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Beyond Survival: Capability Asymmetry and Organisational Resilience under Prolonged Economic Disruption in Myanmar

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ABSTRACT: Organisations exposed to prolonged, chronic disruption face a distinct challenge compared to those navigating discrete shocks. In environments characterised by persistent external constraints, organisations may continue operating while the underlying functional capabilities required for longer-term viability follow substantially different trajectories. When survival metrics are conflated with resilience, the systemic vulnerabilities embedded within operating firms may remain analytically invisible. This study examines how firms in Myanmar sustained operational viability across prolonged economic disruption between 2020 and 2026, and under what conditions continued operation appears consistent with organisational resilience rather than short-term or capability-constrained survival. Employing a structured longitudinal documentary analysis, the study uses repeated cross-sectional firm-monitoring evidence triangulated alongside macroeconomic and thematic contextual sources. The aggregate surveyed firm population maintained high physical operational continuity, while underlying productive capacity remained persistently constrained. Reported operational continuity was frequently accompanied by defensive tactical adaptations—such as captive generator use and local market retreats—that were associated with severe financial penalties and shifted external resource dependencies. Forward-looking indicators, including technological adoption and long-term capital investment, remained largely limited as firms allocated internal buffers toward immediate survival. The study extends organisational resilience theory by examining capability asymmetry to indicate how operational continuity and functional capability preservation can substantially decouple under prolonged disruption, using the analytical term "erosive survival" to describe this intermediate condition. For both management practice and theoretical assessment, the findings suggest that evaluating resilience requires explicitly distinguishing short-term operational continuity from the capability health required for future organisational viability.

1. INTRODUCTION

Organisations exposed to prolonged, chronic disruption face a fundamentally different challenge from those navigating short-lived, discrete shocks. In environments characterised by persistent external constraints, organisations may successfully continue operating while the underlying functional capabilities required for longer-term viability follow substantially different trajectories. Distinguishing immediate operational continuity from broader organisational resilience is therefore theoretically and practically critical. When survival metrics are conflated with resilience, the systemic vulnerabilities embedded within operating firms may remain analytically invisible, creating the illusion of recovery while core organisational capacities degrade.

Organisational resilience research has increasingly moved beyond static conceptualisations to recognise the multidimensional and processual nature of responding to adversity (Linnenluecke, 2017; Williams et al., 2017). Contemporary scholarship explicitly distinguishes short-term survival from genuine organisational resilience (Ortiz-de-Mandojana & Bansal, 2016). Furthermore, research examining continuous or polycrisis environments acknowledges that resilience trajectories are frequently

non-linear and heterogeneous (de Waal et al., 2025), requiring dual temporal strategies that balance immediate institutional workarounds against longer-term strategic development (Tunçalp, 2026). However, despite these theoretical advances, empirical assessments frequently continue to rely on continued operational status or firm survival as proxy indicators for resilience (Hillmann & Guenther, 2021).

Consequently, a specific empirical problem remains less well understood: how operational continuity and particular organisational capability trajectories may diverge during prolonged, externally constrained disruption. When empirical studies measure resilience primarily through binary survival or operational status, they risk capturing the tactical adaptations required to stay open while missing the potential depletion of productive, financial, or future-oriented capabilities. Relying on a single observable outcome, such as continued operation, can provide an incomplete picture of an organisation's condition, particularly when the adaptations necessary for immediate survival carry severe long-term costs. The decoupling of operational outcomes from functional capabilities under persistent adversity requires further longitudinal examination.

The empirical setting of Myanmar between 2020 and 2026 provides substantial analytical leverage to examine this problem. During this period, enterprises in Myanmar navigated prolonged and evolving economic disruption characterised by overlapping external constraints. Across this period, firms faced evolving and overlapping constraints involving electricity and energy access, formal finance, foreign exchange availability, supply and logistics, labour retention, and shifting market conditions (Edwards et al., 2023; Mansaray et al., 2025; World Bank, 2022a). Rather than representing a discrete crisis event, the 2020–2026 period constitutes a profoundly constrained operating environment. This setting is analytically valuable because the extended observation window permits a longitudinal analysis of repeated cross-sectional firm-survey evidence. This allows for the systematic comparison of reported operational continuity against productive capability, financial conditions, adaptation responses, and future-oriented capabilities across successive survey rounds.

To address the identified literature gap, this study investigates the following analytical proposition: continued operation is an insufficient indicator of organisational resilience under prolonged disruption because responses that preserve immediate operational continuity may preserve, restore, fail to restore, or potentially weaken organisational capabilities associated with longer-term viability. Guided by this proposition, the study asks the following central research question: “How did firms in Myanmar sustain or restore operational viability under prolonged economic disruption between 2020 and 2026, and under what conditions does continued operation appear consistent with organisational resilience rather than short-term or capability-constrained survival?” To answer this, the research employs a structured longitudinal documentary and secondary-data analysis, centred on repeated cross-sectional firm-monitoring evidence triangulated with macroeconomic and thematic contextual sources.

The study offers several specific contributions to the organisational resilience literature. The primary theoretical extension and empirical demonstration lie in examining capability asymmetry. By mapping resilience as a configuration of operational and capability trajectories, the study demonstrates how operational continuity may become substantially asynchronous with particular organisational capabilities during prolonged disruption. Secondly, the study uses the analytical term ‘erosive survival’ to examine the possibility that continued functioning may coexist with persistent capability impairment relevant to future organisational viability. To interpret these patterns, Resource Dependence Theory (RDT) is applied as a contextual explanatory lens, illustrating how external resource dependencies bound organisational adaptation. Dynamic Capabilities is utilised selectively as a boundary concept to distinguish tactical adjustment from higher-order reconfiguration. Empirically, the research provides survey-based aggregate evidence across a six-year horizon concerning operational continuity, firm responses, and persistent resource constraints. Contextually, Myanmar provides an under-examined setting for assessing analytical transferability regarding how firms adapt under prolonged economic and resource constraints.

The remainder of the article is structured as follows. Section 2 reviews the literature on organisational resilience, bounded adaptation, and capability asymmetry to establish the theoretical framework. Section 3 details the repeated cross-sectional methodology, corpus construction, and comparability procedures. Section 4 presents the empirical findings concerning the divergence of operational continuity and productive capacity, alongside firm adaptation patterns. Section 5 discusses the theoretical implications of these findings for understanding erosive survival and the boundaries of adaptation. Finally, Section 6 concludes with implications for theory and future research.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Organisational Resilience: Beyond Survival and Operational Continuity

Contemporary organisational theory conceptualises resilience not merely as a static outcome, but as a multidimensional construct encompassing anticipation, coping, adaptation, and recovery (Linnenluecke, 2017). Within this development, scholarship has increasingly distinguished short-term firm survival and business continuity from genuine organisational resilience (Ortiz-de-Mandojana & Bansal, 2016). While operational continuity reflects the immediate ability to maintain physical functioning and market presence, broader organisational resilience requires the preservation, adaptation, or restoration of the underlying functional capabilities necessary to navigate ongoing adversity.

Modern resilience theory explicitly recognises that resilience cannot be reduced to binary survival. Consequently, the theoretical challenge no longer lies in establishing that survival and resilience are distinct constructs; rather, the challenge is empirical and analytical. When empirical assessments of firm performance in crisis environments rely on continued operational status or survival as proxies for resilience (Hillmann & Guenther, 2021), they risk obscuring the underlying condition of the organisation. This creates a critical need to investigate how resilience is assessed when an organisation remains operational, yet its constituent capabilities follow divergent trajectories under severe external constraints.

2.2 Temporal and Capability-Specific Resilience under Prolonged Disruption

Theoretical models of resilience have increasingly incorporated temporal dynamics, conceptualising resilience as a processual phenomenon rather than a static response to a discrete shock (Williams et al., 2017). Recent empirical evidence from war economies demonstrates that organisational resilience trajectories are highly heterogeneous and non-linear, taking multiple forms rather than adhering to a simple “bounce-back” pattern (de Waal et al., 2025). Furthermore, in continuous or polycrisis environments, research indicates that organisations employ dual temporal strategies, distinguishing between the immediate institutional workarounds required for day-to-day survival and the strategic requirements of longer-term development (Tunçalp, 2026).

While the literature thus recognises temporal resilience, adaptation trade-offs, and continuous disruption, less is known about the specific empirical configuration in which high operational continuity coexists over an extended period with persistent impairment or uneven recovery across particular capability domains. This study proposes capability asymmetry as an analytical focus to address this gap. Capability asymmetry describes the condition wherein operational outcomes and specific functional capabilities (such as productive, financial, or future-oriented capacities) become substantially asynchronous. Examining this asymmetry is essential for understanding prolonged, externally constrained disruption, where a single organisational trajectory fails to capture the complexity of the firm's condition.

2.3 Coping, Adaptation and Organisational Reconfiguration

To rigorously evaluate organisational responses, a conceptual distinction must be maintained among coping, ordinary adaptation, and higher-order reconfiguration. Foundational literature distinguishes ordinary capabilities—which encompass ad hoc problem-solving, routine operational adjustments, and short-term coping—from Dynamic Capabilities, which involve the deliberate sensing, seizing, and structural reconfiguration of a firm's resource base (Winter, 2003).

Recent empirical evidence from wartime contexts highlights the array of tactical adaptive strategies firms deploy to maintain operational continuity despite severe market and supply constraints (Chaikova et al., 2026). Similarly, Tunçalp (2026) demonstrates that under polycrisis conditions, immediate improvisational action and institutional workarounds routinely operate alongside, or substitute for, strategic reconfiguration. Recognising this spectrum of responses, the present study does not automatically classify every successful operational adaptation as evidence of higher-order dynamic capability processes. While some firm responses may involve genuine reconfiguration, many represent tactical coping. Consequently, Dynamic Capabilities is employed selectively as a boundary concept to differentiate deliberate capability renewal from the defensive adjustments required to maintain immediate functioning.

2.4 Resource Dependence and the Boundaries of Firm-Level Adaptation

To explain why firm-level adaptation may fail to fully restore organisational capabilities under prolonged disruption, this study utilises Resource Dependence Theory (RDT) as a contextual explanatory lens. RDT posits that organisational behaviour and

survival are fundamentally conditioned by the firm's reliance on critical resources controlled by the external environment (Pfeffer & Salancik, 1978).

Under conditions of prolonged macroeconomic disruption and severe infrastructure degradation, access to critical external resources—such as electricity, fuel, formal finance, foreign exchange, logistics, and market access—becomes persistently constrained. Viewing adaptation through RDT clarifies that managerial agency remains bounded by these external dependencies. When foundational institutional systems fail, tactical adaptations may permit continued operation, but they frequently shift rather than eliminate the underlying resource dependencies. Consequently, adaptation under severe macro-institutional disruption may tether the organisation to new external vulnerabilities, providing a theoretical mechanism for why operational continuity may be sustained while functional capabilities remain impaired.

2.5 Capability Asymmetry, Erosive Survival and Future Organisational Viability

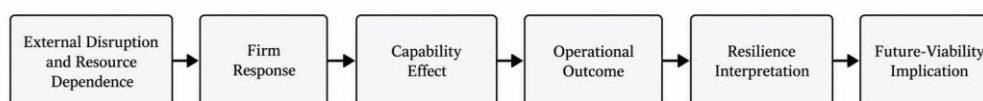
Synthesising these perspectives, this study treats organisational resilience as a complex configuration of capability trajectories rather than a uniform organisational state. This approach accommodates the prospect of capability asymmetry, where a firm may successfully maintain operational continuity while simultaneously experiencing deterioration across other vital domains.

To conceptualise this specific empirical configuration, we use the analytical term erosive survival. Erosive survival describes a condition in which continued operational functioning coexists with the persistent impairment, depletion, or incomplete restoration of capabilities relevant to the firm's longer-term viability. It is framed not as a universal organisational state or an established theory, but as an empirically testable analytical interpretation of adaptation trade-offs.

Crucially, this condition distinguishes immediate operational survival from future organisational viability. Because the adaptive actions required to preserve current operations under severe constraints may be associated with the depletion of internal buffers (Tunçalp, 2026), surviving the immediate crisis does not automatically equate to long-term sustainability. Future organisational viability thus remains a forward-looking implication of the firm's current capability condition, separate from the observable metric of present-day survival.

2.6 Conceptual Framework and Research Question

Drawing upon the preceding literature, this study is guided by a sequential analytical framework as following:



This framework treats these stages as an analytical progression rather than a deterministic causal pathway. It is designed to capture non-linear trajectories, partial recoveries, coping without reconfiguration, and the possibility of capability asymmetry. Guided by this framework, the study investigates the central research question: “How did firms in Myanmar sustain or restore operational viability under prolonged economic disruption between 2020 and 2026, and under what conditions does continued operation appear consistent with organisational resilience rather than short-term or capability-constrained survival?”

3. METHODOLOGY

3.1 Research Design and Analytical Strategy

This study employs a structured longitudinal documentary and secondary-data analysis to examine firm conditions and organisational responses in Myanmar across the 2020–2026 period (World Bank, 2022). The research design is observational and non-experimental. It is designed to facilitate the analytical interpretation of temporal patterns, capability trajectories, and changing resource constraints under prolonged disruption, rather than the statistical estimation of causal impacts. To organise the interpretation of changing business constraints, the study period is divided into four analytical phases: 2020 (representing pre-existing severe disruption/stress); 2021–2022 (intensified disruption and early firm responses); 2023–2024 (prolonged adjustment under persistent constraints); and 2025–2026 (later-stage capability conditions and future-viability assessment). Crucially, the principal firm-level evidence relies on a repeated cross-sectional design, necessitated by high panel attrition (World Bank, 2022). Consequently, longitudinal interpretation in this study refers strictly to the comparison of aggregate patterns across

successive survey rounds of the surviving firm population, rather than the continuous tracking of identical individual firms (World Bank, 2022).

3.2 Data Sources and Corpus Construction

The empirical corpus relies on primary firm-level survey evidence contextualised by macroeconomic and thematic reporting. The principal source for firm-level conditions is the World Bank Myanmar Firm Monitoring Survey series, comprising 17 technical reports: FS01 to FS05 (May–October 2020), FS09 to FS10 (2021), FS12 to FS14 (2022), FS15 to FS16 (2023), FS17 to FS18 (2024), FS19 to FS20 (2025), and FS21 (March 2026) (World Bank, 2022).

To establish the broader operating environment, the study integrates 11 World Bank Myanmar Economic Monitor (MEM) reports spanning the same period (Mansaray et al., 2026; World Bank, 2022a). These contextual sources are explicitly separated from firm-level data and are not used as substitutes for firm-level estimates. Furthermore, to triangulate the mechanisms behind specific resource constraints, the corpus includes 9 World Bank sectoral/thematic reports covering energy, transport, telecommunications, trade, and finance, supplemented by seven annual Asian Development Bank (ADB) Myanmar Key Indicators analytical sources treated as one source per year, and 1 International Labour Organization (ILO) rapid assessment (International Labour Organization, 2022; Myint et al., 2022).

3.3 Evidence Extraction and Analytical Dataset

Data from the assembled corpus was extracted into a structured analytical dataset. This dataset was designed to organise source-level evidence, temporal information, indicator definitions, comparability status, and interpretive coding into a traceable format. Each row in the dataset represents a specific extracted indicator or piece of evidence at a given point in time for a specific population or subgroup (such as national, sectoral, or firm-size aggregates), rather than individual firm-level microdata. This structure supported the study's central analytical sequence mentioned above.

3.4 Capability, Response and Resilience Classification

To avoid conflating physical survival with functional health, operational outcomes were classified independently of broader organisational capabilities. Operational statuses were coded as NON_OPERATING, OPERATING_DECLINING, OPERATING_STABLE, OPERATING_RECOVERING, or INDETERMINATE. Concurrently, organisational conditions were evaluated across eight capability domains: operational/productive, market viability, financial, cost absorption, supply, energy, human, and future-oriented capability. Documented effects within these domains were classified as CAPABILITY_PRESERVING, CAPABILITY_DEPLETING, CAPABILITY_NEUTRAL, CAPABILITY_RECOVERING, or INDETERMINATE.

Documented firm responses were categorised analytically as COPING (short-term, reactive operational cutbacks), ADAPTATION (tactical adjustments preserving operations), or RECONFIGURATION (permanent, capability-enhancing structural changes). This strict classification ensured that routine coping or defensive adaptations were not retrospectively or automatically coded as "Dynamic Capabilities," reserving the latter for theoretical interpretation where genuine reconfiguration was evident.

Following this foundational coding, higher-order resilience interpretations were derived. These classifications—including RESILIENCE_FAILURE, EROSION_SURVIVAL_CONDITIONS, SUSTAINED_RESILIENCE, ADAPTIVE_RESILIENCE, RECOVERY, and MIXED_RESILIENCE_TRAJECTORY—were treated as analytical interpretations rather than measured survey variables. For example, classifying a condition as "erosive survival" required direct evidence of continued firm operation coexisting with persistent or repeated capability impairment across multiple indicators over time. Similarly, a "recovery" classification required evidence of measurable improvement relative to an earlier impaired baseline, explicitly distinguishing between partial recovery, temporary recovery, and mere stabilisation at an impaired level.

3.5 Longitudinal Comparison and Comparability Audit

Because the study relies on repeated cross-sectional data, a formal comparability audit was applied to all longitudinal indicators prior to comparison. Indicators were classified as COMPARABLE, PARTIALLY_COMPARABLE, BREAK_IN_SERIES, or CONTEXTUAL_ONLY. Apparent longitudinal changes were not interpreted as continuous trends if question wording, reference periods, or denominators materially changed.

Two significant comparability limitations identified in the audit govern the study's findings. First, a break in series occurred in June 2022 (Round 12) regarding the average operating capacity metric, where the denominator shifted from capturing "open/operational firms only" to "all sampled firms" (assigning zero capacity to temporarily closed firms) (World Bank, 2022b). Second, a substantial sample-composition shift occurred beginning in October 2025 (Round 20), featuring a marked over-representation of large manufacturing firms (a 12-percentage-point increase in manufacturing and an 8-percentage-point increase in large firms) alongside a corresponding drop in micro-enterprises (World Bank, 2025). These discontinuities explicitly restrict the interpretation of aggregated capacity recoveries in 2022 and 2025/2026, requiring subsequent analysis to rely heavily on size-disaggregated cross-tabulations. Non-comparable observations were not smoothed or interpolated.

3.6 Evidence Triangulation and Analytical Integration

The analytical workflow progressed through explicit stages: corpus verification, comparability auditing, operational-continuity versus capability-trajectory analysis, response classification, resource-dependence analysis, and integrated resilience assessment. During integration, evidence types were explicitly triangulated: firm survey evidence was used to demonstrate reported firm conditions; macroeconomic evidence was used to establish the operating environment; and thematic evidence was used to contextualise potential resource constraints.

Crucially, the methodology required the preservation of contradictory evidence rather than its elimination. Where improving and deteriorating indicators coexisted—for instance, high operational open rates alongside collapsing tech adoption or financial access—these contradictions were preserved as the empirical basis for the study's finding of capability asymmetry and mixed resilience trajectories.

3.7 Methodological Limitations and Claims Discipline

The chosen research design carries inherent limitations that bound the resulting claims. The use of repeated cross-sectional survey data precludes the ability to trace the continuous, sequential capability erosion of specific, individual enterprises, meaning the findings represent the aggregate conditions of the surviving firm population at specific intervals. Additionally, the non-experimental nature of the data, combined with uneven survey intervals and the reliance on secondary institutional reporting, limits the ability to infer strict causal mechanisms between macro-shocks and firm-level outcomes. To address these limitations, evidence traceability was maintained through a rigorous claims-control procedure that restricted interpretations to what could be directly supported by, or systematically derived from, the audited dataset.

4. FINDINGS

4.1 The Divergence of Operational Continuity and Productive Capacity

Across successive survey rounds, the data reveals a persistent divergence between the physical operational status of the surveyed firm population and its underlying functional capacity. While physical open rates stabilised at exceptionally high levels of 97%–99% between 2023 and 2026, with firms reporting regular monthly working schedules of 21–25 days, this operational continuity masked severe and sustained capability suppression. Average operating capacity among the surveyed firm population remained persistently constrained between 75% in Round 15 and 71%–78% in Round 21 throughout the prolonged crisis period (World Bank, 2024a, 2026).

Crucially, the evidence indicates that the baseline for maximum potential output has fundamentally shrunk. In 2023 and 2024, between 50% and 67% of surveyed firms reported reduced maximum potential output ceilings relative to their 2019 pre-crisis baselines. Although aggregate national capacity utilisation appeared to show a recurrent W-shaped temporary recovery—such as a rebound to 78% in March 2026—these figures must be interpreted with strict methodological caution. A denominator shift in June 2022 (Round 12) from measuring only "open firms" to "all sampled firms," combined with an over-representation of large manufacturing enterprises in the October 2025 (Round 20) sample, artificially inflated aggregate recovery trendlines. When controlling for these methodological breaks, the empirical pattern demonstrates that high physical open rates frequently coexisted with a persistent inability to restore productive capability.

4.2 Defensive Adaptation and Cost Penalties

To maintain the high rates of operational continuity observed, firms engaged in widespread tactical adaptations. However, rather than achieving capability-enhancing reconfiguration, these responses were predominantly defensive and imposed severe financial penalties. Facing chronic national power deficits, 58% of surveyed firms adopted captive diesel generators, while 30%

installed off-grid solar systems. While this adaptation successfully preserved immediate physical operating hours, it was associated with degraded cost-absorption capabilities. Generator fuel added half or more to baseline operating costs (Mansaray et al., 2025).

Similarly, facing deep domestic market contraction, 52% of food processors retreated to selling to the national market to avoid conflict-related logistics constraints. In the financial domain, banking disintermediation prompted the near-universal adoption of mobile banking wallets, which were utilised by 91% to 98% of digitally active firms to execute basic commercial payments. While these tactical adaptations prevented immediate firm closure, they tied up critical working capital, inflated operating unit costs, and forced a defensive contraction of market reach, indicating a condition of erosive survival rather than structural recovery (Mansaray et al., 2025; World Bank, 2025).

4.3 Shifting Resource Dependencies

The empirical evidence indicates that firm-level adaptations under prolonged macro-institutional disruption largely failed to resolve external constraints, serving instead to shift resource dependencies to new, highly volatile vulnerabilities. By investing heavily in captive diesel generators to bypass a 2,665 MW daily national grid deficit, the firm population decoupled from domestic state infrastructure but created a near-total dependency on imported diesel fuel (Myint et al., 2022). This shift left operational continuity entirely exposed to global oil price shocks, culminating in fuel price spikes of 90%–160% by April 2026 that severely undermined firm profitability (Mansaray et al., 2025; Mansaray et al., 2026; World Bank, 2024c).

Likewise, the mass migration to mobile digital wallets successfully facilitated daily payment execution but created complete dependency on state-regulated telecommunication networks, while utterly failing to restore formal banking credit access. Furthermore, extensive import licensing delays—averaging 54 days—compelled domestic agri-food processors to substitute imported raw materials with local agricultural outputs. While this preserved supply chain continuity in the short term, it tethered manufacturers to volatile domestic crop yields (Mansaray et al., 2026).

4.4 Human Capability Erosion and Skill Shortages

As the crisis progressed, the surveyed firm population experienced a severe deterioration in human capability. Following February 2024, firm-level data captured a wave of skilled employee resignations and outward migration (World Bank, 2024b, 2024c). Across 2024, between 19% and 28% of surveyed firms reported employee resignation due to migration, a trend that contextual evidence links to the broader crisis environment (Edwards et al., 2024; World Bank, 2024b, 2024c). The demographic composition of this labour exodus was associated with the loss of firm-specific experience, as resigning employees possessed more than three years of firm-specific experience on average in both 2024 rounds. Among firms reporting resignation due to migration, international migration accounted for 51%–56% of reported destinations across the two 2024 rounds (World Bank, 2024b, 2024c). Hiring difficulties subsequently remained elevated, with 48% to 56% of enterprises reporting severe skill shortages across 2024 and 2025 (World Bank, 2024c, 2025). Although headline national labour force participation rates may have appeared stable due to informal casual work, firm-level capability trajectories show persistent impairment in retaining skilled human capital (International Labour Organization, 2022; World Bank, 2025).

4.5 Asymmetric Vulnerability by Firm Size

The empirical pattern of capability impairment was highly asymmetric, revealing a stark divide across firm size classes. Large enterprises (defined as those with >99 employees), predominantly in the manufacturing sector, demonstrated a much stronger ability to preserve both operational and productive capabilities. In the later survey rounds, large firms maintained robust operating capacities 83%, achieved price pass-through rate to consumers, and retained a 24% bank loan access rate (World Bank, 2025).

By contrast, micro-enterprises (1–4 employees) operated under conditions approaching structural collapse. Micro firms struggled with persistently suppressed operating capacities of 69%, managed a price pass-through, and were functionally excluded from formal credit markets, with loan access trapped at 21%. While the aggregate firm population maintained physical operations, the repeated cross-sectional data confirms that the burden of erosive survival fell disproportionately on smaller enterprises lacking internal liquid reserves (World Bank, 2025).

4.6 The Paralysis of Future Investment

Despite the stabilisation of immediate physical operations, proxy indicators for future-oriented capability and business sustainability remained trapped in persistent impairment. The surveyed firm population exhibited a near-total paralysis regarding long-term capital accumulation and technological upgrading. Advanced digital transformation was virtually absent, with the adoption of enterprise resource planning (ERP) systems and artificial intelligence stalled at 7% and 6%, respectively (Mansaray et al., 2025; Mansaray et al., 2026).

Furthermore, 70% to 78% of firms reported suspending their future investment plans, and formal bank loan access remained chronically trapped at 23%–26% across the surviving population. With over 80% of enterprises forced to self-finance working capital amid declining retail bank deposits, long-term fixed capital investment was effectively frozen. While low-cost defensive tools such as social media sales channels saw rapid uptake, the fundamental capital and technological capabilities required for future organisational viability remained heavily suppressed (Mansaray et al., 2025; World Bank, 2026).

5. DISCUSSION

5.1 Operational Continuity versus Organisational Resilience

The empirical evidence from the surveyed firm population reveals a persistent divergence between physical operational status and underlying productive capacity. Across successive survey rounds, high operational open rates and stable monthly working schedules consistently masked severely suppressed operating capacities and shrinking maximum output ceilings. This finding fundamentally challenges binary theoretical conceptions of organisational resilience that equate continued firm survival—or operational continuity—with functional organisational health (Hillmann & Guenther, 2021; Ortiz-de-Mandojana & Bansal, 2016).

Interpreted through the lens of Organisational Resilience, the Myanmar evidence demonstrates that operational continuity is merely one dimension of resilience, and under extreme environmental disruption, it can decouple entirely from capability preservation. Evaluating resilience through survival metrics alone obscures the reality that operational continuity frequently occurs before, or entirely without, full capability restoration. Consequently, this study argues that organisational resilience under prolonged disruption is better understood as a longitudinal configuration of operational and capability trajectories, rather than a binary state inferred from continued operation. When survival metrics are conflated with resilience, the systemic vulnerabilities embedded within operating firms remain theoretically invisible.

5.2 Erosive Survival as a Capability-Specific Condition

Building upon the decoupling of operation and capability, the findings establish that the surveyed firms did not experience synchronous deterioration or recovery. Instead, tactical improvement in one domain—such as physical operating hours—routinely coexisted with persistent vulnerability in financial, human, and market capabilities. This capability asymmetry operationalises a distinct, intermediate resilience condition: erosive survival.

Erosive survival is characterised by continued physical operation combined with persistent capability impairment and severe cost penalties. The evidence demonstrates that defensive adaptations, such as adopting captive diesel generators or retreating to municipal markets, successfully prevented immediate firm closure but coexisted with degraded cost-absorption and market capabilities. However, the data also confirms that this condition is highly capability-specific and firm-size dependent. Large manufacturing enterprises largely maintained their productive baselines and credit access, whereas micro-enterprises operated near structural collapse thresholds. Therefore, erosive survival should not be generalised universally across the firm population; rather, it highlights how macro-institutional shocks are associated with the disproportionate depletion of the internal liquid reserves and productive baselines of smaller enterprises, forcing them into a state where remaining open systematically erodes their functional health.

5.3 Resource Dependence and the Boundaries of Adaptation

The empirical record shows that firm responses to the crisis were overwhelmingly characterised by defensive tactical adaptation and coping cutbacks, with no evidence of permanent, capability-enhancing reconfiguration. When examined through Resource Dependence Theory (RDT), these defensive adaptations reveal the strict boundaries of firm-level agency under prolonged institutional collapse (Pfeffer & Salancik, 1978).

In stable environments, RDT posits that firms adapt to manage and mitigate external dependencies. However, the findings indicate that under extreme macro-institutional failure, adaptations do not resolve external constraints; they merely shift them. By investing heavily in diesel generators to bypass a failed national grid, or adopting mobile wallets to circumvent a disintermediated banking sector, firms effectively traded one severe dependency for another. Operational continuity became tethered to the extreme volatility of global imported fuel prices and state-regulated telecommunication networks. Theoretically, this demonstrates that when foundational public infrastructure fails, firm-level adaptation cannot transcend the macro-environment. Instead, adaptation simply displaces vulnerability onto alternative, often highly volatile, external chokepoints.

5.4 The Resilience–Sustainability Tension

The paralysis of forward-looking indicators—evidenced by frozen long-term capital accumulation, pervasive self-financing requirements, and the virtual absence of advanced technological adoption—raises critical implications for future organisational viability. While this study's repeated cross-sectional design inherently limits the direct observation of long-term sustainability outcomes, the current proxy baselines strongly suggest a Resilience–Sustainability Tension.

This tension posits that the adaptive actions required to preserve immediate operations do not necessarily strengthen, and may actively weaken, the organisational capabilities required for longer-term viability. The financial capital absorbed by generator fuel, combined with the human capital lost through outward migration occurring amid conscription pressures, represents the exhaustion of buffers that would normally fund future productivity. Crucially, these patterns must be interpreted alongside the methodological realities of the survey design. Because the data captures only the surviving firm population in any given round, the observed severity of capability impairment and suspended investment is likely a conservative estimate of the broader economic damage. Ultimately, the evidence cautions against celebratory narratives of firm survival in emerging economy crises; the mechanisms deployed to survive today may systematically erode the organisational capacity to compete tomorrow.

6. CONCLUSION AND IMPLICATIONS

6.1 Conclusion

This study set out to answer how firms in Myanmar sustained or restored operational viability under prolonged economic disruption between 2020 and 2026, and under what conditions continued operation appears consistent with organisational resilience rather than short-term or capability-constrained survival. The synthesis of repeated cross-sectional survey evidence and macroeconomic contextual data establishes that continued operation alone is an insufficient indicator of organisational resilience. Under prolonged adversity, the surveyed firm population successfully maintained near-universal physical operational continuity. However, firms achieved this continuity primarily through defensive, cost-imposing tactical adaptations—such as substituting grid electricity with captive diesel generation, shifting to hyper-local municipal markets, and adopting mobile digital wallets. While these responses preserved immediate operational presence, they frequently left underlying productive, financial, and future-oriented capabilities persistently impaired or substantially depleted.

Consequently, the evidence indicates that organisational responses that preserve immediate operational continuity may preserve, restore, fail to restore, or potentially weaken the capabilities associated with longer-term viability. Because different functional capabilities were observed stabilising, recovering, or deteriorating at different rates, organisational resilience under prolonged disruption is better interpreted as a complex configuration of operational and capability trajectories. A firm—or an aggregate population of operating firms—can appear highly resilient according to one continuity outcome while remaining profoundly vulnerable according to another structural capability dimension.

6.2 Theoretical Implications

The findings yield four disciplined theoretical implications for the study of organisational resilience and adaptation under prolonged disruption.

First, the study advances the concept of capability asymmetry as its primary theoretical extension. The aggregate evidence demonstrates the analytical importance of examining situations in which operational continuity and specific organisational capabilities do not move synchronously. By moving beyond binary classifications of survival, this study shows that resilience assessment requires evaluating the asynchronous trajectories of specific functional domains. Improvement in one area, such as daily operating hours, routinely coexists with continuing vulnerability in others, such as technological investment or financial buffering.

Second, building upon this asymmetry, the study offers the analytical term *erosive survival* to describe conditions in which continued operation coexists with persistent capability impairment, depletion, or incomplete restoration relevant to future organisational viability. Rather than functioning as a universal stage of crisis recovery, *erosive survival* provides an intermediate conceptual category to capture the reality of firms that successfully navigate immediate existential threats but systematically exhaust the structural resources necessary for future competitiveness.

Third, the study explicitly bounds the application of Dynamic Capabilities theory in extreme crisis contexts. The findings indicate that successful tactical adaptation should not automatically be interpreted as higher-order capability reconfiguration. While surviving firms demonstrated extensive ad hoc problem-solving and operational adjustment, these responses primarily constituted ordinary defensive coping rather than the deliberate sensing, seizing, and strategic resource-base transformation characteristic of Dynamic Capabilities.

Finally, the study demonstrates the value of Resource Dependence Theory (RDT) as an interpretive mechanism for understanding why firm-level adaptation remains bounded. When firms operate under severe macro-institutional constraints, their adaptive capacity is conditioned by persistent dependence on externally controlled critical resources. Adaptations such as shifting from a failed national electricity grid to imported diesel fuel merely displace vulnerability from one external chokepoint to another. Consequently, RDT helps explain why managerial agency may successfully preserve immediate survival but fail to independently resolve the external dependencies that constrain full capability restoration.

6.3 Managerial and Policy Implications

The divergence between operational continuity and capability preservation highlights a critical Resilience–Sustainability Tension: adaptive actions that preserve current operations do not necessarily strengthen the organisational capabilities required for longer-term viability. For managers operating under prolonged constraints, this tension requires distinguishing carefully between actions that keep the organisation operating today and actions that preserve or rebuild capabilities for the future. Decision-makers must critically evaluate short-term continuity metrics (such as physical open days) against capability-health indicators (such as working capital depletion, skill retention, and unit-cost inflation). Where possible, managers should explicitly account for the hidden adaptation costs—such as the severe financial penalties associated with alternative energy or makeshift logistics—to prevent immediate survival tactics from inadvertently cannibalising future-oriented investment.

At the policy and institutional level, the evidence indicates that firm resilience cannot be understood entirely as an internal managerial capability when organisations depend on constrained external resources. The ability of firms to transition from *erosive survival* to genuine capability restoration is fundamentally shaped by the macroeconomic and institutional environment. Policy conditions that ensure reliable energy infrastructure, access to formal finance, stable foreign exchange mechanisms, and functional supply and logistics systems act as the boundaries of firm-level adaptive capacity. While individual enterprises can temporarily bypass institutional voids through costly workarounds, sustainable organisational recovery ultimately requires the stabilisation of these market-enabling external resources.

6.4 Limitations and Future Research

The conclusions of this study must be interpreted within several specific methodological boundaries, each of which establishes directions for future research.

First, the principal evidence relies on a repeated cross-sectional design. Because the study does not continuously track the same identical firms from 2020 to 2026, individual-firm longitudinal trajectories cannot generally be inferred from the aggregate population-level data. Future research should employ firm-level panel designs to track identical organisations longitudinally, establishing definitively whether capability asymmetry and *erosive survival* unfold sequentially within individual firms.

Second, the study is constrained by survey comparability limits and sample composition changes, particularly the breaks in series regarding capacity metrics and the over-representation of large manufacturing firms in later survey rounds. To address this, future resilience scholarship should focus on developing and validating consistent, long-term capability-specific measurement instruments that resist contextual distortion over multi-year periods.

Third, the research is dependent on secondary documentary and survey data. While this provides broad aggregate coverage, it limits the direct observation of internal managerial intentions, meaning Dynamic Capabilities (such as sensing and seizing) cannot be definitively ruled out, only deemed unsupported by the available metrics. Primary qualitative research is required to

investigate the internal managerial decision-making processes, cognitive frameworks, and strategic intent driving the choice between short-term coping and long-term reconfiguration.

Fourth, the proposed condition of "erosive survival" remains an analytical interpretation of aggregate evidence rather than a universally validated construct. Future comparative research should test whether this analytical condition can be identified in other prolonged-disruption environments—such as other conflict-affected or fragile economies—without assuming contextual equivalence. Such research could examine whether particular configurations of capability asymmetry reliably predict later firm recovery, contraction, or exit.

Finally, because the dataset concludes in early 2026, future organisational viability remains an analytical implication rather than an observed outcome. The ultimate sustainability of the surveyed firms is not known. Future research should extend the observation window beyond the current crisis period to examine whether operating firms trapped in erosive survival subsequently recover their structural capabilities once external constraints ease, or whether the hidden depletion of resources eventually triggers a delayed wave of organisational exit.

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