

Improving Performance, Competitiveness, and Well-being in the Creative Industry Based on Local Wisdom

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Creative industries based on local wisdom have a good potential to be developed in South Kalimantan. The area has available natural resources, culture, and customs that they have been living in all this time. This inspires the wisdom of the people. This study investigates the effect of product differentiation, local wisdom, value creation, creativity, digital marketing, green entrepreneurial, green innovation on performance, competitiveness, and well-being. This study was conducted in the city of Banjarmasin, North Hulu Sungai district, South Hulu Sungai district, South Kalimantan Province. This study focused on 190 respondents. Data were collected through observation and interviews using a questionnaire. This research uses Partial Least Square. The results show that creativity, digital marketing, and green innovation affect performance. Value creation and performance affect competitiveness. Competitiveness affects well-being. Creativity, digital marketing, and green innovation can improve performance. Value creation and performance play a role in increasing competitiveness. Competitiveness can improve well-being. To improve performance, competitiveness, and well-being, SMEs need to empower women, diversify products, and business partnerships.

Key words: *Performance, Competitiveness, Well-being, Local Wisdom.*

Introduction

In increasing fierce business competition, every region demands to develop a creative economy sector. This sector contributes to Gross Domestic Product. (GDP) amounting to IDR 1,100 trillion (Sandiaga, 2021) and absorbing a workforce of 17 million people in 2019 (Wishnutama, 2020). Furthermore, Sandiaga (2021) said that the creative industry sub-sectors that contributed the most to GDP and exports were culinary 41%, fashion at 17%, and handicrafts at 14.9%. Creative industries in South Kalimantan are faced with environmental problems. Natural resources in the area are plentiful but their management is not yet wise to the environment. These resources have not been used optimally for the welfare of the community.

Environmental damage has made people aware to protect the environment. This is marked by their awareness to use environmentally friendly products. Creative industries are also expected to aim (carry out) eco-friendly business activities. A study from Jaya, *et al.* (2020) found that local wisdom affects competitiveness stemming from the skills possessed by employees and paying attention to the standards set by The International Organization for Standardization (ISO). The local economy can be built with the values of local wisdom without destroying the social order with the natural environment (Sutikno, *et al.*, 2018).

Local wisdom in several regions in Indonesia has begun to fade, one of the reasons is that they do not understand local wisdom and customs that apply in their area (Rahayu and Absori, 2019). Local wisdom is important to be preserved because it is formed as a process of interaction between humans and the environment to meet needs (Azizah and Muhfiatun, 2017). Factors that influence the formation of local wisdom such as the potential of natural resources, the environment, views, attitudes, and behavior of the local wisdom, it is necessary to use local wisdom values for the development of a civilized society (Jundaini, 2018). Therefore, the creative industry needs to run a business that leads to the concept of culture and community empowerment based on local wisdom, value creation, creativity, product differentiation, green innovation, green entrepreneurship, and digital marketing to improve performance, competitiveness, and well-being.

Products must be carriers of the value that consumers seek. A business model is said to be good if it offers unique values and services to increase competitiveness and revenue (Charamba, 2018) and integrates innovation in it (Farlane, 2018). Value creation plays a role in improving performance and competitiveness. Value creation affects performance (Firman and Syahnur, 2016, Shiratina *et al.*, 2019) and competitiveness (José Sánchez-Gutiérrez *et al.*, 2019). Value creation affects performance (Firman & Syahnur, 2016, Shiratina, *et al.*, 2019) and competitiveness (Damilano, *et al.*, 2018).

Green innovation plays a role in improving performance and overcoming environmental problems (Xue, *et al.*, 2019). Green innovation affects performance (Alhadid & Asad, 2014, Tang, *et al.*, 2017, Kucukoglu & Ibrahim, 2015, Xue, *et al.*, 2019) and competitiveness

(Kucukoglu & Ibrahim, 2015). Creativity affects performance (Eryigit & Tuna, 2016) and prosperity (Ghorbani and Hamid, 2015). Green entrepreneurship's role is to increase organizational strength and willingness to take risks, modern economic development, improve performance, enable companies to comply with regulations, and be proactive, gain a competitive advantage (Guo, *et al.*, 2020 and Fatoki, 2019), and reduce environmental damage (Jiang, 2018). Green entrepreneurship affects performance (Fatoki, 2019). Digital marketing affects performance (Nuseira & Ahmad, 2020). Competitiveness affects performance (Potjanajaruwit, 2018). Performance affects competitiveness (Sutapa *et al.*, 2017). Welfare plays an important role in performance. Local wisdom affects competitiveness (Jaya *et al.*, 2020). Competitiveness affects *well-being* (Jaya, *et al.*, 2020).

There are 30.152 economic actors in South Kalimantan and only 159 business actors registered with BISMA (BPS South Kalimantan, 2018 accessed in 2021). Banjarmasin city, North Hulu Sungai, and South Hulu Sungai Regency as potential areas to produce handicraft products based on local wisdom with high selling value. Natural resources in the area such as water hyacinth, purun, and natural dyes of sasirangan cloth can be used to produce various types of handicraft and fashion products. This industry faces various problems such as the nature of the industry which is considered to be still immature, does not have good management, ignores environmental sustainability, is passive in marketing, and has limited access. These various problems are the reason why the author researches to explore the regional economic potential to improve people's welfare. Thus, companies need to run businesses based on local wisdom to improve performance, competitiveness, and well-being.

Literature Review

Local Wisdom

South Kalimantan is an area that has a lot of watery surfaces, such as rivers, lakes, and swamps. Various types of wild plants such as purun grow in that area. Purun is used as raw material for weaving and also has a meaning for human behavior. The types of purun that grow are purun danau and purun tikus. The woven products produced are in the form of mats, bags, hats, baskets, prayer mats, wall hangings, and other accessories. This shows that the plant is useful to everyday life and provides inspiration for the cultural wisdom of the people in South Kalimantan. This craft is related to creation, creativity, and imagination obtained from various activities, both from nature, animals, and humans themselves as a form of social relations.

Purun craft is a hereditary craft and has become one of the icons of small household industries and at the same time become the pride of the natural wealth in South Kalimantan. Purun woven motifs can be found in Barito Kuala, Tapin, South Hulu Sungai, and Tabalong regencies generally have similarities that further highlight ornate motifs, including *tapak catur*, *saluang mudik*, *bintang berhamburan*, *pancar walu*, *belah ketupat*, *gigi haruan*, and *daun melancar*. Water hyacinth craft is one of the handicrafts based on local wisdom whose raw materials are

water hyacinth. This plant grows in wetlands swamps such as South Kalimantan. The prospect of the handicraft industry in South Kalimantan Province is quite good; this is supported by most of the area in the form of wetlands (Huda, *et al.*, 2020). Sasirangan fabric is one of the products of the local wisdom of cultural value. Sasirangan comes from the word “*menyirang*” means to baste. Straightening is the process of inserting the thread into the fabric and then pulling it so that the fabric becomes wrinkled with a certain motif. Furthermore, the fabric that has been stretched will be dipped into the dye liquid. This sasirangan cloth was originally used as means of healing for people who are stricken with an illness. This cloth is usually also used in traditional Banjar tribal ceremonies. Sasirangan is no longer used in spiritual activities but has become everyday clothing.

Local wisdom is a way of life for a certain area that was born and developed and then becomes a determinant of how that area survives with its local identity (Suratno, *et al.*, 2017). Jaya, *et al.* (2020) found that local wisdom affects competitiveness resulting from skilled human resources and increased product requirements. A study from Wiradinata & Arie (2018) shows that there is an influence of the value of local wisdom in creative economy-based micro-enterprises on the competitiveness of SMEs, Local wisdom, innovation, talent management affects competitiveness (Nawang Sari & Ahmad, 2018). The proposed hypothesis:

H₁: Local wisdom affects competitiveness.

Value Creation

Lynch (2015) defines economic value as the difference between the buyer's willingness to pay for the product and the total cost incurred by the company to produce it. Both business actors benefit from the economic value created. This can happen when customers can buy a product at a price below the maximum price level they are willing to spend. Value creation was positively and significantly related to performance (Abdullah, 2020, Nuryakin, 2018, and Sullivan, *et al.*, 2012) and competitiveness (Damilano, *et al.*, 2018). The hypothesis is formulated as follows:

H₂: Value Creation affects performance.

H₃: Value Creation affects competitiveness.

Creativity

Shiddiqi (2016) explained that employee creativity is most important if the company wants to maximize its income with less effort, so employees must be empowered and provide creative freedom in producing a product. Creative industries need creativity to create competitiveness (Sutapa *et al.*, 2017). Creativity plays a role in helping organizations to develop, maintain and increase competitiveness (Baryniene & Berta, 2015). Furthermore, creativity is the ability to

find something new to adjust the available knowledge intentionally and to solve initial problems flexibly and effectively. Creativity affects performance (Eryigit & Tuna, 2016, Chandrasekara & Kappagoda, 2019). Astuty and Suryana (2018) found those creative people as a renewable resource in the handicraft industry by reflecting local culture and heritage through creativity in various innovations. The hypothesis is formulated as follows:

H₄: Creativity affects performance.

H₅: Creativity affects competitiveness.

Green Innovation

For companies, innovation can open up new business opportunities. This can guarantee the continuity of the business they run. Green innovation is a business in various aspects by paying attention to the environment for the sustainability of the company. The company makes a green strategy that leads to activities paying attention to the sustainability of the earth's environment.. Green innovation affects performance (Alhadid & As'ad, 2014, Tang, *et al.*, 2017, Kucukoglu & Ibrahim, 2015, Xue, *et al.*, 2019) and competitiveness (Kucukoglu & Ibrahim, 2015). The proposed hypothesis is as follows:

H₆: Green Innovation affects performance.

H₇: Green Innovation affects competitive advantage.

Green Entrepreneurial

Companies that focus on opportunities to generate financial benefits and the introduction of environmentally friendly products are said to be green entrepreneurial orientation (Fatoki, 2019). According to Jiang (2018), green entrepreneurial orientation has the role of (1) reducing environmental damage and capturing economic value by increasing market efficiency while reducing market failures; (2) contribute to superior environmental performance. Research from Fatoki (2019) shows that green entrepreneurial orientation is positively and significantly related to financial, environmental, and social performance. The proposed hypothesis is as follows:

H₈: Green Innovation affects performance.

Digital Marketing (Technology) and Product Differentiation

Digital Marketing is a technology-based approach to traditional marketing that is driven by digital elements. Online technology and digital applications are considered the most effective tools for initiating closer relationships with consumers. Digital marketing affects performance

(Nuseira & Ahmad, 2020). Companies are faced with competition in an industry. To win the competition the company can design a differentiation strategy. This strategy is intended to differentiate the company's products from competitors. Differentiation is a strategy carried out by the company by differentiating the products offered by competitors to achieve competitive advantage. Product differentiation affects performance (Harahap, *et al.*, 2017). The hypothesis is formulated as follows:

H₉: Digital marketing affects performance.

H₁₀: Product differentiation affects performance.

Performance, Competitiveness, and Well-being

Competitive advantage is assessed from the comparison between the company's performance with other companies in the same industry or the industry average. On the other hand, the company will suffer losses if its performance is lower than competitors in the same industry. Sutapa *et al.* (2017) found that performance affects competitiveness. Competitiveness is related to well-being.

Sahai and Mamata (2020) explained that well-being is an experience of health, happiness, and welfare that is obtained by a person including mental health, satisfaction, and meaningful existence. Studies by Zakaria, *et al.* (2014) showed that welfare plays an important role in improving performance. Furthermore, he stated that well-being includes the physical and psychosocial environment within the organization. Both aspects of well-being lead to individual assessments, physical health and relationships with others; and the physical and psychosocial community environment. This affects the welfare of employees in particular and the organization in general. Organizational performance may not be achieved if employee welfare is neglected. Jaya, *et al.* (2020) found that competitiveness had a significant effect on well-being. The proposed hypothesis is as follows:

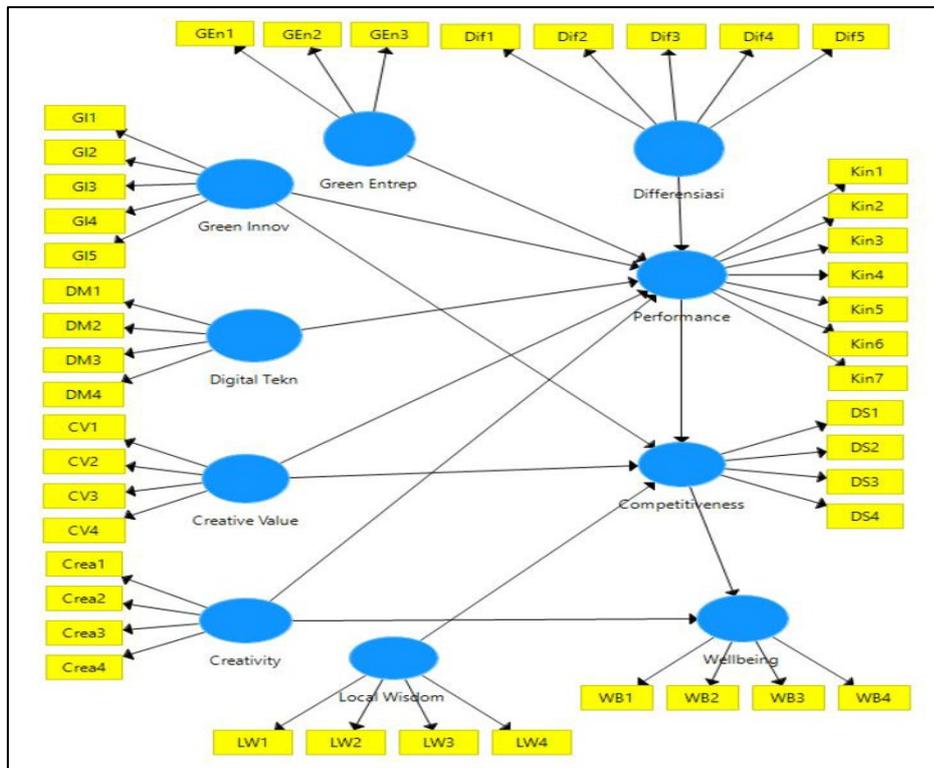
H₁₁: Performance affects the competitiveness

H₁₂: Competitiveness affects well-being.

Framework

The model developed in this study is formed from several factors, namely product differentiation, green innovation, green entrepreneurial, digital marketing, value creation, creativity, local wisdom, performance, competitiveness, and well-being. The model is shown in figure 1.

Figure 1. Proposed Model



Research Methods

In this study, researchers used a quantitative approach with the type of explanatory research. This type of research aims to explain the causal relationship between the influencing variables. (Sugiyono, 2016). Researchers collected data by observation and interviews using questionnaires. Questionnaire items include local wisdom, value creation, creativity, product differentiation, market orientation, digital marketing, green entrepreneurial, green innovation, performance, competitive advantage, and well-being. The Likert scale was used in this study. Each item rating is given a score of 1-5 points to make it easier for respondents to answer various levels of statements. Primary data sourced from water hyacinth, sasirangan and purun craftsmen. This research is located in the city of Banjarmasin, Hulu Sungai Utara and Hulu Sungai Selatan districts. The sampling technique is purposive sampling, the criteria are (1) craftsmen who do green production and marketing; (2) creative and innovative craftsmen; (3) craftsmen located in South Kalimantan. The analytical tools used is SEM with PLS (Partial Least Square). In Structural Equation Modeling (SEM) the sample size can be taken is 100-200, and if the sample size is too large it tends to be biased (Hair, *et al*, 1992) in Ferdinand (2000). This study focused on 190 respondents. This number is considered quite representative of this study. In this research, local wisdom consists of four items referring to Jaya, *et al*. (2020). Digital marketing consists of four items referring to Nuseira & Ahmad (2020). Value creation consists of four items referring to Nuryakin, *et al*. (2018). Product differentiation

consists of six items referring to Harahap, *et al.* (2017). The performance consists of five items referring to Jaya, *et al.* (2020), Zakaria (2014) and Fatoki (2019). Competitiveness consists of four items referring to Huda, *et al.* (2020). Creativity consists of four items referring to Sutapa, *et al.* (2017). Well-being consists of four items referring to Zakaria, *et al.* (2014). Green innovation consists of five items referring to Zhang, *et al.* (2020). Green entrepreneurial consists of three adaptation items from Fatoki (2019).

Results and Discussion

Results

The profile of the respondents covering the type of business dominated by handicrafts, namely water hyacinth (35,789%) and purun (36.84). This is because the two industries utilize raw materials that grow in swamps, namely hyacinth and purun plants. The craftsmen are mostly women, the number of employees is less than 10 people (53.15%), the origin of the skills is talent or heredity (48.9%), using natural raw materials (83.15%), marketing area in South Kalimantan (42.10%), and promotion through social media (82.10%). Judging from the length of operation, it can be said that the SMEs studied already have experience in running their business. If the manager is also a business owner, then most small business managers are expected to have the skills to run their business. Lessons gained through practical experience are generally more effective than those obtained through formal education which is generally abstract.

Confirmatory Factor Analysis/ Measurement Model (Measurement of Indicator Variables)- Outer Loading

Ghozali & Hengky (2015) suggested that through the analysis of the PLS Algorithm, it produces the value of the outer loading (loading factor). Furthermore, he said the evaluation of the measurement model using convergent validity, discriminant validity, and composite reliability. Convergent validity is measured by a loading factor where for confirmatory research, the loading factor value is above 0.7 and the loading factor is above 0.6 for exploratory research (Ghozali, & Hengky, 2015). The value of outer loading for the indicator variable creation value (VCt1=0.821, VCt2=0.824, VCt3=0.857, VCt4=0.854); creativity (CRE1=0.866, CRE2=0.852, CRE3=0.912, CRE4=0.869); digital marketing (DM1=0.828, DM2=0.835, DM3=0.844, DM4=0.755); competitiveness (CA1=0.765, CA2=0.839, CA3=0.881, CA4=0.836); differentiation (DF1=0.855, DF2=0.825, DF3=0.856, DF4=0.870, DF5=0.820); green entrepreneurial (GE1=0.805, GE2=0.868, GE3=0.905); green innovation (GIn1=0.867, GIn2=0.824, GIn3=0.894, GIn4=0.864, GIn5=0.867). performance (Kin1=0.708, Kin2=0.755, Kin3=0.827, Kin4=0.791, Kin5=0.808, Kin6=0.835, Kin7=0.653), local wisdom (LW1=0.846, LW2=0.846, LW3=0.813, W4=0.682), well-being (WBe1=0.798, WBe2=0.828, WBe3=0.801, WBe4=0.761). It turns out that all manifest variables (indicators)

are significant to the latent variable (construct) but the indicator variables Kin7 and LW4 have a loading factor value of less than 0.7 so that both indicators are dropped.

Furthermore, Bootstrapping analysis is carried out to see the significance of each indicator variable on the condition, the condition is that the value must be less than 0.05. Table 1 shows the measurement model (outer loading) after the indicators from Kin7 and LW4 are removed, and all indicator variables are significant.

Table 1. Outer Loading with Convergent Validity Method

	Competitiveness	Creation Value	Creativity	Differentiation	Digital Mrke	Green Entrepreneur	Green Innovation	Local Wisdom	Performance	Well-being
VCt1		0.820								
VCt2		0.825								
VCt3		0.858								
VCt4		0.854								
CRE1			0.867							
CRE2			0.849							
CRE3			0.912							
CRE4			0.870							
DM1					0.825					
DM2					0.837					
DM3					0.847					
DM4					0.753					
CA1	0.766									
CA2	0.840									
CA3	0.881									
CA4	0.835									
Dif1				0.856						
Dif2				0.824						
Dif3				0.857						
Dif4				0.870						
Dif5				0.819						
GE1						0.807				
GE2						0.867				
GE3						0.904				
GIn1							0.866			
GIn2							0.829			
GIn3							0.893			
GIn4							0.862			
GIn5							0.864			
Kin1									0.716	
Kin2									0.755	

Kin3									0.840	
Kin4									0.810	
Kin5									0.815	
Kin6									0.835	
LW1								0.884		
LW2								0.847		
LW3								0.819		
WBe1										0.798
WBe2										0.828
WBe3										0.801
WBe4										0.761

Table 1 shows the results that have met the requirements of convergent validity because all factor loadings are above 0.70. With reflexive indicators that already have a loading factor above 0.70, the researcher can conduct further testing. Discriminant validity with cross-loading is shown in Table 2 below:

Table 2. Discriminant validity (cross-loading)

Fornell-Larcker Criterion	Competitiveness	Value Creat	Creativity	Differentiation	Digital Mrke	Green Entrepreneur	Green Innovation	Local Wisdom	Performance	Well-being
Competiti	0.831									
Value Creation	0.626	0.839								
Creativity	0.731	0.606	0.875							
Diferentia tion	0.726	0.734	0.722	0.845						
Digital M	0.636	0.587	0.583	0.605	0.816					
G.Entrepr eneural	0.520	0.457	0.472	0.429	0.551	0.860				
G.Innovat ion	0.323	0.208	0.251	0.230	0.400	0.527	0.863			
Local W	0.530	0.631	0.527	0.664	0.518	0.459	0.321	0.851		
Performa nce	0.750	0.605	0.666	0.643	0.728	0.580	0.458	0.527	0.796	
Well-being	0.436	0.336	0.415	0.355	0.452	0.390	0.611	0.337	0.515	0.797

The creativity construct has the highest loading factor compared to other constructs. Validity and reliability can also be seen from the composite value of reliability and the value of Average Variance Extracted (AVE). This is shown in the following Table 3:

Table 3. CR and AVE

	Cronbach's Alpha	CR	AVE
Competitiveness	0.851	0.899	0.691
Value Creation	0.860	0.905	0.705
Creativity	0.897	0.929	0.765
Differentiation	0.900	0.926	0.715
Digital Marketing	0.833	0.888	0.666
Green Entrepreneurial	0.823	0.895	0.740
Green Innovation	0.915	0.936	0.745
Local Wisdom	0.810	0.887	0.723
Performance	0.884	0.912	0.634
Well-being	0.811	0.875	0.636

All constructs met the reliable criteria. This is shown in Table 3. Ghozali & Hengky (2015) stated that reliability can be seen from the composite value of reliability with a value above 0.70 and the AVE above 0.50.

Structural Model Setting (Inner Model)

Structural Model (inner model) used to see the relation between construct, significancy score, and R-square from a research model. The R-square value for each construct is shown in Table 4 below:

Table 4. R- Square Value

Construct	R-Square	R-Adjusted
Competitiveness	0.613	0.605
Performance	0.672	0.661
Well-being	0.210	0.202

For the competitiveness construct with an R-square value of 0.613 can be seen in table 4. . This means that performance, green innovation, value creation, and local wisdom explain 61.3% competitiveness. The R-square value for the performance construct is 0.672 which means product differentiation, green entrepreneurial, green innovation, digital marketing, value creation, and creativity explain the performance of 67.2%. Meanwhile, for the well-being construct with an R-square value of 0.210, it means that competitiveness and creativity explain well-being by 21%.

Hypothesis Test

To find out whether the hypothesis is accepted or rejected, by looking at its significance, which is the p-value. And also from t – count and t – table with 5% alpha.

Table 5. Result for inner weights

	Original Sample (O)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P – value
Competitiveness -> Well-being	0.285	0.138	2.061	0.040
Value Creation -> Competitiveness	0.225	0.084	2.671	0.008
Value Creation -> Performance	0.097	0.079	1.231	0.219
Creativity -> Performance	0.238	0.085	2.796	0.005
Creativity -> Well-being	0.207	0.138	1.498	0.135
Product Differentiation -> Performance	0.112	0.098	1.143	0,254
Digital Marketing -> Performance	0.345	0.074	4.654	0.000
Green Entrepreneurial -> Performance	0.100	0.076	1.313	0.190
Green Innovation -> Competitiveness	-0.015	0.055	0.267	0.790
Green Innovation -> Performance	0.161	0.067	2.396	0.017
Local Wisdom -> Competitiveness	0.090	0.070	1.290	0.198
Performance -> Competitiveness	0.572	0.083	6.883	0.000

In this study, there are six accepted hypotheses and six rejected hypotheses. The six accepted hypotheses are H4, H5, H6, H9, H11, H12. Meanwhile, H1, H2, H3, H7, H8, and H10 were rejected. Hypothesis H4 is accepted. This is shown from the t-count value of $= 2.796 > 1.96$. This shows creativity positively and significantly related to performance. Hypothesis 5 proposed is accepted. This can be seen from the t-count value of $2.671 > 1.96$. Thus, value creation has a significant and positive effect on competitiveness.

Hypothesis 6 is accepted. This can be seen from the t-count value of $2.396 > 1.96$. This means that green innovation has a significant and positive effect on performance. The proposed hypothesis 9 is accepted, where the t value is $4.654 > 1.96$. This means that digital marketing positively and significantly related to performance. Hypothesis 11 is accepted, where t count is $6.883 > 1.96$. Thus, performance has a significant and positive effect on competitiveness. Hypothesis 12 is accepted with a t value of $2,061 > 1.96$. This means that competitiveness has a significant and positive effect on well-being.

Discussion

Creative industries based on local wisdom are developing in Indonesia, especially in South Kalimantan. The creative industries in South Kalimantan cover the fields of fashion (sasirangan cloth) and handicrafts (purun and water hyacinth). The two fields of creative industry utilize the surrounding natural resources to become a product that has high selling value. Products produced while maintaining the values of local wisdom to support tourist destinations in an area.

Abundant natural resources in an area encourage people to think and act to manage the surrounding environment. The local wisdom-based business model innovation reflects the regional identity. This research focuses on the craft of purun, water hyacinth, and sasirangan cloth. The products have uniqueness, aesthetic value, require creativity, and innovation. This study aims to investigate the effect of product differentiation, green innovation, green entrepreneurship, digital marketing, value creation, creativity, local wisdom on performance, competitiveness, and well-being. And determine the right strategy to win the competition.

Hypothesis testing is used to answer the research objectives. The fourth hypothesis (H4) proposed by the researcher was accepted. The indication is that there is a significant influence between creativity on performance, especially those related to broad ideas in creating product designs, the products produced are original, unique, and varied in terms of colors, designs or motifs. This study supports research from Eryigit & Tuna (2016) and Chandrasekara & Kappagoda (2019). The creativity of SMEs comes from the talents that are owned, taught by both parents or their families from generation to generation, and practical experience gained from learning. Craftsmen produce products with their creations and according to orders from customers.

The fifth hypothesis (H5) is accepted. This means that value creation has a significant and positive effect on competitiveness, especially related to (1) companies and customers can create added value for standard products following customer desires; (2) the company makes product models according to demand; (3) the speed of responding to desires is a top priority; (4) trying to maintain quality. This study supports research from Damilano, *et al.*, (2018). The fashion industry (sasirangan cloth) has produced products according to customer wishes such as sasirangan cloth with embroidery.

In this study, green innovation has a significant effect on performance. The sixth hypothesis (H6) is accepted. These results support research from Alhadid & As'ad (2014), Tang, *et al.* (2017), Kucukoglu & Ibrahim, (2015), Xue, *et al.* (2019). Green innovation plays a role in improving performance such as related to eco-friendly raw materials, considering product reduction or re-production, generating less pollution or waste during production, adopting environmental management standards, and establishing supply chain management.

Digital marketing is a company's effort to promote a product or brand using electronic media. The ninth hypothesis (H9) is accepted. This research supports research from Nuseira & Ahmad (2020). Digital marketing plays a role in improving performance related to marketing products online, through other people, email, and social media marketing.

Rothaermel (2017) suggested that the company's performance focuses on accounting profitability, shareholder value created by the company, and the economic value generated by the company. The eleventh hypothesis (H11) is accepted. This study supports research from Sutapa *et al.* (2017) and Bashor & Chamdan (2017). Performance plays a role in increasing competitiveness, related to the aesthetic appearance of the product, the product produced is following specifications, is more creative, more innovative than competing products, has a higher market share, and resources are utilized to produce optimal output. The fashion industry (sasirangan cloth) and handicrafts (water hyacinth and purun) is an industry based on local wisdom that is the pride of the natural wealth in South Kalimantan.

Competitiveness affects well-being. The twelfth hypothesis (H12) is accepted. This study supports the research of Jaya *et al.* (2020). Competitiveness plays a role in improving well-being related to competitive product quality, products have a good reputation, companies can create profitable relationships with customers, and faster growth.

Conclusion and Recommendations

The result of this study has theoretical implications and managerial implications. The theoretical implications of this research can strengthen theoretical concepts and provide empirical data to support previous research. This is mainly related to understanding a concept more deeply about the factors that can improve performance, competitiveness, and well-being in SMEs.

Concerning creativity, SMEs need to empower (empowerment women) through first, increasing the awareness of craftsmen to create new ideas by changing or implementing existing ideas in new ways. Second, access to resources. Communities are allowed to manage resources. Resources consist of natural resources and human resources. SMEs need to conduct continuous training to improve the ability of craftsmen in batik, knitting, and managing the availability of natural resources (NR) to remain sustainable. As an example, preparing land for the cultivation of water hyacinth, purun, or wood roots as natural dyes for sasirangan cloth. SMEs also need to look for more competent employees so they can be creative in producing unique products to attract customers. Third, seek to improve welfare through preparing a comfortable, safe workplace, health insurance, and providing work leave.

Value creation can determine demand and affect a company's competitive position. Related to value creation, Small and Medium Enterprises (SMEs) need to establish intense communication with customers to produce high selling value products. For example, related to



the model that consumers want today. And it is necessary to diversify products to suit customer tastes and needs.

Green innovation has an important role in improving performance. SMEs need to be oriented towards the ease of obtaining eco-friendly raw materials and achieving cost efficiency. SMEs also need business partnerships. Concerning digital marketing, SMEs need to promote the products aggressively through social media to expand their market share. Performance plays a role in increasing competitiveness. SMEs need to increase their competitive advantage by focusing on strategies to position value-quality-based products that have aesthetic value and are eco-friendly. Competitiveness plays a role in improving welfare. SMEs need to maintain good relationships with customers to improve welfare.

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