

# INTEGRATING STRATEGY TRIPOD AND MARKET ABSORPTIVE CAPABILITY FOR SUSTAINABILITY IN THE CREATIVE INDUSTRY

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## Article History:

- received 27 December 2025
- accepted 16 February 2026

**Abstract.** This study aims to examine the influence of the strategy tripod on business sustainability, while testing the mediating role of Market Absorptive Capability (MAC) among creative industry entrepreneurs in South Sulawesi, Indonesia. Quantitative research design was employed using survey data collected from 323 respondents through google forms and direct visits. Data were analyzed using SEM AMOS. The results reveal that strategy tripod has a positive but marginal effect on MAC, whereas MAC has a strong positive impact on business sustainability. Conversely, the strategy tripod has no direct effect on business sustainability. Mediation analysis using bootstrapping confirmed that MAC fully mediated the relationship between the strategy tripod and business sustainability. Longitudinal studies could be conducted in the future to observe how the dynamics of the strategy tripod, MAC, and business sustainability evolve over the long term. Practically, this study suggests that policies and managerial practices should prioritize strengthening MAC through market research training, digital adoption, and collaborative ecosystems to ensure the creative industry's long-term viability. This study we propose the concept of market absorptive capability as a novelty to understand its role in the sustainability of the creative industry business.

**Keywords:** strategy tripod, market absorptive capability, integrated strategy, business sustainability, creative industry.

**JEL Classification:** M13, M31, L21, L22.

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## 1. Introduction

Sustainability in the creative industry has become increasingly important as businesses recognize the need to balance economic growth with environmental and social responsibilities. Creative enterprises are adopting eco-friendly practices, such as using recycled materials, reducing waste, and implementing energy efficient technologies in their production processes (Chen, 2024; Han & Zhang, 2021). Many are also focusing on ethical sourcing and fair labor practices, ensuring that their supply chains align with sustainable principles. Additionally, creative businesses are leveraging their unique skills to raise awareness of sustainability issues through innovative designs, storytelling, and digital media campaigns (Chen, 2024; Li et al., 2022). By integrating sustainability into their core business models, creative industries are not only reducing their environmental impact but also inspiring consumers to make more conscious choices, ultimately driving positive change across various sectors of the economy (Saura et al., 2020). This shift towards sustainability is also influencing consum-

er behavior, with an increasing number of people seeking products and services from environmentally responsible creative businesses (Siraj et al., 2022). Consequently, sustainable practices are becoming a key differentiator in the market, driving innovation and creating new opportunities for growth within the creative industry (Camilleri et al., 2023). Furthermore, collaborations between creative professionals and sustainability experts are emerging, leading to the development of novel solutions that address complex environmental and social challenges while pushing the boundaries of creative expression (Ejibe et al., 2024; Peiró-Signes et al., 2024).

In the strategic management literature, business sustainability is understood as the result of a complex interaction between a company's internal and external factors (De Klerk et al., 2023; Müller et al., 2023). One of the most widely used conceptual frameworks for explaining the sources of competitive advantage is the strategic tripod, which comprises three main perspectives: the resource-based view (RBV), the industry-based view (IBV), and the institution-based view (IBVw). All three emphasize that

company performance cannot be explained solely through internal or external factors independently, but rather as the result of the synergy between resource capabilities, strategic positioning within the industry, and institutional influences (Gupta et al., 2018; Harvey & Turnbull, 2020). First, the resource-based view perspective focuses on resource capabilities, namely, a company's ability to manage tangible and intangible resources to create sustainable advantages. Recent research emphasizes that innovation capability, creativity, and mastery of digital technology are strategic assets in the creative industry, which can enhance differentiation and long-term performance (Andersén, 2021; Rotjanakorn et al., 2020). Second, the industry-based view perspective highlights the importance of strategic positioning and how a company responds to industry structure and competitive dynamics. The right strategic position – through brand differentiation, global market orientation, and adaptation to digital trends – determines the extent to which creative companies can seize market opportunities while reducing their competitive pressure. In the creative industry, strong positioning is often associated with cultural uniqueness, aesthetics, and branding that can penetrate international markets (Han & Zhang, 2021; Islami et al., 2024). Third, the institution-based view emphasizes the role of the institutional profile, which includes regulatory support, social norms, and institutional networks that affect a company's legitimacy and access to resources. Recent studies have shown that institutional pressures, whether in the form of government regulations, international standards, or sustainability norms, encourage companies to adopt sustainable innovation practices (Eppinger et al., 2021; Wang et al., 2023). In the context of the creative industry, institutional support, such as intellectual property protection, policy incentives, and access to creative financing, plays a crucial role in strengthening global competitiveness (Saura et al., 2020). In the global context, the creative industry is increasingly recognized as a driver of knowledge- and culture-based economic growth, making significant contributions to job creation and social innovation (Chen, 2024).

Nevertheless, the sustainability of this industry faces serious challenges, such as rapidly changing trend cycles, digital disruption, and dependence on institutional support (Han & Zhang, 2021; Li et al., 2022). Therefore, viewing the sustainability of the creative industry through the lens of the strategic tripod allows for a more comprehensive understanding of how the combination of resource capabilities, strategic positioning, and institutional profile contributes to sustainability and competitive advantage in the global era (Cosa & Torelli, 2024). Business sustainability, in a broad sense, refers to a company's ability to maintain economic performance while fulfilling social and environmental responsibilities (Zhu et al., 2022). In practice, resource capabilities, strategic positioning, and institutional profile do not operate in isolation: internal capabilities enable organizations to translate institutional pressures into innovation (e.g., green practices or digital transformation); proper positioning enhances the ability

to commercialize creative assets; while institutional support opens access to external resources and legitimacy, which increases the chances of long-term survival (De Aro & Perez, 2021). Therefore, the strategic tripod framework provides a holistic lens for understanding sustainability mechanisms in the creative sector both at the firm and ecosystem level.

Although separate literature on RBV (capabilities and innovation), IBV (positioning and business models), and InsBV (institutional pressures) has developed rapidly, several research gaps have been identified (Agrawal et al., 2024). The integration of these three perspectives within the creative industry context is still relatively limited compared to the manufacturing or heavy-technology sectors. Many empirical studies on green innovation and institutional pressures focus on capital-intensive and production industries (Fu et al., 2020; Khakwani et al., 2024). Empirical research examining the mediating pathways between tripod strategy and business sustainability is also limited. Therefore, in this study, we propose the concept of market absorptive capability as a novelty to understand its role in the sustainability of the creative industry business.

## 2. Literature review and hypotheses

The resource based View (RBV) understands sustainable competitive advantage as a function of the ownership and orchestration of resources that are valuable, rare, inimitable, and non-substitutable (VRIN) by the firm (Agrawal et al., 2024). Over the past decade, RBV has continued to evolve, with an emphasis on resource orchestration, dynamic capabilities, and the interaction between intangible resources (e.g., intellectual capital, reputation, and digital capabilities) and the rapidly changing external environment (Lee et al., 2023). Review studies indicate a shift in focus from asset inventory to how resources are mobilized and renewed through dynamic capabilities to address digitalization and environmental complexity. An important implication of this development is that the modern RBV, or the "renewed" RBV, emphasizes the role of capabilities not merely the possession of resources in generating sustainable performance, especially when external conditions are unstable (Fernandes et al., 2024). The concept of dynamic capabilities highlights an organization's ability to sense, seize, and reconfigure resources in response to opportunities and threats, thus serving as a bridge between traditional RBV and evolutionary strategy theory (Khan et al., 2022). This theory is particularly relevant when analyzing the creative industry, which relies heavily on intangible resources and rapid changes in market preferences.

The strategic tripod framework states that understanding firm performance requires analysis from three perspectives: (1) RBV (internal resources and capabilities), (2) industry-based view (industry structure and competitive forces), and (3) institution based view (rules, norms, and institutional networks). In this integration, RBV offers explanatory power as to why some firms are able to turn resources into competitive advantage; the industry

perspective explains how market structure shapes opportunities/threats; and the institutional perspective describes why regulatory/normative environments influence strategic choices (Ozdemir et al., 2023; Rotjanakorn et al., 2020). The convergence of these three provides a comprehensive framework for the study of business sustainability because sustainability is not only about internal assets but also about market position and institutional conditionality (Klein et al., 2021). The application of RBV within the tripod framework emphasizes that internal capabilities (e.g., creativity, intellectual property portfolios, digital capabilities) will only strengthen sustainability if managed synergistically with strategic positioning (market access, business models) and institutional support, such as IP protection, creative policies, and access to financing. Thus, RBV provides a foundation for formulating hypotheses about the direct effects of capabilities on sustainability and the mediating/moderating role of external factors (Agrawal et al., 2024; Klein et al., 2021).

Contemporary literature links RBV to sustainable performance through two main pathways: (1) the capability to innovate (including green/digital innovation), which improves efficiency and legitimacy, and (2) the management of intangible resources that enables revenue diversification and differentiation (Ahmad et al., 2022; Heenkenda et al., 2022). Empirical studies in the small-medium sector and knowledge-based industries show that ownership and management of VRIN resources are positively related to the adoption of sustainability practices and long-term performance, although these effects are often mediated by dynamic capabilities (e.g., reconfiguring ability) and institutional contexts (Baquero, 2024; Park et al., 2023). Sector-specific studies on SMEs and the creative industry emphasize that innovation capacity and intellectual capital influence resilience and the ability to withstand shocks, such as a pandemic crisis (Zhou et al., 2022). However, the successful translation of capabilities into sustainable outcomes depends on the organization's ability to adapt products/services to market demand and institutional regulations, a point where RBV meets absorptive capabilities (Liu et al., 2022).

The concept of marketing capability refers to an organization's ability to design, implement, and adapt marketing activities that generate market value, such as market research, segmentation, positioning, and brand management (Holub, 2024; Hoque et al., 2020). Research on the relationship between marketing capability and firm performance emphasizes the role of this capability as a complementary resource that converts internal assets into market outcomes (Urban & Kanguwe, 2024). However, the effectiveness of marketing capability is often moderated or mediated by market absorptive capability, which is the ability to capture, assimilate, and apply market knowledge from outside the company. Market Absorptive Capability (MAC) appears in the literature as a specification of absorptive capacity that focuses on market-relevant knowledge, such as consumer trends, demand signals, competitors, and segment opportunities (Makhloufi et al., 2021).

Market absorptive capability describes the ability to identify market opportunities by acquiring and assimilating market knowledge, and then transforming previous market knowledge to respond to changes, ultimately impacting business sustainability (Hoque et al., 2020; Kastelli et al., 2022). Empirical and conceptual studies that separate absorptive capacity into dimensions (e.g., scientific vs. market AC) emphasize that developing MAC requires different learning processes, involving more interaction with customers, marketing data analytics, and market networks than absorptive capacity for technical knowledge (Vollrath & Villegas, 2021). Studies examining the role of AC in the context of digital marketing indicate that AC mediates the relationship between the use of marketing data/technology and the effectiveness of marketing decisions, digital marketing strategy, and effective marketing decisions (Kastelli et al., 2022; Urban & Kanguwe, 2024). This suggests that marketing capability and MAC are interconnected: marketing capability provides the tools and processes, whereas MAC determines the extent to which an organization can absorb and translate market signals into valuable actions (Mallick, 2023). In the creative industry, where the value of products greatly depends on their alignment with dynamic market tastes, MAC is the key to converting creative capabilities into sustainable outcomes (Von Kolpinski et al., 2022; Yani et al., 2023).

Based on the above review, we can formulate a conceptual integration: RBV provides a basis for identifying internal resources and capabilities (creativity, intellectual property, and digital capabilities); however, translating these capabilities into sustainability outcomes requires a market mechanism represented by the MAC to absorb external signals and direct reconfigurations and dynamic capabilities (Agrawal et al., 2024; Rotjanakorn et al., 2020). Conversely, strategic positioning and institutional profile influence the context of market opportunities and the rules of the game. However, the effects of both on sustainability are also mediated by MAC because positioning and institutional support are only effective if the organization can absorb the available market opportunities (Baquero, 2024; Pinheiro et al., 2021; Van Hoang et al., 2025). Therefore, the MAC functions as a dynamic, market-oriented mediator that bridges the three pillars of the strategic tripod and sustainability outcomes in the creative industry, the research model is shown in Figure 1.

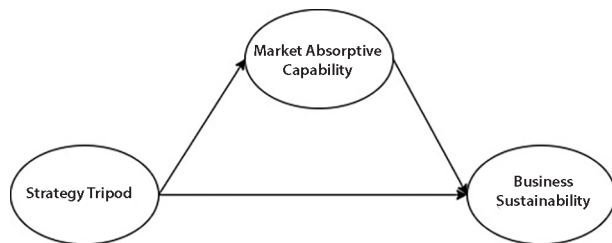
In summary, although RBV, marketing capability, and absorptive capacity have each been widely studied, there are several relevant gaps: (1) few empirical studies have investigated market absorptive capacity as a specific mediator between internal capabilities/positioning/institutions and sustainability, especially in the creative industries; (2) there is a need for standardized measurement instruments for MAC (distinct from general AC). Emerging research agendas include the development of a MAC scale, testing mediation models within the strategic tripod framework, and contextual studies in subsectors of the creative industry. Therefore, this study proposes the following hypothesis in light of its objectives and the relevant literature:

*H1: The Strategy tripod positively impacts market absorptive capability.*

*H2: Market absorptive capability has a positive impact on business sustainability.*

*H3: The strategy tripod has a positive impact on business sustainability.*

*H4: The relationship between the strategy tripod and business sustainability is significantly mediated by market absorptive capability.*



**Figure 1.** Conceptual model

### 3. Methodology

This study employed a quantitative approach using a survey method to examine the causal relationships between the variables in the conceptual model. The analysis technique used is Structural Equation Modeling (SEM) with the assistance of the AMOS software, as SEM is capable of simultaneously analyzing the relationships between latent variables while also testing the validity and reliability of the research instruments (Pakpahan et al., 2015). The study population consisted of creative industry business actors operating in South Sulawesi Province, Indonesia. The creative industry was chosen because this sector makes a significant contribution to the regional economy while also facing the challenge of business sustainability amid global dynamics (Rosyadi et al., 2020; Tjahjadi et al., 2024). The sampling technique used was purposive sampling, with respondent criteria being (1) owners, managers, or operators of creative businesses, and (2) having at least two years of experience in managing a business. A total of 323 respondents were collected through the distribution of online questionnaires (Google Forms) and direct visits to business locations. This number is considered adequate for SEM analysis, as recommended by Sarstedt et al. (2017), who state that the minimum sample size for SEM is 200 respondents or 5–10 times the number of estimated parameters. Before conducting the research during direct visit, respondents were first given a informed consent. The purpose of informed consent is to ensure that subjects understand the intent and purpose of the research. If respondents are unwilling to participate, the researcher must respect this.

The research instrument was a questionnaire consisting of 17 statement items adapted from previous studies and adjusted to the context of the creative industry. The variables measured include the strategy tripod with three

dimensions (resource capabilities, strategic positioning, and institutional profile) comprising six statement items (Da Costa et al., 2018; Makhloufi et al., 2021). Next, the market absorptive capability variable is measured using five indicators: obtaining valuable market information, understanding market information, applying new information, exploiting the newly applied information, and utilizing it as new opportunities (Hussein et al., 2024; Ozdemir et al., 2023). Business sustainability was measured using six statements (Camilleri et al., 2023; Du & Wang, 2022; Saura et al., 2020). All constructs were measured using 5-point Likert scales: (1) ‘Strongly disagree’ to (5) ‘Strongly agree’ for all other scales. Measurement scales were selected based on their relevance to prior studies and their reliability, as validated in published literature. For detailed descriptions of the scales, refer to the Appendix, Table A1.

Confirmatory Factor Analysis (CFA) was used to assess the unidimensionality of the latent constructs. Factor loading values  $\geq 0.50$  are considered adequate (Hair et al., 2019). Construct reliability was tested using Composite Reliability (CR) with values  $\geq 0.70$ , while convergent validity was assessed using Average Variance Extracted (AVE) with values  $\geq 0.50$  (Cheung et al., 2024). Once the measurement model met the validity and reliability criteria, the structural model was tested to evaluate hypotheses H1–H4. The model’s goodness-of-fit indices included Chi-square/df  $\leq 3$ , RMSEA  $\leq 0.08$ , CFI  $\geq 0.90$ , TLI  $\geq 0.90$ , and GFI  $\geq 0.90$  (Cho et al., 2020). The mediating effect of the Market Absorptive Capability (MAC) variable was tested using the bootstrapping approach in SEM-AMOS, which is considered more robust than the Sobel test method (Marcu et al., 2018; Tsolas, 2023).

### 4. Results

Table 1 presents the distribution of respondents’ characteristics. Based on gender, female respondents (52%) slightly outnumbered males (48%), indicating a fairly dominant participation of women in the creative sector. In terms of age, the majority of respondents fell within the productive age group of 31–45 years (69%), followed by those aged 46–60 years (18%) and 16–30 years (13%). This reflects the dominance of relatively mature, productive-age individuals in managing creative enterprises. In terms of education, most respondents hold a bachelor’s degree (59%), followed by high school graduates (25%), indicating that the majority of creative business actors have a relatively high level of formal education. Based on the business sector, the culinary subsector dominates with a proportion of 41%, followed by crafts (21%) and fashion (18%), while other subsectors are relatively smaller. These characteristics align with the national trend that culinary arts are the strongest subsector in contributing to the creative economy. Based on funding sources, most respondents used personal capital (38%), although a significant number accessed bank financing (35%) and non-bank financing (27%). This indicates that most creative businesses still

rely on self-funding, with access to formal financing continuing to develop.

**Table 1.** Respondents' demographic data

Characteristic	Frequency	Percentage 100%
Sex		
Male	156	48%
Female	167	52%
Total	323	100%
Age Range		
16–30	41	13%
31–45	223	69%
46–60	59	18%
Total	323	100%
Education		
Primary School	13	2%
Junior High School	16	3%
Senior High School	94	25%
Bachelor	192	59%
Master	8	3%
Total	323	100%
Creative Sector		
Culinary	131	41%
Craft	69	21%
Music	3	1%
Fashion	57	18%
Publishing	6	2%
Film, Animation and Video	9	3%
Photography	21	7%
Application	8	2%
Product Design	12	4%
Performing Arts	7	2%
Total	323	100%
Funding Source		
Personal	124	38%
Banking	112	35%
Non-banking	87	27%
Total	323	100%

Convergent validity was evaluated by examining the values of standardized factor loading, Average Variance Extracted (AVE), and Construct Reliability (CR). According to Marcu et al. (2018) an indicator is considered valid if it has a loading factor  $\geq 0.50$ , while an AVE value  $\geq 0.50$  indicates that more than 50% of the variance in the indicator is explained by the measured construct. In the strategy tripod variable, items ST3 (0.826), ST4 (0.746), ST5 (0.872), and ST6 (0.774) showed loading factors  $> 0.70$ , which means that all indicators were individually valid. The AVE value of 0.649 exceeded the threshold of 0.50, thereby fulfilling the

requirement for convergent validity. This indicates that the strategy tripod variable is well measured by its indicator. Table 2 presents a summary of results obtained.

**Table 2.** Result of CFA and internal reliability testing

Construct <sup>#</sup>	Item <sup>#</sup>	Standardized Loading Factor <sup>#</sup>	AVE <sup>#</sup>	CR <sup>#</sup>
Strategy Tripod <sup>#</sup>	ST3 <sup>#</sup>	0.826 <sup>#</sup>	0.649 <sup>#</sup>	0.880 <sup>#</sup>
	ST4 <sup>#</sup>	0.746 <sup>#</sup>		
	ST5 <sup>#</sup>	0.872 <sup>#</sup>		
	ST6 <sup>#</sup>	0.774 <sup>#</sup>		
Market Absorptive Capability <sup>#</sup>	MAC1 <sup>#</sup>	0.903 <sup>#</sup>	0.798 <sup>#</sup>	0.951 <sup>#</sup>
	MAC2 <sup>#</sup>	0.908 <sup>#</sup>		
	MAC3 <sup>#</sup>	0.86 <sup>#</sup>		
	MAC4 <sup>#</sup>	0.902 <sup>#</sup>		
	MAC5 <sup>#</sup>	0.893 <sup>#</sup>		
Business Sustainability <sup>#</sup>	BS1 <sup>#</sup>	0.816 <sup>#</sup>	0.573 <sup>#</sup>	0.842 <sup>#</sup>
	BS2 <sup>#</sup>	0.634 <sup>#</sup>		
	BS3 <sup>#</sup>	0.785 <sup>#</sup>		
	BS4 <sup>#</sup>	0.781 <sup>#</sup>		

All indicators of the market absorptive capability variable had very high loading factors, ranging from 0.860–0.908. The AVE value was 0.798, indicating very strong convergent validity. This finding is consistent with absorptive capacity theory, which emphasizes that market capabilities are typically measured through a set of highly interrelated dimensions (Bouguerra et al., 2020; Hussain et al., 2022).

Items BS1 (0.816), BS2 (0.634), BS3 (0.785), and BS4 (0.781) from the business sustainability variable all have loading factors  $> 0.60$ , with BS2 slightly below 0.70 but still acceptable as it is above the minimum threshold of 0.50 (Hair et al., 2019). The AVE value was 0.573, which still meets the requirement of  $> 0.50$ . Thus, the business sustainability construct was considered valid. Overall, the CFA results indicate that all constructs have good convergent validity, as each indicator has a significant loading factor, and the AVE values are above 0.50. In this study, the CFA results show that indicators ST1 and ST2 in the Strategy Tripod construct, as well as indicators BS5 and BS6 in the Business Sustainability construct, have loading factor values below 0.50.

This indicates that these four indicators are less representative of measuring their respective constructs. Following the guidelines proposed by Zheng and Bentler (2024), indicators with low loadings should be eliminated from the model to avoid compromising the quality of the measurement. The removal of indicators with low loadings is also in line with the principle of parsimony in the SEM modeling. According to Marcu et al. (2018) a simpler model with strong indicators is preferable to a complex model containing weak indicators, as a parsimonious model provides more stable estimates and improves model fit (goodness of fit). Therefore, the removal of items ST1, ST2, BS5, and

BS6 was a methodological step that strengthened convergent validity and construct reliability in this study. By retaining only valid and reliable indicators, the constructed structural model can more accurately explain the relationship between the Strategy Tripod, Market Absorptive Capability, and Business Sustainability.

**Table 3.** Goodness of fit

Goodness of Fit	Recommended Value	Observed Values
Chi Square ( $X^2$ )	Expected to be small	160.036
Probability	$\geq 0.05$	0.000
CMIN/DF	$\leq 2.00$	2.58
RMSEA	$\leq 0.08$	0.07
GFI	$\geq 0.90$	0.927
AGFI	$\geq 0.90$	0.893
TLI	$\geq 0.95$	0.958
CFI	$\geq 0.95$	0.967

The results of the Confirmatory Factor Analysis (CFA) indicate that the proposed research model met most of the goodness-of-fit criteria recommended in the SEM literature (Zheng & Bentler, 2024). The Chi-Square ( $X^2$ ) value is 160.036 with a significance level of p-value = 0.000, which means that the Chi-Square test is not met because ideally, the probability value should be  $\geq 0.05$ . However, as stated in the literature, the chi-square test is highly sensitive to large sample sizes; therefore, the assessment of model feasibility should refer to other fit indices (Rolke & Gongora, 2020). The CMIN/DF index was 2.58, which is above the strict threshold of  $\leq 2.00$  but can still be considered acceptable within the marginal fit category, as it falls below the commonly used cutoff of 3.00 in empirical research. This indicates that the model has an adequate level of fit, although it is not ideal. The RMSEA value was 0.07, which is below the threshold of 0.08, confirming that the model has a good approximate fit. The RMSEA is considered one of the most informative indices, so this result indicates that the model as a whole is quite representative of the empirical data. Table 3 presents a summary of results obtained.

Furthermore, the results of the absolute and incremental fit index testing demonstrated good performance. The GFI value was 0.927, which exceeded the 0.90 threshold, indicating that the model was a good fit. The AGFI value was 0.893, slightly below the 0.90 threshold but still acceptable within the marginal fit category. This suggests that the model represents the covariance structure fairly well, although there is still room for improvement. The comparative index showed excellent results. The TLI value = 0.958 and the CFI = 0.967 both exceed the cut-off value of  $\geq 0.95$ , which means the model has a very good incremental fit compared to the baseline (null model). These two indices are often considered more reliable than the Chi-Square in large samples; thus, these findings further support the claim that the proposed model fits the empirical data. Overall, although there are some indices in the marginal fit category (Chi-square,

CMIN/DF, AGFI), the majority of key indices (RMSEA, GFI, TLI, CFI) show favorable results. Therefore, this research model can be deemed suitable for proceeding to the structural model analysis stage.

**Table 4.** Test of hypotheses direct effect

Direct Effects					
Hypotheses	$\beta$	S.E.	C.R.	p-values	Result
H1: ST $\rightarrow$ MAC	0.137	0.070	1.960	0.050	Significant
H2: MAC $\rightarrow$ BS	0.392	0.056	7.025	0.000	Significant
H3: ST $\rightarrow$ BS	0.009	0.063	0.140	0.888	Significant

The results of direct hypothesis testing are shown in Table 4, the first hypothesis test (H1) which states that the Strategy Tripod has a positive effect on Market Absorptive Capability, shows an estimated coefficient value of 0.137 with a critical ratio (C.R.) = 1.960, and a p-value significance level of 0.05. This result is at the recommended significance threshold. Therefore, we can conclude that the Strategy Tripod's effect on market absorptive capability is positive and marginally significant. This indicates that improving the quality of internal resources, strategic position within the industry, and institutional support within the framework of the strategy tripod can strengthen a company's ability to absorb, assimilate, and utilize market information, although the effect is not particularly strong. The second hypothesis (H2), which examines the influence of Market Absorptive Capability on Business Sustainability, receives strong support. The estimated coefficient value of 0.392 with C. The R-value of 7.025 and p-value of 0.000 ( $<0.001$ ) indicate a highly positive and significant relationship. This finding confirms that a company's ability to absorb market knowledge plays a key role in supporting business sustainability, especially in the creative industry context. In other words, the higher the market absorptive capacity of creative industry players, the greater the opportunity for their businesses to survive and grow in the long term. Meanwhile, the results of testing the third hypothesis (H3), which states that the Strategy Tripod has a positive effect on Business Sustainability, did not obtain empirical support. The coefficient estimate was only 0.009, with C.R. = 0.140 and p-value = 0.888, which is far above the accepted significance threshold. This indicates that the Strategy Tripod has no significant direct effect on business sustainability. Thus, although resource-based, industry position, and institutional strategies are conceptually important, their influence on business sustainability in the context of the creative industry does not appear to operate directly but is more often mediated by market knowledge absorption capability.

**Table 5.** Test of hypotheses indirect effect

Indirect Effects			
Hypotheses	$\beta$	p-value	Result
H4: ST $\rightarrow$ MAC $\rightarrow$ BS	0.050	0.033	Significant

Based on the results of indirect hypothesis testing in Table 5, mediation testing was conducted using the bootstrapping approach in the SEM-AMOS analysis to estimate the indirect effect of the Strategy Tripod (ST) on Business Sustainability (BS) through Market Absorptive Capability (MAC). The output shows an estimated indirect effect of 0.050, with a significance level of  $p = 0.033$ . A  $p$ -value of  $< 0.05$  indicates that the indirect effect is statistically significant at the 95% confidence level, providing empirical evidence that MAC mediates the relationship between ST and BS. Bootstrapping offers inferential advantages because it does not rely on the assumption of normality in the distribution of indirect effects and is generally more sensitive than traditional procedures such as the Sobel test (Caron, 2019; Marcu et al., 2018). This result confirms that Market Absorptive Capability plays a significant role in transmitting the effects of the Strategy Tripod on Business Sustainability. Therefore, organizations aiming to enhance sustainability should focus on developing their absorptive capacity to better leverage strategic resources. The structural model is shown in Figure 2. Further analysis of the direct and total effects will provide a comprehensive understanding of these relationships.

Examining the patterns of total, direct, and indirect relationships provides a comprehensive picture of mediation. In the previous test of direct effects, the direct coefficient of  $ST \rightarrow BS$  was not significant (est. = 0.009;  $p = 0.888$ ), whereas  $ST \rightarrow MAC$  was marginally significant (est. = 0.137;  $p = 0.05$ ), and  $MAC \rightarrow BS$  was strongly significant (est. = 0.392;  $p < 0.001$ ). This combination of results a significant indirect effect alongside a non-significant direct effect indicates full mediation according to the criteria recommended in the modern mediation literature. In other words, the influence of the Strategy Tripod on business sustainability is realized through the enhancement of Market Absorptive Capability without an increase in MAC, the tripod foundation alone does not show a meaningful

direct effect on sustainability in this sample. The conclusions from all the hypothesis testing results are shown in Table 6.

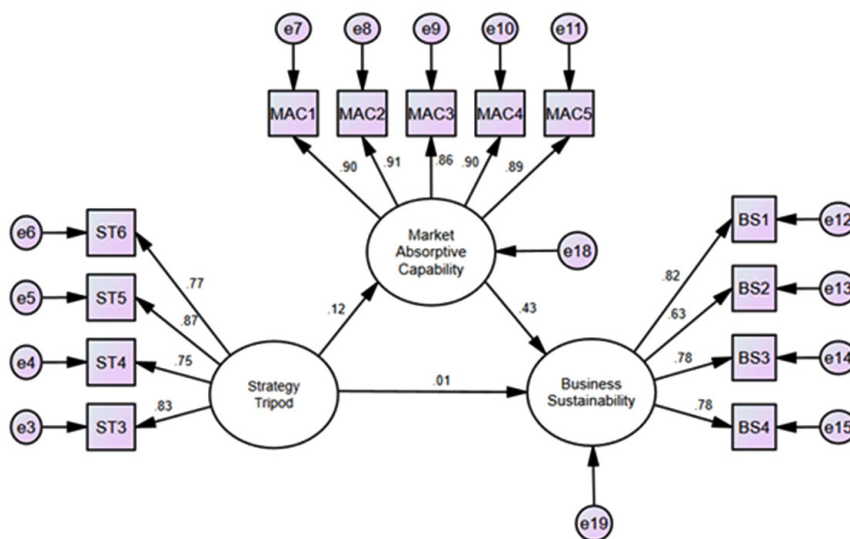
**Table 6.** Summary of the results of all the hypotheses

Hypotehses	Conclusion
H1: The Strategy tripod positively impacts market absorptive capability	Suported
H2: Market absorptive capability has a positive impact on business sustainability.	Suported
H3: The strategy tripod has a positive impact on business sustainability.	Not Supported
H4: The relationship between the strategy tripod and business sustainability is significantly mediated by market absorptive capability.	Suported

Overall, these results illustrate that in the context of the creative industry in South Sulawesi, business sustainability is determined more by adaptability and absorption of market information than by general strategic factors. The Strategy Tripod will only have a tangible impact on sustainability if it is internalized through the mechanism of Market Absorptive Capability.

### 5. Discussion

The results of this study reveal intriguing dynamics in examining the relationship between the Strategy Tripod, Market Absorptive Capability (MAC), and Business Sustainability in the context of the creative industry in South Sulawesi. The first hypothesis (H1) shows that the Strategy Tripod has a positive influence on MAC, although at a relatively weak level. This indicates that internal resources, the industry's strategic position, and institutional support contribute to building market absorptive capability, but the effect is not yet fully optimal. In South Sulawesi, institutional support



Model Test: Chi-square = 160.036; Significance = .000; DF = 62; Relative Chi-square = 2.581; TLI = 0.958; CFI = 0.967; NFI = 0.947; IFI = 0.967; RMSEA = 0.070

**Figure 2.** Full structural model

deficient in the resources, networks, or expertise required to effectively facilitate entrepreneurs' access to and utilization of market knowledge. This deficiency can impede the development of absorptive capacity, thereby limiting entrepreneurs' ability to recognize, assimilate, and apply external information for innovation and growth. Consequently, in the absence of robust institutional backing, the potential benefits of market knowledge absorption remain unrealized in this region. This finding aligns with the research of Begum et al. (2023); Da Costa et al. (2018); Du and Wang (2022) who emphasized that strategic advantage does not automatically produce dynamic capabilities but rather requires a lengthy process of internalization, such as training, technology investment, and organizational learning. The findings for the second hypothesis (H2) highlight the key role of MAC in driving business sustainability. This is consistent with the literature, which stresses that absorptive capacity enables companies to identify market opportunities, adapt to changing trends, and develop product and business model innovations (Bouguerra et al., 2020; Ho et al., 2020). In the context of the creative industry, the ability to absorb market information is crucial because creative product markets are volatile, depending on consumer tastes, cultural trends, and digital technology development. Thus, companies with a high level of MAC will be better able to maintain their relevance and ensure long-term sustainability. Research suggests that strategic advantage alone does not inherently lead to the development of dynamic capabilities. Instead, these capabilities arise through an extended process of internalization, which involves organizational learning, training, and technological investment. This internal development process is crucial for integrating dynamic capabilities into a firm's operations and strategic framework. Absorptive capacity, particularly market absorptive capacity (MAC), is instrumental in enabling companies to identify and adapt to market opportunities, trends, and innovations, thereby supporting their long term sustainability.

However, the results of the third hypothesis test (H3) show that the Strategy Tripod does not have a direct effect on Business Sustainability. This indicates that although the strategy tripod theoretically provides a framework for competitive advantage (Agu et al., 2024; Ly, 2021), its effects do not directly apply to the creative industry. However, the impact of the strategy tripod becomes more apparent when it is internalized through market capabilities. In other words, players in the creative industry cannot rely solely on resources and institutional legitimacy, they must transform these into operational capabilities to capture market dynamics. This finding extends the strategy tripod literature by demonstrating that the context of the creative industry requires a mediating pathway in the form of dynamic capabilities (Li-Ying et al., 2016; Wójcik, 2015). The fourth hypothesis (H4) confirms the full mediation of MAC in the relationship between the Strategy Tripod and Business Sustainability. The bootstrapping results show that the indirect effect is significant, while the direct effect is not significant, indicating that MAC acts as a mechanism

bridging the influence of strategy on sustainability. Theoretically, this reinforces the importance of integrating strategy tripod theory with absorptive capacity literature. The sustainability of creative businesses is determined not only by resource ownership or legitimacy, but also by the organization's ability to translate these strategic assets into adaptive market decision making. The relationship between the Strategy Tripod and business sustainability within the creative industry is characterized by an indirect rather than a direct connection. While the Strategy Tripod framework theoretically supports competitive advantage through the integration of resources, institutional legitimacy, and industry conditions, its impact is not straightforwardly evident in the creative industry sector. This is due to the fact that participants in the creative industry cannot rely solely on possessing valuable resources or enjoying institutional legitimacy; they must transform these strategic assets into operational, adaptive capabilities, often referred to as market capabilities, to effectively respond to dynamic market conditions. The internalization of strategy into dynamic market capabilities is crucial for achieving sustainability in such volatile and innovation driven contexts.

This study makes theoretical contributions in two areas. First, it strengthens the integration of the strategy tripod framework with the absorptive capacity theory. Although the strategy tripod (RBV, IBV, and InsBV) has long been considered the foundation for explaining competitive advantage (Hussain et al., 2022), the results of this study show that in the context of the creative industry, the influence of the tripod does not directly impact business sustainability, rather it requires a mediating mechanism in the form of market absorptive capability. This finding adds a new nuance to the strategy literature, emphasizing that resource-based and institutional strategies must be contextualized through dynamic capabilities relevant to market dynamics. Second, this study contributes to the creative industry literature by showing that business sustainability relies not only on internal creativity and innovation but also on the organization's ability to absorb external market information. Thus, this research broadens the understanding of sustainability in the creative industry, from being viewed primarily as innovation based to adopting a more integrative framework with market capabilities.

The results of this study offer several managerial recommendations. First, creative entrepreneurs must allocate resources not only for product creation but also for building market absorption capabilities, such as through consumer trend research, the use of digital data, and collaboration with creative communities and consumers. Second, industry associations and development agencies should design programs that emphasize improving market literacy and digital adaptation skills so that creative players are not only innovative in production but also smart in reading market demand. Third, for local governments, policies for developing creative industries should not only focus on providing capital or institutional regulations but should also be directed toward creating a learning ecosystem that

strengthens the network among business actors, universities, investors, and the market. For example, creative business incubation should include training modules on market intelligence and digital marketing analytics. Thus, policies can accelerate the transformation of tripod-based strategies into tangible capabilities that are practical and useful for the sustainability of creative enterprises.

## 6. Conclusions

This study aims to examine the influence of the Strategy Tripod on Business Sustainability by including Market Absorptive Capability (MAC) as a mediating variable within the context of the creative industry in South Sulawesi Province, Indonesia. The results of the structural model testing revealed several important findings. First, the Strategy Tripod has a positive but relatively weak effect on MAC, indicating that internal resources, the industry's strategic position, and institutional support can only promote the enhancement of the market information absorptive capacity to a certain extent. Second, MAC has been proven to have a positive and significant effect on business sustainability, confirming that an organization's ability to identify, assimilate, and utilize market information is a key factor in maintaining the relevance and competitiveness of creative enterprises. Third, the Strategy Tripod does not have a direct effect on business sustainability; rather, its effect is fully mediated by the MAC.

Theoretically, this study makes an important contribution by integrating the Strategy Tripod framework with the concept of absorptive capacity. The findings assert that in the creative industry, strategic advantage does not automatically guarantee sustainability; instead, it must be translated into dynamic capabilities in the form of market-absorptive capability. Practically, the results of this study encourage creative industry players, policymakers, and supporting institutions to focus on strengthening MAC through market research, digital technology adoption, and creative ecosystem collaboration. Although this study makes significant theoretical and practical contributions, it has several limitations that present opportunities for future research. First, this study used a cross-sectional design; therefore, the causal relationships identified are only associative at a single point in time. Longitudinal studies could be conducted in the future to observe how the dynamics of the strategy tripod, market absorptive capability, and business sustainability evolve over the long term. Second, this study focuses on the creative industry context in South Sulawesi; therefore, the generalization of the results to other regions or different creative subsectors remains limited.

Future research can compare regions or subsectors (e.g., fashion, music, and digital applications) to identify contextual variations that may influence the mechanisms of the relationships among the variables. Third, the mediating variable tested was limited to Market Absorptive Capability. Subsequent studies could include other

dynamic capability variables, such as digital capability, entrepreneurial orientation, and innovation ambidexterity, to broaden the understanding of strategic pathways to sustainability. In addition, moderating variables, such as business size, level of digitalization, or public policy support, could be tested to reveal the conditions that strengthen or weaken the relationships among the variables. By broadening methodological, geographical, and conceptual coverage, future research is expected to further enrich the literature on strategy and dynamic capabilities while also providing more comprehensive practical recommendations for the development of creative industries at both local and global levels.

## Acknowledgements

We wish to convey our appreciation to the Ministry of Higher Education, Science, and Technology of the Republic of Indonesia, along with the Directorate of Research and Community Service, for their financial backing through the 2025 research grant program, which made this study possible.

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## APPENDIX

**Table A1.** Constructs and associated statements used in the questionnaire

Strategy Tripod	ST1	We have skills in producing creative products or services.
	ST2	We are able to adopt new methods and ideas in the production process, services and marketing.
	ST3	Technological developments can help our business to compete in the industry.
	ST4	We feel the tight competition in running a creative industry business.
	ST5	The government has established programs to support the businesses we run.
	ST6	We feel that most of the products and services in the creative industry can meet the market needs in this industry.
Market Absorptive Capability	MAC1	We absorb relevant information about the creative industry sector consumer market on a regular basis.
	MAC2	We are able to use the information we obtain to understand market potential in the creative industry.
	MAC3	We are able to quickly identify market changes and apply them to products, services and processes.
	MAC4	We are able to develop products/services, improve innovation processes, and develop new ideas by utilizing the market information obtained.
	MAC5	The information obtained about the creative industry market can be used as added value in maintaining our business.
Business Sustainability	BS1	We are confident that the business we run can compete in the creative industry market.
	BS2	We always prioritize the use of materials or resources that support environmental sustainability in running this business.
	BS3	We feel that community involvement is very important for the sustainability of our business.
	BS4	We feel that technology adoption and digital transformation are very necessary in this industry.
	BS5	We follow the relevant government rules and regulations created to support this industry.
	BS6	Easy access to capital and funding sources will help the sustainability of this industry.