were sought from all participating SMEs by email initially and the email content was structured in such a way that it did not cause any forceful coercion but each participant was clearly made aware that participation was fully voluntary and that they could withdraw at any stage. The research also underwent a risk assessment as suggested by Sieber (1998) pertaining to "physical risk, psychological risk, social risk, economic risk or legal risk" and it resulted in a low grade. The only main concern was the potential emotional attachment aspect associated with a recession that participates may experience during the data collection phase.

In terms of data collection the first phase of an online survey meant that the responses were submitted by the participant ensuring objectivity was maintained. The use of Qualtrics ensured the responses were confidential and only those who provided their contact details or preferred to email the survey back as an attachment could be identified. Particular care was also taken to ensure when emailing the SMEs in batches through using the Blind Carbon Copy function to ensure that confidentiality was ensured. All data was stored carefully to ensure adherence to the Data Protection Act (1998) and the Ulster University ethical policy. All data was delivered through secure servers, transferred into encrypted files and taken offline to protect from the potential of data hacking. Using valid techniques the researcher ensured that during the stage of data analysing that the findings were as fair and representative as possible.

3.5 Chapter Three Summary.

This chapter has introduced and discussed and justified the choice of mixed methods methodology as a suitable research methodology for this study. It has discussed the paradigmatic considerations underpinning the entire research process and identified the researcher's stance of pragmatism. A mixed method approach is used to triangulate findings of the phenomenon under study to ensure all research objectives are fully addressed. The chapter has in great detail explained the research design of the two data collection phases, including the methods used of the initial focus group followed by an online survey and then finally by semi structured interviews. Sampling techniques along with validity and reliability issues and ethical considerations have also been fully addressed. The distribution, sampling and data analysis strategies in both phases have been fully discussed. This chapter has comprehensively rationalised, discussed and defended each stage of the research design. The following chapter, Chapter 4 the Research Findings, discusses in detail the findings of the two data collection phases.

Chapter Four Research Findings

4.0 Introduction

Where previous chapters have provided an introduction to this piece of research (chapter one), laid the theoretical foundations and literature review (chapter two) and outlined the methodological approach (chapter three) this chapter now presents the research findings as a piece of mixed methods research, this study collected both quantitative and qualitative data and presents findings from these complementary approaches.

As a reminder to the reader the overarching aim of the research is to explore Irish SME coping strategies emanating from the 2008 economic recession. The objectives developed demonstrate the multidisciplinary approach that will be utilised. They are as follows:

RO1**:** To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

R02: To identify and evaluate the impact(s) of each business strategy employed

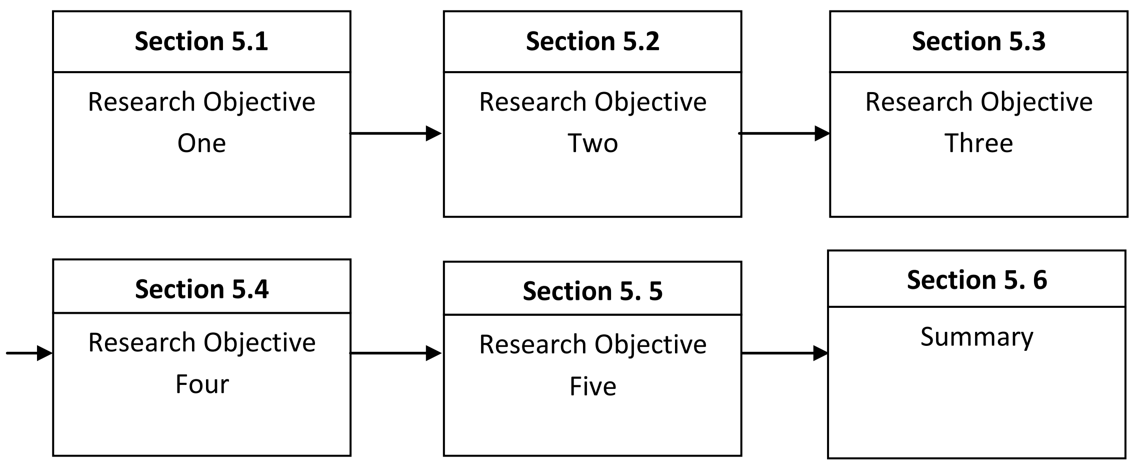
RO3: To identify barriers to effective business strategy implementation

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.

R05: To establish influential factors of coping strategies in recessionary times

Each objective starts with an introduction and overall univariate view of the quantitative constructs, followed by bivariate analysis results. Qualitative findings will be presented throughout the quantitative analysis relating to the various issues under discussion. Research objective 5 presents multivariate analysis findings by using factor analysis. The current chapter presents the quantitative and qualitative research findings in accordance with the research objectives and is laid out as illustrated in Figure 7.

Figure 7 Chapter Four Outline

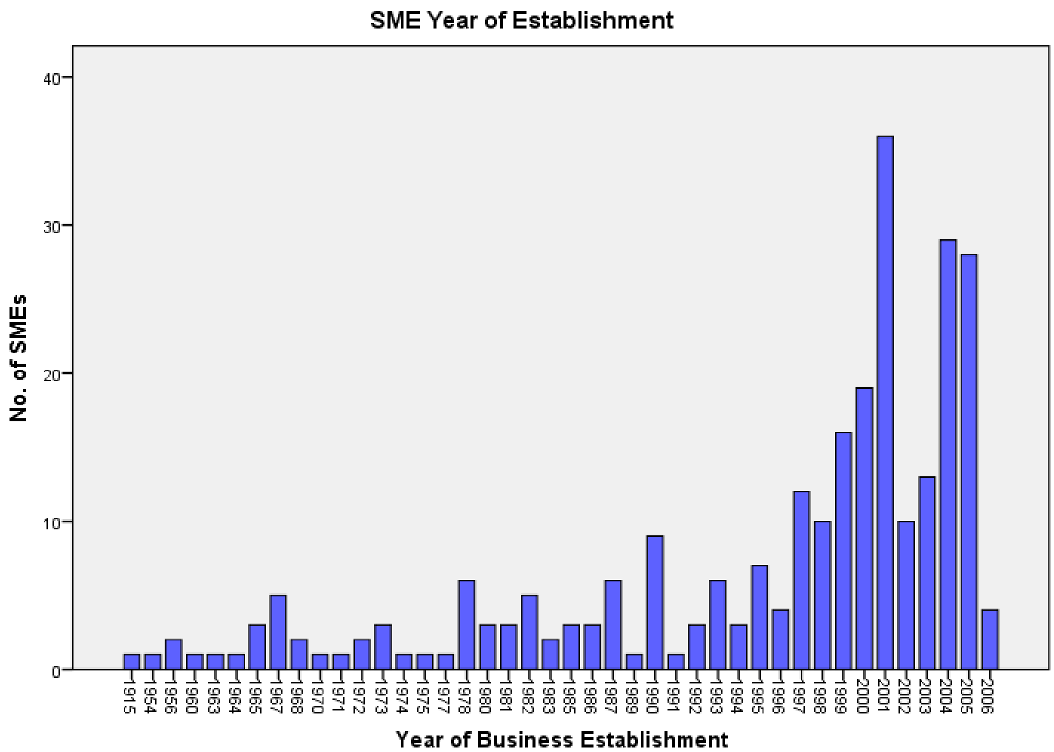


4.0.1 Profile of Population- SMEs

4.0.1.1 Year of Establishment

100% (n=269) indicated their year of business establishment with the majority of SMEs 61% (n=165) being established within 10 years of the recession occurring and a further 11% (n=27) being established between 10 years and within 15 years of the recession occurring, with the remaining 28% (n=77) being established between 15 to 45 years of the recession occurring. Figure 4.1 below details the year of establishment of SMEs.

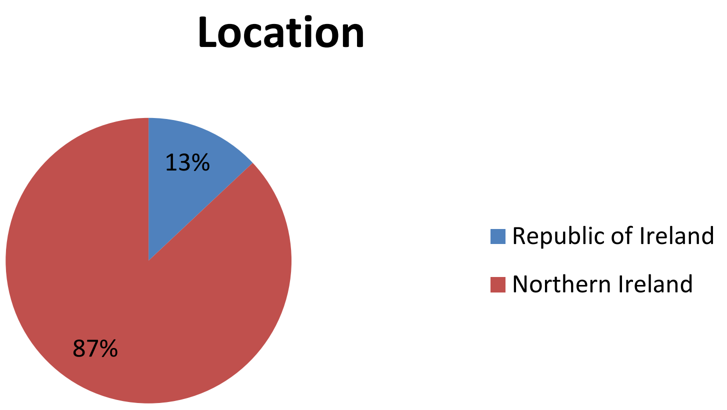
Figure 8 SME Year of Establishment



4.0.1.2 Location of Business

100% (n=269) indicated their location where their SME is based. The pie chart, figure 9, shows that the majority of respondents 87% (n=234) are located in Northern Ireland and 13% (n=35) are located in the Republic of Ireland.

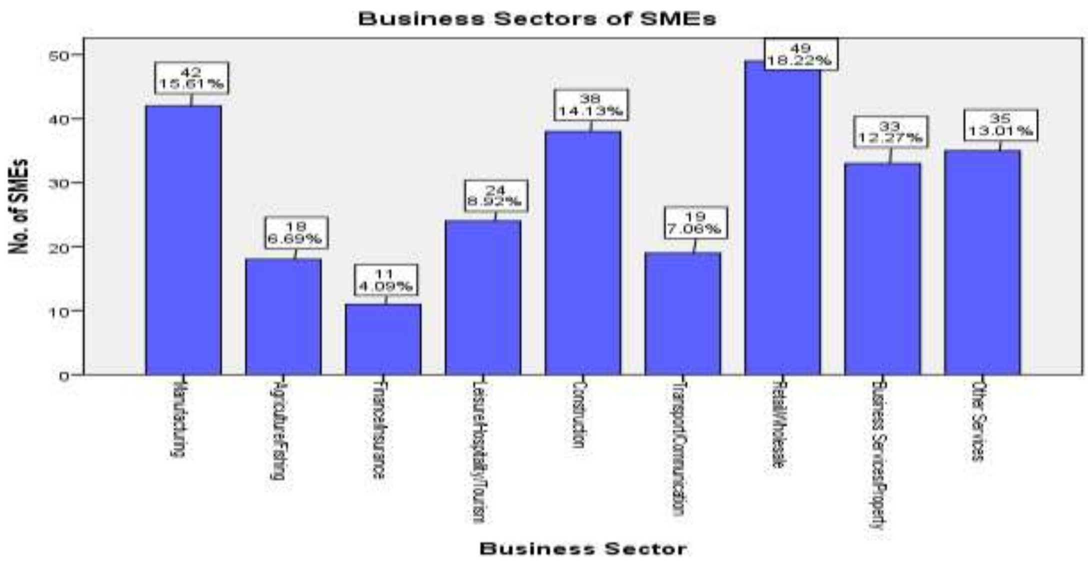
Figure 9 SME Location



4.0.1.3 SME Sector

100% (n=269) of respondents indicated which sector they traded in. As represented in figure 10, the highest SME sector to participate was retail and wholesale with 18% (n=49) followed by manufacturing 16% (n= 42) and construction 14% (n=38). The lowest response rate was from SMEs in the finance and insurance sector with 4% (n=11).

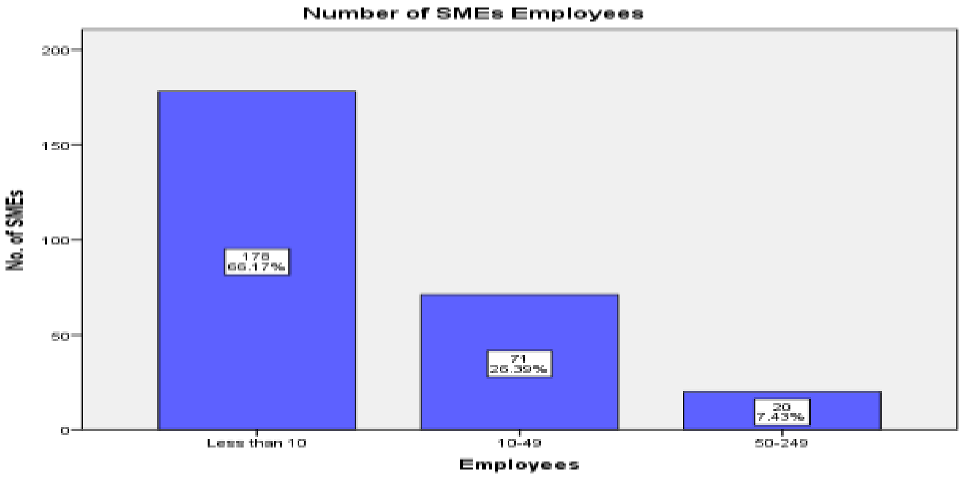
Figure 10 SME Business Sector



4.0.1.4 SME Size

Figure 11 illustrates the size of the SME by the number of employees. Of the 269 (100%) valid responses, the majority of SMEs are micro businesses, employing less than 10 employees (66%, n=178). 26% (n= 71) can be classified as small firms having between 10-49 employees and the remaining 7% (n=20) are medium sized firms having between 50 and 249 employees.

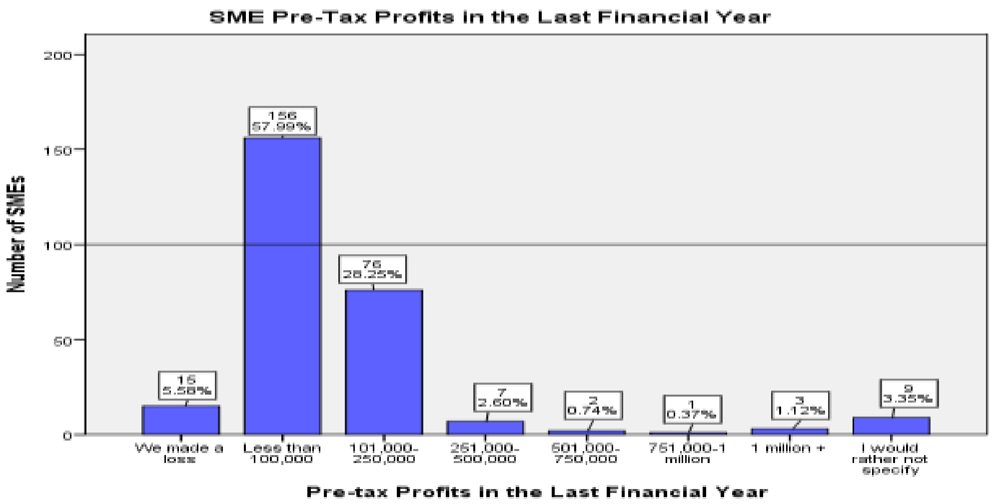
Figure 11 SME Size



4.0.1.5 Pre-Tax Profits.

97% (n=260) of respondents indicated their pre-tax profits in the last financial year. Of this 6% (n=15) made a loss, 58% (n=156) made less than £100,000, 28% (n=76) made between £101,000 and £250,000, 3% (n=7) made between £251,000 and £500,000, 1% (n=2) made between £501,000 and £750,000, 0.5% (n=1) made between £751,000 and £1 million, 1% (n=3) made £1 million +. See Figure 12 below.

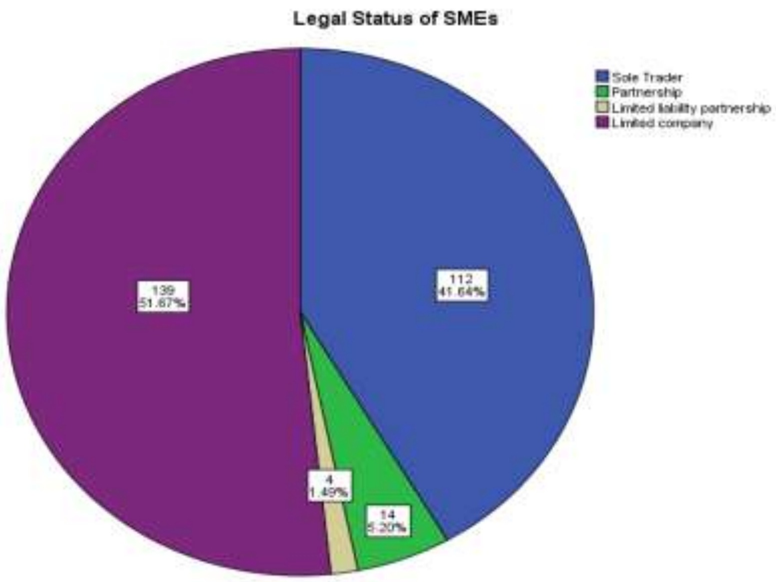
Figure 12 SME Pre-Tax Profits.



4.0.1.6. Legal Status

100% (n=269) of respondents disclosed their business legal status. Of this, and as shown in Figure 13; 52% (n=139) of respondents were limited companies, 42% (n=112) were sole traders, 5% (n=14) were partnerships and 1% (n=4) identified as limited liability partnerships.

Figure 13 SME Legal Status



4.0.1.7 Geographical Markets

100% (n=269) indicated what percentage of their business came from different geographical markets. 94% (n=254) of businesses trade in Northern Ireland with 234 firms based there, 49% (n=132) trade in Republic of Ireland with 35 firms being based there, 22% (n=60) trade in the UK Mainland, 7% (n=20) trade in the Rest of Europe, 2% (n=5) trade in Asia, 1% (n=3) trade in North America, 0.5% (n= 1) trade in Australia/New Zealand with 1% (n=3) trading in other areas. Just over half of SMEs export (51 %, n=136).

4.0.1.8 Qualitative Respondent Profile

Table 11 provides some demographics of the 31 SME's that were interviewed; 22 being located in NI and 9 based in ROI.

Table 11 Qualitative Respondent Profile.

Respondent	Business Sector	Location	Size	Age
1	Construction	NI	Small	10-less than 20 years
2	Construction	ROI	Small	More than 20 years
3	Manufacturing	NI	Small	More than 20 years
4	Business Services (print business)	NI	Micro	Less than 10 years
5	Construction	NI	Micro	10-less than 20 years
6	Hospitality	NI	Micro	Less than 10 years
7	Manufacturing (Drinks)	NI	Medium	More than 20 years
8	Transport (Delivery services)	NI	Small	10-less than 20 years
9	Insurance	NI	Medium	More than 20 years
10	Retailer	ROI	Micro	Less than 10 years
11	Retailer	ROI	Medium	10-less than 20 years
12	Manufacturing	NI	Medium	10-less than 20 years
13	Manufacturing	ROI	Small	10-less than 20 years
14	Construction	NI	Small	More than 20 years
15	Retail (Florist)	NI	Micro	Less than 10 years
16	Retail (Shoes)	ROI	Micro	Less than 10 years
17	Retail (Children's Clothes)	NI	Micro	10-less than 20 years
18	Manufacturing (Joinery-bespoke furniture)	NI	Small	Less than 10 years
19	Manufacturing (Trailers)	NI	Small	10-less than 20 years
20	Tourism/Hospitality (Family run hotel)	NI	Small	More than 20 years
21	IT (Services)	ROI	Micro	Less than 10 years
22	Retail (Home wares)	ROI	Micro	10-less than 20 years
23	Manufacturing	ROI	Small	Less than 10 years
24	Manufacturing (Chemical cleaning)	NI	Micro	More than 20 years
25	Retail (Food)	ROI	Small	10-less than 20 years
26	Communications	NI	Micro	10-less than 20 years
27	IT (services)	NI	Micro	Less than 10 years
28	Property (owner and Management)	NI	Micro	More than 20 years
29	Retail (Cosmetics)	NI	Micro	Less than 10 years
30	Transport (Haulage)	NI	Micro	10-less than 20 years
31	Wholesale	NI	Micro	10-less than 20 years

The demographic information relative to the sample population and those interviewed sets the context for achieving the research objectives. The next section (section 4.1) will present the findings of the first research objective.

4.1 Research Objective 1

RO1: To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

4.1.1 Introduction

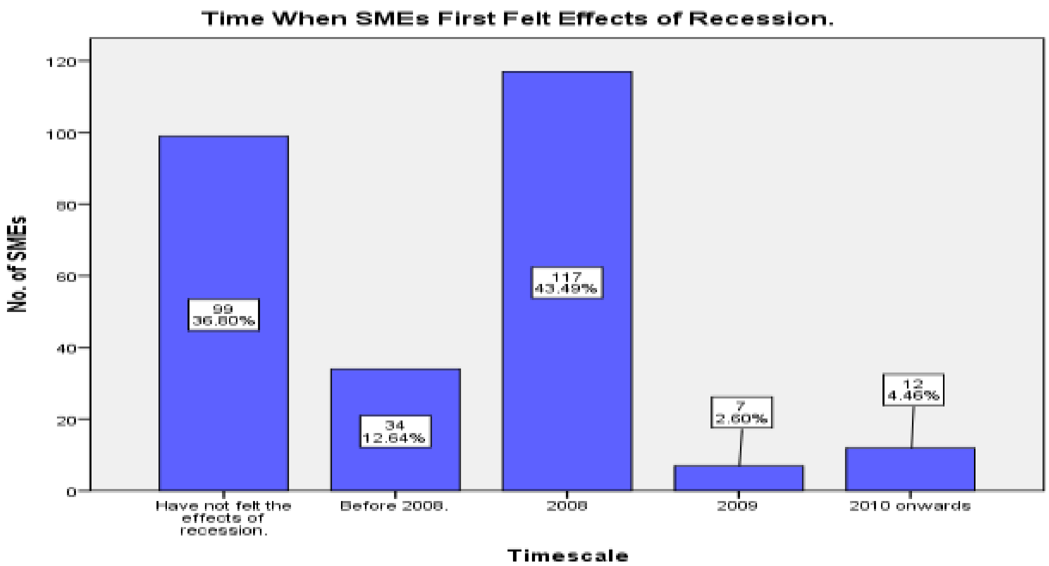
Section 4.1 delivers the quantitative and qualitative findings pertinent to the investigation of Research Objective One. The findings in section 4.1.2 firstly outlines the recession context and conditions faced by SMEs. These findings are important in providing a fuller understanding of the impact upon the businesses which will in turn impact upon strategy selection and implementation. The findings of key business opportunities will be presented in section 4.1.3 and the key threats in section 4.1.4. The quantitative findings will be presented first followed by the qualitative findings in each section. Section 4.1.5 will summarise RO1 findings.

4.1.2 Recession Context

4.1.2.1 Time When SMEs First Felt Effects of Recession

The majority of SMEs (43%, n=117) felt the effects of the recession in 2008 with just over a third (37%, n=99) stating that they did not feel any effects of the recession at all, 13% (n=34) stated that they felt it before 2008, 3% (n=7) in 2009 and 4% (n= 12) from 2010 onwards. See Figure 14.

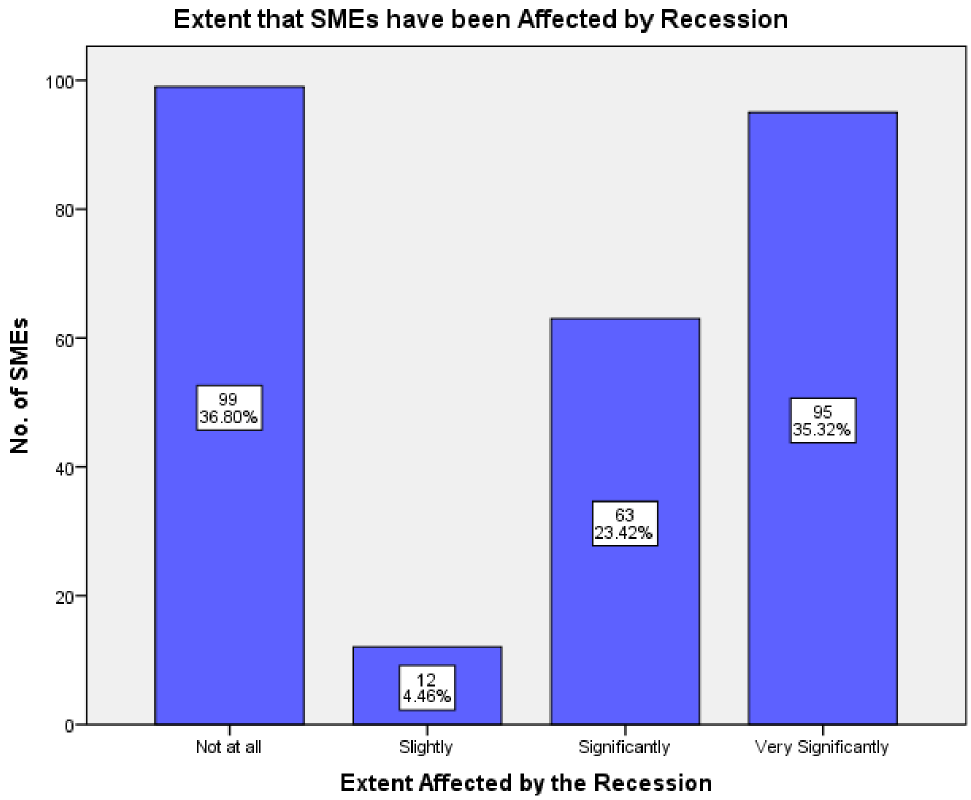
Figure 14 Time when SMEs First Felt Effects of Recession



4.1.2.2 Extent of Recession

Figure 15 below shows that of those SMEs who were affected by the recession (63%, n=170), the majority (59%, n=95) were significantly/very significantly impacted by the recession.

Figure 15 Extent that SMEs have been Affected by Recession.



4.1.2.3 Extent of Recession by Sector.

Table 12 shows the extent to which SMEs from different business sectors were affected by the recession. The construction and manufacturing sectors were impacted the most with 85% (n=29) of construction firms and 57% (n=20) of manufacturing firms stating they were very significantly affected. The sectors that were least affected were the finance/insurance and other services with only 37% indicating that they were very significantly affected.

Table 12 The Extent of Recession by SME Business Sector.

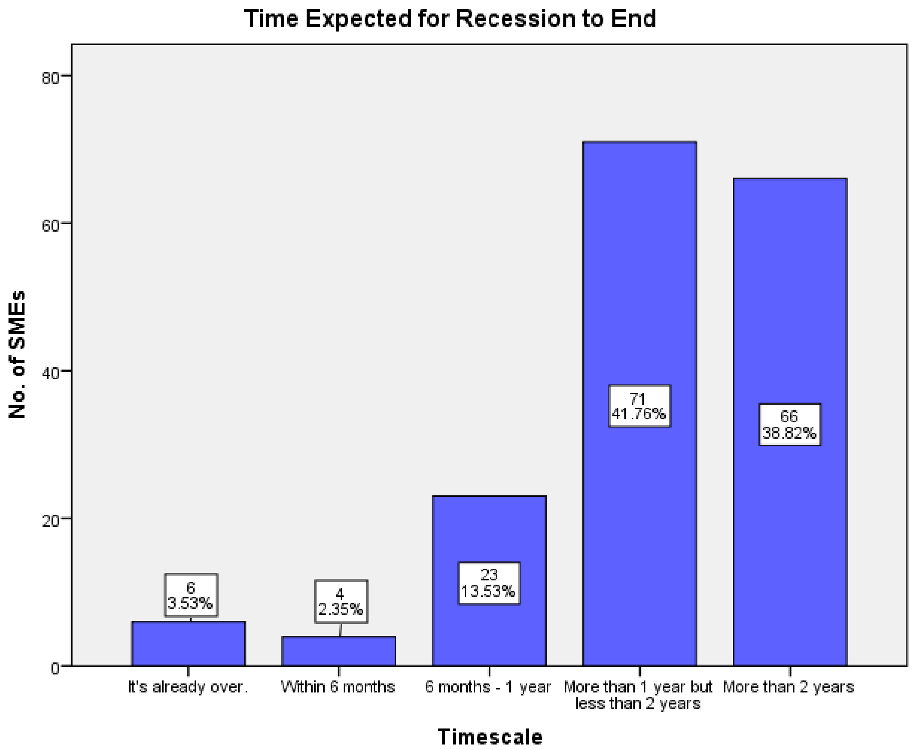
Business Sector	Extent company's operations been affected by the recession: Slightly	Significantly	Very Significantly	Total
Manufacturing	2.86% (n=1)	40% (n=14)	57.14% (n=20)	35
Agriculture/Fishing	0	37.5% (n=3)	62.5% (n=5)	8
Finance/Insurance	25% (n=2)	37.5% (n=3)	37.5% (n=3)	8
Leisure/Hospitality /Tourism	6.25% (n=1)	43.75% (n= 7)	50% (n=8)	16
Construction	5.88% (n=2)	8.82% (n=3)	85.29% (n=29)	34
Transport/Communication	20% (n=2)	20% (n=2)	60% (n=6)	10
Retail/Wholesale	3.33% (n=1)	56.67% (n=17)	40% (n=12)	30
Business Services/Property	15.38% (n=2)	38.46% (n=5)	46.15% 6	13
Other Services	6.25% (n=1)	56.25% (n=9)	37.5% (n=6)	16
Total	12	63	95	170

The analysis shows that the business sector, SMEs pre-tax profits, and the time that the recession was first felt are all significant to the extent of impact. This suggests that the greater the pre-tax profits businesses have the better the chance they will deal with any negative effects of the recession. Results also indicate that the type of business sector is a factor of the extent of the recession impact. Some sectors are more resilient to the recession than others. For example the finance/insurance sector managed well whereas the construction and manufacture sectors felt the effects more keenly. Findings show that the extent of the recession tends to be greater for those first affected by it.

4.1.2.4 SME Expectancy Timescale of Recession

Figure 16 shows of those who were affected by the recession, the majority of SMEs (81%, n= 137) said that they expected the recession to continue for at least another year. The data was collected during 2015-2016 so the recession for most will have lasted for at least 8 years.

Figure 16 SME Expectancy Timescale of Recession



4.1.2.5 Conclusion

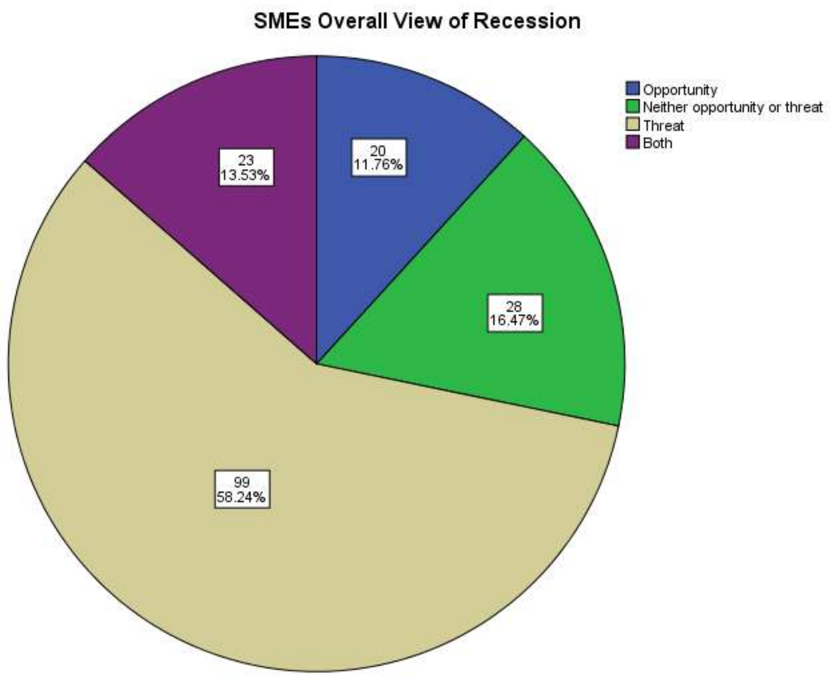
These findings have helped set the scene of the nature of the recession. Results suggest that just over one third of SMEs were not affected by the recession. However, for the majority who were (63%, n=170) this recession was very severe, expecting to last at least 8 years for most of them. The construction and manufacture sectors seem to have been the worst affected.

4.1.3 Key Business Opportunities

4.1.3.1 Introduction: Overall View of Recession

Figure 17 shows the majority of SMEs 58% (n= 99) viewed the recession as a threat, with only 12% (n=20) stating clearly that they viewed the recession as an opportunity. This is significant as this will impact largely on what strategies SMEs adopt to navigate the adverse conditions. This will be further analysed in Research Objective 2.

Figure 17 SME Overall View of Recession.



4.1.3.2 Key Opportunities

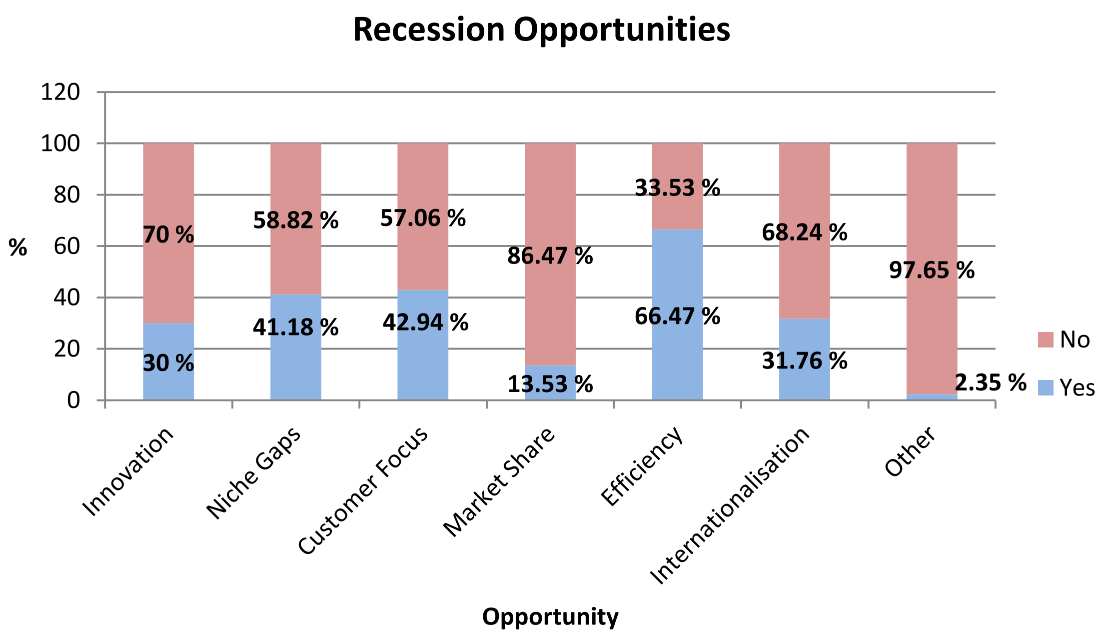
Table 13 below shows the key opportunities identified by SMEs as a result of the recession. The table shows the highest opportunities is increased efficiency (M=1.34; n=113) followed by increased customer focus (M=1.57; n=73). Other opportunities presented by the recession were targeting niche gaps in the market (M= 1.59; n=70) and internationalisation (M= 1.68; n=54). The lowest opportunity was increase in market share (M=1.86, n=23) and the next lowest was increased innovation (M= 1.70; n=51).

Table 13 Key Opportunities Identified

Where 1= opportunity; 2= no opportunity				
Opportunity	No. of Respondents	%	Mean	Standard Deviation
Increased innovation	51	30	1.70	.460
Targeted niche gaps in market	70	41	1.59	.494
Increased customer focus	73	43	1.57	.496
Increase in market share	23	14	1.86	.343
Increased efficiency	113	66	1.34	.473
Internationalisation	54	32	1.68	.468

Increased efficiency scoring the highest in terms of recession opportunities is significant as much recession literature suggests that firms retrench as a result of recession. Increase in market share 32% (M=1.68; n=54) was the lowest in terms of opportunities and this was due to a reduced demand in domestic markets because of less disposable income pushing some SMEs to internationalise for the first time. This is significant as much literature states that entering new markets can be difficult in the best of times let alone in times of recession. Also this percentage is quite high as not all firms would find it possible to internationalise due to their size, limited resources or the nature of their business. The bar graph below illustrates the percentage of opportunities presented by the recession.

Figure 18 Percentage of Opportunities Presented by the Recession



4.1.3.3 Testing for Significant Difference.

Independent sample t-tests and one-way ANOVAs were utilised to identify any significant differences across SME location, sector, size, age and proactive firms' v reactive firms. Proactive firms are those which had a planned strategy compared to those reactive firms which did not have a planned strategy in place.

4.1.3.3.1 Key Opportunities by Location

Independent sample t-tests were employed to determine any significant differences between opportunities identified by SMEs in Northern Ireland and the Republic of Ireland. Data reduction techniques were employed to reduce the locations into two bands namely Northern Ireland and the Republic of Ireland. Table 14 provides a summary. There was one significant difference in the scores for NI SMEs (M=1.62, SD= 0.486) and ROI SMEs (M=1.33; SD= 0.483) found in terms of targeting niche gaps in the market t (168) = 2.569, p=0.011. ROI firms found the biggest difference by having more opportunities to target niche gaps in the market compared to NI firms. One small construction firm based in ROI reported;

> *"We had always gone for bigger projects before the recession however these jobs weren't as plentiful when the recession hit and we found ourselves concentrating on smaller domestic jobs and changing our focus to serve this gap in the market. Certainly during the recession people were not moving homes but spending their smaller budget on home improvements instead."*

Table 14 SME Location Independent sample t-test.

Where 1=opportunity,; 2= no opportunity				
Opportunity	SME Location	Mean	Standard Deviation	Significance Level
Targeted niche gaps in market	NI	1.62	0.486	0.011
	ROI	1.33	0.483	

4.1.3.3.2 Key Opportunities by Firm Size

One-way ANOVA tests were employed to observe if there were any significant differences within SME location. Table 15 below provides an overview of the significant differences f (2, 167) =14.494, p=0.000. SMEs agreed that they had an opportunity to increase their efficiency. It was the only opportunity to show any significant difference f (2,166) =14.49, p=0.000. The variance was between the micro enterprises (M= 1.49, SD=.502), with the small enterprises (M=1.11; SD=.312) and medium enterprises (M= 1.19; SD=.403). The small sized firms therefore had more opportunities to increase their efficiency than the other two. A small trailer manufacturing business based in NI stated;

> "*We looked at our production process and streamlined it so to reduce time delays and wastage. We adopted a lean manufacturing process and just in time strategy to help with this along with also improving our cash flow situation"*

Table 15 SME Size One-way-ANOVAs (Opportunities)

Where 1= opportunity; 2= no opportunity					
Opportunity	SME Size	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Increased Efficiency	Micro	Small Medium	1.49	.502	0.000
	Small	Micro	1.11	.312	
	Medium	Micro	1.19	.403	

4.1.3.3.3 Key Opportunities by Business Sector

One-way ANOVA tests were used to observe any significant differences that existed within SME sectors. Table 16 provides an overview of the significant differences. There were three significant differences observed namely increased innovation f (8, 161) = 2.26 p=0.025; increased customer focus f (8, 161) = 2.06 p= 0.043 and internationalisation f (8,160) = 3.10 p=0.003. In terms of increased innovation the biggest difference was between the manufacturing sector (M=1.51, SD=0.507) and the agriculture/fishing sector (M=2.00, SD=0.00). One manufacturing business based in NI reported;

> *"We had to look at ways of increasing innovation to meet our customer's changing spending behaviour. We needed to invest in new equipment to produce our products cheaper through more automated processes. It was key to riding out the recession by maintaining our customers and actually attracting new ones."*

In terms of increased customer focus the significant differences were between the construction sector (M=1.76; SD=0.505) who had less opportunity then the retail/wholesale sector (M=1.37; SD=0.490). A retail business based in NI stated;

> "*In order to keep our customers we had to concentrate more on meeting their individual needs by tailoring our product offerings and the way that they could pay for the products."*

In terms of internationalisation significant differences are between the leisure/ hospitality/ tourism sector (M=2.00; SD=0.00) which experienced no opportunity compared to the firms within the manufacturing sector (M=1.51, SD=0.507); construction sector (M=1.56, SD=0.504) and the retail/wholesale sector (M=1.57; SD=0.504). A manufacturing firm based in ROI reported:

> *"We internationalised as a means of staying afloat by targeting a wider audience."*

Table 16 SME Sector One-way-ANOVAs (Opportunities)

Where 1= opportunity; 2= no opportunity Opportunity	SME Sector	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Increased Innovation	Manufacturing	Agriculture/Fishing	1.51	.507	0.025
	Agriculture/Fishing	Manufacturing	2.00	.000	
	Finance/Insurance	n/a	1.75	.463	
	Leisure/Hospitality /Tourism	n/a	1.81	.403	
	Construction	n/a	1.56	.504	
	Transport/Communications	n/a	1.80	.422	
	Retail/Wholesale	n/a	1.77	.430	
	Business Services/Property	n/a	1.77	.439	
	Other Services	n/a	1.88	.342	
Increased Customer Focus	Manufacturing	n/a	1.46	.505	0.043
	Agriculture/Fishing	n/a	1.63	.518	
	Finance/Insurance	n/a	1.75	.463	
	Leisure/Hospitality /Tourism	n/a	1.56	.512	
	Construction	Retail/Wholesale	1.76	.431	
	Transport/Communications	n/a	1.60	.561	
	Retail/Wholesale	Construction	1.37	.490	
	Business Services/Property	n/a	1.77	.439	
	Other Services	n/a	1.50	.516	
Internationalisation	Manufacturing	Leisure/Hospitality/ Tourism	1.51	.507	0.003
	Agriculture/Fishing	n/a	1.86	.387	
	Finance/Insurance	n/a	1.88	.354	
	Leisure/Hospitality /Tourism	Manufacturing Construction Retail/Wholesale	2.00	.000	
	Construction	Leisure/Hospitality/ Tourism	1.56	.504	
	Transport/Communications	n/a	1.90	.316	
	Retail/Wholesale	Leisure/Hospitality/ Tourism	1.57	.504	
	Business Services/Property	n/a	1.85	.376	
	Other Services	n/a	1.75	.447	

4.1.3.3.4 Key Opportunities by SME Age

One-way ANOVA tests were conducted to determine whether any significant differences lay within different aged SMEs. The results showed that there are no significant differences between SME age groups. Table 17 shows the percentages of opportunities by SME age. In terms of those less than 5 years old their biggest opportunity was niche gaps in the market (70%, n=28). The SMEs in the other four age groups identified increased efficiency as their greatest opportunity.

Table 17 Percentage of Opportunities by SME Age.

Age	Opportunities						
	Increased Innovation	Niche Gaps in Market	Increased Customer Focus	Increase in Market Share	Increased Efficiency	Intern ational isation	Other
Less than 5	32.5% (n=13)	70% (n= 28)	42.5% (n=17)	17.5% (n=7)	50% (n=25)	17.5% (n=7)	5% (n=2)
5-less than 10	8.47% (n=15)	16.95% (n=10)	45.76% (n=27)	10.17% (n=6)	59.32% (n=35)	37.29 % (n=22)	1.69% (n=1)
10-less than 15	25% (n=4)	12.5% (n=2)	43.75% (n=7)	18.75% (n=3)	81.25% (n=13)	31.25 % (n=5)	0
15- less than 20	27.27%(n= 3)	54.55% (n=6)	45.45% (n=5)	36.36% (n=4)	72.72% (n=8)	27.27 % (n=3)	0
20 years +	27.5% (n=11)	47.5% (n=19)	40% (n=16)	7.5% (n=3)	77.5% (n=31)	32.5% (n=13)	2.5% (n=1)

4.1.3.3.5 Key Opportunities by Pro-activeness of Firms

Independent sample t-tests were employed to determine any significant differences between pro-active and reactive firms. There were no significant differences found.

In summary, findings present that business location, firm size, firm sector, and firm age and pro-active v reactive firms affect the type and level of opportunities presented. The SME likely to gain the most opportunity is a small firm based in the Republic of Ireland that can increase in efficiency.

4.1.4 Key Threats

This section follows on from section 4.1.3 which introduced key opportunities for SME. The majority of respondents 58% (n= 99) clearly identified the recession as a threat. This sector will look at a number of key performance measures and how they have changed as a result of the recession. Any negative changes can be seen as threats as the company is not performing as well as they did before the recession.

Table 18 below shows how the SMEs were affected as a result of the recession. The main issues that the majority of SMEs faced were decreased home market sales (M=5.34; SD=0.998) and decreased profitability (M= 5.31; SD=1.120) followed by increasing costs (M=2.56; SD=1.002). Increasing bad debt/uncertainty over customer payments (M=2.63; SD=1.145) and increasing cash flow problems (M=2.64; SD=1.029) were also major threats experienced by SMEs. One construction firm based in ROI reported;

> *"We had no choice, but to look for work outside our home country as work dried up so quickly."*

Table 18 Key Threats Identified

1=n/a, 2=increased greatly, 3= increased slightly, 4=no change, 5=decreased slightly 6=decreased greatly			
Threats	Mean	Standard Deviation	No. of Respondents
Profitability	5.31	1.120	170
Home Market Sales	5.34	0.998	170
Availability of bank loans/overdrafts	4.89	1.891	170
Number of employees	4.79	1.314	170
Credit periods and/or credit terms from suppliers	4.42	1.813	170
Overseas market sales	3.13	2.215	170
Costs	2.56	1.002	170
Cash flow problems	2.64	1.029	170
Bad debt/uncertainty over customer payments	2.63	1.145	170

4.1.4.1 Testing for Significant Differences.

4.1.4.1.1 Threats by Location

Independent sample t-tests were employed to determine any significant differences between NI and ROI firms' threats. Table 19 presents a number of significant differences which were found; costs t (168) =2.322 p=0.021; credit periods and/or credit terms from suppliers t (168) = -1.826, p=0.036; number of employees t (168) = -2.283 p=0.029; and bad debts/uncertainty over customer payments t (168) = 1.474, p=0.016. In terms of all the threats identified below SMEs based in ROI fared the worst compared to SME firms based in NI. A construction firm based in ROI reported;

> *"It was very difficult to get credit from suppliers as they were scared that they wouldn't get paid."*

Table 19 Threats by SME Location

1=n/a, 2=increased greatly, 3= increased slightly, 4=no change, 5=decreased slightly 6=decreased greatly				
Threats	SME Location	Mean	Standard Deviation	Significance Level
Costs	NI	2.63	1.048	0.021
	ROI	2.10	0.301	
Credit periods and/or credit terms from suppliers	NI	4.33	1.843	0.036
	ROI	5.10	1.446	
Number of employees	NI	4.72	1.340	0.0029
	ROI	5.29	1.007	
Bad debt/uncertainty over customer payments	NI	2.68	1.198	0.016
	ROI	2.29	0.561	

4.1.4.1.2 Threats by Business Sector

One-way ANOVA tests were used to observe any significant differences that existed within SME sectors. Table 20 provides an overview of the significant differences. The results suggest that the majority of SMEs in all sectors experienced adverse conditions. Results show that the significant difference in terms of home market sales f (8,161) =3.053, p=0.003 was the construction sector (M=5.74, SD= 0.864) which suffered most compared to the business services/property sector (M=4.62; SD=1.193). The retail/wholesale sector also suffered greatly (M=5.53; SD=0.819). A construction firm based in ROI stated;

> *"Our sales in the Republic of Ireland which contributed 90% of our total sales reduced to around 25% in the space of four months when the recession hit."*

In terms of significant differences in overseas market sales f(8, 161)= 7.723, p=0.000 the construction sector also suffered the worst (M=5.06; SD=1.858) compared to the agricultural/fishing sector (M=2.13; SD=1.553); the finance/insurance sector (M=2.38 SD=1.685); the leisure/hospitality/tourism sector (M=2.81, SD=2.073); the transport and communications sector (M=2; SD= 2.108); the retail/wholesale sector (M=2.20; SD=1.972); the business services/property sector (M=1.77, SD=1.363) and the other services sector (M=2.31; SD= 1.991). There was also a significant difference between the manufacturing sector (M=3.80; SD=2.098) and the retail/wholesale sector (M=2.20; SD=1.972) and the business services/property sector (M=1.77, SD=1.363). The results show that the manufacturing sector's overseas markets increased less compared to the retail/wholesale sector and the business services/property sector.

Another threat with a significant difference was costs, f (8, 161) = 3.079, p=0.003. Differences were found between the leisure/hospitality/tourism sector (M=3.38; SD=1.544) and the construction (M=2.18; SD= 0.521) and retail/wholesale sectors (M=2.40; SD=0.724). These results confirm that the construction and retail/wholesale sector was more severely affected in terms of increasing costs. The same construction firm based in ROI reported;

> *"The costs of materials seemed to increase significantly when the recession hit."*

There were significant differences found in cash flow problems f (8, 161) = 3.424 p=0.001. The differences were found between the finance/insurance sector (M=3.63; SD=0.916) and the manufacturing (M=2.29; SD= 0.926) and construction sectors (M= 2.24; SD= 0.554). The results indicate that both the manufacturing and construction sectors suffered more severely with increasing cash flow problems than the finance/insurance sector.

In terms of significant differences in credit periods and/or credit terms from suppliers f (8, 161) = 5.197 p=0.000 the construction sector (M= 5.26; SD=1.483) differed from the leisure/hospitality/tourism sector (M=3.38; SD= 2.247), the business services/property sector (M=2.92; SD= 1.656) and the other services sector (M=3.50; SD=

2.129). The results show the construction sector suffered the worst in terms of decreasing credit periods and terms. The manufacturing sector (M=4.83; SD= 1.671) also showed a significant difference from the business services/property sector (M=2.92; SD= 1.656). The manufacturing sector suffered significantly more with decreased credit than the business services/property sector.

The availability of bank loans/overdrafts was also a threat. This threat also showed significant differences f (8, 161) = 4.610 p=0.000 between the business services/property sector (M=3.23; SD=2.242) contrasting with the manufacturing sector (M=5.23, SD= 1.664); agriculture/fishing sector (M=5.88; SD= 0.354); the construction sector (M=5.76, SD=0.606) and the retail/wholesale sector (M=5.13; SD=1.717). This shows that the business services/ property sector found it easier to obtain bank loans/overdrafts. The construction sector (M=5.76, SD=0.606) also differs from the finance/insurance sector (M=3.38; SD=2.326) and the leisure/hospitality/tourism sector (M=4.06; SD=2.462). Firms in the construction sector found it more difficult to obtain bank loans/overdrafts. A construction firm based in Northern Ireland reported;

> *"We wanted a business loan to invest in new equipment but we were completely refused even though we had a track record of securing bank loans and paying them back in full."*

Decreasing numbers of employees was another threat that experienced a significant difference f (8, 161) =4.007 p= 0.00. There was a significant difference between the other services sector (M=3.56; SD=1.965) with the construction sector (M=5.53; SD= 1.080) and the retail/wholesale sector (M=5.03; SD= 0.964). This shows that the construction sector and the retail/wholesale sectors suffered more in terms of redundancies. A construction firm based in NI stated that;

> *"We had to make three quarters of our staff redundant. What do you do with them when there is no work available?"*

Table 20 Threats by Business Sector.

1=n/a, 2=increased greatly, 3= increased slightly, 4=no change, 5=decreased slightly 6=decreased greatly					
Threats	SME Sector	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Home Market Sales	Manufacturing	n/a	5.51	0.818	0.003
	Agriculture/Fishing	n/a	4.88	0.991	
	Finance/Insurance	n/a	4.75	1.282	
	Leisure/Hospitality/Tourism	n/a	5.44	0.892	
	Construction	Business Services/Property	5.74	0.864	
	Transport/Communications	n/a	5.10	1.197	
	Retail/Wholesale	n/a	5.53	0.819	
	Business Services/Property	Construction	4.62	1.193	
	Other Services	n/a	4.94	1.124	
Overseas Market Sales	Manufacturing	Retail/Wholesale Business Services/Property	3.80	2.098	0.000
	Agriculture/Fishing	Construction	2.13	1.553	
	Finance/Insurance	Construction	2.38	1.685	
	Leisure/Hospitality/Tourism	Construction	2.81	2.073	
	Construction	Agriculture/Fishing Finance/Insurance Leisure/Hospitality/Tourism Transport/Communication Retail/Wholesale Business Services/Property Other Services	5.06	1.858	
	Transport/Communications	Construction	2.00	2.108	
	Retail/Wholesale	Manufacturing Construction	2.20	1.972	
	Business Services/Property	Manufacturing Construction	1.77	1.363	
	Other Services	Construction	2.31	1.991	

Costs	Manufacturing	n/a	2.71	1.319	0.010
	Agriculture/Fishing	n/a	2.25	0.463	
	Finance/Insurance	n/a	2.88	0.991	
	Leisure/Hospitality/Tourism	Construction Retail/Wholesale	3.38	1.544	
	Construction	Leisure/Hospitality/Tourism	2.18	0.521	
	Transport/Communications	n/a	2.30	0.675	
	Retail/Wholesale	Leisure/Hospitality/Tourism	2.40	0.724	
	Business Services/Property	n/a	3.00	0.707	
	Other Services	n/a	2.38	0.806	
Cash flow problem	Manufacturing	Finance/Insurance	2.29	0.926	0.001
	Agriculture/Fishing	n/a	2.75	1.035	
	Finance/Insurance	Manufacturing Construction	3.63	0.916	
	Leisure/Hospitality/Tourism	n/a	2.81	1.559	
	Construction	Finance/Insurance	2.24	0.554	
	Transport/Communications	n/a	3.00	1.247	
	Retail/Wholesale	n/a	2.57	0.817	
	Business Services/Property	n/a	3.15	1.144	
	Other Services	n/a	3.06	0.998	
Credit periods and/or credit terms from supplier	Manufacturing	Business Services/Property	4.83	1.671	0.000
	Agriculture/Fishing	n/a	4.75	1.581	
	Finance/Insurance	n/a	3.63	1.598	
	Leisure/Hospitality/Tourism	Construction	3.38	2.247	
	Construction	Leisure/Hospitality/Tourism Business Services/Property Other Services	5.53	0.961	
	Transport/Communications	n/a	4.50	2.014	
	Retail/Wholesale	n/a	4.50	1.526	
	Business Services/Property	Manufacturing Construction	2.92	1.656	
	Other Services	Construction	3.50	2.129	

Availability of bank loans/ overdrafts	Manufacturing	Business Services/Property	5.23	1.664	0.000
	Agriculture/Fishing	Business Services/Property	5.88	0.354	
	Finance/Insurance	Construction	3.38	2.326	
	Leisure/Hospitality/Tourism	Construction	4.06	2.462	
	Construction	Finance/Insurance Leisure/Hospitality/Tourism Business Services/Property	5.76	0.606	
	Transport/Communications	n/a	4.00	2.404	
	Retail/Wholesale	Business Services/Property	5.13	1.717	
	Business Services/Property	Manufacturing, Agriculture/Fishing Construction Retail/Wholesale	3.23	2.242	
	Other Services	n/a	4.88	1.962	
Number of employees	Manufacturing	n/a	4.69	1.409	0.000
	Agriculture/Fishing	n/a	5.00	1.069	
	Finance/Insurance	n/a	4.50	1.195	
	Leisure/Hospitality/Tourism	n/a	4.63	1.025	
	Construction	Other Services	5.53	1.080	
	Transport/Communications	n/a	4.80	1.135	
	Retail/Wholesale	Other Services	5.03	0.964	
	Business Services/Property	n/a	4.38	0.768	
	Other Services	Construction Retail/Wholesale	3.56	1.965	

4.1.4.1.3 Threats by SME Size.

One-way ANOVA tests were utilised to establish whether there were any significant differences regarding key threats within SME sizes. Table 21 provides an overview of the significant differences found. As can be seen, the most significant differences were between the micro and medium firms. In terms of the overseas markets differences f (2,167) = 23.062 p=0.000, the micro firms (M=2.27; SD=1.886) differed greatly with the small firms (M= 4.14, SD=2.153) and the medium sized firms (M=4.88; SD=1.821). This shows that the micro firms suffered fewer threats with this aspect. A retail micro firm based in NI reported;

> *"The recession was very kind to us as we provided a cheaper alternative and as a result our online overseas sales increased."*

Decreasing credit periods and/or credit terms from suppliers was a threat that found significant differences f (2, 167) = 5.998 p=0.003. Differences like others were found between micro firms (M=4.03, SD=1.813) and small firms (M=5.04, SD=1.606) showing that small firms suffered more. A small manufacturing business reported;

> *"We were hounded by our suppliers to pay quicker than we ever had and so our main problem was how do we pay for supplies when our customers hadn't paid us?"*

Availability of bank loans/overdrafts was another threat showing significant differences f (2,167) = 5.882 p=0.003. Again the contrasting groups were the micro firms (M=4.50; SD=2.097) and the small firms (M=5.55; SD=5.48; 1.190). The results show that the small firms suffered more as a consequence of struggling to obtain bank loans/overdrafts.

The number of employees decreasing showed another significant difference f (2,167) = 6.630 p=0.002. The micro firms (M=4.49, SD=1.334) showed differences with the small firms (M=5.20; SD=1.227). This demonstrates that small sized firms suffered more in terms of redundancies.

Table 21 SME Size One-way-ANOVAs (Threats)

1=n/a, 2=increased greatly, 3= increased slightly, 4=no change, 5=decreased slightly 6=decreased greatly					
Threat	SME Size	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Overseas Market Sales	Micro	Small, Medium	2.27	1.886	0.000
	Small	Micro	4.14	2.153	
	Medium	Micro	4.88	1.821	
Credit periods and/or credit terms from suppliers	Micro	Small	4.03	1.813	0.003
	Small	Micro	5.04	1.606	
	Medium	n/a	4.69	1.957	
Availability of bank loans/overdrafts	Micro	Small	4.50	2.097	0.003
	Small	Micro	5.55	1.190	
	Medium	n/a	5.00	2.000	
Number of employees	Micro	Small,	4.49	1.334	0.002
	Small	Micro	5.20	1.227	
	Medium	n/a	5.25	1.000	

4.1.4.1.4 Threats by SME Age

Table 22 shows in terms of SME age one significant difference was found in overseas market sales f (2,167) =3.527 p=0.032. The SME firms aged less than 10 years (M=2.83, SD=2.149) differed significantly with SMEs aged 20 years + (M=3.92, SD=2.044). This shows that firms aged 20 years+ did not achieve as many overseas market sales. A drinks manufacturing firm in existence for 50 years reported;

> *"We tried to use the same strategies and sell our drink products to other countries but unfortunately there was little increase for the amount of effort we put in to it."*

Table 22 SME Age One-way-ANOVAs (Threats)

1=n/a, 2=increased greatly, 3= increased slightly, 4=no change, 5=decreased slightly 6=decreased greatly					
Threat	SME Age	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Overseas Market Sales	Less than 10 years old	20 year +	2.83	2.149	0.032
	10 years less than 20 years	n/a	3.09	2..429	
	20 years +	Less than 10 years old	3.92	2.044	

4.1.4.1.5 Threats by pro-activeness of Firms

Independent sample t-tests were employed but no significant differences were found in terms of threats and pro-active firms vs. reactive firms.

4.1.4.2 Summary-Quantitative and Qualitative Findings

Recession Context

- The majority of SMEs (43%; n=117) felt the effects of the recession in 2008.
- Approximately one third were not affected by the recession.
- The majority of SMEs (58%; n=99) viewed the recession as a threat
- Of those SMEs who were affected by the recession (63%, n=170), the majority (59%, n=95) were significantly/very significantly impacted by the recession.
- 85% (n=29) of firms in the construction sector and 57% (n=20) in the manufacturing sector were very significantly affected and suffered the most.
- For the majority (81%; n=137) the recession had lasted for at least 8 years.

Key Opportunities

The key opportunities identified were;

- Increased efficiency (M=1.34; n=113)
- Increased customer focus (M=1.57; n=73)
- Targeting niche gaps in market (M=1.59; n=70)
- Increased innovation (M=1.70; n=51)
- Internationalisation (M=1.86, n=23)
- Increased market share (M=1.86; n=23)
- Firms based in ROI had more opportunities to target niche gaps in market.
- Small sized firms had more opportunities to increase in efficiency.
- The majority of SME age groups had the opportunity to increase in efficiency.
- Firms in the manufacturing sector had the greatest opportunity to internationalise.

Key Threats

The key threats identified were;

- Decreasing home market sale (M=5.34; SD= 0.998).
- Decreasing profitability (M=5.31; SD=1.120).
- Increasing bad debts/uncertainty over customer payments (M=2.63; SD= 1.145).

- Increasing cash flow problems (M=2.64; SD=1.029).
- Increasing costs (M=2.56; SD=1.002).
- Decreasing availability of bank loans/overdraft (M=4.89; SD= 1.891).
- Decreasing numbers of employees (M=4.79; SD=1.314).
- Decreasing credit periods and/or credit terms from suppliers (M=4.42; SD= 1.813).

Overall results show that;

- ROI firms suffered more than NI firms.
- The construction sector suffered more.
- Small sized firms suffered more.
- Firms aged 20+ years suffered the most.

This section (section 4.1) has presented the findings relative to the first research objective, which identified the key opportunities and threats presented by the recession. The next section (4.2) will present findings relative to the second research objective, which is to identify and evaluate the impact(s) of each business strategy employed.

4.2 Research Objective 2

R02: To identify and evaluate the impact(s) of each business strategy employed.

4.2.1 Introduction

This section (section 4.2) presents the quantitative and qualitative findings relative to research objective two, which identifies and evaluates the impact(s) of each business strategy employed. The literature identifies a range of strategies that can be used in a recession including retrenchment and cost cutting, increasing advertising and marketing, increasing innovation and customer focus, and targeting new markets. The following sub sections outlines if the SME had a planned strategy and if so which strategies they selected and the overall success of them.

4.2.2 Proactive or Reactive

The majority of firms 83% (n=111) that felt the effects of the recession indicated that the business was reactive to the recession and had no planned strategy in place before the recession occurred. This is interesting as it indicates that they would have had to put a strategy together in a short space of time to either deal with the adverse side effects of the recession or to put together a structured plan to exploit any opportunities that the recession presented to their business.

A construction firm based in NI that was reactive to the recession as they had no planned strategy in place commented to say;

> "*Never again will we not have a strategy in place. When times are good you just seem to be so busy carrying out projects that you don't consider taking time to devise a strategy. But the market can just change rapidly as we have just witnessed. We should have known better and had a contingency plan in place in times of recession as it is a well-known fact that the industry in which I work- the construction industry – is in most cases one of the first victims of a recession and are the worst most severely affected as a result of them"*

However, in contrast another construction company who did have a planned strategy in place stated;

> *"I have been in this industry for several decades and have learnt the hard way in past recessions. We do have a backup plan devised so we know what actions to take during a recession. However, saying that, when this recession occurred the strategy had to be adapted as this recession was like no other recession I have encountered before. The lack of bank lending caused us a huge problem"*.

One manufacturing firm based in Northern Ireland confirmed this;

> "My *business was formed in 1989 just before the early 1990s recession in the UK. We were a very young business back then and not only did we have to cope with the challenges of getting a business established but had additional trials to navigate that the recession brought. We learnt very quickly that a strategy is a good thing to have and you have a better chance of survival with possible growth opportunities if you are proactive in battling against the economic storms rather than being unprepared and having to quickly react to it"*

4.2.3 Selection of Strategies

Table 23 provides details of the strategies selected by SMEs and how successful they were. The strategies used in the recession (in order of success) included changing marketing strategies to include new geographic markets (M=3.702; SD=1.457); introducing new/improved products, processes or services (M=3.629; SD=1.416); increased advertising & promotional expenditure (M=3.427; SD=1.418); reducing selling prices or holding prices (M=3.015; SD= 2.651) and finally investment in new equipment/R&D (M=1.766; SD=1.282).

Table 23 Strategies Selected during Recession

Where 0=did not use strategy; 1=not successful at all; 5= very successful			
Strategy	No. of Respondents	Mean	Standard Deviation
Introduced new/improved products, processes or services	70	3.629	1.416
Changed marketing strategies to include new geographic markets	67	3.702	1.457
Increased advertising & promotional expenditure	68	3.427	1.418
Reduced selling prices or held prices	68	3.015	2.651
Invested in new equipment/R&D	64	1.766	1.282

4.2.3.1 Changing Marketing Strategies

Nineteen businesses claimed that changing their marketing strategies was the most single important action that they took to cope with the recession. One retail business based in ROI reported:

> *"We focused on marketing more in all its aspects from a rebrand to customer care and service driven sales techniques"*

60% (n=40) of firms stated that they decided to become more customer focused. They recognised that during a recession customers tend to change their spending behaviours and due to less disposable income may look to other cheaper substitutes. A children's clothes retail firm based in the Republic of Ireland reported:

> *"We noticed that we were beginning to lose regular customers who would have bought our high range of clothing including brand labels such as Joules, Frugi and Little Lord and Lady to cheaper clothes from the likes of Penny's. It was difficult to know what to do because if we brought in a cheaper poorer quality of clothing then we felt that our reputation for high quality clothes would suffer – and that has taken several years to build. Initially, we offered discounts to regular customers but however, in the end in order to survive we had no choice but to bring in lower end clothing products. You can't depend on customer loyalty when people just don't have the money to buy higher quality items"*

A joinery business based in Northern Ireland who produced bespoke made to order furniture declared;

"We had to change our marketing strategy as sales decreased. We found a niche in the market for up cycling furniture. We were able to still use our core skills to make the furniture items unique but the furniture that we used was bought at a fraction of the price compared to buying new raw materials. We were able to add value to the furniture and yet sell it at a lower cost to our customers. The aspect of "going green" was also attractive to many customers. This helped us to cope with the recession."

Another firm manufacturing trailers based in Northern Ireland decided to change their marketing strategy by targeting a different geographical market. The owner reported:

"We started to target the UK market and not Northern Ireland at all. This was because our home market was saturated and the mainland was a large bigger market with more customers."

4.2.3.2 Internationalisation Strategy

32% (n=54) of firms reported that the recession presented the opportunity for them to go international. 16 companies specified that going international was the single most important action that they took to navigate the recession. Several firms stated;

"We were pushed into having to start selling on the Internet"

"We started to export our products as the home market was saturated."

"We widen our service to other geographical markets"
"Internationalisation- you have to go to where the work is."

"We concentrated on increasing sales by selling online"

One retail firm based in ROI reported;

"Although we had a strategy in place for such times as adverse conditions, the plans did not include internationalisation. However, due to the domestic market being saturated we had no choice but to adapt our plans to sell to other markets."

A chemical cleaning manufacturing business based in Northern Ireland reported;

"We never thought that we would sell online however, due to late payments by customers and at times not getting paid at all, we felt that we needed to try it out. At least when people purchase online you get all the money paid up front so this was a solution to our main problem. As a result our sales increased as did our cash flow. It was quite literally amazing! Who would think that people in mainland UK and further afield would order small ordinary items like toilet rolls, mop heads, and disposable

gloves online? These items are readily available in their local supermarkets. I had originally thought that it would be easier just to go there and purchase these items but really when I sat down and thought about it I was wrong. At a click of a button in the comfort of their own homes or offices they can purchase these items and get them delivered next day. The Internet has completely changed our business and thankfully for the better. I honestly don't think that the business would be in existence now but only for selling online"

Most firms interviewed seemed to be pushed into internationalisation due to the larger geographical markets and amount of customers that they could target. These companies invested in time and effort to get set up online. Some firms who had websites already added ecommerce facilities such as shopping carts to their sites; others used eBay and other online shopping sites. Many tended to focus on nearby markets initially as they were more similar in culture, currency and language. Social media usage was increased as many used this tool to market their business and linked it to their websites and Twitter accounts.

4.2.3.3 Investment & Innovation Strategy

Some firms were quite successful (M=3.629; SD=1.416); in investing in innovation to introduce new or improved products, processes or services that were more customer focused and differentiated from competitors offerings. Firms however were less successful (M=1.766; SD=1.282) in investing in new equipment and research and development. Several firms interviewed had invested in new equipment or research and development as a way to meet their customer's changing spending behaviour or to target new customer segments. One manufacturing business based in NI reported;

"The need to look at the product offering and being innovative in our approach was the main factor. We had to consider what our customers and potential customers wanted from us in the future."

Another business in the manufacturing sector supported this view;

"*Our customers increased as we decided to invest in new state of the art technology to develop our products and bring a new product to the market place. As a result we benefited from first mover advantages while the rest of our competitors tried to play catch up. Even though a recession was on many customers decided to spend money on our products to try and increase their "feel good factor."*

Fourteen businesses stated that their investment strategy was the most single important action that they took to cope with the recession while twelve other businesses stated diversification was their key performance strategy.

> *"Changing the services I offered – focusing on customer service and care and changing the product offering to stand apart from our competitors."*

Another firm stated;

> *"We tailored special packages to customers that our main rivals were not doing."*

Most of these businesses were also being strategic and thinking about the long term as they felt that when the recession was in the later stages they would be in a more competitive position to outperform their competitors who may not have invested and would be behind as they had not seen the recession as an opportunity. The majority of them also focused on value creating and in Total Quality Management (TQM) principles. 45% (n=14) of firms interviewed decided to also focus on environmental friendly practices and materials especially when introducing customers to their new lower priced products so that customers had a "feel good factor" when purchasing cheaper alternative products. One manufacturing business based in the Republic of Ireland stated;

> *"We decided to use more recyclable items in our packaging as it was not only cheaper but our customers felt that they were helping the environment by purchasing them so it was a win-win situation for both of us."*

4.2.3.4 Financial Management.

4.2.3.4.1 Advertising and Promotional Expenditure.

Some firms had some success in increasing their advertising and promotional expenditure (M=3.427; SD=1.418). Many firms interviewed were unsure whether to increase their advertising and promotional expenditure or reduce costs to survive the recession. However, in the end the majority decided to increase their advertising campaign. One food retailer based in ROI reported;

> "*We decided in the end to increase our advertising coupled with special discounts to try and maintain sales. Although it only led to slight increases in sales, we took it as a positive given the environment we were operating in."*

4.2.3.4.2 Pricing policy

Some firms had some success in either reducing selling prices or holding prices (M=3.015; SD= 2.651). The only sector to not decrease their selling prices was the agriculture/fishing sector. They felt that their prices were low enough before the recession and could not afford to drop them any further and actually increased their selling prices slightly. 77% (n=24) of firms interviewed reported that they used both reducing selling price along with another strategy such as investment in introducing new products. These firms had a more successful outcome than those who only reduced/held prices alone. A home wares retailer based in ROI reported that;

> *"We introduced a new product range which meant we were able to reduce our selling prices by using the alternative brand name"*

4.2.3.4.3 Retrenchment-Cost Cutting Policy.

35% (n=25) of firms reviewed the recession as a time of uncertainty which was best navigated by cost cuts. When asked what the most important single action that firms had taken, 29 businesses stated cost cutting. One manufacturing firm stated;

> "*Specialising and focusing on most profitable areas- stripping away the less profitable areas and reallocating employee duties so we could focus on the business' strongest areas."*

Cost cutting savings included reduction in waste to increased efficiencies, and taking each cost of the business and negotiating lower prices or changing to lower cost suppliers. One business reported;

> *"Importing materials from Middle East to reduce costs to stay competitive"*

These firms adopted a lean management policy and tried to increase efficiency where possible. Another manufacturing firm based in the Republic of Ireland reported;

> *"We focused on lean business processes to streamline our production process to benefit from cost savings".*

Another small manufacturing business based in ROI reported;

> "*Due to us having resources that were not fully utilised, we were able to implement our strategy of increasing efficiency by pruning back on certain resources. For an example we had a large amount of raw materials in stock just sitting there, which*

were costing money so we decided to implement a just in time policy whereby we only ordered these materials when required so that we had much better cash flow management.".

This is interesting as much of the strategic literature refers to organisation slack being reduced during times of recession to increase the efficiency of firms and it contends that the larger the firm the more organisation slack it tends to have.

Six firms when interviewed stated that they adopted a Just in Time policy which meant that they only ordered raw materials when required rather than have it in stock costing money by sitting idle. Eight of the companies interviewed stated that they had reduced their assets to get cash to stay afloat. Seven firms interviewed stated that they made some redundancies to cut costs and outsourced the work these staff members where doing to other businesses which cost a lot less. They tried to maintain their core competencies and continued to do what they were good at. They reported increased levels of efficiency in terms of time and quality as well as cost savings. A firm based in Northern Ireland in the construction industry affirmed;

"The single most importance strategy that we implemented was that we made redundancies in areas where we were inefficient and outsourced work to experts in that particular field. They were able to produce higher quality work in half the time at a fraction of the cost. Not only did we benefit but we passed on some savings to customers. As a result we were able to stay competitive and actually our sales increased."

Other firms confirmed this;

"We increased the level of sub-contractors to lower costs and paid off employees on the cards"

28% (n=20) of firms stated specifically that they had to down size to survive the recession. One florist reports;

"We relocated from premises in the town centre to smaller premises in an industrial estate. We were paying £1,000 a month for rent and rates which we just couldn't afford. We thought that our sales would suffer due to a lack of passing trade and foothold and were hoping and relying on our reputation and loyalty of regular customers. However, we were pleasantly surprised that our sales remained constant and as a result of downsizing we became a much more profitable business."

4.2.3.4.4 Cash Flow Management.

79% (n=135) of firms suffered with either slightly increased or greatly increased cash flow problems as a result of the recession. In order to combat this, firms tried to implement a tighter credit control policy where invoices were sent out more promptly and they tried to reduce the period of customer payment days and increase their credit terms with suppliers. 26% (n=8) of firms interviewed used factoring to help relief their cash flow issues. 58% (n=18) of firms interviewed tighten their buying control and only bought items when absolutely necessary and became more efficient by reducing wastage.
One manufacturing firm based in Republic of Ireland stated;

> *"Before the recession we had extended our payment days to 90 days for our customers but tried to reduce this to 30-60 days to help increase our cash flow. Also, we waited until we got red letters and final demand notices before we made payment to our suppliers. This also helped with our cash flow situation."*

Other strategies seen businesses utilising cash flow forecasts and management accounts more often, staying on top of stock management, conducting credit checks on customers where possible, and negotiating with suppliers for more discounts. 66% (n=46) of firms used their personal savings to help with cash flow. 60% (n=43) of firms increased their credit. 57% (n=41) used informal equity finance (e.g. from family and friends). 51% (n=37) stated that they increased their overdrafts where possible 43% (n=31) increased their lease or hire purchase and 32% (n=23) of firms used either factoring, invoice discounting or stock finance to ease their cash flow issues.

4.2.3.5 Human Resources- Redundancies.

6% (n=10) of firms increased their employees during the recession however, 31% of firms numbers remained unchanged and 59% (n=101) decreased. Of those firms interviewed there was a mixed response. Twelve businesses stated that their staff was the most important asset to the firm and therefore managed not to lay them off and where necessary only reduced their hours or froze their salaries. They reported that;

> "Our *staff is our core strength and were crucial in helping to cope with the recession. We invested in staff training and development. We did not want to make them redundant because we could not afford to lose their talent and expertise."*

Another firm within the ICT sector based in NI reported however;

> *"We did lay staff off but then recruited more quality staff and invested in their development as they were and are our core competence within the business. Some of the staff we recruited actually worked for some of our competitors"*

23% (n=7) of firms interviewed said that they recruited new divisional managers to bring their expertise to the situation faced by the firm.

Motivation of the workforce remained important for the majority of firms. Most realised that staff stress and worry about their jobs could lead to lower productivity and more absenteeism. One major initiative to help combat this problem was that where possible firms tried to increase staff involvement and participation as well as training to demonstrate that staff were of value to the business and that they were worth investing in. One manufacturing company interviewed reported;

> *"We added some incentives for staff such as staff member of the month and a small reward to keep staff morale as high as possible. We increased our communication channels to keep staff informed of progress and performance throughout the recession. We encouraged them to participate in putting forward solutions and recommendations and in decision-making. We wanted to instil the notion that we were all in this together as one big team and we needed every team player to tackle any problems encountered. We had great staff buy in and as a result we felt that we got more out of our staff. They showed great loyalty to the company."*

4.2.3.6 Networking/ Collaboration/ Acquisitions/ Mergers.

Networking featured highly in the semi structured interviews. 74% (n=23) firms stated that they had networked with other businesses to get market information, and 16% (n=5) mentioned that they had formed some sort of collaboration with other firms to receive further discounts when purchasing raw materials due to bulk buying. There were many firms that outsourced work and therefore created work for other firms but at the same time were reducing their costs so it was a win-win situation for all. However in terms of acquisitions and mergers many firms interviewed felt that there either no opportunities to do so or they were not able to obtain information on possible firms to pursue. They reported having little or no experience in mergers or acquisitions. One communications business located in NI reported;

> *"I was unaware at the time of what potential businesses to acquire and how to do so due to not having any prior experience. However, perhaps looking back our business did miss a trick here as our main competitor was struggling and my business may have been able to acquire this business at a fraction of the price of what it was worth before the recession occurred."*

4.2.4 Strategies by Location.

Table 24 shows firms based in NI found introducing new/improved products, processes or services (M=3.635; SD=1.429), reducing or holding selling prices (M=3.016; SD=2.766) and changing marketing strategies to include new geographical markets (M=3.814; SD=1.420) more successful than firms based in ROI. Firms based in ROI found increasing advertising and promotional expenditure (M=3.625; SD=1.302) and investing in new equipment/ R&D (M=2.286; SD= 1.380) more successful. Independent t-tests where run to determine if there were any significant differences but no significant differences in terms of location and strategy selected were found.

Table 24 Strategies by Location

Where 0=did not use strategy; 1=not successful at all; 5= very successful			
Strategy	Location	Mean	Standard Deviation
Introduced new/improved products, processes or services	NI	3.635	1.429
	ROI	3.571	1.397
Changed marketing strategies to include new geographic markets	NI	3.814	1.420
	ROI	2.875	1.553
Increased advertising & promotional expenditure	NI	3.400	1.440
	ROI	3.625	1.302
Reduced selling prices or held prices	NI	3.016	2.766
	ROI	3.000	1.414
Invested in new equipment/R&D	NI	1.702	1.267
	ROI	2.286	1.380

4.2.5 Strategies by SME Size

Table 25 shows the results of strategies selected by each SME size. In terms of introducing new/improved products, processes or services micro firms (M=3.636; SD=1.517) found it slightly more successful. Small sized firms found increasing advertising and promotional expenditure more successful (M=3.741; SD=1.095) and reducing selling prices or holding prices (M=3.069; SD=2.280). Medium sized firms found changing marketing strategies to include new geographical markets (M=4.143; SD=1.069) and investing in new equipment /R&D (M=2.250; SD=1.035) more successful. One-way ANOVA tests were carried out but there were no significant differences found between the three different sized firms. A medium sized retail business based in the Republic of Ireland stated;

"We were fortunate in that we had cash in reserve to be able to increase our marketing campaign, although not all of our increased advertising levels cost money as we were able to use or knowledge within our sector to promote the business with some free online platforms and tools"

Table 25 Strategies by SME Size

Where 0=did not use strategy; 1=not successful at all; 5= very successful			
Strategy	SME Size	Mean	Standard Deviation
Introduced new/improved products, processes or services	Micro	3.636	1.517
	Small	3.621	1.473
	Medium	3.625	0.744
Changed marketing strategies to include new geographic markets	Micro	3.531	1.502
	Small	3.786	1.500
	Medium	4.143	1.069
Increased advertising & promotional expenditure	Micro	3.121	1.474
	Small	3.741	1.095
	Medium	3.625	1.996
Reduced selling prices or held prices	Micro	3.065	3.669
	Small	3.069	2.280
	Medium	2.625	1.685
Invested in new equipment/R&D	Micro	1.433	1.357
	Small	2.000	1.200
	Medium	2.250	1.035

4.2.6 Strategies by Business Sector

Table 26 shows the results of strategies selected by sector. The agriculture/fishing sector (M=5; SD=10) followed by the transport/communication sector (M=4.5; SD=0.547) found introducing new/improved products, processes or services very successful. The finance/insurance sector (M=2; SD=1) was the least successful. The agricultural/fishing sector (M=5; SD=0) and the retail/wholesale sector (M=4; SD=1.154) found changing marketing strategies to include new geographical markets the most successful compared to the other sectors. The finance/insurance sector (M=1.333; SD=1.527) found this the least successful. In terms of increased advertising and promotional expenditure the agriculture/fishing sector (M=5; SD=0) and the transport/communication sector (M=4.333; SD=1.032) found it most successful with the other services finding it least successful. A haulage firm NI quoted;

"We significantly increased our advertising budget and provided some discounts to encourage more sales and this worked quite well"

The finance/insurance sector (M=4.666; SD=0.577) and the leisure/hospitality/tourism sector (M=7.299) found reducing selling prices or holding prices the most successful with the manufacturing sector (M=1.714; SD=1.325) finding it least successful. The agriculture/fishing sector did not use this strategy at all. Finally, in terms of investing in new equipment/R&D the retail/wholesale sector (M=2.285; SD=0.951) and the construction sector (M=2.263; SD=1.240) found this more successful with the leisure/hospitality/tourism sector (M=1; SD=O.632) and the other services (M=1; SD=0) sectors finding it less successful. The agriculture/fishing sector did not use this strategy at all. One-way ANOVA tests were carried out but there were no significant differences found between the sectors.

Table 26 Strategies by Business Sector.

Where 0=did not use strategy; 1=not successful at all; 5= very successful Strategy	Sector	Mean	Standard Deviation
Introduced new/improved products, processes or services	Manufacturing	3.714	1.589
	Agriculture/Fishing	5.000	0.000
	Finance/Insurance	2.000	1.000
	Leisure/Hospitality/Tourism	3.285	1.603
	Construction	3.619	1.430
	Transport/Communications	4.500	0.547
	Retail/Wholesale	3.875	1.246
	Business Services/Property	2.600	1.673
	Other Services	4.200	0.447
Changed marketing strategies to include new geographic markets	Manufacturing	3.714	1.683
	Agriculture/Fishing	5.000	0.000
	Finance/Insurance	1.333	1.527
	Leisure/Hospitality/Tourism	3.571	1.272
	Construction	4.250	1.019
	Transport/Communications	3.833	1.169
	Retail/Wholesale	4.000	1.154
	Business Services/Property	2.000	1.825
	Other Services	3.600	1.341
Increased advertising & promotional expenditure	Manufacturing	3.142	1.875
	Agriculture/Fishing	5.000	0.000
	Finance/Insurance	3.333	1.154
	Leisure/Hospitality/Tourism	3.833	1.471
	Construction	3.650	0.933
	Transport/Communications	4.333	1.032
	Retail/Wholesale	3.000	1.414
	Business Services/Property	3.200	1.788

	Other Services	2.400	1.516
Reduced selling prices or held prices	Manufacturing	1.714	1.325
	Agriculture/Fishing	0.000	0.000
	Finance/Insurance	4.666	0.577
	Leisure/Hospitality/Tourism	4.571	7.299
	Construction	3.523	0.980
	Transport/Communications	2.833	1.471
	Retail/Wholesale	3.166	1.169
	Business Services/Property	2.600	0.547
	Other Services	2.400	2.408
Invested in new equipment/R&D	Manufacturing	1.500	1.506
	Agriculture/Fishing	0.000	0.000
	Finance/Insurance	2.000	1.000
	Leisure/Hospitality/Tourism	1.000	0.632
	Construction	2.263	1.240
	Transport/Communications	1.666	1.211
	Retail/Wholesale	2.285	0.951
	Business Services/Property	1.750	2.061
	Other Services	1.000	0.000

4.2.7 Strategies by SME Age.

The youngest firms found reducing selling prices or holding prices (M=3.435; SD= 3.143) the most successful compared to the other SMEs in the other two age groups. Of the three age groups, the firms in the 10 years but less than 20 years age group found changing marketing strategies (M=3.8; SD=1.207) and investing in new equipment/R&D (M= 2.733; SD= 0.703) the most successful. The oldest firms found introducing new/improved products, processes or services (M=4; SD= 1.137) and increasing advertising and promotional expenditure (M=4,055; SD= 1.258) more successful than the others. One-way ANOVA tests were carried out but there were no significant differences found between the sectors. Table 27 shows the results.

Table 27 Strategies by SME Age.

Where 0=did not use strategy; 1=not successful at all; 5= very successful			
Strategy	SME Age	Mean	Standard Deviation
Introduced new/improved products, processes or services	Less than 10 years	3.871	0.922
	10 but less than 20 years	3.266	1.387
	20 years +	4.000	1.137
Changed marketing strategies to include new geographic markets	Less than 10 years	3.794	1.196
	10 but less than 20 years	3.800	1.207
	20 years +	3.722	1.274
Increased advertising & promotional expenditure	Less than 10 years	3.256	1.229
	10 but less than 20 years	3.400	1.183
	20 years +	4.055	1.258
Reduced selling prices or held prices	Less than 10 years	3.435	3.143
	10 but less than 20 years	2.933	0.961
	20 years +	3.000	1.328
Invested in new equipment/R&D	Less than 10 years	2.025	1.180
	10 but less than 20 years	2.733	0.703
	20 years +	2.277	1.127

4.2.8 Overall strategy.

In terms of the overall strategy, respondents were asked to rank in order of importance which statement best reflected the businesses overall strategy during the recession. Table 28 shows the results.

Table 28 Ranking of Overall Strategy

Where 1=most influential and 6=least influential Overall Strategy	Mean	Standard Deviation
Management made strong investments designed to improve its post-recession market position.	3.194	1.675
Management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions.	2.680	1.508
Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations.	2.819	1.335
Management opted to adopt a conservative growth strategy.	3.138	1.456
Management aggressively pursued firms to merge with or acquire.	4.916 .	1.563
Management considered the post-recession environment in determining strategy.	4.152	1.488

The most influential overall strategy was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions (M=2.68; SD= 1.508). The next most influential strategy was management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations (M= 2.819; SD=1.335). The least influential was that management aggressively pursued firms to merge with or acquire (M=4.916; SD=1.563).

A number of businesses interviewed reported that "*they had never had experience of a recession"* and therefore due to the "*unusual set of circumstances they found the business facing"* viewed it with *"extreme caution"* and decided to defend their business by *"cost reduction strategies."*

4.2.9 Testing for Significant Differences.

4.2.9.1 Overall Strategy by Location.

Independent sample t-tests were employed to determine any significant differences between overall strategy and business location. There were no differences found.

4.2.9.2 Overall Strategy by Firm Size.

One-way ANOVA tests were utilised to establish if there were any significant differences within SME size. Table 29 provides an overview of the findings. The differences in terms of management taking advantage of low costs of labour, production and promotion to aggressively expand the company's operations $f(2, 69) = 3.336$ $p=0.041$ are between the micro (M=3.235; SD=0.971) and the small sized businesses (M=2.433; SD=1.511). Results show that the small firms found this strategy more influential. In terms of significant differences with management considering the post-recession environment in determining strategy $f(2, 69) = 3.379$ $p=0.040$ the difference is between the micro firms (M=3.735; SD=1.746) and the small firms (M=4.666; SD=0.994) again showing that the micro firms found this more influential. One micro sized clothes retailer based in NI stated that;

> *"We didn't want to lose our position in the market so had to base our decisions on how they would affect the longer term outcome for our business as we wanted to remain competitive and retain our market share. This meant where possible investing in our brand development and advertising campaign."*

Table 29 Overall Strategy by Firm Size.

Where 1=most influential; 6= least influential					
Overall Strategy	SME Size	Contrasting Group(s)	Mean	Standard Deviation	Significance Level
Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations	Micro	Small	3.235	0.971	0.041
	Small	Micro	2.433	1.511	
	Medium	n/a	2.500	1.478	
Management considered the post-recession environment in determining strategy.	Micro	Small	3.735	1.746	0.040
	Small	Micro	4.666	0.994	
	Medium	n/a	4.000	1.414	

4.2.9.3 Overall Strategy by Business Sector.

One-way ANOVA tests were utilised to establish if there were any significant differences within business sectors. Table 30 provides an overview of the findings. A significant difference was found in terms of management taking advantage of low costs of labour, production and promotion to aggressively expand the company's operations f (8, 63)=4.234 p=0.000. The agriculture/fishing sector (M=2; SD=0) differed from the retail/wholesale sector (M=4.375; SD=1.302) and the business services/property sector (M=4.166; SD=0.983) showing that the agriculture/fishing sector found this strategy more influential.

Table 30 Overall Strategy by Business Sector.

Where 1=most influential; 6= least influential					
Overall Strategy	SME Sector	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations	Manufacturing	n/a	2.642	1.081	
	Agriculture/Fishing	Retail/Wholesale Business Services/Property	2.000	0.000	0.000
	Finance/Insurance	n/a	3.333	1.527	
	Leisure/Hospitality/ Tourism	n/a	2.714	1.704	
	Construction		2.090	0.750	
	Transport/Communications	n/a	2.666	1.211	
	Retail/Wholesale	Agriculture/Fishing	4.375	1.302	
	Business Services/Property	Agriculture/Fishing	4.166	0.983	
	Other Services	n/a	2.600	1.516	

4.2.9.4 Overall Strategy by SME Age.

One-way ANOVA tests were utilised to establish if there were any significant differences within SME age. Table 31 provides an overview of the findings. A significant difference was found in terms of management opting to adopt a conservative growth strategy f (2, 69) =3.841 p=0.026 between the youngest firms (M=2.820; SD=1.315) which found this strategy more influential than the mid age firms (M=4; SD=1.362). A significant difference was also found in management aggressively pursuing firms to merge with or to acquire f (2, 69) = 3.486 p=0.036 between the youngest firms (M=4.487; SD=1.804) and the oldest firms (M=5.5; SD=0.785). Results show that the youngest firms found this strategy more influential than the oldest firms.

Table 31 Overall Strategy by SME Age.

Where 1=most influential; 6= least influential Overall Strategy	SME Age	Contrasting Group(s)	Mean	Std. Deviation	Significance Level
Management opted to adopt a conservative growth strategy	Less than 10 years old	10 years less than 20 years	2.820	1.315	0.026
	10 years less than 20 years	Less than 10 years old	4.000	1.362	
	20 years +	n/a	3.1111	1.604	
Management aggressively pursued firms to merge with or acquire	Less than 10 years old	20 years +	4.487	1.804	0.036
	10 years less than 20 years	n/a	5.333	1.290	
	20 years +	Less than 10 years old	5.500	0.785	

4.2.10 Evaluation of Strategy Success.

In the above section strategies were identified. The strategies used in the recession (in order of success) include changing marketing strategies to include new geographic markets (M=3.702; SD=1.457); introducing new/improved products, processes or services (M=3.629; SD=1.416); increased advertising & promotional expenditure (M=3.427; SD=1.418); reducing selling prices or holding prices (M=3.015; SD= 2.651) and finally investment in new equipment/R&D (M=1.766; SD=1.282).

Respondents were also asked to state the single most important action that they took. Results show that the top three strategies were retrenchment, investment and increasing advertising and promotion. One business in the manufacturing sector stated;

> *"We had to cut costs as customers did not have the same level of income to purchase our products. We had to make our products cheaper to sell them. We did this by looking for alternative suppliers who were able to supply us with raw materials at better prices."*

The following section will discuss findings based upon the strength of impact that strategies had on a number of key factors. Table 32 shows an overview of the findings. The findings show that the most significant impact was business survival (M=4.47; SD=0.993) followed by business practice being more streamlined/efficient (M=3.97; SD=1.138). One construction firm based in Northern Ireland reported on its business survival;

"If we had not outsourced some elements of our work we would not have survived and I don't think our sub-contractors would have either. Outsourcing and subcontracting work to other firms meant that it was cheaper for us as the smaller firms were putting in very competitive prices to secure work in times when work was very scarce. We as a construction firm could not have matched their prices so it was a win- win situation for both of us to survive."

One joinery business based in Northern Ireland reported on making business more efficient;

"When times are good you don't tend to focus on how efficient a business is in terms of time management or the amount of wastage as long as you are being profitable you simply coast along. However, when sales start to decrease and you know it's because customers can't afford bespoke products your focus quickly shifts to how to reduce prices to maintain orders. We learnt very quickly how to become more efficient to address the problem in a short space of time."

A haulage firm based in NI reported on how it became more efficient;

"We became much better at planning our routes and worked in partnership with another haulage business to reduce empty running and improve vehicle utilisation."

The next significant impact was on the business being more profitable (M=3.62; SD=1.250) followed by enhancing short term business performance (M=3; SD= 1.343). The least impact was on increasing share of existing markets (M=2.26; SD=1.463) and lastly increasing share of international markets (M=2.06; SD=1.509). One sole trader in the retail industry stated;

"I was able to adapt quickly and was very flexible in meeting changing customer spending behaviours such as bringing in new product ranges to meet their new budgets. By doing this quickly I was able to increase sales from new customers before larger firms were able to make changes as I know many of them were tied in to contracts for a period of time."

Table 32 Strength of Impact of Strategies

Where 1=no impact; 5=very significant impact Strategy	Mean	Standard Deviation
It was crucial to business survival.	4.47	0.993
Business practice is more streamlined/efficient.	3.97	1.138
Business is more profitable.	3.62	1.250
It enhanced short term business performance.	3.00	1.343
Share of existing markets has increased.	2.26	1.463
Share of international markets has increased.	2.06	1.509

4.2.11 Testing for Significant Differences.

Independent sample t-tests and one-way ANOVA tests were used to determine if there were any significant differences in terms of strength of strategy impact with SME location, size, business sector and age but no significant differences were found.

4.2.12 SME Position Emerging From Recession.

SMEs were asked on balance how did they think they would emerge from the recession. The results are shown in the bar graph (Figure 19). The majority of SMEs (43% n=31) viewed that they would emerge stronger compared to only 36% (n=26) who felt they would be weaker as a result of the recession. 21% (n=15) stated that they felt they would remain unchanged. The Mean is 2.07 and SD= 0.893. In terms of SME location 50% (n=4) of firms in ROI felt they would emerge from the recession weaker compared to only 34% (n=22) of firms in Northern Ireland. In terms of SME size, 50% (n=4) of medium sized firms felt that they would emerge the weaker because of the recession, followed by small firms with 40% (n=12) and then by micro firms with only 29% (n=10). A medium firm based in the construction sector based in ROI reported;

> *"We have been badly hit by the recession and will definitely come out in a far worst position than before the recession occurred. Demand has significantly dropped and we have had to take on smaller projects which have been less profitable and we have lost a lot of skilled tradesmen due to having had to make redundancies. We are hanging on by the skin of our teeth but will have to start rebuilding the business when better times come."*

In contrast a micro firm in the construction sector based in Northern Ireland stated;

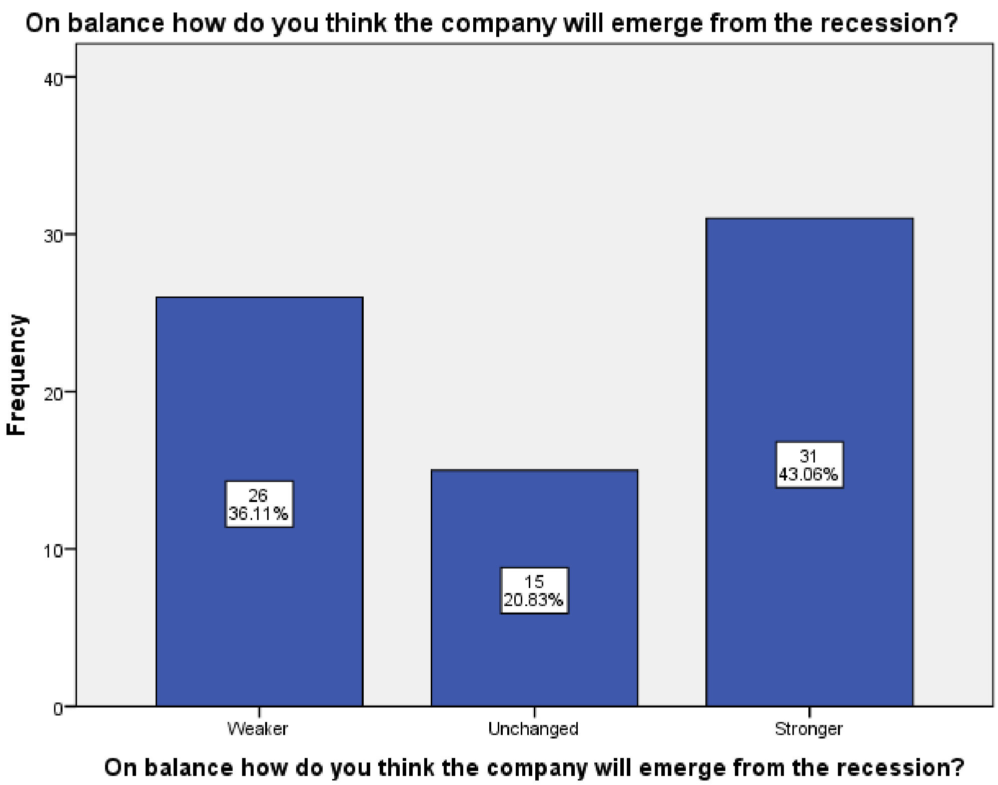
"I feel we will emerge stronger as we have been able to focus on niche markets where larger firms did not tend to provide for. We have been quick to identify these gaps which the recession has created and quickly responded to serve the customers in these areas."

The sectors that feel that they will emerge from the recession stronger include the retail/wholesale sector with 62.5% (n=5) and the business services/property with 50% (n=3). The sectors that feel they will emerge weaker include the agriculture/fishing sector with 100% (n=1) and next the transport/communication sector with 50% (n=3). A wholesale business based in Northern Ireland reported;

"I feel we will emerge stronger from this recession as we have become more efficient by reducing wastage and we have taken a few opportunities that the recession has presented to become more competitive and in doing so have increased our sales both at home and abroad."

In terms of SME age, the mid age firms (those 10 years but less than 20 years old) felt they would emerge the strongest with 50% (n=7) followed by the youngest firms with 45% (n=18) followed by the older firms with 33% (n=6).

Figure 19 Perceptions of how SMEs will Emerge from Recession



4.2.12.1 Testing for Significant Differences.

Independent sample t-tests and one-way ANOVA tests were used to determine if there were any significant differences in terms of position of business emerging from recession with SME location, size, business sector and age but no significant differences were found.

4.2.13 Summary-Quantitative and Qualitative Findings

Key Strategies Selection by SMEs

- 83% (n=111) of SMEs that felt the effects of recession were reactive and did not have a planned strategy in place.

The key strategies selected were;

- Introduced new/improved product, processes or services (M=3.629; SD=1.416).
- Changed marketing strategies to include new geographical markets (M= 3.702; SD=1.457).
- Internationalisation (32%, n=54).
- Increased advertising and promotional expenditure (M=3.427; SD= 1.418).
- Reduced selling prices or held prices (M=3.015; SD= 2.651).
- Invested in new equipment/R&D (M=1.766; SD= 1.282).
- Increased customer focus (60%; n=40).
- Retrenchment/cost cutting strategies: 35% (n=25) of SMEs viewed this the best way to navigate recession due to uncertainty. This included making staff redundancies (59%; n=101).
- 74.19% (n=23) of SMEs interviewed stated they had networked with other businesses to get market information.
- 16.13% (n=5) of SMEs interviewed stated that they had formed collaborations with other businesses.

Evaluation of Key Strategies Selected by SMEs

- 61.29% (n=19) of firms interviewed stated changing their marketing strategies was the single most important factor.
- 45.16% (n=14) of firms interviewed stated investment was the single most important factor.

- The single most important action taken by firms was firstly retrenchment (cost cutting), secondly investment and thirdly increased advertisement and promotion.
- The overall strategy viewed most influential by SMEs (M=2.680; SD=1.508) viewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions.
- The overall strategy viewed least influential by SMEs was management aggressively pursuing firms to merge or acquire. (M=4.916; SD= 1.563).

In terms of strength of impact of strategy the results are shown in order of success below:

- Business survival was most significant (M=4.47; SD=0.993).
- Business practice is more streamlined/efficient (M=3.97; SD=1.138).
- Business is more profitable (M=3.62; SD=1.250).
- It enhanced short term business performance (M=3; SD=1.343).
- Share of existing markets has increased (M=2.26; SD=1.463).
- Share of international markets has increased (M=2.06; SD=1.509).
- In terms of SMEs emerging from the recession 43.06 % (n=31) thought they would be stronger; 36.11% (n=26) thought weaker and 20.83% (n=15) unchanged.

This section (section 4.2) has presented the findings relative to the second research objective, which identified the strategies selected by SMEs and the evaluation of their impact. The next section (4.3) will present findings relative to the third research objective, which is to identify barriers to effective business strategy implementation.

4.3 Research Objective 3

RO3: To identify barriers to effective business strategy implementation.

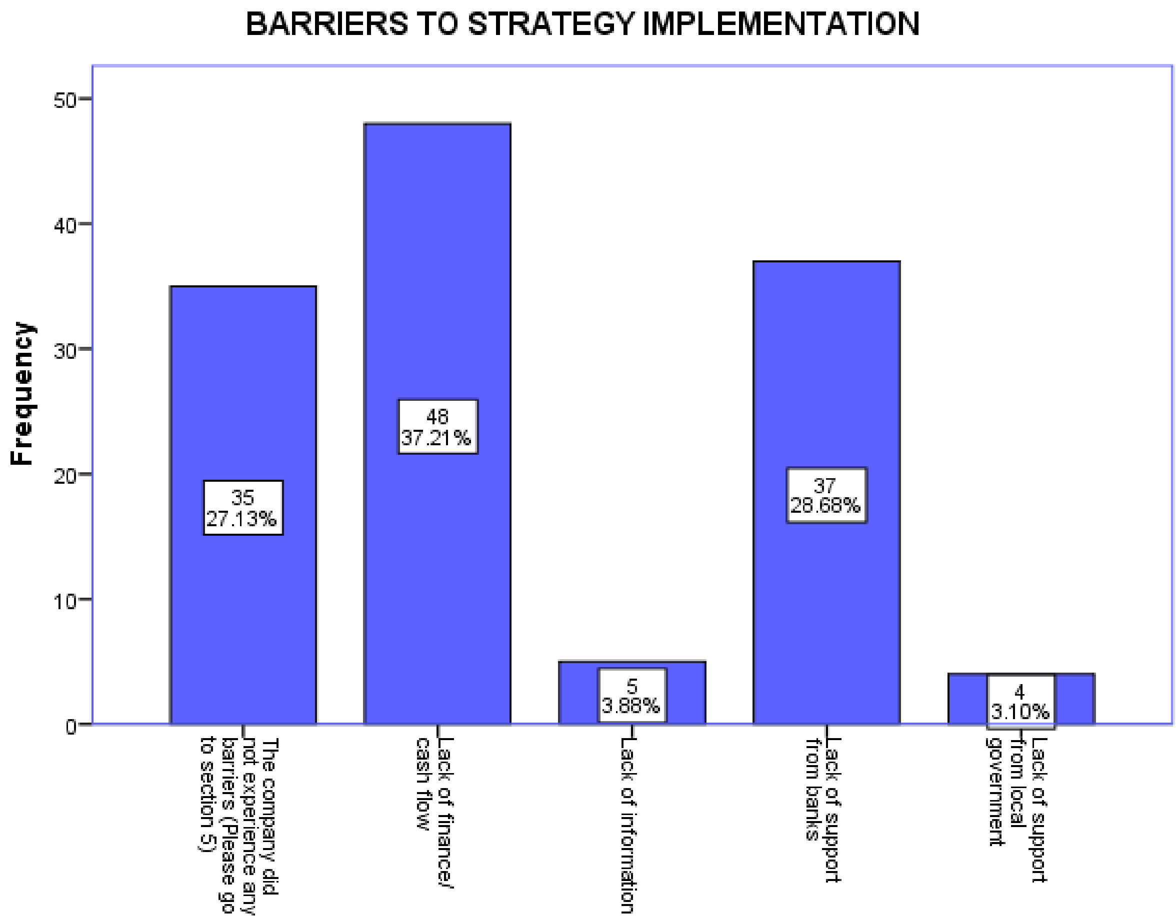
4.3.1 Introduction

This section presents the quantitative and qualitative findings relative to research objective three, which identifies barriers to effective business strategy implementation.

4.3.2 Barriers

The bar graph (Figure 20) shows the barriers that SMEs identified to strategy implementation. The biggest barrier identified was the lack of finance/cash flow with 37% (n=48). The next barrier identified was the lack of support from banks (29% n=37). The lowest barriers identified were a lack of information (4% n=5) and the lack of support from local government (3% n= 4). 27% (n=35) of SMEs stated that they did not experience any barriers.

Figure 20 Barriers To Strategy Implementation.



4.3.2.1 Barriers by Location

29% (n=32) of firms based in Northern Ireland did not experience any barriers compared to 16% (n=3) of firms based in the Republic of Ireland. Firms based in the Republic of Ireland experienced higher percentages in every barrier (lack of finance/cash flow 58% (n=11) compared to 34% (n=37) of NI firms, lack of support from banks 42% (n=8) compared to 26% (n=29) of NI firms, and lack of local government 5% (n=1) compared to 3% (n=3) of NI firms) except for lack of information where they did not experience this as a barrier (4.5% (n=5) of NI firms did). A retail firm based in the Republic of Ireland reported;

> *"Finance was cut off completely. Banks were not open for business. We found it very difficult to raise any finance and our cash flow problems escalated. We had to rely on*

personal and family savings and a lot of cost cutting exercises. If it had not been for family investment we would not be here now telling our survival story."

4.3.2.2 Barriers by Business Sector

The business sector which experienced least barriers was the finance/insurance sector with 75% (n=3) followed by the business services/property sector with 57% (n=4). The sector which experienced the most barriers was the transport/communications sector with 86% (n=6) experiencing barriers followed closely by the construction sector with 84% (n=27) also experiencing barriers. 75% (n=3) of firms within the agriculture/fishing sector experienced the most barriers in terms of lack of finance/cash flow which is the only barrier they seemed to have had. The construction sector was the second biggest sector to experience lack of finance/cash flow with 44% (n=14). The only sector to not experience this as a barrier was the business services/property sector stating their biggest barrier was a lack of support from banks with 28% (n=2). The only sector to mention the lack of information as a barrier was the manufacturing sector with 7% (n=2). The construction sectors biggest barrier was the lack of support from banks with 44% (n=14). The agriculture/fishing and finance/insurance business did not state this as a barrier. In terms of lack of support from local government the transport/communication and business services/property sector had the biggest barrier with 14% (n=1) each. A construction firm based in Northern Ireland stated;

"Our biggest problem was no support from the bank which we had dealt with for over thirty years. It was like our blood supply and oxygen had been cut from us. They were not open for any negotiation and basically we were left high and dry. Only for my pension fund which I had to use to see the recession through, or the business would have collapsed. This is a family business that we have built up and run for over thirty years and therefore I couldn't stand back and watch it come to an end"

4.3.2.3 Barriers by SME Size

33% (n=22) of micro businesses did not experience any barriers compared to 28.5% (n=4) of medium firms and 19% (n=9) of small firms. Medium sized firms (50% n=7) experienced the most barriers in terms of lack of finance/cash flow with only 33% (n=22) of micro firms. The only firms that stated they had a barrier in terms of lack of information was micro firms with 7% (n=5). Small sized firms seemed to experience the most barriers in terms of lack of support from banks with 40% (n=19) with 24% (n=16) of micro firms and only 14% (n=2) of medium sized firms. The medium sized firms (7%, n=1) stated their highest barrier was the lack of support from local government.

4.3.2.4 Barriers by SME Age

29% (n=22) of the youngest firms (those less than 10 years old) did not experience any barriers compared to 28% (n=9) of the oldest firms and 18% (n=4) of mid-range firms. The oldest firms experienced more barriers (41% n=13) in terms of lack of finance/cash flow with the youngest firms next with 37% (n=28). The youngest firms experienced most barriers in terms of lack of information with 5% (n=4). 45% (n=10) of mid age firms experienced most barriers in terms of lack of support from banks compared to 28% (n=9) of the oldest firms and 24% (n=18) of the youngest firms. The mid age firms had most barriers in terms of lack of support from local government with 9% (n=2).

4.3.2.5 Barriers by Proactiveness of Firms

41% (n=9) of proactive firms stated that they did not have any barriers compared to 23% (n=25) of reactive firms. The proactive firms had less barriers in all areas except for lack of support from local government with 14% (n=3) compared to reactive firms with 1% (n=1). 32% (n=7) of proactive firms stated lack of finance/ cash flow as a barrier compared to 39% (n=41) of reactive firms. 5% (n=5) of reactive firms stated barrier problems in terms of lack of information whereas the other firms did not state this as a barrier at all. Only 14% (n=3) of proactive firms stated a lack of bank support as a barrier compared to 32% (n=34) of reactive firms.

4.3.2.6 Testing for Significant Differences

Independent sample t-tests and one-way ANOVA tests were used to determine if there were any significant differences in terms of barriers with SME location, size, business sector and age but no significant differences were found.

4.3.3 Other Barriers

4.3.3.1 Time Taken to Implement Strategy

The majority of firms 83% (n=111) stated that they did not implement a strategy. This would indicate that the recession took the majority of firms by surprise and they have little or no time to devise a planned strategy. Having no planned strategy in place was another key barrier identified by many SMEs. Many firms stated that they did not consider themselves to implement a strategy rather;

> *"We just made ad hoc decisions and carried out whatever action we saw fit to sort out our immediate problem which was mainly a lack of cash therefore we tried to introduce a tighter credit control measure."* (Business Services business, NI)

Another respondent in the construction sector also summed up this by stating;

> "*Implement a strategy? We had no time to sit down and devise a planned strategy and implement it. It was more a case that we had to act quickly to survive before going under!"*

Of the SMEs that did plan a strategy 27% (n=36) implemented a strategy within 6 months and 18% (n=24) between 6 months and 12 months showing that those that did have a bit of time acted quickly possibly due to the severity of the recession. Only 7% (n=9) took longer to implement their strategy after 12 months. One company who was in the hospitality sector concluded;

> *"It took us over a year and a half to implement a strategy as we just didn't know how to cope with the recession initially. There was a lack of business guidance and advice on what action we should take and therefore it was difficult to know whether to increase our marketing and advertising or whether to reduce costs. The difficulty was we didn't know the scope or depth of the recession and how long it was going to last. In the end up, we decided to opt for a bit of both so we cut costs where we could to become more efficient and then used the savings to advertise more."*

The slowest sector to implement their strategy was the retail sector with only 13% (n=3) only implementing a strategy within less than six months. This is unusual because there is a general consensus within the literature that customers change their spending behaviours during recession and therefore retailers should implement strategies quickly to maintain their customer base. However, all retail firms that implemented a strategy had done so within 12 months. A reason for not implementing a strategy immediately may be partially answered by a retail business based in the Republic of Ireland;

> "*We thought that due to customer loyalty over the years that our customers would continue to buy from us and that this would be enough to maintain our customer base. However after a period of time we started to see our sales decreasing and realised that our customers were moving to purchase cheaper alternatives being provided by our competitors. It was then that we decided we had to do something to keep our regular customers and so began to implement a strategy of lowering prices and providing discounts to our regular customers to try and retain them."*

4.3.3.2 Competition.

Competition was also found to be a barrier. To investigate further, the findings in terms of competition changes are outlined in Table 33. The greatest change was the increase of product lines marketed by competitors (M=2.44; SD=1.232) followed by an increase of R&D by competitors (M=2.46; SD= 1.546). The next change was the increase in advertising by competitors (M=2.57; SD=1.032) and then a decrease in the number of customers (M=4.82; SD=1.293) followed lastly by a decrease in prices of competitors (M=3.79; SD= 1.661).

Table 33 Change in Competition.

Where 1=no impact; 2=Increased greatly; 3=Increased slightly; 4= no change 5=decreased slightly; 6= decreased greatly Change in Competition	Mean	Standard Deviation
The number of customers	4.82	1.293
Prices of competitors	3.79	1.661
Advertising by competitors	2.57	1.032
Product lines marketed by competitors	2.44	1.232
R&D by competitors	2.46 .	1.547

4.3.4 Testing for Significant Differences.

4.3.4.1 Changes in Competition during Recession by Location.

Independent sample t-tests were utilised to determine any significant differences between competition change and SME Location. No significant differences were found.

4.3.4.2 Changes in Competition during Recession by SME Size.

One-way ANOVA tests were carried out to determine any significant differences between competition change and business sector. Table 34 shows the results. There was a significant difference in the number of customers $f(2, 69) = 4.670$ $p=0.013$ between the micro firms (M=4.35; SD=1.368) and the small firms (M=5.27; SD=1.015). The results indicate that the small firms suffered more in terms of decreased customers. There was another significant difference in advertising by competition $f(2, 69) = 3.287$ $p=0.043$ between the micro firms (M=2.88; SD= 1.274) and the medium sized firms (M=2.13; SD=0.641). The results show that advertising by medium firms competitors increased more. A medium sized retailer based in ROI reported;

"Our main competitor started a heavy advertising campaign when the recession hit and introduced their own labelled product range at competitive prices. We weren't sure how to respond to such fierce tactics. So in the end we looked at our competitive advantage which was the quality of our products and our customer service. We took a risk to maintain our higher quality products advertising the associated health benefits and advertised this message to our customers and it worked!"

Table 34 Changes in Competition by SME Size

Where 1=no impact; 2=Increased greatly; 3=Increased slightly; 4= no change 5=decreased slightly; 6= decreased greatly					
Change	SME Size	Contrasting Group(s)	Mean	Standard Deviation	Significance Level
Number of customers	Micro	Small	4.35	1.368	0.013
	Small	Micro	5.27	1.015	
	Medium	n/a	5.13	1.356	
Advertising by competition	Micro	Medium	2.88	1.274	0.043
	Small	n/a	2.33	0.661	
	Medium	Micro	2.13	0.641	

4.3.4.3 Changes in Competition by Business Sector

One-way ANOVA tests were carried out to determine any significant differences between competition change and business sector. No significant differences were found.

4.3.4.4 Changes in Competition during Recession by SME Age

One-way ANOVA tests were carried out to determine any significant differences between competition change and SME age. No significant differences were found.

4.3.5 Lack of Business Support Available

A lack of support available to SMEs was also identified as another barrier when implementing strategies. Table 35 shows the results that the most support received was from Local Enterprise Agencies (M=1.35; SD= 0.481), next was the Chamber of Commerce's (M=1.79; SD=0.409) then banks (m=1.86; SD=0.348). The least support received was from local government (M=1.89; SD= 0.316) and central government (M=1.93; SD=0.256). A print company based in Northern Ireland reported;

"The only support we received was from our local enterprise agency. They ran a number of business seminars and advice clinics on managing in a recession. They also

give us a rent reduction for 6 months to help us with cash flow problems. They provided information and advice on how we could secure online sales from overseas markets. They provided a mentor and support in the design of our website to increase our sales and revenues. I was lucky to be a tenant of theirs and was aware of the kind of support they provided however, I'm pretty sure there are other businesses out there that are not aware of their business support services."

A construction firm based in the Republic of Ireland reported:

"The government did very little to help businesses and this was really frustrating and disheartening. At the end of the day its businesses like mine that provide jobs and contribute to the economy but in our time of need the government did not provide any rescue packages. We were very much left to our own devices to fight the turbulence and the only aim that we could just about manage was to keep our heads above water."

Table 35 Business Support Available

Where 1=yes support available; , 2=no support available Business Support	Mean	Standard Deviation
Central Government	1.93	0.256
Local Government	1.89	0.316
Banks	1.86	0.348
Chamber of Commerce	1.79	0.409
Local Enterprise Agencies	1.35 .	0.481

4.3.6 Testing for Significant Differences

4.3.6.1 Support Available by Business Location

Independent sample t-tests were utilised to determine any significant differences between support available and SME location. Table 36 shows a significant difference was found in terms of support received from banks t (70) =2.081 p=0.041. Firms based in NI (M=1.89; SD=0.315) received less support than firms based in ROI (M=1.63; SD=0.518). This is interesting because earlier findings have suggested that ROI SMEs had fared worst in terms of support from banks.

Table 36 Support Available by Business Location

Where 1=yes support available; , 2=no support available Support Available	Location	Mean	Standard Deviation	Significance Level
Banks	NI	1.89	0.315	0.041
	ROI	1.63	0.518	

One-way ANOVA tests were also carried out to determine any significant differences between support available and firm size, business sector and SME age. No significant differences were found.

4.3.7 Type of Business Support

Table 37 shows an overview of the results. The type of business support mostly received was market advice (M=1.33; SD=0.475) then mentoring and/or training seminars (M=1.46; SD=0.502) then networking opportunities (M=1.49; SD=0.504). The least types of business support received was financial loans/grants (M=1.51; SD=0.504); financial planning advice (M=1.64; SD= 0.484) and least was other types of support (M=1.89; SD=0.355). A shoe retailer based in ROI stated;

> "*We received support in terms of marketing seminars and market research of how to do business in new markets. It included how to advertise online through effective social media platforms and how to decide on what market segments to focus on."*

A florist business based in NI reported;

> *"It was great to attend some training seminars as they turned out to be good networking opportunities not only to bounce ideas off other businesses but it was a great support mechanism as we were all in a similar situation facing the same issues. It was in a strange way comforting to know that my business was not alone and that we could gain support from each other. Competition didn't come into the equation as we were happy to encourage and spur each other on through the difficult period."*

Table 37 Type of Business Support Available

Where 1=yes support received; , 2=no support received Business Support	Mean	Standard Deviation
Market Advice	1.33	0.475
Financial Planning Advice	1.64	0.484
Financial Loans/Grants	1.51	0.504
Mentoring and/or Training Seminars	1.46	0.502
Networking Opportunities	1.49 .	0.504
Other Type of Support	1.89	0.355

4.3.8 Testing for Significant Differences.

One-way ANOVA tests were carried out to determine any significant differences in terms of type of business support received. Table 38 shows a significant difference was found in market advice received f (8, 60) = 2.689 p=0.013. The business services/property sector (M=2.00; SD= 0) did not receive any market advice compared to the agriculture/fishing sector (M=1.00; SD=0); the transport/communication sector (M=1; SD=0) and the leisure/hospitality/tourism sector (M=1.14; SD=0.378). Independent sample t-test and one way ANOVAS were employed to determine any other significant differences in terms of business location, firm size, and SME age but no other significant differences were found.

Table 38 Type of Business Support by Business Sector.

Where 1= yes support received; , 2=no support received					
Type of Support	SME Sector	Contrasting Group(s)	Mean	S.D.	Significance Level
Market Advice	Manufacturing	n/a	1.29	0.469	0.013
	Agriculture/Fishing	Business Services/Property	1.00	0.000	
	Finance/Insurance	n/a	1.50	0.707	
	Leisure/Hospitality/ Tourism	Business Services/Property	1.14	0.378	
	Construction	n/a	1.32	0.477	
	Transport/Communications	Business Services/Property	1.00	0.000	
	Retail/Wholesale	n/a	1.25	0.463	
	Business Services/Property	Agriculture/Fishing Transport/Communications Leisure/Hospitality/Tourism	2.00	0.000	
	Other Services	n/a	1.80	0.447	

4.3.9. Lack of Finance

The lack of finance was one of the biggest barriers for most SMEs. Only 26% (n=19) stated that they did not need external finance therefore almost three quarters did need it. However, 45.8% (n=33) was refused external finance. One construction business based in the Republic of Ireland reported;

> *“We tried to apply for finance but we were knocked back. We didn’t even get to the stage of submitting an application form, we were told point blankly to our face don’t bother you are wasting your time. It was a non-starter.”*

A children’s clothes retail business in Northern Ireland supports this;

> *“We applied to Enterprise Northern Ireland for an unsecured loan for stock. They are a provider of last resort loans. It wasn’t difficult to prove that my bank had refused me finance as they were known for refusing so many at that particular time. I was lucky to secure a personal loan of £10,000 which was enough to help with cash flow problems to survive.”*

Where external finance was obtained it was used for working capital (e.g. current assets such as cash and stock) 18.1% (n=13); to acquire fixed assets (e.g. equipment, land, vehicles and premises) 4.2% (n=3) and 2.8% (n=2) used for marketing campaigns and 1.4% (n=1) for new product/service development. The least types of business support received was financial loans/grants (M=1.51; SD=0.504); and financial planning advice (M=1.64; SD= 0.484).

4.3.10 Types of Finance.

Respondents were asked about their usage regarding different types of finance to investigate further barriers in terms of finance. Table 39 shows a brief overview of the results. The use of personal savings increased the most 61.1% (n=44) followed by informal equity finance 58.3% (n=42) then credit 56.9% (n=41). Bank loans/overdrafts decreased the most 15.3% (n=11) and also were used to the same extent by 20.8% (n=15). Many firms interviewed also stated that they "relied heavily" on their own personal savings or finance from their families. One business in the retail sector based in NI stated that;

> *"I am truly indebted to my mother and father for the money they provided to let my business continue to operate. Without their financial injection I would have gone bust and been looking for employment in an environment of a scarcity of jobs. They really helped me see through a tough time."*

A firm in the communications sector based in NI also stated;

> *"I was one of the lucky ones with some savings that I could draw upon to help keep the business afloat. But not everyone had savings and with banks not lending I watched many businesses go to the wall due to a lack of finance being available in their hour of need. A few of my friends suffered from business failure and unfortunately I was not able to lend to them as I needed the money myself for my own business"*

One manufacturing business based in Northern Ireland reported;

> "*We had to maximise our credit to the hilt to pay for bills as we waited for customers to pay. Getting customers to pay on time was difficult but we didn't want to lose respectability with our suppliers and tried to pay them within a reasonable time. Although we sent invoices out promptly; 30 days was turning into 90 days before we got payments from only half of our customers."*

However, a construction firm based in Northern Ireland stated;

> "*We used whatever means we could in terms of raising finance or borrowing to get through the recession. However as time went on finance became harder and harder to obtain until it dried up completely. We then resorted to invoice discounting and*

eventually selling off some assets at very low prices but we had to get cash to help our cash flow problems. Cash is king"

Table 39 Types of Finance Used

Usage of Finance	Where 0=n/a 1= increased use; 2=used to same extent; 3=decreased use Level of Usage	n	%	Mean	Standard Deviation
Bank loans/overdrafts	Increased use	35	48.6	1.36	0.924
	Used to same extent	15	20.8		
	Decreased Use	11	15.3		
Credit	Increased use	41	56.9	1.08	0.746
	Used to same extent	14	19.4		
	Decreased Use	3	4.2		
Leasing or hire purchase	Increased use	29	40.3	0.78	0.826
	Used to same extent	9	12.5		
	Decreased Use	3	4.2		
Factoring, invoice discounting or stock finance	Increased use	23	31.9	0.63	0.795
	Used to same extent	8	11.1		
	Decreased Use	2	2.8		
Grants or subsidised loans	Increased use	17	23.6	0.50	0.805
	Used to same extent	5	6.9		
	Decreased Use	3	4.2		
Informal equity finance (e.g. family and friends)	Increased use	42	58.3	0.78	0.676
	Used to same extent	4	5.6		
	Decreased Use	2	2.8		
Formal Equity finance (e.g. business angels)	Increased use	7	9.7	0.22	0.587
	Used to same extent	3	4.2		
	Decreased Use	1	1.4		
Personal Savings	Increased use	44	61.1	0.86	0.678
	Used to same extent	6	8.3		
	Decreased Use	2	2.8		

4.3.11 Testing for Significant Differences.

4.3.11.1 Types of Finance Used by Business Sector.

One-way ANOVA tests were utilised to detect if there were any significant differences with usage of finance by business sector. Table 40 shows there was a significant difference found with the usage of finance and business sector in terms of factoring, invoice discounting or stock finance f(8, 63)= 2.546 p= 0.018. The other services (M=0; SD=0) did not use bank loans compared to the agriculture/fishing sector (M=2; SD=0) who used bank loans to the same extent. There was another significant difference found in terms of personal savings f (8, 63) = 2.539 p=0.018.The agriculture/fishing sectors (M=1; SD=0) and the retail/wholesale sectors (M=1; SD=0.756) increased the use of personal savings more compared to the finance/insurance sector (M=0.33; SD=0.577) and the business services/property sector (M=0.33; SD=0.516).

Table 40 Usage of Finance by Business Sector.

Where 0=n/a 1= increased use; 2=used to same extent; 3=decreased use					
Usage of Finance	SME Sector	Contrasting Group(s)	Mean	S.D.	Significance Level
Factoring, invoice discounting or stock finance	Manufacturing	n/a	0.79	1.051	0.018
	Agriculture/Fishing	Other Services	2.00	0.00	
	Finance/Insurance	n/a	0.33	0.577	
	Leisure/Hospitality/Tourism	n/a	0.14	0.378	
	Construction	n/a	0.77	0.752	
	Transport/Communications	n/a	1.33	0.516	
	Retail/Wholesale	n/a	0.50	0.756	
	Business Services/Property	n/a	0.17	0.408	
	Other Services	Agriculture/Fishing	0.00	0.000	
Personal Savings	Manufacturing	n/a	0.79	0.426	0.018
	Agriculture/Fishing	Finance/Insurance Business Services/Property	1.00	0.000	
	Finance/Insurance	Agriculture/Fishing	0.33	0.577	
	Leisure/Hospitality/Tourism	n/a	0.57	0.535	
	Construction	n/a	0.95	0.575	
	Transport/Communications	n/a	0.83	0.408	
	Retail/Wholesale	Finance/Insurance Business Services/Property	1.00	0.756	
	Business Services/Property	Agriculture/Fishing	0.33	0.516	
	Other Services	n/a	0.86	1.304	

4.3.11.2 Types of Finance Used by Firm Size.

One-way ANOVA tests were utilised to detect if there were any significant differences with usage of finance by SME size. Table 41 shows a significant difference was found with bank loans f (2, 69) = 3.711 p=0.029. The results show that the micro sized firms (M=1.06; SD=0.983) used bank loans more compared to the small sized firms (M=1.63; SD=0.765).

Table 41 Usage of Finance by SME Size.

Where 0=n/a 1= increased use; 2=used to same extent; 3=decreased use					
Usage of Finance	SME Size	Contrasting Group(s)	Mean		Significance Level
Bank Loans	Micro	Small	1.06	0.983	0.029
	Small	Micro	1.63	0.765	
	Medium	n/a	1.63	0.916	

Independent sample t-test and one-way ANOVA tests were conducted to find other significant differences in terms of business location, and SME age but none were observed

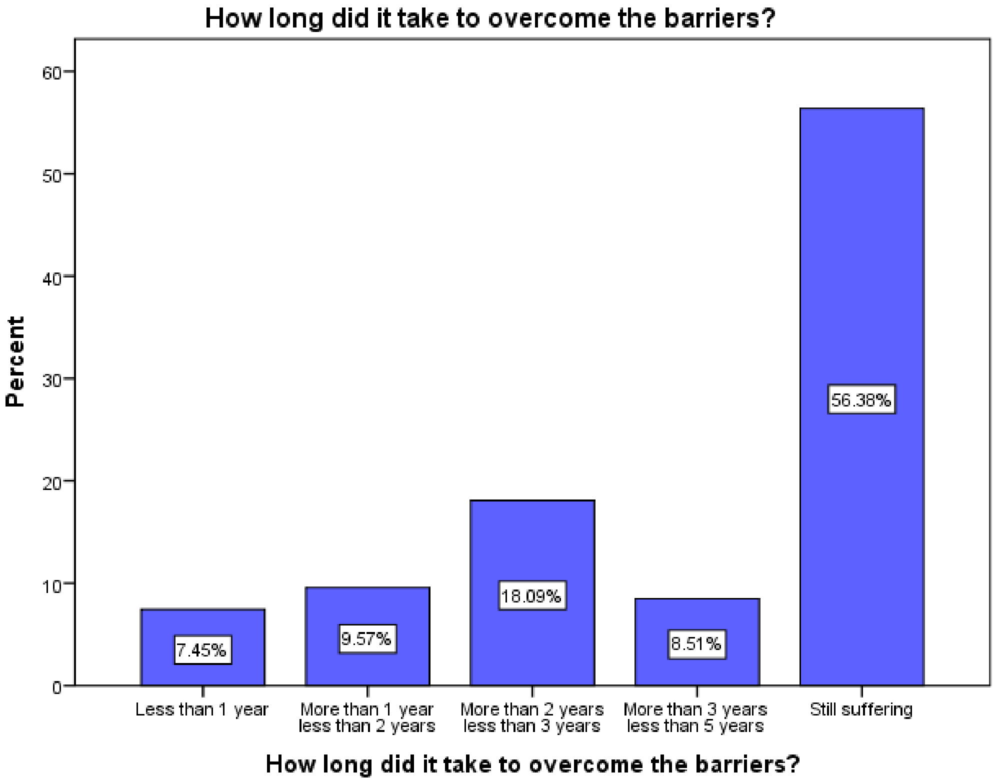
4.3.12 Time Taken to Overcome Barriers

This section reports on how long it took for SMEs to overcome barriers. The longer it took the more barriers or the more difficult the barriers for the SME. Table 42 below shows the results that the majority of firms 56.4% (n=53) are still suffering (at the time of data collection) with only 7.4% (n=7) overcoming barriers in less than 1 year. The mean is 3.97 and SD is 1.348. The results are further illustrated in the bar graph (Figure 21).

Table 42 Time Taken to Overcome Barriers

Time taken to overcome barrier	n	%	Mean	Standard Deviation
Less than 1 year	7	7.4	3.97	1.348
More than 1 year less than 2 years	9	9.6		
More than 2 years less than 3 years	17	18.1		
More than 3 years less than 5 years	8	8.5		
Still suffering	53	56.4		

Figure 21 Time Taken to Overcome Barriers



4.3.13 Testing for Significant Differences.

4.3.13.1 Time Taken to Overcome Barriers by Location.

Independent sample t-tests were carried out to determine if there were any significant differences by location. Table 43 shows a significant difference was observed between firms based in NI and ROI t (92) =12.469 p=0.032. Firms located in NI (M=3.83; SD=1.390) took less time to overcome barriers than firms in ROI (M=4.63; SD=0.885). A business based in Republic of Ireland in the construction sector stated;

> *"As a business we are still suffering as we lost a lot of skilled tradesmen and our capital reserves were depleted. It will take us several years before we get back to the position we were in prior to the recession if we ever get back to that level."*

Table 43 Time Taken to Overcome Barriers by Business Location

Where 1= >1 year 2=between 1 years and >2years; 3= 2 years>3 years; 4= more than 3>5 years; 5= still suffering				
Time Taken	SME Location	Mean	Standard Deviation	Significance Level
Time taken to overcome barrier	NI	3.83	1.390	0.032
	ROI	4.63	0.885	

One-way ANOVA tests were also carried out to determine any significant differences between support available and firm size, business sector and SME age. No significant differences were found.

4.3.14 Summary- Quantitative and Qualitative Findings.

Overview:

- 73% (n=95) experienced barriers when implementing strategies.
- 56.38% were still suffering.
- Firms in ROI experienced more barriers than NI firms and took longer to overcome them.
- The finance/insurance sector experienced least barriers.
- The transport/communication sector 86% (n=6) and the construction sector 84% (n=27) experienced most barriers.
- Small firms experienced more barriers compared to medium and micro sized businesses.
- The youngest firms experienced fewer barriers than older SMEs.
- To compensate for a lack of finance 61.1% (n=44) increased use of their personal savings; 58.3% (n=42) increased informal equity finance and 56.9% (n=41) increased their credit use.

The key barriers identified were as follows;

- Lack of finance/cash flow 37% (n=48). 74% (n=53) SMEs required external finance. 45.8% (n=33) was refused external finance.
- Lack of support from banks 29% (n=37).
- Lack of information 4% (n=5).

- Lack of support from local government 3% (n=4).
- Lack of a planned strategy 83% (n=111).
- Competition especially in terms of product lines being marketed by competitors.
- The greatest lack of business support was from central government (M=1.93; SD=0.256) and local government (M=1.89; SD=0.316). Most support received was from local enterprise agencies (M=1.35; SD= 0.481).
- Financial planning advice was the least type of support available (M=1.64; SD= 0.484).

This section (section 4.3) has presented the findings relative to the third research objective, which identified the barriers in strategy implementation. The next section (4.4) will present findings relative to the fourth research objective, which is to identify barriers to effective business strategy implementation.

4.4 Research Objective 4

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.

4.4.1 Introduction

This section (section 4.4) presents the quantitative and qualitative findings relative to research objective four, which investigates the roles, drivers and motivators of the SME management team in the strategy process.

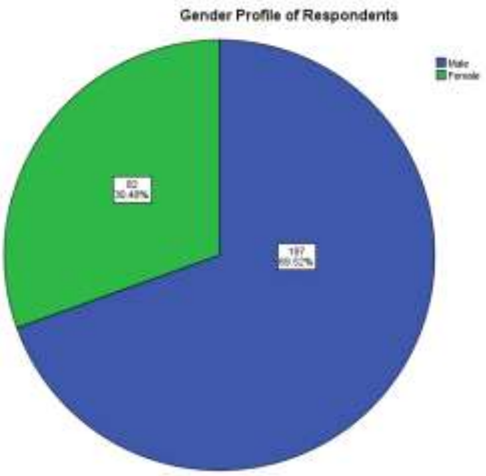
4.4.2 Profile of Population- Business Owners/ Managers/ Entrepreneurs

This section starts by proving demographics of the SME business owners/managers /entrepreneurs.

4.4.2.1 Gender

100% (n=269) of respondents identified their gender. As represented in Figure 22, the population is heavily male dominant, with a split of 70% (n=187) male and 30% (n=82) female.

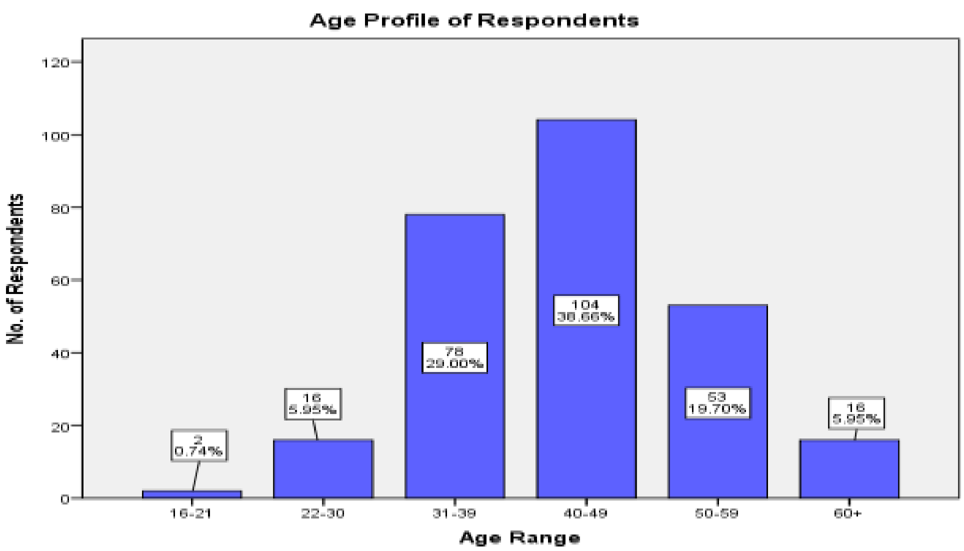
Figure 22 Gender Profile of Respondents



4.4.2.2 Age

Figure 23 illustrates the age profile of respondents. 100% (n=269) of respondents identified their age as at their last birthday. Of the 269 valid responses, those of 16–21 years comprised 1% (n=2) of responses, 22–30 years comprised 6% (n=16), 31–39 years comprised 29% (n=78), 40–49 years comprised 39% (n=104), 50–59 years comprised 20% (n=53), with 60 years plus comprising 6% (n=16).

Figure 23 Age Profile of Respondents

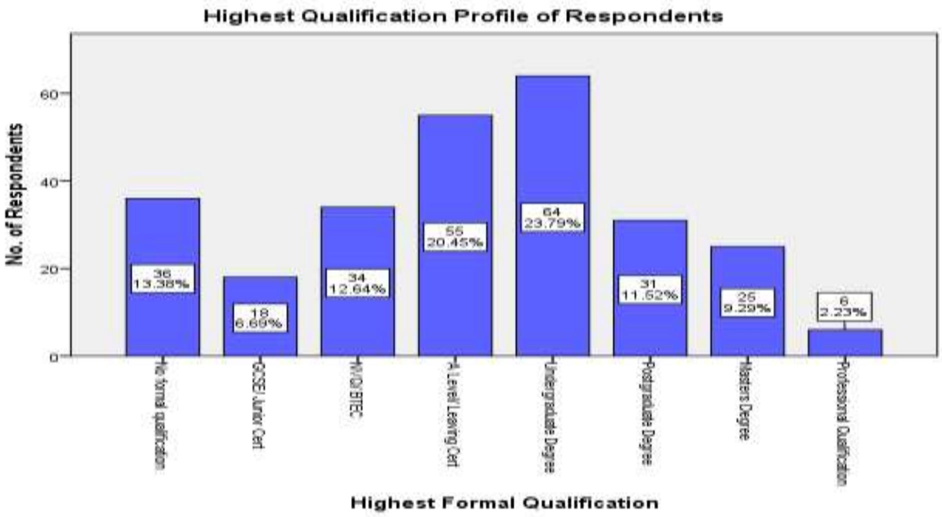


4.4.2.3 Highest Formal Qualification

100% (n=269) of respondents indicated their highest educational qualification, diagrammatically represented in Figure 24. Of this, 13% (n=36) possessed no formal qualifications, 7% (n=18) cite their highest educational qualification at GCSE/Junior Cert

Level, 13% (n=34) cite NVQ/BTEC, 20% (n=55) cite A Level/Leaving Cert, 24% (n=64) cite Undergraduate Degree, 12% (n=31) cite Postgraduate Degree, with 9% (n=25) cite Master's Degree with 2% (n=6) citing Professional Qualification as their highest formal qualification.

Figure 24 Highest Qualification Profile of Respondents



4.4.2.4 Number of years in Current Management Position

100% (n=269) of respondents identified the number of years in their current management position. The shortest length of time was 6 months and the longest was 45 years with the mean length of time calculated as 12 years.

4.4.3. Role of Business Owners

4.4.3.1 Design of Strategy

Table 44 shows who designed the strategy. 90.1% (n=64) was by the business owner/CEO themselves. 4.2% (n=3) was a mixture of business owner/senior manager/s and 2.8% (n=2) was by senior manager and others. This shows that the business owner had a large role in planning the strategy to be implemented during the recession. All business owners interviewed 100% (n=31) stated that they designed the strategy by themselves. One business director stated;

> *"Although it was difficult to know what strategies were best for our business, the responsibility fell to me- that is my job to have overall management and steer the "ship" in the best way possible."*

Table 44 Person Who Designed Strategy

Person who designed strategy	n	%
Business Owner/ CEO	64	90.1
Senior Manager/s	2	2.8
Mixture of above	3	4.2
Other	2	2.8

4.4.3.2 Planned Strategy

In terms of SMEs having a planned strategy only 16.5% (n=22) were proactive and had a planned strategy.

4.4.3.3 Testing for Significant Differences.

Independent sample t-tests were utilised to detect any significant differences in terms of planned strategy and gender. Table 45 shows the results. A significant difference was found t (80.26) = 16.018 p=0.031 showing that males (M=1.80; SD=0.399) had more planned strategies than females (M=1.94; SD=0.250). A 62 year old business owner in the manufacturing sector recalls:

> *"I remember a few severe recessions in my career and learnt to always have a contingency plan in place for such events as these. In my younger days I was very much more carefree but I almost lost the family business in the early 1990s recession. That recession taught me a lot. I am now much more cautious and have a planned strategy in place which I review on a regular basis to adjust if required, depending how the economic climate changes."*

Table 45 Planned Strategy by Gender.

Where 1= yes planned strategy (proactive); 2= no planned strategy (reactive)				
	Gender	Mean	Standard Deviation	Significance Level
Planned Strategy	Male	1.80	0.399	0.031
	Female	1.94	0.250	

One-way ANOVA tests were carried out in terms of business owner age, level of education and years in current management position but no other significant differences were observed.

4.4.3.4 Role in Implementing Strategy.

The majority of business owners took a "hands on approach" in implementing the strategy.

For many they were a one man band and like most sole traders they are responsible for every element of the business. For other businesses, the business owner gave clear instructions to employees and reviewed progress on a regular basis and monitored this against agreed targets. A female business owner in the retail sector that was interviewed reported;

> *"The recession was so great a threat and the design and implementation of the correct strategy was so important for business survival that I took a "hands on" approach in every aspect of the business that I could. It's not that I didn't trust my staff but that I felt I had to be in control in every aspect of the business that I could manage."*

4.4.3.4.1 Time Taken to Implement Strategy by Gender.

Table 46 shows more males 34% (n=34) had implemented their strategy in less than 6 months compared to only 6% (n=2) of females. Independent sample t-tests produced no significant differences.

Table 46 Time Taken to Implement Strategy by Gender.

Time taken to Implement Strategy	Gender	n	%
Business did not implement strategy;	Male	42	42
	Female	21	68
Less than 6 months	Male	34	34
	Female	2	6
Between 6- 12 months	Male	18	18
	Female	6	19
More than 12 months-less than 24 months	Male	6	6
	Female	2	6
24 months +	Male	1	1
	Female	0	0

4.4.3.4.2 Time Taken to Implement Strategy by Business Owner Age.

Table 47 shows the 60+ age group were the quickest to implement most of their strategies 44% (n=4) in less than 6 months and all had their strategies implemented within a year. One-way ANOVA tests were conducted but no significant differences were found in terms of business owner age.

Table 47 Time Taken to Implement Strategy by Business Owner Age

Time taken to Implement Strategy	Age	n	%
Business did not implement strategy;	22-30	6	75
	31-39	18	55
	40-49	26	44
	50-59	10	43
	60+	3	33
Less than 6 months	22-30	1	12.5
	31-39	4	12
	40-49	20	34
	50-59	7	30
	60+	4	44
Between 6- 12 months	22-30	0	0
	31-39	10	30
	40-49	7	12
	50-59	5	22
	60+	2	22
More than 12 months-less than 24 months	22-30	1	12.5
	31-39	1	3
	40-49	5	8
	50-59	1	4
	60+	0	0
24 months +	22-30	0	0
	31-39	0	0
	40-49	1	2
	50-59	0	0
	60+	0	0

4.4.3.4.3 Time Taken to Implement Strategy by Number of Years in Current Management Position.

Table 48 shows that business owners in their current position for less than 5 years 31% (n=4) and 10-less than 20 years 31% (n=16) were the quickest to implement their strategy in the first 6 months. One-way ANOVA tests were utilised but no significant differences were found.

Table 48 Time Taken to Implement Strategy by Number of Years in Current Management Position

Time taken to Implement Strategy	Years in Mgt. Position	n	%
Business did not implement strategy;	Less than 5	4	31
	5-less than 10	20	45
	10-less than 20	23	44
	20+	16	70
Less than 6 months	Less than 5	4	31
	5-less than 10	12	27
	10-less than 20	16	31
	20+	4	17
Between 6- 12 months	Less than 5	3	23
	5-less than 10	10	23
	10-less than 20	8	15
	20+	3	13
More than 12 months-less than 24 months	Less than 5	2	15
	5-less than 10	2	5
	10-less than 20	4	8
	20+	0	0
24 months +	Less than 5	0	0
	5-less than 10	0	0
	10-less than 20	1	2
	20+	0	0

4.4.4 Drivers and Motivators in Strategy Implementation.

4.4.4.1 SME Owner Perceptions

Literature suggests that SME owner's perceptions play a large part in how they respond and act to situations. Respondents were asked a few questions in regards to this and the results are presented below.

4.4.4.1.1 Perceptions by Gender

Table 49 shows the results. Males (M=3.20; SD=1.078) enjoy a challenge slightly more than females (M=3.15; SD=1.124). Male business owners are also less cautious when allocating resources (M=2.84; SD=0.959) compared to female business owners (M=2.93; SD=1.022). In terms of perceiving the recession as an opportunity males agreed more (M=2.78; SD=3.945) than females (M=2.60; SD=1.126). More females agreed that a planned strategy is very important (M=3.77; SD=0.481) compared to males (M=3.64; SD=0.619). Independent sample t-tests were utilised but no significance differences were found. A female business owner in the retail sector stated;

> *"I viewed the recession as a complete threat as sales were decreasing and it was causing cash flow problems. Finance was very difficult to obtain and it was very much touch and go to see if the business would survive. Being quite new to running a business I didn't have a planned strategy in place but I have now learned the hard way. As the saying goes fail to plan, plan to fail and this was almost nearly the case for me."*

Table 49 Perceptions by Gender

Where 1= strongly disagree; 2=disagree; 3=-agree; 4= strongly agree			
Perceptions	Gender	Mean	Standard Deviation
I enjoy a challenge	Male	3.20	1.078
	Female	3.15	1.124
I am cautious when allocating resources	Male	2.84	0.959
	Female	2.93	1.022
I perceive the recession as an opportunity	Male	2.78	3.945
	Female	2.60	1.126
I feel a planned strategy is very important	Male	3.64	0.619
	Female	3.77	0.481

4.4.4.1.2 Perceptions by Business Owners Age

One-way ANOVA tests were employed to determine significant differences. Table 50 shows that a significant difference was found f (5, 262) =2.613 p=0.025. The business owners in the 16-21 year group (M=4; SD=0) differs from the 22-30 years old group (M=2.56; SD=1.094) showing that business owners in the 16-21 years group would be more cautious when allocating resources. A 20 year old business owner commented;

"The recession was damn right terrifying. It was difficult to know which way to turn. I wanted to protect as much of my business as possible and was very cautious with the businesses resources particularly the cash in the account."

Table 50 Perceptions by Business Owners Age

Where 1= strongly disagree; 2=disagree; 3=-agree; 4= strongly agree					
Perceptions	Age	Contrasting Groups	Mean	Standard Deviation	Significance Level
I am cautious when allocating resources	16-21	22-30	4.00	0.000	0.025
	22-30	16-21	2.56	1.094	
	31-39	n/a	2.75	1.002	
	40-49	n/a	2.79	1.002	
	50-59	n/a	3.08	0.851	
	60+	n/a	3.38	0.719	

4.4.4.1.3 Perceptions by Level of Education.

One-way ANOVA tests were employed to determine significant differences. A significant difference was found f (7, 261) =2.882 p=0.006. The business owners with a Master degree (M=3.72; SD=0.678) agreed more strongly that they enjoy a challenge than the business owners with no formal qualifications (M=2.72; SD=1.210).

Table 51 Perceptions by Level of Education.

Where 1= strongly disagree; 2=disagree; 3=-agree; 4= strongly agree					
Perceptions	Level of Education	Contrasting Groups	Mean	Standard Deviation	Significance Level
I enjoy a challenge	No formal Qualifications	Masters Degree	2.72	1.210	0.006
	GCSE/Junior Cert	n/a	2.72	1.274	
	NVQ/BTEC	n/a	3.38	0.888	
	A Level/Leaving Cert	n/a	3.36	0.988	
	Undergraduate Degree	n/a	3.13	1.148	
	Postgraduate Degree	n/a	3.10	1.193	
	Masters Degree	No formal Qualifications	3.72	0.678	
	Professional Qualification	n/a	3.50	0.548	

4.4.4.1.4 Perceptions by Number of Years in Current Management Position.

One-way ANOVA tests were employed to determine significant differences in terms of number of years in current management position but none were observed.

4.4.4.1.5 Perceptions of How Businesses Will Emerge From Recession.

Business owners were asked how they think that the business would emerge from the recession. Table 52 below shows the overall result which indicates slightly stronger (M=2.07; SD=0.893). A retailer based in NI reported;

> *"If nothing good has come of this recession; one thing I can say is this that our business is far more efficient as a result. We were pushed into this which overall is a good thing"*

Table 52 Perceptions by How Business will Emerge from Recession

Where 1= weaker 2=unchanged; 3=stronger Position of Recession	Mean	Standard Deviation
Position after Recession	2.07	0.893

4.4.4.1.6 Testing for Significant Differences

Independent sample t-tests and one-way ANOVA tests were conducted in terms of business owner gender, age, level of education and number of years in current management position but no differences were observed.

4.4.4.2 Reasons for Choosing Strategy

Table 53 presents the results of reasons why business owners chose their strategy. The biggest reasons for choosing strategies include receiving advice/business support from business experts (M=1.39; SD=0.419); it was the most cost effective option (M=1.42; SD=0.496); it was the only one available at the time (M=1.51; SD=0.503); other similar businesses or competitors selected it (M=1.64; SD=0.484); managerial experience of other recessions (M=1.78; SD=0.419); it was successfully used before in other recessions (M=1.82; SD=0.387) and then other reasons (M=1.89; SD=0.316). A female retail business owner based in NI interviewed reported;

> *"I have never been in a recession situation before and to be honest hadn't a clue how to respond in the best interest of my business. I had to seek business advice and support from a business advisor at my local enterprise agency. I had previously formed a good relationship with this advisor as they had provided support in getting my business set up. His advice was excellent and I was able to make better informed*

decisions on what strategies to pursue. The best strategy for my business was to widen my geographical coverage and I decided to sell online. I received support in the creation of a website and training on social media platforms and tools which were effective for my business to help increase its online presence and generate sales."

Table 53 Reasons for Choosing Strategy

Where 1= yes; 2=no Reason for Choosing strategy	Mean	Standard Deviation
It was the only one available to me at the time.	1.51	0.503
I used it successfully before in other recessions.	1.82	0.387
I had managerial experience of other recessions.	1.78	0.419
I received advice/support from business experts.	1.39	0.419
It was the most cost effective option.	1.42	0.496
I know that other similar businesses or competitors selected it.	1.64	0.484
Other.	1.89	0.316

4.4.4.2.1 Reasons for Choosing Strategy by Business Owners Gender.

Table 53 shows the results below. Male business owners highest reason for choosing strategy was because they received business advice/support from business experts (67% n=41) and their second highest was because it was most cost effective (56%; n-34). However, female business owners highest reason was it was the most cost effective (73% n=8) followed by it was the only one available to them at the time (55%; n=6). A male business owner reported;

"Let's just say I paid extra unexpected visits to my accountant to seek financial advice."

Table 54 Reasons for Choosing Strategy by Business Owners Gender.

Where 1= yes; 2=no Reasons for Choosing Strategy	Gender	n	%
It was the only one available to me at the time.	Male	29	48
	Female	6	55
I used it successfully before in other recessions.	Male	12	20
	Female	1	9
I had managerial experience of other recessions.	Male	15	25
	Female	1	9
I received advice/support from business experts.	Male	41	67
	Female	3	27
It was the most cost effective option.	Male	34	56
	Female	8	73
I know that other similar businesses or competitors selected it.	Male	22	36
	Female	4	36
Other.	Male	5	8
	Female	3	27

4.4.4.2.2 Reasons for Choosing Strategy by Business Owners Age

Table 55 shows the results of reasons for choosing strategy based on business owners' age. The youngest group chose two main reasons namely; managerial experience of other recessions (50% n=1) and receiving business advice and support (50% n=1). The oldest firms also selected two main reasons namely it was the only one available at the time (67%; n=4) and it was the most cost effective (67% n=4).

Table 55 Reasons for Choosing Strategy by Business Owners Age.

Where 1= yes; 2=no Reasons for Choosing Strategy	Age Group	n	%
It was the only one available to me at the time.	22-30	0	0
	31-39	6	40
	40-49	16	46
	50-59	9	64
	60+	4	67
I used it successfully before in other recessions.	22-30	0	0
	31-39	2	13
	40-49	5	14
	50-59	4	29
	60+	2	33
I had managerial experience of other recessions.	22-30	1	50
	31-39	1	7
	40-49	8	23
	50-59	4	29
	60+	2	33
I received advice/support from business experts.	22-30	1	50
	31-39	9	60
	40-49	21	60
	50-59	11	79
	60+	2	33
It was the most cost effective option.	22-30	0	0
	31-39	12	80
	40-49	18	51
	50-59	8	57
	60+	4	67
I know that other similar businesses or competitors selected it.	22-30	0	0
	31-39	9	60
	40-49	9	26
	50-59	5	36
	60+	3	50

4.4.4.2.3 Reasons for Choosing Strategy by Business Owners Level of Education.

Table 56 shows the results of the reasons for selecting strategies in terms of the business owners' level of education. Of those business owners that had no formal qualifications the highest reason for selecting their strategy is based on receiving business support/advice from business experts (83%; n=5) and their least was based on managerial experience of other recessions (17% n=1) and it was used successfully before in other recessions (17%; n=1). Those business owners with a professional qualification selected most of their strategies based on it being the only one available to them at the time (75%; n=3). Their lowest reasons for choosing their strategies was because it was successfully used in other recessions (0%; n=0) and they had managerial experience of other recessions (0%; n=0). However, one interviewee located in NI within the construction industry in his 40's put forward his thoughts on education;

> *"I don't think qualifications are important in coping with a recession. I believe the key is experience and keeping up to date with the latest market knowledge. You can learn a lot of theory but in reality and in practice a lot of this goes out the window as you are faced with a particular set of circumstances. Acting on lessons learnt through previous experience helps to determine what strategies to select but given the uniqueness of this recession it was difficult to predict the effectiveness of them in this particular recession."*

Table 56 Reasons for Choosing Strategy by Business Owners Level of Education.

Where 1= yes; 2=no Reasons for Choosing Strategy	Level of Education	n	%
It was the only one available to me at the time.	No formal Qualifications	3	50
	GCSE/Junior Cert	0	0
	NVQ/BTEC	6	60
	A Level/Leaving Cert	9	56
	Undergraduate Degree	8	33
	Postgraduate Degree	4	67
	Masters Degree	2	50
	Professional Qualification	3	75
I used it successfully before in other recessions.	No formal Qualifications	1	17
	GCSE/Junior Cert	0	0
	NVQ/BTEC	2	20
	A Level/Leaving Cert	4	25
	Undergraduate Degree	4	17
	Postgraduate Degree	1	17
	Masters Degree	1	25
	Professional Qualification	0	0
I had managerial experience of other recessions.	No formal Qualifications	1	17
	GCSE/Junior Cert	0	0
	NVQ/BTEC	3	30
	A Level/Leaving Cert	3	19
	Undergraduate Degree	5	21
	Postgraduate Degree	2	33
	Masters Degree	2	50

	Professional Qualification	0	0
I received advice/support from business experts.	No formal Qualifications	5	83
	GCSE/Junior Cert	1	50
	NVQ/BTEC	9	90
	A Level/Leaving Cert	10	62.5
	Undergraduate Degree	13	77
	Postgraduate Degree	4	67
	Masters Degree	1	25
	Professional Qualification	1	25
It was the most cost effective option. .	No formal Qualifications	3	50
	GCSE/Junior Cert	2	100
	NVQ/BTEC	8	80
	A Level/Leaving Cert	9	56
	Undergraduate Degree	17	71
	Postgraduate Degree	1	17
	Masters Degree	1	25
	Professional Qualification	1	25
I know that other similar businesses or competitors selected it.	No formal Qualifications	3	50
	GCSE/Junior Cert	2	100
	NVQ/BTEC	6	60
	A Level/Leaving Cert	4	25
	Undergraduate Degree	9	37.5
	Postgraduate Degree	0	0
	Masters Degree	1	25
	Professional Qualification	1	25

4.4.4.2.4 Reasons for Choosing Strategy by Business Owners Number of Years in Current Management Position.

Table 57 shows the results of reasons why strategies were selected in terms of the number of years that business owners were in their current management position. The business owners there the least number of years chose their strategy based on advice and support received from business experts (67%; n=6) and it was the most cost effective (67%; n=6). Those business owners there the longest also based their decisions on advice/business support received from business experts (50%; n=4).

Table 57 Reasons for Choosing Strategy by Business Owners Number of Years in Current Management Position.

Where 1= yes; 2=no Reasons for Choosing Strategy	Number of Years in Current Management Position	n	%
It was the only one available to me at the time.	Less than 5	4	44
	5-less than 10	15	60
	10-less than 20	13	43
	20+	3	37.5
I used it successfully before in other recessions.	Less than 5	1	11
	5-less than 10	5	20
	10-less than 20	5	17
	20+	2	25
I had managerial experience of other recessions.	Less than 5	1	11
	5-less than 10	6	24
	10-less than 20	7	23
	20+	2	25
I received advice/support from business experts.	Less than 5	6	67
	5-less than 10	16	64
	10-less than 20	18	60
	20+	4	50
It was the most cost effective option. .	Less than 5	6	67
	5-less than 10	14	56
	10-less than 20	19	63
	20+	3	37.5
I know that other similar businesses or competitors selected it.	Less than 5	1	11
	5-less than 10	9	36
	10-less than 20	13	43
	20+	3	37.5

4.4.4.2.5 Testing for Significant Differences.

4.4.4.2.5.1 Reasons for Choosing Strategy by Gender.

Independent sample t-tests were conducted to investigate any significant differences. Table 58 shows a significant difference was observed t (70) = 0.619 p=0.012 in terms of males receiving more advice/support from business experts (M=1.33; SD=0.473) than females (M=1.73; SD=0.467). A male interviewee of a chemical cleaning manufacturing business reported;

> *"I was very uncertain about the recession in terms of how severe it would affect the business and how long it would last. It was very difficult to predict. It was difficult to know which strategy was the best to implement. In the end I sought business advice from a well experienced business man and took his advice to err on the side of caution and tried to make as many cost cuts as possible and reduce as much waste to become more efficient."*

Table 58 Reasons for Choosing Strategy by Gender (significant differences).

Where 1= yes; 2=no Reason for selecting strategy	Gender	Contrasting Groups	Mean	Standard Deviation	Significance Level
I received advice/support from business experts	Male	Female	1.33	0.473	0.012
	Female	Male	1.73	0.467	

One-way ANOVA tests were employed to observe any other significant differences in terms of business owner age, level of education and number of years in current management position but none were observed.

4.4.4.3 Other Drivers and Motivators

4.4.4.3.1 Competitive Advantage

Many SMEs stated that they chose strategies taking in to account their competitive advantage and tried to concentrate on what the business did best. Table 59 shows results of SMEs competitive advantages.

Table 59 Competitive Advantage

Where 1= yes; 2=no Competitive Advantage	n	%
Price.	40	56.3
Product/Service Quality.	12	16.9
Unique Product/Service.	11	15.5
Speed of response.	1	1.4
Established customer relationships.	7	9.9

Most SMEs 56.3% (n=40) stated price as their main competitive advantage followed by 16.9% (n=12) product/service quality. 15.5% (n=11) stated they had a unique product/service as their competitive advantage. 9.9% (n=7) stated established customer relationships followed by 1.4% (n=1) speed of response. A wholesale business based in Northern Ireland reported;

> *"Our slogan has always been won't be beaten on price. We pride ourselves on having competitive prices and this has been the key to us maintaining regular customers. Because we have a large share of the market we can buy in bulk which enables us to provide keen prices to our customers."*

A drinks manufacturer business based in NI stated;

> *"We have a unique product due to the ingredients of the freshest dairy cream from specially selected herds of local grass-fed Friesian cows which is associated with Ireland along with our expertise and years of experience. That's something that makes our product unique and is not easy for other businesses to replicate."*

4.4.4.3.2 Testing for Significant Differences.

Independent sample t-test and one-way ANOVAs were utilised to determine if there were any significant differences but there were none observed.

4.4.4.3.3 Overall Strategy Selected by Management

Table 60 shows the results of the overall strategy selected by management. This has been discussed in more detail in Section 4.2. As a reminder the results show that the most influential overall strategy was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions (M=2.68; SD= 1.508). The next most influential strategy was management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations (M= 2.819; SD=1.335). The least influential was that management aggressively pursued firms to merge with or acquire (M=4.916; SD=1.563).

Table 60 Overall Strategy Selected by Management.

Where 1=most influential and 6=least influential Overall Strategy	Mean	Standard Deviation
Management made strong investments designed to improve its post-recession market position.	3.194	1.675
Management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions.	2.680	1.508
Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations.	2.819	1.335
Management opted to adopt a conservative growth strategy.	3.138	1.456
Management aggressively pursued firms to merge with or acquire.	4.916 .	1.563
Management considered the post-recession environment in determining strategy.	4.152	1.488

4.4.4.3.4 Testing for Significant Differences.

Independent sample t-tests and one way ANOVA tests were conducted to test for any significant differences in terms of business owner gender, age, level of education and the number of years in current management position. Table 61 shows only one significant difference was determined in terms of current management position f (3, 68) = 4.229 p=0.008. Business owners in their management position for less than 5 years (M=3.778; SD=1.481) found taking advantage of low costs of labour, production and promotion to aggressively expand the company's operations least influential than business owners in position between 5 and less than 10 years.

Table 61 Reason for Selecting Strategy by Number of Years in Current Management Position.

Where 1= most influential; 6= least influential					
Overall Strategy	Number of Years in Current Management Position	Contrasting Groups	Mean	Standard Deviation	Significance Level
Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations.	Less than 5	5-less than 10	3.778	1.481	0.008
	5-less than 10	Less than 5	2.320	1.282	
	10-less than 20	n/a	2.733	1.080	
	20+	n/a	3.625	1.506	

4.4.4.4 Barriers

The next section will identify the barriers in terms of business owner age, level of education and number of years in current management position.

4.4.4.4.1 Barriers by Gender

Table 62 shows that females (44%; n=14) encountered less barriers than males (22%; n=21) in each barrier investigated.

Table 62 Barriers by Gender.

Where 1= yes; 2=no			
Barriers	Gender	n	%
The company did not have any barriers.	Male	21	22
	Female	14	44
Lack of finance/cash flow.	Male	39	40
	Female	9	28
Lack of Information.	Male	4	4
	Female	1	3
Lack of support from banks.	Male	29	30
	Female	8	25
Lack of support from local government. .	Male	4	4
	Female	0	0

4.4.4.4.2 Barriers by Business Owner Age.

Table 63 shows the youngest group had less barriers (43% n=3) but had the biggest barrier in terms of lack of finance/cash flow (57% n=4) which was the only barrier they stated. The oldest group had the biggest barrier of lack of support from banks (40% n=4). A 20 year old business owner reported;

> *"I felt my age along with my lack of experience was a hindrance when seeking finance although I know a lot of other businesses owners a lot older than myself who were refused bank loans as well."*

Table 63 Barriers by Business Owner Age.

Where 1= yes; 2=no Barriers	Age Group	n	%
The company did not have any barriers.	22-30	3	43
	31-39	7	21
	40-49	13	24
	50-59	10	42
	60+	2	20
Lack of finance/cash flow.	22-30	4	57
	31-39	13	39
	40-49	22	40
	50-59	6	25
	60+	3	30
Lack of Information.	22-30	0	0
	31-39	1	3
	40-49	2	4
	50-59	1	4
	60+	1	10
Lack of support from banks.	22-30	0	0
	31-39	10	30
	40-49	16	29
	50-59	7	29
	60+	4	40
Lack of support from local government. .	22-30	0	0
	31-39	2	6
	40-49	2	4
	50-59	0	0
	60+	0	0

4.4.4.4.3 Barriers by Business Owner Level of Education

Table 64 shows those with no formal qualifications experienced the biggest barrier in terms of lack of support from banks (33%; n=5). In contrast those with professional qualifications experienced no barriers (100%; n=4).

Table 64 Barriers by Business Owner's Level of Education

Where 1= yes; 2=no Barriers	Level of Education	n	%
The company did not have any barriers.	No formal Qualifications	1	7
	GCSE/Junior Cert	2	40
	NVQ/BTEC	2	12.5
	A Level/Leaving Cert	9	30
	Undergraduate Degree	7	18
	Postgraduate Degree	6	43
	Masters Degree	4	57
	Professional Qualification	4	100
Lack of finance/cash flow.	No formal Qualifications	1	7
	GCSE/Junior Cert	1	20
	NVQ/BTEC	9	56
	A Level/Leaving Cert	8	27
	Undergraduate Degree	17	45
	Postgraduate Degree	5	5
	Masters Degree	1	14
	Professional Qualification	0	0
Lack of Information.	No formal Qualifications	1	7
	GCSE/Junior Cert	0	0
	NVQ/BTEC	0	0
	A Level/Leaving Cert	3	10
	Undergraduate Degree	1	3
	Postgraduate Degree	0	0
	Masters Degree	0	0
	Professional Qualification	0	0
Lack of support from banks.	No formal Qualifications	5	33
	GCSE/Junior Cert	2	40
	NVQ/BTEC	5	31
	A Level/Leaving Cert	9	30
	Undergraduate Degree	11	29
	Postgraduate Degree	3	21
	Masters Degree	2	29
	Professional Qualification	0	0
Lack of support from local government. .	No formal Qualifications	1	7
	GCSE/Junior Cert	0	0
	NVQ/BTEC	0	0
	A Level/Leaving Cert	1	3
	Undergraduate Degree	2	5
	Postgraduate Degree	0	0
	Masters Degree	0	0
	Professional Qualification	0	0

4.4.4.4.4 Barriers by Business Owner's Number of Years in Current Management Position. Table 65 shows those business owners less than 5 years in their current position experienced the biggest barrier in terms of lack of finance/cash flow (54%; n=7). Those in their position the longest 20+ years experienced the biggest barrier in terms of lack of finance/cash flow (35%; n=8) and lack of support from banks (35%; n=8). A business owner of over 30 years reported;

> *"I have always had a good relationship with my bank but on this occasion that didn't seem to help at all in securing a bank loan. The banks just seemed like a closed shop and there was no room for negotiation."*

Table 65 Barriers by Business Owner's Number of Years in Current Management Position.

Where 1= yes; 2=no Barriers	Number of Years in Current Management Position	n	%
The company did not have any barriers.	Less than 5	4	31
	5-less than 10	15	35
	10-less than 20	12	24
	20+	4	17
Lack of finance/cash flow.	Less than 5	7	54
	5-less than 10	13	30
	10-less than 20	20	40
	20+	8	35
Lack of Information.	Less than 5	1	8
	5-less than 10	0	0
	10-less than 20	2	4
	20+	2	9
Lack of support from banks.	Less than 5	1	8
	5-less than 10	13	30
	10-less than 20	15	30
	20+	8	35
Lack of support from local government.	Less than 5	0	0
	5-less than 10	2	5
.	10-less than 20	1	2
	20+	1	4

4.4.4.4.5 Testing for Significant Differences.

Independent sample t-tests and one-way ANOVA tests were employed to observe any significant differences in terms of business owner gender, age, level of education and number of years in current management position but none were observed.

4.4.5 Summary- Quantitative and Qualitative Findings.

Profile of Business owners.

- 70% (n=187) were males and 30% (n=82) were female.
- The majority of business owners were aged between 40-49 years (39%; n=104).
- The majority of business owners were educated to undergraduate degree level (24%; n=64).
- The range of number of years in current management position was from 6 months to 45 years with the mean being 12 years.

Role of Business Owner.

- The majority of business owners designed the strategy by themselves (90.1%; n=64).
- Only 16.5% (n=22) were proactive and had a planned strategy before the recession.
- More males (M=1.80; SD= 0.391) had a planned strategy than females (M=1.94; SD= 0.250).
- The majority of business owners took a “hands-on” approach in not only designing the strategy but implementing it.
- Males were quicker in implementing strategy in the first six months (34%; n=34) than females (6%; n=2).

Drivers and Motivators.

- Business Owner Perceptions- females were more cautious than males in terms of not enjoying challenges as much and when allocating resources and they viewed the recession as less of an opportunity compared to males. Females also seen a planned strategy more important than males.
- Reasons for choosing strategy in order of most influential;
  - Received advice/business support from business experts (M=1.39; SD= 0.419).
  - Most cost effective option (M=1.42; SD= 0.496).
  - The only one available at the time (M=1.51; SD= 0.503).
  - Other similar businesses or competitors selecting it (M=1.64; SD=0.484).
  - Managerial experience of other recessions (M=1.78; SD= 0.419).
  - Successfully used before in other recessions (M=1.82; SD=0.387).
- Business owners considered their competitive advantages when designing strategy. Competitive advantages included;
  - Price (56.3%; n=40).

    - Product/ Service Quality (16.9%; n=12).
    - Unique product/Service (15.5%; n=11).
    - Established customer relationships (9.9%; n=7).
    - Speed of Response (1.4%; n=1).
- The majority of business owners stated their overall strategy was reviewing the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions (M=2.68; SD=1.508).
- The least overall strategy by the majority was that they aggressively pursued firms to merge with or acquire (M=4.916; SD=1.563).
- Barriers;
    - Females (44%; n=14) had no barriers compared to 22% (n=21) of males.
    - The biggest barrier experienced by females was the lack of support from banks (30%; n=29) and for males was a lack of finance/cash flow (40%; n=39).

This section (section 4.4) has presented the findings relative to the fourth research objective, which investigated the roles, drivers and motivators of the SME management team in the strategy process. The next section (4.5) will present findings relative to the fifth research objective, which is to establish influential factors of coping strategies in recessionary times.

4.5 Research Objective 5

RO5: To establish underlying and influential factors of coping strategies in recessionary times.

4.5.1 Introduction.

This section (section 4.5) presents mainly the quantitative findings relative to research objective five, which seeks to establish influential factors of coping strategies in recessionary times. The previous findings where acquired through univariate and bivariate analysis methods that were supported using qualitative data. The following findings that are presented are a result of multivariate data analysis performed on the quantitative data. This final research objective aims at data reduction through factor analysis.

4.5.2 Research Findings.

Principal component analysis (PCA) was used to identify underlying and influential factors using an orthogonal rotation (VARIMAX). 96 variables were deemed appropriate after satisfying factor analysis assumptions. Bartlett's test of sphericity and the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to test data appropriateness. Both Bartlett's test of sphericity ($p< 0.000$) and KMO (0.705) were favourable (Tabachnick and Fidell 2013) meaning the data was appropriate for factor analysis. Factor loadings were suppressed at 0.4 which is higher than the generally accepted 0.300 parameter. This was because items with smaller loadings were failing to load significantly on any factor and therefore were removed as they did lead to a lucid factor solution. The communalities of items range from 0.612 to 0.9851 indicating a good fit for the final factor solution. Factors were tested for reliability through Cronbach's Alpha and results ranged from 0.721 to 0.841 which were all above the acceptable level of 0.7 for internal consistency of scale reliability (Nunnaly 1978). Justification for PCA, VARIMAX and 0.4 suppression were presented in Chapter 3.

The factor analysis generated 6 factors that were clustered around 23 components.

Table 66 shows that, cumulatively, the six factors explain 74.778 % of the variance displayed in the quantitative data. The six factors adequately represent the data as they include at least 50% of the total variance (Pett et al., 2003).

Table 66 Total Variance Explained.

Factor	Eigenvalue	No. of items loaded on factor	Percentage of variance	Cumulative percentage of variance	Cronbach's Alpha
1	4.280	7	23.779%	23.779%	.841
2	2.544	4	14.132%	37.911%	.796
3	1.863	4	11.348%	49.259%	.791
4	1.593	3	9.812%	59.071%	.762
5	1.273	3	8.480%	67.551%	.737
6	1.114	2	7.227%	74.778%	.721

The final six factors were labelled as follows;

Factor 1- Extent of Recession Effects on the Business

Factor 2- Reason for Strategy Choice

Factor 3- Business Support Available

Factor 4 – Financial Resources Strategy

Factor 5- Perception of Finance

Factor 6- Reasons for Selecting Strategy Given Opportunities

4.5.3 Analysis and Interpretation of Factors.

Factor one explains the highest proportion of the total variance (23.779%). This factor includes seven items with factor loadings ranging from .624 to .850. The items describe the changes the recession had on the business and the extent that these changes had on the company's operations and is labelled 'Extent of Recession Effects on the Business'.

Factor two explains 14.132 percent of total variance and consists of four loadings ranging from .546 to .744. This factor was labelled 'Reasons for Strategy Choice' as each loading represented the different reasons why certain strategies were selected.

Factor three 'Business Support Available' consists of variables relating to the type of support that the businesses received. This factor accounts for 11.348 percent of the total variance and contains four items with factor loadings ranging from .584 to .744.

Factor four is named 'Financial Resources Strategy' and contains items that are concerned with management's action and financial resources available in particular personal savings and factoring and invoice discounting and stock financing. This factor accounts for 9.812 percent of total variance and has three items with factor loadings ranging from .577 to .714.

Factor five 'Perception of Finance' accounts for 8.480 percent of total variance. It contains items that are related to the change of different types of finance used and who designed or planned the strategy. This factor contains three items with factor loadings ranging from .409 to .540.

Factor six 'Reasons for Selecting Strategy Given Opportunities' accounts for 7.227 percent of total variance. It contains items that are related to opportunities available in particular increased customer focus and reasons why strategy was chosen. This factor contains two items with factor loadings ranging from .444 to .590.

Table 67 presents the factors, items and factor loadings.

Table 67 Final Factor Solution.

Factor	Question within survey	Factor Loading
1- Extent of Recession Effects on the Business.	Q12g Q12a Q10c Q12i Q12d Q12h Q27a	.834 .801 .792 .729 .706 .624 .583
2- Reason for Strategy Choice.	Q25c Q25b Q27b Q25b	.757 .756 .557 .546
3- Business Support Available.	Q27b Q27a Q22 Q25d	.744 .621 .620 .584
4- Financial Resources Strategy.	Q21h Q20b Q21d	.714 .632 .577
5- Perception of Finance.	Q21a Q21d Q17	.540 .531 .415
6- Reasons for Selecting Strategy Given Opportunities.	Q13c Q25d	.590 .444

Independent sample t-tests and one-way ANOVAs were utilised on the items that make up the factors to detect if there were any significant differences among SME location, firm size, business sector and age.

4.5.3.1 Factor 1

Factor one (Extent of Recession Effects on the Business) only found significant differences in the size of firms. One-way ANOVA tests were conducted by aggregating the 7 items to find any significant differences. Three items were found to have significant differences. The results in Table 68 show that micro sized firms (M=3.38; SD=2.06) differs from the small sized firms (M=4.97; SD=1.752) with a significant level of 0.006. The results show that credit periods and/or credit terms from suppliers had decreased more for small sized firms compared to micro firms. Thus small sized firms suffered more.

Significant differences were also found between micro firms (M=3.47; SD= 1.862) and small firms (M=5.23; SD=1.251) and medium sized firms (M=5; SD=1.414) with a significant difference of 0.00 and 0.044 respectively. This shows that medium and small firms' number of employees decreased more than micro firms.

In terms of availability of bank loans/overdrafts a significant difference was found between micro firms (M=4.32, SD=2.085) and small firms (M=5.47; SD=1.332). The significance level was 0.032. This shows that the small firm's availability of bank loans/overdrafts decreased more than micro firms. Thus small firms had less options available to secure finance.

Table 68 Factor 1 Results.

Factor 1					
	Sector	Contrasting Group(s)	Mean	Standard Deviation	Significance Level
How has credit periods and/or credit terms from suppliers changed?	Micro	Small	3.38	2.060	0.006
	Small	Micro	4.97	1.752	
	Medium	n/a	3.68	2.560	
How has the number of employees changed?	Micro	Small Medium	3.47	1.862	0.000 0.044
	Small	Micro	5.23	1.251	0.000
	Medium	Micro	5.00	1.414	0.044
How has availability of bank loans/overdrafts changed?	Micro	Small	4.32	2.085	0.032
	Small	Micro	5.47	1.332	0.032
	Medium	n/a	5.38	1.768	

4.5.3.2 Factor 2

Factor two (reasons for strategy choice) produced no significant differences in the mean scores of SMEs located in NI and the Republic of Ireland. Firms based in Northern Ireland selected strategies based on past success of strategies selected in other recessions and the least reason was based on advice or support from business experts. Firms based in the Republic of Ireland scored highest in receiving financial planning advice and also like NI firms scored lower in selecting their strategy based on advice or support from business experts.

Table 69 Factor 2 Results.

	NI Mean	ROI Mean	t (df)	SIG.
Factor 2: I received financial planning advice.	1.63	1.71	.683 (68)	NS
I used it successfully before in other recessions.	1.84	1.63	.140 (69)	NS
I had managerial experience of other recessions.	1.79	1.63	.289 (69)	NS
I received advice from advice/support from business experts.	1.41	1.25	.382 (69)	NS

4.5.3.3 Factor 3

Factor 3 (Business Support Available) only found one significant difference in terms of location of firms. Independent sample t-tests were conducted by aggregating the 4 items to find any significant differences. A significant difference was found between NI firms (M=1.30; SD=0.463) and ROI firms (M=1.13; SD=0.354) in terms of market advice support received. Thus the results show that NI firms received more support in terms of marketing advice than ROI firms.

Table 70 Factor 3 Results.

	NI Mean SD	ROI Mean SD	t (df)	SIG.
Factor 3: Support received: Financial Planning Advice.	1.63 (.485)	1.71 (.488)	.323 (68)	NS
Support Received: Market Advice.	1.30 (.463)	1.13 (.354)	.007 (69)	S
Support Received: Mentoring &/or Training Seminars.	1.49 (.504)	1.37 (.535)	.294 (68)	NS
Reason for external finance.	2.22 (1.208)	2.25 (.707)	.316 (69)	NS

4.5.3.4 Factor 4.

Factor 4 (Financial Resources Strategy) showed no significant differences between firm size, firm sector or firm location. The use of factoring, invoice discounting and stock finance decreased slightly more within ROI firms (M=1.63; SD=.518) compared to NI firms (M=1.57; SD=.797). The use of credit is very similar for firms located in both locations with NI firms (M=2.05; SD=.792) having a slightly more decrease of usage compared to ROI firms (M=2; SD=.535). Firms located in ROI (M=2; SD=1.195) was influenced more by management reviewing the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions compare to NI firms (M=2.746; SD=1.534).

Table 71 Factor 4 Results.

	NI Mean SD	ROI Mean SD	t (df)	SIG.
Factor 4: Usage of factoring, invoice discounting or stock finance.	1.57 (.797)	1.63 (.518)	.184 (69)	NS
Usage of credit.	2.05 (.792)	2.00 (.535)	.0.224 (69)	NS
Overall strategy: Management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions.	2.746 (1.534)	2.00 (1.195)	.291 (69)	NS

4.5.3.5 Factor 5.

Factor 5 (Perception of Finance) showed no significant differences between firm size, firm sector or firm location. The usage of bank loans and overdrafts decreased slightly more with NI firms (M=2.37; SD=.972) compared to firms in ROI (M=2.25; SD=.886). The use of factoring, invoice discounting and stock finance decreased slightly more with ROI firms (M=1.63; SD=.518) compared to NI firms (M=1.57; SD=.797).

Table 72 Factor 5 Results.

	NI Mean SD	ROI Mean SD	t (df)	SIG.
Factor 5: Usage of bank loans/overdrafts.	2.37 (.972)	2.25 (.886)	.425 (69)	NS
Usage of factoring, invoice discounting or stock finance.	1.57 (.797)	1.63 (.518)	.184 (69)	NS
Who designed/ planned the strategy business owner/CEO.	1.17 (.583)	1.00 (0.00)	.0.073 (69)	NS

4.5.3.6 Factor 6.

Factor 6 (Reasons For Selecting Strategy Given Opportunities) showed no significant differences between firm size, firm sector or firm location. However, firms based in ROI (M=1.75; SD-0.4623) found greater opportunities for increased customer focus compared to NI firms (M=1.46; SD= 0.502). More firms in NI (M=1.41; SD= 0.496) selected their strategy based on advice/support received from business experts compared to ROI firms (M=1.25; SD=0.463).

Table 73 Factor 6 Results.

	NI Mean SD	ROI Mean SD	t (df)	SIG.
Factor 6: Opportunities: Increased customer focus.	1.46 (.502)	1.75 (.4623)	.126 (69)	NS
Reasons for choosing strategy: I received advice/support from business experts.	1.41 (.496)	1.25 (.463)	.185 (69)	NS

4.5.4 Chapter Four Summary

This chapter (chapter four) has presented the findings relative to the five specific research objectives developed to contend with the research problem.

Section 4.0 as an introduction reminded the reader of the research problem and underlying research objectives.

Section 4.1 presented the quantitative and qualitative findings relative to research objective one, which identified the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

Section 4.2 presented the quantitative and qualitative findings relative to research objective two, which identified and evaluated the impact(s) of each business strategy employed.

Section 4.3 presented the quantitative and qualitative findings relative to research objective three, which identified barriers to effective business strategy implementation.

Section 4.4 presented the quantitative and qualitative findings relative to research objective four, which investigated the roles, drivers and motivators of the SME management team in the strategy process.

Section 4.5 presented the quantitative findings relative to research objective five, which seeks to establish influential factors of coping strategies in recessionary times.

The next chapter (chapter five) will present an in depth discussion of the research findings before drawing final conclusions from the study (chapter six).

Chapter Five Discussion

5.0 Introduction

Chapter Five provides an analysis and evaluation of the research findings in terms of the theoretical underpinnings and contextual literature reviewed in chapter Two. In particular this chapter provides the contributions made by the research through the confirmation and disconfirmation of knowledge and the expansion of the existing knowledge base where gaps in the literature have been identified. The final chapter, Chapter Six, that follows contains the conclusions, recommendations and suggested areas for future research arising from this research.

As a reminder to the reader the overarching aim of the research is to explore Irish SME coping strategies emanating from the 2008 economic recession. The objectives developed demonstrate the multidisciplinary approach that will be utilised. They are as follows:

RO1**:** To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.

R02: To identify and evaluate the impact(s) of each business strategy employed

RO3: To identify barriers to effective business strategy implementation

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.

R05: To establish influential factors of coping strategies in recessionary times

This chapter is framed to emulate the logical sequence of the Research Findings chapter, with each research objective discussed in order.

5.1 Respondent Profile

To date there has been very limited research carried out investigating SMEs in the context of recession (Kitching et al 2009, Sands & Ferraro 2010). Some authors would contend that this is because SMEs are usually made up of one person or few employees and therefore are limited by time constraints and like to keep business matters private (Khalique 2011, Yoshino 2016). While this may be true in some instances, the findings reflect that most were only too willing to be interviewed and tell their story. This was because such an important topic fuelled strong feelings and had affected so many of them, that they wanted to voice their views and opinions.

Consistent with previous research (Fitzgerald 2014) the population was found to be largely micro sized firms operating mainly in the retail, manufacturing and construction sectors. Findings also support the work of Latham (2009) and Pearce and Michael (1997) and show that SMEs have fewer resources than larger firms especially in terms of finances such as pre-tax profits. This is significant as firms with fewer resources tend to have less strategic options and therefore as a result tend to suffer more from a recession. This is consistent with Bourletidis and Triantafyllopoulos (2014) and Wilson and Eilertsen (2010) who contend that SMEs are more vulnerable in a recession. However, despite this many of the SMEs did survive and some even grew. The following discussion explains how SMEs survived the recession.

5.2 Research Objective One (RO1)

Research Objective 1 identifies the key business opportunities and threats affecting Irish SMEs as a result of the recent recession. This section will discuss the main opportunities and threats that SMEs encountered as a result of the 2008-09 recession.

5.2.1 Introduction to Recession Opportunities and Threats

There is an ongoing debate whether recessions present an opportunity (Baker 2008, Quelch 2008) or a threat (Deleersnyder et al 2009, Srinivasan et al 2005, Meyer 2009, Strakumar 2011) or both (Penrose 2000). Findings **confirm** that although the recession was viewed by the majority of SMEs as a threat, it was also perceived for some as an opportunity, whilst still other SMEs viewed it as both so findings **confirm** Penrose (2000) previous research. It also **extends** Pearce and Michael (1997); Baker (2008); Quelch (2008); Deleersnyder et al (2009), Srinivasan et al (2005); Meyer (2009), and Strakumar (2011) work. Also consistent with Penrose (2000) the study shows that it depends on how managers view the recession which will determine the way in which they then respond. Some academics (Penrose 2000, Shama 1993) argue that if a firm views a recession as a threat it will tend to retrench or as an opportunity they will invest. The study reinforces that as SMEs perceive the recession differently they will react differently.

5.2.2 Introduction to Key Business Opportunities

Some academics (Meyer 2009, Strakumar 2011, Kitching et al 2009) argue that recessions present a window of opportunity and there have been many recession busting marketing success stories. The findings of the research show that only a few SMEs clearly viewed the recession as an opportunity with a few more viewing it as both an opportunity and a threat. This is significant as this impacts largely on what strategies SMEs adopt to navigate the adverse conditions. This low percentage can be explained as the majority of SMEs were reactive to the recession and did not have a plan or strategy in place to deal with it. Therefore the study suggests that SMEs should be more proactive by scanning the marketplace and external environment and have a strategic plan in place to take advantage of recession opportunities. This is consistent with Lovelock (1997) who contends that to avail of opportunities firms need to understand and read the marketplace well and carefully plan for survival to overcome problems and prosper. This is also compatible with Dynamic Capabilities theory which places emphasis on looking externally outside the firm to seek opportunities.

5.2.3 Key Opportunities

The research identified the key opportunities of the recession as increased efficiency, increased customer focus**,** targeting of niche gaps in the market and internationalisation. There were less opportunities to increase home market share and increase innovation.

5.2.3.1 Increased Efficiency

The greatest opportunity presented by the recession was that of increased efficiency. Scoring the highest in terms of recession opportunities is significant as much recession literature (Slatter 1984, Bibeault 1982, Tansey et al 2014) suggests that firms retrench aiming to become more efficient as a result of recession. The findings are not surprising as focusing on efficiency can be viewed as the safest and easiest option by becoming more effective with what you already have as opposed to taking a risk and investing in something new with unknown results. SMEs reviewed their internal operations and resources to ensure that they were being used to full capacity especially the resources that they viewed as their competitive advantage and other resources surplus to requirement were reduced. This is consistent with the RBV theory as it argues that firms can gain a competitive advantage by utilising their unique resources. Firms tried to eliminate waste were possible and techniques such as JIT and lean management principles were adopted as well as restructuring their organisation. This is **consistent** with Singh et al (2009) and **confirms** that lean management can be a survival strategy. SMEs were quick and flexible to adjust their strategies to increase their efficiency levels. This is consistent with Latham

(2012) who argues that SMEs have the advantage of being quick to change and flexible due to their smaller size.

5.2.3.2 Increased Customer Focus

The retail sector and firms based in the Republic of Ireland found the biggest opportunity to become more customer focused. They tried to keep their regular customers by tailoring their product offerings more to meet their individual needs and provided alternative ways of making payments for the products. The Republic of Ireland market is relatively larger than the Northern Ireland economy and therefore this explains why there was more opportunity to appeal to a wider range of customers by being able to focus on different needs of a larger population. Many SMEs were able to increase customer focus which is **consistent** with the literature that suggests that SMEs can quickly adapt due to their smaller size (Latham 2009).

Another reason for SMEs having to become more customer focused was that market share was more difficult to achieve as customers had to change their spending behaviour to cheaper brands to suit their reduced income and therefore they changed to those businesses that provided the cheaper alternative (Michaels 1997, Le and Nhu 2009, Tubbs 2007). Although some SMEs were slow to respond to this, many did provide cheaper alternatives to try and become more customer focused and as a result did retain and attract new customers. This is **consistent** with recession theory that recessions will cause customers to change their spending behaviours.

5.2.3.3 Target of Niches

Many SMEs had to adjust and focus on smaller segments to survive. For example many construction firms turned to the home improvement segment and took on repair and maintenance jobs to adapt to changing customer spending behaviour. SMEs targeted those niches that were overlooked by larger firms but still provided enough of work for them. Firms based in the Republic of Ireland had more opportunity to target niches again this can be explained by having more scope to do so with a much larger population. This is **consistent** with much literature that SMEs are able to target niche markets well (Latham 2009, Meyer 2009).

5.2.3.4 Internationalisation

Meyer (2009) contends that SMEs gain opportunities by repositioning themselves. Findings **confirm** Meyer (2009); Van Scheers (2018); Hall (1980); Pederzoli and Kuppelwieser (2015); Evans et al (2008); and Robson and Bennett (2000). It also **disconfirms** Morgan (2010) and Lafferty (2005) and **extends** Pearce and Michael (1997), Baker (2008) and Quelch (2008). Some SMEs changed their marketing strategy and entered into international markets for the first time to become global players. Increase in market share was the lowest in terms of opportunities and this was due to a reduced demand in domestic markets because of less disposable income pushing 31.76% SMEs to internationalise for the first time. Many SMEs were pushed into new markets as their domestic market became saturated and for many it was the only means of survival. This is **consistent** with literature suggesting that entering new markets for some is the only way to survive a recession (Hall 1980, Pederzoli and Kuppelwieser 2015, Evans et al 2008). Therefore findings **confirm** that internationalisation is an opportunity in recessions. Also this percentage (31.76%) is quite high as not all firms would find it possible to internationalise due to their size, limited resources, nature of their business or lack of experience and market knowledge (Morgan 2010, Yin 2004, Chetty and Campbell-Hunt 2003, Cooper et al 1995).

Entering into new markets in the best of times can be difficult let alone recessions (Coviello and Martin 1999) due to different cultures, currency etc. however most SMEs entered into close proximity markets to overcome these barriers. Many SMEs set up websites with shopping carts and used other online social media platforms to create awareness of their products and to increase sales. SMEs also used this as a resource to help with cash flow problems as online purchases are paid in advance. Many SMEs had been struggling with getting payments from customers with credit days continually extending which had the knock on effect of them paying their suppliers late. Therefore online sales helped alleviate this problem.

Findings also show that firms considered their internal resources and adapted them to consider external opportunities that the recession presented. This fits with dynamic capabilities theory that firms will reconfigure their resources to adapt to fast changing environments. The economy changed rapidly from many years of growth to a hard impacting recession. SME owners had to think creatively and differently to ways of negotiating the recession. This **extends** the research by indicating that recessions are a driving force to turn business owners into entrepreneurs. They were pushed out of their comfort zone and forced to think outside the box which included entering into new markets.

5.2.3.5 Increased Innovation

The second lowest opportunity was revealed as increased innovation. Many SMEs did not initially focus on increased innovation or investment opportunities. However many after initially retrenching via cost cutting strategies and trimming (Barnett et al 2015), did look to these after they had protected their businesses as they eventually became aware of changing customer demands and spending power. A number of businesses interviewed reported that "*they had never had experience of a recession"* and therefore due to the "*unusual set of circumstances they found the business facing"* viewed it with *"extreme caution"* and decided to defend their business by *"cost reduction strategies*". Therefore findings **confirm** the view that more SMEs tend to retrench first to protect their position and then look for ways to increase sales (Van Scheerts 2018, Pappas 2014, and Gurkov 2009). This is not surprisingly as for many the recession caught them off guard as they did not have a plan in place and for the majority they were reactive to the recession and therefore defence was of immediate concern. By becoming more efficient and by improving their internal position they were able then to look for external opportunities and opportunities to innovate and invest.

5.2.3.6 Unique Opportunities

Smith (2009) contends that the more unique the opportunity for the SME, the more ability to outperform the competitor. He also argues that the more the superior the ability to identify opportunities in the changing environment and the more entrepreneurial orientation to invest in these opportunities the higher the performance. Findings are mixed in terms of SMEs finding unique opportunities. It can be argued that every firm can increase its efficiency level (which has the highest percentage in terms of opportunities) and therefore many firms did not opt for a unique opportunity to outperform competition. It appears they were more internally focused within their firm initially to survive the recession. This is also supported as increased innovation ranked the second lowest opportunity and no firm took the opportunity to acquire firms at bottom prices when they tend to be undervalued (Navarro 2009). However, many SMEs did well in focusing on more unique opportunities such as increased customer focus and targeting niche markets and even internationalisation and therefore these were important opportunities to try and beat off competition. However, other academics (De Waal and Mollema 2010, Geroski and

Gregg 1993, Roberts 2003) argue that they should invest to take advantage of opportunities that may only be available in a recession. Findings showed that the main strategy overall was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions. Findings **extend** the current literature and show that the health of the SME has a large impact on what opportunities they are able to acquire. If SMEs are in a healthy position in terms of low debt and high capital reserves and organisational slack they will be able to grab more opportunities to invest and expand their business as opposed to retrenching. Recessions provide the opportunity to acquire businesses and staff at lower cost opportunities than in good times.

5.2.4 Introduction to Key Business Threats

Egan and Tosanguan (2009) contend that economic recessions present entrepreneurs with increased risk that threatens their survival. Findings **confirm** this as the majority of SMEs viewed the recession as a threat. The majority of firms that felt the effects of the recession severely indicated that the business was reactive to the recession and had no planned strategy in place before the recession occurred. Many academics (Srinivasan and Strakumar 2011, Shama 1993) purport that if a business has no plans in place then when a recession comes expectantly, there is more chance of it being seen as a threat. Pearce and Byers (2012) states that if a firm sees a recession as a threat to viability, profitability and sustainability it will cause them to go into protective mode rather than growth mode and it may cause them to shrink and think short term rather than long term. Findings show that this is what the majority of SMEs did. However, this can cause a business to struggle and lag behind their competitors when recession ends.

5.2.5 Key Business Threats

The key threats faced by SMEs includes business failure, difficulty accessing finance, decreased home market sales, decreased profitability, increasing costs, increasing bad debt/uncertainty over customer payments and lack of cash flow. This **extends** the work of Ghemawat (1986) and Pearce and Michaels (1997).

5.2.5.1 Business Failure

The main and most important overall threat to SMEs was that of business failure. Many academics (Ghemawat 1986, Pearce and Michaels 1997) argue that recessions are times of difficulty for SMEs and that they are very vulnerable due to a number of reasons namely not being able to downsize as they are already small, and difficulty in obtaining finance from banks. However many SMEs did survive and some showed growth. Findings show that SMEs who are more reactive were the ones that feared business failure and the recession as a threat more. However findings do suggest that most SMEs found it difficult to obtain bank loans with many reporting that “banks seemed to close overnight” and this added greatly to their stress and worry of business failure. Of those SMEs that fared better in recession they were the healthiest going into the recession and had greater financial resources to fall back on. Findings suggest that for firms to avoid business failure in recessions they should prepare for recessions in the best of times. They should keep their debt low and therefore be in a better position to deal with recessions when they occur and grow as a result of recession opportunities. This **confirms** the work of (Lovelock 1997).

5.2.5.2 Difficulty Accessing Finance

Many authors (Ghemawat 1986, Porter 1980, Drummond and Chell 1994, Pearce and Michael 1997) contend that SMEs are heavily reliant on credit and have fewer financing options and therefore less control over the external environment. Findings **confirms** that SMEs felt threaten due to the nature of recession being a ‘credit crunch’ and therefore obtaining finance was almost near impossible. Many alluded to the ‘banks closing virtually overnight’ and they were ’not open for business’. Even SME owners who had built up a good reputation with their banks over many years were also refused loans. Findings support the view of Sullivan-Taylor and Branicki (2011) that resource constraints are considered to be a key hindrance of SME resilience. A number of SMEs had capital tied up in the property market and therefore with falling house prices had seen their investments dwindle. As a result of not being able to obtain bank loans to help with cash flow problems many SMEs resorted to using their own personal savings or their families’ savings where available. Findings are **consistent** with literature (Ghemawat (1986); Pearce and Michaels (1997); Sullivan-Taylor and Branicki (2011)) to suggest that many SME owners have a higher commitment level to their business which many have built up over many years and resort to their own personal savings.

5.2.5.3 Decreased Home Market Sales

Another threat was of decreased market sales as a result of reduced demand as many customers became unemployed and there was less disposal income around. The firms that reported this as their main threat were mostly those firms that provided luxury and higher priced goods and services such as properties. This **confirms** traditional theory around elastic demand for luxury goods in recession. As discussed earlier decreased home market sales forced many firms into internationalisation for the first time. It also led firms to providing cheaper alternatives for customers such as lower priced brands. Some firms were reluctant to do this as they had spent years building their brand reputation for quality products but in order to survive had to change their product offerings.

5.2.5.4 Decreased Profitability

Decreased profitability was a result of less demand and therefore decreased sales. Even though many academics encourage firms to increase their marketing during recessions and argue that it is more importance in a recession than at any other time (Biel and King 1990, Kamber 2002, Tellis and Tellis 2009) to invest to create higher quality products and develop brands (Baker 2008, Quelch 2008, Rhodes and Stelter 2009), firms found it difficult to obtain finance to increase their marketing and advertising expenditure or to invest in new equipment to make products quicker and more efficient. Therefore findings show that it is impossible for all SMEs to invest during recessions and especially in a recession where there was a financial crises based on banks almost going bankrupt.

Profits also decreased due to many SMEs having to provide cheaper products with less profit margins to meet changing customer spending behaviour. This was especially true for clothing retailers.

5.2.5.5 Increasing costs

Many SMEs felt that costs increased as a result of the recession. Some businesses were unable to bulk buy in the recession due to a lack of finance and only bought smaller quantities as and when required. However this meant that the price of materials were more expensive as they were not able to benefit from bulk buying discounts. Firms also suffered from rising fuel and energy costs. Firms that were able to secure some external finances saw increasing costs of borrowing.

5.2.5.6 Increasing Bad Debt and Lack of Cash flow.

Poor cash flow problems with increasing bad debt and uncertainty over customer payments were threats to survival. Customers were taking longer to pay for their orders yet SMEs had to pay their suppliers on time or face losing supplies. As discussed earlier as a coping mechanism for some firms they focused on increasing their online sales to ensure upfront payments of products to reduce cash flow problems.

5.2.6 Action Taken to Deal with Threats.

Nason and Patel (2016) argue that firms need to protect cash in times of threat and even more so when availability of bank loans are extremely limited and when costs are increasing. Therefore due to the ever pressing threats the majority of SMEs had to adopt retrenchment strategies. Findings reveal that retrenchment strategies were necessary to survive the recession. Findings **confirm** the work of Van Scheerts (2018); Pappas (2014); Gurkov (2009); Slatter (1984); Bibeault (1982); Kitching et al (2009b); Singh et al (2009); Dankbaar (1997); Wainwright et al (2013); and Mintzberg and Quinn (1996). It extends the work of DeDee and Vorhies (1998); Michael and Robbins (1998); and Tansey et al (2014). Dellersnyder et al (2009) and Srinivasan et al (2005) contend that firms that see recession as a threat should retrench as an instinctive response to focus on maintaining scarce resources with the desire of surviving until the economy recovers. SMEs who suffer severely tend to put strict strategies in place to deal with recessions (Kitching et al 2009b) and this was **true** for the majority of SMEs in the investigation. To survive initially they retrenched but it is worth pointing out that these actions could be the very ones that lead to failure as a defensive strategy does not bode well for the long term perspectives for the firm. So the immediate threats could lead to longer lasting threats based on the strategic actions taken. The SMEs could be making their performance worst over all in the longer term.

Gwyer (2010) contends that if there are changes in the environment then what firms have always done is not enough. A threat in itself was response time (Herbane 2010). Findings **confirm** this as many SMEs had to take immediate action to make cost savings and become very efficient to navigate the turbulent threats. Their focus was on short term survival as most have not been prepared for the recession and had no time or resources to think about the long term.

5.2.7 Summary of Key Business Threats

Findings **support** Chou and Chen (2004) who argue that businesses need to make a continued effort to use internal strengths to look for external opportunities and to remove possible harm from external threats. Many support that the key to combating recessional threats is to choose an appropriate strategy that gives a competitive advantage over competitors. Businesses need to be continually scanning the environment and be more proactive and ready to deal with recessions when they happen. This is **consistent** with dynamic capabilities theory.

5.2.8 Factors Affecting Opportunities and Threats

SMEs experienced different abilities in obtaining opportunities in terms of location and targeting niche gaps, firm size and increased efficiency, sectors with increased innovation, customer focus and internationalisation but no significance differences were found relating to SME age or proactiveness.

5.2.8.1 Impact of Recession

5.2.8.1.1 Time and Extent of Recession.

Findings reveal that the majority of SMEs felt the effects of the recession in 2008, and were significantly or very significantly impacted by the recession as a result of not having a strategic plan in place. This **confirms** what Pearce and Byers 2012, Box (2011) and Deleersnyde et al (2009) contend, that most SMEs are reactive and therefore see recessions as a threat. Findings also show that those who were hit first with recession suffered the most. This **confirms** the findings of Latham (2009); Bourletidisn (2013); and Verick (2009). Therefore findings indicate that SMEs that react to a recession were hardest hit as they were not prepared for it. Some authors claim that SMEs are the first and most important victims of economic crises (Latham 2009, Bourletidisn 2013). Many SMEs did not know what strategies to adopt to help reduce the threat. SMEs indicated that their businesses were reactive to the recession and had no planned strategy in place before the recession occurred. Therefore this **confirms** with Srinivasan and Strakumar (2011) and Lovelock (1997) and **disconfirms** Navarro et al (2009) and Alessandri and Bettis (2003) work. The SMEs best prepared for the recession are the ones that find it easiest to survive it. Findings suggest that it is better for SMEs to be prepared for a recession and take a proactive approach rather than be reactive when the recession occurs. The best time to prepare for a recession is when the economy is booming (Lovelock 1997). Carefully planned strategies during this time can protect in the worst of times. However, over one third (37%; n=99) were not affected by the recession. This is **consistent** with academics that purport that not all SMEs are affected by recession in the same way (Kunc and Bhandari 2011, Macpherson 2005) and **disconfirms** those that contend that all SMEs are affected adversely by recession (Wilson and Eilertsen 2019, Bryson (1996) and Pearce and Michael 1997). Surprisingly, given the extent of how adversely firms were affected, some firms stated that they would emerge stronger from the recession, whilst others believed they were in a weaker position post-recession. This **disconfirms** recession theory, which believes that recessions are a period of waste/decline and not part of a national functioning economy and that most firms suffer from organisational inertia so they can't adjust suitably (Lucas 1987). Other academics claim recessions are brutal but cleansing which **ties** with the results of this investigation (Caballero and Hammour 1994, Schumpeter 1939, Tvede 1997).

5.2.8.1.2 SME Expectancy Timescale of Recession

Findings show of those who were affected by the recession, the majority of SMEs (81%, n= 137) said that they expected the recession to continue for at least another year. Also the majority of SMEs (58%; n=99) viewed the recession as a threat. The data was collected during 2015-2016 so the recession for most will have lasted for at least 8 years. This is **consistent** with Shoham et al (2010) that this recession has been a deep cut recession with many labelling it the "Great Depression" and reflects it being the most severe since the 1930's which has led the majority of firms to have suffered long.

5.2.8.2 Proactive or Reactive

Findings show that those SMEs who were more proactive fared better in the recession than those who were reactive. The proactive firms were able to gain more opportunities as they were better prepared for it. They had more resources available and had a better idea of when the recession would occur. This **confirms** Lovelock (1997) study that firms do better if they are proactive and ready for recessions. The best time to get ready for a recession is while the economy is still blooming. Carefully planned strategies during a time of prosperity can to a certain extent protect a firm against the worst conditions of a recession. He stresses that reactive strategies, such as cost reductions alone are not adequate long term. A proactive stance such as reducing costs without reducing value offered; decreasing debt to provide sufficient working capital and creating new methods of adding value should be done when things are flourishing. The business that is well prepared for the possibility of a recession is the one that will find it easiest to survive it.

5.2.8.3 Firm Resources

5.2.8.3.1 Extent of Recession by Pre-Tax Profits

Academics suggest that the greater the pre-tax profits businesses have, the better the chance they will have in coping with the recession (Sullivan-Taylor and Branicki 2011). The current research **confirms** the literature in that firms with more financial resources cope better with the recession because they have more strategic options to select from. They are able to invest in new equipment and machinery to produce better value products quicker. They are able to maintain or increase their marketing and promotional spend which in times of recessions may make them stand out from their competitors who may decrease their marketing spend to make savings.

Organisational theory argues that slack (including finances) has a positive impact on firm performance in hostile conditions and enables the firm to not only survive (Sharfman et al 1988) but can lead to a competitive advantage over other firms that don't have slack present or have a lower level of slack. (Smith et al 2001). Slack in an organisation can help provide additional resources to combat negative effects of a recession. It can help buffer a firm and lead to increased efficiencies. Geroski and Gregg (1997) support this and contend that those with higher levels of stock and financial resources also fared better in post-recession performance. The findings of this research **confirm** organization theory and **disconfirm** agency theory. SMEs with a higher level of pre-tax profits and more organizational slack were more successful than those without. This is **consistent** with the Resource Based view which promotes slack in a business. Businesses can use their unique resources to gain a competitive advantage over their rivals. This **confirms** the work of Chou and Chen (2004); Porter (1980; 1985); Smith (2010); Tan and Peng (2003); Zona (2012); Smith (2009); Srinivasan and Strakumar (2011). It also **extends** the work of Gwyer (2010); Macpherson (2005); Pearce and Robins (2008) and Lohrke et al (2004).

5.2.8.4 SME Location

Findings reveal that there was a significant difference in that ROI firms found more opportunities to target niche gaps in the market compared to NI firms. Findings also show that significant differences were found between the SMEs based in ROI faring the worst compared to SME firms based in NI in terms of increased costs, credit periods and/or credit terms from suppliers, number of employees and bad debts/uncertainty over customer payments. This is **consistent** with literature to show that different countries can be affected differently by recessions. It is also **consistent** with literature to show that different sized populations and therefore market size can be impacted differently by recessions.

5.2.8.5 SME Size

Findings show that small sized firms had more opportunities to increase their efficiency than micro and medium sized firms. However, small firms suffered more compared to the micro and medium sized firms. This shows that increasing efficiency alone is not enough to prevent suffering in a recession. Firms need to do more than just cut back or retrench. They need to consider other important factors such as creating product value, increasing their customer focus as well as more innovative actions. It is also surprising to note that the biggest firms under investigation in this study; the medium sized firms hadn't the biggest opportunity to increase their efficiency. Literature would suggest that the bigger the firm the more the scope to increase in efficiency. Therefore the results of this study would suggest that size is not a factor associated with increased efficiency.

It is also worth noting that the micro firms suffered fewer threats than the small and medium sized firms in regards to overseas market sales decreasing. This can be explained by micro firms concentrating more on online sales and having many years' experience in selling products online compared to other firms who for many were forced into internationalisation for the first time. Selling online has the added advantage of keeping overheads low. Many micro firms were based at home and were sole traders. They tried to keep their overheads low by not renting premises or recruiting staff. This also helped avoid cash flow problems unlike the many other firms who experienced this during the recession.

5.2.8.6 Type of Business Sector

In recessionary times, some sectors are more resilient to recessions than others (Latham 2009). In the current study the finance/insurance sector managed well whereas the construction and manufacturing sectors felt the effects more. Literature contends those that are hit first suffer the worst or more e.g. the construction sector is more recession sensitive (Verick 2009). Findings **confirm** this, as the sectors most negatively impacted were the construction and manufacturing sectors. The construction sector suffered more in terms of declining home market sales, decreasing overseas market sales, increasing costs, cash flow problems, decreasing credit periods and terms and accessing bank loans/overdrafts and redundancies. The manufacturing sector suffered more in regards to overseas markets sales, increased cash flow problems, decreasing credit periods and terms. The least affected sectors were the finance/insurance and 'other' services. This **extends** the knowledge base in that service firms are less affected by recessions than product based firms.

Findings revealed that different sectors found different opportunities in the recession. For an example the manufacturing sector found more opportunities to increase innovation compared to the agriculture/fishing sector. Whereas the construction sector had less opportunity to increase customer focus compared to the retail/wholesale sector. Each sector is impacted differently by recession in terms of what opportunities were available for them. Although the results do suggest that the majority of SMEs in all sectors experienced adverse conditions.

5.2.8.7 SME Age

Findings show that the older the SME the less innovative or creative it is. Older established firms tend to resort back to strategies that they have used in the past. They tend to become set in their ways and find it more difficult to actively seek new opportunities and tend to adopt a protective stance in recessions. This is **consistent** with entrepreneurial orientation theory that would suggest that younger firms would take more risks of trying new methods than older firms.

5.2.8.8 Lack of Knowledge and Experience

Findings also show that firms felt threatened by not knowing which strategy to adopt. They faced trying to cope with the recession with a lack of information and direction having to change their strategy as ones used in normal economic conditions would not suffice (Macpherson 2005). Lack of knowledge and experience was a real barrier to identifying opportunities for firms. Although many SMEs had faced recessions before they felt that the nature of this recession was unique to others that had gone before.

5.2.8.9 Entrepreneurial Characteristic of Business Owner

Findings suggest that the SME business owner’s characteristics and the way they perceive the recession will determine what strategies they adopt. It will determine if they view the recession as an opportunity or threat. Younger business owners tend to be more proactive and are more open to taking risks and looking for new ways of doing things. They tend to show an entrepreneurial spirit rather than just manage the business. Therefore findings are **consistent** with much literature suggesting that business managers and entrepreneurs are different (Obeng et al 2014). Entrepreneurs are more innovative and creative and enjoy challenges. Findings suggest that SMEs will react differently depending on whether they have business managers or entrepreneurs making the strategic decisions.

5.2.9 Threats into Opportunities

Findings suggest that threats can turn into opportunities if firms understand their marketplace dynamics and carefully plan for survival, overcome problems and prosper (Srinivasan and Strakumar 2011). This draws from turnaround strategy theory (Pearce and

Robbins 2008, Lohrke et al 2004). Carter and Schwab (2008) define turnaround as a set of consequential directive long term decisions and actions targeted at the reversal of the perceived crisis that threatens firm survival. It tries to shift threats into opportunities (Latinen 2000). Meyer (2009) supports this as times of crises are times of opportunities and while adverse conditions threatens firm survival and causes them to shrink or rethink their business strategies new opportunities can be created, particularly for SMEs permitting them to reposition themselves. Findings **confirm** that SMEs can turn threats into opportunities as although the majority seen the recession as a threat they stated that they would emerge stronger or would remain unchanged which is still significant as they still have to deal with the threats of the recession.

5.2.10 Summary of Research Objective 1

In summary a number of discussion points were highlighted including:

- SMEs view recessions as opportunities or threats or both.
- SMEs gain opportunities by repositioning their business by changing their marketing strategy to enter new markets to not only survive but grow.
- SMEs that prepare for a recession with a strategic plan when the economy is booming, view recessions as an opportunity and find it easier to survive.
- Not all SMEs are affected by recession in the same way and therefore they will respond with different strategies and can adjust and emerge stronger.
- SMEs who suffer recessions first suffer more. Business sectors that are affected first are the construction sector and the manufacturing sector.
- SMEs that are unprepared for recessions tend to retrench first by cost cutting, trimming, making redundancies, adopting lean management and restructuring strategies (focusing on short term survival) and then focus on longer term performance by selecting investment strategies. A combination of strategies is recommended.
- SMEs are vulnerable in recessions and resource constraints lead to SMEs relying heavily on personal and external finance.
- Threats that SMEs face in a recession include decreased home markets; decreased sales and profitability; increasing costs; increased bad debt/uncertainty over customer payments and increased cash flow problems.

- The key to SMEs combating recessional threats and turning them into opportunities is to choose an appropriate strategy that gives a unique competitive advantage to lead to better performance by using unique resources.

5.3 Research Objective Two (RO2)

Research Objective 2 identifies and evaluates the impact(s) of each business strategy employed. This section will discuss RO2 through four key aspects namely introduction to strategies employed; SME selection of strategies; evaluation of strategy impact and summary of strategies.

5.3.1 Introduction to Strategies Employed

Schumpeter (1939) and Aghion and Howitt (1992) contend that recessions test the vigour of strategy and strategy is most effectively measured when businesses are undergoing dramatic transformation. There is an ongoing debate between Schumpeterian theory (new firms drive out old firms or ‘dead wood’) and the pit stop theory (established firms adapt internal structures making investments where opportunity costs of not doing so are lower). The difference is that the former describes a process of external market driven change and the latter is internal and strategy driven. Findings of the current research **confirms** the pit stop theory as the majority of the established firms investigated managed to cope and succeed in the recession by focusing initiating on cost cutting and increasing efficiency and then focusing on the customer by being innovative and making investments in that area.

Tansey et al (2014) and O’Callaghan (2011) contend that SME response strategy becomes crucial when dealing with turbulent times. Gwyer (2010) supports this that if there are changes in the environment, then what firms have always done before is not enough to get through it and need a specific plan of action. Macpherson (2005) states that a strategy that works under normal economic conditions does not necessary work in times of adversity. O’Callaghan (2011) argues that it is better to have a bold strategy that seeks growth rather than a guarded approach the moment it occurs. The best time to get ready for recession is when the economy is booming (Lovelock 1997). Findings **confirm** this as the majority of SMEs 83% (n=111) did not have a planned strategy and therefore were reactive to the recession. They only had limited strategic choices and therefore reviewed the recession as a threat and adopted a defensive approach. So having a response plan or strategy is important as it widens the options available. The majority of firms as discussed in RO1 were affected severely by the recession but however, over one third (37%; n=99) were not affected. This is **consistent** with academics that purport that not all SMEs are affected by recession in the same way and as a result they will respond differently (Kunc and Bhandari, 2011, Macpherson 2005). Findings reveal that many SMEs feel that a strategy is a good thing to have in place but when times are good it becomes a low priority because of a lack of urgency and time constraints. However, others had experience of previous recessions and had learnt the hard way and had a strategy in place for this recession. They argue that recessions are unpredictable and severe and therefore firms need to be proactive and have a plan in place to manage hostile environments. Some academics (Navarro et al 2009, Alessandri and Bettis 2003) would contend that it is not possible for SMEs to have a plan in place as the environment is forever changing so the findings **disconfirm** this. This next section will provide a detailed account of how SMEs selected strategies followed a discussion on the impact of the strategy.

5.3.2 SME Selection of Strategies

5.3.2.1 Important Factors when Selecting a Strategy.

The findings of this research identified a number of important factors to consider when deciding what strategy to select. .

5.3.2.1.1 Competitive Advantage and Differentiation

Smith (2010) argues that when SMEs chose their strategy the key priority should be based on what gives a firm a competitive advantage. Therefore firms need to know what makes them better over their rivals. For an example, if it’s based on quick response strategy they need to make immediate changes to their structure or operation of the business. They need to use their unique resources to their best advantage. This is **consistent** with the resource based view that firms can gain a competitive advantage with their unique bundle of scarce resources.

Findings **confirm** that firms in the construction sector in particular looked at smaller niches such as the home renovation sector to cope during the recession. They felt that their unique resources were their talented and highly skilled employees and tried to use them to adapt to a different segment. Other firms used other unique resources such as being able to manufacture products at low costs.

There is an ongoing debate on whether firms should diversify or not. Peters and Waterman (1982) draw from core strategy and argue that firms should stick to what they are best at but others (Porter 1980, 1985) contend that firms need to try new initiatives to try and lower risk to achieve synergy through diversifying. Smallbones et al (2012) purport it can enlarge revenue opportunities but strain SME operationally as well as create new business hazards and vulnerability. Chou and Chen (2004) argue that SMEs need to have a continued effort to use their internal strengths to look for external opportunities and remove possible harm from external threat. They need to differentiate. Findings show that for most SMEs price is their main competitive advantage followed by product or service quality. 15.5% (n=11) stated they had a unique product/service as their competitive advantage. Less stated established customer relationships followed by speed of response as their advantage. Findings show that firms chose a range of strategies to differentiate themselves including (in order of success) changing marketing strategies to include new geographic markets; introducing new/improved products, processes or services; increased advertising and promotional expenditure; reducing selling prices or holding prices and investment in new equipment/R&D. This **extends** the work of Porter (1980, 1985); Chou and Chen (2004); Fiegenbaum and Karnani (1991) Lee et al (1999) and Echols and Tsai (2005) and **disconfirms** Peters and Waterman (1982) –core strategy. Many SMEs claimed that they had a competitive advantage that wasn't easy to replicate by other firms. Some argue that because of their low pricing, they had a large share in the market and therefore could benefit from bulk buying and economies of scale. The more the unique opportunity the more the ability to outperform a competitor (Smith 2009). SMEs also found niche markets to target which others had disregarded. These firms really excelled by selecting this option. The other school of thought, the Resource Based View will be discussed in the next section.

5.3.2.1.2 SME Resources

Penrose (1959) and later advanced by Rumelt (1984) argue that a sustainable competitive advantage relies more on the firms resources including financial, social, human organisational and technological resources. This has led to the Resource Based View that contends that the focus should be on how well firms resources are managed and how they can be better utilised (Wernerfelt 1984, Barney 1991). A competitive advantage can be gained if the resources are unique and difficult to substitute. They therefore argue that firms irrespective of their size should adopt strategies that are able to maximise unique resources (core competences) in order to favourably compete in their market sector. Given the difference between skills and abilities controlled by firms, this can lead to differences in return from implementing strategies so firms should seek to select the strategies that most completely exploit their individuality and uniqueness (Barney 186b). It suggests that long term fostering of corporate level resources and capabilities will lead to a sustained competitive advantage. It does not disagree with the importance of other sources of superior performance such as economies of scale and first mover advantages – but these approaches only lead to sustained competitive advantage if based on VRIO resources (Davidson et al 2009). They contend that the RBV view explains above-average profits of SMEs as they have restricted market power and ability to benefit from other sources (Tognazzo et al 2016). Latham (2005) supports the RBV approach and believes that firm heterogeneity is the main explanation not industry or market conditions (IO school). During a recession, performance within an industry is determined by its resource profile. Findings **confirm** some construction firms did well but others crashed out. And this is true for businesses in the different sectors- they were all affected differently and to varying degrees. This theory argues that firms can be restricted by the environment but not controlled by it (Connor and Prahalad 1996, Miller and Shamsie 1996). Findings **confirm** the RBV theory as those SMEs that did invest in their resources and capabilities outperformed those who did not. Many SMEs reduced their investment to improve short term profit position. Businesses need to invest in resources and capabilities if they are to expect superior profits but need to consider how these investments strategies are affected by recessions.

The RBV approach has been extended by Teece et al (1997) to include Dynamic Capabilities. This theory is different from RBV in that at the centre of RBV are those physical, social, human, technological and organisational assets that can be utilised to implement value-creating strategies whereas dynamic capabilities are the ‘antecedent organisational and strategic routines by which managers alter their resource base to achieve congruence with the changing business environment (Teece et al 1997, Eisenhardt and Martin 2000, Teece 2007). Dynamic capabilities theory places more focus on not just maximising internal resources but looking externally for opportunities. Findings **confirm** dynamic capabilities theory as many SMEs looked for external opportunities such as internationalisation for the first time as well as networking with other SMEs to gain advantages of bulk buying and gaining business knowledge.

5.3.2.1.3 RBV and IO Complementary?

Some authors contend that RBV and IO theory can be complementary. IO suggests which categories' of strategies a firm should consider (i.e. barriers to entry or product differentiation) while RBV suggests particular strategies within those broad categories that firms should implement so therefore strategies that exploit a firms' unique skills, resources and distinctive competencies. Findings **confirm** Mahoney (1992) that both can be complementary and the answer to success lies in both analysing the external environment and internal competencies of each business along with the strategy that associates its internal capabilities with external circumstances. SMEs should analyse both the external environment and internal competences. Therefore the findings of this research **extends:** Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Porter (1980, 1985) and Granovetter (1985). However, other authors like Sirmon et al (2007) would place greater emphasis on a sustainable competitive advantage relying more on the skills in managing the resources. This will be discussed in detail in RO4.

5.3.2.1.4 SME Slack

Some theorists (Tan and Peng 2003, Zona 2012) argue that pre-recession performance is not a reliable measure of within or post-recession performance and recommend businesses adapt to recession conditions in better ways that lead to competitive advantages. A debate exists between organisational theory where organisational slack is a competitive advantage (Tan and Peng 2003, Moses 1992, Cheng and Kesner 1997) against agency theory where slack is inefficient (Ysai-Ardekani 1986, Simon 1997).The organisational theory contends that slack has a positive impact on performance and not only helps firms survive (Shardfman et al 1988) but leads to a competitive advantage over other firms that don't have slack. Latham and Braun (2008) and Geroski and Gregg (1994) support the theory that firms that have slack fare better in post-recession performance. It enables firms to take larger risks in innovation and investment. Lawson (2001) argues that it is crucial to help protect firms in recession. However, Thurow (1996) and Galbraith (1973) state that it should be planned and used as a discretionary tool as too much slack has additional costs and immoderate levels are unsustainable. On the other hand, agency theory argues that slack bred inefficiencies and hinders performance and can lead to job shirking of managers (Jensen and Meckling 1976, Davis and Stout 1992). RBV theory promotes slack (Ireland et al 2002). Findings **suggest** that slack is very crucial for firms to survive in recessions. Financial slack resources were very important as accessing finance from banks dried up. SMEs were able to take more advantage of investments as a result of the ‘extra resources’. Employees were encouraged to work more productivity to secure their jobs which led to increased efficiency and higher productivity. These factors were important for firms to either maintain or lower their selling prices and stay profitable. These were advantages that some of their other competitors did not have as they had less organisational slack. Therefore the findings of this research **confirm** the organisational theory and work of Tan and Peng (2003); Moses (1992); and Cheng and Kesner (1997); Latham and Braun (2008); and Geroski and Gregg (1994) that organisational slack is a competitive advantage. The agency theory and work of Ysai-Ardekani (1986) and Simon (1997); Jensen and Meckling (1976); Davis and Stout (1992) is **disconfirmed**. SMEs that tend to be proactive, have organisational slack available and are in a good state of health, gain from competitive advantages and better business performance.

5.3.2.1.5 Changing Marketing Strategies

A debate exists whether firms should increase or decrease their marketing efforts during a recession. Some maintain that if they reduce their marketing budget they will be protecting valuable cash however others argue that they should increase or at the least maintain their marketing effort (Biel and King 1990, Tellis and Tellis 2009). They contend a recession is a more important time to be marketing as it can help gain a competitive advantage in market share which is harder to obtain in good times (Koksal and Ozgul 2007, Kamber 2002, Tellis and Tellis 2009). Studies show that most firms decrease in advertising spending therefore those who increase can use it as a tool to differentiate themselves (Navarro 2009).

Findings from this study **confirm** that some firms had some success in increasing their advertising & promotional expenditure. Of those SMEs that were able to increase or maintain their marketing they did better in terms of sales than those firms that reduced their marketing. Many firms interviewed were unsure whether to increase their advertising and promotional expenditure or reduce costs to survive the recession. However, in the end the majority decided to increase their advertising campaign. Many SMEs coupled their increase in marketing with introducing special discounts. Nineteen businesses that were interviewed claimed that changing their marketing strategies was the most single important action that they took to cope with the recession. This included rebranding to increased customer care and service driven sales techniques. Findings show that SMEs not only increased or maintained their marketing budgets but they used it to retain their competitive advantage. SMEs need to adjust their pricing and marketing strategies as customer spending behaviours change in recession and customer loyalty tends to decrease. This **confirms** Michaels (1997); Le and Nhu (2009); and Tubbs (2007). It **extends** the work of Chernatorm and Knox (1992). This also **confirms** the work of Aude and Havenga (2014) that firms must use their marketing strategy to retain their competitive advantage over other firms in a recession.

Navarro (2009) states the importance to alter the advertising message and product mix in response to changing customer moods as customers become more price sensitive in recessions. Findings show that the majority of firms decided to become more customer focused. They recognised that during a recession customers tend to change their spending behaviours and due to less disposable income may look to other cheaper substitutes. This was particularly noticeable in firms with higher end products and services such as branded clothing retailers and bespoke joinery firms. Findings show that it is important that firms understand the customer value proposition and maximise value chains. Findings also show that SMEs did better focussing on a value centric strategy instead of price wars. This was a more sensible option to maintain their brand. Although brand image will have a lower impact during recessions, SMEs need to be careful in decreasing pricing as this will have a long term negative effect by reducing brand equity and affect long term performance (Chernatorm and Knox 1992). Many academics argue to invest in brand image which leads to increased customer loyalty. Findings from the research reveals that firms should enhance their products, establish value-added services and customer loyalty schemes. Findings **confirm** that it is important for firms to stretch beyond efficiency measures and adopt strategies that minimise customer loss. SMEs experience lagging effects such as customers changing to alternative products and perhaps not changing back after the recession therefore it is important to maintain them.

5.3.2.1.6 Internationalisation Strategy

Findings show that almost one third (32%, n=54) of firms reported that the recession presented the opportunity to go international. Several companies specified that going international was the single most important action that they took to navigate the recession. However, the majority of the SMEs felt pushed into internationalisation as their home market demand declined and felt the need to widen their product or service to other geographical markets (see Holmlund and Kock 1998 work which yielded the same results). This meant that it had to be a fast decision with less time to prepare, which was risky as when firms internationalise from a voluntary position they have more time to plan and test out the market before committing resources whole heartedly. Many authors argue whether to adopt this strategy during a recession. Van Scheers (2018) perceives it as a prerequisite for survival and an opportunity to exploit existing competitive advantages in new markets. On the other hand Morgan (2010) and Lafferty (2005) argue that they should not do it during a recession as it is expensive, time consuming and a drain on resources and difficult because of financial barriers. However, many studies show that internationalisation usually increases after a crisis hits. Findings **confirm** Van Scheers (2018) work and **disconfirm** authors Morgan (2010) and Lafferty (2005) that are against it.

Several used the Internet either via their own website or established online shops such as eBay to do this and sold their products online. This reduced the time and resources required and the financial barrier in internationalising. They also felt that this reduced the problem of late payments as when customers purchase online they pay in advance. Many who internationalised initially focused on nearby markets to avoid culture, currency and language barriers. Social media usage was increased as many used this tool to market their business and linked it to their websites and Twitter accounts. This **confirms** the work of Johanson and Wiedersheim-Paul (1975) and Scott-Kennel (2013) and extends the studies of Pederzoli and Kuppelwieser (2015), Evans et al (2008), Hutchinson et al (2007); Peliegrini (1994) and Bilkey and Tesar (1977) who argue that internalisation strategy can help SMEs cope with recession. This was the case for those SMEs who were interviewed and had entered new markets. As a result they found their businesses not just surviving but growing and obtaining higher profits (see Churchill and Lewis 1984, and Hall 1980 studies which found the same results).

5.3.2.1.7 Investment & Innovation Strategy

An ongoing debate exists on what the right conditions for innovation are. Cefis and Marsili (2000) and Mason et al (2009) argue during crises that businesses who concentrate on innovation are more likely to survive and grow. Falk (2013) contends it's an insurance against failure. However, Coad (2007) did not find any association with innovation and business performance. Fourteen businesses interviewed stated that their investment strategy was the most single important action that they took to cope with the recession while twelve other businesses stated diversification was their key performance strategy. Findings reveal that several firms were successful in investing by becoming more customer focus with their product offerings by creating new products, services and processes, customising their products more and focusing on value creating initiatives. Some in the manufacturing sector even benefited from first mover advantages. Therefore the findings suggest that SMEs are more successful focussing on value-centric strategies such as product adoptions, enhancing brand image and marketing message and investing in product development and process innovation and therefore as a result should increase or at least maintain their marketing and promotional expenditure. This **confirms** with the work of De Waal and Mollema (2010), Baker (2008), Betts (2009); Tellis and Tellis (2009); Koksal and Ozgul (2007) and Rhodes and Stelter (2009) who state that there are opportunities to invest but they must lead to creating value to the business. It also **extends** the studies of Navarro (2019); Mason et al (2009); and Cefis and Marsili (2000).

Navarro (2009) contends that SMEs should update their equipment as the opportunity cost of lost capacity utilisation is low. However, although a few firms interviewed had invested in new equipment or research and development as a way to meet their customer's changing spending behaviour or to target new customer segments, firms experienced less success. Some firms felt that they had overstretched themselves in the short term and suffered financially with cash flow problems. Therefore, findings **confirm** that investing in recessions can be beneficially but it **extends** to the existing knowledge that it should be entered into cautiously in a planned way and there is a need to strike a balance in how much capital a firm can actually afford to invest given the circumstances. This **disconfirms** Navarro (2009) findings and **extends the work of** Cefis and Marsili (2000); Mason et al (2009); Welsch et al (2003); Penrose (1959); Thorelli (1986); Jarillo (1988); Lechner and Dowling (2003) and Granovetter (1985).

A debate exists between the cash flow perspective (firms with fewer funds will decrease R&D) and in contrast the opportunity cost perspective (firms will increase innovation as recessions offer cheaper strategic factors). Findings from this study **confirm** the cash flow perspective as the majority of firms did not invest during the recession and those who did struggled in the short term with cash difficulties. The main obstacle to investment was a lack of finance. Therefore findings suggest that it is not always possible to invest in recessions. The firms that were able to invest were the ones that were proactive and were in a better state of health when the recession occurred. They had higher pre-tax profits and had some organisational slack available. Of the SMEs that invested, most of them were planning ahead long term as they felt when the recession was in the later stages they would be in a more competitive position compared to firms who had not invested.

Just under half of firms interviewed decided to also focus on environmental friendly practices and materials especially when introducing customers to their new lower priced products so that customers had a “feel good factor” when purchasing cheaper alternative products as it appealed to this emotional factor.

5.3.2.1.8 Pricing Policy

Navarro (2009) argues that SMEs should not increase prices due to customers becoming price sensitive as recessions continue. Other academics (Chou and Chen 2004) report that SMEs need to be careful in engaging in price wars and be aware of their possible side effects. If SMEs are resource abundant they may be able to afford to but if not they should refrain from reducing prices and aim to focus on higher quality. Findings **confirm** Navarro (2009) and show that firms had some success in either reducing selling prices or holding prices. The only sector to not decrease their selling prices was the agriculture/fishing sector. They felt that there prices were low enough before the recession and could not afford to drop them any further and actually increased their selling prices slightly. The majority of firms interviewed reported that they used both reducing selling price along with another strategy such as investment in introducing new products. These firms had a more successful outcome than those who only reduced/held prices alone. Therefore findings also **extends** Navarro (2009) work that SMEs reducing prices is not enough on its own to achieve optimum success and it should be combined with another strategy. Although most firms reduced or maintained their prices none reported of having engaged in a price war.

5.3.2.1.9 Retrenchment-Cost Cutting Policy

Many academics support retrenchment in a recession to maintain scarce resources and survive (Deleersnyder et al 2009, Srinivasan et al 2005, Michael and Robbins 1998). However, some academics (Boyne and Meier 2009) disagree with reducing costs in the short term as it can compensate assets required to support the main focus of a firm. They argue that over pursuing cost efficiencies leads to assets decreasing which risks SMEs ability to adopt sufficiently when recovery comes. However, some studies show that a cost leadership strategy particularly in the construction sector as a means of survival ‘is the only option’ (Tansey et al 2014). Barnett et al (2015) introduce trimming so a business can do more with less, and enhance their value but it should only be used in ways that contribute to prior complementary capabilities and resources. Navarro (2009) argues firms need to trim inventories in the wake of recessions and increase inventories when they gear for growth. Large stockpiles e.g. raw materials can lower profits at late expansion into early recession and have premium prices. However, many authors purport that a defensive strategy on its own does not give superior results in the long term.

Findings from the research reveal that the most influential overall strategy was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions. When asked what the most important single action that firms had done 29 businesses stated cost cutting. Cost cutting savings included reduction in waste to increased efficiencies, and taking each cost of the business to negotiate lower prices or involved changing to lower cost suppliers.

Several firms adopted a lean management policy and tried to increase efficiency where possible. Six firms, when interviewed stated that they adopted a Just in Time policy which meant that they only ordered raw materials when required rather than have it in stock costing money sitting idle. Eight of the companies interviewed stated that they had reduced their assets to get cash to stay afloat. Seven firms interviewed stated that they made some redundancies to cut costs and outsourced the work these staff members where doing to other businesses which cost a lot less. They tried to maintain their core competencies and continued to do what they were good at. This is **consistent** with the resource based view that firms should hold on and maximise their core assets to maintain a competitive advantage. They reported increased levels of efficiency in terms of time and quality as well as cost savings. Construction firms made redundancies and outsourced work to subcontracts where required. As a result, the firms actually benefited as the subcontractors were able to produce higher quality work in less time at a fraction of the cost. Not only did they benefit but they passed on some savings to customers. As a result they were able to stay competitive and sales increase. 28% (n=20) of firms stated specifically that they had to down size to survive the recession. Findings **confirm** that cost cutting strategies can help firms survive and lead to increasing sales as well as other benefits. Results **support** Singh et al (2009) that lean management can be a survival strategy by removing waste and increasing efficiency. This is an effective way of decreasing prices but not compromising quality, leading to a competitive advantage (Dankbaar 1997). Wainwright et al (2013) points out that SME’s need to be prepared to restructure their organisation to become more efficient. He identified seven types of restructuring strategies namely relocation, outsourcing, off shoring, bankruptcy, mergers and acquisitions, internal restructuring and business expansion. Findings reveal that SMEs did relocate, make internal changes, geared up for business growth but the most common one was outsourcing. However, no SME reported any mergers or acquisitions, off shoring or bankruptcy.

It is important to stress that many SME's that retrenched initially did combine it with other strategies and were more successful as a result. This **confirms** taking a combined approach using a range of strategies is more effective than cost cutting alone.

5.3.2.1.10 Cash Flow Management

Navarro (2009) with many other academics argue that SMEs should reduce capital expenditure in the face of a recession so not to be lumbered with towering debt as cash flow reduces in recessions and that they should increase capital expenditure in recessions due to the associated low opportunity cost. However, the findings show that the majority of SMEs were not prepared when the recession hit after experiencing many years of high growth. As discussed earlier in RO1, the majority of SMEs had no plans in place and were reactive to the recession. Findings from this study **confirm** the cash flow perspective in contrast with the opportunity cost perspective (which was earlier discussed), that firms with fewer funds did decrease their investment initially or did not invest at all and some did struggle in the short term with cash difficulties.

Results from this study show that the majority of firms suffered with either slightly increased or greatly increased cash flow problems as a result of the recession. This is very significant as many authors shout invest during recessions but this is only possible if capital is available and this recession witnessed banks in severe difficulty so accessing finance was near impossible for many. In order to combat this, firms tried to implement a tighter credit control policy where invoices were sent out more promptly and they tried to reduce the period of customer payment days and increase their credit terms with suppliers. However, their customers were experiencing the same problems as them so it was difficult for this policy to work effectively. About one quarter of firms interviewed used factoring to help relief their cash flow issues. Approximately just over half of firms interviewed tighten their buying control and only bought items when absolutely necessary and became more efficient by reducing wastage (lean management strategy). Other strategies seen businesses utilising cash flow forecasts and management accounts more often, staying on top of stock management, conducting credit checks on customers where possible, and negotiating with suppliers for more discounts. Two thirds of firms used their personal savings to help with cash flow and just slightly less used informal equity finance (e.g. from family and friends). Other actions included increasing overdrafts where possible, increasing lease or Hire purchase and either factoring, invoice discounting or stock finance to ease their cash flow issues. Findings **confirm** the importance of social networks in particular family members and friends to accessing resources and support. Findings are also **consistent** with literature around SMEs being very committed to their business even to the point of personal sacrifices. This will be discussed in more detail in a later section.

5.3.2.1.11 Human Resources- Redundancies

Results show that the majority of SMEs decreased their employees during the recession. However, of those firms interviewed there was a mixed response. Twelve businesses stated that their staff was the most important asset to the firm and only reduced their hours or froze their salaries where necessary. Of those that increased their employees some had worked previously to competitors. The motivation of the workforce remained important for the majority of firms. Most realised that staff stress and worry about their jobs could lead to lower productivity and more absenteeism. One major initiative to help combat this problem was that where possible firms tried to increase staff involvement and participation and incentives as well as training to demonstrate that staff were of value to the business and that they were worth investing in. Regular communication was also reported as being crucial. This is **consistent** with literature (Man et al 2002) supporting the importance of involving staff and giving them updates especially during times of recession.

5.3.2.1.12 Networking and Collaboration

Networks theory examine firms in terms of structure, operation and impact of networks (Penrose 1959, Thorelli 1986, Jarillo 1988). There are two main types of networks internal which are developed inside the firm (Sawyer et al 2003) and external networks which are outside the firm and more complex and diverse (Szarka 1990). Nelson (1989) argues that SMEs are more resilient if they have a broad range of networks however Lechner and Dowling (2003) stress the importance of the social networks which are SMEs personal contacts which include family and friends. Firms will rely heavily on these when in difficulties. Firms should collaborate which each other to benefit from bulk buying and economies of scale, to get easy access to market knowledge and information (Gulati et al 2000, Koka and Prescott 2002, Inkpen and Tsang 2005). They argue that firms can achieve better levels of efficiency and effectiveness when they outsource activities in the value chain to members of network that specialise in that area. Firms should only focus on core competences which include minimal transaction costs to outperform competitors (Prahalad and Hamel 1990). Sawyerr et al (2003) argue that in times of uncertainty internal and external networking is positively related to firm performance but no direct or indirect relationship between external networking and firm performance. Findings of this research reveal that networking featured highly in the semi structured interviews. The majority of firms stated that they had networked with other businesses to get market information, although a much lower percentage mentioned that they had formed some sort of collaboration with other firms to receive further discounts when purchasing raw materials due to bulk buying. There were many firms that outsourced work and therefore created work for other firms but at the same time were reducing their costs so it was a win-win situation for all. Many mentioned a range of networks including suppliers, other SMEs, LEAs and other support organisations, accountants, and family and friends. Firms emphasised the value of their friends and family. These were networks that they could approach to examine the difficulties that they were facing. Many family and some friends were able to assist SMEs in providing a shoulder to cry on, providing advice and also lending finance. Findings show that social networks were key importance for the majority of SMEs during the recession as several reported that without that support they did not think their business would still be here to tell the tale. Findings show that the more networks SMEs have the better they can cope with recession as they benefit from coo petition, and collaboration. This **extends** the work of Granovetter (1985). However, in terms of acquisitions and mergers many firms interviewed felt that there were either no opportunities to do so or they were not able to obtain information on possible firms to pursue. They reported having little or no experience in mergers or acquisitions. Findings **confirm** the importance of social networks in times of crises and also that the more networks firms have the better they are able to cope with the issues that arise.

5.3.3 Firm Factors Affecting Strategies Selected

Findings show that many firm factors play a significant part when an SME decides what strategy to select and how successful it is for the SME. For example, firms based in NI found introducing new/improved products, processes or services, reducing or holding selling prices and changing marketing strategies to include new geographical markets more successful than firms based in ROI. However, firms based in ROI found increasing advertising and promotional expenditure and investing in new equipment/ R&D more successful. Therefore, findings seem to suggest that location can have an effect on what strategy can be more beneficial. Each country has different legislation and regulations depending on what the government decides as well as different currencies and customs. In terms of introducing new or improved products, processes or services micro firms found it slightly more successful.

The size of the firm can also have an impact. For an example, small sized firms found increasing advertising and promotional expenditure more successful and reducing selling prices or holding prices. Whereas, medium sized firms found changing marketing strategies to include new geographical markets and investing in new equipment and R&D more successful. They reported that they had cash in reserve to enable them to do this.

In terms of business sector, the agriculture/fishing sector and the transport/communication sector found introducing new/improved products, processes or services very successful. However, the finance/insurance sector the least successful. The agricultural/fishing sector and the retail/wholesale sector found changing marketing strategies to include new geographical markets the most successful compared to the other sectors.

Business age can also have an impact, For example, the youngest firms found reducing selling prices or holding prices the most successful compared to the other SMEs in the other two age groups. Of the three age groups, the firms in the 10 years but less than 20 years age group found changing marketing strategies and investing in new equipment/R&D the most successful. The oldest firms found introducing new/improved products, processes or services and increasing advertising and promotional expenditure more successful than the others.

Whilst the factors mentioned above did affect the firms' decision and successful outcome of strategy to a certain degree, the findings of this research highlighted a more important fundamental factor impacting on how well a firm coped during the recession. What was even more striking than the factors mentioned was the overall health position of the firm. To understand how healthy a SME is there are many factors to consider including how many unique resources or assets do they have both financial and otherwise; is debt low and is the cash flow position good; do they have a unique competitive advantage; are there highly skilled and committed employees; is the business run by a manager or an entrepreneur; is market share adequate and is the firm proactive and ready for recession with a planned strategy? These are just some questions that a firm must ask and address to be in a better position to deal with any recession. Being in a good state of health means SMEs have more strategic options, and they can afford to invest more in for example talented staff that are creative and innovative. Many previous studies have tried to pinpoint and have alluded to single factors such as depth of recession of impact and environmental context (Hofer 1980, Dixon 2007), industrial sector (Churchill and Lewis

1984 Scleifer and Vishny 1992), the experience of firm in the marketplace (Ghemawat 1986, Latham 2009), the size of firm, the location of firm and the personal characteristics of entrepreneur (Brennan and McHugh 2009, Cromie 1997) as well as others to explain why businesses find it difficult to cope with the recession and why SMEs are impacted differently. However this research **extends** the current literature thinking and finds that it is the health of the firm that is the most crucial factor impacting on how a firm survives and grows in a recession. This research puts forward the notion that for a SME to navigate through the economic storm they need to choose the right strategy or “medicine” to make them healthy and those firms should be focusing on their state of health in good times before a recession hits. Recessions test the health of a firm. Depending on the state of health and what “medical problems” a firm has they therefore need to rectify the health complaint to prosper.

The majority of SMEs stated that the most influential overall strategy was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions. These findings would suggest that the majority of SMEs were not in the best of health when the recession hit. This is not surprising as many had investments in property with values falling to an all-time low with negative equity and high borrowings and debts in banks. This is further highlighted as the majority of the firms were reactive to the recession and had no plans in place to deal with the recession let alone assess their state of health. The least influential was that management aggressively pursued firms to merge with or acquire (M=4.916; SD=1.563). This is because many were not in a position to do so as they did not have the reserves saved and this coupled with a lack of bank lending mean they simply did not have the financial means to do so. Even at a time when businesses were being sold at under value prices.

5.3.4 Evaluation of Strategy Impact

In the above section strategies were identified. The strategies used in the recession (in order of success) include changing marketing strategies to include new geographic markets; introducing new/improved products, processes or services; increased advertising and promotional expenditure; reducing selling prices or holding prices and finally investment in new equipment/R&D. Respondents were also asked to state the single most important action that they took. Results show that the top three strategies were retrenchment, investment and increasing advertising and promotion. Many SMEs felt that they had no option but to initiating make cost reductions to survive in the short term and then were able to invest as a result. The findings show that the most significant impact was business survival followed by business practice being more streamlined or efficient. Many firms and in particular the construction sector used outsourcing as a way of becoming more efficient. Many reported that the recession was a difficult challenge presented to the business and therefore in order to survive they were forced into addressing inefficiencies. The next significant impact was on the business being more profitable followed by enhancing short term business performance. Many firms focused on the customer and value creation to enhance their profits and business performance. The least impact was on increasing share of existing markets and lastly increasing share of international markets. This can be explained as existing home markets declined and only few had already been trading internationally. The recession forced many into exporting for the first time which lead to growth for most. Robson and Bennett (2000) argue that exporting firms grow faster than non-exporting ones. Findings **confirm** this as those who internationalised were more successful with increased sales and growth than those SMEs who didn't.

In terms of emerging from the recession the majority of SMEs viewed that they would emerge stronger compared to only 36% (n=26) who felt they would be weaker as a result of the recession. Approximately one fifth stated that they felt they would remain unchanged. Several firms felt that by focusing on niche markets and becoming more efficient that it made them stronger. The findings suggest that the recession encourages better business practice and 'deadwood' disappears. This is **consistent** with Schumpeterian theory.

5.3.5 Long Term Considerations

Reeves and Deimler (2009) and Latham and Braun (2010) argue that a defensive strategy does not give superior results in the long term. Many fail to invest and downsize instead to build a business advantage (Fisher and White 2000, Cascio 2002) but it has a negative effect on long term performance as firms lose key staff, organisational slack reductions, less resources and inflexibility which could leave them at an inappropriate size for further growth. Findings reveal that many of the SMEs went into panic mode and made quick decisions as their main focus was short term survival initially and then began to think about the long term. Robbins and Pearce (1992) state if businesses are financially weak from the onset of recession, they tend to adopt short term approaches like retrenchment. This means that informal and ad-hoc known as problem-centred strategies are employed and implemented when issues occur (Vrecko and Sivec 2013). These informal strategies are usually only used to fix issues temporarily. This was certainly the case for those SMEs in this investigation. Lovelock (1997) argues that those who are not surprised by recessions will be in a position to take a more long term view taking advantages of opportunities. Gulati et al (2010) contend high performance businesses in hostile environments tend to adopt long term orientations to achieve more sustainable advantages. Retrenchment needs paired with investment to exceed during and after recession. Those with higher initial levels of stock fared better in terms of post-recession (Latham and Braun 2008). Findings **confirm** that SMEs retrenched in the short term (as they were reactive to the recession) but those who were most successful combined it with investment strategies. Ghemawat (2009) contends the need to strike a balance between saving and spending as a business's resource base will impact on its decision making choices and performance result once recession finishes. Findings **confirm** that the majority of SMEs were affected very severely by recession and were surprised when it came and went into protective mode and retrenched initially before looking at increased customer focus strategies.

5.3.6 A Range of Strategies

The findings **agree** with the literature purporting that SMEs should not limit themselves to a single strategy (Murray 1988). This research argues that no single or optimal strategy fits all as each individual SME can have different health problems. Findings **confirm** that SMEs use a range of strategies and so **confirms** contingency theory**.** However, the research findings **extend** the contingency theory as this theory explains why SMEs adopt different strategies as they try to align itself with the environment (Powell 1992, Walters 1994, Markides 2013, Markides and Charitou 2004). The findings suggest that SMEs use a range of strategies to improve its health condition. While investment and retrenchment can be vital business decisions in recessions, Sand and Ferraro (2010) argue that it is more important for firm survival and sustained profitability to realign existing business strategies (Powell 1992). Findings **extend** the studies of Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Tognazzo et al (2016) and Latham (2009) as what seems to matter is the health of the business when a recession hits and that firms should adopt strategies to improve their health in order to cope with the recession, not just select strategies according to their size, age, or any other factor. Findings reveal that the SMEs state of health should determine what strategies they select. Findings also **confirm** RBV theory from the processual school and Teece et al (1997) view from the evolutionary school that a firm's competitive advantage should come from its ability to remodel its internal and external competencies to engage in fast changing environments. So Porters (1980, 1985) models are not enough to just look at external forces. There is also the need to look internally at firms' resources and core competencies.

5.3.7 Summary of Research Objective 2

In summary a number of discussion points were highlighted including:

- SMEs need to adjust their pricing and marketing strategies as customer spending behaviours change in recession and customer loyalty tends to decrease.
- SMEs that tend to be proactive, have organisational slack available and are in a good state of health gain from competitive advantages and better business performance.
- During a recession SMEs use a range of strategies to gain a competitive advantage including changing marketing strategies to include new geographical markets and niches; introduce new/improved products, processes or services; increase advertising and promotional expenditure; reduce selling prices or hold prices; and invest in new equipment and R&D (where opportunity costs of not doing so are lower).
- SMEs competitive advantage relies on their unique resources (core competences) that are difficult to substitute. They can be financial, social, human, organisational and technological. Therefore SMEs should adopt strategies that maximise their unique resources.
- SME should analyse both the external environment and their internal competences.
- SMEs are more successful focusing on value-centric strategies such as product adoptions, enhancing brand image and marketing message and investing in product development and process innovation and therefore as a result should increase or at least maintain their marketing and promotional expenditure.
- SMEs tend to enter international markets that are closer and more similar to their home markets to reduce culture, language and currency barriers facilitated by the use of online platforms to speed the process up and avoid late payments.
- SMEs need to strike a balance on how much capital they can afford to invest given the circumstances and be careful not to over stretch in the short term leading to cash flow problems. SMEs rely heavily on their personal savings, informal equity finance and increase their credit where possible to deal with cash flow problems.
- The more networks SMEs have the better they can cope with recession as they benefit from coopetition, and collaboration.
- SMEs state of health should determine what strategies they select.

5.4 Research Objective Three (RO3)

Research Objective 3 identifies barriers to effective business strategy implementation. This section will discuss RO3 through four key aspects namely introduction to barriers in strategy implementation; barriers Identified; types of support available and a summary of the research objective.

5.4.1 Introduction to Barriers in Strategy Implementation

A debate in the current literature exists to whether SMEs are more vulnerable in recessions or resilient (Price et al 2013)**.** The traditional view from the Industrial Organisation field would contend that SMEs are more vulnerable (Ghemawat 1986, Porter 1980, Pearce and Michael 1997) as it is difficult for them to downsize as they are already small. They have weaker finance options and have less chance of competitive advantage as they can't benefit from economies of scale. They are heavy reliant on credit/bank loans and pay higher interest rates than larger firms and therefore have less control over the external environment. Therefore as they suffer more they adapt a defensive policy while larger seek growth opportunities (Wilson and Eilesten 2010).

However, other academics (Fiegenbaum and Karnani 1991, Fadahunsi 2012, Anderson and Russell 2009) argue that they are more resilient as they can adjust quicker and are more flexible and resourceful in changes to conditions. They focus on target segments and use market segments faster and effective. They are able to find niches while larger firms make higher cuts. They enter new markets which larger firms would disregard and have a greater personal commitment personal cost/sacrifice.

Findings **confirm** that although SMEs can face an array of barriers and difficulties they can cope well. Findings show that SMEs can survive and that many actually grew during the recession. The findings of this research does not place emphasis on the size of a firm but more importance on the health factor of a firm. SMEs can be resilient depending on their state of health when entering into a recession and the ability to select the right strategies to improve their position. Therefore this research **extends** the knowledge surrounding this debate by shifting the focus from the size of a firm to the health of it. The following sections will identify the barriers SMEs faced when implementing strategies. This **extends** the work of Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); and Porter (1980, 1985).

5.4.2 Barriers

Barriers can be divided into internal (prevent firms expanding e.g. marketing and sales capacity, funding, intention and motivation for growth and managerial capabilities) and external barriers (outside barriers e.g.; unfavourable legislation, competitive market structures, lack of infrastructure, government tax, and high cost of capital). Many authors (Cooney and Malinen 2004, Bachmann et al 2010, Goldberg and Pallodini 2008) contend that both prevent growth but Blackburn (2002) argue that SMEs are affected more by external barriers than internal barriers.

5.4.2.1 Lack of Finance and Support from Banks

Bourletidis and Triantafyllopoulos (2014) contend small firms suffer due to limited financial resources, with a higher reliance on bank lending, paying greater interest rates, confined human capabilities and less customers. Findings **confirm** the work of Bourletidis and Triantafyllopoulos (2014) and Lee (2011) as the biggest barrier identified by most SMEs was a lack of finance/cash flow and little support from banks in accessing it. It also extends the work of Blackburn (2002); Cooney and Malinen (2004); Bachmann et al (2010); and Goldberg and Pallodini (2008). Three quarters of SMEs reported that they required external finance. However, almost half of them were refused external finance. Findings show that SMEs struggled to obtain access to capital as many banks refused and were 'not open for business'. As a result many firms had to initially retrench to make cost savings before they could employ investment strategies. Many SMEs felt hampered in accessing finance as many felt the banks closed down overnight and were not open for business. Sullivan-Taylor and Branicki (2011) and Herbane (2010) identify resource constraints as the key hindrance of SME resilience. Findings show that SMEs with more financial resources tend to cope better as it provides them with more strategic options to select from such as investment strategies. This **extends** the work of Sharfman et al (1988); Biel and Lang (1990); Kamber (2002); and Tellis and Tellis (2009). Where external finance was obtained (usually from sources such as Enterprise NI Loans backed by the government) it was used mostly for working capital (e.g. current assets such as cash and stock). Findings **confirm** that both internal and external barriers can prevent growth but the main stumbling block in this research was external namely finance. Findings also indicate that those firms with less organisational slack found more barriers than those with organisational slack. **This extends** the work of Geroski and Gregg (1997) and d**isconfirms** Ysai-Ardekani (1986); Simon (1997); Jensen and Meckling (1976); and Davis and Stout (1992).

5.4.2.2 Speed of Response

Findings **confirm** that SMEs had little time to prepare and respond to the recession leading the majority to be reactive rather than proactive in recession. Kitching et al (2009a) support this that recessions are tough for SMEs as a lack of resources including time can prevent them from recognising and reacting to hostile economic conditions.

5.4.2.3 Lack of Market Information and Uncertainty

Findings also found that a lack of market information was another barrier which leads to SMEs being unsure on what strategies to adopt and how to effectively respond to the recession. Uncertainty viewed as both an internal and external barrier can lead firms to adopt a wait-and-see- policy which stifles performance (Bachmann et al 2010 and Webber 2016). Findings **confirm** that for several SMEs they reported that they were slow to respond as they did not know what strategy to adopt due to a lack of business information and guidance.

5.4.2.4 Lack of Government Support.

A lack of support from the government was also identified when implementing strategies. Findings show that the least support received was from both local and central government. Many firms felt that the government should have provided rescue packages as SMEs contribute so much to the economy. Many authors contend that the onus is on policy makers to provide alternative finance in times of recession. This could include equity funders, local authority loan funds and online services of crowd funding. Although the government did introduce national loan guarantee schemes, many contend that it was focused on larger firms with significant growth potential rather than SMEs, yet SMES make up the majority of the economy. However, the EU government did establish the Small Business Act (2008) which was focused on SMEs. This tried to reduce the burden of administration, facilitating access to finance, helping them to benefit more from opportunities offered by the single market, promoting skill upgrades and innovation, allowing them to benefit from the growth of markets and enabling to turn environmental challenges into opportunities. However, many authors state that the policy makers should do more in terms of encouraging firms to invest and commit to innovation through tax credits, promote collaboration between small and large firms and with SMEs and universities to help develop innovative environment e.g. science parks, spur investment technology centres and promote internationalisation with support. Business consultants should also help SMEs understand the important relationship between investment in innovation and performance. They should provide the latest market trends, customer preferences and technologies and support SMEs in the planning stage, and provide knowledge in export markets.

5.4.2.5 Competition

Competition was also found to be a barrier. The greatest change was the increase of product lines marketed by competitors followed by an increase of R&D by competitors. Many SMEs found it difficult to compete in innovation due to a lack of finance and were facing being left behind by those firms who were able to invest.

Some SMEs were able to change their strategies and target niche segments which larger firms would dismiss. This is **consistent** with academics such as Sharma (1993) who contends that for SMEs some barriers are reduced in times of recession instead of growth. Findings **confirm** this and in particular SMEs in the construction sector were able to take advantage of niche markets which came about as a result of the recession. Many householders decided to renovate their homes as opposed to buy new homes and therefore this created some work for the construction SMEs. Smallbone et al (1999) argue that it depends on SME managers' personal commitment and their drive and determination and motivation to succeed and overcome barriers**.** This will be discussed in more detail in RO4.

5.4.2.6 Internationalisation Barriers

Almost one third of businesses began to internationalise as a result of the recession. Therefore, it is worth examining the barriers faced by firms in internationalisation. This is a significant percentage as some firms may have already been exporting before the recession. Morgan (2010) and Lafferty (2005) contend that it is time consuming, expensive and a significant drain on scarce resources. Rutherford et al (2001) contend that access to finance is confined due to a lack of collateral and trading track records. Bilkey and Tesar (1977) agree and state that firms in the early stage of internationalisation find more difficulties in gaining finance required to export. There is a general consensus that financial resources seem to be the ultimate barrier for SMEs when internationalising. Yin (2004) also argues that other barriers include non- confirmatory of standardisation, underdeveloped testing facilities, poor certification and poor quality commitment of SMEs can obstruct internationalisation. Chetty and Campbell-Hunt (2003) state additional barriers such as managers having a lack of knowledge about foreign markets, their foreign market experience and attitudes, and beliefs about risks associated with the strategy. Cooper et al

(1995) argue that information is a vital source for this new venture. However others argue that sometimes it is the only option for survival in recessions.

Findings **confirm** that several SMEs did find that it was the only option for survival due to falling demand in their own home market. Therefore as many were forced into internationalisation, which was very new for them, they had less time to prepare and test the market. It had to be implemented quickly to save their businesses from going down under. It was the case of do or die.

Findings also **confirm** that it was difficult to obtain finance for any strategy not just internationalisation during the recession. However, to overcome the barrier many began to establish an online presence and sell their products online via their website or an already established shopping website such as eBay. This was quicker to do and did not require as much finance to achieve.

5.4.3 Barriers of SME Owners or Managers

The next section will identify the barriers in terms of business owner age, level of education and number of years in current management position.

Findings show females faced less barriers than males. This is surprising as much literature would purport the opposite that females would tend to have more barriers than males. This can be explained as the findings show that males were more risky than females so therefore may have encountered more barriers as a result of being more innovative. The youngest group had less barriers but had the biggest barrier in terms of lack of finance/cash flow which was the only barrier they faced. Younger managers found it more difficult to access finance as they had less track records of lending and perhaps had less time to build capital reserves in their business and also personal savings. However, findings also show that the oldest group had the biggest barrier of lack of support from banks. Therefore, this would suggest that although older managers may have good track records at banks it showed that banks did not consider this and were not open for business. Those with no formal qualifications experienced the biggest barrier in terms of a lack of support from banks. In contrast, those with professional qualifications experienced no barriers. Therefore, findings seem to suggest that a good level of education is important when implementing strategies successfully.

5.4.4 Types of Support Available

It is important to examine the support received by SMEs when implementing strategies as this has an impact on barriers faced as a result**.** Findings show that SMEs seek advice when they find it difficult to maintain their position and secondly when they want to grow (Perran 1999). Bennet and Robson (1999) argue that there is a close association between business advice taken and business performance. There are two main sources of support; private e.g. banks, accountants and solicitors and public e.g. Federation of Small Business, Chamber of Commerces and LEAs. The main type of advice SMEs take is about financial management and tax, ICT training, business strategy and marketing advice (Robson and Bennett 2000**).** Findings show that the type of business support mostly received was market advice including how to enter new markets by advertising online, then mentoring and/or training seminars then networking opportunities which gave SMEs support with other SMEs in a similar position. This **extends** the work of Bourletidis and Triantafyllopoulos (2014). The lowest type of business support received was financial loans/grants and financial planning advice. Herbane (2013) and Wickham (2006) also contend that a business plan is key to overcome a recession, although studies show that on average over 60% of SMEs do not have a business or strategic plan. Findings **confirm** that the most support received was from Local Enterprise Agencies in the form of business plans, seminars and clinics in dealing with recession including the design of websites for introducing online sales. Findings also revealed only one significant difference in that firms based in NI received less support than firms based in ROI. Findings show that the main criticism of support was that the business advice was not contextualised. It needs to be customised and timely for the SME to maintain and grow the business. Findings reveal that advice from business friends and family customers and suppliers is also important (Department of Employment 1991). As discussed in RO2, networks theory **support** SMEs having a wide range of support networks leading to higher success.

5.4.5 Types of Finance.

Respondents were asked about the usage of different types of finance. The use of personal savings increased the most followed by informal equity finance then credit. Bank loans/overdrafts decreased the most. Many firms interviewed stated that they "relied heavily" on their own personal savings or finance from their families and reported that if this had not been available the business would have ended. This **confirms** the findings of Welsch et al (2003) that SMEs tend to be more committed to their businesses and make many personal sacrifices.

5.4.6 Time Taken to Implement Strategy

Findings reveal that the majority of firms 83% considered themselves not to have implemented a planned strategy. This would indicate that the recession took the majority of firms by surprise and they had little or no time to devise a planned strategy. Having no planned strategy in place was another key barrier identified by many SMEs. Many firms stated that they did not implement a strategy rather they made ad hoc decisions to act quickly in order to survive. Of the SMEs that did plan a strategy approximately one quarter implemented a strategy within 6 months and a few less between 6 months and 12 months showing that those that did have a bit of time acted quickly due to the severity of the recession. SMEs stated that it took them longer to implement a strategy due to not knowing what way to respond to the recession due to a lack of business guidance and advice. The slowest sector to implement their strategy was the retail sector with only 13% implementing a strategy within less than six months. This is unusual because there is a general consensus within the literature that customers change their spending behaviours during recession and therefore retailers should implement strategies quickly to maintain their customer base. However, all retail firms that implemented a strategy have done so within 12 months. A reason for not implementing a strategy immediately was that some SMEs thought that customers would continue to buy from them due to customer loyalty and having established good relations with customers over a number of years. However they discovered that this was not enough to retain customers and changes had to be made.

5.4.7 Time Taken to Overcome Barriers

Findings reveal that the longer the time taken to overcome the barriers the more barriers SMEs encountered or the more difficult the barriers for the SMEs. The results show that the majority of firms were still suffering (at the time of data collection) with only 7.4% (n=7) overcoming barriers in less than 1 year.

5.4.8 Summary of Research Objective 3

- The main barriers that SMEs experience in a recession include lack of finance/cash flow (the biggest barrier); lack of support from banks; lack of information; lack of support from local government and absence of a planned strategy.
- Although SMEs face numerous barriers, they can be resilient depending on their state of health when entering a recession and the ability to select the right strategies to improve their condition (position).

- SMEs with more financial resources tend to cope better as it provides them with more strategic options to select from such as investment strategies.
- SMEs with less organisational slack found more barriers when implementing strategies.
- For some SMEs barriers are reduced in times of recession instead of growth periods.
- Business owners who are younger females with higher education tend to face less barriers.
- The most helpful support received was market advice by promoting online, mentoring, training and seminars and networking opportunities usually provided by LEAs.

5.5 Research Objective Four (RO4)

Research Objective 4 investigates the roles, drivers and motivators of the SME management team in the strategy process. This section will discuss RO4 through three key aspects namely the profile of the population, the role of the business owner and drivers and motivators in strategy implementation.

5.5.1 Profile of Population- Business Owners.

Consistent with much SME research, the findings of this research is heavily male dominant, with a split of 70% (n=187) male and 30% (n=82) female. The majority of business owners were 40 years or older. In terms of highest level of qualification, most were qualified to at least A-Level /Leaving Cert. The mean length of time in current management position was 12 years.

Hambrick and Mason (1984) and Obeng et al (2014) found that previous experience and young age (who tend to take more risky strategies to increase growth compared with conservative older ones) are positively associated with performance. Datta and Rajagopalan (1998) also contend that older managers ‘commit to status quo’ and opt for less change and limit exploration of new alternatives. Findings c**onfirm** that younger managers seemed to do better in terms of growth of the business with many of them opting to internationalise for the first time. This can be seen to be risky as there was less time to plan and test the market for this strategy. Older managers tended to revert back to the strategies they had used in the past rather than adopt newer ones. However, older managers seemed to implement their strategies quicker. Findings show that the 60+ age group were the quickest to implement most of their strategies. 44% (n=4) in less than 6 months and they had all their strategies implemented within a year. However, in this case quicker does not lead to a better business performance. The older managers were able to be quicker as they just relied on strategies used in the past and therefore were familiar with them. Younger managers seem to take more time to weigh up different strategies before selecting the most appropriate one which lead in most cases to higher growth and better performance. Singh et al (2001) argue that overall the education background is crucially important especially for smaller firms as well as young ones. SMEs with university degrees had more successful businesses than ones without academic degrees. However, Penrose (1959) argues that the type of education and not the amount is associated with innovation but not performance. Cooper et al (1994) claim that higher levels of education and industry-specific experience leads to firm survival and increased growth. Findings **confirm** that those with a higher level of education tended to do better and those with business related degrees did better in the recession. CEOs that were well educated were positively associated with growth, more multitasking, quick decision making and creative open mindedness (Rajagopalan and Datta 1998). This **disconfirms** Penrose (1959) but **confirms** the work of Singh et al (2001); Cooper et al (1994) and Rajagopalan and Dalta (1998). Firm tenure (the number of years the manager has been in business) gives mixed results. Boeker (1997) argues that tenure has normally a negative effect on firm achievements, especially in unpredictable circumstances when quick change is needed. He argues that the longer the service, the less flexible the manager is. Some tenure will be positive with profit and growth in a stable environment (Hambrik and Mason 1984). Findings from the research **confirm** that those in tenure longer tended to take longer to implement their strategy and they often referred back to what they had done before. Whereas those that were there less time where more open to reviewing a range of strategies and were quicker at making decisions and more flexible to change. This **disconfirms** the findings of Chandler and Jansen (1992) and **extends** the work of Boeke (1997) and Hambrick and Mason (1984). Findings show that business owners in their current position of less than 5 years and 10-less than 20 years were the quickest to implement their strategy in the first 6 months. They were also more successful than those with longer tenure which can be explained by this recession being unique and different to others that had occurred before. Therefore new strategies were required to cope with this type of recession. Chandler and Jansen (1992) argues that pre-ownership experience in a similar business environment is positively linked to firm sales growth leading to high level of managerial and technical skills. Findings **disconfirm** Chandler and Jansen (1992) work. In terms of gender, findings revealed that more males had implemented their strategy in less than 6 months compared to females. This can be explained by males making quicker decisions to respond to threats and females taking extra time to review the situation. Findings show that females think that a planned strategy is more important than males. This **extends** the work of Gurkov (2009). Also findings reveal that male business owners are also less cautious when allocating resources compared to female business owners. Findings from this research reveal that those organisations that expand in adverse conditions tend to be those with younger risk taking managers with high education levels and lower firm tenure and tend to be male. This **extends** the work of Hambrick and Mason (1984); Datta and Rajagopalan (1998) and Cooper et al (1994).

5.5.2 Role of Business Owners

Gurkov (2009) argues that strategic options are dependant more on the ambitions of key internal strategists than on previous business performance or competitiveness. The findings of this research suggest that the role and personality of entrepreneurs of small firms and strategic decisions are directly linked with competition and innovative performance of SMEs (Hoffman et al 1998). Managers have to cope with business cycles and recession proof their business. They need to keep up to date with crucial economic drivers and market forces that relate to their particular sector and observe turbulence in advance. They must also look at the whole picture not just short term benefits. They must become their own economic forecasters and learn suitable strategies. Many academics argue that it is possible for all managers to learn to master business cycles and don’t have to be born with the skills. They play a vital and influential role affecting the performance, survival and growth of especially small firms (Navarro 2009, Bourletidisn 2013, Berry and Brock 2004, Lloyde- Reason and Muglern 2002). Stevenson (1983) states that the role of the entrepreneur/ business owner involves managing strategic orientation, resources, management structure, reward philosophy, growth and entrepreneurial culture of a firm. Findings **confirm** this as the principle decision makers were accredited to business performance so vision, direction, and competitive advantage is related to the characteristics of the decision maker. They are a huge determinate of competitiveness and performance. Managerial willingness for growth is related to firm growth (Morgan 1997). However, some academics argue that managers can’t prepare for recessions as they are very unpredictable. While others (Whittington 1989, Kitching et al 2011) suggest managers have some choice regarding strategies but are significantly restricted by available resources or the situation. Findings **confirm** that mangers can prepare for recessions and do have some options available to choose from. They may not know exactly when a recession will occur or how long it will last for but they should constantly review the health of their business and keep their business in as healthy a state to be ready when recessions occur. They should prepare for recessions before they occur. Findings also **confirm** that a strategy was possible and was designed mostly by the business owner or CEO themselves. This shows that the business owner had a large role in planning the strategy to be implemented during the recession. All business owners interviewed stated that they designed the strategy by themselves as it was their responsibility. However, only 16.5% (n=22) were proactive and had a planned strategy. Findings show that the majority of business owners took a "hands on approach" in implementing the strategy. For many they were a one man band and like most sole traders they are responsible for every element of the business. For other businesses, the business owner gave clear instructions to employees and reviewed progress on a regular basis and monitored this against agreed targets.

5.5.3 Drivers and Motivators in Strategy Implementation.

5.5.3.1 SME Owner Perceptions.

Literature suggests that SME owner's perceptions play a large part in how they respond and act to situations. Chattopadhyay et al (2001) claim that managers are affected by their perceptions viewing recession as opportunities or threats and this therefore impacts on their decision making and strategic planning and ultimately performance. Findings **confirms** the work of Whiitington (1989) and Kitching et al (2011) and **extends** the studies of Chattopadhyay et al (2001; Latham and Braum (2008); Staw et al (1981) and Heifetz et al (2009).

Latham and Braun (2008) argue that manager's perception will influence strategic choice and they will respond to environment disruptions in two ways. Environment uncertainly prevents managers taking risks and reduces organisation change and adaptation as they focus on efficiency by budget cutting 'hunker down' (Staw et al 1981, Heifetz et al 2009) or managers will adopt more risk-taking drawing from prospect theory (Kahneman and Tverskiy 1979) as expectations of managers' facing decreased performance may increase risk level within strategic decisions. Findings show that males enjoy a challenge more than females. Male business owners are also less cautious when allocating resources compared to female business owners. More males perceived the recession as an opportunity. Females found a planned strategy more important than males.

5.5.3.2 Motivations of the Manager and the Entrepreneur

Many academics (Penrose 1959, Begley 1995, Burns 2001) argue that there is a difference between the manager (who tend to find innovation as a threat) and the entrepreneur (who seeks growth and innovation to exploit opportunities) and therefore as a result their motivations will differ. Although the manager or entrepreneur shares some common characteristics for example the need for achievement, independence and control, entrepreneurs differ as they are more innovative, opportunistic, proactive and decisive. They also tend to be self-motivated, have a high willingness to take greater risks and manage under greater uncertainty. This has led to two different styles of firms the lifestyle firm where the manager is looking a good income level and growth firms where entrepreneurs establish the business for growth (Burns 2001). Pearce and Robbins (1994) purport two turnaround or recovery strategies; the entrepreneurial recovery strategies (where entrepreneurs actions are to do things different) and efficiency recovery strategies (where the manager tend to do the same thing on a smaller efficient scale). Firms that have entrepreneurs are inclined to take business related risks, advocate change and innovation in order to get a competitive advantage for their business (Covin and Slevin 1989). Findings **confirm** Covin and Slevin (1989) and e**xtends** the findings of Pearce and Robbins (1994) that those 'entrepreneurs' that achieved growth were risk takers, were bold in decision making and looked for opportunities in the recession to improve the position of their business by investing and being innovative. Whereas those who were 'managers' tended to revert back to strategies that they had used before as a safer bet to cope with the recession and their main focus was survival not growth.

5.5.3.3 Entrepreneurial Orientation

Entrepreneurial orientation includes certain firm level outcomes and management-related preference beliefs and behaviours expressed among top-level management such as risk taking, being innovative and proactive (Covin et al 2006). Proactiveness gives firms the ability to introduce new products first. Kanter (1997) argues that there is a need for innovative people in an organisation. Findings are **consistent** with EO and show that managers must be proactive rather than reactive. They must follow strategies for creativity and innovation to get a sustainable competitive advantage and create value for business. The more innovative and proactive a firm, the less affected by recessions (Keh et al 2007, Soininen et al 2012). They show that risk taking can have a negative effect but firms with higher EO survive better because of the smoothing effects of innovativeness and pro-activeness. Findings therefore **support** the work of Madsen (2007), Wiklund and Shepherd (2005) and Jantuinen et al (2005) that there is a positive association between EO and firm performance and **disconfirms** the work of Smart and Conant (1994) that declare there is not a positive association. Zaha and Covin (1995) argue that businesses with EO 'skim' markets before competitors by focusing on premium market segments and change by increasing prices. This they maintain is important as it leads to an increased competitive advantage. Lumpkin and Dess (1996) findings **confirm** this as some SMEs were active in scanning the market, were innovative and proactive and risk takers and as a result experienced higher growth.

Man et al (2002) presents a conceptual model to connect SME characteristics to firm performance. He argues that entrepreneurial managerial skills and technical knowhow, his/her demographic, psychological and behavioural characteristics are the most important factors related to SME performance. The six entrepreneurial competences are namely opportunity competence (identify and building market opportunities through various methods), relationship competences, conceptual competences, conceptual abilities in behaviour of employer (e.g. decision making, risk taking and innovation), organising competences (e.g. teambuilding, leadership, and training), strategic competences (e.g. setting evaluating and implementing strategies) and commitment competencies (the aim to drive business forward). The entrepreneur has to steer the ship and is responsible for strategic planning and must be persistent to improve performance and motivate staff. Findings show that it is important for entrepreneurs to identify opportunities using a range of strategies, they established good relationships with all stakeholders, they displayed quick and precise decision making, risk taking and innovation, they were able to lead a team well and provide training to employees where necessary, they were able to evaluate and select the best strategy to implement and had the motivation and determination to drive the business forward. Those entrepreneurs that had these competencies did better. Therefore findings **confirm** Man et al (2002) model of six entrepreneurial competences.

5.5.3.4 Reasons for Choosing Strategy

Findings reveal that the main reasons for choosing strategies include receiving advice/business support from business experts; the most cost effective option; the only one available at the time; other similar businesses or competitors selected it; managerial experience of other recessions; and it was successfully used before in other recessions.

Male business owners' main reason for choosing a strategy was because they received business advice/support from business experts and their second highest was because it was most cost effective. However, female business owners focused more on it being the most cost effective followed by it was the only one available to them at the time. This demonstrates that females are more cautious with resources which is consistent with much literature. The youngest group chose two main reasons namely; managerial experience of other recessions and receiving business advice and support. The oldest firms also selected two main reasons namely it was the only one available at the time and it was the most cost effective. This demonstrates that older business owners are more protective of their resources. Of those business owners that had no formal qualifications the highest reason for selecting their strategy is based on receiving business support/advice from business experts and their least was based on managerial experience of other recessions and it was used successful before in other recessions. Those business owners with a professional qualification selected most of their strategies based on the only one available to them at the time. The business owners with the least years chose their strategy based on advice and support received from business experts and chose the most cost effective option. This showed that they valued knowledge and expertise of more experienced business people. This shows that they had an openness to learning to succeed in business. Interesting to see that those business owners there the longest also based their decisions on advice/business support received from business experts. This is **consistent** with findings that the recession was unique and a range of business owners found it difficult to know how to respond and therefore were very much open to discussing it with others in a similar situation. Recessions can force more collaboration and communication between business owners.

5.5.4 Other Drivers/Motivators

5.5.4.1 Competitive Advantage

Many SMEs stated that they chose strategies taking in to account their competitive advantage and tried to concentrate on what the business did best. Most SMEs stated price as their main competitive advantage followed by product/service quality. 15.5% (n=11) stated they had a unique product or service as their competitive advantage. Fewer stated established customer relationships followed by speed of response.

As a reminder the results show that the most influential overall strategy was that management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions. The next most influential strategy was management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations. The least influential was that management aggressively pursued firms to merge with or acquire. Therefore the majority of firms were more defensive initially than thinking about being competitive. However, once they felt that their firm was protected they then looked at competing more aggressively by considering their competitive advantage which included competitive pricing, marketing and knowledge of creating new products to satisfy customers.

Findings of this research also show that its business owner's knowledge skills, norms, management practices and routines built up over time and experience which are not easily copied and helps organisations with long term capabilities and increased performance. This **confirms** the findings of Brundin et al (2008), Sy et al (2006) and Diggins (2004). This is also **consistent** with the resource based view that SMEs should use their unique resources to cope and grow in recessions.

5.5.5 Summary of Research Objective 4

- Business owner's perceptions are key when they are designing their strategy and determines what strategies are selected such as either hunkering down or being more risk taking.
- Business owners should review their firm's state of health and select their strategies accordingly.
- Entrepreneurs focus on growth during recessions and are risk takers, innovators and look for opportunities to invest in. Managers focus on survival and revert back to tried strategies and are more risk averse.
- Firms with entrepreneurial orientation are firms that are innovative, proactive, risk takers and as a result benefit from higher growth.
- Entrepreneurs that have opportunity, relationship, conceptual, organisation, strategic, and commitment competencies do better.
- During a recession young managers tend to do better in terms of growth by trying out new strategies such as internationalisation, while older managers implement strategies quicker but revert back to familiar strategies.
- During a recession, higher educated managers tend to have more success with their selected strategies.

- Those managers with the longest tenure tend to implement strategies quicker but are less flexible and use familiar strategies.
- Female managers think a planned strategy is more important, are more cautious when allocating resources and tend to be slower in implementing strategies compared to males.
- Those who tend to seek growth in a recession are younger risk taking managers with a high level of education and lower firm tenure and tend to be male.

5.6 Research Objective Five (RO5)

Research Objective 5 establishes influential factors of coping strategies in recessionary times. This section will now discuss RO5.

5.6.1 Introduction

Findings show that there was six influential factors namely extent of recession effects on the business, reason for strategy choice, business support available, financial resources strategy, perception of finance and reasons for selecting strategy given opportunities. A discussion of each factor will now follow in the sections below.

5.6.2 Factor 1: Extent of Recession Effects on the Business

Factor one describes the changes the recession had on businesses and the extent that these changes had on the company's operations. Findings show that for most SMEs this recession was very deep and severe. Many authors have said that the 2008-09 recession has been the worst since the 1930s. The results show that credit periods and/or credit terms from suppliers and bank loans/overdrafts decreased greatly. This is not surprising given the nature of the crisis. This had a huge impact on the businesses as it created cash flow problems and many SMEs had to rely on their own personal savings or family investments to survive. The small sized firms were worst affected overall. This may be explained by small firms being at the growth stage where they had over stretched themselves, just before the onset of recession.

5.6.3 Factor 2: Reasons for Strategic Choice

Factor two explains the different reasons why certain strategies were selected. Firms based in Northern Ireland mostly selected strategies based on past success of strategies used in other recessions. Many SMEs felt that these tried and tested methods would work in this recession. However, although the SMEs did survive many did struggle and perhaps should have considered the uniqueness of this recession more. Many have to use a combination of strategies to ensure survival.

5.6.4 Factor 3: Business Support Available.

Factor three consists of variables relating to the type of support that the businesses received. Thus the results show that NI firms received more support in terms of marketing advice than ROI firms. The findings therefore suggest that one way the ROI government and business support organisations could support SMEs more is by providing more information around marketing in a recession. Marketing in a recession is important as it can help SMEs stand out from their competitors. Results show overall that more government support is required to help SMEs particularly in the area of securing finance.

5.6.5 Factor 4: Financial Resources Strategy.

Factor four contains items that are concerned with management's action and financial resources available in particular personal savings and factoring and invoice discounting and stock financing. The use of factoring, invoice discounting and stock finance decreased slightly more with ROI firms (M=1.63; SD=.518) compared to NI firms (M=1.57; SD=.797). The use of credit is very similar for firms located in both locations with NI firms (M=2.05; SD=.792) having a slightly more decrease of usage compared to ROI firms (M=2; SD=.535). Overall firms were limited by a lack of finance to invest. The findings show that this is the case for SMEs based in both NI and ROI. Many had to resort to their own personal finances or family investment to see them through the recession. Firms located in ROI (M=2; SD=1.195) were influenced more by management reviewing the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions compare to NI firms (M=2.746; SD=1.534). Findings show that SMEs in ROI suffered worst and as a result have to make many cost savings and take a more protective approach.

5.6.6 Factor 5: Perception of Finance.

Factor five contains items that are related to the change of different types of finance used and who designed or planned the strategy. A lack of finance hindered the type of strategies that could be planned and implemented in the recession. The usage of bank loans and overdrafts decreased slightly more with NI firms (M=2.37; SD=.972) compared to firms in ROI (M=2.25; SD=.886). However, SMEs in both locations suffered as a result of not being able to access finance from banks. Many SMEs reported that banks seem to have shut down overnight and were certainty not open for business.

5.6.7 Factor 6: Reasons for Selecting Strategy Given Opportunities.

Factor six contains items that are related to opportunities available in particular increased customer focus and the reasons why strategies was chosen. Firms based in ROI found greater opportunities for increased customer focus compared to NI firms. This may be explained as the market is larger and more diverse in the ROI with many different nationalities and therefore different customer expectations and needs. However, most SMEs found that they had to increase their customer focus as sales began to decrease. They had to find out ways of retaining their customers. For many it meant introducing new products and services at a lower cost and selling price.

5.6.8 Summary of Research Objective 5.

This section has discussed the six influential factors of coping strategies in recessions.

5.7 Discussion on Northern Ireland and the Republic of Ireland.

This section will provide a discussion and comparison between SMEs based in Northern Ireland and the Republic of Ireland.

5.7.1 Introduction

Although the majority of SMEs based in both Northern Ireland and the Republic of Ireland were adversely affected the findings clearly show that SMEs in the Republic of Ireland fared worst (although NI did suffer more severely than the rest of the UK). Findings show that SMEs in ROI faced more threats than SMEs in NI in terms of costs, credit periods and /or credit terms from suppliers, number of employees and bad debt/ uncertainty over customer payments. SMEs in ROI also suffered more in terms of the level of threats identified. Findings also demonstrate that SMEs in ROI fared worst as 50% stated that they would emerge from the recession weaker compared to only 34% of SMEs in NI. This can be explained by a number of reasons.

5.7.2 Size and Sector

ROIs economy is made up of over 60% of the private sector whereas NI is more reliant on the public sector. Given this and that ROI is a larger size of a country with a much larger population and therefore more SMEs, gives a greater scope for the country to be affected by a recession. Lacina Jan Varrina (2014) states that SMEs are more widespread in Ireland than in the EU overall.

5.7.3 Construction Sector

It is also clear when the different business sectors are investigated that the construction sector was the largest sector in ROI compared to the wholesale/retail and manufacturing sectors in NI. ROI witnessed over 100,000 houses being built at the peak of the boom in 2007 and as a result other sectors for example the tradable sector was squeezed though a high rate of wage inflation to ensure that the required resources such as labour was available to the construction sector. Literature and findings support that NIs economy is highly connected to the ROI economy and NI exports to ROI accounted for 28.4%. As a knock on effect to ROI entering into recession first, NI SMEs suffered severely especially in the manufacturing sector as demand decreased for products relating to the construction and motor industries. Consistent with the findings, the construction sector was the worst affected sector as a result of the recession followed next by the manufacturing sector. The construction sector SMEs found it extremely difficult to obtain bank loans or overdrafts when the recession occurred. Holton et al (2014) found Irish SME rejection rates was double the euro area average and second only to Greece- including bank loan and overdrafts rejections along with a wide range of credit facilities. Generally, SMEs based in ROI were more heavily reliant on bank finance seeing it as high as 22% in Ireland highlighting that SMEs depended greatly on the stability of the euro areas banking sector.

Given that ROI was more heavily reliant on the construction sector (due to the property bubble) and this sector being the first to be affected with more debt tied up (the construction and real estate sectors accounted for almost 60% of debt outstanding), led the Republic of Ireland being the first country to be officially declared by the EU to be in recession and was one of the worst affected countries (Lane and Milesi-Ferreti 2011).

5.7.4 The Euro and Banking System

Unlike Northern Ireland, the Republic of Ireland was tied to the Euro currency. This meant that they had no independent central bank of their own which was a disadvantage during the recession as they were unable to print money to address liquidity concerns. One of the most severe effects of the financial crises was that it highlighted the weakness of the Euro – Europe’s single currency. The European Monetary Union was established without a fiscal or banking union. Although at the time when it was being established the weakness was recognised, but the level of which it weaken the whole structure was underestimated.

Unlike the UK (and NI) Ireland’s huge banking exposure was almost completely linked to property speculation and to the unchecked domestic housing bubble that had grew for ten years before the recession hit. Ireland had gone from a small scale operation of banking in Ireland to having mostly unlimited access to credit upon joining the Euro in 1999. This meant that Ireland had cheaper credit as there was a decrease in nominal and real interest rates and it saw the removal of the exchange rate risk previously linked with European borrowing. The people and SMEs in Ireland took even more to heart than NI the notion that investing in property was as “safe as houses.” Investment levels in property far outweighed levels in NI (although NI did experience high levels of property investment too). Many SMEs from different business sectors also channelled money into investing in the property market (to benefit from property appreciations and capital gains), given the shortage of other good investment opportunities. This led to ROI having larger property debt overhangs than NI (O’Toole et al 2015, McCann and Calder 2014) and when the recession hit house prices fell more steeply in ROI than in NI returning negative equity.

5.7.5 The Regulatory System

Given the many years of economic boom, labelling Ireland as the “Celtic Tiger” money was heavily invested in property. However during these unprecedented years in the ROI economy, there was a clear failure to adequately regulate it. Market based corporate governance disciplines were ineffective and the Codes of Practice linked with robust corporate governance did very little to combat the incentives to expand risky lending practices. Although the regulatory system’s structure was a significant factor, the most important underlying issue was that it was not seen t by either the regulators or the government to have more robust regulations in place. The collapse of the Irish financial system highlights the inadequate approach to regulations. During the economic boom years which witnessed an unrestrained major property bubble, the Irish governments focus was on the banks, builders and property developers, rather than concentrating on good governance. The root cause was inadequate risk management practices of Irish banks and the failure of the financial regulators to oversee these practices efficiently. However this lead to Irelands ‘best of times’ being Irelands ‘worst of times’ (Clarke and Hardiman 2012).

5.7.6 VAT Rate

ROI SMEs also suffered more as the Irish economy had to increase its VAT rate to 22.5% to improve the countries overall finances to recover from its bail out. At the same time on 1st December 2008 Northern Ireland’s VAT rate was only 15%.

5.7.7 Speed of Government Response

The government's response in ROI was very slow compared to NI and lagged behind the rapidly changing financial situation. The lack of information and knowledge of the severity of the recession resulted in the initial action of regulators not being effective. The banking system was also slower to react to the debt issues which were realised by stress tests only in 2011.

5.7.8 SMEs Strategic Response

Findings reveal that SMEs based in ROI were mostly reactive to the recession whereas SMEs in NI were slightly more proactive. SMEs based in NI were more prepared with strategies in place to cope with the recession. This can be explained as Ireland had ten years of unprecedented growth where the economy was booming with little monitoring and risk management with many SMEs focused on the good times borrowing large sums of money to invest in property rather than thinking the bubble would burst.

SMEs based in NI found more success in introducing new/improved products, processes and services, reducing/holding selling prices and changing marketing strategies to include new geographical markets than ROI firms. However, SMEs based in ROI found more opportunities to target niche gaps in the market. This can be explained as ROI, being a larger country of over 60% of SMEs in the construction sector, had greater market space and opportunity for these SMEs to redirect their operations and diversify into target niches in their sector such as home improvements and even into other sectors. SMEs in NI had more opportunities during the recession than those in ROI as most faced fewer barriers when implementing their strategies and therefore as a result also were more successful with their strategies. A higher percentage of SMEs in ROI experienced more barriers in every barrier identified including a lack of finance and cash flows problems, a lack of support from banks and from their local government.

Results also show that SMEs in ROI were much slower in implementing strategies as many had none prepared and they were not sure how to respond given lack of government direction and very limited access to finance. Therefore it is not surprising that they took longer in overcoming their barriers compared to SMEs based in NI. Overall, more SMEs in ROI were influenced more by management reviewing the recession as a time of uncertainty, best navigated by cost costs and prudent investment decisions compared to NI SMEs.

Firms based in NI selected strategies based on past successes of strategies selected in other recessions whereas ROI SMEs based theirs mainly on receiving financial planning advice. This demonstrates that SMEs based in ROI suffered more as a result of the limited finance available and were severely hampered with the euro crisis.

5.7.9 Recovery

Findings are consistent with Fitzgerald (2014) who found too that the better performing sectors in both ROI and NI between 2008 and 2010 were the ICT and financial and insurance sectors. It was the high tech businesses in the tradable services that helped start the recovery. Findings show that the sector least affected was the finance/insurance and other services with only 37% stating they were very significantly affected.

5.8 Summary of Chapter Five

This chapter has provided a discussion all five research objectives in turn as well as on SMEs based in NI and ROI. The next chapter will provide the conclusions of this research and put forward recommendations for future research.

Chapter Six Conclusions and Recommendations

6.0 Introduction

Chapter six provides the conclusions and recommendations for this research, which is to explore Irish SME coping strategies emanating from the 2008 economic recession. Previous chapters have introduced and justified the research (Chapter One), critically reviewed the theoretical underpinnings and research context (Chapter Two), defined the research methodology (Chapter Three), presented the findings (Chapter Four) and discussed the findings (Chapter Five). This chapter provides the key theoretical contributions and practical implications and recommendations. It also provides the research limitations and puts forward a number of suggestions for future research.

6.1 Key Theoretical Contribution

This research has conducted an extensive exploration into the coping strategies selected by Irish SMEs in the 2008 recession. It addresses the concerns of Kitching et al (2009) and Sands & Ferraro (2010) regarding gaps in knowledge linked to the 2008-09 recession, which was unique and therefore warrants research. In particular, the study makes valuable contributions that address knowledge gaps within the context of SME strategic management theory within a recession. The research provided has moved away from the more descriptive and often prescriptive nature of previous recession studies (Latham 2009, Kitching et al 2009) to one of a more explanatory nature. Descriptive studies have led to businesses thinking they can all cope in the same way but the research positioning of this study considering the RBV and Dynamic Capabilities approaches reject this response and focuses on the firms' unique resources and the health of the SME. It explains why some firm profiles and strategies are more successful than others. The confirmations, disconfirmations and extensions provided in detail in Chapter Five, have added to knowledge in several key theoretical fields. Firstly, the RBV theory has been extended through the context of recession. In particular, it has led to support for the combining of both RBV and Industrial Organisation Schools of thought, as they are complementary. Knowledge has been extended in the area of SME resilience as the understanding of the research context has been advanced. A meaningful methodological contribution has been made using the mixed methods approach, which has been applied in the context of 2008-09 recession to gain richer in-depth knowledge. This research helps address the studies that do not discuss the skills and knowledge needed to sustain and achieve business performance in adverse conditions. This is because many studies mostly adopt a quantitative approach to analyse large-scale data taking generic and pre-determined criteria (Gulati et al. 2010; Price et al. 2013). Therefore business specific experiences is lacking in the current literature (Gyanwali 2018). The current study extends the literature base through an exploration of how SMEs respond to recessions and identifies performance variations within these firms. This includes identifying opportunities and threats through the impact the recession has had upon SMEs. It explains why SMEs are affected differently and respond differently. It identifies the strategies selected and evaluates them. It explains why some business strategies are more successful than others. It explores the barriers in strategy implementation which affects whether a strategy can be pursued. This research has investigated the role of the SME business owner or entrepreneur. Furthermore, the study addresses the lack of research on understanding the suitable choice and the effectiveness of marketing responses in recession and provides advice to assist businesses in their decision making process within the context of SME strategic management theory. Although, the recession of 2008-09 recession was unique and was the deepest recession since the 1930s, the findings of this research places the importance of survival on the health of an SME by looking at its resources, core competences and positioning rather than the severity of the recession. A recession tests the strength and health of an SME and the deeper the recession, the deeper the testing. However, this research argues that an SME can recession proof its business no matter the severity or depth of a recession. The tables below shows the key contributions that this research has made presented by each research objective in turn. The tables provide information containing the key findings, implications theory and details of previous work that has contributed to the particular area. The consecutive sections that follow provide a detailed discussion of each research objective finding.

Table 74 RO1 Key Findings

RO1: To identify the key business opportunities and threats affecting Irish SMEs as a result of the recent recession.			
Key Findings	**Theory Base**	**Implications**	**Previous Contribution**
SMEs gain opportunities by repositioning their business by changing their marketing strategy to enter new markets to not only survive but grow.	Dynamic Capabilities	Highlights opportunities in the external environment during recessions.	**Confirms:** Meyer (2009); Van Scheers (2018); Hall (1980); Pederzoli and Kuppelwieser (2015); Evans et al (2008); Robson and Bennett (2000) **Disconfirms:** Morgan (2010) and Lafferty (2005) **Extends:** Pearce and Michael (1997), Baker (2008) Quelch (2008)
SMEs view recessions as opportunities or threats or both.	Resource-based View	Highlights how SMEs view recessions depending on their unique resources.	**Confirms:** Penrose (2000) **Extends:** Pearce and Michael (1997); Baker (2008); Quelch (2008); Deleersnyder et al (2009), Srinivasan et al (2005); Meyer (2009), Strakumar (2011)
SMEs that prepare for a recession with a strategic plan when the economy is booming, view recessions as an opportunity and find it easier to survive.	Resource-based View	Shows that SMEs should plan and organise their unique resources by developing a strategic plan.	**Confirms:** Srinivasan and Strakumar (2011); Lovelock (1997) **Disconfirms:** Navarro et al (2009); Alessandri and Bettis (2003)
Not all SMEs are affected by recession in the same way and therefore they will respond with different strategies but all can adjust and emerge stronger.	Resource-based View. Entrepreneurial Orientation	Highlights that SMEs have different unique resources and competences as well as different levels of EO.	**Confirms:** Kunc and Bhandari (2011); Macpherson (2005) **Disconfirms:** Wilson and Eilertsen (2019); Bryson (1996)

SMEs that are unprepared for recessions tend to retrench first by cost cutting, trimming, making redundancies, adopting lean management and restructuring strategies (focusing on short term survival) and then focus on longer term performance by selecting investment strategies. A combination of strategies is recommended.	Resource-Based View	Shows the need for SMEs to organise and utilise their unique resources effectively in preparation for recessions or they will be forced to take a protective response.	**Confirms:** Van Scheerts (2018); Pappas (2014); Gurkov (2009); Slatter (1984); Bibeault (1982); Kitching et al (2009b); Singh et al (2009); Dankbaar (1997); Wainwright et al (2013); Mintzberg and Quinn (1996) **Extends:** DeDee and Vorhies (1998); Michael and Robbins (1998); Tansey et al (2014)
SMEs are vulnerable in recessions and resource constraints lead to SMEs relying heavily on personal and external finance.	Resource-based View	Shows that SMEs need to keep debt levels (financial resources) as low as possible in the wake of recession.	**Confirms:** Ghemawat (1986); Pearce and Michaels (1997); Sullivan-Taylor and Branicki (2011)
The key to SMEs combating recessional threats and turning them into opportunities is to choose an appropriate strategy that gives a unique competitive advantage to lead to better performance.	Resource-based View. Dynamic Capabilities. Entrepreneurial Orientation.	SMEs can gain a competitive advantage with their unique resources but can also look externally to also gain competitive advantages. The more entrepreneurial they are the more they can gain a CA.	**Confirms:** Chou and Chen (2004); Porter (1980; 1985); Smith (2010); Tan and Peng (2003); Zona (2012); Smith (2009); Srinivasan and Strakumar (2011). **Extends:** Gwyer (2010); Macpherson (2005); Pearce and Robins (2008); Lohrke et al (2004).

Table 75 RO2 Key Findings

RO2: To identify and evaluate the impact(s) of each business strategy employed			
Key Findings	**Theory Base**	**Implications**	**Previous Contribution**
SMEs need to adjust their pricing and marketing strategies as customer spending behaviours change in recession and customer loyalty tends to decrease.	Dynamic Capabilities Entrepreneurial Orientation	Highlights that SMEs resources need to be flexible and they need to be entrepreneurial as the external environment changes.	**Confirms:** Michaels (1997); Le and Nhu (2009); Tubbs (2007) **Extends:** Chernatorm and Knox (1992).
SMEs that tend to be proactive, have organisational slack available and are in a good state of health gain from competitive advantages and better business performance.	Organisational Theory (Organisational Slack).	Highlights the importance of organisational slack and SME health.	**Confirms:** Tan and Peng (2003); Moses (1992); Cheng and Kesner (1997); Latham and Braun (2008); Geroski and Gregg (1994). **Disconfirms:** Ysai-Ardekani (1986); Simon (1997); Jensen and Meckling (1976); Davis and Stout (1992).
During a recession SMEs use a range of strategies to gain a competitive advantage including changing marketing strategies to include new geographical markets and niches; introduce new/improved products, processes or services; increase advertising and promotional expenditure; reduce selling prices or hold prices; and invest in new equipment and R&D (where opportunity costs of not doing so are lower).	Dynamic Capabilities Entrepreneurial Orientation.	Shows that SMEs need to look both internally and externally for competitive advantages as the external environment changes. They need to be entrepreneurial and introduce new methods and processes.	**Extends:** Porter (1980, 1985); Chou and Chen (2004); Fiegenbaum and Karnani (1991) Lee et al (1999); Echols and Tsai (2005). **Disconfirms:** Peters and Waterman (1982) –core strategy.
SMEs competitive	Resource Based	Links	**Confirms:** Penrose

advantage can rely on their unique resources (core competences) that are difficult to substitute. They can be financial, social, human, organisational and technological. Therefore SMEs should adopt strategies that maximise their unique resources.	View.	competitive advantage with unique resources- supports RBV theory.	(1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Tognazzo et al (2016); Latham (2009).
SME should analyse both the external environment and internal competences.	Resource Based View Theory. Dynamic Capabilities.	Importance of both external and internal focus.	**Extends:** Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Porter (1980, 1985); Granovetter (1985). **Confirms:** Mahoney (1992) (IO theory and RBV theory can be complementary).
SMEs are more successful focusing on value-centric strategies such as product adoptions, enhancing brand image and marketing message and investing in product development and process innovation and therefore as a result should increase or at least maintain their marketing and promotional expenditure.	Entrepreneurial Orientation.	Importance of SMEs being entrepreneurial in creating and enhancing value-centric strategies and marketing in recessions.	**Confirms:** De Waal and Mollema (2010); Baker (2008); Betts (2009); Tellis and Tellis (2009); Koksal and Ozgul (2007); and Rhodes and Stelter (2009). **Extends:** Navarro (2019); Mason et al (2009); Cefis and Marsili (2000).
SMEs need to strike a balance on how much capital they can afford to invest given the circumstances and be careful not to over stretch in the short term leading to cash flow problems. SMEs rely heavily on their	Entrepreneurial Orientation. Organisational Theory - (Organisation Slack)	SMEs need to be creative in managing their financial resources as best possible while at the same time using it most effectively to	**Disconfirms:** Navarro (2009). **Extends:** Cefis and Marsili (2000); Mason et al (2009); Welsch et al (2003); Penrose 1959); Thorelli (1986); Jarillo (1988); Lechner and Dowling (2003);

personal savings, informal equity finance and increase their credit where possible to deal with cash flow problems.		invest. The firms with more slack will be able to do invest more.	Granovetter(1985).
SMEs can benefit from networks in the form of coopetition, and collaboration to cope with recessions.	Dynamic Capabilities	Highlights the importance of looking externally for good network opportunities.	**Extends:** Granovetter (1985) (Social Networks Theory).
SMEs state of health should determine what strategies they select.	RBV Theory.	Highlights the importance of SME health in coping with recession. Extends RBV theory.	**Extends:** Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Tognazzo et al (2016); Latham (2009).

Table 76 RO3 Key Findings

RO3: To identify barriers to effective business strategy implementation.			
Key Findings	**Theory Base**	**Implications**	**Previous Contribution**
The main barriers that SMEs experience in a recession include lack of finance/cash flow (biggest barrier); lack of support from banks; lack of information; lack of support from local government and absence of a planned strategy.	Resource-based View	Reveals barriers are almost all external and therefore it is important that SMEs use their own resources as effectively as possible as these are the ones they have most control over.	**Confirms:** Lee (2011); Bourletidis and Triantafyllopoulos (2014). **Extends:** Blackburn (2002); Cooney and Malinen (2004); Bachmann et al (2010); Goldberg and Pallodini (2008).
Although SMEs face numerous barriers, they can be resilient depending on their state of health when entering a recession and the ability to select the right strategies to improve their condition (position).	Resource-based View.	Shows the importance of SMEs health in recession and utilising their unique resources and core competences.	**Extends:** Penrose (1959); Rumelt (1984); Wernerfelt (1984); Barney (1991); Porter (1980, 1985).
SMEs with more financial resources tend to cope	Organisational Theory-	Highlights the importance of	**Extends:** Sharfman et al (1988); Biel and

better as it provides them with more strategic options to select from such as investment strategies.	(Organisational Slack).	financial resources and in particular slack.	Lang (1990); Kamber (2002); Tellis and Tellis (2009).
SMEs with less organisational slack found more barriers when implementing strategies.	Organisational Theory (Organisational Slack).	Links organisational slack with barriers in the implementation of strategies.	**Extends:** Geroski and Gregg (1997). **Disconfirms:** Ysai-Ardekani (1986); Simon (1997); Jensen and Meckling (1976); Davis and Stout (1992).
For some SMEs barriers are reduced in times of recession instead of growth periods.	Dynamic Capabilities. Entrepreneurial Orientation.	Importance that barriers can be reduced in adverse conditions by firms looking externally and being more entrepreneurial.	**Confirms:** Sharma (1993).
The most helpful support received was market advice by promoting online, mentoring, training and seminars and networking opportunities usually provided by LEAs.	Dynamic Capabilities	Highlights the most importance of looking externally for support.	**Extends:** Bourletidis and Triantafyllopoulos (2014).

Table 77 RO4 Key Findings

RO4: To investigate the roles, drivers and motivators of the SME management team in the strategy process.			
Key Findings	**Theory Base**	**Implications**	**Previous Contribution**
Business owner's perceptions are key when they are designing their strategy and determines what strategies are selected such as either hunkering down or being more risk taking.	Entrepreneurial Orientation.	Highlights the importance of SME business owners perceptions and if they are entrepreneurial.	**Extends:** Chattopadhyay et al (2001; Latham and Braum (2008); Staw et al (1981) Heifetz et al (2009). **Confirms:** Whiitington (1989); Kitching et al (2011).
Business owners should review their firm's state of health and select their strategies accordingly.	Resource-based View.	Shows the importance of SME health and their unique resources when	**Extends:** Recession Theory and SME Strategy Theory.

		selecting strategy.	
Entrepreneurs focus on growth during recessions and are risk takers, innovators and look for opportunities to invest in. Managers focus on survival and revert back to tried strategies and are more risk averse.	Entrepreneurial Orientation.	Highlights the difference between entrepreneurs and managers.	**Confirms:** Covin and Slevin (1989). **Extends:** Pearce and Robbins (1994).
Firms with entrepreneurial orientation are firms that are innovative, proactive, risk takers and as a result benefit from higher growth.	Entrepreneurial Orientation.	Shows the characteristics of firms with EO.	**Confirms:** Covin and Slevin (1989); Keh et al (2007); Madsen (2007); Wiklund and Shepherd (2005; Jantuinen et al (2005). **Disconfirms:** Smart and Conant (1994). **Extends:** Kanter (1997).
Entrepreneurs that have opportunity, relationship, conceptual, organisation, strategic, and commitment competencies do better.	Entrepreneurial Orientation.	Links competences with business performance.	**Confirms: Man et al (2002)** model of six entrepreneurial competencies.
During a recession young managers tend to do better in terms of growth by trying out new strategies such as internationalisation, while older managers implement strategies quicker but revert back to familiar strategies.	Entrepreneurial Orientation.	Links age of SME manager with entrepreneurial orientation. The younger the manager then higher the level of EO.	**Confirms:** Hambrick and Mason (1984); Obeng et al (2014); Datta and Rajagopalan (1998).
Those managers with the longest tenure tend to implement strategies quicker but are less flexible and use familiar strategies.	Entrepreneurial Orientation.	Links tenure with level of EO.	**Extends:** Boeke (1997); Hambrick and Mason (1984). **Disconfirms:** Chandler and Jansen (1992).
Those who tend to seek growth in a recession are younger risk taking managers with a high level of education and lower firm tenure and tend to be male.	Entrepreneurial Orientation.	Links growth and EO.	**Extends:** Hambrick and Mason (1984); Datta and Rajagopalan (1998); Cooper et al (1994).

Table 78 RO5 Key Findings.

RO5: To establish influential factors of coping strategies in recessionary times.			
Key Findings	**Theory Base**	**Implications**	**Previous Contribution**
The 6 influential factors include impact on business; different reasons why certain strategies were selected; type of support received; management's action and financial resources available; change of different types of finances and who planned the strategy and opportunities available.	Resource-based View Dynamic Capabilities. Organisational Theory (Organisational Slack). Entrepreneurial Orientation.	Highlights the important influential factors of SMEs coping with recession.	**Extends:** Penrose (2000).

6.2 Practical Implications to Achieve Healthier SMEs.

This study confirms there is no one strategy that is more important or effective than any other in recessionary times. SMEs all respond differently yet many survive and some even flourish. Many academics purport recessions can affect SMEs in different ways and degrees and that one strategy does not fit all. So what is it that causes SMEs to cope and even grow during a recession and how can it be explained? What should the focus be on? Findings from this research suggest that it depends on the health of the business and in particular the state of its health coming into a recession. Findings suggest that firms need to diagnose their health position and then adopt the strategy or take the 'medicine' required to make them healthier.

Findings confirm that the majority of SMEs in the study were affected very severely by recession. They had no plan in place and were therefore reactive to the recession and as a result viewed the recession as a threat and went into protective mode and retrenched initially before looking at increased customer focus strategies. However, threats can turn into opportunities if firms understand their marketplace dynamics and carefully plan for survival, to overcome problems and prosper (Srinivasan and Strakumar 2011). It is therefore recommended that managers aim to recession proof their business. They need to keep up to date with crucial economic drivers and market forces that relate to their particular sector and observe turbulence in advance. They must also look at the whole picture not short-term benefits. They must become their own economic forecasters and learn suitable strategies. It is also recommended that SMEs have a response plan or strategy in place. This is important as the firms best prepared for the recession are the ones that find it easiest to survive it (Srinivasan and Strakumar, 2011). Proactiveness gives firms more opportunities and strategic options such as the ability to introduce new products first. The best time to prepare for a recession is when the economy is booming (Lovelock 1997). Carefully planned strategies during this time can protect in the worst of times.

Chou and Chen (2004) argue that businesses need to make a continued effort to use internal strengths to look for external opportunities and to remove possible harm from external threats. Many support that the key to combating recessional threats is to choose an appropriate strategy that gives a competitive advantage over competitors. Aligned with the Resource Based View (Penrose 1959, Wernerfelt 1984, Barney 1991) research findings showed that firms should focus on their unique resources and how better they can be utilise these to gain a sustainable advantage. The RBV promotes slack which is very crucial for firms to survive in the recession. Financial slack resources were very important as accessing finance from banks dried up. SMEs were able to take more advantage of investments as a result of the ‘extra resources’.

SMEs should not limit themselves to a single strategy as SMEs are affected differently (Murray 1988). A wide range of strategies were used by firms to differentiate themselves such as changing marketing strategies to include new geographic markets (which may be one of the only strategies available to survive); introducing new/improved products, processes or services; increased advertising and promotional expenditure; reducing selling prices or holding prices and investment in new equipment/R&D .

SMEs should have a large number of networks so that in times of difficulty they can partner with each other to cope with the issues that arise and gain competitive advantages. Findings show that SMEs are open to working with other SMEs so coopetition and collaboration is highly recommended as SMEs can all mutually benefit from such partnerships such as economies of scale. It is important for firms to stretch beyond efficiency measures and adopt strategies that minimise customer loss. They need to focus on more unique opportunities such as increased customer focus and the targeting of niche markets to compete with other firms. The niche should be viable and big enough for an SME but unattractive to larger firms to reduce competition (Fiegenbaum and Karnani 1991, Lee et al 1999, Echols and Tsai 2005). SMEs did better focusing on a value centric strategy instead of price wars. It is recommended that SMEs follow strategies for creativity and innovation to get a sustainable competitive advantage and create value for the business including product adoptions, enhancing their brand image and marketing message and investing in product development and process innovation. The more innovative and proactive a firm, the less affected by recessions (Keh et al 2007, Soininen et al 2012).

SMEs can face an array of barriers and difficulties but they can be resilient depending on their state of health when entering into a recession and the ability to select the right strategies to improve their position. However, it is recommended that they constantly review the health of their business and keep their business in as healthy a state as possible, to be ready when recessions occur. They should prepare for recessions before they occur. This will make them more resilient once the recession or 'virus' tries to attack their 'health'. Recessions can really highlight how healthy a firm is, or is not. This view ties in with the academics that stress a recession can test a business's resilience. It also explains why SMEs are affected in different ways and degrees and that one strategy does not fit all. This is because each SME has a different degree of health. Studies before have looked at single factors such as size, sector, age, resources of a firm but each factor alone does not provide the answer and therefore many studies place emphasises on different factors yet all are confusing and contradictory. They do not provide a holistic approach and only sometimes go as far as providing a partial answer.

A full comprehensive approach needs to be taken into account of the overall health factors as businesses are complex with many multiplicity factors at play. Findings extend the current literature by focusing on the SME health and suggesting their health assessment should be ongoing. In fact, it is even more important in times of prosperity as these are times when underlining problems aren't noticed as much but when the test of recession comes along they are very quickly flagged up and unfortunately for many it's too late and they 'die' or fail as a result of the recession. When sales and profits are increasing during good times if can seem as if the firm is in a healthy position but they could be disguised in a booming economy. Only the SMEs showing at least some signs of health, survive a recession. Therefore, it is important for practitioners to have a health check list as something tangible so they can assess their health condition on a continuous basis. They need to really understand what they lack and require in achieving a good state of health. Sometimes they will select the wrong 'medicine' or strategy and misread the diagnosis. This needs to be addressed as soon as possible and requires turnaround strategies to recover. It is easier to make early detections and sort out the 'health complaint(s)' rather than leave it longer to escalate and therefore require more resources to sort the problem. The focus should be on SMEs internal resources and position which is more important than the external conditions. These resources, their core competences, and their position need to be utilised to maximise a sustainable competitive advantage. SMEs can control and manage their resources (even their financial resources by keeping enough of cash in the business and reducing debt in the good times) but cannot control the external environment which they operate in. Findings from this research extends the RBV theory by suggesting all healthy firms should be able to cope with any condition it faces if it is in a strong healthy position. The argument from these findings contends that firms can become recession proof by being as healthy as possible.

Results from this research have enabled the researcher to develop a health prescription for SMEs. The health prescription is as follows;

6.3 Recommendations for SMEs: The Health Prescription

1. SMEs need to be able to constantly scan the environment looking for potential threats and changes and become their own economic forecasters.

This is particularly important to those SMEs that are normally hit first by recession namely the construction then manufacturing and retail sectors as they have less time to plan for the impact of recession when it occurs. These are also the sectors that seem to suffer the most. Other sectors particularly the finance/insurance, agriculture and other services sectors attend to be affected less. Findings also show that small firms and those older firms established for over 20 years are affected more and therefore these too should pay special attention to this recommendation.

2. Be proactive and have a strategic or business plan in place so that they are prepared for recessions and ready to implement appropriate strategies to take advantage of the opportunities that a recession can bring. Those who are better prepared for recessions will think long term as opposed to focusing on survival in the short term and as a result this will lead to better business performance. This will avoid losing valuable skilled employees, assets and other unique resources which would be detrimental to business performance in the long term. The best time to prepare for a recession is when the economy is booming.

This recommendation is particularly important to SMEs based in Ireland and to firms who become complacent due to experiencing times of rapid growth just prior to a recession. Complacency draws attention away from having a strategic plan in place. The findings show that Irish SMEs fared worst in this recession partly due to being unprepared and reactive to the recession.

3. They need to maximise their resources and core competencies to achieve a sustainable competitive advantage. The more unique the competitive advantage, the more ability to outperform a competitor.

This recommendation is especially important to the SMEs operating in the ICT and manufacturing sectors as during recessions firms who are well placed are able to take opportunities to invest in R&D and develop new products and gain from first mover advantages. Countries tend to recover from recessions by increasing innovation. SMEs in these high tech sectors should ensure they are ready to take advantage of recession opportunities to stay ahead in their industries.

4. SMEs should outsource those activities that are not their core competences to gain better quality and lower cost opportunities.

This recommendation is specific to those SMEs that operate in labour intensive but less high tech sectors such as construction, wholesale/retail and tourism/hospitality. This will ensure that high tech companies will not lose highly intelligent staff and knowledge where this is of crucial importance and provides these SMEs with their unique competitive advantage.

5. SMEs need to widen their customer base by targeting different segments including entering new markets if necessary. They should not put ‘all their eggs in the one basket.’

This recommendation relates to those SMEs in business sectors who are particularly vulnerable to recessions, namely the construction and manufacturing sectors where their products are income elastic. Older established firms who tend to be less innovative and less reluctant to change are also in danger regarding this issue too and should take this recommendation seriously. The findings show that those SMEs who were established longer than twenty years fared worst in relation to SME age.

6. SMEs need to be customer focused and focus on value-centric strategies and activities.

This recommendation is especially important to the wholesale/retail sector as some may fall into the trap of engaging in price wars to attract more customers in recessions. However, findings show that those who focused more on the customer and adding value to products fared better and saw increased business performance not just in the short term but also in the long term.

7. SMEs need to adapt their marketing strategies during recessions as customers spending patterns and behaviours change as a result of it. SMEs should where possible increase their marketing expenditure or at least maintain it during a recession. This can help give them a competitive advantage and make them stand out from their competitors as many SMEs retrench by reducing their expenditure as a result of recessions.

This is particularly important for the SMEs that sell products and services directly to customers. These business sectors include wholesale/retail sector, and the hospitality sector. They need to be able to engage with customers by accurately comprehending their needs and requirements in an effective way to maintain sales.

8. SMEs need to be very efficient but have some slack available in reserve.

This recommendation is particularly important to those SMEs which rely heavily on accessing external finance and have more slack available. So the small and more so the medium sized firms can really benefit from this. The larger the firm the more potential to have larger amounts of slack. Financial slack can be very advantageous where gaining external finance is very difficult.

9. SMEs need to keep debt low or non-existent in times of prosperity so that they can have reserves to invest during a recession where it is cheaper to do so. There may be more opportunities that exist in recessions than in better times. Only those with a good bill of health going into the recession can grab these opportunities. Investment strategies should lead to creating new products or improving existing products, processes and services. SMEs can gain from first mover advantages as a result.

This recommendation particularly relates to the SMEs in the construction and manufacturing sector in terms of survival and then to the ICT and manufacturing sectors in terms of thriving in a recession by grabbing opportunities. Construction SMEs should not only reduce their debt but keep cash reserves to safeguard in recessions. This is easier to do when the economy is booming and bigger profits can be gained. Preparation for recessions should happen then as it’s often too late when the recession hits. Other SMEs in the ICT and manufacturing sectors should also keep cash reserves so that they can gain opportunities in the recession when the cost of purchasing assets are much lower than their initial value.

10. SMEs that invest can benefit from employing skilled workers who have been made redundant from competitors.
    This is especially important for SMEs requiring highly skilled employees such as those operating in the knowledge economy like the ICT sector. It will be of benefit for those of medium or even small sized firms compared to the smaller micro firms which tend to be mostly sole traders with smaller capacity.

11. SMEs need motivated employees and innovative owner-managers/entrepreneurs that seek growth and are not afraid to take calculated risks. SMEs entrepreneurs should aim to focus on 6 main entrepreneurial competences (opportunity, relationships, conceptual, organisational, and strategic and commitment) as highlighted in Man et al model of Six Entrepreneurial Competencies.

This is important for those SMEs who have ambitions for high growth and therefore this will be dependent on the motivations of the individual SME owner who manages and drives the business. Coupled with this factor will be the level of SMEs exporting potential. This may become easier for SMEs based in the Republic of Ireland who tend to remain in the European Union unlike the UK who have voted to leave the EU. It will be more relative to the small or medium sized firms as the majority of micro enterprises are sole traders.

12. SMEs should build good relationships and networks with key stakeholders to benefit from e.g. economies of scales, the latest market knowledge and other associated opportunities.

This will be more beneficial and crucial for the smaller sized SMEs like the micro and small firms who struggle more with gaining economies of scale due to their size. The SMEs working in the manufacturing sector and ICT would highly benefit from this recommendation.

6.4 Recommendations for Policy Makers

Aligned with the findings of Kitching et al (2009b), and Cowling and Liu (2011) and the importance of SMEs to the economy, the current research reveals that both central and local government need to take a strategic and jointed up approach in supporting SMEs during times of adverse economic conditions. In particular they should have a clear strategy in how they can help SMEs more effectively. In encouraging more support, governments should address the barriers that SMEs have to overcome in order to implement their strategies to cope with the impact of recession. Findings show that the main barriers found were a high cost of capital and access to it, a lack of market information and government tax and unfavourable legislation for SMEs. Additional barriers such as a lack of foreign market knowledge were revealed when firms tried to internationalise for the first time. Many authors contend that the onus is on policy makers to provide alternative finance in times of recession. This could include equity funders, local authority loan funds and online services of crowd funding. Although the government did introduce a national loan guarantee scheme, many contend that it was focused on larger firms with significant growth potential rather than SMEs.

Governments need to do more in terms of encouraging firms to invest and commit to innovation through tax credits, promote collaboration between small and large firms and with SMEs and universities to help develop an innovative environment e.g. science parks, spur investment technology centres and promote internationalisation with support. Government support should also include providing information of the latest market trends, customer preferences and technologies as they change during the recession. A lack of information was seen as a major barrier for SMEs. Legislation such as the Small Business Act (2008) did provide some support for SMEs such as helping to reduce the burden of administration, facilitating access to finance, helping them to benefit more from opportunities offered by the single market, promoting skills upgrades and innovation, allowing them to benefit from the growth of markets and enabling to turn environmental challenges into opportunities. However, many felt this legislation came late in the day and did not provide enough support. SMEs should be encouraged to engage in consultation with local government as a means of maximising the effective support that a government can provide. SMEs are keen to participate as for the majority their business is their livelihood and for the government SMEs are the backbone of the economy. This research recommends a jointed up approach to ensure effective and beneficiary support is available in such difficult times.

6.5 Recommendations for Private and Public Support Organisations.

Business consultants should also help SMEs understand the important relationship between investment in innovation and performance. As well as government agencies, they should also be in a position to provide the latest economic forecasts, the latest market trends, customer preferences and technologies, as these change throughout the recession period. The research findings reveal that internationalisation is an opportunity identified during a recession and in some cases the only survival strategy. Therefore these organisations should also support SMEs in the internationalisation process at the planning stage, and provide knowledge in export markets.

One main criticism was found in the research in terms of SMEs obtaining help from support organisations. The research findings found that business advice provided was not contextualised to the particular SME. Business advice needs to be customised and timely for the SME to maintain and grow the business. SMEs also reported a lack of support with financial planning advice. This is an area which is of crucial importance to SMEs when facing adverse economic conditions. There is a need to provide more tailored support in this area. Both private and public support organisations need to improve upon this service provision by attending more training and working closer with economists.

6.6 Limitations of Research

This study has made valuable theoretical and practical contributions however, it is acknowledged as with any type of research that there are several constraints which limits the scale and scope of the investigation and the methodology adopted. Guidelines have had to be adhered to during the PhD process, where the researcher has managed as best as possible with such restrictions. This current investigation has therefore had several limitations, which will be discussed in the following section.

Firstly, there are some limitations regarding transferability and generalizability. This research is confined contextually to Irish SMEs. Therefore the results may not necessarily be transferable to other countries. Each jurisdiction has its own government legislation, business culture and policies. However, the research still provides merit to other SMEs who were still impacted by the same recession. This research is also limited in its transferability to other recessions as each recession can be different and the 2008-09 certainly was compared to any other recessions that had gone before. However, the study does provide a foundation upon which future research can be carried out in other geographical settings and contexts.

This research has other limitations regarding the data collection methods namely, the representativeness of data. Data for this research has included one of convenient sampling of SMEs from LEAs, Invest NI and Enterprise Ireland databases and therefore it is accepted that the final data may not be completely representative of the entire relevant population. Also, there are many SMEs who may not be legally registered as trading and therefore it is difficult to determine the entire population for this research. The interviewees for the semi-structured interviews were based on those who agreed to be interviewed. Therefore, this could also affect the result outcomes. Where the researcher has tried to remain objective, especially during the interview process by not asking any leading questions or being drawn into conveying personal views, there is still the possibility that interviewing can lead to some unintentional biased, even though body language or facial expressions. Considerations also need to be made where possible as SMEs might have wanted to portray themselves in a desirable way or to vent their frustrations and responded accordingly. However, during this process many SMEs were keen that other SMEs would learn from their experiences and were open to providing information about both their successes and mistakes.

Although this research has adopted a mixed methods approach as the research is positioned to explore rather than explain the strategies selected by SMEs and has been justified in Chapter 3, there still exists some limitations in using this approach. Methodological purists believe that a researcher should either pick the qualitative or quantitative paradigm and not both.

Another limitation of the research could be of potential data quality issues and these need to be acknowledged. The study examined those SMEs who successfully survived the recession but information was collected three years after the recession ended and therefore due to the time delay could lead to inaccuracies. However, it is fair to say that the research was still timely as it provides space for the SMEs to reflect on the actions they carried out and how it has affected short term business performance. The research approach does not allow for those SMEs who coped with the recession at the time but then failed before the data collection phase started. Therefore it must be pointed out that the results of the research apply only to those SMEs that were still operating three years later when the recession had already officially ended.

Throughout the research investigation, the limitations have been considered. Some limitations have stemmed from restrictions namely the scope and scale necessary to complete the PhD in time and following ethical considerations. However, given the limitations, the researcher has managed and carried out the research process in an appropriate way. Each research objective has been achieved through the use of suitable techniques, answering knowledge gaps and contributing importantly to the current knowledge base.

6.7 Suggestions for Future Research.

This research has discovered a number of pathways that deserves attention in future research. This section will now discuss each in detail. The research has investigated coping strategies of Irish (North and South) SMEs and therefore this could be extended to other SMEs in different countries that were affected by the 2008 recession. Each country has its own diverse legislative and cultural contexts and therefore these would impact on how SMEs can respond to turbulences differently. Furthermore, comparative analyses could be made between various SMEs in different countries which could provide meaningful value and provide significant contributions to the body of existing knowledge.

There is a body of literature that argues that SME start-ups tend to be higher in a recession. The current research excluded SME start-ups as these firms can face additional difficulties due to initially getting set up. However, future research could investigate how start up SMEs coped with the recession in the initial start-up stage. This would add an additional dimension to the current knowledge.

Future research could be extended to investigate the long term performance of SMEs after the recession. Many authors indicate that firms will only focus on the short term to cope with the recession however the strategies they select impact on their long term performance. A follow up on SMEs after a few years of the recession ending would warrant further investigation.

A longitudinal comparative analysis could make for excellent future research to compare the different recessions. Many academics argue that the 2008 recession was the most severe since the 1930s. It would be valuable to see how strategies selected in each recession has differed or remained the same.

Many academics debate if SMEs or large organisations are more resilient to recessions. This study only investigated SMEs alone and therefore future research could investigate both SMEs and larger organisations to allow a comparative analysis of both types of firms.

This investigation used a mixed method approach of a survey instrument and semi-structured interviews and therefore the methodology could be extended to include a case study approach to gain richer more in-depth detail of how an SME coped with the 2008 recession.

This research was designed to only study the coping strategies of the 2008 recession. However, this could be extended to other situations in the economy that may bring adverse conditions. It is proposed that future research might investigate the way in which SMEs cope with changing conditions such as Brexit.

6.8 Chapter Six Summary

This final chapter has provided a synopsis of the key theoretical and practical implications and recommendations arising from the research. It has also acknowledged the limitations of the research and has put forward suggestions for future research.

Appendix I Introductory E-mail

Dear Business Owner,

I am a doctoral research student with the Department of Business and Enterprise at Ulster University. My research aim is to investigate the strategies employed by Irish SMEs during the most recent recession from 2008 onwards.

As you are in this category, I would very much like to hear your views and opinions on the impacts of this recession on SMEs such as yours. All information provided by you will be treated in the strictest confidence.

A brief online questionnaire has been created and I would be grateful in you could take some time to complete it. I have included a link below which will take you to the questionnaire. The questionnaire should take no longer than 20 minutes. The deadline for completing the survey will be Monday 7th September 2015.

https://surveys.qualtrics.com/SE/?SID=SV_8jJwV7hcC575ElD

If you have any questions about the research please do not hesitate to contact me through any of the details provided below. Thank you for your time.

Yours Sincerely
Joanne Miller
Doctoral Researcher
Roe Valley Enterprises Ltd.
Aghanloo Industrial Estate
Aghanloo Rd.
Limavady
BT49 0HE
Tel: 07759205201
E-mail: joanne.miller@roevalleyenterprises.co.uk

Appendix II Phase One – Online Survey

SME STRATEGIES IN RECESSION

Joanne Miller

Tel: 07759205201
E-mail: joanne.miller@roevalleyenterprises.co.uk

Strategies of SMEs in Recession

Thank you for taking the time to complete this questionnaire **All** answers will be kept strictly confidential. Please feel free to type as much as you would like to in the open boxes.

SECTION 1 FIRM DEMOGRAPHICS

THIS SECTION IS ABOUT YOUR BUSINESS AND THE PRODUCT / SERVICE THAT YOU PROVIDE.

1) What type of Industry is your business involved in? (Please click one);

☐	Manufacturing	☐	Construction
☐	Agriculture / Fishing	☐	Transport / Communication
☐	Finance / Insurance	☐	Retail / Wholesale
☐	Leisure / Hospitality / Tourism	☐	Business Services / Property
☐	Other Services		

2) Please specify your main business activity: ________________________

3) Year of business establishment? ________

4) What legal status is the business?

☐	Sole trader
☐	Partnership
☐	Limited liability partnership
☐	Limited company
☐	Other Please specify:

5) Please indicate your pre-tax profits in the last financial year (please click one);

❑	We made a loss	❑	501,000 - 750,000
❑	Less than 100,000	❑	751,000 - 1 million
❑	101,000 - 250,000	❑	1 million +
❑	251,000 - 500,000	❑	I would rather not specify.

6) Please indicate the number of employees the business has?

❑	Less than 10	❑	10-49	❑	50-249

7) Where is the main location of your business? ______________________

8) What % of your business comes from the following geographic market(s)?

Northern Ireland	%	Asia	%
Republic of Ireland	%	North America	%
UK Mainland	%	Australia / New Zealand	%
Rest of Europe	%	Other – please specify	%

SECTION 2 – IMPACT OF RECESSION

IN THIS SECTION, SOME QUESTIONS ARE ASKED ABOUT THE EFFECTS OF THE RECESSION ON YOUR BUSINESS.

9) When did YOUR business first feel the effects of the recession?

❑	Have not felt the effects of recession (**Please go to SECTION 5, page 12)**
❑	Before 2008 Please specify when? ________________________________
❑	2008

☐	2009
☐	2010 onwards

10) To what extent has your company's operations been affected by the recession? (Please answer against a benchmark of normal trading conditions)

☐	Not at all	☐	Slightly	☐	Significantly	☐	Very Significantly

11) When do you expect the recession to be over for your company?

☐	It's already over. Please specify how long it took for your business to recover: _______________
☐	Within 6 months
☐	6 months -1 year
☐	More than 1 year but less than 2 years
☐	More than 2 years

12) How would you say the following has changed as a result of the recession? (Please indicate one option for each statement)

		N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
a	Home market sales	☐	1	2	3	4	5
b	Overseas market sales	☐	1	2	3	4	5
c	Costs	☐	1	2	3	4	5
d	Profitability	☐	1	2	3	4	5
e	Cash flow problems	☐	1	2	3	4	5
f	Bad debt/uncertainty over customer payments	☐	1	2	3	4	5

g	Credit periods and/or credit terms from suppliers	❑ 1 2 3 4 5
h	Availability of bank loans/ overdrafts	❑ 1 2 3 4 5
i	Number of employees	❑ 1 2 3 4 5

13) Which of the following opportunities if any, were presented during the recession?

❑	Increased innovation
❑	Targeted niche gaps in market
❑	Increased customer focus
❑	Increase in market share
❑	Increased efficiency
❑	Internationalisation
❑	Other. Please state:

14) Overall, how does the business view the recession?

❑	Opportunity	❑	Neither opportunity or threat	❑	Threat	❑	Both

SECTION 3 – RECESSION STRATEGY

IN THIS SECTION, QUESTIONS CONCERN THE MANAGEMENT ACTIONS YOU HAVE TAKEN IN THE BUSINESS SINCE THE START OF THE RECESSION.

15) Did the company have a planned strategy before the recession occurred?

❑	Yes – business was proactive	❑	No- business was reactive

16) **How long did it take the business to implement a strategy when the recession occurred?**

❑	The business did not implement a strategy. (**Please go to SECTION 4, page 10)**
❑	Less than 6 months
❑	Between 6 months – 12 months
❑	More than 12 months and less than 24 months
❑	More than 24 months

17) **Who designed/planned the strategy?**

❑	Business Owner / CEO
❑	Senior Manager/s
❑	Mixture of above
❑	Other. Please state:

18) **What is the single most important action you have taken to improve or maintain business performance?**

____

____

____

19) Please rate the overall level of success of the strategies the business selected? (1 = Not successful at all; 5= Very successful)

a	Introduced new / improved products, processes or services.	☐ 1 2 3 4 5
b	Changed marketing strategies to include new geographic markets.	☐ 1 2 3 4 5
c	Increased advertising & promotional expenditure.	☐ 1 2 3 4 5
d	Reduced selling prices, or held price.	☐ 1 2 3 4 5
e	Invested in new equipment/R&D.	☐ 1 2 3 4 5
f	Renegotiated the cost of supplies, overheads or used new suppliers.	☐ 1 2 3 4 5
g	Reduced numbers employed.	☐ 1 2 3 4 5
h	Introduced wage/salary freeze or reductions.	☐ 1 2 3 4 5
i	Increased debt financing.	☐ 1 2 3 4 5
j	Changed payment time with suppliers or customers.	☐ 1 2 3 4 5
k	Closed /Relocated premises.	☐ 1 2 3 4 5

Overall Strategy

20) Please rank in order of importance the following statements reflecting the business's overall strategy during the recession? (Please rank from 1-6, 1 =most influential and 6 = least influential)

a	Management made strong investments designed to improve its post-recession market position.	
b	Management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions.	
c	Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations.	
d	Management opted to adopt a conservative growth strategy.	
e	Management aggressively pursue firms to merge with or acquire.	
f	Management considered the post-recession environment in determining strategy.	

Finance

21) Since the start of the recession, what has happened to the usage of the following types of finance in your business? (Please circle one option for each type of finance)

		N/A	Increased Use	Used to same extent	Decreased Use
a	Bank loans/overdraft.	☐	1	2	3
b	Credit.	☐	1	2	3
c	Leasing or hire purchase.	☐	1	2	3
d	Factoring, invoice discounting or stock finance.	☐	1	2	3
e	Grants or subsidised loans.	☐	1	2	3
f	Informal equity finance (e.g. family & friends).	☐	1	2	3
g	Formal equity	☐	1	2	3

	finance (e.g. business angels).	
h	Personal savings.	☐ 1 2 3
i	Other. Please state:	☐ 1 2 3

22) For what reasons have the business used external finance since the start of the recession? Tick any that apply.

☐	None- the business did not need external finance.
☐	None- the business was refused external finance.
☐	Working Capital (e.g. current assets such as cash and stock).
☐	To acquire fixed assets (e.g. equipment, land, vehicles and premises).
☐	New product/ service development.
☐	Marketing campaign.
☐	Other. Please state:

Competition

23) Which of the following best describes your main source of competitive advantage, if any, in the current economic climate?

☐	Price.
☐	Product /Service quality.
☐	Unique product/service.
☐	Speed of response.
☐	Established customer relationships.
☐	Location.
☐	Other. Please state:
☐	None – no specific advantage,

24) Please indicate how competition changed if at all, during the recession?

		N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
a	The number of customers.	☐	1	2	3	4	5
b	Prices of competitors.	☐	1	2	3	4	5
c	Advertising by competitors.	☐	1	2	3	4	5
d	Product lines marketed by competitors.	☐	1	2	3	4	5
e	R&D by competitors.	☐	1	2	3	4	5

Implementation of the strategy

25) Can you indicate your reason/s for choosing your strategy/s? (Please tick yes or no).

		Yes	No
a	It was the only one available to me at the time.		
b	I used it successfully before in other recessions.		
c	I had managerial experience of other recessions.		
d	I received advice/support from business experts.		
e	It was the most cost effective option.		
f	I know that other similar businesses or competitors selected it.		
g	Other. Please state:		

26) Please indicate if you have received support from any of the following? (Please tick yes or no).

		Yes	No
a	Central Government.		
b	Local government e.g. Councils.		
c	Banks.		
d	Chamber of Commerce.		
e	Local Enterprise Agencies.		
g	Other. Please state:		

27) What types of business support did you receive from the above organisations?(Please tick all that apply)

☐	Market Advice.
☐	Financial Planning Advice.
☐	Financial Loans/Grants.
☐	Mentoring &/or Training Seminars.
☐	Networking Opportunities.
☐	Other. Please state:

28) Please indicate the strength of impact the strategy has had on your business. (From 1 = no impact 5= very significant impact)

a	It was crucial to business survival	1	2	3	4	5
b	Business practice is more streamlined/ efficient.	1	2	3	4	5
c	Business is more profitable.	1	2	3	4	5
d	It enhanced short term business performance.	1	2	3	4	5
e	Share of existing markets has increased.	1	2	3	4	5
f	Share of international markets has increased.	1	2	3	4	5

29) On balance how do you think the company will emerge from the recession?

☐	Weaker	☐	Unchanged	☐	Stronger

SECTION 4 –BARRIERS TO STRATEGY IMPLEMENTATION

IN THIS SECTION, QUESTIONS CONCERN PROBLEMS AND DIFFICULTIES IN IMPLEMENTING STRATEGIES SINCE THE START OF THE RECESSION.

30) Which of the following barriers if any, did the company experience when trying to implement the strategy?

☐	The company did not experience any barriers (**Please go to SECTION 5, page 12)**
☐	Lack of finance/ cash flow problems.
☐	Lack of information.
☐	Lack of support from banks.
☐	Lack of support from local government.
☐	Lack of support from central government.
☐	Other. Please state:

31) How long did it take to overcome the barriers?

☐	Less than 1 year.
☐	More than 1 year less than 2 years.
☐	More than 2 years less than 3 years.
☐	More than 3 years less than 5 years.
☐	Still suffering.

SECTION 5 – THE BUSINESS OWNER/ ENTREPRENEUR

THIS FINAL SECTION ASKS QUESTIONS ABOUT YOU THE BUSINESS OWNER AND YOUR ROLE IN IMPLEMENTING STRATEGIES SINCE THE START OF THE RECESSION.

32) Are you (please click one)?

☐	Male	☐	Female

33) What age group are you in (please click one)?

☐	16-21
☐	22-30
☐	31-39
☐	40-49
☐	50-59
☐	60+

34) What is your highest formal qualification (please click the one that applies)?

☐	No formal qualification.
☐	GCSE / Junior Cert.
☐	NVQ /BTEC.
☐	A Level / Leaving Cert.
☐	Undergraduate Degree.
☐	Postgraduate Diploma.
☐	Masters Degree.
☐	Doctorate / PhD.

35) How many years have you spent in your current management position?

36) Please indicate your level of agreement to each of these statements. (Please circle one option for each statement)

		Strongly Disagree	Disagree	Agree	Strongly Agree
a	I enjoy a challenge.	1	2	3	4
b	I am cautious when allocating resources.	1	2	3	4
c	I perceive the recession as an opportunity.	1	2	3	4
d	I feel a planned strategy is very important.	1	2	3	4

END OF QUESTIONNAIRE.
THANK YOU FOR TAKING THE TIME TO COMPLETE IT

Please tick the following box/es if you would like:

☐ to receive a copy of the findings of this research.

☐ to participate in a follow up interview?

Please provide your contact details in the space below.

If you prefer to remain anonymous then detach this page and return it separately.

Name	
Company	
Email	
Telephone Number	

If you have any questions please do not hesitate to contact me:

Joanne Miller

PhD Student, University of Ulster

joanne.miller@roevalleyenterprises.co.uk

Phone (from N.I.) 028 777 62323 or 028 71348240

(From ROI) 048 777 62323 or 048 71 348240

Appendix III Phase One – Online Survey (Qualtric Format)

Thank you for agreeing to participant in this survey.

Please note there are 38 questions in total

SECTION 1 FIRM DEMOGRAPHICS

THIS SECTION IS ABOUT YOUR BUSINESS AND THE PRODUCT/SERVICE THAT YOU PROVIDE

Q1. What type of industry is your business involved in? (Please click one);

- ○ Manufacturing
- ○ Transport/Communication
- ○ Agriculture/Fishing
- ○ Retail/Wholesale
- ○ Finance/Insurance
- ○ Business Services/Property
- ○ Leisure/Hospitality/Tourism
- ○ Other Services
- ○ Construction

Q2.

Please specify your main business activity:

Q3. Year of business establishment?

Q4. What legal status is the business?

- ○ Sole Trader
- ○ Limited company
- ○ Partnership
- ○ Other. Please specify
- ○ Limited liability partnership

Q5. Please indicate your pre-tax profits in the last financial year (please click one)

- ○ We made a loss
- ○ Less than 100,000
- ○ 101,000-250,000
- ○ 251,000-500,000
- ○ 501,000-750,000
- ○ 751,000-1 million
- ○ 1 million +
- ○ I would rather not specify

Q6. Please indicate the number of employees the business has?

Less than 10	10-49	50-249
○	○	○

Q7.

Where is the main location of your business?

[ ]

Q8.

What % of your business comes from the following geographic market(s)?

Northern Ireland

[0]

Republic of Ireland

[0]

UK Mainland

[0]

Rest of Europe

[0]

Asia

[0]

North America

0

Australia/ New Zealand

0

Other- please specify

0

Total

0

Q9.

SECTION 2 IMPACT OF RECESSION

THIS SECTION IS ABOUT THE EFFECTS OF THE RECESSION ON YOUR BUSINESS.

When did YOUR business first feel the effects of the recession?

- Have not felt the effects of recession (Please go to Section 5)
- Before 2008. Please specify when?
- 2008
- 2009
- 2010 onwards

Q10.

To what extent has your company's operations been affected by the recession?

(Please answer against a benchmark of normal trading conditions)

Not at all	Slightly	Significantly	Very Significantly
○	○	○	○

Q11.

When do you expect the recession to be over for your company?

- It's already over. Please specify how long it took for your business to recover:
- Within 6 months
- 6 months - 1 year
- More than 1 year but less than 2 years
- More than 2 years

Q12.

How would you say the following has changed as a result of the recession?

(Please indicate one option for each statement)

How would you say the following has changed as a result of the recession?

(Please indicate one option for each statement)

	N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
Home market sales						
Overseas market sales						
Costs						
Profitability						
Cash flow problems						

How would you say the following has changed as a result of the recession?

(Please indicate one option for each statement)

	N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
Bad debt/ uncertainty over customer payments						
Credit periods and/or credit terms from suppliers						
Availability of bank loans/overdrafts						
Number of employees						

Q13. Which of the following opportunities if any, were presented during the recession?

- Increased innovation.
- Increased efficiency.
- Targeted niche gaps in market.
- Internationalisation.
- Increased customer focus.
- Other. Please state
- Increase in market share.

Q14. Overall, how does the business view the recession?

Opportunity	Neither opportunity or threat	Threat	Both

Q15.

SECTION 3 RECESSION STRATEGY

THIS SECTION IS ABOUT THE MANAGEMENT ACTIONS THAT HAS BEEN TAKEN SINCE THE START OF THE RECESSION.

Did the company have a planned strategy before the recession occurred?

- Yes - business was proactive.
- No - business was reactive.

Q16. How long did it take the business to implement a strategy when the recession occurred?

- The business did not implement a strategy. (Please go to Section 4).
- Less than 6 months.
- Between 6 months-12 months.
- More than 12 months and less than 24 months.
- More than 24 months

Q17. Who designed/planned the strategy?

- Business Owner/ CEO
- Senior Manager/s
- Mixture of above
- Other. Please state

Q18.

What is the single most important action you have taken to improve or maintain business performance?

Q19.

Please rate the overall level of success of the strategies the business selected?

(0= Did not use strategy; 1 = Not successful at all, 5= Very successful)

	0	1	2	3	4	5
Introduced new/improved products, processes or services						
Changed marketing strategies to include new geographic markets						
Increased advertising & promotional expenditure						
Reduced selling prices, or held price						
Invested in new equipment/R & D						

Q20.

OVERALL STRATEGY

Please rank in order of importance the following statements reflecting the business's overall strategy during the recession? (Please rank from 1-6, 1= most influential and 6= least influential)

[ ] Management made strong investments designed to improve its post-recession market position

[ ] Management reviewed the recession as a time of uncertainty, best navigated by cost cuts and prudent investment decisions

[ ] Management took advantage of low costs of labour, production and promotion to aggressively expand the company's operations

[ ] Management opted to adopt a conservative growth strategy

[ ] Management aggressively pursued firms to merge with or acquire

[ ] Management considered the post-recession environment in determining strategy

Q21. Since the start of the recession, what has happened to the usage of the following types of finance in your business?

Since the start of the recession, what has happened to the usage of the following types of finance in your business?

	N/A	Increased Use	Used to same extent	Decreased Use
Bank loans/overdrafts	○	○	○	○

Since the start of the recession, what has happened to the usage of the following types of finance in your business?

	N/A	Increased Use	Used to same extent	Decreased Use
Credit	○	○	○	○
Leasing or hire purchase	○	○	○	○
Factoring, invoice discounting or stock finance	○	○	○	○
Grants or subsidised loans	○	○	○	○
Informal equity finance (e.g. family & friends)	○	○	○	○
Formal equity finance (e.g. business angels)	○	○	○	○
Personal savings	○	○	○	○
Other Please state: ☐	○	○	○	○

Q22.

For what reasons have the business used external finance since the start of the recession?

(Tick any that apply)

- None-the business did not need external finance
- New product/service development
- None-the business was refused external finance
- Marketing campaign
- Working Capital (e.g. current assets such as cash and stock)
- Other. Please state:
- To acquire fixed assets (e.g. equipment, land, vehicles & premises)

Q23.

COMPETITION

Which of the following best describes your main source of competitive advantage, if any, in the current economic climate?

- Price
- Established customer relationships
- Product/Service quality
- Location
- Unique product/service
- Other. Please state:
- Speed of response
- None- no specific advantage

Q24. Please indicate how competition changed if at all, during the recession?

Please indicate how competition changed if at all, during the recession?

	N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
The number of customers						

Please indicate how competition changed if at all, during the recession?

	N/A	No Change	Increased Greatly	Increased Slightly	Decreased Slightly	Decreased Greatly
Prices of competitors	○	○	○	○	○	○
Advertising by competitors	○	○	○	○	○	○
Product lines marketed by competitors	○	○	○	○	○	○
R&D by competitors	○	○	○	○	○	○

Q25. IMPLEMENTATION OF THE STRATEGY

Can you indicate your reason/s for choosing your strategy/s? (Please tick yes or no)

IMPLEMENTATION OF THE STRATEGY

Can you indicate your reason/s for choosing your strategy/s? (Please tick yes or no)

	Yes	No
It was the only one available to me at the time	☐	☐
I used it successfully before in other recessions	☐	☐
I had managerial experience of other	☐	☐

IMPLEMENTATION OF THE STRATEGY

Can you indicate your reason/s for choosing your strategy/s?
(Please tick yes or no)

	Yes	No
recessions		
I received advice/support from business experts	☐	☐
It was the most cost effective option	☐	☐
I know that other similar businesses or competitors selected it	☐	☐
Other. Please state:	☐	☐

Q26.

Please indicate if you have received support from any of the following?

(Please tick yes or no)

Please indicate if you have received support from any of the following?

(Please tick yes or no)

	Yes	No
Central Government	☐	☐
Local government (e.g. Council)	☐	☐
Banks	☐	☐
Chamber of Commerce	☐	☐
Local Enterprise		☐

Please indicate if you have received support from any of the following?

(Please tick yes or no)

	Yes	No
Agencies		
Other. Please state:	☐	☐

Q27.

What type of business support did you receive from the above organisations?

(Please tick all that apply)

- ☐ Market Advice
- ☐ Financial Planning Advice
- ☐ Financial Loans/Grants
- ☐ Mentoring &/or Training Seminars
- ☐ Networking Opportunities
- ☐ Other. Please state:

Q28.

Please indicate the strength of impact the strategy has had on your business.

(From 1=no impact; 5= very significant impact)

Please indicate the strength of impact the strategy has had on your business.

(From 1=no impact; 5= very significant impact)

	1	2	3	4	5
It was crucial to business survival	○	○	○	○	○
Business practice is more streamlined/efficient	○	○	○	○	○
Business is more	○	○	○	○	○

Please indicate the strength of impact the strategy has had on your business.

(From 1=no impact; 5= very significant impact)

	1	2	3	4	5
profitable					
It enhanced short term business performance	○	○	○	○	○
Share of existing markets has increased	○	○	○	○	○
Share of international markets has increased	○	○	○	○	○

Q29. On balance how do you think the company will emerge from the recession?

Weaker	Unchanged	Stronger
○	○	○

Q30.

SECTION 4- BARRIERS TO STRATEGY IMPLEMENTATION
THIS SECTION IS ABOUT BARRIERS EXPERIENCE BY THE COMPANY WHEN IMPLEMENTING THE STRATEGY

Which of the following barriers if any, did the company experience when trying to implement the strategy?

- ○ The company did not experience any barriers (Please go to section 5)
- ○ Lack of support from local government
- ○ Lack of finance/ cash flow
- ○ Lack of support from central government
- ○ Lack of information
- ○ Other. Please state: ______

- Lack of support from banks

Q31. How long did it take to overcome the barriers?

- Less than 1 year
- More than 3 years less than 5 years
- More than 1 year less than 2 years
- Still suffering
- More than 2 years less than 3 years

Q32.

SECTION 5- THE BUSINESS OWNER/ENTERPRENEUR
THIS SECTION IS ABOUT THE BUSINESS OWNER AND YOUR ROLE IN IMPLEMENTATING STRATEGIES SINCE THE START OF THE RECESSION.

Are you (please select one)?

- Male
- Female

Q33. What age group are you in (please select one)?

- 16-21
- 40-49
- 22-30
- 50-59
- 31-39
- 60+

Q34. What is your highest formal qualification (please select all that apply)?

- No formal qualification
- Postgraduate Degree
- GCSE/ Junior Cert
- Masters Degree
- NVQ/ BTEC
- Doctorate/PhD
- A Level/ Leaving Cert
- Professional Qualification
- Undergraduate Degree

Q35. How many years have you spent in your current management position?

Q36. Please indicate your level of agreement to each of these statements.

(Please circle one option for each statement)

Please indicate your level of agreement to each of these statements.

(Please circle one option for each statement)

	Strongly Disagree	Disagree	Agree	Strongly Agree
I enjoy a challenge	○	○	○	○
I am cautious when allocating resources	○	○	○	○
I perceive the recession as an opportunity	○	○	○	○
I feel a planned strategy is very important	○	○	○	○

Q37.

Thank you for taking time to complete the survey......

Would you....?

☐ like to receive a copy of the findings of this research

☐ be happy to participate in a follow up interview?

Q38.

Contact Details:

Please provide your contact details if you answered yes to any part of the above question.

Name:

Business Name:

email:

Tel/Mobile No:

Appendix IV: Phase One – Follow Up E-Mail (+1 week later)

Subject: Coping Strategies of SME in Recessions– Reminder

Dear Business Owner,

I wrote to you recently inviting you to take part in a survey regarding coping strategies of SMEs in recession. This survey is still active and I would encourage you to complete this as soon as possible. This way you will be helping the business community with future recessions. It is also hoped that this will encourage government bodies and policy makers to provide improved support during times of recessions. If you have already completed the survey, I would like to take the opportunity to thank you for your time and input.

A brief online questionnaire has been created and I would be grateful in you could take some time to complete it. I have included a link below which will take you to the questionnaire. The questionnaire should take no longer than 20 minutes. The deadline for completing the survey will be **Monday 7th September 2015.**

https://surveys.qualtrics.com/SE/?SID=SV_8jJwV7hcC575ElD

If you have any questions regarding the survey, please do not hesitate to get in contact with me (please see contact details below) and I will be glad to answer any queries.

Thank you for your time.

Yours Sincerely
Joanne Miller
Doctoral Researcher
Roe Valley Enterprises Ltd.
Aghanloo Industrial Estate
Aghanloo Rd.
Limavady
BT49 0HE
Tel: 07759205201
E-mail: joanne.miller@roevalleyenterprises.co.uk

Appendix V: Phase One – Follow-Up E-Mail (3 weeks later)

Subject: Coping Strategies of SME in Recessions – Closing Soon

Dear Business Owner,

I recently contacted you to seek your participation in my PhD research regarding coping strategies employed during the last recession of 2008. I would be grateful if you could take the opportunity to complete the short survey (link below) to help other SMEs like yourself deal with future recessions. The closing date is Monday **7th September**.
If you have already completed the survey I would like to take this opportunity to thank you.

I am a doctoral student at the University of Ulster and I am currently conducting research into identifying strategies that can be adopted by SMEs to best cope with recessions. It is hoped this research will help government bodies and policy makers as well as the business community in future when recessions occur.

A brief online questionnaire has been created and I would be grateful in you could take some time to complete it. I have included a link below which will take you to the questionnaire. The questionnaire should take no longer than 20 minutes. The deadline for completing the survey will be **Monday 7th September 2015.**

https://surveys.qualtrics.com/SE/?SID=SV_8jJwV7hcC575ElD

If you have any questions regarding the survey, please do not hesitate to get in contact with me (please see contact details below) and I will be glad to answer any queries.

Thank you for your time.

Yours Sincerely
Joanne Miller
Doctoral Researcher
Roe Valley Enterprises Ltd.
Aghanloo Industrial Estate
Aghanloo Rd.
Limavady
BT49 0HE
Tel: 07759205201
E-mail: joanne.miller@roevalleyenterprises.co.uk

Appendix VI: Phase One – Follow-Up E-Mail (Final email)

Subject: Coping Strategies of SME in Recessions – Final Reminder!

Dear Business Owner,

I contacted you some time ago to seek your participation in my PhD research regarding coping strategies employed during the last recession of 2008. I would be grateful if you could take the opportunity to complete the short survey (link below). This is the **last chance** to participate in this valuable research which directly impacts upon most businesses.

The closing date is Monday **7th September**.

If you have already completed the survey I would like to take this opportunity to thank you.

I am a doctoral student at the University of Ulster and I am currently conducting research into identifying strategies that can be adopted by SMEs to best cope with recessions. It is hoped this research will help government bodies and policy makers as well as the business community in future when recessions occur.

A brief online questionnaire has been created and I would be grateful in you could take some time to complete it. I have included a link below which will take you to the questionnaire. The questionnaire should take no longer than 20 minutes. The deadline for completing the survey will be **Monday 7th September 2015.**

https://surveys.qualtrics.com/SE/?SID=SV_8jJwV7hcC575ElD

If you have any questions regarding the survey, please do not hesitate to get in contact with me (please see contact details below) and I will be glad to answer any queries.

Thank you for your time.

Yours Sincerely
Joanne Miller
Doctoral Researcher
Roe Valley Enterprises Ltd.
Aghanloo Industrial Estate
Aghanloo Rd.
Limavady
BT49 0HE
Tel: 07759205201
E-mail: joanne.miller@roevalleyenterprises.co.uk

Appendix VII: Phase Two- Interview Schedule

Interview Schedule for Semi-Structured Interviews

I. **Opening**

[Shake hands] My name is Joanne Miller and I am currently conducting PhD research into coping strategies that SMEs have adopted to survive the last recession of 2008. I will ask you some questions on the main problems you encountered, the support you received, the solutions you implemented and any barriers on implementing strategies. I really appreciate your time and I hope that the information I receive from the interviews will form vital research in helping SMEs to navigate future recessions.

The interview should take about 60 minutes.

Let me begin by asking you some questions about the last recession.

II **Questions based on Themes**

A. General demographic information
B. Effects of Recession- how was business impacted? When? Length of time?
C. Key opportunities and threats
D. Firm Profile- resources, competitive advantage, strengths and weaknesses.
E. Strategies selected- retrenchment? Investment?
F. Success /Unsuccessful strategies
G. Barriers in Implementing strategies – access to finance, cost, time, and lack of knowledge.
H. Support received or lack of support-Type of support? Which support organisations? Banks?
I. Role of SME team – CEO/Business owner profile and characteristics? Motivators? Drivers?

III **Closing**

A. (Summarize)

B (Maintain Rapport) I appreciate the time you took for this interview. Is there anything else you think would be helpful for me to know to add to this current research?

C. (Action to be taken) I should have all the information I need. Would it be alright to call you again if I have any more questions? Thanks again.

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