

Building Financial Resilience through Digitalization: why Culture Matters?

Jagriti Srivastava

Indian Institute Of Management Amritsar, India

Abstract

This study explores the impact of digitalization on small and medium sized enterprises (SMEs) likelihood of default. Using a cross-country sample of 4,147 firms from 31 countries, I find that SMEs' adaptation to work from home (WFH) and online sales model reduces their likelihood of default during the pandemic period. The author also finds the negative moderating role of national culture (collectivism) on the relationship between digitalization and the likelihood of default.

Keywords: Digitalization, Default Risk, Culture, Collectivism, Smes