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The impact of business support mechanisms on the resilience of small businesses in New Zealand and Wales

Abstract

Topic

How business support mechanisms enable the resilience of small businesses.

Applicability to the conference theme

This paper examines the business support actors of entrepreneurial ecosystems (EEs) (though not drawing on EE theory specifically). It focuses on resilience: encapsulated in the conference subtitle of “inclusion, innovation, sustainability, resilience and growth.”

Aim

Given the vulnerability of small businesses to external disruptions, and the essential role of business support to enable their resilience, this study investigates how business support mechanisms influence the operational resilience and business continuity of small businesses in New Zealand and Wales.

Methodology

This study adopted a qualitative approach and an interview research strategy to gain an in-depth understanding of the effects of these business support mechanisms through an exploratory study. We used purposive sampling for the selection of participants, as it is known that this type of sampling enables the selection of participants who have previous knowledge about the research topic (Bryman, 2016). Qualitative data from 13 and 12 face-to-face interviews with the owner-managers of small businesses in New Zealand and Wales respectively were subjected to thematic analysis. We employed in-depth interviews to collect our data, which aligns with the nature of the qualitative inquiry. The questionnaire consisted of three parts, plus an introductory set of questions. While the introductory part had structured-response questions to investigate the demographics, the main questions of the interview were open-ended. Part One contained questions about business impacts, Part Two collected information about the recovery, and Part Three focused on resilience. Thematic analysis was employed to examine the data using dynamic capabilities as a theoretical framework. We adapted and combined the method suggested by Braun and Clarke (2006) with the data structure approach outlined by Gioia et al. (2013).

Contribution

The two central research questions are: (1) How do business support mechanisms influence the operational resilience and business continuity of small businesses during crises? and (2) To what extent do variations in support design and accessibility impact the effectiveness of these interventions in New Zealand and Wales? This study explores how business support mechanisms influence the operational resilience and business continuity of small businesses. The emphasis is on how support interventions can

empower small businesses to develop their dynamic capabilities, enhance resourcefulness, and improve their capacity to respond to external shocks. By focusing on the distinct challenges faced by small businesses in New Zealand and Wales, this research study aims to generate practical insights into how support mechanisms can be tailored to meet the diverse needs of small businesses, ultimately strengthening their ability to adapt and thrive during crises

The current study's findings show how small businesses in both New Zealand and Wales develop resilience through dynamic capabilities during crises, aligning with findings of Smallbone et al. (2012) on the resilience, adaptability and flexibility of small businesses in New Zealand and the UK in response to the 2008 Global Financial Crisis. Firstly, the study highlights that small businesses in both countries are impacted in different ways by the numerous challenges that have been apparent in recent years, particularly since the Covid-19 pandemic, which led to lockdown policies from 2020 onwards. While discussions in the literature point to a triple crisis (Deakins, 2024) or multifaceted crises (Dowell et al., 2023), the reality is that small businesses are facing a period of perpetual uncertainty, as the various crises of recent years have created a sustained period of uncertainty that businesses need to manage. The findings underline the vulnerability of small businesses to such challenges, and indicate their dependence on support to overcome the effects on the business (Runyan, 2006). This is especially true for small businesses, which are known to experience resource constraints (Korsgaard et al., 2021). The role of support is important in developing this resilience, as businesses feel that they are unable to achieve this alone, echoing Rao (2024) who pointed to small businesses being assisted by external support systems like government, or commercial and community networks.

Implications for policy

Context-specific policy interventions to support small businesses in navigating future crises are needed. Regarding the challenges, the impacts that small businesses in New Zealand and Wales face during crises are the same. Nevertheless, the triggers are different. For example, in the case of New Zealand, weather events, retail crime, staffing losses and dissatisfaction with the workforce are unique to NZ. On the other hand, in Wales, Brexit, Supply Chain Issues, and Increased Labour Costs are specific to this country. However, despite the triggers that created the crises (first-order codes), the impacts (aggregate dimensions) remain the same for both cases: Impacts on Operations, Production, Efficiency, Profit Generation, and Capabilities.

In terms of business support mechanisms, There is an intense support mechanism from institutions in the 'sensing' stage. However, this mechanism disappears in the 'seizing' and 'reconfiguration' stages. This mechanism is more evident in Wales than in New Zealand. Although in the latter case, this mechanism is also present, in Wales, the number of organisations providing support to spot new opportunities (or advice/solutions) is pervasive. Examples of institutions that are part of this mechanism in Wales are Cywain, Agrisgôp, the Welsh Government (itself), and Lansker Business Solutions. Some of these initiatives are funded by the Welsh Government. There are

other cases in the data, but their work/support was difficult to fit into the dynamic capabilities framework (e.g. the Culture Fund from the Welsh Government).

Implications for practice

The findings of this study reveal that the impact of business support mechanisms on operational resilience and business continuity is highly context-dependent. In New Zealand, the government's use of short, sharp lockdowns facilitated a rapid recovery for small businesses, but ongoing issues like labour shortages and heightened retail crime persisted. Business support mechanisms, such as wage subsidies and financial grants, played a pivotal role in mitigating these impacts. In Wales, however, Brexit-induced supply chain disruptions, regulatory inefficiencies, and prolonged lockdowns presented unique challenges. The staggered nature of lockdowns led to uneven recovery patterns, and support mechanisms were often criticized for being slow or difficult to access. Despite these differences, both countries illustrate the importance of tailored business support that addresses the specific needs of small firms. Support initiatives that are accessible, timely, and context-specific are more effective in enhancing operational resilience and ensuring business continuity. These findings underscore the need for policymakers to consider local context and sectoral differences when designing support mechanisms for small businesses.