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A Continuum for SME Resilience: Evaluating the Role of Resource Constraint

TOPIC: Existing research identifies that small businesses often mitigate crisis through innovatively combining resources to develop new capabilities. Small businesses can be seen to demonstrate several forms of behaviour which includes developing new capabilities through bricolage and dynamic capabilities. When comparing these behaviours, it is possible to identify several commonalities, while also identifying differences. Resource bricolage behaviour focuses on the activity of re-configuring current resources in order to achieve a new capability during a time of crisis. Conversely, dynamic capability theory considers the acquisition of new resources in order to develop new capabilities. This therefore represents a marked difference in the philosophy of both approaches, where resilience is achieved through opposing paradigms.

This study sets out to explain these behaviours, identifying the role of resource constraint as a differentiator in the behaviour displayed by small businesses during crisis. This study identifies a continuum of resource constraint which explains the resilience approach employed by small businesses. This research identifies that businesses operating in a resource constrained context are more likely to achieve resilience through resource bricolage, while those operating in a resource rich environment are more likely to develop resilience through employing dynamic capabilities. It is therefore determined within this study that resource constraint plays a significant role in shaping approaches to resilience development, where resilience can be successfully developed in both resource contexts.

AIM: To evaluate the role of resource constraint towards the resilience approach employed within small businesses during times of crisis. This is an important aspect that has previously been overlooked in crisis management research, as studies employ either a resource bricolage or dynamic capabilities lens to the research, but the focus on resource constraint is an important factor that distinguishes the two theories, and allows for a deeper understanding of issues that impact on SME resilience.

METHODOLOGY: This research applies a qualitative methodology, using a semi-structured interview as the research instrument. Thirty SME owner managers were interviewed in totality, where the unit of analysis was the SME. Questions within the research instrument centred around the experience of owner managers through a sustained period of crisis, with the aim of identifying how firms used resources to develop resilience. The instrument also questioned participants on the unique context in which they operate so that the role of resource availability could be evaluated. After data was collected, thematic analysis was applied in order to interpret the results (Braune & Clarke, 2021). Through the use of thematic analysis, super-ordinate and sub-ordinate themes were identified and presented in the form of a thematic map. Themes were identified through the use of two cycles of coding, ensuring rigour within the research process.

CONTRIBUTION: This research makes a significant contribution to the field of small business crisis management research. There is currently a limited understanding of the differences between Baker & Nelson's (2005) resource bricolage theory and Teece et al's. (1997) dynamic capability theory. Our research identifies that the differences between these theories can be understood through the lens of resource constraint, where access of resources plays a significant role in supporting the efficacy of these behaviours.

APPLICABILITY TO THE CONFERENCE THEME: The ISBE 2025 conference theme is '*Collaborating across Entrepreneurial Ecosystems: opportunities for inclusion, innovation, sustainability, resilience and growth*'. This study contributes significantly to the conference theme by presenting the notion of a resilience continuum. The notion of a resilience continuum enables future research to more precisely understand how owner managers craft resilience responses during times of crisis. This continuum also outlines how businesses engage in innovation activities during periods of crisis, and explore how resilient businesses can sustain growth opportunities during this time.

IMPLICATIONS FOR POLICY: Policy implications from this research relate to the environment in which small businesses operate, with suitable policy required to ensure that businesses can access resources and adequate infrastructure to develop resilience to periods of crisis. Additionally, the findings can inform policy on how businesses should be supported to overcome periods of crises, as previous research points to various support mechanisms as playing an important role in the resilience of SMEs.

IMPLICATIONS FOR PRACTICE: Practical implications from this research can help small businesses develop resilience to periods of crisis by having a better understanding of their resource allocation and how they can make best use of these resources to engage in new activities that can support resilience. The focus on resources is important in ensuring that businesses can recognise what is within their capabilities when developing resilience and can allow them to explore opportunities for growth that may arise from the period of crisis

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