

The Correlation Between Business Sustainability and Government Instability: A Reflective Study on Political Turmoil in Tunisia

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Abstract

Political turmoil often leaves a profound mark on economic landscapes, creating challenges for businesses striving for sustainability. This paper illustrates the intricate correlation between business sustainability and government instability, focusing on the case of Tunisia following the political unrest of 2021. The study explores how political disruptions exacerbate economic vulnerabilities, including high unemployment, inflationary pressures, and fiscal imbalances, further strained by the ongoing impacts of the pandemic. Using a qualitative approach, the research synthesises in-depth literature reviews, government policies, and business case studies to analyse the interplay between governance and corporate resilience. Key questions addressed include: How does government instability impact business operations and long-term sustainability? What strategies can businesses and policymakers adopt to mitigate these effects and promote recovery? Findings reveal that political instability undermines investor confidence, disrupts supply chains, and weakens the foundations of economic growth, posing significant risks to business continuity. The study underscores the importance of fostering robust public-private partnerships, developing adaptive strategies, and implementing structural reforms to address the challenges posed by political and economic instability. Recommendations include enhancing policy transparency, strengthening fiscal management, and promoting innovation to support economic recovery. This paper contributes to the ongoing discourse on the interplay between political and economic systems, offering actionable insights for stakeholders aiming to build resilient economies amidst uncertainty.

Keywords

Sustainability, Instability, Resilience, Recovery, Tunisia

Introduction

The relationship between business sustainability and government instability is a critical area of study, particularly in regions that have faced significant political and economic turmoil. Tunisia, a North African country, serves as a poignant case study in this regard. The country has experienced a series of governance disruptions, including the 2011 Arab Spring uprising and the recent political unrest in 2021, which have had far-reaching implications for the nation's economic landscape (Steuer, 2022).

The political turmoil that unfolded in Tunisia in 2021 provides a valuable opportunity to explore the impact of governance disruptions on the business community. In July 2021, Tunisian President Kais Saied suspended parliament and dismissed the prime minister, citing a constitutional crisis and the need to address the country's economic and health crises (Grewal, 2021). This power grab by the president has had significant implications for the country's democratic institutions and the stability of its business environment.

The political upheaval in Tunisia has had a significant impact on the country's business landscape. Maisigova *et al.* (2021) highlight the importance of the relationship between government authorities, businesses, and civil society in the digital economy, emphasizing the need for a collaborative and supportive regulatory framework. The disruption of this delicate balance in Tunisia has likely exacerbated the challenges faced by businesses, particularly in terms of accessing resources, navigating regulatory hurdles, and maintaining operational continuity.

The political instability in Tunisia has exposed the vulnerability of the country's businesses, particularly SMEs, to external shocks. Bahri, Sakka, and Kallal (2021) found that corruption and political instability can significantly hinder the export intensity of Tunisian SMEs, limiting their ability to access international markets and diversify their revenue streams.

This vulnerability is further exacerbated by the economic challenges facing the country, such as high unemployment, rising inflation, and the lingering effects of the COVID-19 pandemic. Businesses in Tunisia have had to navigate these complex and ever-changing conditions, often with limited support from the government and limited access to resources and financing.

This paper aims to explore the intricate relationship between political instability and business sustainability, with a particular focus on the challenges faced by businesses in Tunisia amidst the country's political turmoil. The study will delve into the impact of factors such as high unemployment, inflation, fiscal imbalances, and the strain induced by the COVID-19 pandemic on the business environment (Hartwell & Devinney, 2021).

The core inquiries guiding this study are as follows: How does government instability affect business operations and sustainability in Tunisia? What strategies can be employed to mitigate the impact of political instability and promote economic recovery in the country?

By addressing these issues and implementing effective strategies, Tunisia can work towards creating a more conducive environment for businesses to thrive and contribute to the country's economic recovery and sustainable development.

Literature review

Stable and effective governance is crucial for creating an environment that supports business sustainability. Maisigova *et al.* (2021) emphasize the importance of the relationship between government authorities, businesses, and civil society in the digital economy, underscoring the need for a collaborative and supportive regulatory framework.

Examining the interplay between business sustainability and government instability is essential for understanding the challenges faced by enterprises operating in volatile political environments. Chatterjee and Chaudhuri (2022) emphasize the importance of firm capabilities and government regulation in maintaining supply chain sustainability during turbulent times, underscoring the critical role that stable governance plays in supporting business resilience.

In the context of Tunisia, the disruption of this delicate balance has likely undermined the ability of businesses to plan, invest, and operate with confidence. Adebayo's (2022) findings on the role of political stability in shaping the relationship between renewable energy consumption and environmental sustainability suggest that a stable government can be a critical enabler of long-term business strategies and sustainable practices.

Furthermore, Adebayo (2022) explores the role of political stability in shaping the relationship between renewable energy consumption and environmental sustainability in Canada. While the context is different, the findings suggest that political stability can be a crucial factor in enabling businesses to invest in sustainable practices and technologies, which are essential for long-term growth and resilience.

Bahri, Sakka, and Kallal (2021) have examined the impact of corruption and political instability on the export intensity of small and medium-sized enterprises (SMEs) in Tunisia. Their findings suggest that political instability and regulatory obstacles can hinder the ability of SMEs to engage in international trade, thereby undermining their long-term sustainability. This underscores the importance of a stable and transparent government in fostering a conducive environment for business growth and development.

Tunisia has been grappling with a prolonged period of political instability since the 2011 Arab Spring uprising, which led to the overthrow of the authoritarian regime of Zine El Abidine Ben Ali (Hakimi *et al.*, 2022). The subsequent years have been marked by a fragile democratic transition, frequent changes in government, and ongoing social and economic challenges.

The political turmoil has had a significant impact on the Tunisian business landscape. Uncertainty surrounding government policies, frequent policy changes, and a lack of policy continuity have created an environment that is challenging for businesses to navigate (Mandeya and Sin-Yu,

2022). This, in turn, has led to a decline in foreign direct investment (FDI) and a slowdown in economic growth, further exacerbating the country's economic woes.

The political instability in Tunisia has had far-reaching consequences for the business community. Businesses have had to contend with a range of issues, including high unemployment, rising inflation, and fiscal imbalances (Malik *et al.*, 2022). The COVID-19 pandemic has further compounded these challenges, leading to supply chain disruptions, reduced consumer demand, and financial strain on businesses.

The uncertainty surrounding government policies and the frequent changes in leadership have made it difficult for businesses to plan and invest for the long term. This has led to a decline in business confidence and a reluctance to undertake new projects or expand operations (Raza *et al.*, 2021). Additionally, the lack of a stable regulatory environment has created challenges for businesses in terms of compliance and operational efficiency.

One of the key gaps in the current literature is the lack of in-depth analysis on how political turmoil specifically affects small and medium-sized enterprises (SMEs) in Tunisia. While there are studies that examine the broader economic impact of governance challenges, the unique vulnerabilities and resilience strategies of SMEs remain underexplored (Branislav, 2022). Additionally, the existing research tends to focus on the macroeconomic implications, such as foreign investment and sectoral growth, without delving into the granular experiences of individual businesses (Yang, 2022). To address this gap, future studies should investigate the coping mechanisms employed by Tunisian SMEs during periods of political instability, as well as the differential impacts across various industries.

The existing literature on Tunisia's economic and political landscape provides valuable insights into the interplay between governance challenges and corporate resilience. Several studies have examined the country's transition to democracy following the 2011 Arab Spring uprising, highlighting the persistent power struggles and policy uncertainties that have undermined economic stability (Mansouri, 2022). These political dynamics have had a significant impact on foreign direct investment, with investors often wary of the volatile environment (Dahmani *et al.*, 2022). Furthermore, the literature suggests that certain sectors, such as the information and communication technology (ICT) industry, have been more resilient to the effects of political turmoil, underscoring the need for a more nuanced understanding of sectoral differences (Dahmani *et al.*, 2022).

The existing literature highlights the complex and multifaceted relationship between business sustainability and government instability in Tunisia. On one hand, political turmoil can disrupt supply chains, deter foreign investment, and create an uncertain policy environment, all of which can undermine the long-term viability of businesses (Branislav, 2022). This is particularly true for SMEs, which often lack the resources and diversification to withstand prolonged periods of economic upheaval (Yang, 2022). On the other hand, some studies suggest that businesses can develop adaptive strategies to navigate political instability, such as diversifying their customer

base, exploring new markets, or leveraging digital technologies (Dahmani *et al.*, 2022). The degree to which businesses can maintain sustainability in the face of government instability may depend on factors such as industry, size, and access to resources.

The literature on the impact of political turmoil on Tunisian businesses paints a complex picture. While the 2011 Arab Spring uprising initially brought hope for democratic reform and economic prosperity, the subsequent power struggles and policy uncertainties have had a significant impact on the business environment (Mansouri, 2022). Foreign direct investment, a crucial driver of economic growth, has been particularly affected, with investors wary of the volatile political climate (Dahmani *et al.*, 2022). This has had a disproportionate impact on certain sectors, such as the ICT industry, which has demonstrated greater resilience compared to other industries (Dahmani *et al.*, 2022). However, the literature also suggests that some businesses have been able to adapt and develop strategies to navigate the challenges posed by political instability, underscoring the need for a more nuanced understanding of the factors that contribute to corporate resilience.

The Tunisian experience provides valuable lessons for understanding the complex relationship between business sustainability and government instability. The country's transition to democracy following the Arab Spring has been marked by persistent power struggles and policy uncertainties, which have had a significant impact on the business environment (Mansouri, 2022). While some sectors, such as the ICT industry, have demonstrated greater resilience, the overall impact on foreign investment and sectoral growth has been substantial (Dahmani *et al.*, 2022). The literature suggests that businesses, particularly SMEs, have had to develop adaptive strategies to navigate the challenges posed by political turmoil, underscoring the need for a more comprehensive understanding of the factors that contribute to corporate resilience (Ridge, 2022). As Tunisia continues to grapple with the legacy of the Arab Spring, the lessons learned from its experience can inform policymaking and business strategies in other countries facing similar challenges.

To address the challenges posed by political instability and promote business sustainability in Tunisia, a multifaceted approach is required. This may involve:

1. Strengthening the rule of law and promoting policy continuity to provide a more stable and predictable business environment.
2. Investing in infrastructure development and improving access to finance to support business growth and resilience.
3. Implementing targeted support measures, such as tax incentives or subsidies, to help businesses weather the economic downturn.
4. Fostering public-private partnerships and collaborative efforts to address the country's economic and social challenges.

Methods

The research employs a qualitative methodology to examine the intricate correlation between business sustainability and government instability, with a focus on Tunisia following the political

unrest of 2021. The study synthesises in-depth literature reviews, policy analyses, and business case studies to capture the multifaceted impacts of political disruptions on economic and corporate resilience. This approach enables a comprehensive exploration of key factors, including high unemployment, inflationary pressures, and fiscal imbalances, which were further exacerbated by the pandemic.

Data sources include governmental reports, economic performance indicators, and corporate case studies, providing diverse perspectives on the interplay between governance and business operations. The analysis also draws from global and regional studies to contextualise Tunisia's experience within broader patterns of political and economic instability. By triangulating these sources, the study ensures a robust understanding of how political disruptions undermine investor confidence, disrupt supply chains, and challenge long-term business sustainability.

The analytical framework integrates theoretical insights on economic resilience with empirical observations from the Tunisian context. This structure allows for an evaluation of the effectiveness of existing strategies, such as public-private partnerships and fiscal policies, in mitigating the impacts of political instability. The research also identifies adaptive strategies businesses can adopt to enhance resilience and outlines structural reforms to address governance challenges. This methodology not only illuminates the specific dynamics of the Tunisian case but also contributes to a broader understanding of the relationship between political instability and economic sustainability.

Analysis/Discussion

How Does Political Stability Impacts Economic and Business Growth?

The relationship between political stability, economic growth, and business resilience has been a subject of extensive research in the field of development economics. Existing theories suggest that political instability can have a significant impact on a country's economic performance and the sustainability of businesses operating within its borders (Emara and El Said, 2021). Political turmoil, such as regime changes, civil unrest, and policy uncertainty, can disrupt the economic environment, leading to decreased investor confidence, reduced access to capital, and disruptions in supply chains (Darendeli *et al.*, 2021). Conversely, political stability and effective governance can foster an environment conducive to economic growth and business sustainability.

The impact of government instability on business sustainability has been observed in various global contexts. In South-East Asia, the tourism industry has been particularly vulnerable to political shocks, as evidenced by the experiences of countries like Thailand and the Philippines (Tuli & Vadiyala, 2022). During periods of political upheaval, tourist arrivals have declined, leading to significant financial losses for businesses in the hospitality and related sectors. Effective crisis management strategies, such as diversifying product portfolios and adapting to changing market conditions, have been crucial for the resilience of these businesses.

The political turmoil in Tunisia, following the 2011 Arab Spring uprising, provides a compelling case study for examining the correlation between government instability and business sustainability. The country's transition to democracy was marked by a series of political crises, including the resignation of the first democratically elected president, the dissolution of the government, and the consolidation of power by the current president, Kais Saïed (Zemni, 2021). These events have had far-reaching consequences for the Tunisian economy and the businesses operating within it. The political instability in Tunisia has had a significant impact on the sustainability of businesses, particularly in key sectors such as tourism, manufacturing, and trade. The uncertainty surrounding the political landscape has led to a decline in foreign direct investment, as investors have become wary of the country's economic and political risks (Radeck, 2022). This, in turn, has limited the access to capital and resources that businesses need to invest in growth and innovation.

Moreover, the disruptions in the political and policy environment have led to frequent changes in regulations, taxation, and other business-related policies, making it challenging for companies to plan and adapt their strategies effectively. This has resulted in increased operational costs, reduced profitability, and, in some cases, the closure of businesses.

Despite the challenges posed by the political turmoil, some businesses in Tunisia have demonstrated remarkable resilience. These companies have adopted strategies to diversify their product portfolios, explore new markets, and invest in technological innovations to enhance their competitiveness (Darendeli *et al.*, 2021). Additionally, businesses have sought to collaborate with local communities and civil society organizations to build social capital and strengthen their resilience to political shocks.

Political Vulnerabilities and Business Stability Disruptions

Tunisia's economic landscape has been marred by significant challenges, particularly during and after the political unrest in 2021. The nation's fiscal imbalances, exacerbated by the political instability, have posed considerable hurdles to economic recovery and growth. According to Habimana (2022), the political turmoil instigated by President Saïed's power grab led to a decline in investor confidence, further destabilising the already fragile economy. The fiscal imbalances were characterised by a growing budget deficit, which the government struggled to finance amidst dwindling foreign investments and aid. This situation was compounded by inflationary pressures that eroded the purchasing power of citizens, thereby stifling domestic consumption and economic growth. The International Monetary Fund (2020) highlighted the critical need for external financial support to mitigate these economic vulnerabilities, approving a US\$745 million disbursement to Tunisia to address the fiscal challenges exacerbated by the COVID-19 pandemic.

In addition to fiscal imbalances, Tunisia faced mounting inflation, which posed a significant threat to economic stability. The inflationary pressures were driven by both internal and external factors, including supply chain disruptions and increased import costs. López (2022) notes that the political instability further aggravated these inflationary trends, as the government's ability to implement effective monetary policies was severely constrained. The rising inflation not only affected

consumer prices but also increased the cost of production for businesses, thereby impacting their competitiveness in both domestic and international markets. This situation necessitated urgent economic reforms to stabilise prices and restore confidence among consumers and businesses alike.

The political unrest also had a profound impact on Tunisia's employment landscape, with rising unemployment rates further exacerbating the economic vulnerabilities. The instability led to a contraction in economic activities, resulting in job losses across various sectors, particularly in industries reliant on foreign investments and tourism. Grewal (2021) highlights that the COVID-19 pandemic had already strained Tunisia's labour market, and the subsequent political crisis only worsened the situation. The high unemployment rates not only increased the economic burden on the government but also heightened social tensions, creating a vicious cycle of instability and economic decline.

Moreover, the political turmoil hindered the implementation of crucial economic reforms necessary for sustainable growth. The government's focus shifted towards addressing immediate political challenges, leaving little room for long-term economic planning and reform. This lack of strategic direction further deepened the economic vulnerabilities, as critical sectors such as infrastructure, education, and healthcare remained underfunded and underdeveloped. The absence of effective governance and policy-making during this period created an environment of uncertainty, deterring potential investors and slowing down economic recovery efforts.

The economic vulnerabilities faced by Tunisia during and after the 2021 political unrest underscore the intricate relationship between political stability and economic sustainability. The challenges of fiscal imbalances, inflation, unemployment, and stalled reforms collectively paint a picture of an economy struggling to navigate through a turbulent political landscape. Addressing these vulnerabilities requires a concerted effort from both domestic and international stakeholders to restore stability and foster an environment conducive to sustainable economic growth.

The political instability in Tunisia had a profound impact on businesses, disrupting supply chains, weakening investor confidence, and straining corporate sustainability efforts. The disruptions in supply chains were particularly pronounced, as businesses faced significant challenges in sourcing raw materials and distributing products both domestically and internationally. Roscoe *et al.* (2022) highlight that the geopolitical disruptions, compounded by the COVID-19 pandemic, necessitated a redesign of global supply chains to enhance resilience. In Tunisia, however, the political turmoil further complicated these efforts, as businesses struggled to adapt to the rapidly changing political and economic environment. The uncertainty surrounding government policies and regulations created additional barriers for businesses attempting to stabilise their supply chains and maintain operational continuity.

Investor confidence, a crucial component of business sustainability, was severely weakened by the political unrest. The unpredictable political landscape deterred both domestic and foreign investors, who were wary of the risks associated with investing in an unstable environment. López

(2022) emphasises that the political crisis in Tunisia led to a significant decline in foreign direct investment, as investors sought safer and more stable markets. This decline in investment not only affected the growth prospects of individual businesses but also had broader implications for the Tunisian economy, as it limited access to capital and technology necessary for innovation and expansion.

The strain on corporate sustainability efforts was further exacerbated by the political instability, as businesses faced increased operational costs and reduced profitability. The rising inflation and fiscal imbalances translated into higher costs for businesses, which struggled to pass these costs onto consumers amidst declining purchasing power. Yu *et al.* (2021) note that the socio-economic shocks resulting from the political crisis necessitated a re-evaluation of business strategies to ensure sustainability in the face of adversity. Many businesses were forced to implement cost-cutting measures, including workforce reductions and scaling back on expansion plans, to weather the economic storm. These measures, while necessary for short-term survival, posed significant challenges to long-term sustainability and growth.

Furthermore, the political instability disrupted the regulatory environment, creating additional challenges for businesses attempting to navigate the complex web of government policies and regulations. The frequent changes in government leadership and policies created an environment of uncertainty, making it difficult for businesses to plan and execute long-term strategies. Habimana (2022) highlights that the lack of a stable regulatory framework hindered business operations and discouraged investment, as companies were unable to predict the potential impact of future policy changes on their operations. This regulatory uncertainty further strained corporate sustainability efforts, as businesses struggled to align their strategies with the evolving political and economic landscape.

The impact of political instability on businesses in Tunisia underscores the critical need for a stable and predictable political environment to foster business sustainability. The disruptions in supply chains, weakened investor confidence, and strained corporate sustainability efforts collectively highlight the challenges faced by businesses operating in an unstable political context. Addressing these challenges requires a concerted effort from both the government and the private sector to restore stability, rebuild investor confidence, and create an environment conducive to sustainable business growth.

Significances of the Stable Government Policies and Political Environment

The political turmoil in Tunisia has posed significant challenges to business sustainability, necessitating a careful evaluation of government and corporate strategies designed to mitigate these disruptions. Government strategies have primarily focused on fiscal policies aimed at stabilising the economy. However, the effectiveness of these measures has been mixed. For instance, while certain fiscal policies have provided short-term relief, their long-term sustainability remains questionable due to the ongoing political instability (Flammer and Ioannou, 2021). In contrast, corporate strategies have shown greater adaptability. Companies have increasingly

relied on operational slack and supply redundancy to cushion against unexpected disruptions, as evidenced by Azadegan *et al.* (2021), who highlight the importance of these strategies in maintaining supply chain stability.

Moreover, structural reforms have been introduced to address systemic economic issues, yet their implementation has been hindered by political challenges. The lack of consistent policy direction has further exacerbated the difficulties faced by businesses. In this context, public-private partnerships (PPPs) have emerged as a potential solution to bridge the gap between government intentions and practical business needs. Pinz *et al.* (2021) argue that PPPs can play a crucial role in achieving sustainability-related objectives by leveraging the strengths of both sectors to foster economic resilience.

Despite these efforts, the success of PPPs in Tunisia has been limited. The political environment has created uncertainties that deter private sector participation, undermining the potential benefits of these partnerships. Tille *et al.* (2021) suggest that lessons from pandemic experiences could inform the governance of future PPPs, ensuring they are more resilient to political upheavals. Therefore, while strategies exist to mitigate disruptions, their effectiveness is contingent upon the political climate, which remains a significant barrier.

Focusing on fiscal policies, the Tunisian government has attempted to stabilise the economy through austerity measures and financial reforms. However, these policies have often been met with public resistance, leading to social unrest that further destabilises the business environment (Flammer and Ioannou, 2021). In contrast, businesses have adopted more flexible approaches, such as diversifying their investment portfolios and engaging in strategic partnerships to mitigate risks.

Ultimately, the effectiveness of both government and corporate strategies is intrinsically linked to the broader political context. Without political stability, even the most well-conceived strategies may falter. Therefore, it is imperative for both sectors to collaborate closely, aligning their efforts to foster an environment conducive to sustainable business operations. This alignment requires a nuanced understanding of the political landscape and a commitment to adaptive policymaking that prioritises long-term stability over short-term gains.

Fiscal policies in Tunisia have been a double-edged sword in addressing business sustainability amidst political instability. On one hand, they aim to restore economic balance by reducing deficits and controlling inflation. However, the implementation of such policies often leads to public discontent, as austerity measures can exacerbate existing socioeconomic inequalities. This discontent can manifest in protests and strikes, further destabilising the business environment (Flammer and Ioannou, 2021). As a result, businesses are forced to navigate a complex landscape where government policies intended to stabilise the economy may inadvertently contribute to instability.

Structural reforms have also been pursued as a means to enhance economic resilience. These reforms typically focus on improving governance, increasing transparency, and fostering a more

favourable business climate. However, the success of these reforms is heavily dependent on political will and stability. In Tunisia, political fragmentation and frequent changes in leadership have hindered the consistent implementation of structural reforms, leaving businesses in a state of uncertainty (Pinz *et al.*, 2021). Consequently, businesses must remain agile, adapting to an ever-changing regulatory environment while advocating for reforms that support long-term sustainability.

Public-private partnerships offer a promising avenue for achieving sustainability-related objectives in Tunisia. By combining the resources and expertise of both sectors, PPPs can drive innovation and efficiency, addressing critical infrastructure needs and fostering economic growth. However, the political instability in Tunisia has posed challenges to the successful execution of PPPs. The lack of trust between the public and private sectors, coupled with bureaucratic inefficiencies, has limited the potential impact of these partnerships (Tille *et al.*, 2021). To overcome these challenges, it is essential to establish clear governance frameworks that ensure transparency, accountability, and mutual benefit.

Despite these obstacles, there are examples of successful PPPs in Tunisia that demonstrate the potential for positive outcomes. For instance, collaborations in the renewable energy sector have shown promise in advancing sustainability goals while providing economic opportunities. These partnerships highlight the importance of aligning interests and fostering cooperation between stakeholders to achieve shared objectives (Pinz *et al.*, 2021). By learning from these successes, Tunisia can develop a more robust framework for PPPs that can withstand political uncertainties and drive sustainable development.

In the face of political instability, resilient businesses in Tunisia have adopted a range of adaptive strategies to ensure sustainability. One key approach is innovation, which allows companies to develop new products, services, and processes that can withstand external shocks. By investing in research and development, businesses can create competitive advantages that differentiate them from less adaptable competitors. This focus on innovation is critical in a volatile environment, as it enables businesses to pivot quickly and respond to changing market conditions (Azadegan *et al.*, 2021).

Stakeholder engagement is another vital strategy employed by resilient businesses. By building strong relationships with customers, suppliers, employees, and communities, companies can create a supportive network that enhances their ability to navigate challenges. Effective stakeholder engagement involves transparent communication, collaboration, and a commitment to addressing the needs and concerns of all parties involved. This approach not only strengthens the business's reputation but also fosters loyalty and trust, which are invaluable assets during times of crisis (Elshaer and Saad, 2022).

Diversification is a third strategy that resilient businesses use to mitigate the risks associated with political instability. By expanding their product lines, markets, and revenue streams, companies can reduce their reliance on any single factor that may be vulnerable to disruption. This

diversification can take many forms, such as entering new geographic markets, developing complementary products, or pursuing strategic partnerships. By spreading risk across multiple areas, businesses can enhance their resilience and maintain stability even in turbulent times (Yuan *et al.*, 2022).

In addition to these strategies, resilient businesses often exhibit a strong institutional orientation, which involves aligning their operations with broader societal goals and values. This orientation can enhance a company's legitimacy and social capital, making it more resilient to external pressures. By prioritising sustainability and ethical practices, businesses can build a positive reputation that attracts customers, investors, and partners who share similar values (Elshaer and Saad, 2022). This alignment with societal values not only contributes to long-term success but also positions businesses as leaders in driving positive change.

Finally, resilient businesses recognise the importance of continuous learning and adaptation. They invest in developing organisational capabilities that enable them to anticipate and respond to emerging trends and challenges. This involves fostering a culture of learning, encouraging experimentation, and embracing change as an opportunity for growth. By cultivating a mindset of resilience and adaptability, businesses can thrive in an environment characterised by uncertainty and volatility (Yuan *et al.*, 2022).

In conclusion, the adaptive strategies employed by resilient businesses in Tunisia offer valuable lessons for navigating the challenges posed by political instability. By focusing on innovation, stakeholder engagement, diversification, institutional orientation, and continuous learning, companies can enhance their resilience and ensure long-term sustainability. These strategies not only enable businesses to withstand external shocks but also position them as leaders in driving positive change and contributing to a more sustainable future.

Conclusion

The political instability that has gripped Tunisia since 2021 has profoundly impacted the country's business environment, presenting a challenging landscape marked by economic volatility and uncertainty. Businesses have struggled to navigate the repercussions of high unemployment, escalating inflation, and persistent fiscal imbalances, which have eroded economic confidence and constrained growth opportunities. These challenges underscore the necessity for strategic interventions aimed at fostering a resilient and sustainable business ecosystem. Strengthening the rule of law and ensuring policy continuity are fundamental steps toward creating a stable and predictable environment where businesses can thrive despite broader political disruptions.

The economic repercussions of instability extend beyond financial metrics to the operational realities of Tunisian businesses. Inadequate infrastructure, limited access to finance, and a lack of robust support systems have further hindered their ability to sustain growth. Addressing these issues requires substantial investments in infrastructure development and financial accessibility, creating a foundation for resilience and innovation. Strategic measures such as tax incentives, subsidies,

and targeted financial support can play a critical role in helping businesses weather economic downturns and maintain operations. Collaborative efforts between the public and private sectors are crucial to implementing these measures effectively, ensuring they address both immediate needs and long-term goals.

In this context, public-private partnerships represent a powerful mechanism for addressing Tunisia's economic and social challenges. These partnerships can mobilise resources, foster innovation, and create synergies that support sustainable growth. Collaborative efforts must prioritise not only economic recovery but also the broader societal implications of instability, such as unemployment and social equity. Strengthening these partnerships will require transparent governance structures, shared accountability, and an alignment of public and private sector objectives. By bridging gaps in resources and expertise, these initiatives can significantly enhance the country's capacity to recover and thrive.

The adaptive strategies employed by resilient businesses in Tunisia offer valuable insights into navigating political and economic instability. Many businesses have adopted innovative approaches, including diversifying revenue streams, leveraging digital technologies, and fostering stronger stakeholder relationships. These strategies highlight the importance of agility and foresight in building resilience. Policymakers and industry leaders can draw on these examples to develop frameworks that not only mitigate the immediate impacts of instability but also enhance the long-term sustainability of the business environment.

Looking ahead, Tunisia's experience offers broader lessons for countries grappling with political turmoil and its economic consequences. By fostering stability, investing in infrastructure, and promoting adaptive strategies, nations can mitigate the risks posed by political instability and create opportunities for sustainable growth. The challenges faced by Tunisia emphasise the critical importance of aligning economic recovery efforts with broader social and political reforms. Through coordinated action, transparent governance, and a commitment to resilience, Tunisia can transform its economic vulnerabilities into a foundation for sustainable development, offering a model for other nations navigating similar challenges.

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