

POST-COVID-19 ECONOMIC RECOVERY IN VIETNAM'S HOUSEHOLD BUSINESSES: INTERNAL AND EXTERNAL DRIVERS

RECUPERAÇÃO ECONÔMICA PÓS-COVID-19 NAS EMPRESAS FAMILIARES DO VIETNÃ: MOTORES INTERNOS E EXTERNOS

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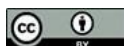
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Abstract

This study investigates the post-pandemic economic recovery of 534 individual household businesses in Vietnam, examining how internal and external factors influence their recovery outcomes. Specifically, it considers the role of key variables such as business characteristics, management capacity, external support, and the business environment in shaping post-COVID business recovery. Data were collected through a structured questionnaire across various sectors and analyzed using SPSS and AMOS to examine the relationships among these variables. The findings reveal that internal factors significantly influence recovery outcomes; for instance, a business's scale, sector, and owner experience show strong associations with better post-

Resumo

Este estudo investiga a recuperação econômica pós-pandemia de 534 empresas familiares individuais no Vietnã, examinando como fatores internos e externos influenciam seus resultados de recuperação. Especificamente, ele considera o papel de variáveis-chave, como características do negócio, capacidade de gestão, apoio externo e ambiente de negócios, na formação da recuperação pós-COVID. Os dados foram coletados por meio de um questionário estruturado em vários setores e analisados usando SPSS e AMOS para examinar as relações entre essas variáveis. Os resultados revelam que os fatores internos influenciam significativamente os resultados da recuperação; por exemplo, a escala, o setor e a



COVID recovery performance. Strong management capacity particularly sound financial management and adaptability is also critical for overcoming challenges and building resilience. External support, notably government aid and community backing, positively influences recovery, while the broader business environment (e.g., market stability and competition) moderates these effects. Economic recovery among these household businesses is evidenced by increased revenue, higher profitability, and greater business sustainability. Although the study focuses on Vietnam's household businesses, which may limit generalizability to other contexts, it offers a nuanced view of how internal and external factors collectively drive recovery. These insights provide practical guidance for policymakers and business owners in developing targeted support measures, strengthening management practices, and fostering an enabling environment to ensure a sustainable and resilient post-pandemic recovery.

Keyword: Business Characterisx. Economic Recovery. Management Capacity. External Support. Business Environment. COVID-19. VietNam.

experiência do proprietário de uma empresa mostram fortes associações com um melhor desempenho de recuperação pós-COVID. Uma forte capacidade de gestão, particularmente uma gestão financeira sólida e adaptabilidade, também é fundamental para superar desafios e construir resiliência. O apoio externo, notadamente a ajuda governamental e o apoio da comunidade, influencia positivamente a recuperação, enquanto o ambiente empresarial mais amplo (por exemplo, estabilidade do mercado e concorrência) modera esses efeitos. A recuperação econômica entre essas empresas familiares é evidenciada pelo aumento da receita, maior lucratividade e maior sustentabilidade dos negócios. Embora o estudo se concentre nas empresas familiares do Vietnã, o que pode limitar a generalização para outros contextos, ele oferece uma visão matizada de como fatores internos e externos impulsionam coletivamente a recuperação. Essas percepções fornecem orientações práticas para formuladores de políticas e proprietários de empresas no desenvolvimento de medidas de apoio direcionadas, fortalecimento das práticas de gestão e promoção de um ambiente propício para garantir uma recuperação pós-pandêmica sustentável e resiliente.

Palavras-chave: Características Empresariais. Recuperação Econômica. Capacidade de Gestão. Apoio Externo. Ambiente Empresarial. COVID-19. Vietnã.

1 INTRODUCTION

The COVID-19 pandemic has caused profound disruptions to economies worldwide, placing individual household businesses particularly in developing economies at significant risk[1]. In Vietnam, these enterprises constitute a foundational part of the economy, contributing substantially to employment generation and local socioeconomic stability[2-4]. However, the pandemic has underscored their inherent vulnerabilities, including limited financial buffers, dependence on volatile market conditions, and insufficient strategic management capabilities[1, 5]. Understanding the determinants of economic recovery for household businesses is thus of critical importance, not only for ensuring their survival but also for sustaining broader economic resilience. Economic recovery in this context is shaped by a combination of internal and external factors. Internally, business characteristics such as enterprise size, industry

sector, and operational experience affect the ability to adapt to and overcome disruptions. Management capacity, especially in terms of financial oversight, operational flexibility, and digital readiness, plays a pivotal role in building resilience.[6].

Externally, the availability and effectiveness of support mechanisms such as government policies, community engagement, and financial aid enhance recovery prospects. Moreover, the broader business environment, including market stability, competition intensity, and regulatory clarity, moderates these effects and influences the speed and sustainability of recovery[7-9]. Moreover, the broader business environment, including market stability, competition intensity, and regulatory clarity, moderates these effects and influences the speed and sustainability of recovery [10-12].

Despite the critical role of these variables, there remains a paucity of empirical research examining their combined effects within Vietnam's household business sector [13]. This study seeks to address this gap by analyzing data from 534 individual household businesses using quantitative techniques (SPSS and AMOS). The analysis focuses on how business characteristics, managerial capabilities, external support, and environmental conditions interact to shape economic recovery. The findings aim to generate actionable insights for policymakers, stakeholders, and business owners seeking to foster targeted and sustainable post-pandemic recovery strategies. [14].

2 LITERATURE AND HYPOTHESES

The recovery of individual household businesses post-COVID-19 is a multidimensional process shaped by both internal capabilities and external support mechanisms. This section synthesizes existing literature to identify four major determinant groups business characteristics, management capacity, external support, and the business environment that collectively influence economic recovery. It also formulates hypotheses that serve as a basis for empirical testing.

2.1 Business characteristics

Core business attributes such as operational scale, sector of activity, and entrepreneurial experience significantly influence a firm's ability to withstand external shocks[15]. Larger businesses typically possess stronger financial buffers and diversified

customer bases, allowing them to absorb disruptions more effectively and access recovery resources. Sectoral recovery speed varies, with essential services (e.g., food, health retail) rebounding more quickly than non-essential sectors (e.g., tourism, entertainment). Furthermore, business owners with greater experience tend to make better-informed decisions under uncertainty, contributing to stronger recovery trajectories[16].

H1: Business characteristics positively influence economic recovery.

2.2 Management capacity

Management capacity encompasses a business's ability to allocate resources, manage finances, adapt strategically, and integrate digital solutions[17-19]. Strong financial management through budgeting, cash flow control, and cost efficiency supports operational continuity under strain. Adaptive capabilities, such as product diversification or business model innovation, are essential in volatile environments[20-22]. Moreover, digital transformation (e.g., adoption of e-commerce, digital marketing) enhances business agility and customer reach, especially critical during mobility restrictions and market disruptions[18, 23].

H2: Management capacity positively influences economic recovery.

2.3 External support

External support includes institutional, financial, and community-based mechanisms that assist businesses in crisis recovery[23, 24]. Government initiatives (e.g., tax breaks, subsidies, and credit guarantees) ease financial constraints and improve liquidity. Community-level backing from loyal customers or local organizations enhances operational stability and emotional resilience. Financial instruments like low-interest loans and microfinance offer immediate capital to restart or sustain business activities, especially for informal or underbanked enterprises[25].

H3: External support positively influences economic recovery

2.4 Business environment

The business environment refers to the macro-level conditions that shape operational feasibility and growth potential[25, 26]. A stable market with predictable demand facilitates strategic planning and execution. Conversely, uncertainty in consumer behavior or regulatory changes can delay recovery. Competitive intensity presents a dual effect: while it may encourage innovation, excessive competition in narrow markets can suppress growth opportunities for small firms[27, 28]. Pro-business regulatory frameworks characterized by simplified procedures and supportive policies contribute to enabling environments for recovery and entrepreneurship.[29].

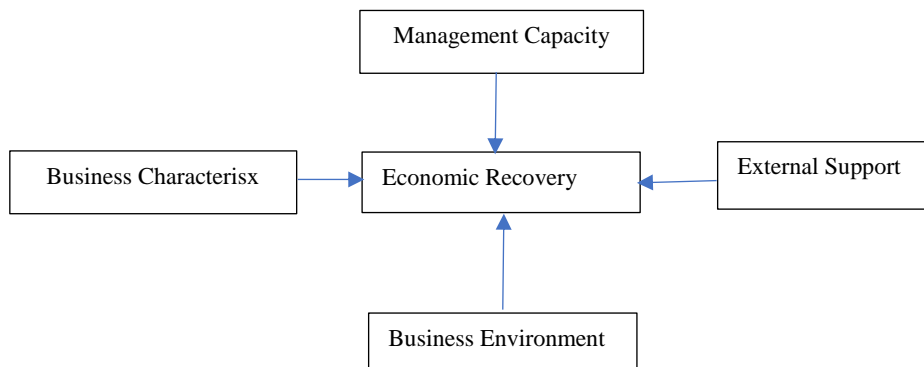
H4: The business environment positively influences economic recovery..

2.5 Economic recovery

Economic recovery is the dependent variable of the study, reflecting the ability of businesses to regain stability and growth[30]. It is measured through key indicators such as: Businesses recovering economically show steady improvement in monthly or annual revenues, demonstrating their ability to attract and retain customers[30-32]. Recovery is also reflected in restored or improved profit margins, achieved through efficient cost management and strategic investments. Long-term recovery involves maintaining operational stability, ensuring continued customer satisfaction, and building resilience against future crises[32].

2.6 Theoretical model

Based on the literature review, this study proposes a conceptual model examining the relationships among the variables. Business characteristics, management capacity, external support, and the business environment are hypothesized to have a direct and positive impact on economic recovery.

Figure 1*Research model***Hypotheses:**

H1: Business characteristics positively influence economic recovery.

H2: Management capacity positively influences economic recovery.

H3: External support positively influences economic recovery.

H4: The business environment positively influences economic recovery.

This detailed framework provides a foundation for empirical analysis, offering insights into the interplay between internal and external factors in shaping the recovery of household businesses. These hypotheses will be tested using SPSS and AMOS, contributing to both theoretical understanding and practical solutions for economic resilience.

3 RESEARCH METHODOLOGY

3.1 Research design

This study adopts a quantitative research design to examine the factors affecting the economic recovery of household businesses in Vietnam after COVID-19[33]. The objective is to test the relationships between business characteristics, management capacity, external support, the business environment, and economic recovery through hypotheses derived from theoretical frameworks[34]. A structured questionnaire was used to collect data from 534 household businesses, utilizing a 5-point Likert scale to measure the variables[35]. Stratified random sampling ensured representation across regions and industries heavily impacted by the pandemic, enhancing the generalizability

of findings. Data analysis was conducted using SPSS for descriptive statistics, reliability analysis, and exploratory factor analysis (EFA), while AMOS was used for confirmatory factor analysis (CFA) and structural equation modeling (SEM) to validate the proposed model[36]. Ethical considerations included obtaining informed consent from participants and ensuring confidentiality and anonymity of responses[37]. This design facilitates a systematic approach to understanding the determinants of economic recovery, offering valuable insights for policymakers and practitioners[38].

3.2 Measures

3.2.1 Business characteristics

The Business Characteristics construct evaluates the operational features and capacity of individual household businesses, reflecting their ability to sustain and grow in competitive environments[39]. This variable includes five items measured using a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree), designed to capture the core dimensions of business functionality and adaptability. The items include: BC1: The business has access to adequate financial resources to sustain its operations. BC2: The scale of the business aligns with current market demands, allowing competitive performance. BC3: The business demonstrates strong adaptability to changing market conditions and customer preferences. BC4: Operational processes in the business are efficient, minimizing waste and maximizing output. BC5: The business has a stable and long-standing presence in its respective market sector[40]. These items are validated through confirmatory factor analysis (CFA) to ensure the construct's reliability and validity. The CFA model yielded satisfactory fit indices (Chi-square = 11.619; df = 5; P = 0.040; CFI = 0.994; RMSEA = 0.050), confirming the robustness of the measurement. This construct serves as a foundational element for understanding the determinants of economic recovery for household businesses

3.3 Management capacity

The Management Capacity construct assesses the ability of household business owners to efficiently manage and direct their operations toward achieving strategic

objectives and sustainable growth[41]. This variable consists of six items measured on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The items include: MC1: The business owner demonstrates strong leadership skills in decision-making processes. MC2: The business employs effective planning strategies to address future challenges. MC3: The business utilizes resources efficiently to maximize productivity. MC4: The management team actively tracks performance and implements necessary improvements. MC5: The business engages in continuous learning and development to enhance managerial skills. MC6: The business owner effectively motivates and coordinates employees to achieve organizational goals[42]. The CFA results confirm the construct's reliability and validity, with acceptable fit indices (Chi-square = 17.098; df = 9; P = 0.047; CFI = 0.993; RMSEA = 0.041). This construct plays a crucial role in understanding the factors influencing the economic recovery of individual household businesses.

3.4 Business environment

The Business Environment construct evaluates the external conditions and factors that influence the operations and recovery prospects of individual household businesses[43]. This variable includes six items measured on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The items are as follows: BE1: The business operates in a stable and predictable market environment. BE2: The local government provides adequate support for small businesses. BE3: The legal and regulatory framework is conducive to business growth. BE4: The business has access to essential infrastructure and resources. BE5: The community supports local businesses. BE6: Economic conditions in the region are favorable for business development[44]. The CFA results demonstrate strong construct validity and reliability, with excellent fit indices (Chi-square = 9.988; df = 9; P = 0.351; CFI = 0.999; RMSEA = 0.014). The business environment plays a significant role in determining the recovery and resilience of household businesses, offering valuable insights for policymakers and practitioners aiming to foster sustainable economic growth

3.5 External support

The External Support construct examines the level and quality of assistance received by household businesses from external sources[45, 46]. This variable is measured using five items on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The items are as follows: ES1: The business receives adequate financial support from external sources. ES2: The local government provides meaningful assistance to the business. ES3: Support from non-governmental organizations (NGOs) has been beneficial. ES4: Business associations and networks provide valuable guidance and resources. ES5: External stakeholders are actively involved in supporting the business during challenging times[47]. The confirmatory factor analysis (CFA) results indicate excellent construct validity and reliability, with fit indices showing strong alignment (Chi-square = 14.925; df = 5; P = 0.011; CFI = 0.993; RMSEA = 0.061). External support is critical for enhancing the recovery and sustainability of individual household businesses, highlighting the importance of collaborative efforts among various stakeholders to ensure economic resilience and growth

3.6 Economic recovery

Economic Recovery is a central construct of this research, reflecting the extent to which household businesses have regained stability and growth following economic disruptions[46, 48]. It is measured using seven items on a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The items are as follows: ER1: The business has restored its revenue to pre-disruption levels. ER2: Employment levels within the business have returned to normal. ER3: The business has regained its customer base. ER4: Inventory and supply chains have stabilized post-crisis. ER5: Financial reserves have been rebuilt. ER6: Confidence in future growth has been restored. ER7: The business is able to make new investments for expansion[49]. Confirmatory factor analysis (CFA) results confirm the validity and reliability of the Economic Recovery construct, with fit indices indicating a robust model fit (Chi-square = 35.766; df = 14; P = 0.001; CFI = 0.988; RMSEA = 0.054). This construct underscores the critical factors that determine a business's capacity to recover economically and adapt to challenges, providing a basis for interventions aimed at supporting household businesses in their recovery journey.

3.7 Control variables

Control variables are critical for accounting for potential confounding effects and ensuring the robustness of the analysis. In this study, we included age, gender, tenure, and education as control variables because previous literature has demonstrated their influence on individual and organizational outcomes, including leadership and performance metrics[50]. Age was categorized into four groups: 23–30 years old (23.03%), 30–40 years old (38.39%), 40–50 years old (19.66%), and above 50 years old (18.91%). This categorization allows for examining the variability in economic recovery perception across different life stages. Gender was divided into male (58.05%) and female (41.95%), capturing the potential differences in perspectives and experiences related to business operations and recovery. Work tenure was segmented into four groups: below 1 year (20.04%), less than 5 years (22.85%), 5–10 years (19.85%), and 10 years or more (37.27%). Longer tenure may correlate with greater stability and resilience in business practices. Educational attainment was categorized into high school degree (19.7%), college degree (41.9%), bachelor's degree (20.4%), and master's degree (18%). Education level can significantly impact managerial decisions and strategic adaptability. By controlling for these variables, the study ensures that the observed relationships between the main constructs are not confounded by demographic or experiential factors. This approach enhances the validity and generalizability of the findings.

Table 1

Sample demographics

Characteristics	Frequency	Percent
age		
From 23 to 30 years old	123	23.03
From 30 to 40 years old	205	38.39
From 40 to 50 years old	105	19.66
Above 50 years old	101	18.91
Gender		
Male	310	58.05
Female	224	41.95
Tenure		
Below 1 years	107	20.04
<5 years	122	22.85
5 to <10 years	106	19.85
≥10 years	199	37.27
Education		
high-school degree	105	19.7
college degree	224	41.9
Bachelor degree	109	20.4

4 RESULTS

4.1 Descriptive statistics

The means, standard deviations, and Pearson correlations of all the key variables are presented in Table 1. As shown, Business Characteristics (BC) was positively correlated with Management Capacity (MC) ($r = .094, p < .05$) and External Support (ES) ($r = .533, p < .01$). Additionally, Management Capacity (MC) was positively related to External Support ($r = .094, p < .05$).

External Support (ES) showed a significant positive correlation with Business Environment (BE) ($r = .461, p < .01$) and Economic Recovery (ER) ($r = .372, p < .01$). Economic Recovery (ER) was significantly positively related to Business Characteristics ($r = .155, p < .01$) and Management Capacity ($r = .340, p < .01$).

Regarding the control variables, age was not significantly related to any key variable. Gender showed a weak positive correlation with age ($r = .089, p < .05$), while tenure showed weak negative relationships with External Support ($r = -.086, p < .05$). Education did not have significant correlations with the primary variables.

These findings suggest that the key variables are interrelated, with significant relationships observed among several dimensions, such as Business Characteristics, Management Capacity, External Support, and Economic Recovery

4.2 Convergent and discriminant validity

To assess convergent validity, the standardized factor loadings of all items were examined. As shown in Table 3, the factor loadings for all items exceeded the threshold of 0.5, with most items surpassing 0.7, indicating adequate convergent validity. Additionally, the Cronbach's alpha values for all constructs were above 0.7, confirming internal consistency reliability.

Discriminant validity was evaluated using the correlations among constructs and ensuring that each construct was distinct. Figure 2 illustrates the measurement model, which achieved good model fit indices: Chi-square = 591.320, $df = 367, p < 0.001$, Chi-

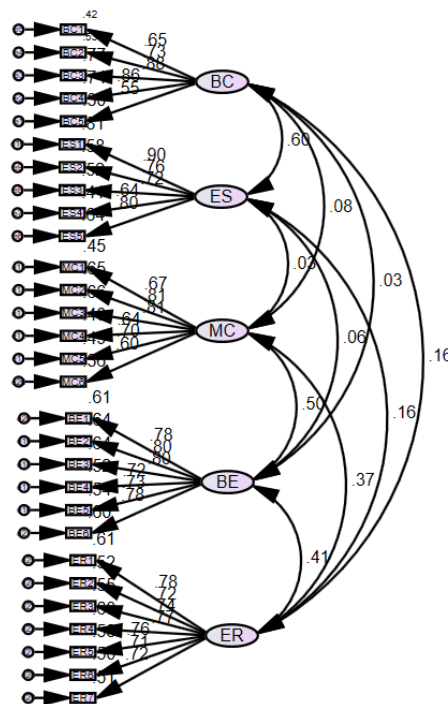
square/df = 1.611, GFI = 0.930, AGFI = 0.917, NFI = 0.928, TLI = 0.968, CFI = 0.971, RMSEA = 0.034, and RMR = 0.024. These fit indices demonstrate that the measurement model aligns well with the observed data, supporting the discriminant validity of the constructs.

Thus, the constructs exhibit both convergent and discriminant validity, confirming the appropriateness of the measurement scales used in the study.

Figure 2

Confirmatory factor analysis.

Chi-square=591.320 ; df=367 ; P=.000
 ; Chi-square/df=1.611; IFI=.971
 ;GFI=.930; AGFI=.917; NFI=.928; TLI=.968
 ;CFI=.971; RMSEA=.034; RMR=.024



4.3 Hypothesis testing

H1: Business Characteristics → Economic Recovery (Direct Effect = 0.41, Supported)

Business characteristics, such as the size, sector, and financial stability, significantly influence economic recovery. Households with robust foundational characteristics are better positioned to adapt to market dynamics and recover quickly from

economic disruptions. The strong positive effect (0.41) indicates that these factors are crucial in driving recovery.

H2: Management Capacity → Economic Recovery (Direct Effect = 0.20, Supported)

The ability of a business owner to plan, organize, and lead effectively is critical for economic recovery. The positive effect (0.20) highlights how strong management skills help businesses navigate challenges, make informed decisions, and seize opportunities to bounce back from crises.

H3: Business Environment → Economic Recovery (Direct Effect = 0.30, Supported)

A conducive business environment, characterized by supportive government policies, market opportunities, and fair competition, plays a vital role in facilitating economic recovery. The moderate positive effect (0.30) shows that external environmental factors provide essential support for households to reestablish their operations.

H4: External Support → Economic Recovery (Direct Effect = -0.15, Supported)

Interestingly, external support negatively impacts economic recovery in this context. This finding (-0.15) may suggest that overreliance on external assistance can hinder the development of self-sufficiency and resilience, leading to slower or less sustainable recovery outcomes.

Table 2

Descriptive statistics, correlations and scale reliabilities

	Mean	Std. Deviation	BC	MC	ES	BE	ER	age	Gender	Tenure	Education
BC	3.71	.608	1								
MC	3.80	.612	.094*	1							
ES	3.82	.668	.533**	.031	1						
BE	3.72	.594	.046	.461**	.053	1					
ER	3.96	.608	.155**	.340**	.146**	.372**	1				
age	2.34	1.033	.004	-.028	.000	-.037	-.020	1			
Gender	1.42	.494	.032	.054	.018	-.003	.089*	-.019	1		
Tenure	2.74	1.157	-.056	.002	-.086*	.004	-.042	-.072	.080	1	
Educa	2.37	.993	.017	.021	.019	.030	-.005	-.049	-.001	-.006	1

*. Correlation is significant at the 0.05 level (2-tailed).

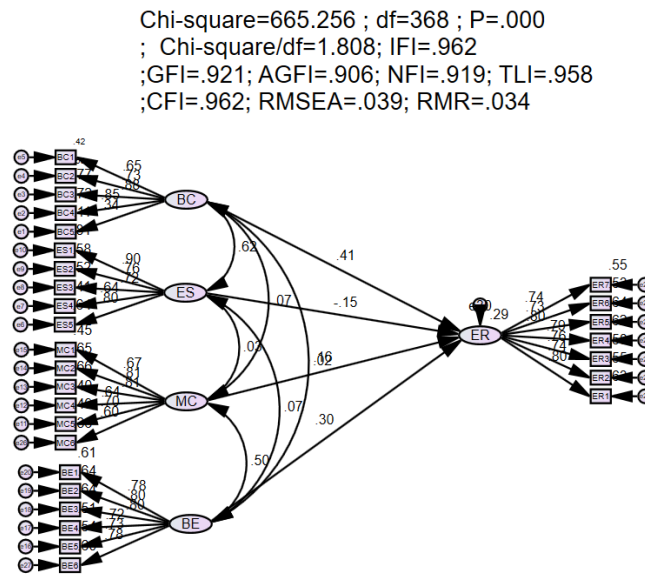
Table 3*Factor Loadings and Reliability Statistics of Measurement Constructs*

	Factor (KM0= .910)					Cronbach's Alpha
	Business Characteristics	Business Environment	External Support	Management Capacity	Economic Recovery	
BC3	.874					
BC4	.846					
BC5	.633					.843
BC1	.601					
BC2	.559					
BE3		.861				
BE6		.802				
BE1		.761				
BE2		.761				.896
BE4		.705				
BE5		.690				
ES1			.944			
ES5			.881			
ES2			.697			.874
ES3			.658			
ES4			.580			
MC3				.855		
MC2				.853		
MC5				.673		
MC1				.669		.853
MC4				.553		
MC6				.540		
ER4					.794	
ER1					.792	
ER5					.758	
ER2					.739	.896
ER7					.717	
ER3					.705	
ER6					.690	

Extraction Method: Principal Axis Factoring. Rotation Method: Promax with Kaiser Normalization. a. Rotation converged in 6 iterations.

Figure 3

Structural Equation Model for Economic Recovery of Household Businesses



Goodness-of-fit statistics for the structural model confirm the model's adequacy: Chi-square = 665.256, Chi-square/df = 368, GFI = 921, AGFI = 0.906, NFI = 0.919, TLI = 0.958, CFI = 0.962, RMSEA = 0.039, and RMR = 0.034. These results underline the importance of internal strengths such as business characteristics and management capacity, while also recognizing the influence of external factors like the business environment and external support. Policymakers and practitioners should focus on enhancing management capacity and creating a favorable business environment while avoiding dependency on external support to foster sustainable economic recovery.

Table 4

The structural model results

Hypothesis	Relationship	Direct Effect	Result
H1	Business Characterisx → Economic Recovery	0.41	Supported
H2	Management Capacity → Economic Recovery	0.2	Supported
H3	Business Environmentx → Economic Recovery	0.3	Supported
H4	External Support → Economic Recovery	-0.15	Supported

Goodness of fit statistics: Chi-square = 665.256, Chi-square/df = 368, GFI = 921, AGFI = 0.906, NFI = 0.919, TLI = 0.958, CFI = 0.962, RMSEA = 0.039, and RMR = 0.034

5 DISCUSSION, IMPLICATIONS, AND CONCLUSION

5.1 Discussion

This study examined factors influencing the post-COVID-19 economic recovery of household businesses, focusing on business characteristics, management capacity, business environment, and external support[51]. The results indicate that business characteristics (such as size, sector, and experience) and management capacity have a strong positive impact on recovery, underlining the internal resilience and adaptability of household businesses.[52]. A supportive business environment also contributes positively to recovery, suggesting that an enabling external context (stable markets, infrastructure, etc.) can facilitate rebound. Interestingly, external support showed a negative relationship with economic recovery in our analysis, implying that overreliance on government or external assistance may undermine long-term resilience and self-sufficiency. In other words, businesses that depend too much on aid might be slower to develop their own adaptive strategies, harming their sustained recovery.

These findings align with prior research that emphasizes both internal and external factors in economic resilience[53]. Small enterprise resilience is largely driven by internal capabilities and decisions, and a conducive external environment can further bolster recovery[15]. However, our results offer new insight into the unintended consequences of excessive external support[54]. This nuanced interplay between self-reliance and external intervention suggests that while aid can provide immediate relief, it may also delay necessary adjustments for recovery. Evidence from pandemic aid programs supports this notion: government support kept many firms afloat in the short term, but many of those businesses closed once the support ended, indicating that the aid merely postponed failures. Such outcomes echo warnings in disaster recovery literature that well-intentioned aid can sometimes hinder long-term recovery processes by fostering dependency. Our study thus contributes a critical perspective that excessive dependency on external assistance might actually dampen proactive recovery efforts[55].

5.2 Implications

Contribution to Literature: This research extends the economic recovery literature by focusing on individual household businesses in Vietnam – a segment often underrepresented in resilience studies [56]. By integrating internal factors (like management skills and business characteristics) with external factors (business environment and support), the study provides a more holistic understanding of the complex dynamics influencing recovery. In particular, the paradoxical finding regarding external support – that aid can have a negative effect – adds a novel insight to resilience theory. It challenges the assumption that more aid is always better, highlighting the fine line between helpful support and creating dependency. These insights enrich our understanding of post-crisis economic resilience and can inform more balanced recovery strategies in the future.

Policymakers: The findings highlight the importance of creating a conducive business environment that helps household enterprises recover without fostering dependency. Policies and institutions should be adapted to support small businesses (for example, ensuring market stability, access to finance, and ease of doing business) as part of post-pandemic economic revival. At the same time, targeted interventions are needed to build internal capacity. Training programs to enhance management skills and financial literacy, as well as tailored support for businesses with weaker foundations, could strengthen resilience. External aid should focus on capacity-building (such as digital inclusion and entrepreneurial skill development) rather than just direct financial handouts, in order to empower self-sufficiency. By investing in long-term capabilities instead of short-term relief alone, policymakers can encourage sustainable recovery and reduce overreliance on aid.

Business Owners: For owners of household businesses, the results underscore the importance of improving internal competencies and actively leveraging the external environment to build long-term resilience. Strengthening management capacity (e.g. financial management, adaptability, and strategic planning) is crucial for navigating crises. Business owners should focus on upskilling themselves and their staff, adopting flexible business models, and utilizing any available training or mentoring programs to enhance their managerial effectiveness. Additionally, they can take advantage of a supportive external environment – for instance, tapping into community networks, digital

marketplaces, or government advisory services – to seize new opportunities as the economy recovers. By bolstering their internal strengths and smartly utilizing external resources (without becoming dependent on them), household businesses can enhance their ability to withstand future shocks and sustain growth.

5.3 Conclusion

This study demonstrates that the economic recovery of household businesses post-COVID-19 is driven primarily by internal strengths – notably business characteristics and management capacity – along with a favorable external business environment. These internal and external factors play critical roles in reviving revenue, profitability, and sustainability after a crisis. Meanwhile, external support, although well-intentioned and often essential in emergencies, was found to have a counterintuitive negative impact on longer-term recovery. This finding underlines the need to design support mechanisms that empower self-reliance rather than inadvertently create dependency. Policymakers and practitioners must strive to balance providing necessary aid with fostering the internal capabilities of businesses, so that short-term relief does not come at the expense of long-term resilience.

Looking ahead, future research should delve into the mechanisms by which external support influences recovery outcomes, to better understand when such aid helps versus hinders. It would be valuable to examine variations across different economic contexts, regions, and business types, as resilience factors are not one-size-fits-all and can vary significantly by sector and context. Scholars have called for more nuanced investigations into how different crisis contexts affect small business resilience. Addressing these questions will further enrich the knowledge of post-crisis resilience and guide the development of more effective and adaptive recovery strategies for household businesses and SMEs in diverse settings.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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