Gordon Institute of Business Science
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Critical competencies of successful business rescue practitioners in South Africa

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

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Abstract

The success rate of business rescue in South Africa remains low and the intention of the Department of Trade and Industry to save jobs is not being achieved. Business rescue is a growing area of business focus in South Africa due to an increase in the number of companies filing for business rescue. There is a need for empirical research on factors that influence the success of business rescue. This study explores the foundational competencies of successful business rescue practitioners in South Africa and the required domain knowledge to supports these competencies.

The study was a qualitative, exploratory study that gathered data through 15 detailed, semi-structured interviews with business rescue practitioners, academics, legal experts, banking professionals and turnaround experts.

Literature revealed four higher-order competencies for business rescue practitioners, namely sense making, decision making, integration and collaboration. The study confirmed these higher-order competencies and expanded to the foundational competencies that are crucial for these higher-order competencies. The research also confirmed that business management, legal knowledge and finance domain knowledge are the required domain knowledge areas that support business rescue competencies. A key finding that further emanated from this study is the need for a turnaround mindset and upholding high ethical standards amongst business rescue practitioners in South Africa.

The findings of this study were integrated into a Business Rescue Practitioner Competencies Model that may aid managers in selecting and evaluating business rescue practitioners, it may guide accreditation bodies and learning institutions in developing training material for business rescue practitioners and assist business rescue practitioners to enhance their competencies.

Keywords

Business Rescue

Business Rescue Practitioners

Competencies

Business Rescue Competencies

Turnaround

Declaration

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

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1   Chapter 1: Research Problem and Purpose

1.1   Introduction

Business Rescue was introduced to South Africa as part of Chapter 6 of The Companies Act number 71 of 2008 (Companies Act) which was came into effect in May 2011 (Government Gazette, 2011). Its introduction has provided companies in financial distress, that have a reasonable prospect of being rescued, a lifeline and a means of avoiding insolvency. Business Rescue is a formal process aimed at rehabilitating companies in financial distress, preserving the jobs of those who would otherwise be left unemployed, whilst generating a return for creditors and shareholders that is higher than liquidating the company. Companies in financial distress or facing insolvency now have a legislative provision that empowers them, with the help of a Business Rescue Practitioner, to restructure the business and continue trading. The foundational assumption of business rescue proceedings is that the distressed company can be rescued.

The success rate of business rescue in South Africa however remains low. According the Companies and Intellectual Property Commission (CIPC) as at June 2019, only 17% of all business rescues proceedings filed between 2011 and June 2019 were substantially implemented (CIPC, 2019). "Substantial implementation" in this instance refers to proceedings where the businesses have substantially carried out the activities which they presented in the business rescue plan (CIPC, 2019). Of the companies with "substantial implementation", only 54% were still in active business (CIPC, 2019). This implies that only 9.2% of all business rescue filings since 2011 have been successful and are still a going concern. This statistic is less than optimal and the overall viability of business rescue in South Africa remains questionable.

A number of factors have been cited in literature as key factors affecting the success of business rescue. These include inter alia: the availability of post-commencement funding, the timing of filing for business rescue (Fairhurst, 2017), the relationship between the rescue practitioner and the management of the company in business rescue (Levenstein, 2008) and the selection of a suitable business rescue practitioner (Patel, 2018).

The selection of a suitable business rescue practitioner (BRP) was identified as one of the pivotal success factors in company restructure (Buizedenhout, 2012). This research aimed to expand on existing literature related to the competencies of business rescue practitioners and to provide guidance on the selection business rescue practitioners.

1.2 Background to Research Problem

The downturn in world economies over the years since the global financial crisis of 2008 has placed many businesses under severe financial pressure. There has been a significant number of companies, worldwide, that have failed since the global crisis (Pretorius & Rosslyn-Smith, 2014). There has further been an increase, globally, in the reorganising of companies in financial distress. This has led to an increase in the number of international insolvency regimes and economies that adopted formal proceedings to assist companies in financial distress in undertaking restructuring of the company (Pretorius & Rosslyn-Smith, 2014). South Africa is no exception, the average GDP growth rate in South Africa between 2008 and 2018 is 2.5% (BMI, 2019) This subdued economic climate led to many companies, in a wide array of industries ranging from mining, construction and textile industry filing for bankruptcy. Since 2011 a significant number South African companies started turning to business rescue as a possible solution to rehabilitate the business (Patel, 2018).

Chapter 6 of the Companies Act introduced the role of Business Rescue Practitioners (BRP's) . Business rescue practitioners are pivotal to the rescue proceedings; Practitioners are charged with the challenging responsibility of reorganising companies in financial distress. in an effort to rescue them. Banks (usually the principle creditor) and prospective funders often make decisions regarding post-commencement funding based on the appointed or nominated rescue practitioner (Du Preez, 2013). This poses serious implications for the market, as the bank's reasoning and decisions regarding how competence is evaluated are not openly explored and accessible to external parties outside the bank. It further highlights the need for exploration and understanding of the competencies of business rescue practitioners.

1.3 The Research Problem

Pretorius (2013), describes the responsibilities of a rescue practitioner as laid out by the Companies Act as vague, complex and involving a range of competencies. The formal task of business rescue remains relatively new in South Africa and is an area that is continually evolving. Eight years since the promulgation of the Companies' Act of and there is still no industry norm regarding the accreditation of the business rescue practitioners, their critical competencies and how to assess the relative competence of business rescue within the South African business context. There is limited research and no industry consensus regarding the foundational competencies of business rescue practitioners.

1.4 The Research Purpose

Pretorius (2013) posits that since business rescue is a new area in South Africa, only limited, focused research with regards to business rescue and business rescue practitioners has been done. The Commission (CIPC), which has the legislative mandate as the Regulator of business rescue, currently licences practitioners on a case by case basis. This approach is expected to continue until a qualification framework is proposed and adopted (Pretorius, 2014). There is a need to improve the understanding of the foundational level competencies required for business rescue and provide direction to; institutions in developing education and training programmes for rescue practitioners, boards for companies in financial distress in selecting business rescue programmes and affected persons in evaluating business rescue practitioners.

The purpose of this study is to explore the foundational competencies and essential technical knowledge of business rescue practitioners in South Africa. Pretorius, (2014) developed a competency framework which outlined the higher-order competencies of business rescue practitioners. There has been no theoretical work to validate or expand on this framework. Of growing concern to banks, investors and broader stakeholders is how to evaluate BRP's. In his recommendations for further research, (Pretorius, 2014) highlights the need to validate this framework, gain a deeper level of understanding of business rescue practitioner competencies and to build on knowledge by developing a competence model for evaluation of practitioner competence.

This study responds to the call for further research in this area and seeks to explore the competencies of business rescue practitioners at a foundational and confirm the required technical knowledge that is required to support the business rescue competencies.

1.5   Scope

The scope of this research study shall be confined to the South African business context. Business Rescue was introduced by South African Companies Act: While it is vaguely comparable to similar legislation in the United States and the United Kingdom (Pretorius, 2014) it is limited to South African Companies and applicable to the business context. South Africa has a unique employment and economic environment. The business rescue provisions were written with a South African context in mind (Swart, 2014). The study shall industry agnostic and investigate the competency of Business Rescue practitioners across various industries.

1.6   Contribution of the research

This research seeks to build on the theory by providing an understanding of the foundational competencies required for business rescue practitioners which may aid in developing a model for the evaluation of business rescue practitioners. The study is intended to contribute to the business environment by providing the regulator of Business Rescue Practitioners ((RSA), 2008), a model for measuring practitioners. Performance measurement of rescue practitioners may further assist the board members of companies in financial distress in selecting   business rescue practitioners.

1.7   Conclusion

This chapter outlined the problem arising as a result of the lack of industry consensus on critical competencies of business rescue practitioners and how to evaluate the competence of rescue practitioners. The chapter further outlined the purpose of the study which was to explore the foundational competencies of the business rescue

practitioners and required technical knowledge which may be used to expand into a competence model for evaluation.

In the following chapter, the study analyses Chapter 6 of the Companies Act of 2008 which is the legislative framework for business rescue and provides the context of business rescue. It then reviews the literature that exists around business rescue and turnaround strategy, rescue practitioners and the critical competencies of business rescue practitioners. The research methodology used to explore answers to the research question will then be presented. In chapter 5, the results will be presented to be discussed in chapter 6 with the concluding chapter making recommendations on the basis of the findings of this research.

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2 Chapter 2: Theory and Literature Review

2.1 Introduction

Business turnaround is perceived to be an informal process whilst business rescue is considered to be a formal process that ensues once a company is near failure (Pretorius, 2013). There are similarities in the process and an overlap in the literature. Business rescue in South Africa is relatively new. Academic literature related to business rescue and formal turnaround efforts under an administrator or rescue practitioner is available but limited (Conradie & Lamprecht, 2015), whilst literature on turnaround is readily available. This chapter considered the literature that exists around turnaround strategy and business rescue, business rescue practitioners (BRPs) and competency models.

The diagram below reflects the areas of literature that were reviewed and depict the funnelling process that the study conducted.
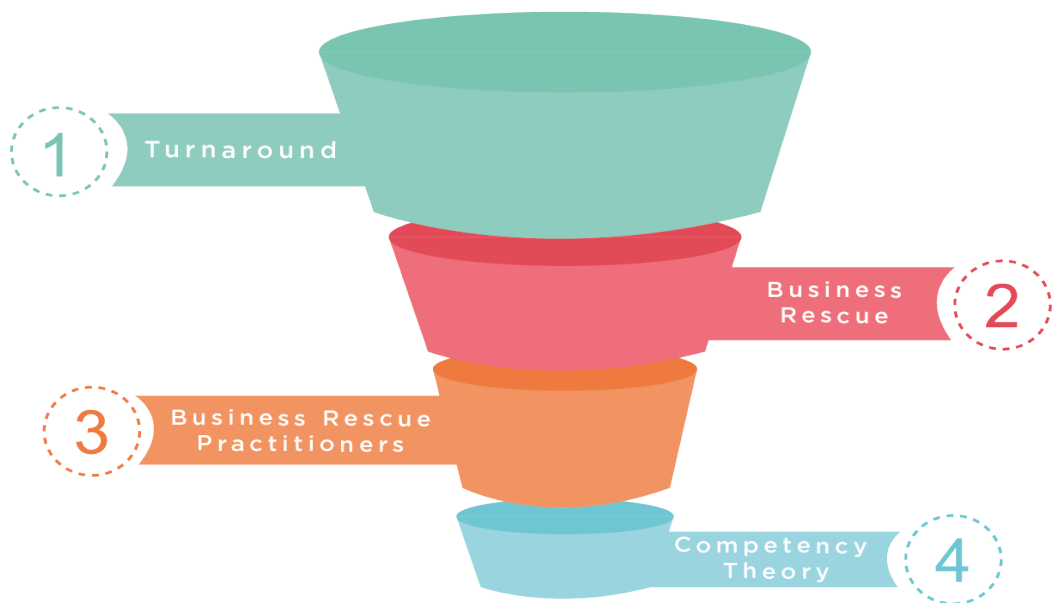
Figure 1 Literature Funnel

2.2   Turnaround Literature

In 1992, Robins and Pearce developed a two-state model of turnaround. The model suggested that successful business turnaround consists of two stages, retrenchment and strategic actions (Robbins & Pearce II, 1992). Since then, the literature on turnaround has been continually evolving. In 2013, Trahms, Ndofor and Sirmon performed an extensive literature revies, spanning over twenty years, on turnaround (Trahms, Ndofor, & Sirmon, 2013). From this review, Trahms et al. (2013) developed a turnaround model which they refer to as "The extended model of organisational decline and turnaround". The model consists of four phases: "cause of decline, response factors, firm actions and outcomes". This model provides a structured outline of turnaround literature and was used to perform the literature review.
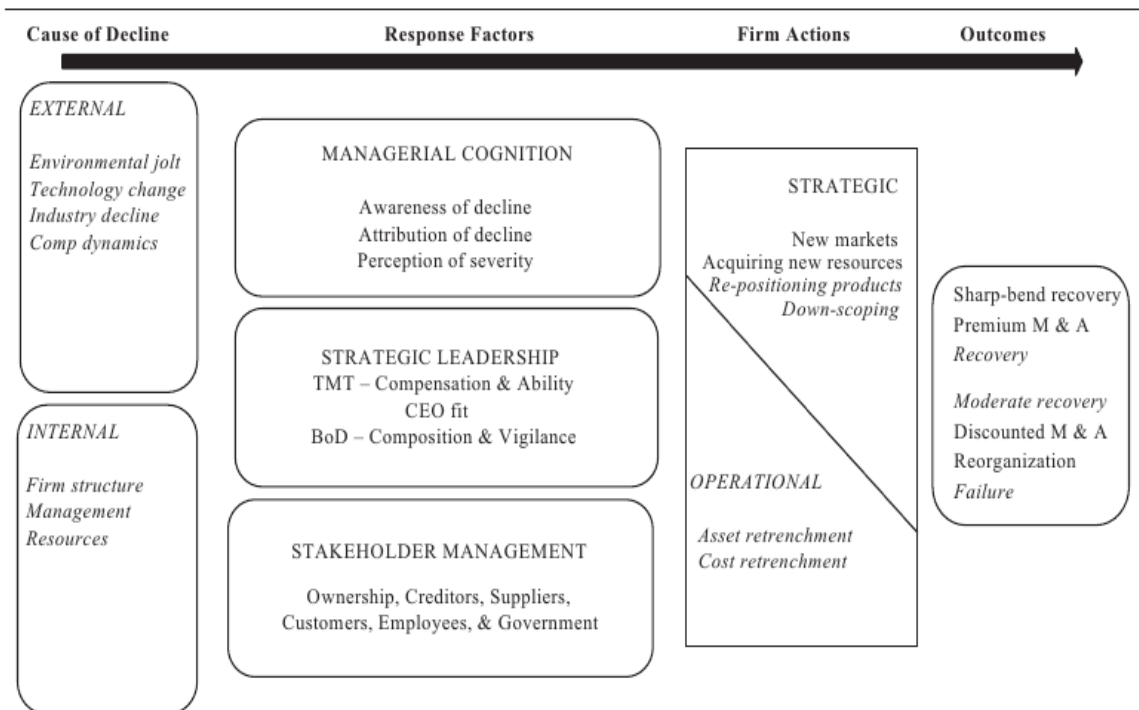
Figure 2 The extended model of organisational decline and turnaround
(Trahms et al., 2013 p. 1228)

2.2.1 Causes of Decline

Cameron, K.S., Kim, M.U., Whetten, (1987) suggest that organisational turnarounds are preceded by organisational decline which is said to occur when an organisation is misaligned with its market (external factors) or when its performance deteriorates (internal factors). Trahms et al. (2013) categorise the literature they reviewed on the "causes of decline" into "external causes" and "internal causes". Guha (2016) indicates that the internal factors are firm productivity, availability of slack resources and firm retrenchment. Early research by Robbins and Pearce suggests that organisations ascribe the cause of the decline to external factors often do not consider retrenchment in their turnaround strategies but in many cases fail (Robbins & Pearce II, 1992). Robbins & Pearce II (1992) suggest that there is a positive relationship between retrenchments and turnarounds and indicate that when organisations attribute their decline to internal factors, they are more likely to pursue retrenchment which in turn leads to superior results than when they attribute decline to external factors. This view was supported by Francis and Desai (2005) as well as Guha (2016) both of whom are adamant that a significant relationship exists between internal factors and the likelihood of successful turnaround (Francis & Desai, 2005).

There is lack of consensus on the origins of firm decline. Pretorius (2008) suggests that external factors and changes in the environment of business are increasingly becoming a cause of firm decline and firms should pay attention to changes in their external environment as potential causes of decline. Panicker and Manimala (2015) on the other hand suggest that the main cause of firm decline is always internal weakness as changes in external factors only affect firms which already have internal weaknesses. According to Amankwah-Amoah (2016), considering the causes of decline in isolation may be limiting as internal and external factors are often interrelated.

2.2.2 Response Factors

Trahms et al (2013) have categorised response factors to "firm decline" into: managerial cognition, strategic leadership and stakeholder management. The literature on each of these factors is reviewed below.

Managerial Cognition

Managerial cognition relates to how management perceives and makes sense of the causes of decline (Trahms et al., 2013). Gopinath (1991) suggests that organisational turnaround is dependent on management's recognition and admission that the firm is in distress. Gopinath (2005) assets that managerial cognition consists of three stages: awareness of the decline, a recognition by management that there is a need for a change of strategy, operational tactics or policies and finally management taking action that matches the cause of decline. Trahms et al (2013) suggest that management's perceptions of the causes of decline affects their response actions.

Panicker and Manimala (2015) point out that to increase the likelihood of a successful turnaround, managers need to detect decline early and respond timely as the sooner an organisation takes action, the greater the potential of the turnaround success. Empirical research proved that the speed of decline and severity of decline are significant predictors of successful turnaround (Zenis & Ameer, 2010) (Lohrke et al., 2011).

Combe & Carrington (2015) suggest that management bias and managers with fixed mental model mindsets inhibit management's recognition, admission and attribution of distress. According to Nystrom & Starbuck (1984) management bias often leads to inaction and sometimes inappropriate action which deepens the distress.

There is consensus in the literature that management's recognition of decline, their view on the causes of decline, their biases and the speed of their response significantly affects the potential for firm turnaround (Trahms et al., 2013).

Strategic Leadership

The strategic leadership component in the "extended model of organisational decline and turnaround" explores literature on: top management teams (TMT), CEO fit and board of director composition as factors affecting the organisational turnaround.

Hofer (1980) points out that leaders in place as the signs of decline emerged, and as the firm's financial distress developed, are often a contributing factor to the decline as they are likely to have been a direct cause of the decline or failed to recognise the warning signals. Therefore, for any turnaround to be successful, the top management team needs to be replaced (Hofer, 1980). Burbank (2005) on the other hand suggests that only those members of the leadership team that may hamper a turnaround should be removed. Burbank's (2005) suggestion is shared by O'Kane and Cunningham (2014) who suggest that the cause of decline should be evaluated before deciding to replace the encumbered leadership as their industry knowledge, networks and firm knowledge may be valuable in repositioning the firm's strategic direction. O'Kane and Cunningham (2014) suggest that leadership should only be replaced when: the leadership has been part of the cause of distress, leadership has lost credibility due to past unsuccessful turnaround efforts, or when a statement needs to be made to signal that the firm is serious about the turnaround.

Regarding the Board of Directors, Trahms et al., 2013) suggest that the size and composition of the Board of Directors affects the potential for turnarounds. Abebe, Angriawan, & Ruth (2012 as well as Routledge & Morrison (2012) are of the view that a large board of directors that has more independent directors who have appropriate industry knowledge increases the prospect of a turnaround. In support of this view, Platt & Platt (2012) further posit that the independence, size and age of board members has a significant relationship with keeping firms out of financial distress.

Stakeholder Management

According to James (2016), at the heart of formal and informal organisational turnarounds is the notion of preserving value for all stakeholders.

The evidence from empirical research reveals that all stakeholders are crucial in the implementation and management of turnaround. James (2016) posits that there is a significant positive relationship between effective stakeholder management and successful recovery from distress.

Some of the critical stakeholders identified in turnaround literature include inter alia: creditors, lenders(banks), customers and employees.

Lenders (banks) and creditors can make or break turnaround efforts. This is especially the case in formal business rescue as creditors and lenders have to approve the business rescue plan (RSA, 2008). Lenders yield further power as they have the ability to grant or deny further funding, known as post-commencement funding (PCF), once the business rescue has started. According to LoPucki & Doherty (2015) as well as Pretorius & Du Preez (2013), firms in financial distress who receive post-commencement funding are more likely to succeed than those who do not receive funding Therefore, management of relations with creditors and lenders is critical for the likelihood of a successful turnaround.

Smudde & Courtright (2011) point out that stakeholder management involves continuous two way communication with stakeholders to improve and maintain the relationships.

Without a viable market and the support of customers companies inevitably cease to exist. M Trahms et al., (2013) indicates that maintaining relations with customers, managing their expectations and ensuring that there is continued trust in the business is one of the crucial elements of turnaround. According to Priego, Manzeneque, & Madrid (n.d.) firms must therefore prioritise investment that improves product offerings to customers.

As employee engagement and staff morale tends to deteriorate in periods of distress, labour productivity also declines while employees develop negative attitudes towards an organisation from an early stage in firm distress. Trahms et al. (2013) points out that a crucial element of stakeholder management is managing the expectations and perceptions of employees during the turnaround process. Priego et al. (n.d.) notes

that an important element of turnaround is restoring productivity although this may sometimes involve employing more staff. The view of managing employees as part of the stakeholder management process is also supported by Paniker and Minmala (2015) who assert that employee engagement is a significant differentiator in organisational turnarounds.

It is argued that stakeholders with the greatest capacity and bargaining power attempt to impose their requirements against other stakeholders. There is however consensus in the literature that suggests that the likelihood of successful turnarounds is influenced by broad stakeholder management. It is insufficient to merely focus on the interest of the stakeholder with the greatest power or being primarily concerned with the return to shareholders.

2.2.3 Firm Actions and Outcomes

Firm Actions

Robbins and Pearce (1992) present a two-stage process of firm action for turnarounds. This involves retrenchment and recovery (Robbins and Pearce, 1992). Retrenchment involves cost and asset retrenchment whilst recovery is related to investment in operational efficiencies and new products or servicing new markets. Robins and Pearce (1992) consider cost retrenchment as a prerequisite for firm turnaround. Following cost retrenchment, a firm may then consider asset retrenchment to achieve a turnaround (Robins and Pearce, 1992). A combination of the two was considered to produce the greatest turnaround performance. Literature suggests that retrenchment may not always be the most appropriate action for firms whose core capabilities are innovation, exploration, differentiation strategy and new product development as the environment and market that these companies operate in require constant investment in differentiation initiatives. Lim, Nikhil, Morse, & Rowe (2013) indicate that cost retrenchment would compromise the positioning of these entities which may impact on their potential to recover.

James (2016) suggests that for capital intensive firms, the retrenchment of business units or segments which are not core to the organisation's strategy is the least disruptive to the organisation and may significantly increase the probability of turnaround.   Tangpong, Abebe, & Li (2015) also argue that in some instances,

divestments and earlier geographic market exits strategies are effective turnaround actions that yield positive results.

Regarding the process of turnarounds, Robbins and Pearce (1992) suggest that firms should start with retrenchment initiatives and then enter the the recovery phase where it can focus its attention on improving operational efficiencies or pursue the strategic turnaround of the organisation. According to Robbins & Pearce (1992), operational efficiencies relate to existing products or markets while strategic turnarounds relate to new products or new markets. A combination of these two strategies may sometimes be advantageous.

Schmitt & Raisch (2013) suggests that firms may need to oscillate between retrenchment and recovery several times during the process of the turnaround as retrenchment and recovery are interrelated and integrating the two positively affects turnaround. This is further supported by Maitlis & Christianson (2014) who posit that oscillating between retrenchment and recovery also provides managers with an opportunity to learn and gain a deeper understanding of the decline situation. According to Maitlis & Christanson (2014), by making decisions and observing the impact on the firm, leaders can adjust their actions to achieve the optimal results. Transition between retrenchment and recovery allows leaders to validate their assumptions and actions (Nystrom & Starbuck, 1984).

Literature suggests that retrenchment and recovery strategic actions are effective turnaround actions. However the context needs to be considered to assess which of the strategies is most appropriate given the cause of the decline and contextual factors. Trahms et al. (2013) suggest that strategic, rather than operational actions, are the driver of long-tern reform after decline. However Panicker & Manimala (2015) suggest that most firms that employed many more turnaround actions, irrespective of whether these were strategic or operational, were able to successfully achieve turnaround.

Outcomes

Trahms et al. (2013) describes outcomes from turnaround as ranging from unsuccessful to successful, including partial success. In the case of business rescue there are three outcomes: unsuccessful rescue that leads to liquidation, a company that is rescued and continues as a going concern or a return to creditors which is greater than an immediate liquidation of the company would have achieved.

Pretorius (2013) classifies business rescue success as using turnaround procedures to rescue a distressed business or delivering a plan that results in a better return to creditors and shareholders than an immediate liquidation return. This evaluation of business rescue is aligned with the Companies Act's description of a successful business rescue.

2.3   Business Rescue

The concept of business rescue was introduced by the promulgation of the Companies Act number 71 of 2008 which was brought into force in May 2011 (Government Gazette, 2011). The Act defines "business rescue" as "proceedings to facilitate the rehabilitation of a company in financial distress.

Temporary supervision, of the affairs of the business, is allowed under a temporary moratorium on the rights of claimants against the company or in respect of property in its possession, while a business rescue plan to restructure the business is developed and implemented such that it optimises the likelihood of the company continuing on a solvent basis or, if the company does not continue to exist it results in a better return for the company's creditors or shareholders than would be achieved through an immediate liquidation of the company" ((RSA), 2008). The introduction of business rescue is considered to be a significant change, permitting liabilities to be placed on hold while affected parties worked together to rehabilitate the company; in the past, the only other option for a company in financial distress was bankruptcy and liquidation.

The goal of the business rescue legislation is primarily to save companies that are in financial distress as a going concern. If no prospects of saving the company on a going concern basis exists, the second objective is to reorganise the company in such a manner that creditors and shareholders will get a return that is superior to what they would have recovered had the company been wound up. Chapter six of the Companies Act refers to "affected persons". The objective of business rescue is to maximise the outcome for all affected persons (RSA, 2008).

Conradie and Lamprecht (2015) argue for a third goal of business rescue which is not explicit in the Act but implied through the spirit of Chapter 6, which is that "the effect on all affected parties should be beneficial, and the interest of employees

should be protected (Conradie & Lamprecht, 2015). In a more recent study by Conradie and Lamprecth (2018), a consensus was reached amongst expert BRPs that business rescue should preserve as many jobs as possible and employment preservation was indicator of success of business rescue (Conradie & Lamprecht, 2018).

The requirements, set out by the Chapter 6 of the Companies Act, for companies to apply for business rescue are that: the company should be in financial distress and "there must be a reasonable prospect of saving the company. Financial distress is described as "the appearance that the company will not be able to pay its debts as they fall due in the following 6 months or that a company will become insolvent in the following 6 months" (Companies Act No 71 of 2008, s128(1)(f). The board of directors of a company may voluntarily file for business rescue or affected persons such as creditors, employees and shareholders may apply with the commissioner for a company to be placed under business rescue (Companies Act No 71 of 2008, s128(1)(a)).

In terms of the Act, a business rescue practitioner should be appointed to lead business rescue proceedings. Bradsheet (2010) suggests that the success of business rescue is largely dependent on the person administering the rescue proceedings (Bradstreet, 2010). For this reason, business rescue professionals are a crucial element of business rescue.

2.4   Business Rescue Practitioners

Business rescue practitioners can be appointed by the companies' board of directors or by court order. Section 128(1)(d) of the Companies Act of 2008 defines a business rescue practitioner as "a person appointed, or two or more persons appointed jointly, to oversee a company during business rescue proceedings." Section 140 of the 2008 Companies Act sets out the main duties of a business rescue professional. The main responsibility of a business rescue practitioner is to take control of the management of the company. This entails the business rescue practitioner investigating the affairs of the business, resources and financial affairs of the company. ((RSA), 2008) Subsequent to the investigation, the business rescue practitioner should assess the prospect of the entity being rescued. The practitioner

then has the key duty of ensuring that a sound business rescue plan is formulated, approved by the stakeholders and implemented ((RSA), 2008).

The powers given to the rescue practitioner are extensive and critical to the success of the business rescue proceedings. One of the most complex and vital tasks of the business rescue practitioner is the developing of the business rescue plan. The rescue plan has to be submitted to the creditors and shareholders for approval ((RSA), 2008). Business rescue practitioner should therefore be suitably qualified and have the appropriate knowledge and skills to carry out their responsibility. Practitioners are responsible for the rehabilitation of a company and it is important that they are adequately qualified to carry out this critical task (Patel, 2018). The level of expertise and qualification of rescue practitioners has been identified out as a significant factor has the potential to contribute to the failure of business rescue proceedings.

Section 138 of the Companies Act, sets out the qualifications required for a person to be appointed as a business rescue practitioner. It requires a person to be:

a) "is a member in good standing of a legal, accounting or business management profession accredited by the Commission
b) has been licensed as such by the Commission in terms of subsection (2)
c) is not subject to an order of probation in terms of s 162 (7)
d) would not be disqualified from acting as a director of the company in terms of s 69 (8)
e) does not have any relationship with the company such as would lead a reasonable and informed third party to conclude that the integrity, impartiality or objectivity of that person is compromised by that relationship
f) is not related to a person who has a relationship contemplated in (d)"

((RSA), 2008)

There are currently three professional bodies which are accredited by the CIPC namely:

- Institute of Accountants and Commerce (IAC)
- South African Institute of Professional Accountants (SAIPA)
- South African Institute of Chareterd Accountants (SAICA)

(Rajaram & Singh, 2018)

The requirement to be a "member of good standing with a legal, accounting or business management professional body" ((RSA), 2008) indicates the skills that the commission believed to be essential to a business rescue practitioner. Business rescue professionals need to be competent across various different fields. Pretorius (2013) described the guidance provided by the Act regarding the qualifications of a practitioner and the tasks of a rescue practitioner as vague. There exists a gap in the legislation regarding the qualifications and competencies of rescue practitioners.

2.5   Theory on Competence and Competencies

In 1959, White introduced the term "competence" and defined it as; personality traits associated with exceptional performance and high motivation (White, 1959). Two decades later in the 1970s, McClelland conceptualised the notion of "competencies" (McClelland, 1973). Several definitions have since been offered for the concept of competencies. Competencies are defined as abilities, behavioural patterns and capabilities that drive high performance and outcomes (Bartram, 2004; Boyatzis, 2008; Sturm, Vera, & Crossan, 2017). Furnam & Mansi, (2011) described competency "as a 'state of being qualified, capable or proficient', through skills, knowledge and ability, for a specific assignment.

For the purpose of this study, it was essential to distinguish between competency and competence. Competency is generally associated with selection, whilst competence is associated with assessment and appraisal processes (Furnam & Mansi, 2011). "Individuals are rated on competence frameworks on a scale ranging from incompetent to competent" (Mirabile, 1997:74), or on levels ranging from novice to competent, to proficient, to expert or even master performers of the relevant tasks (Dreyfus & Dreyfus, 1980). Competence describes "how well' the competency is performed; thus the outputs are measured and rated on a scale of performance, again judged by an expert with knowledge of the assignment under scrutiny (Pretorius, 2014).

This study was concerned with the "competencies" component of business rescue practitioners as it sought to explore the fundamental capabilities, abilities and behaviours of business rescue practitioners, that drive successful business rescue.

In order to formulate a theoretical base for the research, theory on leadership competencies, as well as existing literature on competencies of turnaround managers and business rescue practitioners was reviewed. The formulation of competencies for a successful business turnaround practitioner improves the knowledge base of a distressed firm.

Leadership Competencies Theory

Bartram (2005) developed the "Great Eight Leadership Competencies Framework". This framework is a taxonomy of leadership competencies which he argued are the eight categories of competencies underlying successful leadership performance in business. These categories are depicted in the table below.

Table 1 Table of the Great Eight Leadership Competencies Framework

Factor	Competency Domain Title	Competency Domain Definition
1	Leading and deciding	Takes control and exercises leadership, initiates action, gives direction and takes responsibility.
2	Supporting and cooperating	Supports others and shows respect and positive regard for them in social situations.
3	Interacting and presenting	Communicates and networks effectively; relates to others in a confident and relaxed manner.
4	Analysing and interpreting	Shows evidence of clear analytical thinking. Gets to the heart of complex problems and issues. Applies own expertise effectively. Communicates well in writing.
5	Creating and conceptualising	Works well in situations requiring openness to new ideas and experiences. Seeks out learning opportunities. Handles situations and problems with innovation and creativity. Thinks broadly and strategically. Supports and drives organisational change.
6	Organising and executing	Plans and works in a systematic and organised way. Follows directions and procedures. Focuses on customer satisfaction and delivers a quality service or product to the agreed standards.
7	Adapting and coping	Adapts and responds well to change. Manages pressure effectively and copes well with setbacks.
8	Enterprising and performing	Focuses on results and achieving personal work objectives. Works best when work is related closely to results and the impact of personal efforts is obvious. Shows an understanding of business, commerce, and finance. Seeks opportunities for self-development and career advancement.

Source: (Bartram, 2005, p. 1187)

Bartram (2005) identified and analysed the leadership competencies at the task level of performance. These competencies can be linked to the tasks of business rescue practitioners which were defined in a study by Pretorius (2014).The competencies

identified by Bartram (2005), are associated with: business management (Bartram, 2005), cognitive ability (Boyatzis, 2008; Heslin & Keating, 2017), collaboration and persuasion (Battliana, Gilmartin, Sengal, Pache, & Alexander, 2010; Chen, Zhu, & Zhou, 2015). There appears to be consensus in the reviewed literature that "The Great Eight Leadership Competencies Framework" suggests generic leadership competencies that are applicable leadership in various contexts.

Mumford, Todd, Higgs and McIntosh (2017) developed the "Nine Critical Cognitive Skills Framework for Leadership Performance" on which they suggested that cognitive skills are most important for leadership performance and are pivotal predictors of leadership ability. These critical cognitive competencies are depicted in the table below:

Table 2 Table of the Nine Critical Skills for Leadership Performance

No.	Key Competency	Competency Definition
1	Problem definition	Ability to define noteworthy issues and significant problems.
2	Cause/goal analysis	Analyses goals and objectives that are important for the organisation
3	Constraint analysis	Identify constraints that may influence a situation
4	Planning	Organise activities to achieve the goals
5	Forecasting	Ability to anticipate the downstream implications of executing plans and strategy
6	Creative thinking	Formulate new ideas and alternate approaches.
7	Idea evaluation	Evaluate new ideas and alternate approaches for risks, feasibility and execution
8	Wisdom	Evaluate ideas and decisions within context or setting
9	Sense/Making/Visioning	Articulate a vision which is understandable and makes sense to followers

Source: (Mumford et al., 2017)

Mumford et al. (2017) suggest that leaders should have the ability to identify and define the problems that exist in an entity and should possess the skill of evaluating viable opportunities, direct the activities of the organisation to achieve those goals and assess constraints that may impede the organisation from achieving the goals. Leaders, according to Mumford et al. (2017) should have strategic foresight, think of new ideas and approaches and have the wisdom to anticipate challenges and select the appropriate ideas. (Mumford et al., 2017). The leadership skills identified by Mumford et al (2017) are closely related to some of the higher order competencies of business rescue practitioners which were proposed by Pretorius (2014). The

comparable higher order competencies are: sense-making, decision making and integration (Pretorius, 2014).

Emotional Intelligence

Emotional intelligence has been cited as one of the critical competencies for effective leaders and was proven to have a positive correlation with leadership performance (Puranik, 2017; Boyatzis & Ratti, 2009). Boyatzis & Ratti (2009) posit that emotional intelligence comprises of five main domains namely: empathy, self-awareness, self-motivation, self-management and social skills. Boyatzis and Ratti performed a literature review of leadership and competencies literature and concluded that there is consensus in the literature that exceptional leaders exhibit emotional intelligence. As business leaders, navigating entities in distress, this research proposes emotional intelligence as a foundational competency for business rescue practitioners.

Turnaround and Business Rescue Practitioner Competencies

Turnaround Management Competencies

Based on the Dynamic Capabilities Theory, Baird (2014) argues that the human capital of turnaround firms has the ability to provide a competitive advantage in the form of knowledge, skills and experience of individuals. Dynamic capability is described as: "an organisation's ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments" (Teece, Pisano, & Shuen, 1997). Baird (2014) expanded on the early work of the turnaround theory which identified "knowledge in the areas of accounting, finance, legal and business acumen and, coupled with experience, as characteristics of successful turnaround practitioners" (Baird, 2014). This research had two components, the first survey indicated the characteristics below as the important determinants of success for turnaround managers:

- "Level of ability to communicate transparently and quickly with all stakeholders.
- Ability to implement effective cash management strategies.
- Amount of increase in the distressed company's profitability achieved and speed with which results were achieved."

(Baird, 2014)

The second survey suggested that "a successful turnaround manager requires a unique combination of educational, experiential and personality skills to be a successful turnaround management professional" (Baird, 2014):

Business Rescue Competencies

With the intent to recommend competencies and qualification requirements of business rescue practitioners to the CIPC, Pretorius (2013) performed a study in which he investigated the critical "tasks and activities of business rescue practitioners. The study revealed that business rescue practitioners have five critical tasks that rescue practitioners must effectively perform in order to undertake successful business rescue proceedings. These important tasks are: "taking management control of the distressed firm, understanding the affairs of the company, formulating a viable rescue plan, executing the rescue plan and ensuring compliance with the relevant statutory requirements of the plan (Pretorius, 2013). These tasks are in line with the process of business rescue outlined in the Companies Act and have been supported in further studies (Rajaram & Singh, 2018; Rosslyn-Smith, W., Pretorius, 2015) In 2014, Pretorius expanded on this study and developed a competency framework for business rescue practitioners.

In the study on business rescue competencies, Pretorius (2014) developed a framework of higher-order competencies for business rescue practitioners. Pretorius (2014) posits that that the higher order competencies for rescue practitioners are: sense-making, decision-making and integration. These competencies are to be achieved through collaboration, which was considered to be the central competency (Pretorius, 2014).

Sense-Making

Pretorius (2014) posits that one of the critical elements of business rescue is investigating the affairs of the business and performing a feasibility and viability analysis. This requires higher-level perceptual and intuitive capacity to quickly analyse information, identify emerging patterns and make accurate judgement calls (Pretorius, 2014). The sense-making competency described by Pretorius (2014) is in line with earlier turnaround literature that suggests that turnaround managers should analyse the state of a business, the market and it's operating environment (Boyd, 2011; Trahms et al., 2013).

Decision Making

Once a business rescue practitioner has made sense of the business; critical decisions need to be made at different phases of the rescue process. Pretorius (2014) posits that rescue practitioners should have the ability to invoke problem solving techniques, analyse scenarios, select options, make judgement calls and make quick accurate decisions; sometimes with limited information (Pretorius, 2014). Decision making competency identified by Pretorius (2014) is central to business rescue; section 147 of the Companies Act requires practitioners to make judgements on "reasonable prospect" of the entity being rescued. At the heart of business leadership and management practice is decision making

Integration

In a distressed organisation there are often many loose standing pieces of the puzzle that need to be put together and ordered to function sensibly together as a whole (connecting the dots); Pretorius argues that rescue practitioners should have the ability to connect the dots (Pretorius, 2014). Pretorius (2014) posits that underlying the integration competency is the heightened capacity to: synthesise, connect the dots, develop novice solutions and consider alternatives. Integration is closely related to sense-making and is a prerequisite to writing the business rescue plan (Pretorius, 2014).

Collaboration

Pretorius (2014) suggests that collaboration is the competency that supports stakeholder management. Underlying this competency, is the ability to be negotiate well, be inclusive, delegate and build trust. Collaboration is the means through which sense-making interacts with integration and decision-making (Pretorius, 2014). The business rescue legislation is aimed protecting all "affected persons" ((RSA), 2011); collaboration is essential to establish trust and obtain support.

In addition to the higher-order competencies, Pretorius (2014) suggests that there is a "supreme task" to be undertaken by business rescue practitioners which is to "follow the statutory process". He argues that business rescue is governed by a legal

framework (the Companies Act) which is the ultimate guideline that rescue practitioners should comply with.

The higher order competencies identified, should be supported by rescue specific knowledge (Pretorius, 2014). The rescue specific technical knowledge areas identified by Pretorius (2014) are: finance, legal and business management knowledge. No clear patterns emerged regarding the relative importance of each of the knowledge areas except for compliance with the statutory process. The majority of the respondents in the study did not consider compliance with the statutory process to require specialised knowledge. Pretorius (2014) pointed out self-serving bias that may be associated with rating oneself as a limitation to assessing the relative importance of the rescue specific technical knowledge.

Below is a visual representation of the framework developed by Pretorius (2014). The infographic presents the relationships and interrelationships between the higher order competencies required by a business rescue practitioner, rescue tasks and knowledge requirements.
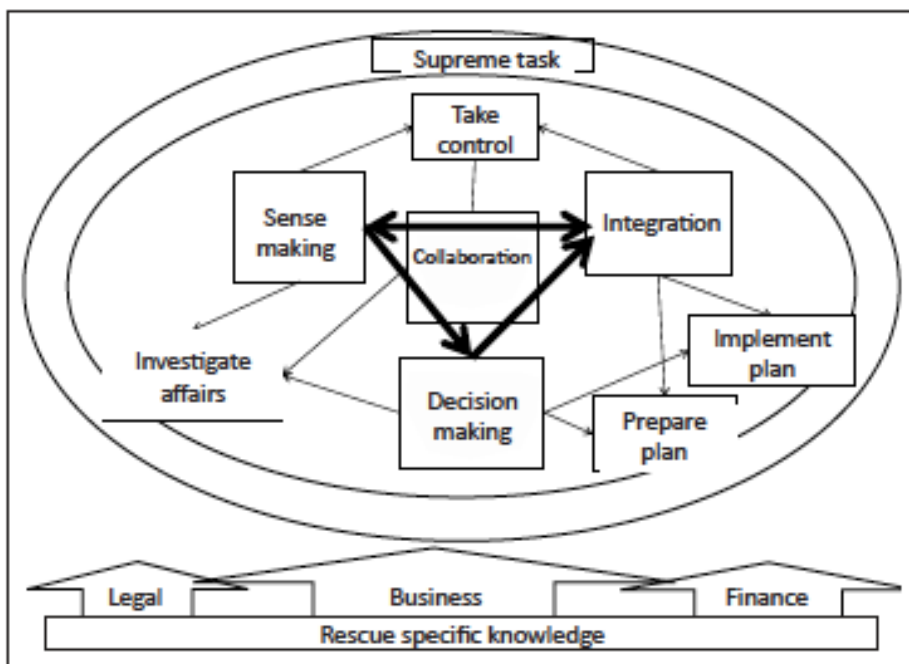
Source: (Pretorius, 2014)

Figure 3 The relationships and interrelationships between higher-order competencies required by a business rescue practitioner, rescue tasks and knowledge requirements

A recent study was undertaken by (Rajaram & Singh, 2018) to investigate the qualifications and competencies of successful business rescue practitioners. The findings of their study revealed that a business turnaround practitioner should ideally hold an accounting qualification or be an accredited Turnaround Management Professional (TMP). In addition to an accounting qualification, a successful business rescue practitioners should possess certain important skills: "A strong sense of decision-making was ranked as the most important skill. The ability to implement effective cash management strategies and a strong aptitude for success were regarded as the second and third most important skills of rescue practitioners." (Rajaram & Singh, 2018) The research suggested that professionals who are reliant on one skill (such as only accounting skill) will unlikely be a successful business rescue practitioner (Rajaram & Singh, 2018). According to (Rajaram & Singh, 2018), it was apparent that the participants viewed a successful business turnaround practitioner as having a diverse set of skills and educational. A successful rescue practitioner should possess effective restructuring, legal, accounting, mediation and conflict resolution expertise.

The studies conducted by (Pretorius, 2014) and (Rajaram & Singh, 2018) focused on the competencies of business rescue practitioners at a higher-order competency level (Pretorius, 2014) and qualification requirement (Rajaram & Singh, 2018). This study aims to gain a deeper level of understanding of the critical competencies of business rescue practitioners and analyse these at fundamental level. As such, broader leadership competency literature and business turnaround theories were considered and a synthesised model, containing fundamental competencies, of business rescue was proposed.

BUSINESS RESCUE COMPETENCIES

DECISION MAKING
Judgement
Evaluate Options
Accurate Decisions
Directing the
Organisation
Strategic Foresight
Adaptability

SENSE MAKING
Systems thinking
Analytical thinking
Feasibility analysis
Viability analysis
Strategy Formulation

FINANCE

LEGAL

THE SUPREME TASK

TAKE CONTROL

THE SUPREME TASK

INTEGRATION
Business acumen
Drive and manage change
Innovation and creativity
Team management
Problem solving
Strategy Implementation

COLLABORATION
Stakeholder Management
Negotiation
Communication
Emotional Intelligence
Delegation

BUSINESS MANAGEMENT

Figure 4 A conceptual Framework of business rescue practitioner competencies

Source: Synthesised from (Pretorius, 2014; Bartram, 2005; Boyatzis & Ratti, 2009; Mumford et al, 2017)

2.6   Conclusion

This chapter reviewed literature on business turnaround theory, business rescue and business rescue practitioners, leadership competency theories as well as literature on business rescue competencies. A conceptual framework was developed based on a combination of the reviewed literature (Figure 3). The review of the literature revealed the importance of business rescue practitioners in business rescue proceeding and explored the competencies of rescue practitioners that have been uncovered by previous studies. Business rescue remains a relatively new area in South Africa and is an important area in South African business. The need to gain a deeper level of understanding of the competencies rescue practitioners was suggested by previous scholars (Pretorius, 2014). An amalgamation of leadership competencies and turnaround literature were used to enhance the higher-order

competencies framework developed by Pretorius (2014) which formed a foundation for the research proposition suggested in the next chapter (chapter 3) as well as the research design and methodology.

3   Chapter 3: Research Propositions

3.1   Introduction

Extensive literature exists and was reviewed regarding turnaround management as well as leadership competency theories. There is however limited literature on Business Rescue and specifically on the competencies of business rescue practitioners as business rescue is still in its early phase in South Africa. The formulation of competencies for a successful business turnaround practitioner improves the knowledge base of a distressed firm and provides guidance for the selection and evaluation of rescue practitioners. To this end, the study sought to investigate two research propositions. These proposition were developed through the review of literature and the formulation of a conceptual competency framework.

Sense-making, decision-making, integration and collaboration were identified by Pretorius (2014) as being the higher-order competencies that are essential for business rescue practitioner in South Africa. These higher order competencies were linked to leadership competency theory namely: the Great Eight Competencies Framework for Leadership Performance (Bartram, 2005) and the Nine Critical Cognitive Skills for Leadership Performance Framework (Boyatzis, 2008) and turnaround management literature by Trahms et al. (2013) to identify fundamental competencies required of business rescue practitioners. This literature, theories and frameworks were synthesised to form a conceptual framework which forms the basis of the propositions below.

3.2   Research Proposition 1

Research Proposition 1: The foundational competencies associated with the higher-order competency of sense-making are systems thinking, analytical thinking, feasibility analysis, viability analysis and strategy formulation.

3.3   Research Proposition 2

Research Proposition 2: The foundational competencies associated with the higher-order competency of decision-making are evaluating options, judgement, accurate decision-making, directing the organisation, strategic foresight and adaptability.

3.4   Research Proposition 3

Research Proposition 3: The foundational competencies associated with the higher-order competency of integration are business acumen, change management, innovation and creativity, team management, problem solving, and strategy implementation.

3.5   Research Proposition 4

Research Proposition 4: The foundational competencies associated with   the higher-order competency of collaboration are stakeholder management, negotiation, communication, emotional intelligence and delegation.

3.6   Research Proposition 5

Research Proposition 5: The technical knowledge areas that are essential for business rescue practitioners are: finance, legal and business management.

The study by Pretorius (2014) discussed Chapter 2, identified finance, legal and business management knowledge as being essential technical knowledge for rescue practitioners. In a further study , Rajaram & Singh (2018) suggests that business rescue practitioners should ideally hold an accounting qualification or be an accredited Turnaround Management Professional (TMP). Research proposition 2 was derived from these studies.

3.7 Conclusion

This chapter presented research propositions that formed the foundation of the study conducted. By exploring the research propositions, the study aimed to gain a deeper understanding of the critical competencies and knowledge base of business rescue practitioners in South Africa. The chapter that follows describes the research methodology used in the study.

4 Chapter 4: Research Methodology and Design

4.1 Introduction

This chapter outlines the research methodology and design that was used to explore the research propositions presented in Chapter 3. A qualitative approach was taken to evaluate the essential competencies for business rescue practitioners in South Africa. The propositions suggested in Chapter 3 were based on the literature reviewed in Chapter 2. The instrument used to gather data was conducted a semi-structured interviews with business rescue practitioners, business executives, academics and experienced professionals. The researcher took measures to address reliability, validity and ethical concerns in the research process.

4.2 Choice of Methodology

An exploratory qualitative research approach was chosen for this study. According to Wirtz, Pistoia, Ullrich, & Gottel (2016) qualitative research is suitable where limited information on a particular phenomenon or topic exists. Bloomberg & Volpe, (2012) add that qualitative research is appropriate for exploring a deep understanding of a subject matter. It was, therefore deemed appropriate to use a qualitative approach in this study due to the limited information that exists regarding business rescue competencies and the need to gain a deeper understanding of the subject.

The research only involved qualitative data gathering and did not require any collection or interpretation of statistical or quantitative data and therefore a mono-method qualitative approach was suitable. The intangible and unquantifiable nature of business rescue practitioner competencies further necessitated the gathering of qualitative data. Strauss & Corbin (1990) defined qualitative research as "any type of research that does not make use of statistical procedures and quantification to produce findings." Data for this research was gathered through interviews with industry experts: business rescue practitioners, business executives, academics and professionals. This data gathering strategy is categorised as a semi-structured interview process (Saunders & Lewis, 2018)

The research combined both a deductive and an inductive approach. The deductive approach was based on the literature reviewed in Chapter 2 and the conceptual model developed from the literature. The inductive approach was used in the thematic data analysis. This combined approach is deemed suited for an exploratory study by Saunders & Lewis, (2018) as well Bloomberg and Volpe (2012) who suggest that the coding and analysis of data is deductive as it is initially based on the literature while it also evolves as the researcher goes through the research process. This approach was effective as the research was exploratory in nature and intended to gain new insights in the area of Business Rescue, which is a complex and new concept in South Africa and limited research has been conducted in this area. Saunders, Lewis, & Thornhill (2012) point out that explorative research is effective in complex subjects and unexplained areas.

Detailed, semi-structured interviews were conducted. Semi-structured allow for open dialogue and give respondents freedom to put forward their perceptions. In doing so, this facilitates the emergence of critical insights. Zikmund, Babin, Carr, & Griffin (2013) point out that semi-structured interviews are conducive for the development of open dialogue. This study was intended to gain deep insights regarding the competencies of business rescue practitioners. Semi-structured interviews were suited for probing and in-depth discussions.

The study involved interviews with fifteen interviews over a period of a month and a half. The data therefore reflects the perceptions of the respondents at a point in time. The research design is therefore categorised as cross-sectional and is considered suitable for the purpose of the study (Saunders & Lewis, 2018).

As context affects facts and circumstances, interpretation and contextual understanding are necessary. Accordingly, this study followed the interpretivist philosophy. Saunders et al., (2012) point out that an interpretivist philosophy is considered to be appropriate when a study seeks to understand lived experiences and perspectives of individuals.

4.3   Population

The population of this research was individuals with experience in business rescue events and either as business rescue professionals or have played a part in a business rescue process. Zikmund et al., (2013) define a population as a "collection of individuals who share common characteristics". This study consisted of two respondent groups: the first was licensed business rescue practitioners while who were the second was comprised of business executives, academics and experienced professionals (bankers, lawyers and accountants) who have had experiences with companies that have been in business rescue or consult, on a regular basis, with business rescue practitioners. A list of licensed business rescue practitioners was obtained from the CIPC. The objective of having a second group of respondents was to use this group to triangulate data gathered from business rescue practitioners and address the bias associated with self-assessment. Respondents from the second group were required to have been involved in more than three business rescue or business turnaround initiatives and be senior managers or above. In the case of academics, they were required to be Professors or hold PhD degree related to business turnaround or business rescue. All respondents have experience in business rescue or extensive involvement in a business rescue event and interaction with BRP's.

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4.4   Unit of analysis

The unit of analysis refers to "the level at which the study is performed and the objects that are researched" (Saunders & Lewis, 2018). The study was aimed at gaining insights from the interviewees; the unit of analysis was therefore the individuals who were giving their insights in the subject being researched. The concern of qualitative research is to "understand a phenomenon from the perspective of those being studied as they encounter, engage and live through certain contexts and situations."

4.5   Sampling method and size

The sampling was a two-layered nonprobability technique involving purposive and snowball sampling techniques. " According to Marshall (2017), purposive sampling

is a common sampling technique that allows active selection of the most productive sample to address the research proposition".

A list of licensed business rescue practitioners in South Africa, outlining the level of the rescue practitioner (junior, experience or senior practitioners), was obtained from the CIPC. A sample of senior and experienced practitioners was selected from the list of practitioners. While a probability technique could have been used to sample this population strata as a complete list was available, consideration was also given to the number of business rescue proceedings the practitioner had performed and the reputation of the practitioners. This called for a purposive sampling technique.

As a member of SAICA, one of the rescue practitioner accreditation bodies, the researcher requested assistance from SAICA to access senior rescue practitioners. The academics in second group were renowned subject matter experts in the business rescue field. Legal experts, bankers, accountants and business executives with broad exposure to business rescue were identified using the researcher's informal network. These were chosen through purposive sampling. Judgement was used to assess the appropriate level of experience of industry experts and their involvement in business rescue proceedings. Initial respondents were requested to recommend individuals with appropriate level of experience. Saunders & Lewis (2018) define this as the snowball sampling technique which they consider effective in obtaining access to other key experts.

According to Marshall (2017), the sample sizes of qualitative studies tend to be small. Malterud, Siersma, & Guassora (2015) suggest that the sample size of a qualitative study should be determined based on "the information power of the participants". This is possibly due to the likelihood that, in interviewing highly experienced individuals, data saturation could be reached quickly. For this research, the size of the sample was not fixed upfront and this was left to the point of data saturation.

A total of fifteen respondents were interviewed. Saturation was reached after the fourteenth interview. A further interview was conducted to confirm that saturation had been reached. This method of sample size confirmation was advocated by (Guest, Bunce, & Johnson, 2006). The researcher took note of all new codes and plots this

as graphically presented in the Figure 5 below. The researcher tracked all new codes until no further insights were observed.
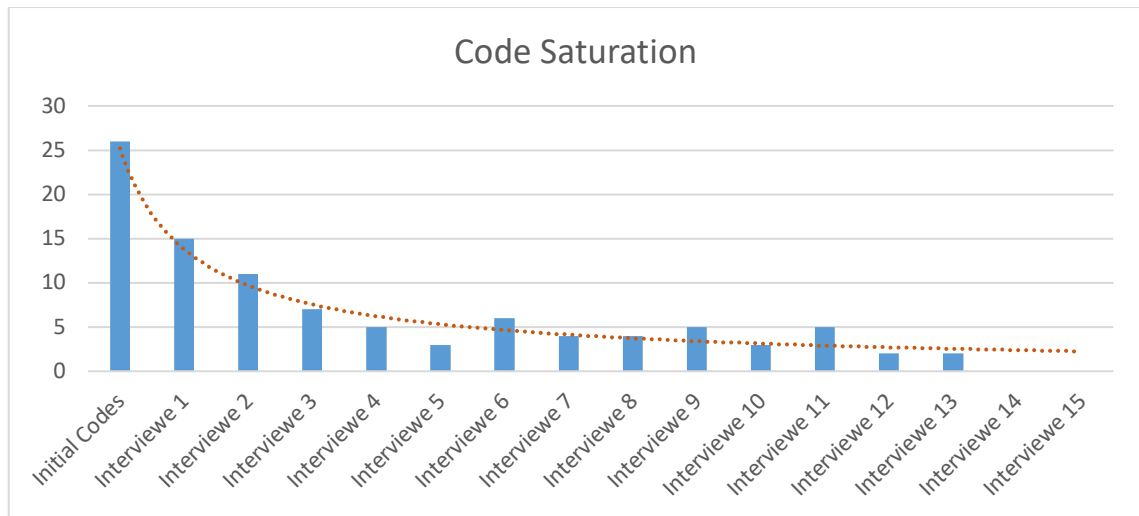
Figure 5 Data Saturation Graph

4.6   Measurement instrument

A semi-structured interview guide was prepared and used as a guide for the semi-structured interviews (Saunders & Lewis, 2018). The interview guide was prepared to provide structure to the interview whilst simultaneously allowing for open-ended, in depth discussion. Flick (2011) suggested that using similar questions in each of the interviews helps in analysing that the collected data from a comparative perspective. It implies that to the researcher that the differences in the collected data may be considered to be due to differences in the respondents perspectives (Flick, 2011). The interview questions were designed to explore the research propositions (validating the conceptual framework), while leaving room for salient themes to emerge. As such, the questions were open-ended and allowed the interview to be flexible. A consistency matrix was used to map interview questions with the propositions to ensure that the interviews were consistent and in line the purpose of the study and facilitate the research objective.

 Consent was obtained from the participants to record the interviews. The interviews were recorded with a digital audio device to protect the integrity of the collected data. The interviews were transcribed using transcribing software Otter. The transcripts were then reviewed and edited as appropriate by the researcher. The transcripts

were further compared to the researcher's handwritten notes to verify the completeness, accuracy and reliability of the transcriptions.

4.7   Data gathering process

Interviews were scheduled in advance via e-mail. Acceptance e-mails were retained for evidence gathering purposes. Consent forms were also sent to all participants for signing as an indication of agreement to the interview. This was in accordance with the ethical research practices. Permission was requested from participants to record the interviews. These were digitally recorded transcribed using Otter™ which is a transcribing software.

Individual, Face-to-face, semi-structured interviews were scheduled with business rescue practitioners and industry experts. This allowed for uninterrupted focus on the interviewee enabling unique, personal perspectives and insights (Strauss & Corbin, 1990). All interviews were conducted in meeting rooms and offices where minimal disturbances were anticipated (Saunders & Lewis, 2018).

A semi-structured interview schedule was prepared and used to guide and to provide structure to the interview whilst simultaneously allowing for open-ended, in depth discussion (Saunders & Lewis, 2018). Flick (2011) suggested that using similar questions in each of the interviews helps in analysing data while providing for comparative respondent perspective. A consistency matrix was used to map interview questions with the propositions to ensure that the interviews were consistent and in line with the purpose and objectives of the study.

 The transcripts were then reviewed and edited as appropriate by the researcher comparing these to the researcher's handwritten notes to verify the completeness, accuracy and reliability. All data gathered, including the recordings, handwritten notes and the transcriptions formed the basis for the data analysis (Saunders & Lewis, 2018).

4.8   Data Analysis

The analysis of qualitative data is concerned with identifying themes and new insights (Zikmund et al., 2013). Qualitative data analysis is used to study complicated phenomenon and requires the researcher to think clearly (Strauss & Corbin, 1990). The data analysis approach is an integral part of ensuring accurate interpretation of the data (Zikmund et al., 2013). The researcher started analysing the interviews shortly after each of the interviews were conducted. Merriam and Tisdell (2016) suggest that this is effective method to for guiding qualitative studies and creating a clear and insightful result (Merriam & Tisdell, 2016). In following this approach, themes that emerge early on in the research can be explored and inform interviewing of later participants. Partial analysis of the interviews and reflection on each of the discussions took place during the interview process by probing further to gain deeper insights and unpack new findings. A few themes emerged early in the research, which were explored as further participants were interviewed. In one instance, the researcher requested a second interview with one of the respondents to explore the emerging themes.

Each of the interviews were recorded and the raw audio recordings were transcribed. The researcher reviewed the transcripts and compared the transcripts to the notes taken during the interview to verify the completeness, reliability and accuracy of the transcribed data. The data was then analysed using a thematic analysis approach. Thematic analysis is widely used for qualitative studies and is useful to identify, analyse, organise, describe and report on emerging themes (Nowell, Norris, White, & Moules, 2017). The transcripts from the interviews were loaded onto Atlas TI and prepared for analysis using the six stages of thematic analysis developed by (Braun & Clark, 2006).

Thematic Analysis – Six-stage approach (Braun & Clark, 2006)

1) *Data scanning and familiarisation: Identifying items of potential interest*

The researcher listened to the interview recordings and read the transcripts to familiarise himself with the views discussed in each of the interviews and immerse himself in the process for rich insights. Some of the themes emerged early in the process due to this familiarisation process. The researcher highlighted interesting quotations and points for further analysis.

2) *Generating initial codes: Codes developed in a systematic way and assigned to features of the data*

The Atlas.ti tool was used to aid the coding process. The study initially used deductive coding approach. An initial coding scheme which was based on the literature, the conceptual model, research propositions and high-level codes from the interviews was created on Atlas.ti. A top-down approach was then used to code the data in Atlas ti.

3) *Searching for themes: The codes shall be grouped into initial themes*

The data that related to the research propositions and conceptual model was categorised to form code groups on Atlas.ti. These categories were then organised into themes that could be linked to the propositions and research question.

4) *Reviewing potential themes: Themes comparison and thematic map*

In addition to the data that was related conceptual model and propositions, there were patterns of meaning that emerged and formed separate themes. Detailed, in-depth analysis of the new insights that emerged was performed. An bottom up coding approach was performed to review the codes and new data. The process of reviewing the data an themes was an iterative process that was performed numerous times.

5) *Defining and naming themes*

The defining and naming the themes was based on theories and literature explored in Chapter 2 as well as the descriptions and definitions offered by the respondents regarding the phenomenon. The researcher also used judgement in evaluating the appropriateness of the naming.

6) *Producing the report: A report containing the final findings is prepared*

The categories, themes and codes were reviewed and linked to the research propositions and research questions. Quotations from the interviews supporting the categories and themes were extracted and reviewed for consistency with the themes and the research propositions. The researcher prepared a report containing the final findings. In preparing the report of the findings, the researcher analysed the data and ensured that there is a golden thread that told a coherent story (Nowell et al., 2017).

4.9   Quality Control

The researcher shall implement quality control measures to protect the integrity of the process and perform quality research. These shall include: using the GIBS student guidelines and research green-pages, Using two digital audio recorders to verify that recordings continue should problems be encountered. The appropriate stationery, including pen and paper will be taken to the interview meetings. Atlas TI will be used to transcribe the interviews and the transcriptions will be reviewed by the researcher. All data collected shall be stored for audit trail purposes in line with GIBS requirements.

4.10   Limitations

Qualitative research is susceptible to various biases and may be considered "subjective in nature" (Saunders & Lewis, 2018). The biases which may affect the study include interviewer bias and response bias. The results of a qualitative, non-probability sample are not generalisable to the entire population (Mays & Pope, 2000). The study is intended to be performed conducted "on a small, designated

sample group" (Marshall, 2017), the bias of the participants cannot be fully controlled for. The findings of the study may be limited by the design of the research propositions, interview questions, and the length and quality of the interview.

4.11   Validity and Reliability

The credibility, transferability and plausibility of the research is influenced by the validity and reliability of the research process (Nowell et al., 2017). Validity relates to the degree to which the research measures the intended phenomena whilst reliability relates to the extent to which the research translates to consistent results (Saunders & Lewis, 2018). The framework in Chapter 2 was used as a guide to ensured that discussions had theoretical grounding and aided in establishing a common understanding between the researcher and participants.

An interview schedule was used to guide the interview process and ensure that standardised questions were asked. To provide for credibility, an iterative questioning process was used (Marshall, 2017) and non-leading questions were asked to reduce researcher bias (Agee, 2009). The methodology used in this study was described in detail to aid for analysis and interpretation of the results and enable the repetition of the study (Shenton, 2004)

4.12 Conclusion

This chapter outlined the research methodology, qualitative research, and the underlying philosophy and justification for the approach. It further discussed the data collection process and how the integrity of the process was maintained.

5   Chapter 5: Results

5.1   Introduction

This chapter presents the results and key findings of the study. These are related to the research propositions presented in Chapter 3. The key findings are based on the analysis of the data collected through 15 semi-structured interviews with business rescue practitioners and industry experts. The results are presented using the themes that are linked to the research proposition highlighting the insights regarding the critical competencies and knowledge of business rescue practitioners in South Africa. The interview questions were mapped to the research propositions to ensure consistency with the literature and conceptual model in Chapter 2.

5.2   Description of the Participants

A total of fifteen participants were interviewed in the study. A list of the participants, their profession and level of seniority is presented in Table 3. below. The participants were selected using purposive non-probability sampling and snowball sampling. These participants were divided into two groups; Group 1 is comprised of experienced and senior business rescue practitioners. Senior business rescue practitioners are the highest level of business rescue practitioners that are licensed by the CIPC. Experienced practitioners are the second level practitioners and are individuals with extensive turnaround and business rescue experience. These two categories of practitioners have been involved with multiple business rescue and turnaround initiatives and were perceived to have deep insights and experience that allows them to reflective knowledge and perceptions. Group 2 consists of industry experts and academics who have been involved in business turnaround efforts, business rescue or consult with business rescue practitioners. This group was selected using judgement. The sample consisted of a Professor who has published numerous articles related to business rescue, including business rescue competencies. The professor has practical business rescue experience and consults with business rescue practitioners. A doctor and university lecturer who has also published work related to business rescue. Three legal experts, including a partner at one of the big 4 legal firms in South Africa; these legal experts consult predominantly on business rescue. Three banking professionals who work in

recoveries and business turnaround divisions of major banks in South Africa. These banking professionals deal with distressed entities and organisations in business rescue. These professionals are therefore required to deal with business rescue practitioners from a lenders perspective and have to vote on the selection of business rescue practitioners, approve the plans of rescue practitioners and interact with business rescue practitioners on an on-going basis. A senior business turnaround professionals who is also a Chief Executive Officer was interviewed. This business turnaround specialist has extensive experience in the business turnaround landscape of South Africa and has experienced the business turnaround and rescue field in South Africa evolve.

Table 3 List of participants, profession and level of seniority

	INTERVIEWEE	PROFESSION	SENIORITY LEVEL
GROUP 1 BUSINESS RESCUE PRACTITIONERS (BRP)	PARTICIPANT JULIAN	BRP	SENIOR
	PARTICIPANT PROTEUS	BRP	SENIOR
	PARTICIPANT SIRIUS	BRP	SENIOR
	PARTICIPANT LANDER	BRP	SENIOR
	PARTICIPANT KEELAN	BRP	EXPERIENCED
	PARTICIPANT REVEKA	BRP	EXPERIENCED
GROUP 2 INDUSTRY AND ACADEMIC EXPERTS	PARTICIPANT MAXIMUS	ACADEMIC	PROFESSOR
	PARTICIPANT VITALIS	ACADEMIC	DOCTOR
	PARTICIPANT ALEC	LEGAL	PARTNER
	PARTICIPANT GRIFFIN	LEGAL	DIRECTOR
	PARTICIPANT TITAN	LEGAL	SENIOR MANAGER
	PARTICIPANT BARAK	BANKER	CHIEF EXECUTIVE OFFICER
	PARTICIPANT SOPHIE	BANKER	SENIOR MANAGER
	PARTICIPANT BETA	BANKER	SENIOR MANAGER
	PARTICIPANT ACHILLES	TURNAROUND PROFESSIONAL	CHIEF EXECUTIVE OFFICER

5.3   Presentation and Analysis of Results

The presentation of the results was based on the themes per the conceptual framework proposed in Chapter 2 as well as the emerging themes and findings from the analysis of the interview data. This data was collected in line with the methodology laid out in Chapter 4.

The themes were based on the literature review and conceptual framework regarding the competencies on of business rescue practitioners, the appropriate domain knowledge of business rescue and the supreme task of navigating the business rescue process. The foundational competencies related to sense-making included systems thinking, analytical thinking, feasibility analysis and viability analysis. Decision making competencies included judgement, directing the organisation, accurate decision making, strategic foresight and adaptability. Collaboration competencies include stakeholder management, negotiation skills, communication, emotional intelligence, delegation as well as persuasion and influence. Integration competencies include business and commercial acumen, driving and managing chance, innovation and creativity, team management, problem solving skills, dynamic capabilities and strategy implementation. Research proposition five relates to the required domain knowledge of business rescue practitioners, this is a further theme that is analysed in this chapter. The supreme task of following the business rescue legislation in navigating the business rescue process is the final theme in this chapter.

Perceptions, themes and constructs were derived from the data from the study participants. The codes were categories into the common themes to validate the research propositions. Table.. summarises the categories per theme as well as the frequency of mention of each of the categories. In addition to the categories that were based on the literature and validated deductively using a top down approach, the categories that emerged inductively from the study are included in the summary.

Table 4 Competency Frequency Table

	COMPETENCIES	FREQUENCIES	COMMENTS
DECISION MAKING	JUDGEMENT	12	12 PARTICIPANTS MENTIONED
	EVALUATE OPTIONS	15	14 PARTICIPANTS MENTIONED
	ACCURATE DECISIONS	7	7 PARTICIPANTS MENTIONED
	DIRECTING THE ORGANISATION	18	ALL PARTICIPANTS MENTIONED
	STRATEGIC FORESIGHT	21	ALL PARTICIPANTS MENTIONED
	ADAPTABILITY	9	7 PARTICIPANTS MENTIONED
INTEGRATION	BUSINESS ACUMEN	38	ALL PARTICIPANTS MENTIONED
	DRIVE AND MANAGE CHANGE	19	ALL PARTICIPANTS MENTIONED
	INNOVATION AND CREATIVITY	11	11 PARTICIPANTS MENTIONED
	TEAM MANAGEMENT	9	9 PARTICIPANTS MENTIONED
	PROBLEM SOLVING	22	ALL PARTICIPANTS MENTIONED
	STRATEGY IMPLEMENTATION	18	ALL PARTICIPANTS MENTIONED
SENSE MAKING	SYSTEM THINKING	15	ALL PARTICIPANTS MENTIONED
	ANALYTICAL THINKING	19	ALL PARTICIPANTS MENTIONED
	FEASIBILITY ANALYSIS	25	ALL PARTICIPANTS MENTIONED
	VIABILITY ANALYSIS	16	ALL PARTICIPANTS MENTIONED
	STRATEGY FORMULATION	18	ALL PARTICIPANTS MENTIONED
	INTUITION (NEW)	8	8 PARTICIPANTS MENTIONED
	PROFESSIONAL SCEPTICISM (NEW)	7	7 PARTICIPANTS MENTIONED
COLLABORATION	STAKEHOLDER MANAGEMENT	24	ALL PARTICIPANTS MENTIONED
	NEGOTIATION	11	10 PARTICIPANTS MENTIONED
	COMMUNICATION	20	ALL PARTICIPANTS MENTIONED IT
	EMOTIONAL INTELLIGENCE	29	ALL PARTICIPANTS MENTIONED IT
	DELEGATION	17	7 PARTICIPANTS MENTIONED
	CRISIS MANAGEMENT (NEW)	6	6 PARTICIPANTS MENTIONED
	NETWORKING (NEW)	8	8 PARTICIPANTS MENTIONED

5.3.1 Respondent's Perceptions on Sense-Making
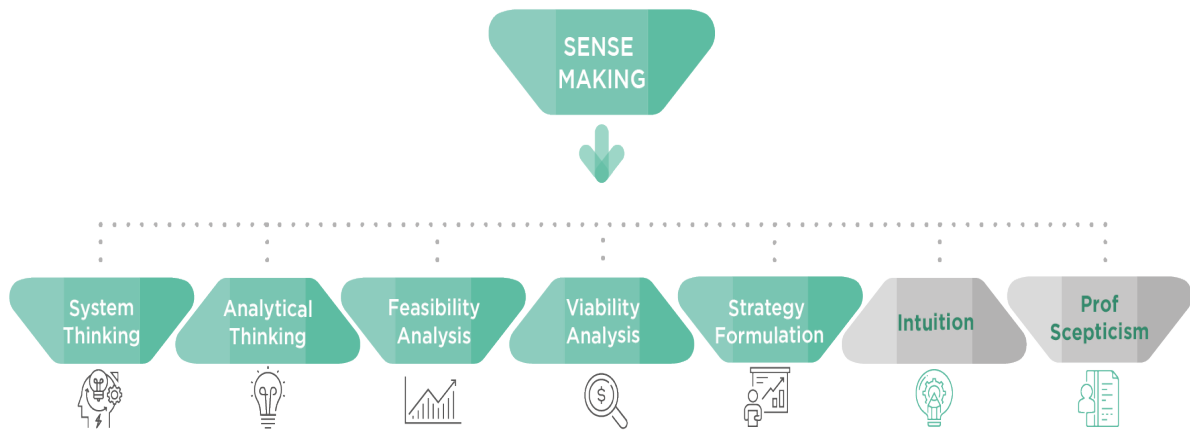
Figure 6 Sense Making Competencies

5.3.1.1 Systems thinking

The participants expressed that business rescue requires a wholistic approach and, in evaluating distressed entities and preparing a business rescue plan, business rescue practitioners should consider patterns and relationships. The participants considered the ability to interpret trends and the interrelations between different elements in a distressed entity and it's operating environment as a distinguishing factors for business rescue practitioners. All the participants mentioned and support systems thinking as a critical competency for business rescue practitioners.

> *"Skilled business rescue practitioners will touch on the market, they'll touch on the economy, they'll touch on opportunities, they'll look at resources, they will also look at creditors, income statement balance sheet cash flow etc. because you have to do that, but they will take a much bigger systems view. They tend to take a bigger strategic view of it." Participant Keelan*

> *"So business skills then become important of understanding businesses, understanding if you connecting the dots all the time, how does this thing impact that on so and so how can we be impacted by what appears on the face of it to be an unrelated distant event." Participant Sirius*

"So you need to be able to walk into a particular business and look at it, assess it on its own merits based on its own challenges, and look at various dynamics" Participant Reveka

5.3.1.2 Analytical thinking

All the participants mentioned analytical thinking as an indispensable skill for business rescue. Business turnaround, and business rescue in particular requires constant analysis of the organisation from different perspectives. The participants expressed that business rescue practitioners should have the skill of thinking clearly and evaluating the affairs of and status of a distressed entity.

"You must be a quick analyst. Be a quick thinker because when you start, you need to be able to prove reasonable prospect from your quick analysis that you need to do because date of appointment and your first creditors meeting is too little." Participant Beta

"So you must be able to have a grasp of operations, you've must be able to have a grasp and their understanding of strategy, you must be able to grasp economic interpretation, whether it's even a rudimentary crystal top analysis." Participant Keelan

"You need to be able to walk into a particular business and look at it, assess it on its own merits based on its own challenges, and look at various dynamics" Participant Reveka

5.3.1.3 Feasibility analysis

The Companies Act requires business rescue practitioners to assess the reasonable prospect of an entity to be rescued. The participants expressed that this assessment is a feasibility analysis and it goes without saying that business rescue practitioners should possess this skill. All the participants mentioned the feasibility analysis competency as an essential competency of business rescue practitioners. Some of the views expressed by the participants are below:

"I think the drafting off the plan will boil back to the feasibility analysis that the business rescue practitioner has done when he took the appointment." *Participant Sophie*

"Everybody looks at the financials; you got to make this determination about reasonable prospect. If the financials are telling you a different story. You've interviewed and engaged the manager management. Interrogate the company's information with management and you do your pre assessment" *Participant Barak*

"The third one (competency) is gaining an appreciation of the severity of distress." *Participant Keelan*

5.3.1.4 Viability analysis

Viability analysis is related to analysing the sustainability of the company and longer-term prospect of the distressed entity. Some of the participants considered this competency to be the same as feasibility, whilst others recognised the nuance in the two competencies. The participants expressed the need for the business rescue practitioner to analyse the profitability of a distressed entity in the short run and it's sustainability in the long-run. All the participants mentioned the importance of this competency, although different terminology was used for viability analysis.

"The business has to have a reason for existence and as long as it's got a product that is not obsolete, there is a demand for it and that is a life of the business. You need to assess that reason for existence." *Participant Achilles*

"Interrogate the strategy sufficiently and if you don't develop the strategy, you just need to be able to interrogate enough to ensure that it makes sense. You need to make sure that the strategy is sound, rational, reasonable and logical. You need to be able to, on a high level, just assess that the team is capable of delivering it, and they aren't any major weaknesses in the let's call it "the structure"." *Participant Julian*

5.3.1.5 Strategy Formulation

The participants emphasised that business rescue is all about strategy and the business rescue plan. Ultimately, the business rescue practitioner has to formulate a strategy (plan) to rescue the distressed entity and provide input into the strategy of the entity going forward. All the participants stressed that strategy formulation is an essential competency for business rescue practitioners.

"There needs to be a clear, strategic focus in the business and by that, I mean if you were to ask any one of the senior middle management people about where they think the company is, and where it's going, you will get a similar answer." Participant Achilles

"You need to make sure that the strategy is sound, rational, reasonable and logical. You need to be able to, on a high level, just assess that the team is capable of delivering it, and there aren't any major weaknesses in the structure"." Participant Julian

"Maybe they will have never looked at it from a through a porter lens and said you negotiating power supplies, negotiating power of customers, and they will they may not present any view on that and it will be the customer the company's prospects remain good." Participant Keelan

Additional Competencies

In the semi-structured interviews, participants were asked if there are any further competencies that relate to sense-making that they consider to be essential for business rescue practitioners. Two foundational competencies were suggested by the participants namely: Intuition and Professional scepticism. In line with qualitative research methodology, the proposition for sense-making was amended and the two additional competencies were explored.

Amended Research Proposition 1: The foundational competencies associated with the higher-order competency of sense-making are systems thinking, analytical thinking, feasibility analysis, viability analysis and strategy formulation, intuition, professional scepticism.

5.3.1.6 Intuition

The participants suggested that as part of sense-making in business rescue, business rescue practitioners should be perceptive and have the ability to analyse beyond what meets the eye. The participants argued that a business rescue practitioner should be able to consider tacit knowledge and bring self-experience into the process. This competency, while mentioned by eight of the participants was considered to be a note-worthy finding. The competency was categorised as intuition.

> *"So that's another issue we have here. Once management is constantly avoiding you. When you make contact, they are always out to lunch or sick or you can never get past go? You know something is wrong. That's a softer thing, that you learn tacitly with experience. You can't teach it; you have to feel it." Participant Barak*

5.3.1.7 Professional Scepticism

A majority of the participants expressed that business rescue practitioners should be independent and maintain a level of professional scepticism as they navigate the business rescue process. The majority participants argued that not all organisations go into business rescue for noble reasons and sometimes there are ethical concerns that business rescue practitioners should be able to assess and investigate.

> *"So you have to have a healthy degree of scepticism about that whatever management tells you about financial aspects." Participant Alec*

5.3.2 Respondent's Perceptions on Decision-Making
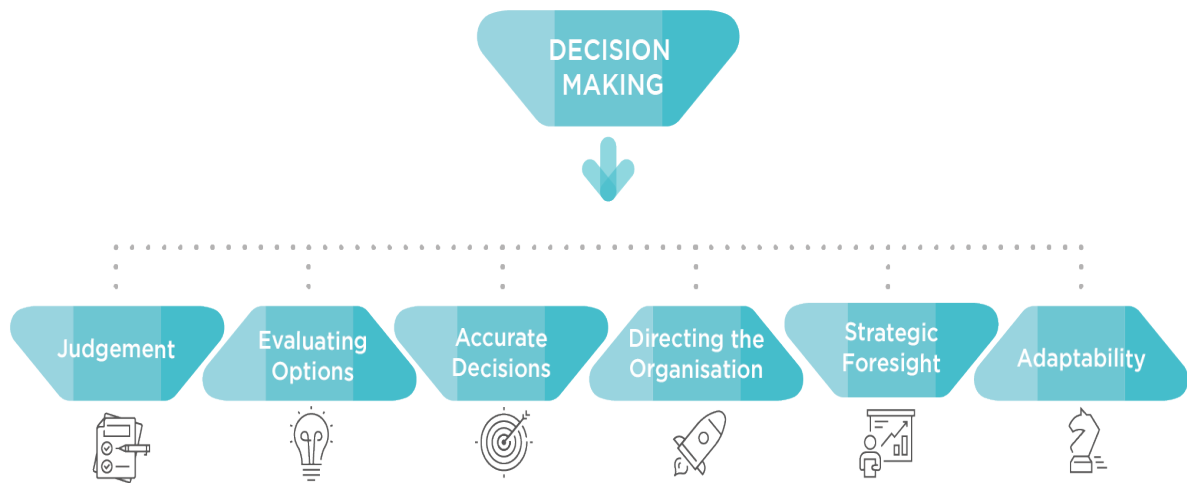
Figure 7 Decision Making Competencies

5.3.2.1 Directing the Organisation

A of business rescue practitioners, prescribed by the companies act, is to take management control of the distressed entity. The participants were all in agreement that taking management control of entity requires decision making and giving direction to the organization. All participants emphasized the business rescue competency of directing the organization. Some of the views expressed by the participants include the following:

> *"You also have to make some very hard and objective choices. Who comes who goes who stays and you have to be able to engage with the workforce in a very decisive manner." Participant Lander*

> *"Decisions need to be made democratically and implemented autocratically. So decisions have to be made in such a way that implementation follows almost naturally" Participant Achilles*

5.3.2.2 Adaptability

The business rescue process has been described as complex and non-linear. A minority of the participants emphasised the need for adaptability in decision making by business rescue practitioners. The participants from the banking profession emphasised this competency stronger, especially as far as the business rescue plan is concerned. The perceptions communicated include the following:

> *"Amend the plan, and you're allowed to, the bank allows you to do that, you can afford to do that, provided everybody understands the rational and rest of it, we will give you that rectitude to be able to do that and when I say we, I mean as a lender vote for the new plan if the old plan is not working and I can tell you 90% of the plans don't, they have to be amended."* Participant Barak

The participants also suggested that adaptability is also important in the strategic and day-to-day decision making of the organisation.

> *"You need to learn to be a quick learner; you need to have high ability to understand businesses very quickly. I will say to the greatest, the greatest skill in being an auditor and what we do training, we train people to step into new businesses and they within a shortest period of time understand what drives these businesses understand the systems these businesses have got, understand the processes understand the nexus between the risks and the controls."* Participant Sirius

> *"It's just being open minded, when you understand the dynamics of the environment, nothing beats that, you need to think on your feet, it's not a one size fits all."* Participant Reveka

5.3.2.3 Judgement

The majority of the participants suggested that business rescue practitioners should have the ability to gather information, read between the lines and make rapid decisions based on the best available information.

> *"Because the sense making requires you to start doing that was probably little information and quite quickly. The paper is called organizational climate turn around." Participant Keelan*

> *"They need to be able to walk into a company and judge the value of that company, based on non-financial metrics and that's a key critical skill." Participant Vitalis*

5.3.2.4 Strategic Foresight

All the participants emphasised that business rescue practitioners need to be forward-looking. This skill is required in the pre-assessment phase when analysing the reasonable prospect of rescuing the company, in the preparation of the plan and in the navigation of the process.

> *"There needs to be a clear, strategic focus in the business and by that, I mean if you were to ask any one of the senior middle management people about where they think the company is, and where it's going, you will get a similar answer." Participant Achilles*

> *"So it's a balancing thing, you've got to see through what is it that you're going to get out at the end."* Participant Beta

> *"When I think of leadership, I'm not thinking of leadership in the context of how do only how I engage with individuals, but it's also about strategic leadership, it's about being able to understand the environment within which we operate, the market, the economy, the other drivers and pressures that exists in and around the businesses." Participant Keelan*

5.3.2.5 Evaluate Options (Related to commercial acumen)

The participants acknowledged that setting the strategic direction of a company, making decisions regarding the daily operations involves trade-offs and making choices at various points of inflection is a critical task of business rescue practitioners. The participants argued that In order to successfully navigate the process, business rescue practitioners should have the capability to evaluate options.

> *"I love that they did scenario analysis if I can put it that way and also I like seeing a plan where a person has put their mind to it, they are not just ticking the box and then that's where you will see the scenario analysis." Participant Beta*

> *"I have to sell these machines, these are the evaluations that I have conducted, we're going to get so much money and based on that, the creditors will get so much money, and I'm going to wind down the company" Participant Sophie*

5.3.3 Respondent's Perceptions on Integration
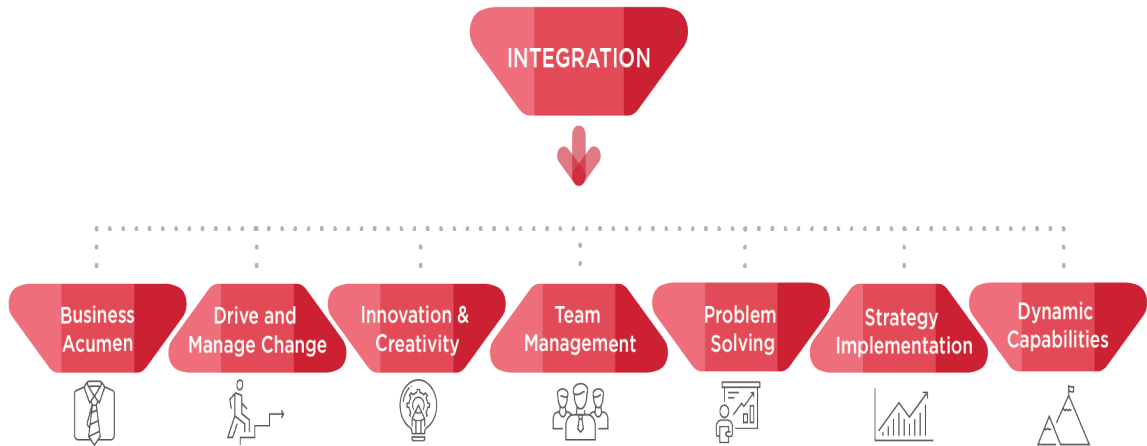
Figure 8 Integration Competencies

5.3.3.1 Business acumen

Many of the participants argued that business acumen is the most important competency for business rescue practitioners. The participants suggest that business acumen is an all-encompassing competency that involves multiple elements ranging from planning to execution. All the participants emphasised that effective business rescue practitioners should have exceptional business acumen.

> *"Business people would actually make better business rescue practitioners, entrepreneurs, people who run businesses, people who've been in the trenches, people who knows how things could go wrong, you need to have that background where you run a small medium business where you look at finance and strategic customers, marketing." Participant Reveka*

> *"I think experience general management experience is absolutely vital." Participant Achilles*

> *"Somebody who has managed businesses helps, even if you are not necessarily a CEO, or any kind of that type of a role." Participant Beta*

"They have to have a bit of business acumen because a lot of times you have problems, which may seem to be intractable" Participant Alec

"It's about being a businessman, those people, run businesses, they are business people and they are successful business people." Participant Titan

5.3.3.2 Change Management

Business rescue is inherently about change and turnaround strategy. The participants mentioned that entities in financial distress have a significant adverse impact on the human capital and in many instances the culture requires change. The transition of the entity as the business rescue process is implemented needs to be managed strategically. All the participants suggested that change management is a critical competency for business rescue practitioners.

"It's kind of important understanding the culture of the business. So you got to be able to change the culture." Participant Lander

"If he's going to get in there and get in the trenches and do it himself. He's got to understand the business of the business (turnaround and change management)." Participant Achilles

"I think you must be able to understand what it takes to turn a business around must also have the turnaround management capabilities." Participant Beta

5.3.3.3 Innovation & creativity

Turnaround strategy and transforming an entity in financial distress regularly necessitates new approaches, strategies and perspectives. A majority of the candidates emphasised that business rescue practitioners should be innovative and think of creative ways to turn companies in financial distress around.

"Looking at different ways of getting the money you can sell assets I mean Company X was successful, so one can liquidate non-core assets, sometimes you can say listen, I'm going to take a non-core assets and make that the business of the future because I can get most cash for the core and it pains so much, you can maybe get funders to loan you the money, but then the funders going to have to have strong belief in the guys and fixing it, so track record is important to us. So sometimes creditors can be a source of funding." *Participant Barak*

"Thinking outside the box, actually, I like the term creativity, meaning outside the box." *Participant Beta*

5.3.3.4 Team management

Participants suggested that many business rescue cases require multi-disciplinary teams to go into the business with the business rescue practitioner to assist the business rescue practitioner. The participants emphasised that business rescue teams need to be a cohesive unit that is credible and inspires confidence. Team management and handing the people dynamics is a critical element of managing the business rescue process. A majority of the participants mentioned team management as a critical competency for business rescue practitioners.

"It's not a one-man job, you need a really, really competent team and of course, the other problem is that when you go into when an individual, a team goes into fix something." *Participant Alec*

"It will be a competent team to manage, carry out, do what is important in that business and then there will be people with complementary skills, whether it's finance, marketing, manufacturing but you need to have the key positions occupied by competent people." *Participant Alec*

"I would say, I'd usually agree with project management skills, including managing a team." *Participant Lander*

5.3.3.5 Problem solving

All the participants mentioned problem-solving as a critical competency of business rescue practitioners. The participants expressed that problem solving overlaps with other competencies. The participants stated that problem-solving is a pervasive competency that is essential for business leaders and business rescue practitioners.

> *"And so but most important, you've got to have imagination and be able to solve complex problems." Participant Julian*

> *"I think the Business rescue practitioner, is the one that has to solve the problems and offer solutions, because, when you walk in, you look and you see a defeated everybody is unhappy." Participant Proteus*

5.3.3.6 Strategy Implementation

The participants emphasised that the success of business rescue is dependent on the execution of effective execution of the business rescue plan. The participants argued it's about the execution of the plan. The participants remarked that many business rescue proceedings in South Africa have failed due to poor execution of the plans. The participants emphasized that strategy implementation is an essential competency amongst business rescue practitioners in South Africa.

> *"The real thing that's going change whether the company is rescued or not is the implementation of the plan." Participant Proteus*

> *"But more importantly, create an opportunity to effect in a systematic way, a real turnaround with a client Because there is one thing that you must not underestimate that companies act gives a lot of businesses and practitioners who can effect that change, you are not a consultant who's making the recommendation, you can effect that." Participant Sirius*

> *"The practitioners' job is essentially to develop a plan and to implement it."*
> Participant Alec

5.3.4 Participant's Perceptions on Collaboration
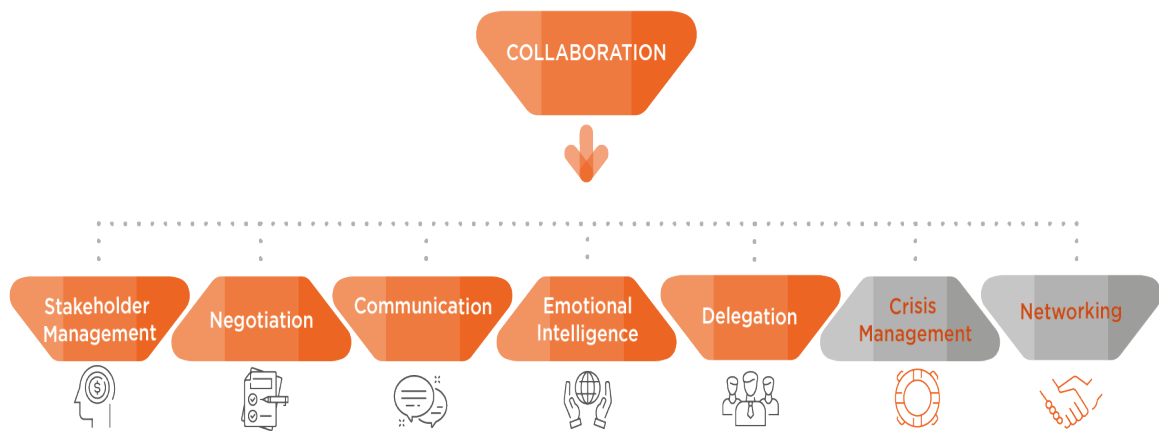
Figure 9 Collaboration Competencies

5.3.4.1 Stakeholder Management

All the participants suggested that stakeholder management is an crucial business rescue competency. Many of the participants considered to be the most important competency for business rescue practitioners. The participants argued that the higher-order competency of collaboration is reliant on stakeholder management.

> *"You've got to be able to talk strategy with a CEO. You got to be able to talk value and returns with a suppliers, you've got to be able to talk, employment and employee rights with the employees got to be able to pull all of that together somehow" Participant Julian*

> *"The work of business rescue is about managing the business rescue team and managing the stakeholders and then bring all the pieces together nicely into a plan." Participant Titan*

> *"Ideally, you've got to have an ability to manage credit providers and people who've lost money" Participant Lander*

"One of the key things, obviously, in any turnaround is people management because generally, when you walk into turnaround everybody demoralized and it could be fraud, there could theft, but everybody's obviously concerned about their jobs." Participant Proteus

"I would say in general a person that assess the practitioner needs to say, objectively speaking, has this practitioner acted in the interest of all affected parties? And if the answer to that is positive and if he does what he's supposed to be as prescribed in the act." Participant Griffin

"You need to instill confidence that you're going to do a better job than what management did. Coming back to stakeholder relations." Participant Griffin

5.3.4.2 Negotiation

The participants expressed that negotiation skills are very closely related to stakeholder management. Many of the participants emphasized that negotiating skills are a key differentiator of business rescue practitioners and have a direct impact on the likelihood of success of the business rescue proceedings. The participants remarked that the business rescue practitioner has to raise funding, and negotiate with critical stakeholders. These negotiations are often critical for the company's continued existence. The participants expressed the following:

"You have to have good negotiating skills, particularly like with your key suppliers." Participant Keelan

"The biggest amount of time you spend as a business rescue practitioner, is in the boardroom negotiating with one person or the other." Participant Sirius

"I think those negotiation skills are key. Someone who can convince customers to invest in the business do more business with the distressed business." Participant Beta

5.3.4.3 Communication

The participants remarked that communication is central to negotiation and stakeholder management. All participants emphasized that good communication skills are essential for effective business rescue practitioners. Practitioners referred both written forms of communication, especially the business rescue plan and notices, as well as verbal communication.

> *"It's one thing to be able to draft it, I suppose you can say writing skills. writing skills are important." Participant Alec*

> *"You need to be able to talk to executives, you need to be able to command the attention of people in boards, senior people, because there are big issues of the table because it's not about the numbers. He can understand the numbers, but it's all the other things. It's all the other intangibles." Participant Sirius*

> *"That is also important, and how to engage with employees, because remember business rescue is new and some employees when they hear that the company is in business rescue to them, it's like delayed liquidation. You need to be in a position to communicate this thing to the people so that they can understand it." Participant Sophie*

5.3.4.4 Emotional Intelligence

The participants all mentioned various aspects of emotional intelligence and argued that emotional intelligence is a critical leadership competencies that is essential for business rescue practitioners. Various terms were used to describe various aspects of emotional intelligence. These included, inter-alia, "self-awareness, interpersonal skills, empathy and soft skills. The participants emphasized that business rescue involves leading in crisis and requires strong leadership capabilities. The participants remarked that business rescue practitioners should have the emotional intelligence to deal with entities in financial distress with sensitivity.

"But on top of that, these are good judgment, high social awareness, deep self-awareness, so they understand their own frailties, their own limitations and the acceptance that they don't have all the answers" Keith Fairhurst

"So bring your personality, because you cannot bring your personality in the plan, you then need to bring a personality in how you encourage people to move forward, how to increase productivity, how to still engage, get support from your suppliers and all those things." Participant Keelan

"You got to have an ability to go and be able to connect with people and try and see, have empathy with their situation. So empathy is really important." Participant Alec

"It's a high stress environment, there's lots of pressure and time pressure, and there's lots of noise and lots of people. So you've got to be clear thought." Participant Julian

"People who master understanding the business, understanding the needs of a business, understanding their own shortcomings and understanding what skills are required to ensure that a business can be rescued." Participant Titan

5.3.4.5 Delegation

The participants highlighted that the task of business rescue requires a collaborative of various expertise and efforts. The participants stated that leaders should consult widely and have the skill to effectively delegate to individuals with the appropriate expertise. The participants stated that delegation may be to members of the team or external experts.

"Then also, they'll be prepared and able to recognize their limitations and then delegate to people who are specialists to support them" Participant Keelan

"Business rescue practitioners are taking joint appointments, because you might have out of those four competencies, your background I might say financial but you will need assistance with legal for example." Participant Barak

"That is why for one person to do that complicated business rescue, I don't think you can do it; you need to have a co-appointment, you need to have other skills that you can rely on." Participant Barak

Additional Collaboration Competencies

In the semi-structured interviews, participants were asked if there are any further competencies that relate to collaboration that they consider to be essential for business rescue practitioners. Two foundational competencies were suggested by the participants namely: crisis management and networking. In line with qualitative research methodology, the proposition for collaboration was amended and the two additional competencies were explored.

Amended Proposition 4: The foundational competencies associated with the higher-order competency of collaboration are stakeholder management, negotiation, communication, emotional intelligence and delegation, crisis management and networking.

5.3.4.6 Crisis Management

The participants suggested that business rescue relates to managing a situation where the survival of the organisation is hanging in a balance and the situation is delicate. The participants mentioned that a crucial task of the business rescue practitioner is to "stop the bleeding" and stabalise the business. The participants described this competency as crisis management.

"You've also got to be able to manage crises. It's not an easy task. You know, you've got to have a temperament for crisis." - Participant Lander

5.3.4.7 Networking

The majority of the participants emphasised that business rescue practitioners have to collaborate with different stakeholders in formulating solutions and managing the business rescue process. The participants further mentioned that the business rescue practitioners network impacts on their ability to raise capital, forge strategic partnerships and accessing specialised and industry-specific knowledge.

> *"You need to be able to network and have a very strong network that you can call on but a lot of emphasis on team." Participant Vitalis*

> *"But if you've got access to somebody who's got industry experience, they can give you an immense amount advice very, very quickly." Participant Lander*

5.3.5 Rescue Specific Knowledge

Figure 10 Rescue Specific Knowledge

Research Proposition 5 explored the technical knowledge areas that support business rescue competences which are critical for business rescue practitioners. All the participants identified finance, legal and business management as essential technical knowledge areas for business rescue practitioners. The participants further expressed perceptions on the relative importance of each of the knowledge areas; the majority of the participants ranked business management knowledge as the most important technical areas for business rescue. Second to business management, participants suggested financial knowledge as essential for business rescue. All participants acknowledged the importance of legal expertise in business rescue however expressed that business rescue practitioners may consult on legal affairs and delegate legal work. The participants mentioned that business management and finance knowledge is essential for elements of the business rescue that cannot be easily delegated.

Finance knowledge

> *"It's critical in all of these situations, that you've got good working capital skills, because it's all about the cash flow application relation and you also have to have some sort of track record so that you could manage the company's major suppliers as well as the lenders. You've got to manage that cash flow; you're going to be intimately involved in managing your cash flow." Participant Lander*

"You have to have a real sense of interrogating the numbers. Let's understand the numbers. So basically that you say go assess the numbers later, do they tell the real story" Participant Sirius

"I think finance is sort of a foundational skill and is especially important in a rescue scenario where nine times out of 10 the accounts are in a mess and sometimes fraudulent" Participant Alec

"BRP's should have the ability to assess and manage, analyse transaction, read financial statements, read all those unspoken words in the numbers" Participant Reveka

Legal

"So you need to have a working knowledge of the law. But and probably less knowledge of the law, than you need financial." Participant Julian

"You can read legal agreements, I mean you can read through a whole lot of legal agreement" Participant Reveka

Business Management

"Some kind of general management skills are essential because remember as a business rescue practitioner, you take over that from the directors, you take over the management, you take over everything." Participant Barak

"Without the sort of experience, without having made mistakes and lived through them and survived them, sometimes not survived them then one cannot easily recognize the difficulties that exist in underperforming businesses" Participant Achilles

The overriding principle for me on a business rescue table would be how to step into the shoes of a director (take control of the business), while managing other aspects the business rescue. George Rautenbach

5.3.6 Turnaround Mindset – Additional Proposition 1

A theme that emerged from early in the semi-structured interviews is the theme of the practitioner mindset. In sharing their views on the state of business rescue in the South Africa, the participants in the first few interviews expressed that a majority of business rescue proceedings are failing and the greatest proportion of the proceedings that reached substantial implementation resulted in a structured run-down rather than a rescuing the business as a going concern. The participants expressed the perception that this may be the case due to a dominance of a liquidation mindset amongst business rescue practitioners. The participants suggested that over and above investigating the critical competencies of business rescue practitioners and the underlying technical knowledge areas, there is a further need to discuss the essential mindset for business rescue. The participants explained that a turnaround mindset leans towards implementing turnaround strategies to save a distressed entity as a going concern and saving as many jobs as opposed to a structured wind-down. In line with qualitative research methodologies, the researcher probed this perception further and a new proposition arose. The proposition below was investigated in subsequent interviews:

Research Proposition 5: Business Rescue Practitioners in South Africa should have a "Turnaround Mindset" which aims to rescue businesses as a going concern and saves jobs.

The majority of the participants supported this proposition and some shared the perceptions below.

> *"What is important is the drive for turnarounds, for transformation." – Participant Reveka*

> *"The real pity in South Africa is that the firms that dominated the area, with all due respect, do not have business turnaround skills. They have the legal skills, and they have liquidation experience, a lot of them, but don't have actual practical experience in turning a company around. It's having a turnaround skills and being able to deal with the people to me are two of the most critical skills of business rescue practitioners." Participant Proteus*

So they must have a proven track record, that they are capable of turning businesses around Participant Beta

5.3.7 Ethics – Additional Proposition 2

Figure 11 Ethics and The Supreme Task

In interviews with three of the participants who are members of the Turnaround Management Association of South Africa (TMA), the participants mentioned that as part of the business rescue practitioner and turnaround manager training that is offered by the TMA, ethics had been included as a component of the required training. Alongside technical knowledge training and competency training, the TMA identified a need to also emphasise ethics training and ethical behaviour as an critical area of business rescue practitioner qualities. In keeping with qualitative data evaluation techniques, the researcher asked participants in subsequent interviews about their perceptions on ethics as a critical competency of business rescue practitioners. The proposition below was investigated.

Research Proposition 6: Ethical conduct is a critical competency of business rescue practitioners in South Africa.

Some of the views expressed by the participants regarding ethics and ethical conduct include the following:

"Well firstly, a major trait competence that I think is becoming increasingly important. It's always been important, but it's becoming a distinguishing factor while it shouldn't, is the independence ethics of practitioners. We've seen over the last couple of years, a lot of practitioners have been able to single themselves out in the market as just by acting in an ethical and responsible manner. And, you know, I think the task of a practitioner really speaks to that. They really need to be an upstanding citizen. They should not be questioned; their integrity should not be question at any point in time. You know, they are an officer of the court and behave in that manner, whereas you have a lot of practitioners that are trying to utilize the business rescue procedure to deceive creditors and affected persons, and that is just not just on, and while it is happening, I think those practitioners will wean themselves out eventually. And what will be left are those that have stood by the moral and ethical codes." Participant Vitalis

"We started off as ethics, it's now we've actually renamed it to ethics professional and professionalism. How do you show up professionally, and talks to recognizing you have to serve? What's your purpose? So it's beyond the Act, beyond just what's in the Act. It's about how you show up?" Participant Keelan

"I think that maybe the Act, the spirit of the Act actually implied it (by requiring individual in good standing with professional bodies) that's where the ethics comes in. You know, it goes without saying that these bodies will manage and discipline their members. And make sure they are ethical." Participant Sophie

5.4   Conclusion

This Chapter discussed the research findings related to the propositions outlined in Chapter 3. The findings revealed that participants supported the proposition that the foundational competencies for decision making include judgement, evaluating options, accuracy, directing the organisation, strategic foresight and adaptability. The participants expressed that sense-making is achieved through base-level competencies of: systems thinking, analytical thinking, feasibility analysis, viability

analysis and strategy formulation. The participants suggested two additional sense making competencies of intuition and professional scepticism. These resulted in the amendment of Research Proposition 1. The participants supported the fundamental competencies for integration including business acumen, change management, innovation and creativity, team management, problem solving and strategy implementation. The proposed foundational competencies for collaboration that were identified in the literature include stakeholder management, negotiation, communication, emotional intelligence and delegation were supported by the participants. Two further collaboration competencies emerged from the data collection These are crisis management and networking. Research Proposition 4 was consequently amended to incorporate the additional competencies suggested by the participants.

The data analysis revealed that the participants support the domain knowledge of business management, finance and legal as the essential business rescue domain knowledge that supports business rescue competencies.

Two further Research Propositions emerged from the analysis of the data regarding ethics and a turnaround mindset. The participants highlighted these areas as pervasive and fundamental competencies of business rescue practitioners.

6 Chapter 6: Discussion of Results

6.1 Introduction

This chapter discusses the findings related to the Research Propositions outlined in Chapter 3 and the framework on critical competencies and domain knowledge of business rescue practitioners in South Africa. The results outline the themes related to each propositions. The chapter further highlight the broader insights that emerged from the semi-structured interviews with the experienced and senior business rescue practitioners, academics, legal experts, experienced banking professionals and turnaround professionals. The insights from the interviews were compared and contrasted to the literature reviewed in Chapter 2. The literature called for a deeper analysis of the competencies of business rescue practitioners. The research findings extend on the theory on business rescue practitioner competencies and propose a competency framework.

Figure 12 Revised conceptual Framework of business rescue competencies

Source: Synthesised from (Pretorius, 2014; Boyatzis & Ratti, 2009; Mumford et al, 2017)

6.2   Discussion of Results for Research Proposition 1

Research Proposition 1: Foundational competencies associated with sense-making are systems thinking, analytical thinking, feasibility analysis and viability analysis.

The building blocks for sense-making as suggested by the literature on foundational leadership and business rescue competencies (Pretorius, 2014; Boyatzis & Ratti, 2009; Mumford et al, 2017) are systems thinking, analytical thinking, feasibility analysis, viability analysis and strategy formulation.   The results presented in Chapter 5 revealed that all the participants support this view. In addition to the core competencies suggested in the framework, there were a further two competencies that were suggested. These additional sense-making competencies are intuition and professional scepticism.

Companies in financial distress require a rescue practitioner who can step in, investigate the affairs of the organisation and identify the core problems in the firm. This is referred to as analytical thinking. Boyatzis and Ratti (2009) described analytical thinking in leaders as leaders who think clearly and able to get to the heart of issues. This is a critical skill for business turnaround. Management cognition is a critical phase of turnaround; it relates to how management perceives the causes of decline (Trahms et al., 2013). The participants suggest that a rescue practitioner is similarly required to analyse the cause of the decline and the true state of the distressed firm. The participants held the view that analytical thinking is a crucial competency of business rescue practitioners.

> *"I suppose a successful practitioner, someone who can reasonably quickly grasp the business, you know, we don't get to grips with the business" John Evans*

> *"So again, the environment, the market and all those things. You got to synthesize that, to come up with the plan" Bruce Berry*

The business rescue process requires that the practitioner considers multiple dimensions of the organisation and the interrelations between different elements. Mumford et al. (2017) highlight the importance of leaders' ability to recognise patterns and identify relationships in seemingly unrelated data through, inter-alia, analysing the market, observing customer behaviour and reading trends (Mumford et al., 2017). This is referred to as systems thinking. The participants explained that a business rescue practitioner should possess the skill to think holistically and consider the entire system.

> *"Bringing someone new to look at the business with a fresh eye to go and convince new funders to say there's value here and if they believe that there's value to provide their money to take this business through restructuring and restructure process and this process may involve us looking at several processes, the combination of strategies that will be implemented to ensure that after this period, this business comes out."*
> *Participant Sirius*

> *"You looking at financial performance, you're looking at operations, you are looking at strategy." Participant Reveka*

Feasibility analysis and viability analysis are closely related. Feasibility is concerned with strength of the business or proposed solution, whilst viability relates to the longer term sustainability of organisation. Pretorius (2014) posits that underlying the sense-making competency, is the ability to perform feasibility and viability analyses. All the participants expressed that a crucial task of the business rescue practitioner is to assess the "reasonable prospect" of the company being rescued. There is an emphasis on this competency as the Companies Act requires as a prerequisite for business rescue that there be a reasonable prospect of a successful rescue and the business rescue practitioner should perform this assessment before accepting the appointment as a business rescue practitioner. There is therefore a resounding support for this competency.

> *"So when you've got a client and realize that the client is in financial distress, we've got creditors that are threatening with legal action, we look at things like the market, if this customer has a market, does the customer have a pipeline."*
> *Participant Sophie*

The participants suggested two closely related competencies that were considered to be fundamental sense making competencies namely intuition and professional scepticism. The participants argue that business rescue practitioner operate in environments that are sometimes not very transparent and in some cases deceptive. The participants suggested that business rescue practitioners should have the acumen to tell the woods from the trees and independently and diligently interrogate information in investigating the affairs of the entity.

> *"You then need to be analytical, because management, the existing management won't tell you a lot of the things. You sometimes need to intuitively assess the situation" Participant Reveka*

> *"It's actually essential that the practitioner distances himself or herself from management and must be perceived to be independent" Participant Alec*

6.3   Discussion of Results for Research Proposition 2

Research Proposition 2: The foundational competencies associated with the higher-order competency of decision-making are evaluating options, judgement, accurate decision-making, directing the organisation, strategic foresight and adaptability.

The business rescue practitioner is required to take management control of the distressed firm and steps into the shoes of the board in making decisions that affect the firm ((RSA), 2008). Decision making is a critical element of taking management control. Bartram (2005) argues that business leaders should take control and exercise leadership, initiate actions and give directions. To make good decisions, business rescue practitioners should possess the ability to evaluate options, make accurate decisions and exercise judgement (Pretorius, 2014). The participants acknowledged the importance of the higher-order competency of decision making and supported the lower-level competencies.

The emphasis was on the foundational competencies of directing the organisation and strategic foresights. The participants expressed that in a distressed entity, the management and the employees are often demoralised and have no sense of direction. Strategic foresight is closely related to the strategy formulation competency outlined in sense-making. The nuance in this instance, is the anticipation of the implications of strategic decisions. The business rescue practitioner is required to envision the outcomes and make decisions. The participants expressed that the business rescue practitioner takes management control of a distressed firm and should be looked upon to direct the organisation. The participants expressed that the practitioner should be tactful in how they make strategic decisions. This perception is in line with the literature on the "Great Eight Leadership Competencies Framework" (Bartram, 2005) discussed in Chapter 2. Bartram (2005) titles this competency domain as "Leading and Deciding".

The majority of the participants supported the competency of judgement in decision making. Seven out of the fifteen participants noted the importance of accuracy in decision making. There appears to be a slight tension between the accuracy and

judgement competencies. Accuracy implies precision and perfection whilst judgement requires that the practitioner makes decisions based on the best available information and sometimes very limited information. Pretorius (2014) argues that it is possible to acquire and enhance the skill to expeditiously and accurately make judgements calls without extensive analysis (heuristics).

A further foundational competency related to decision making emerged from the interviews with the banking professional respondents. These respondents portrayed the perspective of lenders that have to vote on business rescue plans and closely monitor clients going through business rescue. The suggested competency is adaptability. The participants expressed that very often, the business rescue plan changes from the initial plan that the lenders voted on. As the business rescue process unfolds, changes occur and more information becomes available. These changes often necessitate the changing of the business rescue plan.

> *"Amend the plan, and you're allowed to do, the bank allows you to do that, you can afford to do that, provided everybody understands the rational and rest of it, we will give you that rectitude to be able to do that and when I say we, I will as a lender vote for the new plan if the old plan is not working and I can tell you 90% of the plans, they have to be amended."* Participant Barak

The banking participants were calling on business rescue practitioners to be adaptable and decisive in changing the plan and communicating changes that necessitate new decisions. The banking participants described this required competency as adaptability. The adaptability competency is closely related to the "integration" competency of dynamic capabilities. The literature outlined in Chapter 2 describes dynamic capabilities as the ability to integrate, build and reconfigure internal and external competencies to address rapidly changing environments (Teece et al., 1997). Baird (2014) argues that turnaround practitioners should possess the capabilities to rapidly change as the environment changes. Similarly, the participants expressed that a foundational competency that is related to decision making which business rescue practitioners should possess is the ability to rapidly make decisions and, where appropriate, change the business rescue plan.

6.4   Discussion of Results for Research Proposition 3

Research Proposition 3: The foundational competencies associated with the higher-order competency of integration are business acumen, change management, innovation and creativity, team management, problem solving, and strategy implementation.

There was overwhelming support and emphasis from all the participants for the foundational competencies of strategy implementation and business acumen. The participants argue that business rescue is reliant on the developing of the business rescue plan and execution of the plan. Business rescue practitioners should have the ability to formulate the plan and effectively lead the organisation in executing the business rescue plan. This is in line with the leadership competency literature. Bartram (2005) suggested that business acumen involves a leader's understanding of an organisation and its operating environment as well as the capability to plan and deliver on an organisations goals in an organised and systematic way (Bartram, 2005; Mumford et al., 2017). The Companies Act lays out the formulation of the business rescue plan as one of the key tasks of the business rescue tasks. The participants expressed that in order to develop a good business rescue plan, business rescue practitioners require business acumen. Once the business rescue plan has been voted on and approved by the creditors, the success of the rescue becomes partly dependant on business rescue practitioner's ability to direct the execution of the plan. Business acumen overlaps with other competencies discussed in this study including strategy formulation, problem solving and innovation. Business acumen is also further discussed in the discussion on technical domain knowledge that is required for business rescue. It is a pervasive competency that is suggested by the literature and fully supported by the participants.

Business rescue is a legislated form of business turnaround and change is an inherent process of business turnaround. One of the participants expressed the following:

> *"After an effective business turnaround, the business is not going to be the same business as when turnaround started, it can't be because it otherwise wouldn't need turnaround. So one thing we do know, is something has to change it. So you have to take the business from point A to point B. Now, how*

> *you do that, all those kind of things, that's what you have to come up with as a business rescue practitioner."* Participant Barak

The participants all acknowledged that change is inevitable part of business rescue and supported change management as a critical competency of business rescue. In some instances, the cultural change is the essential element of the business rescue.

> *"So you've got to be able to change the culture." Participant Lander*

The importance of managing change was further confirmed by the literature. In the Great Eight Leadership Competencies literature, Bartram (2005) in emphasises the need for leadership to manage complexity and drive organisational change. Business leaders, in this case business rescue practitioners, should guide the organisation to adapt and respond well to change. They should manage pressure and cope well with setbacks (Bartram, 2005).

A critical element of the management cognition phase of business turnaround as suggested by Trahms et al. (2013) is determining the cause of decline (problem identification). This is phase is then followed by taking action and addressing the problem. In the Nine Critical Skills Framework for Leadership Performance (Mumford et al., 2017), discussed in Chapter 2, the literature suggests that business leaders should have the skill to identify and define problems through analysing the environment and various sources of information. The participants supported this competency however emphasized that in the case of business rescue, the problem solving is not problem solving in general but requires novice and creative problem solving techniques and solutions.

> *"And so most important, you've got to have imagination. Because there's no, you can't take it off the shelf and say, there's your business rescue plan. That company needs a complete redesign of what it's doing." Participant Julian*

It appears that problem solving within the scope of business rescue is therefore inextricably linked to innovation and creativity. Innovation and creativity is a further competency that was supported by the participants in the study. The context of business rescue, rescuing a distressed organisation, is not business as usual. The participants expressed that each business rescue is unique and requires a creative approach and innovative solutions. Mumford et al. (2017) identified the ability to formulate new ideas and creative approaches as one of the "Nine Critical Sills for Leadership Performance". This key competency was described as creative thinking.

Bartram (2005) also put forward the view that leaders should respond well to environments requiring openness to new ideas and experiences. They should approach problems with innovation and creativity, thinking widely and strategically.

Great leaders acknowledge that they cannot do everything on their own, this is also the case of business rescue practitioners.

> *"It's not a one-man job, you need a really, really competent team."* Participant Achilles

> *"Because you know, in the case of a big business rescue appointment, you need a team. You need a corporate finance team to help you by your sales process. If the company doesn't have any human resources, you've got to get a good human resource individual. Especially if you employ a couple of thousand people. If you think there's been fraud, etc., you need good forensics. You also might meet good IT skills set."* Participant Lander

The participants supported the team management competency. They expressed that there are multiple facets to taking management control of a company in financial distress and the success of the business rescue efforts is influenced by teamwork as well as the leadership and support of the business rescue practitioner. Leadership competency literature emphasises the leader's ability to also exercise leadership, collaborate and support the team as well as showing respect and positive regard to the team (Mumford et al., 2017; Bartram, 2005)

6.5   Discussion of Results for Research Proposition 4

Amended Proposition 4: The foundational competencies associated with   the higher-order competency of collaboration are stakeholder management, negotiation, communication, emotional intelligence and delegation, crisis management and networking.

Business rescue is intended to protect and take into account the interest of all "affected persons" (Conradie & Lamprecht, 2018). The term "affected persons" is a Companies Act term used to refer to a broad stakeholder group ((RSA), 2008). Stakeholder management is a central theme of business rescue. All the participants of the study supported stakeholder management as a critical competency for business rescue practitioners. Some of the participants further regarded stakeholder management as the most important competency underlying the task of business rescue.

> *"I mean, the primary function, as I see it of a practitioner, is to manage the interaction between the company and its stakeholders. So you've got customers, suppliers, employees, managers, directors, shareholders, if any of those are missing, your rescue has failed, it will fail. It hasn't yet but it will." Participant Julian*

> *"So there is no doubt that an informed well integrated business rescue practitioner will take into account affected parties,"* Participant Keelan

> *So I would say stakeholder management is the most important competency for a practitioner in a construction company. Stakeholder management is always important. I'm not sure that its as important in every instance, but in the construction industry it is definitely the most important.* Participant Alec

> *"You have to have everyone rowing in the same direction. I gave you seven, you put the practitioner that's eight, and you need all eight to be rowing in the same direction for the rescue to work." Participant Julian*

This sample quotations portray the participants' support of the stakeholder management competency. In a distressed organisation, there are multiple stakeholders with a vested interest in the firm's affairs. These include, inter alia, creditors, employees, the board of directors and shareholders. The business rescue

practitioner steps in and has to balance the interest of all these stakeholders. This requires collaboration with multiple stakeholders who have the potential to influence the success of the business rescue. Stakeholder management has therefore been noted as a key competency of business rescue practitioners. Pretorius (2014) highlights stakeholder management as central to collaboration. It is closely related to competencies such as negotiation and delegation and is described as the manner in which decision-making, integration and sense-making interact with each other.

Pretorius (2014) posits, as outlined in Chapter 2, that underlying the higher-order competency of collaboration is the skill to negotiate well. In the re-organisation process of business rescue, the rescue practitioner has negotiate with multiple stakeholders for the survival of the firm. These negotiations can make or break the organisation, chief amongst which is the negotiation for post-commencement funding. Participants supported the need for negotiating skills as a core skill for business rescue practitioners.

> *"At the heart of business rescue you talk to everyone and everyone is upset. So you need to negotiate. Not only do you negotiate, you negotiate with varying degrees here, you want to appease this guy. Here, you want this guy to assist you but he's angry. Here you want to assert yourself and negotiate for a commercial solution rather than a drawn out legal process"* Participant Sirius

> *"Probably I'd say as long as you know how to negotiate you should be fine because raising funding is not an easy thing. I think you definitely need to have capital raising skill and negotiation is key to this."* Participant Beta

Communication, both in the form of written communication and spoken word was emphasised as a critical competency of business rescue practitioners by the respondents to the study. The written communication was especially important as it pertains to the drafting of the business rescue plan. One of the participants from the who is a legal professional expressed the following:

> *"You have to be able to draft it (business rescue plan), I suppose you can say you need writing skills. writing skills are important, because if a person can't write, they lose credibility."* Participant Alec

This illustrates the importance of communication in as far as the credibility of the business rescue practitioner is concerned.

The participants also highlighted that effective communication skills are critical in order to persuade stakeholders as well as motivate and inspire the demoralized parties in the context of distressed organisations.

"And in that sort of scenario, the ability to run a successful rescue is hugely dependent mainly on your communication skills. I think that's probably the biggest issue, because you've got so many stakeholders with different levels of experience. Different levels of commercial and business acumen, different financial means, different interests, to communicate with them all really requires some amazing amount of skill, and you can't talk to them all in the same way." Participant Alec

"You need a person who can sell solutions, someone who can sell and convince people to buy into solutions" Participant Titan

"When I walk into a critical customer's office, without being disingenuous or anything, I have to sell a vision to say, please continue buying from us, we know we haven't been delivering. And this is the plan, this is where the company is going with it, we're going to do great things. Stick around, you know, and then you have to then again, walk out and go sit with a supplier that's not going to be paid, and you need to apologize and still again, in that spirit, sell the vision, and you know, be excited about the future" *Participant Reveka*

Delegation within the context of business rescue refers to the business rescue practitioner's ability to effectively make use of external experts and consultants to assist in the business rescue process and is also closely related to team management as far as entrusting members of their team some of the tasks in the business rescue process. Participants expressed that the business rescue practitioner needs to be aware of their capacity constraints and knowledge gaps and appoint experts to assist where necessary. This skill is further discussed in the section on domain knowledge expertise.

"In terms of a team, you do need expertise; you need a corporate finance team to help, you need marketing by your sales process. If the company doesn't have any human resources, you've got to get a good human resource individual. Especially if you employ a couple of thousand people. If you think

there's been fraud, etc. You need good forensics. You also might meet good IT skills set." Participant Lander

"He comes with a team for an example if a person is a CA he will have somebody would assist him in with all the legal agreements and things like that. So you need a lot of skills. I think for me, what is key; is knowledge of the industry, the market." Participant Sophie

The literature discussed in Chapter 2 supports the view that delegation is an essential element underlying the tasks of business rescue practitioners (Pretorius, 2013; Pretorius, 2014). There is consensus that business rescue assignments vary in size and complexity and business rescue practitioners require the skill to recognize when delegation is necessary and delegate to the appropriate people with the requisite skillset. Very closely related to delegation is technical domain knowledge which is discussed under Research Proposition 5.

The participants suggested various attributes which are related to the domains of emotional intelligence. These competencies have all been categorised into the competency of emotional intelligence as proposed in the conceptual framework. The social skills elements of emotional intelligence overlap with stakeholder management and are discussed under Research Proposition 4 regarding influencing and motivating stakeholders. The perceptions that participants shared regarding various emotional intelligence domains include the following:

Self-awareness

"But on top of that, these are good judgment, high social awareness, deep self-awareness, so they understand their own frailties, their own limitations and the acceptance that they don't have all the answers" Participant Keelan

Self-Motivation (in a stressfull environment)

"It's stressful job for anybody to take on." Participant Proteus

Empathy

> *"You got to have an ability to go and be able to connect with people and try and see, have empathy with their situation. So empathy is really important."*
> *Alex Elliot*

The participants perceptions support the importance of emotional intelligence as an essential competency for business rescue practitioners. This is in line with the literature on leadership competencies reviewed in Chapter 2 which affirms that emotional intelligence has positive correlation with outstanding leadership performance (Boyatzis & Ratti, 2009).

The participants further suggested crisis management as an essential competency for business rescue practitioners. A majority of the participants expressed that distressed entities are in a state of crisis and a business rescue practitioner needs to have the skills required to manage crisis.

> *"You've also got to be able to manage crises. It's not an easy task. You know, you've got to have a temperament for crisis." - Participant Lander*

> *"It's a high stress environment, there's lots of pressure and time pressure, and there's lots of noise and lots of people. So you've got to be clear of thought and manage the state of distress" Participant Julian*

The participants emphasised that business rescue practitioners need a network to call upon to assist them to navigate business rescue processes. The participants argued that solving complex problems, raising capital and getting industry expert advice requires a strong network and networking skills. This is in line with the literature outlined in Chapter 2 regarding collaboration and stakeholder management.

> *"Your networking, and your interpersonal skills are critical, because you have to manage people and call upon you network to assist in ideation and capital raising" Participant Reveka*

6.6   Discussion of Results for Research Proposition 5

Research Proposition 5: The technical knowledge areas that are essential for business rescue practitioners are: finance, legal and business management.

The literature reviewed in Chapter 2 suggests that the technical knowledge areas, which underly business rescue competencies and are essential for business rescue practitioners are finance, legal and business management knowledge (Pretorius, 2014). The participants supported finance, legal and business management as the essential technical domains for business rescue.

Few of the participants argue that the competencies and technical knowledge domains are interdependent and one cannot rank the relative importance of these technical knowledge areas. The majority of the participants however suggest that finance, legal and business management skill are the required technical skills for business rescue practitioners, however the legal expertise are easier to outsource.

> *"The legal background is critical but you can also outsource that." –*
> *Participant Reveka*

> *"You need legal advice, and generally you will bring a lawyer in your team." –*
> Participant Alec

The participants expressed that the sections in the Companies Act related to business rescue are not complex and do not require extensive legal knowledge. Business Rescue practitioners may then consult on the further legal aspects of the business rescue and specific legal matters affecting a distressed entity.

> *"So you need a basic understanding from a legal perspective" Participant*
> *Barak*

In contrast, these participants argue the finance knowledge is an inherent part of business rescue and financial acumen is therefore indispensable. Business rescue practitioners need a comprehensive understanding of the financial aspects of a business rescue and financial management knowledge.

> *"The technical nature of the business rescue at a minimum requires that one*
> *has a substantive understanding of finance because we are in financial*
> *distress, we're unable to pay and money that is due and we owe creditors?*
> *We are unable to fund the operations going forward. That banks are owed*

money, there may well be different types of instruments. So we need someone with an understanding of the technical nature of those instruments." Participant Sirius

"That's my task (as a business rescue practitioner). Investigate, gather, formulate the plan, which is a scheme of arrangement. It's a balance sheet restructuring. I have to formulate that balance sheet restructuring. And get it adopted. That's my task." Participant Julian

In the reviewed literature, Pretorius (2014) did not identify any patterns that suggest that suggest the relative importance of each of the technical areas. Rajaram & Singh (2018) however found that business rescue practitioners should ideally hold an accounting qualification or be an accredited Turnaround Management Professional (TMP). Inference suggesting the relative importance of technical financial knowledge may be drawn from the emphasis of an accounting qualification in Rajaram & Singh's study.

The majority of the participants further suggested that business management knowledge is the most important technical domain for business rescue practitioners and they ranked business management above finance and legal knowledge. The term general management experience was used interchangeably with "business management" by the participants.

"I think it's the acumen needs to be broad based. So to best summarize it, I think the people that from what I've seen, put together the most useful plans came to be the people that come with a broad base of experience, having been in senior positions, used to make decisions on limited information in the real world and top thing. So I think I try and describe them as general business people, irrespective of the original training or profession is what sets great business rescue practitioners apart." Participant Keelan

"People with a strong background of general management experience make good business rescue practitioners, because a good general manager will also have that financial acumen." Participant Achilles

6.7 Discussion of Results for Additional Proposition 1

Turnaround Mindset

In the discussions regarding the essential technical knowledge areas that are essential for business rescue practitioners, a theme that emerged is the theme of "Turnaround Mindset". The majority of the participants expressed that over and above technical knowledge, underlying the competencies of business rescue, there is a need for business rescue practitioners to have a turnaround mindset. The Companies Act presents two business rescue outcomes, discussed in Chapter 2, which are commonly referred to as Type A and Type B outcomes. Type A involves turnaround strategy that aims to save distressed organisations as a going concern. The objective of a Type B business rescue is to deliver a better return to shareholders than they would have received in an immediate wind down. Type B business rescue is generally a structured wind down. The participants suggest that business rescue practitioners should have a mindset that leans towards a Type A business rescue, a turnaround mindset. The participants argue that a turnaround mindset is more consistent with the intention of business rescue legislation which is to save jobs.

> *"If we seek to ensure the Part A outcome, remember the two parts to a business rescue? Part A is to restore. Part B its need to wind down. Now here you are Mr. Business Rescue Practitioner. To what extent is part A or Part B can be influenced by the skills you have at your disposal? But broadly, my view is that this skills package is absolutely critical. More importantly, if we want business rescue to succeed in South Africa the skill package must be that which supports Part A, which is let's turn the business and restore its fortunes back in the market"* Participant Sirius

> *"So DTI's intention was to save jobs, then that's where the focus should be on saving the jobs. Deep down the initial intention of the DTI they saw, it was a method to say there was a way to save jobs, and that's successful in other countries. So there's an interim measure, to stop liquidation and save jobs."* Participant Proteus

They should have a turnaround mentality, a restructuring mentality and they must have an objective of restructuring the business and turning it around in mind. Participant Beta

"So I'd say that the first skills must be turnaround, the skills and mindset that we talked about, the second level of skill the less important is industry specific knowledge. You really have to get people to come and tell them a practical turnaround experience." Participant Proteus

The participants contrast a turnaround mindset with a liquidation mindset; a liquidation mindset being a mindset that defaults to a Type B outcome (a structured wind-down). A Type B outcome is criticised for not saving jobs and returning value to the market as initially intended by the Act. The paradox in this view is that the majority of the business rescue proceedings to date have resulted in a Type B outcome and the greatest proportion of licensed business rescue practitioners are liquidators or have a liquidation background. Participants expressed the views below:

"I think a lot of them (liquidators) don't have that skill, because they don't come from a managing environment, you need to really be a manager." Participant Proteus

"So they need to gain that (turnaround mindset), they cannot just enter the business rescue practitioner realm and expect to do the same thing they did in liquidation." Participant Vitalis

The turnaround mindset theme was a new insight that emerged from the interviews and was investigated further by the researcher. The proposition that arose out of this finding is as follows:

Research Proposition 5:   Business Rescue Practitioners in South Africa should have a "Turnaround Mindset" which aims to rescue businesses as a going concern and saves jobs.

The majority of the participants supported this proposition and argued that more than considering the professional designation, industry background or technical expertise of the business rescue practitioner, the critical element is the mindset of the business rescue practitioners. This insight is especially important within a South African context where the rate of unemployment is high, the cost of establishing new business is high and the economy is a developing economy.

> *"I mean structured wind-down is not good for employment. So in my mind, business rescue is being put there to save job. It's about driving section 7 (of the Companies Act). That's the spirit of business rescue but if you are not pursuing it. If you do a structured wind-down or liquidation, that's why liquidation is in liquidation, everybody loses the job. We need practitioners to pursue the spirit of business rescue and save jobs." Participant Maximus*

6.8   Discussion of Results of Additional Proposition 2

Ethics

A theme that emerged in the semi-structured interviews is the need for emphasising ethics and ethical conduct amongst business rescue practitioners. The majority of the participants expressed that over and above navigating the process from a statutory process, there is a need for business rescue practitioners to uphold high ethical standards and be beyond reproach.

Some of the participants expressed that ethics is implied and goes without saying, these participants stated the following:

> *You should be honest, that's just a given. – Participant Lander*

> *The moment that you have the word profession in there, it talks about and encompasses ethics, the way that you do it, the way that you perform the things that you will do, in a professional way. – Participant Maximus*

> *My view is; the Act states that you have an obligation to act in the interest of all affected parties and you are stepping into the shoes of directors. I believe that you need to act with the new diligence of a director. And if you're a director of the company, to me, it's implied that you have to have the interest of all stakeholders at heart.* Participant Griffin

The majority of the participants however argued that the matter of ethics and ethical conduct as a fundamental business rescue practitioner needs to be given prominence and expressly emphasised. The participants expressed the following:

> *There's already major other issue because not just corporate governance, so we call it ethics. – Participant Barak*

> *"So this is the one that we are fighting with; what is professionalism? That's the word that that we are using, in order to judge that refers to conduct, outward*

behaviour and standards. Are you doing the right things? Are you doing it right?
Are doing it for the common good of the people?" Participant Maximus

6.9 Conclusion

The data analysis as presented in this chapter confirmed the foundational competencies for the higher order competencies of sense-making, decision making, integration and collaboration. The study confirmed the proposition that the foundational competencies for decision making include judgement, evaluating options, accuracy, directing the organisation, strategic foresight and adaptability. The proposition for the base level competencies for sense making was amended to include two further (intuition and professional scepticism) competencies which were uncovered in the interviews. The competencies for sense-making that were validated through this study are: systems thinking, analytical thinking, feasibility analysis, viability analysis and strategy formulation. The data analysis confirmed the fundamental competencies for integration including business acumen, change management, innovation and creativity, team management, problem solving and strategy implementation. The proposed foundational competencies for collaboration were validated and two further competencies were confirmed and the proposition was amended. The confirmed foundational competencies for collaboration include stakeholder management, negotiation, communication, emotional intelligence, delegation, crisis management and networking.

The data analysis confirmed the domain knowledge of business management, finance and legal as the essential business rescue domain knowledge that supports business rescue competencies.

Two further findings were uncovered in the study namely ethics and a turnaround mindset. The findings suggested that ethics and a turnaround mindset critical competencies of business rescue practitioners.

7   Chapter 7: Conclusion and Recommendations

7.1   Introduction

This chapter presents the conclusions of this research following the discussion of findings in Chapter 6. The purpose of this research was to explore critical competencies of business rescue practitioners in South Africa and to gain an understanding of how the required competencies of should be evaluated. Although the intended purpose of business rescue legislation which was incorporated in the Companies Act number 71 of 2008 (Companies Act), which came into effect in May 2011 (Government Gazette, 2011), was to save jobs and deliver the greatest return to shareholders, this has not been achieved in the majority of business rescue proceedings to date. The background to the legislation and the current state of business rescue in South Africa was outlined in Chapter 1 and Chapter 2. As the business rescue regime matures, there is an increasing need for theoretical and industry guidance for various aspects of business rescue, including, *inter-alia*, the critical competencies of business rescue practitioners in South Africa. This study sought to explore the foundational competencies and technical domain areas that are crucial for successful business rescue practitioners. Pretorius (2014) conducted research on the higher-order competencies of business rescue practitioners and highlighted the need for further research regarding business rescue competencies. This study was a deeper exploratory study that explored business rescue competencies at a foundational level as well as the required domain knowledge areas.

This chapter presents a Business Rescue Practitioner Competencies Model which was developed from the literature based, conceptual framework outlined in Chapter 2 (see to Figure 2). The model also incorporates the findings and emerging themes which were discussed in Chapter 5 and 6. This chapter further concludes by further highlighting the theoretical and business implications of the study, presenting the limitations of the research and making recommendations for future research.

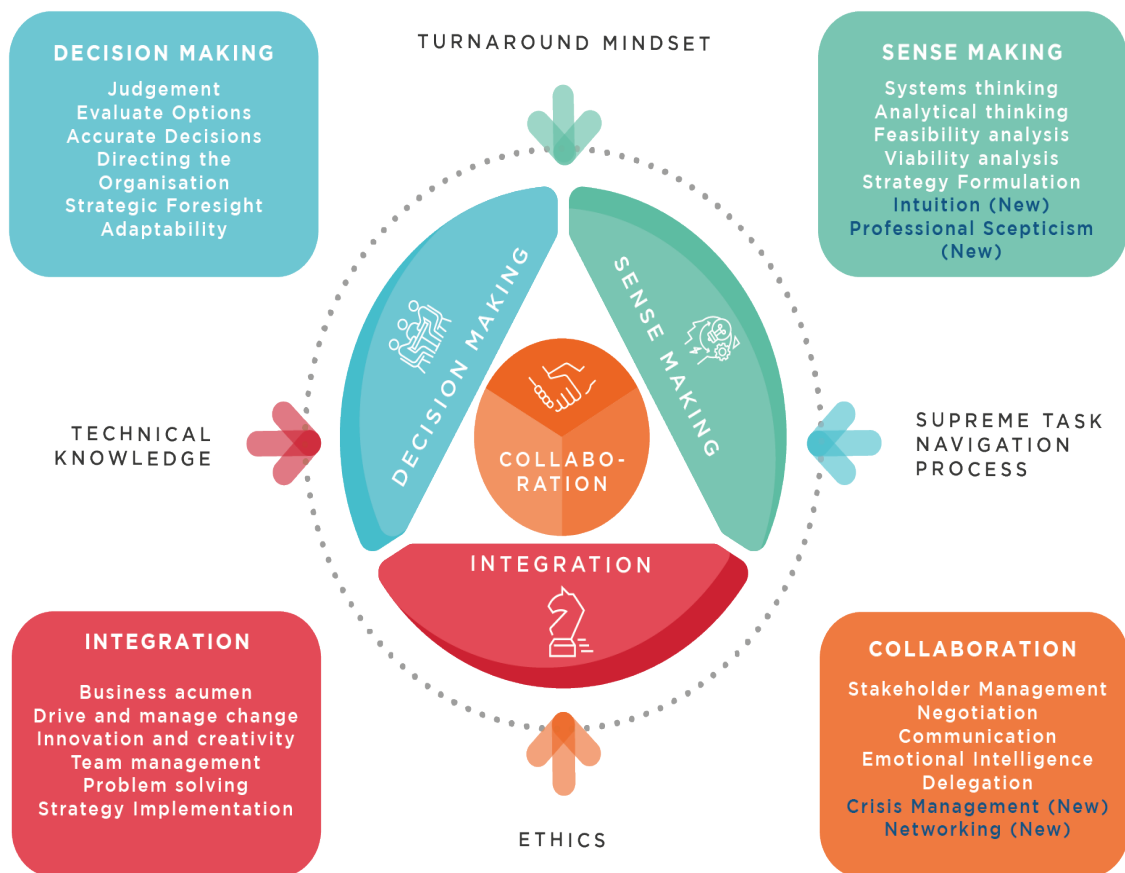## 7.2   A Business Rescue Practitioner Competencies Model

Figure 13 The Business Rescue Practitioner Competencies Model

This Business Rescue Practitioner Competencies Model was based on the Business Rescue Competencies Conceptual Framework (see Figure 12) through the review of literature in Chapter 2. The model builds on the higher-order business rescue competencies proposed by Pretorius (2014), integrating these competencies with leadership competencies identified through the review of literature in Chapter 2 and incorporating the themes that emerged from the data collected in the process of conducting this study. The research findings were presented analysed in Chapter 5 and discussed in Chapter 6.

There are four business rescue practitioner higher-order competencies proposed by Pretorius (2014). These competencies are sense making, decision making,

integration and collaboration. The higher-order competencies have related foundation competencies which were the focus of this study.

The foundational competencies for decision making include judgement, evaluating options, accuracy, directing the organisation, strategic foresight and adaptability. The sense-making foundational competencies that were identified in reviewing literature in Chapter 2 are: systems thinking, analytical thinking, feasibility analysis, viability analysis and strategy formulation. Two additional sense making competencies, which are highlighted in the model, emerged through the data collection and analysis process. These are intuition and professional scepticism. The foundational competencies for integration are business acumen, change management, innovation and creativity, team management, problem solving and strategy implementation. The foundational competencies for collaboration that were identified in the literature include stakeholder management, negotiation, communication, emotional intelligence and delegation. Two further collaboration competencies emerged in Chapter 5 and 6. These are crisis management and networking.

Sense-making, decision making and integration competencies are interrelated and realised through collaboration (Pretorius, 2014). The model depicts the interrelated nature of theses competencies and collaboration is in the centre to highlight that it is through collaboration that these competencies, at a foundational as well as higher-order level, are achieved. The overlaps and interrelated nature of the foundational level competencies is outlined on in Chapter 5 and Chapter 6. A metaphor that has been used for the task of a business rescue practitioner or turnaround manager is that of "catching a falling knife". It is a task that requires the skilful execution of a combination of competencies. The model proposes a myriad of competencies that are essential for catching a falling knife.

The study further explored the domain knowledge underlying the tasks of a business rescue practitioner and confirmed that business management, finance and legal knowledge are all essential domain areas for business rescue. The technical knowledge areas support the competencies of business rescue practitioners.

Business rescue in South Africa is a consequence of the Companies Act of 2008 and exists within the framework of the legislation. Pretorius (2014) presented "The Supreme Task" of business rescue practitioners to "follow the statutory process" and

to navigate the distressed entity from financial distress to a better outcome. The supreme task is presented on the model as an essential element of the role of business rescue practitioners.

Two further themes that emerged from the study are the need for a turnaround mindset and ethical consciousness amongst business rescue practitioners. The experts in the study emphasised the need for business rescue practitioners to strive to uphold the spirit of business rescue legislation which is to save jobs. In order to achieve this, the experts argued the priority should be on saving businesses as a going concern "turnaround mindset" rather than a default to structured wind-down. The experts further emphasized that as a profession, ethics and ethical conduct needs to be consistently upheld by business rescue practitioners.

7.3   Implications for Business

This research study highlighted the critical competencies and domain knowledge for business rescue practitioners in South Africa. It illustrates these competencies at a foundational level and higher-order competency level. The study further reveals the perceptions of experts that business rescue practitioners should have a turnaround mindset and exhibit the highest standards of ethical conduct.

The findings of this study improve the knowledge base of distressed firms. In the recommendation, selection and appointment of business rescue practitioners for companies in financial distress, boards of directors, lenders, management and broader affected persons may consider the findings of this study in the selection and appointment process of a business rescue practitioner.

Accreditation bodies and education institutions may consider the Business Rescue Competencies Model and the findings of this study in the development of business rescue and non-legislated business turnaround training material. The findings in this study may further be considered by the CIPC in the examining of business rescue practitioner license applicants

In evaluating the performance of business rescue practitioners and assessing the competence of practitioners, the Business Rescue Competency Model developed in this study may be used to guide criteria for evaluations.

Business rescue practitioner and individuals intending to apply for business rescue licences may consider the findings of this study to enhance their competencies and domain knowledge.

7.4   Limitations

The study was a qualitative study and one of the key limitations of the study is researcher bias in the analysis and interpretation of the results. This limitation is heightened by the fact that the researcher is a chartered accountant and had to interpret data that is related to domain knowledge including the finance domain.

Potential subject bias is a further limitation in the study, especially since participants had to self-assess. This limitation was moderated by triangulating results amongst the two participant groups.

The samples size of fifteen participants was small and this limits the ability to generalise the results to different contexts.

The study highlights key attributes such as ethical conduct as a critical attribute that is required of business rescue practitioners. It however does not address the question of how to acquire this attribute.

7.5   Future research considerations

Business rescue is still in it's infancy in South Africa and a significant amount of research is yet to be conducted in the area of business rescue and leading business rescue proceedings. This study has raised further questions for consideration in future research. Suggestions for future research include:

- The Business Rescue Practitioner Competencies Model may be validated through quantitative research methodology with a larger sample size.
- A study the expands the competency model into a competence model for evaluation of business rescue practitioners.
- An exploratory study investigating the concept of a turnaround mindset, how it is acquired and supported.
- A study analysing qualifications and domain knowledge that is best suited for a turnaround mindset
- An exploratory study on the perceptions of ethical conduct for Business Rescue Practitioners and how business rescue practitioners may acquire ethics skills.

7.6 Conclusion

This study highlighted the foundational competencies and domain knowledge that are essential for successful business rescue practitioners in South Africa. This exploratory study involved interview with senior and experience business rescue practitioners (Group 1) as well as academics, bankers, legal professionals and business turnaround professionals who are experts in the field of business rescue (Group 2). The study uncovered rich insights from these interviews which were integrated with knowledge from literature in developing the Business Rescue Practitioner Competencies Model. The model further highlights the insights from the interviews regarding the call for a turnaround mindset and ethical conduct amongst business rescue practitioners.

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9 Appendices

9.1 Appendix 1 – Interview Consent Form

Research topic: An evaluation of the critical competencies of Business Rescue Practitioners in South Africa

Researcher: Tlhalefo Mphuthi, Gordon Institute of Business Science, MBA Candidate

I am an MBA student at the Gordon Institute of Business Science (GIBS). As part of my studies, I am conducting research on the critical competencies of business rescue practitioners in South Africa; I am trying to explore the essential competencies that successful business rescue practitioners should possess and the perceptions on how business rescue practitioners should be evaluated. Our interview is expected to last about an hour, and will help us understand the aforementioned.

Your participation is voluntary and you can withdraw at any time without penalty. All data will be kept confidential and where direct quotations may be used, the data will be reported without identifiers for anonymity. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Tlhalefo Mphuthi   Louis Whittaker

Tlhalefo.mphuthi@gmail.com   WhittakerL@gmail.com

0784397555   0824570892

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

9.2 Appendix 2 – Interview Guide

Research questionnaire interview guide

	Start time:
Industry/Sector:	End time:
Title:	
Date:	

Research question: What are the critical competencies for successful business rescue practitioners in South Africa?

Sub question 1: What are the required competencies underlying the higher order competency of sense making?

Sub question 2: What are the required competencies underlying the higher order competency of decision making?

Sub question 3: What are the required competencies underlying the higher order competency of integration?

Sub question 4: What are the required competencies underlying the higher order competency of collaboration?

Sub question 5: What are the essential technical knowledge areas underlying the tasks of business rescue?

Sub question 6: Are there any further competencies that are essential for business rescue?

9.3 Appendix 3 Interview Guide

TITLE: A competence model for evaluation of Business Rescue Practitioners in South Africa

PROPOSITIONS/ QUESTIONS/ HYPOTHESES	LITERATURE REVIEW	DATA COLLECTION TOOL	ANALYSIS
1. The foundational competencies associated with the higher-order competency of decision-making are evaluating options, judgement, accurate decision-making, directing the organisation, strategic foresight and adaptability	Pretorius (2014) Bartram (2005) Boyatzis & Ratti (2009) Rajaram (2018) Mumford et al, (2017)	Sub Q 1.	Open-ended analysis to allow for new insights to be uncovered and explored
2. The foundational competencies associated with the higher-order competency of integration are business acumen, change management, innovation and creativity, team management, problem solving, and strategy implementation	Pretorius (2014) Bartram (2005) Boyatzis & Ratti (2009) Rajaram (2018) Mumford et al, (2017)	Sub Q 2.	Open-ended analysis to allow for new insights to be uncovered and explored
3. The foundational competencies associated with the higher-order competency of decision-making are evaluating options, judgement, accurate decision-making, directing the organisation, strategic foresight and adaptability.	Pretorius (2014) Bartram (2005) Boyatzis & Ratti (2009) Rajaram (2018) Mumford et al, (2017)	Sub Q 3.	Open-ended analysis to allow for new insights to be uncovered and explored

4. The foundational competencies associated with the higher-order competency of collaboration are stakeholder management, negotiation, communication, emotional intelligence and delegation.	Pretorius (2014) Bartram (2005) Boyatzis & Ratti (2009) Rajaram (2018) Mumford et al, (2017)	Sub Q 4.	Open-ended analysis to allow for new insights to be uncovered and explored
5. The technical knowledge areas that are essential for business rescue practitioners are: finance, legal and business management.	Pretorius (2014) Bartram (2005) Boyatzis & Ratti (2009) Rajaram (2018) Mumford et al, (2017)	Sub Q 5.	Open-ended analysis to allow for new insights to be uncovered and explored
6.			

9.4 Appendix 4 Ethical Clearance

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

15 August 2019

Tlhalefo Mphuthi

Dear Tlhalefo

Please be advised that your application for Ethical Clearance has been approved.

You are therefore allowed to continue collecting your data.

Please note that approval is granted based on the methodology and research instruments provided in the application. If there is any deviation change or addition to the research method or tools, a supplementary application for approval must be obtained

We wish you everything of the best for the rest of the project.

Kind Regards

GIBS MBA Research Ethical Clearance Committee