

ACCESSING FACTORS INFLUENCING BUSINESS RESILIENCE: A CONCEPTUAL FRAMEWORK

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Abstract: *This paper discusses the interdependencies among entrepreneurial orientation, digital adoption, institutional support, and business resilience within micro, small, and medium-sized enterprises (MSMEs). Business resilience may be understood as the capacity of businesses to anticipate, absorb, adapt to, and recover from disruption. Entrepreneurial orientation is claimed to boost resilience through the encouragement of innovation, proactivity, and risk-taking; digital adoption strengthens resilience by means of facilitating technologies that improve continuity, flexibility, and market coverage; institutional support in the form of policies, funding, and capacity building anchors the resilience of companies in crisis. Based on current Malaysian and other emerging economy empirical evidence, the paper proposes a conceptual framework whereby entrepreneurial orientation and institutional support both directly influence and interact with digital adoption to inform business resilience. The framework offers testable hypotheses and measurement suggestions for the assessment of these drivers in MSMEs. The model developed here is intended to guide subsequent empirical research and policy formulation to strengthen resilience of MSMEs against growing uncertainty.*

Keywords: *Business resilience, entrepreneurial orientation, digital adoption, institutional support, MSME*

Introduction

Micro, small, and medium-sized enterprises (MSMEs) are vital to the economy of Malaysia. They constitute over 96% of all business companies, create substantial employment, and contribute significantly to GDP (SME Corporation Malaysia, 2024). Despite this, MSMEs are increasingly facing global supply chain disruptions, pandemics, inflationary pressures, and rapid technological change. In order for MSMEs to survive, adapt, and bounce back and to be resilient which is increasingly important.

While many internal and external drivers lie behind MSME resilience, this paper focuses on three that are especially relevant in Malaysia today: entrepreneurial orientation (EO), digital adoption, and institutional support. All have been closely related to the degree of how MSMEs adapt to disruptions in recent research. Observing how EO, digital adoption, and institutional support interact (or separately) influence resilience will help researchers, entrepreneurs, and policy-makers design interventions more effectively and with a higher level of impact.

The objectives of this paper are: (1) to compile recent literature (2022–2025) on EO, digital adoption, and institutional support in relation to resilience; (2) to formulate a conceptual framework to outline hypothesized relationships among them; and (3) to suggest empirical measurement items and methods for model testing in the case of Malaysian MSMEs.

Literature Review

Business Resilience (BR)

Business resilience is the ability of MSMEs not merely to survive crises but to maintain or restore core functions, innovate under pressure, and seize opportunities during or after disruptions. Recent studies have clarified that resilience involves anticipation, absorption, adaptation, and recovery (Rahman, Chowdhury, & Lee, 2025). In Malaysia and similar emerging economies, MSMEs' resilience has been tested under COVID-19, supply chain shocks, and digital disruptions (Lestari et al., 2024)

Entrepreneurial Orientation (EO)

EO has dimensions of innovativeness, proactiveness, and risk taking. High EO companies have a greater propensity to try out new things, respond ahead of the curve to threats and opportunities, and take calculated risks. Empirical research in Malaysia also shows that EO allows MSMEs to adapt operations and transform business models during disruption. For example, the adoption of digital technology by SMEs is more successful if these companies portray high entrepreneurial traits (Sudirman et al., 2025). Indian and Malaysian studies identified that EO mediates the influence of digital adoption on sustainability and value creation for SMEs (Vrontis et al., 2022).

Digital Adoption (DA)

Digital adoption refers to the degree to which firms integrate digital tools, platforms, or systems into their operations (e.g. e-commerce, digital marketing, online customer relationship tools). Increased digital adoption has been strongly linked with improved resilience, especially during periods of shock. In a cross-country study of Malaysian and Indonesian SMEs, technology adoption was found to moderate resilience (Lestari et al., 2024). A study of accounting firms in Malaysia shows that digital capabilities and technological infrastructure help sustain operations and improve competitive position under stress (Taib et al., 2025). Further, government policies

in Malaysia are pushing for accelerating digital adoption among MSMEs to support the national digital economy (Sharon, 2025).

Institutional Support (IS)

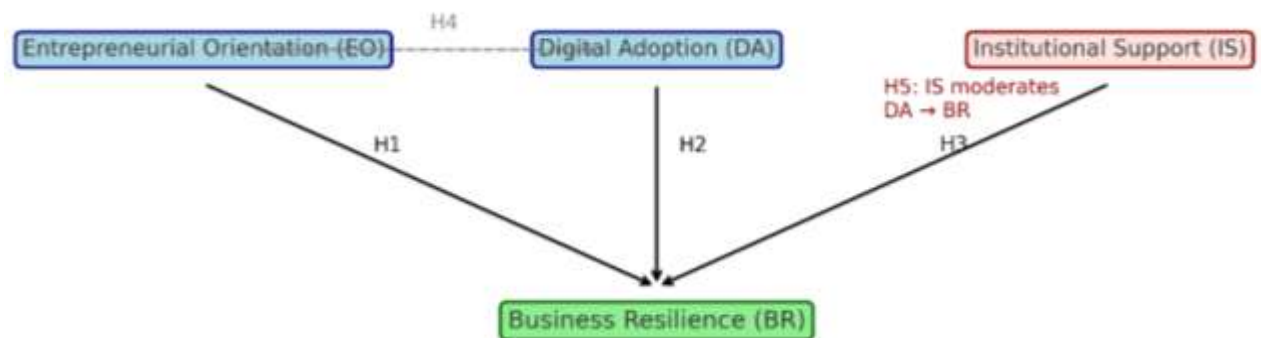
Institutional support includes policies, grants, training, regulatory facilitation, infrastructure provision, and ecosystem building. Evidence shows that institutional support enhances MSMEs' ability to adopt digital technologies and resist disruptions. For instance, an ASEAN wide SME Policy Index 2024 report highlights that improvements in SME policies – particularly regarding digitalization, inclusive business support, and technology infrastructure – are associated with stronger SME resilience in ASEAN countries including Malaysia (Economic Research Institute for ASEAN and East Asia et al., 2024). In the study “The role of digital economy engagement ...” involving Malaysian SMEs, government support is shown to significantly influence digital adoption and entrepreneurship performance (Misron et al., 2025).

Conceptual Framework and Hypothesis Development

Based on the literature, the following conceptual framework is proposed. The model considers three key constructs: Entrepreneurial Orientation (EO), Digital Adoption (DA), and Institutional Support (IS), with Business Resilience (BR) as the outcome.

The hypothesized relationships are:

- H1: Entrepreneurial Orientation is positively related to Business Resilience.
- H2: Digital Adoption is positively related to Business Resilience.
- H3: Institutional Support is positively related to Business Resilience.
- H4: Digital Adoption mediates the relationship between Entrepreneurial Orientation and Business Resilience.
- H5: Institutional Support moderates the effect of Digital Adoption on Business Resilience such that the effect is stronger when Institutional Support is higher.



Measurement Suggestions

Here are suggestions for operationalizing and measuring the constructs:

Construct	Sample Measurement Items	Sources
Business Resilience (BR)	Items may measure: ability to continue operations during disruption; speed of recovery; ability to adapt business model; maintaining customer base; financial stability during crises. Use adapted scales from recent resilience literature.	(Lestari et al., 2024)
Entrepreneurial Orientation (EO)	Items for innovativeness (launching new products/services), proactiveness (acting ahead of competitors), risk-taking (willingness to commit	(Vrontis et al., 2022)

	resources under uncertainty). Many existing EO scales validated in SME contexts.	
Digital Adoption (DA)	Extent of using digital tools: e-commerce platforms, online marketing, CRM systems, digital payments, cloud applications. Also depth/intensity of usage, not just existence. Data can be self-reported levels or objective measures. Studies of Malaysian accounting firms; cross-country SME studies.	(Taib et al., 2025)
Institutional Support (IS)	Measurement via perception of policy support (grants, subsidies), infrastructure availability (digital infrastructure, broadband), training and capacity building, regulatory ease. Use instruments similar to those in SME Policy Index reports.	(Economic Research Institute for ASEAN and East Asia et al., 2024)

Implication

This study has both practical and theoretical implications. Theoretically, it is within an expanding literature on business resilience through highlighting the joint contribution of entrepreneurial orientation, digital adoption, and institutional encouragement as important determinants that capture the way MSMEs respond to interruptions. Whereas earlier research has been more focused on highlighting internal factors such as financial resources or management expertise, this model draws attention to strategic orientation, technology integration, and facilitating external environments in enhancing resilience. In the process, it frames resilience as a multifaceted construct impacted not only by firm-specific capabilities but also by the broader institutional and technological context in which SMEs have to operate.

In practice, the model provides useful information for business companies, governments, and supporting agencies. For MSMEs, the building of entrepreneurial orientation in terms of innovation, proactiveness, and risk-taking becomes paramount to adapt to turbulent environments. Of equal importance is the adoption of digital technologies, which can enhance operational flexibility, maintain customer contact, and enhance market access in times of crisis as well. Institutional support has a complementary role to ensure that it provides the infrastructure, finance, and policy interventions that enable companies to enhance leverage on their entrepreneurial values and digital skills. For policymakers, the study points out the need for crafting inclusive schemes that align entrepreneurship development, digitalization initiatives, and low-cost schemes of support in building resilience at the national level. All of these indicate that resilience is not developed in a vacuum but emanates from the interactions between entrepreneurial practices, digital readiness, and facilitating institutions.

Conclusion

This paper has proposed a conceptual framework delineating entrepreneurial orientation, digital adoption, and institutional support as significant assessing factors influencing business resilience among MSMEs. The framework stresses that resilience is facilitated when firms combine proactive and innovative strategies with technology adoption and supportive institutional environments. While this study is conceptual, it paves the way for future empirical testing and provides practical suggestions for policymakers and practitioners attempting to enhance the resilience of SMEs in the face of turbulent business environments.

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