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INTERNAL FACTORS INFLUENCING THE RESILIENCE OF SMALL AND MEDIUM-SIZED ENTERPRISES AFTER COVID 19 PANDEMIC IN DONG HOI CITY, QUANG BINH PROVINCE

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ABSTRACT

Small and medium-sized enterprises (SMEs) play a crucial role in local economic development, especially in urban areas such as Dong Hoi City, Quang Binh Province. However, the COVID-19 pandemic has created numerous challenges, requiring SMEs to develop strong resilience to adapt and achieve sustainable growth. This study aims to identify internal factors that influence the resilience of SMEs in Dong Hoi city after Covid 19 pandemic. Data were collected from 150 SMEs owners/managers and analyzed using structural equation modelling method. The results indicate that three internal factors including financial management; digital transformation and restructuring of business operation positively influence the resilience of SMEs in the research area. Among these factor, financial management has the strongest impact on SMEs' ability to recover after Covid 19 pandemic. This study provides managerial implications to help SMEs enhancing their resilience capacity in the post-pandemic context.

Keywords: *SMEs; Business resilience; Dong Hoi and Covid-19*

JEL codes: *L25; L26; M21; O33*

1. INTRODUCTION

The Covid-19 pandemic has caused significant shocks to the global economy as well as Vietnam economy. Covid-19 caused severe impacts on SMEs sector such as the disruptions in supply chains, the decline in consumer demand and reduced revenue, profits. According to the Ministry of Planning and Investment (2022), in the first year of the pandemic, more than 90% of SMEs in Vietnam were negatively affected to varying degrees, with many businesses forced to scale down operations or temporarily suspend activities.

Business resilience is understood as the ability to adapt, adjust, and overcome negative shocks in order to continue surviving and developing (Linnenluecke, 2017). Numerous studies have identified that the resilience of SMEs depends on

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