



## A Systematic Literature Review and Mediated–Moderated Framework of Entrepreneurial Orientation, Cultural Intelligence, and Sustainable Competitive Advantage in Thai Creative SMEs

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### Abstract

This conceptual paper presents a framework that explains the joint influence of entrepreneurial orientation (EO) and cultural intelligence (CQ) on sustainable performance in Thai creative small- and medium-sized enterprises. The framework posits that EO affects sustainable performance indirectly via sustainable competitive advantage (SCA) as a mediating mechanism, while CQ enhances the EO–SCA relationship as a contextual moderating capability. Although research on EO and firm performance is expanding, previous studies have reported inconsistent findings, especially when performance is defined by economic, social, and environmental sustainability dimensions. This inconsistency indicates a lack of clarity regarding the mechanisms by which entrepreneurial initiatives are translated into sustainable outcomes. Using a systematic literature review grounded in the Resource-Based View (RBV) and Dynamic Capabilities perspective, this study addresses this gap by proposing a mediated–moderated framework that clarifies the role of SCA as a structural mechanism and CQ as a contextual capability in culturally embedded industries. This study extends sustainability and entrepreneurship research by integrating cultural intelligence as a key boundary condition, offering a more nuanced explanation of how strategic orientation drives sustainable performance in creative SMEs.

**Keywords:** Cultural Intelligence, Sustainable Competitive Advantage, Entrepreneurial Orientation, Sustainable Performance

### Introduction

In increasingly volatile and uncertain business environments, sustainable performance has become a prerequisite for long-term organizational survival rather than a discretionary objective. Many small and medium-sized enterprises (SMEs) struggle to translate entrepreneurial initiatives into sustainable outcomes, particularly when faced with cultural and market constraints. This challenge is particularly pronounced among SMEs in emerging economies such as Thailand, where policy initiatives, such as the Bio-



Circular-Green economic model, promote structural transformation toward sustainability (Suk-Udom & Lekmat, 2025). Within this context, creative SMEs, including those in handicrafts and local cultural industries, are balancing the preservation of cultural authenticity with adaptation to evolving market and sustainability expectations. This dual pressure creates a structurally complex setting that is theoretically significant but remains underexplored in sustainability research (Mahrinasari et al., 2024; Somwethee et al., 2023).

Entrepreneurial Orientation (EO) is a firm-level strategic posture. It is characterized by innovativeness, proactiveness, and risk-taking (Lumpkin & Dess, 1996). EO has been widely linked to improved firm performance (Lim & Kim, 2020). However, empirical evidence is less consistent when performance is measured using sustainability criteria that integrate economic, social, and environmental dimensions. Recent research shows that entrepreneurial initiatives alone do not guarantee sustainable outcomes. Intermediate strategic mechanisms are required to translate entrepreneurial behavior into defensible market positioning and long-term value creation (Dahri et al., 2025; Widodo et al., 2024). This highlights the need to clarify the mechanism by which EO contributes to sustainable performance.

Sustainable Competitive Advantage (SCA) is defined as a firm's ability to create, establish, and sustain differentiated value over time, even in the face of competitive pressures. SCA functions as the strategic outcome through which entrepreneurial initiatives are embedded within market positioning. Sustainable Performance (SP) encompasses achieving balanced organizational outcomes, including economic viability, social contribution, and environmental responsibility. By identifying SCA as a mediating mechanism between EO and SP, this study addresses theoretical ambiguities associated with prior direct-effect assumptions in EO research.

The effectiveness of this mechanism depends on contextual capabilities. Cultural Intelligence (CQ) is defined as the ability to understand, interpret, and adapt to culturally diverse environments (Ang et al., 2007). In culturally embedded SMEs, CQ enables entrepreneurs to reinterpret traditional knowledge and align artisanal practices with contemporary stakeholder expectations. CQ facilitates the integration of cultural authenticity with market relevance (Alifuddin & Widodo, 2022; Korry et al., 2024). Consequently, CQ is posited to strengthen the relationship between EO and SCA by enhancing the translation of entrepreneurial initiatives into competitive positioning.

Although research on entrepreneurial orientation and sustainability is expanding, prior studies have reported inconsistent findings regarding the EO–performance relationship, particularly when performance is defined by economic, social, and environmental dimensions. This inconsistency indicates a lack of clarity regarding the mechanisms by which entrepreneurial initiatives are translated into sustainable outcomes.



Few studies have examined both the mediating role of sustainable competitive advantage and the moderating role of cultural intelligence within a single framework, especially in culturally embedded industries. This study addresses this gap by developing a mediated–moderated conceptual framework that elucidates how entrepreneurial orientation influences sustainable performance through sustainable competitive advantage and how cultural intelligence conditions this process. By integrating the Resource-Based View (RBV) and Dynamic Capabilities perspectives, the study extends the sustainability and entrepreneurship literature and underscores the importance of cultural intelligence as a contextual capability in culturally embedded industries. RBV explains how firms achieve sustainable competitive advantage through valuable and inimitable resources, while Dynamic Capabilities emphasizes the firm's ability to sense, seize, and reconfigure resources in response to environmental changes. These perspectives provide a theoretical foundation for understanding how entrepreneurial orientation and cultural intelligence interact to shape sustainable performance.

### Objectives

1. To systematically review and synthesize existing literature on the relationships among Entrepreneurial Orientation, Sustainable Competitive Advantage, Cultural Intelligence, and Sustainable Performance, with particular emphasis on mediating and moderating mechanisms.
2. To develop a mediated–moderated conceptual framework that explains how Entrepreneurial Orientation influences Sustainable Performance through Sustainable Competitive Advantage and how Cultural Intelligence conditions this relationship in culturally embedded SMEs.

### Concept Theory Framework

Sustainable Competitive Advantage is a firm's ability to sustain differentiated value over time, despite competitive pressures. Sustainable Performance involves balanced outcomes in economic viability, social contribution, and environmental responsibility. Sustainable performance requires the structural stabilization of value creation and appropriation. Although entrepreneurial behavior stimulates innovation, its impact is limited unless integrated into market positioning. Consequently, SCA serves as a structural mechanism mediating the relationship between EO and sustainable performance. In this framework, EO generates strategic initiatives, SCA embeds these initiatives into enduring competitive positioning, and SP reflects the stable realization of value across the triple bottom line (Febriyantoro & Zulkifli, 2025; Mokbel Al Koliby et al., 2024; Ye et al., 2022; Suder, 2023).



The effectiveness of this process varies and can depend on contextual capabilities. Cultural Intelligence is defined as the ability to understand, interpret, and adapt to culturally diverse environments (Ang et al., 2007). In creative industries rooted in local heritage, innovation is often constrained by the need for symbolic authenticity and stakeholder legitimacy. High levels of CQ enable firms to integrate traditional knowledge with market demands, minimize cultural misalignment, and enhance legitimacy among stakeholders, thereby strengthening competitive positioning in culturally embedded markets (Alifuddin & Widodo, 2022; Korry et al., 2024). Accordingly, CQ is theorized to reinforce the EO–SCA relationship by improving the firm's capacity to translate entrepreneurial initiatives into culturally resonant and defensible competitive positioning.

## Materials and Methods

This study uses a Systematic Literature Review (SLR) to identify, evaluate, and synthesize research on Entrepreneurial Orientation, Cultural Intelligence, Sustainable Competitive Advantage, and Sustainable Performance. The review follows established evidence-based review principles. These principles improve transparency, replicability, and methodological rigor in management research (Tranfield et al., 2003; Snyder, 2019).

The screening process followed PRISMA guidelines, including identification, screening, eligibility assessment, and inclusion phases. A PRISMA flow diagram is provided to enhance transparency and replicability of the selection process (Page et al., 2021). A predefined search strategy was created with Boolean keyword combinations of the four main constructs. The contextual emphasis was on SMEs and sustainability-oriented industries. Searches were conducted across Scopus, ScienceDirect, and Web of Science.

The review included peer-reviewed English-language journal articles published between 2019 and 2025. Studies were selected if they examined at least two focal constructs (EO, CQ, SCA, and SP) and provided theoretical or empirical insights into sustainability-related competitive mechanisms. Studies were excluded if they lacked methodological clarity, did not address sustainability-related performance, or were not accessible in full text.

A structured data extraction matrix was developed to record construct coverage, research context, methodological approach, and reported relationships among variables. The retained studies were systematically coded to identify direct, mediating, and moderating relationships among the focal constructs. Coding focused on the role of each variable (antecedent, mediator, moderator, and outcome) and the direction of relationships. Convergent patterns identified across studies informed the development of the proposed conceptual framework, particularly in establishing the mediated–moderated relationships among EO, SCA, CQ, and sustainable performance. The selected time frame



(2019–2025) reflects recent developments in sustainability and entrepreneurship research, ensuring the inclusion of up-to-date theoretical and empirical contributions.

## Results

The systematic search across Scopus, ScienceDirect, and Web of Science identified 358 records. After removing 22 duplicates, 336 records were screened based on titles and abstracts, resulting in the exclusion of 249 articles due to contextual irrelevance or lack of sustainability-related performance measures. Eighty-seven full-text articles were assessed, of which 42 were excluded based on predefined criteria. Ultimately, 45 studies were retained for qualitative synthesis. The selection process is summarized in the PRISMA flow diagram.

The included studies are predominantly quantitative, with approximately 85% employing Partial Least Squares Structural Equation Modeling (PLS-SEM), indicating its dominance in sustainability-oriented SME research (Dahri et al., 2025; Widodo et al., 2024). Covariance-Based SEM accounts for approximately 10%, while qualitative or mixed-method approaches represent a limited proportion (~5%). This distribution reflects a strong preference for predictive and variance-based analytical approaches in the field.

More than 70% of the studies were conducted in emerging economies, particularly in Southeast Asia. This concentration suggests that sustainability-oriented strategic research is strongly contextualized within developing market environments, where institutional and cultural dynamics play a significant role (Mahrinasari et al., 2024; Somwethee et al., 2023).

The publication trajectory indicates a clear upward trend in sustainability-oriented strategic research. Of the 45 studies, 17 (37.8%) were published between 2019 and 2021, while 28 (62.2%) were published between 2022 and 2025. This trend reflects increasing scholarly attention toward integrating entrepreneurial strategy with Triple Bottom Line performance frameworks (Naharuddin et al., 2024; Tsakalerou et al., 2025).

Thematic synthesis reveals three dominant relational patterns. First, Entrepreneurial Orientation is consistently positioned as a strategic antecedent linked to competitive positioning and capability reconfiguration (Ye et al., 2022; Febriyantoro & Zulkifli, 2025). Second, Sustainable Competitive Advantage functions as a transformation mechanism connecting strategic initiatives to sustainability outcomes (Seow et al., 2025; Pumiviset & Suttipun, 2024). Third, Cultural Intelligence emerges as a contextual capability that enhances innovation processes and knowledge integration in culturally embedded industries (Fang et al., 2020; Li et al., 2021).

While most studies support these relationships, variations exist across contexts, particularly in emerging markets where institutional and cultural factors influence strategic outcomes. Collectively, these findings support a mediated–moderated structural



interpretation linking Entrepreneurial Orientation, Sustainable Competitive Advantage, Cultural Intelligence, and Sustainable Performance. The synthesized relationships of these four variables are displayed in Table 1.

**Table 1:** Synthesized Relationships among EO, SCA, CQ, and SP (2019–2025)

Variable	Synthesized Interpretation	Representative Studies
EO	EO is consistently associated with strategic differentiation, innovation capability, and competitive positioning in SME sustainability contexts.	Dahri et al. (2025); Widodo et al. (2024); Ye et al. (2022); Febriyanto & Zulkifli (2025); Correggi et al. (2024); Gautam et al. (2025)
SCA	SCA operates as a structural mechanism through which strategic initiatives are translated into economic, social, and environmental performance outcomes.	Seow et al. (2025); Pumiviset & Suttipun (2024); Baquero (2024); Clara et al. (2025); Barney (1991)
CQ	CQ enhances innovation processes, knowledge integration, and strategic adaptation in culturally embedded and emerging-economy settings.	Fang et al. (2020); Li et al. (2021); Hernawati & Tajib (2024); Jiang & Chang (2025); Ratasuk & Charoensukmongkol (2020); Widjajanti & Sugiyanto (2024)
SP	SP is conceptualized as multidimensional performance reflecting Triple Bottom Line outcomes and is commonly positioned as the final strategic outcome variable.	Naharuddin et al. (2024); Tsakalerou et al. (2025); Somwethee et al. (2023); Gautam et al. (2025); Widjajanti & Sugiyanto (2024)

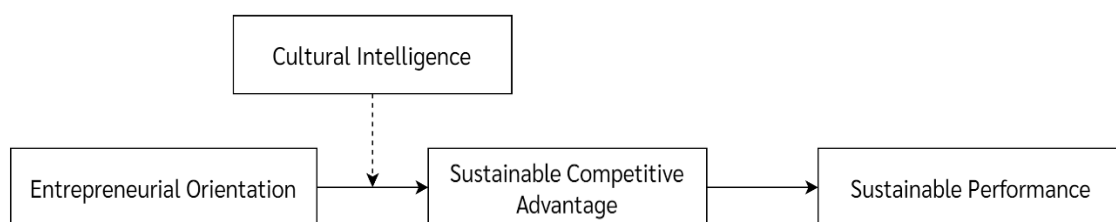
From Table 1, based on the synthesized relational patterns, a mediated–moderated conceptual structure is derived to explain the underlying mechanism linking Entrepreneurial Orientation and sustainable performance.

The synthesis supports four integrated propositions. First, Entrepreneurial Orientation positively influences Sustainable Competitive Advantage. Second, Sustainable Competitive

Advantage positively influences sustainable performance. Third, Sustainable Competitive Advantage mediates the relationship between Entrepreneurial Orientation and sustainable performance. Fourth, Cultural Intelligence moderates the relationship between Entrepreneurial Orientation and Sustainable Competitive Advantage.

Collectively, these propositions reflect a structural mechanism in which entrepreneurial initiatives are translated into sustainable outcomes through competitive positioning, while contextual capabilities condition this process.

The proposed conceptual structure, derived from systematic literature synthesis, is illustrated in Figure 1, highlighting both the mediating mechanism and moderating condition.



**Figure 1:** Conceptual Framework derived by systematic literature reviews

The model specifies a mediated–moderated structure in which Sustainable Competitive Advantage serves as a mediating mechanism linking Entrepreneurial Orientation to sustainable performance, while Cultural Intelligence functions as a contextual moderator that strengthens the EO–SCA relationship.

## Conclusions and Discussion

The findings provide important contributions to entrepreneurship and sustainability research. First, the study clarifies that the relationship between Entrepreneurial Orientation and Sustainable Performance is structurally indirect, with Sustainable Competitive Advantage acting as a key mediating mechanism that consolidates entrepreneurial initiatives into durable competitive positioning. This helps explain inconsistencies in prior EO–performance research by distinguishing between short-term strategic variation and stabilized value realization.

Second, the framework extends Cultural Intelligence as a contextual capability that conditions the effectiveness of translating entrepreneurial initiatives into competitive advantage in culturally embedded industries. As a moderating capability, CQ strengthens the EO–SCA relationship and integrates cultural adaptability into strategic management.

From a managerial perspective, SME leaders should not only foster entrepreneurial behavior but also embed innovation into defensible competitive positioning. Developing



cultural intelligence can enhance legitimacy, stakeholder alignment, and long-term competitiveness in culturally embedded markets.

In conclusion, this study proposes a mediated–moderated framework explaining how Entrepreneurial Orientation influences sustainable performance through Sustainable Competitive Advantage, with Cultural Intelligence acting as a contextual moderator. The framework provides a foundation for future empirical research and offers a theoretically grounded perspective on sustainable competitiveness in creative SMEs.

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