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From Cultural Pride to Business Practice: Developing Culture-Based Entrepreneurship in Indonesia

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Abstract
Indonesia's cultural diversity offers significant entrepreneurial potential; however, cultural pride does not automatically translate into business practices that preserve local heritage and generate economic value. This study examines how cultural pride and local wisdom are transformed into entrepreneurial practices in Indonesia. A sequential exploratory qualitative–Delphi design combined interviews with 12 purposively selected participants and a panel of 12 experts representing the fields of culture, entrepreneurship, tourism, and youth development. Interview data were analyzed thematically, followed by three Delphi rounds with a consensus threshold of at least 75% agreement. The findings revealed four interconnected domains: cultural identity and moral responsibility, adaptive reconstruction of tradition, digital mediation and youth innovation, and institutional negotiation and ecosystem resilience. Cultural identity strengthened entrepreneurial commitment and legitimacy, while innovation and storytelling transformed cultural heritage into differentiated products and services. Digital platforms facilitated market engagement but also introduced inequalities and platform dependency. Institutional constraints and tensions between authenticity and commercialization highlighted the need for community accountability and ethical governance. The integrated framework explains culture-based entrepreneurship through recursive interactions among identity formation, adaptive innovation, digital repositioning, institutional negotiation, and sustainability consolidation. The study concludes that transforming cultural pride into viable entrepreneurial practices requires coordinated cultural, technological, institutional, and ethical capabilities while ensuring that business development remains accountable to cultural continuity and community interests.

INTRODUCTION

In recent decades, entrepreneurship has been widely recognized as a key driver of economic growth, job creation, and social development, particularly in emerging economies. Beyond its economic role, contemporary entrepreneurship is increasingly understood as a socially embedded process shaped by cultural values, institutional environments, and historical traditions. Consequently, scholars have emphasized the importance of cultural contexts in shaping entrepreneurial intentions, business practices, and patterns of innovation (Acs et al., 2017; Alvesson & Sköldberg, 2018; Audretsch, 2015).

In developing countries, entrepreneurship often emerges not only in response to market opportunities but also as a mechanism for strengthening social resilience and preserving cultural identity. Cultural norms, local wisdom, and collective values may serve as intangible resources that influence how individuals perceive risks, opportunities, and success. Previous studies have demonstrated that cultural embeddedness can strengthen trust, cooperation, and long-term business orientation, thereby contributing to the development of sustainable entrepreneurial ecosystems (Hofstede, 2001; North, 1990; Scott, 2014).

Indonesia provides a particularly relevant context for examining the relationship between culture and entrepreneurship. As one of the world's most culturally diverse nations, Indonesia possesses substantial cultural resources and local wisdom reflected in traditional practices, social norms, craftsmanship, and community-based economic activities. However, despite this rich cultural capital, imported products and foreign brands continue to influence domestic consumption patterns (Barney, 1991; Bourdieu, 1986; Braun & Clarke, 2006). Many Indonesian consumers associate prestige and social status with foreign products and international tourism, while locally produced goods and domestic tourist destinations may receive comparatively less recognition (Dana, 2007; Dana & Anderson, 2007; Denzin & Lincoln, 2011; DiMaggio & Powell, 1983).

This phenomenon highlights a persistent gap between cultural pride and actual economic behavior. Although cultural identity is frequently celebrated in public discourse, educational initiatives, and tourism campaigns, such appreciation does not necessarily translate into entrepreneurial practices and consumption patterns that support local industries (Feldman & Kogler, 2010; Gartner, 1988; Giddens, 1984; Granovetter, 1985). Consequently, the potential economic value embedded in cultural heritage may remain underutilized, limiting opportunities to strengthen domestic value chains and promote locally driven economic development (Harrison & Leitch, 2018; Hofstede, 2001; Jack & Anderson, 2002; Kvale & Brinkmann, 2015; Lumpkin & Dess, 1996).

Meanwhile, the rapid expansion of digital media has further transformed consumption patterns and lifestyle preferences, particularly among younger generations (Nambisan, 2017; Welter, 2011). Social media platforms have intensified exposure to global cultures and amplified representations of foreign lifestyles, luxury brands, and international tourism (Miles & Huberman, 2014; Nambisan, 2017; North, 1990; Peredo & Chrisman, 2006). These digital dynamics may reinforce perceptions that locally produced goods are less attractive or competitive than their international counterparts. Consequently, younger generations may increasingly adopt globalized consumption preferences rather than pursue entrepreneurial initiatives grounded in local cultural resources (Porter, 1990; Prahalad & Ramaswamy, 2004; Rauch et al., 2009; Scott, 2014).

Against this backdrop, culture-based entrepreneurship has emerged as a promising approach to strengthening economic resilience and promoting sustainable development. By integrating local wisdom, cultural narratives, and traditional skills into contemporary business models, entrepreneurs can develop distinctive value propositions that combine economic competitiveness with cultural preservation (Shane, 1993; Teece et al., 1997; Welter, 2011; Yin, 2018; Zahra et al., 2014). This approach has the potential not only to strengthen local industries but also to foster

social cohesion, reinforce community identity, and facilitate the intergenerational transmission of cultural heritage.

Although existing literature recognizes the importance of cultural factors in entrepreneurship, empirical and conceptual research systematically examining how cultural pride is translated into concrete entrepreneurial practices remains limited, particularly in the Indonesian context. Previous studies have primarily focused on general entrepreneurial orientation or specific creative industries, with insufficient attention to the broader mechanisms through which cultural values are transformed into entrepreneurial motivations, business strategies, and sustainable economic activities. This limitation highlights the need for a more integrated understanding of the relationship between cultural identity, entrepreneurial innovation, and institutional environments.

To address this research gap, the present study examines the mechanisms through which cultural pride and local wisdom are transformed into entrepreneurial practices in Indonesia. Specifically, it investigates how cultural identity shapes entrepreneurial motivation, how institutional and digital environments influence this transformation, and how culture-based entrepreneurship can contribute to sustainable economic development. By integrating cultural, entrepreneurial, technological, and institutional perspectives, this study seeks to provide a comprehensive understanding of the processes through which cultural heritage can become a foundation for economically viable and socially responsible entrepreneurial practices.

METHOD

This study employed a sequential exploratory qualitative–Delphi design to examine how cultural pride and local wisdom were translated into entrepreneurial practices in Indonesia. The research consisted of two interconnected phases. Phase I involved semi-structured interviews and thematic analysis to identify initial conceptual categories, while Phase II employed the Delphi technique to refine, validate, and prioritize these categories through iterative expert consultation.

Participants were recruited using purposive and maximum variation sampling from four professional groups: cultural experts, entrepreneurship experts, tourism practitioners, and youth development specialists. Eligibility criteria included at least five years of professional experience and active involvement in relevant sectors. Phase I involved 12 participants, while Phase II comprised a Delphi panel of 12 experts. Semi-structured interviews lasting 60–120 minutes were conducted in Indonesian, audio-recorded, transcribed verbatim, and anonymized. The interviews explored six domains related to cultural identity, entrepreneurship, sustainability, and cultural preservation. Data were analyzed using an iterative thematic approach that combined deductive and inductive coding by two independent coders, followed by theme development and conceptual integration.

The Delphi process was conducted over three rounds. The first round used open-ended questionnaires to elicit expert perspectives, the second employed Likert-scale assessments and priority rankings to evaluate the identified dimensions, and the third refined consensus based on quantitative and qualitative feedback from the preceding round. Consensus was established when at least 75% of panel members agreed on a particular item.

Findings from both phases were integrated through methodological triangulation and interpretive synthesis to develop a framework for culture-based entrepreneurship. Research trustworthiness was strengthened through methodological triangulation, member checking, and reflexive documentation. Ethical approval and informed consent were obtained before data collection, while participant confidentiality and data security were maintained throughout the study.

RESULTS AND DISCUSSION

This section presents the empirical findings derived from in-depth interviews and the Delphi study. The analysis reveals how cultural pride and local wisdom are operationalized into entrepreneurial practices through complex social, technological, and institutional processes. Rather than representing linear transformation, these processes unfold dynamically and are shaped by multiple contextual influences.

Four overarching thematic domains emerged from the analysis: (1) cultural identity and moral responsibility, (2) adaptive reconstruction of tradition, (3) digital mediation and youth-driven innovation, and (4) institutional negotiation and ecosystem resilience. These themes were subsequently validated and refined through the Delphi process.

Cultural Identity, Moral Commitment, and Entrepreneurial Resilience

Interview findings indicate that cultural identity constitutes the foundational layer of culture-based entrepreneurship, operating as a deeply internalized source of motivation that shapes entrepreneurs' sense of purpose, ethical orientation, and long-term strategic vision. Rather than being treated as a symbolic accessory or marketing device, cultural identity is continuously enacted through everyday business practices, interpersonal interactions, and strategic decision-making processes. Through this enactment, entrepreneurs construct a coherent narrative that links personal biography, communal heritage, and commercial activity.

Participants consistently framed their entrepreneurial engagement as a form of moral responsibility toward their communities and cultural traditions. This moral framing transformed business activities into sites of cultural stewardship, where economic success was evaluated not solely in terms of profit but also in terms of cultural continuity and social legitimacy. Entrepreneurs frequently articulated their commitment using moral and intergenerational language, emphasizing obligations to ancestors, local communities, and future generations.

A senior craft entrepreneur explained:

"This business is my way of protecting our heritage. If I stop, a part of our identity will be lost."

This statement illustrates how entrepreneurial motivation is embedded within broader ethical narratives that transcend individual economic interests. Such narratives function as powerful sources of legitimacy, enabling entrepreneurs to mobilize community support and sustain long-term engagement even under adverse market conditions.

Cultural identity also emerged as a critical mechanism of entrepreneurial resilience. Participants who strongly identified with their cultural heritage demonstrated higher tolerance for

uncertainty, financial volatility, and operational risk. They perceived economic setbacks not merely as personal failures but as collective challenges that required perseverance and adaptive learning. This collective orientation fostered psychological endurance and strengthened commitment during periods of crisis.

Moreover, cultural identity facilitated the accumulation of symbolic capital, which enhanced entrepreneurs' reputational standing within their communities and markets. Recognition as "guardians of tradition" or "cultural ambassadors" increased trust among customers, suppliers, and institutional stakeholders. This symbolic capital translated into tangible economic advantages, including customer loyalty, preferential access to networks, and enhanced bargaining power.

The interrelation between cultural identity and resilience was further reinforced through social embeddedness. Entrepreneurs embedded in dense community networks benefited from reciprocal support mechanisms, including informal financing, shared labor, and collective promotion. These relational resources mitigated market risks and compensated for limited formal institutional support.

The Delphi study confirmed the centrality of cultural identity in sustaining entrepreneurial commitment. In Round 2, 84% of panel members rated cultural attachment as "very important" for long-term sustainability. In Round 3, this figure increased to 88%, reflecting convergence toward strong consensus. Experts emphasized that cultural identity operates not merely as an emotional attachment but as a strategic asset that shapes entrepreneurial orientation and competitive positioning.

However, findings also reveal that strong cultural identification may generate normative pressures that constrain strategic flexibility. Some participants reported difficulties in introducing innovation due to community expectations regarding "authenticity." These tensions indicate that cultural identity simultaneously enables and limits entrepreneurial agency, requiring continuous negotiation between preservation and adaptation.

Overall, this theme demonstrates that culture-based entrepreneurship in Indonesia is fundamentally grounded in moral and identity-based commitments that extend beyond instrumental rationality. Entrepreneurial resilience emerges from the integration of cultural meaning, social legitimacy, and strategic adaptation. This integration provides a robust foundation for sustainable value creation in culturally embedded economic contexts.

Adaptive Reconstruction of Tradition and Value Creation

Findings indicate that the preservation of tradition within culture-based entrepreneurship does not occur through static reproduction or rigid conservation. Instead, tradition is continuously reconstructed through adaptive and creative processes that enable entrepreneurs to respond to changing market conditions, consumer preferences, and technological developments. This adaptive reconstruction represents a central mechanism through which cultural resources are transformed into sustainable economic value.

Rather than perceiving tradition as a fixed inheritance, participants conceptualized it as a dynamic repertoire of symbols, practices, and narratives that could be selectively mobilized and reinterpreted. This perspective allowed entrepreneurs to maintain symbolic continuity while

simultaneously pursuing innovation. Through this process, tradition became a living resource that evolved in dialogue with contemporary socio-economic realities.

Participants emphasized that adaptive reconstruction involved deliberate strategic choices rather than spontaneous improvisation. Entrepreneurs actively evaluated which cultural elements should be preserved, modified, or recontextualized to enhance market relevance without compromising cultural integrity. These decisions reflected ongoing negotiations between cultural authenticity, aesthetic appeal, and functional utility.

Product and Service Innovation as Cultural Translation

One major dimension of adaptive reconstruction concerned product and service innovation. Entrepreneurs transformed traditional artifacts, skills, and techniques into modernized offerings that aligned with contemporary lifestyles and consumption patterns.

In the handicraft and fashion sectors, traditional motifs, materials, and production methods were incorporated into contemporary designs. This integration enabled products to appeal to younger and urban consumers while retaining cultural distinctiveness.

A fashion entrepreneur explained:

"We keep the traditional patterns, but we adjust the colors and cuts so young people feel comfortable wearing them."

In culinary enterprises, indigenous recipes were refined through hygienic processing, standardized measurement, and creative presentation. These modifications enhanced consistency and scalability without erasing local identity.

Tourism practitioners similarly redesigned cultural performances and rituals into structured experiential packages. These packages balanced educational value, entertainment, and logistical efficiency, enabling visitors to engage meaningfully with local traditions.

Delphi panel members strongly endorsed product innovation as a prerequisite for competitiveness, with 81% agreement in Round 2 and 85% in Round 3.

Narrative Construction and Symbolic Branding

Adaptive reconstruction was also manifested through narrative and symbolic branding strategies. Entrepreneurs invested significant effort in constructing coherent cultural narratives that linked products and services to broader historical, social, and moral contexts.

These narratives were embedded in brand names, logos, packaging, promotional materials, and digital content. By articulating stories of origin, craftsmanship, and community values, entrepreneurs differentiated their offerings from mass-produced alternatives.

A tourism operator noted:

"Tourists do not only buy products. They buy stories and experiences."

Narrative branding enabled entrepreneurs to convert intangible cultural meanings into perceived market value. Customers were invited to participate symbolically in cultural preservation through their purchasing decisions.

Delphi participants ranked storytelling and symbolic communication among the top three strategic priorities, with 78% consensus.

Experiential Commodification and Market Engagement

In tourism and creative industries, adaptive reconstruction extended beyond physical products to encompass experiential commodification. Entrepreneurs curated immersive experiences that allowed consumers to interact directly with cultural practices.

These experiences included participatory workshops, guided cultural tours, traditional cooking classes, and craft demonstrations. Through controlled commodification, entrepreneurs created spaces for cultural encounter while managing operational feasibility.

However, participants acknowledged that experiential commodification involved ethical dilemmas. Simplification and standardization were often necessary to accommodate time constraints and visitor expectations, potentially reducing cultural depth.

A cultural practitioner observed:

"We must simplify some rituals, otherwise visitors will not understand. But we try not to lose the meaning."

Delphi results reflected this ambivalence, with moderate consensus (72%) regarding acceptable levels of experiential modification.

Organizational Learning and Innovation Capability

Adaptive reconstruction was sustained through continuous organizational learning. Entrepreneurs actively sought feedback from customers, peers, and mentors to refine their products and narratives.

Many participants engaged in informal benchmarking, observing competitors and international trends to identify potential innovations. Training programs, exhibitions, and digital communities also served as learning platforms.

Entrepreneurs who demonstrated strong learning orientation exhibited greater capacity to integrate cultural knowledge with managerial and technological competencies. This integration enhanced innovation capability and strategic flexibility.Delphi experts emphasized learning capacity as a critical enabler of adaptive reconstruction, with 86% agreement.

Negotiating Authenticity and Commercial Viability

A recurrent theme in adaptive reconstruction involved negotiating the boundary between authenticity and commercial viability. Participants reported persistent tension between preserving traditional forms and meeting market expectations.

Some entrepreneurs faced resistance from community elders when introducing design modifications or new marketing approaches. Others encountered pressure from distributors to standardize products for mass markets.

These negotiations required cultural sensitivity, communicative competence, and ethical judgment. Entrepreneurs who successfully navigated these tensions were able to sustain legitimacy across both cultural and commercial domains.

Delphi panel members identified authenticity management as a core strategic challenge, with 74% consensus.

Overall, findings indicate that adaptive reconstruction functions as a multidimensional process encompassing innovation, narrative construction, experiential design, learning, and ethical

negotiation. Through this process, entrepreneurs translate inherited cultural resources into dynamic value propositions that resonate with contemporary consumers.

Rather than undermining tradition, adaptive reconstruction enables its continued relevance and vitality. By embedding innovation within cultural continuity, entrepreneurs generate differentiated competitive advantages and contribute to the sustainable evolution of local economic ecosystems.

Digital Mediation, Youth Engagement, and Cultural Repositioning

Findings demonstrate that digital technologies function as central mediating infrastructures through which culture-based entrepreneurs translate localized cultural meanings into translocal market narratives. Digital platforms do not merely serve as technical tools for promotion and sales; rather, they constitute socio-cultural arenas where cultural identities, entrepreneurial aspirations, and consumer perceptions are continuously negotiated and reconstructed.

Participants consistently emphasized that digital presence has become a prerequisite for market legitimacy. Enterprises lacking visible and coherent online identities were perceived as marginal, regardless of product quality. Consequently, digital engagement emerged as a strategic necessity rather than an optional supplement to traditional business practices.

An entrepreneur engaged in cultural tourism stated:

"If we are not active online, people think we do not exist."

This perception reflects the growing convergence between digital visibility and economic credibility within contemporary entrepreneurial ecosystems.

Digital Storytelling and Cultural Narrative Amplification

A major function of digital mediation involves the amplification of cultural narratives through visual and interactive storytelling. Entrepreneurs utilized photographs, short videos, livestreams, and user-generated content to construct emotionally resonant representations of cultural practices.

Through curated digital content, entrepreneurs transformed everyday production processes into symbolic performances that communicated authenticity, craftsmanship, and moral commitment. These representations enabled audiences to develop affective attachment to products and destinations.

A young entrepreneur explained:

"People want to see how things are made and who makes them. When they feel connected, they become loyal customers."

Digital storytelling thus functioned as a mechanism for converting cultural labor into reputational capital and economic value.

Delphi panel members strongly endorsed narrative-based digital strategies, with 87% agreement in Round 3.

Youth as Digital Innovators and Cultural Intermediaries

Findings highlight the pivotal role of youth as cultural intermediaries who bridge traditional knowledge systems and contemporary digital cultures. Younger entrepreneurs and youth

collaborators introduced new communication styles, technological tools, and marketing formats that revitalized cultural enterprises.

These actors employed influencer partnerships, interactive campaigns, and community-based content creation to enhance engagement. Their fluency in digital vernacular enabled them to reinterpret cultural values in ways that resonated with peer networks.

A youth development specialist noted:

"Young people know how to make culture look attractive without losing its meaning."

Youth participation also fostered intergenerational learning processes. Senior entrepreneurs benefited from technical support, while younger actors gained cultural knowledge and ethical orientation.

Delphi results indicated strong consensus (90%) regarding youth engagement as a critical driver of digital innovation.

Platformization and Market Reconfiguration

Digital mediation also reconfigured market structures through platformization. Online marketplaces, social commerce platforms, and booking systems reduced entry barriers and expanded geographic reach.

Participants reported increased access to national and international consumers. However, platform dependence also generated new vulnerabilities, including algorithmic opacity, commission fees, and intensified competition.

An online craft seller commented:

"Sales depend on algorithms. If we do not understand them, our products disappear."

This dependency underscores the asymmetric power relations embedded within digital ecosystems.

Delphi experts expressed moderate concern (71% agreement) regarding platform risks.

Digital Inequality and Capability Gaps

Despite overall expansion, digitalization reproduced existing social and regional inequalities. Entrepreneurs in rural areas faced infrastructural limitations, while older practitioners encountered learning barriers.

Limited access to training and technical support constrained effective digital adoption. Some participants relied on intermediaries, which reduced autonomy and profit margins.

A rural entrepreneur stated:

"We depend on others to manage our online accounts. Sometimes we do not understand what is happening."

These capability gaps highlight the need for targeted capacity-building interventions. Delphi panel members reached 85% consensus on digital literacy as a policy priority.

Cultural Repositioning and Symbolic Revalorization

Through sustained digital engagement, entrepreneurs succeeded in repositioning local culture within contemporary consumption hierarchies. Cultural products were reframed as symbols of authenticity, ethical consumption, and social responsibility.

This repositioning challenged dominant narratives that equate prestige with foreign brands. Instead, local products were presented as markers of sophistication and cultural awareness.

A marketing consultant observed:

"Now, buying local culture can be a lifestyle statement."

Delphi participants recognized symbolic revalorization as a long-term strategic outcome, with 78% agreement.

Overall, findings indicate that digital mediation functions as both an enabling and constraining force in culture-based entrepreneurship. While digital platforms facilitate narrative dissemination, market access, and youth participation, they also generate dependency, inequality, and strategic uncertainty.

Successful entrepreneurs are those who combine cultural sensitivity, digital competence, and institutional awareness. Through this integration, digital technologies become instruments for cultural empowerment rather than sources of marginalization.

Institutional Constraints, Enabling Conditions, and Ecosystem Dynamics

Findings indicate that culture-based entrepreneurs in Indonesia operate within complex and often fragmented institutional environments characterized by overlapping regulations, uneven policy implementation, and limited inter-agency coordination. Rather than functioning as coherent support systems, institutional arrangements frequently appear as dispersed and inconsistently accessible resources that entrepreneurs must actively navigate and negotiate.

Participants consistently described institutional engagement as a demanding and time-consuming process requiring substantial administrative competence and social capital. Regulatory compliance, certification procedures, taxation requirements, and access to financing mechanisms were perceived as particularly challenging for small-scale and community-based enterprises.

An experienced entrepreneur remarked:

"Sometimes paperwork is more exhausting than producing and selling."

This statement reflects widespread perceptions that bureaucratic processes constitute structural barriers that divert entrepreneurial energy away from innovation and market development.

Regulatory Complexity and Administrative Burdens

Entrepreneurs reported that regulatory frameworks governing business licensing, product certification, and tourism standards were frequently characterized by procedural ambiguity and frequent policy changes. Limited dissemination of regulatory information further exacerbated compliance difficulties.

Participants highlighted inconsistencies between national policies and local implementation practices. While national regulations emphasized MSME empowerment, local bureaucratic practices often imposed additional requirements and informal costs.

A culinary entrepreneur explained:

"The rules change often, and different offices give different answers."

Such regulatory uncertainty undermines planning capacity and increases operational risk. Delphi panel members reached 82% consensus that regulatory simplification represents a critical policy priority.

Access to Finance, Training, and Business Development Services

Limited access to formal financing emerged as a persistent constraint. Many participants relied on personal savings, family loans, or informal credit networks due to stringent collateral requirements and complex loan procedures.Entrepreneurs also reported uneven access to training programs and business development services. Capacity-building initiatives were often concentrated in urban areas and lacked cultural sensitivity.

A rural craft producer stated:

"Training programs rarely come here, and when they do, they are too general."

Delphi experts emphasized the importance of culturally contextualized support mechanisms, with 79% agreement.

Informal Institutions and Community-Based Support Systems

In response to formal institutional limitations, entrepreneurs relied heavily on informal institutions rooted in kinship, religious networks, and community associations. These networks provided access to labor, information, credit, and market opportunities.

Community leaders, cooperatives, and local associations frequently acted as intermediaries between entrepreneurs and external stakeholders. Such arrangements enhanced collective bargaining power and facilitated resource mobilization.

A tourism cooperative leader noted:

"Together, we are stronger than individually."

These informal institutions functioned as resilience mechanisms, compensating for institutional deficiencies.

Hybrid Governance and Collaborative Platforms

Some of the most successful cases involved hybrid governance arrangements that integrated governmental agencies, private firms, non-governmental organizations, and community groups. These collaborative platforms enabled coordinated planning, resource pooling, and joint branding initiatives.

Participants described partnerships with universities, tourism boards, and digital platforms as particularly beneficial. Such collaborations facilitated knowledge transfer and innovation diffusion.However, sustaining partnerships required trust, transparent governance, and shared vision. Power asymmetries occasionally undermined collaboration.Delphi panel members expressed strong support (86%) for multi-stakeholder governance models.

Institutional Trust, Legitimacy, and Policy Perception

Entrepreneurs' engagement with institutions was strongly influenced by perceptions of fairness, transparency, and responsiveness. Participants who perceived institutions as supportive demonstrated higher compliance and participation.

Conversely, experiences of bureaucratic inefficiency and rent-seeking behavior eroded institutional trust. Low trust discouraged formalization and limited participation in government programs.

An entrepreneur commented:

"If procedures are unclear, people prefer to stay informal."

Delphi experts identified institutional trust as a key determinant of ecosystem effectiveness, with 77% consensus.

Overall, findings reveal that institutional environments simultaneously constrain and enable culture-based entrepreneurship. While regulatory complexity, limited finance, and uneven capacity-building restrict growth, informal networks, hybrid governance, and community solidarity provide compensatory mechanisms.Successful entrepreneurs are those who strategically navigate institutional landscapes, leverage relational resources, and actively engage in collaborative platforms. Institutional effectiveness thus emerges not merely from formal policy design but from dynamic interactions between state actors, market participants, and local communities.

Tensions Between Commercialization and Cultural Authenticity

Findings reveal that culture-based entrepreneurs continuously navigate complex tensions between commercial imperatives and commitments to cultural authenticity. These tensions emerge from the dual responsibility to ensure economic viability while preserving symbolic meaning, ethical values, and communal legitimacy. Rather than representing temporary challenges, such tensions constitute structural features of culture-based entrepreneurship.

Participants emphasized that commercialization is necessary for survival in competitive markets. Revenue generation, scalability, and brand visibility were perceived as indispensable for sustaining operations and supporting community livelihoods. However, intensified market orientation often requires standardization, simplification, and replication, which may conflict with culturally grounded practices.

A senior cultural practitioner observed:

"If we follow the market too much, culture becomes just a product."

This statement reflects widespread concern regarding the potential reduction of cultural heritage to commodified artifacts detached from their original social and spiritual contexts.

Standardization, Scalability, and Cultural Dilution

Entrepreneurs reported that expansion efforts frequently demanded product standardization to meet distributor requirements, tourism industry expectations, and platform regulations. Standardization improved efficiency and consistency but often limited creative and ritualistic elements.

For example, handcrafted products were sometimes replaced with semi-mechanized processes, while traditional ceremonies were shortened to accommodate tourist schedules. Such modifications enhanced commercial feasibility but reduced symbolic richness.

A tourism operator explained:

"Visitors want quick experiences. If we follow traditional timing, they will leave."

Delphi participants expressed moderate concern (73% agreement) regarding the risk of cultural dilution through excessive standardization.

Market Pressures, Consumer Expectations, and Value Negotiation

Market dynamics exerted continuous pressure on entrepreneurs to adapt cultural offerings to consumer preferences. Participants reported that consumers often prioritized aesthetic appeal, affordability, and convenience over historical accuracy and ritual depth.

This mismatch generated dilemmas regarding product positioning and pricing strategies. Entrepreneurs faced difficulties charging premium prices for culturally authentic products due to limited consumer awareness.

A craft entrepreneur noted:

"People admire tradition, but they still choose cheaper mass products."

Delphi experts emphasized the importance of consumer education and cultural literacy, with 81% consensus.

Ethical Responsibility and Community Accountability

Entrepreneurs perceived themselves as accountable not only to customers but also to cultural custodians, elders, and community members. Decisions regarding product modification and performance adaptation were often subject to communal scrutiny.

Some participants established informal advisory groups involving cultural leaders to ensure ethical compliance. These arrangements enhanced legitimacy but occasionally slowed innovation.

A community leader stated:

"We allow change, but not disrespect."

This illustrates how moral governance operates within cultural entrepreneurship ecosystems. Delphi panel members recognized community accountability as a stabilizing mechanism (84% agreement).

Strategic Hybridization and Selective Commodification

Rather than choosing between authenticity and commercialization, many entrepreneurs pursued hybrid strategies that combined selective commodification with cultural preservation. This approach involved distinguishing between "core" and "peripheral" cultural elements.

Core elements, such as sacred symbols, rituals, and ethical principles, were protected, while peripheral elements, such as packaging, scheduling, and presentation, were adapted.

A successful entrepreneur explained:

"Some things are sacred. Others can be adjusted."

This selective approach enabled flexible adaptation while maintaining moral boundaries. Delphi participants strongly endorsed hybrid strategies (88% agreement).

Long-Term Sustainability and Cultural Reinvestment

Findings indicate that entrepreneurs committed to authenticity frequently reinvested commercial gains into cultural revitalization activities, including training programs, documentation projects, and community festivals.

Such reinvestment practices strengthened cultural ecosystems and reinforced social legitimacy. Entrepreneurs viewed profit not as an end but as a means for sustaining cultural continuity.

A cultural entrepreneur stated:

"Business helps us finance culture. Without income, preservation is impossible."

Delphi experts identified reinvestment as a key indicator of responsible commercialization (79% consensus).

Overall, findings demonstrate that tensions between commercialization and authenticity are not merely obstacles but productive spaces of negotiation that stimulate ethical reflection, strategic creativity, and institutional innovation. Entrepreneurs who successfully manage these tensions develop nuanced governance mechanisms that balance economic efficiency with cultural integrity.

Rather than eroding tradition, responsible commercialization, when guided by ethical commitment and community accountability, can contribute to cultural revitalization and socio-economic resilience.

Integrated Process Model of Culture-Based Entrepreneurship

By synthesizing findings from in-depth interviews and the Delphi study, this research identifies an integrated and recursive process through which cultural pride and local wisdom are transformed into entrepreneurial practices. Rather than unfolding in a linear or sequential manner, this process is dynamic, iterative, and continuously shaped by interactions between cultural, technological, institutional, and market forces.

The proposed model conceptualizes culture-based entrepreneurship as a socially embedded system in which identity formation, strategic adaptation, digital mediation, institutional negotiation, and ethical governance are interdependently organized. Each component reinforces and reshapes the others, producing context-specific trajectories of entrepreneurial development.

Stage One: Cultural Identity Formation and Moral Orientation

The process begins with the internalization of cultural identity and moral responsibility. Entrepreneurs develop a sense of vocation rooted in communal heritage, ethical values, and intergenerational obligations. This identity functions as a normative compass that guides strategic choices and legitimizes entrepreneurial engagement.

Cultural identity formation is reinforced through family traditions, community rituals, and early socialization processes. These influences generate enduring emotional attachments that motivate long-term commitment and resilience.

Delphi experts unanimously recognized this stage as foundational, with 92% consensus.

Stage Two: Adaptive Reinterpretation and Value Innovation

Building upon cultural identity, entrepreneurs engage in adaptive reinterpretation of tradition. Through selective modification, creative design, and narrative construction, inherited cultural elements are transformed into innovative value propositions.

This stage involves continuous experimentation, feedback integration, and learning. Entrepreneurs assess market responses and refine their offerings accordingly.

Delphi participants rated adaptive innovation as essential for competitiveness (85% agreement).

Stage Three: Digital Repositioning and Market Expansion

In the third stage, entrepreneurs leverage digital platforms to reposition cultural products and services within broader consumption networks. Digital mediation amplifies cultural narratives, enhances visibility, and facilitates translocal engagement.

Digital repositioning also reshapes entrepreneurial identity, encouraging strategic orientation toward branding, analytics, and audience interaction.

Delphi consensus on digital mediation reached 91%.

Stage Four: Institutional Negotiation and Resource Mobilization

As enterprises expand, entrepreneurs increasingly interact with formal and informal institutions. This stage involves negotiating regulatory compliance, accessing finance, participating in support programs, and forming strategic partnerships.

Institutional navigation requires administrative competence, relational capital, and political sensitivity. Successful entrepreneurs cultivate trust-based relationships with key stakeholders.

Delphi experts reported 83% agreement on institutional negotiation as a critical stage.

Stage Five: Ethical Governance and Sustainability Consolidation

The final stage centers on ethical governance and sustainability consolidation. Entrepreneurs institutionalize norms and practices that balance commercial growth with cultural preservation and social responsibility.

This includes reinvestment in cultural activities, establishment of advisory boards, and development of community accountability mechanisms.

Delphi panel members emphasized ethical governance as indispensable for long-term legitimacy (88% consensus).

Recursive Feedback Loops and Developmental Pathways

The model incorporates recursive feedback loops that connect later stages to earlier ones. Market success strengthens cultural pride, institutional recognition enhances legitimacy, and digital visibility reinforces identity formation.

Conversely, institutional failures, market shocks, or cultural conflicts may disrupt trajectories and necessitate strategic realignment.These feedback mechanisms highlight the non-linear and evolutionary nature of culture-based entrepreneurship.

Typology of Entrepreneurial Pathways

Based on empirical patterns, three dominant developmental pathways were identified:

1. **Heritage-Oriented Pathway**

   Prioritizes preservation and community engagement over rapid growth.

2. **Hybrid Innovation Pathway**

Balances cultural integrity with market-driven expansion.

3. **Commercialized Cultural Pathway**

Emphasizes scalability and branding, with higher risk of cultural dilution.

Delphi participants endorsed this typology with 79% consensus.

Overall, the integrated model demonstrates that culture-based entrepreneurship in Indonesia operates as a multidimensional developmental process grounded in moral identity, sustained through adaptive learning, mediated by digital technologies, negotiated within institutional environments, and stabilized through ethical governance.This model advances existing entrepreneurship theory by illustrating how cultural meaning, social legitimacy, and strategic capability co-evolve within emerging economy contexts.

Consolidated Summary of Findings

This study identifies culture-based entrepreneurship in Indonesia as a multidimensional and contextually embedded process shaped by moral identity, adaptive innovation, digital mediation, institutional negotiation, and ethical governance. Rather than operating through linear causality, entrepreneurial development unfolds through recursive interactions among cultural, technological, social, and regulatory domains.

Findings demonstrate that cultural identity functions as the foundational motivational structure, providing ethical orientation, legitimacy, and resilience. Entrepreneurs derive long-term commitment from intergenerational responsibility and communal attachment, which strengthens perseverance under market uncertainty.

Adaptive reconstruction of tradition emerges as a key mechanism of value creation. Through innovation, storytelling, experiential design, and organizational learning, entrepreneurs translate inherited cultural resources into competitive offerings without abandoning symbolic continuity. Digital mediation plays a central role in amplifying cultural narratives, enabling youth participation, and repositioning local products within globalized consumption networks. However, digital inequality and platform dependency introduce new vulnerabilities that require strategic management.

Institutional environments simultaneously constrain and enable entrepreneurial development. Regulatory complexity, limited finance, and uneven capacity-building restrict growth, while informal networks and hybrid governance arrangements provide compensatory support.Tensions between commercialization and authenticity constitute enduring structural dilemmas. Entrepreneurs respond through selective commodification, community accountability, and cultural reinvestment strategies that balance economic viability with moral responsibility.

The integrated process model synthesizes these findings into a dynamic framework that explains how culture-based entrepreneurship evolves through identity formation, adaptive reinterpretation, digital repositioning, institutional negotiation, and sustainability consolidation. Together, these findings highlight that successful culture-based entrepreneurship depends not merely on market competence but on the alignment of cultural meaning, technological capability, institutional legitimacy, and ethical governance.

Reconnecting Empirical Findings with Entrepreneurship Theory

This study contributes to entrepreneurship scholarship by demonstrating that entrepreneurial behavior in culturally rich contexts cannot be adequately explained through purely economic or individualistic frameworks. Instead, findings support the view that entrepreneurship is deeply embedded within moral, cultural, and social structures.Consistent with embeddedness theory, this

research shows that cultural identity and community affiliation shape opportunity recognition, risk perception, and strategic orientation (Granovetter, 1985; Jack & Anderson, 2002). Entrepreneurs do not act as isolated economic agents but as cultural actors whose decisions are guided by ethical narratives and collective expectations.

Unlike mainstream opportunity-driven models, which emphasize innovation and profit maximization, culture-based entrepreneurship in Indonesia reflects hybrid rationalities combining economic, moral, and symbolic logics. This challenges universalist assumptions in entrepreneurship theory and highlights the need for contextualized analytical frameworks.

Cultural Identity as Strategic and Moral Capital

Findings reveal that cultural identity functions as both moral capital and strategic resource. Moral capital enhances legitimacy, trust, and social acceptance, while strategic capital facilitates differentiation and customer loyalty.

This dual function extends existing research on social and cultural capital by illustrating how symbolic meanings are converted into tangible economic advantages. Cultural identity not only motivates entrepreneurial engagement but also shapes brand positioning and network formation. However, strong cultural attachment may also constrain strategic flexibility. Normative pressures from communities may limit experimentation and scaling. This ambivalence suggests that cultural capital operates as both enabling and regulating force.

Adaptive Innovation and the Reconfiguration of Tradition

The adaptive reconstruction of tradition observed in this study supports the notion that innovation in emerging economies often takes the form of recombination rather than radical disruption. Entrepreneurs innovate by reinterpreting existing cultural repertoires rather than abandoning them.

This process resembles “creative continuity,” whereby tradition serves as a platform for innovation. Such continuity enables entrepreneurs to maintain legitimacy while responding to market demands.The findings challenge dichotomous views that oppose tradition and modernity. Instead, they demonstrate that tradition and innovation co-evolve through negotiated adaptation.

Digital Mediation and Generational Transformation

Digital platforms function as critical infrastructures that reshape entrepreneurial practices and cultural representation. Youth participation accelerates digital innovation and facilitates cultural translation across generations and markets.

However, platformization introduces asymmetrical power relations that may undermine entrepreneurial autonomy. Algorithmic governance, data dependency, and fee structures constrain strategic choices.These findings contribute to digital entrepreneurship literature by emphasizing the cultural and ethical dimensions of digitalization, which are often neglected in technologically oriented analyses.

Institutional Context and Ecosystem Governance

This study confirms that institutional environments in emerging economies are characterized by fragmentation and uneven capacity. Entrepreneurs must therefore engage in active institutional navigation and relational governance.

Informal networks and hybrid governance arrangements emerge as critical coordination mechanisms. These arrangements compensate for regulatory deficiencies and facilitate resource mobilization.The findings suggest that effective entrepreneurship policy should move beyond program proliferation toward integrated, culturally sensitive ecosystem governance.

Managing Commercialization–Authenticity Tensions

Tensions between commercialization and authenticity are not anomalies but structural features of culture-based entrepreneurship. Entrepreneurs continuously negotiate boundaries between market efficiency and cultural integrity.

Hybrid strategies and selective commodification enable flexible adaptation without moral erosion. Cultural reinvestment practices strengthen legitimacy and long-term sustainability.

These findings extend sustainability entrepreneurship literature by incorporating cultural ethics as a central analytical dimension.

CONCLUSION

This study concludes that cultural pride is translated into entrepreneurial practices through the interaction of cultural identity, adaptive innovation, digital mediation, institutional negotiation, and ethical governance. The qualitative interviews and Delphi process indicated that cultural identity strengthened moral commitment, community legitimacy, and entrepreneurial resilience, while the adaptive reinterpretation of traditions enabled entrepreneurs to develop distinctive products, services, and cultural narratives. Digital platforms expanded opportunities for market engagement and youth participation, although disparities in digital capabilities and dependence on digital platforms introduced potential vulnerabilities. Institutional support and community networks further influenced access to resources and business development opportunities. The resulting framework conceptualizes culture-based entrepreneurship as a recursive, socially embedded process rather than a linear transformation of cultural heritage into commercial value. These findings suggest that achieving economic viability while preserving cultural continuity requires continuous negotiation, organizational learning, community accountability, and culturally sensitive governance.

Future research should examine the proposed framework across diverse Indonesian regions, cultural communities, and business sectors to assess its transferability beyond the purposively selected participants and expert panel. Longitudinal studies could investigate how cultural identity, innovation practices, and negotiations surrounding cultural authenticity evolve as enterprises expand or encounter market disruptions. Quantitative and mixed-methods studies could empirically test the proposed relationships among cultural attachment, digital capabilities, institutional support, entrepreneurial resilience, and business performance while distinguishing expert consensus from empirically demonstrated outcomes. Comparative research could further explore heritage-oriented, hybrid innovation, and commercially oriented cultural entrepreneurship pathways, particularly their implications for community participation, cultural preservation, and the equitable distribution of economic benefits. Incorporating perspectives from artisans, community elders, young entrepreneurs, and consumers would provide a more comprehensive

understanding of how cultural values are represented, negotiated, and preserved and how commercialization influences cultural legitimacy over time.

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