The power of cultural resource bricolage: Driving market performance through customer-culture theory

Febrianur Ibnu Fitroh Sukono Putra*, Roymon Panjaitan, Elia Resha Fatmawati, Seline Widi Rumanti

Faculty of Economics and Business, Universitas Dian Nuswantoro, Semarang City 50131, Indonesia

Abstract

Small and Medium Enterprises (SMEs) that produce traditional products face a dilemma between preserving cultural authenticity and innovating. This study aims to explore the mediating role of Cultural Resource Bricolage (CRB) in enhancing Innovative Market Performance (IMP) through the Cultural Authenticity Perception (CAP). Data were collected from 356 SMEs in the traditional culinary, ethnic fashion, and ethnic jewelry sectors in Central Java, Indonesia, and analyzed using the SEM-PLS method. The results show that CRB significantly mediates the relationship between CAP and IMP, helping SMEs preserve cultural authenticity while remaining relevant in modern markets. It was found that CAP is the most significant construct in influencing outcomes, although its performance is slightly lower compared to CRB. These findings provide practical contributions by offering culture-based innovation strategies that SMEs can implement and theoretical contributions by expanding the understanding of the relationship between cultural authenticity, innovation, and market performance.

Introduction

The traditional culinary, ethnic fashion, and ethnic jewelry sectors in Central Java, Indonesia, represent vibrant cultural industries deeply rooted in rich heritage and local craftsmanship. These sectors contribute to the preservation of cultural identity and play a significant role in driving the local economy through creative and cultural entrepreneurship. As these industries blend tradition with economic pursuits, they face the dual challenge of maintaining cultural authenticity while adapting to modern market demands. Despite their potential, traditional small and medium-sized enterprises (SMEs) in these sectors often struggle to achieve innovative market performance due to several underlying factors. First, global and regional market dynamics increasingly favor standardized, mass-produced goods, making it challenging for traditional products to find their place in contemporary consumer markets. Second, the rapid evolution of consumer preferences, particularly among younger generations, requires these SMEs to innovate while preserving the essence of their cultural heritage. Third, limited access to digital platforms and international markets restricts their ability to compete effectively and expand their customer base. A strategic approach that integrates cultural resource bricolage with customer-centric strategies is necessary to address these challenges. This study explores how traditional culinary, ethnic fashion, and ethnic jewelry SMEs in Central Java can enhance their market performance by leveraging their cultural assets in innovative ways. Through an in-depth analysis grounded in customer-culture theory, this research seeks to provide insights into the strategies that enable these traditional sectors to remain competitive while preserving their cultural values (Lwesya, 2021).

Small and Medium Enterprises (SMEs) that produce traditional products are vital in preserving cultural heritage while driving local economic development. These enterprises often use indigenous knowledge, craftsmanship, and cultural practices to create unique offerings. However,

in an increasingly globalized market, the sustainability and competitiveness of these SMEs face persistent challenges, including market saturation, shifts in consumer preferences, and competition from mass-produced alternatives. Despite these challenges, SMEs that utilize cultural resource bricolage—the creative reconfiguration and application of cultural resources—can gain a distinct competitive advantage. By strategically combining traditional practices with contemporary market demands, these enterprises can differentiate their products and foster strong emotional connections with culturally conscious consumers. Nevertheless, there has been limited scholarly attention on understanding how this bricolage process directly impacts market performance, particularly through the lens of customer-culture theory. Addressing this research gap is crucial, as the strategic utilization of cultural resources by SMEs can contribute to both economic resilience and artistic preservation. Therefore, this study aims to explore the influence of cultural resource bricolage on market performance, using customer-culture theory as a conceptual framework. Gaining insights into this dynamic benefits SMEs and offers valuable information for policymakers and stakeholders seeking to support sustainable cultural entrepreneurship.

In the age of modernity and globalization, traditional small and medium enterprises (SMEs) that produce culturally rooted products face significant challenges. While these enterprises play a crucial role in preserving local heritage and promoting cultural identity, they are increasingly pressured by changing consumer behaviors, the dominance of global brands, and the rise of mass-produced alternatives. The fast pace of globalization not only threatens the survival of traditional craftsmanship but also requires that SMEs innovate without sacrificing cultural authenticity. This study addresses the tension between maintaining traditional practices and adapting to contemporary market demands. While the practical challenges SMEs face—such as limited access to technology, financial constraints, and changing consumer loyalty—are well-documented, there has been less focus on how these businesses can leverage cultural resource bricolage to succeed in today's markets. Cultural resource bricolage involves creatively repurposing cultural assets to develop unique and market-relevant offerings, emerging as a critical strategy for sustaining competitiveness. Drawing on Customer-Culture Theory, this research explores how SMEs can strategically leverage their cultural resources to enhance market performance. By examining the relationship between cultural heritage and consumer expectations, this study contributes to a deeper understanding of how traditional enterprises can survive and prosper in a rapidly evolving global landscape.

Traditional small and medium enterprises (SMEs) serve as economic entities and cultural stewards, preserving local heritage and craftsmanship. Often rooted in community practices and intergenerational knowledge, these businesses play a crucial role in maintaining cultural diversity. However, they face significant challenges in balancing tradition with innovation due to the cultural homogenization caused by globalization. As global cultural norms permeate local contexts, traditional SMEs must navigate a complex landscape where standardized, mass-produced alternatives can overshadow their unique products. Additionally, changing consumer preferences pose another challenge. Modern consumers, particularly those in urban and international markets, increasingly favor contemporary, convenience-oriented products. The unequal access to global markets further complicates this situation, as traditional SMEs often lack the resources and infrastructure to compete with larger, well-established brands. As a result, these enterprises experience the dual pressure of preserving their cultural identity while striving for economic viability in a highly competitive market. To address these challenges, cultural resource bricolage emerges as a strategic approach that allows SMEs to creatively utilize cultural assets to enhance product appeal and market relevance. Through the lens of Customer-Culture Theory, this study explores how traditional SMEs can navigate cultural homogenization and changing consumer expectations while leveraging their unique cultural heritage to improve market performance. Understanding this dynamic is essential for ensuring that traditional SMEs survive and thrive as resilient cultural and economic actors in an increasingly globalized world.

A key issue in the relationship between Cultural Authenticity Perception (CAP) and Innovative Market Performance (IMP) for SMEs producing traditional products lies in the conflict between preserving cultural authenticity and adapting to modern customer preferences. SMEs face

a dilemma in maintaining traditional techniques while innovating, which can sometimes compromise product authenticity (Chen et al., 2021a; Larkin & Rudolf, 2023; Shafi et al., 2022). Limited skills and a lack of stakeholder engagement hinder the implementation of open innovation, which can negatively affect business performance (Raya et al., 2021). Additionally, differences in authenticity perception between local customers and tourists complicate marketing strategies (Jin & Hwang, 2024). Integrating global trends without losing local identity presents a significant challenge, particularly in the fashion and culinary sectors (Graham, 2021). Furthermore, customers often prefer moderate adaptation to trends to remain satisfied and enhance their loyalty to the product. This is crucial because excessively high efforts to increase satisfaction and loyalty can diminish the perceived cultural expertise (Tariq et al., 2023). Given the urgency of these challenges, entrepreneurs need to develop educational strategies that convey cultural values while maintaining product quality and authenticity. This approach is necessary to balance tradition and innovation on a larger scale (Levyda et al., 2021).

CAP plays a crucial role in determining IMP for SMEs that produce traditional products. CAP can enhance product quality perception and customer loyalty (Wilcox et al., 2023). In the context of innovation, brand authenticity serves as a value signal for customers, especially for innovative products (Buhr et al., 2021). However, SMEs often face challenges in balancing cultural authenticity with adapting to modern customer preferences (Sinha et al., 2018). Customer Culture Theory (CCT) suggests that customers seek authenticity as a response to cultural commodification, which can boost engagement and market performance (Qin et al., 2019). Moreover, brand authenticity strengthens customers' emotional connections, increasing purchase intentions and loyalty (Safeer et al., 2023). Authenticity in branding also influences perceived value and customer experience (Fritz et al., 2017), ultimately impacting overall business performance (Chen et al., 2020). Therefore, marketing strategies that align with cultural values and modern market expectations are essential for the success of SMEs.

Furthermore, the proposition of cultural resource bricolage represents an approach that creatively leverages cultural resources to produce product innovations that remain authentic. This solution addresses research gaps by bridging the relationship between CAP and IMP. Through bricolage, entrepreneurs can integrate cultural authenticity into product innovation, ensuring that products meet customer expectations for authenticity while staying relevant in modern markets. This aligns with the argument that CAP can drive higher IMP, as the resulting products can preserve cultural values while meeting market demands (An et al., 2018). The concept of cultural resource bricolage is formed from the synthesis of two key ideas: cultural authenticity and bricolage. Cultural authenticity emphasizes how elements perceived as culturally authentic influence the value and market acceptance of products, while bricolage focuses on the creative use of available resources for innovation, even under constraints (Santos et al., 2022). The integration of these concepts gives rise to cultural resource bricolage, which combines cultural authenticity with product innovation, enabling entrepreneurs to create new value that remains both authentic and relevant in the market. This concept provides a framework for blending creativity and cultural adaptation to meet the demands of modern markets.

Customer Culture Theory (CCT) underscores that customers evaluate products not only based on functionality but also on how these products represent the cultural values they cherish. For example, research by Catulli and Reed (2017) highlights that the consumption of service-based products is influenced by a combination of functional and symbolic value, where customers identify with products based on the cultural values they embody. A key challenge in the relationship between CAP and IMP for SMEs producing traditional goods is the dilemma of maintaining cultural authenticity while adapting to contemporary customer preferences. Previous research underscores the importance of integrating culture, marketing, and innovation to enhance SME performance. For example, Park et al. (2019a) found that authenticity in cultural heritage tourism boosts tourist satisfaction and loyalty but did not address its impact on market innovation. Similarly, Farrelly et al. (2019) highlighted that the production of cultural elements shapes perceptions of authenticity, yet they did not explore the implications for SMEs. Dai et al. (2021) emphasized the importance of balancing conservation and consumption. However, their study

failed to discuss how this balance can be applied within the context of SMEs and product innovation. Consistent with Uslu et al. (2023), these studies indicate the need for further exploration of how to balance innovation and cultural authenticity in SME products.

Previous research has primarily examined cultural authenticity within the realms of tourism and destination management, often focusing on how cultural elements are presented to and perceived by visitors (Uslu et al., 2023). However, there is a notable lack of research investigating how small and medium-sized enterprises (SMEs) that produce cultural products, such as traditional culinary items, ethnic fashion, and ethnic jewelry, navigate the tension between maintaining cultural authenticity and embracing innovation. While cultural authenticity has primarily been explored from the consumer's perspective, the strategic efforts by SMEs to reconcile traditional values with contemporary business practices remain underexplored (Jin & Hwang, 2024). A recurring theme in the literature concerning SMEs within global value chains involves practical challenges such as accessing capital, developing a skilled workforce, and integrating into international networks (Epede & Wang, 2022). Nevertheless, these studies often neglect the critical tension between preserving cultural uniqueness and fostering innovative practices.

In the context of traditional SMEs, innovation encompasses more than just product enhancement or technological adoption; it also involves creatively leveraging cultural heritage to stay relevant in modern markets. Despite the acknowledged importance of innovation, the complex challenges SMEs face in balancing innovation and authenticity are seldom addressed, leading to a fragmented understanding of how cultural resource bricolage can function as a strategic tool. Additionally, the existing body of research often highlights consumer perceptions primarily through cultural familiarity, suggesting that consumers with a greater cultural affinity are more likely to perceive traditional products as authentic (Bu et al., 2023). However, this viewpoint does not adequately consider how innovation might reshape or challenge these perceptions, particularly when traditional elements are reimagined for contemporary appeal. This gap is especially pronounced in sectors where established brand identities are at stake, such as traditional restaurants, where the coexistence of heritage and innovation can create consumer ambivalence (Thompson & Kumar, 2022).

Moreover, while customer-culture theory emphasizes the relationship between consumer values and brand identity, it rarely addresses how perceptions of innovation intersect with perceived authenticity. This is particularly relevant in contexts where the identity of traditional products is inherently tied to cultural heritage. The complex interplay between cultural preservation and modern adaptation is often overlooked when assessing market performance outcomes, which can vary significantly based on customer perceptions of innovation and authenticity (Azar & Drogendijk, 2016; Mahmud et al. 2017). The theoretical and empirical gaps identified underscore the need for a more nuanced exploration of how SMEs producing cultural products can strategically balance innovation and authenticity. By examining how cultural resource bricolage contributes to market performance in traditional culinary arts, ethnic fashion, and ethnic jewelry, this study aims to provide a comprehensive understanding of the dynamic relationship between cultural heritage, innovation, and consumer perceptions. To address these gaps, this study formulates the following research questions:

RQ1: How does cultural authenticity perception affect innovative market performance?

RQ2: How does cultural authenticity perception impact innovative market performance mediated by cultural resource bricolage?

This gap underscores the necessity for deeper investigation into how SMEs can use the CRB concept to address this challenge. CRB is a novel approach that integrates cultural authenticity with product innovation by creatively leveraging available resources, enabling SMEs to meet customer expectations for authenticity while remaining competitive in modern markets (An et al., 2018). Therefore, this study aims to analyze the influence of cultural authenticity perception on innovative market performance mediated by cultural resource bricolage. Through this approach, the study offers new solutions that have been largely unexplored in the literature and is expected to make a significant contribution to enhancing market performance in culturally rich sectors.

Literature Review and Hypotheses Development

Cultural Authenticity Perception and Cultural Resource Bricolage

CAP significantly influences CRB in SMEs that produce traditional products. According to CCT, customers tend to seek products that are not only functional but also reflect the cultural values they cherish, which strengthens their trust and emotional attachment to the brand (Arnould & Thompson, 2005). CAP elements, such as consistent cultural authenticity and recognized quality, play a crucial role in reinforcing customer relationships, as customers feel that these products reflect their cultural identity (Genc & Gulertekin Genc, 2023). Research also shows that perceptions of authenticity can deepen emotional attachment and customer loyalty, supporting strong, long-term relationships. Additionally, authenticity in branding has been proven to enhance the emotional connection between customers and brands (Fritz et al., 2017), with other studies also supporting that perceptions of authenticity in cultural products boost customer emotional engagement.
H_1: CAP has a positive influence and is significant on CRB.

Cultural Authenticity Perception and Innovative Market Performance

CAP has a significant impact on IMP in SMEs that produce traditional products. Within the framework of Customer Culture Theory (CCT), products that balance cultural authenticity with innovation are more readily accepted by the market, as customers value products that are not only new but also remain true to their cultural values (Arnould & Thompson, 2005). CAP serves as a crucial foundation in creating product innovations that maintain market relevance without losing cultural identity (Chen et al., 2021b). Products that uphold cultural authenticity while introducing innovative elements can enhance overall market appeal and performance. Research further indicates that integrating CAP into product innovation significantly boosts the competitiveness and market performance of SMEs (Najafi-Tavani et al., 2020). So, the hypothesis to be developed is:
H_2: CAP has a positive influence and is significant on IMP.

Cultural Resource Bricolage and Innovative Market Performance

CRB has a significant impact on IMP in the context of SMEs focused on cultural products. CCT explains that strong customer relationships, built through trust and emotional attachment to the brand, can enhance market acceptance of innovative products (Arnould & Thompson, 2005). When customers have a strong emotional bond with a brand, they are more likely to support innovations, as they perceive these innovations to reflect their cultural values (Buhr et al., 2021). Safeer and Le (2023) found that effective CRB helps SMEs gain valuable feedback from customers, which can be used to guide more targeted innovation strategies. This study supports the notion that a strong CRB directly contributes to improved market innovation performance by increasing customer loyalty and engagement. Therefore, the following hypothesis is proposed:
H_3: CRB has a positive influence and is significant on IMP.

Cultural Authenticity Perception on Innovative Market Performance through Cultural Resource Bricolage

CAP influences IMP through the mediation of CRB. According to CCT, strong CAP enhances the emotional connection and trust customers have with a brand, which in turn strengthens CRB (Arnould & Thompson, 2005). This relationship allows SMEs to more effectively launch innovative products that remain authentic, leading to higher market acceptance and improved innovation performance (Tian et al., 2021). Research also indicates that well-integrated CAP within products reinforces CRB, acting as a catalyst for customer acceptance of innovation. Furthermore, studies have found that the combination of strong CAP and robust CRB significantly enhances IMP, ensuring that innovations remain relevant to market expectations (Sinha et al., 2018). Therefore, based on the role of mediation, the following hypothesis can be developed:
H_4: CAP influences IMP positively through CRB.

The Logical Relationship between the Three Variables based on CCT Theory

Cultural authenticity perception refers to consumers' belief that a product genuinely represents cultural traditions or heritage. According to Customer-Culture Theory (CCT), consumers actively interpret and evaluate authenticity based on cultural significance. Brands that effectively convey authenticity foster emotional engagement and loyalty, as seen when handcrafted batik marketed as traditional Indonesian heritage resonates with consumers (Moreo et al., 2019). Cultural bricolage involves creatively blending cultural elements to produce innovative and meaningful market offerings. In CCT, bricolage is a dynamic process where producers and consumers combine distinct cultural motifs to create something new, balancing tradition and modernity. For instance, merging traditional recipes from different cultures into a single dish can appeal to diverse audiences (Najafi-Tavani et al., 2020).

The innovative nature of bricolage not only satisfies contemporary consumer demands for novelty and uniqueness but also helps differentiate products in a saturated market. The intersection of cultural authenticity and bricolage is a critical area where brands must carefully navigate the potential tension between preserving cultural integrity and fostering innovation. Maintaining authenticity while engaging in bricolage requires a thorough understanding of cultural nuances and consumer perceptions. A misstep can lead to accusations of cultural appropriation or the perception of inauthenticity, which can harm a brand's reputation and hinder market performance. Brands that achieve a harmonious balance—innovating without compromising core cultural values—can appeal to traditionalist consumers who value cultural preservation and modern consumers who appreciate creative reinterpretation. Innovative market performance is realized when brands leverage cultural authenticity and bricolage in a complementary manner (Safeer and Le, 2023).

From a CCT perspective, consumers value products that are both culturally rich and creatively adapted to contemporary contexts. For instance, a fashion brand that reimagines traditional weaving techniques in modern silhouettes can maintain authenticity while offering a fresh appeal. The synergistic effect of blending authenticity with bricolage results in culturally significant and relevant products in the market, leading to higher consumer engagement and long-term brand success. To optimize innovative market performance, brands should develop strategies that embrace cultural authenticity and bricolage (Wilcox et al., 2023). First, they should actively involve cultural stakeholders in the product development to ensure cultural sensitivity and accuracy. Second, marketing communications should highlight the cultural inspirations and creative processes behind the products, fostering consumer appreciation for both heritage and innovation.

Lastly, brands should continuously evaluate consumer responses to balance tradition and modernity. So, the relationship between cultural authenticity perception, cultural bricolage resources, and innovative market performance is a complex yet promising area within Customer-Culture Theory. By thoughtfully combining authentic cultural elements with innovative reinterpretations, brands can engage diverse consumer groups, fostering cultural pride and contemporary relevance. This dual approach enhances consumer engagement and strengthens market positioning, making it a vital strategy for achieving sustainable competitive advantage (Gong et al., 2023).
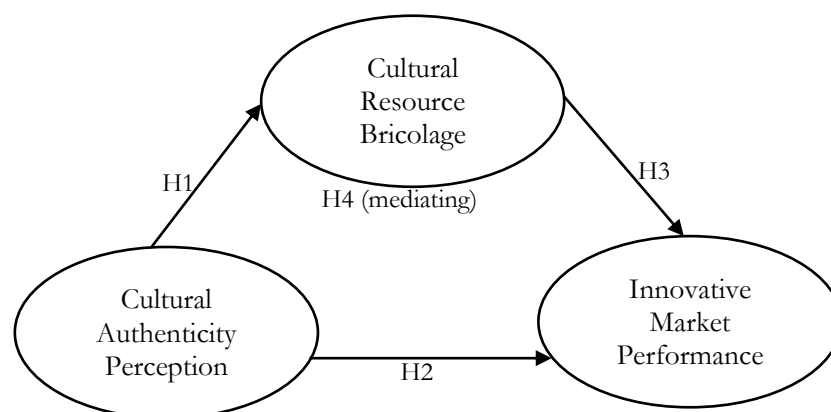

Figure 1. Empirical Framework

Research Methods

Data for this study were collected from a population of 550 SMEs in the traditional culinary, ethnic fashion, and ethnic jewelry sectors, located across Central Java, Indonesia, from April to June 2024. The study focused on Central Java because most SMEs in this region operate using limited traditional raw materials. However, only 356 valid samples were filtered and selected based on predetermined criteria. A purposive sampling technique was used to define the respondent criteria, as outlined in Table 1. A total of 356 respondents were analyzed using Structural Equation Modelling-Partial Least Squares (SEM-PLS) with the SmartPLS 3.0 software. Furthermore, Table 1 below shows the characteristics of the respondents.

Table 1. Characteristics of Respondent

No	Characteristics	Description	Frequency (n=356)	Percentage (%)
1	Sex	Male	214	60.1
		Female	142	39.9
2	Age (years old)	< 30	85	23.9
		> 30 to 40	126	35.4
		> 40	145	40.7
3	Education	Junior high school	85	23.9
		Senior high school	119	33.4
		Bachelor's degree	72	20.2
		Others	80	22.5
4	Business operation duration (years)	< 3	36	10.1
		> 3 to 5	145	40.7
		> 5 to 10	76	21.3
		> 10	99	27.8
5	Average income/month (IDR)	< 10 million	167	46.9
		> 10 million to 25 million	83	23.3
		> 25 million to 45 million	72	20.2
		> 45 million	34	9.6
6	Product type characteristics	Traditional culinary	138	38.8
		Ethnic fashion	145	40.7
		Ethnic jewels	73	20.5
7	Scope of marketing and sales	Local	225	63.2
		National	86	24.2
		International	45	12.6

The majority of respondents in this study were male (60.1%), aged over 40 (40.7%), and had completed high school (33.4%). Most businesses had been operating for more than 3 years, with 40.7% in the 3-5 years range. Nearly half of the respondents (46.9%) reported a monthly income of less than IDR 10 million. The most common business types were ethnic fashion (40.7%) and traditional culinary (38.8%). Most respondents marketed their products locally (63.2%), with fewer reaching national (24.2%) and international (12.6%) markets. These findings indicate that Central Java SMEs generally have significant business experience, diverse income levels, a local market focus, and culturally rooted products.

The research instrument in this study encompasses three primary operational variables: CAP, IMP, and CRB. CAP is measured using five indicators (Liu et al., 2018; Park, 2019b; Sinha et al., 2018; Thompson & Kumar, 2022): Traditional Authenticity, Constructivist Authenticity, Staged-form Authenticity, Postmodern Authenticity, and Perceived Quality. IMP is assessed through four indicators (Buccieri et al., 2020; Morgan & Vorhies, 2018; Papaioannou et al., 2024; Tian et al., 2021): Market Share Growth, Product Innovation, Return on Innovation Investment, and Competitive Advantage. Meanwhile, CRB is evaluated with four indicators (Fan et al., 2019;

Guo et al., 2018; Santos et al., 2021; Yu et al., 2019): Flexibility, Creative Problem Solving, Market Innovation, and Cultural Adaptation. These indicators were derived from relevant literature and are presented in Table 3 below. This indicates that the instrument used in this study is well-grounded in established theory and previous research. Data collection was conducted in collaboration with vendor communities through closed-ended questionnaires distributed via Google Forms and interviews utilizing a 5-point Likert scale ranging from "Strongly Disagree (1-point)" to "Strongly Agree (5-point)." An additional measurement instrument, which consisted of relevant statements, was incorporated to assess the variables in this study. Each variable was evaluated using a 5-point Likert scale that indicates the respondents' level of agreement with the provided statements, as shown in Table 2 below.

Table 2. Measurements (Question/Statement)

No.	Variables	Item Code	Question/Statement
1	Cultural Authenticity Perception	CAP1	Our products maintain authentic traditional elements.
		CAP2	Our products integrate cultural values relevant to today's market.
		CAP3	Our products are designed to look authentic according to consumer expectations.
		CAP4	Our products combine traditional and modern cultural elements.
2	Cultural Resource Bricolage	CRB1	We make optimal use of cultural resources.
		CRB2	We are flexible in adapting our products to market needs.
		CRB3	We are creative in solving production and marketing problems.
		CRB4	We are flexible in adapting our products to market needs.
		CRB5	We are creative in solving production and marketing problems.
3	Innovative Marketing Performance	IMP1	Our market share has increased significantly.
		IMP2	We continue to introduce new, innovative products.
		IMP3	Our customers are delighted with our products.
		IMP4	Our investment in innovation yields satisfactory results.
		IMP5	We have substantial competitive advantages.

This study employed PLS-SEM analysis to explore further the relationships between constructs, notably the mediating role of CRB, using empirical data that includes both measurement and structural components (Hair, 2019). The data was processed using SmartPLS 3.0 software. Following established guidelines, the PLS-SEM analysis was conducted in two stages. The first stage involved evaluating the measurement model to assess the reliability and validity of the reflective constructs. The second stage focused on evaluating the structural model, which included assessments of R^2, f^2, Q^2, and path coefficients (Hair et al., 2014). The empirical model for this study is illustrated in Figure 2.

Results and Discussion

The reliability and construct validity analysis in Table 3 shows that all constructs demonstrate good reliability and adequate convergent validity. The CAP construct has strong reliability, with all outer loadings above 0.7, a rho_A value of 0.811, a CR of 0.868, and an AVE of 0.567. The IMP construct also shows good reliability, with a rho_A of 0.800, a CR of 0.870, and an AVE of 0.626. Similarly, the CRB construct has a rho_A of 0.794, a CR of 0.693, and an AVE of 0.693, although some indicators were removed due to low outer loadings. All constructs have CA values above 0.7, indicating good internal reliability.

Table 3. Reliability and Validity Results of the Research Constructs

Constructs	Indicator/Dimension	Outer Loading	rho_A	CR
Cultural Authenticity Perception (X)	Traditional authenticity	0.717	0.811	0.868
	Constructivist authenticity	0.753		
	Staged-form authenticity	0.750		
CA = 0.810	Postmodern authenticity	0.776		
AVE = 0.567	Perceived quality	0.770		
Innovative Market Performance (Y)	Market share growth	0.798	0.800	0.870
	Product innovation	0.790		
	Customer satisfaction	Deleted		
CA = 0.800	Return on innovation investment	0.830		
AVE = 0.626	Competitive advantage	0.744		
Cultural Resource Bricolage (Z)	Resource utilization	Deleted	0.794	0.693
	Flexibility	0.848		
	Creative problem solving	0.891		
CA = 0.777	Market innovation	0.753		
AVE = 0.693	Cultural adaptation	Deleted		

The results in Table 4 below indicate that all constructs (CAP, CRB, IMP) exhibit good discriminant validity. This is evidenced by the square root of the Average Variance Extracted (AVE) for each construct (CAP: 0.753, CRB: 0.833, IMP: 0.791), which are all greater than the correlations between the constructs. This aligns with the Fornell and Larcker (1981) and Amron (2018) Criterion, which states that discriminant validity is considered adequate if the square root of the AVE is greater than the correlations between the constructs. This criterion is widely accepted, with a cut-off value indicating that the square root of the AVE should be higher than 0.7, and greater than the inter-construct correlations to demonstrate good discriminant validity.

Table 4. Discriminant Validity

Constructs	CAP	CRB	IMP
CAP	0.753		
CRB	0.681	0.812	
IMP	0.731	0.792	0.792

Note. CAP: Cultural Authenticity Perception; IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage

The R² value in Table 5 shows the CRB is 0.424, indicating that the model explains 42.4% of the variability in CRB, while the R² value for IMP is 0.663, suggesting that 66.3% of its variability is accounted for. The adjusted R² values are slightly lower but remain close, indicating model stability. According to Hair et al. (2019) and Henseler et al. (2009), where R² values of 0.25, 0.50, and 0.75 indicate weak, moderate, and substantial predictive power, respectively. This model shows moderate predictive power for CRB and strong predictive power for IMP, demonstrating its effectiveness in explaining the variability of these constructs.

Table 5. R-Squared and Adjusted R-Squared

Constructs	R Square	R Square Adjusted
CRB	0.424	0.422
IMP	0.663	0.661

Note. IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage

The correlation between CAP and CRB is 0.735, as shown in Table 6 below, indicating a strong positive relationship. Meanwhile, the correlation between CAP and IMP is 0.308, suggesting a weaker relationship. The correlation between CRB and IMP is 0.380, indicating a moderate relationship. According to Kim et al. (2015) and Aqmala et al. (2021), a correlation below 0.10 is considered very weak, between 0.10 and 0.30 is considered weak, between 0.30 and 0.50 is

considered moderate, and above 0.50 is considered strong. Therefore, these results suggest that CAP has a strong relationship with CRB, while its relationship with IMP is weaker. The relationship between CRB and IMP is moderate, indicating a connection, but not as strong as the relationship between CAP and CRB.

Table 6. F-Squared

Constructs	CAP	CRB	IMP
CAP		0.735	0.308
CRB			0.38
IMP			

Note. CAP: Cultural Authenticity Perception; IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage

Table 7 below shows that the Q^2 value was not calculated for one construct because the SSO equals SSE, indicating that the model lacks predictive power for that construct. However, for the CRB and IMP constructs, the Q^2 values are 0.379 and 0.359, respectively, indicating moderate predictive capabilities for these two constructs. According to Hair et al. (2019), a positive Q^2 value indicates predictive relevance, and a Q^2 value of 0.35 or higher is considered to reflect a fairly strong predictive power within the model. Therefore, these results suggest that the model has moderate predictive power for CRB and IMP, but it does not contribute to predictive relevance for CAP.

Table 7. Q-Squared

Constructs	SSO	SSE	Q^2
CAP	253.510	253.510	
CRB	145.219	90.174	0.379
IMP	266.654	170.886	0.359

Note. CAP: Cultural Authenticity Perception; IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage

Table 8 presents the results of the path analysis from the PLS-SEM model, where each hypothesis is tested based on the corresponding β values and T-statistics. The analysis shows that all hypotheses (H1 to H4) exhibit significant relationships between constructs, as indicated by high T-statistics and a significance level of p < 0.005. Hypothesis H1 (CAP -> CRB) demonstrates a strong and significant relationship with a path coefficient of 0.651 and a T-statistic of 15.570. Similarly, Hypothesis H2 (CAP -> IMP) shows a moderate but significant relationship, with a coefficient of 0.425 and a T-statistic of 9.003. Hypothesis H3 (CRB -> IMP) also indicates a strong relationship, with a coefficient of 0.471 and a T-statistic of 10.467. Moreover, Hypothesis H4 (CAP -> CRB -> IMP) confirms a significant mediating effect of CRB, as evidenced by a coefficient of 0.307 and a T-statistic of 9.036. According to Hair et al. (2017), a T-statistic above 1.96 indicates significance at the 5% level, confirming that all tested relationships in this model are statistically significant with a high level of confidence.

Table 8. Hypothesis Resulted

Hypothesis	Relationships	ß	T-Statistics	Supported?	CI Lower	CI Upper
H1	CAP → CRB	0.651***	15.570	Yes		
H2	CAP → IMP	0.425***	9.003	Yes		
H3	CRB → IMP	0.471***	10.467	Yes		
H4	CAP → CRB → IMP	0.307***	9.036	Yes	0.240	0.373

Note: *** = p-value < 0.005
CAP: Cultural Authenticity Perception; IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage

Table 9 reveals that the CAP construct has a higher importance for IMP (0.731) compared to the CRB (0.471), indicating that CAP has a greater influence on outcomes than CRB. However, in terms of performance, both constructs exhibit nearly identical scores, with CAP having a performance score of 76.014 and CRB slightly higher at 76.979. The interpretation of this Importance-Performance Map Analysis (IPMA) suggests that while CAP is a more critical construct in influencing outcomes, its performance is marginally lower than that of CRB. Therefore, strategies aimed at improving CAP performance may be more effective in enhancing overall results. According to Ringle and Sarstedt (2016), IPMA is a valuable tool for prioritizing improvements based on a combination of importance and performance, with a focus on constructs that have high importance but relatively lower performance.

Table 9. Importance-Performance Map Analysis

Constructs	Performances	IMP
CAP	76.014	0.731
CRB	76.979	0.471

Note. CAP: Cultural Authenticity Perception; IMP: Innovative Market Performance; CRB: Cultural Resource Bricolage
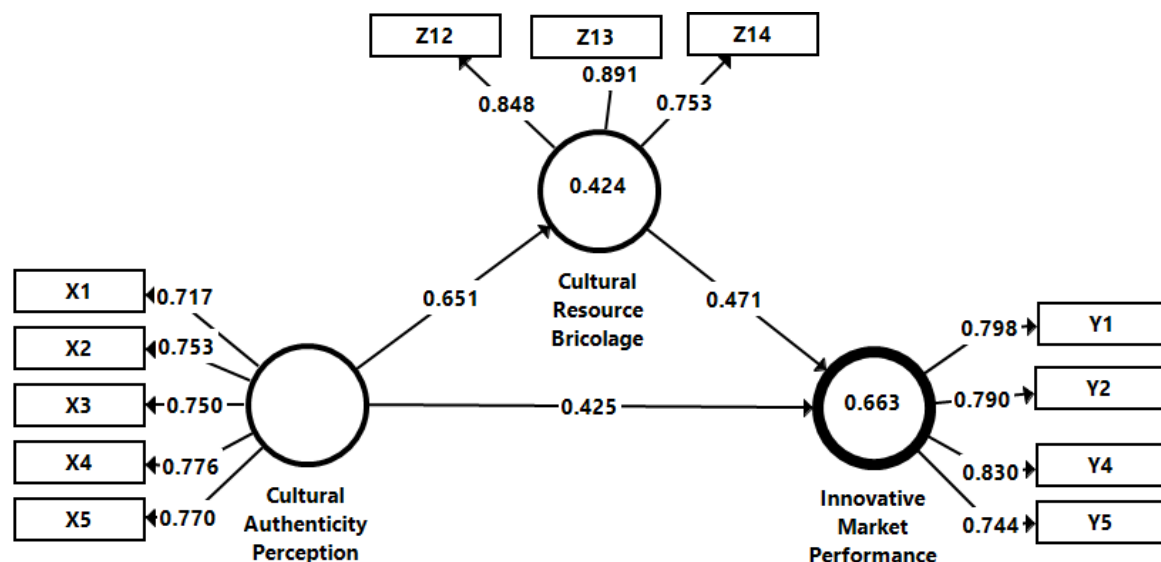

Figure 2. Full Structural Model-Innovative Market Performance

The results of hypothesis H1 indicate that the Cultural Authenticity Perception (CAP) significantly influences the Cultural Resource-Based (CRB) framework, as evidenced by a β value of 0.651 and a T-statistic of 15.570. This suggests that the perception of cultural authenticity drives the utilization of cultural resources for product innovation in small and medium-sized enterprises (SMEs). This finding aligns with the Consumer Culture Theory (CCT), which highlights the close relationship between cultural identity and consumption as it is constructed within markets (Arnould & Thompson, 2005). Fitchett and Cronin (2022) further reinforce this notion by illustrating how the interaction between customers and markets shapes cultural values and consumption practices, thus affirming the importance of artistic elements in product innovation.

Rokka (2021) asserts that a deep understanding of culture can enable companies to create products that resonate more effectively with customers. Sharifonnasabi (2020) adds that globalization has enriched the CCT perspective by examining how cultural products interact with global market dynamics. However, Maziliauske (2024) found that CAP does not always contribute to innovation, particularly due to SMEs' limited access to necessary resources. This indicates that structural support is crucial for the effectiveness of CRB, suggesting that the market environment and policy support heavily influence its success. The results for hypothesis H2 show that CAP significantly impacts Innovation Performance (IMP), with a β value of 0.425 and a T-statistic of

9.003. This finding aligns with the CCT view that customers seek functional products that reflect the cultural values they cherish, ultimately enhancing the market performance of such products.

Studies by Fitchett and Cronin (2022) corroborate this finding, demonstrating that culturally integrated product elements can enhance customer engagement and market success. Sharifonnasabi (2020) further emphasizes that products that succeed in global markets typically manage to blend local values with suitable marketing strategies. However, Thompson and Kumar (2022) caution that in highly competitive markets, products relying solely on CAP may not always excel, as constantly changing modern trends can heavily influence customer preferences. This indicates that these findings should be generalized cautiously, especially in diverse market contexts where cultural preferences and modern trends can vary significantly. For hypothesis H3, the results indicate that CRB significantly influences IMP, with a β value of 0.471 and a T-statistic of 10.467. This suggests that the creative use of cultural resources in product development can improve market performance. Buhr et al. (2021) demonstrated that brand authenticity and culture-based innovation strengthen customer perceptions of value. Similarly, Safeer and Le (2023) found that effective CRB helps SMEs optimize customer feedback to refine more targeted innovation strategies, thereby enhancing market performance.

Research by Chang and Huang (2022) asserts that a global mindset and bricolage capabilities in the context of international markets can boost innovation and export performance, reinforcing the relevance of these findings in broader contexts. However, Santos et al. (2021) suggest that the positive effects of CRB on innovation performance may vary depending on market and technological stability. Companies relying on CRB may face greater challenges in maintaining stable innovation performance in highly turbulent markets. Finally, the fourth hypothesis, which posits that CAP significantly influences IMP through the mediating role of CRB, is also supported, with a β value of 0.307 and a T-statistic of 9.036. This finding indicates that well-managed CAP can strengthen customers' emotional connection and trust in a brand, thereby increasing the acceptance of innovative products that retain cultural values. The strong CAP can deepen customers' emotional attachment, encouraging them to embrace innovations that blend traditional cultural elements.

The study by Tian et al. (2021) confirms that this finding is supported by the affirmation that integrating CAP into products can bolster CRB, which, in turn, enhances the market acceptance of innovations that preserve cultural authenticity. Wilcox et al. (2023) also found that the synergy between strong CAP and robust CRB significantly boosts IMP, ensuring that innovations remain relevant to evolving market expectations. However, Santos et al. (2020) caution that in markets with high technological instability, the positive effect of CAP on IMP through CRB may be diminished. In such conditions, relying solely on cultural authenticity without adapting to rapid technological changes can limit the effectiveness of innovation. Chang and Huang (2022) further note that a company's ability to navigate global markets and technological changes is essential for sustained success.

Sinha et al. (2018) and Umboh and Aryanto (2023) argues that it is crucial to emphasize that combining strong Cultural Awareness Practices (CAP) and Cultural Resource Benefits (CRB) is essential for ensuring that innovations meet market expectations. Their findings indicate that, particularly for small and medium-sized enterprises (SMEs), this combination enhances market performance and helps these businesses remain competitive amid global challenges. Furthermore, research by Moura and de Souza-Leão (2022) highlights that a deep understanding of the cultural context of customers is essential for ensuring that innovative products, which maintain cultural authenticity, are well-received in the market. This is especially true in complex and diverse regions like Latin America. These results align with the Customer Culture Theory (CCT) perspective, which asserts that products that blend cultural values with innovation resonate strongly with customers.

Such products fulfill functional needs and offer significant cultural meaning. This study's findings underline the effectiveness of CAP and CRB in enhancing the market performance of SMEs focused on cultural products, such as handicrafts and traditional foods. In this context, these strategies have successfully increased the market acceptance of innovations within SMEs in culturally rich developing countries like Brazil and Taiwan. Applying these strategies beyond the

studied contexts demonstrates their relevance, particularly in markets where cultural values are prominent. However, adaptations that consider the dynamic nature of markets and ongoing technological developments are necessary to ensure broader effectiveness. This research opens opportunities to explore how the combination of technological innovation and cultural authenticity can provide greater added value in the global market context.

Implication and Conclusion

The implementation of CRB strategies significantly impacts SMEs by boosting product competitiveness in the global market through the combination of modern innovation and cultural authenticity. This strategy not only attracts customers by enhancing their satisfaction and loyalty but also strengthens the emotional connection between products and customers. For policymakers, supporting CRB means reinforcing the SME sector, promoting cultural heritage, and driving local economic growth, making CRB a highly impactful strategy for improving market performance and societal well-being. Beyond practical implications, this study also contributes theoretically by deepening the understanding of CRB's role in mediating the relationship between CAP and IMP. By demonstrating that culture-based innovation can enhance product appeal and market success, this research extends the scope of CCT into more strategic and operational business practices. It confirms that cultural authenticity is not merely an aesthetic element but also an effective strategy for creating sustainable competitive advantages. Thus, this study aligns with CCT by enriching its literature with new dimensions on how cultural authenticity can be creatively harnessed to support innovation and improve market performance, particularly in culturally rich sectors such as traditional products and handicrafts.

This study identifies four key findings: First, the relationship between Cultural Assimilation Practices (CAP) and Innovation Management Practices (IMP) shows that a higher perception of integrating traditional and modern cultural elements into products enhances SMEs' ability to engage in creative problem-solving. This suggests that products that successfully blend tradition with innovation encourage SMEs to be more innovative in overcoming business challenges. Second, there is a positive relationship between CAP and IMP. The ability of SMEs to combine traditional and modern cultural elements in their products results in higher returns on investment from innovation. Third, the positive relationship between Creative Resourcefulness Behavior (CRB) and IMP indicates that SMEs with greater creative problem-solving abilities are better positioned to ensure that their investments in innovation yield maximum satisfaction and results. Finally, the role of CRB as a mediator between CAP and IMP is evident. When SMEs integrate traditional and modern cultural elements in their products, it stimulates creativity in addressing production and marketing challenges. This creativity, in turn, ensures that investments in innovation lead to satisfying returns. Strong cultural integration enhances flexibility and innovation, crucial for business success and improved profitability.

Research Limitations and Suggestions

This study has several limitations that should be acknowledged. First, Scope and generalizability. The study focuses solely on SMEs in the traditional culinary, ethnic fashion, and ethnic jewelry sectors in Central Java, Indonesia. Therefore, the findings may not directly apply to SMEs in other regions or sectors. Second, Research design. A cross-sectional research design limits the ability to observe changes in cultural authenticity perception and innovative market performance over time. This design may not fully capture the evolving nature of cultural dynamics and market innovation. Lastly, the Data collection method. The data were collected using self-reported measures from SME owners and managers, which may introduce common method bias or social desirability bias. This approach could affect the accuracy of the findings.

To address the limitations identified, future research can consider the following approaches:
1. Expanding scope and context

Future studies could broaden the scope by including SMEs from different regions and cultural backgrounds to enhance the generalizability of the findings. Comparative studies between regions or sectors may also yield more robust insights.

2. Adopting a longitudinal design
   Conducting longitudinal research can better capture changes and provide a more dynamic understanding of how perceptions of cultural authenticity affect innovative market performance in various contexts.

3. Employing mixed-method approaches
   Future studies could adopt a mixed-methods approach to minimize biases associated with self-reported data. Combining quantitative surveys with qualitative interviews or case studies could offer a more comprehensive and nuanced perspective.

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