






“The influence of ethnic culture orientation on SME performance in Indonesia: The mediating role of resource orchestration capability as a strategic tool”

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THE INFLUENCE OF ETHNIC CULTURE ORIENTATION ON SME PERFORMANCE IN INDONESIA: THE MEDIATING ROLE OF RESOURCE ORCHESTRATION CAPABILITY AS A STRATEGIC TOOL

Abstract

This study aims to examine how ethnic culture orientation influences the performance of small and medium enterprises (SMEs) in Western Indonesia, particularly through the mediating role of resource orchestration capability as a strategic management tool. The analysis involved 232 SME owners and managers operating in food processing, handicrafts, and traditional textiles, i.e., industries known for their strong cultural foundations. Respondents were selected using purposive sampling to ensure they had embedded ethnic culture values in their business practices. Data collection was conducted from June to August 2024 using structured questionnaires distributed via Google Forms and WhatsApp. The data were analyzed using structural equation modeling (SEM) with AMOS. Results show that ethnic culture orientation significantly affects both resource orchestration capability ($\beta = 0.336$; $p = 0.002$) and SME's performance ($\beta = 0.213$; $p = 0.012$), while resource orchestration capability has a strong impact on SME's performance ($\beta = 0.785$; $p < 0.001$). Mediation analysis reveals that resource orchestration capability fully mediates the relationship between ethnic culture orientation and SME's performance, as the indirect effect is significant ($p < 0.001$), and the direct effect becomes insignificant. These findings underscore the importance of developing strategic capabilities that align with cultural values to improve SME's performance in culturally rich regions.

Keywords

SMEs, ethnic culture, resource orchestration, firm performance, strategic capability, Indonesia

JEL Classification

M13, L26, M14, D24

INTRODUCTION

Small, and medium enterprises (SMEs) represent the backbone of national economies, especially in developing countries, where they contribute significantly to employment, innovation, and regional development. In culturally diverse countries such as Indonesia, business practices are often deeply intertwined with local ethnic traditions, values, and norms. These cultural orientations can influence not only consumer behavior but also managerial decisions and resource utilization within SMEs. Despite growing scholarly interest in the interplay between culture and business performance, the mechanisms by which ethnic culture orientation affects SME's outcomes remain insufficiently explored.

One major theoretical gap lies in understanding how intangible cultural resources are transformed into concrete performance advantages. Previous studies have often emphasized either cultural orientation or strategic capabilities in isolation, failing to explain how these ele-

ments interact dynamically in shaping business success. Addressing this gap is crucial for developing a more comprehensive framework that captures the strategic value of cultural identity in resource management practices. Therefore, it is vital to investigate how ethnic culture orientation can be operationalized and translated into improved business performance through strategic capabilities such as resource orchestration.

1. LITERATURE REVIEW AND HYPOTHESES

The relationship between ethnic culture orientation and business performance has gained increasing attention in the field of strategic management and organizational behavior. In diverse societies such as Indonesia, where ethnic identity shapes values, social norms, and decision-making processes, understanding how culture affects business outcomes is especially critical. Ethnic culture is not only a sociological attribute but also a strategic resource that can influence how small businesses interact with their environment, organize resources, and define competitive priorities.

Small and medium enterprises (SMEs), in particular, often embed cultural norms in their operations, marketing practices, and stakeholder relationships. Cultural dimensions such as collectivism, harmony, and respect for tradition can play a substantial role in shaping organizational routines and attitudes toward innovation and growth (Hofstede, 2001; Zahra et al., 2006). In the Indonesian context, ethnic-based community networks have been instrumental in facilitating trust, informal financing, and knowledge sharing among SMEs actors (Tambunan, 2019; Li et al., 2024). However, empirical studies directly linking ethnic culture orientation to business performance remain scarce and fragmented.

Beyond culture, SME's performance is also affected by how enterprises manage their internal resources. The resource-based view (RBV) and its extensions emphasize that the ability to identify, configure, and deploy resources effectively is crucial for achieving and sustaining a competitive advantage (Barney, 1991; Teece, 2007). Resource orchestration capability, a dynamic capability concept introduced by Sirmon et al. (2007), refers to a firm's capacity to structure, bundle, and leverage its resources to achieve strategic objectives. This

capability is particularly relevant for SMEs, which often face constraints in capital, technology, and managerial skills.

Existing literature suggests that the combination of cultural embeddedness and strategic resource management may create unique advantages for firms operating in ethnically distinct environments (Sirmon et al., 2011). However, most studies have examined these constructs in isolation. Few have analyzed how cultural orientation contributes to the development of orchestration capabilities or how such capabilities mediate the link between cultural values and firm performance. This lack of integrative frameworks limits the understanding of how SMEs can convert intangible cultural traits into tangible performance outcomes.

In addition to resource-based and dynamic capabilities perspectives, institutional theory provides a relevant lens for understanding the role of ethnic culture in shaping organizational behavior. According to Scott (2001), institutions (including cultural norms, traditions, and values) provide the cognitive and normative frameworks that guide firm behavior. For SMEs in culturally embedded environments, informal institutions such as ethnic customs and social obligations can significantly influence decision-making, trust-building, and strategic preferences (Ramsey et al., 2025). These institutional forces often shape how owners perceive legitimacy, opportunity, and acceptable forms of business conduct.

Studies from neighboring Southeast Asian countries have also emphasized the strategic significance of cultural orientation in entrepreneurial ecosystems. For instance, in Malaysia, ethnic-based social capital has been shown to mediate the relationship between entrepreneurial orientation and firm resilience (Mavridis, 2015). In Thailand, cultural values emphasizing community harmony and hierarchy influence resource allocation and delegation practices within family-owned

SMEs (Luechapattanaorn & Wongsurawat, 2021). These findings underscore that cultural factors do not operate in isolation but interact dynamically with managerial cognition and strategic resource planning.

Similarly, in the Philippines, social embeddedness rooted in *pakikisama* and *utang na loob* can both facilitate and constrain entrepreneurial behavior, depending on how these values align with business goals (Roxas & Chadee, 2012). These examples suggest that ethnic culture may act as both an enabler and a constraint, highlighting the need to understand when and how cultural orientation is transformed into strategic advantage – precisely the gap this study addresses.

The intersection between cultural values and strategic management practices raises important questions about the fit between external social expectations and internal organizational routines. Strategic fit theory posits that alignment between the external environment (including culture) and internal capabilities enhances performance (Venkatraman, 1989). When cultural orientation is aligned with the firm's resource orchestration practices, the firm may be better positioned to anticipate market needs, motivate employees, and create competitive differentiation.

Furthermore, scholars have argued that cultural orientation can serve as a sensing mechanism in dynamic capability frameworks (Teece, 2007; Boso et al., 2013; Jafari-Sadeghi et al., 2021), enabling firms to interpret weak signals from the environment and respond effectively through re-configuration of resources. This view positions culture not just as a background variable but as an active enabler of strategic agility. Such interpretations are particularly relevant in Indonesia's pluralistic and decentralized socio-economic context, where ethnic values may play divergent roles across regions.

In sum, previous research has established the individual relevance of both ethnic culture orientation and resource orchestration capability. Yet, the interaction between these constructs and their combined effect on SME's performance remains underexplored. Addressing this gap, the present study proposes a model in which resource orches-

tration capability mediates the effect of ethnic culture orientation on SME's performance.

The primary objective of this study is to investigate how ethnic culture orientation influences the performance of small, and medium enterprises (SMEs), with a particular focus on the mediating role of resource orchestration capability. By integrating cultural and strategic perspectives, the study aims to provide empirical evidence on how intangible cultural values can be transformed into strategic action and lead to enhanced business performance. The hypotheses are:

- H1: *Ethnic culture orientation has a positive and significant effect on SME's performance.*
- H2: *Ethnic culture orientation has a positive and significant effect on resource orchestration capability.*
- H3: *Resource orchestration capability has a positive and significant effect on SME's performance.*
- H4: *Resource orchestration capability mediates the relationship between ethnic culture orientation and SME's performance.*

2. METHODS

This study adopts a quantitative research design with a cross-sectional survey method to examine the influence of ethnic culture orientation on SMEs performance, with resource orchestration capability as a mediating variable. The focus is on SME's in Western Indonesia that embed ethnic culture values in their business operations, particularly in sectors such as traditional food processing, handicrafts, and textiles.

The population comprises SME's owners and managers across Western Indonesia. A total of 232 respondents were selected using purposive sampling, ensuring that each participant met specific criteria: they were active business owners or managers whose enterprises reflected elements of ethnic culture in their management or customer engagement practices. Data collection was conducted from June to August 2024 using an online

questionnaire distributed via Google Forms and WhatsApp to increase reach and response rate.

Prior to completing the questionnaire, participants were informed about the voluntary nature of their participation, the confidentiality of their responses, and their right to withdraw at any point. Anonymity was ensured by not collecting identifiable personal data. The study received approval from the university's research ethics committee.

Table 1 summarizes the demographic and business profiles of the 232 SMEs respondents.

Table 1. Demographic profile of respondents

Variable	Category	Frequency	Percentage
Gender	Male	102	43.8
	Female	130	56.2
Business Outlet	Owned	202	87.0
	Rented	30	13.0
Number of Branches	One branch	232	100.0
	Two to three branches	0	0.0
	More than three branches	0	0.0
Business License	Yes	232	100.0
	None	0	0.0
Business Credit	Yes	144	62.0
	None	88	38.0
Education Level	Middle school	57	24.6
	High school	87	37.7
	Diploma	58	25.0
	Bachelor's degree	29	12.7
Annual Sales Turnover	IDR2 billion – IDR15 billion	155	67.0
	IDR15 billion – IDR 50 billion	77	33.0

Note: $n = 232$.

Three main constructs were measured in this study: ethnic culture orientation, resource orchestration capability, and SME's performance. Each

construct was operationalized using multiple indicators adapted from previous validated studies (Appendix A).

Ethnic culture orientation was measured based on values and norms embedded in traditional business practices, drawing on instruments by Herdhayinta et al. (2023), Efferin and Hopper (2007), and Lynch and Ferasso (2023). Resource orchestration capability was measured using indicators from Helfat and Martin (2015), Sirmon et al. (2011), and Attah-Boakye et al. (2023). SME's performance was assessed through subjective indicators such as perceived growth, profitability, and customer satisfaction, based on Garrigós-Simón et al. (2005), Zhang and Lucey (2022), and Lumpkin and Dess (1996).

All items were rated on a 5-point Likert scale (1 = strongly disagree to 5 = strongly agree). Prior to analysis, validity and reliability tests were conducted. Confirmatory factor analysis (CFA) showed that all factor loadings exceeded 0.60, AVE values were above 0.50, and composite reliability (CR) values exceeded 0.70. Cronbach's alpha values ranged from 0.76 to 0.89, indicating strong internal consistency.

The data were analyzed using structural equation modeling (SEM) with AMOS 24.0. The analysis followed a two-step approach: validating the measurement model using CFA, followed by testing the structural model and mediation hypotheses using path analysis and bootstrapping procedures (Hair et al., 2010).

The conceptual model guiding this study is shown in Figure 1. It illustrates the hypothesized relationships among ethnic culture orientation, resource orchestration capability, and the performance of SMEs.

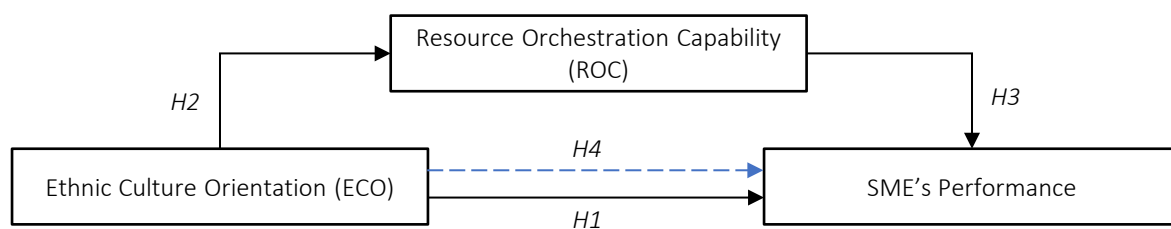


Figure 1. Research framework

Table 2. Construct validity and reliability

		Indicator	Factor loading	CR	AVE
FP1	←	Firm performance	1.000	.993	.949
FP2	←	Firm performance	.968		
FP3	←	Firm performance	.965		
FP4	←	Firm performance	.984		
FP5	←	Firm performance	.958		
FP6	←	Firm performance	.966		
FP7	←	Firm performance	.995		
FP8	←	Firm performance	.958		
ROC1	←	Resources orchestration capability	.970	.994	.957
ROC2	←	Resources orchestration capability	.966		
ROC3	←	Resources orchestration capability	.990		
ROC4	←	Resources orchestration capability	.967		
ROC5	←	Resources orchestration capability	.992		
ROC6	←	Resources orchestration capability	.968		
ROC7	←	Resources orchestration capability	.996		
EC1	←	Ethnic culture orientation	.999	.991	.930
EC2	←	Ethnic culture orientation	.989		
EC3	←	Ethnic culture orientation	.963		
EC4	←	Ethnic culture orientation	.950		
EC5	←	Ethnic culture orientation	.957		
EC6	←	Ethnic culture orientation	.953		
EC7	←	Ethnic culture orientation	.949		
EC8	←	Ethnic culture orientation	.952		

3. RESULTS

Table 2 shows that all indicators used in this study meet the criteria for construct validity and reliability. The loading factor values for all indicators exceed 0.7, indicating that each indicator effectively represents its respective constructs, namely firm performance, resource orchestration capability, and ethnic culture orientation. The indicator with the highest contribution is EC1 under the construct ethnic culture orientation, with a loading factor of 0.999, signifying a robust relationship between the indicator and the construct it represents.

Additionally, the analysis results reveal that all constructs exhibit exceptionally high composite reliability (CR) values, exceeding 0.7. The firm performance construct has a CR value of 0.993, while resource orchestration capability and ethnic culture orientation demonstrate CR values of 0.994 and 0.991, respectively. These findings highlight the high reliability and strong internal consistency of all constructs employed in this study.

Furthermore, the average variance extracted (AVE) values are also above the threshold of 0.5 for all constructs. Specifically, firm performance has

an AVE value of 0.949, resource orchestration capability scores of 0.957, and ethnic culture orientation of 0.930. These values indicate strong convergent validity, as the constructs effectively explain most of the variance in their respective indicators.

In conclusion, the analysis demonstrates that the indicators and constructs used in this study are both valid and reliable. This supports the confidence that the measurement instruments employed accurately and consistently represent the concepts under investigation.

The measurement model was analyzed using AMOS to assess the relationships between latent variables and their respective indicators. The analysis demonstrates that the model meets the required goodness-of-fit criteria. Specifically, the significance probability is 0.058, which is slightly above the conventional threshold of 0.05, indicating that the model is acceptable. The goodness of fit index (GFI) and adjusted goodness of fit index (AGFI) are 0.941 and 0.916, respectively, both exceeding the minimum standard value of 0.90. The root mean square error of approximation (RMSEA) is 0.043, which is well below the acceptable limit of 0.08, indicating a close fit of the model.

Furthermore, the Tucker-Lewis index (TLI) and comparative fit index (CFI) are 0.976 and 0.981, respectively, both surpassing the recommended threshold of 0.90. These statistical indicators collectively confirm that the measurement model has a strong and acceptable overall fit.

During the model refinement process, certain indicators were eliminated to enhance the model's fit and ensure its validity. For instance, within the ethnic culture orientation variable, the indicators ECO7 and ECO8 were removed due to their high modification indices, following the recommendations of Hair et al. (2010). The exclusion of these indicators allowed for an improved model structure without compromising its integrity.

In conclusion, the results of the measurement model testing confirm that all specified goodness-of-fit criteria have been met. Therefore, the model is deemed valid and reliable, and the analysis can proceed to the subsequent stage of structural equation modeling.

The results of the full structural equation model analysis indicate a good fit between the model and the observed data. The model yielded a chi-square value of 104.385 with a significance level of $p < 0.001$, suggesting an acceptable level of discrepancy between the hypothesized model and the empirical data. The goodness-of-fit indices further support this conclusion: the GFI is 0.941, AGFI is 0.916, CFI is 0.981, TLI is 0.976, and RMSEA is 0.043. These values meet or exceed commonly accepted thresholds, indicating that the structural model provides a satisfactory representation of the data. Moreover, all path coefficients (standardized regression weights) in the model are statistically significant at $p < 0.05$, confirming the strength and reliability of the hypothesized relationships among the constructs.

Table 3 shows the results of the direct hypothesis testing, which was conducted using the critical ratio (C.R.) and probability (P) values. The outcomes of the analysis meet the required criteria, and several relationships are found to be significant. Specifically, the relationship between leadership capability and resource orchestration capability (C.R. = 3.151, $P = 0.002$), between resource orchestration capability and SME's performance (C.R. =

7.496, $P = 0.000$), and between ethnic culture orientation and leadership capability (C.R. = 6.623, $P = 0.000$) all satisfy the required thresholds.

The coefficient value of 0.336 and the p -value of 0.002 (< 0.005) indicate that ethnic culture orientation has a positive and significant effect on resource orchestration capability. This suggests that as the degree of ethnic culture orientation increases, the ability to orchestrate resources also improves. Conversely, a weaker ethnic culture orientation can significantly impair resource orchestration capability. This finding aligns with Ramsey et al. (2011), who argue that individuals with cross-cultural experience, acting as cultural intermediaries, benefit from broader access to information and knowledge, which helps them pursue various entrepreneurial opportunities. Similarly, Shen et al. (2023) found that entrepreneurs with cross-cultural experiences are better positioned to recognize and capitalize on opportunities in dynamic environments, thereby enhancing business performance and contributing to a more effective business ecosystem.

Furthermore, the analysis reveals that resource orchestration capability has a positive and significant impact on SME's performance, with a coefficient of 0.786 and a p -value of 0.000 (< 0.05). This suggests that improving resource orchestration capability directly enhances SME's performance. When performance issues arise, the ability to orchestrate resources plays a crucial role in evaluating and correcting the situation. This result supports Hypothesis 2 and is consistent with Helfat et al. (2007) and Xavier et al. (2024), who define asset orchestration as managers' ability to set goals and adjust organizational resources by developing and organizing specific asset configurations.

However, the findings indicate that ethnic culture orientation does not have a significant or favorable impact on SME's performance, as shown by the estimated coefficient of -0.013 and a p -value of 0.912 (> 0.05). This implies that ethnic culture orientation does not significantly affect the improvement or decline of SME's performance. In cases of poor SME's performance, ethnic culture orientation does not play a role in evaluating or correcting this weakness. Therefore, Hypothesis 3 is rejected. This result aligns with the findings of

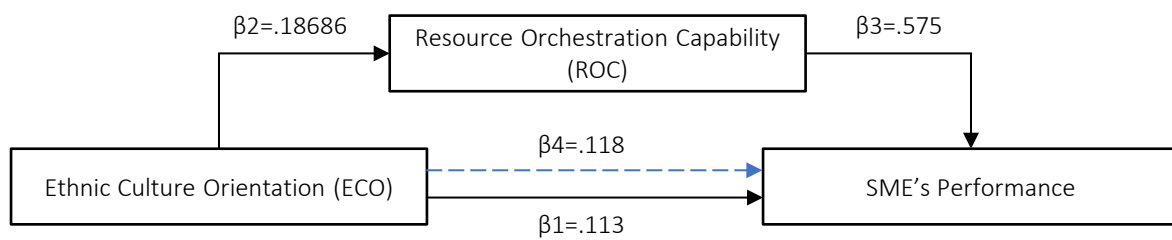


Figure 2. Indirect effects

Table 3. Relationship among constructs

Variable		Estimate	S.E.	C.R.	P	Label
Resource_Orchestration_Capability	← Ethnic_Culture_Orientation	.336	.107	3.151	.002	par_13
SME's_Performance	← Ethnic_Culture_Orientation	.213	.123	3.110	.012	par_12
SME's_Performance	← Resource_Orchestration_Capability	.785	.105	7.496	***	par_14

Li et al. (2024), who argue that while cultural values and education play a role in entrepreneurial development, ethnic culture orientation does not directly impact business performance outcomes.

Figure 2 presents the results of the indirect hypothesis testing, which evaluates the role of resource orchestration capability as a mediator in the relationships. The hierarchical regression model (HMR) was applied to assess these indirect effects. Based on Baron and Kenny's (1986) methodology, the results show the following coefficients: $\beta_1 = 0.186$ ($p < 0.05$), $\beta_2 = 0.011$ ($p > 0.05$), $\beta_4 = 0.575$ ($p < 0.05$), and $\beta_3 = 0.118$ ($p < 0.05$). These findings suggest that resource orchestration capability plays a significant role in fully mediating the relationship between ethnic culture orientation and SME's performance.

As indicated by the results, Hypothesis 4, which proposes an indirect effect of ethnic culture orientation on SME's performance, mediated by resource orchestration capability, is supported. Additionally, the analysis reveals that three of the hypotheses in this study are supported, while one hypothesis is rejected.

4. DISCUSSION

The findings of this study provide strong empirical evidence that ethnic culture orientation significantly influences SME's performance, both directly and indirectly, through the mediation of resource orchestration capability. These results support and

extend prior research that highlights the strategic relevance of cultural values in business contexts, particularly in emerging economies with rich ethnic diversity (Zahra et al., 2006; Hofstede, 2001).

The positive relationship between ethnic culture orientation and SME's performance (*H1*) confirms that cultural identity can serve as a strategic intangible asset. In line with Tambunan (2019) and Li et al. (2024), this study reinforces the idea that cultural cohesion and trust embedded within ethnic values enhance internal business processes, stakeholder relationships, and local market adaptation.

Furthermore, the significant effect of ethnic culture orientation on resource orchestration capability (*H2*) suggests that culture not only shapes behavior but also enables firms to configure and deploy resources effectively. This finding aligns with the dynamic capabilities perspective (Teece, 2014), where intangible assets such as cultural values influence the firm's ability to create value from tangible and intangible resources.

The result that resource orchestration capability has a strong positive impact on SME's performance (*H3*) echoes previous studies emphasizing its centrality in sustaining competitive advantage, especially for firms with limited resources (Newbert, 2008; Helfat & Martin, 2015). Importantly, the finding that this capability fully mediates the relationship between culture and performance (*H4*) reveals the underlying mechanism by which cultural orientation is transformed into performance outcomes.

This study contributes to the literature by integrating cultural and strategic perspectives to explain the performance of SMEs in culturally distinct settings. Unlike previous studies that treat cultural orientation and strategic capabilities in isolation, this paper offers a more comprehensive view of how ethnic-based values can be strategically leveraged through orchestration processes.

Practically, the findings suggest that SMEs embedded in strong cultural environments should not only preserve their ethnic values but also invest in managerial capabilities that translate these values into coherent resource strategies. Policymakers and SMEs development agencies can use these insights to design culturally sensitive training and capacity-building programs.

These findings further support the idea that resource orchestration capability serves as a crucial mechanism that translates culturally embedded values into tangible firm outcomes. In line with institutional theory, the results suggest that ethnic culture norms function as informal institutions (Hartnell et al., 2019) that shape entrepreneurial alertness, decision-making patterns, and resource allocation behavior (Ramsey et al., 2011). In culturally dense regions such as Aceh and other areas in Western Indonesia, local norms may guide acceptable strategic actions and influence how trust, loyalty, and obligations are managed within the enterprise ecosystem.

The observed full mediation effect reinforces the view that cultural orientation alone does not directly guarantee higher performance unless it is aligned with and channeled through appropriate strategic capabilities. This resonates with the concept of strategic fit, which posits that alignment between environmental characteristics (such as cultural values) and internal organizational systems (such as capabilities) enhances performance (Lynch & Ferasso, 2023; Ibrahim et al., 2022b). In this context, SMEs that are culturally rich but lack orchestration capa-

bilities may fail to translate their cultural distinctiveness into strategic competitiveness.

From a regional perspective, the study adds nuance to existing literature in Southeast Asia. Similar to findings in Malaysia and Thailand, where cultural values influence firm adaptability and leadership structure (Ibrahim et al., 2022a; Attah-Boakye et al., 2023), the current study shows that in Indonesia, ethnic values embedded in daily business interactions require strategic structuring to become performance drivers. Unlike the Philippine context, where social obligations can sometimes restrain business autonomy (Roxas & Chadee, 2012), this study finds that culture acts as an enabling force, provided that firms possess the managerial know-how to channel it.

Theoretical implications of this study lie in its integrative approach to linking institutional, cultural, and strategic management perspectives. By introducing ethnic culture orientation as an antecedent of resource orchestration capability, the study highlights the cultural roots of dynamic capabilities and offers a culturally grounded extension to the resource-based view. This perspective encourages scholars to move beyond generic resource frameworks and consider how firms in emerging markets develop strategies within culturally unique environments (Hagen et al., 2024).

In practical terms, these findings offer valuable insights for SMEs development programs and entrepreneurship education in Indonesia. Rather than decoupling traditional values from modern management practices, policy frameworks should recognize and leverage cultural capital. Training programs can be designed to help SMEs owners develop strategic capabilities – such as bundling and leveraging local resources – in a way that aligns with their cultural logic. Development agencies might also promote locally relevant success stories to reinforce the compatibility between ethnic culture and competitive business practices.

CONCLUSION

This study aimed to investigate the influence of ethnic culture orientation on SME's performance, with particular attention to the mediating role of resource orchestration capability. By integrating cultural and strategic perspectives, the study contributes to a more nuanced understanding of how intangible cultural values can be translated into tangible business outcomes through dynamic capabilities.

The findings reveal that ethnic culture orientation positively affects both resource orchestration capability and SME's performance. Moreover, the full mediation effect observed confirms that cultural values alone are not sufficient to drive performance; rather, they must be strategically orchestrated through internal capabilities to generate significant business outcomes.

From a theoretical standpoint, the study enriches the literature on dynamic capabilities by introducing cultural orientation as a precursor to orchestration capabilities, particularly in the context of emerging economies. It also highlights the relevance of integrating cultural factors into strategic management frameworks for small businesses.

Practically, the results underscore the importance of managerial competence in transforming cultural assets into competitive advantage. SMEs operating in ethnically grounded environments should be supported in developing their resource management capabilities to harness the full potential of their cultural foundations.

Future research could expand this model by examining the moderating effects of external factors such as market turbulence or government support. Additionally, longitudinal studies are needed to validate the causal relationships and capture the dynamic evolution of these capabilities over time.

Despite its theoretical and practical contributions, this study is not without limitations. First, the use of a cross-sectional survey design restricts the ability to draw causal inferences about the relationships among the variables. Future research may employ longitudinal or experimental designs to observe how ethnic culture orientation and resource orchestration capability evolve over time and influence performance outcomes across different growth stages.

Second, the study focused exclusively on SMEs in Western Indonesia, which limits the generalizability of the findings. Cultural norms, institutional environments, and business dynamics may vary significantly in other regions of Indonesia, particularly in the central and eastern parts of the country, where ethnic compositions differ. Comparative studies involving multiple provinces or even cross-national samples within Southeast Asia would help validate the model across cultural contexts.

Third, the reliance on self-reported data, especially for performance measures, may introduce common method bias. Although precautions were taken to reduce this bias, future studies may include objective performance metrics such as revenue growth, profit margins, or customer retention rates to validate the subjective assessments.

Finally, while the present study focused on the mediating role of resource orchestration capability, it did not account for potential moderating variables such as digital readiness, organizational structure, or market turbulence. Incorporating these factors in future models could provide a more nuanced understanding of when and how culture-based strategies are most effective. By addressing these limitations, future research can build on the foundation established in the present study to develop a richer, more context-sensitive understanding of culturally embedded strategies in SMEs.

AUTHOR CONTRIBUTIONS

Conceptualization: Muhammad Basyir.

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Formal analysis: Mirza Tabrani.

Funding acquisition: Muhammad Basyir.

Investigation: Muhammad Basyir.

Methodology: Mahdani Ibrahim, Mirza Tabrani.

Project administration: Mirza Tabrani.
 Resources: Muhammad Basyir, Mirza Tabrani.
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 Validation: Faisal, Mahdani Ibrahim.
 Visualization: Faisal.
 Writing – original draft: Muhammad Basyir.
 Writing – review & editing: Faisal, Mahdani Ibrahim, Mirza Tabrani.

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APPENDIX A

Table A1. Measurement scale and questionnaire items

Variable	Questionnaire items	Source
Ethnic culture orientation	Q1: I run my business based on religious values. Q2: My family plays a role in my business decisions. Q3: I collaborate with my ethnic community. Q4: I share business knowledge with family/community. Q5: I strive to sustain my business in any condition. Q6: I manage my business finances wisely. Q7: I adapt my business to market changes. Q8: I run my business with strong passion.	Herdhayinta et al. (2023); Efferin and Hopper (2007)
Resources orchestration capability (ROC)	Q1: My business assets continue to grow each year. Q2: I possess business skills that support success. Q3: My business has well-organized systems and procedures. Q4: I build and maintain a strong business network. Q5: My business has a good reputation in the market. Q6: My business model is effective and sustainable. Q7: I continuously innovate in my business.	Helfat and Martin (2015); Sirmon et al. (2011)
Business performance	Q1: Our company consistently achieves the profit targets that have been set. Q2: Our company effectively manages its assets to support business operations. Q3: The financial turnover in our company shows stable and positive performance. Q4: Our company maintains an optimal level of productivity in daily operations. Q5: Our customers are generally satisfied with the products and services we provide. Q6: Our company has experienced stable growth over the past few years. Q7: The products we produce meet or exceed customer expectations in terms of quality. Q8: Our company has a strong ability to meet financial obligations and pay debts on time.	Garrigós-Simón et al. (2005); Zhang and Lucey (2022); and Anjaningrum et al. (2024)

Note: This study employs a 5-point Likert scale to measure all variables, allowing respondents to indicate their level of agreement with each statement. The scale ranges from 1 (Strongly Disagree) to 5 (Strongly Agree), providing a structured and standardized approach to data collection.