







Valuable, Rare, Inimitable, Non-Substitutable of Resources in Building Innovation Capability for Sustainable Development: Evidence from Creative Social Enterprises

John Tampil Purba¹, Devanny Gumulya^{2*}, Evo Hariandja¹, Rudy Pramono³

¹ School of Business, Pelita Harapan University, Tangerang, Banten 15811, Indonesia

² School of Design, Pelita Harapan University, Tangerang, Banten 15811, Indonesia

³ School of Hospitality and Tourism, Pelita Harapan University, Tangerang, Banten 15811, Indonesia

Corresponding Author Email: devanny.gumulya@uph.edu

<https://doi.org/10.18280/ijstdp.180211>

ABSTRACT

Received: 10 October 2022

Accepted: 29 December 2022

Keywords:

VRIN resources, firm resources, creative social enterprises, innovation capability

This paper aims to discover the valuable, rare, inimitable, non-substitutable (VRIN) resources of CSEs that contribute to the building of IC in creative social enterprises. The process of building IC is complex and is influenced by many factors; hence knowing which to IC building in CSEs will be very important and beneficial for any firm. The research used a qualitative exploratory study design with multiple case studies on five creative social enterprises in Indonesia. Interviews and a literature review were used to collect data. The research subjects are five entrepreneurs and five R&D managers. These founders have over five years of sustainable business experience. The study points out eight VRIN resources that contribute to different stages of IC building: local arts and culture; waste; co-creation capability; creative people; local people's participation; reduce, reuse, recycle; micro manufacturing; environmentally friendly technology. The IC outcomes are new sustainable products and a new process, which is brand storytelling. The findings could help entrepreneurs and entrepreneurship educators by allowing them to plan ahead of time to develop VRIN resources.

1. INTRODUCTION

For sustaining and growth of the business, competitive dynamics and processes force companies to seek new and unique competitive strategies. One of them is through innovation [1]. It is a key factor in successful companies. If innovation is a source of competitive advantage, the ability to produce innovation is very important, and this is known as innovation capability (IC) [2].

IC is vital not only for traditional sector organizations but also for firms operating in the creative industry. The creative industries have emerged as a potent engine of economic growth and social, environmental, and cultural sustainability [3]. The rise of a new type of enterprise: the creative social enterprise, is one of the most important movements in the social sector today. Creative social enterprises generate value from sustainability issues by making goods and services out of social or environmental issues, so they are contributing to making the world a better place in terms of cultural sustainability, social fairness, and economic progress [4].

Creative social enterprises are growing globally and in Indonesia; to better understand Creative Social Enterprises in Indonesia [5]. According to the report, there are 75,240 Creative Social Enterprises (CSEs) in Indonesia, all of which are led by young entrepreneurs [5]. Many young people want to work in fields where they can make a difference rather than just make money [6]. In Indonesia, most creative social enterprises are small and medium-sized enterprises (SMEs) in their early stages of development [7]. The country's growing sustainable market encourages the growth of Creative Social Enterprises in Indonesia [8]. According to WWF-Indonesia

and Nielsen survey results from 2017 [9], Indonesian consumers are willing to pay more for eco-friendly products. This demonstrates a significant increase in consumer awareness of the importance of consuming sustainable products, indicating that the Indonesian market is willing to buy sustainably produced products [10]. This opens new business opportunities for serving a sustainable market. According to the report [5], CSEs are more innovative than traditional firms because they require innovative solutions or innovative thinking, as the societal issue would not exist if it could have been addressed using mainstream approaches [11]. The study examines five creative social enterprises that operate in the creative industry and have made an impact on the environment and society through their innovation.

Creating innovation out of sustainability issues is not a simple matter; it requires exceptional innovation capability. Recent studies have made the connection between IC and sustainable development. In this paper, IC is defined as the ability to manage and integrate multiple key resources and capabilities to continuously transform knowledge and ideas into new products, processes, and procedures that benefit multiple stakeholders as well as the environment [2]. The capability to innovate is the key to finding solutions to environmental and societal issues [12-15], as one of contribution of study for innovation creativities.

Integration of essential resources and capabilities is the basis of IC. It varies greatly from company to company in terms of the resources and capabilities required to be successful in innovation activities. As a result, this makes for an interesting area of research [8, 16]. The findings of this study aims to enhance the understanding of valuable, rare,

imitable, non-substitutable resources that contribute to the building of IC in a creative social enterprise context.

One of the theoretical lenses that explain the source of competitive advantages is the VRIN framework proposed by [17]. It is stated that a firm must hold a set of exploitable internal resources with four important characteristics to preserve its competitive edge. These resources must be (1) valuable, (2) rare, (3) imperfectly imitable (difficult to replicate), and (4) non-substitutable. VRIN has been widely used in a variety of studies and is widely recognized as an effective strategic management tool for analyzing the origin organizational capabilities and resources [18].

The objective of this study is to identify the valuable, rare, imitable, and non-substitutable (VRIN) resources held by creative social enterprises (CSEs) that contribute to the development of innovation capability in these organizations [19, 20].

After doing the literature review. We found out that although some studies investigated IC as the source of competitive advantage for creative industry in Indonesia [3, 21-23], none of the studies detected answers to the question which resources that valuable, rare, imitable, non-substitutable resources that contribute to the building of innovation capability in creative social enterprises context.

The research questions are built upon developing an IC based on the previous research's steps: knowledge and idea acquisition; knowledge and idea transformation; operating creatively; and creation of new products, processes, and systems. The research questions of this article are:

1. What VRIN resources contribute to the process of knowledge and idea acquisition?
2. What VRIN resources contribute to the process of knowledge and idea transformation?
3. What VRIN resources contribute to the process of CSEs operating creatively?
4. What VRIN resources contribute to creating new products, processes, and systems that benefit stakeholders and the environment?

2. LITERATURE REVIEW

2.1 Resources as competitive advantage

The resource basis view (RBV) idea serves as the foundation for VRIN. According to this theory, companies can gain a competitive advantage by maximizing their use of internal resources within the company [17]. The exploitation of internal resources is the key to competitive advantage [24, 25]. This theory builds on the premise that the resources that can give companies a competitive edge are those that are both heterogeneous and immobile. Heterogeneous means that resources differ from company to company and that firms in the same industry with the same external forces can still have different internal resources that lead to differential firm performance. Immobile means that resources cannot easily move from one company to another. Competitors cannot quickly replicate their rivals' resources or their strategies. To achieve this potential, a company's resources must possess four characteristics: valuable, rare, imperfectly imitable (difficult to replicate), and non-substitutable. In this article resources are defined as. "All assets, capabilities, organizational process, information, knowledge etc. controlled by a firm enable the firm to conceive of and implement strategies that improve its efficiencies and effectiveness" [17]. A Firm's resources can be divided into tangible and intangible resources. According to Rodney [26] tangible resources can provide an edge; however, this advantage is sometimes temporary because substantial resources are frequently obtainable on the open market.

On the other hand, intangible resources have no physical existence; we cannot feel or touch intangible resources, such as skills, talents, knowledge, and process expertise. Intangible resources require time to create and cannot be purchased readily on the open market. Intangible resources are the main competitive advantage.

On Table 1 we gather from previous research about resources that are needed for sustainable innovation.

There should be clear criteria for determining which resources can be considered VRIN. Table 2 summarizes the criteria for each VRIN attribute, and we relate the criteria with previous research in creative industry and for sustainable oriented firms.

Table 1. Resources for sustainable innovation

Tangible Resources		Intangible Resources		
Short term advantage		Long term advantage		
Physical Capital Resources	Human capital resources	Organizational capital resources	Innovative capital resources	Relational capital resources
	employees' knowledge, skills, and expertise	Organizational skills to meet business demands	investment in R&D	Organization-stakeholder relations
Technology	Experience	Collaboration system	Intellectual property	Manager and employee relationship
Land Area	Training	Coordinating system	Innovation strategy	Relationship with customer
Tools & equipment	Know how	Controlling	Innovation culture	Relationship with government
Location	Knowledge	Relation among firms in its environment	Innovation structure	Relationship with supplier
Acces to sustainable materials	Intelligence	Reporting structure	Employee's technological and non-technological knowledge	Relationship with investor
		Organizational culture		Relationship with universities

Developed from [17, 27-29]

Table 2. VRIN attribute

No.	Resources Attribute	Criteria	Resources in Creative Industry	Resources in Sustainable oriented firms
1	Valuable	Resources that help companies reduce cost, increase differentiation, or combine cost and differentiation characteristics in a way that creates value for customers.	Creative people Creative ideas Local natural materials	Environmentally friendly technology Network R&D team
2	Rare	Resources are not widely available to competitors	Craftsmanship mastery Storytelling	Reduce Reuse Recycle Ethic
3	Imperfectly imitable	Resources are difficult or costly to imitate so competitors cannot easily copy and implement the strategic approach	Product creation capability Arts and culture	Sustainable material Traceability Sustainable entrepreneurial orientation
4	Non-substitutable	Resources cannot be replaced by other readily available resources or a minimum it must be costly for a rival to find a substitutable resource	Local ritual custom Tradition Philosophy Values	Sustainable supply chain Sustainable impact

Developed from [26, 30-38]

In addition to conducting a study on research about resources that create a competitive advantage in the creative industry and businesses that are focused on sustainability. The literature reviews go further in looking into the existing research about how innovation capability is built in SMEs context.

2.2 The building of innovation capability

Seminal works that discuss the process of building IC in SMEs context are the works [39-41]. She conducted a systematic review of IC publications published between 2000 and 2018 and discovered that IC can be perceived as a process or as an outcome. In the studies that perceived IC as a process, it is indicated that SMEs could build their IC by gaining knowledge and ideas, transforming knowledge and ideas, creating new products, processes, and systems, operating creatively, and testing new ideas. Furthermore, she discovers that multiple dimensions contribute to IC, leadership, knowledge development, entrepreneurial orientation, organizational culture, external knowledge utilization, external networks with suppliers and customers, employee's prior work experience and education. She also learned from the systematic review that IC is made up of various types of capabilities, such as learning capabilities, entrepreneurial capabilities, marketing capabilities, networking capabilities, and resource exploitation capabilities. In the studies that perceived IC as an outcome, she discovered that the outcomes of IC for small business context is radical and incremental innovation.

IC development process is explained further by Gumulya et al. [4, 42] to develop the ability to innovate, businesses must first acquire knowledge and ideas and accumulate them. Then, firms need to utilize them by transforming ideas into working models that can be tested. To do this, firms need to operate creatively by integrating multiple resources and key capabilities. The process is iterative. If firms manage to produce solid results, then comes the new product, process, or systems that will bring benefit to the stakeholders and environment.

The following outline constitutes the framework of this

study. A review of the previous research in the topic of resources of sustainable innovation, competitive advantage of creative industry is presented in the first section. In the second section, the methodology that was applied, including the sample and the data collecting, is broken down and explained. The findings of the investigation are discussed in the third section of the report. The debate and suggestions for additional research are included in the fifth and final section, which follows a description of the conclusions presented in the fourth section.

3. METHOD

The study employs an exploratory qualitative approach, including a literature review and several case studies on five CSEs, to identify VRIN resources that contribute to the establishment of innovation capability in CSEs, which begins with knowledge and idea acquisition and transformation, creative operation, and the creation of new products, processes, and systems. This approach utilizes various case studies. The research is categorized as exploratory due to the fact that the research questions have not been extensively researched in the past [43]. The procedure for conducting research is predicated on deriving theory from case studies as proposed by Eisenhardt [44].

To comprehend the research goal, which is to discover VRIN resources that contribute to the whole process of building IC. The research started with a comprehensive examination of the existing literature (see Table 3). Following the completion of the literature analysis, we formulated the VRIN resources of creative social enterprises, which were subsequently utilized in the case selection process (see Table 4). The five CSEs stand out from the rest because, despite being in the early stages of development, they can use their VRIN resources to build their innovation capability, and gain validation by winning many national and international awards for their innovation [36], so we select them as the case studies for the research (see Table 5).

Following the discovery of the case, we then develop the interview guide based on the case selection criteria. After that,

we head out into the field to collect data from creative social entrepreneurs and the R&D managers who are intimately connected to the process of innovation inside CSEs from knowledge and idea acquisition and transformation to creative operation and the development of new products, processes, and systems. The next stage is to perform an analysis of the data using a cross-case approach. In the final step, the findings are discussed in relation to the previous research and the novelty are described.






Table 3. Research process

No	Stages	Description
1	Getting Started	Defining research question from the phenomena Keywords: innovation capability, creative social enterprise, VRIN resources, creative industry, competitive advantage
2	Selecting Cases	Theoretical sampling, cases are selected based on their ability to answer the research question
3	Crafting Research Instruments	VRIN resources of Creative Social Enterprise
4	Entering the Field	Primary data collection from social entrepreneurs and R&D managers
5	Analyzing Data	Cross-case pattern search to see recurring and conflicting pattern
7	Discussion	Comparing findings with existing literatures

Table 4. Case selection criteria

No.	Resources Attribute	Criteria	Resources in Creative Social Enterprise
1	Valuable	Reduce cost and/or create differentiation	Creative people Creative ideas Local natural materials Environmentally friendly technology Sustainable product Network R&D team
2	Rare	Not widely available	Craftsmanship mastery Storytelling Reduce Reuse Recycle Ethic
3	Imperfectly imitable	Difficult or costly to imitate	Sustainable entrepreneurial orientation Product creation capability Arts and culture Sustainable material Traceability
4	Non-substitutable	Irreplaceable	Local ritual custom Tradition Philosophy Values Sustainable supply chain Sustainable impact

Table 5. Cases

Cases	Main products	Position interviewees	Work experience	Innovation capability validation
CSE 1		Founder and Designer (CSE 1.1)	9 years	A jewelry brand that attempts to preserve Bali traditional silver craftsmanship into modern jewelry design
		Head of R&D (CSE 1.2)	9 years	Winner of DBS Foundation Social Enterprise Grant Award 2017 and 2018
CSE 2		Founder and Chief Innovation Officer (CSE 2.1)	9 years	Winner of Shell Live Wire World Innovation Awards 2016, Australia Awards Alumni Grant Scheme, DBS Foundation Social Enterprise Grant Award 2017 and 2018
		Founder and Chief operating officer (CSE 2.2)	9 years	
CSE 3		Founder and Designer (CSE 3.1)	7 years	Reinvent East Nusa Tenggara Island's palmyra wicker crafts into modern home decor for domestic and international markets
		Head of R&D (CSE 3.2)	7 years	Winner of DBS Foundation Social Enterprise Grant Award 2018 Indonesian Good Design Award 2020
CSE 4		Chief Executive Officer (CSE 3.1)	5 years	Biodegradable food containers made from areca palm sheath waste to replace single-use plastic food containers Winner of Good Design Indonesia 2021 Award for Best Design
		Chief Operating Officer (CSE 3.2)	5 years	
CSE 5		Founder and designer (CSE 4.2)	9 years	Re-define bamboo crafts in Tasikmalaya, West Java, Indonesia, as modern home accessories
		Head of R&D (CSE 4.2)	8 years	Winner of Good Design Indonesia 2020 Award for Best Design

We collect all VRIN resources from creative industries and sustainable businesses. Table 4 serves as the foundation for the interview. The research protocol begins by inquiring about the process of developing an IC based on the steps mentioned in previous research, which are: knowledge and idea acquisition; knowledge and idea transformation; operating creatively; and new products, processes, and systems creation. We ask interviewees for resources that has VRIN quality and contribute to the IC building process at each step.

4. RESULT AND DISCUSSION

In this section, we show our findings by putting excerpts from the interviewee alongside the review of the relevant literature (see Table 6).

From the data we conclude find several important themes about VRIN resources that contribute to the building of IC in CSEs.

Table 6. Data structure

No.	IC building stage	Selected Evidence from the Cases	VRIN Resources in Creative Social Enterprise							
			Valuable (Create differentiation)	Rare (Not widely available)	Imperfectly Imitable (Costly to imitate)	Non-Substitutable (Irreplaceable)				
1	Knowledge and idea acquisition	<p>“We combine Balinese fine bone carving and Bali traditional silver craftsmanship into the beauty of each collection.” (CSE1.1)</p> <p>“..Each and every orchid flower in this jewelry is hand-carved one by one from waste of pearl and food industry.” (CSE 1.2)</p>	Waste	Craftsmanship mastery						
		<p>“..using agricultural waste, such as: sawdust, coconut dust, sugarcane bagasse.” (CSE 2.2)</p> <p>“Balinese culture and arts will never stop to amaze us, and Patra, one from many types of Balinese carvings, has this special place in our hearts that we decided to preserve this pattern into our pieces.” (CSE1.2)</p>					Local natural materials	Arts and culture		
		<p>“Our design is influenced and infused with Nusantara values and using signature local material.” (CSE 3.1)</p> <p>“..proudly share our new logo, inspired from the Kepitang hexagonal weaving.” (CSE 3.2)</p>							Local knowhow	
		<p>“Our innovation is inspired by tempoh, the traditional Indonesian food made from fermented soybeans.” (CSE 2.1)</p>								
2	Knowledge and idea transformation	<p>“..We team up with a new generation of artisans by elevating the value of these craftsmanship through designs.” (CSE1.2)</p> <p>“to develop our ideas we joined incubation program where we received a grant to create their first machine to make the sustainable packaging.” (CSE 3.1)</p>			Co-creation capability					
		<p>“Collaborate with local farmers to use their local agricultural waste to grow their local materials with our technology locally.” (CSE 2.1)</p> <p>“Collaborate with designers to develop the sustainable material into end products.” (CSE2.2)</p>					Valuable (Create Differentiation)	Rare (Not Widely Available)		Imperfectly Imitable (Costly To Imitate)
		<p>“We develop our innovate products by working closely with the talented women artisans of Indonesia.” (CSE 3.2)</p> <p>“We joint research with Indonesia Institute of Science for product</p>								

development in bio-composite products.”
(CSE4.1)

		Valuable (Create differentiation)	Rare (Not widely available)	Imperfectly Imitable (Costly to imitate)	Non-Substitutable (Irreplaceable)	
3	Operating creatively	“We always spent some time blending in with Balinese people and now I live near the artisans’ neighborhood, I feel that I can be more creative if I am in their habitat.” (CSE 1.1)				Local people participation
		“We involved local leaders since the early stage of our business.” (CSE3.1)				
		“We empower local leader to become project manager that will oversee the weaving productions, training, community development, and social programs.” (CSE5.1)				
		“..change our approach and transition from linear to a circular economy, which usually follows on the 3R-Approach; Reduce, Reuse, and Recycle.” (CSE2.1)				Reduce Reuse Recycle
		“..this collection is hand-carved one by one from waste of pearl from the food industry.” (CSE1.1)				
		““..We gives areca palm farmers an alternative to burning the plant’s waste by turning areca leaf sheath into reusable materials for sustainable packaging.” (CSE 4.1)				
		“We use a micro manufacturing scheme. so that the technology used can be adapted by rural communities in remote areas.” (CSE 4.2)				Micro manufacturing
		“ R&D and marketing are led by the same person which is the Chief Innovation Officer to ensure that our innovation is market-ready.” (CSE2.2)				Creative people
		“In every project we always team up R&D, community manager and marketing team, it speed up the R&D process” (CSE3.2)				
		Valuable	Rare	Imperfectly imitable	Non-substitutable	
4	New products, processes, and systems creation	“Our sustainable packaging can be decomposed within 60 days and can be heat up with microwave up to 200°C.” (CSE4.1)				
		“ Sustainable home decor made from bamboo to preserve Indonesia’s local heritage.” (CSE5.1)				
		“..using mushroom mycelium as a natural adhesive .” (CSE 2.2)				Environmentally friendly technology
		“.. Vegan leather made from mushroom” (CSE 2.1)				Sustainable product
		“..transforming waste into a new product with our mycelium-technology .” (CSE 2.)				
		“Our micro manufacturing uses solar panels, water turbines, and other energy-efficient power sources .” (CSE 4.2)				
		“..jewelry that narrate local story ” (CSE 1.1)				Brand storytelling
		“Our Sobe collection, represent the way of life for the people in rural Indonesia” (CSE3.2)				
		“..We have empowered more than 1400 artisans in 54 villages in East Nusa				Sustainable Impact

4.1 Resources that contribute to knowledge and idea acquisition

4.1.1 Local arts and culture

The findings indicate that CSEs gain knowledge and ideas for innovation from a variety of sources, but primarily from local arts and culture, such as craftsmanship, natural materials, and know-how. Local arts and cultures have VRIN quality because they create differentiation, are not widely available, and are unique to specific regions. They are difficult to imitate because they are unique and have a long history, and they are non-substitutable because culture lives in people's unconscious assumptions and behaviors. The discovery supports the findings of the report [5], who claim that CSE strengthens the country's identity in the global market. We enrich this perspective by explaining that CSEs use local arts and culture as main inspiration for their innovation.

4.1.2 Waste

In addition to taking inspiration from local arts and cultures, CSEs also gain ideas from waste that is abundantly available in their environment. They regard waste as a new raw material for innovation. Waste has VRIN quality because not all companies see it as a chance to be innovative, and it's rare for a company to be able to turn waste into something useful. This finding is consistent with the findings of Karana et al. [45] who claims that sustainability issues result in the creation of new materials from waste, providing a wide range of opportunities for innovation.

4.2 Resources that contribute to knowledge and idea transformation

4.2.1 Co-creation capability

CSEs transform knowledge and ideas gained through collaboration with a wide range of stakeholders, including artisans, local leaders, designers, research institutes, and private firms. Because addressing sustainability issues is a complex process, CSEs collaborate, experiment, and learn with a wide range of stakeholders [46].

Co-creation has VRIN qualities because it allows people with diverse expertise, points of view, and experiences to collaborate, experiment and learn quickly. It facilitates, accelerates, and reduces the cost of innovation. In addition, the finding is consistent with the findings of study by Chesbrough and Di Minin [47], which states that internal and external collaboration are required to improve innovation capability in social context. In line with the study of Tranggono et al. [35], the findings indicate the importance of involving local people and leaders in the innovation process, utilizing their knowledge and know-how to assist CSEs in prototyping ideas.

4.3 Resources that contribute to operating creatively

4.3.1 Creative people

The findings show that CSEs require creative people in order to operate creatively. They are individuals who can oversee various divisions such as R&D and marketing; for

example, CSE 3 during product development there are R&D, marketing, and a community manager. Furthermore, the data show that having creative people in charge of different divisions allows R&D to move more quickly, improve product quality, shorten the development process, and avoid making products that do not meet market needs. Because it is difficult to find people who can master the knowledge and skills in various fields, especially in sustainable development, creative people have VRIN quality. The outcome is consistent with the findings of Yao et al. [36]. He claims that firms with social responsibility should integrate R&D and marketing because incorporating market insight into the R&D process can help firms create the right green products for the market. Furthermore, by supervising the R&D process, the marketing team will gain a better understanding of the product's sustainable values and will be able to educate the market on these values.

4.3.2 Local people participation

The findings indicate that local people help CSEs to operate creatively. They are the leaders and artisans of the community, as well as the community itself. CSEs are businesses that have the goal of empowering the local community. The participation of local people in the CSE innovation process also possesses a VRIN quality since it takes some time to establish and that it necessitates honesty and trust for local people to want to participate. This finding is consistent with the findings of Tranggono et al. [35] who emphasize the critical role that local champions play in the empowerment of their communities.

4.3.3 Reduce, Reuse, Recycle (3R)

The research also reveals that CSEs apply the principle of reduce, reuse, and recycling. Some CSEs are dedicated to the recycling of industrial waste, while others focus on the reuse of waste materials in the production of new goods. By utilizing technology that is less harmful to the environment, CSEs work to achieve the greatest possible reduction in energy consumption. We consider 3R as VRIN resources as because it is unique to each company and is difficult to replicate. This finding is in line with the study of Buijs [37] who states that 3R is the key principle to achieve circularity within the company.

4.3.4 Micro manufacturing

CSEs work with communities in Indonesia's rural areas where infrastructure is lacking. As a result, CSEs use the micro manufacturing system, in which products are produced in small quantities using small manufacturing facilities. Their mindset is not to increase production capacity, but to increase production points so that the business can benefit more communities. Micro manufacturing is also considered a VRIN resource because CSEs can quickly expand to different regions using this scheme.

4.4 Resources that contribute to new products, processes, and systems creation

4.4.1 Environmentally friendly technology

Some CSEs use technology that is friendly to the

environment in their manufacturing processes in order to ensure that ecological sustainability is not compromised despite the expansion of the economy. They do not view sustainability as merely a trend; rather, they view it as an absolute requirement. This finding is consistent with what [48] found, in which they stressed the significance of the role that technology plays in sustainable innovation. Environmentally friendly technology has VRIN quality because it is difficult to imitate and is firm specific. Each CSE implements different green technology.

4.4.2 Sustainable product

One of the outcomes of IC is new products. In CSEs context the new products are a variety of different ranges of sustainable products made from waste, such as jewelry made from waste bone, vegetable leather made from agricultural waste, sustainable packaging made from waste areca palm sheath, or sustainable products made from natural materials, such as wicker crafts made from palmyra leaves, and bamboo home decor. We also consider these to be VRIN resources due to the fact that each CSE offers products that are exclusive to themselves and cannot be found in any other businesses and can only be produced in specific regions.

Finally, back to [17] definition of resources that it can be assets, capabilities, organizational process and information knowledge, we synthesize the VRIN resources that contribute to the building of IC in Table 7.

Table 7. VRIN resources to the IC building of creative social enterprises

VRIN Resources to IC building			
Tangible Assets	Capabilities	Intangible Organizational process	Information knowledge
Waste	Co-creation capability	Local people participation	Local arts and culture
Sustainable product	Creative people	Reduce, reuse, recycle Micromanufacturing	Brand storytelling

4.4.3 Brand storytelling

IC produces new procedures, and our study finds that CSEs able to create meaningful stories about their sustainable products. The CSEs use brand storytelling to connect with the audience about their sustainable mission. In the literature review [38], it has already been mentioned that local narration can be used as a source of innovation. After looking into the interview data, we adopted the term "brand storytelling. Woodside [49] defines brand storytelling as "the use of authentic, emotional stories by an organization to drive growth and foster customer loyalty." CSEs use local narration to create an emotional connection with their customers. In addition to using local narration, the study also found out that CSEs also storytell their sustainable impact, like the number of carbon emissions that they try to reduce and the number of communities that they have empowered. CSEs tell stories about local culture and sustainable impact to create connection with customers and it is not something that is easily built. CSEs need to be authentic and communicate the story in a consistent way. Hence, we consider brand storytelling a VRIN resource as well.

5. CONCLUSION

Our exploratory study highlights a more in-depth

understanding of the VRIN resources that contribute to each stage of the IC building process. The study shows that there are eight VRIN resources. Two resources that contribute to the knowledge and ideas acquisition are local arts and culture and waste. The co-creation capability is one of the resources that contribute to the transformation of knowledge and ideas. Four resources that enable CSEs to operate creatively are: creative people; local people's participation; reduce, reuse, recycle; and micro manufacturing. Finally, resources that contribute to the creation of new products are environmentally friendly technologies. The study also manages to indicate the outcomes of IC building are new sustainable products and new processes, which is brand storytelling. Hence, all the research questions are all answered.

Based on the VRIN analysis on the 5 five CSEs, the study recommends that CSEs in Indonesia should start developing their traceability capability, as the data shows that none of the CSEs do this. They need to develop the capability within their organization to track all of the processes, beginning with the raw material and continuing through production, consumption, and disposal. Additionally, they need to determine when the product was produced, where it was produced, and by whom. Traceability can strengthen the brand storytelling resources by providing verifications.

The findings of this research can be of great assistance to aspiring business owners who intent to start Creative Social Enterprises by pointing them in the direction of the VRIN resources that they ought to cultivate and invest in. In addition, the findings may provide an insight that can be used by educators of entrepreneurship to better prepare the next generation of entrepreneurs to create value for people and the planet.

We are aware of research constraints caused by a small number of research samples, but due to a lack of data on CSEs in Indonesia, we must accept these constraints. In the future, the research sample should be expanded, and CSEs from different countries should be compared. Furthermore, we propose that future research should look into how VRIN resources interact with one another during the IC building process, using a longitudinal research approach to see how these resources evolve over time. Further studies can obtain a more complete set of results using this research approach, making the results more valid.

ACKNOWLEDGEMENT

The authors would like to thank DIKTI Region III for funding this study, which was funded primarily through contract number 155/E5/PG.02.00.PT/2022 and subcontract number 435/LL3/AK.04/2022. Furthermore, the grant has been accommodated by LPPM Pelita Harapan University under internal contract number 129/LPPMUPHVI/ 2022.

REFERENCES

- [1] Baden-Fuller, C., Teece, D.J. (2020). Market sensing, dynamic capability, and competitive dynamics. *Industrial Marketing Management*, 89: 105-106. <https://doi.org/10.1016/j.indmarman.2019.11.008>
- [2] Maijanen, P. (2022). Digital business ecosystems and dynamic capabilities. In *Handbook on Digital Business Ecosystems*, 50-62. <https://doi.org/10.4337/9781839107191.00010>

- [3] Nurgraha, J., Mulyadi, H. (2018). Creating product innovation in micro creative industry in Indonesia. *Journal of Entrepreneurship Education*, 21(2): 1-11.
- [4] Gumulya, D., Purba, J.T., Hariandja, E.S., Pramono, R. (2022). Building innovation capability for the sustainability of rancabuaya village craft weavers. *International Journal of Sustainable Development and Planning*, 17(2): 539-548. <https://doi.org/10.18280/ijstdp.170219>
- [5] British Council. (2020). Creative and Social Enterprise in Indonesia. https://www.britishcouncil.id/sites/default/files/dice_creative_and_social_enterprise_in_indonesia_report_en_final.pdf, accessed on Nov. 13, 2022.
- [6] Purba, J.T., Budiono, S., Adirineksa, G.P. (2020). The nation readiness in facing industry 4.0 viewed from clean water and high school teacher availability toward GDRP without oil. In *Proceedings of the 2nd African International Conference on Industrial Engineering and Operations Management*, pp. 243-251. <http://www.icomsociety.org/harare2020/papers/111.pdf>.
- [7] Unescap, B.C. (2018). Building an Inclusive and Creative Economy The State of Social Enterprise in Indonesia, 1-101.
- [8] Gumulya, D., Purba, J.T., Hariandja, E.S., Pramono, R. (2022). Eco Design Strategies at Indonesian Creative Social Enterprises. *Archives of Design Research*, 35(3): 7-33. <https://doi.org/10.15187/ADR.2022.08.35.3.7>
- [9] WWF. (2017). Acceptance of Environmentally Friendly Products in Indonesia. <https://www.wwf-scip.org/acceptance-environmentally-friendly-products-indonesia/>, accessed on Nov. 13, 2022.
- [10] Bosma, N., Schøtt, T., Terjesen, S., Kew, P. (2015). Global entrepreneurship monitor special topic report: social entrepreneurship. *Glob Entrep Monit*, 1-44.
- [11] Gumulya, D., Purba, J.T., Hariandja, E.S., Pramono, R. (2022). Modernization of palmyra wicker crafts as a by product of creative social enterprise's innovation capability. *International Journal of Design and Nature and Ecodynamics*, 17(2): 209-219. <https://doi.org/10.18280/ijdne.170207>
- [12] Ben Amara, D., Chen, H. (2021). The impact of participative decision-making on eco-innovation capability: The mediating role of motivational eco-innovation factors. *Environment, Development and Sustainability*, 23: 6966-6986. <https://doi.org/10.1007/s10668-020-00900-0>
- [13] Tiwari, M. (2011). Exploring the role of Capabilities in Social Innovation. In *Proceedings of the 8th annual conference of the HDCA, The Hague, The Netherlands*, 6-8. <https://doi.org/10.1080/19452829.2016.1271312>
- [14] Rodrigues, E.L., Sugahara, C.R., De, S.C. (2018). Determinant factors of social innovation capability in nonprofit organizations and social businesses. *International Journal for Innovation Education and Research*, 6(12): 91-119. <https://doi.org/10.31686/ijier.vol6.iss12.1254>
- [15] Cavazos-Arroyo, J. (2020). An exploration of some effects of social innovation capability in social enterprises in Mexico. *Journal of Technology Management & Innovation*, 15(4): 63-70. <https://doi.org/10.4067/s0718-27242020000400063>
- [16] Abdullah, N.H.N., Darsono, J.T., Respati, H., Said, J. (2019). Improving accountability and sustainability through value creation and dynamic capabilities: An empirical study in public interest companies. *Polish Journal of Management Studies*. <https://doi.org/10.17512/pjms.2019.19.2.01>
- [17] Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17(1): 99-120. <https://doi.org/10.1177/014920639101700108>
- [18] Barney, J.B. (1995). Looking inside for competitive advantage. *Academy of Management Perspectives*, 9(4): 49-61. <https://doi.org/10.5465/ame.1995.9512032192>
- [19] Rockwell, S. (2019). A resource-based framework for strategically managing identity. *Journal of Organizational Change Management*, 32(1): 80-102. <https://doi.org/10.1108/JOCM-01-2018-0012>
- [20] Rhew, N.D., Arendt, L.A. (2023). Lessons on the resource-based view and generic competitive strategies from kinky boots: The musical. *Management Teaching Review*, 8(1): 91-101. <https://doi.org/10.1177/237929812111055404>
- [21] Sugiono, A., Fordian, D. (2019). The types of dynamic capabilities of start-up entrepreneurs (A Study in Gastronomic SubSector in Creative Industry). *Adbispreneur*, 4(2): 88-99. <http://repository.lppm.unila.ac.id/id/eprint/17642>
- [22] Mulyana, S., Sutapa, S. (2014). Peningkatan kapabilitas inovasi, keunggulan bersaing dan kinerja melalui pendekatan quadruple helix: Studi pada industri kreatif sektor fashion. *Jurnal Manajemen Teknologi*, 13(3): 304-321. <https://doi.org/10.12695/jmt.2014.13.3.5>
- [23] Astuti, M., Prawoto, P., Irawan, Y.S., Sugiono, S. (2018). The eco-innovation variables which influence the performance of creative industries center of natural stone crafts. *Journal of Ecological Engineering*, 19(1): 14-24. <https://doi.org/10.12911/22998993/79446>
- [24] D'Oria, L., Crook, T.R., Ketchen Jr, D.J., Sirmon, D.G., Wright, M. (2021). The evolution of resource-based inquiry: A review and meta-analytic integration of the strategic resources-actions-performance pathway. *Journal of Management*, 47(6): 1383-1429. <https://doi.org/10.1177/0149206321994182>
- [25] Morris, M.H., Kuratko, D.F. (2020). A resource-based perspective on venture types. *What do Entrep. Creat.*, 101-121. <https://doi.org/10.4337/9781789900224.00015>
- [26] Rodney, T. (2018). (12) Business Strategy Review - Resource Based View: L3 - YouTube. <https://www.youtube.com/watch?v=5cDOPGNK24>, accessed on Nov. 13, 2022.
- [27] Thomas, R. (2018). Business Strategy Review - Resource Based View: L3 - YouTube. <https://www.youtube.com/watch?v=5cDOPGNK24s&t=117s>, accessed on Nov. 13, 2022.
- [28] Oprean-Stan, C., Stan, S., Brătian, V. (2020). Corporate sustainability and intangible resources binomial: New proposal on intangible resources recognition and evaluation. *Sustainability*, 12(10): 4150. <https://doi.org/10.3390/su12104150>
- [29] Kijek, T. (2012). Innovation capital and its measurement. *Journal of Entrepreneurship, Management and Innovation*, 8(4): 52-68. <https://doi.org/10.7341/2012844>
- [30] Astuty, E., Suryana, S. (2018). Creative People as a New Source of Competitive Advantage in Creative Industry. *Sebelas Maret Business Review*, 2(1): 53-65. <https://doi.org/10.20961/smbr.v2i1.13298>
- [31] Lin, R.T. (2007). Transforming Taiwan aboriginal

- cultural features into modern product design: A case study of a cross-cultural product design model. *International Journal of Design*, 1(2): 45-53.
- [32] Sulistyandari, R.S. (2011). The Development of innovation capability of small medium enterprises through knowledge sharing process : An empirical study of Indonesian. *International Journal of Business & Social Science*, 2(21): 112-124.
- [33] Anjaningrum, W.D., Rudamaga, H. (2019). Creative Industry: Enhancing Competitive Advantage and Performance. *APMBA (Asia Pacific Management and Business Application)*, 7(3): 123-146. <https://doi.org/10.21776/ub.apmba.2019.007.03.1>
- [34] Eizaguirre, A., García-Feijoo, M., Laka, J.P. (2019). Defining sustainability core competencies in business and management studies based on multinational stakeholders' perceptions. *Sustainability*, 11(8): 2303. <https://doi.org/10.3390/su11082303>
- [35] Tranggono, D., Nuryananda, P.F., Putra, A.Y.T. (2021). Local champion: Communication characteristics in community empowerment based on local innovation. *JOSAR (Journal of Students Academic Research)*, 7(1): 72-84. <https://doi.org/10.35457/josar.v7i1.1535>
- [36] Yao, Q., Xu, M., Song, H., Jiang, W., Zhang, Y. (2014). R&D-marketing integration and performance—evidence provided by agricultural science and technology enterprises. *Journal of Service Science and Management*, 7(1): 18-29. <https://doi.org/10.4236/jssm.2014.71003>
- [37] Buijs, J. (2003). Processes, from linear logic to circular chaos. *Design*, 12(2): 76-93. <https://doi.org/https://doi.org/10.1111/1467-8691.00271>
- [38] Sebayang, A.F., Indratno, I., Sebayang, L.K. (2020). The local economic innovation: lesson from rotan ketak industry in Central Lombok Regency, Indonesia. *International Journal of Economics Development Research (IJEDR)*, 1(2): 150-165. <https://doi.org/10.37385/ijedr.v1i2.65>
- [39] Saunila, M. (2020). Innovation capability in SMEs: A systematic review of the literature. *Journal of Innovation & Knowledge*, 5(4): 260-265. <https://doi.org/10.1016/j.jik.2019.11.002>
- [40] Saunila, M., Ukko, J. (2012). A conceptual framework for the measurement of innovation capability and its effects. *Baltic Journal of Management*, 7(4): 355-375. <https://doi.org/10.1108/17465261211272139>
- [41] Saunila, M. (2016). Performance measurement approach for innovation capability in SMEs. *International Journal of Productivity and Performance Management*, 65(2): 162-176. <https://doi.org/10.1108/IJPPM-08-2014-0123>
- [42] Tesfaye, G., Kitaw, D. (2018). An innovation capability development process for firms in developing countries: A theoretical conceptual model. *Journal of Entrepreneurship, Management and Innovation*, 14(3): 87-110. <https://doi.org/10.7341/20181434>.
- [43] Mills, A.J., Durepos, G., Wiebe, E. (2009). *Encyclopedia of case study research*. Sage publications.
- [44] Eisenhardt, K.M. (1989). Building theories from case study research. *Academy of Management Review*, 14(4): 532-550. <https://doi.org/10.5465/amr.1989.4308385>
- [45] Karana, E., Barati, B., Rognoli, V., Zeeuw Van Der Laan, A. (2015). Material driven design (MDD): A method to design for material experiences. *International Journal of Design*, 9(2): 35-54. <https://hdl.handle.net/11311/979536>.
- [46] Bosma, N., Kelly, D. (2019). Global Entrepreneurship Monitor 2018/2019 Global Report. In *Global Entrepreneurship Monitor*, vol. 8. <https://www.gemconsortium.org/report/gem-2018-2019-global-report>, accessed on Nov. 13, 2022.
- [47] Chesbrough, H., Di Minin, A. (2014). Open social innovation. *New Frontiers in Open Innovation*, 16: 301-315. <https://doi.org/10.1093/ACPROF:OSO/9780199682461.003.0009>.
- [48] Ceptureanu, S.I., Ceptureanu, E.G., Popescu, D., Anca Orzan, O. (2020). Eco-innovation capability and sustainability driven innovation practices in Romanian SMEs. *Sustainability*, 12(17): 7106. <https://doi.org/10.3390/su12177106>
- [49] Woodside, A.G. (2010). Brand-consumer storytelling theory and research: Introduction to a Psychology & Marketing special issue. *Psychology & Marketing*, 27(6): 531-540. <https://doi.org/10.1002/mar.20342>