



RESEARCH ARTICLE

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RETURN ON EQUITY AND MARKET SHARE INCREASE AFTER A NATURAL DISASTER

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ABSTRACT

The purpose of this qualitative multiple case study was to explore what strategies, business owners in northeastern Florida have used to avoid permanent business closure in the aftermath of a natural disaster. 40% of small businesses in the United States goes out of business each year because of natural disasters (Schrank, Marshall, Hall-Phillips, Wiatt, & Jones, 2013). After a natural disaster, small businesses suffer financial losses in millions of dollars related to damage and destruction that disrupt their lives, families, and communities. Some of the findings from this study were that businesses who survived natural disasters used cash reserves, friends, family, and to maintain business continuity until insurance coverage and other disaster relief arrived. The findings of this study may add to the body of knowledge and contribute to social change through the innovative family and friend coalitions that sustained established businesses after natural disasters.

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INTRODUCTION

Analyzing the empirical data and reviewing the literature revealed that survival includes relying on cash reserves, friends, family, disaster insurance and past disaster experiences. Chinh *et al.* (2016) contended that cash reserves might prevent business failure related to natural catastrophes. Donor funding from family and other sources assisted business owners in their efforts to remain open or to reopen quickly after the natural disaster. Donor support also reduced the chances of permanent business closure. Coles *et al.* (2016) noted non-government organizations (NGOs) are involved in disaster assistance. Nongovernment organizations (NGOs) played a significant role in the natural disaster survival of small businesses in northeast Florida. Friends, family, and cash reserves may provide immediate support towards business reopening in the aftermath of a disaster. A recovery coalition of relatives and friends did not require any technology or government assistance. Business owners should develop a network partnership with family, friends, and the community. Networking partnerships built by participants before catastrophes contributed to business survival. Many small businesses are landmarks and part of the community that they serve. The destructive nature of natural disasters disrupts businesses and influence staff, customers, suppliers, and the community economically (Morrish & Jones, 2019).

Natural disaster preparation strategies by small business owners may prevent companies from closing. Small business owners in the study used a variety of strategies to prepare for natural disasters. Many of the participants erected temporary barriers to prevent flood waters. The preparedness plan at one business consisted of moving merchandise to another store location away from the disaster zone area. Some participants focused on the weather reports leading up to the natural disaster. Participants also reported using window shutters to prepare for the adverse effects. Business owners discussed how disaster insurance coverage avoided permanent business closure in northeastern Florida. Planning for the effects of a natural disaster is important because coastal areas such as Florida have been prone to such disasters in the past. Morrish and Jones (2019) suggested that there is a gap in the literature when it comes to small business recovery strategies used by entrepreneurs. Behavior change was the goal of the study, and the objectives were to encourage business owners to focus on being more active in planning for disasters by preventing unemployment, increasing community stability, and contributing to economic growth. The study's significance centered on using vested interest theory to describe the importance of planning, responding to, and overcoming the adverse effects of natural disasters. The theory of planned behavior was a powerful tool for predicting business owners' intentions and reactions related to natural disaster preparation and recovery. From a societal perspective, the disaster

recovery coalition concept of social change may help company owners and relatives overcome the devastating effects of natural disasters. The idea might also stimulate economic growth in the community. Small business failure and employee displacement may affect community identity. Owners of companies that survive natural disasters may see opportunities to grow their market share following the failure of unprepared businesses.

MATERIALS AND METHODS

The semistructured questions were developed and incorporated into the interview protocol included the same seven questions presented to every participant. Some participants did not maintain preparedness and recovery plans. Using interviews, documents, and member checking revealed holistic and robust strategies, the small business owners had used for the survival of their business after a natural disaster. In the semistructured interviews, the participants responded to seven open-ended questions and provided an in-depth understanding of how business owners in northeastern Florida avoided permanent business closure in the aftermath of a natural disaster. Participant's responses to each interview question were analyzed separately and coded for recurring themes. A second analysis was performed next using all the participant responses combined. The same major themes resulted from this analysis as the first. The major themes were (a) flood barriers, (b) maintaining adequate insurance coverage, (c) damage and destruction aftermath, and (d) planning experience.

Data: The study sample for this qualitative multiple case study consisted of five small business owners in the retail and wholesale industry in northeastern Florida. Four participants (80%) were retail business owners, and one participant (20%) was a commercial business owner. The participants' years of business experience ranged from 11 years to 43 years. Three participants (60%) were male, and two (40%) were female. The average interview time was 20 minutes, 17 seconds. Among the most frequent codes from the qualitative analysis were cash reserves, friends and family assistance. The most frequent repeated code was immediacy because of the need to maintain business continuity in the aftermath of a natural disaster. Experience with natural disaster planning may be a key to surviving in the aftermath of a natural catastrophe. The frequent codes mentioned by participants from the data analysis appear in Table 1.

Table 1. 10 Frequent Codes Mentioned by Participant

	P1	P2	P3	P4	P5	Frequency
Planning Experience	3	3	2	2	3	13
Insurance	1	2	3	0	3	9
Cash reserves and lifting merchandise off the floor	2	0	0	3	2	7
Recovery aftermath	3	3	0	3	3	12
Immediacy	3	3	2	3	3	14
Flood barriers	3	4	0	3	3	13
Protecting entrance and exit doors	2	4	0	2	2	12
Location	0	3	3	0	3	9
Family and friends	3	2	1	2	0	8

The second analysis conducted included the most common code word count. Grouping code words allowed the researcher to build code word relationships. Participants' secondary word grouping led to theoretical ideas. The result of this analysis can be found in Appendix A: Tables Table A1.

RESULTS AND DISCUSSION

Through innovative networking with family and friends' small businesses can sustain established businesses in the aftermath of a natural disaster. Free assistance by family and friends after a natural disaster was immediate. Family and friends provided help by repairing fences and doing other clean-up chores to reduce the time before reopening after a natural disaster. Access to on-hand cash immediately after a natural disaster may prevent small retailers from going out of business. For example, a participant in the study reopened hours after the natural disaster because the small business retailer used \$12,000 in cash reserves to repair the damage and destruction (Kemp, 2017). The participants indicated that protective barriers enhanced long-term survival in the aftermath of natural disasters, especially in northeastern Florida, because of the high incidence of flood-related catastrophes. The participants also noted that in the wake of catastrophes, their focus was on maintaining business operations. Business owners believed self-efficacy or confidence contributed to their ability to maintain business continuity. Also, business owners credited their employees, family, and community as survival factors (Kemp, 2017). Resiliency, flood insurance, family, friends, and community support enhanced their perceived control.

Conclusion

Further research to explore the leadership attitudes, responses, and vested interest of small business owners is recommended. Business owners who focused on preparing for natural disasters with the assistance of disaster literature had a better chance of surviving in the aftermath of a natural disaster. The study was limited to northeastern Florida, and the findings may not apply to other areas. As of to date the study has been downloaded and read in 56 countries. A potential limitation of this study was the sample size, conducting further research with more stakeholders may be appropriate. Success strategies small business owners used to avoid permanent business closure in the aftermath of a natural disaster prevented job loss (Kemp, 2017). Lessons learned may stabilize communities in the aftermath of natural disasters by creating and expanding business opportunities. Business owners may prevent business failure from natural disasters with a comprehensive natural disaster plan. Social change through natural disaster preparedness may also increase minority small business owners' chances of surviving the aftermath of a natural disaster. Assistance from family, friends, and the business community produced the concept of disaster recovery through coalition building. The disaster recovery coalition concept of social change may also help sustain displaced families of employees whose businesses were affected by a natural catastrophe.

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