



Performance Of Aceh's Gastronomic Entrepreneurs In The Digital Transformation Era: The Crucial Role Of Entrepreneurial Spirit And Dynamic Capabilities

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ABSTRACT

This study aims to analyze the influence of the entrepreneurial spirit on the dynamic capabilities and performance of Aceh traditional culinary Small Enterprises during the digital transformation era. Gastronomic entrepreneurs are culinary business actors who not only offer food products but also provide local cultural experiences to tourists. In an increasingly digital and competitive landscape, SMEs need to develop adaptive capabilities by reinforcing their entrepreneurial spirit. We PLS-SEM method, which involves 230 respondents from Culinary SMES. The findings indicate that the entrepreneurial spirit has a positive and significant impact on dynamic capabilities, directly enhancing the performance of culinary small enterprises (SMEs). Furthermore, dynamic capabilities also have a positive and significant impact on business performance. Mediation analysis reveals that dynamic capabilities act as a critical intermediary, strengthening the relationship between entrepreneurial spirit and SME performance. These findings confirm that adaptation to technology, risk-taking, and innovation are crucial factors in enhancing business performance.

INTRODUCTION

Data from Bank Indonesia (Bank Indonesia, 2015) and the Ministry of Investment/BKPM (Kementerian Investasi/BKPM, 2023)) classify the currently developing Small, and Medium Enterprises (SMEs) into several sectors, consisting of trade, manufacturing, agriculture, plantation, livestock, fisheries, and services. According to the 2023 Ministry of Investment/BKPM Data (Ministry of Investment/BKPM, 2023), the service sector is the dominant sector for SMEs in

Indonesia, with culinary services included. The Ministry of Tourism and Creative Economy recognizes culinary arts as one of the sub-sectors within the creative economy. Culinary activities are fundamentally related to the processes of food preparation and cooking, which are basic human activities in fulfilling daily needs (Ministry of Tourism and Creative Economy, 2021). Culinary service SMEs represent one of the sectors that have shown resilience during global crises, including economic downturns and the COVID-19 Pandemic.

In line with the growing economic activity driven by the tourism industry, local culture has become one of the key attractions in regional tourism economies one example being gastronomy, which offers a culinary-based travel experience featuring regional specialties (Celebi, 2021). Gastronomy represents a form of local culinary culture that can provide a unique experience for both domestic and international tourists. It refers not only to a collection of traditional dishes from a particular region but also encompasses eating habits, traditions, processes, individuals, and the surrounding lifestyle (Yábar & García-Machado, 2025). Gastronomy is also defined as the art of enjoying food that integrates pleasure, Knowledge, and culture (Batat, 2020). Indonesian traditional cuisine includes all types of foods and beverages prepared using local ingredients, processed in a variety of ways, and characterized by distinctive regional features—ranging from main courses to snacks and drinks commonly consumed by local communities. Indonesian traditional culinary practices, rich in diverse spices and seasonings, are challenging to replicate in other parts of the world due to their uniqueness and authenticity (Musawantoro, 2019).

Aceh is a province in Indonesia with a significant concentration of gastronomic entrepreneurs who play a dominant role in the local economy. According to statistical data released by the Ministry of Tourism and Creative Economy in 2021 (Kemeterian Pariwisata dan Ekonomi Kreatif, 2021), culinary sector SME actors in Aceh account for 21.49% of the total distribution across 14 creative economy sectors. Data from the Central Statistics Agency (BPS, 2023a) indicate that in 2023, 77,409 SMEs were operating in the culinary sector in Aceh, with only 8.83% of them officially registered as micro, small, and medium enterprises (SMEs). Meanwhile, 89% are identified as culinary SMEs that have not yet obtained business licenses (BPS, 2023b). The rapid growth of the culinary sector indicates a rising public interest in culinary tourism. This trend is further supported by data from BPS (BPS, 2023b), which show that, on a national level, food consumption expenditure in Indonesia consistently ranges between 49% and 51% annually compared to non-food consumption.

A gastronomic entrepreneur is an individual who runs a business related to food and culinary experiences, such as restaurants, cafés, catering services, or innovations in traditional food and beverages (Celebi, 2021). In this study, traditional culinary SMEs in Aceh are categorized as gastronomic entrepreneurs. In the digital era, gastronomic entrepreneurs must be able to adapt to technological advancements that have transformed business structures, particularly in operations and relationships with other stakeholders (Bouwman, Nikou, & de Reuver, 2019). Traditional culinary SMEs must take strategic steps to adapt to the growing threats of competition in the competitive culinary industry. These enterprises play an essential role in supporting the development of the tourism sector. In addition to the high potential of local tourists seeking regional culinary experiences, gastronomic entrepreneurs can offer the richness of local cuisine as a distinctive regional identity.

Entrepreneurial spirit is a process in which individuals seek to seize business opportunities by considering the level and characteristics of the resources they possess, which include an innovative attitude, risk-taking courage, and proactive action (Ryadi & Yasa, 2016). This study examines both entrepreneurial spirit and entrepreneurial behavior as influencing factors on the dynamic capabilities and performance of traditional culinary small and medium-sized enterprises (SMEs) in Aceh. The entrepreneurial spirit is closely related to opportunity recognition, risk-taking, and decision-making among business actors (Alonso-Dos-Santos, Alguacil Jiménez, & Carvajal-Trujillo, 2020; Garzoni, De Turi, Secundo, & Del Vecchio, 2020).

Entrepreneurial spirit can serve as a value system for business actors, which ultimately determines the sustainability of the business through a series of strategies, adaptations, and innovations. Entrepreneurial spirit enables business owners to identify new opportunities, develop effective strategies, and enhance business competitiveness (Karami & Tang, 2019; Parlyna, Susanto, Abror, & Marsal, 2023). However, spirit is not sufficient without the ability to adapt to external environments. Therefore, dynamic capabilities based on digital competence are essential for anticipating the continuously evolving digital business landscape, thereby enhancing the performance of business actors.

In practice, gastronomic entrepreneurs in Aceh have not yet fully adapted to digital technology, particularly at the micro-enterprise level, where business operations still rely heavily on conventional sales methods. Traditional culinary SME actors not only run their businesses to support their household economy but also play a significant role in promoting tourism through the uniqueness of Acehese cuisine. One key solution for traditional culinary SMEs to remain sustainable and continue to grow is to adapt to their environment by creating, shaping, reconfiguring, and assimilating digital Knowledge and skills.

A study by Rosalina, Harahap, & Ridwan, (2024) found that culinary SMEs in Aceh are still at Level II, which is digitalization. At this stage, culinary SMEs have begun using digital technology to transform business processes to be more efficient and effective ones. The study's findings indicate that many culinary SMEs utilize digital devices for marketing and payment; however, adoption is not yet comprehensive across all aspects of business management. The problem-solving approach to this phenomenon suggests that culinary MSMEs need to develop dynamic capabilities to face competition in the era of digital transformation. Dynamic capabilities is a concept introduced by Teece, (2018), which builds upon the Resource-Based View (RBV) theory focusing on how firms leverage internal resources to create sustainable competitive advantage (Kiyabo & Isaga, 2020). Dynamic capabilities refer to a business's ability to adjust its competencies over time to maintain a competitive advantage amid turbulent business environments (Cao, 2011). There are three fundamental elements of dynamic capabilities: sensing, seizing, and transforming (or reconfiguration). Sensing is the activity of identifying environmental changes, which are then adapted into routine activities (seizing), enabling the organization to change or transform to align with the new conditions (transforming or reconfiguration) (Teece, Pisano, & Shuen, 1997). The aims of this research are: a) To Analyze how entrepreneurial spirit affect the dynamic capabilities of culinary SMEs b) To Analyze how entrepreneurial spirit affect the performance of culinary SMEs c) To analyze how dynamic capabilities affect the performance of culinary SMEs, d) To analyze how entrepreneurial spirit affect business performance through the dynamic capabilities of culinary SMEs.

LITERATURE REVIEW

Entrepreneurial Spirit:

Entrepreneurship is a highly dynamic process that requires entrepreneurs to possess extra energy and enthusiasm in order to implement new ideas (Aqeel, Muzaffar, Naveed, & Surjit, 2021). Entrepreneurship is characterized primarily by business creativity, followed by courage to try new things, resilience in facing challenges, self-confidence, self-control (locus of control), risk management skills, the ability to view change as an opportunity, tolerance for various options, initiative, a strong drive for achievement, perfectionism, open-mindedness, appreciation for time, and other traits (Yusi, 2022). Not everyone can become an entrepreneur; only individuals with an entrepreneurial spirit can build and manage a business professionally (Afif, Nabila, & Rohmah, 2023; Alvarez-Torres, Lopez-Torres, & Schiuma, 2019).

The independence of SMEs stems from their entrepreneurial spirit, which is an integral part of an individual's personality and results from the internalization of entrepreneurial values within the entrepreneur (Thyil & Durden, 2006). Entrepreneurial spirit is the core of the

entrepreneurial mindset, reflected in an entrepreneur's attitudes and behaviors. This phenomenon is evident in individuals who possess a strong drive to creatively transform innovative ideas into business opportunities and put them into practice to generate profit (Fiernaningsih, Herijanto, Widayani, Maskur, & Poernamawati, 2023)

Dynamic Capability

Dynamic capability refers to the process of adapting, integrating, and reconfiguring internal and external competencies possessed by business units within a dynamic environment to achieve competitive advantage (Soeparto, 2021). It is considered the most appropriate approach in increasingly dynamic competitive environments (Hernández-Linares, Kellermanns, & López-Fernández, 2021; Priyono, Moin, & Putri, 2020). Dynamic capabilities involve integrating, reconfiguring, updating, and reinventing business competencies in response to environmental changes, thus enabling businesses to attain and sustain a competitive advantage (Soeparto, 2021)

According to (Teece et al., 1997), dynamic capabilities consist of three dimensions: sensing, seizing, and reconfiguration. The entire process is crucial for entrepreneurs to gain a competitive advantage in market competition. Dynamic capabilities lie in capturing new opportunities, transforming business models, and enhancing managerial competencies. Dynamic capabilities are difficult for competitors to imitate, as they are built upon the unique characteristics of managers, including established routines and organizational culture. This inimitability creates unique value and provides a strong foundation for competitive advantage.

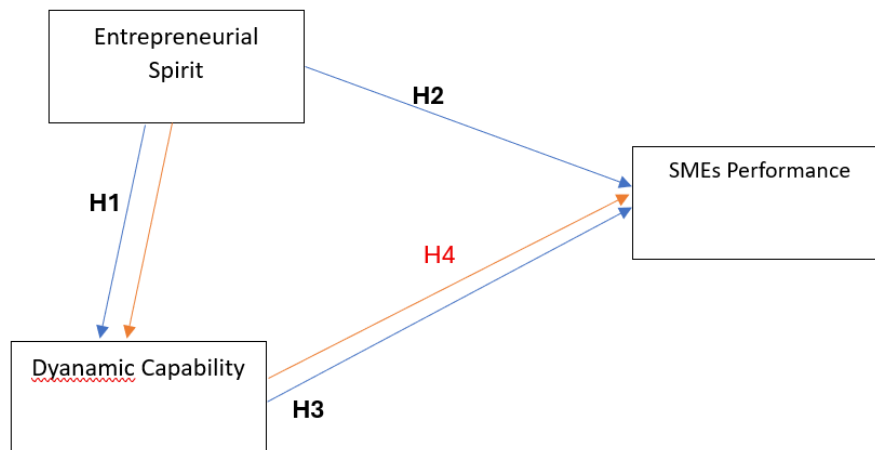
Dynamic capabilities offer benefits for SMEs across various sectors, particularly in terms of adaptability to market changes, encouraging continuous innovation, and enhancing resilience against external disruptions. SMEs with dynamic capabilities can make quick, accurate decisions and operate efficiently. As such, dynamic capabilities enable MSMEs to create a sustainable competitive advantage amid an ever-changing business landscape.

SMEs Performance

Performance refers to the outcomes achieved by individuals or groups through their responsibilities and authority in accomplishing organizational goals (Alharbi, Yahya, & Kassim, 2022; Garzoni et al., 2020). Performance is also interpreted as the success of individuals in realizing the organization's strategic targets, including financial goals, customer satisfaction, internal processes, as well as learning and development (Santoso, Indarto, & Sadewisasi, 2019; van den Heuvel, de Langen, van Donselaar, & Fransoo, 2011). Thus, performance can be defined as the work achievements of individuals or teams in effectively and efficiently attaining organizational objectives.

Business performance is a important factor for SME actors in determining the success of their ventures. Performance reflects the extent to which programs, activities, or policies have achieved the goals, objectives, vision, and mission formulated in the strategic plan (Utama & Nadi, 2017). The performance of MSMEs has a multiplier effect on the national economy—the better the performance of MSMEs, the greater the number of jobs created (Zati, Rosalina, & Lubis, 2020) (Sari, Prayudi, & Rosalina, 2023). Strong performance also reflects the productivity of MSME actors in running their businesses, as indicated by increasing sales and revenue growth.

Optimal and maximum performance is the primary goal for every SME. SMEs' performance across various aspects, such as finance, production, distribution, and marketing, is the primary focus to ensure business sustainability. Through achieving strong performance, MSMEs are expected to strengthen their position as a key pillar of the economy and contribute more significantly to national economic growth.

Figure 1. Conceptual Model**Hypotheses:**

- H1: The entrepreneurial spirit has a positive and significant impact on the dynamic capabilities of traditional culinary SMEs.
- H2: The entrepreneurial spirit has a positive and significant impact on the performance of traditional culinary SMEs.
- H3: Dynamic capabilities have a positive and significant effect on the performance of traditional culinary SMEs.
- H4: The entrepreneurial spirit influences business performance through the dynamic capabilities of traditional culinary SMEs

METHODS

The population in this study consists of 77,454 SMEs operating in various tourism areas across Aceh, including Langsa City, East Aceh Regency, Aceh Tamiang Regency, Banda Aceh City, Aceh Singkil Regency, Central Aceh Regency, Sabang City, and Aceh Besar Regency. The Proportional Cluster Sampling technique was selected to ensure that respondents from each city in Aceh were well represented. The illustration of the sampling process is as follows :

Table 1: Respondent Distribution

Location	Number of SMEs	Percentage	Sample Size
Langsa	1.506*	2	6
Aceh Tamiang	972**	1	2
Aceh Timur	2.122***	3	7
Banda Aceh	34.428*	43	98
Aceh Tengah	11.771**	15	35
Sabang	22.199***	28	64
Aceh Besar	4.456*	8	18
Total	77454	100	230

*Langsa Dalam Angka 2024 (BPS Langsa, 2024) *Banda Aceh Dalam Angka 2024 (BPS, 2024c)

**Aceh Tamiang Dalam Angka 2024 (BPS Aceh Tamiang, 2024) **RRI(Agustiansyah, 2024)

***Aceh Timur Dalam Angka 2024 (BPS, 2024b) ***Disperindagkop dan UKM Kota Sabang

*Aceh Besar Dalam Angka 2024 (BPS, 2024a)

Not all culinary business actors are categorized as gastronomic entrepreneurs. Therefore, the criteria for eligible respondents in this study are as follows:

- a) Engaged in a culinary business that offers local or traditional culinary products,
- b) Annual turnover between a minimum of IDR 100 million and a maximum of IDR 1 billion,
- c) A minimum of two years of business operation,
- d) Minimum age of 25 years.

The sample size of this study is based on Hair, Risher, Sarstedt, & Ringle, (2019), who suggest that the appropriate sample size should be 5 to 10 times the number of indicators used in the study. Accordingly, a total of 230 gastronomic entrepreneurs were selected as respondents. The data collection technique employed a questionnaire using a 5-point Likert scale.

This study employs Partial Least Squares (PLS), a multivariate analysis method used to simultaneously explain linear relationships among observed variables, including those involving latent variables that cannot be measured directly. Data processing in this research utilizes a second-order factor analysis model with a repeated indicators approach. Therefore, outer model analysis is conducted for both first-order and second-order constructs.

The stages of analysis using this method include: Evaluation of the measurement model (outer model) to assess the relationship between latent constructs and their indicators or manifest variables and Evaluation of the structural model (inner model) to analyze the estimated path coefficients and their significance levels.

Table 2. Variables, Indicators, and Questionnaire Items

Variabel	Indikator	Item pertanyaan
Dynamic Capability (Ellström, Holtström, Berg, & Josefsson, 2022)	Sensing	1. Identifying new digital business opportunities 2. Evaluating digital needs
	Seizing	3. Developing business strategies by utilizing digital tools 4. Defining the limits of capability in adapting to digital business
	Reconfiguring	5. Setting work priorities that require full digitalization 6. Implementing digitalization into the ongoing business
Entrepreneurial spirit (Alvarez-Torres et al., 2019)	Innovativeness	1. Searching for new business methods 2. Prioritizing creativity in product presentation and marketing
	Proactive	3. Taking initiative in business 4. Being skilled in identifying opportunities
	Risk Taking	5. Taking business risks in a "positive" sense 6. Courage in seizing business opportunities
	Autonomy	7. Supporting employees in developing operational capabilities 8. Giving employees freedom to innovate and perform
	Competitive aggressiveness	9. Monitoring business competition and continuously adapting 10. Adapting to intense competition in the culinary business
SMEs Performance	Financial	1. Sales growth

Variabel	Indikator	Item pertanyaan
(Purwaningsih & Kusuma Damar, 2015; Winarto, 2020)	Perspective	2. Capital growth
	Costumer perspective	3. Growth in the number of customers 4. Increase in the number of repeat purchases
	Internal business perspective	5. Efficient production processes 6. Having standard operating procedures (SOPs) in business activities
	Innovation and learning perspective	7. Developing products and services 8. Continuously learning to grow the business

RESULTS

Measurement Model Evaluation

Outer Model

All indicators and constructs in this study were valid and reliable. The evaluation of the outer model by assessing the reliability of individual indicators, internal consistency, convergent validity, and discriminant validity. The results are summarized in Table 2 as follows:

Table 1. Outer loading, Cronbach's Alpha, Composite Reliability, AVE

Construct	Indicator	Outer Loading	AVE	Composite Reliability	Cronbach Alpha
Dynamic Capability	KD1	0,955	0.892	0.978	0.973
	KD2	0,986			
	KD3	0,991			
	KD4	0.772			
	KD5	0,984			
	KD6	0,986			
Entrepreneurial Spirit	ES1	0.886	0.549	0.939	0.909
	ES2	0.797			
	ES3	0.730			
	ES4	0.635			
	ES5	0.651			
	ES6	0.886			
	ES7	0.801			
	ES8	0.694			
	ES9	0.601			
	ES10	0.667			
SMEs Performance	PER1	0.707	0.602	0.936	0.907
	PER2	0.777			
	PER3	0.728			
	PER4	0.707			
	PER5	0.741			
	PER6	0.895			
	PER7	0.801			
	PER8	0.831			

The results of the outer model evaluation show that most of the indicators for the research variables have outer loading values greater than 0.70. However, a few indicators were

found to have outer loadings between 0.50 and 0.70. According to Chin, as cited by (Ghazali, 2014), outer loading values ranging from 0.50 to 0.60 are still acceptable to meet the criteria for convergent validity. Therefore, since no indicator has an outer loading value below 0.50, all indicators are considered valid and suitable for further analysis.

Furthermore, the Average Variance Extracted (AVE) for all constructs exceeds 0.50, confirming adequate convergent validity. The Cronbach's Alpha values for all constructs are above 0.60, and the Composite Reliability (CR) values exceed the minimum threshold of 0.70, indicating good internal consistency reliability.

Discriminant validity was tested using the Fornell-Larcker criterion, which compares the square root of each construct's AVE with the correlations between that construct and others. All constructs satisfy this criterion, as the square root of each construct's AVE is greater than its correlation with any other construct, confirming acceptable discriminant validity.

Table. 2 Fornell-Larcker Criterion

	Dynamic Capability	Entrepreneurial Spirit	SMEs Performanca
Dynamic Capability	0.944		
Entrepreneurial Spirit	0.911	0.838	
SMEs Performanca	0.842	0.741	0.776

Inner Model

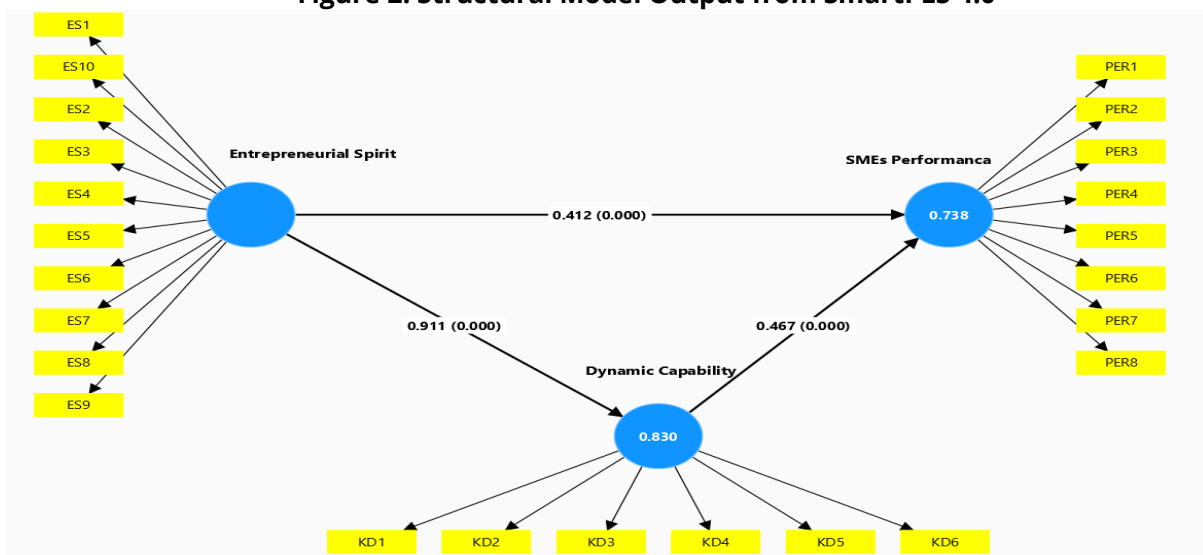
Determinants Coefficient (R^2)

The R-square (R^2) value in this study is 0.738, indicating that 73.8% of the variance in the performance of traditional culinary SMEs in Aceh is explained by entrepreneurial spirit and dynamic capabilities. The remaining 26.2% is attributed to other factors not included in the model. This result demonstrates the model's strong explanatory power in capturing the determinants of SME performance within the context of digital transformation and entrepreneurship.

Hypothesis Testing

Hypothesis testing was conducted using Partial Least Squares (PLS) through the evaluation of the structural model (inner model). The testing focused on examining the path coefficients and their statistical significance using the bootstrapping procedure.

Figure 2. Structural Model Output from SmartPLS 4.0



The decision to accept the hypothesis is based on the path coefficient values, which include the t-statistics and p-values. A research hypothesis is accepted if the path coefficient is positive, the t-statistic exceeds 1.97, and the p-value is less than 0.05. The summary of the data presentation indicates that the t-statistic values exceed 1.97, and all p-values are less than 0.000.

Table 3 Hypothesis Testing

Hypothesis	Variable	Path Coefficient	T Statistic	P Value	Decisions
H1	ES→DC	0,412	4,435	0,000	Supported
H2	ES→PER	0,911	4,553	0,000	Supported
H3	DC→ PER	0,467	4,153	0,000	Supported
H4	ES→DC→PER	0,426	4,435	0,000	Supported

From the table, it is evident that entrepreneurial spirit (H1) has a direct and significant effect on dynamic capabilities. Likewise, entrepreneurial spirit also has a direct and significant effect on the performance of culinary SMEs (H2). Dynamic capabilities have a direct and significant impact on the performance of SMEs (H3). Furthermore, the data indicate that dynamic capabilities mediate the relationship between entrepreneurial spirit and SME performance, with a p-value of 0.00. Based on these results, all hypotheses in this study are accepted.

DISCUSSION

The results of this study indicate that entrepreneurial spirit and dynamic capabilities have a significant role in enhancing the performance of gastronomic entrepreneurs in Aceh, particularly traditional culinary SMEs, amidst the competitive landscape of the digital transformation era. All hypotheses proposed in this study indicate a positive and significant influence, both direct and indirect.

Entrepreneurial Spirit Has A Positive And Significant Influence On Dynamic Capabilities

This finding indicates that the entrepreneurial spirit of traditional culinary SME actors in Aceh—reflected in their innovation, risk-taking, and proactiveness in seizing opportunities—strongly contributes to the development of dynamic capabilities. Traditional culinary SMEs in Aceh demonstrate a strong entrepreneurial drive in responding to digital transformation by mobilizing their available resources to adapt to market digitalization.

These results align with the theory of dynamic capabilities by Teece and Pisano (1994), which asserts that the elements of sensing, seizing, and transforming are heavily influenced by the internal motivation of business actors to respond to market dynamics. In this context, entrepreneurial spirit acts as a catalyst in activating the dynamic capabilities process.

The findings of this study are consistent with prior research on dynamic capabilities and entrepreneurial spirit, as seen in studies by Wilden, Gudergan, Nielsen, & Lings, (2013) and Prasetyo, Winarti, Erasashanti, Karunia, & Abdul, (2024). Dynamic capabilities cannot develop without a strong internal drive from entrepreneurs, particularly their entrepreneurial spirit. In the context of culinary MSMEs in Aceh, entrepreneurs with a strong entrepreneurial spirit are more responsive to shifts in digital trends. They are capable of adapting their business operations accordingly.

Entrepreneurial Spirit Has A Positive And Significant Effect On The Performance Of Culinary Msmes

Entrepreneurial spirit serves as one of the key drivers in enhancing business performance, both in financial and non-financial aspects. Culinary entrepreneurs in Aceh who demonstrate boldness in trying new approaches and innovating in products, services, and marketing strategies—such as leveraging social media or digital platforms—tend to exhibit superior business performance. The results of data analysis reveal that entrepreneurial spirit effectively contributes to improving the performance of traditional culinary SMEs in Aceh amid the digital transformation era. With a strong internal drive, SMEs are more inclined to develop products, reach new customers through digital platforms, and enhance operational efficiency and service quality. Despite limitations in network infrastructure, 78.95% of culinary SMEs in Aceh have been able to conduct online transactions, which is a promising indicator. It reflects that infrastructural barriers have not hindered their entrepreneurial spirit nor their ability to adapt and perform well in the evolving business landscape.

This finding is consistent with previous research by Karami & Tang, (2019); Khaled, (2011); Prasetyo et al., (2024) which confirm that the core dimensions of entrepreneurial orientation are strongly correlated with business performance outcomes—particularly in the context of current digital competition.

Dynamic Capabilities Have A Positive And Significant Effect On The Performance Of Culinary Msmes

The ability of an entrepreneur to adapt products, technology, and business models in response to environmental changes is a crucial factor in sustaining and improving business performance (Winter, 2003). This theory aligns with the findings of this study, which demonstrate that dynamic capabilities play a significant role in enhancing the performance of traditional culinary SMEs. These results indicate that entrepreneurs who can identify digital opportunities (*sensing*), respond to these opportunities with appropriate strategies (*seizing*), and adapt their business operations (*transforming*) are better equipped to face rapidly evolving market competition. The ability of traditional culinary entrepreneurs to adapt and implement technological changes enables them to maintain business continuity and relevance.

This finding is consistent with the dynamic capability framework proposed by Teece, Pisano, and Shuen (1997), which emphasizes that organizations able to reconfigure their resources in response to environmental shifts are more likely to survive and improve their performance in the long term.

Entrepreneurial Spirit Influences Business Performance Through Dynamic Capabilities

The mediation test results indicate that dynamic capabilities mediate the relationship between entrepreneurial spirit and business performance. This result indicates that the entrepreneurial spirit not only has a direct impact on performance but also enhances it when entrepreneurs can effectively develop and manage dynamic capabilities.

In the context of competition driven by digitalization, the influence of entrepreneurial spirit on performance becomes more optimal when traditional culinary SMEs in Aceh can transform this spirit into strategic actions that respond to change. This finding is consistent with studies by Ferreira, Cardim, & Coelho, (2021); Aris Prasetyo, (2024) which confirm the mediating role of dynamic capabilities in this relationship. The results of this study further reinforce that dynamic capabilities serve as a significant mediator between entrepreneurial spirit and the performance of SMEs. In other words, a high level of entrepreneurial spirit does not only yield direct performance benefits but is even more effective when accompanied by the development of dynamic capabilities. The implication of this finding is critical in the era of digital transformation: business enthusiasm is not sufficient. It must be complemented by the ability to strategically adapt through the adoption of digital technology, continuous learning, and sustained innovation.

CONCLUSION

This study demonstrates that entrepreneurial spirit and dynamic capabilities are important factors in enhancing the performance of Aceh Traditional SMEs. Entrepreneurial spirit—reflected in innovation, proactiveness, risk-taking, and adaptability to the business environment—has been proven to strengthen business competitiveness in digital transformation. Statistically, entrepreneurial spirit not only exerts a direct influence on performance but also an indirect one through the enhancement of dynamic capabilities. Dynamic capabilities, which consist of sensing, seizing, and transforming abilities, serve as a bridge between the internal potential of entrepreneurs and the external opportunities available. In other words, the success of culinary SMEs in responding to technological changes, market trends, and consumer behavior largely depends on their ability to reconfigure strategies and business processes adaptively. These findings reinforce the dynamic capability theory, which emphasizes the importance of adaptability in rapidly changing business environments.

For Aceh traditional culinary SMEs, it is essential to continuously cultivate and internalize the values of entrepreneurial spirit in their daily business practices while also integrating dynamic capabilities as a core part of their business strategy. Investing in digital literacy, product innovation, and strengthening operational teams are key factors in enhancing business resilience and performance amid the ongoing digital transformation.

Meanwhile, local governments and relevant stakeholders are advised to design empowerment programs that focus not only on technical training but also on developing entrepreneurial character and digital adaptive capabilities. Strategic mentorship and equitable access to technology for Aceh traditional culinary SMEs will accelerate the achievement of sustainable competitive advantage and bolster the contribution of the culinary sector to the regional creative economy.

LIMITATION

Dynamic capabilities are examined through sensing, seizing, and transforming, but other strategic business competencies, such as leadership style or organizational culture, are not included. SME performance is measured based on financial, customer, internal business, and innovation perspectives, potentially overlooking other aspects such as long-term sustainability or employee satisfaction.

The study employs Partial Least Squares-Structural Equation Modeling (PLS-SEM), which is effective for analyzing complex relationships but may not fully capture causal mechanisms or time-series trends. The analysis is based on cross-sectional data, limiting the ability to assess long-term impacts and changes over time. The sampling technique (Proportional Cluster Sampling) ensures regional representation but may not fully account for differences in digital adoption across various business scales. The reliance on self-reported data from entrepreneurs can introduce bias, as respondents may overestimate their adaptability and digital capabilities.

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