



Weathering the Inflationary Storm 2021-2022: Crisis Management Modalities for the Informal Microenterprise Sector

Kazi Ziaul Zafri^{1*}, Tippawan Lertatthakornkit¹, Sarana Photchanachan¹, Tao Zhu², Walton Wider³

¹Faculty of Management, Shinawatra University, Pathumthani, Thailand, ²Department of Economics and Management, Guangxi Minzu Normal University, Chongzuo, China, ³Faculty of Business and Communications, INTI International University, Nilai, Negeri Sembilan, Malaysia. *Email: kazi.z@siu.ac.th

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ABSTRACT

Although the unforeseen shocks of the global inflation crisis of 2021-2022 rattled business practitioners, investors, and policy-makers, prior research on this phenomenon is centered on “mainstream” business organizations, while the scholarly attention on informal micro-entrepreneurship businesses in the context of crisis management has been relatively sparse. This qualitative study intends to fill this gap in entrepreneurial crisis management literature by investigating the first-hand account of the adversity of the crisis and management practices as the inflation crisis unfolds. Based on semi-structured interviews and the interpretative phenomenological analysis method with 16 informal micro-entrepreneurs from four different informal microenterprise sectors (service, trade, manufacturing, and agricultural) in Thailand, the findings revealed that this sector endured inflationary constraints related to customer base, profit margin, cash holding, and household borrowing. This study simultaneously demonstrates how informal micro-entrepreneurs bricolage responses by optimizing inventory agility and transformative supplier partnerships that shaped the immediate adjustments and doubling down on customer services, offering disruptive products and services, and digital shifting contributed to developing long-term resilient practices to navigate the inflation crisis. Furthermore, to advance our theoretical understanding for bolstering inflation crisis preparedness of micro-entrepreneurship via strategic policy responses with implications for policy-makers are also discussed.

Keywords: Inflation, Crisis Management, Resilience, Informal Microenterprise, Micro-Entrepreneurship

JEL Classification: E31, L26, O17, D22

1. INTRODUCTION

Following the pandemic-induced economic downturn, the inflation crisis of 2021-2022 has emerged as a widespread global phenomenon, exerting its knock-on effect on both developed and developing nations. This crisis poses a potential risk of recession and has substantial detrimental impacts on the world economy (Rogoff, 2022; Ha et al., 2022), as inflation is a crucial economic indicator to influence purchasing power of money. The recent surge in inflation has been derived from diverse factors, including the crises enclosing the Russia-Ukrainian war and the economic repercussions of the COVID-19 pandemic (Ruiz Estrada, 2022; Schmitt-Grohé and Uribe, 2022). Subsequently,

global food security has reached a vulnerable state, leading to the rise in food prices (Hellegers, 2022), while higher energy prices, encompassing oil, gas, and electricity, have further compounded the inflation crisis affecting various regions throughout the world (Prokopowicz, 2022). The global inflation rate experienced an increase from 3.25% in 2020 to 4.7% in 2021. Furthermore, this inflationary period continued, with the rate rising to 8.73% in 2022 (O’Neill, 2023). During 2021-2022, the substantial spike in inflation rates contrasted with the general notion of stability, where 5% is considered a steady inflation rate (Okun, 1971); most major economies encountered near- or above-double-digit inflation, including the USA with 8%, the UK with 9.1% and Turkey with 72.31% (Statista, 2023). Moreover, certain developing countries

even experienced triple-digit inflation rates, with Zimbabwe at 284.94%, Venezuela at 210%, and Sudan at 154.91% (Wisevoter, 2023). Several developing nations in the global South, including Thailand (7.86%), Myanmar (10.51%), Pakistan (24.5%), Sri Lanka (64.3%), Bangladesh (7.56%) (Trading Economics, 2022), and so forth, also became vulnerable and susceptible due to the effects of the inflation crisis in 2021-2022 (Bhowmick, 2023).

The ensuing aftermath of the inflation crisis had severe ramifications, in particular for the Small and Medium Enterprises (SMEs) sector. Recent studies (Pencarelli et al., 2022; Negulescu, 2022), investigating this matter, have discovered a range of adverse effects on SMEs, which include disturbances in the supply chain markets for raw materials and energy, the discontinuation of prior planned business initiatives, the lower degree of investment, and more. Preceding this scholarly research (Mihai Yiannaki, 2012; Herbane, 2013) suggests that during the financial meltdown crisis management serves a substantial role in improving SMEs' management practices that allow them to adjust and enhance their overall business performance. However, in the Asia-Pacific region, where 68.2% of the population makes their living in the informal microenterprise sector (News and Articles [ILO in Asia and the Pacific], n.d.), lacking emphasis on crisis management regarding the global inflation crisis during 2021-2022. In the ensuing phase of economic crises, micro-entrepreneurs often find themselves lacking abundant financial resources and encountering complications in accessing public financial institutions for their start-up businesses due to their poverty and the absence of collateral assets (Mersha et al., 2010; Padiaychee, 2016). These circumstances have had significant impacts on entrepreneurial competencies, employment opportunities, and business financing (Spowage et al., 2022). In this aspect, the existing literature on crisis management predominantly revolves around SMEs, with limited consideration given to the informal microenterprise sector. In addition, these studies often fail to provide practical strategies and policy directions for survival during a global inflation crisis, leaving a significant void in addressing the distinct needs and challenges of micro-entrepreneurship businesses (Herbane, 2010; Mihai Yiannaki, 2012).

Addressing the gaps in the existing literature that pertain to crisis management practices among informal micro-entrepreneurs during the inflationary period of 2021-2022, the current study attempts to utilize a case study approach of informal microenterprise sectors from Thailand and examine the ways how informal microenterprises have competently navigated through the crisis to ensure their survival. The aim of this study is twofold: (1) to investigate the direct experiences of informal micro-entrepreneurs during the inflationary period of 2021-2022 and (2) to discern

the factors that contribute to resilience and crisis management practices along with an analysis of government responses concerning the situation. The outcomes of this research have significant implications as well as offer policy guidance for informal micro-entrepreneurship businesses, contributing to their preparation for potential inflation crises in the future.

2. LITERATURE REVIEW

2.1. Inflationary Phenomenon 2021-2022: In the Context of Crisis

In the business landscape of the past few decades, the potential for experiencing crisis tension has remained a constant factor. From the business perspective, a crisis can be conceptualized as an unanticipated low-probability event that possesses the ability to have a negative impact on firm performance (Salamzadeh and Dana, 2022, p. 39). The polycentric nature of crises enables them to be classified under multiple dimensions based on their onset, whether individual, organizational or environmental/societal, being either sudden or gradual, economic or non-economic, natural or human-induced, and so forth (Rosenthal and Kouzmin, 1997). It is important to pinpoint the recent inflation crisis of 2021-2022, which can be identified as the convergence of sudden, economic, and societal typologies and poses a potential threat of global financial crises. In essence, inflation reflects the overall increase in price levels, which culminates in the decline of the purchasing power of money when it comes to buying products and services (Frisch et al., 1983, p. 10-11). Inflation crises are critical because higher inflation rates drive up the price level of products and supplies, causing a decrease in production capacity, heightened investment risk, and posing barriers to credit allocation for businesses.

The 2021-2022 inflation crisis stipulated multiple unforeseen and major challenges for the survival of the real economy. Supply chain disruptions facilitated as a consequence of inventory issues driven by availability constraints, labor market multifaceted due to insufficient compensation, and destabilized transitional activities are some crucial manifestations of these hurdles in the global business environment (Hilmola, 2022; Nezhyyva and Mysiuk, 2022; Galbraith, 2023).

2.2. Crisis Management and Resilience: The Entrepreneurial Perspectives

In the crisis management discipline, mostly two distinctive approaches are exercised: (1) proactively preventing unforeseen events and (2) lessening the crisis's detrimental impact (Crandall et al., 2014, p. 2). Furthermore, most contemporary discussions extend the domain of crisis management by considering it to be a continuous process that includes both predictable and unpredictable events within the framework of managing crises (Salamzadeh and Dana, 2022, p. 39). In an attempt to unfold crisis life cycles (prodromal, acute, chronic, and resolution) (Fink, 1986), a number of crisis management frameworks have emerged to understand the dynamics and complexities of crises better. Considering the fact that diverse types of crises require distinct approaches for effectively sustaining business operations during challenging circumstances, the fundamental principles of crisis management framework

have revolved around Prevention, Preparation, Response, and Recovery and Mitigation, Prevention, Response and Recovery theory (Heath, 1998; Coppola, 2007; Cross and Perry, 1986). In this regard, public policy serves as an imperative responsive mechanism in crisis management settings. On one side, crises incite bureaucratic tensions among state agencies and all facets of government, spurring puzzle about obligation, accountability, and blaming. On the flip side, crises set up opportunities for policy reforms, a dimension often overlooked in existing crisis management literature (Boin and 'T Hart, 2000). The aftermath of a crisis closely corresponds to the process of policy review that lies within the discipline of crisis management as contingent process intricately tied to the structure of the policy subsystem (Nohrstedt and Weible, 2010). Furthermore, entrepreneurship has matured as a prominent focus in business literature, which led to an expansion of the scope and intricacy of crisis management studies; there are few studies conducted on the field of crisis management in the context of entrepreneurship (Doern, 2014; Smallbone et al., 2012; Runyan, 2006) while the conventional process of crisis response strategies are not sufficient enough to address effectively the complexities of modern-day entrepreneurial crises (Booth, 2015). According to recent research by Doern et al. (2019), from an entrepreneurial perspective during uncertainty, it is imperative to analyze crisis event sequences. In order to gain insight into unconventional methodological perceptions in the entrepreneurship literature, they suggests delving into the six phases of the crisis event sequences previously outlined by Buchanan and Denyer (2013). In this study, Buchanan and Denyer (2013) underscore the significance of longitudinal analyses in crisis management through the crisis phases of incubation, event, crisis response management, investigation, organizational learning, and implementation. During the initial incubation period, concentration is placed on contingency planning in the pre-crisis stage (Eriksson and McConnell, 2011), in the event phase, continue to focus on identifying warning signals for crisis detection (Mitroff et al., 1987, p. 285), crisis response management stage signifies robustness of decision-making process and strategies during the crises (Paraskevas, 2006). Subsequently, the investigation phase attempt to understand the crisis's root causes and effects to improve the contingency planning process (Khan et al., 2005); the fifth stage remains to focus on ensuring long-term viability from organizational learning through crises (Wang, 2007) and finally to build transformative capacities for the post-crisis growth, implementation phase integrates lessons learned from the crisis inquiry with change management approaches (Kovoor-Misar, 2020, p. 12).

In the entrepreneurship discipline, amidst unanticipated events, resilience dimensions (hardiness, resourcefulness, and optimism) reduce the probability of entrepreneurial failure, particularly in the face of adverse situations (Ayala and Manzano, 2014). However, empirical aspects of identifying resilience factors at the micro-entrepreneurial level receive inadequate attention in the business literature (Linnenluecke, 2017; Iyengar et al., 2021). Therefore, considering an entrepreneurial standpoint, conducting research on exploring how micro-entrepreneurship businesses survive crises in unpredictable business environments maximizes our insights into crisis management and resilience literature to lessen risk factors associated with crises.

Entrepreneurship is a multi-level phenomenon where informal micro-entrepreneurial ventures wield significant influence over entrepreneurial endeavors, which poses a challenge to the generalizability concept in research design (Bögenhold et al., 2016, p. 17). Gherhes et al. (2016) also added to this discussion by differentiating micro-entrepreneurship business experiences from SMEs in terms of business knowledge, skills, and managing growth. Furthermore, several research studies have focused on SMEs' crisis management approaches in the midst of economic crises. These approaches primarily involve conducting financial management (Kottika et al., 2020), deferring investment (Thorgren and Williams, 2020), and undertaking innovative and proactive actions (Soinin et al., 2012). In this context, although, in the circumstances of economic crises, crisis management sets up our understanding of policy change and institutional building initiatives for long-term microenterprise development (Braun, 2013; Acs and Szerb, 2007), such studies remain sporadic in the crisis management literature (Sawang, 2023). Herein, our argument centers on the premise that in the context of crisis management, the existing survival strategies of SMEs and government policy on entrepreneurial development resulting from previous economic crises may not be as strategic for informal micro-entrepreneurship businesses in managing today's inflation crisis dynamics (Booth, 2015; Zamoum and Görpe, 2018, p. 205) because of institutional barriers access to credit and other financial services, minimal technology and bureaucratic hurdles and limited scope of entrepreneurial skill development (Omiti and Kimuyu, 2000; Staplehurst and Ragsdell, 2010). Furthermore, most of the entrepreneurial crisis management literature overlooks how the aftermath of the crisis leads to potential trajectories of policy development from the perspective of change management (Chatzinikolaou and Vlado, 2022). These can result in the formulation of ineffective policy along with impeding micro-entrepreneurial growth.

To address this oversight, we aim to delve into how the inflation crisis impacts informal micro-entrepreneurship businesses and seek out the defining factors that foster the resilience and crisis management practices that facilitated the business continuation process during the economic crisis, with a particular emphasis on 2021-2022 inflation. Understanding the impact and survival process during the 2021-2022 inflation crisis in the presence of crisis management can yield crucial theoretical advancements in laying out inflation crisis models for informal micro-entrepreneurship businesses and advancing new contemporary approaches toward public policies for entrepreneurship development that address novel and unforeseen issues arising from inflationary crises.

3. EMPIRICAL CONTEXT AND METHOD

3.1. Case Study: Investigating the Effects of the 2021-2022 Inflation Crisis on Informal Microenterprise Sectors in Thailand

This research focuses on micro-entrepreneurs active in Thailand's informal economy. Considering that informal micro-entrepreneurial ventures in Thailand contribute to 46.2% of the country's GDP (World Economics, 2023), assessing the consequences of the 2021-2022 inflation crisis becomes paramount.

Since 42.1% of urban Thailand's employment is informal, we selected Bangkok city as the focus of our study, where a noteworthy 28.4% of this informal workforce takes place, representing a substantial portion of urban Thailand's informal microenterprise sector (Poonsab et al., 2019). Investigating Bangkok conveys a distinctive opportunity due to its record high inflation rate during 2021 and 2022 since the 2007-2008 financial crisis in Thailand (Thaichareon and Staporncharnchai, 2022) to investigate the impacts of the 2021-2022 inflation crisis on informal micro-entrepreneurs in Thailand can provide an excellent context for comprehending the inherent resilience process in crisis management.

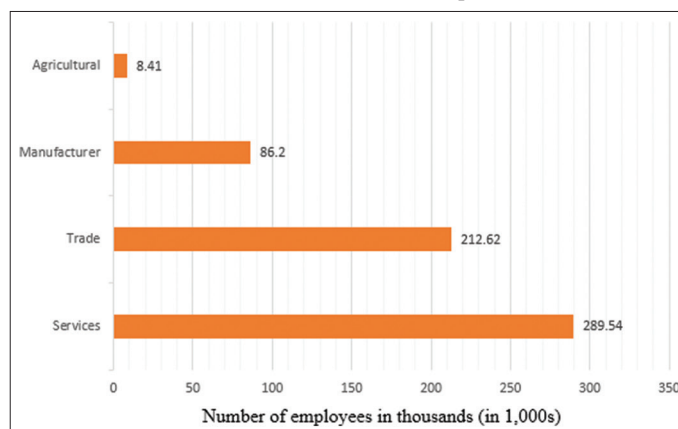
3.2. Research Approach

To comprehensively capture the detailed accounts of lived experiences of informal micro-entrepreneurs, this qualitative research applies an inductive, phenomenological approach that fits economic discourse and can unfold the underpinning causes of economic and social tension, particularly within the settings of global economic phenomena of the 2021-2022 inflation crisis (Düppe, 2011, p. 7). Moreover, amidst abrupt economic uncertainty, a phenomenological approach can furnish contextual insights and foster a more profound comprehension of its unfolding dynamics (Pisarik et al., 2017).

3.3. Sampling Frame

For the purpose of attaining a robust view of understanding how participants' experiences unfolded during the inflation crisis phenomenon and maintaining a balanced diversity within the fields of informal microenterprise sectors in Thailand, a stratified purposeful sampling strategy was adopted when selecting participants in the sampling frame which requires a relatively small number of samples for "generalization or statistical representativeness" (Patton, 1990, p. 174). By using a stratified purposeful sampling strategy, the population was segmented into strata, and the sample was selected from strata to reflect the characteristics of interest in the population (Onwuegbuzie and Leech, 2007). In the present study, the sample was stratified by identifying sectors (services, trade, manufacturing, and agricultural) representing Thailand's highest number of microenterprise employees, as depicted in Figure 1. Afterward, it was finalized to interview a total of 16 participants (14 female and 2 male) initially based on the prior research on a similar approach that attained the point of data saturation (Zafri et al., 2023; Burhan et al., 2021), with five participants representing the services sector, five from trade sector and three representing from manufacturing and agricultural sector, respectively. In addition, this study considered inviting more participants if it did not get to saturation. This study was carried out in the five local street markets where a significant portion of informal micro-entrepreneurship businesses operate at Pratunam Night Market, Bang Khae Market, Pak Khlong Talat (Flower Market), Chinatown Night Market, and Don Wai Market located in the Bangkok city in Thailand. There were two inclusion criteria: participants needed to belong to the subset of the informal microenterprise sector presented in Table 1 and be active in business for a minimum of 3 years prior to the data collection to ensure relevance and conformity with the inflationary period. Any informal micro-entrepreneurship businesses initiated after 2021 were excluded from this study.

Figure 1: Number of microenterprise employees in Thailand by sector in 2022. Source: Statista Research Department, 2023



3.4. Data Collection

The interview protocol was semi-structured and consisted of six blocks of questions covering the following topics: (1) contingencies preparedness prior to the inflationary period drawing from past business experiences (2) anticipated information concerning the inflationary crisis event (3) impact and repercussions of inflation in 2021-2022 (4) measures to managing the crisis throughout the 2021-2022 inflation (5) the primary arguments behind the inflation crisis event (6) the lessons learned through the resilience experience during the inflation crisis. In the latter case, the learning experience is transitioned into the recommendation and implementation phase from a change management standpoint (Buchanan and Denyer, 2013). A pilot interview was conducted to improve the comprehensibility and communication with the participants (Majid et al., 2017). After minor revisions of the interview questions, the definitive version of the interview protocol was conducted in August 2023.

To conform to ethical procedures prior to each interview, the researchers explained the intent of the study, and a consent form was signed to maintain the confidentiality of the participant's identity (Orb et al., 2001) and also apprised of their voluntary participation and their right to withdraw from the research at any point. To establish a rapport with the interviewees, within the local context, the interview was conducted in the native language with the help of a local bilingual research associate and later translated into English. Each interview was undertaken face to face and audio recorded, lasting approximately 20–25 min, and concurrent notes were also taken immediately following each interview.

3.5. Data Analysis

Considering this study as iterative and inductive and aiming to unfold the essence of lived experiences, an interpretative phenomenological analysis (IPA) (Smith and Shinebourne, 2012) was used to analyze the data, which allows the researcher to gain a deep understanding of how participants assess their individual and interpersonal issues in conjunction with specific events and experiences and induces their voices to be heard (Eccles, 2000). Hence, the IPA analysis signifies accentuating the researcher's interpretation of identical findings from participant's experiences as well as focus on individual's lived experiences rather than

the experience being understood in the context of pre-existing, theoretical preconceptions (Smith and Shinebourne, 2012). The verbatim transcripts served as the data source for IPA analysis following the analytical process depicted in Table 2.

It is important to point out that themes were determined to be saturated and no new themes were emerged following the completion of fourteen interviews and transcripts analysis. However, this study still continued to conduct the rest of the interviews to validate the results, and after sixteen interviews, decided to conclude further data collection (Francis et al., 2010).

3.6. Rigor

This study followed member checking process to meet the “sensitivity to context” criteria (Yardley, 2000) for rigorous qualitative research by providing summaries of each interview with the participants after analyzing the data and considering any insights, obligations, and recommendations remarks from participants to accurately reflect their experiences (Motulsky, 2021). For illustrative purposes consistent with the contexts, the

number of times and the number of participants evidencing each theme is presented in Appendix B.

4. RESULTS AND DISCUSSION

The present study aims to examine the in-depth responses of the study participants relevant to their experiences throughout the inflation crisis of 2021-2022. Four superordinate themes emerged through data analysis, each with subordinate themes that reflected the setting of this research (Appendix A): (1) Initial crisis preparedness and risk detection, (2) Crisis ramifications and revitalization process, (3) Trigger events and the precipitation of crisis, (4) Crisis-driven learning and future readiness.

4.1. Initial Crisis Preparedness and Risk Detection

Superordinate theme one revolves around informal micro-entrepreneurs pre-empt contingency planning and actions before the 2021-2022 inflation crisis, based on their prior business experiences navigating economic disruptions and the identification

Table 1: Profile of the participants (Stratified purposeful sampling)

Sector (Strata)	Business portfolio	Participants code	Gender	Business span
Services	Street food vending (Grilled chicken)	IM-1	Male	3 years
	Street nail grooming service	IM-2	Female	3 years
	Automobile cleaning service	IM-3	Female	10 years
	Herbal skin care service	IM-4	Female	6 years
	Street food vending (Homemade ice cream)	IM-5	Female	5 years
Trade	Apparel retail	IM-6	Female	8 years
	Bedding merchandise	IM-7	Female	4 years
	Mobile accessories trading	IM-8	Female	10 years
	Street jewelry vending	IM-9	Female	3 years
	Artisan woodwork trading	IM-10	Female	10 years
Manufacturing	Handmade basket merchandise	IM-11	Male	12 years
	Craft vending (Pottery)	IM-12	Female	4 years
	Craft vending (Woven bag)	IM-13	Female	15 years
Agricultural	Plant nursery	IM-14	Female	30 years
	Floral merchandise	IM-15	Female	20 years
	Floral merchandise	IM-16	Female	18 years

Table 2: Data analysis process using the IPA method (Smith and Shinebourne, 2012)

Steps in IPA analysis	Levels of analysis	Description of analysis
Read and reread the transcript thoroughly	Familiarization/gaining insight	Thoroughly read and revisited the transcripts to evolve into participants’ accounts and uncover novel insights.
Take initial notes	Looking to identify Initial themes and code data in the transcript	Annotate key responses through line-by-line examination (Chenail, 2015) by analyzing similarities, contrasts, and connections from the participants’ comments.
Merge cluster codes into emergent themes	Establish connection between participants responses and the researcher’s interpretation within the themes.	Some common initial themes were clustered together based on their connections and relationships and developed into emergent themes with titles to ensure each theme represented a higher degree of abstraction and implied a more meaningful interpretation of participant’s responses.
Connecting the themes	Seeking for connections across the emergent themes	Determined connections across emergent themes, identified patterns between them, and listed all the emergent themes to summarize them.
Repeat analysis for each transcript	Discern repeating patterns and also identify new emergent themes	A process of iteration was pursued at this point, and transcripts and earlier cases were reviewed as new themes emerged.
Cluster emergent themes, group them into superordinate themes and produce the final master table of themes	Determine connections and patterns across the most significant themes within each transcript and across cases	Developed a master table of themes to demonstrate the emergent themes across all the transcripts to identify convergence and divergence, then clustered them into groups and compiled them into superordinate themes based on evidence and their relationships with them.

and prediction regarding the potential crisis impacts and risks associated of the 2021-2022 inflation.

4.1.1. Limited scope of contingency planning

In this study, the majority of the participants pointed out that neither public nor private institutions nor the government had implemented any institutional approaches to provide guidance or training about navigating inflation crisis challenges, resulting in most of the informal micro-entrepreneurs from this study exercised spending restraint as an only self-resilience strategy to minimize the plausible risk of 2021-2022 inflation crisis. As expressed by one informal micro-entrepreneur of street food vending (IM-5):

“It was difficult. There wasn’t any planning or training. [...] We did everything by ourselves. We didn’t have any preparation. But we tried to buy necessary things only.”

The responses perceived by most participants reflect that there was limited scope for contingency planning within the informal micro-entrepreneur settings due to the absence of attention and consideration, particularly from governmental institutions, in terms of conducting advance assessments for the inflation crises.

4.1.2. Limited crisis anticipation

Almost all participants of this study expressed about obtained scattered information from social media and news platforms regarding the crisis event and its potential consequences prior to the inflation of 2021-2022. According to one floral merchandiser (IM-16):

“Well, there was some news on Facebook and TV. I watched and thought, ‘What’s going on these days? Why has the economy been so bad recently?’ [...] But we didn’t get much information about it [...]”

Following the participants’ comments, the findings of this study discovered the absence of organized, detailed information from the regulatory institutions caused an inflationary shock within the informal microenterprise sector. Therefore, most participants had limited opportunity to assimilate the information and knowledge, obstructing their knack to anticipate the inflation crisis event in 2021-2022.

4.2. Crisis Ramifications and Revitalization Process

Superordinate theme two places particular emphasis on how unexpected inflationary pressure in 2021-2022 posed a detrimental impact not only on informal micro-entrepreneurs’ businesses but also on their individual lives. Moreover, this was also followed by discussions relating to how informal micro-entrepreneurs use different crisis management approaches to build resilience.

4.2.1. Impact on the businesses

All of the participants in this study experienced disruption in their business operations, with a limited customer base appearing the most detrimental impact. Participants of this study reported that because of high inflation, customers were more focused on spending on essential items only and curtailed their expenditures in an effort to save. The frustration was expressed by a handmade basket merchandiser (IM-11):

“It was harder to sell. Because customers wanted to hold onto their money. [...] They wouldn’t buy if something were not necessary.”

Most of the participants stated that, on the one hand, there were declining sales; on the other side, rising business operation costs resulted in narrower margins of earnings within their businesses. For example, one informal micro-entrepreneur of herbal skin care service (IM-4) explained that:

“The last two years of inflation caused loss of customers and causing sales to decrease. [...] Business expenditures were increasing, yet we continued to sell the same as before, and we can’t do anything about it.”

Several study participants encountered limited cash holding due to deteriorating earnings and severe cash deficit issues, eventually leading to capital constraints in their business operations. According to a craft vendor (IM-12):

“Our capital was shrinking [...] There wasn’t enough cash on hand. Because most of the cash from our business needed to pay for the shipping and raw materials.”

In sum, participants within this context discussed the repercussions of the complex financial impact on carrying out business affairs amidst the immense pressure of an uncertain inflation situation, posing a threat to the sustainability of their businesses.

4.2.2. Impact on households

One of the pressing issues identified by the participants of this study was how the 2021-2022 inflation aggravated household borrowing and lending behavior due to a significant decline in their business earnings in tandem with the rising cost of living expenses. The micro-entrepreneur of floral merchandise (IM-16) expressed:

“[...] Water and electricity bills were increasing. Even Mama Noodle’s prices have increased, but our income is still the same. [...] We putting our pickup van into the mortgage and paying installments for interest. Because we drained all of our savings.”

The uncertainty and ambiguity regarding the severity and longitudinal impact of the 2021-2022 inflation crisis caused socioeconomic disparities and vulnerability, evident not only in their business performance but also on the interpersonal level around the informal microenterprise sector.

The response from informal micro-entrepreneurs during the 2021-2022 inflation crisis was mainly incurred in an effort to minimize losses. Notably, they were inquired about their immediate response to the crisis and how they revised their business operations during the revitalization process.

4.2.3. Inventory agility

Similar to other South Asian countries, Thailand had been facing accelerating inflation from around April 2021 (Kasikorn Research Center, 2021). To reduce the unprecedented cost of demand uncertainty and avoid inventory obsolescence during the early inflation period, most of the participants initially stressed

quickly adapting to inventories to align with customer demand, as explained by an apparel retailer (IM-6) from trade micro-enterprise sector:

“[...] we reduced the inventory. We were used to ordering a lot of inventory. Before we ordered 5 clothing sets. Then, only 1 set. [...] We see which product is necessary and which can be sold. Anything that can't be sold, we didn't order again.”

In an attempt to reduce the risk associated with excess inventory and to increase liquidity, participants in this study demonstrated inventory agility, which helped them to build up the ability to immediately mitigate the detrimental effects caused by the 2021-2022 inflation crisis event.

4.2.4. Transformative supplier partnerships

Several participants established a positive partnership mindset with their suppliers to avoid losses during the early stage of the inflating crisis. Participants highlighted the way product discounts, acquiring additional raw materials, and deferred payment planning transformed the supplier relationship towards a partnership. For example, one nursery micro-entrepreneur (IM-14) particularly emphasized her immediate action on establishing credit agreement with her supplier following the sale of products:

“[...] our supplier offered to give us the product on credit first. They allowed us to sell the product first and then repay the credit.”

This finding implies that under financial adversity transformative supplier partnerships for strategic sourcing influence the financial performance of the business to develop resilience (Pal, et al., 2014).

4.2.5. Double down on customer services

Notably, during the revitalization process, rather than increase the product price, the majority of the participants alternatively were involved in doubling down on customer service in terms of activities like strengthening customer interaction, granting product exchanges without additional charges, offering complimentary products and free delivery services in order to add value beyond the price and contributed to developing lasting relationships with customers. Based on a street jewelry vendor (IM-9):

“We sold everything at the same price. If we were going to sell at a price that is too expensive, our customers wouldn't buy it. [...] If the customer was not satisfied with our product or lost it, we were happy to exchange it with a new one at no extra cost [...]”

It is significant to mention that during the inflation crisis, participants of this study needed to shift their priorities from soaring prices to doubling down customer service output to carry their businesses in the long run across the inflationary period.

4.2.6. Disruptive products and service offerings

During the recovery phase, a substantial number of participants in this study continued to develop disruptive new products and services to seize the opportunity to facilitate their response efforts

across the portfolio more broadly by diversifying their offerings, as explained by the handmade basket merchandiser (IM-11):

“[...] we added more products. Because sometimes it's difficult to sell one type of product all the time. Like cat toys. Cat toys sell well. [...] we constantly changed the products. If there was demand in the market, we would sell it.”

Most of the participant's accounts suggest that over the protracted era of high inflation in resource-constrained environment, disruptive products and service offerings helped to adapt with changing market conditions (Chen et al., 2017; Gyanwali and Bunchapattanasakda, 2019).

4.2.7. Digital shifting

For long-term business persistence amid the crisis, it was observed that several research participants of this study leveraged digital platforms to shift from traditional business sets up to online operations by participating in e-commerce platforms, social media live streaming, and messenger-based selling (Facebook messenger, Line, WhatsApp) to engage with their customers whilst offering their products and services, including pottery craft vendor (IM-12):

“I have joined groups on Facebook and TikTok. It must be sold to a specific group of customers who genuinely want it. [...] If I couldn't sell anything, sometimes I would go live and sell any leftover products.”

These findings suggest that digital shifting contributes significantly to building up long-term micro-entrepreneurial business resilience to counter the challenges posed by the inflation crisis by reaching potential customers outside of the local market while decreasing overhead costs.

4.3. Trigger Events and the Precipitation of Crisis

The third superordinate theme stresses identifying the notion of perspectives of participants based on their experiences about the underlying causes that led to precipitating the 2021-2022 inflation crisis to gain a comprehensive understanding of the learning process and seek mechanisms for making policy recommendations to implement necessary changes.

4.3.1. Geo-political conflict and war

Based on the experience, the majority of the participants' accounts indicate that one of the crucial reasons for igniting the 2021-2022 inflation crisis was the geo-political conflict stemming from the Russia-Ukraine war. The merchandiser of the handmade basket (IM-11) illuminates the issue as he acknowledged:

“I think it might be the world economy. [...] It started with the Russia-Ukraine war. It caused the fertilizer price to go up. Because we rely on fertilizer from Russia. Right now, Russia does not export fertilizer [...]”

Drawing from the Participant's accounts, it is evident that Russia's invasion of Ukraine led to a spike in food and energy prices and fuelled the global inflation crisis from 2021 to 2022 (Zhou et al., 2023).

4.3.2. Pandemic-induced constraints

A closer investigation of participant's accounts disclosed that the long-term pandemic exerted pressure on economic activities, predominantly driving the inflation crisis through demand shock as customers pulled back on their consumption and a supply shock as business limited their operations. As stated by the street jewelry vendor (IM-9):

“Well, we had lots of difficulties during the Covid-19 period and still dealing with them. [...] Raw materials costs are expensive. Transportation costs are increasing. Everything is pricey. But people who depend on daily income are still the same.”

This theme suggested that the recent 2021-2022 inflation crisis stemmed from various pandemic-induced constraints regarding lockdown policies, supply chain bottlenecks, shifting consumer behavior, and more (Bonam and Smādu, 2021; Pilkington, 2021).

4.3.3. Inappropriate governmental strategic policy response

The Majority of the participants in this study believed that inappropriate strategic policy response from the government was an explanatory factor in extending the longevity of the 2021-2022 inflation crisis. For instance, the Thai government's decision to raise electricity prices by 20.5% during the inflationary period pushed inflation to climb even further (Reuters, 2022) and bolstered participants' arguments. The apparel retail micro-entrepreneur (IM-6) in this context stated that:

“The reason, I think, was the government's actions after the pandemic. We had no economic progress in that period [2021-2022]. [...] We were running out of money [...]”

As described by participants, the theme senses the lack of governmental institutional approaches and policy actions to absorb the inflationary shock concerning energy and commodities policies, the allocation of monetary benefits such as inflationary subsidies (Treisman, 1998) led to the prolonged 2021-2022 inflation crisis.

4.4. Crisis-driven Learning and Future Readiness

The final superordinate theme emphasizes the crisis-induced learning that emerged from participants' accounts from the 2021-2022 inflation crisis experience, which can significantly improve future readiness in addressing unforeseen inflationary challenges.

4.4.1. Prudent spending

The majority of the participants' accounts suggest adopting prudent spending habits while making financial decisions and minimizing unnecessary expenditures to develop better financial practices to prepare for future inflation crises, as mentioned by a street nail groomer (IM-2):

“[...] we have to reduce expenses in order to survive. We don't have to buy anything that does not necessarily need to be used.”

The recent inflation crisis experience provides vital lessons to research participants to exercise prudence, which can be crucial for lessening future inflation risk (Sicat, 1998).

4.4.2. Precautionary savings

Most participants emphasized the need for precautionary savings for potential exacerbating of inflation crises as a way to build a safety net for both businesses and households. In view of this, a homemade ice cream vendor (IM-5) stated that:

“[...] well, in the future, we need to save more money. Saving money is the first thing for survival.”

It is important to highlight that informal micro-entrepreneurship businesses face higher income risk amid economic shocks primarily due to their limited accessibility to public financial services, where precautionary savings can play a crucial role in minimizing future unexpected financial losses during inflation (Hurst et al., 2005).

4.4.3. Slack resources

Building a slack buffer of multiple resources (raw materials, operational assets, and others) is one of the key aspects that the majority of research participants shared in order to enhance their resilience towards unforeseen inflation challenges in the future. For example, the herbal skin care service provider (IM-4) particularly emphasized preserving inventory in case of further raw materials price increases:

“It's just we have to save. I will save on inventory first to reduce expenses. [...] we don't know in future what will hit the market.”

This inference signifies that informal micro-entrepreneurs can leverage slack resources to build immediate absorptive resilience to withstand the shock of unexpected inflation challenges.

4.4.4. Information timeliness and richness

Most of the participants of this study concentrated on paying attention to closely following diverse information sources in order to detect risks associated with potential inflation crises, like following artisan woodwork trader (IM-10):

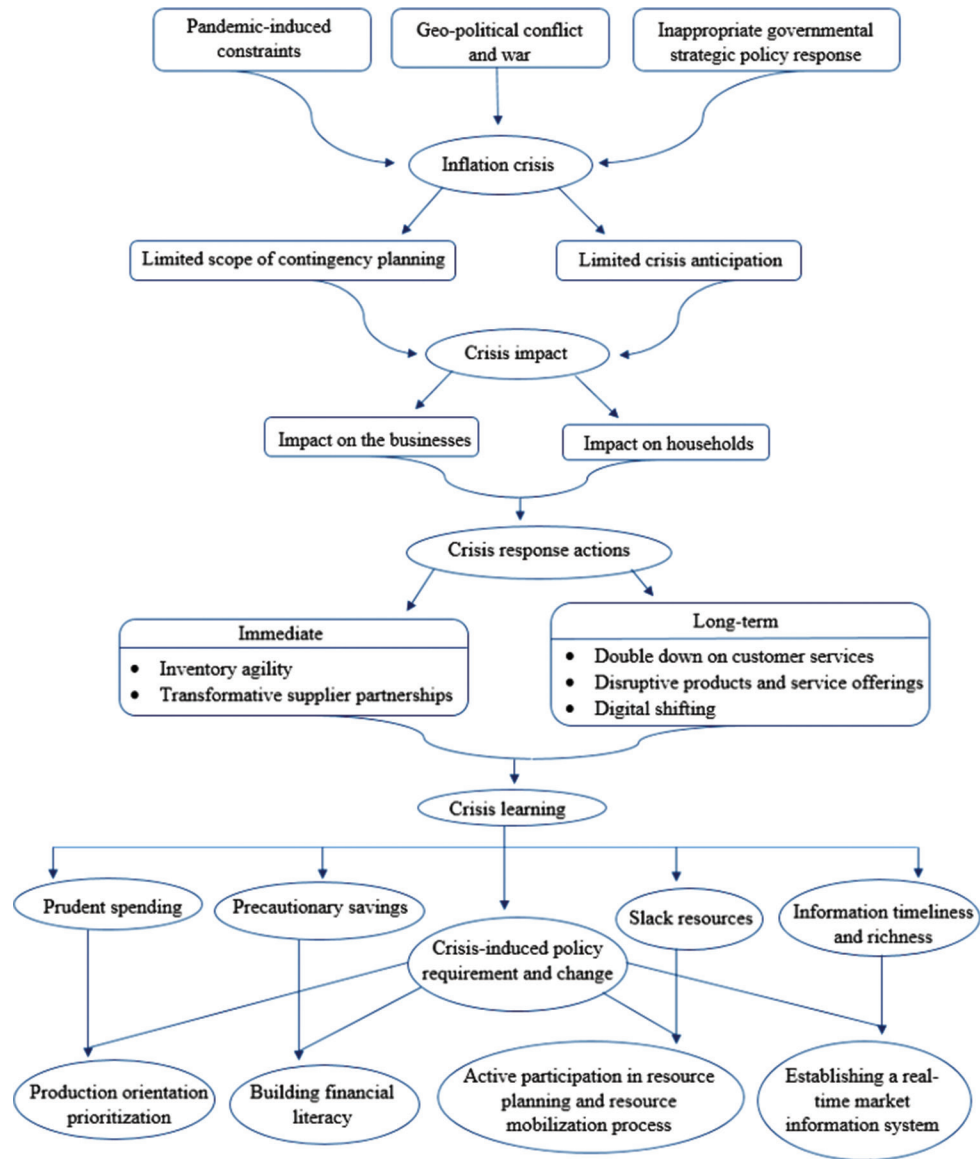
“[...] we need to follow the news every time.”

In this research, participants encountered a deficiency of reliable information, making it problematic to anticipate the inflation crisis of 2021-2022. The findings from this study demonstrate the importance of information timeliness and richness related to up-to-date economic circumstances, price fluctuations, and supply chain interruptions, which are essential to predicting inflation crisis events and adapting to the changing business environment.

An important contribution of this study is the development of a dynamic conceptual framework derived from the interview results, which precisely demonstrates the interrelationship of emerging components within the crisis management process during the period of inflationary pressure.

As depicted in Figure 2, the findings of this study support that the primary antecedent factors that influenced the inflation crisis event were geopolitical conflict and warfare, pandemic-induced constraints, and the absence of proactive government policy in

Figure 2: The proposed conceptual framework: Crisis management for inflation in the informal microenterprises



identifying and addressing inflation crisis issues. Due to the lack of attention from the government toward policy development for establishing crisis preparedness, there was limited opportunity for contingency planning along with the deficiency of detailed information sources led to limited ability to anticipate the inflation crisis. Consequently, because of the absence of timely and appropriate actions from governmental and state agencies, the inflation crisis had severe impacts both on their business and households, which ultimately shaped their responsive measures, as reflected in the proposed conceptual framework. Different strategies emerged in response to the inflation crisis event, incorporating optimizing inventory agility and transformative supplier partnerships as immediate responses and prioritization of customer service output, offering disruptive products and services and adapting to digital shifting as long-term recuperation mechanism. Considering the 2021-2022 inflation crisis event, the proposed conceptual framework highlights the significance of prudent spending, precautionary savings, utilizing slack resources, and ensuring detailed information sources in time as

learning feedback that can sharpen inflation crisis readiness for the informal microenterprise sector. Finally, to mitigate vulnerabilities for future inflation crises, the proposed conceptual framework identifies some predominant factors to offer preliminary policy requirements for bureaucratic institutions under the lens of change management perspectives (Buchanan and Denyer, 2013). At the outset, to instill prudent financial behavior, the adoption of a production orientation approach can be beneficial for the informal microenterprise sector for inflation crisis preparedness (Lynch et al., 2012). For future inflation crisis readiness, a government-supported policy strategy of fine-tuning production-orientation procedures to ensure cost-efficient production in manufacturing informal micro-entrepreneur's products or services can facilitate more cost-effective raw materials or sourcing supplier channels, ultimately enabling the offering of products or services at affordable prices to customers during periods of inflation crisis. Another significant aspect addressed for policy-makers involves designing and implementing policies that aim to enhance the financial literacy of informal micro-entrepreneurs through the

local government, public financial institutions, media outlets, and other stakeholders. The adoption of financial literacy influences financial behavior and attitude toward facilitating positive liquidity adjustments to establish precautionary savings for household and business emergency preparedness and improve the entrepreneurship business performance (Graña-Alvarez et al., 2022; Behl and Nayak, 2019, p. 199).

The exercise of managing internal and external resources that influence micro-entrepreneurship business performance (physical capital resources, human capital resources, organization capital resources, and social capital resources) (Han et al., 2012) and an urgent need for low-cost production and services, the informal microenterprise sector need to prioritize centralized resource planning and mobilizing resources to address uncertainty during inflation crises, allocate and utilize business resources efficiently, and optimize resource capacity (Hoadley et al., 2009). Establishing a feasible policy framework for effective resource planning and resource mobilization by the government is required to identify and generate the needs and wants of informal microenterprises, particularly in the face of economic uncertainty (Tsilika et al., 2020; Walsh and Maneepong, 2012). The proposed conceptual framework highlights the imperative necessity of the active participation of the informal micro-entrepreneurs community in both the formation of resource planning and the decision-making process for resource mobilization policies to stimulate more informed and innovative decision-making related to policy analysis on the investigation of the feasibility of micro-entrepreneurship development program prioritizing mobilizing potential slack to facilitate streamlining procedures, along with maximizing internal and external resources within the context of inflation crisis preparedness (Lefebvre, 2023). Finally, policy-makers should contemplate the design and implementation of a real-time market information system to support informal micro-entrepreneurial operations, which can serve as an early warning prediction mechanism for high inflation, provide precise and easily accessible information about current market conditions regarding global economic changes, geopolitical events, volatility of price fluctuations, and supply/demand interruptions to enhance inflation crisis emergency preparedness by facilitating informed decision-making, strategic resource planning, heightened control over expenditure, and greater efficiency in resource allocation (Wei and Wang, 2011).

5. THEORETICAL AND PRACTICAL IMPLICATIONS

Theoretically, the results of this exploratory study contribute to entrepreneurial crisis management literature by providing a comprehensive account of the experiences of informal micro-entrepreneurs, with a specific focus on the inflation crisis. There is a significant lack of understanding in the existing literature on the dimensions of protracted inflation crisis when they manifest as real-world phenomena (Colander et al., 2009; Blommestein, 2009), and thus, this study progresses toward in-depth understanding by examining the impact of such crisis event on informal micro-entrepreneurship businesses and their crisis management processes

rather than on formal organizations where most prior research has prioritized (Gortsos, 2023; Wicaksana et al., 2022). This study serves as the first investigative research (to the best of the authors' knowledge) that adds value to the discourse of crisis management in the informal micro-enterprise sector by exploring the direct experiences of informal micro-entrepreneurs in response to the 2021-2022 inflation crisis in terms of learning of their anticipation of the crisis, contingency process, the impact on their businesses and their operational responses beyond a predetermined center on previous literature on impediments to business development and failure. Furthermore, existing crisis management literature predominately offers limited integration between lessons learned and policy action requirements within a unified framework that addresses all phases of crisis to enhance entrepreneurial resilience for future crises from the change management standpoint (Elliott, 2009). This serves as a basis for future policy development for public governance, generating a path to minimize vulnerabilities and improve the efficacy of the contingency planning process for potential inflation crises within informal micro-entrepreneurship businesses.

The findings of this study suggest crucial implications for policymakers and practitioners regarding the management of inflation crises in the informal microenterprise sectors. This study reveals significant shortcomings in the government's management of the 2021-2022 inflation crisis event. This study recommends the government and decision-makers should prioritize establishing adequate inflation crisis management policies, with particular attention to the pre-crisis phase. First, the study underscores the development of training programs, tax credits, and incentives, networking platforms for sourcing low-cost supply chains, and awareness campaigns tailored explicitly to production orientation to bolster entrepreneurial skills within the informal microenterprise sector. Reducing production costs in times of inflation crisis would allow informal micro-entrepreneurs to meet the demands for their goods without compromising their profit margins. Second, due to the dearth of financial literacy, there is the opportunity for the government and its agencies to collaborate with financial institutions, Non-Governmental Institutions (NGOs), and community organizations to conduct workshops, seminars, and training programs aimed at improving the financial literacy of informal micro-entrepreneurs. These programs can contribute to improving their level of financial understanding and financial decision-making skills not only regarding precautionary savings but also managing debt, cost control, and budgeting and forecasting processes, which are essential components in assessing events related to inflation crises. Third, there is scope for the government to strategically prioritize the active participation of informal micro-entrepreneurs in the resource planning and resource mobilization process through online platforms, public hearings, online surveys, and similar channels, which can strengthen the public policy of entrepreneurship development programs, synchronizing with established policies such as the SMEs and entrepreneurship development policy of Thailand (OECD, 2022). This can function as a feedback mechanism and contribute to policy analysis, in particular, addressing future inflation crisis events. Finally, public administrators in government can capitalize on diverse online news media platforms as well as mobile applications to establish

customized notifications and news feeds for events such as sudden price changes or supply chain disruptions to disseminate real-time market information for informal micro-entrepreneurs as a tool for forming effective emergency crisis preparedness for inflation crisis events. Implementing these pragmatic policy measures would better equip the informal micro-entrepreneurship businesses for potential inflation crises and enhance crisis preparedness and resilience.

6. CONCLUSION, LIMITATION AND FUTURE STUDIES

The present study accentuates the major factors that caused galloping inflation and resilience actions in the context of crisis management by investigating a unique case study of Thailand's informal microenterprise sector during the inflationary crisis of 2021-2022. However, during the course of this research it has been observed a significant gap in the planning and preparation for an inflation crisis by the Thai government. The research identified inappropriate government response and a lack of provision of essential resources to informal micro-entrepreneurs to mitigate uncertainty incurred by the 2021-2022 inflation crisis event. To understand the necessities and priorities for the microenterprise sector to determine policy choices and policy alternatives for addressing the inflation crisis ambiguity within the crisis management mechanism, the government ought to embrace an institutional and pre-emptive approach considering the implementation of lessons and recommendations derived from experiences dealing with prior economic emergencies and crises. Moreover, there is often a lack of understanding of the changing trajectory of entrepreneurial activity in tandem with the crisis dynamics (Buchanan and Denyer, 2013). The outcomes of this research have led to the development of a conceptual framework that illustrates how the unforeseen impact of the inflation crisis compelled informal micro-entrepreneurs to adopt different crisis management strategies to ensure the business's survival. In addition, the study reveals how the protracted experience of maneuvering inflation crisis-driven insights of informal micro-entrepreneurs attributed to underlying proactive risk mitigation approaches for policy-makers and practitioners to build effective emergency crisis preparedness for future inflationary crises. This perspective can help to provide new directions to informal micro-entrepreneurship business initiatives across different sectors to make informed decisions and strategic choices to aggregate resiliency of potential inflationary crisis challenges.

Considering the limitation of regional boundaries, the sample of this study is limited to represent precisely informal micro-entrepreneurs from Thailand. A direct generalization of their perspectives and perceptions is therefore, not achievable. Thailand belongs to Southeast Asian countries that share very similar societal and cultural characteristics, behaviors, lifestyles, and values. Our findings resonate with the context of other Southeast Asian countries. However, the limitations of the chosen sample of this study also open the scope of future studies to compare the data in different settings by extending the investigation to cover different geographical locations, which could even consider

inclusion of other countries to further comprehend inflation crisis complications.

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APPENDIX

Appendix A: Summary of superordinate and subordinate themes

Superordinate Theme	Subordinate Theme
Superordinate Theme 1: Initial crisis preparedness and risk detection	A) Limited scope of contingency planning - Self-resilience B) Limited crisis anticipation
Superordinate Theme 2: Crisis ramifications and revitalization process	A) Impact on the businesses - Limited customer base - Narrow margin of earnings - Limited cash holding B) Impact on households - Aggravated household borrowing and lending behaviour C) Inventory agility D) Transformative supplier partnerships E) Double down on customer services F) Disruptive products and service offerings G) Digital shifting
Superordinate Theme 3: Trigger events and the precipitation of crisis	A) Geo-political conflict and war B) Pandemic-induced constraints C) Inappropriate governmental strategic policy response
Superordinate Theme 4: Crisis-driven learning and future readiness	A) Prudent spending B) Precautionary savings C) Slack resources D) Information timeliness and richness

Appendix B: Master Table of themes identified in the analysis with brief selected illustrative quotes. The number of times and the number of participant accounts evidencing each theme is shown in the table

Superordinate and subordinate themes	Number of times each theme was mentioned (across all interviews)	Number of participants mentioned each theme	Illustrative quotes
Initial crisis preparedness and risk detection			
Limited scope of contingency planning	19	12	<i>[...] we didn't have any guidance. Not at all. But we tried to reduce unnecessary expenses. (IM-12)</i>
Limited crisis anticipation	21	13	<i>We have got some ideas from social media. [...] There was some news about oil. (IM-7)</i>
Crisis ramifications and revitalization process			
Impact on the businesses	29	16	<i>[...] Right now, our income has been reduced to almost half. Some customers rarely dare to spend money on our products. (IM-9)</i>
Impact on households	24	13	<i>[...] Everything is expensive. I needed to take a loan with 20% interest from my cousin. (IM-6)</i>
Inventory agility	17	12	<i>[...] we bought stock only when we had an order. If we had no sells, we did not order it. (IM-16)</i>
Transformative supplier partnerships	21	11	<i>They (Suppliers) understood our situation and gave us some extra supplies [...]. There were free products. (IM-8)</i>
Double down on customer services	25	14	<i>We provided free delivery for customers. We adjusted our profits to cover the delivery expenses [...]. (IM-12)</i>
Disruptive products and service offerings	16	10	<i>We offered different types of products for customers. [...]. Sometimes they preferred to buy both new and old types of products together. (IM-10)</i>
Digital shifting	18	12	<i>We asked customers to add our line ID. We regularly update them about our items. [...]. Customers who like our products share our line ID and invite others to visit us. (IM-13)</i>
Trigger events and the precipitation of crisis			
Geo-political conflict and war	14	9	<i>Well, now oil is very expensive. [...]. The war is affecting the world economy. (IM-4)</i>
Pandemic-induced constraints	12	10	<i>[...] probably, because of COVID-19, everything is getting more expensive. (IM-8)</i>
Inappropriate governmental strategic policy response	22	13	<i>I think the government administration made things harder [...]. They were not willing enough to do something about it. (IM-1)</i>
Crisis-driven learning and future readiness			
Prudent spending	20	11	<i>[...] In the past, we were spending money without regretting it. Nowadays it's not possible. (IM-10)</i>
Precautionary savings	27	14	<i>I have to be prepared and save money. We haven't had this type of situation before. [...]. No one expected this. (IM-6)</i>
Slack resources	15	10	<i>We have to prepare for everything. [...]. Anything that can be saved should be saved for future. We have to save the inventory and other materials as well." (IM-11)</i>
Information timeliness and richness	18	11	<i>I still don't know what will happen in the future. [...]. Just listen to the news. (IM-5)</i>