

## Sequenced Capability Model in Culinary SME Development Based on the Five Pillars of the Creative Economy

Rini Aristin<sup>1</sup>, Nur Fathin Luaylik<sup>2</sup>, Moh. Hamzah<sup>3</sup>

<sup>1,2,3</sup>Universitas Madura

Corresponding email: [rini.aristin@unira.ac.id](mailto:rini.aristin@unira.ac.id)

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### ABSTRACT

Culinary SMEs face a growth paradox in which increasing market demand is not always supported by operational readiness, quality standardisation, and governance capability. In highly digitalised and easily imitable markets, maintaining product quality and service reliability has become essential for sustainable business growth. Previous studies have generally treated the five pillars of the creative economy industry, technology, resources, institutions, and financial intermediation as additive supporting factors, with limited attention to the interrelationships among these pillars and the sequencing of capability development. This study aims to develop a culinary SME development model based on the five pillars of the creative economy through a case study of a local tahu kocek enterprise. A qualitative exploratory–explanatory case study design was employed. Data were collected through semi-structured interviews, non-participant observation, and documentation and analysed using thematic analysis. The findings reveal that technology functions as an accelerator of market demand and business visibility, while successful scaling depends on operational readiness, human resources, and governance capability. The study also identifies a bottleneck in the form of misalignment between rapid demand growth and production capacity readiness. Based on these findings, the research develops a sequenced capability model consisting of operational foundations, controlled market acceleration, governance strengthening, and sustainable scaling through financing and capacity investment. Theoretically, the study extends the Resource-Based View and Dynamic Capabilities perspectives. Practically, the model may guide SME development strategies and capability-based policy interventions.

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### Introduction

Culinary SMEs constitute one of the creative economy subsectors characterised by a high degree of adaptability to changing consumer preferences through innovations in flavour, packaging, service experience, and digital marketing strategies. In recent years, the growth of digital platforms, food delivery services, and shifts in consumer behaviour have

significantly intensified competition within the culinary sector (Mardatillah, 2020; Heenkenda et al., 2022). Nevertheless, behind these opportunities, culinary SMEs face increasingly complex managerial challenges, particularly in maintaining product quality consistency, production capacity stability, operational control, and sustainable market expansion readiness (Osei & Stamati, 2023; Tajeddini & Kallmuenzer, 2023). Within a highly imitable market, product-based advantages alone become relatively fragile because competitors can rapidly replicate differentiation (De Andrés-Sánchez & Arias-Oliva, 2022). Consequently, the competitiveness of culinary SMEs is no longer determined solely by product uniqueness but also by their ability to build organisational capabilities that can consistently sustain quality, reputation, and service reliability.

The development of culinary SMEs also demonstrates the existence of a growth paradox, namely, a condition in which increasing market demand is not always accompanied by the readiness of the firm's internal capacity to meet it. Many SMEs successfully attract consumer attention through digital promotion and word-of-mouth communication; however, they struggle to maintain product quality, manage demand surges, and preserve service speed when the order volumes increase (Setyaningrum & Susilo, 2023). Consequently, business growth often becomes fragile because it is not supported by adequate operational systems, process standardisation, governance, and resource support. Under such conditions, increasing demand may heighten the risk of quality inconsistency, customer complaints, and declining repeat purchases, ultimately weakening business competitiveness (Brown & Babu, 2024). This indicates that the development of culinary SMEs requires an approach that focuses not only on market expansion but also on the gradual and structured strengthening of internal capabilities.

One relevant approach for understanding SME development within the creative economy ecosystem is the five-pillar framework of the creative economy, comprising industry, technology, resources, institutions, and financial intermediary institutions (Astadi & Alam, 2022). This framework positions SME growth as the outcome of interactions among various ecosystem elements that mutually reinforce one another. The industrial pillar relates to operational capability and production process standardisation; the technology pillar concerns the utilisation of technology for efficiency and market access; the resource pillar encompasses the quality of human resources, knowledge, and business assets; the institutional pillar concerns legitimacy, governance, and policy support; and the financial intermediation pillar relates to financing access and business bankability readiness (Lin & Wu, 2022; Tibola & Patrício, 2018). Within the context of culinary SMEs, these five pillars do not operate independently; rather, they form a configuration of capabilities that determines an enterprise's ability to survive and grow.

Despite these limitations, the literature on SME development and the creative economy still reveals several limitations. First, most studies continue to position the five pillars of the creative economy as additive supporting factors, implying that the fulfilment of more pillars automatically leads to improved SME performance (Abduh & Karim, 2024). Although this

approach is useful for preliminary mapping, it remains insufficient in explaining how the interrelationships among the pillars generate actual SME development mechanisms. In practice, the pillars may reinforce or constrain one another. For example, digital technology may accelerate market demand; however, without adequate production capacity and quality control readiness, such acceleration may instead create operational bottlenecks and declining service quality. Therefore, a theoretical gap remains regarding the absence of a development model that explains inter-pillar relationships as a dynamic and staged configuration of capabilities.

Second, from a methodological perspective, studies on culinary SMEs frequently conclude with descriptions of challenges, business potential, or general recommendations without transparently explaining how empirical data are abstracted into operational conceptual models (Kurniadi & Purnama, 2022). In fact, model development requires a clear explanation of the analytical inference process, ranging from thematic coding and mechanism identification to the synthesis of inter-concept relationships (Kelly & Baik, 2014). This limitation results in many SME development recommendations remaining generic, such as “improving digital promotion” or “expanding access to financing,” without considering the sequencing of interventions and the readiness of SMEs’ internal capabilities. In practice, interventions that are misaligned with the stage of business development may generate inefficiency and increase the risk of scaling failure.

Departing from these gaps, this study proposes a new approach through the development of a configurational and sequenced culinary SME model based on the five pillars of the creative economy. This study not only maps the supporting factors for business development but also explains how the interactions among the pillars shape capabilities, create bottlenecks, and determine the developmental pathway of culinary SMEs in a gradual manner. Thus, this research positions the five pillars not merely as a checklist of supporting factors but as an interconnected capability architecture that shapes sustainable business growth.

Theoretically, this study employs a combination of the resource-based view (RBV) and dynamic capabilities as its primary conceptual foundations. RBV explains that competitive advantage derives from valuable, rare, and difficult-to-imitate resources and capabilities, such as product know-how, reputation, and operational competence (J. Barney, 1991). However, within dynamic market environments, competitive advantage is not sufficient merely to possess, but must continuously be developed and reconfigured through sensing, seizing, and transforming capabilities, as explained in dynamic capabilities theory (Teece, 2012). In the context of culinary SMEs, the ability to interpret market trends, manage demand, maintain quality, and reconfigure operational capacity forms an essential component of dynamic capabilities that determines business sustainability. Accordingly, the integration of RBV and dynamic capabilities enables this study to explain how the five pillars of the creative economy shape both the foundation of capabilities and their continuous developmental processes.

This study aims to develop a culinary SME development model based on the five pillars of the creative economy through case study evidence from a local tahu kocek business. Specifically, this study seeks to answer three principal questions: (1) how each pillar manifests as practices and capabilities within culinary SMEs; (2) how interactions among the pillars shape developmental pathways and bottlenecks influencing business scaling; and (3) how empirical findings may be abstracted into an operational and transferable development model for similar culinary SME contexts. By focusing on the mechanisms underlying inter-pillar relationships, this study aims to generate a more prescriptive understanding regarding which capabilities should be strengthened, why such strengthening is important, and when particular interventions should be implemented.

The contributions of this study are expected to emerge at three levels. First, the theoretical contribution lies in the development of a mechanism-based configurational model that shifts the five pillars of the creative economy from a mere factor-based framework into a capability architecture for culinary SME development. Second, the managerial contribution takes the form of a sequencing map that may assist SME actors in strengthening quality, operations, digital marketing, governance, and financing gradually and realistically. Third, the policy contribution lies in designing intervention frameworks based on business development stages, enabling SME development programs to move beyond uniform approaches toward interventions aligned with each SME's capability readiness. Through these contributions, this study is expected to enrich the literature on SME management and the creative economy while simultaneously providing a more operational and sustainable practical framework for culinary SME development.

## **Method**

This study employed a qualitative approach using an exploratory–explanatory case study design to develop a conceptual model of culinary SME development based on the five pillars of the creative economy. The case study approach was selected because the phenomenon under investigation was contextual, dynamic, and closely related to interactions among operational management, marketing, resources, governance, and financing. This approach enabled an in-depth understanding of how these pillars shape organisational capabilities, developmental bottlenecks, and scaling processes within culinary SMEs (Yin, 2018).

This study adopted a single embedded case study design in which one local culinary SME producing tahu kocek in Pamekasan Regency served as the principal case. Several organisational dimensions functioned as embedded units of analysis, including production and operations, marketing and sales, financial management, financing, and human resource management. The case was purposively selected as a critical case because the enterprise experienced increasing market demand and digital exposure that were not fully accompanied by operational readiness, quality standardisation, and governance capability. This context

provided an appropriate setting for identifying bottlenecks and sequencing mechanisms within culinary SME development.

This study was interpretive in orientation and applied analytic generalisation, meaning that the objective was to develop conceptual understanding and theoretical insight rather than statistical generalisation. The enterprise was regarded as a business organisation developing capabilities within the creative economy ecosystem. To support the transferability of findings, the context of the business was described through its operational characteristics, demand patterns, production systems, marketing channels, and management practices. However, the identities of the enterprise and informants were anonymised to ensure confidentiality and research ethics.

Informants were selected using purposive sampling based on the principle of information-rich cases. The participants included business owners, production employees, repeat customers, suppliers, institutional stakeholders, and financing representatives. The owner was selected because of their direct involvement in managerial and strategic decision-making, while employees were chosen based on their participation in production and service delivery. Customers provided perspectives on quality and customer loyalty, suppliers contributed information regarding supply stability, and institutional and financing representatives provided insights into business legitimacy and access to financing.

Data collection was conducted between January and March 2026 through semi-structured interviews, non-participant observation, and documentation. Semi-structured interviews functioned as the primary data collection method and explored informants' experiences and perspectives regarding SME development through the five pillars of the creative economy. Interview protocols were developed based on the constructs of the five-pillar framework, resource-based view (RBV), and dynamic capabilities theory. Interviews lasted between 45 and 90 minutes and were audio-recorded with participant consent.

Non-participant observation was conducted to understand operational practices and validate interview findings. The observation focused on production processes, quality control, customer service, order management, and the use of technology in both marketing and operational activities. Documentation was utilised as supporting evidence for triangulation and included promotional materials, sales records, financial notes, production photographs, and business legality documents. The combination of interviews, observations, and documentation strengthened data credibility through methodological and source triangulation.

Data analysis was conducted iteratively alongside the data collection process using thematic analysis involving open, axial, and selective coding. Open coding identified preliminary themes related to operations, technology utilisation, human resources, governance, and financing. Coding was conducted deductively using the five pillars of the creative economy as a priori categories and inductively to capture emerging themes from field data. Axial coding connected the identified themes to uncover interrelationships among pillars, mechanisms of capability formation, and developmental bottlenecks. Selective

coding then synthesised these relationships into a final conceptual model, the sequenced capability model, explaining the staged development process of culinary SMEs.

To enhance auditability, the analysis process involved the preparation of codebooks, evidence tables, and thematic matrices. Data trustworthiness was maintained through credibility, transferability, dependability, and confirmability. Credibility was strengthened through triangulation and selective member checking, while dependability was ensured through an audit trail documenting analytical decisions. Reflexive interpretation was undertaken throughout the analysis to minimise researcher bias by continuously reviewing thematic relationships across data sources. Ethical principles were maintained through informed consent, anonymity, confidentiality, and the exclusive use of data for academic purposes.

## **Results and Discussion**

### **Findings**

#### **Case Context and SME Development Dynamics**

The case examined in this study was a local culinary SME producing tahu koeck that had operated for several years, primarily serving local consumers and repeat customers. Business development was characterised by increasing demand generated through simple digital promotion, customer recommendations, and information dissemination via social media. During certain periods, heightened digital visibility resulted in rapid increases in orders that exceeded the enterprise's production capacity.

The highly imitable nature of the culinary SME market created substantial competitive pressure. Consumers evaluate not only product taste but also quality consistency, service speed, and purchasing experience. Within this context, business development was no longer oriented merely toward increasing sales volume but also toward maintaining operational reliability as demand expanded. The findings indicated that the principal challenge for SMEs did not lie in attracting customers but rather in sustaining product quality and service capacity consistently throughout the scaling process.

### **Manifestation of the Five Pillars of the Creative Economy**

#### **4.2.1 Industrial Pillar: Operational Stability and Quality Standardisation**

The industrial pillar manifested through production practices, workflow management, quality control, and operational capacity management. Production activities remained highly dependent on experience-based routines, while formal standardisation mechanisms, such as written standard operating procedures, had not yet been fully developed.

The business owner emphasised the importance of product consistency as part of the enterprise's identity:

“Customers are looking for the distinctive taste, so the seasoning must remain consistent.” (I1)

However, the increasing demand also intensified production pressure.

“When it gets busy, everything has to be done quickly because many customers are waiting.” (I2)

Field observations revealed that increasing order volumes accelerated the working rhythm and heightened the possibility of product quality variation. These findings demonstrate that production capacity and quality control systems were not fully prepared to cope with the accelerated demand growth.

Accordingly, the industrial pillar functioned as the foundation of operational stability. When standardisation remained weak, increasing demand amplified the risk of quality bottlenecks and reduced the reliability of order fulfilment.

### **Technology Pillar**

The technology pillar primarily emerged through the use of social media and simple digital communication to expand market visibility and reach. Technology was not utilised in the form of sophisticated digital systems but rather as a promotional instrument and communication channel with customers.

The business owner explained,

“When many people post or talk about the business on social media, orders usually increase immediately.” (I1)

Customers similarly confirmed that their purchasing decisions were influenced by digital exposure.

“I first heard about it from a friend’s post and then became interested in trying it.” (I3)

These findings indicate that technology functioned as a market demand accelerator. Nevertheless, increasing demand was not always accompanied by internal operational readiness. In several situations, order surges intensified pressure on production capacity and service times.

Thus, technology generated a significant trade-off: it expanded market reach but also increased the risk of misalignment between demand and production capacity.

#### **4.2.3 Resource Pillar: Know-how and Dependence on Key Individuals**

The findings revealed that the enterprise’s primary resources comprised product know-how, production experience, and operational skills developed through learning-by-doing processes. Product superiority stemmed not only from raw materials but also from the combination of recipes, work experience, and production discipline.

“The recipe has its own measurements so that the taste remains consistent.” (I1)

However, most organisational knowledge remains tacit and undocumented. Employees conduct production activities largely based on instructions and routine practices:

“Usually we just follow the methods that have been taught so that the results stay the same.” (I2)

This condition reflects a high degree of dependence on particular individuals, especially business owners and experienced workers. When production capacity expands or staff turnover occurs, the risk of quality inconsistency increases substantially.

Consequently, the resource pillar functioned both as a source of business differentiation and vulnerability when standardisation processes remained underdeveloped.

**Institutional Pillar**

The institutional pillar manifested through business legality, relationships with local communities, and access to SME support programs. Although the enterprise had gained customer recognition, formal governance practices, such as systematic record-keeping and operational documentation, remained limited.

An institutional stakeholder stated the following:

“Support and mentoring programmes usually require sufficiently complete administrative documentation.” (I5)

The findings suggest that business legitimacy is determined not only by formal licencing but also by the ability to demonstrate adequate governance practices. Weak administrative systems and limited documentation constrained access to external support and partnership opportunities.

Accordingly, the institutional pillar functions as an enabler of legitimacy and formal scaling readiness.

**Financial Intermediation Pillar**

Financing needs emerged, particularly when enterprises sought to increase production capacity and invest in equipment. However, access to formal financing remained dependent on administrative readiness and business record-keeping.

“If we want to buy additional equipment or increase production, sufficient capital is necessary.” (I1)

A financing representative explained,

“Usually we first examine cash-flow records and business administration.” (I6)

These findings demonstrate that financing is not solely related to capital availability but also to business bankability readiness. When governance systems and financial records remained weak, enterprises’ ability to obtain financing for scaling became constrained.

**Table 1. Evidence Matrix: Pillars, Mechanisms, and Outcomes**

| Pillar                 | Main Mechanism                     | Positive Outcome  | Risk/Bottleneck           | Empirical Evidence                        |
|------------------------|------------------------------------|-------------------|---------------------------|---|
| <b>Technology</b>      | Accelerating market visibility     | Increased demand  | Order surges              | “Orders increased after becoming viral”   |
| <b>Industry</b>        | Maintaining production consistency | Quality stability | Dependence on individuals | “The taste must remain consistent”        |
| <b>Human resources</b> | Learning-by-doing                  | Production speed  | Difficult replication     | Production observations                   |
| <b>Institutions</b>    | Business legitimacy                | Programme access  | Weak administration       | “Administrative completeness is required” |

|                  |                     |                  |                 |                                      |
|------------------|---------------------|------------------|-----------------|--------------------------------------|
| <b>Financing</b> | Capacity investment | Business scaling | Low bankability | “Clear financial records are needed” |
|------------------|---------------------|------------------|-----------------|--------------------------------------|

### Interactions among Pillars and Bottleneck Mechanisms

Cross-pillar analysis demonstrated that culinary SME development did not proceed linearly but rather through relationships that simultaneously reinforced and constrained one another. The technology pillar acted as the principal driver, accelerating market visibility and increasing demand. However, demand acceleration generated pressure on the industrial and resource pillars when production capacity and quality control systems remained insufficiently developed.

The findings revealed a central bottleneck mechanism in the form of capacity–market misalignment. Digitalisation accelerated demand more rapidly than the organisation’s ability to undertake capacity transformation. Under certain conditions, increased digital exposure intensified product quality variation and extended service times.

Furthermore, the scaling process revealed substantial trade-offs. As the enterprise attempted to increase production volume, maintaining taste consistency and product quality became increasingly difficult. This condition indicates that demand growth does not automatically strengthen competitiveness unless accompanied by the reinforcement of internal organizational capabilities.

Institutional support and financial intermediation emerged as enabling mechanisms that facilitated formal and sustainable scaling. Nevertheless, the effectiveness of these pillars remains conditional. Financing became productive only when the enterprise achieved a minimum level of governance quality and bankability readiness.

**Table 2. Trade-offs and Bottlenecks in SME Development**

| <b>Growth Driver</b>      | Positive Impact      | Negative Impact       | Bottleneck    |
|---------------------------|----------------------|-----------------------|---------------|
| <b>Digitalisation</b>     | Increased demand     | Production pressure   | Capacity      |
| <b>Production scaling</b> | Higher sales         | Quality variation     | Unstable SOPs |
| <b>Financing</b>          | Equipment investment | Administrative burden | Governance    |

### Model Development

#### Sequenced Capability Model

Based on the synthesis of empirical findings, this study developed a sequenced capability model demonstrating that culinary SME development occurs gradually and conditionally. The model indicates that successful scaling is strongly influenced by the sequence through which the organisational capabilities are strengthened.

The sequencing logic emerged because empirical evidence showed that market acceleration without a strong operational foundation generated quality pressure, service delays, and declining repeat purchases. Consequently, technology was not positioned as the initial stage of development but rather as an accelerator, whose effectiveness depended on internal operational readiness.

The model consists of four principal phases: (1) operational foundation, (2) controlled market acceleration, (3) legitimacy and governance strengthening, and (4) sustainable

scaling. Although presented sequentially, the development process in practice remained iterative and could involve repeated movement across stages depending on demand dynamics and organizational capability readiness.

**Table 3. Sequencing Stages in Culinary SME Development**

| Stage                         | Primary Focus            | Risk if Skipped            | Readiness Indicator         |
|-------------------------------|--------------------------|----------------------------|-----------------------------|
| <b>Operational foundation</b> | SOPs and quality control | Quality inconsistency      | Declining complaints        |
| <b>Market acceleration</b>    | Digitalisation           | Over-demand                | Increasing repeat orders    |
| <b>Legitimacy</b>             | Governance and legality  | Limited partnership access | Availability of bookkeeping |
| <b>Scaling</b>                | Capacity investment      | Fragile growth             | Stable production           |

**Discussion**

The findings indicate that culinary SME development based on the five pillars of the creative economy cannot be understood as the simultaneous fulfilment of supporting factors but rather as a configuration of capabilities operating through specific mechanisms (Astadi & Alam, 2022; De Andrés-Sánchez & Arias-Oliva, 2022). The study demonstrates that while technology may accelerate market demand, sustainable growth depends heavily on internal operational readiness and an organisation’s capacity to transform (Ellström et al., 2021; Teece, 2012).

From the perspective of the Resource-Based View (RBV), the findings extend our understanding of the sources of competitive advantage in culinary SMEs. Competitive advantage does not depend solely on product know-how or distinctive recipes but on the ability to transform such knowledge into an operational discipline that can be consistently replicated (J. Barney, 1991; Tajeddini & Kallmuenzer, 2023). Thus, valuable resources generate sustained competitive advantage only when converted into stable operational capabilities (Posen & Cao, 2022).

The study also demonstrates that reputation and service experience represent strategic resources that are difficult to imitate (Mardatillah, 2020). When product quality becomes unstable during scaling, business reputation becomes vulnerable despite increasing market demand. These findings reinforce RBV arguments that competitive advantage in culinary SMEs derives not only from products but also from operational excellence, reputation, and customer experience (Zhao et al., 2024).

From the perspective of Dynamic Capabilities, culinary SMEs face simultaneous sensing, seizing, and transforming demands (Kindström & Sandberg, 2013; Teece, 2012). Sensing is reflected in the ability to interpret customer responses and market trends through social media. Seizing appears through digital promotion and market expansion efforts (Xiuli & Gu, 2024). However, transforming is the most critical dimension because organisations must restructure production capacity, labour allocation, and quality control as demand increases (Selma et al., 2024).

The findings demonstrate that failures in transforming capacity generate quality bottlenecks. In this context, digitalisation does not automatically produce sustainable competitiveness unless accompanied by internal operational restructuring (Ellström & Johansson, 2021; Putra & Santoso, 2020). This study extends the Dynamic Capabilities literature by demonstrating that transforming capacity within culinary SMEs is strongly influenced by operational standardisation readiness and governance capability (Osei & Stamati, 2023).

The integration of RBV and Dynamic Capabilities produced a conceptual contribution in the form of a sequenced capability model. RBV explains the foundational capabilities derived from know-how, human resources, and reputation, whereas Dynamic Capabilities explain how these capabilities are developed and reconfigured in response to changing market conditions (J. B. . Barney & Clark, 2023). Accordingly, this study demonstrates that culinary SME development is not merely a matter of possessing resources but also managing capability evolution gradually and strategically (Heenkenda & Senevirathne, 2022).

However, the resulting model has certain boundary conditions. The model is particularly relevant to culinary SMEs characterised by rapidly changing markets, high levels of imitation, and strong dependence on customer service experience (Posen & Cao, 2022; Tajeddini & Kallmuenzer, 2023). Therefore, the transferability of the model to other sectors, such as manufacturing or high-technology industries, requires contextual adaptation according to organisational characteristics and market dynamics.

## Conclusion

This study demonstrates that the development of culinary SMEs based on the five pillars of the creative economy depends not on the simultaneous presence of all pillars, but on the configuration and sequencing of capability strengthening across them. The findings show that technology functions as a driver accelerating market visibility and demand growth, whereas industrial and resource capabilities form the operational foundation required to maintain product quality, service reliability, and production stability. Institutional support and financial intermediation act as enabling mechanisms for more sustainable scaling, although their effectiveness relies heavily on governance readiness and business bankability. The principal bottleneck emerges when market demand grows more rapidly than the organisation's operational and quality-control capacity.

The study's primary contribution is the development of a sequenced capability model explaining the driver–constraint–enabler relationships among the pillars of the creative economy in culinary SME development. The model suggests that sustainable growth requires staged capability development, beginning with operational stability and quality standardisation, followed by controlled market expansion through technology, governance strengthening, and scaling through financing and capacity investment. These findings indicate that digitalisation alone does not guarantee competitiveness without adequate internal readiness and transforming capability.

Theoretically, this study extends the Resource-Based View by showing that competitive advantage in culinary SMEs depends not only on product know-how or flavour differentiation but also on the ability to transform these resources into consistently replicable operational capabilities. The study also reinforces the Dynamic Capabilities perspective by demonstrating that the success of sensing and seizing through digital technology is shaped by the organisation's ability to transform production systems, governance, and service quality during scaling.

Practically, the findings highlight the importance of capability sequencing in SME development strategies and policy interventions. However, the study is limited by its single-case qualitative design and the absence of longitudinal analysis. Future research is therefore recommended to conduct multi-case, longitudinal, and quantitative studies to strengthen the model's analytical generalisation and empirical validation.

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