CREATIVE ECONOMY, DYNAMIC CAPABILITIES, AND COMPETITIVE ADVANTAGE AFFECTING THE BUSINESS PERFORMANCE OF SMES IN THE TEXTILE MANUFACTURING INDUSTRY OF THAILAND

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Abstract

This research aimed to analyze the structure and relationships, and to study the path of effects between the creative economy, dynamic capabilities, and competitive advantage affecting the performance of small and medium-sized enterprises (SMEs) in Thailand's textile manufacturing industry. A questionnaire was used for data collection with small and medium enterprise operators in the Thai textile manufacturing industry who are registered as legal entities and are SME members. In this study, confirmatory factor analysis and causal model analysis were used for statistical analysis. The major findings indicated that the analysis of the structural model's fit to empirical data revealed that the model was consistent with observed data. Considering the magnitude of the direct effect of predictor variables on organizational performance, it was found that the creative economy had a positive direct effect with a coefficient of 0.356 at the .01 level of significance. The capability for innovation directly affected business performance with a positive effect coefficient of 0.526 at the .01 level, and competitive advantage also directly impacted business performance with a positive effect coefficient of 0.612 at the .01 level as well. All predictor variables in the model could explain 78.0% of the variance in business performance and 60.0% of the variance in competitive advantage, respectively.
Keywords: Creative Economy, Dynamic Capabilities, Competitive Advantage, Business Performance, SMEs

Introduction

Thailand's economy heavily relies on exports. Thailand has predominantly relied on exports and tourism because these sectors have traditionally been strong drivers of economic growth, leveraging the country's rich natural resources, strategic geographic location, and cultural attractions (Chankoson, 2018; Waranantakul & Waranantakul, 2022). However, facing challenges such as high tariffs on exports due to issues like the IUU (Illegal, Unreported, and Unregulated) fishing industry, Thailand needs to diversify its economy (Kantaratanakul & Jarayabhand, 2019). Moving forward with the creative industry offers a promising avenue for sustainable growth, fostering innovation, and reducing dependence on traditional sectors by tapping into the country's rich cultural heritage and creative potential. Over the past 20 years, industrial goods have consistently accounted for more than 70% of the total export revenue, emphasizing the importance of the industrial sector. Supporting industries serve as a stable foundation for the entire sector, with small and medium-sized enterprises (SMEs) playing a crucial role. These SMEs have a significant economic impact, contributing over 35% to the country's GDP in 2022, and are a major source of employment, accounting for 71% of the nation's employment according to the Thailand Development Research Institute (2023).

Within the context of the country's new economic trend, driven by innovation, technology, and creativity, with a focus on sustainability and the environment, Thailand is transitioning from an economy based on "contract manufacturing" to one capable of "developing innovations." The country's strengths, such as social and cultural costs, natural resources, and local wisdom, serve as crucial tools in enhancing the economy's capability through reform. "The creative economy" emerges as an alternative to propel the Thai economy, emphasizing balanced and sustainable development based on the country's advantages, including cultural diversity and the wisdom in arts and crafts that can be innovatively expanded (Office of National Higher Education Science Research and Innovation Policy Council, 2023).

The concept of the creative economy involves adding value to products and services based on individuals' unique abilities and skills, integrating local cultures, economies, and technologies (Kačerauskas, 2020; Mao, 2020). This stimulates a new economic model that generates value from creativity, distinctive identities, natural cultural resources, and digital technology systems. It aligns with modern market trends where consumers seek unique, environmentally conscious products. Applying the principles of the creative economy in business operations can enhance product value and create distinctive characteristics, directly influencing long-term strategic planning positively (Donkwa, 2018). Therefore, the significance of the creative economy concept in enhancing the value of Thai products through wisdom, art, and culture strengthens their competitive ability both domestically and internationally, offering unique and outstanding designs. Creativity also has a positive impact on employee motivation, work efficiency, organizational success, and competitiveness in the changing economic landscape. Additionally, Establishing the Thailand Creative Content Agency (THACCA) is a strategic move by the Thai government to emulate the success of KOCCA. By supporting the creative economy, THACCA aims to boost innovation, enhance the global presence of Thai content, and contribute to the country's overall economic growth. The focus on creative dynamic capabilities will help Thai SMEs to become more agile and competitive, ensuring their long-term success and contribution to the economy (Thailand Creative Content Agency, 2024).

In a rapidly changing environment, organizations face unpredictable situations, and relying solely on existing resources and capabilities under stable conditions may prove insufficient (Eisenhardt & Martin, 2000). Dynamic capabilities are crucial for strategically managing organizations in a volatile competitive landscape (Teece, 2007). This concept emphasizes adaptability, distinguishing existing resources and general capabilities from dynamic capabilities. According to Teece et al. (2016), general capabilities relate to the skills appropriate for administration and management tasks, while dynamic capabilities are more

adept at creating and adapting the business environment to suit changes. Protogerou et al. (2012) state that dynamic capabilities involve coordinating learning, positively responding to competition, and significantly impacting the organization's technological and marketing operations amidst highly variable business environments. McKelvie & Davidsson (2009) define dynamic capabilities as the organization's ability to integrate, build, and reconfigure resources to innovate in alignment with changing environments. Additionally, the textile industry is one of the key industries that play a significant role in the economy of Thailand. It employs a large number of people and produces a substantial amount of exports to international markets. Therefore, studying this topic will be beneficial in enhancing the efficiency of small and medium enterprises in this industry. Furthermore, conducting research in Thailand will yield data that closely aligns with the country's business environment, allowing for more targeted and practical applications in business development.

The significance of the creative economy concept and dynamic capabilities cannot be understated as crucial tools in business operations to enhance competitive potential and organizational performance. Therefore, the researcher studied the structural equation model of the creative economy, dynamic capabilities, and competitive advantage affecting the performance of SMEs in Thailand's textile manufacturing industry. The objectives were twofold: 1) to examine the consistency of the structural equation model of the creative economy, dynamic capabilities, and competitive advantage affecting the performance of SMEs in Thailand's textile manufacturing industry, and 2) to develop a structural equation model of the creative economy, dynamic capabilities, and competitive advantage affecting the performance of SMEs in Thailand's textile manufacturing industry. The research outcomes can serve as valuable information for SME entrepreneurs and other businesses to develop in line with the creative economy concept, enhance dynamic capabilities, thereby leading to improved competitive potential and organizational performance.

Literature Reviews

Basic Theories Used in Research

The basic theories utilized in this research encompass two main approaches: 1) The contingency approach, a management concept suggesting that managerial actions are contingent upon specific circumstances and various characteristics of the external environment that impact organizational operations. This approach helps elucidate the role of the creative economy as a factor affecting competitive advantage and business performance. 2) The Resource-Based View (RBV) of the Firm, which emphasizes the management of organizational capabilities leading to administrative efficiency, competitive advantage, and business performance. This theory is applied to explain dynamic capabilities following the concepts outlined by Teece (2007) and Rodrigo-Alarcón et al. (2018).

The Relationship between the Creative Economy (CE) and Competitive Advantage (CA)

In Chummee (2022) study on 'Adopting a Creative Economy for Competitive Advantages of Community Enterprises,' a positive direct influence was found between the creative economy concepts and factors driving the creative economy, such as local culture. Furthermore, there was an indirect relationship between these variables. Similarly, in a subsequent study analyzing the conceptual framework of the structural equation of the creative economy for competitive advantage in community enterprises, Chummee (2023) found that variables related to the creative economy concept have a direct positive relationship with market success and an indirect positive relationship with competitive advantage. This finding aligns with Jonpradit et al. (2014) observation that consumer goods entrepreneurs who apply the concept of the creative economy tend to experience market success. The synthesis of such literature leads to Hypothesis 1.

H1: The creative economy has a direct positive effect on competitive advantage of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

The Relationship between Dynamic Capabilities (DC) and Competitive Advantage (CA)

Dynamic capabilities have the potential to significantly influence a business's competitive capabilities, leading to organizational changes and development, thereby resulting in a superior competitive advantage and long-term success (Jiao et al., 2010). This aligns with the proposition by Johannessen & Olsen (2003) that creating competitive capabilities to adapt to changes is crucial, with dynamic capabilities such as Absorptive Capability and Adaptive Capability playing key roles in a business's strategic capabilities, ultimately leading to the innovation of new products or services. The ability to absorb critical information within an organization is vital for creating opportunities (Li & Liu, 2014).

Dynamic capabilities also influence competitive advantage by responding to customer needs, creating differentiation, and addressing cost aspects, as evidenced by the emergence of new innovations in product development and new work processes, which directly affect competitive advantage (Michailova & Zhan, 2015). Deeds et al. (2000) indicated that dynamic capabilities focused on developing the quality of capabilities to adapt to changes are associated with the continuous development of products and innovations by the company. This finding is consistent with Griffith et al. (2006), who found that dynamic capabilities are a factor that enhances competitiveness and leads to business success.

Therefore, for a business organization to achieve success, it must rely on dynamic capabilities to gain a competitive advantage and utilize knowledge within the context of dynamic capabilities to enhance resources and operational capabilities (Sakonkharadet et al., 2017). Moreover, the research on "Dynamic capabilities, environmental dynamism, and competitive advantage: Evidence from China" underscores dynamic capabilities as one of the key elements in achieving competitive advantage (Li & Liu, 2014). The synthesis of such literature leads to Hypothesis 2.

H2: Dynamic capabilities has a direct positive effect on competitive advantage of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

The Relationship between the Creative Economy (CE) and Business Performance (BP)

Jonpradit et al. (2014) investigated the influence of the creative economy concept, its drivers, and entrepreneur characteristics on the marketing success of the One Tambon One Product (OTOP) 5-star products in Thailand. Their findings indicated that the utilization of the creative economy concept and its drivers positively impacts market success. Additionally, Lalaeng & Subongod (2021) delved into the causal relationships and outcomes of creative economy development in community enterprise groups. They found that the impacts of creative economy development, including knowledge utilization, education, creative work, and intellectual property use, significantly and positively affect the performance of community enterprises. Furthermore, Donkwa (2018) examined how the creative economy model influences Thailand's long-term strategy for entering the ASEAN Economic Community, revealing its impact on Thailand's long-term strategy for ASEAN economic integration. The synthesis of this literature leads to Hypothesis 3.

H3: The Creative Economy has a direct positive effect on Business Performance of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

The Relationship between Dynamic Capabilities (DC) and Business Performance (BP)

Rotjanakorn (2021) conducted research on developing the dynamic capabilities of the Thai automotive industry to enhance operational performance amidst changes in electric vehicle technology. The findings suggest that dynamic capabilities significantly influence organizational performance, including competitive advantage, and that the model for developing dynamic capabilities in the Thai automotive industry aligns well with empirical data. This finding is consistent with Wongwanich & Laohavichien (2023) study on the

influence of dynamic capabilities and innovation on the performance of the electrical and electronics industry in Thailand. Their research also found that the model is congruent with empirical data, with dynamic capabilities and innovation having a statistically significant direct positive impact on performance. The synthesis of this literature leads to Hypothesis 4.

H4: Dynamic capabilities has a direct positive effect on Business Performance of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

The Relationship between Competitive Advantage (CA) and Business Performance (BP)

Navarro et al. (2010) explored the impact of perceived competitive advantage, marketing strategy adaptation, and commitment to exporting on export performance, establishing a relationship between performance and competitive advantage. This finding aligns with Halim et al. (2011), who emphasized that the ability to manage competitive advantage impacts organizational performance. Furthermore, Healy et al. (2014) noted that achieving competitive advantage enables businesses to differentiate from competitors and find suitable competitive strategies to enhance performance and leadership in the market. Mulyana & Sutapa (2016) also highlighted that competitive advantage significantly affects financial performance. Additionally, Boonsawat (2024) investigated the causal factors of competitive advantage influencing the performance of accounting firms, revealing that competitive advantage significantly impacts the performance of such firms. The synthesis of this literature leads to Hypothesis 5.

H5: Competitive Advantage direct positive effect on Business Performance of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

Conceptual Framework

The researcher studied theories that can be used as frameworks to explain the relationships in the structural equation model of the creative economy, dynamic capabilities, competitive advantage, and their impact on the performance of SMEs in the Thai textile manufacturing industry. These include two theories: 1) The contingency approach to management suggests that managerial actions depend on the situation. This concept allows managers to tailor organizational structure and control systems based on various environmental conditions and characteristics that affect organizational performance. This theory is applied to explain the creative economy, which encompasses (1) the use of knowledge, (2) creative thinking, (3) education, (4) intellectual property linked to cultural foundations, and (5) technology and innovation, all of which are factors that influence competitive advantage and business performance. 2) The Resource-based View (RBV) of the Firm focuses on explaining an organization's management capabilities that lead to administrative efficiency, competitive advantage, and business performance. This theory explains dynamic capabilities, including (1) adaptive capability, (2) absorptive capacity, and (3) innovative capability.

Based on the study of these theories, the researcher developed a conceptual framework to illustrate the relationships between all variables and linked them to hypotheses, as shown in Figure 1.
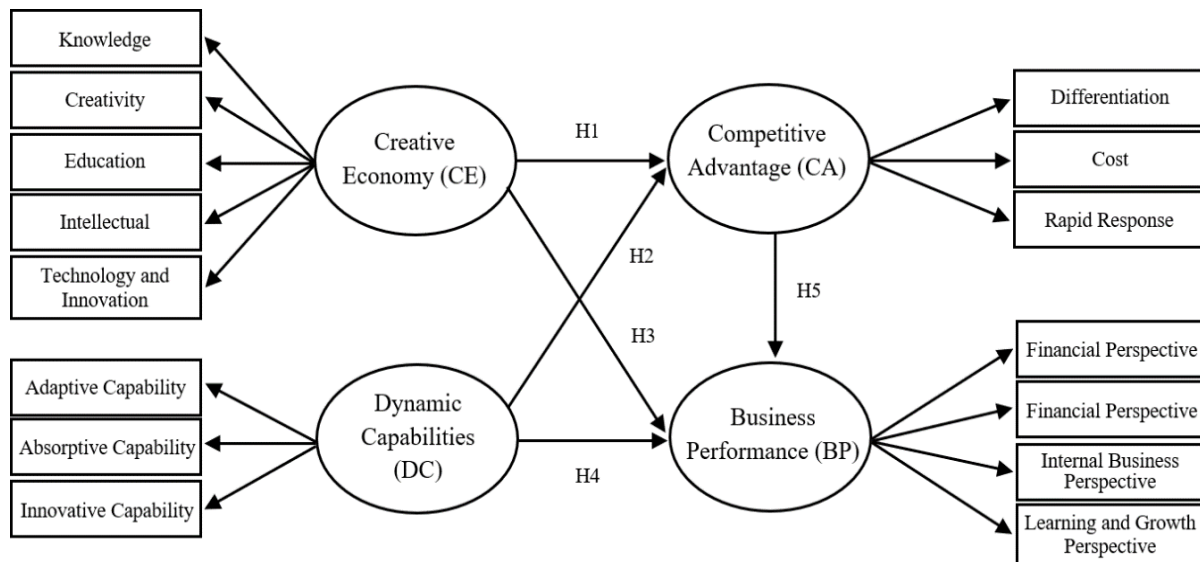
Figure 1 Conceptual Framework

Research Methodology

Population and Sample

The population utilized in this study comprised 652 operators of small and medium-sized enterprises in the Thai textile manufacturing industry who are registered as legal entities and are members of SMEs in Thailand from the Department of Business Development, Office of Small and Medium Enterprises Promotion (OSMEP). The unit of analysis for this research was at the organizational level. A postal data collection questionnaire was employed for this research, considering the constraints on response rates to ensure adequate representation of information (Panayides, 2007). Consequently, the researcher opted to study the entire population. Sample determination was conducted using G*Power software, a program developed based on Cohen (1977) and has been inspected and certified for accurate and up-to-date sample size calculations by various researchers. The model in this study consisted of 15 observable variables, resulting in a degree of freedom (Df) of 120. The effect size was set at 0.5 (Faul et al., 2007), with a power of test of 0.80, and considering a large effect size of 0.5, the determined sample size was 196.

Instrument Development and Validation

The development and validation of instruments involved the use of a questionnaire designed based on the intended conceptual framework and operational definitions. The questionnaire is divided into 5 sections: Section 1, This section collects personal information using both checklist and fill-in-the-blank formats. Section 2, addresses aspects of the creative economy, including the use of knowledge, creative thinking, education, the use of intellectual property, and technology and innovation (Donkwa, 2018). Section 3, focuses on dynamic capabilities, encompassing adaptive capability, absorptive capacity, and innovative capability (Teece, 2007; Rodrigo-Alarcón et al., 2018). Section 4, pertains to competitive advantage, including differentiation, low cost, and rapid response (Christensen, 2001; Healy et al., 2014). Section 5, relates to business performance outcomes, consisting of the financial perspective, customer perspective, process perspective, and learning and growth perspective (Subongkod & Hongsakul, 2024) and the period of data collection was between March and April 2024.

This structured questionnaire serves as the primary tool for gathering data relevant to research objectives, ensuring comprehensive coverage of the key variables under investigation. The statistics used in data analysis include: 1) Basic statistics, such as percentage, mean, and standard deviation; 2) Statistics used to check the quality of research tools, including the assessment of Content Validity through the calculation of the Index of Item-Object Congruence

(IOC) based on the evaluation of the tool's quality by three experts, and the determination of tool reliability by calculating Cronbach's Alpha Coefficient; 3) Statistics used in testing the basic conditions of the developed structural equation modeling (SEM), and 4) Statistics used in testing research hypotheses, including; Confirmatory Factor Analysis using the Model Fit Index, Composite Reliability (CR), Average Variance Extracted (AVE), and Standardized Factor Loading; Analysis of the research model using the same Model Fit Index and the values of Direct Effect, Indirect Effect, and Total Effect.

The testing of tool quality includes: 1) Content validity testing, which found that the Scale-Content Validity Index/Average (S-CVI/Ave) was 0.97, meeting the acceptable criteria set by Polit & Beck (2006), who suggested that the S-CVI/Ave should not be lower than 0.90; 2) Discrimination power, determined by the item-total correlation method, ranged from 0.340 to 0.868, consistent with Henrysson (1963), who stated that values should be 0.30 or higher; 3) Reliability testing showed that the Cronbach's Alpha Coefficient was 0.928, which is considered acceptable as it is higher than 0.70 (Nunnally & Bernstein, 1994), following the clarity rule for evaluating Cronbach's Alpha Coefficient.

The correlation coefficient analysis to test the correlation between the observed variables revealed that the correlation was between 0.275-0.640, which is less than 0.80 (Bujang & Baharum, 2017). It was shown that observables have no correlation. The results of the confirmation component analysis showed a structural validity of less than 5.00 was therefore acceptable (Wheaton et al., 1977) and consistent with the CFI and TLI analysis results of more than 0.90. The RMSEA and SRMR index values were less than 0.08, thus recognizing that the model was harmonious with the empirical data (MacCallum et al., 1996; Hu & Bentler, 1999; Wanichbancha, 2014) (Table 1).

Table 1 Items Loading, AVE and Composite Reliability for the Measurement Model

Indicators	Factor Loading	CR	AVE	Indicators	Factor Loading	CR	AVE
(CE)		0.68	0.92	**(CA)**		0.60	0.85
CE1	0.72			CA1	0.73		
CE2	0.75			CA2	0.84		
CE3	0.84			CA3	0.85		
CE4	0.78			**(BP)**		0.61	0.88
CE5	0.76			BP1	0.74		
(DC)		0.65	0.89	BP2	0.79		
DC1	0.79			BP3	0.84		
DC2	0.87			BP4	0.80		
DC3	0.82						

Notes: CE = Creative Economy, DC = Dynamic Capabilities, CA = Competitive Advantage, BP = Business Performance

According to the Discriminant Validity with the Fornell-Larcker criterion, the specific variable should have more dispersion among its own indicators than in the other constructs, where the correlation between any constructs must be less than the square root of the Average Variance Extracted (AVE), as detailed in Table 2.

Table 2 Discriminant validity with the Fornell-Larcker criterion

	Fornell-Larcker criterion			
	CE	**DC**	**CA**	**BP**
CE	.82			
DC	.664**	.80		
CA	.638**	.624**	.77	
BP	.644**	.629**	.604**	.78

Notes: **p < .01, CE = Creative Economy, DC = Dynamic Capabilities, CA = Competitive
Advantage, BP = Business Performance

Research Results

Respondents' Profiles and Studied Variables

A total of 400 questionnaires were collected for the study. The analysis of demographic information demonstrates that males accounted for a significant portion of the respondent's 75.50 percent. The age group most represented in the study was 41-50 years; 41.00 percent Report was obtained a bachelor's degree of the respondent. For type of work experience, 41.00 percent had 5-10 years of total work experience and was corporate executive.

Structural Modelling Evaluation

The analysis of the structural model's fit to empirical data revealed that the model was consistent with observed data. This was indicated by the χ^2/df value being less than 5, along with the CFI and TLI indices being close to 1 (> 0.90), and the RMSEA and SRMR indices being lower than 0.08 (Hu & Bentler, 1999), supporting the primary hypothesis that the theoretical model aligned with empirical data, or that the model was accurate. Considering the magnitude of the direct effect of predictor variables on organizational performance, it was found that the creative economy had a positive direct effect with a coefficient of 0.356 (β = 0.356) at the .01 level of significance. The capability for innovation directly affected business performance with a positive effect coefficient of 0.526 (β = 0.526) at the .01 level, and competitive advantage also directly impacted business performance with a positive effect coefficient of 0.612 (β = 0.526) at the .01 level as well.

The analysis of parameter estimation for the weights of components of business performance variables revealed that all variables were statistically significant at the .01 level. This finding indicated that all four observed variables were crucial in explaining organizational performance. The most significant component was the Customer Perspective (β = 0.816), followed by the Financial Perspective (β = 0.812), the Learning/Innovation Perspective (β = 0.764), and the Internal Business Perspective (β = 0.752). Regarding the weights of the components of competitive advantage, it was found that all variables were statistically significant at the .01 level, indicating that all three observed variables are important in explaining competitive advantage. The most crucial component was Differentiation (β = 0.821), followed by Quick Response (β = 0.810), and Low Cost (β = 0.802). Regarding the weight of components of the creative economy, it was found that all variables were statistically significant at the .01 level, indicating that all five observed variables of latent variables are crucial in explaining the creative economy. The most important component was Creativity Use (β = 0.862), followed by Intellectual Property (β = 0.836), Technology and Innovation (β = 0.815), Knowledge Use (β = 0.747), and Education (β = 0.684). Regarding the weight of components of dynamic capabilities, it was found that all variables were statistically significant at the .01 level, indicating that all three observed variables are crucial in explaining dynamic capabilities. The most important component was Innovative Capability (β = 0.851), followed by Absorptive Capability (β = 0.842), and Adaptive Capability (β = 0.826). And regarding the weight of components of the creative economy, it was found that all variables were statistically significant at the .01 level as well, indicating that all five observed variables are crucial in

explaining the factors of the creative economy. The most important component was Creativity Use (β = 0.862), followed by Intellectual Property (β = 0.836), Knowledge Use (β = 0.815), Technology and Innovation (β = 0.747), and Education (β = 0.684).

Upon examining the magnitude of direct influence between variables, it was found that the creative economy had a positive direct influence on competitive advantage, with a coefficient of 0.340. (hypothesis H1 was accepted) Similarly, dynamic capabilities had a positive direct influence on competitive advantage, with a coefficient of 0.356. (hypothesis H2 was accepted) Furthermore, the creative economy had a positive direct influence on organizational performance, with a coefficient of 0.526. (hypothesis H3 was accepted) Dynamic capabilities also had a positive direct influence on organizational performance, with a coefficient of 0.298. (hypothesis H4 was accepted) Lastly, competitive advantage had a positive direct influence on organizational performance, with a coefficient of 0.612. (hypothesis H5 was accepted).

When considering the indirect influence through competitive advantage, it was found that the creative economy significantly influenced business performance indirectly at the .01 level, with a positive coefficient of 0.310. Similarly, dynamic capabilities also significantly influenced business performance indirectly at the .01 level, with a positive coefficient of 0.567. All predictor variables in the model could explain 78.0% of the variance in business performance and 60.0% of the variance in competitive advantage (R^2 = 0.78, 0.60), respectively. (Table 3 and Figure 2).

Table 3 The magnitude of direct influence, indirect influence, and overall influence in the causal model of variables.

Predictor variable	Effect size					
	(CA)			(BP)		
	DE	IE	TE	DE	IE	TE
Creative Economy (CE)	0.940**	-	0.940**	0.526**	0.310**	0.836**
Dynamic Capabilities (DC)	0.356**	-	0.356**	0.298**	0.567**	0.865**
Competitive Advantage (CA)	-	-	-	0.612**	-	0.612**

Notes: *p < .05, **p < .01, CE = Creative Economy, DC = Dynamic Capabilities, CA = Competitive Advantage and BP = Business Performance
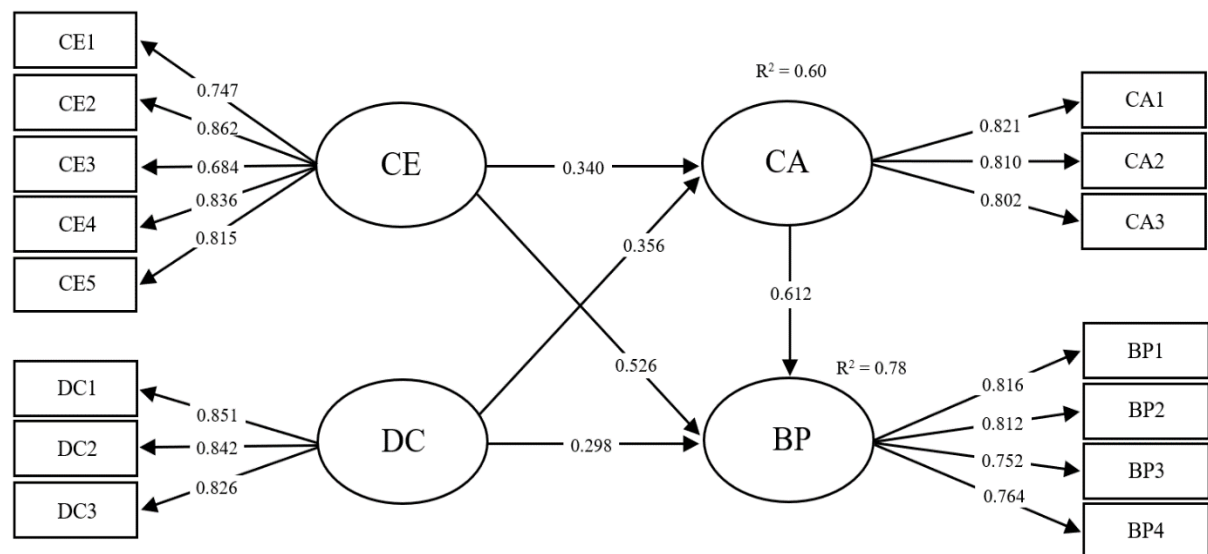

Figure 2 Results of the Structural Equation Model (Path analysis)

According to inferential statistics analysis to test the hypotheses about Structural Equation Modeling of Creative Economy, Dynamic Capabilities, and Competitive Advantage, affecting

the Business Performance of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand, the hypothesis test results are as follows (Table 4).

Table 4 Analysis results Structural Equation Modeling of Creative Economy, Dynamic Capabilities, and Competitive Advantage, affecting the Business Performance of Small and Medium Enterprises in the Textile Manufacturing Industry of Thailand.

Hypothesis	Relationship	Estimate β	P-Value	Result
H1	CE CA	0.340**	0.000	Accepted
H2	DC CA	0.356**	0.000	Accepted
H3	CE BP	0.526**	0.001	Accepted
H4	DC BP	0.298**	0.001	Accepted
H5	CA BP	0.612**	0.000	Accepted

Notes: *p < .05, **p < .01, CE = Creative Economy, DC = Dynamic Capabilities, CA = Competitive Advantage and BP = Business Performance

Conclusion and Discussion

The analysis reveals that the structural equation modeling of the creative economy, dynamic capabilities, and competitive advantage influencing the business performance of SMEs in Thailand's textile manufacturing industry is consistent with empirical data. The creative economy directly enhances marketing success and indirectly boosts competitive advantage. Dynamic capabilities are crucial for building competitive capacity, leading to organizational changes and long-term success. Both creative economy principles and dynamic capabilities positively impact organizational performance, demonstrating their significance in achieving competitive advantage and superior business outcomes.

The analysis revealed that the structural equation modeling of the creative economy, dynamic capabilities, and competitive advantage, influencing the business performance of small and medium enterprises in the textile manufacturing industry of Thailand, developed from theoretical assumptions, is consistent with empirical data. The influence of the creative economy on competitive advantage aligns with findings by Chummee (2022), who observed that the creative economy impacts the competitive advantage of community enterprises. This observation corresponds with Chummee (2023), who investigated the analysis of the conceptual framework of structural equations for the creative economy for competitive advantage in community enterprises. It was found that the creative economy variables have a direct positive relationship with marketing success and an indirect positive relationship with competitive advantage. Moreover, this aligns with the research conducted by Jonpradit et al. (2014), who observed that consumer goods entrepreneurs have applied the concept of the creative economy, which correlates in the same direction with marketing success.

Dynamic capabilities indeed play a crucial role in shaping competitive advantage, as noted by Jiao et al. (2010), who emphasized their influence on expanding a business's competitive capacity, leading to organizational changes and developments that result in superior competitive advantage and long-term business success. This observation aligns with the findings of Johannessen & Olsen (2003), who underscored the importance of creating competitive capabilities to adapt to changes effectively. Dynamic capabilities are identified as key factors influencing competitive advantage and contributing to the strategic capabilities of businesses, particularly in terms of customer responsiveness, differentiation, and cost aspects (Michailova & Zhan, 2015). Moreover, Griffith et al. (2006) found that dynamic capabilities significantly enhance competitive capacity and contribute to overall business success. Hence, businesses aiming for success must rely on dynamic capabilities to gain a competitive edge and leverage knowledge within the context of dynamic capabilities to enhance their resources and operational abilities (Sakonkharadet et al., 2017).

The creative economy indeed influences organizational performance, as supported by Jonpradit et al. (2014), who observed that the application of creative economy concepts, along with its drivers, impacts marketing success. This finding is consistent with the research conducted by Lalaeng & Subongod (2021), who revealed that the development of the creative economy has a positive effect on the performance of community enterprises. Moreover, Donkwa (2018) emphasized the impact of the creative economy on Thailand's long-term strategic entry into the ASEAN economic community.

Dynamic capabilities indeed impact organizational performance, as evidenced by Rotjanakorn (2021) research on the development of dynamic capabilities in the Thai automotive industry amidst the evolving landscape of electric vehicle technology. The study revealed that dynamic capabilities play a significant role in shaping business performance and competitive advantage. This finding aligns with Wongwanich & Laohavichien (2023) investigation into the influence of dynamic capabilities and innovation on the performance of the electrical and electronics industry in Thailand. Their research confirmed that dynamic capabilities and innovation directly and positively influence performance, with statistically significant results.

Competitive advantage indeed influences organizational performance, as demonstrated by Navarro et al. (2010), who investigated the impact of perceived competitive advantage, marketing strategy adaptation, and commitment to exporting on export performance. Their findings indicate a significant relationship between performance and competitive advantage. This finding is consistent with Halim et al. (2011), who emphasized that management capabilities creating a competitive advantage have a direct impact on organizational performance. Similarly, Healy et al. (2014) highlighted the importance of developing a competitive advantage, enabling businesses to differentiate from competitors and adopt suitable competitive strategies, thereby driving superior performance and industry leadership. Furthermore, Mulyana & Sutapa (2016) underscored the significant impact of competitive advantage on performance, while Boonsawat (2024) found that competitive advantage significantly influences the performance of accounting firms. And The finding is consistent with Subongkod & Hongsakul (2024) maintain that the development and the germination of business performance in private hospital also depends on several supportive factors, this can go from policy formation and systems building within the services to customer-relationship design, with competitive factor, service loyalty and success at the strategy goals.

Recommendations

Given the evidence that the creative economy significantly impacts competitive advantage and organizational performance, organizations should prioritize integrating creative economy principles. This includes leveraging knowledge, fostering creativity, investing in education, managing intellectual property, and embracing technology and innovation. Such an approach is likely to enhance business performance across financial metrics, customer relations, operational processes, and learning initiatives. Additionally, it can provide competitive advantages in terms of product/service differentiation, cost efficiency, and responsiveness to market demands.

Building on the understanding that dynamic capabilities play a pivotal role in shaping competitive advantage, businesses should prioritize developing key dynamic capabilities such as Adaptive Capability, Absorptive Capability, and Innovative Capability. By focusing on enhancing these capabilities, organizations can improve their overall business performance across various dimensions, including financial outcomes, customer relationships, operational efficiency, and learning initiatives. Moreover, fostering dynamic capabilities can enable organizations to gain competitive advantages in terms of differentiation, cost optimization, and agility in responding to market dynamics.

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