

## DETERMINANTS OF THE SUSTAINABILITY OF CAPABILITY-BASED CULINARY BUSINESSES: EVIDENCE FROM URBAN AREAS IN CENTRAL JAVA PROVINCE

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**Abstract.** *Purpose* – Amidst the increasing public awareness of the need for environmentally friendly products and social concerns, sustainability practices can be utilized as a source of competitive advantage for businesses in the culinary industry. The purpose of this study is to investigate the effects of entrepreneurial marketing, transformation capability, and financial capability on sustainability.

*Research methodology* – This study was based on field survey data involving 315 culinary business actors in the cities of Semarang, Salatiga, and Surakarta, Central Java Province. The data analysis used the Partial Least Squares Structural Equation Modeling (PLS-SEM) method.

*Findings* – The determinants of sustainability predicted through the formulation of nine hypotheses are mostly proven empirically. Entrepreneurial marketing, transformation capability, and financial capability are demonstrated to have a positive effect on all dimensions of sustainability including economic, environmental, and social performance.

*Research limitations* – The objects of this research were limited to culinary business actors in urban areas so that only limited generalizations could be made. Future studies can be directed to involve business actors in rural areas so that they can capture the dynamics of sustainability practices better.

*Practical implications* – A policy that can be proposed based on research findings to the government in order to improve sustainability practices is to improve the capabilities of culinary business actors through training and mentoring that emphasize the importance of creating customer value, renewing company operations, and having financial literacy.

*Originality/Value* – This study fills the research gap by introducing a capability-based sustainability determinant model.

**Keywords:** sustainability, entrepreneurial marketing, transformation capability, financial capability, and culinary business.

**JEL Classification:** Q01,L26, M15, G53.

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## 1. Introduction

The global economic crisis due to the COVID-19 pandemic has threatened business continuity, but there is an interesting fact in Indonesia that businesses in the culinary industry are still able to survive and are even easier to find in various places. The culinary business sector in 2022 experienced a growth of 3.68% (Binekasri, 2023) and even according to data from the Ministry of Tourism and Creative Economy in 2023, it became the backbone of the creative economy sector with a contribution of 41% (Kumara, 2023). Central Java Province contributes the largest number of small businesses, including those engaged in the culinary business

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sector, and has several cities that are widely known as culinary and gastronomic tourism destinations, including Semarang, Solo, and Salatiga with a total of 10,113 business actors.

The trend of people's practical lifestyles, fast, and like to gather is likely to have a significant role in the growth of the culinary business sector. In addition, a culinary business does not necessarily require large capital and skills that are difficult to learn, so it is not surprising that increasingly more people are involved and changing professions to become culinary entrepreneurs, especially since the COVID-19 pandemic (Purnomo et al., 2021). In line with consumer awareness of environmentally friendly products and services (Duarte et al., 2024, Lopez-Torres, 2023) and are even willing to pay more (Gomes et al., 2023; Wei et al., 2018), the issue of sustainability needs to be given attention by culinary business actors. Therefore, this study aims to investigate the determinants of sustainability among culinary businesses, most of which are managed by local entrepreneurs on a small business scale.

Although previous research has identified sustainability determinants stemming from external environmental factors, including regulations, consumer demand, and competitive conditions (Amankwah-Amoah et al., 2021; Moursellas et al., 2023), there have been no studies on factors originating from the company's internal environment. Therefore, to fill the research gap, this study will focus on investigating internal factors related to the capabilities of culinary business actors to manage management functions including entrepreneurial marketing, transformation capability, and financial capability. Entrepreneurial marketing is the ability of business actors to be creative in marketing activities that have the potential to have an impact on sustainability, so far it has only been limited to literature review (Al-Shaikh & Hanaysha, 2023). Meanwhile, transformation capability, which is one of the dimensions of dynamic achievement (Teece, 2007) related to the ability of business actors to realize renewal to respond to dynamic environmental changes, has not received attention from previous researchers. Likewise, financial capability is a combination of financial literacy, financial access, and financial behavior (Sun et al., 2022). These three capabilities are predicted to have a pronounced role in influencing sustainable practices in the culinary business.

Based on the above explanation, the purpose of this study is to investigate the effects of entrepreneurial marketing, transformation capability, and financial capability on each dimension of sustainability including economic, environmental, and social performance in culinary businesses in Central Java Province. This study is expected not only to contribute to filling the research gap regarding the relationship between the capabilities of business actors and sustainability practices but also to offer policy advice for culinary business development.

## **2. Literature review**

Sustainability can be seen as applying the concept of sustainable development to the business level. Sustainable development is the idea of development directed at meeting current needs without compromising the ability of future generations to meet their needs (WCED, 1987). This concept emerged because of the awareness of the depletion of natural resources and the need to preserve them, so a more balanced economic and social development model is needed (Tenuta & Cambrea, 2022). Sustainability emphasizes that a business should balance economic, environmental, and social goals (Meidutė-Kavaliauskienė et al., 2024; Kok

et al., 2019; Velenturf & Purnell, 2021), be long-term oriented, and realize that capital aspects are not limited to financial assets but also natural, human, and social aspects (Dyllick & Hockerts, 2002). Previous studies have found that sustainability can be a source of competitive advantage (Jiao et al., 2023; Lichtenthaler, 2022; Xu, 2023). Therefore, sustainability practices for the business world should not be seen as merely a response to stakeholder demands but can also be used as a strategy to attract customers.

Entrepreneurial marketing refers to the ability to exploit opportunities to attract more customers through innovative means while utilizing available resources to deliver greater customer value (Alqahtani et al., 2022; Morris et al., 2002). Thus, entrepreneurial marketing can be categorized as a form of capability because as stated by (Thompson et al., 2021) that capability is related to a company's ability to carry out internal activities competently. Capability is not something that is acquired by a company in the short term, but it requires a process, and its development is obtained from the accumulation of learning and tacit knowledge, which is difficult to imitate (Teece, 2007). Entrepreneurial marketing encourages a mindset that is agile, nimble, and able to adapt (Alqahtani et al., 2022; Zahara et al., 2023). For example, when facing the rapid development of digital technology, it is pertinent to quickly act in applying digital media as a medium to market products and services to consumers (Polas & Raju, 2021; Zahara et al., 2023).

When facing environmental issues, it is necessary to immediately respond by carrying out ecological efficiency, preventing pollution and waste (Ayuso & Navarrete-Báez, 2018), and producing environmentally friendly products and services (Linh, 2023). Previous studies have proven entrepreneurial marketing can be done on economic performance as one of the dimensions of sustainability (Rodríguez et al., 2019; Ouragini & Lakhali, 2023). However, there has been no empirical research regarding the environmental and social dimensions; it is only limited to literature reviews (Al-Shaikh & Hanaysha, 2023).

Based on the dynamic capability approach, for a company to be able to maintain long-term competitiveness, it requires a series of different capabilities (Teece, 2007). It starts from sensing involving the ability to observe the environment to identify opportunities and threats. Then there is seizing which includes the ability to mobilize resources and do decision making. Finally, transformation capability is the capacity to reconfigure existing resources and operations to successfully take advantage of opportunities and manage their business adaptively (Eikelenboom & de Jong, 2019). This study focuses on transformation capability to find out whether a company already has it, marked by the realization of strategic renewal in the complementarity of products, systems, routines, and structures (Teece, 2007).

So far, most of the existing studies have paid attention to the renewal of company operations regarding the development of digital technology or known as digital transformation (Bednárová et al., 2023; Rita & Nastiti, 2024; Wang et al., 2023). In fact, transformation capability is not only related to digital developments but also to other issues such as shifts in market tastes and customers who are more oriented towards environmentally friendly products (Vo Thai et al., 2024), demands for employee welfare, and security (Niewiadomski & Stachowiak, 2024). To remain competitive in the market, companies need transformation abilities to respond to current issues (Alojail & Khan, 2023) by introducing new products and new routines. Transformation capabilities for small businesses, on the one hand, are easier to

implement because they have a flat and flexible organizational structure (Tallott & Hilliard, 2016). On the other hand, they often face obstacles in the form of a lack of resource support. In fact, company resources have a vital role in activating capabilities (Thompson et al., 2021). Regardless of the advantages and disadvantages above, companies with better transformation abilities have greater potential to realize balanced sustainability practices.

To implement sustainability practices, cannot be separated from funding support. However, small businesses are often faced with funding limitations (Ruiz-Palomo et al., 2022), either because they are not yet bankable (Khan, 2022; Moscalu et al., 2020) or due to discouraged borrowers (Rizky Widya Mardika et al., 2024). Funding problems are not only related to the amount of funds available but also their capability to carry out financial management or financial capability. Although the business being managed generates profits and has access to funding from financial institutions, if it is not balanced with financial capability, a business is likely to face funding difficulties. In recent years, there has been an increasing amount of literature regarding financial capability (Bapat, 2019) but no study has tried to empirically test its relationship with sustainability.

Financial capability refers to an individual's ability to manage and control their finances (Taylor et al., 2011). Many factors determine a person's financial capability, including financial knowledge and skills, individual attitudes, motivation, habits, self-efficacy, financial socialization through direct teaching from one's parents and peers, and social media (Fernández-López et al., 2023; Goyal et al., 2023). The type of financial capability that business actors need to have varies. Each business actor also needs different things depending on the size, inventory patterns, revenue, and expenses. Business actors who have financial capabilities will be able to make better financial decisions (Bapat, 2019; Goyal et al., 2023) or avoid the tendency to make mistakes in financial decision-making or known as behavioral bias (Shefrin, 2018), such as recency bias, overconfidence, and status quo bias. With the financial capabilities they have, business actors tend to make financial decisions based on adequate information and have financial discipline. Financial discipline is characterized by recording expenses and income regularly, paying bills on time, prioritizing profits as a source of internal funding, and spending money as planned. Financial capabilities allow companies to have funding for cash reserves (Morgan et al., 2020), avoid financial difficulties during crises (Guo & Huang, 2023), access to finance (Sun et al., 2022; Charfeddine et al., 2024), profitability and sustainability of entrepreneurship (Yi et al., 2023) and operational needs to support company operations that are not only oriented towards profit but also for environmental and social matters.

After identifying a number of variables that were the focus of this research, relationships were then built between the variables through logical reasoning to produce temporary statements or hypotheses as follows:

**H1a:** *Entrepreneurial marketing has a positive effect on economic performance.*

**H1b:** *Entrepreneurial marketing has a positive effect on environmental performance.*

**H1c:** *Entrepreneurial marketing has a positive effect on social performance.*

**H2a:** *Transformation capability has a positive effect on economic performance.*

**H2b:** *Transformation capability has a positive effect on environmental performance.*

**H3c:** *Transformation capability has a positive effect on social performance.*

**H3a:** *Financial entrepreneurial capability has a positive effect on economic performance.*

**H3b:** Financial entrepreneurial capability has a positive effect on environmental performance.

**H3c:** Financial entrepreneurial capability has a positive effect on social performance.

To get a complete picture of the direction of the research, a research framework was prepared which is a series of hypotheses and the involvement of control variables consisting of entrepreneur characteristics and specific business characteristics depicted in Figure 1.

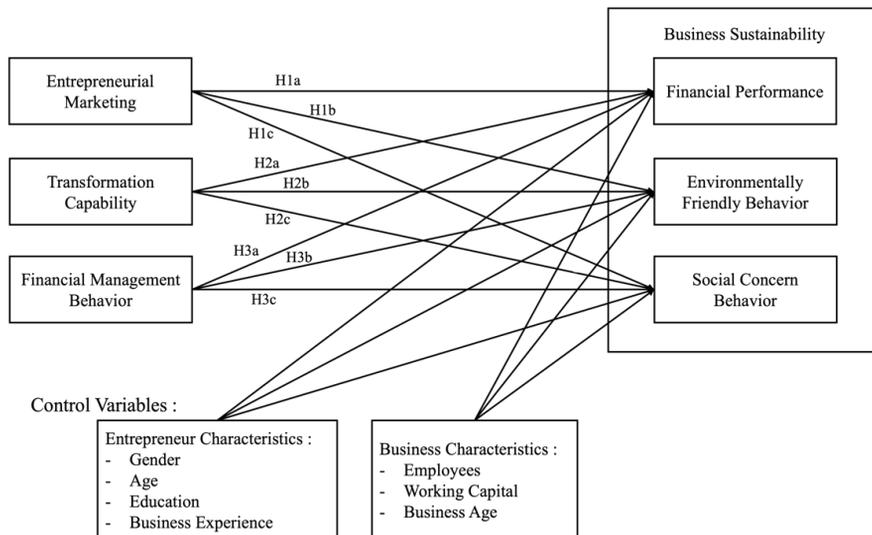


Figure 1. Research framework

### 3. Methodology

The research instruments were prepared as a questionnaire from the results of measuring the dependent, independent, and control variables. It started with measuring sustainable business as the dependent variable. A sustainable business refers to a company's ability to balance economic, social, and environmental goals (Kok et al., 2019). Then, it was operationalized into three dimensions, including financial performance, environmentally friendly behavior, and social concern behavior. Each dimension had four indicators. Furthermore, three independent variables were measured. First, entrepreneurial marketing, defined as the ability to innovate products, pay attention to customer needs, maintain good relations with customers and suppliers, and conduct market/competitor observations (Sari et al., 2023), was operationalized into five indicators, including continue to strive to develop products and services, be creative in marketing, produce products that are different from competitors, have various types of products, and deliver products and services according to customer tastes. Second, the transformation capability variable, which is the capacity to reconfigure, restructure, and adjust existing resources to succeed by taking advantage of opportunities (Teece & Pisano, 1994), was operationalized into four indicators consisting of utilizing digital technology, adapting to changes, getting used to making improvements and getting used to making changes necessary for business growth. Third, the measurement of the variable of

financial ability refers to the ability of an individual to manage and control a person's finances (Taylor et al., 2011), and it is measured by four indicators, including comparing prices before making a purchase decision, always setting aside a portion of profits for business development, limiting unplanned expenses, and limiting expenses beyond the needs of the business. All the dependent and independent variable indicators used a 7-point scale, where number 1 means "strongly disagree" and number 7 means "strongly agree". This study also involved control variables, entrepreneurial characteristics, and business characteristics. In measuring the entrepreneurial characteristics variable, it was related to the demographic factors of the business actors, while the business characteristics were related to company-specific factors.

To ensure the quality of the measurements, a pre-test was conducted involving 45 respondents. Based on the validity test and reliability test of the pre-test results, it was suitable for use. However, to make it easier for the respondents to understand, several questions were refined without changing the meanings of the indicators being studied. The sample of this study was culinary business actors in the cities of Semarang, Solo, and Salatiga, Central Java Province. The sample selection technique was based on judgment sampling with the following inclusion criteria: (1) the business was not a culinary chain business or was founded and managed by a local entrepreneur, (2) the business had been operating for at least two years before the COVID-19 pandemic, (3) the business was the main source of income, and (4) the entrepreneur was willing to volunteer to be a respondent. The data collection used a field survey approach involving 9 surveyors for three weeks. Each surveyor was assigned to interview 35 respondents in one city as determined by the researcher.

Before conducting the interview, the surveyor had to ensure that the target respondents were willing to be interviewed voluntarily and gave written consent that the interview data was allowed for research purposes and scientific publication. By the time allocation given, a total of 315 respondents were obtained. This number of respondents met the minimum sample size requirements as recommended by the Yamane formula (Adam, 2020) with a margin of error value of 10%, namely 100 respondents. Likewise, Hair et al. (2014) also suggested that a minimum of 100 samples are needed for a Structural Equation Model with  $\leq 5$  constructs, each consisting of  $> 3$  items with a communality value of  $\geq 0$ .

The data analysis aimed at testing the causal relationships between the variables empirically is based on the following estimation model:

$$STB = \alpha + \beta_1 EMT + \beta_2 TRC + \beta_3 FCB + \sum_{n=1}^4 \beta_n CEN + \sum_{n=1}^3 \beta_n CSF + \varepsilon, \quad (1)$$

where, STB – sustainability consists of economic performance (STE), environmental performance (STV), and social performance (STS); EMT – entrepreneurial marketing, TRC – transformation capability; FCB – financial capability; CEN – characteristics of entrepreneurs; and CSF – firm-specific factors.

The Equation test used Structural Equation Modeling Partial Least Squares (SEM-PLS) version 3. It began with convergent and discriminant validity, reliability, and goodness-of-fit tests. Convergent validity occurs if the loading value is greater than 0.7, while discriminant validity exists if the correlation value is greater than the AVE. Then reliability happens if the Cronbach's alpha value is  $> 0.60$  and the composite reliability value is  $> 0.80$ . Furthermore, the goodness-of-fit test is seen through the SRMR value  $< 0.1$ , NFI  $< 0.80$ , R2  $> 0.1$ , and Q2  $> 0$ .

## 4. Results and discussion

Table 1 shows the characteristics of 315 respondents, indicating that most of the respondents in this study were female (52.7%). The majority of the respondents were from 30 to 50 years old (52.7%). Then 45.7% of the respondents had a last education of high school/ vocational school. Based on the business characteristics, most businesses (51.1%) have been established for more than 10 years and almost all businesses (97.8%) have assets of up to 50 million.

**Table 1.** Respondents' characteristics

Characteristics	N	(%)
<b>Gender</b>		
Female	152	52.7%
Male	163	48.3%
<b>Age</b>		
Up to 30 years old	52	16.5%
From 30 to 50 years old	166	52.7%
Over 50 years old	97	30.8%
<b>Education</b>		
Did not go to school/ did not finish elementary school	1	0.3%
Elementary school	50	15.9%
Middle school	79	25.1%
High school/ vocational high school	144	45.7%
Higher education	41	13.0%
<b>Firm age</b>		
Up to 5 years old	79	25.1%
From 5 to 10 years old	75	23.8%
Over 10 years old	161	51.1%
<b>Asset value</b>		
Up to Rp50 million *	308	97.8%
From Rp50 million – Rp500 million **	7	2.2%

Note: \* around US\$3,082.47, \*\* US\$3,082.47 – US\$30,824.72.

Descriptive statistics were used to show the correlations between the variables. The mean and standard deviation values studied are presented in Table 2. The average values of the variables of environmentally friendly behavior, social concern behavior, entrepreneurial marketing, transformation capability, and management behavior is above 5. The average value is in the range of 5.082 to 5.640. The respondents' perceptions for all of these variables are included in the high category. Only the financial performance variable is included in the medium category because it has an average value of 4.915.

Table 3 depicts the results of the convergent validity test, where all have outer loading values > 0.7 (between 0.707 and 0.885). By removing the PMK5 and PMK6 indicators because they have loading values < 0.5, all the other indicators can be said to have met the requirements for convergent validity. This result is also reinforced by the AVE value for all constructs

**Table 2.** Descriptive statistics and correlation

Variable	Mean	Standard Deviation	A	B	C	D	E
A. Financial performance	4.915	1.773					
B. Environmentally friendly behavior	5.344	1.677	0.199				
C. Social concern behavior	5.640	1.504	0.133	0.407			
D. Entrepreneurial marketing	5.085	1.742	0.292	0.444	0.370		
E. Transformation capability	5.082	1.813	0.262	0.355	0.372	0.493	
F. Financial capability	5.356	1.958	0.266	0.411	0.307	0.456	0.492

Note: \*A score of 1 – 2.99 depicts a low perception; a score of 3 – 4.99 conveys a medium perception, and a score of 5–7 illustrates a high perception.

**Table 3.** Validity and reliability assessment

Variable	Indicator	Outer Loading	CA	CR	AVE	Square Root of AVE
A. Economic performance	STE1	0.882	0.876	0.913	0.724	0.851
	STE2	0.885				
	STE3	0.820				
	STE4	0.813				
B. Environmental performance	STV1	0.799	0.812	0.876	0.639	0.799
	STV 2	0.832				
	STV 3	0.811				
	STV 4	0.753				
C. Social concern behavior	STS 1	0.759	0.757	0.846	0.579	0.761
	STS 2	0.835				
	STS 3	0.731				
	STS 4	0.714				
D. Entrepreneurial marketing	EMT1	0.781	0.787	0.851	0.534	0.731
	EMT2	0.710				
	EMT3	0.719				
	EMT4	0.735				
	EMT5	0.707				
E. Transformation capability	TRC1	0.784	0.812	0.875	0.637	0.798
	TRC 2	0.741				
	TRC 3	0.811				
	TRC 4	0.852				
F. Financial capability	FCB1	0.715	0.796	0.867	0.621	0.788
	FCB 2	0.828				
	FCB 3	0.808				
	FCB 4	0.797				

which is  $> 0.5$ . Meanwhile, the square root value of AVE for each construct is also entirely greater than the correlation value between other constructs, so it can be said to have met the requirements for good discriminant validity (Fornell & Larker, 1981). Thus, all indicators can be declared valid for both convergent and discriminant validity. The test results in Table 3 also reveal that all constructs in the study are reliable. This is indicated by the Cronbach's alpha (CA) value  $> 0.60$  and the composite reliability (CR) value  $> 0.70$ .

Furthermore, the results of the goodness-of-fit test are presented in Table 4. The Standardized Root Mean Square Residual (SRMR) value is 0.067 or lower than 0.1 and the NFI value is 0.678 which is still lower than 0.80. In addition, the R-Square (R2) value obtained is also greater than 0.1 and the Q-Square (Q2) value is greater than 0. Thus, the model can be declared as fit.

**Table 4.** Goodness of fit

Criteria	Parameters	Rule of Thumb
SRMR	0.067	$<0.1$
NFI	0.678	$<0.80$
R-square		
A. Financial performance	0.105	$>0.1$
B. Environmentally friendly behavior	0.241	$>0.1$
C. Social concern behavior	0.213	$>0.1$
Q-square		
A. Financial performance	0.175	$>0$
B. Environmentally friendly behavior	0.151	$>0$
C. Social concern behavior	0.123	$>0$

Table 5 shows the extent to which the research framework that was built received empirical support. Entrepreneurial marketing turned out to have a positive influence on the financial performance of MSMEs in the culinary business ( $\beta = 0.170$ , sig. 0.009), environmentally friendly behavior ( $\beta = 0.297$ , sig. 0.001), and social care behavior ( $\beta = 0.237$ , sig. 0.000). Thus, overall entrepreneurial marketing has a positive effect on sustainability. The results support previous studies that show that entrepreneurial marketing contributes to improving economic performance (Rodríguez et al., 2019; Ouragini & Lakhali, 2023). In addition, it provides additional knowledge based on empirical evidence that culinary business actors with entrepreneurial capabilities in marketing tend to have good environmental and social performance. These results can also be interpreted as entrepreneurial marketing allows business actors to be responsive to issues that occur in the surrounding environment. For example, currently, consumers are increasingly aware of the importance of environmentally friendly products and services, so culinary business actors have made efforts, among other things, to reduce plastic packaging, reduce ingredients containing chemical elements, and maintain the cleanliness of furniture and service areas.

Slightly different results are shown by transformation capability. Although it is significantly proven that transformation capability has a positive effect on economic performance ( $\beta = 0.110$ , sig. 0.059) and social concern behavior ( $\beta = 0.236$ , sig. 0.002), the results of this study

**Table 5.** Significance of the Path Coefficients

Hypothesis	Path	Proposed Effect	Path Coefficient	T-statistic	p-value
H1a	EMT -> STE	+	0.170 **	2.615	0.009
H1b	EMT -> STV	+	0.297**	3.281	0.001
H1c	EMT -> STS	+	0.237**	4.812	0.000
H2a	TRC -> STE	+	0.110*	1.891	0.059
H2b	TRC -> STV	+	0.116	1.487	0.138
H2c	TRC -> STS	+	0.236**	3.059	0.002
H3a	FCB -> STE	+	0.116*	1.827	0.068
H3b	FCB -> STV	+	0.239**	3.452	0.001
H3c	FCB -> STS	+	0.122*	1.917	0.056
Gender -> STE			0.027	0.483	0.629
Gender -> STV			-0.016	0.295	0.768
Gender -> STS			0.007	0.136	0.892
Age -> STE			-0.029	0.504	0.614
Age -> STV			0.064	1.172	0.242
Age -> STS			0.195**	3.141	0.002
Education -> STE			-0.069	1.184	0.237
Education -> STV			-0.045	0.720	0.472
Education -> STS			-0.029	0.573	0.567
Business experience -> STE			-0.087	1.339	0.181
Business experience -> STV			-0.001	0.015	0.988
Business experience -> STS			-0.003	0.056	0.956
Number of employees -> STE			0.074	1.858	0.064
Number of employees -> STV			0.012	0.338	0.735
Number of employees -> STS			0.098	2.512	0.012
Working capital -> STE			0.045	0.777	0.438
Working capital -> STV			-0.004	0.075	0.940
Working capital -> STS			0.018	0.290	0.772
Business age -> STE			0.047	0.659	0.510
Business age -> STV			0.014	0.250	0.802
Business age -> STS			0.023	0.404	0.686

Note: \*\*, and \* represent that the values are significant at 1%, 10%, respectively.

failed to document the direct effect between transformation capability and environmentally friendly behavior ( $\beta = 0.116$ , sig. 0.138). In other words, the transformation carried out by culinary business actors tends to only have a positive impact on financial performance in the form of increased sales, profit, working capital, and social performance. Although not all dimensions of sustainability are supported, transformation capability is still needed by culinary business actors to remain competitive in the market (Alojail & Khan, 2023). The transformation that has occurred so far is related to the use of digital means and the creation

of new menus that are aimed at improving the quality of customer service. Local culinary business actors can easily transform their businesses at least because of the conditions of small businesses, so that they have a simple structure and digital technology is increasingly user-friendly.

Meanwhile, in relation to financial capability, it is demonstrated to have a positive influence on the financial performance of MSMEs in the culinary business ( $\beta = 0.116$ , sig. 0.068). In line with financial performance, financial capability also has a positive influence on environmentally friendly behavior ( $\beta = 0.239$ , sig. 0.001) and social concern behavior ( $\beta = 0.122$ , sig. 0.056). These results indicate that the ability of culinary business actors to manage their finances has a crucial role in achieving sustainability. Even so, from the results of interviews with several business actors, it was revealed that many culinary businesses face funding problems not only because they have small sales and profit margins but also the ability of the business actors to manage profit. They do not set aside some of the profit with a certain percentage regularly, which can later be used as a source of funding to meet operational needs and business development. Although previous studies (Goyal et al., 2023; Fernández-López et al., 2022; Serido, 2013) stated that financial capability involves complex factors, policy intervention is still needed to increase the financial capability among culinary actors.

## 5. Conclusions

Sustainability practices are becoming increasingly important for the business world, including those engaged in the culinary industry, not only because of the increasing public awareness of the need for environmentally friendly products, regulations, and pressure from certain groups but also because it can be used as a strategy to maintain and expand the market. The purpose of this study was to investigate the effects of entrepreneurial marketing, transformation capability, and financial capability on the sustainability dimension in culinary businesses in the cities of Semarang, Salatiga, and Surakarta, Central Java Province, Indonesia. This study can be categorized as one that identified new variables that were considered to be determinants of sustainability. The results of the study demonstrate that the three capabilities related to the ability of culinary business actors to carry out management functions including entrepreneurial marketing, transformation capability, and financial capability as a whole have been proven to affect economic, environmental, and social performance.

Theoretically, this study contributes by offering a capability-based sustainability determinant model that has not been the focus of previous studies. Businesses that seek to align their economic, environmental, and social performance require the support of entrepreneurial marketing, transformation capability, and financial ability. However, these three capabilities cannot be acquired instantly; they still require a continuous learning process. Practically, this study provides evidence that economic performance is a sustainability dimension that has not been categorized as high and the entrepreneurial marketing capability factor plays an important role. Therefore, MSME actors in the food and beverage sector must develop their abilities to develop creative and flexible marketing strategies in response to changing the dynamic environment. Furthermore, the study also suggests policymakers that the government should not only socialize the importance of business actors in maintaining environmental

cleanliness, serving hygienic food and drinks, and paying minimum wages to employees but also conduct training and mentoring that can improve the capabilities of culinary business actors related to creating customer value, revitalizing company operations, and enhancing financial literacy. In addition, facilitating MSME actors to obtain access to credit to financial institutions at low interest rates for those who develop products and services that pay great attention to sustainability,

Despite the ability of this study to contribute both in the academic and practical domains, this research study at least faces two limitations. First, this study only focuses on a single sector in urban areas, so it has not been able to capture the dynamics of sustainability across sectors in urban and rural areas. The future study can be widened by involving MSMEs in various sectors in urban and rural areas that have the potential to contribute to economic growth. Second, the investigation only focuses on the company's internal factors in the form of the capability of business actors so it has not been able to comprehensively explain the factors that encourage MSMEs to carry out sustainability practices. Open up space for future research to integrate external factors such as government support, market trends, or consumer demands as moderating variables into the research model.

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