MAKERERE UNIVERSITY

MAKERERE UNIVERSITY BUSINESS SCHOOL

FORTITUDE, SENSE OF COHERENCE AND FINANCIAL RESILIENCE OF SMALL AND MEDIUM ENTERPRISES IN MBALE CITY

BY

AKETCH SUZAN

2020/HD10/20739U

Email: aketchsuzan97@gmail.com

Tel No: +256-788-088-710

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PLAN A

JULY, 2024

DECLARATION

I, **AKETCH SUZAN** declare that this dissertation is my original work and has never been submitted to any University/Institution of higher learning for any award.

Signed: ..... Date: 25th | July | 2024

AKETCH SUZAN

2020/HD10/20739U

APPROVAL

This is to certify that this dissertation has been prepared and submitted with our approval as University academic Supervisors.

Signed:..... Date: 24/07/24.....

Dr. Veronica Mukyala, PhD

Makerere University Business School

Signed:..... Date: 24/7/24.....

Dr. Moses Kisame Kisubi, PhD

Makerere University Business School

DEDICATION

This study is dedicated to all Entrepreneurs and other stake holders, whose services foster Uganda’s economic development.

ACKNOWLEDGMENT

My thanks go to the Almighty God, who lavishly gave me the endurance and resilience to undertake and complete this dissertation to satisfaction. I would also like to express my heartfelt appreciation to my supervisors for their guidance throughout the development of this dissertation, as well as my esteemed family for their moral, spiritual, and financial support.

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ABSTRACT

Financial resilience is a prerequisite for any small and medium enterprise to thrive since finance is the lifeblood of any organization. The current study examined the relationship between fortitude, sense of coherence, and financial resilience of small and medium enterprises in Mbale City. The objectives were; to examine the relationship between fortitude and financial resilience; to establish the relationship between a sense of coherence and financial resilience and to examine the joint effect of fortitude and sense of coherence on the financial resilience of SMEs in Mbale City. This study was informed by the Conservation of Resources (COR) theory which was initiated by Hobfoll (1989). The study used a cross-sectional design with a quantitative approach to data collection. The unit of analysis was the small and medium enterprises in Mbale City. A sample size of 341 SMEs in Mbale city was targeted and responses were obtained from at least 268 enterprises giving a response rate of 78.5%. Factor analysis determined the adequacy of the variables studied. To obtain this sample, a stratified random sampling technique was applied where SMEs were categorized according to their respective characteristics by the Uganda Bureau of Statistics (UBOS, 2011) namely; manufacturing SMEs, Trade SMEs, and Services SMEs and later simple random sampling was applied to select elements from each stratum. The CVI tested the validity of the instrument while the Cronbach Alpha coefficient tested reliability, where the variables exceeded the threshold of 0.7. Primary data was obtained using a structured questionnaire and analyzed using SPSS v. 25 to generate descriptive, correlation, and hierarchal regression analysis. Results revealed that investors in SMEs apply fortitude and a sense of coherence to attain financial resilience in the entity. Correlation results indicated that fortitude ($r= .436^{**}$, P-value < 0.01) and sense of coherence ($r= .551^{**}$, P-value < 0.01) have a significant and positive relationship with the financial resilience of SMEs in Mbale City. Furthermore, hierarchal regression analysis indicated that fortitude (β =.591) and sense of coherence (β = .436) have better effects on financial resilience. However, fortitude and a sense of coherence jointly contribute to 69.2% (Adjusted R-Square = 0.692) prediction of financial resilience. Investors incorporate fortitude and coherence behavior to overcome unforeseen challenges to attain financial resilience. Investors in SMEs should continuously integrate fortitude and sense of coherence in whichever situation they face to withstand and thrive amidst economic challenges in their operations. The government should also develop economic policies that encourage SMEs to apply fortitude and a sense of coherence to overcome difficulties to achieve financial resilience attributed to the attainment of Vision 2040 through the economic transformation of the private sector in Uganda.

CHAPTER ONE

INTRODUCTION

1.0 Introduction

This chapter contains the background to the study, statement of the problem, purpose of the study, research objectives, research questions, scope of the study, significance of the study, and conceptual framework.

1.1 Background of the study

Financial resilience is a prerequisite for any small and medium enterprise to grow and survive. This is because finance is the lifeblood that helps businesses to engage other factors of production, invest, and acquire modern technology and equipment necessary for them to thrive (Agbanyo, Ganza & Sambian, 2022; Nalwoga, 2021). Financial Resilience (FR) refers to "the ability to withstand life events that impact one's income or assets (Moesquit, 2020). SMEs' financial resilience relates to the capability to cope and survive during unforeseen or unpredictable occurrences which have the potential to disrupt their income stream significantly and in the worst cases, wipe out their assets (Bolt, 2019). When an enterprise is financially resilient, it can deal with all sorts of unprecedented events that have the potential to curtail its financial flows (Remmen, 2021). They easily find ways of adapting and coping, albeit with difficulties running the enterprise normally (Moesquit, 2020; Nkundabanyanga, Mugumya, Nalukenge, Muhwezi & Najjemba, 2020). As such, financial resilience has received much attention worldwide following the unprecedented economic crisis caused by the recent COVID-19 pandemic (Thukral, 2021; Yadav & Shaikh, 2023).

Nonetheless, the financial resilience of small and medium enterprises has become a global concern (KPMG, 2022). From a worldwide perspective, the World Bank (2022) indicates more than half (53.9%) of small and medium enterprises are facing financial difficulties. Most enterprises cannot repay outstanding debts or undertake economic recovery investment

strategies to revamp their business because they do not have enough access to financial resources, attributed to low fortitude. In sub–Saharan Africa, over 90% of small and medium enterprises in Africa are facing the challenge of financial resilience (Amoussou, Karagueuzian & Bah, 2021; United Nations Conference on Trade and Development, 2021). Specifically, in Uganda, over 85.1% of enterprises are not financially resilient, most of which (90.7%) are having difficulty to fulfill financial obligations and consistently implementing activities, attributed to a decline in the sense of coherence (Mwesigwa, 2021). One of the worst affected areas is Mbale where over 71% of enterprises are experiencing financial resilience shortfalls (International Finance Corporation, 2019). This has been reflected by the deteriorating financial flexibility and adaptability. Moreover, 82.6% of enterprises continue to experience challenges in meeting obligations, especially repaying loans as well as meeting operational expenses such as paying rent (Ladu, 2021). The recurring challenge of financial resilience is bound to result in the closure of many enterprises within the country. This is devastating for a country like Uganda where small and medium enterprises constitute more than 90% of all businesses in the country and provide employment to more than 70% (Lakuma, Marty & Muhumuza, 2019).

A prominent inquiry that has recently emerged pertains to how small and medium enterprises (SMEs) can ensure financial resilience (Agbanyo et al., 2022; World Bank, 2021). The explanation for this can be rooted in the Conservation of Resources (COR) theory (Wright & Hobfoll, 2004). This theory emphasizes that exhibiting positive disaster behavior guides individuals to cope and adapt to prevailing circumstances which will help them to reclaim earlier lost resources (Hobfoll et al., 1995). The theory further emphasizes that positive disaster behavior can be exhibited through fortitude and sense of coherence (Wright & Hobfoll, 2004).

In congruence, proponents define fortitude as the psychological strength of an individual to

adopt, adjust and cope with uncertainties (Pretorius & Heyns, 2005; Pretorius & Padmanabhanunni, 2021), this manifests in terms of self-appraisal, family appraisal, and evaluative awareness of support from others, Scholars suggest that fortitude intrinsically drives behaviour which drives an entrepreneur's readiness to endure and move on amidst facing several challenges (Cosentino & della Corte, 2023; Ravikumar, Mathew & Rekha, 2022). On the other hand, sense of coherence refers to one's ability to comprehend, manage, and perceive difficulty with meaning (Mittelmark, 2022), attributes of comprehensibility, manageability, and meaningfulness demonstrate one's sense of coherence (Mittelmark, 2022; Pretorius & Padmanabhanunni, 2021; Ravikumar et al., 2022; Remmen, 2021). This is important in unleashing strategies that can safeguard important resources such as finance (Hansson, Landstad, Vinberg, Hedlund & Tjulin, 2022).

However, despite the growing body of research in this area (Cosentino & della Corte, 2023; Mittelmark, 2022; Ravikumar et al., 2022), there remains a significant empirical gap, particularly in the Ugandan context, specifically in Mbale City. Factors such as social support networks, traditional business practices, and informal financial systems play a significant role in shaping the financial resilience of SMEs in Uganda (Nassuna et al, 2023). Limited studies have explored the relationship between fortitude, sense of coherence, and financial resilience among SMEs in Uganda. Understanding how these psychological factors contribute to financial resilience in Mbale City is crucial for the development of targeted policies and interventions to support SMEs in this region. Therefore, further research is needed to bridge this gap and provide evidence on the specific dynamics and determinants of financial resilience in the local context.

1.2 Statement of the problem

Ensuring financial resilience is an imperative aspect of safeguarding enterprises against unforeseen shocks and threats (Nalwoga, 2021). However, in Uganda over 85.1% of enterprises are not financially resilient, most of which (90.7%) are having difficulty to fulfill financial obligations and consistently implementing activities, attributed to a decline in the sense of coherence (Mwesigwa, 2021). In the aftermath of the COVID-19 pandemic, numerous small and medium-sized enterprises (SMEs) in Mbale City have exhibited persistently low levels of financial resilience (The Independent, 2020). This is primarily evident in their diminished ability to adapt and be flexible in financial matters (Mwesigwa, 2021). It is noteworthy that a significant proportion, approximately 71%, of enterprises in Mbale City have expressed their inability to sustain their operations with their current financial resources, primarily due to their lack of fortitude. Additionally, 82.6% of these enterprises continue to face difficulties in meeting their financial obligations, particularly in terms of loan repayments and operational expenses such as rent. This can be attributed to their low sense of coherence, specifically their failure to believe that their available resources can be effectively balanced to achieve financial stability (Ladu, 2021). If this issue remains unaddressed, small and medium-sized enterprises in Mbale City will likely struggle to survive. This could exacerbate the unemployment situation in the area, considering that SMEs account for over 70% of employment nationwide (Lakuma, Marty & Muhumuza, 2019). The decline in financial resilience observed may be attributed to the low levels of fortitude and sense of coherence among entrepreneurs. Consequently, this prompts the researcher to pursue further investigation into this matter.

1.3 Purpose of the study

To investigate the relationship between fortitude, sense of coherence, and financial resilience of SMEs in Mbale City.

1.4 Objectives of the Study

i.) To examine the relationship between fortitude and financial resilience of SMEs in Mbale City.

ii.) To establish the relationship between sense of coherence and financial resilience of SMEs in Mbale City.

iii.) To examine the combined effect of fortitude and sense of coherence on financial resilience of SMEs in Mbale City.

1.5 Research questions

i. What is the relationship between Fortitude and financial resilience of SMEs in Mbale City?

ii. What is the relationship between sense of coherence and financial resilience of SMEs in Mbale City?

iii. What is the combined effect of Fortitude and Sense of coherence on financial resilience on SMEs in Mbale City?

1.6 Scope of the study

1.6.1 Subject scope

This study constituted of three main variables, namely; fortitude, sense of coherence, and financial resilience. Variables of fortitude and sense of coherence were studied as independent variables, whereas financial resilience was explored as the dependent variable. Fortitude was comprehended in terms of self-appraisal, family appraisal, and evaluative awareness of support from others (Ravikumar et al., 2022). Comprehensibility, manageability, and meaningfulness were used to understand the concept of sense of coherence (Mittelmark, 2022). Financial resilience will be understood in terms of financial adaptability, and financial flexibility (Nkundabanyanga et al., 2020). Importantly, this

research focused on examining how each of the studied variables relates to the dependent variable, in addition to examining their effect.

1.6.2 Geographical scope

The study was conducted among SMEs in Mbale City. SME enterprises, particularly in Mbale City have been selected because they have been highlighted as one of the most affected areas. Whereas SMEs in some other areas continue to record significant recovery, those in Mbale continue to encounter a high risk of financial resilience (Ladu, 2021).

1.6.3 Theoretical scope

This study was informed by the Conservation of Resources (COR) theory which was initiated by Hobfoll (1989). This theory explains how behavioral differences expressed by firms and individuals upon encountering difficulty or disaster can either guide them in rejuvenating or failing to thrive.

1.6.4 Time Scope

This study was conducted from 26th July 2023 to 24th November 2023

1.7 Significance of the study

This study provides information indicating how fortitude and sense of coherence affect financial resilience. These findings encourage entrepreneurs to become more courageous and determined when handling business matters.

The findings are being applied by managers of small and medium enterprises in making strategic decisions. They exercise a high level of sense of coherence when carrying out managerial responsibilities, which makes the enterprises they manage more resilient.

The findings are being used by policymakers such as the Ministry of Trade, Industry, and Cooperative in formulating policies and running programs that are aimed at promoting financial resilience. These include among other programs; entrepreneur education, and

lobbying for more favorable government policies for small and medium enterprises such as tax incentives.

The study sets a platform upon which future scholars and various academia review literature that is more contextualized in Uganda's perspective. Thus, the findings are used as a source of reference for researchers who explore more on some of the variables under this study.

1.8 Conceptual Framework

The conceptual framework provides the foundation which indicates how independent variables relate to the dependent variable in the study. Financial resilience is a continued challenge that wipes out the assets of the investee and requires attention to fortitude and sense of coherence to enhance desired operations as illustrated in the adopted framework below.

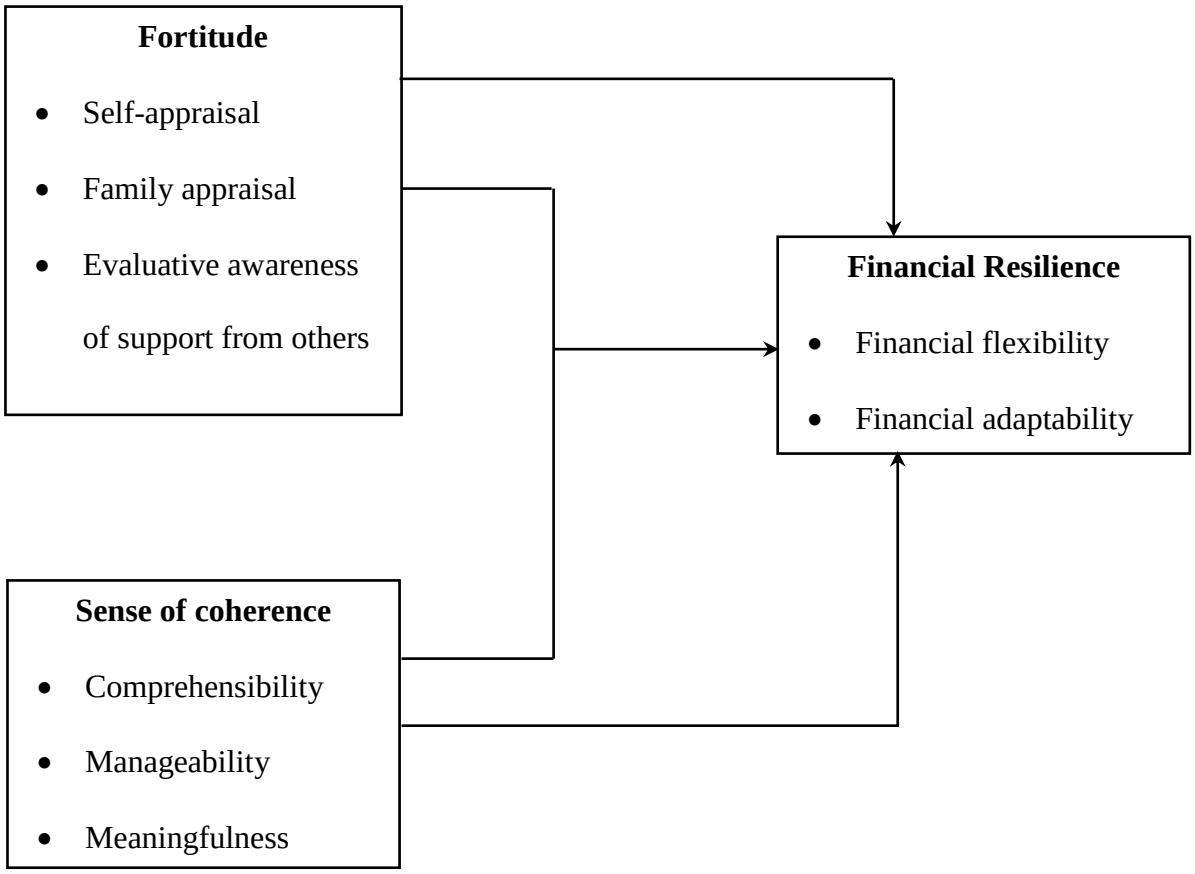


Figure 1. 1 Conceptual Framework

***Source**: Adopted and modified from literature review (Hussain & Papastathopoulos, 2022; Mc Gee et al., 2018; Mittelmark, 2022; Nkundabanyanga et al., 2020; Ravikumar et al., 2022; Veronese et al., 2021).*

The conceptual framework (Figure 1) provides the conceptual comprehension and connection between variables. It indicates that financial resilience is the dependent variable, while fortitude and sense of coherence are independent variables. As expressed, the framework indicates that fortitude can determine financial resilience. It further demonstrates that sense of coherence can determine financial resilience. Lastly, the framework indicates that jointly fortitude and sense of coherence can influence financial resilience.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter provides a review of literature based on the objectives of the study which were; to examine the relationship between fortitude and financial resilience; establish the relationship between sense of coherence and financial resilience; examine the effect of fortitude and sense of coherence on financial resilience of SMEs in Mbale City.

2.2 Theoretical review

This study was informed by the Conservation of Resources (COR) theory which was initiated by Hobfoll (1989). This theory explains how behavioral differences expressed by firms and individuals upon encountering difficulty or disaster can either guide them in rejuvenating or failing to thrive. Conservation of Resources Theory hinged on the premise that whenever a disaster or a challenging moment happens, firms tend to lose resources (Wright & Hobfoll, 2004). By resources, this theory relates to relational, financial, and personal characteristics among others which are difficult to recover once lost (Wright & Hobfoll, 2004).

From this explanation, it can be argued that the recent economic turbulences which resulted in disrupting the normal running of businesses affected the social capital, and access to financial and economic resources hence making them financially vulnerable. Importantly, this theory reveals that the reaction upon facing adversity will be different, where; some firms will express negative behavior, whereas others positive behavior (Aten et al., 2019; Davis et al., 2018). Firms that exhibit negative behavior develop anxiety, depression, disbelief, and fear which will increase their vulnerability to lose more resources. On the other hand, the theory stresses that firms that exhibit positive behavior express adaptive aspects, which give them courage, belief, and confidence to recover (Wright & Hobfoll, 2004).

Conservation of Resources (COR) theory can explain the connection between fortitude, sense of coherence, and financial resilience. Fortitude and sense of coherence can be argued as expressions of positive behavior an entrepreneur may apply for to believe the once lost resources (finance) can be recovered. Notably, fortitude has to do with one's endurance, persistence, and determination to devise means of dealing with adversity, hence qualifying to be regarded as a positive behavior which is emphasized by this theory. On the other hand, sense of coherence is an expression of an individual's determination to deal with stress arising from difficulty. As such, it acts as a positive drive or behavior that propels an entrepreneur to express resilient tendencies that can help the business to recover its resources.

2.3 Fortitude

The definitions of fortitude tend to envisage the fact that it is a psychological concept that seeks to explain how individuals deal with life stressors. It has been defined as the psychological strength of an individual to adapt, adjust, and cope with uncertainties (Pretorius & Heyns, 2005; Pretorius & Padmanabhanunni, 2021). On the other hand, it is defined as the positivity and capacity of an individual to deal with difficulties with courage and determination (Davis, Worthington & Schnitker 2023). Furthermore, fortitude is described as the extent to which an individual is full of confidence and psychological belief to maneuver through challenging and difficult moments (Van Tongeren et al., 2019). From these definitions, it is argued that fortitude is concerned with the strength an individual portrays to manage stress. It is therefore assessment of the post-catastrophic analysis by the individual. Based on the definitions presented by Pretorius and Padmanabhanunni (2021) and Van Tongeren et al., 2019), this research defines it as the psychological strength that makes individuals express confidence and belief in being able to adapt, cope, and adjust to adversity.

Scholars agree that individuals with high fortitude are confident and tend to adopt more problem-focused styles of coping whereas those with low fortitude are prone to self-doubt,

and impaired perception of personal competency in coping (Davis et al., 2023; Seryczyńska & Duda, 2021). Therefore, fortitude is important in business because it guides entrepreneurs in formulating hindrance strategies in addition to stimulating sense of courage among entrepreneurs in overcoming challenging moments (Calabrò et al., 2021; Liguori & Pittz, 2020). According to Pretorius & Heyns, 2005) the psychological strength is derived from three areas, namely; self-appraisal; family support, and social support. These aspects have been used as central constructs for fortitude (De Villiers & Van den Berg, 2012; Padmanabhanunni, 2020; Pretorius & Padmanabhanunni, 2021; Rahim, 2007).

Self-appraisal is a positive evaluation of one's competence and capacity to deal with adversity (Pretorius & Padmanabhanunni, 2021). It reflects the extent to which an individual is confident in exerting control own motivation, behavior, and social environment. Empirical research demonstrates that self-appraisal is a key determinant of one's willingness to take risks, cope, and adjust to change (Davis et al., 2023; Van Tongeren et al., 2019).

Proponents of fortitude have gone ahead to demonstrate that family appraisal is a core component (Hamid & Singaram, 2016; Potgieter & Ferreira, 2022). It includes an evaluation of the extent to which the family is cohesive, emotional readiness to support, and expression of responsive attitude when one is faced with stress. According to Seryczyńska and Duda (2021) entrepreneurs who come from families which provide financial and nonfinancial support work with confidence and determination. Pretorius and Padmanabhanunni (2021) indicate that family background plays a significant role in determining an individual's progression in business.

The social appraisal dimension proposes that social network is a key precondition of behavior. Individuals tend to attest and act in a manner that corresponds with social rules, norms, and values (Calabrò et al., 2021; Davis et al., 2023). Therefore, the social perception of business

and associated challenges will influence the degree of attitude and confidence an individual will express when he/she encounters difficulty. Pretorius & Padmanabhanunni, 2021) further complement this by revealing that the encouragement, availability, accessibility, and willingness of friends, relatives, and colleagues to support will shape one's mindset toward business.

2.4 Sense of Coherence

Sense of coherence is a term that is applied to understand the readiness of an individual to accept positive and negative outcomes of challenges and difficulties arising from a specific situation and forge a way forward to become better. Notably, Mc Gee et al., (2018) define sense of coherence as the ability of an individual to integrate and balance between positive and negative experiences arising from stressful situations. It can also be defined as the extent to which an individual has a persuasive, enduring, and dynamic feeling and confidence of being able to override adversity (Super, Wagemakers, Picavet, Verkooijen & Koelen, 2016). In essence, the definitions can be deduced that sense of coherence is a concept that can be applied to test the efficaciousness of an entrepreneur. Proponents indicate that sense of coherence emanates from the perception of; internal and external environments; resource availability; and the need to invest or take positive action to change the prevailing situation (Eriksson & Contu, 2022; Mittelmark et al., 2022; Mitonga-Monga & Hlongwane, 2017).

The relevance of sense of coherence cannot be underestimated. Empirical evidence demonstrates that exhibiting a strong sense of coherence serves as an enabler to deal with all challenges and devise means of utilizing limited resources to counter difficulties (Mc Gee et al., 2018; Mittelmark et al., 2022; Super, Wagemakers, Picavet, Verkooijen & Koelen, 2016). In congruence, Mitonga-Monga and Hlongwane (2017) point out that individuals with a high sense of coherence have a high potential to achieve intended goals because they perceive things positively and are more structured compared to those with a low sense of coherence.

This study is however informed from a human resource management perspective. Therefore, the current research finds it prudent to answer the same from a business perspective. It is consistently expressed in literature that sense of coherence is a three-dimensional variable. The constructs that are widely used are comprehensibility, manageability, and meaningfulness (Mc Gee et al., 2018; Mittelmark, 2022; Super et al., 2016; Veronese et al., 2021). Moreover, the current study finds that these attributes are a reflection of one's perception.

Notably, comprehensibility is considered a cognitive or learning process that shapes an individual's thinking to believe that he/she can learn from the prevailing situation, understand it, and obtain an appropriate methodology of how to reorganize internally and externally (Mittelmark, 2022; Ravikumar et al., 2022). Precisely, it is a stimulus that propels one to believe that the situation is structured, predictable, and explicable (Mc Gee et al., 2018). Based on the understanding, it can be argued that comprehensibility, is an important component of sense of coherence because it helps individuals to understand and learn the situation which guides constructive reasoning.

Manageability on the other hand is a perception in which one believes that they have the necessary resources to counteract adversity (Eriksson & Contu, 2022). It is relevant because being able to cope requires believing that it is possible to change a prevailing circumstance (Ravikumar et al., 2022). It is revealed that manageability could emanate from resources such as trusting in the social network, knowledge, role models, and family members who provide courage.

Meaningfulness is revealed as a motivational dimension that makes one believe that the situation is worthy tackling (Super et al., 2016). Having a sense of meaningfulness is crucial because desire drives constructive reasoning to deal with difficulty. This feeling only occurs when an individual perceives adversity as a meaningful learning experience (Mittelmark,

2022). Overall, sense of coherence is a cognitive, behavioral, and motivational concept as reflected by its dimensions.

2.5 Financial Resilience

Financial resilience whose meaning emanates from the comprehension of the concept of resilience. Resilience has been defined as the ability to respond to disorder and shocks that otherwise would deter an individual, organization, or project from operating as planned (Mafabi, Munene & Ahiauzu, 2015; Meintjes & Hofmeyr, 2018). Along the same line, Mcknight (2020, p 4) defines financial resilience as "the ability to recover quickly from income or expenditure shock". Likewise, Salignac, Marjolin, Reeve, and Muir, (2019) demonstrate that financial resilience is the potential to cope and recover from financial shock within a short time. Moreover, financial resilience indicates the ability to forecast, prepare, respond, and adapt to changes and sudden unforeseen financial disruptions. It involves being able to bounce back quickly from encountering financial hardships (Hussain & Papastathopoulos, 2022; Ravikumar et al., 2022). Therefore, financial resilience requires coping and adapting to abrupt financial surprises to guarantee continuity of activities amidst scarce resources. Based on this observation, this study defines financial resilience as the ability of a firm to withstand financial shocks as a result of adapting and coping with sudden financial disruptions.

Generally, financial resilience is a concept with no clear measures. According to Salignac et al., (2019), it constitutes four dimensions, namely; access to economic resources; financial resources; financial knowledge; and social capital. By economic resources, the study stresses enhancing income and savings, debt management, and the ability to meet financial obligations as key measures. Access to financial resources demonstrates the ease with which a firm can access financial products and services within a short period as a mechanism to address arising financial demands. Financial knowledge on the other hand is used to imply the possession and

comprehension of information about financial products and services. Social capital in the same model is applied to demonstrate the extent to which friends, relatives, and other people within the social network can provide financial support when needed (Sun et al., 2022).

On the contrary, the OECD (2020) suggested financial resilience envisages keeping control of money, ability to meet financial obligations, taking care of expenditures, financial backup, and proper financial planning. Although these measures have been criticized. According to Hamid, Loke, and Chin (2023), they are mere proxies of the economic resource's component suggested by Salignac et al., (2019), hence cannot be applied as independent constructs for financial resilience. Other constructs which have been used include financial robustness, financial flexibility, and financial adaptability (Hussain & Papastathopoulos, 2022; Nkundabanyanga et al., 2020). In this case, financial adaptability is reflected as the ability of the firm to learn from adversity, and institute mechanisms that can prevent similar financial shocks from happening in the future. Financial flexibility is perceived as the capacity of the business to cope with changes upon understanding the new financial trends. Lastly, financial robustness is the propensity of the firm to ably cope with rapidly changing dynamics. From the explanations of these constructs, the current research notices that there is almost no difference between financial robustness and financial flexibility as they both reflect the ability to cope with financial shocks.

Accordingly, it can be argued that for purposes of minimizing collinearity, it is better to consider one construct between robustness and flexibility. Notwithstanding, these measures are considered more realistic for two reasons. First, they uphold the core issues emphasized in the definitions for financial resilience such as adaptability, preparedness, and coping. Secondly, these constructs have already been tested in Uganda's context. Therefore, this sets a firm foundation for the comparability of findings.

2.6 Fortitude and Financial Resilience

Fortitude has recently gained frequent attention across financial management studies (Ravikumar et al., 2022). Although there is generally scanty information regarding the connotation between fortitude and financial resilience. Evidence from the existing scholarly works such as that of Pretorius and Padmanabhanunni (2021) reveals that fortitude greatly plays an integral role in fostering financial resilience. Results obtained reveal that personnel with high levels of fortitude are capable of dealing with emotional distress and anxiety something that arouses demonstratable resilient behaviors. Likewise, Ravikumar et al., (2022) also mentioned that individuals with high fortitude levels are less likely to feel anxious, stressed, and lonely while executing their tasks thus improving the likelihood of attaining high levels of financial resilience. In line with the above, Kurtz (2019) and Remmen (2021) emphasized the relevance of fortitude in fostering financial resilience. Findings ascertained under this study maintained that high fortitude levels are associated with an augmented sense of resilient accomplishment of financial tasks. As a concern, none of the aforementioned studies is conducted in Uganda's context. Undertaking this research helped in addressing this gap.

From a psychological perspective, Captari, Shannonhouse, Aten, and Snyder (2022) observed that high levels of fortitude arouse psychological comfort, stability, and tension tolerance which are intrinsic factors in driving resilient behaviors among individuals. The study described that people with high fortitude levels usually develop a strong sense of self-belief and remarkable insight of personal competency which are so relevant in exciting levels of financial resilience. In consideration of a similar perspective, Stephens, Dearani, and Guleserian (2020) also mentioned that high fortitude levels offer individuals the much-needed psychological strength and abilities to deal with adversities that would affect one's resilience levels. The study further asserts that building fortitude amongst personnel is capable of

mitigating psychological distress which would affect achieving financial resilience. Furthermore, Kurtz (2019) postulated that fortitude is associated with financial resilience simply because personnel with high fortitude tend to be more confident and adaptive to the challenging financial environment thus heightening their resilient levels. Much as research consistently indicates that fortitude can contribute towards financial resilience, none of the studies pointed out provides statistics to demonstrate the extent to which this is true. This needs to be addressed, especially by this research.

Accordingly, Captari et al., (2022) also maintained that personnel with high levels of fortitude tend to exhibit a high coping behavior which usually arouses remarkable financial resilient conduct. Certainly, the above study recommends various institutions put in place various mechanisms that build high fortitude among existing personnel to bolster resilience. An empirical study conducted by Stephens et al., (2020) further maintained that there is a positive significant relationship between fortitude and financial resilience. According to the findings of the above study, personnel with high fortitude levels usually feel free to publicly share experiences and commitments which eventually prompt them to perform with at most financial resilience. This study further asserts that with high fortitude levels, entrepreneurs are capable of dealing with the ever-increasing emotional and financial demands in a more resilient manner. In addition, Buzzetto-Hollywood and Mitchell (2019) indicated that high levels of fortitude intensify perseverance and passionate performance among entrepreneurs which eventually bolsters financial resilience in the long run. In other words, business personnel with remarkable fortitude levels are capable of performing persistently and resiliently. One observation made from the aforementioned studies is that none of them is studied in the context of small and medium enterprises. It remains to be known whether these findings can apply to enterprises such as those in Uganda.

Finally, fortitude is a fairly new phenomenon more research was required to build knowledge about fortitude and how it relates to financial resilience. Moreover, the methodological debate over the existing studies still reveals considerable bias and the efficacy of constructs related to fortitude is still ongoing in the literature. From the above, it is evident that much as a significant number of empirical evidences indicates a positive relationship between fortitude and financial resilience, the number of authors in disregard of the same cannot be underestimated. Moreover, there is relatively little recent literature to elaborate the issue further, resulting in a gap that could be addressed by conducting more research about the same.

2.7 Sense of coherence and financial resilience

Sense of coherence continues to be a subject of interest and importance to financial management specialists although the connotation between sense of coherence and financial resilience is still flimsy. Recently, sense of coherence has received considerable attention in the literature, from both researchers and practitioners alike Reguera-García et al., (2020) observed a positive significant relationship between sense of coherence and financial resilience. Results ascertained under this study assert that a stronger sense of coherence stimulates an individual's ability to effectively integrate and strike an equilibrium between positive and negative understandings to develop a realistic well-being that bolsters resilience-related outcomes. Consistently, Mc Gee, Höltge, Maercker and Thoma (2018) also echoed that a stronger sense of coherence fosters successful coping which enables individuals to deal with adversity and stressful experiences thus bolstering resilience. Likewise, previous research works by Barnard (2016) also maintained that a stronger sense of coherence has the possibility of underpinning the advancement of financial well-being and resilience. Although studies concur, it is evident that their conclusions are driven by a small sample. This raises a

lot of questions regarding the fitness of results to be generalized, which the current study intends to address.

Research works by Izydorczyk, Sitnik-Warchulska, Kühn-Dymeckaand, and Lizińczyk (2019) also contend that the strength of an individual's sense of coherence greatly impacts their aptitude to deal with countless anxiety which is associated with better resilience outcomes. Overall, the above findings suggest that a stronger sense of coherence is an important mechanism for underpinning innumerable resilience outcomes. Much as the above studies reveal a positive relationship between sense of coherence and resilience, evidence was mainly ascertained from a medical perspective which limits the generalizability of the above findings across the financial sector. Hence a need for a more specific study in Uganda's context. Accordingly, Konaszewski, Kolemba, and Niesiobędzka (2021) also mentioned that there is a positive relationship between sense of coherence and resilience outcomes. Results obtained that a strong sense of coherence arouses self-efficacy among individual which eventually drives a resilient behavior amongst them. In general, the aforementioned acknowledge a connection between the two variables, although they do not provide a clear reasoning for their argument. There is a need for further comprehension of this association.

Moreover, the study above also stressed that a stronger sense of coherence drives a demonstratable task-oriented coping style which is a realistic trait for driving resilience-related outcomes. Nevertheless, the above findings were obtained in an education setting. Further, Reguera-García et al., (2020) revealed that a greater sense of coherence results in restored mental health with inferior adversity which eventually bolsters high levels of resilience. As noted above, previous scholarly works by Grevenstein, Aguilar-Raab, Schweitzer, and Bluemke (2016) also stressed that a stronger sense of coherence

intrinsically indorses an appropriate form of an individual's mental state whenever confronted by privations and stressful events which eventually drives remarkable resilience outcomes. Results further maintained that a strong sense of coherence shapes people's actions to either move or stay resiliently at any end of the continuum.

On the contrary, Eriksson (2022) stressed that much as sense of coherence is strongly correlated with the physical and mental health of individuals, it is not clearly illustrated and investigated how it facilitates resilience-related outcomes. From the above empirical conclusions, it appears that a strong sense of coherence is an indispensable personal reserve for bolstering a resilient quality of life. Much as this is the case, the majority of the existing scholarly evidence has been obtained from a medical perspective. Moreover, little or no literature exists to explain the potential impact that sense of coherence has on financial resilience. That said, the association between sense of coherence and financial resilience is not conclusive. Rather, its nature could be established when an empirically derived study is conducted more so in Uganda's context.

2.8 Effect of Fortitude and Sense of Coherence on Financial Resilience of SMEs

In general, most empirical evidence explains how either fortitude or sense of coherence relates to financial resilience. However, the extent to which the two factors jointly influence financial resilience remains unclear. Despite the flimsy nature of the relationship regarding the combined effect of fortitude and sense of coherence in influencing financial resilience in a single study, there is growing research interest recently to comprehending the extent to which these ascendants are responsible for financial resilience amidst widespread controversies. Researchers and practitioners such as Ravikumar et al., (2022) identified fortitude as the most significant predictor of financial resilience because high fortitude levels enhance sense of financial happenings which eventually bolsters the financial health and financial resilience of small and medium enterprises.

In addition, Ravikumar et al., (2022) maintained that financial resilience is more likely to be bolstered whenever remarkable fortitude levels are exhibited. The study results herein revealed that individuals with heightened fortitude levels tend to be more self-assured whenever it comes to dealing with challenging financial dealings which ultimately strengthens their financially resilient habits. An empirical study by Padmanabhanunni (2021) among youths in South Africa also recounted that the most significant variable in explaining financial resilience is fortitude. Empirical evidence obtained under this study revealed that high fortitude levels offer youth reasonable psychological strength to deal with stressful financial distress thus enabling them to achieve financial heath and resilience over time. In line with the above, Captari et al., (2022) maintained that fortitude has the highest predictive potential in influencing financial resilience since people with remarkable fortitude levels tend to be frequently motivated and usually perceive every task as a challenge to search for appropriate financial resources to achieve financial resilience.

Also, Stephens et al., (2020) observed that fortitude is the most significant variable in determining financial resilience. The study asserts that individuals with high fortitude tend to openly share their financial experiences and commitments that later enable them to bolster financial resilience. Nevertheless, a recent study by Reguera-García et al., (2020) that sense of coherence is the most predictive factor in explaining variances in financial resilience. Results obtained under this particular study revealed that people with a strong sense of coherence tend to effectively integrate well with the emerging positive and negative experiences in a manner that strengthens their resilience outcomes. In other words, a stronger sense of coherence is capable of stimulating a realistic state of well-being that directly drives resilience-related outcomes. Likewise, a study by Izydorczyk et al., (2019) pointed out that sense of coherence is the most significant variable in predicting financial resilience. According to the findings of the above study, a strong sense of coherence

increases an individual's capacity to effectively deal with unnecessary anxiety that would undermine the realization of financial health and resilience.

In summary, most studies report a significant influence of single variables, even if some objections are eminent in some cases. When we look at specific explanations of the majority of empirical studies, more significant and positive results arise, indicating that each of the variables has the potential to enhance financial resilience. However, the existing gap herein is the question of how the two factors combined affect financial resilience. It is also not clear, which factor affects financial resilience the more given the paucity of literature in which all three factors have been studied.

2.9 Summary of Literature

Ensuring financial resilience has attracted scholarly attraction across various disciplines including small and medium enterprises. Some of the factors that have received a lot of prominence in the post-covid era include fortitude and sense of coherence. It is argued that fortitude drives entrepreneurs to build a spirit of determination and aggressiveness to encounter hardship and remain hopeful amidst financial difficulties. This mindset is strongly endorsed as crucial in guiding entrepreneurs to exhibit adaptability and flexibility when dealing with financial matters. Another section of research emphasizes that sense of coherence is prime in making entrepreneurs portray strong belief and self-confidence, amidst facing financial hardships. Nonetheless, much as most studies explaining the relationship between fortitude, sense of coherence and financial resilience are generally recent, they have been conducted in developed countries. Whereas they demonstrate that these factors are important, their conclusions are grounded on previous literature as opposed to statistically derived findings. This is narrowing a comprehensive understanding of how these variables statistically contribute towards the financial resilience of businesses, especially small and medium enterprises.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

The chapter contains the research design; study population; sample size and sampling techniques; data sources; data collection instrument; measurement of variables; validity and reliability; data analysis, processing and interpretation; and ethical considerations.

3.2 Research design

Research design refers to the blueprint that guides the research study (Creswell, 2004). This study adopted a cross-sectional research design along with a quantitative research approach. A cross-sectional survey design is a research design where data is collected at one point in time (Tabachnic & Fidel, 2010). A cross-sectional research design was used because it guides in providing a very natural view of the phenomenon under investigation. After all, they do not influence what happens during the data collection process (Saunders, Lewis & Thornhill, 2016).

3.3 Study Population

The study population is the subset of the target group from which the sample is drawn (Sileyew, 2019). This study comprised 3,274 registered small and medium enterprises in Mbale City (District Commercial Officer report, 2023). These enterprises included 259 manufacturing enterprises, 2183 enterprises categorized as trade SMEs, and 832 service SMEs. These enterprises were regarded as the unit of analysis. The study purposely targeted the business owner or manager of the enterprise who served as the unit of inquiry because Business owners and managers bear the ultimate responsibility and accountability for the success or failure of SMEs. Their ability to handle and adapt to financial challenges is crucial for the survival and growth of the business. Exploring their fortitude and sense of coherence

can provide insights into the factors that contribute to their ability to navigate through adversity and maintain financial resilience.

3.4 Sample size

A sample is a representative proportion obtained from the study population to participate in a given study (Saunders et al., 2016). The study used a sample of 341, determined based on the Krejcie and Morgan (1970) table. 27 for the manufacturing sector, 227 for the trade sector, and 87 for the service sector.

Categorization	Population	Sample
Manufacturing sector	259	27
Trade sector	2183	227
Service sector	831	87
Totals	**3,274**	**341**

3.5 Sampling Technique

The researcher applied stratified random sampling technique to choose a sample from the population. Stratified random sampling is a probability sampling technique which involved categorizing the study population based on a specific characteristic, and thereafter applied simple random sampling to choose elements from each stratum. In this research, strata were formed based on the categorization of SMEs by the Uganda Bureau of Statistics (UBOS, 2011) namely; manufacturing SMEs, Trade SMEs, and Services SMEs. Stratified sampling was used to determine the number of enterprises from each stratum. A simple random sampling technique was later applied to select samples by randomly picking the 5^{th} SME in the strata without replacing it until the targeted number was extracted from each stratum. This study applied stratified random sampling because it facilitated the study in obtaining a sample that was holistic and considerate of the heterogeneity within the population (Creswell & Guetterman, 2018).

3.6 Data Collection Instrument

Structured questionnaires were used to collect data. The instrument was used because it is highly effective in obtaining data from large, but also dispersed samples (Cornelio & Roig, 2020). It consisted of closed-ended questions and was anchored on a 5-point Likert scale, ranging from 1 to 5. Under this scale, 1 represented strongly disagree, 2- disagree, 3- not sure, 4- agree, and 5- strongly agree. The 5-Point Linkert scale provides a reasonable number of choices, allowing participants to express their level of agreement, disagreement, or perception without being overwhelmed by too many options.

3.7 Validity and Reliability of the Instrument

3.7.1 Validity

The validity of the instrument was obtained using expert judgment and the Content Validity Index (CVI). After drafting the questionnaire, it was presented to the supervisor and other experts in business administration to advise on the understandability of the items in the instrument for expert judgment. Based on the comments obtained, the researcher amended the instrument. CVI involved drafting the questionnaire in a manner that necessitates respondents to tick from two responses of Relevant and Non-Relevant, after which it was distributed to specific people who are knowledgeable about the subject matter to comment on the content validity.

The results were used to compute CVI to check whether the ratio under each variable meets the threshold of 0.7 as recommended by Creswell (2014). The results are presented in Table 3.1.

The CVI formula = $\frac{Relevant\ questions}{Total\ questions}$ **…… 3.1**

3.7.2 Reliability

The reliability of the instrument was ascertained through computing the Cronbach Alpha. The researcher conducted a mini-survey of 10-15 questionnaires before the actual data collection instrument. Based on the results obtained, questions were rephrased to ensure that the instrument was fit enough to be used for data collection purposes. In addition, the Cronbach Alpha coefficient from Statistical Package for Social Scientists (SPSS version 25) was obtained from field results. As a general rule, the alpha coefficient for every variable or construct should be at least 0.7 (Nunnally & Bernstein, 1994). The same scale was used to check for internal consistency in the results obtained. The results obtained are presented in Table 3.1.

Table 3. 1
Validity and Reliability

Variable	Content Validity Index	Cronbach's Alpha	N of Items
Fortitude	0.812	0.824	16
Sense of coherence	0.823	0.864	17
Financial resilience	0.777	0.788	9

Source: Primary Data

Table 3.1 indicates CVI obtained for fortitude, sense of coherence and financial resilience were above the 0.7 cut-off. Henceforth, the results implied that the tool used herein contained good measures and therefore fit for data collection. In addition, the Cronbach Alpha coefficient was obtained, and fortitude, sense of coherence, and financial resilience were over and above the acceptable threshold of 0.7 as recommended by Creswell (2014) who stated that the coefficient above 0.7 indicates reliability and validity of data.

This meant that the results obtained were reliable which further signified that the results were fit to be based on for making conclusions and recommendations.

3.8 Measurement of Variables

Fortitude was measured in terms of evaluation of self-appraisal, family appraisal, and social appraisal (Pretorius & Heyns, 2005; Ravikumar et al., 2022). The Items were adopted and modified from the Fortitude Questionnaire which was developed by Pretorius (1998). These items were later subjected to the 5-point Likert scale.

Sense of coherence was conceptualized in terms of comprehensibility, manageability, and meaningfulness (Mc Gee et al., 2018; Mittelmark, 2022; Veronese et al., 2021). The researcher adopted Items used by scholars such as Eriksson and Contu (2022) and Mc Gee et al., (2018). The Items were modified to fit the context of the study before they were subjected to the 5-Point Likert scale.

Financial resilience was measured using a two-dimensional construct of financial adaptability and financial flexibility (Hussain & Papastathopoulos, 2022; Nkundabanyanga et al., 2020). The Items were adopted from previous works of Nkundabanyanga et al., (2020), modified to fit the context of the study, and subsequently subjected to a 5-Point Likert scale.

3.9 Data Processing, Analysis, and Presentation

Data obtained from the field was sorted, cleaned, and edited accordingly. The data was captured in SPSS (v.25) for analysis. The researcher used descriptive and inferential statistics to interpret the results. Notably, a frequency table was used to present results related to demographic characteristics, and interpreted based on percentages. Correlation analysis examined the relationship between studied variables and hierarchical regression confirmed the significance and their predictability. Multiple regression was used to test the joint effect of Fortitude and Sense of coherence on financial resilience

3.10 Ethical Considerations

The researcher ensured that the university approves the research proposal, before engaging in the data collection exercise. Before engaging the respondents to participate in the study, the researcher officially sought permission from the business owners and managers of SMEs that were sampled. Furthermore, the respondents' rights, needs, values, and desires were respected, full disclosure of the research purpose, obtaining informed consent, avoiding deception in the research, maintaining respondents' privacy and confidentiality, and full disclosure of the methods, as well as honest presentation of the findings through publication. Importantly, the researcher used the results obtained from the different respondents strictly for academic purposes.

CHAPTER FOUR

DATA ANALYSIS, PRESENTATION AND INTERPRETATION OF FINDINGS

4.1 Introduction

This chapter provides the presentation and interpretation of findings based on the objectives of the study which were; to examine the relationship between fortitude and financial resilience; to establish the relationship between sense of coherence and financial resilience and to examine the joint effect of fortitude and sense of coherence on financial resilience of SMEs in Mbale city. Descriptive statistics, correlation, and hierarchical regression analysis were adopted for this study.

4.2 Response Rate

This study obtained data from a total of 268 SMEs in Mbale City. This gave a response rate of 78.5% of the targeted sample, this implied that the data obtained in this study was fit to be generalized to the entire population and sufficient to be based on for drawing conclusions and recommendations. This concurred with Cresswell (2014) who recommended that having 75% of returned surveys is an adequate representation for the study.

4.3 Descriptive statistics

This study obtained two categories of demographic characteristics, that is; respondents' characteristics and firm characteristics. The descriptive statistics described the responses using frequency tables with percentages, graphs, mean, and standard deviation for the study. The factor analysis was conducted to explore the underlying dimensions of the variables/ items in this study.

4.3.1 Demographic Characteristics of Respondents

Results presented in Table 4.1 below postulated that most SMEs in Mbale city are owned or managed by males constituting 61.6% compared to 38.4% for females. This result meant that most SMEs preferred male managers. Male managers may usually make appropriate

management decisions that guide firms to attain remarkable financial resilience. The interpretation of the results from Table 4.1 below further postulated that most SME owners and managers were aged between 46-55 years. This meant that most managers and business owners were old personnel. It could be so because old personnel possess noteworthy experience. Accordingly, such personnel are likely to make more reliable decisions which could drive firms towards achieving financial resilience.

Additionally, the results in Table 4.1 obtained that most SME owners had a bachelor's degree at 41.8%, followed by diploma holders at 28.0% and at least 24.6% had a master's degree (31.3%). This meant that these enterprises had competent personnel across the key decision-making positions. This implied that employing highly qualified personnel is necessary for enhancing financial resilience because they are the "think-tank" of the firm. The decisions they make will directly impact on the financial resilience. Results from Table 4.1 below indicate that most SMEs had personnel with working experience of about 11-15 years (51.5%). This portrayed high experience among the key personnel of SMEs. Guided by the high experience, it is implied that these personnel were making realistic decisions that could enable firms to attain remarkable financial resilience.

Table 4. 1
Respondents Characteristics

Demographics	**Freq (n=268)**	**Percent**
Gender		
Male	165	61.6
Female	103	38.4
Age bracket		
Below 25 yrs	14	5.2
26-35 year	47	17.5
36-45 years	77	28.7
46-55 years	120	44.8
Above 55	10	3.7
Education level		
None	13	4.9
Diploma	75	28.0
Bachelor's Degree	112	41.8
Masters	66	24.6

Other (specify	2	0.7
Working Experience		
Less than 5 yrs	16	6.0
5-10 yrs	69	25.7
11-15 yrs	138	51.5
16 yrs & above	45	16.8

Source: Primary Data

4.3.2 Demographic characteristics of SMEs

The results in Table 4.2 below further revealed that most SMEs in Mbale city had been in business for at least 11 years and above. This meant that most of the SMEs in Mbale city had existed for quite some time. This implied that most of them had at least acquired sufficient business experience thus empowering them to attain high levels of financial resilience. Results from Table 4.2 obtained that most enterprises studied were retail and trade enterprises. This signified that retail and trade enterprises are the most performing firms in Mbale city. It could be likely that firms dealing in retail and trade have higher chances and opportunities of achieving financial resilience compared to other sectors. Moreover, results presented in Table 4.2 obtained that very few SMEs had more than 50 employees (8.6%). This meant that most enterprises employed a relatively small number of employees. This is possible that most SMEs were employing few employees to lower operational costs to increase the possibility of achieving financial resilience.

Table 4. 2
SMEs characteristics

Demographics	**Freq (n=268)**	**Percent**
Age of the Business		
Less than 5 yrs	37	13.8
5-10 yrs	96	35.8
11 yrs & above	135	50.4
Type of enterprise		
Retail and Trade enterprise	113	42.2
Service enterprise	97	36.2
Manufacturing enterprise	58	21.6
Size of the organization		
Less than 5 employees	167	62.3
5-49 employees	78	29.1

50-100 employees	23	8.6

Source: Primary Data

4.3.2 Descriptive statistics on non-demographic factors

The non-demographic factors include fortitude (self-appraisal, family appraisal, evaluative awareness of support from others) and sense of coherence measured in terms of comprehensibility, manageability, meaningfulness, and financial resilience anchored on financial flexibility and financial adaptability of the investors in the SMEs. The adopted scale for the mean; strongly disagree (1.0-1.4), Disagree (1.5-2.4); Not sure (2.5-3.4), agree (3.5-4.4), and strongly agree (4.5-5.0). Standard deviation scale; minimal (1.0-0.4), moderate (0.49-0.79), high variation (0.80-0.99), very high (> 1.0) as set in table 4.3.

Descriptive findings (Table 4.3) indicate that fortitude (Mean = 4.129; Std. Dev = 0.263) which implies that on average with items relating to fortitude, investors in SMEs agreed to have the ability to overcome challenges, persist in the face of adversity, and maintain a positive attitude even in difficult circumstance for success of business. Regarding the use of sense coherence (Mean = 4.320; Std. Dev = 0.193) which indicates that operators of SMEs agreed with minimal deviation to have sense of coherence to be more resilient to stressors in the daily operation of the business to meaningfully optimize assets for financial sustainability.

Findings on financial resilience (Mean = 4.211; Std. Dev = .363) indicate that operators of SMEs agreed with minimal deviation to have the capability to cope and survive during unforeseen or unpredictable occurrences that have the potential to disrupt their income stream significantly and in the worse cases, wipe out their assets. The standard deviation is 0.05523, hence close to the mean which strengthens the grand response outcome of the investors in SMEs.

Table 4. 3
Descriptive statistics on fortitude, sense of coherence and financial resilience

	N	Minimum	Maximum	Mean	Std. Dev
Fortitude	268	1.00	5.00	4.129	.263
Sense of coherence	268	1.00	5.00	4.320	.193
Financial resilience	268	1.00	5.00	4.211	.363
Valid N (listwise)	268				

4.4 Factor Analysis

The factor analysis was adopted to validate the data collection instrument in respect to fortitude, sense of coherence and financial resilience. The Kaiser Meyer-Olkin (KMO) measures sampling adequacy. It varies between 0-1 (Field, 2005). Field (2005) continues to assert that a KMO value of 0 indicates that the sum of partial correlations is large relative to the sum of correlations so this implies diffusion in the pattern of correlations therefore factor analysis maybe inappropriate. On the other hand, a value close to 1 indicates that patterns of correlations are relatively compact and so factors should be reliable (Field, 2005). All factors that did not load and those below the threshold of 0.5 were eliminated and data was transformed in line with Zikmund et.al (2013). This was done by computing the means for each variable. Mean was obtained by summing up the factor score (loading) that loaded under each variable, then divided by the number of items that loaded. By so doing, a single variable was obtained to explain multiple variables in this study.

4.4.1 Factor analysis for fortitude

Factor analysis was performed on 17-item measures of fortitude using principal component analysis with varimax rotation to determine the components. The Kaiser–Meyer–Olkin (KMO) was conducted to check the adequacy of variables based on those that exceed the minimum threshold of 0.5 as recommended by (Taherdoost, 2016). The rotated component of

loaded factors on variables in Table 4.4 below shows that KMO and Bartlett's Test of Sphericity statistics was significant KMO of 0.863 was achieved, (Chi-square = 3170.844), df=241, p=.000). Therefore, sample data was suitable. From the 17 items that were factored in, the analysis yielded 3 factors. The first factor had an initial Eigenvalue of 1.706. It explains 24.373% of the variance with 7 items loaded under this first factor. Under the second factor, 5 items loaded with an initial Eigen value of 1.306 which accounted for a variance of 18.660. The 3rd factor loaded 5 items with initial Eigen values of 1.083 accounting for a percentage variance of 15.473. Fortitude is the ability to focus on and execute solutions when in the face of uncertainty or adversity in the management of assets for the SMEs.

Table 4. 4
Factor analysis fortitude

Items	Factor 1	Factor 2	Factor 3
I think I have a number of good business-related qualities.			.818
I am confident that I can run my business well.			.766
I have a positive attitude towards my business.		.774	
I feel contented when I am in business.		.646	
I think I have a lot to be proud of when running a business.	.689		
I think running a business is useful for me.	.560		
I come from a family of business-oriented people.	.769		
My family members are willing to cooperate with me when I face business challenges.		.679	
Family members give me the courage to run my business.		.760	
My family members share with me a number of good ideas of how to run the business.		.759	
I have specific business family principles I apply when running my business.			.791
My family members provide me with moral support to keep running my business.			.569
I am confident I have people whom I can share with my business concerns.			.776
My friends provide me with moral support to keep running the business.	.849		

I can get good ideas of how best to run my business from others.	.578		
My friends are good at helping me solve problems encountered by my business.	.745		
My friends are always very open about what they think about my business.	.871		
Total Variance Explained: Rotation Sums of Squared Loading			
Initial Eigenvalues	1.706	1.306	1.083
% of Variance	24.373	18.660	15.473
% Cumulative	24.373	43.033	58.506
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.897		
Bartlett's Test of Sphericity; Approx. Chi-Square	3170.844		
Df	241		
Sig.	.000		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Source: Primary data (2023)

4.4.2 Factor analysis for sense of coherence

Factor analysis was performed on 19-item measures of sense of coherence using principal component analysis with varimax rotation to determine the components. The Kaiser–Meyer–Olkin (KMO) was conducted to check on the adequacy of variables based on those that exceed the minimum threshold of 0.5 as recommended by (Taherdoost, 2016). The rotated component of loaded factors on variables in Table 4.5 below shows that KMO and Bartlett's Test of Sphericity statistics was significant KMO of 0.863 was achieved, (Chi-square = 2321.769), df=315, p=.000). Therefore, sample data was suitable. From the 19 items that were factored in, the analysis yielded 2 factors. The first factor had an initial Eigenvalue of 1.816. It explains 30.261% of the variance with 8 items loaded under this first factor. Under the second factor, 11 items loaded with an initial Eigenvalue of 1.224 which accounted for a variance of 20.396. Investor's sense of coherences on the management of assets to generate returns determines the financial resilience of SMEs.

Table 4. 5
Factor analysis sense of coherence

Items	Factor 1	Factor 2
I think I have a clear goal for running this business.	.823	
I feel that I have a good understanding of my business.		.789
I sometimes think that this business might surprise me anytime.	.573	
I feel it is interesting to run this business.	.782	
I make sure I care about everything that goes on with my business.		.653
I make sure I anticipate the trends of my business in the future.		.745
I always have a feeling that its normal for my business to face difficulties.		.688
I am confident that my business will succeed irrespective of difficulties.	.873	
I always feel difficulties faced in business can always be managed.	.673	
I am always confident that I can a perfect solution for any difficulties faced by my business.	.892	
I always have a feeling that its normal for my business to face difficulties.	.587	
I persist even if something unpleasant happens to my business.		.682
I develop mixed-up feelings whenever my business is faced with difficulties.		.753
I look at my business as a source of pleasure.	.645	
I feel that the business I am doing is full of meaning.		.782
I have discovered my business has a satisfying purpose.		.853
I think I can count on my business to address my future needs.		.712
I am optimistic about the future of my business.		.753
I look at my business as a source of pleasure.		.692
Total Variance Explained: Rotation Sums of Squared Loading		
Initial Eigenvalues	1.816	1.224
% of Variance	30.261	20.396
% Cumulative	30.261	50.657
KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.583	
Bartlett's Test of Sphericity; Approx. Chi-Square	2321.769	
Df	315	
Sig.	.000	
Extraction Method: Principal Component Analysis.		
Rotation Method: Varimax with Kaiser Normalization.		
a. Rotation converged in 3 iterations.		

Source: Primary data (2023)

4.4.3 Factor analysis for financial resilience

Factor analysis was performed on 12-item measures of financial resilience using principal component analysis with varimax rotation to determine the components. The Kaiser–Meyer–Olkin (KMO) was conducted to check on the adequacy of variables based on those that

exceed the minimum threshold of 0.5 as recommended by (Taherdoost, 2016). The rotated component of loaded factors on variables in Table 4.6 below shows that KMO and Bartlett's Test of Sphericity statistics was significant KMO of 0.863 was achieved, (Chi-square = 4529.378), df= 295, p=.000). Therefore, sample data was suitable. From the 12 items that were factored in, the analysis yielded 3 factors. The first factor had an initial Eigenvalue of 2.006. It explains 38.650% of the variance with 4 items loaded under this first factor. Under the second factor, 3 items loaded with an initial Eigen value of 1.192 which accounted for the variance of 17.025. The third factor, 4 items loaded with an initial Eigen value of 1.023 accounted for a variance of 14.618. The factors exceeded the threshold of 0.5 which indicated high concern on financial resilience by the owners of SMEs.

Table 4. 6
Factor analysis of financial resilience

Items	Factor 1	Factor 2	Factor 3
I find it easy to cope with financial deficiencies encountered by the business.	.636		
My business finds it easy to raise financial resources even in hard economic times.	.769		
My business is able to meet its debt obligations amidst financial difficulties.	.770		
My business is able to meet its operations even in difficult economic times.		.799	
I find it easy to cope with financial deficiencies encountered by the business.			.872
My business finds it easy to raise financial resources even in hard economic times.	.702		
My business is able to meet its debt obligations amidst financial difficulties.		.584	
My business is able to respond to financial difficulties within a short time.		.897	
My business is able to respond to financial demands with ease.			.836
My business finds it easy to adjust its budget when faced with financial distress.			.669
My business is able to deal with unexpected financial surprises.			.570
My business is capable of copying with financial difficulties.			.735
Total Variance Explained: Rotation Sums of Squared Loading			
Initial Eigenvalues	2.006	1.192	1.023
% of Variance	28.650	17.025	14.618
% Cumulative	28.650	45.675	60.292
KMO and Bartlett's Test			
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.682		
Bartlett's Test of Sphericity; Approx. Chi-Square	4529.378		
Df	295		
Sig.	.000		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			

Source: Primary data (2023)

4.5 Inferential Statistics

Both correlation and regression analysis were carried out. Correlation analysis was used to determine the relationship between fortitude, sense of coherence, and financial resilience. Regression analysis was used to determine the degree of predictability of the independent variables (fortitude; sense of coherence) on the dependent variable (financial resilience).

4.5.1 Correlation Analysis

This study used Pearson Correlation Analysis along with narrative statements to establish the relationship between studied variables. The magnitude of the relationship is scaled in the form of, weak relationship (0.10 to 0.39); moderate relationship (0.40 to 0.69), and strong relationship (0.70 to 0.99). Karl-Pearson's coefficient of correlation method was used to establish the interrelationship, and key narratives corresponding to each objective were also identified and presented, interpreted, and compared with the statistical results before a final conclusive remark regarding the association or relationship between studied variables was made for each objective as presented in Table 4.7

Correlation results presented in Table 4.6 reveal that there exists a positive and significant relationship between fortitude and financial resilience of SMEs ($r=.436$, $p<.01$). The result signifies that an augmentation in fortitude relates to variation in financial resilience. Worth noting, fortitude had sub-components that were also compared to financial resilience. The study found a positive and significant relationship between self-appraisal and financial resilience ($r=.359$, $p<.01$); and a positive and significant relationship between family appraisal and financial resilience ($r=.257$, $p<.01$). The study also revealed that evaluative awareness of support from others is positively and significantly correlated with financial resilience ($r=.220$, $p<.01$). Owners of SMEs employ fortitude to embrace mental and emotional strength to continue with business operations even in the face of adversity and difficulty on the market environment. The implication of the positive relationship between

each of the constructs of fortitude signifies that enhancement of self-appraisal, family appraisal, and evaluative awareness of support from others would subsequently be associated with increased financial resilience among SMEs in Mbale City.

Correlation results (Table 4.3) indicated a significant and positive relationship between sense of coherence and financial resilience (r=.551, p<.01). The results implied that the financial resilience of SMEs would be enhanced whenever a sense of coherence is comprehended. Sense of coherence also had sub-variables of comprehensibility, manageability, and meaningfulness. The study revealed a significant and positive relationship (r=.349, p<.01) between comprehensibility and financial resilience. Further, the results indicated a significant and positive relationship between manageability and financial resilience with a correlation of (r=.365) at a significance level of (p<.01). Similarly, the findings revealed a significant and positive relationship between meaningfulness and financial resilience (r=.213, p<.01). It is acknowledged that sense of coherences allows operators of SMEs to become assertive and more resilient on challenges faced in the investee to improve its efficiency on the market. The results therefore implied that a transformation in comprehensibility, manageability, and meaningfulness would result in changes in the financial resilience of SMEs.

Table 4. 7
Pearson Correlation Analysis

Variables/Constructs	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
Fortitude (1)	1								
Self-appraisal (2)	.400**	1							
Family appraisal (3)	.332**	0.037	1						
Evaluative awareness of support from others (4)	.589**	.185**	.315**	1					
Sense of coherence (5)	.494**	.344**	.644**	.209**	1				
Comprehensibility (6)	.250**	.478**	.192**	.166**	.342**	1			
Manageability (7)	.320**	.164**	.365**	.256**	.456**	.460**	1		
Meaningfulness (8)	.444**	0.114	.268**	0.024	.305**	.145*	.226**	1	
Financial Resilience (9)	.436**	.359**	.257**	.220**	.551**	.349**	.365**	.213**	1

Note: n=268, * p<0.05 level (2-tailed), ** p<0.01 level (2-tailed).

Source: Primary Data

4.5.2 Regression Analysis

The regression analysis was obtained to determine the predictability of the independent variables (fortitude, sense of coherence) in the variances that would be exhibited in the dependent variable (financial resilience). The study used a hierarchical regression model because it is a more elaborative approach as it ably ranks variables according to their order of predictability. These results are presented in Table 4.8.

Model 1. Results in Table 4.8 indicate that the control variables (Gender, Age bracket, Qualification, working experience, Years of the business, Types of enterprise, Number of employees) have statistically insignificant explanatory power of 13.0% in explaining financial resilience to sustain the operation activities of SMEs R2Δ=.130; f-Δ= 2.542; p <0.05. This implies the variables are key to financial resilience in the investee to achieve the going concern of SMEs.

Model 2: The addition of fortitude to the regression equation, accounts for an extra 35.1% of the variance explained by the model (R2Δ=.351; f-Δ= 13.829; p<.05). This implies that investors in SMEs ably conduct a self-appraisal, family appraisal and evaluative awareness of support from others to overcome challenges, persist in the face of adversity, and maintain a positive attitude even in difficult circumstances for financial resilience in SMEs. A unit change in fortitude results in a 0.351 change in financial resilience. Fortitude has a significant predictor (β =0.606, P<0.05) on financial resilience. It explains a positive significant effect on the financial resilience of SMEs for going concern.

Model 3: In model III, sense of coherence was introduced in the third model while controlling for fortitude and control variables. Results indicate that sense of coherence through comprehensibility, manageability, and meaningfulness in the the operation activities of the investee is a significant predictor of financial resilience (β =0.436, P<0.05). This implies that

a positive change in the sense of coherence results in a positive change in financial resilience. Sense of coherence alone explains 23.3% variance in financial resilience ($R2\Delta=0.233$; $f\Delta= 32.974$; $p<0.05$). Integration of fortitude and sense of coherence in management unpredicted and unforeseeable occurrences in the operation of SMEs enhance financial resilience. The regressed sense of coherence against financial resilience was entered in the third model where it indicated a positive effect on the management of pervasive occurrence undertaken within the investee. The joint effect of fortitude and sense of coherence is 71.4% on the financial resilience of SMEs (Adjusted R Square = 0.714) although supported by control variables. This means that the investors/ operators ably apply working experience, fortitude, and sense of coherence to exhaust all tactics to enhance financial resilience among SMEs in Mbale city.

Table 4. 8
Regression on control variables, fortitude, sense of coherence on financial resilience

	Model 1			**Model 2**			**Model 3**		
	B	**T**	**Sig.**	**B**	**T**	**Sig.**	**B**	**t**	**Sig.**
(Constant)	1.929	3.840	.000	.952	1.399	.170	.440	1.525	.134
Gender	.090	.953	.343	.028	.287	.775	.040	.450	.653
Age bracket	-.091	.601	.319	-.095	1.055	.294	-.070	.879	.381
Qualification	.006	.055	.106	.060	.123	.998	.016	.175	.861
Working experience	.232	2.545	.030	.289	2.057	.050	.097	1.102	.040
Years of the business	-.164	.732	.095	-.071	.828	.409	-.055	.718	.474
Type of enterprise	.460	1.970	.079	.657	2.382	.090	-.511	-2.078	.140
Number of employees	.684	2.640	.009	.344	2.045	.043	.316	1.320	.189
Fortitude				.606	4.957	.000	.591	4.826	.000
Sense of coherence							.436	4.213	.020
R	.361			.694			.845		
R Square	.130			.481			.714		
Adjusted R Square	.117			.412			.692		
R Square Change	.130			.351			.233		
F-Change	2.542			13.829			32.974		
Sig.	.018			.000			.000		

Source: Primary data (2023)

CHAPTER FIVE

DISCUSSION OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter provides the discussion of findings, conclusion, and recommendation concerning the study objectives which include; examining the relationship between fortitude and financial resilience; establishing the relationship between sense of coherence and financial resilience, and examining the joint effect of fortitude and sense of coherence on financial resilience of SMEs in Mbale city. The chapter also points out the study limitations and proposed areas for further study.

5.2 Discussion of Findings

5.2.1 Fortitude and Financial Resilience

It was established that fortitude had a positive significant relationship with the financial resilience of SMEs in the Mbale district. In essence, the findings demonstrated that enhancing fortitude increases the attainment of financial resilience of SMEs. In congruence, this study stresses that fortitude through self-appraisal, family appraisal, and evaluative awareness of support from others plays a crucial role in enhancing financial flexibility and adaptability. This means that operators of SMEs with high fortitude levels are capable of meeting business debt obligations amidst financial difficulties, responding to financial difficulties within a short time. Moreover, investors with enhanced fortitude levels usually find it very easy to adjust the budget of businesses whenever faced with financial distress. Regression results also indicated a positive significant effect of fortitude on the financial resilience of SMEs. The findings concur with empirical works by Pretorius and Padmanabhanunni (2021) who revealed that fortitude has a positive significant association with financial resilience in SMEs. Investors with high levels of fortitude are capable of dealing with business's financial distress and nervousness thus stimulating a resilient behavior.

In the same manner, a study conducted by Ravikumar et al., (2022) also mentioned that individuals with high fortitude levels are less likely to feel apprehensive and strained which improves the likelihood of attaining financial resilience. As indicated, the above studies were conducted elsewhere and not in Uganda. That said, the current study reveals a statistically derived relationship between fortitude and financial resilience in Uganda's context. In this case, this research cautions policymakers, business owners, and managers to always comprehend fortitude since it prompts financial resilience most importantly among SMEs. This is consistent with the research works of Stephens et al., (2020) who identified self-appraisal as one of the core enablers of financial resilience. Also, Captari et al., (2022) are of the view that personnel with self-appraisal courage tend to develop a positive mindset which has a positive significant effect on financially resilient behaviors.

On the other hand, these findings emphasize the essence of family appraisal in facilitating financial resilience among SMEs. This meant that replication of family appraisal by those managing SMEs would greatly influence the status quo of apprehending financial flexibility and adaptability. The findings are in line with Ghotane, Challacombe, and Gallagher (2019) who revealed that achieving financial resilience is not a single man's affair, but rather necessitates invisible support from family members, self-appraisal, and evaluation of opportunities. Therefore, it is wise to argue that with family appraisal, business managers and owners are capable of obtaining ideas from family members who are business-oriented and above all attain moral support which allows them to run the businesses with outstanding financial resilience. In the same manner, it has been previously stressed that managers with family appraisal grit are capable of developing psychological comfort which stimulates resilience and flexibility (Captari et al., 2022). Nevertheless, the above findings extend to the conservation of resources theory as initiated by Hobfoll (1989) which pointed out that firms and individuals express behavioral approaches and differences more so turning to evaluative

support from others upon encountering financial difficulty or disaster which guides them to resiliently rejuvenate or fail to thrive thereafter. It is no doubt that managers require evaluative support from others to stimulate resilient behavior.

5.2.2 Sense of coherence and financial resilience

Findings revealed a positive relationship between sense of coherence and financial resilience. These findings suggested that enhancing sense of coherence would increase the propensity of forming financial resilience among SMEs. This notion is explained by the fact that managers who possess a stronger sense of coherence are likely to create a financially resilient business environment. A strong sense of coherence not only allows business managers and owners to clearly understand business proceedings, and anticipate business trends but also perceive their businesses as a source of pleasure. Regression results also indicated a positive significant effect of sense of coherence on the financial resilience of SMEs. This inclusiveness significantly enhances the attainment of financial resilience among SMEs. The findings are consistent with a study conducted by Yalnizca-Yildirim and Cenkseven-Önder (2023) in Turkey which declared that personnel with a stronger sense of coherence are always optimistic and capable of dealing with countless concerns and frustrations which facilitates considerable resilient behavior. In the same manner, a study conducted by Ruiz-Frutos et al., (2021) in Spain deduced that investors with a stronger sense of coherence are capable of effectively striking a balance between positive and negative identifications to boost a resilient behavior. Overall, the above findings suggest that a stronger sense of coherence is an important mechanism for underpinning countless flexibility and adaptability outcomes. As indicated, none of these studies is specific to Uganda's context.

Consistent with the empirical evidence, these findings are in analogy with the conservation of resource theory that highlighted that some different determinations and expressions foster adaptability and flexibility. On that note, it can be argued that sense of coherence is one of

those determinations that create an enabling environment for enhancing financial resilience. The current study is important because it demonstrates the relevance of sense of coherence in prompting financial resilience among SMEs in Uganda's environment although a majority of the prevailing studies over the same are grounded more from a medical or psychological perspective. Moreover, the study provides a firm ground for policymakers, business owners, and managers in the business sector to make sure that sense of coherence is strengthened. It affirms that where a stronger sense of coherence is enhanced, financial resilience among SMEs will follow suit.

In addition, the findings obtained that exhibiting sense of coherence through comprehensibility would inspire financial resilience. This is explained by the fact that personnel with a strong sense of comprehensibility always have a clear business goal, profoundly understand business procedures, and above all perceive operating a business as an interesting part of their life. In the same way, comprehensibility allows business managers to thoroughly anticipate business trends in consideration of future financial difficulties and intermissions. This is likely to enable SMEs to deal with and respond to financial difficulties within a short time. This corresponds with the research works of Mc Gee et al., (2018) who commented that comprehensibility is prime because it prepares managers to deal with unexpected financial surprises and as well as copying with a wide range of financial difficulties. Indeed, comprehensibility has also been previously described as one that accords business managers with the capacity to thoroughly demonstrate a task-oriented coping style that enables them to attain financial resilience (Reguera-García et al., 2020). Much as the above studies are consistent, their findings are longstanding. The relevance of the current study is that more recent findings are provided about the relationship between sense of coherence and financial resilience.

Additionally, this study established that exhibiting a stronger sense of coherence through manageability enhances financial resilience. This study teaches policymakers that manageability among business managers is vital to enhance the propensity of claiming financial resilience. Certainly, a strong sense of manageability enables managers to keep business on the right track irrespective of difficulties, and enhances managers' business optimism. In the same manner, manageability arouses confidence among managers whenever confronted with harsh business times and difficulties. This is likely to enhance the attainment of financial resilience. This corresponds with the research works of Konaszewskiet al., (2021) who emphasized that with a stronger sense of manageability, managers look at every business occurrence as solvable which later strengthens their resilience levels. Also, Reguera-García et al., (2020) maintained that business managers with a strong sense of manageability consider business hitches as normal which allows them to confidently set up clear structures to achieve financial resilience. Although this is the case, none of the above studies provides statistical evidence from a business perspective to support this notion.

In particular, this research notes that meaningfulness is positively associated with financial resilience. In essence, these findings postulate that the more managers display a strong sense of meaningfulness, the more financial resilience is likely to be achieved. The explanation for this, according to this research is the fact that managers who possess a strong sense of meaningfulness look at their businesses with pleasure, being meaningful and satisfying. Indeed, meaningfulness enhances optimism among business managers which eventually allows them to become resilient to all financial setbacks and shocks. Therefore, this study informs policymakers of the need to appoint members who display a stronger sense of meaningfulness since they are capable of adopting business models that stimulate high financial resilience. Indeed, Ravikumar, Mathew, and Rekha (2022) along with Handoyo et al., (2023) emphasize that meaningfulness is capable of predicting financial resilience. The

consistency expressed between this research and prior studies demonstrated that meaningfulness remains a core attribute for consideration as far as increasing financial resilience among SMEs is concerned. On that note, the current study affirms that managers who exhibit a strong sense of meaningfulness are capable of prompting remarkable financial resilience.

5.2.3 Fortitude, sense of coherence, and financial resilience

The joint effect of fortitude and sense of coherence is 71.4% on financial resilience of SMEs in Mbale city (R Square = 0.714) supported with control variables. Regression further indicated that fortitude (β=.591**) and sense of coherence (β= 0.436*) has a positive significant effect on the financial resilience of SMEs. In this case, the findings affirmed that stimulating fortitude and sense of coherence is inevitable in stimulating financial resilience. It gives assurance that SMEs that are encountering financial flexibility and adaptability challenges should enhance fortitude to significantly address the matter. This is because fortitude enables business managers to realize good business-related qualities and develop positive attitudes and confidence toward the business. Moreover, business managers with a strong sense of fortitude look at their businesses as very useful. This kind of feeling is important because it stimulates managers' confidence levels which eventually allows them to easily cope with financial deficiencies encountered, meet debt obligations amidst financial difficulties as well, and respond to financial demands with a lot of ease. This finding concurs with Captari et al., (2022) who observed that high levels of fortitude arouse psychological comfort and stability which allows managers to deal with various deficiencies and difficulties.

Similarly, Ravikumar et al., (2022) also designated that high fortitude levels are essential in enhancing self-belief and personal competency which creates a clear business environment that allows easy copying up with financial difficulties. This is important in increasing

financial resilience among businesses. Therefore, this research serves as a strong message to policymakers and managers to consider fortitude as fundamental. In this case, it proposes that self-appraisal, family appraisal, and evaluative awareness of support from others should be strengthened to guarantee significant pointers of financial flexibility and adaptability. Furthermore, the significance of sense of coherence on financial resilience proves that addressing financial resilience requires a strengthening sense of coherence, more so among SMEs. This is true because one of the main reasons for encouraging a strong sense of coherence in any business is to enable managers to deal and cope easily with financial deficiencies encountered by the business and access financial resources with a lot of ease even during punitive economic times. Most importantly also, a strong sense of coherence is usually maintained to allow businesses to meet their operations even during difficult economic times. In this case, sense of coherence enhances investors' optimism and confidence regarding business operations. Moreover, sense of coherence enables managers to perceive business difficulties as usual and addressable which can enable them competently deal with financial difficulties and distress.

This is consistent with previous research works by Barnard (2016) who emphasized that a stronger sense of coherence has the possibility of sustaining an improvement in financial well-being and resilience. In the same way, Konaszewski et al., (2021) emphasized that a strong sense of coherence arouses self-efficacy and coping behavior. These attributes build managers’ competencies to effectively deal with financial difficulties and shockwaves. On that note, this research acknowledges the fact that policymakers and managers must recognize sense of coherence among managers to bolster a financially resilient business environment. Whereas sense of coherence can manifest in many ways, for this research, it is important to promote comprehensibility, manageability, and meaningfulness, especially among SMEs.

The findings also noted that whereas both fortitude and sense of coherence significantly predict financial resilience, the better predictor is sense of coherence. Important to note, that the findings are of the view that more focus should be directed towards strengthening sense of coherence as compared to fortitude as long as the focus of policymakers and managers is to stimulate financial resilience. Most of the previous studies were silent about the matter. They simply indicate that the two factors are important, without clearly demonstrating the better predictor (Yalnizca-Yildirim & Cenkseven-Önder, 2023; Ruiz-Frutos et al., 2021).

5.3 Conclusion

According to findings on objective one, it is concluded that fortitude has a positive relationship with the financial resilience of SMEs where investors are allowed to overcome fear and challenges to remain steady and persist in difficult circumstances for the attainment of financial resilience. The operators of SMEs with fortitude can overcome financial obstacles, manage debt, and risk/ bear pain or adverse shortcomings in the business to enhance financial resilience. Based on the Conservation of Resources Theory, Investors strive to retain, protect, and build resources with attention to overcoming fear of potential or actual loss of these valued resources to conserve strength in the operation of SMEs. In addition, fortitude aspects through appraisal and evaluation of operations demonstrate investors' capacity to exhaust options in the attainment of financial resilience in investment.

The finding on objective two concluded that sense of coherence is correlated with financial resilience since investors are allowed to be vigilant, assertive, and more resilient to obstacles in business to realize the financial stability of SMEs. The sense of coherence in resource mobilization and investment in business activities enhances financial resilience. The comprehensibility, manageability, and meaningfulness of utilization of resources in the investee facilitates financial resilience of SMEs.

It was concluded on objective three that an investor's integration of fortitude and sense of coherence in the utilization of resources and execution of activities in the business leads to the attainment of financial resilience. The ability to persist when facing financial difficulties requires fortitude and sense of coherence to attain financial resilience among SMEs.

To gain comprehensive insights, it is imperative to conduct a Longitudinal study employing a qualitative methodology for data collection. This study should specifically concentrate on business settings beyond the scope of Small and Medium Enterprises (SMEs). Its primary objective would be to investigate the impact of Fortitude, sense of coherence, and financial resilience.

5.4 Recommendations

Based on study investigations, the following recommendations should be adopted;

SMEs and their owners/managers should regularly conduct self-appraisal of their operational, financial, and investment activities. This can be done through, evaluations, and reviews of their business performance. Family appraisal should also be integrated, involving social, financial, and knowledge support, where family members provide critical evaluations of the business activities. This self-reflection and feedback process will help identify obstacles, gaps, and areas for improvement to enhance financial resilience.

SMEs should actively cultivate a sense of coherence within their organizations. This can be achieved by promoting an environment where employees have a clear understanding of the business activities, goals, and strategies. Provide training and support to enhance the comprehensibility, manageability, and meaningfulness of the tasks carried out in the business. This will enable employees to effectively manage activities in a way that aligns with the overall goal of achieving financial resilience.

The government should play a role in sensitizing managers and owners of SMEs about the importance of adopting fortitude and sense of coherence in their daily operations. This can be done through targeted awareness campaigns, workshops, and training programs. The government can also provide resources and support to enable SMEs to effectively utilize their resources and investments. Emphasize the need to remain resilient and adaptable, especially in periods of economic downturns like the post-COVID-19 era.

The operators of SMEs should strive to adopt both fortitude and sense of coherence as guiding principles in their business operations. This includes developing a mindset that allows them to retain, protect, and build resources to overcome potential or actual losses caused by unforeseen occurrences. Implement strategies that focus on risk management, contingency planning, and resource optimization. Regularly assess and adjust business operations to align with changing circumstances and maintain financial resilience.

Policymakers should prioritize initiatives that promote and support the development of fortitude among SMEs. This can be achieved through targeted entrepreneurship education programs that focus on resilience-building skills, such as risk management, problem-solving, and adaptability. Additionally, policies should encourage SMEs to develop long-term vision, perseverance, and determination to navigate challenges and setbacks.

5.5 Limitations of the study

The study focused strictly on SMEs. Accordingly, the results obtained herein may be fit for generalizing to only highlighted SMEs but not all business enterprises.

This study used a structured questionnaire to obtain data. Despite its effectiveness, this tool does not enable respondents to share views and opinions about the subject matter under investigation. In this case, the research is unable to explain why respondents responded the way they did.

This was a cross-sectional research design. Therefore, all conclusions and recommendations expressed herein were based on data which was obtained at a given point in time.

5.6 Area for further study

Investigate the relationship between fortitude, sense of coherence, and financial resilience targeting other business settings that are not SMEs.

They may additionally investigate the relationship between fortitude, sense of coherence, and financial resilience among SMEs using a qualitative approach to data collection.

A longitudinal study examining the influence of fortitude, sense of coherence, and financial resilience of SMEs.

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APPENDICES

Appendix 1: Questionnaire Form

Dear Sir/ Madam,

I am Aketch Suzan, a student pursuing a Degree of Master of Business Administration at Makerere University. As one of the requirements, I am undertaking a study on, ***"Fortitude, Sense of coherence and financial resilience of small and medium enterprises in Mbale City".*** You have been identified as a resourceful person since you are part of this sector. I humbly request that you spare some of your time towards filling the questionnaire presented to you. I will ensure that your views are kept with ultimate confidentiality. Thank you so much in advance for your support!

SECTION A: DEMOGRAPHICS CHARACTERISTICS

Please tick the option that best describes you.

1. Gender

Male	Female
1	2

2. Age bracket

Below 25 yrs	26-35 yrs	36-45 yrs	46-55 yrs	Above 55
1	2	3	4	5

3. Qualification

None	Diploma	Bachelor's Degree	Master's degree	Others
1	2	3	4	

4. Working experience

Less than 5 years	5-10 years	11-15 years	16 years above
1	2	3	4

5. Years of the business

Less than 5 yrs	5-10 yrs	11 yrs above
1	2	3

6. Type of enterprise

Retail and Trade enterprise	Service enterprise	Manufacturing enterprise
1	2	3

7. Number of employees

Less than 5 employees	5-49 employees	50-100 employees

1	2	3

SECTION B:

This section is intended to establish information regarding fortitude, sense of coherence, and financial resilience. You are required to tick the appropriate option guided by the key presented to you. Key: 1=Strongly Disagree (**SD**), 2=Disagree (**D**), 3=Not Sure (**NS**), 4=Agree (**A**) and 5=Strongly Agree (**SA**).

	STATEMENTS	**SD**	**D**	**NS**	**A**	**SA**
	FORTITUDE					
	Self-appraisal					
SA1	I think I have a number of good business-related qualities.	1	2	3	4	5
SA2	I am confident that I can run my business well.	1	2	3	4	5
SA3	I have a positive attitude towards my business.	1	2	3	4	5
SA4	I feel contented when I am in business.	1	2	3	4	5
SA5	I think I have a lot to be proud of when running a business.	1	2	3	4	5
	I think running a business is useful for me.	1	2	3	4	5
	Family appraisal					
FA1	I come from a family of business-oriented people.	1	2	3	4	5
FA2	My family members are willing to cooperate with me when I face business challenges.	1	2	3	4	5
FA3	Family members give me the courage to run my business.	1	2	3	4	5
FA4	My family members share with me a number of good ideas of how to run the business.	1	2	3	4	5
FA5	I have specific business family principles I apply when running my business.	1	2	3	4	5
FA6	My family members provide me with moral support to keep running my business.	1	2	3	4	5
	Evaluative awareness of support from others					
EA1	I am confident I have people whom I can share with my business concerns.	1	2	3	4	5

EA2	My friends provide me with moral support to keep running the business.	1	2	3	4	5
EA3	I can get good ideas of how best to run my business from others.	1	2	3	4	5
EA4	My friends are good at helping me solve problems encountered by my business.	1	2	3	4	5
EA5	My friends are always very open about what they think about my business.	1	2	3	4	5
	SENSE OF COHERENCE					
	Comprehensibility					
CO1	I think I have a clear goal for running this business.	1	2	3	4	5
CO2	I feel that I have a good understanding of my business.	1	2	3	4	5
CO3	I sometimes think that this business might surprise me anytime.	1	2	3	4	5
CO4	I feel it is interesting to run this business.	1	2	3	4	5
CO5	I make sure I care about everything that goes on with my business.	1	2	3	4	5
CO6	I make sure I anticipate the trends of my business in the future.	1	2	3	4	5
	Manageability					
MA1	I always have a feeling that its normal for my business to face difficulties.	1	2	3	4	5
MA2	I am confident that my business will succeed irrespective of difficulties.	1	2	3	4	5
MA3	I always feel difficulties faced in business can always be managed.	1	2	3	4	5
MA4	I am always confident that I can a perfect solution for any difficulties faced by my business.	1	2	3	4	5
MA5	I persist even if something unpleasant happens to my business.	1	2	3	4	5
MA6	I develop mixed-up feelings whenever my business is faced with difficulties.	1	2	3	4	5

	Meaningfulness					
ME1	I look at my business as a source of pleasure.	1	2	3	4	5
ME2	I feel that the business I am doing is full of meaning.	1	2	3	4	5
ME3	I have discovered my business has a satisfying purpose.	1	2	3	4	5
ME4	I think I can count on my business to address my future needs.	1	2	3	4	5
ME5	I am optimistic about the future of my business.	1	2	3	4	5
	FINANCIAL RESILIENCE					
	Financial flexibility					
FF1	I find it easy to cope with financial deficiencies encountered by the business.	1	2	3	4	5
FF2	My business finds it easy to raise financial resources even in hard economic times.	1	2	3	4	5
FF3	My business is able to meet its debt obligations amidst financial difficulties.	1	2	3	4	5
FF4	My business is able to meet its operations even in difficult economic times.	1	2	3	4	5
	Financial adaptability					
FP1	My business is able to respond to financial difficulties within a short time.	1	2	3	4	5
FP2	My business is able to respond to financial demands with ease.	1	2	3	4	5
FP3	My business finds it easy to adjust its budget when faced with financial distress.	1	2	3	4	5
FP4	My business is able to deal with unexpected financial surprises.	1	2	3	4	5
FP5	My business is capable of copying with financial difficulties.	1	2	3	4	5

Thanks for participating!!!!