



The Role of Dynamic Capabilities and Entrepreneurial Orientation Towards Innovation and Its Implications for Creative Economy Performance in Indonesia

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ABSTRACT

This study aims to: 1) test and analyze the influence of dynamic capabilities and entrepreneurial orientation on innovation 2) test and analyze the influence of dynamic capabilities and entrepreneurial orientation on creative economy performance 3) test and analyze the effect of innovation on employee performance, 4) test and analyze the influence of dynamic capabilities and entrepreneurial orientation on creative economy performance through innovation. The research was conducted on the creative economy of food and beverages (culinary) in Bekasi city with a research sample of 93 respondents. The sampling technique uses a saturated technique. The data analysis method uses descriptive analysis and path analysis.

The results showed that: 1) there is an influence of dynamic capability and entrepreneurial orientation on innovation, 2) there is an influence of dynamic capability and entrepreneurial orientation on creative economy performance 3) there is an influence of innovation on creative economy performance, 4) innovation can influence dynamic capabilities and entrepreneurial orientation towards creative economy performance innovation can contribute to increasing dynamic capabilities and entrepreneurial orientation towards creative economy performance.

KEYWORDS: Dynamic Capability, Entrepreneurial Orientation, Innovation, Creative Economy Performance

Introduction

Since Covid-19 was declared a pandemic, many sectors of the domestic and global economy have been affected. The impact of the pandemic was most felt in the micro, small, and medium business sectors. The Ministry of Cooperatives and Small and Medium Enterprises (Kemenkop UKM) reported that in 2018, the number of creative economies in Indonesia was around 64,194,057 units, with an absorption capacity of 116,978,631 total workforces. This figure is equivalent to 99% of the total business units in Indonesia, with the percentage of employment in the economic sector equivalent to 97%. Meanwhile, the remaining 3 percent is distributed to the large industrial sector.

Armed with preliminary research in April 2020, with a sample of the creative economy recorded at the Ministry of Cooperatives and Small and Medium Enterprises, it was reported that 56% of the creative economy claimed to have experienced a decline in sales turnover due to the Covid-19 pandemic, another 22% experienced difficulties in obtaining financing/credit, 15% experienced problems in the distribution of goods, and the remaining 4% reported difficulties in obtaining raw materials. Of all the creative economies recorded in this research, the composition of the creative economy engaged in the micro industry occupies 87.4%. Research data from the Ministry of

Cooperatives and SMEs, reports that the creative economy, which consists of wholesalers and retailers, experienced the highest impact of the Covid-19 pandemic (40.92%), followed by the creative economy as accommodation providers, food and beverage providers (26.86%) and the least affected was the processing industry (14.25%). Indication of the Impact of the Covid-19 Pandemic on the creative economy. The influence of the creative economy sector on exporters as the highest (95.4%) was reported as a direct impact of the PSBB, which made room for product targets to experience problems. Social distancing, which later became known as social distancing, also contributed to the triggering factors for distribution barriers, causing a decrease in sales turnover from the exporter's creative economy. This indirectly illustrates that 1) people's purchasing power has decreased, or 2) there are obstacles to the distribution of goods and services from producers to consumers. The last obstacle was significantly influenced by the effect of the PSBB policy. Meanwhile, the creative economy, which operates in the craft and tourism support sectors, has been highly affected by the pandemic at 89.9% due to several factors, including 1) the decrease in the number of tourists indirectly affected sales turnover, 2) difficulties in distributing goods, 3) they had to temporarily close their stalls on the grounds of breaking the chain of the spread of the



Coronavirus. The results of LIPI's research in April 2020, can provide a quantitative picture of the condition of the creative economy in the craft and tourism sector. The creative economy, which operates in the micro food and beverage business, is affected by 27%. The creative economy in the culinary sector, which consists of small food and beverage businesses was affected by 1.77% and the creative economy, which was classified as medium-sized businesses, was affected by 0.07%. Meanwhile, in the creative economy, which is engaged in handicraft business units made of wood and rattan, the Covid-19 pandemic impact rate on micro businesses is 17.03%. Small businesses in the wood and rattan handicraft sector were affected by 1.77% and medium enterprises by 0.01%. On the one hand, household consumption was corrected by 0.5% to 0.8%. Of the two sectors above, the influence indicator is still dominated by factors: (1) declining sales turnover, (2) difficulty obtaining capital, and (3) difficulty accessing industrial raw materials.

Based on the results of research from the competent authorities, several things have been reported as follows: First, the impact on sales turnover. BI research results in a report that the rate of decline that occurs in the average sales of creative economy products is 50%. The reason for this decline was conveyed by LIPI as being influenced by the decision of 58.8% of the creative economy to reduce the prices of their products and services to maintain business so that profits fell by more than 75%. 40% of the creative economy has gone out of business due to the difficulty in getting capital back due to the Covid-19 pandemic. This figure appears to be influenced by 2 (two) factors, namely: a) closing because they cannot distribute goods or services, and b) closing for reasons of complying with PSBB orders and social distancing. Based on BPS Data for the City of Bekasi for 2022, the economic structure of the City of Bekasi is dominated by 5 categories of business fields consisting of the manufacturing industry, wholesale and retail trade, motorcycle and car repair, transportation and trade and the provision of accommodation, food, and drink.

The impact of the covid 19 pandemic has indirectly affected the economic growth of an area, therefore the City of Bekasi has been promoting the creative economy by developing an increasing number of creative economies, this can encourage the creative economy to improve products, quality, and services. To make the program successful, of course, it is necessary to improve the quality of human resources, new creativity, and innovation, develop broad networks and access to increase dynamic capabilities, develop knowledge management, develop an entrepreneurship orientation, and innovation so that the Creative Economy can compete in the global market.

In the business world, including micro, small, and medium enterprises today, there is rapid competition in line with the growth of the national economy. This condition is due to the market faced by developing companies and companies must be able to create differences by innovating. Companies must be able to create products or services according to the needs of consumers who are increasingly intelligent in choosing products and services.

The focus of this research is the creative economy in the culinary/food and beverage sub-sector which is stable during the Covid-19 pandemic. Creative economy data registered with the Office of Cooperatives and Micro, Small, and Medium Enterprises in Bekasi City in 2022, creative economic data in the culinary/eating and drinking sub-sector of as many as 1,234 micro, small, and medium entrepreneurs.

The role of dynamic capabilities and entrepreneurial orientation that can increase innovation and Creative Economy performance is urgently needed to improve the quality of human resources and service quality. The creative economy makes a sizeable contribution to boosting the regional economy and can create jobs.

The creative economy in Indonesia plays a very important role as a support for the economy. The creative economy is the main driver of the economy with the main function of the creative economy being to be able to employ millions of people absorbed in the formal and informal sectors. The creative economy has contributed to the formation of the Gross Domestic Product (GDP) and the creative economy sector as a source of foreign exchange for the State through the export of various types of products from the creative economy.

Companies that have dynamic capabilities within the organization will increase their work productivity and show their best competence, which will have an impact on Creative Economy Performance and organizational performance in achieving goals. Likewise, the implementation of knowledge management in the Creative Economy is very much needed and entrepreneurial orientation determines improving the performance of the Creative Economy through innovation as mediation.

From the pre-research data, the problems experienced by the creative economy in developing its business include: (1) the company's management system is still not optimal in its application, (2) understanding market opportunities is not optimal, (3) marketing strategies are still not implemented effectively, (4) lack of working capital to support sales strategy, (5) has not met the standards in the production system.

Company performance is product success and market development, where company performance can be measured through sales growth and market share. Company performance has been extensively researched by Lin et al., (2008); (Suliyanto & Rahab, 2012); Eris and Ozmen (2012); Zafar et al., (2016) stated that market orientation has a positive and significant effect on company performance. In contrast to the research results of Gholami and Birjandi (2016) that market orientation does not affect company performance. Company performance can be measured through sales growth, profitability, and market share (Lin et al., 2008; Suliyanto and Rahab, 2012).

In general, researchers used the concepts of innovation in research before 2000 and used the term innovation orientation after 2000 (Ozmen & Deniz Eris, 2012). Innovation is an activity of challenging and dealing with existing uncertainties and updated versions. Innovation orientation is the development of current products and production processes, as well as radical innovations



which are the development or application of new ideas and new technologies. Innovation is the idea of openness to new ideas as an aspect of corporate culture, and innovation is a new idea applied to initiate or improve a product or process, or service. Research by Lee and Tsai (2005); Eshlaghy and Maatofi (2011); Suliyanto and Rahab (2012); Pratono et al., (2013), suggested that innovation affects company performance. Innovation can be measured by how often a company introduces product innovation, process innovation, marketing innovation, and management innovation (Serna, Guzman, and Pinzon, 2013).

Hisrich and Peters, (2005:10), entrepreneurship is a dynamic process of creating additional wealth. Wealth is created by individuals who dare to take big risks with reasonable terms, time, and/or commitments that provide value for products and services. These products and services may not or may be new or unique, but the value must be pumped by the entrepreneur by accepting and deploying the required skills and resources. Gholami and Birjandi's research (2016) found that entrepreneurial orientation has a positive and significant effect on organizational performance. Entrepreneurial orientation is measured through four dimensions, namely, autonomy, taking risks, and acting proactively and aggressively in competing (Lin et al., 2008; Gholami and Birjandi, 2016). Autonomy is an action that is not influenced by a team or individual to give birth to a vision or idea. Autonomy is consistent with the view that entrepreneurial independence is needed to bring new ideas to completion, unfettered by the shackles of corporate bureaucracy (Nadrol et al., 2010).

Dynamic capabilities are a company's ability to integrate, build and reconfigure internal and external competencies to deal with rapidly changing environments (Zollo and Winter (2002). Dynamic capabilities reflect an organization's ability to achieve new forms of innovative competitive advantage as a result of (given) path dependencies and market position (Helfat, 2007). Dynamic capability is the ability of an organization to create, extend or modify its resource base for a specific purpose. The term strategy is the company's ability to be directed to the needs of users (consumers), which are unique (so that the products and services produced are valued without much regard for competition), and difficult to imitate (so that profits can be determined by ignoring competitors). The company's competitive advantage comes from dynamic capabilities that are rooted in the company's routine activities inherent in the company's activity processes and conditioned during the operation or establishment of the company, then Teece et al (2014) state that various factors determine the company's dynamic capabilities and are grouped into three categories namely process, position, and flow (Teece, 2014).

The company's human resources are believed to be an important source of sustainable competitive advantage. This is especially the case for companies operating in a complex and dynamic competitive environment where the ability to quickly acquire and assimilate new markets and technological capabilities is key to maintaining an advantage over competitors according to Barney (Cabral, 2010). Entrepreneurial performance reflects the

extent to which a company can accept risk and be aggressively innovative or competitive, this aspect of performance is very important to strengthen financial performance and survival, especially for small companies operating in highly competitive high-tech environments according to Fernandez and Alegre (Fernández- Mesa & Alegre-Vidal, 2013). The entrepreneurial performance involves innovation and risk-taking by companies. The company's human resource management system can be expected to contribute significantly to these activities. Creating good quality or product quality is the commitment to the performance of the human resources themselves (Dessler, 2013) argues that the success of a company is strongly influenced by the performance of its employees. From the view of experts, it shows that dynamic capabilities, knowledge management, entrepreneurial orientation, and innovation affect increasing the performance of the creative economy.

Literature Review

1. Creative Economy Performance

Creative economic performance is the perception of a result made by management on an ongoing basis (Helfert, 2000). The intended result is the result of many individual decisions. Keban (2004) revealed that company performance is something that describes how far a group has carried out all the main activities so that it can achieve the vision and mission of the company.

Performance is a measure that includes effectiveness in achieving a goal and efficiency which is the ratio of the effective output to the input needed to achieve the goal (Robbins, 2005). Amstrong argues that performance is about doing the job and the results achieved from the job (Amstrong, 2006). According to Wibowo, performance is the result of work that has a strong relationship with the organization's strategic goals, and customer satisfaction, contributing to the economy (Wibowo, 2014).

Business performance is a component of organizational effectiveness, encompassing both financial and market indicators, meaning business performance is a component of an effective organization consisting of financial and market indicators according to Ferdinand, 2002 (Suci, 2012).

From the several opinions above, it can be synthesized that the performance of the creative economy is the perception of a result made by the management/company continuously and is the result of many individual decisions to achieve the goals of the company/creative economy. Creative economic performance, namely sales growth, profitability, and market share.

2. Innovation

In general, researchers use the concepts of innovation and innovativeness in research before 2000 and use the term innovation orientation after 2000 (Jabeen, Alekam, Aldaoud, Zureigat, Nahi, Al Junaidi, 2013) according to the opinion of Eris and Ozmen (2012), innovation is an activity of challenging and dealing with existing uncertainties and an updated version. Innovation orientation is the current product development and production process, as well as radical innovation which is the development or the application of new ideas and new technologies in



other words innovation challenging activities and the unpredictability of existing and updated version orientation, innovation is the development of current products and production processes, as well as radical innovations that the development or implementation of new ideas and new technologies.

Innovation is the idea of openness to new ideas as an aspect of corporate culture, innovation is an idea, practice, or object/object that is recognized and accepted as a new thing by any person or group to be adopted. This means that innovation is an idea, idea, practice, or object/object that is realized and accepted as something new by a person or group for adoption. (Robbins, 2005) defines innovation as a new idea applied to initiate or improve a product or process and services. This means that innovation is a new idea that is applied to initiate or improve a product or process or service. (Robbins, 2005).

Research by Lee and Tsai (2005); Eshlaghy and Maatofi (2011); (Suliyanto & Rahab, 2012); Pratono et al., (2013), suggested that innovation affects company performance. Innovation can be measured by how often a company introduces product innovation, process innovation, marketing innovation, and management innovation (Serna, Martinez & Guzman, 2013). So innovation is an idea, an idea that is realized and accepted by a person or group for improvement in products, processes, marketing, and management.

From the several opinions above, it can be synthesized that innovation is the process and result of developing the utilization/mobilization of knowledge, skills, and experience to create or improve new products, processes, and systems that can provide significant value. This innovation consists of product innovation, process innovation, marketing innovation, and management innovation.

3. Entrepreneurial Orientation

To facilitate understanding, the concept of entrepreneurship, entrepreneur, and the concept of entrepreneurship according to Lumpkin and Dess (2001) in an attempt to clarify the confusion in terms, provides a clear distinction between entrepreneurial orientation and entrepreneurship (Holy, 2012). Entrepreneurship is defined as a new entry that can be done by entering a fixed market or a new market with existing or new products or services or launching a new company. Meanwhile, entrepreneurial orientation is defined as a description of how new entry is carried out by companies (Suci, 2012). The entrepreneurial environment can increase competitive human resources according to the opinion of Arafat et al (Arafat & Buchdadi, 2019).

Entrepreneurial orientation is an attempt to create value through the recognition of business opportunities, appropriate risk-taking management, and communication and management skills to mobilize human, financial and raw materials or other resources needed to produce projects that are carried out properly, within other words entrepreneurial orientation is the attempt to create value through recognition of business opportunity, the management of risk taking appropriate to the opportunity and through the communicative and management skills to mobilize human,

financial and material resources necessary to bring a project to fruition (Lin et al., 2008).

Gholami and Birjandi's research (2016) found that entrepreneurial orientation has a positive and significant effect on organizational performance. Entrepreneurial orientation is measured through five dimensions, namely autonomy, innovation, taking risks, act proactively and aggressively in competition (Lin et al., 2008). Thus an entrepreneurial orientation is a business that is faced with risks and uncertainties to be able to gain profits by identifying opportunities and with the resources that are owned to get benefits and value from opportunities.

From several opinions, it can be synthesized that entrepreneurial orientation is an effort to create value through the introduction of business opportunities, appropriate risk-taking management, and management communication skills to mobilize human, financial, and raw material or other resources needed to produce projects so that they are carried out properly. Good. Entrepreneurial orientation consists of autonomy, taking risks, being proactive, and being aggressively competitive.

4. Dynamic Capabilities

The creative economy industry in Indonesia needs a comprehensive and integrated approach to improve business development and maintain customer loyalty to improve company performance. To meet these demands, it is necessary to increase the capability and competence of companies in producing good and sustainable innovations to improve company performance. The problem in this research is how is dynamic capability in increasing innovation and creative economic performance. In the global market competition, companies are required to continue to develop innovation, taking into account the industrial structure by examining from an internal perspective carefully the existing resources by combining them to gain core competencies and competitive advantages.

Competition in the global market is a company that can provide a positive, timely response, fast and responsive service with flexible product innovation and combined with management capabilities with effective coordination and placing internal competencies and external competencies appropriately, then he will be the winner (Strønen et al., 2017).

Dynamic capabilities are the company's ability to integrate, build and reconfigure internal and external competencies to deal with rapidly changing environments (Teece, 2014); "A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness". Dynamic capabilities reflect an organization's ability to achieve new forms of innovative competitive advantage as a result of (given) path dependencies and market position according to Helfat, 2007 (Ramón et al., 2018).

Dynamic capability is the ability of an organization to create, extend or modify its resource base for a specific purpose. The term strategy is the company's ability to be directed to the needs of users (consumers), which are unique (so that the products and services produced are valued without much regard for



competition), and difficult to imitate (so that profits can be determined by ignoring competitors). The company's competitive advantage comes from dynamic capabilities that are rooted in the company's routine activities inherent in the company's activity processes and conditioned during the operation or establishment of the company, then Teece et al (2014) state that various factors determine the company's dynamic capabilities and are grouped into three categories namely process, position and path.

From the several opinions above, it can be synthesized that dynamic capability is the ability of company managers/owners of the creative economy to integrate, build and configure company or organizational competencies both from internal sources and external sources to be able to adapt to rapid environmental changes, thus making internal and external competencies a source of sustainable competitive advantage. Dynamic capabilities indicators are sensing capabilities (ability to identify opportunities), seizing capabilities (ability to capture opportunities), and transforming/configuring capabilities (reconfiguration).

Research Methods

This type of research is a type of quantitative research. According to Creswell J (1994), the definition of quantitative research is a type of research that explains phenomena by collecting numerical data that is analyzed using math-based methods, especially statistics. Statistical-based methods must be supported by the use of data analysis tools, research designs, and appropriate data collection instruments.

The population is the whole object of research. Based on the opinion above, the population in this study were all micro, small, and medium enterprises, namely the creative economy culinary sub-sector in Bekasi City totaling 1,234 culinary/food

and beverage (culinary) entrepreneurs consisting of 304 micro businesses, 626 small businesses and medium as much as 304.

The criteria used in this study were samples of micro, small and medium enterprises or the creative economy of the culinary/food and beverage (culinary) sub-sector in Bekasi City, recommendations that can be used to determine the minimum sample size are based on the complexity of the model and the basic measurement characteristics of the model. Determining the number of samples in this study, using the Slovin Formula (Sevilla et al, 2007).

Based on the results of the calculation of the Slovin Formula, the research sample consisted of 93 respondents, namely creative economy business owners/entrepreneurs in the culinary/food and beverage sub-sector.

Path analysis is a technique for analyzing causal relationships that occur in multiple regression if the independent variables affect the dependent variable not only directly but also indirectly (Retherford, 1993). This study examines the effect of mediating variables using path analysis.

Results

To examine the effect of mediating variables used the path analysis method (path analysis). Path analysis is an extension of multiple linear regression analysis, or path analysis is the use of regression analysis to estimate causal relationships (causal models) between variables that have been previously determined based on theory (Ghozali, 2006). Path analysis in this study can be described as follows:

1) Analysis of the Effect of Dynamic Capability and Entrepreneurial Orientation on Innovation

Table 1. Test Results for the Effect of Dynamic Capability and Entrepreneurial Orientation on Innovation

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.881 ^a	.777	.771	1.77470
a. Predictors: (Constant), Dynamic Capability, Entrepreneurial Orientation				
b. Dependent Variable: Innovation				

The table 1, shows the value of R² (R Square) of 0.777. This R2 value is used in calculating the value of the e1 coefficient. The coefficient e1 is an innovation variance that is

not explained by dynamic capabilities and entrepreneurial orientation. Magnitude: Coefficient

$$e_1 = \sqrt{(1 - R^2)} = \sqrt{(1 - 0,777)} = \sqrt{0,223} = 0,472.$$

Table 2. Results of Innovation Regression Analysis

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.997	1.107		.901	.370
	Dynamic Capability		.042	.220	2.671	.009
	Entrepreneurial Orientation	.424	.050	.698	8.483	.000
a. Dependent Variable: Innovation						



Based on Table 2, it can be seen that the regression equation is as follows:

$$X_3 = b_1X_1 + b_2X_2 + e_1$$

$$X_3 = 0,220X_1 + 0,698X_2 + 0,472e_1 \dots\dots\dots (1)$$

The equation shows that:

- Every time there is an increase of 1 dynamic capability, it will be followed by an increase in the innovation of 0.220.

- Every time there is an increase of 1 unit of entrepreneurial orientation, it will be followed by an increase in the innovation of 0.698.

So from equation (1) it can be seen that if dynamic capability increases, innovation will also increase. Likewise, with an increase in entrepreneurial orientation, innovation will increase.

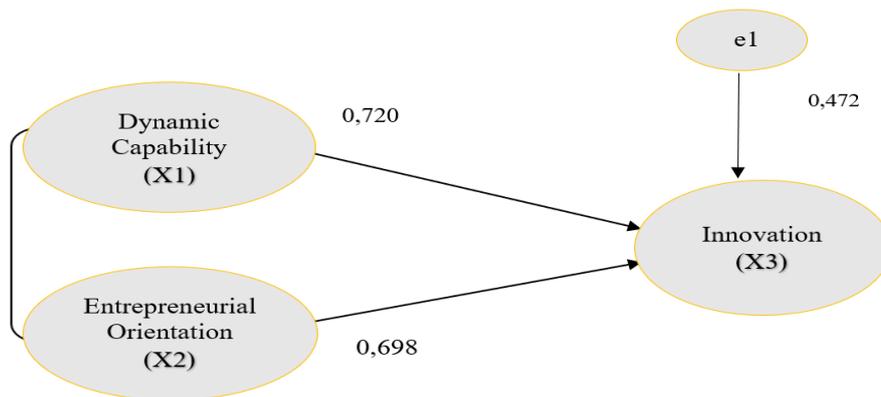


Figure 1. Substructural Equation 1

2) Analysis of the Effect of Dynamic Capability and Entrepreneurial Orientation on Innovation

Table 3. Test Results for the Effect of Dynamic Capability and Entrepreneurial Orientation on Creative Economy Performance

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.764 ^a	.584	.575	4.12166
a. Predictors: (Constant), Dynamic Capability, Entrepreneurial Orientation				
b. Dependent Variable: Creative Economy Performance				

The table 3, shows the value of R2 (R Square) of 0.584. This R2 value is used in calculating the value of the e2 coefficient. The coefficient e2 is a variant of creative economy performance

that is not explained by dynamic capabilities and entrepreneurial orientation. Magnitude: Coefficient

$$e_1 = \sqrt{(1 - R^2)} = \sqrt{(1 - 0,584)} = \sqrt{0,416} = 0,644.$$

Table 4. Results of Regression Analysis of Creative Economy Performance

Coefficient ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.495	2.570		2.138	.035
	Dynamic Capability	.303	.096	.353	3.143	.002
	Entrepreneurial Orientation	.471	.116	.455	4.057	.000
a. Dependent Variable: Creative Economy Performance						

Based on the table 4, it can be seen that the regression equation is as follows:

$$Y = b_1X_1 + b_2X_2 + b_3X_3 + e_2$$

$$Y = 0,353X_1 + 0,455X_2 + 0,644e_2 \dots\dots\dots (2)$$

This equation shows that:

-Every time there is an increase of 1 unit of dynamic capability, it will be followed by an increase in the creative economic performance of 0.353.

-every 1-unit increase in entrepreneurial orientation will be followed by an increase in the creative economic performance of 0.455.



So from equation (2) it can be seen that if dynamic capabilities increase, creative economic performance will increase. Likewise, with an increase in entrepreneurial orientation, the performance of the creative economy will increase.

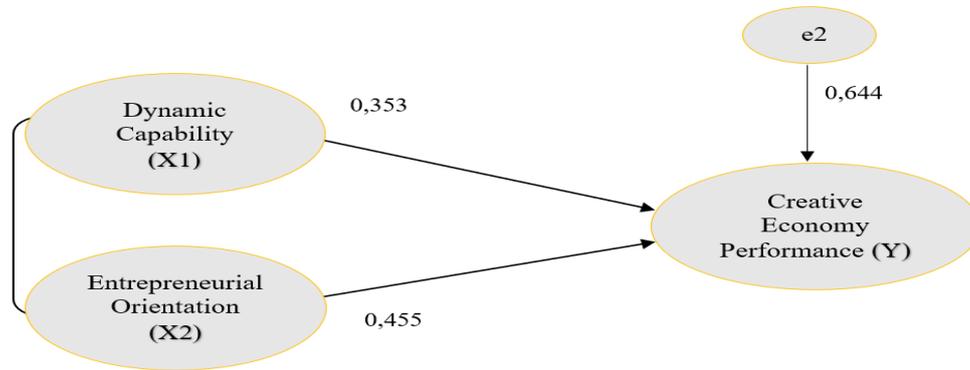


Figure 2. Substructural Equation 2

The results of the regression analysis on the effect of innovation on creative economic performance can be seen in the following table:

Table 5. Regression Coefficient of Creative Economy Performance

Coefficient ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.609	2.014		2.785	.007
	Innovation	1.417	.101	.832	14.082	.000

a. Dependent Variable: Creative Economy Performance

Based on the table 5, it can be seen that the regression equation is as follows:

$$Y = a + b_3X_3 + e_2$$

$$Y = 5,609 + 0,632X_3 + 0,644e_2 \dots\dots\dots (3)$$

This equation shows that:

-Every time there is an increase of 1 unit of innovation will be followed by an increase in the creative economic performance of 0.832.

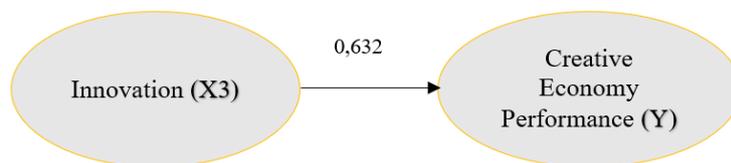


Figure 3. Substructural Equation 3

3) Analysis of the Effect of Dynamic Capability and Entrepreneurial Orientation on the Creative Economy through Innovation. Based on equations (1), (2) and (3) an analysis model is obtained

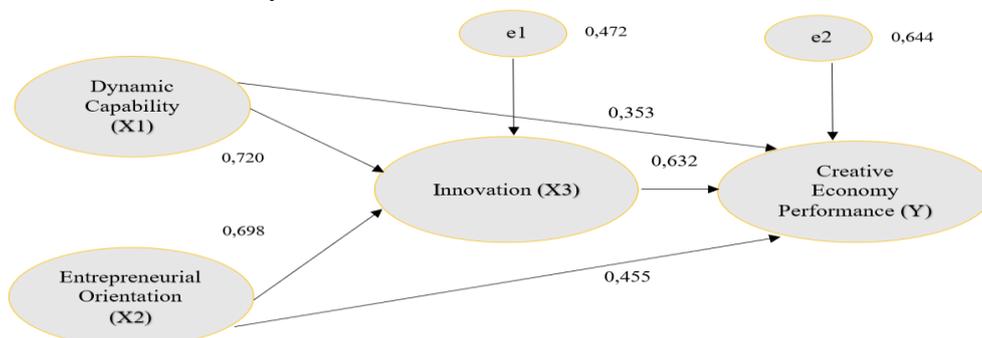


Figure 4. Path Analysis Model



The value of the influence of dynamic capabilities and entrepreneurial orientation on creative economic performance through innovation is as follows:

$$X_1 \rightarrow X_3 \rightarrow Y = (\rho_{X_3X_1}) \times (\rho_{YX_3}) = 0,720 \times 0,632 = 0,455$$

$$X_2 \rightarrow X_3 \rightarrow Y = (\rho_{X_3X_2}) \times (\rho_{YX_3}) = 0,698 \times 0,632 = 0,441$$

Table 6. Path Coefficient of Direct Influence, Indirect Influence, and Total Effect of Dynamic Capability, Entrepreneurial Orientation, Innovation, and Creative Economy Performance

Variable	Coefficient	Path			R ²	F
		Direct	Indirect	Total		
Dynamic Capability (X ₁)	0,353	0,353	0,183	0,536	-	
Entrepreneurial Orientation (X ₂)	0,455	0,455	0,580	1,035	-	
Innovation (X ₃)	0,632	0,632	-	-	-	
Creative Economy Performance (Y)	-	-	-	-	-	
Coefficient e ₁	0,472	-	-	-	-	
Coefficient e ₂	0,644	-	-	-	-	
X ₁ , X ₂ , X ₃	-	-	-	-	0,777	151,131
X ₁ , X ₂ , Y	-	-	-	-	0,584	61,116

Conclusions

1. Dynamic Capabilities

To further enhance dynamic capabilities in the creative economy industry in the food and beverage sub-sector of Bekasi City through indicators of seizing capabilities, namely the ability of the five senses to see challenges and opportunities in business, seizing capabilities, namely when there is an opportunity and then capturing its potential and value to study by choosing the appropriate technology. appropriate to understand the target customer/consumer, the transforming capabilities indicator is when an opportunity is perceived and captured by the company reconfiguring resources to adjust to changes and opportunities in the company's environment, to produce maximum dynamic capabilities.

2. Entrepreneurial Orientation

The application of a good entrepreneurial orientation means that the creative economy industry in the food and beverage sub-sector of Bekasi City should be more entrepreneurially oriented through indicators of autonomy with actions that are not influenced by teams or individuals to give birth to a vision or idea, autonomy consistent with the view of entrepreneurial independence needed to bring ideas new to completion, unfettered by the shackles of corporate bureaucracy, proactive indicators, namely creative companies/economy as the first pioneers to enter new markets, activeness is a search for opportunities, a forward-looking perspective marked by the introduction of new products or new services first in compete and act in anticipation of future demands, anticipate and act on future changes in the market with new techniques, methods, and products. An aggressive competitive indicator with a tendency for companies to directly challenge competitors to outperform rivals in the market. Aggressive competitive indicators also refer to the company's level of enthusiasm to be one step further from competitors, excessive aggressiveness can be risky if the company tries to face established competitors, therefore to maximize entrepreneurial orientation that must be attached to the entrepreneurial spirit through coaching programs, education, and training, especially for

the creative economy that is still newly established or has only been running for one year to provide strengthening of entrepreneurship so that it is embedded in the entrepreneurial spirit so that it can adapt to dynamic challenges both from within and from outside. The indicator of being ready to take risks is a consequence of being a true entrepreneur.

3. Innovation

The application of innovation to the creative economy of Bekasi City will further enhance innovation through:

- Product innovation, namely the introduction of goods or services that are new to consumers as a product renewal that has gone through a significant increase in terms of the characteristics and use of the product
- Process innovation, namely the application of production methods that are completely new and have gone through significant improvements.
- Management/organizational innovation, namely the application of new organizational methods to business practices of workplace organizations, and company external relations.
- Marketing innovation, namely the application of new marketing methods or significant improvements to packaging or product design, product placement, product promotion, and pricing.

4. Creative Economy Performance

Creative economy performance in this study is formed by sales growth, profitability, and market share. Creative economic performance is a perception of results made by management continuously. Market share is part of the total demand for an item that reflects customer groups according to characteristics, such as income level, age, gender, education, and social status. Besides market share, performance measurement can also be done by looking at sales growth. Sales growth is a manifestation of success in maintaining sales, having high sales competitiveness, and being able to determine the number of products set in a certain period. Every business's profitability becomes an indicator of the success of the company's performance. Profitability is the ability of a



company to generate profits for a certain period at a high level of sales or profits, able to manage business operational costs, and able to manage company assets.

5. Based on multiple linear regression analysis, it shows that dynamic capabilities and entrepreneurial orientation contribute to the innovation of the creative economy of food and beverages in Bekasi City. The biggest support for increasing innovation is entrepreneurial orientation. Based on the results of multiple linear regression analysis, shows that dynamic capabilities and entrepreneurial orientation can provide support for improving the performance of the creative economy of food and beverages in Bekasi City. The biggest support for improving the performance of the creative economy is the entrepreneurial orientation. Based on the results of a simple regression analysis, shows that innovation can provide support for improving the performance of the creative economy of food and beverages in Bekasi City. Based on the results of path analysis, shows that innovation can provide support for increasing dynamic

capabilities and entrepreneurial orientation to the performance of the creative economy industry in the food and beverage sub-sector in Bekasi City.

Recommendations

1. The results of this study are expected to contribute to the knowledge, insight, and experience of researchers in the field of human resource management, especially regarding dynamic capabilities, entrepreneurial orientation, innovation, and creative economic performance of food and beverages in Bekasi City,
2. It is hoped that the results of this study can be used as input and reference for the Office of Cooperatives and micro, small, and medium enterprises and the Bekasi City Tourism Office in making policies or decisions deemed necessary to improve dynamic capabilities, entrepreneurial orientation, innovation, and creative economic performance in efforts to improve.

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