

ОТ ДИГИТАЛНА ГОТОВНОСТ КЪМ ПРЕДПРИЕМАЧЕСКИ КАПАЦИТЕТ: РОЛЯТА НА ДИНАМИЧНИТЕ СПОСОБНОСТИ ПРИ БЪЛГАРСКИТЕ МСП

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Резюме: Настоящото изследване разглежда ролята на динамичните способности като механизъм, посредством който дигиталната готовност на малките и средните предприятия (МСП) може да се трансформира в предприемачески капацитет. В условията на ускорена дигитална трансформация притежаването на цифрови технологии и инфраструктура не представлява достатъчно условие за организационно обновяване, иновации и реализиране на нови пазарни възможности. На основата на теорията за динамичните способности и съществуващата литература за дигиталната трансформация се предлага концептуален модел, свързващ дигиталната готовност с процесите на *sensing*, *seizing* и *reconfiguring* и с формирането на предприемачески капацитет. В съответствие с перспективата на Zahra, Sapienza и Davidsson (2006) динамичните способности се разглеждат като организационен механизъм, чрез който предприятията могат да променят и преконфигурират ресурсната си база в отговор на нововъзникващи възможности [Zahra et al., 2006]. В модела предприемаческият капацитет се проявява чрез способност за разпознаване на възможности, иновационна активност и проактивно предприемаческо действие. Предложената рамка поставя акцент върху българските МСП и създава основа за последваща емпирична проверка на медиаторната роля на динамичните способности.

Ключови думи: дигитална готовност, малки и средни предприятия, динамични способности, предприемачески капацитет, дигитална трансформация, *sensing*, *seizing*, *reconfiguring*, иновации, предприемачество

FROM DIGITAL READINESS TO ENTREPRENEURIAL CAPACITY: THE ROLE OF DYNAMIC CAPABILITIES IN BULGARIAN SMES

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Abstract: This study examines the role of dynamic capabilities as a mechanism through which the digital readiness of small and medium-sized enterprises (SMEs) can be transformed into entrepreneurial capacity. Amidst accelerated digital transformation, the possession of digital technologies and infrastructure is not a sufficient condition for organizational renewal, innovation, and the realization of new market opportunities. Drawing on dynamic capabilities theory and existing literature on digital transformation, the study proposes a conceptual model

linking digital readiness to the processes of sensing, seizing, and reconfiguring, as well as to the formation of entrepreneurial capacity. Consistent with the perspective of Zahra, Sapienza, and Davidsson (2006), dynamic capabilities are viewed as an organizational mechanism enabling enterprises to alter and reconfigure their resource base in response to emerging opportunities [Zahra et al., 2006]. In the model, entrepreneurial capacity manifests through the ability to recognize opportunities, innovation activity, and proactive entrepreneurial action. The proposed framework focuses on Bulgarian SMEs and establishes a foundation for the subsequent empirical testing of the mediating role of dynamic capabilities.

Keywords: *digital readiness, small and medium-sized enterprises, dynamic capabilities, entrepreneurial capacity, digital transformation, sensing, seizing, reconfiguring, innovation, entrepreneurship*

1. Introduction

Digital transformation is establishing itself as a primary factor reshaping how enterprises create and deliver value to their customers. The emergence of new digital technologies, platforms, cloud infrastructures, artificial intelligence, and diverse data analytics tools is driving profound changes in organizational structures, business models, and strategies regarding interactions with customers and partners. In this context, digital transformation is viewed as a process wherein the use of digital technologies triggers significant shifts in how enterprises operate and generate value [Vial, 2019]. From this perspective, adapting the business models of small and medium-sized enterprises (SMEs) - which form the backbone of the European economy-is crucial to their success [European Commission/European Commission SME Performance Review]. While these enterprises often possess limited financial, technological, and human resources, digital technologies can expand their capabilities by lowering barriers to entering foreign markets, broadening access to customers and information, and paving the way for new business models and innovations. At the same time, the mere adoption of technology does not automatically lead to improved performance or organizational transformation. Research on SME digitalization increasingly highlights the importance of organizational capabilities, management practices, and a firm's ability to integrate digital technologies into its existing resource and organizational framework [Li et al., 2018; Vial, 2019]. According to the European Commission's 2025 report on the Digital Decade, Bulgaria possesses a well-developed connectivity infrastructure but continues to face challenges regarding the digitalization of SMEs, digital skills, research and development, and cybersecurity. Data indicate that in 2024, 49.9% of Bulgarian SMEs had reached at least a basic level of digital intensity, compared to an EU average of 72.9%. At the same time, the adoption of artificial intelligence by enterprises in Bulgaria stands at 6.5%; while this represents significant growth, it also highlights substantial potential for further technological implementation [European Commission, 2025]. These data suggest that the analysis of digitalization among Bulgarian SMEs should not be limited to measuring the extent of technological adoption. A more critical question is whether-and how-the availability of digital resources and the readiness to utilize them translate into an organizational capability to identify and realize new opportunities. This perspective aligns with the evolving literature on digital

transformation, which views the process not as a one-off acquisition of technology, but as an ongoing organizational change requiring the adaptation of a firm's strategies, processes, and resources [Vial, 2019].

In this context, the concept of dynamic capabilities offers a suitable theoretical perspective for examining the mechanism by which firms translate technological potential into organizational and entrepreneurial action. The theory of dynamic capabilities emerged as an evolution of the resource-based view, emphasizing the ability of enterprises to renew and transform their resource base amidst rapid technological and market changes [Teece, Pisano & Shuen, 1997]. Eisenhardt and Martin further conceptualized dynamic capabilities as specific organizational processes through which firms integrate, reconfigure, and transform their resources in response to a changing environment [Eisenhardt & Martin, 2000]. At the same time, the link between digitalization and dynamic capabilities is already gaining empirical support in research on SMEs. For instance, according to Saeedikiya et al., the digital transformation of SMEs should be viewed through the lens of dynamic capabilities, as it is precisely these organizational capabilities that enable firms to leverage digital technologies for adaptation and innovation, and to understand how SMEs utilize digital transformation for adaptation and organizational renewal [Saeedikiya, Salunke, and Kowalkiewicz, 2024]. More recent empirical findings further reinforce this perspective. A study by Jie et al. on high-tech SMEs establishes a positive link between digital maturity and dynamic capabilities, demonstrating that dynamic capabilities act as a mediator between digital maturity and innovation performance [Jie, Gooi, and Lou, 2025]. All the above suggests that the value of digital readiness is not realized immediately but depends on the enterprise's ability to integrate, utilize, and reconfigure its resources. Concurrently, digital technologies expand the scope for identifying and exploiting opportunities, facilitate access to markets and resources, and create new forms of value creation. According to numerous authors, digital transformation has significant implications for innovation and entrepreneurship, as digital technologies and platforms alter both opportunity-creation processes and the mechanisms for creating and capturing value [Nambisan, Wright & Feldman, 2019]. In this context, entrepreneurial capacity can be viewed as an enterprise's ability... not only to recognize new opportunities but also to transform them into concrete innovation, market, and organizational initiatives.

This study proposes a conceptual model in which dynamic capabilities serve as a potential mediating mechanism through which digital readiness can be transformed into entrepreneurial capacity within Bulgarian SMEs. To achieve this objective, the study examines the interrelationships among digital readiness, the dynamic capability components of sensing, seizing, and transforming/reconfiguring, and the enterprises' entrepreneurial capacity. The research focuses on whether dynamic capabilities perform a mediating function, thereby explaining the mechanism by which digital readiness can be transformed into entrepreneurial action.

2. Digital readiness in SMEs

- The digital transformation of enterprises is a process that goes beyond the adoption of individual digital technologies; it encompasses changes in organizational processes,

business models, resource configurations, and the ways in which value is created and delivered. Vial views digital transformation as a process in which digital technologies trigger organizational changes, thereby transforming how enterprises respond to environmental shifts and generate value. In this context, digital transformation must be distinguished from mere technological implementation [Vial, 2019]. This distinction is particularly crucial for SMEs, as they typically possess more limited financial, human, and technological resources; consequently, the acquisition of digital technology does not guarantee its effective organizational utilization. Research by Li et al., for instance, demonstrates that digital transformation in SMEs involves not only technological investments but also shifts in managerial mindset, social capital, team dynamics, and organizational capabilities [Li et al., 2018].

- This perspective highlights the need to define the concepts of digital resources, digital capabilities, and digital readiness. Digital resources may include hardware, software, data, digital platforms, and infrastructure. Digital capabilities refer to an enterprise's ability to leverage these resources to execute specific organizational tasks. Digital readiness, in turn, can be viewed as a broader organizational prerequisite encompassing technological, human, and managerial preparation for the adoption and use of digital technologies [Pingali et al., 2023]. This distinction is significant given that the literature on SME digitalization is evolving from research on technology adoption toward a more complex analysis of organizational capabilities.
- A systematic review of research on SME digital transformation reveals that key themes in the literature include digital technologies, dynamic capabilities, digital literacy, managerial readiness, and external support. Consequently, this study views digital readiness as the extent to which an enterprise possesses the technological, human, and organizational prerequisites for the effective implementation, integration, and use of digital technologies.
- Drawing on the literature regarding digital readiness, this study operationalizes the concept through four interconnected dimensions of readiness:
 - technological readiness – availability of and access to the necessary digital infrastructure;
 - human readiness – possession of digital knowledge and skills;
 - organizational readiness – the organization's capacity to adopt and manage technological changes;
 - managerial/strategic readiness – the extent to which digitalization is integrated into strategic thinking and managerial decision-making.

Defined in this way, digital readiness is not an end result but a potential that can be realized through appropriate organizational capabilities. The proposed distinction represents an adaptation of the concept of digital readiness to the objectives of the present study and is subject to future empirical verification.

3. Entrepreneurial capacity in the context of digital transformation

Digital transformation is changing not only how enterprises use resources but also how they discover and realize entrepreneurial opportunities. Digital technologies reduce certain information and transaction costs, facilitate access to customers and markets, and create conditions for the development of new products, services, and business models (Nambisan et al.). ...emphasize that digitalization fundamentally alters innovation and entrepreneurship processes, including the processes of opportunity creation and realization [Nambisan et al., 2019]. To clarify the concepts in the present study, it is necessary to distinguish between entrepreneurial capacity and entrepreneurial orientation. The latter is typically associated with behavioral characteristics such as innovativeness, proactiveness, and risk-taking propensity [Miller, 1983; Lumpkin & Dess, 1996]. In the current model, entrepreneurial capacity has a more pronounced capability-based nature: it focuses on what the organization is capable of doing, rather than merely on its strategic orientation. This distinction is important because recent research indicates that the relationship between entrepreneurial orientation and digital transformation depends on organizational readiness, resources, and environmental characteristics. A systematic literature review from 2026, covering 88 studies from the 2017–2024 period, identifies organizational readiness and resource capacity as key factors determining the ability of SMEs to translate entrepreneurial orientation into successful digital transformation [Touijer et al., 2026]. Empirical findings from studies on SMEs further demonstrate that digital capabilities can be linked to entrepreneurial performance through the ability to identify and exploit opportunities. A 2024 study on... A study of 313 SME managers, for instance, establishes a link between digital capabilities and entrepreneurial performance, identifying the ability to exploit opportunities as a key mediator [Kim & Jin, 2024]. Consequently, the question arises as to whether digital readiness has a direct impact on entrepreneurial capacity or if this impact is realized through deeper organizational mechanisms; dynamic capabilities theory provides a suitable theoretical framework for addressing this question.

4. Dynamic Capabilities Theory

The initial concept proposed by Teece, Pisano, and Shuen (1997) builds upon the resource-based view by focusing on the ability of enterprises to integrate, build, and reconfigure internal and external competencies within a rapidly changing environment. Unlike ordinary organizational capabilities, which enable a firm to carry out its current operations, dynamic capabilities relate to altering the resource and organizational base itself. Eisenhardt and Martin (2000) complement this perspective by viewing dynamic capabilities as organizational processes through which resources are integrated, reconfigured, and transformed [Eisenhardt and Martin, 2000]. Thus, dynamic capabilities serve as a mechanism for the enterprise to adapt to environmental changes. Of particular significance to the present study is Teece's (2007) model, which examines dynamic capabilities through three interconnected processes:

- sensing – identifying and assessing opportunities and threats;
- seizing – mobilizing resources and taking action to capitalize on opportunities;
- transforming/reconfiguring – renewing, restructuring, and reconfiguring the resource

base [Teece, 2007].

This tripartite structure makes it possible to trace the process from the perception of a technological change to a specific organizational response. A systematic review of the literature on dynamic capabilities confirms the robustness of this three-dimensional structure, demonstrating that sensing, seizing, and transforming can be viewed as a fundamental level within the taxonomy of dynamic capabilities. It is precisely the enterprise's ability to translate perceived opportunities into changes in resources, processes, and organizational routines that establishes the link between dynamic capabilities and specific forms of organizational renewal, such as digital transformation.

Zahra, Sapienza, and Davidsson (2006) propose an additional link between dynamic capabilities and the entrepreneurial process, examining dynamic capabilities in relation to an enterprise's ability to identify and realize new opportunities. The authors distinguish between ordinary (substantive) capabilities-through which an organization carries out its ongoing activities-and dynamic capabilities, through which it alters and reconfigures its resources and organizational routines. From this perspective, an entrepreneurial opportunity alone is insufficient to achieve organizational change; the enterprise must possess the ability to adapt its existing resource and organizational base. This understanding is particularly relevant in the context of digital transformation, where the emergence of new technological and market opportunities often necessitates changes to existing processes, resources, knowledge, and business models [Zahra, Sapienza и Davidsson, 2006].

5. Dynamic Capabilities and Digital Transformation

The relationship between dynamic capabilities and digital transformation represents a key area of focus in contemporary literature. The digital environment is characterized by a high degree of technological and market dynamism [Vial, 2019; Warner & Wäger, 2019]. New technologies can alter customer behavior, competitive structures, and business models within relatively short timeframes. In such an environment, competitive advantage depends not merely on possessing a specific technology, but on the enterprise's ability to recognize changes, take action, and adapt its resource base. Warner & Wäger (2019) apply this very logic to digital transformation, viewing the development of dynamic capabilities as an ongoing process of strategic renewal [Warner & Wäger, 2019].

In this sense, the three dimensions can be viewed not only as sequential elements of the adaptation process but also as a mechanism through which the enterprise transforms perceived opportunities into changes in its resources and organizational routines [Zahra, Sapienza & Davidsson, 2006]. Research on dynamic capabilities in a digital context further specifies these three dimensions, as shown in Table 1 below:

Table 1.

Dimensions of dynamic abilities [author's systematization according to Teece, 2007; Warner and Wäger, 2019; Saeedikiya et al., 2024; Leemann and Kanbach, 2021]

Dimension	ability	SME activities
Sensing	ability to identify opportunities	monitoring of new technologies; analysis of customer data; identifying changes in consumer behavior; monitoring competitors; seeking new digital business opportunities.
Seizing	ability to realize opportunities	making decisions on technology investments; developing new digital products or services; implementing new business processes; experimenting with new business models; reallocating financial and human resources
Transforming/ Reconfiguring	organizational transformation capability	restructuring business processes; changing organizational roles; acquiring new competencies; developing a digital culture; integrating new technologies with existing resources; changing the business model

Saeedikiya et al. (2024) demonstrate the applicability of dynamic capabilities as an analytical perspective for understanding the digital transformation of SMEs amidst technological and market changes [Saeedikiya, 2024].

6. Conceptual model for transforming digital readiness into entrepreneurial capacity in SMEs

The model presents a conceptual cause-and-effect framework explaining how an organization's digital readiness can be transformed into entrepreneurial outcomes through the mechanism of dynamic capabilities. From an academic perspective, it can be interpreted as a sequence of four levels: *digital readiness* → *dynamic capabilities* → *entrepreneurial capacity* → *entrepreneurial manifestations*. The first level is digital readiness. This constitutes the model's starting condition and denotes the extent to which an enterprise possesses the necessary technological resources, digital infrastructure, competencies, organizational processes, and mindsets to effectively utilize digital technologies. It represents the enterprise's ability to prepare for change driven or accelerated by the digital environment. Digital readiness thus serves as the model's starting point, as it establishes the resource-based and organizational prerequisites for developing higher-order capabilities. The next level of the model consists of dynamic capabilities, as illustrated in Figure 1. These can be viewed as an organizational capacity to identify changes, mobilize resources, and transform the resource base within a dynamic environment. Dynamic capabilities are represented by three interconnected components: sensing, seizing, and reconfiguring. These should be considered in conjunction, as they form an integrated mechanism for organizational adaptation and renewal. Sensing refers to an organization's ability to observe the environment, gather and interpret information, and identify changes, trends, threats, and potential opportunities.

- a. *Sensing* – refers to an organization's ability to observe the environment, gather and interpret information, and identify changes, trends, threats, and potential opportunities. In a digital context, this capability can be supported by data analytics, digital platforms, business intelligence systems, customer behavior monitoring, analysis of technological trends, and digital feedback channels. Thus, digital readiness can expand the information base upon which the organization builds its capacity to detect and interpret changes.

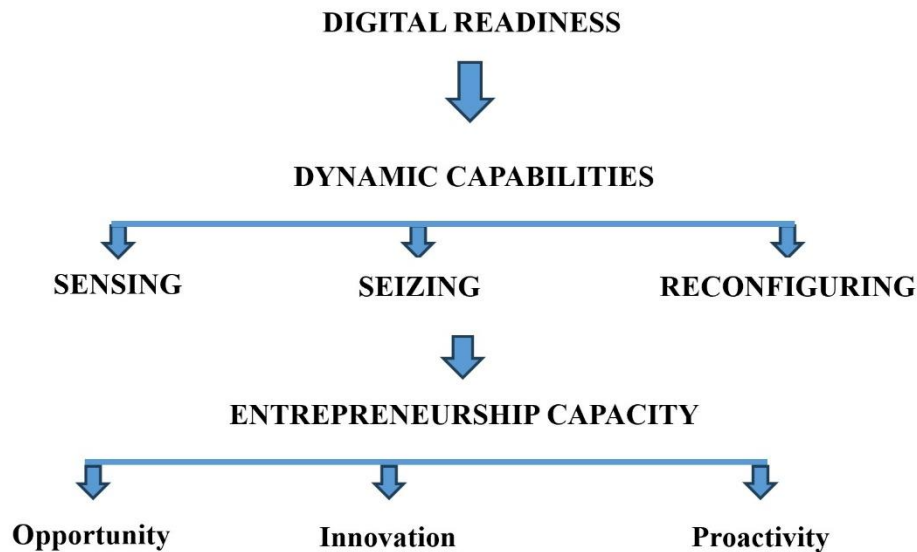


Fig. 1. Conceptual model for transforming digital readiness into entrepreneurial capacity

- b. *Seizing* - it represents the transition from an identified opportunity to organizational action. This involves selecting a suitable opportunity, making decisions, and mobilizing resources to realize it. Here, digital technologies can facilitate rapid decision-making, the development of new digital products and services, experimentation with business models, resource allocation, and interaction with customers and partners. If "sensing" answers the question "What is changing and what opportunities are emerging?", then "seizing" answers the question "How will the organization respond to this opportunity?"
- c. *Reconfiguring* - refers to an organization's ability to alter its own resource and organizational configuration in response to new conditions. This may involve restructuring business processes, changing organizational roles, acquiring or developing new competencies, reallocating resources, modifying business models, or integrating or replacing technologies. While "sensing" is strongly informational in nature and "seizing" relates to investment decision-making, "reconfiguring" is primarily transformational.

The three dynamic capabilities consolidate at the next level: entrepreneurial capacity. This can be conceptualized as an organization's ability to systematically transform changes and opportunities into entrepreneurial actions and outcomes. It is important to note here that entrepreneurial capacity is not merely the sum of sensing, seizing, and reconfiguring; rather, it

represents an integrative organizational mechanism through which these capabilities are transformed into a genuine capacity for entrepreneurial behavior.

Thus, the model follows this logic: digital readiness creates the conditions, dynamic capabilities transform these conditions into adaptive organizational actions, and entrepreneurial capacity integrates these actions into a sustainable capacity for entrepreneurship. The final level of the model describes the specific dimensions through which entrepreneurial capacity manifests-namely:

- a. *Opportunity recognition* - opportunity recognition. This is an organization's ability to identify new market, technological, or organizational opportunities and interpret them as potential avenues for development. The link to "sensing" is particularly strong here; indeed, the ability to observe and interpret the environment creates the informational foundation for recognizing opportunities.
- b. *Innovation capacity* - it denotes an organization's ability to develop and implement new products, services, processes, technologies, or business models. It is linked to both "seizing"-as it entails transforming an opportunity into a concrete initiative-and "reconfiguring," since innovation often requires altering the existing resource and organizational configuration.
- c. *Proactivity/action* - proactivity and entrepreneurial action. Proactivity refers to an organization's orientation toward anticipating and staying ahead of changes, rather than merely reacting after they occur. This dimension is particularly important as it marks the transition from potential to actual entrepreneurial behavior; the organization not only identifies opportunities and develops innovations but also takes action to realize them.

The model can be summarized by the following theoretical logic: digital readiness provides the necessary resource, technological, and organizational foundation that supports the development of dynamic capabilities. Through the processes of sensing, seizing, and reconfiguring, the organization identifies environmental changes, mobilizes resources to capitalize on emerging opportunities, and transforms its resource base. The integration of these capabilities forms entrepreneurial capacity, which manifests through opportunity recognition, innovation capacity, and proactive entrepreneurial action. A key feature of the model is that it does not posit a direct, automatic link between digital readiness and entrepreneurial behavior. Instead, it proposes a mediating mechanism in which dynamic capabilities explain how digital readiness transforms into entrepreneurial capacity.

This allows the model to be interpreted as: *Digital Readiness* → *Dynamic Capabilities* → *Entrepreneurial Capacity*. At a later stage, it could be further developed and expanded to include Entrepreneurial Outcomes/Manifestations.

This is significant for SMEs because the mere possession of digital technologies does not guarantee entrepreneurial outcomes. Organizational capability is required to recognize, utilize, and transform these resources in line with environmental changes. In this sense, the model's central question is not simply "does the organization possess digital resources," but rather "how does the organization translate its digital readiness into a capacity for entrepreneurial action?" It is precisely dynamic capabilities that serve as the conceptual bridge between the two.

7. Conclusion

Digital transformation confronts small and medium-sized enterprises with the need not only to acquire and utilize digital technologies but also to develop the organizational capabilities required to effectively integrate them into value creation and delivery processes. In this context, the present study views digital readiness not as the end result of technological implementation, but as a resource-based and organizational prerequisite; its value depends on the enterprise's ability to translate it into concrete organizational and entrepreneurial actions.

The proposed conceptual model positions dynamic capabilities as a connecting mechanism between digital readiness and entrepreneurial capacity. Through the processes of sensing, seizing, and reconfiguring, enterprises identify environmental changes and opportunities, mobilize necessary resources, and transform their existing resource and organizational base. This logic aligns with the perspective of Zahra, Sapienza, and Davidsson (2006), who argue that dynamic capabilities are significant not only for adapting to change but also for an enterprise's ability to modify its resources and organizational routines while pursuing entrepreneurial opportunities.

Within the proposed model, entrepreneurial capacity is conceptualized as an organization's integrative ability to transform changes and opportunities into entrepreneurial action. It manifests through opportunity recognition, innovation capacity, and proactiveness. In this way, the model distinguishes between the availability of digital resources and the enterprise's ability to utilize them to create new products, services, processes, business models, and market opportunities.

This conceptual framework is particularly significant for Bulgarian SMEs, where disparities in technological, human, organizational, and managerial readiness can determine the extent to which digitalization translates into actual organizational potential. Consequently, the presence of digital infrastructure and technologies should be viewed as a necessary but insufficient condition for developing entrepreneurial capacity. Of greater importance is the process by which enterprises identify opportunities, decide on their implementation, and restructure their resources and organizational practices.

The proposed framework is conceptual in nature and requires subsequent empirical validation. Future research could operationalize the four dimensions of digital readiness and the three components of dynamic capabilities, examining their interrelationship with entrepreneurial capacity through appropriate quantitative methods. Testing the hypothesis that dynamic capabilities act as a mediator between digital readiness and entrepreneurial capacity would be of particular importance. This would make it possible to determine whether the proposed theoretical logic finds empirical support among Bulgarian SMEs and to identify which dimensions of dynamic capabilities are most significant in the context of digital transformation. In summary, the proposed model shifts the focus from whether SMEs possess digital technologies to how they utilize available technological, human, and organizational resources to identify and realize new opportunities. In this sense, dynamic capabilities can be viewed as a conceptual bridge between digital readiness and entrepreneurial capacity, through which the technological potential of enterprises can be transformed into organizational renewal,

innovation activity, and entrepreneurial action.

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