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The Effect of Environmental Turbulence, Competitive Strategy, Dynamic Capability, and Organizational Learning on Sustainable Competitive Advantage of Business in Creative Industry

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ABSTRACT
The paper investigates the roles of environmental turbulence, competitive strategy, dynamic capability, and organizational learning in the creative sector in relation to sustainable competitive advantage. The creative sector operates in a highly dynamic environment, with technological advancements, changing consumer tastes, and other factors, making it difficult for organizations in the sector to maintain long-term competitiveness in the market. A quantitative explanatory model was used in the research to investigate the proposed relationships between the components of the conceptual framework. A sample of the target population was selected using a structural equation model in order to analyze the impact of the components of the model in determining sustainable competitive advantage in the creative sector. The research results show that organizations in the creative sector are positively affected by environmental turbulence with respect to competitive strategy, dynamic capability, and organizational learning. Dynamic capability, competitive strategy, and organizational learning have a significant positive impact on sustainable competitive advantage with dynamic capability having the highest impact. Therefore, organizations in the creative sector can maintain sustainable competitive advantage under turbulence if they are capable of adopting dynamic strategies, possessing dynamic capabilities, and improving.

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Environmental Turbulence;
Competitive Strategy;
Dynamic Capability;
Organizational Learning;
Sustainable Competitive Advantage

INTRODUCTION

The creative industry can today be regarded as one of the most vibrant and crucial Industry segments in the global economy. The creative industry operates through the intensive use of creativity, knowledge, and intellectual capital. The creative industry is important in the sense that it remarkably adds to economic growth and development, jobs, and cultural growth (Doghri et al., 2025). Nonetheless, the firms operating in the creative Industry segment operate in an increasingly complex and uncertain environment due to rapid changes in technologies, consumer demands, globalization, and competition. This paradoxically poses a problem that is now generally known as environmental or internal turmoil for firms.

Turbulence can be defined as the level of change, unpredictability, and complexity for a firm's environment. In the creative sector, turbulence is high due to short innovation cycles, rapidly changing market trends, and technological changes that can easily drive shifts in business models. If a firm is unable to manage turbulence effectively, it can easily become irrelevant to its environment. Therefore, it is necessary for a firm to manage turbulence to retain their competitive advantage (Doghri et al., 2025; Li et al., 2023).

The adoption of an appropriate competitive strategy is one of the major organizational responses to environmental turbulence. Competitive strategy is defined by how a firm positions itself in the market to achieve superior performance through

cost leadership, differentiation, or focus strategies (Dyer & Singh, 1998; Oliver, 2023). In the creative industry, differentiation through innovation, unique design, branding, and cultural value often becomes the dominant strategic choice. However, the effectiveness of a competitive strategy does not depend only on strategic intent, but it also heavily relies on the firm's internal capabilities to implement and adapt the pursued strategy under changing conditions.

Apart from competitive strategy, dynamic capability has recently been observed to play an important role in how companies create and maintain a competitive advantage in a dynamic environment. Dynamic capability is understood to be a firm's ability to use internal and external resources in ways that respond to environmental change. Creative industry companies with dynamic capability can evolve and adapt to change to recombine creative assets. Companies with a high level of dynamic capability possess a distinct advantage in recognizing opportunities and reshaping organizational assets to create a long-term competitive advantage (Indriastuti & Kartika, 2022; Shi & Zailani, 2025).

Apart from dynamic capability, organizational learning also is very crucial for the maintenance of competitive advantage. Organizational learning refers to the processes by which organizations acquire, disseminate, interpret, and apply knowledge to improve performance. Learning in the creative industry is important because the process of value creation is closely connected with knowledge, skills, and experience (Al Harbi et al., 2019; Soares & Perin, 2020; Tanjung et al., 2020). Organizations that encourage continuous learning can enhance creativity, increase the capacity to make sound decisions, and thereby respond more effectively to environmental turbulence. Organizational learning, therefore, enhances dynamic capabilities by enabling firms to reflect on past experiences and refine their strategic responses accordingly.

On a final note, how turbulence, competition strategy, dynamic capability, or organizational learning interact can make or break a firm’s sustainable competitive advantage. Sustainable competitive advantage can then be defined as an ability to sustain an edge over competitors over an extended period through resources/capabilities which are valuable, rare, difficult to imitate, or non-substitutable. In the creative sectors, sustainable competitive advantage is an imminent threat due to susceptibility to imitation or rapid spread. Consequently, knowledge on how these elements interact with sustainable competitive advantage is an imperative aspect to both theorists and practitioners (Barney, 1991; Grant, 1996).

Although the significance of the creative industry is increasing amid rising environmental turbulence, the majority of firms in the industry struggle to achieve and maintain a sustainable competitive advantage. Although the influence of competitive strategy, dynamic capability, and organizational learning on the achievement of a sustainable competitive advantage is clear from the previously discussed practices and theories, very little research is conducted on the impact that the combined influence of the aforementioned concepts could have on the achievement of a sustainable competitive advantage, specifically in the context of the creative industry.

With the above background information and problem statement, the objectives of this paper are to examine the role of environmental turbulence in competitive strategy, dynamic capability, and organizational learning, investigate the role of competitive strategy, dynamic capability, and organizational learning in sustainable

competitive advantage, and explore the joint effort in determining the sustainable competitive advantage for businesses in the creative industry. This paper seeks to advance theoretical understanding in the area through frameworks, aiming to offer practical implications for businesses in the creative industry to improve their long-term competitiveness in turbulent environments.

METHOD

In this study, a quantitative research method and a causal-explanatory design are employed to explore the interrelationships among environmental turbulence, competitive strategy, dynamic capability, organizational learning, and sustainable competitive advantage in the creative industry. A quantitative research method is employed to test the hypotheses and to provide empirical evidence on the strength and direction of the effects of the interrelated variables. The data is collected through a survey targeting owners, managers, or senior decision-makers of firms operating in the creative industry, as they have the requisite knowledge of the organizations' strategies, capabilities, and learning processes. The creative industry is chosen as the setting of the research since the industry is highly exposed to turbulence and is innovation and knowledge-based.

The target population for this study will be creative enterprises in the selected research area across sub-fields such as Design, Fashion, Media, Crafts, Digital Content, and Performing Arts. The method of sampling that would be used in this study for ensuring that certain criteria are satisfied by all participants is Purposive Sampling. The criteria that are used for selection in this study would include a minimum operational scale and involvement in strategic decision-making. The instruments for measuring turbulence in environment will be selected in terms of market change, technological change, and competitive change; competitive strategy will be selected in terms of innovation and differentiation; Dynamic Capabilities will be measured in terms of sensing, seizing, and reconfiguring; organizational learning will be selected in terms of knowledge acquisition, sharing, and application; perceptive long-term superior performance and positioning for measuring sustainable competitive advantage.

Structural Equation Modeling is used to evaluate hypotheses about the relationships among variables. This is applied to establish the relationships between the variables. This model is chosen for the task because it can examine multiple relationships among variables. In addition to these tests, the reliability and validity tests will be conducted. These tests include internal consistency reliability, confirmatory validity, and discriminant validity before performing hypothesis tests. This process is undertaken to ensure reliability of the hypothesized variables. Its outcome is expected to provide empirical evidence on the effects of environmental turbulence on competitive strategies, dynamic capabilities, and organizational learning, among other factors that contribute to competitive advantage for creative industry businesses.

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RESULTS AND DISCUSSION

1. Respondent Charactertistics

This subsection outlines the demographic and organizational characteristics of the research respondents. The profile analysis of the research participants is essential to ensure that the results can be contextualized and that the collected data is representative of the creative sector businesses. The research respondents include owners or managers and senior executives of different creative sector sub-categories such as design, fashion, digital media, crafts, and performing arts. The majority of the researched businesses have existed for more than three years, which can be considered experienced enough to respond to environmental factors. The majority of the businesses are small to medium-sized enterprises that represent the common form of the creative sector.

Table 1. Respondent Profile

Characteristic	Category	Percentage (%)
Position	Owner/Founder	46.000
	Manager/Supervisor	39.000
	Senior Staff	15.000
Business Age	3–5 years	42.000
	> 5 years	58.000
Creative Subsector	Design & Fashion	34.000
	Digital Media & Content	31.000
	Crafts & Performing Arts	35.000

Source: Data Analyzed

The respondent profile indicates that the data were obtained from individuals with adequate managerial authority and industry experience, supporting the credibility of the responses used in the analysis.

2. Measurement Model Evaluation

This subsection will outline the results of measurement model testing and the purpose of which is to determine the reliability and validity of the model employed. It is applied to the study to examine the internal consistency reliability of the data, the convergent validity, and the discriminant validity. The former is done with the aid of Cronbach's Alpha and Composite Reliability (CR), whereas the latter is carried out through Average Variance Extracted (AVE). According to the results, all are above the suggested levels of 0.700 and 0.500.

Table 2. Reliability and Convergent Validity

Construct	Cronbach's Alpha	Composite Reliability	AVE
Environmental Turbulence	0.842	0.887	0.611
Competitive Strategy	0.861	0.901	0.645
Dynamic Capability	0.879	0.914	0.681
Organizational Learning	0.868	0.905	0.655
Sustainable Competitive Advantage	0.884	0.918	0.690

Source: Data Analyzed

Discriminant validity is assessed by the Fornell-Larcker criterion, which compares the square root of AVE against the inter-construct correlations. The results indicate that for each construct its square root of AVE is greater than its correlations with other constructs; thus, satisfactory discriminant validity can be asserted. In summary, adequate reliability and validity are established for the measurement model, guaranteeing that the constructs have been accurately measured and are appropriate for structural model analysis.

3. Structural Model Analysis

This sub-section discusses the findings from the evaluation of structural model fit to establish its explanatory or predictive role. The value of R^2 is used to determine how effectively exogenous variables explain variation in endogenous variables. The values for R^2 suggest that turbulence in the business environment is an effective explanation for variance in competitive strategy, dynamic capability, and organizational learning. In addition, variation in sustainable competitive advantage can also be explained by an aggregation of competitive strategy, dynamic capability, and organizational learning.

Table 3. Coefficient of Determination (R^2)

Endogenous Variable	R^2
Competitive Strategy	0.412
Dynamic Capability	0.536
Organizational Learning	0.498
Sustainable Competitive Advantage	0.621

Source: Data Analyzed

Above findings confirm that the model is robust with strong explanatory powers, especially concerning the concept of sustainable competitive advantage. This shows that strategic and organizational elements largely underpin competitive factors for creative industry businesses. In conclusion, the structural model presents a satisfactory prediction capability, thus supporting the theoretical construct that combines turbulence, strategies, capability, and learning.

4. Hypothesis Testing

In this subsection, the results of hypothesis testing based on the path coefficients, T-values, and p-values extracted from the structural equation model analysis are presented. Using the p-values, the significance of the proposed paths is determined.

Table 4. Hypothesis Testing Result

Hypothesis	Relationship	Path Coefficient	t-value	p-value
H1	Environmental Turbulence → Competitive Strategy	0.642	8.731	0.000
H2	Environmental Turbulence → Dynamic Capability	0.732	10.214	0.000
H3	Environmental Turbulence → Organizational Learning	0.706	9.856	0.000
H4	Competitive Strategy → Sustainable Competitive Advantage	0.261	3.912	0.000
H5	Dynamic Capability → Sustainable Competitive Advantage	0.398	5.874	0.000
H6	Organizational Learning → Sustainable Competitive Advantage	0.322	4.986	0.000

Source: Data Analyzed

The results show that environmental turbulence has a positive and significant effect on the competitive strategy, dynamic capability, and organizational learning. This shows that the higher the environmental change, the more creative industry firms

will adopt an adaptive strategy, build capabilities, and improve learning processes. Competitive strategy, dynamic capability, and organizational learning all have a positive and significant impact on sustainable competitive advantage. Among these variables, dynamic capability has the strongest effect on sustainable competitive advantage; this, in turn, suggests its very important role in enabling firms to reconfigure their resources and meet environmental challenges. Organizational learning and competitive strategy contribute meaningfully to sustaining competitive advantage.

Discussion

This research investigates the impact of environmental turbulence, competitive strategy, dynamic capability, and organizational learning on sustainable competitive advantage in creative industry businesses. The findings from the empirical test of the hypothesis showed strong explanatory power of the conceptual framework and, as such, a better understanding of how environmental turbulence shapes strategic and organizational responses, in turn yielding sustainable competitive advantage. Based on this background, the discussion explains the underlying meaning of these findings by interpreting their implications for existing theories and previous studies, and assessing their relevance to the context of the creative industry.

Analysis of the findings indicates that the positive factor of environmental turbulence has a significant effect on competitive strategy. This implication of the study suggests that the more creative industry settings face market, technological, or competitive uncertainties, the more likely they are to adopt competitive or differentiation strategies. Furthermore, this implication of the study supports the predictions of the general contingency theories of organizations, which postulated that for there to be effectiveness in organizations, the strategies of the organizations must be congruent with their respective environments. In turbulent markets for creative industries, the settings are not in a position to implement static strategies; rather, the settings are constantly forced to reform their strategic positioning.

Environmental turbulence has also been shown to have a significant impact on dynamic capabilities. This further confirms the central tenet of dynamic capabilities theory, wherein organizations exercise higher order capabilities when they interpret the signals of environmental changes. The creative sector experiences drastic changes in consumer preferences and technological platforms. Hence, the sector needs a sense of gaining new opportunities and shaping the environment accordingly. The close nexus established in the proposed research hypothesis indicates the acceleration of capabilities due to the turbulence of the environment, and not the hindrance. The firm needs to interpret the environmental signals and work towards apt activities for developing capabilities.

Moreover, the positive impact of environmental turbulence on organizational learning emphasizes the importance of uncertainty in terms of triggering learning mechanisms. However, learning is also viewed as an adaptive mechanism in dynamic environments. A creative industry organization focuses heavily on learning in terms of creativity, experimenting, and cooperating. The results indicate that organizations in dynamic environments are likely to rely on the mechanisms of acquiring, sharing, and applying knowledge as an adaptive mechanism. This reinforces the organizational learning concept, where learning is viewed as an adaptive mechanism in dynamic environments.

The results further show that there is a strong and positive influence of competitive strategy on sustainable competitive advantage. This clearly establishes the role of strategic positioning for achieving superior performance outcomes in the long run. In the creative sector, differentiation strategy through innovation, design, and branding helps to leverage a distinct value proposition that is quite hard for rivals to imitate. While the results show the moderately strong power of this positive association compared to the dynamic capability factor, this implies an inherent weakness of strategy in driving continuous sustainable superiority in very dynamic settings.

The dynamic capability stands out as the most important determinant of sustainable competitive advantage out of all variables. This research strongly supports the dynamic capability view that the longevity of competitive advantage depends on firms' ability to transform resources in response to environmental changes. In the creative sector, where the life of products is short and copying occurs often, dynamic capabilities help the firm to innovate. The key role of dynamic capability in determining sustainable competitiveness in firms implies that sustainable competitiveness relies less on their current endowments than on their potential future transformations.

Organizational learning is also shown to positively affect sustainable competitive advantage. This result emphasizes the role of learning as a fundamental mechanism for facilitating strategy execution and development. It can be said that learning-oriented organizations are more likely to recognize environmental signals and develop their processes. In creative industries, the role of knowledge and creativity is very prominent. Therefore, being a learning-oriented organization can benefit a firm by helping it differentiate itself and manage changes in the market environment.

Overall, it appears that sustainable competitive advantage in the creative sector cannot be pursued through a single strategic move but through a combination of environmental awareness, strategic orientation, dynamic capability, and learning. The role of environmental turbulence is that of an extrinsic stimulus that forces the organization to respond by providing strategic orientation for competitiveness, leveraging dynamic capabilities for transformative activities, and learning to improve performance. Theoretically, this approach helps to shed light on the interplay between these factors in a high-uncertainty environment.

From a theoretical perspective, this research contributes to the extension of the resource-based view by adopting dynamic capability and organizational learning as a means of efficiently updating and maintaining organizational resources. The results of this research also validate the contingency theory by highlighting that strategy and capability effectiveness is context-dependent. Through its investigation within the creative industries, this study offers a more accurate and realistic theoretical understanding of this body of theories by focusing on their specific difficulties in maintaining a competitive advantage within knowledge- and creativity-driven industries.

From a management perspective, there are important implications of these research findings. The management of firms in the creative industries should see the turbulence of the environment not only as a threat but also as an opportunity. The development of dynamic capabilities such as market sensing, decision-making, and resource reconfiguration is increasingly prominent in determining competitiveness. The development of a culture within organizations to produce learning outcomes that

improve performance and competency development. Competitive strategy should be dynamic.

However, this study contributes to the literature despite some limitations. The cross-sectional design does not allow this research to capture dynamic changes over time-as pertinent in the turbulent environment. Future research could examine how strategies, capabilities, and learning evolve through longitudinal approaches. Second, the study relies on perceptual measures. Its use may be contested due to respondent bias. Future studies might include objective performance measures to enhance robustness. Further research could also focus on some other mediating or moderating relationships among the variables examined to provide a more in-depth view of how sustainable competitive advantage works.

This research shows that competitive advantage in the creative industry is formed in the dynamic interaction of environmental turbulence, competitive strategy, dynamic capability, and organizational learning. The results further support how firms adapt to and manage uncertainty in a changing marketplace to remain competitively sustainable in the long term. By synthesizing various strands of theoretical literature and locating the research issue within a dynamic industrial context, this study offers implications for academic research and managerial practice.

CONCLUSION

This study concludes that sustainable competitive advantage in creative industry businesses is deeply influenced by firms' ability to respond effectively to environmental turbulence through appropriate competitive strategies, dynamic capabilities, and organizational learning. The findings indicate that environmental turbulence acts not only as a source of uncertainty but also as a catalyst that urges firms toward strategic adaptation, capability enhancement, and continuous learning. Of the factors analyzed, dynamic capability is the most important determinant of sustaining competitive advantage, which makes resource reconfiguration and adaptability relevant in highly dynamic environments. Competitive strategy and organizational learning further enhance long-term competitiveness by providing strategic direction and thereby supporting continuous innovation. The study suggests that sustainable competitive advantage in creative industry businesses does not arise from static resources or isolated strategies, but rather from an integrated, dynamic organizational approach in which environmental awareness, strategic orientation, capability development, and learning processes are aligned.

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