Journal of Contemporary Management
Volume 23 Issue 2

# Strategic responses to business distress in Gauteng: Insights into internal and external drivers

**DOI:** https://doi.org/10.35683/jcman1194.352

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**ABSTRACT**

**Purpose of the study:** The purpose of this study is to explore the internal and external factors contributing to business distress in Gauteng. As conceptualised by strategic management theory, the study aims to examine the role of strategic management in mitigating such risks. Grounded in the view that strong internal strategic capacity, leadership, and planning determine long-term sustainability and viability, the study aims to provide a strategic perspective on how businesses can respond to early warning signs and prevent distress through proactive internal planning.

**Design/methodology/approach:** A qualitative, exploratory approach was employed using semi-structured interviews with 12 business rescue practitioners, consultants, and insolvency experts who work with businesses operating in Gauteng. Data were analysed thematically using the Morse and Field method to identify key themes influencing business distress.

**Findings:** The study found that although external pressures such as economic instability, legislation, and infrastructure challenges are significant, internal deficiencies, particularly poor leadership, lack of strategic planning, and weak financial management, are often the primary drivers of distress. Strategic management was identified as a critical but underutilised capability for early intervention and long-term business sustainability.

**Recommendations/value:** Businesses should invest in strategic competence, innovation, early warning systems, and stakeholder communication to strengthen their resilience. Policymakers are encouraged to


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improve infrastructure and simplify compliance requirements to reduce external burdens on distressed businesses.

**Managerial implications:** The results underscore the need for business leaders to adopt proactive strategic management practices. By enhancing planning capacity and recognising early distress signals, managers can significantly reduce the risk of insolvency and contribute to long-term business viability, even in volatile external environments.

**Keywords:** Business rescue; external environment; financial distress; internal environment; strategic management

**JEL Classification: G33**

# 1. INTRODUCTION

In Gauteng, small and medium-sized enterprises (SMEs) operate in a volatile environment characterised by economic instability, regulatory complexity, and business management challenges (Eze & Lose, 2023; Mhlongo & Daya, 2023). These pressures, combined with increasing competition and resource constraints, place significant strain on the long-term sustainability and viability of businesses, making them particularly vulnerable to business distress (Shipanga *et al.*, 2022). According to Van Wyk (2023), many businesses struggle to implement effective strategic planning and early risk detection mechanisms. This study provides insights into the internal and external drivers of business distress and evaluates how strategic management can support early intervention and long-term business sustainability.

The journey of entrepreneurship often begins with optimism and a vision of profitability and success. However, for many businesses, the realities of the corporate world soon present significant challenges. While the primary goal is to remain financially viable, brutal competition and shifting market dynamics can lead to financial distress, ultimately threatening long-term sustainability and viability (Seabury, 2021). In such circumstances, strategic management becomes essential in guiding businesses through the complexities of survival and growth.

When a business encounters financial difficulties, it is vital to respond swiftly to prevent further deterioration. The way a business manages restructuring during distress significantly influences both the immediate impact and the long-term sustainability and viability of recovery (Koh *et al.*, 2015). Although multiple causes of business distress have been identified, there is no comprehensive list or singular explanation (Bushe, 2019). Understanding these potential causes and how to avoid or manage them effectively is critical for safeguarding both new and existing businesses.

The internal environment of a business includes factors under its control that directly influence operations, performance and resource utilisation (Indris & Primiana, 2015; Stoyanova &

Angelova, 2018). These factors fall largely within managerial oversight and as such, effective internal management is vital for success (Butarbutar & Lisdayanti, 2020). External environmental factors also play a substantial role in shaping business outcomes and demand a continuous, adaptive response (Akpoviroro & Owotutu, 2018; Johns, 2021). In a dynamic and often unpredictable environment, recognising and responding to these external influences is key to mitigating risk and preventing financial distress.

In response to the growing challenges faced by distressed businesses, South Africa introduced a formal business rescue regime with the promulgation of the Companies Act, Act 71 of 2008. This legislation was designed to assist financially distressed businesses in avoiding liquidation and continuing operations (Conradie & Lamprecht, 2018). Despite this initiative, concerns remain about the regime's overall effectiveness, especially given that employees, creditors, shareholders, and other stakeholders rely heavily on its success (Conradie & Lamprecht, 2018). As Pretorius (2015, p. 32) noted, the current business rescue success rate has been described as "inconsistent with unreliable validity."

For businesses in Gauteng, these challenges are often amplified by the province's competitive, fast-paced, and resource-constrained environment (Mhlongo & Daya, 2023). Proactive management is therefore crucial for navigating the risks that threaten business continuity. This study aims to explore the internal and external environmental factors that contribute to business distress in Gauteng, with a specific focus on the role of strategic management.

The central research question guiding this study is framed as follows: How do internal and external environmental factors contribute to business distress in Gauteng, and what role do internal business capabilities, as conceptualised by strategic management theory, play in mitigating their impact on business performance? By grounding the question in strategic management theory, the study emphasises that long-term sustainability and viability are largely determined by the strength of internal strategic management.

To answer this question, the study explores the following sub-questions:

1. What is business distress?
2. What internal factors are mostly linked to distress in Gauteng businesses?
3. What external factors are mostly linked to distress in Gauteng businesses?
4. What role does strategic management play in preventing business distress?

By exploring these sub-questions, the study aims to provide a strategic perspective on the internal and external factors that contribute to business distress in the Gauteng province. By

analysing qualitative insights from industry professionals, the study seeks to highlight the role of proactive strategic management in preventing business rescue and promoting long-term sustainability and viability.

# 2. LITERATURE REVIEW

Business distress remains a significant concern across industries, with serious consequences for stakeholders and economic stability. Understanding the root causes is essential for timely and effective intervention. This study focuses on the interplay of internal and external factors contributing to distress, while also emphasising the importance of strategic responses for long-term sustainability and viability.

## 2.1 Understanding business distress

In South Africa, Section 128(1)(f) of the Companies Act 71 of 2008 defines a company as financially distressed if it is reasonably unlikely to be able to pay all its debts as they fall due within the next six months, or reasonably likely to become insolvent within that period (Republic of South Africa, 2008). Causes of distress include poor financial management, strategic missteps, and unfavourable economic conditions (Koh *et al.*, 2015). However, many business leaders recognise warning signs too late.

Strategic management plays a key role in guiding businesses through volatile conditions. Defined as a continuous process aligning internal capacities with external demands (Lynch, 2018), strategic management supports resilience by fostering competitive advantage (Wright, 2023b). Wijethilake (2017) and Guerras-Martín *et al.* (2014) highlighted that evaluating both internal and external environments helps businesses adapt, compete, and recover more effectively. Strategic management is essential for mitigating distress by enabling businesses to assess threats, respond to change, and plan for sustainable growth.

## 2.2 Internal factors behind business distress

Internal factors are elements within a business's control that directly influence its operations, performance, and long-term sustainability and viability. When neglected or poorly managed, these factors can create vulnerabilities that significantly contribute to financial distress.

### *2.2.1 Competence and development*

The competence of management and employees is central to business success. Effective leadership drives decision-making, strategic direction, and the ability to respond to challenges (Chen, 2021; Das, 2023; Hecklau *et al.*, 2016). Competent managers help align operations

with strategic goals and ensure the efficient use of resources (CFI Team, 2023; Custódio *et al.*, 2019).

In contrast, managerial incompetence often results in weak planning, poor resource allocation, and operational inefficiencies (Deeb, 2019). Similarly, underinvestment in employee development can hinder productivity and innovation.

Innovation is also a key internal factor. It enables businesses to remain competitive by adapting to change, improving offerings, and enhancing processes (Boyles, 2022; Luqmani *et al.*, 2017). Without innovation, businesses risk stagnation and loss of relevance (Mitzkus, 2022; Ward, 2020).

### *2.2.2 Business infrastructure and resources*

Business infrastructure and resource availability are central to operational efficiency and long-term financial health. Access to appropriate technology has become essential for marketing, financial management, communication, and service delivery (Ahmed, 2019; Broberg, 2021; Trivedi *et al.*, 2023). Businesses that fail to keep up with technological advancements often experience reduced productivity and increased vulnerability to disruption (Moore, 2022).

Effective business infrastructure also supports business scalability and competitiveness. Conversely, outdated systems and limited physical or financial resources can hinder growth and resilience (Ayitey & Kamasa, 2021). Business size further influences access to these resources. While larger businesses benefit from economies of scale and broader financial reserves (Penpoin, 2021), SMEs in South Africa often face significant resource constraints (Fatoki, 2018; Reynolds *et al.*, 2019).

Inadequate infrastructure and restricted access to resources, particularly among SMEs, heighten the risk of financial distress and limit the ability to respond strategically to external pressures (Mawela, 2023).

### *2.2.3 Geographical considerations*

Location is a widely acknowledged determinant of business success, with research and evidence pointing to the critical role it plays in business performance and sustainability. The adage “location, location, location” remains a cornerstone in strategic business planning, signifying the importance of where a business chooses to operate (Tayeen *et al.*, 2019). A business’s physical location can significantly influence its visibility, accessibility, and overall market reach. Poor location decisions may restrict customer access, increase operational costs, and limit growth potential (D’Angelo, 2023). According to location theory, businesses

aim to optimise location for profitability and efficiency under given constraints (Dubé *et al.*, 2016).

Factors such as transport access, security, and proximity to complementary businesses play a key role in shaping customer experience and brand perception (Demetriou, 2022; Kapoor, 2023). Well-situated businesses often benefit from increased foot traffic and enhanced reputation.

A location strategy, which includes market and demographic analysis, helps align physical presence with business goals (Boushy, 2022; Joy, 2021). As Fox (2017) argued, thoughtful site selection is crucial for balancing cost, accessibility, and long-term sustainability and viability. Poorly chosen locations can undermine performance, regardless of internal strengths.

## 2.3 External factors behind business distress

Understanding the external business environment is essential for anticipating challenges that may affect performance. These external factors, largely beyond a business's control, can influence operations, strategic decisions, and long-term viability (Fatoki, 2014).

### *2.3.1 Economic environment*

Macroeconomic challenges such as inflation, unemployment, slow growth, and energy instability contribute directly to financial strain (Market Business News, 2022; Spitsin *et al.*, 2020). In South Africa, high youth unemployment, persistent load shedding, and inflation-driven cost increases continue to affect consumer demand, business confidence, and profitability (Nelson, 2022; Shoki, 2023).

Disruptions to the supply chain, rising operational costs, and stagnant growth conditions compound this strain, particularly for SMEs with limited buffers (Ahuchogu, 2022). Without adaptive strategies, businesses struggle to absorb these shocks, increasing the risk of financial distress.

### *2.3.2 Legislation*

South Africa's complex legislative environment influences business operations across labour, tax, and compliance matters (Bushe, 2019). While the legal framework promotes ethical conduct and consumer protection (Witts-Hewinson, 2020), overregulation and bureaucratic delays often present barriers to growth, especially for new and small businesses (Nieuwenhuizen, 2019).

Legislative risk, including abrupt changes in policy or unclear regulatory requirements, can increase business uncertainty and operational costs (Hayes, 2022; Wroblewski, 2018). To remain compliant and sustainable, businesses must remain vigilant and responsive to legal changes.

### *2.3.3 Industry and business environment*

The industry and business environment in which a business operates significantly influences its vulnerability to financial distress (Ntuli, 2018). Certain industries are more susceptible due to structural constraints, cyclical demand, regulatory volatility, or technological disruption. In the South African context, operating within specific sectors often compounds these risks due to the overarching national infrastructure deficit and inconsistent access to essential utilities and services (Jackson, 2015).

South Africa's infrastructure problems are widely acknowledged as a major hindrance to the country's long-term prosperity and an impediment to sustainable business development. Poor infrastructure, including power, transport, and water supply, limits operational capacity and increases costs (Mthombeni-Möller, 2023; Obokoh & Goldman, 2016). Client dynamics also matter. A concentrated customer base increases risk if key clients withdraw, while loyal and diversified customers enhance stability (Garfinkel, 2019; Mollick & Arora, 2022). Porter's Five Forces framework explains how industry-level risks are influenced by competitive rivalry, supplier power, buyer power, the threat of substitute products or services, and the threat of new market entrants, all of which can contribute to vulnerability and business distress (Baker, 2022).

## 2.4 Strategic responses to business distress

Strategic management plays a crucial role in equipping businesses to navigate periods of distress and align operations with long-term success. Effective strategic management is foundational to this process, as it involves setting goals, formulating plans, and motivating teams to achieve shared objectives (Gitman *et al.*, 2018). As the business environment continuously evolves, managers must adapt and respond proactively to internal and external demands.

Strategy formulation, as a component of strategic management, enables businesses to identify new opportunities while mitigating potential threats (Abosede *et al.*, 2016). It requires a deep understanding of the operating environment and leads to the creation of strategic objectives that guide business action. Three interrelated levels of strategy can be applied: corporate-level strategies define the overall direction of the business (Sridharan, 2023), business-level strategies focus on leveraging core competencies for competitive advantage

and functional-level strategies translate broader strategies into operational plans (Wright, 2023a). Empirical findings support the claim that businesses with strong strategic management practices tend to perform better and exhibit greater resilience in the face of adversity (Hakimpoor, 2014; Jhajharia, 2021). Without a well-articulated strategy, businesses may lack clear goals, a coherent communication structure, and the ability to prioritise critical issues (Root, 2019). Moreover, ineffective strategy implementation can hinder overall performance and amplify the risk of failure (Gomera *et al.*, 2018).

Strategic management serves as a proactive measure to prevent business distress. However, the efficacy of these strategies often depends on the nature and severity of the underlying causes of distress. Even the most robust strategic frameworks may fall short if financial challenges are too entrenched. Nonetheless, the absence of coherent strategies in distressed businesses often exacerbates their difficulties, reinforcing the importance of strategic planning in achieving long-term sustainability and viability.

## 3. METHODOLOGY

This study followed a qualitative, exploratory research design to investigate the internal and external factors contributing to business distress in Gauteng, along with the role of strategic management in mitigating such challenges. Guided by a neo-positivist inductive paradigm, the research aimed to identify themes that emerged from the lived experiences of business professionals, allowing for the development of context-specific insights (Creamer, 2018). A qualitative approach was selected to explore perceptions in depth, using in-depth interviews with participants who had direct experience in business rescue and insolvency contexts (Daniel, 2016).

An exploratory design was considered suitable due to the limited prior research that specifically investigates business distress from a strategic perspective within the Gauteng region (Makri & Neely, 2021). The participants were selected through non-probability, judgmental sampling based on professional relevance and experience. All participants had a minimum of five years' experience in business rescue, consulting, or insolvency, and were identified via South African Restructuring and Insolvency Practitioners Association (SARIPA) listings, business rescue agencies, and relevant professional networks. A total of twelve interviews were conducted, with data saturation used to guide the final sample size (Malterud *et al.*, 2016).

Data were collected using semi-structured interviews conducted via Zoom, each lasting approximately 60 minutes. A standardised interview guide was used to ensure consistency,

covering the topics of business rescue, internal and external environmental influences, and strategic management practices. All interviews were recorded and professionally transcribed.

Thematic analysis followed Morse and Field's (1996) four-step approach: comprehension, synthesis, theorisation, and recontextualisation. Line-by-line coding was performed, and ATLAS.ti 23 software was used to categorise emerging themes, which were grouped into internal, external, and strategic factors (Morse & Field, 1996). To ensure the trustworthiness of the data, credibility was maintained through methodological consistency and participant feedback; transferability was supported by rich contextual descriptions; dependability was enhanced through transparent documentation of processes; and confirmability was ensured through audit and supervisory review (Cope, 2014). This methodological approach enabled the identification of practical and theoretical insights into how businesses in Gauteng experience distress and how strategic responses can mitigate risk and promote long-term sustainability and viability.

# 4. FINDINGS AND DISCUSSION

This section presents the results and findings of the study, which explored the internal and external factors behind business distress in Gauteng.

## 4.1 Overview of participants in the sample

This study used experienced professionals involved in business rescue and insolvency as part of the sample. A total of 12 participants were selected to provide qualitative insights into the internal and external factors contributing to business distress in Gauteng. The sample included licensed business rescue practitioners, insolvency experts, and business consultants, each with a minimum of five years' professional experience. Most participants were based in the Gauteng province, with experience spanning a range of industries including retail, construction, finance, and manufacturing. While not all participants were physically based in Gauteng, all were actively engaged in business operations or advisory roles within the province. Participants possessed qualifications ranging from undergraduate to postgraduate level. The final themes were derived through coding of the interview transcripts.

## 4.2 Thematisation

Interviews were conducted with 12 experienced professionals in the fields of business rescue, insolvency, and business consulting to explore the factors contributing to business distress and the role of strategic management in Gauteng. Participants were selected based on their professional involvement in businesses operating within the province. Responses were transcribed, coded, and grouped into themes that reflected common experiences and

perspectives on internal and external contributors to business distress. Thematic coding was guided by the Morse and Field (1996) framework and executed using ATLAS.ti 23. These codes revealed recurring patterns and similarities, which were categorised into five overarching themes. These themes are presented and discussed in the following section to answer the study's research question.

### *4.2.1 Theme 1: The concept of business rescue*

The study found that the ultimate objective of business rescue is widely viewed by practitioners as restoring operational viability and preserving socio-economic value. Most participants emphasised that the business rescue process should be used to return a distressed business to sustainable profitability while safeguarding employment and avoiding the long-term consequences of liquidation. As Participant 8 noted, "*The business rescue practitioners are of the opinion that most of their business rescues are successful… there's a misconception somewhere. I've got no idea how they calculate it.*" This highlights the prevailing scepticism around reported success rates, with participants questioning whether official statistics fully reflect on-the-ground realities. Nevertheless, the majority still described business rescue as a sustainable and valuable intervention in the South African context.

Timeliness and professional competency were described as critical factors in determining the outcome of the rescue process. Several participants expressed frustration over late filings, which often complicate the potential for a successful turnaround. "*I just think everybody should do it at a much earlier stage and that's the basic problem,*" explained Participant 9, while Participant 3 stressed that, "*Companies need to take proactive remedial action earlier.*" The timing challenge was further complicated by regulatory limitations such as the statutory 25-day deadline for submitting a rescue plan, which participants described as unrealistic given the complexity of most cases. "*It's very rare that one would vote on a rescue plan 25 days after the appointment of the practitioner*," noted Participant 4. These concerns point to systemic weaknesses within Chapter 6 of the Companies Act, with several participants suggesting that aspects of the legislation require revision to better serve distressed businesses.

### *4.2.2 Theme 2: Internal factors contributing to business distress*

Participants consistently identified internal issues as critical contributors to business distress. These included managerial incompetence, poor leadership, lack of employee development, absence of innovation, and outdated technology. These findings align with literature emphasising the importance of operational effectiveness and innovation in sustaining competitiveness (Boyles, 2022; Chen, 2021).

"*Most business owners are technically strong but don't know how to run business. Financial and strategic management are huge gaps."* – Participant 4

The absence of innovation was highlighted as a major weakness. Several participants noted that businesses that fail to innovate often fall behind in fast-changing markets. Participant 9 stated, "*When businesses stop growing or adapting, they lose their edge. That's when trouble starts."* These findings support Moore (2022), who argued that digital stagnation contributes to poor performance and missed opportunities.

### *4.2.3 Theme 3: External factors contributing to business distress*

External environmental factors were widely recognised as disruptive and, at times, overwhelming. The economic climate, legislative complexity, poor infrastructure, inflation, and rising operational costs were all named as significant stressors.

"*Loadshedding, rising interest rates, and inflation are all outside our control, but* [they] hit *cash flow hard.*" – Participant 1

Legislation was another recurring theme. While regulation is necessary, several participants felt it imposed heavy compliance burdens that SMEs especially struggle to manage. "*Legislation is not business friendly. The red tape and uncertainty just make it harder to survive,*" as stated by Participant 6.

Poor infrastructure and unreliable service delivery, particularly electricity, were seen as compounding inefficiencies, referring to Mthombeni-Möller (2023) and Shoki (2023), who highlighted infrastructure decay as a business risk multiplier in South Africa.

### *4.2.4 Theme 4: The role of strategic management in preventing distress*

The study found that strategic management is a crucial, yet frequently underutilised, tool for preventing financial distress. Participants highlighted that the absence of a well-defined strategic framework often results in businesses struggling to navigate sector-specific complexities. As Participant 5 noted, "*Strategic management is often overlooked, but it's the one thing that could save a business from distress if used early*." Similarly, Participant 2 emphasised its cognitive and adaptive function, stating, "*Strategic management forces you to think deep. To think hard. To think wide. You think outside the box."* These insights are consistent with Wright (2023b), who argued that strategic competence is fundamental to long-term business performance and sustainability.

The findings revealed that businesses lacking strategic foresight or relying on ineffective strategies are more likely to experience performance decline and eventual financial distress. Neglecting strategic management was seen as a key contributor to prolonged business failure,

with Participant 12 stating, "*It just creates business failure. That's long-term."* Several other participants pointed to the lack of planning and cash flow forecasting as significant internal weaknesses. "*Inadequate strategic management implementation, specifically, has a negative impact on business performance,"* explained Participant 6. These insights underscore the importance of proactive, rather than reactive, planning and align with Wijethilake (2017), who found that forward-looking strategic practices significantly enhance organisational sustainability. Moreover, participants expressed concern over how few businesses actively engage in formal strategy development. "*Strategic Management is really about planning your business… and I am surprised how many businesses in South Africa think they can handle their businesses without that,*" stated Participant 2. This finding suggests that the issue is not only the quality of strategies, but also the gap in awareness and consistent application of strategic thinking.

Overall, the study confirms that strategic management is a decisive factor in business resilience; however, it remains underdeveloped in many distressed businesses. Effective strategy formulation and implementation can serve as a protective mechanism against uncertainty and economic shocks (Guerras-Martín *et al.*, 2014; Wright, 2023a).

### *4.2.5 Theme 5: Business management*

The study found that poor business management is a central contributor to financial distress, often compounding the effects of external pressures. Participants highlighted weak managerial capabilities as a recurring pattern in distressed businesses. "*I am going to be blunt; it is management,*" asserted Participant 2, while Participant 7 stated, "*The main reason that we deal with in business rescue is bad management. Bad decisions. Bad execution."* Participant 10 added, "*A lack of education when it comes to business management."* These findings reflect a widespread belief that internal mismanagement lies at the core of many business failures, regardless of external market conditions.

Participants also emphasised how businesses frequently ignore early warning signs such as delayed payments, employee turnover, and declining sales. "*The signs are there, but they are rationalised away, until it's too late,"* noted Participant 7. This delay in response often results in missed opportunities for timely intervention, leading to more severe distress. These insights are consistent with findings by Tanaka *et al.* (2025), who highlighted that recognising financial and operational warning signals early can provide valuable lead time for proactive strategies that help prevent deeper financial distress and support business continuity.

While there was no clear consensus on whether internal or external factors are more dominant, many participants agreed that poor internal management often worsens the effects

of external stressors. As Participant 11 explained, *"External issues are real, but internal weakness is what sinks you. A well-run business can survive tough conditions."* The findings confirm that while external factors may act as stress multipliers, it is the internal failure to plan, respond, and manage effectively that often pushes a business toward insolvency.

## 5. MANAGERIAL IMPLICATIONS

The findings of this study provide several important implications for business owners and managers.

First, the results highlight the necessity of strengthening strategic competence at the managerial level. Since internal deficiencies were found to be more decisive than external pressures, managers should prioritise formal strategic planning, financial forecasting, and scenario analysis to enhance proactive decision-making. Strategic management should not be treated as a reactive function during a crisis, but rather as an ongoing organisational capability.

Second, businesses should implement structured early warning systems to monitor key financial and operational indicators, including cash flow trends, customer retention patterns, and market shifts. Integrating these mechanisms into routine management reviews can enable earlier intervention and reduce the severity of distress.

Finally, the study underscores the importance of leadership quality. Competent leadership characterised by strategic foresight was associated with long-term sustainability and viability. Managers should therefore invest in management and leadership development.

Collectively, these implications suggest that while external pressures may be unavoidable, managerial preparedness and strategic capability significantly determine business sustainability and recovery outcomes.

## 6. CONCLUSION

This study explored the internal and external factors contributing to business distress in Gauteng and examined the role of strategic management in mitigating these risks. While external pressures such as economic instability, legislation, and infrastructure challenges are significant, internal deficiencies such as poor leadership, lack of innovation, and absence of strategic planning emerged as the most decisive contributors to distress. Strategic management was identified as a critical yet underutilised capability. Businesses that failed to implement forward-looking strategies, respond to early warning signs, or adapt to changing conditions were more likely to experience financial decline, whereas those guided by competent leadership, proactive planning, and strategic foresight demonstrated greater

resilience and sustainability. The study concludes that although external conditions may intensify risks, a business's ability to withstand such pressures depends largely on internal preparedness, reinforcing the importance of strategic competence in ensuring long-term viability.

Based on these findings, business owners and managers should enhance their strategic competence through strategic planning, financial forecasting, and scenario development to improve decision-making and risk anticipation. Prioritising innovation, adopting relevant technologies, fostering employee involvement and continuous improvement, and developing systems to detect early warning signals are essential for timely identification of distress. Effective stakeholder engagement through transparent communication, agile decision-making, diversified revenue streams, strong financial controls, and investment in talent management and employee wellbeing can strengthen resilience and sustainability across the business landscape.

While this study was successfully conducted and delivered valuable insights, several limitations were identified that offer direction for future research. The relatively limited academic literature on South Africa's business rescue regime posed a challenge for the literature review, given the regime's relative novelty. Access to business rescue practitioners was also constrained, and the sample was limited to 12 participants. Furthermore, practitioner perspectives varied significantly depending on their area of focus (strategy, finance, or legal), which may affect the generalisability of findings. Future research could address these limitations by adopting a mixed-method approach and including a broader, more diverse participant pool. Comparative studies of business rescue regimes in other jurisdictions, longitudinal assessments of recovery outcomes, and stakeholder-based evaluations, including creditors and employees, are recommended. Future research could expand this study to other provinces or sectors and explore the long-term effects of strategic interventions post-distress. Additionally, studies examining how specific strategic management practices contribute to long-term business success would provide deeper insight into proactive distress prevention. These avenues can help build a more holistic and evidence-based foundation for improving the effectiveness of business rescue in South Africa.

**Conflict of interest:** The authors declare no conflict of interest with respect to the research, authorship and publication of the article.

**Data availability:** The data used for this article can be found in Kemp, O. (2025). *Investigating the factors that lead to business rescue in the Gauteng province* [Master's dissertation, North-West University].

**Ethical clearance and informed consent statement:** The researchers obtained ethical clearance from the Economic and Management Sciences Research Ethics Committee (EMS-REC) under ethics clearance number NWU-00699-22-A4 prior to data collection and informed consent from all the participants in this study.

**Funding:** The authors did not receive any financial support for research, authorship and publication of the article.

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