



Research article

Local wisdom and Government's role in strengthening the sustainable competitive advantage of creative industries

M.S. Mahrinasari^a, Satria Bangsawan^a, Mohamad Fazli Sabri^{b,*}

^a Faculty of Economics and Business, The University of Lampung, Indonesia

^b Faculty of Human Ecology, Universiti Putra Malaysia, Malaysia

ARTICLE INFO

Keywords:

Sustainable competitive advantage
 Entrepreneurial orientation
 Entrepreneurial marketing
 Sustainable business performance
 Local wisdom
 Government role
 And creative industry

ABSTRACT

The competitive advantage of the Creative Industry is an important strategy to succeed in a highly competitive global business market. The Indonesian creative industry is a strategic industry characterised by Small and Medium Enterprises (SMEs). However, these enterprises face challenges, such as low entrepreneurial orientation, low digital literacy to access the global market, limited capital, lack of digital payment methods, and a focus on conventional marketing activities rather than implementing Entrepreneurial Marketing (EM). The previous research proposed that Entrepreneurial Orientation (EO) and Entrepreneurial Marketing (EM) could increase competitive advantage due to the moderating role of local wisdom culture and the government's role. Therefore, this research aims to analyse the moderating role of local wisdom culture and the government's role in the effect of EO and EM on sustainable competitive advantage development. The quantitative research design employed a self-administered survey distributed to 400 top and middle managers within the superior and priority subsectors of the creative industry. The survey targeted four provinces in Indonesia known for their high contributions to the Gross Domestic Product (GDP >9%), based on the 'Purposive Sampling' method. The results of the SEM analysis, based on 330 useable data points, show that Local Wisdom and Government's Role significantly mediate the relationship between Sustainable Competitive Advantage and Sustainable Business Performance. The research results imply that it is necessary to empower the government's role in providing information technology infrastructure to facilitate the creative industry's access to the global marketplace and encourage the use of digital payment methods for the rapid development of sustainable competitive advantage. Theoretical contributions extend to Dynamic Capability Theory by integrating Resources Advantage Theory and Resources Base View Theory, including the moderating role of Local Wisdom and Government's Role, and examining the relationship of EO and EM with sustainable competitive advantage.

1. Introduction

The Economic Global and Industry Revolution 4.0 leading toward 5.0 have brought about higher competitiveness, necessitating businesses to formulate strategies to adapt to the uncertain business environment and the technology changes by creating competitive advantage value [1]. Building a competitive business advantage value would be difficult, especially for the Indonesian creative

* Corresponding author.

E-mail addresses: mahrina.sari@feb.unila.ac.id (M.S. Mahrinasari), satria.bangsawan@feb.unila.ac.id (S. Bangsawan), fazli@upm.edu.my (M.F. Sabri).

<https://doi.org/10.1016/j.heliyon.2024.e31133>

Received 25 September 2023; Received in revised form 7 May 2024; Accepted 10 May 2024

Available online 11 May 2024

2405-8440/© 2024 The Authors. Published by Elsevier Ltd. This is an open access article under the CC BY-NC-ND license (<http://creativecommons.org/licenses/by-nc-nd/4.0/>).

industry as one of the Small and Medium Enterprises (SMEs) due to limitations faced by companies. These include issues such as Entrepreneurial Orientation (EO), low digital literacy to access the global market and capital acquisition, a lack of understanding of digital payment methods, and a focus on conventional marketing activities, resulting from a failure to implement Entrepreneurial Marketing (EM) [2]. The creative industry is a strategic industry producing or serving products and services based on creativity, skills, and talent [3]. It comprises Advertising, Architecture, Art and Antique products, Computer Applications and Video Games, Craft, Music, Interior Design, Fashion, Culinary, Film, Animation, and Video, Performing Arts, Publishing, Software, and Photography, Television, and Radio.

Designated as a crucial strategic industry in President's Instruction No. 6, 2009, the Indonesian creative industry has to support the economic growth of the tourism sector and drive the creative industry in dealing with the global financial crisis [4]. However, the contribution of the creative industry to the Gross Domestic Product (GDP) has shown signs of stagnation and a tendency to slow down, as reported by The Ministry of Industry, Republic Indonesia, in 2020. Meanwhile, the United Nations Conference on Trade and Development (UNCTAD) reported that the creative industry is a challenging and growing economic sector in uncertain conditions and financial crisis.

Entrepreneurial Orientation (EO) and Entrepreneurial Marketing (EM) must be implemented to challenge the creative industry's growth. EO and EM represent the activities to battle the limitations of the company resources, including market and capital accessibility, innovative culture, and company service quality to improve the consumers' satisfaction and values. Entrepreneurial Orientation (EO) is an intangible resource of the company. It has the benefit of improving its competitive advantage because the company can manage risks, evolve innovative activities, and conduct proactive actions [5,6]. Previous researchers have shown interest in investigating the effects of EO on competitive advantage and sustainable business performance. However, the findings remain inconclusive, given the moderating roles that are still awaiting exploration, particularly in the realms of culture, primarily based on Local Wisdom and the Government's Role [7-9].

Rahyuda et al. [10] stated that Local Wisdom, representing the local culture, could strengthen the competitive advantage and improve business performance. However, the research findings reported by Ref. [8] showed that the moderating role of culture, specifically based on collectivism, significantly and negatively affects business performance while attempting to create a competitive advantage for an e-commerce company in China. Contrary to the findings of [7], Niu et al. [8] found that EO is significantly associated with sustainable business performance through the mediating role of the competitive advantage in SMEs of the welding industry in Tanzania. Collectivist culture also represents the culture of Indonesia. Meanwhile, the research results of [11] showed that innovation culture could be a competitive advantage strategy. This strategy builds the export-oriented enterprises' performances in Bali, Indonesia.

Entrepreneurial Marketing (EM) is an intangible resource, integrating marketing and entrepreneurship activity, which has a vital role in creating a competitive advantage for solving the limitation of resources and the technology and market changes quickly [12], and is a replacement for conventional marketing [13]. However, the research findings of [13] showed that not all EM dimensions (Innovative Level, Proactive Level, Opportunity-Driven, Risk-Taking, Customer Intensity, Leveraging Resources, and Consumer Value Creation) were significantly associated with the competitive advantage of SMEs in the Enugu Province, Nigeria, except for Innovative, Opportunity-Driven, and Consumers' Value dimensions. The insignificant results are hypothesised to be influenced by the moderating roles of Local Wisdom and the Government. However, it is noteworthy that the moderating effects of Local Wisdom and the Government, believed to enhance competitive advantage through EO and EM, have not been thoroughly examined.

To address those gaps, this research examines the competitive advantage model in building Indonesia's Sustainable Creative Industry Performance, referring to the Dynamic Capability Theory (DCT) by integrating Resources Advantage Theory (RAT) and Resources Base View Theory (RBVT) with several aims. Firstly, the research aims to analyse the moderating roles of Local Wisdom and the Government's Role in the relationship between EO and EM with competitive advantage. Local wisdom is a core competency within the Creative Industry, strengthening the relationship between EO and EM and fostering a strategic competitive advantage. Strategic competitive advantage needs to be developed, mainly for adapting to the dynamic changes of the business environment [14] due to the industry revolution 4.0 and 5.0, following the theoretical viewpoint of DCT [15]. Local Wisdom is also a part of the company's strategic resources that must be managed appropriately to develop the company's strategic competitive advantage, aligning with the concept of RAT [16]. On the other hand, the government's role serves as an intangible resource, and its influence on external environmental business factors is instrumental in fortifying the creative industry's competitive advantage. This dynamic ensures the creative sector's resilience against rapid changes in the global markets and digital technology, aligning with the postulates of DCT. Secondly, this research investigates the relationship between EO and EM with a sustainable competitive advantage, using the theoretical concept of RBVT integrating with RAT [5,13]. EO, one of the intangible resources, must also be developed optimally to improve the competitive advantage of the strategic creative industry [5]. The third objective of this research is to analyse the effect of the competitive advantage of Indonesia's creative sector industry on sustainable business performance from the perspective of RBVT [17,18]. Sustainable Competitive Advantage, defined as a strategic capability, enables the creative industry to achieve superior performance in a very competitive business environment, aspiring to become at least a market leader, as emphasised in previous studies [13,19]. Therefore, this research contributes to extending DCT by integrating RAT and RBVT in addressing the strategic competitive advantage within the Creative Industry for the development of sustainable performance.

The subsequent sections of this research article are organised as follows: Section 2 delves into the Literature Review and Hypothesis Development. Section 3 outlines the Research Method. Section 4 presents the research results. Section 5 discusses the research results, including theoretical, managerial, and policy contributions. Section 6 describes the Conclusion, Limitations, and suggests avenues for Future Research.

2. Literature review and hypothesis development

2.1. Dynamic Capability Theory (DCT), Resource-Advantage Theory (RAT), and Resource-Based View Theory (RBVT)

Dynamic Capability Theory (DCT), Resource-Advantage Theory (RAT), and Resource-Based View Theory (RBVT) are mainly theoretically based viewpoints. DCT draws the company competency to develop a sustainable competitive advantage strategy for adapting to the business environment turbulence [14]. DCT, previously proposed by Ref. [15], is the competitive advantage strategy that utilises capabilities or core competencies to continuously adapt and reconfigure the tangible and intangible resources in dealing with the rapid market and technology changes. The company's core competency has been changing in conjunction with the environmental turbulence, so the company must be able to take the opportunity, handle the threats, and transform the resources to adapt to the new environment [20]. In line with this, DCT is a fit strategy for the creative industry's sustainable competitive advantage, demanding the adaptability of innovative and proactive management, quality service delivery and the values to the consumers, and the development of new innovative products or services, so that sustainable business performance can be achieved. These demands represent the practices of EO and EM. EO [21] and EM [22] are deemed essential factors for acquiring a sustainable competitive advantage, contributing to the overall success of firm performance.

RAT suggests that the resource values of the company must be considered as the company's potential to have a sustainable competitive advantage and customer value delivery, enhancing sustainable business performance success [23]. RAT is a theoretical foundation to describe EO and EM [16] as an evolutionary process of company competitiveness in which the company is a unique entity in the industrial scope [24]. RAT is a broad resource advantage concept, which includes Organisational Culture, Local Wisdom, Knowledge, and Competency. Accordingly, companies must engage in continual learning and adapt their resource portfolio to maintain a sustainable competitive position [13,25].

RBVT [17] is also a theoretical concept initially proposed by Birger Wernerfelt in 1984 [18], then developed by Ref. [17]. Other researchers [5,13] applied the RBVT and RAT as combined theories to analyse how the resources can be developed to create the company's sustainable competitive advantage. The sustainable competitive advantage draws on the uniqueness of the company resources (asset, capability, competency, organisational process, company attributes, information, and knowledge) [17]. This research employed a combination of the RBVT and RAT to describe EO and EM as resources for developing sustainable competitive advantage, thereby enhancing superior business performance [26].

2.2. Entrepreneurial Orientation and Sustainable Competitive Advantage

Miller [21] developed EO to measure the performance of innovative, proactive, and risk-taking corporate managers in strategic decision-making. EO is essential for the company's continued growth and the country's economic prosperity [22]. Companies will improve sustainable high business performance by implementing EO, starting with creating a sustainable competitive advantage [27]. It means that companies with high levels of EO tend to continuously scan and monitor the business environment to strengthen the business' competitive position, so there is a significant correlation between EO and sustainable competitive advantage.

Meanwhile, Liu [5] revealed that EO is an intangible resource that can increase sustainable competitive advantage because the company can manage its business risks, engage in innovation activities, and take proactive measures. The implications of Liu's research findings [5] show that creative business managers should develop EO to understand the changing business environment to create a sustainable competitive advantage in innovative businesses and culture in the context of the Chinese culture, Guanxi. The implications of this research support the thinking of [10,17] that local culture can be the basis for a successful business and a sustainable competitive advantage reinforcement.

Sustainable competitive advantage (SCA) utilises and transforms company resources effectively and efficiently to secure a superior competitive position. The goal is to consistently provide and own more value than competitors, thereby establishing market leadership [19]. Rothaermel, in 2013 [13], defined sustainable competitive advantage as a way to implement strategies that can create superior business performance compared to competitors. So, one of the strategies to create a sustainable competitive advantage is to implement Entrepreneurial Orientation (EO) to achieve sustainable business performance [27]. Therefore, the first hypothesis of this research is:

H1. Entrepreneurial Orientation significantly correlates with Sustainable Competitive Advantage.

2.3. Entrepreneurial Marketing and sustainable competitive advantage

Entrepreneurial Marketing (EM), which is an integration of marketing and entrepreneurial capability, has a vital role in creating a sustainable competitive advantage [12] and is also a substitute for conventional marketing practices [13]. However, Stephen et al. [13] found that not all EM dimensions (Proactive, Innovative Level, Opportunity Focus, Risk-Taking, Consumer Intensity, Resource Utilisation, and Consumer Value Creation) significantly affect the creation of SMEs' competitive advantage in Nigeria. Nonetheless, the research results of [13] implied that EM implementation is better than conventional marketing.

Khourouh et al. [28] found that EM is significantly associated with the competitive advantage of the craft sub-sector of SMEs in Malang City, Indonesia. Their research has limitations on one object in Malang, so they suggest that future research should be followed up by expanding other research objects in the SME sector.

Following the thought of [29], firms must develop a sustainable competitive advantage (SCA) in adapting to competitive intensity due to rapid changes in market conditions through implementing the strategic framework of marketing orientation [30] involving

entrepreneurial capability. In addition, the research results of [31] found that marketing capabilities through influencing marketing orientation can develop the competitive advantage of the export markets, especially under conditions of highly competitive intensity. The integration of these marketing capabilities with entrepreneurial capability further contributes to the development of a high-level sustainable competitive advantage. Therefore, the second hypothesis of this research is as follows:

H2. Entrepreneurial Marketing significantly associates with Sustainable Competitive Advantage.

2.4. *The moderating role of local wisdom*

Niu et al. [8] found that the moderating role of collectivist culture harms the relationship of EO and EM with e-commerce business performances in China, even though there is a mediating role of competitive advantage [31]. However [7], found that EO has a significant relationship with competitive advantage and is associated with SMEs' business performance in the welding industry. This contrasts with the findings of [11], where it is suggested that competitive advantage can be strengthened by the moderating role of the culture of innovation, including the Local Wisdom factor. This was observed as an impact of increasing the business performance of export-oriented SMEs in Bali, Indonesia, which differs from the conclusions drawn in the previous study. The findings of [11] imply that a culture of Local Wisdom is a reinforcing factor in strengthening sustainable competitive advantage. In conjunction with the findings of [8], Indonesian culture, also characterised by collectivism, is hypothesised to improve the relationship of EO with a sustainable competitive advantage based on the culture of Local Wisdom. Culture typically originates from historical roots, shaping the symbols used in products or services to describe long evolutionary events.

The products or services produced are based on Local Wisdom from human life and the mind. Local Wisdom is a part of the society's culture, based on the society's culture stems, including the diversity of values, customs, and culture [32]. Local Wisdom starts from the cognitive view, forming the attitude towards the events or objects and then determining the various expressions or actions regarding customs, norms, and art. Consequently, the mindset of the people comes up, taken from Local Wisdom. It signifies a synergy between Local Wisdom and culture, evident through the intervention of cultural evolution in Local Wisdom. Culture, in turn, extracts Local Wisdom based on the unique local culture of each place or district. Pesurnay [33] suggested that Local Wisdom is the knowledge, trust, and understanding of people regarding habits, customs, or ethics that guide human behaviour within ecological and systemic life. Therefore, individuals and societies are encouraged to learn and appreciate Local Wisdom based on local culture.

Local culture, as outlined by Ref. [34], encompasses the positive, practical, and inspiring wisdom inherent in local thought. It finds tangible expression through observable behaviours exhibited by specific community members. The Indonesian creative industry is strongly influenced by Local Wisdom and has superior competitiveness but has yet to be widely explored. The exploration of Local Wisdom can strengthen EO and EM activities to improve the sustainable competitive advantage of the Indonesian creative industry. This, in turn, promotes the overall business performance of the creative industries. This perspective aligns with the insights of [10,17], highlighting the importance of Local Wisdom in strengthening sustainable competitive advantage through EO and EM as a moderating role, following the thoughts of [35,36]. The third and fourth hypotheses of this research are as follows:

H3. Local Wisdom has a significant positive moderating role in the relationship between Entrepreneurial Orientation and Sustainable Competitive Advantage.

H4. Local Wisdom has a significant positive moderating role in the relationship between Entrepreneurial Marketing and Sustainable Competitive Advantage.

2.5. *The moderating role of the government*

The moderating role of the Government in the EO and EM relationship needs to be investigated based on the consideration of previous research results that the relationship of EO and EM with sustainable competitive advantage was inconclusive due to differences in EO and EM dimensions and business characteristics. SMEs and large business enterprises have different features and are strongly influenced by organisational behaviour driven by corporate culture or local and national culture. In addition, the creative industry is an industry that utilises creativity, skills, and talents. However, Indonesia's creative sector still needs to improve, especially in the areas of accessing financing and marketing. This is observed even as the government's policies, guided by Presidential Instruction No. 6, 2009, aim to support the development of Indonesia's creative industry. The role of the government involves a series of decisions aimed at promoting the public interest, with the hope that these initiatives will contribute to Indonesia's economic development. Specifically, the government seeks to strengthen the sustainable competitive advantage of creative industries through the implementation of EO and EM. This aligns with the implications of research by Ref. [37], highlighting the essential role of government policy in strengthening a sustainable competitive advantage in the banking sector through EO and EM.

Moreover, the research results of [22] suggest that the role of the government can be a moderating variable in the relationship of EO and EM with global competitiveness. The research results of [38] imply that strengthening the relationship between EO and EM with sustainable competitive advantage requires the role of the government. Therefore, the fifth and sixth research hypotheses are as follows:

H5. The Government's Role has a positive and significant moderating effect on the relationship between Entrepreneurial Orientation and Sustainable Competitive Advantage.

H6. The Government's Role has a positive and significant moderating effect on the relationship between Entrepreneurial Marketing

and Sustainable Competitive Advantage.

2.6. Sustainable competitive advantage and sustainable business performance

Sustainable Business Performance (SBP) [39] is the harmonisation of economic, social, and environmental performance to maximise the firm’s value in delivering business actions to drive the company’s sustainable performance growth. In the context of the creative industry, as an SME category, SBP is essential in developing the Creative Industry’s sustainability, following the idea of [40].

Haseeb et al. [40] also stated that achieving higher sustainable competitive advantages could lead to higher sustainable business performance, even in the face of challenges posed by Information Technology (IT). In this research, when referring to the Resource-Based View Theory (RBVT) and Resource-Advantage Theory (RAT), both EO and EM, considered as intangible assets, are identified as sources for building a Sustainable Company’s Competitive Advantage [17,26]. Sustainable Competitive Advantages, as outlined in Ref. [40], are measured by the ability to: 1) discover ideas for new services or products, processes, and procedures, 2) introduce new services or products, 3) attain a preferred market positioning, 4) maintain superior control over resources, 5) exploit unlimited resources, and 6) access superior competencies and capabilities. The measurements of SCA utilised in this research were adopted from Ref. [40]. These measurements were chosen due to their relevance to changes in the business environment, as postulated by DCT [14,15].

Moreover, Kohli and Jaworski [30] stated that a market orientation is a sustainable competitive advantage that can develop sustainable business performance growth. Market Orientation (MO) is further strengthened when combined with the entrepreneurial aspect, known as Entrepreneurial Marketing (EM), as stated by Ref. [41]. EM, being a strategic tool, is instrumental in navigating highly competitive business environments under uncertain market conditions [42]. Consequently, EM logically emerges as a primary source of sustainable competitive advantage, contributing significantly to the development of sustainable business performance within a company.

In addition, Cahyono et al. [43] found that an organisation with a high level of competitive advantage tends to exhibit superior organisational performance. The competitive advantage capabilities, measured by factors such as price/cost, quality, delivery, and flexibility, are found to have a relationship with successful organisational performance.

The sustainable competitive advantage of providing lower prices of the products or services, higher quality products and services, better reliability, and faster delivery compared to the competitors, will increase the organisation’s overall performance [44], indicated by high market share due to high customer loyalty. If customer loyalty increases, and competition decreases, it will lead to higher sales and increased profitability for the company [45]. This performance aligns with one of the measurements of sustainable business performance in terms of economic performance, as stated in Ref. [39].

Therefore, a relationship exists between sustainable competitive advantages and sustainable business performance. Increasing the sustainable competitive advantage can directly improve sustainable business performance in terms of economic, environmental, and social performance. Hence, developing a sustainable competitive advantage in a competitive environment can lead to enhanced business performance of the company. Continuously maintaining the sources of competitive advantage is a must in the competitive market environment to achieve sustainable business performance. So, maintaining a significant relationship between a sustainable competitive advantage and sustainable business performance is a substantial business activity in the highly competitive market environment [46]. In conclusion, as a company consistently enhances its sustainable competitive advantages, it can expect to see

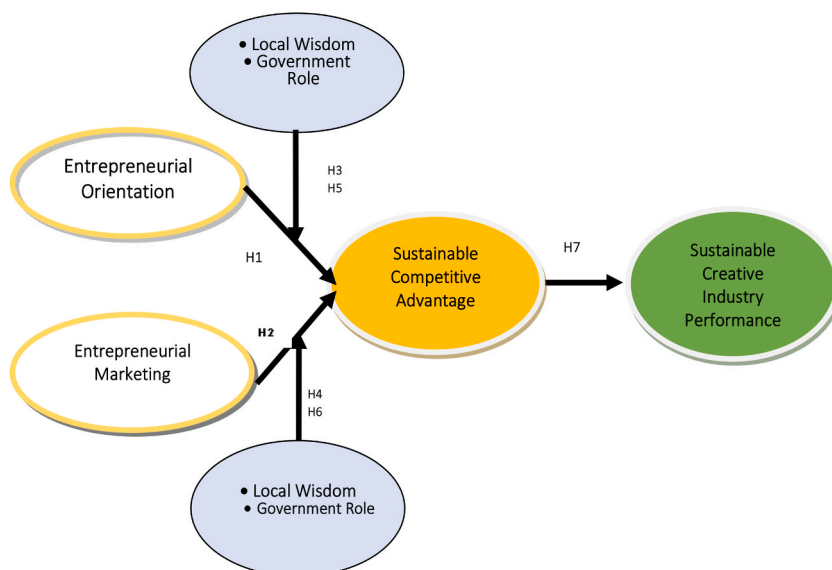


Fig. 1. Proposed research model.

Table 1
The variables measurements.

| Variables Function | Symbols | Variables Names/Sources | Measurements |
|---|------------|---|---|
| Dependent 1 (Endogen 1) Variable | SCA | Sustainable Competitive Advantage , adopted the instrument of [40], adapting [50], consisting of six items | <ol style="list-style-type: none"> 1. The company gives attention to developing discovered ideas into new services, processes, and procedures (SCA1). 2. The company introduces services that are new to the market it serves (SCA2). 3. Preferred market positioning can contribute to competitive advantages in the marketplace (SCA3). 4. Access to superior limit resources can contribute to competitive advantages in the marketplace (SCA4). 5. Exploiting unlimited resources can contribute to competitive advantages in the marketplace (SCA5). 6. Access to superior competencies and capabilities can contribute to competitive advantages in the marketplace (SCA6). |
| Dependent 2 (Endogen 2) Variable | SBP | Sustainable Business Performance , taken from Ref. [51], consisting of three dimensions with 11 items | <p>Economic Performance (EcP)/SBP1</p> <ol style="list-style-type: none"> 1. The high growth of Sales and Market Share 2. The high growth of Income 3. The high growth of Profitability 4. The high growth of the customer's number <p>Social Performance (SP)/SBP2</p> <ol style="list-style-type: none"> 1. The improvement of skills training and development for the company's employees 2. The improvement of social investment 3. The improvement of the product image 4. The progress of permanent employees <p>Environmental Performance (EnP)/SBP3</p> <ol style="list-style-type: none"> 1. Comply with relevant environmental laws and regulations 2. Follow and implement environmental policies and procedures 3. Focus on reducing energy consumption |
| Independent (Exogen 1) Variable 1 | EO | Entrepreneurial Orientation , adopted from Ref. [47], consists of three dimensions with eight items | <p>Innovation (INOV)/EO1</p> <ol style="list-style-type: none"> 1. Focus on relationship and development, technology leadership, and powerful innovation (INOV1) 2. Launch various new product/service lines in the last five years (INOV2) 3. Changes in product lines with multiple types/number of products for the company are always something important (INOV3) <p>Proactive (PRO)/EO2</p> <ol style="list-style-type: none"> 1. Specifically taking action to beat competitors compared to other companies (PRO1) 2. Very frequently launching new products/services, new techniques, and technologies (PRO2) <p>Tend to Take Risk (RISK)/EO3</p> <ol style="list-style-type: none"> 1. Prefer activities that take extreme high risks with the hope of obtaining very high profits (RISK1) 2. Believes that ownership of natural environmental concerns, daring to take risks, and carrying out extensive activities are important to achieve company goals (RISK2) 3. When faced with making decisions under uncertain conditions, the company adopts explicitly the precautionary principle (wait and see) to minimise the possibility of high-risk decisions (high costs) (RISK3) |
| Independent (Exogen 2) Variable 2 | EM | Entrepreneurial Marketing , adopted from Ref. [52], consists of seven dimensions with 35 items | <p>Proactive level (PL)</p> <ol style="list-style-type: none"> 1. Constantly on the lookout for new ways to improve the company (PL1) 2. Always looking for better ways to do things in the company (PL2) 3. Identifying opportunities for the company (PL3) 4. Great at turning problems at the company into opportunities (PL4) 5. When it comes to the company, it is more action-oriented than reaction-oriented (PL5). 6. Nothing is more exciting in the company than seeing the ideas become reality (PL6). <p>Opportunity-Focused (OF)</p> |

(continued on next page)

Table 1 (continued)

| Variables Function | Symbols | Variables Names/Sources | Measurements |
|--------------------------|---------|---|--|
| | | | <ol style="list-style-type: none"> 1. The management approach for looking beyond current customers and markets for more opportunities for our company (OF1) 2. Good at recognising and pursuing opportunities for the company (OF2) 3. Characterising the company as opportunity-driven (OF3) 4. Always looking for new opportunities (OF4) 5. The company will do whatever it takes to pursue a unique opportunity (OF5) <p>Risk Taking Orientation (RO)</p> <ol style="list-style-type: none"> 1. The company would rather accept a risk to pursue an opportunity than miss it altogether (RO1) 2. The company is willing to take risks when we think it will benefit the company (RO2) 3. The company would not be considered gamblers, but we do take risks (RO3) <p>Innovation Focus (IF)</p> <ol style="list-style-type: none"> 1. The company tries to use innovative approaches if it will help them get the job done more efficiently (IF1). 2. Being innovative is a competitive advantage for my company (IF2) 3. The company tends to be more creative than most of my competitors (IF3) 4. Creating an atmosphere that encourages creativity and innovativeness (IF4). <p>Customer's Intensity (CI)</p> <ol style="list-style-type: none"> 1. Frequently measure the company's customer satisfaction (CI1). 2. All employees in the company recognise the importance of satisfying customers (CI2). 3. The company's objectives are driven by customer satisfaction (CI3). 4. I was paying close attention to the customers or other stakeholders after-sales service (CI4). 5. Encourages employees to strive for innovative approaches to creating relationships with customers or other stakeholders (CI5). 6. Sometimes, the company needs to pay more attention to customers or stakeholders who think they know more about the company business than the company does (CI6). 7. Ensure the company's competitive advantage is based on understanding customers' needs (CI7). <p>Resource leveraging (RL)</p> <ol style="list-style-type: none"> 1. Have networking and/or an exchange of favours to the advantage of the company (RL1). 2. Have the ability to leverage the resources by bartering or sharing (RL2). 3. People who know the company well say that the company is persistent, even tenacious, in overcoming obstacles (RL3). 4. They are using creative approaches to make things happen (RL4). 5. The company prides itself on doing more with less (RL5). 6. In the last three years, the company has always found a way to get the resources that the company needs to get the job done (RL6). <p>Consumer Value Creation (CVC)</p> <ol style="list-style-type: none"> 1. Making sure that the company creates value for consumers with excellent customer service (CVC1). 2. Making sure that the company does an excellent job of creating value for customers (CVC2). 3. Making sure company's pricing structure is designed to reflect the value created for customers (CVC3). 4. Ensure the company's managers understand how employees can contribute to value for customers (CVC4). 5. Providing value for the customers is the most essential thing the company does (CVC5). |
| Moderating Variable 1 | LW | Local Wisdom, taken from Ref. [48], consisting of 4 items | <ol style="list-style-type: none"> 1. Provide a good impression of Local Wisdom for target consumers including tourists (LW1) 2. Provide the opportunity for consumers to gain the experience of Local Wisdom values (LW2) 3. Serve friendly service to its consumers (LW3) |

(continued on next page)

Table 1 (continued)

| Variables Function | Symbols | Variables Names/Sources | Measurements |
|--------------------------|---------|---|---|
| Moderating Variable 2 | GOVR | Government's Role , adopted the instrument of [53], consisting of 14 items | <p>4. Include elements of Local Wisdom values in the creative industry's products/services produced (LW4)</p> <ol style="list-style-type: none"> 1. Provision of easy access to capital facilities (GOVR1) 2. Provision of regulations for the development of creative industries based on Local Wisdom (GOVR2) 3. Provision of education and training facilities for intellectual capital development (GOVR3) 4. Support for new entrepreneurs, in particular (GOVR4) 5. Facilitating easy access to the capital market (GOVR5) 6. Support to related communities/associations/agencies for the development of creative industries (GOVR6) 7. Global market access assistance (GOVR7) 8. Assistance in ownership of skills improvement and technology digitisation (GOVR8) 9. Re-support for failed creative industry entrepreneurs in order to survive and develop (GOVR9) 10. Provision of technology infrastructure facilities for free market access to creative industries (GOVR10) 11. Providing ease of licensing (GOVR11) 12. Providing accessible e-commerce facilities to increase market expansion (GOVR12) 13. The impetus for the creative sector to increase the values of products/services based on the Local Wisdom (GOVR13) 14. Providing accessible technology facilities for the development of products and services to creative industries (GOVR14). |

improved long-term business performance, encompassing economic, environmental, and social dimensions. This harmonisation of performance factors underscores the importance of sustainable practices in achieving overall success.

Aligned with the goals of sustainable development, the recent problems related to business performance must be measured in terms of sustainable business performance. This ensures a meaningful relationship between sustainable competitive advantage and the overall sustainability of business performance. This statement raises the hypothesis that sustainable competitive advantage has a significant connection with sustainable business performance. Organisations with strategic competitive advantages, like short time-to-market and rapid product innovation, are emerging as market leaders. They are enhancing their market share and sales while also prioritising socially and environmentally responsible activities to develop company sustainability, as noted in Ref. [47]. Hence, there exists a significant relationship between sustainable competitive advantage and sustainable business performance within the context of sustainable creative industry performance.

Therefore, based on the previous literature, the following research hypothesis is:

H7. Sustainable Competitive Advantage has a significant relationship with Sustainable Business Performance.

Therefore, the proposed research model is illustrated in Fig. 1.

3. Research method

This research employed a quantitative design, involving the distribution of self-administered questionnaires over an eight-week period (February–March 2023). The questionnaires were distributed to 400 managers in the Indonesian creative industries, encompassing both top and middle management, through online Google Forms as the primary data collection method. The questionnaire included three sections: 1) general information to confirm respondent criteria, 2) questions related the variables, and 3) respondents' profiles. Additionally, the authors interviewed the respondents to confirm any missing responses. Then, data collection results were tabulated using the Excel application. After editing the data collection results, only 330 useable data were available for analysis.

The 400 samples taken met the sample size requirement [48] based on two categories, namely the Superior Creative Industry (Culinary, Fashion, and Craft) and Priority Creative Industry sub-sector (Music Application, Game and Developer Film, Animation, and Video). This research used a Stratified Random Sampling Method (Probability Random Sampling Technique), fulfilling the criteria of the study's aims. First, the authors verified the data by cross-referencing the numbers and Gross Domestic Product (GDP) contributions of the superior and priority creative industry sectors, as reported by the Indonesian Creative Economy Board Report (2022). Second, the authors determined the samples of the innovative business sectors that have run for over three years to ensure that the creative business sector is running well. Third, the location of the creative business sectors was located in DI Yogyakarta, Bali, West Java, and East Java Provinces, as they were considered to contribute the most to Indonesia's GDP, which is more than 9 % (Indonesian Creative Economy Board Report, 2022). Lastly, the authors randomly selected the name and location of each creative business sector sample based on the Indonesian Tourism and Creative Economy Ministry database in each province (2022). The authors selected respondents holding top and middle management positions within the creative industry sectors as the samples of unit analysis.

The questionnaire items utilised a 7-point Likert Scale, incorporating ex-ante controls that included clear instructions and a guarantee of respondent anonymity. To mitigate common method bias or variance, there were no double-barreled items or redundant

items. These measures contributed to valid and reliable results in the validity and reliability tests of the measurements in this research [49].

The questionnaire items of all variables follow the previous research's measurement, as seen in Table 1. The measures developed refer to the definition of each variable.

All the indicator measurements fulfilled the validity test by using Standardised Loading Factor (SLF) ≥ 0.50 , Convergent Validity by Average Variance Extracted (AVE) measurement with more than 0.50, and Reliability Test with Construct Reliability (CR) of more than 0.70 [48].

The 330 useable data were analysed by Structural Equation Modelling (SEM)-based covariance, under LISREL8.80 statistical application program, by a two-step approach (Measurement Fit Model and Structural Model). Still, the data must meet average data, as stated in Ref. [54]. SEM-based covariance considers the complex research model or multi-equation approach that examines the relationship of independent variables with the dependent variables and the moderating variable [48], even though it needs a greater number of samples [53]. SEM is the appropriate and most efficient estimation technique for a series of separate multiple regression equations estimated simultaneously [48]. A total of 330 useable data in this research have met the sample size requirement [48].

The study received approval from the University of Lampung Research Ethics Committee (UNILAREC) (Reference Number: 3228/UN26-21/PN/2023). This study was conducted according to the ethics stipulated by the Declaration of Helsinki. All recruited respondents had to sign the consent form before proceeding to the questionnaire survey. Informed consent was obtained from all subjects involved in the study.

4. Results

4.1. Respondents' characteristics

Based on the 330 useable data, the respondents' characteristics were classified by Gender, Age, Education, Company's average monthly income, Industry Creative Business Sector, Business Location, and Number of Employees Owned, as shown in Table 2 below.

Table 2 above illustrates that males constituted the majority of the research participants, accounting for 57.87%. Respondents aged 29 to 38 represented the largest age group at 40.00%. The younger generation, aged 17 to 38, comprised 30.00% of the sample. The remaining 7.27% were aged above 50 years old. The majority of respondents had a Bachelor's Degree (42.12%), followed by Diploma

Table 2
Respondents' characteristics.

| No | Respondents' Characteristics | Number | Percentage (%) |
|----|-----------------------------------|--------|----------------|
| 1 | Gender | | |
| | a Female | 139 | 42.13 % |
| | b. Male | 191 | 57.87 % |
| 2 | Age | | |
| | a 17–28 Years Old | 75 | 22.73 % |
| | b 29–38 Years Old | 132 | 40.00 % |
| | c 39–50 Years Old | 99 | 30.00 % |
| | d > 50 Years Old | 24 | 7.27 % |
| 3 | Education | | |
| | a Senior High School Graduates | 78 | 23.64 % |
| | b Diploma (Vocation Degree) | 102 | 30.91 % |
| | c Bachelor's Degree | 139 | 42.12 % |
| | d Postgraduate Degree | 11 | 3.33 % |
| 4 | Company's monthly income average | | |
| | a . < 50 million | 34 | 10.30 % |
| | b 50–100 million | 55 | 16.67 % |
| | c > 100 million | 241 | 73.03 % |
| 5 | Industry Creative Business Sector | | |
| | a Culinary | 230 | 69.73 % |
| | b Fashion | 65 | 19.73 % |
| | c Craft | 30 | 9.51 % |
| | d Music | 3 | 0.95 % |
| | e Application, Game & Developer | 1 | 0.04 % |
| | f Film, Animation & Video | 1 | 0.04 % |
| 6 | Business Location | | |
| | a DI Yogyakarta | 103 | 31.21 % |
| | b Bali | 86 | 26.06 % |
| | c West Java | 75 | 22.73 % |
| | d East Java | 66 | 20.00 % |
| 7 | Number of Employees Owned | | |
| | a Less than 25 Employees | 12 | 3.64 % |
| | b 25–49 Employees | 109 | 33.03 % |
| | c 50–75 Employees | 138 | 41.82 % |
| | d More than 75 Employees | 71 | 21.51 % |

Sources: Calculated using the SPSS application, 25 version.

(Vocation Degree) at 30.91 %, Senior High School Degree (23.64 %), and the rest were Postgraduates (3.33 %). The majority of companies reported a monthly income average exceeding 100 million (73.03 %). Additionally, 16.67 % reported a monthly income average in the range of 50–100 million, while the remaining 10.30 % fell below this range. This indicates that the dominance of the respondents' characteristics reflects the profile of Small and Medium Enterprises (SMEs).

The data is primarily represented by the Creative Business Sector, with the Culinary sector comprising the majority (69.73 %). The Fashion sector accounts for 19.73 %, followed by Craft at 9.51 %. Music contributes 0.95 %, while Application, Game & Developer, as well as Film, Animation & Video, each represent 0.04 %. This data is relevant to the number and the GDP contribution of these sectors, in which the Culinary industry has the highest number, followed respectively by Fashion, Craft, and others. The majority of respondents are located in the province of DI Yogyakarta (31.21 %), followed by Bali (26.06 %), West Java (22.73 %), and East Java (20.00 %). The highest number of employees owned was around 50 to 75 employees (41.82 %), followed by 25–49 employees (33.03 %), more than 75 employees (21.51 %), and the rest had less than 25 employees (3.64 %). More than 75 employees come from the Fashion Industry sector, 50 to 75 employees from the Culinary Industry, and less than 50 employees from the Craft Industry and other primary creative industry sectors.

4.2. Test results of validity and reliability, and multicollinearity results

The validity and reliability tests were applied to ensure the measurements of the variables used were valid and reliable, even though previous researchers have also performed similar tests.

The validity test in this research used Convergent Validity, measured by Average Variance Extracted (AVE), referring to Confirmatory Factor Analysis (CFA). The results show that all measurements fulfil the validity requirements. All values, measured by AVE, are ≥ 0.5 , except for Competitive Advantage's item 1 (SCA1) and eight items related to Government's Role (GOVR02, GOVR04, GOVR05, GOVR06, GOVR09, GOVR011, GOVR12, and GOVR13), as indicated in Tables 3–8 below.

The reliability test also shows that all measurements were reliable, except for Competitive Advantage's item 1 (SCA1) and eight items of Government's Role (GOVR02, GOVR04, GOVR05, GOVR06, GOVR09, GOVR011, GOVR12, and GOVR13), having the Construct Reliability (CR) value of more than 0.70 [54], as stated in Tables 3–8.

Table 3 shows that all measurements of Entrepreneurial Orientation measured by each indicator of each dimension are valid and reliable due to fulfilling the cut of criteria of AVE of more than 0.05 and CR of 0.70.

Table 4 indicates that each indicator of the seven Entrepreneurial Marketing dimensions is deemed valid and reliable, as the AVE values exceed 0.50 and the CR values meet the threshold of 0.70.

Table 5 shows five valid and reliable indicators (SCA2,3,4,5,6), as their AVE values exceed 0.50 and their CR values surpass 0.70, fulfilling the criteria. However, the SCA 1 indicator, which measures the company's attention to developing discovered ideas into new services, processes, and procedures, did not meet these criteria.

Table 6 also demonstrates that each indicator of the sustainable Business Performance dimensions meets the criteria for validity and reliability, with AVE values exceeding 0.50 and CR values surpassing 0.70.

The validity and reliability test results of the Local Wisdom indicators shown in Table 7 are valid and reliable.

Table 8 shows that there are six valid and reliable items out of 14 items for the Government's Role variable, coming from 1) Government's Role 1 (Providing Easy Access to Capital Facilities); 2) Government's Role 3 (Provision of Education and Training Facilities); 3) Government's Role 7 (Global Market Access Assistance); 4) Government's Role 8 (Assistance in Increasing Ownership of Technical Skills and Digitalisation); 5) Government's Role 10 (Provision of technology infrastructure facilities for free market access to creative industries); and 6) Government's Role 14 (Providing accessible technology facilities for the development of products and services to creative industries).

In addition, the examination of multicollinearity was implemented as a formative construct requirement due to several variable dimensions (Entrepreneurial Orientation, Entrepreneurial Marketing, and Sustainable Business Performance). The results showed that there is no multicollinearity in the formative constructs. Each indicator's SLF was found to be greater than 0.05, as reported in Ref. [54].

Table 3
The validity and reliability results of entrepreneurial orientation.

| Dimension | Indicator | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|---|-----------|----------|-------|-------------|-------------|-----------------|
| Entrepreneurial Orientation (EO) | | | | 0.94 | 0.68 | <i>Reliable</i> |
| INNOVATION/EO1 | INOV1 | 0.66 | 0.56 | | | <i>Valid</i> |
| | INOV2 | 0.79 | 0.37 | | | <i>Valid</i> |
| | INOV3 | 0.84 | 0.30 | | | <i>Valid</i> |
| PROACTIVE/EO2 | PRO1 | 0.81 | 0.35 | | | <i>Valid</i> |
| | PRO2 | 0.96 | 0.07 | | | <i>Valid</i> |
| RISK/EO3 | RISK1 | 0.96 | 0.07 | | | <i>Valid</i> |
| | RISK2 | 0.95 | 0.19 | | | <i>Valid</i> |
| | RISK3 | 0.60 | 0.64 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

Table 4
The validity and reliability test results of entrepreneurial marketing.

| Dimension | Indicator | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|--|-----------|----------|-------|-------------|-------------|-----------------|
| Entrepreneurial Marketing (EM): | | | | 0.98 | 0.67 | <i>Reliable</i> |
| CONSUMERS' INTENSITY (CI)/EM1 | CI1 | 0.85 | 0.28 | | | <i>Valid</i> |
| | CI2 | 0.86 | 0.26 | | | <i>Valid</i> |
| | CI3 | 0.84 | 0.29 | | | <i>Valid</i> |
| | CI4 | 0.81 | 0.35 | | | <i>Valid</i> |
| | CI5 | 0.75 | 0.44 | | | <i>Valid</i> |
| | CI6 | 0.82 | 0.32 | | | <i>Valid</i> |
| PROACTIVE LEVEL (PL)/EM2 | PL1 | 0.88 | 0.22 | | | <i>Valid</i> |
| | PL2 | 0.88 | 0.22 | | | <i>Valid</i> |
| | PL3 | 0.76 | 0.42 | | | <i>Valid</i> |
| | PL4 | 0.82 | 0.33 | | | <i>Valid</i> |
| | PL5 | 0.85 | 0.27 | | | <i>Valid</i> |
| | PL6 | 0.82 | 0.33 | | | <i>Valid</i> |
| RISK-TAKING ORIENTATION (RO)/EM3 | RO1 | 0.74 | 0.45 | | | <i>Valid</i> |
| | RO2 | 0.82 | 0.32 | | | <i>Valid</i> |
| | RO3 | 0.66 | 0.56 | | | <i>Valid</i> |
| OPPORTUNITY-FOCUSED (OF)/EM4 | OF1 | 0.82 | 0.32 | | | <i>Valid</i> |
| | OF2 | 0.88 | 0.23 | | | <i>Valid</i> |
| | OF3 | 0.67 | 0.56 | | | <i>Valid</i> |
| | OF4 | 0.65 | 0.57 | | | <i>Valid</i> |
| | OF5 | 0.83 | 0.30 | | | <i>Valid</i> |
| INNOVATION FOCUS (IF)/EM5 | IF1 | 0.59 | 0.65 | | | <i>Valid</i> |
| | IF2 | 0.92 | 0.15 | | | <i>Valid</i> |
| | IF3 | 0.86 | 0.26 | | | <i>Valid</i> |
| | IF4 | 0.80 | 0.36 | | | <i>Valid</i> |
| RESOURCES LEVERAGING (RL)/EM6 | RL1 | 0.87 | 0.25 | | | <i>Valid</i> |
| | RL2 | 0.84 | 0.29 | | | <i>Valid</i> |
| | RL3 | 0.86 | 0.25 | | | <i>Valid</i> |
| | RL4 | 0.86 | 0.28 | | | <i>Valid</i> |
| | RL5 | 0.79 | 0.37 | | | <i>Valid</i> |
| | RL6 | 0.76 | 0.42 | | | <i>Valid</i> |
| CONSUMER VALUE CREATION (CVC)/EM7 | CVC1 | 0.83 | 0.31 | | | <i>Valid</i> |
| | CVC2 | 0.83 | 0.31 | | | <i>Valid</i> |
| | CVC3 | 0.90 | 0.18 | | | <i>Valid</i> |
| | CVC4 | 0.88 | 0.22 | | | <i>Valid</i> |
| | CVC5 | 0.82 | 0.33 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

Table 5
The validity and reliability test results of competitive advantage.

| Variable | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|--|----------|-------|-------------|-------------|-----------------|
| Sustainable Competitive Advantage (SCA) | | | 0.84 | 0.51 | <i>Reliable</i> |
| SCA2 | 0.59 | 0.66 | | | <i>Valid</i> |
| SCA3 | 0.83 | 0.31 | | | <i>Valid</i> |
| SCA4 | 0.69 | 0.53 | | | <i>Valid</i> |
| SCA5 | 0.78 | 0.4 | | | <i>Valid</i> |
| SCA6 | 0.68 | 0.54 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

4.3. Normality data, fit model, and descriptive statistics of data responses

This research applied Structural Equation Modelling (SEM)-based covariance analysis to prove the hypotheses under LISREL 8.80 statistical application program. SEM-based covariance needs normal data. The useable data shows the average data that was measured through the Maximum Likelihood (ML) method, based on SEM-based covariance [54,55]. The Maximum Likelihood method provides valid, stable, efficient, and unbiased data, leading to a well-fitted model measurement, as shown in Table 9.

Table 9 shows that all fit model results meet the criteria for a good fit model. This is evidenced by the Normed Chi-square result of 1.53 ($\chi^2/\text{degree freedom} \leq 5.00$), the Goodness of Fit Index (GFI) of 0.95 (≥ 0.90), the Root Mean Square Residual (RMSEA) of 0.04 (≤ 0.07), the Comparative Fit Index (CFI) of 0.99 (≥ 0.95), and the Adjusted Goodness of Fit Index (AGFI) of 0.90 (≤ 0.90).

The descriptive statistics of data responses show that the average data response value is around 6.0 or more than 6.0, from the seven (7) point Likert scale. The deviation standard of the data responses is reasonable deviation. The value of the deviation standard in all indicator items of all variables is lower than the mean value and close to zero (0) value, even though it still has a higher value of more than one point (1.00). These descriptive data indicate that data are clustered tightly around the mean, as shown in Table 10.

Table 6
The validity and reliability test results of sustainable business performance.

| Dimension | Indicator | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|---|-----------|----------|-------|-------------|-------------|-----------------|
| Sustainable Business Performance (SBP) | | | | 0.94 | 0.59 | <i>Reliable</i> |
| Economic Performance (EcP)/ SBP1 | EcP1 | 0.75 | 0.44 | | | <i>Valid</i> |
| | EcP2 | 0.74 | 0.45 | | | <i>Valid</i> |
| | EcP3 | 0.86 | 0.26 | | | <i>Valid</i> |
| | EcP4 | 0.88 | 0.23 | | | <i>Valid</i> |
| Social Performance (SP)/ SBP2 | SP1 | 0.77 | 0.41 | | | <i>Valid</i> |
| | SP2 | 0.53 | 0.72 | | | <i>Valid</i> |
| | SP3 | 0.53 | 0.72 | | | <i>Valid</i> |
| | SP4 | 0.76 | 0.42 | | | <i>Valid</i> |
| Environmental Performance (EnP)/ SBP3 | EnP1 | 0.65 | 0.57 | | | <i>Valid</i> |
| | EnP2 | 0.98 | 0.04 | | | <i>Valid</i> |
| | EnP3 | 0.90 | 0.19 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

Table 7
The validity and reliability test results of local wisdom.

| Variable | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|--------------------------|----------|-------|-------------|-------------|-----------------|
| Local Wisdom (LW) | | | 0.74 | 0.53 | <i>Reliable</i> |
| LW1 | 0.82 | 0.33 | | | <i>Valid</i> |
| LW2 | 0.53 | 0.72 | | | <i>Valid</i> |
| LW3 | 0.54 | 0.71 | | | <i>Valid</i> |
| LW4 | 0.69 | 0.53 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

Table 8
The validity and reliability test results of Government's role.

| Variable | SLF >0.5 | Error | CR > 0.7 | AVE >0.5 | Decision |
|-------------------------------|----------|-------|-------------|-------------|-----------------|
| Government's Role (GR) | | | 0.93 | 0.70 | <i>Reliable</i> |
| GOVR1 | 0.70 | 0.52 | | | <i>Valid</i> |
| GOVR3 | 0.74 | 0.45 | | | <i>Valid</i> |
| GOVR7 | 0.79 | 0.37 | | | <i>Valid</i> |
| GOVR8 | 0.88 | 0.23 | | | <i>Valid</i> |
| GOVR10 | 0.95 | 0.09 | | | <i>Valid</i> |
| GOVR14 | 0.94 | 0.11 | | | <i>Valid</i> |

Sources: SEM LISREL 8.80 Output (2023)

Table 10 shows that all indicators for each variable or dimension have an average score of approximately 6.00 or higher. The average results of more than 6.00 exist in the indicators of the two variables (Entrepreneurial Orientation/EO and Government's Role/GOVR).

4.4. SEM estimate results

The SEM estimate results support seven hypotheses. This is evident from the t-values exceeding 1.96 (Significant at Alpha 5 %), as

Table 9
Fit model results.

| Fit Index Model | Cut Off Criteria | Fit Model Results | Decision |
|---|------------------|-------------------|----------|
| Absolute Fit | | | |
| Normed Chi-square (χ^2/df ; or CMIN/DF) | ≤ 5.00 | 1.53 | Good Fit |
| GFI (Goodness of Fit Index) | ≥ 0.90 | 0.95 | Good Fit |
| RMR (Root Mean Square Residual) | < 0.05 | 0.03 | Good Fit |
| RMSEA (Root Mean Square Error of Approximation) | < 0.07 | 0.04 | Good Fit |
| Incremental Fit | | | |
| NFI (Normed Fit Index) | ≥ 0.95 | 0.98 | Good Fit |
| CFI (Comparative Fit Index) | ≥ 0.95 | 0.99 | Good Fit |
| Parsimony Fit | | | |
| AGFI (Adjust Goodness of Fit Index) | ≤ 0.90 | 0.90 | Good Fit |

Sources: SEM LISREL 8.80 Output (2023)

presented in Table 11.

Table 11 shows a significant association between EO and EM with a sustainable competitive advantage, both of which exhibit a substantial relationship with sustainable business performance. However, EM has a higher estimated value of 48.00 % compared to EO (43.00 %). In addition, Local Wisdom significantly moderates the relationship between EO and EM with a sustainable competitive advantage, measured by each standardised estimate of 12.00 % and 10.00 %. Also, Government’s Role significantly moderates the relationship between EO and EM with a sustainable competitive advantage, measured by each standardised estimate results of 11.00 %, and 12.00 %. The most significant result is that Sustainable Competitive Advantage has the highest significant relationship with Sustainable Business Performance, with the highest estimated value, 87.00 %. The results can also be seen in Figs. 2 and 3.

Fig. 2 shows that all seven hypotheses based on Structural Equation Modelling (SEM) estimates are supported, with the highest estimate value observed in the relationship between Competitive Advantage (CA) and Sustainable Business Performance at 87.00 %. The second estimate value, at 48.00 %, corresponds to the relationship between Entrepreneurial Marketing (EM) and Competitive Advantage (CA) and the third highest estimate value, at 43.00 %, is observed in the relationship between Entrepreneurial Orientation (EO) and Competitive Advantage (CA). The estimates for the moderating role of Local Wisdom and Government range from around 10.00 %–12.00 %, indicating a positively significant moderating effect on the association between Entrepreneurial Orientation (EO) and Entrepreneurial Marketing (EM) with Competitive Advantage (CA).

Fig. 3 presents the results of t-values derived from Structural Equation Modelling (SEM) conducted using the LISREL8.80 statistical application program. The t-value results, exceeding 1.96 for a significance level of alpha less than 5.00 %, confirm the support for all seven hypotheses. The highest t-value results, observed in the significant relationship between Competitive Advantage (CA) and Sustainable Business Performance, corresponds to the highest estimate value of 87.00 % (Fig. 2). The second highest t-value, at 5.91, is

Table 10
Descriptive statistics of data responses toward variable items.

| ITEM | 1 | 2 | 3 | 4 | 5 | 6 | 7 | STANDARD DEVIATION | MEAN | GRAND MEAN |
|--|---|----|----|----|-----|-----|-----|--------------------|-------------|-------------|
| ENTREPRENEURIAL ORIENTATION (EO) | | | | | | | | | | |
| EO1 | 0 | 0 | 0 | 0 | 75 | 91 | 164 | 0.81 | 6.27 | 6.04 |
| EO2 | 0 | 2 | 0 | 3 | 123 | 100 | 102 | 0.9 | 5.89 | |
| EO3 | 1 | 1 | 1 | 19 | 94 | 82 | 132 | 1.03 | 5.96 | |
| ENTREPRENEURIAL MARKETING (EM) | | | | | | | | | | |
| EM1 | 6 | 3 | 4 | 11 | 45 | 75 | 163 | 1.32 | 6.01 | 5.94 |
| EM2 | 0 | 4 | 2 | 13 | 120 | 66 | 104 | 1.1 | 5.72 | |
| EM3 | 2 | 2 | 5 | 18 | 60 | 84 | 148 | 1.21 | 5.97 | |
| EM4 | 4 | 0 | 0 | 20 | 68 | 98 | 122 | 1.12 | 5.91 | |
| EM5 | 4 | 0 | 2 | 11 | 70 | 87 | 137 | 1.14 | 5.98 | |
| EM6 | 4 | 0 | 2 | 12 | 64 | 101 | 130 | 1.16 | 5.93 | |
| EM7 | 2 | 2 | 2 | 2 | 49 | 153 | 105 | 0.93 | 6.05 | |
| LOCAL WISDOM (LW) | | | | | | | | | | |
| LW1 | 0 | 0 | 0 | 13 | 88 | 70 | 159 | 0.94 | 6.14 | 5.92 |
| LW2 | 0 | 0 | 1 | 17 | 115 | 100 | 97 | 0.92 | 5.83 | |
| LW3 | 7 | 3 | 10 | 41 | 108 | 74 | 87 | 1.32 | 5.45 | |
| LW4 | 0 | 0 | 0 | 0 | 75 | 91 | 164 | 0.81 | 6.27 | |
| GOVERNMENT’S ROLE (GOVR) | | | | | | | | | | |
| GOVR1 | 5 | 1 | 3 | 14 | 45 | 84 | 178 | 1.15 | 6.2 | 6.11 |
| GOVR2 | 0 | 5 | 2 | 6 | 127 | 83 | 107 | 1.03 | 5.82 | |
| GOVR3 | 3 | 1 | 3 | 6 | 59 | 90 | 168 | 1.04 | 6.21 | |
| GOVR4 | 3 | 0 | 0 | 9 | 77 | 105 | 136 | 0.99 | 6.08 | |
| GOVR5 | 3 | 0 | 1 | 7 | 76 | 98 | 145 | 1 | 6.11 | |
| GOVR6 | 3 | 0 | 1 | 6 | 68 | 117 | 135 | 0.97 | 6.11 | |
| GOVR7 | 1 | 1 | 2 | 2 | 52 | 161 | 111 | 0.83 | 6.12 | |
| GOVR8 | 0 | 0 | 1 | 9 | 44 | 78 | 198 | 0.84 | 6.4 | |
| GOVR9 | 5 | 3 | 8 | 32 | 70 | 83 | 129 | 1.3 | 5.8 | |
| GOVR10 | 3 | 1 | 3 | 6 | 59 | 90 | 168 | 1.04 | 6.21 | |
| GOVR11 | 3 | 0 | 0 | 9 | 77 | 105 | 136 | 0.99 | 6.08 | |
| GOVR12 | 3 | 0 | 1 | 7 | 76 | 98 | 145 | 1 | 6.11 | |
| GOVR13 | 3 | 0 | 1 | 6 | 68 | 117 | 135 | 0.97 | 6.11 | |
| GOVR14 | 1 | 1 | 2 | 2 | 52 | 161 | 111 | 0.83 | 6.12 | |
| SUSTAINABLE COMPETITIVE ADVANTAGE (SCA) | | | | | | | | | | |
| SCA1 | 5 | 11 | 42 | 50 | 44 | 80 | 98 | 1.33 | 5.59 | |
| SCA2 | 0 | 0 | 0 | 3 | 55 | 86 | 186 | 0.79 | 6.38 | 5.99 |
| SCA3 | 1 | 0 | 1 | 4 | 73 | 82 | 169 | 0.91 | 6.24 | |
| SCA4 | 4 | 3 | 10 | 22 | 103 | 84 | 104 | 1.23 | 5.68 | |
| SCA5 | 3 | 0 | 7 | 18 | 99 | 83 | 120 | 1.13 | 5.85 | |
| SCA6 | 0 | 0 | 0 | 4 | 77 | 87 | 162 | 0.85 | 6.23 | |
| SUSTAINABLE BUSINESS PERFORMANCE (SBP) | | | | | | | | | | |
| SBP1 | 0 | 0 | 0 | 11 | 93 | 70 | 156 | 0.94 | 6.12 | 5.8 |
| SBP2 | 0 | 0 | 1 | 19 | 110 | 106 | 94 | 0.92 | 5.83 | |
| SBP3 | 7 | 3 | 10 | 45 | 105 | 74 | 86 | 1.33 | 5.44 | |

Sources: SPSS application, 25 version Output, 2023

Table 11
The SEM estimate Results.

| Hypothesis | Standardised Estimates | t-value | Hypothesis Decision |
|--|------------------------|---------|---------------------|
| H1: Entrepreneurial Orientation (EO) → Sustainable Competitive Advantage (SCA) | 0.43 | 4.56 | Supported |
| H2: Entrepreneurial Marketing (EM) → Sustainable Competitive Advantage (SCA) | 0.48 | 5.91 | Supported |
| H3: Local Wisdom (LW) moderates the relationship of Entrepreneurial Orientation (EO) with Sustainable Competitive Advantage (SCA) (EO*LW → SCA) | 0.12 | 2.01 | Supported |
| H4: Local Wisdom (LW) moderates the relationship of Entrepreneurial Marketing (EM) with Sustainable Competitive Advantage (SCA) (EM*LW → SCA) | 0.10 | 1.97 | Supported |
| H5: Government’s Role (GR) moderates the relationship of Entrepreneurial Orientation (EO) with Sustainable Competitive Advantage (SCA) (EO*GR → SCA) | 0.11 | 2.52 | Supported |
| H6: Government’s Role (GR) moderates the relationship of Entrepreneurial Marketing (EM) with Sustainable Competitive Advantage (SCA) (EM*GR → SCA) | 0.12 | 2.14 | Supported |
| H7: Sustainable Competitive Advantage (SCA) → Sustainable Business Performance (SBP) | 0.87 | 8.77 | Supported |

Sources: SEM LISREL 8.80 Output (2023)

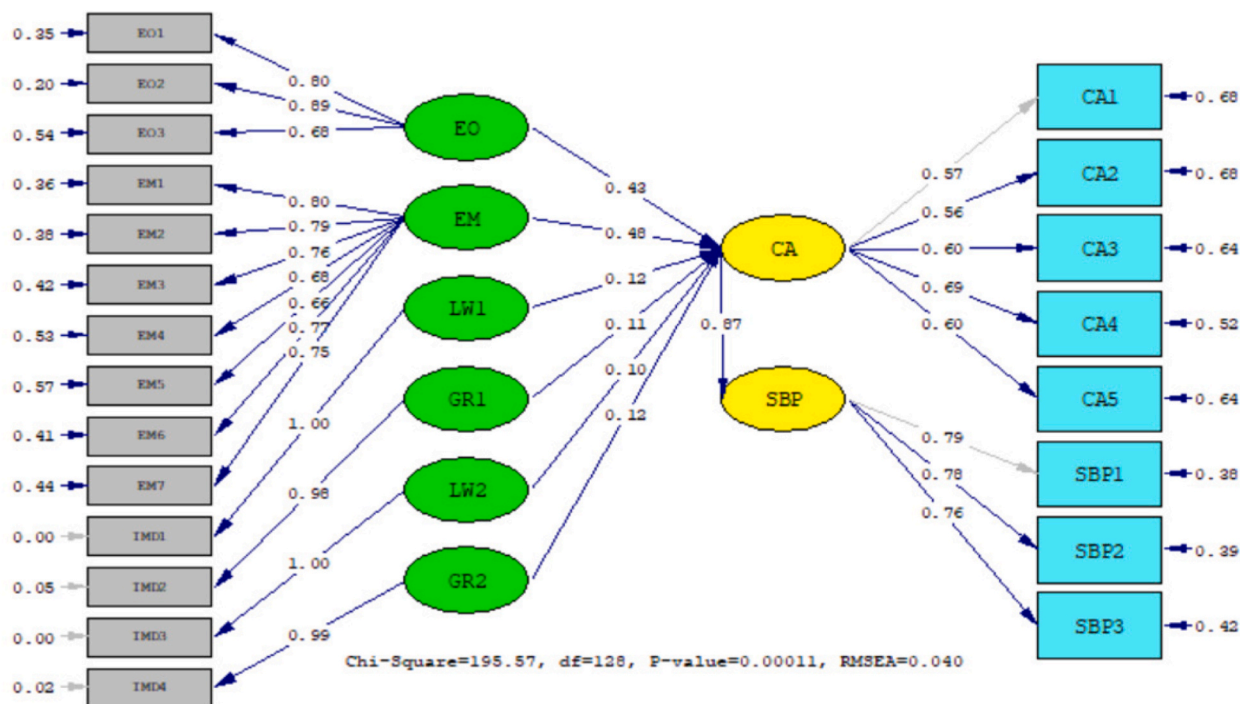


Fig. 2. Structural equation Modelling estimates results, based on LISREL 8.80 statistical application program.

observed in the relationship between Entrepreneurial Marketing (EM) and Competitive Advantage (CA). The third highest t-value, at 4.56, corresponds to the relationship between Entrepreneurial Orientation (EO) and Competitive Advantage (CA). The t-value results for the moderating role of Local Wisdom and Government’s Role, ranging from 2.01 to 2.52, demonstrates a significant moderating

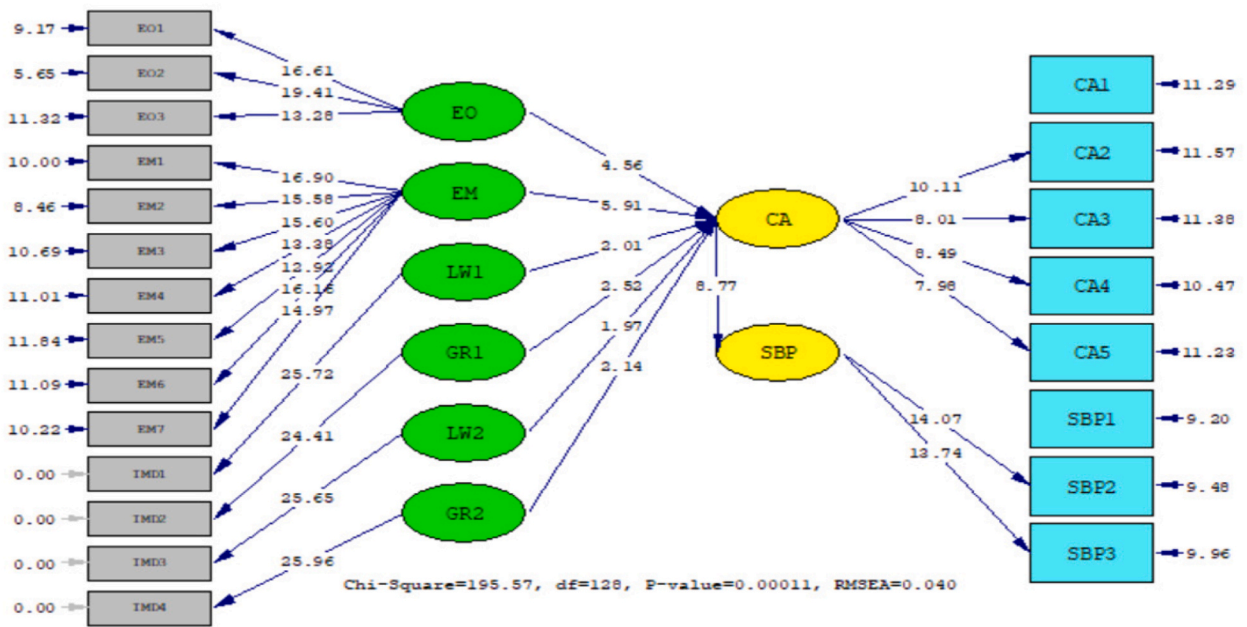


Fig. 3. t-Value Results by using Structural Equation Modelling, Based on LISREL 8.80 Statistical Application Program.

effect in the relationship between Entrepreneurial Orientation (EO) and Entrepreneurial Marketing (EM) with Competitive Advantage (CA). These t-value results correlate with the estimate value results. This implies that higher t-values correspond to higher estimate values.

5. Discussion

5.1. Entrepreneurial orientation, Entrepreneurial Marketing, and sustainable competitive advantage

Sustainable Competitive Advantage [17] describes the uniqueness of the company’s resources by utilising assets, capabilities, competencies, organisational processes, company attributes, information, and knowledge. Hence, sustainable competitive advantage can be a vital strategy for having more value than competitors to be a market leader [19] by transforming and using the company resources effectively and efficiently.

Furthermore, Bari [56] revealed that competitive advantage is an essential strategy to trigger Sustainable Business Performance by applying the concept of Entrepreneurial Orientation (EO). EO is a company’s intangible resource and is valuable for increasing sustainable competitive advantage because companies can manage their business risks, engage in innovation activities, and adopt a proactive approach [5,6]. Hence, the authors examined the relationship between EO and Sustainable Competitive Advantage. In line with this, the results of this research found that EO, measured by innovative, proactive, and risk factors, has a significant relationship with a competitive advantage of 43.00 %. This result supports the research of [8], who suggested that the leaders of SME companies in China should implement EO (Innovative, Proactive, and Risk-Taking activities) to build Sustainable Competitive Advantage. The research result also supports [7,37] that EO is significantly correlated with sustainable competitive advantage. This implies that the greater the implementation of EO by the company, the stronger the sustainable competitive advantage becomes.

Upon further analysis of respondent responses, it is observed that the primary factor in building a competitive advantage, as measured by the respondents’ reactions of ‘Strongly Very Agree’ (on a 7-point scale) and ‘Very Agree’ (on a 6-point scale), is the risk factor, accounting for approximately 77.27 %. This is followed by the innovation factor at 64.85 %, and the proactive factor at about 61.21 %.

As seen from Table 10, the higher average items are associated with the risk factor (6.27), surpassing the grand average of the Entrepreneurial Orientation variable, which is 6.04. This data implies that managers need to apply the EO concept by focusing on risk factors to minimise high-risk activities and to innovate not only product, process, marketing, and management innovations, but also technological innovations. On the other hand, proactive practice seeks and finds new opportunities to produce new products, services, and brands in an increasingly competitive environment.

Therefore, creative industry management should prioritise implementing EO to attain a high sustainable competitive advantage. This can be achieved through three key strategies: daring to take risks, which serves as the main determinant factor in creating products or services based on technological innovations; fostering an aggressive and strong spirit of innovation; and proactively addressing challenges posed by competitors. By adopting these strategies, the performance of technology-based innovation in the Indonesian Creative Industry can be significantly enhanced. The implementation of these key strategies can be done by improving the

abilities of workers through participation in educational and skills training programmes. This approach enables them to learn, transform, and apply new digital knowledge and technology effectively. By achieving high levels of knowledge and skill improvement among workers, companies can strengthen their future technological capabilities, thereby gaining a competitive advantage.

In addition, Entrepreneurial Marketing (EM), which integrates marketing and entrepreneurship aspects, is essential in creating a sustainable competitive advantage to overcome resource constraints and rapid changes in technology and markets [12]. This research result supports the opinion of [12] that EM has a significant association with a competitive advantage of 48.00 %. The magnitude of the estimated value is a reasonably substantial association between EM and competitive advantage (48.00 %). This condition can occur because marketing activities are the primary tool to increase competitive advantage, supporting the idea of [29].

This research primarily examines the relationship between EM and sustainable competitive advantage, focusing on seven dimensions of EM: proactive, opportunity-focused, innovation, resource utilisation, risk-taking, value creation, and customer intensity. The most significant EM dimension factor in building a competitive advantage based on descriptive response results is the consumer intensity dimension, which reflects consumer satisfaction by 78.18 %, followed by value creation (72.12 %) and opportunity-focused (67.88 %). This data was obtained from the respondents' responses in the categories of 'Strongly Very Agree' (on a 7-point scale) and 'Very Agree' (on a 6-point scale). In this research, the consumer intensity dimension emerges as the primary dimension of EM, aligning with the results of [41].

These research results also support the study findings of [13] that implementing EM is better than conventional marketing to create a competitive advantage strategy for SME-scale companies in Enugu Province, Nigeria, by applying the innovative, opportunity-focused, and value-creation dimensions. In line with this, Khourouh et al. [28], with seven dimensions of EM (pro-active, focusing on opportunities, innovation, resource utilisation, risk-taking, value creation, and intensity to customers), found that EM has a significant relationship with the competitive advantage of the crafts sub-sector of SMEs, and service businesses of tourism in Malang City, Indonesia. These findings also support this research results that EM, based on the seven dimensions, is significantly associated with a competitive advantage of 48.00 %. However, Stephen et al. [13] found that not all EM dimensions have a significant association with the creation of SMEs' competitive advantage in Nigeria.

Furthermore, this research supports the findings of [57], indicating that EM, as a strategic orientation, encompassing seven dimensions (proactive, opportunity-focused, risk-taking orientation, innovation orientation, customer satisfaction orientation, value creation, and resource leveraging), has a relationship with the formation of exploratory and exploitative innovation activities representing the competitive advantage of new companies. The findings of this research focus on the superior and priority creative industries sub-sector. In contrast [57], conducted research on 146 new companies in the Business-to-Business (B2B) sector in Germany, including the moderating role of the firm size. Nevertheless, the study findings have the same implication that EM, a strategic marketing orientation based on the entrepreneurial spirit, is associated with competitive advantage. Furthermore, EM practices exhibit a more substantial relationship with innovation development [58], particularly in highly competitive environments. As such, one of the EM dimensions encompasses innovation activity.

This research results imply that Indonesia's creative industries, mainly on the SME scale [28], urgently need to implement EM practices to create a highly competitive advantage. The main EM practices that can be developed include: 1) Serving consumer intensity by caring not only for the customers wholeheartedly but also paying inclusive attention to other stakeholders, such as suppliers or media. This partnership contributes to building a value chain strategy, as suggested by Ref. [42], thereby enhancing overall customer satisfaction; 2) Creating high value of the creative industry's products and services. This is essential to fulfil the needs and wants of consumers or relevant stakeholders, thereby determining the value co-creation as a cornerstone to the successful adoption of EM; and 3) Exploiting opportunity-focused approach by encouraging the management of the creative industry to be aware of the existing environment and market changes, not only to seize new opportunities, but also to co-create new unique opportunities under uncertain conditions, as suggested by Ref. [42].

The Indonesian creative industry is also often faced with conditions of uncertainty and high risk, so creative industry players must be able to minimise risk through the application of EM to adapt to the creation of products or service innovations, as well as new markets based on information technology and digitalisation. This assertion is supported by the study of [57], which also examined the moderating role of competitive intensity and firm size.

Overall, the creative industry, which is based on creativity, skills, and talent development, plays an essential role as the primary source for implementing EO through mainly managing minimum risk, developing innovation, and taking proactive measures to enhance its sustainable competitive advantage in a highly competitive landscape. Also, the management of the creative industry needs to apply EM practices by focusing on the consumer intensity dimension to enhance consumer satisfaction, value creation, and opportunity-focused based on the digital technology perspective so that the managers of the Indonesian creative industry can find and access new market opportunities, fostering the development of innovative and creative products and services.

5.2. Sustainable competitive advantage and sustainable business performance

The World Economic Forum (2019) noted that competitive advantage is vital in achieving sustainable business performance. Also, the research findings' implications of [43,45], and [46] show that competitive advantage has a significant relationship with sustainable business performance, although in varying contexts. In conjunction with those findings' implications, this research also proves that statistically, sustainable competitive advantage has a significant relationship with sustainable business performances by 87.00 %. It means that improving the sustainable business performance of creative industries, indicated by economic, social, and environmental performances, is due to developing a sustainable competitive advantage strategy.

The context of this research focuses on the creative industry sector, especially in the superior and priority sub-sector of the

Indonesian creative industry. Meanwhile [43], focused on Indonesian halal agroindustry SMEs. Additionally [45], examined Malaysian SMEs, while [46] explored sharing economy businesses in Korea. These businesses encompass various sectors such as clothing, tools, and books, as well as transportation sharing (automobile and carpooling) and space sharing (lodging, office, and meeting room). However, the estimated value of this research finding is higher than those reported in previous studies [43]: at approximately 39.00 % [45], at around 48.00 %, and [46] at approximately 63.80 %. It is important to note that the measurement across these studies, namely [43,45], and [46], are different.

The respondents' responses show that economic performance dominates the development of sustainable creative industry business performance by 68.49 %, exceeding the average social performance (60.61 %) and environmental performance (48.49 %). Meanwhile, sustainable competitive advantage is mainly determined by five indicators: 1) The company introduces new products/services, 2) Preferred market positioning, 3) Superior limited resources accessibility, 4) Exploiting unlimited resources, and 5) Superior competencies and capabilities accessibility. Among these five indicators, based on the responses of 'Strongly Very Agree' and 'Very Agree', the most significant positive response is observed for the Preferred Market Positioning indicator at 82.42 %. This is followed by Introduce new products/services at 76.06 %, and Superior Competencies and Capabilities Accessibility at 75.46 %.

The other two indicators still show a weak value, falling below the grand mean value, and have negative responses ('Strongly Disagree' and 'Disagree') mainly for Superior Limited Resources Accessibility and Exploiting Unlimited Resources to achieve higher sustainable competitive advantage than competitors. The percentage of negative responses for Superior Limited Resources Accessibility is approximately 12.00 %, followed by Exploiting Unlimited Resources at 8.48 %. This means that the Creative Industry management must improve their sustainable competitive advantage in terms of Superior Limited Resources Accessibility and the utilisation of Unlimited Resources. Still, they need to maintain a competitive strategy for launching new competitive products or services and have preferred market positioning so that the sustainable business performances of creative industries can increase. The most significant increase in sustainable business performance occurred in terms of Economic Performance, although Environmental and Social Performance were still in the low category. These results suggest the necessity of attaining a balanced sustainable performance encompassing economic, environmental, and social performance amidst the uncertainties of the dynamic business environment. This aligns with the postulates of Dynamic Capability Theory (DCT).

5.3. *The moderating role of local wisdom and Government's role*

Local Wisdom plays a moderating role in strengthening successful entrepreneurial orientation and marketing practices to boost a sustainable competitive advantage [9,22,53]. The results of this research support the opinions of [9,22,53]. This research shows that culture based on Local Wisdom can strengthen the relationship of EO with competitive advantage within an estimated value of 12.00 % and the relationship of EM with competitive advantage within an estimated value of 10.00 %.

Local wisdom-based culture indicators are measured by 1) Local Wisdom Image, 2) Consumer Opportunity to Experience Local Wisdom Values, 3) Friendly Service to Consumers, and 4) Local Wisdom Value Elements in the products/services of the Creative Industries. The estimated value of 12.00 % and 10 % is primarily determined by the Local Wisdom Image indicator of 77.27 %, based on the responses of 'Strongly Very Agree' and 'Very Agree', followed by the opportunity to experience the Local Wisdom Value by 69.39 %, Friendly Service by 59.70 %, and Elements of Local Wisdom Value in Creative Industry products/services that amounted to 48.79 %.

The results of this research also support the research findings of [5,10,17]. Liu's research results [5] show that creative business managers should develop EO to understand the changing business environment to create a sustainable competitive advantage in innovative businesses and must adjust to the local culture in the context of Chinese culture, Guanxi. Rahyuda et al. [10] and Barney et al. [17] stated that Local Wisdom can be the basis for a successful business and a substantial competitive advantage. The findings of this research also support the results of [11] that Local Wisdom as a culture is a factor in strengthening a sustainable competitive advantage due to EO and EM in these research results.

Local Wisdom represents a collective culture passed down from generation to generation within the resident's area where the creative industry is situated. For example, Yogyakarta produces superior Batik and Gamelan products containing local wisdom. This concept aligns with the findings by Ref. [8], although [8] found that the moderating role of collectivist culture hurts the relationship of EO and e-commerce business performance in China. Meanwhile, the research results of [11] found that innovation culture is a strategy to develop a competitive advantage to improve the business performance of export-oriented SMEs in Bali, Indonesia. Therefore, the products/services of the Indonesian creative industry have a superior competitive advantage due to the moderating role of the Local Wisdom in EO and EM practices.

Moreover, the moderating role of the government can strengthen the creative industry's sustainable competitive advantage development by implementing the concept of Entrepreneurial Orientation (EO) and Entrepreneurial Marketing (EM), as suggested by Refs. [7–9]. These research results support the idea of [7–9] that the government role plays a positively significant moderating role in the relationship of EO and EM with the competitive advantage within the estimated 11 % and 12 %, respectively. These results imply that a more significant role of the government in developing digital marketing activities and entrepreneurship skills among players in the creative industry leads to a higher sustainable competitive advantage.

The results of this research support the suggestions of [37] regarding the crucial role of the government in strengthening competitive advantage in the banking sector through EM. The results of this research also confirm the suggestions of [22,38,53] that the government could act as a moderating factor in the relationship between EO and EM regarding global competitiveness.

Initially, this research used fourteen indicators to measure the Government's Role, namely 1) Provision of easy access to capital facilities; 2) Provision of regulations for the development of creative industries based on Local Wisdom culture; 3) Provision of

education and training facilities for intellectual capital development; 4) Support for new entrepreneurs in particular; 5) Facilitating easy access to the capital market; 6) Support to related communities/associations/agencies for the development of creative industries; 7) Global market access assistance; 8) Assistance in ownership of skills improvement and technology digitisation; 9) Re-support for failed creative industry entrepreneurs, in order to survive and develop; 10) Provision of technology infrastructure facilities for free market access to creative industries; 11) Providing ease of licensing; 12) Providing accessible e-commerce facilities to increase market expansion; 13) The impetus for the creative industry to increase the values of products/services based on Local Wisdom; and 14) Providing accessible technology facilities for the development of products and services to creative industries. However, after testing the measurement validity, only six highly valid measurement indicators were identified (with a *Loading Factor* minimum of 0.50), namely: 1) Providing easy access to capital facilities; 2) Provision of education and training facilities; 3) Global market access assistance; 4) Assistance in increasing ownership of technical skills and digitalisation; 5) Provision of technology infrastructure facilities for free market access to creative industries; and 6) Providing accessible technology facilities for the development of products and services to creative industries.

The results of this research indicate that the dominant responses of the Government's Role indicators are the Provision of Access to Capital Facilities at 83.64 %, followed by the Provision of Education and Training Facilities (82.42 %), Global Market Access Assistance (82.42 %), Assistance in Increasing Ownership of Technical Skills and Digitalisation (79.39 %), Granting of Licensing Facilities (78.18 %), and Providing Accessible Technology Facilities for the Development of Products and Services to Creative Industries (78.18 %). Nevertheless, there is still a tendency for the Government's Role to not run well, with an average response of 1.00 %, especially for easy access to capital facilities, provision of education and training facilities for intellectual capital development, assistance in increasing ownership of technical skills and digitalisation of technology, and assistance in global market access.

Thus, the government plays a vital role in strengthening the relationship between EO and EM with a competitive advantage, mainly by providing easy access to capital facilities, and education and training facilities to increase the intellectual capital of Indonesia's creative industry managers and employees. The accessibility to capital facilities is currently being developed. This includes the provision of credit schemes for Small and Medium Enterprises (SMEs), loans from banks, SME partnership funds from state-owned companies, and the implementation of *Securities Crowd Funding* programmes (Digitalisation-Based Crowdfunding Service), which is obtained from investors in the Stock Exchange or Securities/capital. These initiatives are regulated under the Financial Services Authority's (POJK) No. 57/POJK.04/2020, 2020 or POJK No. 16/POJK.04/2021 Amendments to POJK No.57/POJK.04/2020.

5.4. Theoretical contribution

Companies in the Indonesian creative industry must develop a sustainable competitive advantage in facing high competition due to the dynamic changes in information technology and digitalisation in the business environment and human life under uncertain conditions. Therefore, this research examines the role of the sustainable competitive advantage in developing sustainable business performance growth, representing Dynamic Capability Theory. Nevertheless, Dynamic Capability Theory can benefit more if integrated with Resources Advantage Theory and Resources Based View Theory. Hence, this research contributes to the extended Dynamic Capability Theory by integrating Resources Advantage Theory and Resources-Based View Theory. Local Wisdom and Government's Role, as the moderating role in the relationship between EO and EM, represent Resources Advantage Theory. Meanwhile, EO and EM, as the intangible resource, constitute the part of the Resources-Based View Theory coverage to boost the high sustainable competitive advantage improvement, consequently affecting the sustainable creative industries' performance in the aspects of economic, social, and environmental performance.

This research's novelty values focus on the moderating role of Local Wisdom and Government's Role to strengthen the sustainable competitive advantage role due to Entrepreneurial Orientation and Entrepreneurial Marketing to increase sustainable business performance growth. However, the business performance of the sustainable creative industry needs to be improved by implementing an integrated balance between economic performance and environmental performance, as well as social performance, even though economic performance in this research primarily determines sustainable creative industry performance. Balancing performance across the three factors (economic, environmental, and social performance) is essential for fostering social welfare and creating a beautiful environment. This is a tangible manifestation of the Creative Industry's commitment, achieved by enhancing sustainable competitive advantage through the continuous implementation of EO and EM as the strategic assets, aligning with the RBV Theory.

5.5. Managerial and policy contribution

Creative industries must implement EO and EM practices to gain a sustainable competitive advantage. The EO practice can be done by taking risks to create not only products or services, process, marketing, and management innovations, but also technological innovations, building an aggressive and strong spirit of innovation as the company culture, and taking early proactive actions to challenge the competitors, especially in developing new innovative and creative products or services containing the local wisdom values, and enhancing the marketing support. EM practices can encompass various strategies aimed at enhancing customer satisfaction and fostering value creation within the creative industry. This includes prioritising consumer intensity by extending attention and empathy not only to customers but also to other stakeholders such as suppliers and media partners. Additionally, offering high value products and services tailored to meet the needs of consumers and stakeholders contributes to the development of co-creation value. Moreover, being proactive in identifying and exploiting new opportunities amid dynamic market conditions is crucial. This involves being aware of the existing environmental and market changes, enabling the co-creation of unique opportunities that align with evolving demands.

Also, creative industry managements need to improve their sustainable competitive advantage to develop sustainable creative industry performance growth by mainly improving preferred market positioning, launching innovative and creative products or services, and improving superior competencies and capabilities of the employees or managers.

Even though economic performance remains a crucial determinant of success factor in the creative industry, it is imperative for industry management to create a balanced approach to sustainable performance. This includes not only focusing on economic growth, but also prioritising environmental and social performance within the dynamic business environment. By achieving this balance, management can contribute to social welfare and create a green environment, addressing concerns such as global warming. Balancing economic, environmental, and social performance can be the best way of “doing well by doing good”, as strategically practicing corporate social responsibility [58,59]. It means that the creative industries make a profit, and at the same time make the world a better place, and create the society welfare. Finally, it has an impact on increasing company sustainability in the context of the creative industry.

Moreover, strengthening the role of Local Wisdom must be implemented significantly to enhance the image and values of Local Wisdom in EO and EM practices by strengthening Indonesia’s creative industry branding. This means that the innovation of the products/services must contain Local Wisdom values. The moderating role of the government needs to be empowered to strengthen a sustainable competitive advantage of the creative industry by providing easy access to capital facilities, and facilitating the relevant knowledge and skill training to increase the intellectual capital, particularly for human and technology capital of the creative industries’ management and employees. The government’s support in fostering ownership of technical skills and digitalisation of technology, as well as providing technology infrastructure for global market access, is instrumental, especially for enhancing the performance of the Indonesian creative industry. Additionally, by establishing e-commerce platforms tailored to the creative industry, the government can further strengthen opportunities for global market growth.

6. Conclusion, limitations, and future research

EO and EM have a significant relationship with sustainable competitive advantage development. Sustainable competitive advantage is also significantly associated with the business performance of the Indonesian creative industry.

The determinant factors of EO to have a significant relationship with sustainable competitive advantage development are innovation, proactiveness, and taking risks. Taking risks is the main factor in implementing EO practices in the Indonesian creative industry, followed by innovation and proactive factors. The relationship between EM with sustainable competitive advantage is based on seven EM dimensions (Proactive, Focus on Opportunities, Innovativeness, Resource Utilisation, Risk-Taking, Value Creation, and Customer Intensity).

EM has the most significant relationship with competitive advantage development, as evidenced by the estimated value of 48.00 %, surpassing that associated with EO, which stands at only 43.00 %. Meanwhile, the most significant EM dimension factor associated with a sustainable competitive advantage is the consumer intensity dimension, which improves consumer satisfaction, followed by value creation and focus on opportunities.

Competitive advantage has a relationship with the sustainable business performance of Indonesia’s creative industry mainly due to the ownership of the best-talented employees and access to resources at competitive prices. Economic performance is the most significant factor of sustainable performance compared to environmental and social performance. However, the sustainable business performance of Indonesia’s creative industry requires an integrated balance between economic, environmental, and social aspects to enhance social welfare and promote long-term environmental sustainability.

The moderating role of Local Wisdom and the Government’s Role is essential in strengthening the relationship between EO and EM with sustainable competitive advantage. This implies that a higher presence of Local Wisdom and Government’s Role leads to a more substantial relationship between EO and EM with the development of sustainable competitive advantage. The role of Local Wisdom’s image and values in EO and EM practices is the main factor in strengthening the sustainable competitive advantage of the Indonesian creative industry. The Government’s Role can enhance the relationship between EO and EM with a sustainable competitive advantage, mainly by providing easy access to capital facilities and education and training facilities to increase the intellectual capital, especially for the human and technological capital of the creative industry in Indonesia. However, there is still room for improvement in the implementation of these initiatives.

The limitation of this research comes from the specific samples selected from sub-sectors within the creative industry, focusing on Culinary, Fashion, and Craft as a Superior Creative Industry, and Music, Application, Game, and Developer Film, Animation, and Video, as a Priority Creative Industry. Therefore, future research should broaden the scope by including samples from other various creative industry sub-sectors. These may encompass areas such as Advertising, Architecture, Art, Antique Products, Interior Design, Performing Arts, Publishing, Software Development, Photography, Television, and Radio. In addition, exploring other SMEs or industries like the tourism sector, which has strong relevance to the creative industry, could provide valuable insights.

Future research could also cross border countries to examine the moderating role of local culture from other countries. The local culture of other countries vary significantly, especially when comparing the individualistic cultures of America and Europe with the collectivist culture of Indonesia.

In addition, considering that talented employees serve as an indicator of human capital, as the main factor in building a sustainable competitive advantage, future research could also analyse human and technological capital as the antecedent of the strategic competitive advantage, as well as examine other dimensions of intellectual capital such as social, relational, structural, and spiritual capital. This expanded focus could shed light on the relationship between these various forms of intellectual capital and the development of a sustainable competitive advantage, especially in addressing the challenges to compete with the competitors, and adapting

to technological changes.

Furthermore, these research findings may have broader implications for economic contexts. Future research could analyse the moderating role of firm size in the relationship between sustainable business performance within the creative industry, building upon the findings of previous research [57].

Funding affiliation

The authors sincerely express their gratitude to the Research and Community Centre Institution of the University of Lampung for providing funding for this research.

Data availability statement

Data will be made available upon request to the authors via email: mahrina.sari@feb.unila.ac.id.

CRediT authorship contribution statement

M.S. Mahrinasari: Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Software, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Satria Bangsawan:** Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Software, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization. **Mohamad Fazli Sabri:** Writing – review & editing, Writing – original draft, Visualization, Validation, Supervision, Software, Resources, Project administration, Methodology, Investigation, Formal analysis, Data curation, Conceptualization.

Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

Appendix A. Supplementary data

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.heliyon.2024.e31133>.

References

- [1] C.H. Liu, *Creating competitive advantage through network ties, entrepreneurial orientation, and intellectual capital*, *Manag. Decis.* 59 (9) (2021) 2238–2263.
- [2] W. Widiyanto, *Ini Empat Permasalahan Utama Industri Kreatif di Indonesia*, 2019. <https://www.tribunnews.com/bisnis/2019/11/08/ini-empat-permasalahan-utama-industri-kreatif-di-indonesia>.
- [3] DCMS, *Creative Britain: New Talents for the New Economy*, DCMS, 2008.
- [4] D. Hartley, *Economic crisis, technology and the management of education: the case of distributed leadership*, *Educ. Manag. Adm. Leader* 44 (2) (2016) 173–183, <https://doi.org/10.1177/1741143214549974>.
- [5] Liu, Chih-Hsing (Sam), *Creating competitive advantage through network ties, entrepreneurial orientation, and intellectual capital*, *Manag. Decis.* (2020), <https://doi.org/10.1108/MD-02-2020-0191>. Emerald Publishing Limited 0025-1747.
- [6] G.A. Seilov, *Does adopting customer and competitor orientations make small hospitality businesses more entrepreneurial? Evidence from Kazakhstan*, *Int. J. Contemp. Hospit. Manag.* 27 (1) (2015) 71–86.
- [7] K. Kiyabo, N. Isaga, *Entrepreneurial orientation, competitive advantage, and SMEs' performance: application of firm growth and personal wealth measures*, *Journal of Innovation and Entrepreneurship* 9 (2020) 1–15, <https://doi.org/10.1186/s13731-020-00123-7>.
- [8] Y. Niu, F. Deng, A.W. Hao, *Effect of entrepreneurial orientation, collectivistic orientation, and swift Guanxi with suppliers on market performance: a study of e-commerce enterprises*, *Ind. Market. Manag.* 88 (2020) 35–46.
- [9] M. Saberi, A. Hamdan, *The moderating role of governmental support in the relationship between entrepreneurship and economic growth: a study on the GCC countries*, *Journal of Entrepreneurship in Emerging Economies* 11 (2) (2019) 200–216, <https://doi.org/10.1108/JEEE-10-2017-0072>.
- [10] I.K. Rahyuda, A.G. Rahyuda, H. Rahyuda, M.R. Sssscandradewi, *The relationship between the concept of competitive advantage and the value of SSSSSCATur Paramitha on SMEs in Sarbagita*, *International Journal of Law and Management* 60 (6) (2018) 1522–1538, <https://doi.org/10.1108/IJLMA-09-2017-0210>.
- [11] I.W.E. Arsawan, V. Koval, I. Rajiani, N.W. Rustiarini, W.G. Supartha, N.P.S. Suryantini, *Leveraging knowledge sharing and innovation culture into SMEs sustainable competitive advantage*, *Int. J. Prod. Perform. Manag.* 71 (2) (2022) 405–428, <https://doi.org/10.1108/IJPPM-04-2020-0192>.
- [12] P. Whalen, C. Usley, V.J. PasSSSSCAL, G. Omura, A. McAuley, C.J. Kasouf, J. Deacon, *Anatomy of competitive advantage: towards a contingency theory of entrepreneurial marketing*, *J. Strat. Market.* 24 (1) (2016) 5–19, <https://doi.org/10.1080/0965254X.2015.1035036>.
- [13] O.U. Stephen, N. Ireneus, O.C. Moses, *Entrepreneurial marketing practices and competitive advantage of small and medium-sized enterprises in Nigeria*, *European Journal of Business and Innovation Research* 7 (3) (2019) 1–30.
- [14] L. Cao, *Dynamic capabilities in a turbulent market environment: empirical evidence from international retailers in China*, *J. Strat. Market.* 19 (5) (2011) 455–469.
- [15] David J. Teece, *Economies of scope and the scope of the enterprise*, *Resources, Firms, and Strategies* (1997) 103–116.
- [16] S.D. Hunt, *A General Theory of Competition: Resources, Competences, Productivity, and Economic Growth*, Sage, Thousands Oak, CA, 2000.
- [17] J.B. Barney, *Integrating organizational behavior and strategy formulation research: a resource-based analysis*, in: P. Whrivastava, A.S. Hugg, J.E. Dutton (Eds.), *Advances in Strategic Management*, JAI Press, Greenwich, CT, 1992, pp. 39–61.
- [18] D.Y.A. Yahya, *Innovation Practices as a Path to Business Growth Performance: a Study of Small and Medium-Sized Firms in the Emerging UAE Market*, Southern Cross University, ePublications@SCU, 2014.

- [19] M.E. Porter, *Competitive Advantage*, The Free Press, New York, 1985.
- [20] D.J. Teece, Explicating dynamic capabilities: the nature and micro-foundations of (sustainable) enterprise performance, *Strat. Manag. J.* 28 (13) (2007) 1319–1350.
- [21] D. Miller, The correlates of entrepreneurship in three types of firms, *Manag. Sci.* 29 (7) (1983) 770–791.
- [22] S.M. Lee, S.J. Peterson, culture, entrepreneurial orientation, and global competitiveness, *J. World Bus.* 35 (4) (2000) 401–416.
- [23] S.D. Hunt, Resources-advantage theory: an evolutionary theory of competitive firms behavior? *J. Econ. Issues* 31 (March) (1997) 59–77.
- [24] Y.M. Almansour, The impact of total quality management components on small and medium enterprises' financial performance in Jordan, *Journal of Arts, Science & Commerce* 3 (1) (2012) 87–91.
- [25] M.S. Aliyu, H.B. Rogo, R. Mahmood, Knowledge management, entrepreneurial orientation, and firm performance: the role of organizational culture, *Asian Soc. Sci.* 11 (23) (2015) 140.
- [26] K.J. Ringim, *Effect of the Business Process Reengineering Factors on Information and Technology Capabilities on Organizational Performance*, University Utara Malaysia, 2012. Unpublished Doctoral Thesis.
- [27] J. Wiklund, The sustainability of the entrepreneurial orientation, *Performance Relationship. Entrepreneurship Theory and Practice* 24 (1) (1999) 37–48, <https://doi.org/10.1177/104225879902400103>.
- [28] U. Khourou, A. Sudiro, M. Rahayu, N.K. Indrawati, The mediating effect of entrepreneurial marketing in the relationship between environmental turbulence and dynamic Capability with a sustainable competitive advantage: an empirical study in Indonesian SMEs, *Management Science Letters* 10 (3) (2020) 709–720.
- [29] V. Kumar, Eli Jones, Rajkumar Venkatesan, Robert P. Leone, Is market orientation a source of sustainable competitive advantage or Simply the cost of competing? *J. Market.* 75 (January 2011) (2011) 16–30.
- [30] Ajay K. Kohli, Bernard J. Jaworski, Market orientation: the construct, research Propositions, and managerial implications, *J. Market.* 54 (April) (1990) 1–18.
- [31] J.Y. Murray, G.Y. Gao, M. Kotabe, Market orientation, and performance of export ventures: the process through marketing capabilities and competitive advantages, *J. of the Cad. Mark. Sci.* 39 (2011) 252–269, <https://doi.org/10.1007/s11747-010-0195-4>.
- [32] L. Putra, S. Suwandi, A. Andayani, The local wisdom value of folklore in the Indonesian textbook for senior high School students, in: *Proceedings of the 1st Conference of Visual Art, Design, and Social Humanities by Faculty of Art and Design, 2020, August. CONVASH 2019, 2 November 2019, Surakarta, Central Java, Indonesia*.
- [33] A.J. Pesurnay, Local wisdom in a new paradigm: applying system theory to studying Local culture in Indonesia, *IOP Conf. Ser. Earth Environ. Sci.* 175 (1) (2018) 012037 (IOP Publishing).
- [34] B.S. Eko, H. Putranto, The role of intercultural competence and local wisdom in building intercultural and inter-religious tolerance, *J. Intercult. Commun. Res.* 48 (4) (2019) 341–369, <https://doi.org/10.1080/17475759.2019.1639535>.
- [35] Reuben M. Baron, David A. Kenny, The moderator-mediator variable distinction in social psychological research: conceptual, strategic, and statistical considerations, *J. Pers. Soc. Psychol.* 51 (6) (1986) 1173–1182, <https://doi.org/10.1037/0022-3514.51.6.1173>.
- [36] Mohammad Namazi, Navid-Reza Namazi, Conceptual analysis of moderator and mediator variables in business research, *Procedia Econ. Finance* 36 (2016) (2016) 540–554, [https://doi.org/10.1016/S2212-5671\(16\)30064-8](https://doi.org/10.1016/S2212-5671(16)30064-8).
- [37] M.S. Tanwir, Mahrinasari, S. Bangsawan, The impact of entrepreneurial and environmental factors on entrepreneurial intention of the banking sector of Indonesia, *Polish Journal of Management Studies* 21 (2) (2020) 412–424.
- [38] H.M. Adel, A.A. Mahrous, R. Hammad, Entrepreneurial marketing strategy, institutional environment, and business performance of SMEs in Egypt, *Journal of Entrepreneurship in Emerging Economies* 12 (5) (2020) 727–746, <https://doi.org/10.1108/JEEE-11-2019-0171>.
- [39] S.P. Sebhatu, Sustainability performance measurement for sustainable organizations: beyond compliance and reporting, in: *Proceedings of the 11th QMOD Conference. Quality Management and Organizational Development Attaining Sustainability from Organizational Excellence to Sustainable Excellence, Helsingborg, Sweden, 2008, pp. 75–87, 20–22 August 2008*.
- [40] M. Haseeb, H.I. Hussain, S. Kot, A. Androniceanu, K. Jermstipparsert, Role of social and technological challenges in achieving a sustainable competitive advantage and sustainable business performance, *Sustainability* 11 (14) (2019) 3811, <https://doi.org/10.3390/su11143811>.
- [41] G.E. Hills, C.M. Hultman, S. Kraus, R. Schulte, History, theory, and evidence of entrepreneurial marketing—An overview, *Int. J. Enterpren. Innovat. Manag.* 11 (1) (2010) 3–18.
- [42] N. Alqahtani, C. Uslay, Entrepreneurial marketing and firm performance: synthesis and conceptual development, *J. Bus. Res.* 113 (May 2020) (2020) 62–71, <https://doi.org/10.1016/j.jbusres.2018.12.035>.
- [43] Yoyok Cahyono, Dwi Purwoko, Intan Rachmina Koho, Asri Setiani, Setyoko Supendi, Paulus Israwan, Sosiady Mulia, Hadion Wijoyo, The role of supply chain management practices on competitive advantage and performance of halal agroindustry SMEs, *Uncertain Supply Chain Management* 11 (2023) 153–160, <https://doi.org/10.5267/j.uscm.2022.10.012>.
- [44] K. Matsuno, J.T. Mentzer, The effects of strategy type on the market orientation–performance relationship, *J. Market.* 64 (4) (2000) 1–16.
- [45] S. Li, B. Ragu-Nathan, T.S. Ragu-Nathan, S.S. Rao, The impact of supply chain management practices on competitive advantage and organizational performance, *Omega* 34 (2) (2006) 107–124.
- [46] Youn Kue Na, Sungmin Kang, Hye Yeon Jeong, The effect of market orientation on performance of sharing economy business: focusing on marketing innovation and sustainable competitive advantage, *Sustainability* 11 (2019) 729, <https://doi.org/10.3390/su11030729>.
- [47] H.T. Keh, T.T.M. Nguyen, H.P. Ng, The effects of entrepreneurial orientation and marketing information on the performance of SMEs, *J. Bus. Ventur.* 22 (4) (2007) 592–611, <https://doi.org/10.1016/j.jbusvent.2006.05.003>.
- [48] D.N. Coudounaris, E. Sthapit, Antecedents of memorable tourism experience related to behavioral intentions, *Psychol. Market.* 34 (12) (2017) 1084–1093, <https://doi.org/10.1002/mar.21048>.
- [49] F. Kock, A. Berbekova, A.G. Assaf, Understanding and managing the threat of standard method bias: detection, prevention, and control, *Tourism Manag.* 86 (2021) 104330.
- [50] R. DeVilliers, *Sources of Sustainable Competitive Advantage for Businesses Operating in a Global Marketplace*, University of Pretoria, Pretoria, South Africa, 2001. Ph.D. Thesis.
- [51] B.A. Khan, H. Naeem, The impact of strategic quality orientation on innovation capabilities and sustainable business growth: empirical evidence from the service sector of Pakistan, *Int. J. Qual. Reliab. Manag.* 35 (8) (2018) 1568–1598, <https://doi.org/10.1108/IJQRM-07-2017-0126>.
- [52] N. Sadiku-Dushi, V. Ramadan, Entrepreneurial marketing: what we know and what we should know? *ISCBE 2019* (2019) 711.
- [53] L. Cai, Q. Liu, X. Zhu, S. Deng, Market orientation and technological innovation: the moderating role of entrepreneurial support policies, *Int. Enterpren. Manag. J.* 11 (3) (2015) 645–671, <https://doi.org/10.1007/s11365-013-0290-3>.
- [54] Joseph F. Hair, William C. Black, Barry J. Babin, Rolph E. Anderson, *Multivariate Data Analysis*, eighth ed., 2019.
- [55] J.F. Hair, J.J. Risher, M. Sarstedt, C.M. Ringle, When to use and how to report the results of PLS-SEM, *Eur. Bus. Rev.* 31 (1) (2019) 2–24.
- [56] N. Bari, R. Chimhundu, K.C. Chan, Dynamic Capabilities to achieve corporate sustainability: a roadmap to sustained competitive advantage, *Sustainability* 14 (3) (2022) 1531, <https://doi.org/10.3390/su14031531>.
- [57] Bachmann, Jan-Thomas, Isabel Ohlies, Tessa Flatten, Effects of entrepreneurial marketing on new ventures' exploitative and exploratory innovation: the moderating role of competitive intensity and firm size, *Ind. Market. Manag.* 92 (2021) 87–100, <https://doi.org/10.1016/j.indmarman.2020.10.002>.
- [58] O. Falck, S. Heblich, Corporate social responsibility: doing well by doing good, *Bus. Horiz.* 50 (3) (2007) 247–254, <https://doi.org/10.1016/j.bushor.2006.12.002>.
- [59] J.P. Sanchez-Infante Hernandez, B. Yáñez-Araque, J. Moreno-García, Moderating effect of firm size on the influence of corporate social responsibility in the economic performance of micro-, small- and medium-sized enterprises, *Technol. Forecast. Soc. Change* 151 (2020) 119774, 10.1.