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Analyzing the Role of Organizational Resilience in Mediating the Relationship between Psychological Factors and Cultural Intelligence and Digital Innovation Adoption in Small Businesses

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Abstract. Digital transformation requires small businesses to enhance their adaptive capabilities to maintain competitiveness in a dynamic business environment. The adoption of digital innovation depends not only on technological readiness but is also influenced by psychological factors, cultural intelligence, and organizational resilience. This study aims to analyze the effects of psychological factors and cultural intelligence on digital innovation adoption, with organizational resilience serving as a mediating variable. This study employs a quantitative approach using a cross-sectional survey. Data will be collected through questionnaires administered to small business owners and analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The expected findings indicate that psychological factors and cultural intelligence positively influence organizational resilience. Furthermore, organizational resilience is expected to enhance digital innovation adoption and mediate the effects of both factors on digital innovation adoption. This study is expected to contribute to the development of digital transformation literature and serve as a reference for small businesses in strengthening their internal capabilities to address technological changes and business competition.

Keywords: *Psychological Factors, Cultural Intelligence, Organizational Resilience, Digital Innovation Adoption, Small Businesses.*

A. INTRODUCTION

The development of digital technology has transformed the way organizations conduct their business activities, creating pressure on small businesses to adapt rapidly in order to remain sustainable amid increasingly dynamic competition (Vial, 2019). Digital transformation requires not only technology adoption but also comprehensive changes in organizational processes, structures, and capabilities to effectively respond to uncertainties in the business environment (Bharadwaj et al., 2013).

In the context of such uncertainty, an organization's ability to survive, adapt, and recover from disruptions is known as organizational resilience, which is regarded as a key factor in addressing technological disruptions and market changes (Vogus & Sutcliffe, 2007). Organizations with high levels of resilience tend to be better equipped to turn crises into opportunities for renewal and innovation, including the sustainable adoption of digital innovations (Duchek, 2020).

Although digital innovation can enhance the competitiveness of small businesses, its implementation continues to face various challenges. A study involving 546 MSME owners in Indonesia found that innovative work behavior can improve business performance, profitability, and trust within organizations (Utomo, 2023). However, many MSMEs still experience difficulties in adopting digital technologies due to low levels of digital literacy, technological skills, and organizational readiness. Data from the Ministry of Cooperatives and SMEs, as cited by the People's Consultative Assembly of the Republic of Indonesia (MPR RI), indicate that 70.2% of MSMEs encounter obstacles in adapting to digital transformation (Indonesia, 2023). Recent research has demonstrated that innovation capabilities in small businesses are influenced not only by technology availability but also by individual psychological capital and

organizational knowledge management, which can enhance companies' readiness to navigate digital change (Yuwono, Seputra, et al., 2026).

Other studies have also indicated that limited internal capabilities and organizational adaptability have prevented many MSMEs from effectively managing digital change and risks (Rohmatulloh & Sofana, 2025). This situation suggests that digital transformation in small businesses still requires strengthening organizational capabilities in managing innovation to achieve sustainable competitiveness (Yuwono et al., 2025).

This study aims to examine how psychological factors influence organizational resilience in small businesses. Psychological factors such as optimism, self-efficacy, and individual resilience constitute components of psychological capital, which help individuals and organizations cope with pressure and changes in the business environment (Luthans et al., 2007). This study also focuses on the influence of cultural intelligence on organizational resilience, as cultural intelligence is considered an adaptive capability that enables individuals and organizations to adjust effectively to diverse and continuously changing work environments (Ang et al., 2007).

Furthermore, this study aims to assess how organizational resilience influences digital innovation adoption in small businesses. Organizational resilience is regarded as a strategic capability that enables organizations to respond to disruptions, learn from setbacks, and transform changes into opportunities for innovation (Duchek, 2020). This study also examines the direct influence of psychological factors on digital innovation adoption, as individuals with high levels of self-efficacy and optimism are generally more mentally prepared and demonstrate positive attitudes toward technological change (Bandura, 1997).

In addition, this study investigates the direct influence of cultural intelligence on digital innovation adoption, considering that cultural intelligence fosters openness to new ideas and enhances the ability to adapt to technology-based work practices in cross-cultural environments. Finally, this study examines the mediating role of organizational resilience in the relationship between psychological factors and cultural intelligence and digital innovation adoption, as organizational resilience functions as a mechanism linking internal resources to organizational strategic outcomes (Duchek, 2020).

The findings of this study are expected to provide practical benefits for business practitioners, particularly small business owners, by offering a strategic foundation for developing business resources and organizational cultures that support readiness for digital transformation. Strengthening employees' psychological factors and cultural intelligence is expected to enhance organizational resilience and accelerate the adoption of digital innovations (Luthans et al., 2007).

B. LITERATURE REVIEW

1. Psychological Factors

Individual psychological factors within an organization, such as optimism, self-efficacy, personal resilience, and perceived organizational support, are considered important resources that support an organization's ability to survive and adapt to change. Psychological Capital Theory suggests that elements such as hope, optimism, self-efficacy, and emotional resilience constitute valuable human resources that can be relied upon during times of crisis (Luthans et al., 2007).

Accordingly, it is reasonable to assume that the psychological factors of individuals or groups within an organization can positively influence the development of organizational resilience as a collective capability to cope with change. Recent empirical findings also indicate that psychological capital plays an important role in enhancing organizational innovation capabilities. Individuals with high levels of optimism, hope, self-efficacy, and resilience tend

to be more open to change, better equipped to overcome challenges, and more likely to demonstrate innovative behaviors that support organizational success in adopting innovations (Yuwono, Seputra, et al., 2026).

2. Cultural Intelligence

Cultural intelligence refers to an individual's ability to adapt and work effectively in culturally diverse environments. In global or multicultural organizations, this capability is particularly important for understanding differences in values, behaviors, and expectations related to the implementation of digital technologies. According to Ang et al. (2007), cultural intelligence enhances employees' cognitive and behavioral capabilities in responding to change, including the challenges associated with digital transformation.

Yuwono et al. (2026) also demonstrated that cultural intelligence enhances individuals' ability to adapt to multicultural work environments, thereby encouraging the development of innovative behavior. Individuals with high cultural intelligence are more likely to accept organizational changes and implement innovations than those with lower levels of cultural adaptability.

3. Organizational Resilience

Organizational resilience refers to an organization's ability to anticipate, respond to, recover from, and adapt to environmental disruptions or changes while leveraging such changes as opportunities (Vogus & Sutcliffe, 2007). In the digital era, organizational resilience is also closely associated with an organization's ability to adopt digital innovations, as such innovations often emerge in response to disruptions or market changes. Accordingly, organizations with higher levels of resilience are expected to be more capable of adopting digital innovations because they possess the adaptive capacity, flexibility, and readiness required to integrate new technologies.

4. Digital Innovation Adoption

According to Vial (2019), digital transformation is a process of organizational change driven by the utilization of digital technologies to generate significant changes within an organization. The utilization of digital technologies is not merely concerned with the adoption of new technologies but can also drive changes in organizational processes and the ways in which organizations create value. Accordingly, digital innovation adoption can be understood as the process through which organizations accept, utilize, and integrate digital technologies into their business activities to improve organizational processes and capabilities.

5. Relationships Among Variables

Psychological factors constitute one of the aspects that can support an organization's ability to cope with environmental changes and pressures. Luthans et al. (2007) explain that psychological capital, comprising hope, self-efficacy, optimism, and resilience, can serve as a positive resource for individuals in dealing with challenges. Lengnick-Hall et al. (2011) state that organizational resilience can be developed through internal resources and capabilities that enable organizations to adapt to change. Vogus and Sutcliffe (2007) conceptualize resilience as an organization's ability to maintain positive adjustment when confronted with unexpected circumstances. Duchek (2020) explains that resilience represents an organizational capability to anticipate, cope with, and adapt to change. In line with these perspectives, Yuwono et al. (2026) demonstrate that psychological capital can support innovation capability, highlighting the importance of psychological resources in responding to organizational change. Based on these perspectives, the stronger the psychological factors possessed by individuals within an

organization, the greater the organization's ability to cope with change and maintain its sustainability.

H1: Psychological factors have a positive effect on organizational resilience.

Cultural intelligence can serve as an important organizational resource in addressing diversity and changes in the work environment. Stahl and Tung (2015) emphasize that an understanding of cultural diversity can help organizations become more open and adaptive to change. Vogus and Sutcliffe (2007) explain that resilient organizations are capable of maintaining their functions and making necessary adjustments when confronted with unexpected circumstances. Duchek (2020) states that organizational resilience reflects the ability to anticipate, cope with, and adapt to change. Luthans et al. (2007) also explain that individuals' positive psychological resources can help them respond to pressure and change more adaptively. Based on these perspectives, the ability to understand cultural differences and adjust individual behavior can help organizations respond to change more flexibly. Consequently, cultural intelligence is expected to strengthen organizational resilience.

H2: Cultural intelligence has a positive effect on organizational resilience.

Organizational resilience represents an important capability for addressing technological changes and encouraging digital innovation adoption. Vogus and Sutcliffe (2007) explain that resilience enables organizations to maintain positive adjustments when facing disruptions and changes. Duchek (2020) conceptualizes resilience as a capability that enables organizations to anticipate, cope with, and adapt to change. Bharadwaj et al. (2013) state that digital technologies need to be integrated into organizational strategies and processes to create business value. Furthermore, Yuwono et al. (2025) demonstrate that digital innovation is associated with strategic orientation and organizational capabilities in supporting organizational performance. Accordingly, organizations with higher levels of resilience are better able to adjust their processes and strategies when faced with technological changes, making them better prepared to adopt digital innovations.

H3: Organizational resilience has a positive effect on digital innovation adoption.

Psychological factors can influence individuals' readiness to accept change and utilize new technologies within organizations. Bandura (1997) explains that self-efficacy provides individuals with confidence in their ability to perform specific tasks and overcome particular challenges. Yuwono et al. (2026) demonstrate that psychological capital is associated with the development of innovation capability within organizations. Bharadwaj et al. (2013) emphasize that the utilization of digital technologies is an essential component of organizational business strategy development. Based on these perspectives, positive psychological conditions can enhance individuals' readiness to cope with technological changes and support the process of digital innovation adoption.

H4: Psychological factors have a positive effect on digital innovation adoption.

Cultural intelligence can help individuals and organizations address changes arising from technological developments and diversity within the work environment. Ang et al. (2007) explain that cultural intelligence enables individuals to adapt and function effectively in culturally diverse environments. Stahl and Tung (2015) state that the ability to understand cultural differences can enhance openness to new perspectives and changes. Yuwono et al. (2026) identify cultural intelligence as a relevant aspect within dynamic and diverse organizational environments. Therefore, individuals' ability to understand differences and

adapt to changing environments is expected to increase their openness to new technologies and support digital innovation adoption.

H5: Cultural intelligence has a positive effect on digital innovation adoption.

C. METHOD

1. Research Methodology

This study employs a quantitative survey method using a causal-associative approach. Data were collected using a five-point Likert scale, with the following response categories: Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), and Strongly Disagree (1). The quantitative approach was selected because it enables researchers to measure variables objectively and test hypotheses formulated based on theoretical foundations through statistical analysis (Creswell, 2014). An explanatory research method is used to explain relationships among variables and examine the mediating role of variables within a research model (Sekaran & Bougie, 2013).

This study adopts a survey research design in which data are collected using a cross-sectional approach, meaning that data are gathered at a specific point in time to describe respondents' conditions and perceptions regarding the research variables. A cross-sectional design is considered appropriate for investigating dynamic organizational phenomena and efficiently examining relationships among variables within the constraints of research time and resources (Malhotra, 2019). This approach is also widely employed in management and organizational behavior research to examine innovation adoption and human factors within organizations (Hair et al., 2019).

The unit of analysis in this study is small businesses, with research respondents consisting of individuals involved in technology utilization and organizational management. The selection of these respondents is considered relevant because they possess an understanding of psychological conditions, organizational work culture, and the level of digital innovation adoption within their respective organizations. This study focuses on small businesses because these enterprises generally face resource constraints and rely heavily on internal factors when addressing digital transformation (Raes, 2021).

In this study, psychological factors and cultural intelligence are treated as independent variables, organizational resilience as a mediating variable, and digital innovation adoption as the dependent variable. The relationships among these variables are analyzed using a multivariate analytical approach that enables the simultaneous examination of direct and indirect effects. Structural model analysis was selected because it is considered capable of comprehensively and accurately examining complex relationships among latent variables and the role of mediation (Hair et al., 2019).

2. Operational Definitions of Variables

The variables in this study are classified into three categories: dependent variables, mediating variables, and independent variables. The dependent variable is Digital Innovation Adoption, the independent variables consist of Psychological Factors and Cultural Intelligence, and the mediating variable is Organizational Resilience. Each questionnaire item is measured using a Likert scale ranging from 1 to 5, with the following response categories: 1 = Strongly Disagree; 2 = Disagree; 3 = Neutral; 4 = Agree; and 5 = Strongly Agree.

3. Dependent Variable

A dependent variable is a variable that serves as the primary focus of a study because its value is influenced or explained by other variables acting as independent variables. According to Sugiyono (2019), a dependent variable is a variable that is influenced by or results

from the presence of an independent variable in a research model. A similar perspective is presented by Sekaran and Bougie (2013), who state that a dependent variable is an outcome variable that researchers seek to explain or predict through the influence of independent variables. In quantitative research, dependent variables are used to measure the extent to which changes in independent variables affect the phenomenon being investigated (Creswell, 2014). Accordingly, dependent variables function as indicators of the outcomes or consequences of the causal relationships examined in a study.

In this study, the dependent variable is digital innovation adoption, which represents the extent to which digital technologies are accepted, used, and utilized in organizational activities. Digital innovation adoption is regarded as an outcome of interactions among various internal organizational factors, including psychological readiness, cultural intelligence, and organizational capabilities in adapting to environmental changes (Vial, 2019). Therefore, positioning digital innovation adoption as the dependent variable is considered appropriate because it reflects the strategic outcome expected from strengthening human factors and organizational resilience.

Table 1. Questionnaire Items for the Digital Innovation Adoption Variable

No.	Questionnaire Items
1	The adoption of digital technologies increases our company's sales.
2	The adoption of digital technologies reduces operational costs.
3	The adoption of digital technologies enables the simplification of operational procedures.
4	The adoption of digital technologies provides timely information for decision-making purposes.
5	The adoption of digital technologies improves customer satisfaction.

Source: Chau et al. (2021)

4. Independent Variables

According to Sugiyono (2019), an independent variable is a variable that influences or serves as the reason for changes in or the emergence of a dependent variable. Sekaran and Bougie (2013) explain that an independent variable is a predictor variable used to explain variations in the dependent variable within a causal relationship. In quantitative research, independent variables function as the primary factors whose effects are examined against outcome variables, thereby enabling researchers to understand the cause-and-effect mechanisms underlying a particular phenomenon (Creswell, 2014).

In this study, the independent variables consist of psychological factors and cultural intelligence. Psychological factors reflect an individual's internal conditions, including optimism, self-efficacy, hope, and emotional resilience, which play a role in shaping individual readiness to face organizational changes and challenges (Luthans et al., 2007).

Table 2. Questionnaire Items for the Psychological Factors Variable

No.	Questionnaire Items
1	I would rather own my own business than earn a higher salary working for someone else.
2	I would prefer to own my own business rather than pursue another promising career.
3	I am willing to make significant personal sacrifices to remain in business.
4	If my business failed, I would work elsewhere for quite some time before trying to establish my own business again.

Source: Kolvereid & Isaksen (2006)

Meanwhile, cultural intelligence is defined as an individual's ability to understand, adapt, and behave effectively in culturally diverse working environments. This capability is an important factor in enhancing organizational flexibility and adaptability (Ang et al., 2007).

Table 3. Questionnaire Items for the Cultural Intelligence Variable

No.	Questionnaire Items
1	I enjoy interacting with people from different cultures.
2	I am confident that I can socialize with local people in a culture that is unfamiliar to me.
3	I am confident that I can cope with the stress of adjusting to a new culture.
4	I enjoy living in a culture that is unfamiliar to me.
5	I am confident that I can become accustomed to shopping conditions in a different culture.

Source: Koh & Tay (2007)

Accordingly, the inclusion of psychological factors and cultural intelligence as independent variables is considered relevant because both serve as internal resources that influence organizational resilience and digital innovation adoption.

5. Mediating Variable

According to Baron and Kenny (1986), a mediating variable is an intermediary variable that explains how an independent variable indirectly influences a dependent variable. In other words, this variable connects the relationship between independent and dependent variables. Hayes (2013) explains that mediating variables are used to clarify the underlying causal processes within a relationship. Thus, researchers can not only determine whether an effect exists but also understand how and through which mechanisms that effect occurs. In quantitative research, mediating variables play an important role in providing a more comprehensive understanding of complex relationships among variables (Creswell, 2014).

In this study, the mediating variable is organizational resilience, which is defined as an organization's ability to anticipate, respond to, recover from, and adapt to environmental changes or disruptions. Organizational resilience is regarded as a strategic capability that connects internal organizational resources, such as psychological factors and cultural intelligence, with strategic outcomes in the form of digital innovation adoption (Duchek, 2020).

Table 4. Questionnaire Items for the Organizational Resilience Variable

No.	Questionnaire Items
1	I view changes as opportunities.
2	I seek creative ways to transform difficult situations.
3	I can easily develop new strategies when situations change unexpectedly.
4	I adapt easily to new situations.
5	I am open to change.
6	I enjoy doing new and different things.
7	I am able to adapt to changes.

Source: Cheng et al. (2020)

Accordingly, organizational resilience serves as a mechanism that explains how individuals' psychological readiness and cultural intelligence can be translated into organizational capabilities for adopting digital innovations effectively and sustainably (Lengnick-Hall et al., 2011).

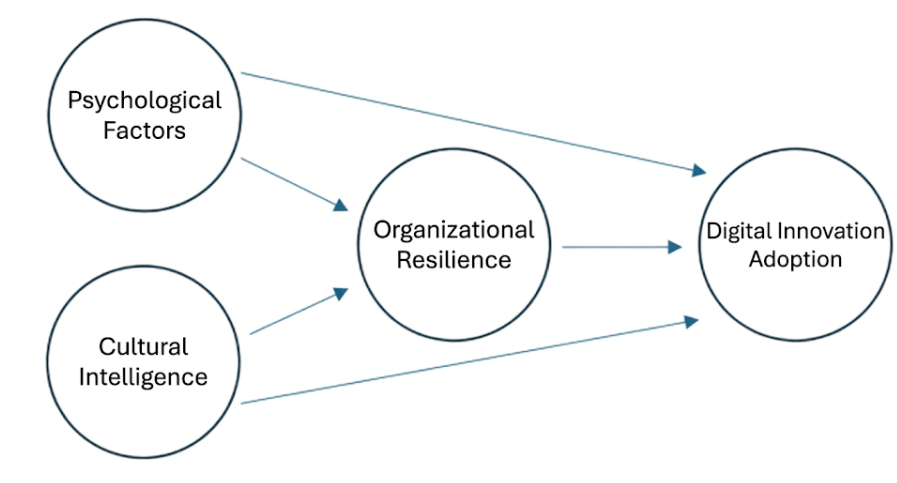


Figure 1. Research Model

D. RESULT AND DISCUSSION

The demographic characteristics of the respondents were analyzed to provide an overview of the research participants based on gender, age, educational background, occupation, and income. The demographic distribution is presented in Table 5.

Table 5. Respondents' Demographic Characteristics

Category	Description	Frequency	Percentage (%)
Gender	Male	119	58.6
	Female	84	41.4
Age	17–25 years	196	96.6
	43–51 years	6	3.0
	>51 years	1	0.5
Education	Senior High School/Equivalent	149	73.4
	Bachelor's Degree/Equivalent	54	26.6
Occupation	Private-sector Employee	163	80.3
	Entrepreneur	9	4.4
	Not Currently Employed	4	2.0
	Student	27	13.3
Income	Not Currently Employed	15	7.4
	<IDR 5,000,000	32	15.8
	IDR 5,000,000–IDR 10,000,000	152	74.9
	IDR 10,000,000–IDR 15,000,000	3	1.5
	>IDR 15,000,000	1	0.5

Based on Table 5, the study involved 203 respondents. In terms of gender, the majority were male, accounting for 119 respondents (58.6%), while female respondents accounted for 84 (41.4%). Regarding age, most respondents were between 17 and 25 years old, representing 196 respondents (96.6%). In terms of educational background, the majority had completed senior high school or an equivalent level, accounting for 149 respondents (73.4%). Regarding occupation, most respondents were private-sector employees, totaling 163 individuals (80.3%). Furthermore, in terms of income, the largest proportion of respondents earned between IDR 5,000,000 and IDR 10,000,000, representing 152 respondents (74.9%).

The validity test was conducted to evaluate the extent to which each research construct meets the criteria for convergent validity. In this study, the Average Variance Extracted (AVE)

value was used to assess the validity of each construct. According to Hair et al. (2019), the recommended AVE value is 0.50 or higher. The results of the validity test are presented in Table 6.

Table 6. Validity Test Results

Variable	AVE	Description
Digital Innovation Adoption	0.544	Valid
Cultural Intelligence	0.641	Valid
Psychological Factors	0.656	Valid
Organizational Resilience	0.627	Valid

According to Hair et al. (2019), an AVE value of 0.50 or higher is recommended. All values presented in Table 6 exceed the minimum threshold of 0.50. Therefore, all research constructs can be considered valid and have met the established convergent validity criteria.

The reliability test was performed to assess the internal consistency of the research constructs. Reliability was evaluated using Cronbach's Alpha and Composite Reliability, comprising rho_a and rho_c. According to Hair et al. (2019), a construct can be considered reliable when its Cronbach's Alpha and Composite Reliability values exceed 0.70. The results of the reliability test are presented in Table 7.

Table 7. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability (rho_a)	Composite Reliability (rho_c)	Description
Digital Innovation Adoption	0.787	0.817	0.854	Valid
Cultural Intelligence	0.860	0.867	0.899	Valid
Psychological Factors	0.825	0.829	0.884	Valid
Organizational Resilience	0.900	0.908	0.921	Valid

According to Hair et al. (2019), a construct is considered reliable when its Cronbach's Alpha and Composite Reliability values exceed 0.70. As shown in Table 7, all constructs have Cronbach's Alpha and Composite Reliability values above 0.70. Therefore, all research constructs meet the established reliability criteria and demonstrate adequate internal consistency.

Hypothesis testing was conducted to examine the relationships between the research variables and determine whether the proposed hypotheses were statistically supported. The evaluation was based on the p-values obtained from the structural model analysis. A relationship was considered statistically significant when the p-value was below 0.05. The results of the hypothesis testing are presented in Table 8.

Table 8. Hypothesis Testing Results

Relationship Between Variables	P-value	Description
Cultural Intelligence → Digital Innovation Adoption	0.000	Significant
Cultural Intelligence → Organizational Resilience	0.000	Significant
Psychological Factors → Digital Innovation Adoption	0.314	Not Significant
Psychological Factors → Organizational Resilience	0.000	Significant
Organizational Resilience → Digital Innovation Adoption	0.004	Significant

Based on Table 8, cultural intelligence has a significant effect on digital innovation adoption, with a p-value of 0.000. Similarly, cultural intelligence has a significant effect on organizational resilience, with a p-value of 0.000. Psychological factors also have a significant effect on organizational resilience, with a p-value of 0.000. Furthermore, organizational resilience has a significant effect on digital innovation adoption, with a p-value of 0.004.

However, psychological factors do not have a statistically significant direct effect on digital innovation adoption, as indicated by a p-value of 0.314, which exceeds the significance threshold of 0.05. These findings indicate that cultural intelligence and organizational

resilience play significant roles in digital innovation adoption, while psychological factors demonstrate a significant relationship with organizational resilience but do not show a significant direct relationship with digital innovation adoption.

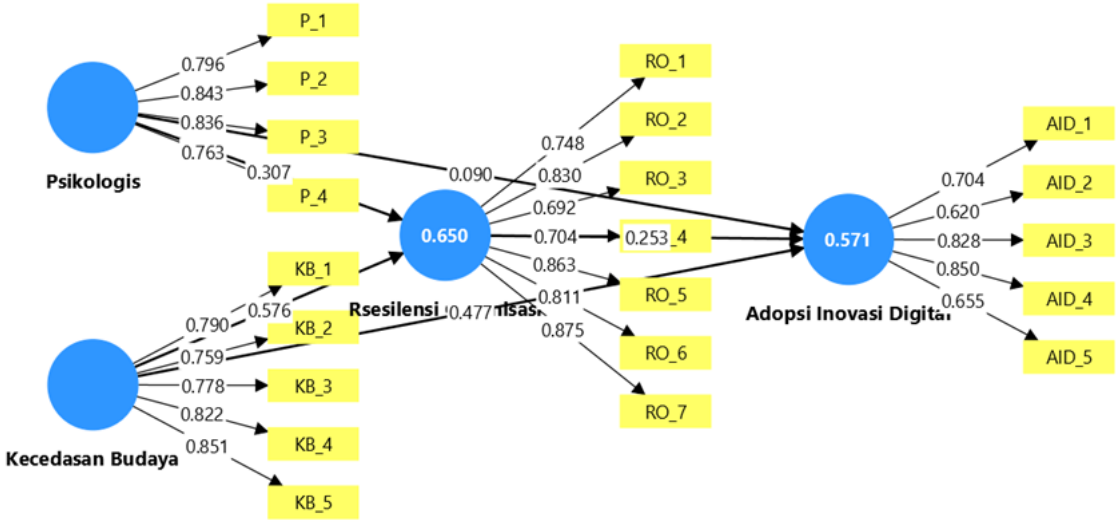


Figure 2. Test Result

The discussion in this study provides a more comprehensive overview of the relationships among the examined variables by linking the empirical findings with relevant theories and actual conditions reflected in the respondents' demographic characteristics. Based on the data obtained, the majority of respondents were aged 17–25 years (96.6%), with most having a senior high school or equivalent educational background (73.4%) and working as private-sector employees (80.3%). These characteristics indicate that perceptions of psychological factors, cultural intelligence, organizational resilience, and digital innovation adoption are largely influenced by the younger generation, which is relatively more receptive to technology but is still in the process of developing work experience. This provides an important context for understanding the research findings, particularly regarding how these variables interact in promoting digital innovation adoption.

In terms of data quality, all research indicators met the convergent validity criteria, with outer loading values above 0.6 and Average Variance Extracted (AVE) values exceeding 0.5. Furthermore, the reliability test results showed that all variables had Cronbach's Alpha and Composite Reliability values above 0.7, indicating that the research instruments consistently measure the constructs under investigation (Hair et al., 2019). Therefore, the research model can be considered adequate for further examining the relationships among the variables.

The hypothesis testing results indicate that cultural intelligence has a positive and significant effect on organizational resilience, with a coefficient value of 0.576 and a T-statistic value of 9.231 ($p < 0.001$). This value is the highest among all the examined relationships, indicating that cultural intelligence is the dominant factor in developing organizational resilience. This finding reinforces the perspective of Ang et al. (2007), who stated that cultural intelligence enables individuals to adapt effectively to diverse and dynamic environments. In the context of small businesses, this capability is particularly important because organizations are frequently confronted with market changes, differences in customer preferences, and the dynamics of globalization. In line with this perspective, Stahl and Tung (2015) emphasize that cross-cultural competencies contribute to organizational flexibility and the ability to respond

strategically to change. Accordingly, the higher the level of cultural intelligence within an organization, the stronger its organizational resilience is likely to be.

Furthermore, cultural intelligence also has a positive and significant effect on digital innovation adoption, with a coefficient value of 0.477 and a T-statistic value of 4.860 ($p < 0.001$). This indicates that individuals who possess the ability to adapt to multicultural environments tend to be more open to new technologies and better prepared to accept changes in digital-based work systems. This finding is consistent with the theoretical perspective that openness to cultural differences encourages the acceptance of new ideas and innovations (Stahl & Tung, 2015). In practice, small businesses with high levels of cultural intelligence are more likely to integrate digital technologies because their employees are not only capable of understanding changes but also able to adapt quickly to new systems.

On the other hand, psychological factors demonstrate a positive and significant effect on organizational resilience, with a coefficient value of 0.307 and a T-statistic value of 4.796 ($p < 0.001$). This finding indicates that psychological capital, including optimism, self-efficacy, and individual resilience, plays a role in developing collective organizational resilience. Individuals who have confidence in their abilities and maintain positive thinking when facing pressure are better prepared to cope with organizational changes. This finding is consistent with Luthans et al. (2007), who stated that psychological capital constitutes an internal resource capable of enhancing the adaptive capabilities of individuals and organizations. Furthermore, Lengnick-Hall et al. (2011) emphasize that organizational resilience is developed through the strengthening of human resources, particularly in terms of psychological readiness to face change.

Nevertheless, the research results indicate that psychological factors do not have a statistically significant direct effect on digital innovation adoption, with a coefficient value of 0.090 and a T-statistic value of 1.008 ($p > 0.05$). This finding is noteworthy because, theoretically, individuals with high levels of self-efficacy and optimism should be better prepared to face technological changes (Luthans et al., 2007). This lack of statistical significance may be explained by several factors. First, the respondents were predominantly young, which may indicate relatively similar levels of technological readiness. Consequently, psychological factors may not serve as the primary differentiating factor in digital innovation adoption. Second, within an organizational context, digital innovation adoption does not depend solely on individual readiness but is also influenced by organizational systems, policies, and overall institutional support. In other words, individuals' psychological readiness must first be translated into organizational capabilities before it can produce a meaningful impact on technology implementation.

This interpretation is further supported by the finding that organizational resilience has a positive and significant effect on digital innovation adoption, with a coefficient value of 0.253 and a T-statistic value of 2.855 ($p < 0.01$). This finding indicates that organizations capable of adapting, learning from changes, and responding to uncertainty tend to be better prepared to adopt digital technologies. In this context, organizational resilience serves as a mechanism that connects internal resources with organizational strategic outcomes. This is consistent with Duchek (2020), who stated that organizational resilience is a dynamic capability that enables organizations not only to survive but also to develop through innovation. Vogus and Sutcliffe (2007) further explain that resilient organizations are capable of turning disruptions into opportunities for renewal and innovation.

Overall, the findings of this study demonstrate that organizational resilience plays an important mediating role in the relationship between psychological factors and cultural intelligence and digital innovation adoption. Psychological factors and cultural intelligence do not always have a direct impact on digital innovation adoption. However, through

organizational resilience as a collective capability, their effects become more evident. This emphasizes that, in the context of small businesses, the success of digital transformation is determined not only by individuals but also by the organization's ability to manage and effectively integrate its internal resources.

E. CONCLUSION

Based on the results of the analysis and discussion, it can be concluded that this study successfully demonstrates significant relationships among most of the variables examined. Cultural intelligence has been shown to have positive and significant effects on both organizational resilience and digital innovation adoption, making it the most dominant factor in promoting organizational readiness for digital transformation. Psychological factors have also been found to have a positive effect on organizational resilience, indicating that psychological capital, including optimism, self-efficacy, and individual resilience, plays an important role in developing an organization's ability to withstand and adapt to change.

Nevertheless, psychological factors do not have a statistically significant direct effect on digital innovation adoption. This indicates that individual readiness alone is insufficient to drive technology implementation without support from the organization's overall capabilities. In this regard, organizational resilience has been demonstrated to serve as a significant mediating variable that bridges the relationship between internal factors (psychological factors and cultural intelligence) and the strategic outcome of digital innovation adoption. Therefore, organizational resilience represents a key factor in ensuring that internal resources can be translated into competitive advantages through digital innovation.

This study still has several limitations, primarily due to the relatively short research period, which restricted the depth of the data collection and analysis processes. These time constraints also limited the exploration of variables and the scope of respondents, which remains relatively narrow. Therefore, future researchers are recommended to conduct studies over a longer period to enable more comprehensive data exploration and obtain more accurate findings. Furthermore, subsequent research could incorporate other relevant variables and expand the number and characteristics of respondents to produce more representative findings with greater generalizability..

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