

Entrepreneurial Resilience and Innovation Adoption among SMEs in Kandy District of Sri Lanka: The Moderating Effect of Entrepreneur Age

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Abstract

Small and medium enterprises (SMEs) play a vital role in driving economic growth and innovation. However, their capacity to adopt new technologies and practices largely depends on the resilience of their entrepreneurs. Understanding how entrepreneurial resilience shapes innovation adoption is, therefore, essential. This study examines the impact of entrepreneurial resilience on innovation adoption among SMEs in the Kandy District of Sri Lanka, while examining the moderating effect of entrepreneur age. Entrepreneurial resilience was conceptualised through four dimensions namely adaptability, optimism, risk management, and persistence. A quantitative research design was employed using the data collected from a sample of 372 SME owners representing different age groups, selected through stratified random sampling from a population of 42,895 registered SMEs in Kandy district. Descriptive statistics, correlation, regression, and moderation analyses were conducted to test the proposed hypotheses. The findings revealed that entrepreneurial resilience significantly influences innovation adoption across product, process, and market domains. Adaptability and optimism were found to be stronger predictors among younger entrepreneurs, while risk management was more dominant among older entrepreneurs. Middle-aged SME owners demonstrated a balanced combination of all resilience dimensions. The moderating effect of entrepreneur age demonstrates the need to tailor resilience-building and innovation strategies to generational characteristics. This study contributes to existing knowledge by addressing a contextual gap in the Sri Lankan SME literature and provides empirical evidence for policymakers, SME development agencies, and entrepreneurs to strengthen resilience capabilities that foster sustainable innovation and regional economic growth.

Keywords: adaptability, age group, entrepreneurial resilience, innovation adoption, SMEs.