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## Innovation Capability Mediates Factors Determining Sustainable Entrepreneur Performance

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# Innovation Capability Mediates Factors Determining Sustainable Entrepreneurial Performance

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**Abstract.** Sustainable entrepreneurial performance has become increasingly critical for the long-term survival of SMEs in the culinary sector, especially as these businesses face mounting competitive pressures while contributing significantly to the national economy. Previous research has examined entrepreneurial bricolage and digital marketing capability in isolation, yet we know little about how these two capabilities interact to drive sustainable performance outcomes. This study addresses this gap by investigating their combined effects through innovation capability as a mediating mechanism, providing fresh perspectives on how resource-constrained SMEs can achieve lasting success. We employed a quantitative cross-sectional design, surveying 270 culinary SMEs across Bali Province and analyzing the data through PLS-SEM. Our findings reveal an interesting pattern: entrepreneurial bricolage directly enhances sustainable performance, whereas digital marketing capability shows no significant direct impact. The mediating role of innovation capability proves crucial—it partially channels the effect of entrepreneurial bricolage while completely mediating the influence of digital marketing capability on performance outcomes. These results support the integration of bricolage theory and dynamic capability theory within the culinary SME context. The evidence suggests that digital marketing capability must first be converted into tangible innovation before it can contribute to sustainable performance. Meanwhile, the bricolage approach demonstrates versatility by affecting business sustainability both directly and indirectly through innovation. This distinction offers practical implications: SMEs should leverage their resourcefulness immediately while simultaneously transforming their digital capabilities into concrete innovations to secure long-term competitive advantage.

**Keywords:** entrepreneurial bricolage; digital marketing capability; innovation capability; sustainable entrepreneurial performance

## Introduction

Over the past few decades, the prevailing paradigm within management and entrepreneurship scholarship has undergone a marked shift: corporate performance is no longer gauged solely by short-term profitability but has evolved into a holistic construct encompassing economic, social, and environmental dimensions (Nor-Aishah et al., 2020). Within this broader framework, the notion of sustainable entrepreneurial performance has emerged as a critical metric for long-term organizational success (Broccia et al., 2022), including for Micro, Small, and Medium Enterprises (MSMEs) that serve as the economic backbone of many developing nations such as Indonesia.

MSMEs confront significant hurdles in an increasingly dynamic and competitive business environment. They must not only survive but also continually adapt and innovate (Gamage et al., 2020). Faced with resource constraints, these enterprises require strategic approaches that optimize internal capabilities while responding swiftly to external shifts. One such approach is entrepreneurial bricolage—the capacity to creatively assemble, reconfigure, and deploy existing resources to generate novel value (Tian et al., 2022). Concurrently, the ability to harness digital technologies through robust digital marketing capabilities has become indispensable, enabling MSMEs to expand market reach, cultivate customer relationships, and enhance marketing efficiency at relatively low cost (Yuen, 2023). When entrepreneurial bricolage and digital

marketing capabilities are strategically integrated, they are posited to produce synergistic effects that propel sustainable entrepreneurial performance (Li, 2022; Xu et al., 2022).

The culinary sector represents one of Indonesia's most strategically important MSME subsectors. According to Statistics Indonesia, MSMEs contribute approximately 60.6% of national Gross Domestic Product, with the culinary subsector accounting for 41% of that share. Moreover, this sector employs over 8.5 million individuals—around 18% of the total MSME workforce (BPS, 2023). Despite this substantial contribution, culinary MSMEs face persistent challenges such as limited access to finance (62%), resource management inefficiencies (57%), and low rates of digital technology adoption (73%) (Ministry of Cooperatives and SMEs, 2023). These difficulties were further exacerbated by the COVID-19 pandemic, which disrupted consumption patterns and forced rapid digital transformation (Pomffyová & Veselovska, 2023).

In response to these challenges, entrepreneurial bricolage offers a strategic avenue for firms to devise creative, adaptive solutions using available resources (Yu et al., 2020). Baier-Fuentes et al. (2023) demonstrate that MSMEs employing bricolage strategies exhibit greater resilience during crises compared to those that do not. Simultaneously, the development of digital marketing capabilities has been linked to enhanced sales performance and more effective customer outreach in the digital era (Li, 2022). The strategic fusion of these two dimensions can therefore serve as a pivotal means of achieving sustainable performance.

Although prior studies have examined entrepreneurial bricolage and digital marketing capability separately (Nor-Aishah et al., 2020; Xu et al., 2022), few have investigated how these capabilities interact to shape sustainable entrepreneurial performance. Most bricolage research centers on innovation outputs and short-term efficiency gains, overlooking sustainability dimensions (Yu et al., 2020). Similarly, studies on digital marketing capability often prioritize immediate marketing metrics without considering how such capabilities might contribute to long-term performance when mediated by other strategic resources (Homburg & Wielgos, 2022). Furthermore, existing work on the interplay between entrepreneurial bricolage, digital marketing capability, and MSME sustainability has produced mixed results, largely due to contextual variations and methodological differences (Gao et al., 2022; Dabbous et al., 2023). These inconsistencies point to an important gap: we lack a comprehensive understanding of the mechanisms—particularly innovation capability—that might explain how and why these resources jointly influence sustainable performance.

In this regard, innovation capability emerges as a potential mediator bridging the effects of entrepreneurial bricolage and digital marketing capability on sustainable entrepreneurial performance (Gao et al., 2022). Innovation capability reflects a firm's proficiency in generating market-relevant ideas, products, and processes (Mendoza-Silva, 2021). Through this lens, bricolage-driven resource recombination transcends temporary fixes, morphing into high-value processes and offerings (Mawadia & Eggrickx, 2023). Additionally, innovation capability facilitates the replication and scaling of these solutions, thereby extending their positive impacts on long-term performance (Santos-Vijande et al., 2022). As Ribeiro da Rosa and Reichert (2023) assert, innovation capability is pivotal in connecting resource-constrained creativity with enduring entrepreneurial outcomes.

Innovation capability also plays a critical mediating role in the relationship between digital marketing capability and sustainable entrepreneurial performance (Lee & Roh, 2023). By transforming insights gleaned from digital marketing activities into targeted products and services, firms can leverage innovation processes to address evolving market needs (Kencanasari & Dhewanto, 2022). This mediation occurs as data from digital marketing initiatives are analyzed and translated into novel innovations (Al-Hashem, 2020). MSMEs that integrate digital marketing capability with robust innovation processes cultivate unique value propositions that are difficult for competitors to replicate (Anwar et al., 2022), thereby enhancing sustainable performance through product differentiation, operational efficiency, and stronger customer loyalty (Lulaj, 2023).

This study constructs a conceptual model grounded in bricolage theory and dynamic capability theory to examine the effects of entrepreneurial bricolage and digital marketing capability on sustainable entrepreneurial performance, with innovation capability serving as a mediator. Focusing on Indonesian culinary MSMEs—given their strategic economic role and ongoing struggles to achieve consistent sustainability—this research aims to fill academic gaps by elucidating how the strategic combination of resourcefulness and digital competencies fosters innovation capability and promotes long-term business viability. Specifically, this study advances the literature in three ways. First, it provides empirical evidence on how bricolage and digital capabilities can coexist and complement each other within resource-constrained settings. Second, it clarifies the distinct pathways through which these capabilities influence sustainable performance—direct versus mediated through innovation. Third, by demonstrating full versus partial mediation patterns, the study offers nuanced theoretical insights into the conditional nature of capability effects. These contributions not only enrich scholarly understanding of adaptive and innovative capacities within MSMEs operating in dynamic environments but also offer practical guidance for entrepreneurs seeking to leverage limited resources and for policymakers aiming to design targeted support programs that enhance the competitiveness and sustainability of Indonesia's culinary sector amid ongoing business uncertainty.

## Concept and Hypothesis

### Bricolage Theory and Dynamic Capability Theory

In a dynamic and resource-constrained business landscape, bricolage theory and dynamic capability theory offer complementary theoretical frameworks to explain sustainable entrepreneurial performance in SMEs. According to Wang et al. (2022), bricolage theory reflects the entrepreneur's ability to creatively organize and recombine limited resources to generate innovative solutions. Conversely, the dynamic capability theory proposed by Teece (2018) emphasizes the importance of an organization's capacity to respond to external changes through the renewal of internal competencies. Within the digital context, digital marketing capability serves as a tangible manifestation of such dynamics, enabling culinary SMEs to deliver unique and competitive customer value. Innovation capability functions as a critical mediating mechanism that links bricolage and digital capabilities to the achievement of sustainable performance outcomes (Sarfranz et al., 2022). The synergy among these three elements forms a reinforcing cycle of adaptive capabilities, strengthening the competitiveness of SMEs in an ever-evolving business environment.

### Entrepreneurial Bricolage, Digital Marketing Capability, Innovation Capability, and Sustainable Entrepreneurial Performance

The concept of entrepreneurial bricolage has emerged as a strategic approach that is essential for firms seeking to optimize constrained resources in order to develop innovative products, services, and business models (Xu et al., 2023). Meanwhile, the paradigm of sustainable entrepreneurship operates within a distinct yet complementary dimension, emphasizing the creation of business entities that are not only economically viable but also socially integrated and environmentally responsive (Goh et al., 2020). Given this premise, SMEs—as embodiments of entrepreneurial activity—must consider adopting entrepreneurial bricolage as a transformative strategy to identify, analyze, and exploit underexplored business opportunities (Hanan et al., 2021). The mechanisms of entrepreneurial bricolage have the potential to drive sustainable entrepreneurial performance by formulating solutions that leverage internally available assets, thereby reducing reliance on external resources that are often unsustainable and costly (Tsilika et al., 2020). Furthermore, Nelson and Lima (2020) demonstrate that entrepreneurial bricolage correlates positively and significantly with enhanced sustainable entrepreneurial performance through optimized resource utilization, systematic risk assessment, and the establishment of ventures with measurable social and environmental accountability. Based on the foregoing, the following hypothesis is proposed:

H<sub>1</sub>: Entrepreneurial bricolage has a positive impact on sustainable entrepreneurial performance.

Digital marketing capability is a pivotal determinant in catalyzing sustainable entrepreneurial performance within the digital economy. In today's contemporary and disruptive business environment, SMEs that can strategically integrate technological resources, digital market literacy, and adaptive online communication competencies tend to secure competitive advantages and sustain superior performance (Al Koliby et al., 2024). Empirical investigations further reveal that differentiated digital marketing capabilities significantly bolster sustainable entrepreneurial outcomes through three fundamental mechanisms: (1) precision-driven market segmentation and targeting grounded in data analytics (Gao et al., 2022); (2) optimization of marketing resource allocation efficiency (Holzmann & Gregori, 2023); and (3) consistent brand engagement facilitated by predictive analytics implementation (Denga & Rakshit, 2023). Beyond serving as a revenue growth accelerator, digital marketing capability also functions as a catalyst for organizational resilience, enabling strategic diversification of distribution channels to weather economic fluctuations (He et al., 2022). Accordingly, the following hypothesis is proposed:

H<sub>2</sub>: Digital marketing capability has a positive effect on sustainable entrepreneurial performance.

Innovation capability can also drive sustainable entrepreneurial performance (Esen et al., 2023). This construct reflects an organization's capacity to continually generate, adapt, and implement novel ideas, thereby enabling a more effective response to shifting market dynamics and environmental pressures (Saunila, 2020). A perpetually honed innovation capability not only strengthens competitiveness and expands growth prospects but also fosters resilience against external disruptions (Santiago et al., 2020). Furthermore, it enhances immediate outcomes while cultivating a strategic orientation geared toward long-term achievements (Borahima et al., 2021). Consistent with Sharma and Kumar's (2021) assertion, SMEs that systematically build their innovation capabilities tend to exhibit entrepreneurial performance that is more adaptive, responsive, and enduring, as they can both anticipate emerging trends and sustain competitive advantages over time. Based on the foregoing, the following hypothesis is proposed:

H<sub>3</sub>: Innovation capability has a positive effect on sustainable entrepreneurial performance.

### **Entrepreneurial Bricolage, Digital Marketing Capability, and Innovation Capability**

Entrepreneurial bricolage constitutes an adaptive strategy under resource constraints and plays a pivotal role in fortifying a firm's innovation capabilities (Kustiningsih et al., 2024). Through this approach, entrepreneurs creatively leverage the resources at hand to devise novel, non-conventional solutions (Urban & Kanguwe, 2024). Bricolage not only reflects structural flexibility but also fosters experimental learning and the exploration of innovation-driven opportunities with high efficiency (Rambe, 2025; Zheng et al., 2024). Several studies indicate that the bricolage process can yield direct impacts on innovation outcomes, particularly within SMEs and digital startups (Nazir et al., 2025). This relationship suggests that greater bricolage intensity correlates with enhanced potential for organizations to build sustainable, context-sensitive innovation capabilities (Zheng et al., 2024). Hence, bricolage serves not merely as a response to scarcity but as a strategic catalyst for long-term innovative advantage (Nazir et al., 2025). Based on these considerations, we propose the following hypothesis:

H<sub>4</sub>: Entrepreneurial bricolage has a positive effect on innovation capability.

In the rapidly evolving digital business landscape, digital marketing capability is critical for driving a firm's innovation capacity (Arifin & Hartono, 2025). This capability enhances real-time access to customer insights and market feedback, directly influencing the dynamics of the innovation process (Wang et al., 2025). When organizations adopt adaptive digital strategies, they not only improve market communication effectiveness but also reinforce a data-driven innovation culture (Sultana et al., 2024; Zaman et al., 2025). Consequently, digital marketing capability transcends its tactical function to become a strategic catalyst for sustainable innovative advantage (Munir et al., 2025; Ningsih et al., 2024). Accordingly, we formulate the following hypothesis:

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H<sub>5</sub>: Digital marketing capability has a positive effect on innovation capability.

### **The Mediating Effect of Innovation Capability Between Entrepreneurial Bricolage and Digital Marketing Capability with Sustainable Entrepreneurial Performance**

Entrepreneurial bricolage has long been recognized as a mindset that enables individuals to create value using highly constrained resources, thereby empowering SMEs to develop creative solutions from the assets readily available to them (Baaken et al., 2021). This process significantly enhances innovation capability through resource recombination, continuous experimentation, and strategic adaptation, allowing SMEs to generate unique value propositions, improve operational efficiency, and build sustainable competitive advantages (Aliasghar et al., 2023; Getele & Ruoliu, 2022). However, without the integration of innovation capability, entrepreneurial bricolage may only result in temporary and unsustainable solutions (Yu et al., 2020). This view is further reinforced by Hashim and Taleb (2023), who emphasize that the mediating role of innovation capability is crucial in shaping strategic pathways that optimize bricolage practices for long-term entrepreneurial success. Based on this argument, the following hypothesis is proposed:

H<sub>6</sub>: Innovation capability mediates the relationship between entrepreneurial bricolage and sustainable entrepreneurial performance.

Digital marketing capability functions as a strategic catalyst in driving sustainable entrepreneurial performance in today's digital economy (Denga & Rakshit, 2023). This capability entails the ability to access real-time data, comprehend customer needs, and optimize market interactions (Martin, 2021). Nevertheless, its strategic contribution can be effectively realized through innovation capability, which transforms market insights into value-creating solutions (Kachouie et al., 2022). Through this mechanism, SMEs can design new products, services, or business models that align with market trends and latent needs (Manzke, 2022). Without the role of innovation capability, digital support tends to yield only short-term operational efficiencies without ensuring sustainable differentiation (Anwar et al., 2022). The integration of digital marketing capability and innovation capability provides the foundation for an adaptive, resilient, and long-term competitive business (Ji, 2022; Setiawan et al., 2023). This approach underscores the necessity of crafting digital strategies that systematically support innovative processes, thereby ensuring sustainable performance (Khurana et al., 2022; Chen et al., 2024). Accordingly, the following hypothesis is proposed:

H<sub>7</sub>: Innovation capability mediates the relationship between digital marketing capability and sustainable entrepreneurial performance.

## **Method**

To generate valid empirical findings and systematically test the proposed hypotheses, this study adopts a cross-sectional design using a questionnaire-based survey approach. Data analysis is conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM), a quantitative method deemed suitable for examining complex conceptual models, particularly those involving simultaneous mediation relationships. Moreover, PLS-SEM facilitates the estimation of causal relationships among constructs concurrently, thereby offering a more comprehensive understanding of the dynamic interactions between variables within the theoretical framework developed. Consequently, this method is not only relevant for assessing the strength of inter-variable relationships but also effective in evaluating the relative contribution of each construct in explaining the phenomenon under investigation (Backhaus et al., 2021).

### **Population and Sample**

The study was conducted on culinary SMEs operating across nine cities/regencies in Bali Province. Given that the exact population size meeting the specified criteria could not be accurately determined, the sample size was established based on the rule of thumb recommended for Structural Equation Modeling (SEM) analysis. According to this approach, the minimum required sample size is calculated by multiplying the number of variables in the model by a factor of 5 or 10 (Hair et al., 2022). Applying the higher threshold—10 times the total of 27 observed

variables—this study required a minimum sample size of 270 units. Subsequently, convenience sampling was employed due to practical constraints in accessing geographically dispersed SMEs across Bali Province and the need to identify respondents who met specific criteria: active use of digital technology in business operations and a minimum operational period of one year. While this approach may limit statistical generalizability, it enabled efficient data collection from eligible participants who possess direct experience with both digital marketing activities and resource-constrained entrepreneurship—essential for answering the research questions. The unit of analysis in this study is the individual SME within the culinary sector, with the owner or manager serving as the respondent.

### Data Collection

The validated and reliable questionnaire was administered both offline and online over a three-month period (5 September to 7 November 2024), achieving full compliance with the targeted sample size. The collected dataset was subsequently examined to profile respondent demographics and enterprise characteristics. In terms of gender, female participants represented 50.7%, while male participants comprised 49.3%. Age distribution revealed that the largest cohort fell within the productive age bracket of 36–45 years (39.3%), followed by those aged 25–35 years (27.0%) and 46–55 years (18.9%). Respondents under 25 years constituted 9.3%, and those over 55 years accounted for 5.6%. Regarding educational qualifications, the majority held a diploma (43.3%) or a bachelor's degree (41.1%), whereas high school (or equivalent) graduates and postgraduate degree holders comprised 10.0% and 5.6% of the sample, respectively.

With respect to enterprise profiles, geographic concentration was highest in Badung (26.3%) and Denpasar (24.1%), with Gianyar third at 15.9%; all other regions accounted for less than 10% each. Within the culinary SME sector, restaurants or eateries dominated (43.7%), followed equally by cafés and snack/confectionery businesses (22.6% each); beverage-focused enterprises represented 8.5%, and catering services 2.6%. Concerning business longevity, enterprises operating for 13–17 years constituted 25.9%, nearly matching those under three years of operation (25.6%). Firms with 3–7 years of activity made up 21.5%, those with 8–12 years 19.3%, and those exceeding 18 years only 7.8%. Workforce size analysis showed that most enterprises employed 5–19 staff members (60.4%), with 1–4 employees (21.9%) and 20–34 employees (13.3%); businesses with 35–49 or over 50 employees were minimal (<5%). Finally, in terms of monthly revenue, the largest segment reported Rp 51–100 million (45.2%), followed by Rp 10–50 million (33.7%), while revenues below Rp 10 million and above Rp 200 million accounted for 8.1% and 1.5%, respectively.

### Measurement

This study employs a five-point Likert scale to assess entrepreneurial bricolage, digital marketing capability, innovation capability, and sustainable entrepreneurial performance within the Indonesian culinary SME sector. Entrepreneurial bricolage is measured using five items adapted from Busch and Barkema (2021). Digital marketing capability is captured through six items taken from Matarazzo et al. (2021). Innovation capability is evaluated with five items based on Ávila (2022). Finally, sustainable entrepreneurial performance is gauged via seven items drawn from Mangenda-Tshiaba et al. (2021).

## Result and Discussion

To ensure the quality of the research instruments employed, the first step of this study involved conducting a pilot study with 30 respondents, whose data were assessed for validity and reliability using SPSS 25. At this stage, all indicators for each of the variables under investigation demonstrated satisfactory validity and exhibited strong reliability coefficients. The full dataset was then subjected to structural equation modeling (SEM) analysis in Smart-PLS 4.0. The analytical procedure commenced with an evaluation of the measurement model, assessing both construct validity and construct stability. Subsequently, the model's explanatory power was

examined and path coefficients were estimated to capture both direct effects and indirect (mediating) effects.

The assessment of the measurement model's convergent validity was carried out by examining both the outer loadings and the Average Variance Extracted (AVE) in accordance with Hair et al. (2022). As presented in Table 1, all outer loadings exceed the threshold of 0.70, while the AVE values for each latent construct surpass 0.50. These findings collectively demonstrate that the indicators associated with each construct exhibit a strong degree of convergent validity. Furthermore, the reliability of the latent variables was appraised using Composite Reliability (CR). Each latent construct in this study yielded CR values ranging from 0.842 to 0.944—well above the recommended benchmark of 0.70—thereby confirming high internal consistency reliability for the measurement scales employed (Hair et al., 2022).

**Table 1.** Convergent Validity and Reliability

Latent Construct	Items	Outer Loading	AVE	Composite Reliability
Entrepreneurial Bricolage (EB)	EB1	0,780	0,616	0,852
	EB2	0,854		
	EB3	0,754		
	EB4	0,767		
	EB5	0,764		
Digital Marketing Capability (DMC)	DMC1	0,912	0,780	0,944
	DMC2	0,862		
	DMC3	0,891		
	DMC4	0,923		
	DMC5	0,906		
	DMC6	0,800		
Innovation Capability (IC)	IC1	0,773	0,591	0,842
	IC2	0,812		
	IC3	0,722		
	IC4	0,822		
	IC5	0,709		
Sustainable Entrepreneurial Performance (SEP)	SEP1	0,869	0,580	0,882
	SEP2	0,736		
	SEP3	0,783		
	SEP4	0,720		
	SEP5	0,716		
	SEP6	0,754		
	SEP7	0,744		

(Source: Primary Data Analysis Results)

Discriminant validity was also rigorously evaluated as part of the measurement model assessment. Employing the Fornell-Larcker criterion (Hair et al., 2022), Table 2 illustrates that the square root of the AVE for each construct exceeds its highest correlation with any other construct in the model. This outcome substantiates that each construct is empirically distinct from the others, thereby establishing satisfactory discriminant validity across the measurement model.

**Table 2.** Discriminant Validity with Fornell-Larcker Criterion

Latent Construct	DMC	EB	IC	SEP
Digital Marketing Capability (DMC)	0,883			
Entrepreneurial Bricolage (EB)	0,676	0,785		
Innovation Capability (IC)	0,406	0,394	0,769	
Sustainable Entrepreneurial Performance (SEP)	0,530	0,664	0,618	0,762

(Source: Primary Data Analysis Results)

Model quality-criteria formulas were applied to validate the proposed conceptual model (Hair et al., 2022). The R-squared criterion was used to quantify the extent to which exogenous constructs explain variance in each endogenous variable.

**Table 3.** Quality Criteria

Latent Construct	R-square	Adj. R-square	Q-square
Innovation Capability (IC)	0,191	0,185	
Sustainable Entrepreneurial Performance (SEP)	0,591	0,587	0,6692

(Source: Primary Data Analysis Results)

As shown in Table 3, the R-squared for IC was 0.191, indicating that EB and DMC together account for 19.1% of the variance in IC. The R-squared for SEP reached 0.591, demonstrating that EB, DMC, and IC jointly explain 59.1% of the variance in SEP. Finally, the Q-squared criterion assessed overall predictive relevance: a Q-squared value of 0.6692 signifies that the combined variations in EB, DMC, and IC predict 66.92% of the variance in SEP.

The complete recap of the structural model estimates presented in Table 4 and Figure 1 reveals several key insights into the determinants of sustainable entrepreneurial performance (SEP) within culinary SMEs. EB exerts a positive and significant influence on SEP (path coefficient = 0.471; T-statistic = 9.451), leading us to accept H1. This finding underscores that a firm's capacity to reconfigure and redeploy internal resources in creative, flexible ways bolsters both its resilience and long-term entrepreneurial outcomes. In contrast, DMC does not display a direct effect on SEP (path coefficient = 0.043; T-statistic = 0.749), resulting in the rejection of H2. Such a result suggests that investments in digital marketing alone are insufficient to sustain performance over time unless complemented by more foundational capabilities. Furthermore, IC emerges as a critical predictor of SEP (path coefficient = 0.414; T-statistic = 7.143), thereby confirming H3. This reinforces the notion that firms endowed with strong product- and process-innovation skills possess the dynamic assets necessary to secure competitive advantage and enduring business success.

**Table 4.** Structural Path

Effect	Original Sample	Tstatistics	Result
Entrepreneurial Bricolage (EB) -> Sustainable Entrepreneurial Performance (SEP)	0,471	9,451	H <sub>1</sub> accepted
Digital Marketing Capability (DMC) -> Sustainable Entrepreneurial Performance (SEP)	0,043	0,749	H <sub>2</sub> rejected
Innovation Capability (IC) -> Sustainable Entrepreneurial Performance (SEP)	0,414	7,143	H <sub>3</sub> accepted
Entrepreneurial Bricolage (EB) -> Innovation Capability (IC)	0,220	3,487	H <sub>4</sub> accepted
Digital Marketing Capability (DMC) -> Innovation Capability (IC)	0,257	3,210	H <sub>5</sub> accepted
Entrepreneurial Bricolage (EB) -> Innovation Capability (IC) -> Sustainable Entrepreneurial Performance (SEP)	0,091	3,198	H <sub>6</sub> accepted
Digital Marketing Capability (DMC) -> Innovation Capability (IC) -> Sustainable Entrepreneurial Performance (SEP)	0,107	3,069	H <sub>7</sub> accepted

(Source: Primary Data Analysis Results)

Additional paths within the model illuminate the mechanisms underpinning these relationships. EB contributes significantly to the enhancement of IC (path coefficient = 0.220; T-statistic = 3.487), leading us to accept H4. This indicates that bricolage-driven experimentation and resource recombination pave the way for novel ideas and innovative practices to surface. Similarly, DMC is shown to have a positive effect on IC (path coefficient = 0.257; T-statistic =

3.210), supporting H5; in other words, adept use of digital channels catalyzes the innovation process within culinary SMEs.

In the test of indirect effects, the results confirm that IC partially mediates the relationship between EB and SEP (path coefficient = 0.091; T-statistic = 3.198), thereby supporting H6. This mediation finding indicates that creativity in resource management is more effective when it is aligned with enhanced innovation capabilities. Furthermore, IC fully mediates the relationship between DMC and SEP (path coefficient = 0.107; T-statistic = 3.069), thus supporting H7. These results imply that the digital marketing capabilities possessed by culinary SMEs will not yield sustainable performance benefits unless they are accompanied by the development of innovation capabilities. In other words, only those digital marketing efforts that bolster innovation capability can ensure that culinary-sector SMEs achieve sustainable entrepreneurial performance.

The overall results of the structural model estimation confirm that the long-term sustainability of entrepreneurial performance among culinary SMEs is principally driven by the synergistic interplay between entrepreneurial bricolage and innovation capability, whereas digital marketing capability functions primarily as an enabler of innovation rather than as a direct catalyst for sustained performance. Consequently, culinary SMEs are advised to integrate bricolage-based strategies with concerted efforts to enhance their innovation capabilities in order to maximize the returns on digital investments, bolster competitive advantage, and ensure enduring business continuity.

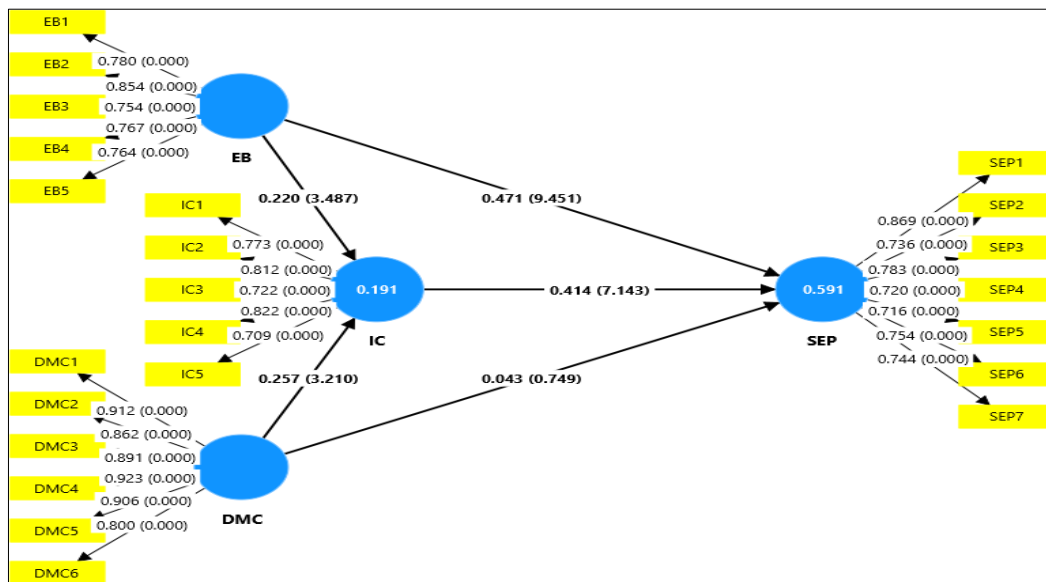


Figure 1. SEM-PLS Analysis Result Model (Bootstrapping)  
(Source: Primary Data Analysis Results)

**Discussion**

The following will present a comprehensive discussion of the relationship between entrepreneurial bricolage, digital marketing capability, innovation capability, and sustainable entrepreneurial performance in culinary SMEs.

**The influence of entrepreneurial bricolage on sustainable entrepreneurial performance**

The analysis reveals that entrepreneurial bricolage exerts a positive and statistically significant effect on sustainable entrepreneurial performance. These findings both corroborate and deepen the theoretical discourse on bricolage’s function in propelling enduring performance among culinary SMEs. In particular, the capacity of SME practitioners to marshal and recombine scarce resources into innovative solutions—as underscored by bricolage theory (Wang et al., 2022)—emerges as a pivotal determinant in realizing sustainable entrepreneurial outcomes.

Moreover, this evidence resonates with Tsilika et al. (2020), who posit that entrepreneurial bricolage processes can drive sustainable performance by devising approaches that exploit

existing internal assets, thereby diminishing dependence on external inputs that are frequently unsustainable and expensive (Baier-Fuentes et al., 2023). Additionally, the present study reinforces Nelson and Lima's (2020) contention that entrepreneurial bricolage correlates positively and significantly with improvements in sustainable entrepreneurial performance through optimized resource deployment, systematic risk assessment, and the formation of ventures characterized by accountable social and environmental practices.

### **The influence of digital marketing capability on sustainable entrepreneurial performance**

Digital marketing capability did not exhibit a significant direct impact on sustainable entrepreneurial performance. This finding contradicts the propositions of Al Koliby et al. (2024), Gao et al. (2022), and Holzmann and Gregori (2023), who argue that firms capable of strategically integrating technological resources, digital market literacy, and adaptive online communication tend to secure a competitive edge and achieve sustainable performance.

The absence of a direct effect challenges conventional assumptions and reveals important nuances about digital capability in resource-constrained environments. Several explanations warrant consideration. First, many culinary SMEs may be investing in digital marketing tools without the complementary organizational capabilities required to extract strategic value from them. Second, in highly competitive local markets where most SMEs now use social media and digital platforms, mere digital presence offers limited differentiation. Third, as Holzmann and Gregori (2023) note, achieving sustainable performance through digital marketing requires sophisticated analytics and data-driven decision-making—capabilities that remain underdeveloped in many traditional culinary businesses. This pattern suggests that digital marketing capability alone represents a necessary but insufficient condition for sustainability. Rather than viewing this as a failure of digital marketing, our results indicate that its value materializes only when channeled through innovation processes—a finding that has important theoretical and practical ramifications.

### **The effect of innovation capability on sustainable entrepreneurial performance**

The analysis results confirm a positive and significant influence of innovation capability on sustainable entrepreneurial performance. This finding aligns with the argument presented by Esen et al. (2023), who assert that innovation capability drives sustainable entrepreneurial outcomes by reflecting an organization's ability to consistently generate, adapt, and implement new ideas. Such capability enables firms to respond more effectively to market dynamics and environmental pressures.

These results further reinforce the proposition of dynamic capability theory as outlined by Teece (2018), which emphasizes the importance of organizational ability to respond to external changes through the renewal of internal competencies. Within the context of culinary SMEs, innovation capability emerges as a key driver of product and service differentiation, operational efficiency, and adaptation to shifts in consumer preferences—all of which contribute to achieving sustainable entrepreneurial performance. This finding also substantiates the arguments of Saunila (2020) and Santiago et al. (2020), who contend that the continuous development of innovation capability strengthens competitive advantage, expands growth opportunities, and enhances resilience to external changes. Such insights are increasingly relevant in the context of culinary SMEs, which are exposed to high market volatility, shifting consumer behavior in the post-COVID-19 era, and escalating competitive pressures (Pomffyová & Veselovska, 2023). In line with Sharma and Kumar (2021), SMEs that systematically cultivate innovation capabilities tend to exhibit more adaptive, responsive, and sustainable entrepreneurial performance, as they are better equipped to anticipate future trends while consistently maintaining competitive advantages.

### **The effect of entrepreneurial bricolage on innovation capability**

The analysis confirmed that entrepreneurial bricolage exerts a positive and significant influence on innovation capability. This finding aligns with Kustiningsih et al. (2024), who argue that entrepreneurial bricolage serves as an adaptive strategy under resource constraints, playing

a crucial role in fortifying an organization's innovation capabilities. Through bricolage, entrepreneurs creatively leverage existing resources to devise unconventional solutions (Urban & Kanguwe, 2024).

This positive relationship reinforces bricolage theory's assertion that the core characteristics of experimentation, improvisation, and resource recombination directly stimulate the development of innovative capacities within organizations. Bricolage not only embodies structural flexibility but also fosters experimental learning and the exploration of innovation-driven opportunities in an efficient manner, as contended by Rambe (2025) and Zheng et al. (2024). In the context of SMEs in the culinary sector, entrepreneurial bricolage enables business owners to identify non-traditional resource combinations—such as utilizing locally available yet underexploited ingredients, redesigning production processes to accommodate equipment limitations, or repurposing existing tools for novel functions. This adaptive process promotes innovation capability by demanding non-linear thinking, a willingness to take risks, and the skill to recognize opportunities amid scarcity. As Nazir et al. (2025) indicate, the greater the intensity of bricolage activities, the higher the likelihood that an organization will continuously develop its innovation capabilities.

### **The influence of digital marketing capability on innovation capability**

The analysis reveals that digital marketing capability exerts a positive and significant influence on innovation capability. This finding corroborates the argument of Arifin and Hartono (2025), who contend that in today's highly dynamic digital business environment, digital marketing capability serves as a critical driver of a firm's innovation capacity. By leveraging digital marketing, SMEs can capture real-time market intelligence and customer feedback, directly shaping the iterative phases of their innovation processes (Wang et al., 2025).

This positive effect illustrates how the continuous stream of information obtained through digital channels enables SMEs to detect emerging consumer trends, market preferences, and product development opportunities with greater precision (Li, 2022). When organizations embed adaptive digital strategies into their operations, they not only enhance the efficiency of their market communications but also foster a data-driven innovation culture, as documented by Sultana et al. (2024) and Zaman et al. (2025). Within the culinary SME sector, digital marketing capability empowers entrepreneurs to systematically gather customer feedback, analyze consumer behavior via digital analytics, and uncover underserved niche markets. Such rich informational inputs become invaluable stimuli for the innovation process—be it in designing new menu offerings, tailoring service delivery, or refining business models. Consequently, as Munir et al. (2025) and Ningsih et al. (2024) assert, digital marketing capability transcends its tactical role to function as a strategic catalyst for the sustainable creation of innovative competitive advantages.

### **Mediation of innovation capability on the effect of entrepreneurial bricolage on sustainable entrepreneurial performance**

Innovation capability was found to partially mediate the relationship between entrepreneurial bricolage and sustainable entrepreneurial performance. This finding suggests the existence of a dual pathway linking entrepreneurial bricolage to sustainable performance outcomes. While entrepreneurial bricolage can directly contribute to long-term performance, its impact is optimized when channeled through innovation capability.

This result aligns with Yu et al. (2020), who argued that bricolage behaviors undertaken by entrepreneurs, if not supported by innovation capability, are likely to yield only short-term solutions. Similarly, Hashim and Taleb (2023) emphasize the mediating role of innovation capability in developing strategies that maximize the benefits of bricolage for enduring entrepreneurial success. Moreover, our findings reinforce Baaken et al. (2021) and Peng et al. (2020), who contend that bricolage fosters a mindset enabling SMEs to devise creative solutions from available resources. Through resource recombination, ongoing experimentation, and strategic adaptation, this process enhances innovation capability, allowing SMEs to generate

unique value propositions, boost operational efficiency, and continuously build competitive advantage (Getele & Ruoliu, 2022).

In the context of culinary-sector SMEs, bricolage articulated via innovation capability transforms ad hoc solutions into more structured, standardized, and scalable business models and products. For instance, the practice of optimizing locally sourced ingredients—initially driven by limited access to certain raw materials—can evolve into a distinct and sustainable locally-sourced product innovation (Aliasghar et al., 2023), which in turn contributes to long-term performance.

### **Mediation of innovation capability on the effect of digital marketing capability on sustainable entrepreneurial performance**

Innovation capability fully mediates the relationship between digital marketing capability and sustainable entrepreneurial performance. This finding is particularly significant as it elucidates the non-significant direct effect of digital marketing capability on sustainable entrepreneurial performance. The results indicate that the benefits of digital marketing capability for sustainable performance are entirely channeled through innovation capability (Zhuge et al., 2023). This implies that digital marketing capability functions as a strategic catalyst in fostering sustainable entrepreneurial outcomes in today's digital economy; however, its strategic value can only be effectively realized through innovation capabilities that convert market insights into value-added solutions (Denga & Rakshit, 2023). Through this mechanism, SMEs can design new products, services, or business models that align with emerging trends and fulfill evolving consumer needs (Manzke, 2022).

The finding of full mediation further underscores that, in the absence of innovation capability, digital support tends to yield only short-term operational efficiency without ensuring sustainable differentiation (Anwar et al., 2022). This result aligns with He et al. (2022), who argue that digital marketing capability acts as a catalyst in enhancing organizational resilience amidst economic fluctuations through strategic diversification of distribution channels. However, this benefit is optimized only when accompanied by the capacity to innovate (Ji, 2022; Setiawan et al., 2023).

In the context of culinary SMEs, the integration of digital marketing capability and innovation capability establishes a foundation for adaptive, resilient, and competitively sustainable business models. For instance, data and insights derived from digital marketing platforms regarding shifts in consumer preferences or emerging culinary trends will only contribute to sustainable performance when SMEs are capable of transforming such insights into relevant product, service, or business model innovations. This approach underscores the importance of digital strategies designed to systematically support innovation processes, thereby ensuring the long-term sustainability of culinary SMEs.

## **Conclusion**

This study reveals that entrepreneurial bricolage and innovation capability play significant roles in driving sustainable entrepreneurial performance within Indonesia's culinary SME sector. Entrepreneurial bricolage exerts both a direct effect on sustainable performance and an indirect effect by reinforcing firms' innovation capabilities. In contrast, digital marketing capability does not directly influence sustainable performance but serves a crucial role in strengthening innovation capability. Importantly, innovation capability was found to partially mediate the relationship between entrepreneurial bricolage and sustainable performance, and fully mediate the link between digital marketing capability and sustainable entrepreneurial performance.

Based on the findings of this study, several implications can be drawn as follows:

**Theoretical Implications.** This study offers three key theoretical insights. First, by integrating bricolage and dynamic capability theories, we show how resource-poor firms build sustainability through complementary capabilities. Second, the differential mediation patterns—partial versus full—reveal that mediators can work through distinct mechanisms depending on their antecedents, advancing mediation theory. Third, our findings challenge assumptions in

digital capability research: digital marketing affects performance only when channeled through innovation, suggesting capability configurations matter more than previously recognized in resource-constrained settings.

**Managerial Implications.** For culinary SME owners, these findings suggest practical steps forward. Train staff to creatively repurpose resources and document what works—building institutional memory around resource optimization pays off. Digital marketing shouldn't stand alone; link it directly to innovation by creating feedback loops where customer insights actually shape menus and service delivery. Most importantly, establish routines that capture learning from both improvisation and digital interactions: regular innovation sessions, systematic customer feedback reviews, or simple experimentation protocols that prevent valuable insights from slipping away.

**Policy Implications.** For policymakers and SME support agencies, the results suggest several targeted interventions. Training programs need to integrate digital skills with innovation capability development and bricolage mindsets, rather than simply teaching digital marketing tools in isolation. Funding schemes should prioritize SMEs that demonstrate systematic integration between digital capabilities and innovation processes. Establishing peer learning networks can accelerate the diffusion of bricolage practices within the culinary sector. Regulatory frameworks also need to encourage experimentation and resource optimization, rather than constraining SMEs with rigid requirements that limit bricolage opportunities.

This study has notable constraints. The cross-sectional design captures only a snapshot, missing how bricolage practices and digital capabilities actually develop over time—something crucial when studying sustainable performance, which inherently unfolds gradually. Our exclusive focus on Bali's culinary sector offers contextual richness but limits broader applicability. Bali's tourism-driven economy creates a distinctive environment that may not reflect conditions in other Indonesian regions or industries. Additionally, convenience sampling, while practically necessary, likely skewed our sample toward more digitally active SMEs, potentially influencing the patterns we observed. These limitations suggest caution in extrapolating findings beyond similar contexts.

Future research would benefit from longitudinal designs that track culinary SMEs over multiple years to examine how innovation capabilities develop from initial bricolage efforts and digital marketing activities, and how these developmental pathways influence sustainability trajectories. Such temporal analysis could reveal critical junctures or tipping points in capability building. Additionally, exploring boundary conditions would enrich our understanding—for instance, how do factors such as entrepreneurial orientation, organizational culture, environmental dynamism, or competitive intensity moderate the relationships identified in this study? Comparative studies across different regions, countries, or industry sectors could establish the scope conditions under which our findings hold or require modification. Qualitative case studies could also complement our quantitative findings by providing rich narratives of how specific culinary SMEs successfully integrate bricolage, digital marketing, and innovation in practice, offering valuable insights into the micro-processes and decision-making that underlie the statistical relationships we observed.

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