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UNDERSTANDING ORGANIZATIONAL RESILIENCE IN ENHANCING SME PERFORMANCE: A MALAYSIAN PERSPECTIVE

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ABSTRACT

The purpose of this paper is to develop a conceptual framework that explores the relationship between organizational resilience and the performance of Small and Medium-sized Enterprises (SMEs) in Malaysia. SMEs play a vital role in the country's economic growth, employment creation, and innovation; however, they continue to face numerous challenges, including market uncertainty, financial limitations, and rapidly evolving technologies. Organizational resilience—the capacity of a business to anticipate, absorb, adapt to, and recover from disruptions—has emerged as a crucial factor for enhancing SME sustainability and performance. This study is based on secondary data and guided by a review of ten empirical studies that establish a significant relationship between organizational resilience and various performance indicators, including financial outcomes, operational efficiency, and market competitiveness. The paper synthesizes insights from the existing literature to construct a conceptual framework that highlights key dimensions of resilience, including adaptive capacity, leadership agility, resource flexibility, and innovation. By mapping these factors to SME performance, the framework aims to guide future empirical research and inform policy and strategic interventions. The study contributes to the growing discourse on resilience as a strategic capability for SMEs and offers valuable implications for policymakers, researchers, and practitioners striving to strengthen the SME sector in Malaysia.

KEYWORDS: *Organizational Resilience, Performance, SME, and Malaysia*

INTRODUCTION

Small and medium-sized enterprises (SMEs) are often regarded as crucial components of national economies, as they generate jobs, foster innovation, alleviate poverty, and contribute to economic growth that benefits everyone. Small and medium-sized enterprises (SMEs) are crucial to Malaysia's plans to become a high-income and prosperous nation. The concept of organizational resilience has become increasingly important for enhancing the performance of small and medium-sized enterprises (SMEs), particularly in the face of global economic challenges, technological advancements, and shifting market conditions. The goal of this article is to develop a conceptual framework that examines the impact of organizational resilience on the performance and long-term success of small and medium-sized enterprises (SMEs) in Malaysia. It draws ideas from the country's policy efforts, particularly the SME Annual Reports and long-term national plans, such as the 11th Malaysia Plan and Transformasi Nasional 2050 (TN50).

In 2015, SMEs made up 32.1% of Malaysia's GDP, down from 33.6% in 2014. However, they still made up 66% of the country's jobs and 97.3% of its businesses. Even though their share of GDP decreased, SMEs contributed more value per employee and played a crucial role in reducing poverty, creating jobs, and promoting inclusive socioeconomic development. The main areas that helped were construction, food and drink, and wholesale and retail trade. However, SMEs also faced challenges, including difficulties in securing sufficient funding, accessing specific markets, receiving inadequate government support, and lacking adequate technical and managerial capabilities.

Since the 6th Malaysia Plan (1991–1995), developing small and medium-sized businesses has been a national goal. This focus has continued through the 10th and 11th Malaysia Plans. The government has helped businesses by making it easier for them to trade, providing better access to markets, supporting them through training and research and development institutes, increasing financial transparency, and reducing business expenses. The 11th Malaysia Plan set ambitious goals for the contribution of SMEs to GDP—41.3% by 2020—highlighting their significance in transforming the country's economy.

The government launched Transformasi Nasional 2050 (TN50) in 2017 as a bold, future-focused vision for changing Malaysia's path from 2020 to 2050. This was in addition to its long-term development activities. The purpose of TN50 is to create a comprehensive transformation plan that reflects the hopes and dreams of the people of Malaysia. To do this, it will hold dialogues, surveys, and discussions with experts. It aims to stand out by employing a "bottom-up" approach to participation and developing a long-term strategic vision.

Still, there are doubts about whether TN50 really reflects a broad spectrum of public opinions or if it primarily supports the goals of the ruling coalition. It has gotten young people involved and started conversations in public, but people are still questioning its ability to set realistic and game-changing national goals. The real significance of TN50 is not merely that it collects people's hopes and dreams, but also that it helps people navigate difficult policy choices, find a balance between competing interests, and incorporate less popular or challenging points of view.

TN50 supports larger strategic aims by concentrating on national identity, shared prosperity, innovation, sustainability, and inclusion. Its vision aligns with global shifts, such as the Fourth Industrial Revolution (IR 4.0). It underscores the need for robust public services, skilled workers, a flexible government, stable finances, and a competitive business environment. These factors, when combined, create a strong economic foundation that is crucial for small and medium-sized businesses to continue thriving.

Ultimately, both the SME development agenda and the TN50 vision demonstrate that Malaysia is committed to achieving long-term progress as a nation. In this situation, small and medium-sized enterprises (SMEs) need to establish organizational resilience to handle shocks, remain competitive, and thrive in a rapidly changing world. Understanding and putting this resilience into action is the first step toward enhancing the performance of small and medium-sized businesses (SMEs) and achieving Malaysia's broader developmental goals.

ORGANIZATIONAL RESILIENCE (ORS)

Resilience, when viewed through a psychological lens, encompasses several key elements. It involves the ability to find value in traumatic experiences, the capacity to reorganize one's life constructively in the face of obstacles, and the skill to rebuild oneself while maintaining a positive outlook on life. Importantly, resilience allows individuals to maintain their sense of self, even in the most challenging circumstances. These psychological aspects serve as the building blocks of resilience, having profound implications for individuals, communities, and organizations, enabling them to adapt, recover, and thrive in the face of adversity.

Individuals with the quality of resilience not only manage to navigate and overcome obstacles despite adversity, but they also have the power to transform their lives and even accomplish significant objectives. When the concept of resilience is examined in the context of social contexts that have been shaken by severe natural disasters or human-caused events, such as revolutions, wars, or terrorist attacks (Vale & Campanella, 2005), it becomes more evident when applied to an entire community or society, rather than to individual individuals. The concept has also been applied in the economic sphere, stemming from its psychological origins. Hence, an entity that endures adversity and capitalizes on favorable circumstances is resilient (e.g., a company, enterprise, or its equivalent). It can navigate change and, in actuality, can emerge from a crisis with agility, instilling hope and optimism in all of us.

An initial examination of historical records reveals that the term "resilience" has been in use since the 1620s. Its etymology can be traced back to the Latin verb "resilire," which means "to recoil or rebound." By the 19th century, this definition had expanded to encompass a notion of elasticity (Macmillan Dictionary, 2017). Holling, an ecologist, classified two facets of resilience in 1973: engineering resilience, defined as the duration required to restore a system to its equilibrium state. This definition of engineering resilience first appeared in scholarly works in 1973.

Holling (1973) defines ecological resilience as a system's capacity to withstand shocks before experiencing failure. What, then, does this indicate? Initially, "resilience" comprised three primary elements: a displacement component, a compelled departure from the constant state of affairs, and routine business operations. The necessity for some time to recover from an incident constitutes a temporal aspect. The requirement for the object to extend and deform to accommodate the impact constitutes an element of elasticity.

Ruptivity and the concept of 'continuity' appear quite similar along this line; however, they diverge subtly yet significantly. "Continuity management is essentially restoring a business to 'business as usual' and nothing more," as concisely stated by Bhamra. According to Burnard et al. (2018), resilience allows organizations to sustain regular operations and facilitates learning, growth, and success, often necessitating transformation. A resilient organization will develop and expand due to an incident, whereas business continuity merely restores operations to their pre-incident state.

Hence, in the context of organizations, resilience pertains to a business's capacity to adjust and develop in tandem with the ever-changing global market. It encompasses the ability to withstand and recover from immediate disruptions, such as substantial market dynamics or natural calamities, and fortify itself in anticipation of enduring obstacles.

In a perpetually evolving world, the sustainability and viability of organizations remain uncertain. Organizations are increasingly recognizing that conventional corporate strategies often fail to safeguard against unforeseen circumstances adequately. For businesses to maintain their competitive advantage and profitability, they must be capable of adapting to events that demand change.

The research examines five strands of resilience, a concept with a lengthy history that dates back to the late 1970s. Resilience can be defined as an organization's ability to withstand and recover from disruptions and vulnerabilities within its supply chain. It encompasses elements such as employee strengths, organizational reliability, and the adaptability of business models or design principles.

Staw et al. (1981) and Meyer (1982) are credited with developing the underlying concepts. Both authors hold divergent perspectives on how organizations react to external hazards, drawing inspiration from Campbell's evolutionary theory (1965). Meyer's perspective is noteworthy: he challenged Staw et al.'s (1981) assertion that an external threat invariably jeopardizes an organization's security in an empirical investigation of hospital reactions to an unanticipated physicians' strike or "environmental jolt." Meyer's research indicated that organizations can demonstrate adaptability through two distinct responses: resilience, which involves acquiring new practices or configurations, and retention, which entails implementing second-order change and double-loop learning. Both approaches enable organizations to absorb the effects of environmental shocks and are labeled "resiliency."

Further, Meyer (1982) concluded that an organization's strategies and spare resources influence resilience, whereas its ideologies and organizational structures constrain retention.

Around the middle of the 1980s, resilience research shifted its attention to the dependability of high-risk technologies and firm-internal disruptions that result in industrial incidents. Research attention was diverted from reliability to resilience due to significant incidents between 1980 and 1990, including the Chernobyl disaster, the Exxon Valdez oil spill, the Bhopal gas leak, and the Space Shuttle Challenger accident. The focus of academic inquiry shifted from external events and their impacts on organizations to the reliability of internal corporations.

The paradigm of resilience as reliability was primarily established by Charles Perrow in 1986 with the publication of his book "Normal Accident Theory." In this work, Perrow argued that failure is inevitable in high-risk technological systems due to their escalating complexity and the difficulty employees face in operating them. However, the approach known as "Normal Accident Theory" (Van Den Eede et al., 2006) established a "reliability paradigm" that manifested itself in organizational research and practice by placing more emphasis on operational safety and reliability. The substantial level of safety society had attained to that point was analyzed in Wildavsky's Searching for Safety, published in 1990.

In his analysis, Wildavsky (1990) defined resilience as "the ability to manage unforeseen challenges once they materialize, acquiring the skill of recovering." As an essential component of High-Reliability Organizing, this definition was revised to include the notion that resilience is a generalized capacity to learn and act despite not knowing the situation or event that requires action in advance.

The paper by Weick and Roberts (1993) regarding the operation of aircraft carrier flight decks is one of the most cited contributions from this era. The term "collective mind" was introduced by the authors, who defined it as "a pattern of conscientious interrelationships of action within a social system" (Weick & Roberts, 1993). They further developed the hypothesis that organizational errors are less likely to occur when there is a more significant attentive interrelationship and conscientious comprehension of unfolding events.

However, the authors propose that organizations with a strong emphasis on reliability employ more developed aggregate mental processes, such as mindful attention, information processing, and proactive action, compared to those in organizations that prioritize efficiency. Notably, Weick's (1993) research, co-published in the journal with Roberts, also emphasized the significance of sense-making processes.

Additional scholarly investigations have focused on how high-reliability organizations promptly address complex circumstances and issues, preventing the escalation of their consequences. High-reliability organizations (HROs), according to Weick and Sutcliffe (2001), persist in the face of disruptions by implementing new learning processes instead of new rules or procedures. Therefore, a clear correlation can be observed between adaptability and flexibility, or resilience: in order to restore a state of dynamic stability, an organization must demonstrate flexibility and adaptability; thus, it can be resilient.

ORGANIZATIONAL RESILIENCE (ORS): ITS ESSENTIALISM

Understanding and implementing resilience is critical to organizations' continued existence, and stability is indispensable to maintaining our society. While resilience is a relatively recent concept in the social sciences, it has always been ingrained in societies' strategies, policies, and practices (zz). This has been the case for organizations and communities.

Service provision, capital provision, and employment provision are all functions of organizations. An organization's capacity to maintain operations despite adversity is critical to the recovery and long-term viability of the community in the aftermath of a crisis. The focus of the New Zealand-based research initiative was the correlation between the resilience of the service sector and that of the resilient society. McManus et al. (2008) stated that this project aimed to identify the components that contribute to an organization's resilience in times of crisis and devise novel approaches to bolster that resilience.

Initiating the establishment of resilient organizations is the proper course of action to strengthen our society's resiliencein the face of crises. Society and its institutions operate within an unpredictable milieu, and in our globally interconnected world, a transcontinental incident may trigger a butterfly effect that disrupts our environment. The 2008 mortgage crisis, which originated in the United States and subsequently triggered global liquidity concerns, is a prime example of the vulnerability of our financial system. Resilient organizations are essential for enduring both internal and external crises.

While it may be unfeasible for organizations to completely evade the repercussions of internal and external crises, such damage can be mitigated through effective operational management and strategic foresight (Annarelli&Nonio, 2016).

According to Lengnick-Hall et al. (2011), the only ways to navigate this volatile, unpredictable, dynamic, and evolving external marketplace environment are with adaptability, dynamism, and mobility. For organizations to have a chance at survival in such an environment, they must be prepared for the unexpected. Given the circumstances, the significance of ORS increases.

ORS is essential for an organization to endure in a constantly changing environment; without it, no organization can guarantee its continued existence. An organization's resilience and competitiveness stem from its ability to overcome unforeseen circumstances, financial crises, and an unstable environment.

ORGANIZATIONAL RESILIENCE DIMENSIONS

Unanimity exists regarding the most effective method for measuring ORS, despite the proliferation of research in this area (Kantur&Iseri-Say, 2015). In the literature on organizational theory, numerous attempts have been made to develop a scale for analyzing the construct along various dimensions; however, these endeavors have yet to result in a scale that has achieved widespread acceptance. The research utilized the scale created by Kantur and Iseri-Say (2015) for this thesis. Kantur and Iseri-Say (2015) processed data from the same respondents using qualitative and quantitative approaches to validate their scale. After conducting data testing, it was determined that ORS consists of three distinct dimensions: integrity, agility, and robustness.

In summary, Kantur and Iseri-Say (2015) reported that they gathered additional data to reestablish the validity and reliability of their nine-item ORS scale. After data collection and analysis, the researchers concluded that the scale is valid and reliable.

They devised a three-dimensional structure for the ORS scale. The initial dimension, robustness, comprises four elements and refers to an organization's capacity to rebound from adverse circumstances. The second dimension consists of three items: agility, which refers to an organization's capacity to act swiftly. Integrity, the third dimension, is assessed using three items to gauge employee cohesion within an organization (Kantur&Iseri-Say, 2015).

SME PERFORMANCE

SME performance (SME-PERF) is the systematic efforts to improve an organization's efficiency and productivity and its members' overall satisfaction and welfare through carefully planned interventions.

SME-PERF pertains to an organization's concrete results or accomplishments in comparison to its intended outputs, goals, and objectives (Jon & Randy, 2009). Regarding an organization's corporate image, competencies, and financial performance, it is the outcome that signifies or mirrors its efficiency or inefficiency.

SME-PERF is rooted in the notion that an organization is a voluntary union of productive resources, including human, financial, and capital assets. The primary responsibility of SME-PERF is to generate value. This concept encompasses a systematic approach to achieving value creation, which involves identifying the dimensions for measuring performance, training the controller who assesses the value, and identifying relevant opportunities for value creation (Carton, 2004). Identifying the individuals or groups interested in a project, enhancing fundamental procedures, and distributing human, material, financial, and information resources effectively, along with efficient and capable administration, to establish a distinct and comprehensible plan by employees (Kotler, 2000). The term "efforts" refers to the actions and behaviors carried out by individuals or groups within an organization, regardless of their level or nature. These activities can be driven by various factors such as equipment, financial resources, or collaborative work (Ho, 2008). The OP concept can be defined as the ultimate outcomes achieved by an organization. Measuring these outcomes is essential to accurately depict the organization's standing in the market and the effectiveness of its internal processes.

Paul and Anantharaman (2003) state that the primary objective of SME-PERF is to achieve higher performance or maximize shareholder wealth. Performance refers to an object's capacity to achieve specific targets or goals in a predetermined order (Laitinen, 2002).

SME-PERF encompasses various aspects, including strategic planning, operations, financial management, legal compliance, and organizational development. An organization can effectively achieve its objectives when employees comprehend their specific roles and responsibilities. Furthermore, continuous communication between management, leaders, and employees is crucial for establishing performance expectations, monitoring progress, and attaining favorable outcomes (Katou, 2008).

The performance of an organization can be assessed as all the relevant aspects that contribute to its overall existence and success, enabling it to achieve its objectives effectively (Flapper et al., 1996). Comprehensive performance measurement is essential for all aspects of performance that are crucial to an organization's survival and success, ultimately leading to its achievement and growth (Kaplan & Norton, 1996; Hillman &Keim, 2001). Performance measurement systems typically incorporate more than just financial metrics. Many competitors focus on understanding and leveraging the organization's strengths, weaknesses, tactics, strategies, and potential. This concept has been established by various researchers, including Day and Wensley (1988), Narver and Slater (1990), and Noble, Sinha, and Kumar (2002).

SME-PERF is directly linked to an organization's long-term survival and achievement. The calculation of SME-PERF is crucial in service and manufacturing organizations (Brynjolfson, 1993). SME-PERF is measured using a balanced scorecard proposed by Kaplan and Norton in 1992. The balanced scorecard used in this study comprises four dimensions: Financial Performance, Customer Satisfaction, Operational Efficiency, and Learning and Growth. Performance is a holistic metric that encompasses various factors, including productivity, quality, and consistency. Performance indicators may also include behaviors, outcomes, and relative measures founded on criteria. Instruments such as leadership and management development, as well as notions of education and training, may be included among these indicators. These endeavors aim to foster understanding and proficiency in critical abilities and performance management (Richard, 2002).

According to Kaplan and Norton (1992), the Balanced Scorecard is an indispensable instrument that provides a framework to ensure a strategy is effectively translated into a logical set of performance measurements. The performance measurement system facilitates easier improvement of organizational alignment, which is essential for achieving goals and objectives successfully. In 1998, Ittner and Larcker were able to prioritize non-financial or intangible assets with the assistance of strategic planning exercises centered on developing objectives.

The financial aspects of customers are characterized by the quality, performance, and services provided. Implementing a reward management system, which includes economic and non-financial incentives, relies on a performance measurement system for measurement and evaluation (Kaplan & Norton, 2001).

According to Chavan (2009) and Johnsen (2001), the balanced scorecard technique incorporates a crucial component known as feedback and learning. This component allows an organization to assess its strategic capability by measuring its current performance and adapting to dynamic business situations. This data enables the leadership to analyze whether the organization is on the correct trajectory and determine if any modifications are necessary. If change is necessary, it should focus on modifying the definition of objectives, adjusting the journey's path, or reconstructing the initiatives developed to improve capability. The following sections discuss various perspectives on the balanced scorecard.

SME-PERF DIMENSIONS

Financial Performance

The financial metrics establish the business unit's long-term objectives (Kaplan & Norton, 1996c), helping managers address the question, "How do we appear to shareholders?" The primary aim of companies is to create value for their shareholders, and therefore, the company's strategy focuses on enhancing profitability through increased revenue growth and productivity (Horngren et al., 2009). This strategy delineates these goals and links them to specific sequences of actions across four distinct perspectives to achieve the desired long-term outcome. The metrics selected for the balanced scorecard should form a chain of cause-and-effect relationships that ultimately lead to improved financial performance. Over time, all objectives and metrics from other perspectives of the scorecard will be aligned with achieving one or more financial objectives (Kaplan & Norton, 1996b, c; Horngren et al., 2009). By adopting this approach, the company acknowledges that its primary goal is to generate long-term financial returns for its investors. Consequently, all strategies should be oriented towards attaining the business unit's financial objectives.

Financial goals typically involve increasing profitability, optimizing asset returns, or boosting revenue. One of the primary aims for many companies is to yield high returns on the capital invested in the business unit (Kaplan & Norton, 1996).

Similar to conventional management control systems, the balanced scorecard acknowledges the significance of financial data. Regular financial statements and other financial metrics remain crucial within the scorecard, reminding managers that the measures across various perspectives are ultimately directed at achieving financial objectives. Failure to observe this reflected in financial performance may result in shareholders losing confidence in management and demanding changes to ensure profitability. In their study, Kaplan and Norton (2008) identified factors that contribute to promoting enterprise synergy and generating financial value, such as effective internal capital management and the establishment of a robust corporate brand.

Customer Performance

In this scenario, the company identifies its customer base and the particular market segments it intends to focus on. Subsequently, it must set suitable objectives and key performance indicators, while recognizing the critical factors that influence the company's competitiveness. Once these stages are completed, the company can devise its product range. This approach enables companies to align metrics of customer outcomes, such as satisfaction, loyalty, retention, acquisition, and profitability, with individual customers and market segments (Kaplan & Norton, 1996; 2008).

- In his study, Kaplan (2010) categorizes the value propositions in various industries implementing balanced scorecards into two distinct attributes.
- Cross-selling involves offering diverse products and services from multiple business units to generate value.
- A shared value proposition that ensures a uniform purchasing experience, adhering to company guidelines across various locations.

Operational Performance

According to Kaplan & Norton (1996c), companies need to pinpoint the specific qualities their products should possess to ensure customer satisfaction and determine the appropriate actions to take. Customer value propositions involve the unique features that companies offer through their products and services to foster loyalty and satisfaction among particular customer segments. The Operational Performance perspective, along with the process of setting objectives and measures, distinguishes the balanced scorecard from traditional performance measurement systems (Tyagi & Gupta, 2008).

The balanced scorecard often reveals entirely new business processes. Objectives and measures for operational processes are established based on explicit strategies to meet the expectations of shareholders and target customers. Success with the balanced scorecard hinges on carefully selecting and assessing processes that lead to improved customer outcomes, thereby enabling the organization to pursue its mission effectively (Niven, 2008). Traditional measurement systems often fall short in enhancing the performance of integrated business processes, as they primarily focus on improving individual departments rather than the overall performance of the organization. Another limitation is that conventional measurement systems typically prioritize existing products and services for current customers. In contrast, the balanced scorecard approach emphasizes the development of innovative products and services for future customers to achieve long-term financial success (Kaplan & Norton, 1996b, c). It is also advisable for companies to identify and evaluate their core competencies, which are the essential technologies needed to maintain their position as market leaders (Kaplan & Norton, 1992).

Learn and Growth Performance

The Learn and Growth Performance perspective enables managers to establish goals and metrics that promote organizational learning and development. The starting point of this perspective is the analysis of the company's infrastructure and the necessary modifications required to achieve sustainable growth and enhancement. The objectives in the learn and growth perspective offer the means to achieve ambitious objectives in the other three perspectives by providing the necessary infrastructure. The infrastructure comprises three components: people, systems, and organizational processes (Kaplan & Norton, 1996). To achieve the ambitious objectives outlined in the other three perspectives, all organizations must enhance and optimize their infrastructure.

Kaplan & Norton (1996) categorize Learning and Growth Performance into three main areas: employee capabilities, information system capabilities, and motivation, empowerment, and alignment. Employee capabilities are primarily assessed through three key measurements: satisfaction, retention, and productivity. Employee satisfaction is based on the understanding that contented employees are more likely to have satisfied customers. Retaining qualified employees is recognized as crucial for the organization. Lastly, employee productivity is determined by the relationship between the total number of employees and the overall output. The capabilities of information systems recognize that employees' effectiveness is linked to the information systems available to them. These follow-ups must be prompt and precise to evaluate completed activities and make informed decisions. An information system with limited capacity significantly impacts the effectiveness of the balanced scorecard, as it hinders the provision of accurate feedback, which is essential for ensuring efficiency.

The balanced scorecard directs the performance evaluation toward achieving the company's objectives across the four perspectives. When creating the scorecard, managers consider the company's objectives and strategy. They then determine the key performance indicators to accurately forecast the company's long-term success. Some of these measures are leading indicators regarding operations, while others are lagging financial indicators. Managers must consider the connections between strategy and operations, as well as how those operations will impact finances, both currently and in the future (Bamber et al., 2008).

Empirical Literature on Organizational Resilience and SME Performance

Pertheban et al.'s 2023 study found that proactive resilience methods improve the performance of Malaysia's manufacturing SMEs. In the survey, SMEs that implemented proactive resilience strategies, such as identifying and managing risks, adapting to changing market conditions, and building solid relationships with suppliers, customers, and partners, exhibited better financial performance, operational efficiency, and competitiveness. The report also emphasizes the importance of both formal and informal interactions within and outside the organization for the long-term sustainability of SMEs. The authors advise SMEs to establish both formal and informal relationships, such as partnerships and collaborations, as well as engage in networking and socializing, to enhance their knowledge and skills, access resources and information, and foster industry trust and reputation. The research can enhance knowledge and performance of supply chain systems by helping SMEs understand market dynamics and risks, and develop efficient supply chain management practices. The study also suggests that proactive resilience strategies and strong stakeholder relationships can help SMEs differentiate themselves from competitors, improve their brand image and reputation, and increase their market share and profitability in domestic and international markets.

Schaffer et al. (2021). The COVID-19 pandemic has presented substantial challenges to institutions and societies, particularly in the medical sector. The role of ORS is critical in effectively navigating these challenges. INV in business models has emerged as a potential mechanism for enhancing the resilience of organizations. Nevertheless, the precise mechanisms through which business model INV enhances the resilience of organizations remain ambiguous. To bridge this knowledge divide, they initiated a longitudinal case study of Laboratory Inc. This organization innovated its business model in response to the crisis by enabling remote virus testing and digital transmission of results. Our findings demonstrate the efficacy of business model INV in bolstering ORS; the implemented INVs are not merely transitory fixes but establish an entirely new organizational status that fortifies against forthcoming crises. In addition, our research illustrates the contribution of digital INVs to facilitating crises and promoting socioeconomic value. These observations enhance the existing literature on business models and ORS when confronted with external hazards.

Yuefen et al. (2024). The ongoing pandemic has significantly impacted the performance of small and medium-sized enterprises (SMEs), necessitating managers to exercise prudence in updating their business strategies in response to the changing external environment. ORS is a crucial determinant in mitigating the adverse effects of the inherent uncertainties that characterize the business environment and is essential for small and medium-sized enterprises (SMEs) to maintain long-term viability. An exhaustive literature review and the establishment of a correlation between ORS and firm performance are the contributions of this research paper to the existing corpus of knowledge in business management. According to the study's results, ORS and firm performance appear to be significantly correlated.

The dynamic global business landscape presents challenges for SMEs, necessitating the enhancement of resilience and ambidextrous capabilities. SMEs play a pivotal role in the Malaysian economy, and their adaptability is indispensable for driving economic growth. This study investigates the relationship between proactive resilience strategies, ambidextrous capabilities, and SME performance in the manufacturing sector. The findings underscore the significant influence of proactive resilience strategies on SME-PERF, with ambidextrous capabilities as a crucial mediator. This study contributes valuable insights into the mechanisms for bolstering the sustainability and competitiveness of SMEs in both domestic and international markets.

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Zahoor et al. (2024). This research article examines the relationship between the organizational performance of small and medium-sized enterprises (SMEs) and their innovative capabilities, explicitly focusing on ORS in high-risk settings like the emergent economies of Asia. This paper makes a significant contribution to the INV literature by examining the correlation between organizational performance and two distinct INV capabilities—exploratory and exploitative—and highlighting their critical role in enabling small and medium-sized enterprises (SMEs) to flourish and improve their performance in high-risk environments. Additionally, this article discusses the significance of ORS in enhancing the operational effectiveness of small and medium-sized enterprises (SMEs) in high-risk environments by utilizing exploitative and exploratory INV capabilities.

Jaka et al. (2022). This current research investigates the impact of strategic renewal on the financial performance of Micro, Small, and Medium Enterprises (SMEs) operating in the tourism industry in Indonesia during the COVID-19 pandemic. The research highlights the significant impact of ambidextrous capabilities and human capital on promoting resilience and improving firm performance via strategic renewal, as demonstrated by the application of Structural Equation Modeling. Moreover, the research findings suggest that strategic renewals do not consistently yieldfavorable outcomes for resilient organizations. There is a proposition that strategic renewal can be effectively propelled by a combination of innovative capabilities and a significant degree of ORS. The character of human capital is the primary determinant in developing innovative capabilities. Therefore, it is imperative for small and medium-sized enterprises (SMEs) in the tourism sector to prioritize the development of their human resources in order to foster innovative capacities. This will empower them to effectively manage crises and attain a competitive advantage as the tourism industry evolves.

García-Valenzuela et al. (2023). This research endeavors to assess the impact of dynamic capabilities on the ORS of small and medium-sized enterprises (SMEs) to identify the determinants that contribute to the survival of such organizations amidst the significant obstacles encountered by organizations throughout the COVID-19 pandemic. This investigation examined 216 small and medium-sized enterprises (SMEs) operating in Mexico's commercial sector, using Covariance-Based Structural Equation Modeling (CB-SEM). The results demonstrated that several dynamic capabilities—

detection, absorption, coordination, and INV —significantly and positively affected the organization's resilience. It is noteworthy that the dependent variable was least impacted by integration capability. On the contrary, the capability to be innovative was identified as the most significant determinant in strengthening the resilience of SOEs.

Rosiana et al. (2024). The present investigation explores how intellectual capital mediates the relationship between INV growth, ORS, and a high-performance work system within micro, small, and medium enterprises (MSMEs). Intangible resources comprising Intellectual Capital include skills, knowledge, training, and stakeholder relationships. Intellectual capital enhancement is thought to facilitate INV and positively contribute to an organization's resilience. Intellectual Capital's critical role in prolonging the business life cycle of MSMEs and the paucity of empirical data on the utilization of intellectual capital factors in the MSME sector are the focal points of this study. Gaining a comprehensive understanding of the correlation between intellectual capital and ORS among micro, small, and medium enterprises (MSMEs) is paramount in effectively tackling the obstacles such businesses encounter.

George & Odubo (2024). The study examined the impact of ORS on employee performance during crises, such as the COVID-19 pandemic. The findings suggest that organizational learning, adaptive capacity, and dynamic capability significantly influence employee performance. Management should foster an environment that promotes these factors to enhance productivity and profitability.

Butkus et al. (2023). During the COVID-19 pandemic, ORS was highlighted as public sector entities encountered difficulties providing services. The findings of this research indicate that Enhanced Learning has a positive effect on service quality in terms of resilience. According to the study's findings on organizational adaptation, enhanced learning has an indirect influence on service quality. This highlights the importance of leveraging insights and expertise gained during challenging periods to enhance service quality and proactively address upcoming challenges.

Organizational Resilience and SME Performance

In small and medium-sized enterprises (SMEs), the correlation between ORS and performance is intricate and crucial. In the context of an organization, ORS refers to the ability to anticipate disruptions in advance, respond to them effectively, and recover from them. Developing resilience is crucial for the survival and growth of small and medium-sized enterprises (SMEs), which often operate in volatile and uncertain environments.

Following regulatory changes, technological advancements, economic downturns, and supply chain disruptions, SME organizations that prioritize ORS allocate resources toward strategies and practices that strengthen their capacity to endure and adapt to a wide range of challenges. Potential tactics that an organization could employ include expanding its client base through diversification, implementing adaptable manufacturing processes, fostering strong partnerships with suppliers, adopting cutting-edge technologies, and cultivating an environment that values flexibility and ongoing improvement.

SMEs can mitigate the detrimental effects on their operations, reputation, and financial performance by strengthening their resilience in the face of crises and disruptions. Moreover, with increased agility and responsiveness to shifting market dynamics, resilient small and medium-sized enterprises (SMEs) are often better positioned to seize opportunities and sustain a competitive advantage.

Despite differences in various performance metrics, empirical evidence consistently indicates that SME organizations with greater ORS exhibit superior results. Organizations have the potential to attain exceptional levels of consumer engagement, revenue growth, profitability, and market share. Furthermore, resilient small and medium-sized enterprises (SMEs) enhance their competitiveness and long-term sustainability by fostering confidence among stakeholders and attracting investment.

Understanding the complex relationship between operational readiness and performance is crucial for small and medium-sized enterprises (SMEs) seeking to enhance their market position and achieve long-term success. SME capabilities can be bolstered in the current dynamic and competitive business landscape using ongoing strategic development, consistent investment in initiatives that foster resilience, and consistent improvement of operational approaches.

The existing literature on ORS and firm or SME performance is extensive. An example is the 2023 study by Pertheban et al., which discovered that proactive resilience methods enhance the performance of Malaysia's manufacturing SMEs. (Yuefen et al., 2024). ORS is pivotal in preventing the detrimental impacts of the intrinsic vagaries that define the business landscape. It is critical for the long-term sustainability of small and medium-sized enterprises (SMEs). The authors are Jaka et al. (2022). This study aims to examine the effects of strategic renewal on the financial performance of Micro, Small, and Medium Enterprises (SMEs) in Indonesia's tourism sector during the COVID-19 crisis. On the contrary, the researcher is aware of a paucity of literature concerning the mediating function of ORS and INV diffusion on the performance of small and medium-sized enterprises (SMEs), both domestically and internationally.

Research on ORS has found that it affects SME-PERF in several sectors. Nevertheless, whereas studies indicate a robust connection between ORS and SME-PERF, further study is required to establish conclusive findings on SME-PERF in Malaysia. Therefore, it is crucial to investigate the influence of ORS on SME-PERF. Thus, the hypothesis might be expressed in the following manner:

H^1: ORS positively impacts SME-PERF.

CONCLUSION

This conceptual paper has looked at the critical link between organizational resilience and the success of small and medium-sized firms (SMEs) in the context of Malaysia's national development strategy. The study reveals how crucial small and medium-sized businesses (SMEs) are for economic growth, job creation, and development that includes everyone. It does this by using secondary data sources and a thorough review of the empirical literature. Even though SMEs have challenges such not having enough money, not being able to get into some markets, and not having the proper skills, they are still vitally crucial for accomplishing long-term national goals like those in the 11th Malaysia Plan and Transformasi Nasional 2050 (TN50).

The essay says that organizational resilience is very important for small and medium-sized businesses (SMEs) to do well. This means that firms should be able to see shocks coming, deal with them, and bounce back from them. Adaptability, innovation, proactive leadership, and the ability to use resources in different ways were shown to be important for organizations to stay open and expand in changing environments.

This conceptual framework offers a hypothesis-driven approach to create testable connections between elements that affect resilience and performance outcomes. This is a good place for researchers to start when they want to test their ideas in real life. It allows business leaders, policymakers, and researchers a chance to think more deeply about how to make resilience strategies a regular part of the structures and decision-making processes of small and medium-sized businesses (SMEs).

In conclusion, making organizations more resilient is not only vital for the survival and success of small and medium-sized firms (SMEs), but it is also a big element of Malaysia's plans to change. Resilience will continue to be a key feature in long-term national development and sustainable performance as small and medium-sized firms deal with changes in the social, economic, and technical contexts.

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