

The role of Tri Hita Karana-based business strategy and digital marketing to improve sustainable business performance

Ni Nyoman Kerti Yasa^{a*}, Ni Wayan Ekawati^a, Putu Laksmi Dewi Rahmayanti^a and I Gusti Ayu Tirtayani^a

^aFaculty of Economics and Business, Udayana University, Bali, Indonesia

CHRONICLE

Article history:

Received: July 2, 2023

Received in revised format: July 26, 2023

Accepted: August 23, 2023

Available online: August 23, 2023

Keywords:

Government role

Environmental orientation

Digital orientation

Tri Hita Karana business strategy

Digital marketing strategy

Sustainable business performance

ABSTRACT

This study aims to explain the role of Tri Hita Karana-based business strategies and digital marketing strategies in improving sustainable business performance. The population of this study was traditional tai-weaving SMEs in Bali. The sample size was 195 managers of traditional tie weaving SMEs with a purposive sampling method. The analysis technique used is Path Analysis using SEM-PLS. The results show that government and environmental orientation had a positive and significant effect on sustainable business performance, while digital orientation had no significant effect on sustainable business performance. Environmental orientation had a positive and significant effect on Tri Hita Karana's business strategy, and environmental orientation had an insignificant effect on digital marketing strategy. Furthermore, Tri Hita Karana's business and digital marketing strategies positively and significantly affected sustainable business performance. Therefore, it is essential for traditional tai-weaving SMEs in Bali to intensify the implementation of Tri Hita Karana and digital marketing strategies to improve sustainable business performance.

© 2024 by the authors; licensee Growing Science, Canada.

1. Introduction

A company's business strategy is a concept that evolves based on changes in the environment. In this way, the business strategy used by the company also changes Hanelt et al. (2021). One of the company's strategies, namely the marketing strategy used by companies in the digital era, is to digitize various types of businesses, including Small and Medium Enterprises (SMEs). The government targets 30 million digitized SMEs in Indonesia by 2024 (VoA Indonesia, 2022). Digitalization has also been adopted by SMEs in various Bali sectors, including traditional tie-weaving SMEs. Traditional tie-weaving SMEs are one of the leading business types in Bali Province. Digitalization is needed to improve the performance of SMEs' financial and non-financial performance (Bouwman et al., 2019). Businesses, including SMEs, are encouraged to adopt digitalization as quickly as possible so as not to lose the competition, so digital orientation is very important for SMEs to improve performance (Ardito et al., 2021). Apart from digitalization, traditional tie-weaving SME business actors should also remember the impact of environmental sustainability in running their businesses in the midst of the digital era (Low et al., 2022). Global concerns are growing about environmental issues, resulting in increased pressure on companies and high scrutiny from various stakeholders (George & Schillebeeck, 2022). In a positive response, companies are beginning to incorporate environmental issues in strategic planning (Zameer et al., 2022). Digital orientation and environmental orientation are not enough to influence sustainability business but the role of government to improve sustainability business by helping to develop business strategies that are in accordance with the digital era and natural environmental conditions (Ilyas et al., 2020; Zhang & Yousaf, 2020). The company's commitment to protecting the environment has become an important vision for companies to build sustainable corporate performance (Sarfray et al., 2022). This has prompted many companies to implement green strategies and the

* Corresponding author.

E-mail address: kertiyasa@unud.ac.id (N. N. K. Yasa)

ISSN 2561-8156 (Online) - ISSN 2561-8148 (Print)

© 2024 by the authors; licensee Growing Science, Canada.

doi: 10.5267/j.ijdns.2023.8.022

gradual evolution of corporate green strategies from defensive to active (Roome, 1992). Previous research focuses on analyzing the driving forces of corporate green strategy evolution in the traditional economic ecosystem but often ignores the evolution and driving mechanism of corporate green strategy in the digital technology ecosystem (He et al., 2023).

The tie-weaving SMEs in Bali are closely related to local wisdom because the business actors of these tie-weaving SMEs are Balinese people themselves who hold the values of local wisdom. One of the well-known local wisdom concepts in Bali is the Tri Hita Karana (THK) concept (Prapnuwati & Putrawan, 2022). Tri Hita Karana is a concept to achieve harmony consisting of three main concepts and creating a harmonious relationship with God called Parahyangan. Second, creating a harmonious relationship with fellow humans is called Pawongan. Third, creating a harmonious relationship with the environment called Palemahan (Parmajaya, 2018). This Tri Hita Karana concept is appropriate when combined with a green marketing strategy. Previous research has not examined sustainable company performance associated with Tri Hita Karana-based business strategies and marketing digitalization and influenced by the role of government, environmental orientation, and digital orientation. Sustainable business performance is the company's ability to reduce harmful emissions and increase green innovation to maintain long-term competitive advantage (Haseeb et al., 2019). Many companies seek to identify and utilize green opportunities to achieve sustainable business performance (Fernando et al., 2019). Companies with a solid green orientation can consciously adopt green strategies (BenAfri et al., 2018). Therefore, green orientation or environmental orientation can make companies adopt strategies that pay attention to the environment. This study aims to test and explain the development of THK-based business strategy models and marketing digitalization for sustainability business of Traditional Tie-Weaving SMEs in Bali.

The development of this model integrates the concept of green business strategy associated with local wisdom in Bali, namely Tri Hita Karana (THK), so as to produce a Tri Hita Karana Business Strategy with Digital Marketing Strategy to develop sustainable business performance. Research conducted (Fernando et al., 2019; Kraus et al., 2020) examines the link between green business strategies and sustainability business. In addition, research on sustainable business using the concept of digitalization has been carried out by previous researchers (Gil-Gomez et al., 2020; Borah et al., 2022). Research on previous environmental orientation has also been carried out to develop green business strategies, but the number still needs to grow (Papadas et al., 2019; Cao & Chen, 2019). Sustainable business frameworks in SMEs still need to be done by integrating the role of government, environmental orientation, digital orientation, green business strategy, and digital marketing. Based on the state of the art, this research aims to develop a model that integrates new concepts, namely Tri Hita Karana Business Strategy and Marketing Digitalization, to develop sustainable business performance in traditional tie weaving SMEs in Bali Province. This new model will be used to help improve sustainable business performance in traditional tie weaving SMEs in Bali Province.

2. Literature review

The sustainable business of traditional tie weaving SMEs in Bali needs to be maintained as they are heritage SMEs. The managers of these SMEs mostly inherit the business from their parents or in-laws or existing close relatives. Traditional tie weaving SMEs generally produce endek woven fabrics and songket woven fabrics. The Balinese Hindu Community predominantly manages the management of this business, so its management is undoubtedly influenced by the values held by business people and craftsmen. Therefore, the importance of sustainable business performance is maintained so that it is maintained in the long term. One of the variables determining the sustainable business of this traditional tie weaving SME is the role of the government to empower and pay attention to this business so that it can continue to grow. The role of the government can be done more in various regulations or policies governing the production process and marketing of its products. In addition to the role of the government that determines the sustainable business of a business can be the strategic orientation owned by the businessman, namely environmental orientation and digital orientation. These three variables can certainly affect the implementation carried out by the SME. Business strategies related to sustainable business that previous researchers have generally studied are green strategies, namely strategies that pay attention to environmental factors. For this traditional tie weaving SME, it turns out that the business strategy carried out is a green strategy that has been developed. This is because the business strategy pays attention to environmental factors and community welfare factors and maintains harmony with the creator, namely God. This is what is called a Tri Hita Karana values-based business strategy. Furthermore, at the present time, the digital era is very massive; the traditional tie-weaving SMEs also adopt digital marketing strategies in order to expand their marketing areas and maintain the market sustainably towards sustainable business. The relationship between these variables can be described as follows, which is presented in Fig. 1.

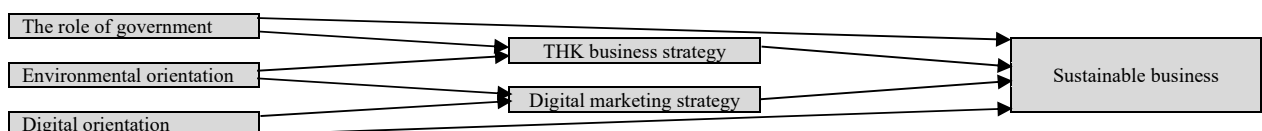


Fig. 1. Research Conceptual Framework

Research Hypothesis:

- H₁:** *The role of government has a positive and significant effect on sustainable business performance.*
- H₂:** *Environmental orientation has a positive and significant effect on sustainable business performance.*
- H₃:** *Digital orientation has a positive and significant effect on sustainable business performance.*
- H₄:** *The role of government has a positive and significant effect on Tri Hita Karana's business strategy.*
- H₅:** *Environmental orientation has a positive and significant effect on Tri Hita Karana's business strategy.*
- H₆:** *Environmental orientation has a positive and significant effect on digital marketing strategy.*
- H₇:** *Digital orientation has a positive and significant effect on digital marketing strategy.*
- H₈:** *Tri Hita Karana's business strategy has a positive and significant effect on sustainable business performance.*
- H₉:** *Digital marketing strategy has a positive and significant effect on sustainable business performance.*

3. Research Methods

When viewed from the nature of the problem, this study uses a quantitative approach that examines the influence of the role of government, environmental orientation, and digital orientation on Tri Hita Karana-based business strategies, digital marketing strategies and sustainable business performance. This research was conducted on traditional tie weaving SMEs in Bali. The population of this study is all SMEs that have implemented Tri Hita Karana-based business strategies and digital marketing strategies in Bali. This study uses 39 indicators, so the sample size is determined based on the formula 39 indicators multiplied by 5, which means the sample size is 195 respondents.

Variable indicators of government role variables, environmental orientation, digital orientation, Tri Hita Karana-based business strategies, digital marketing strategies and sustainable business performance are measured by the perceptions of the managers of tie weaving SMEs in Bali using a five-level Likert scale, namely from strongly disagree = 1, disagree = 2, moderately agree = 3, agree = 4, and strongly agree = 5. This study uses primary data, namely data obtained from filling out questionnaires by respondents, in this case, the managers of traditional tie weaving SMEs in Bali; data collection techniques are carried out by distributing questionnaires to managers of traditional tie weaving SMEs in Bali.

The instruments used were tested for validity and reliability in order to measure what was intended to be measured and to know the consistency of the responses given by respondents. Testing the instrument's validity using Pearson's Product Moment correlation technique with a minimum limit of $r = 0.3$ (Sugiyono, 2019 p. 150). Instrument reliability testing is done by calculating the reliability coefficient of Cronbach's Alpha with a minimum limit of Alpha coefficient > 0.6 (Sekaran, 2003: 312). The validity test results show the results of all variable indicators are valid because $r_{count} > 0.3$, and the reliability test results also show the results of all variables are reliable, all variables Cronbach Alpha > 0.6 . Furthermore, hypothesis testing was carried out using inferential analysis, namely using Structural Equation Modeling (SEM) with the Partial Least Square (PLS) approach with the SPSS 24.0 computer program.

4. Results and Discussion

4.1 Respondent characteristics

The characteristics of respondents in this study are seen from gender, age, status, latest education, occupation, and income. The composition of the characteristics of the research respondents is presented in Table 1.

Table 1
Respondent Characteristics

Variable	Classification	Number	Percentage (%)	Variable	Classification	Number	Percentage (%)
Gender	Male	75	38.46	Position	Manager	70	35.90
	Female	120	61.54		Staff	125	64.10
	Total	195	100.00		Manager	70	35.90
Age	20 - 30	20	10.26	Length of existence	2 - 5 tahun	20	10.26
	>30 - 40	32	16.41		>5 - 10 tahun	80	41.02
	>40 - 50	48	24.62		>10 tahun	95	48.72
	>50 - 60	70	35.89	Total	195	100.00	
	>60	25	12.82				
	Total	195	100.00				
Education Level	High School	160	82.05	Number of workers	5 - 10	55	28.20
	Diploma	10	5.13		11 - 20	40	20.52
	Bachelor	15	7.69		21 - 40	75	38.46
	Postgraduate	10	5.13		41 - 100	25	12.82
	Total	195	100.00		Total	195	100.00

Source: Primary data processed, 2023

Table 1 provides an overview of the profile of 195 respondents presented in general with several characteristics, including gender, age, education, position, number of workers, and length of establishment of the company. The characteristics of the respondents in this study can be described as follows. There are more female respondents than male respondents, namely 120 women and 75 male respondents. The age range is from 20 years to 65 years, with the following distribution. Those aged 20 - 30 years were 20 people, those aged > 30 - 40 years were 32 people, those aged > 40 - 50 years were 48 people, those aged

> 50 - 60 years were 70 people, and those aged > 60 years were 25 people. The education level of the respondents is as follows: 160 high school graduates, 5 diploma graduates, 15 undergraduate graduates, and 10 postgraduate graduates. The respondents' positions were more owner and manager, 125 people, and manager, 70 people. The total workforce of the respondent SMEs is as follows: 55 SMEs with a workforce of 5-10 people, 40 SMEs with a workforce of 11-20 people, 75 SMEs with a workforce of 21-40 people, and 25 SMEs with a workforce of 41-100 people. Furthermore, the length of business establishment is 2 - 5 years for as many as 20 SMEs, > 5 - 10 years for as many as 80 SMEs, and > 10 years for as many as 95 SMEs.

4.2 PLS-SEM Analysis Results

This study uses a two-stage approach to measure the model before it is used for hypothesis testing, aiming to verify the validity and reliability of a research model. First, by analyzing convergent validity, followed by analyzing discriminant validity.

The results of the outer model

Convergent Validity

The outer model test is carried out to ensure that the research indicators are suitable for use as their role in measuring the research variables, so to see whether a model is valid to become the basis of research, three criteria must be met, namely: (1) all indicator loading must be above 0.65 (2) Composite Reliability (CR) must be above 0.8, and (3) Average Variance Extracted (AVE) for each construct must exceed 0.5.

Table 2
Model Size Results

Construct	Indicator	Outer Loading	Composite Reliability	Average Variance Extracted (AVE)
The role of government (X ₁)	X _{1.1}	0.633	0.880	0.552
	X _{1.2}	0.749		
	X _{1.3}	0.774		
	X _{1.4}	0.784		
	X _{1.5}	0.817		
	X _{1.6}	0.683		
Environmental orientation (X ₂)	X _{2.1}	0.713	0.934	0.703
	X _{2.2}	0.778		
	X _{2.3}	0.878		
	X _{2.4}	0.895		
	X _{2.5}	0.874		
	X _{2.6}	0.876		
Digital Orientation (X ₃)	X _{3.1}	0.815	0.921	0.595
	X _{3.2}	0.731		
	X _{3.3}	0.746		
	X _{3.4}	0.712		
	X _{3.5}	0.697		
	X _{3.6}	0.754		
	X _{3.7}	0.839		
	X _{3.8}	0.859		
Tri Hita Karana Business Strategy (Y ₁)	Y _{1.1}	0.666	0.943	0.651
	Y _{1.2}	0.768		
	Y _{1.3}	0.794		
	Y _{1.4}	0.852		
	Y _{1.5}	0.839		
	Y _{1.6}	0.787		
	Y _{1.7}	0.837		
	Y _{1.8}	0.834		
	Y _{1.9}	0.866		
Digital Marketing Strategy (Y ₂)	Y _{2.1}	0.854	0.911	0.673
	Y _{2.2}	0.831		
	Y _{2.3}	0.717		
	Y _{2.4}	0.817		
	Y _{2.5}	0.873		
Sustainable Business Performance (Y ₃)	Y _{3.1}	0.802	0.931	0.729
	Y _{3.2}	0.888		
	Y _{3.3}	0.852		
	Y _{3.4}	0.854		
	Y _{3.5}	0.871		

Source: data processed, 2023

Based on Table 2, it shows that all outer loading indicators have a value above 0.6 with a range between 0.633 to 0.895, meaning that they are at the recommended limit, then the Composite Reliability (CR) value is in the range between 0.880 to 0.943, all of which are above 0.8, meaning that all constructs formed have good consistency as a research model, the third is the Average Variance Extracted (AVE) value where all of them are above 0.5, namely with a range from 0.552 to 0.729 so it can be concluded that the research model in this study has good validity.

Discriminant Validity

To evaluate discriminant validity, a research model is advised to ensure that the root value of a latent variable's Average Variance Extracted (\sqrt{AVE}) must be greater.

Table 3
Correlation between Latent Variables

Construct	GR	EO	DO	THKBS	DMS	SBP
Government role	1.000	0.214	0.100	0.375	0.297	0.396
Environmental orientation	0.214	1.000	0.202	0.534	0.219	0.537
Digital orientation	0.100	0.202	1.000	0.163	0.497	0.366
Tri Hita Karana's business strategy	0.375	0.534	0.163	1.000	0.277	0.581
Digital marketing strategy	0.297	0.219	0.497	0.277	1.000	0.516
Sustainable business performance	0.396	0.537	0.366	0.581	0.516	1.000

Description :

- GR : Government role
- EO : Environmental orientation
- DO : Digital orientation
- SHKBS : Tri Hita Karana's business strategy
- DMS : Digital marketing strategy
- SBP : Sustainable business performance

Table 4
AVE root value

Construct	Average Variance Extracted (AVE)	root AVE
Government role	0.552	0.743
Environmental orientation	0.703	0.838
Digital orientation	0.595	0.771
Tri Hita Karana's business strategy	0.651	0.807
Digital marketing strategy	0.673	0.820
Sustainable business performance	0.729	0.854

Discriminant validity is considered good if the root AVE (\sqrt{AVE}) value in Table 4 is greater than 0.5. The research model proposed in this study can be considered good, with the smallest \sqrt{AVE} value of 0.743.

Inner Model test

The structural model focuses on the hypothesized relationship or path between latent variables. The results of testing the inner model can be seen in Fig. 2.

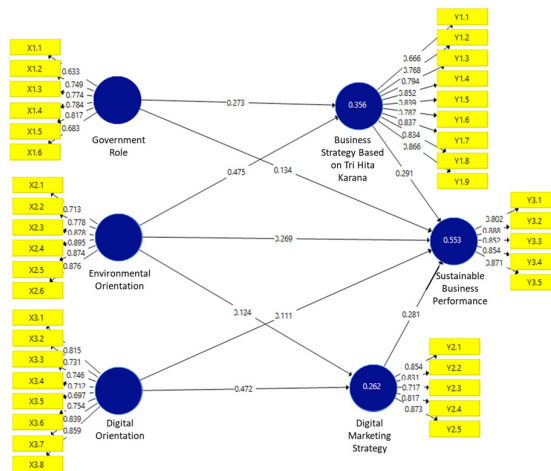


Fig. 2. Structural Model (inner model)

The structural model was evaluated using the R-square for the dependent construct and the t-test and the significance of the structural path parameter coefficients.

Coefficient of Determination (R²)

In this study, a bootstrap will be carried out, producing two structural model measurements, namely, t-test value and R², which will be interpreted the same as multiple regression analysis in general. The predictive power of a research model can be seen by looking at the R² value generated by the bootstrap process; Table 5. will present the R² value for each exogenous variable contained in the model.

Table 5
Coefficient of Determination

Construct	R ²
Tri Hita Karana Business Strategy	0.356
Digital Marketing Strategy	0.262
Sustainable business performance	0.553

Note: Only endogenous (dependent) variables have an R² value
Source: Primary data processed, 2023

Based on Table 5, it can be explained that the highest R² value is found in the sustainable business performance variable of 0.553 which means that as much as 55.3% of the sustainable business performance variable can be explained by the constructs contained in the model, namely the role of government, environmental orientation, digital orientation, Tri Hita Karana business strategy, digital marketing strategy while the lowest value is found in the digital marketing strategy variable with 0.262 which means that 26.2% of the digital marketing strategy variable can be explained by the constructs that affect the variable, namely environmental orientation and digital orientation. From the examination of the R² value, the predictive ability of this research model is quite good, as seen from all variables that have an R² value close to 50% or above 50%.

Hypothesis Test

The significance of the estimated parameters provides very useful information about the relationship between the research variables. The basis used in testing the hypothesis is the value contained in the path coefficients output presented in Table 6 and also in Fig. 3.

Table 6
Path Coefficient

Hypothesis	Correlation between Variables	Path Coef.	t-statistic	p-values	Information
H ₁	The role of Government → sustainable business performance	0.134	2.093	0.037	Accepted
H ₂	Environmental orientation → sustainable business performance	0.269	4.283	0.000	Accepted
H ₃	Digital orientation → sustainable business performance	0.111	1.576	0.116	Rejected
H ₄	Government role → Tri Hita Karana business strategy	0.273	4.771	0.000	Accepted
H ₅	Environmental orientation → Tri Hita Karana business strategy	0.475	6.509	0.000	Accepted
H ₆	Environmental orientation → digital marketing strategy	0.124	1.783	0.075	Rejected
H ₇	Digital orientation → digital marketing strategy	0.472	4.949	0.000	Accepted
H ₈	Tri Hita Karana business strategy → sustainable business performance	0.291	4.384	0.000	Accepted
H ₉	Digital marketing strategy → sustainable business performance	0.281	3.946	0.000	Accepted

Source: Data processing, 2023

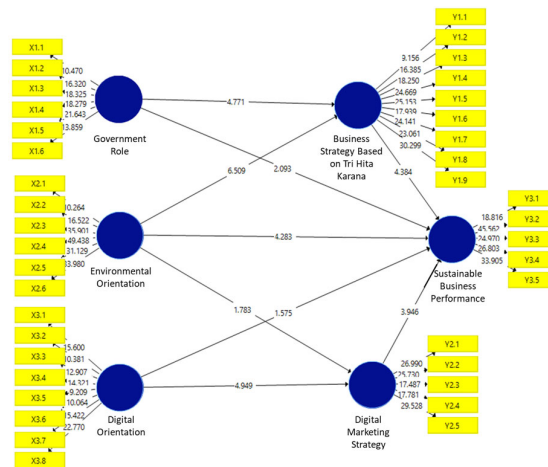


Fig. 3. Structural Model

Hypothesis testing is done using t-statistics and looking at the p-value. If the p-value ≤ 0.05 , the hypothesis is accepted. Based on Table 6, it can be explained that the role of government on sustainable business performance has a t-statistic value of 2.093 with a p-value of $0.037 \leq 0.05$, so H1 is accepted. This means that the higher the role of government, the higher the sustainable business performance. Environmental orientation on sustainable business performance has a t-statistic value of 4.283 with a p-value of $0.000 \leq 0.05$, so H2 is accepted. This means that the higher the environmental orientation, the higher the sustainable business performance. Digital orientation on sustainable business performance has a t-statistic value of 1.575 with a p-value of $0.116 > 0.05$, so H3 is rejected. This means that digital orientation does not affect sustainable business performance. The role of government in Tri Hita Karana-based business strategy has a t-statistic value of 4.771 with a p-value of $0.000 \leq 0.05$, so H4 is accepted. This means that the higher the role of the government, the better the THK-based business strategy. Environmental orientation towards Tri Hita Karana-based business strategy has a t-statistic value of 6.509 with a p-value of $0.000 \leq 0.05$, so H5 is accepted. This means that the higher the environmental orientation, the better the Tri Hita Karana-based business strategy. Environmental orientation on digital marketing strategy has a t-statistic of 1.783 with a p-value of 0.075, so H6 is rejected, meaning that environmental orientation does not affect digital marketing strategy. Digital orientation on digital marketing strategy has a t-statistic value of 4.949 with a p-value of $0.000 \leq 0.05$, so H7 is accepted. This means the higher the digital orientation, the better the digital marketing strategy. Tri Hita Karana-based business strategy affects sustainable business performance with a t-statistic value of 4.384 with a p-value of $0.000 \leq 0.05$, so H8 is accepted. Digital marketing strategy affects sustainable business performance with a t-statistic value of 3.946 with a p-value of $0.000 \leq 0.05$, so H9 is accepted.

5. Discussion

5.1 Influence of Government Role on Sustainable Business Performance

Based on the analysis of the effect of government roles on sustainable business performance, the beta coefficient value is 0.134 with a significance level of $0.037 \leq 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the government role variable positively and significantly affects the sustainable business performance of traditional tie weaving SMEs in Bali. This means that the higher the role of government in supporting or empowering traditional tie weaving SMEs, which is indicated by variable indicators of government-issued regulations on the importance of environmental preservation, government-issued regulations on the green economy, government support on sustainable environmental development, government provides training on business digitization; Government develops information and communication based on information technology; government issued regulations on occupational health and safety, then able to improve sustainable business performance. The results of this study also strengthen the results of previous research conducted by Aslam et al. (2023), which states that the role of government plays a vital role in improving sustainable business performance. Similar results have also been obtained previously by Almatrooshi et al. (2018), which state that the role of government is to improve sustainable business performance. The results of this study are also reinforced by the results of research by Sulaksana (2014) and Bauer et al. (2018), who found that the government role variable has a positive and significant influence on the sustainable business performance variable.

5.2 The Effect of Environmental Orientation on Sustainable Business Performance

Based on the analysis of the effect of environmental orientation on sustainable business performance, the beta coefficient value is 0.269 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the environmental orientation variable positively and significantly affects sustainable business performance. So, the higher the environmental orientation owned by traditional tie weaving SMEs in Bali as indicated by the indicators of environmental orientation variables owned by traditional tie weaving SMEs in Bali, namely the indicators: communicating a mission statement about the importance of protecting the environment, committing to participate in controlling air pollution, communicating to employees about the importance of protecting the natural environment; always evaluate the environmental impact of operational decisions taken; managed oriented to occupational health; and managed oriented to occupational safety, it can improve sustainable business performance. This study also strengthens the results of previous research conducted by Ismail (2023), which states that environmental orientation variables have a positive and significant effect on sustainable business performance. The results of this study are reinforced by the research of Akomea et al. (2022), Souto (2022), and Danso et al. (2022), who found the results of environmental orientation variables have a positive and significant effect on sustainable business performance that it can be concluded that high environmental orientation has a positive and significant influence on sustainable business performance.

5.3 The Effect of Digital Orientation on Sustainable Business Performance

Based on the results of the analysis of the effect of digital orientation on sustainable business performance, the beta coefficient value is 0.111 with a significance level of $0.116 > 0.05$, which means H_0 is accepted, and H_1 is rejected. These results mean that digital orientation has no effect on sustainable business performance. This means that digital orientation, as indicated by indicators, using digital Technology to understand consumers, selling products through digital channels, and using digital channels to provide consumer services. Technology makes or connects consumers with operational processes in a new way and has an integrated view of consumer information. Companies use analysis to make operational decisions and use digital

Technology to add value to consumer services. Companies have new business models based on digital Technology, unable to influence sustainable business performance. The results of this study contradict the results of previous research conducted by Acciarini et al. (2022) about digital orientation being able to improve sustainable business performance. After conducting in-depth interviews with several respondents, the following explanation was obtained. These results are also reinforced by the results of research by Alerasoul et al. (2022), Gomez-Trujillo and Gonzalez-Perez (2022), Chavez et al. (2023), Ismail (2023), Shah et al. (2023), found that digital orientation has no effect on sustainable business performance.

5.4 The Influence of Government Role on Tri Hita Karana Business Strategy

Based on the results of the analysis of the role of government in Tri Hita Karana's business strategy, the beta coefficient value is 0.273 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected, and H_1 is accepted. These results mean that the role of government has a positive and significant effect on Tri Hita Karana's business strategy. This means that the higher the role of the government as indicated by the variable indicators of the role of the government in supporting the sustainability of traditional tie weaving SMEs in Bali, namely the indicators: the government issues regulations on the importance of environmental preservation; the government issues regulations on the green economy; the government supports sustainable environmental development; the government provides training on business digitization; the government develops information and communication based on information technology; The government issues regulations on occupational health and safety, then it is able to improve the implementation of the Tri Hita Karana business strategy. This study also strengthens the results of previous research conducted by Wiryanata (2022) on the role of government in encouraging the use of Tri Hita Karana business strategies. Furthermore, Aslam et al. (2023), examining the effect of the role of government on business strategy, also found the same results, namely that the role of government has a positive and significant effect on business strategy. It can be concluded that the role of government has a positive and significant influence on business strategy; this means that with the higher role of government in supporting the sustainability of traditional tie weaving SME business in Bali, it is able to improve business strategy by running Tri Hita Karana business strategy.

5.5 The Effect of Environmental Orientation on THK Business Strategy

Based on the results of the analysis of the effect of environmental orientation on THK business strategy, the beta coefficient value is 0.475 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the environmental orientation variable positively and significantly affects the Tri Hita Karana business strategy of traditional tie weaving SMEs in Bali. This means that the higher the environmental orientation shown by the indicators of environmental orientation variables of traditional tie weaving SMEs in Bali, namely the indicators: communicating a mission statement about the importance of protecting the environment, committing to participate in controlling air pollution, communicating to employees about the importance of protecting the natural environment; always evaluate the environmental impact of operational decisions taken; managed oriented to occupational health; and the Company is managed oriented to occupational safety, then able to improve the implementation of Tri Hita Karana business strategy is getting better. This study also strengthens the results of previous research conducted by (Sukaatmadja, 2020), which states that environmental orientation plays an important role in improving Tri Hita Karana's business strategy. Similar results have also been obtained by Zameer et al. (2022), which states that a high environmental orientation is able to improve Tri Hita Karana's business strategy. The results of this study are also reinforced by the results of research from Giantari and Sukaatmadja (2021) and Frare and Beuren (2022), who found that environmental orientation variables have a positive and significant influence on green business strategy variables similar to the Tri Hita Karana business strategy.

5.6 The Effect of Environmental Orientation on Digital Marketing Strategy

Based on the analysis of the effect of environmental orientation on digital marketing strategies, the beta coefficient value is 0.124 with a significance level of $0.075 > 0.05$, which means H_0 is accepted and H_1 is rejected. These results mean that the environmental orientation variable has a positive and insignificant effect on the digital marketing strategy of traditional tie weaving SMEs in Bali. This means that environmental orientation is shown by variable indicators communicating mission statements about the importance of protecting the environment, committing to participate in controlling air pollution, communicating to employees about the importance of protecting the natural environment, always evaluating the environmental impact of operational decisions taken; oriented to occupational health; and managed oriented to occupational safety is not able to improve the implementation of digital marketing strategies. The results of this study contradict the results of previous research conducted by Medrano et al. (2020), which states that environmental orientation plays an important role in improving digital marketing strategies. The results of this study are also reinforced by the results of research from Sukaatmadja (2020), which found that environmental orientation variables have a positive and significant influence on digital marketing strategy variables.

5.7 The Effect of Digital Orientation on Digital Marketing Strategy

Based on the results of the analysis of the effect of digital orientation on digital marketing strategies, the beta coefficient value is 0.472 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the digital orientation variable positively and significantly affects the digital marketing strategy of traditional tie weaving SMEs

in Bali. This means that the higher the digital orientation indicated by using digital Technology to understand consumers, selling products through digital channels, using digital provide consumer services, Technology makes or connects consumers with operational processes in a new way, has an integrated view of consumer information; uses analysis to make operational decisions; uses digital Technology to add value to services to consumers; has a new business model based on digital Technology, it is able to improve digital marketing strategies. This study also strengthens the results of previous research conducted by Shah et al. (2023), which states that digital orientation plays an important role in improving digital marketing strategies. Dabas et al. (2021) have also obtained similar results, who state that high digital orientation can improve digital marketing strategies. The results of this study are also reinforced by the results of research from Katsikeas et al. (2020), Diaz et al. (2022), and You and Brahmama (2023), who found that the digital orientation variable has a positive and significant influence on the digital marketing strategy variable.

5.8 The Effect of Tri Hita Karana Business Strategy on Sustainable Business Performance

Based on the results of the analysis of the effect of Tri Hita Karana's business strategy on sustainable business performance, the beta coefficient value is 0.291 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected, and H_1 is accepted. These results mean that the Tri Hita Karana business strategy variable positively and significantly affects the sustainable business performance of traditional tie weaving SMEs in Bali. This means that the higher the implementation of the Tri Hita Karana business strategy as indicated by variable indicators allowing employees to perform religious ceremonies, setting aside profits for medana punia / donation, participate in religious ceremonies in the temple, always using local labor, providing sufficient welfare for employees, providing assistance to the surrounding community, always trying to use raw materials that do not pollute the environment, using shopping bags that can be recycled, using coloring materials that do not pollute the environment, then able to improve the sustainable business performance of traditional tie weaving SMEs in Bali. This study also strengthens the results of previous research conducted by Budiasih and Purnamawati, 2022, which states that the Tri Hita Karana business strategy plays an important role in improving sustainable business performance. Similar results have also been obtained by Pranata et al. (2017) and Reditiasari et al. (2023), which state that a good business strategy is able to improve sustainable business performance. The results of this study are also reinforced by the results of research from Riana et al. (2011), Dewi and Biyantari (2017), Raharja and Mahyuni (2021), Barbosa et al. (2021), which found that the business strategy variable has a positive and significant effect on the sustainable business performance variable.

5.9 The Effect of Digital Marketing Strategy on Sustainable Business Performance

Based on the results of the analysis of the effect of digital marketing strategies on sustainable business performance, the beta coefficient value is 0.281 with a significance level of $0.000 \leq 0.05$, which means H_0 is rejected and H_1 is accepted. These results mean that the digital marketing strategy variable positively and significantly affects sustainable business performance in Bali. This means that our company's better digital marketing strategy always uses social media in marketing products. Our company always makes video marketing. Our company creates a customer database for communication via email. Our company uses search engine optimization. Our company tries to have a marketing website, then it can improve sustainable business performance. The results of this study also strengthen the results of previous research conducted by Wang (2020); Chaves et al. (2022), Giantari et al. (2022; Muna et al. (2022); Shah et al. (2023); Hu et al. (2023), which state that digital marketing strategies play an important role in improving sustainable business performance.

6. Research Implications

The results in this study generally provide meaning that the theory of CSR from Elkinton, which states that to achieve sustainable business, one should pay attention to three elements, namely Profit, People, and Planet (3 P), and the results of this study modify the concept of Tri Hita Karana based on three elements as well, namely Parahyangan, pawing, and palemahan. The relationship between CSR theory and the concept of Tri Hita Karana, when examined two elements are almost the same, namely: people are the pawongan of Tri Hita Karana, the planet of CSR theory is the same as the palemahan of the Tri Hita Karana concept. What is different is that parahyangan from the Tri Hita Karana concept concerns the relationship between business managers and God. So the novelty of this research is that in carrying out a business strategy (green business strategy can be based on the values in the Tri Hita Karana concept). Furthermore, because the current era is the digital age, the Company must also pay attention to digital developments as a global environmental orientation. Both orientations, namely environmental orientation and digital orientation, bring the Company towards sustainable business in the future. All of this also needs to be supported by the government, whose role is to empower SMEs. Acceptance of the hypothesis reveals several managerial implications, especially for traditional tie-weaving SMEs striving for sustainable business performance. First of all, developing environmental orientation becomes increasingly very high. Likewise, to continue to improve digital orientation is also continuously improved, which has an impact on the achievement of sustainable business performance. Furthermore, traditional tie weaving SMEs are also getting higher to implement Tri Hita Karana-based and digital marketing strategies, so sustainable business performance is also getting higher. The research results provide empirical evidence and consideration for business people in traditional tie weaving SMEs in formulating and building business strategies to improve their sustainable business performance.

7. Research Limitations

This study has limitations in several ways that can be considered by future researchers to provide better research results. The limitations are as follows: 1) This study only tested the mediation of Tri Hita Karana-based business strategies and digital marketing strategies, then there are still other variables that are thought to mediate the influence of government roles, environmental orientation, and digital orientation on sustainable business performance, such as business strategies based on other local wisdom values. 2) This research only has a focus on traditional tie weaving SMEs; it would be better if research was carried out in other sectors, such as superior products produced by SMEs engaged in Bali.

8. Conclusion

Based on the results of the research, discussion and interpretation described in the previous chapter, with reference to several theories and results of previous studies, the following conclusions can be drawn.

1. The role of government has a positive and significant effect on the sustainable business performance of traditional tie-weaving SMEs in Bali, meaning that the higher the role of government, the more sustainable business performance of traditional tie-weaving SMEs in Bali will increase.
2. Environmental orientation has a positive and significant effect on sustainable business performance, meaning that the more environmental orientation increases, the sustainable business performance of traditional tie weaving SMEs in Bali will also increase.
3. Digital orientation has a positive and insignificant effect on sustainable business performance, meaning that digital orientation is not able to influence the sustainable business performance of traditional weaving SMEs in Bali.
4. The role of the government has a positive and significant effect on the Tri Hita Karana business strategy of traditional tie weaving SMEs in Bali, meaning that the higher the role of the government, the better the implementation of the Tri Hita Karana business strategy of traditional tie weaving SMEs in Bali.
5. Environmental orientation has a positive and significant effect on the Tri Hita Karana business strategy of traditional tie weaving SMEs in Bali, meaning that the higher the environmental orientation, the better the implementation of the Tri Hita Karana business strategy of traditional tie weaving SMEs in Bali.
6. Environmental orientation has a positive and insignificant effect on the digital marketing strategy of traditional tie weaving SMEs in Bali, meaning that environmental orientation is not able to influence the implementation of digital marketing strategies of traditional tie weaving SMEs in Bali.
7. Digital orientation has a positive and significant effect on the digital marketing strategy of traditional tie weaving SMEs in Bali, meaning that the higher the digital orientation, the better the implementation of digital marketing strategies of traditional tie weaving SMEs in Bali.
8. Tri Hita Karana's business strategy has a positive and significant effect on the sustainable business performance of traditional weaving SMEs in Bali, meaning that the better the implementation of Tri Hita Karana's business strategy, the better the sustainable business performance of traditional weaving SMEs in Bali.
9. Digital marketing strategy has a positive and significant effect on the sustainable business performance of traditional tie weaving SMEs in Bali, meaning that the better the implementation of digital marketing strategies, the more sustainable business performance of traditional tie weaving SMEs in Bali.

References

- Acciarini, C., Borelli, F., Capo, F., Cappa, F., & Sarrocco, C. (2022). Can digitalization favour the emergence of innovative and sustainable business models? A qualitative exploration in the automotive sector. *Journal of Strategy and Management*, 15(3), 335-352.
- Akomea, S. Y., Agyapong, A., Ampah, G., & Osei, H. V. (2022). Entrepreneurial orientation, sustainability practices and performance of small and medium enterprises: evidence from an emerging economy. *International Journal of Productivity and Performance Management*.
- Alerasoul, S. A., Afeltra, G., Bouncken, R. B., & Hakala, H. (2022). The synergistic impact of market and technology orientations on sustainable innovation performance: evidence from manufacturing firms. *International Journal of Entrepreneurial Behavior & Research*, 28(6), 1556-1580.
- Almatrooshi, S., Hussain, M., Ajmal, M., & Tehsin, M. (2018). Role of public policies in promoting CSR: empirical evidence from business and civil society of UAE. *Corporate Governance: The International Journal of Business in Society*, 18(6), 1107-1123.
- Ardito, L., Raby, S., Albino, V., & Bertoldi, B. (2021). The duality of digital and environmental orientations in the context of SMEs: Implications for innovation performance. *Journal of Business Research*, 123, 44-56.
- Aslam, R., Rehman, S., & Nasir, A. (2023). Investigating the relationship between government support and SMEs' sustainability through financial and green lenses. *Journal of Business & Industrial Marketing*.

- Barbosa, L. B., Carneiro, J., Costa, C., De Beule, F., Goldszmidt, R., & Macedo-Soares, T. D. (2021). Environmental Sustainability Strategy and International Performance: A Review of Literature and a Conceptual Model. *The Multiple Dimensions of Institutional Complexity in International Business Research*, 375-397.
- Bauer, T. (2018). CSR in Germany: the role of public policy. In *The Critical State of Corporate Social Responsibility in Europe* (pp. 101-120). Emerald Publishing Limited.
- BenArif, W., Hikkerova, L., & Sahut, J. M. (2018). External knowledge sources, green innovation and performance. *Technological forecasting and social change*, 129, 210-220.
- Borah, P. S., Iqbal, S., & Akhtar, S. (2022). Linking social media usage and SME's sustainable performance: The role of digital leadership and innovation capabilities. *Technology in Society*, 68, 101900.
- Bouwman, H., Nikou, S., & de Reuver, M. (2019). Digitalization, business models, and SMEs: How do business model innovation practices improve performance of digitalizing SMEs?. *Telecommunications Policy*, 43(9), 101828.
- Budiasih, Ketut Juni, Purnamawati, I Gusti Ayu, (2022), *Jurnal Akuntansi Profesi*, 13 (3), 787-796
- Cao, H., & Chen, Z. (2019). The driving effect of internal and external environment on green innovation strategy-The moderating role of top management's environmental awareness. *Nankai Business Review International*, 10(3), 342-361.
- Chavez, R., Malik, M., Ghaderi, H., & Yu, W. (2023). Environmental collaboration with suppliers and cost performance: Exploring the contingency role of digital orientation from a circular economy perspective. *International Journal of Operations & Production Management*, 43(4), 651-675.
- Dabas, S., Sharma, S., & Manaktola, K. (2021). Adoption of digital marketing tools in independent businesses: experiences of restaurant entrepreneurs in India and United Kingdom. *Worldwide Hospitality and Tourism Themes*, 13(2), 214-235.
- Danso, A., Adomako, S., Amankwah-Amoah, J. and Lartey, T. (2022), Sustainability orientation, CSR implementation and new venture growth, *European Business Review*, Vol. 34 No. 4, pp. 471-491.
- Dewi, I. G. A. A. O., & Biyantari, N. K. (2017). Pengaruh Budaya Tri Hita Karana Pada Hubungan Corporate Social Responsibility Dan Nilai Perusahaan Pada Indonesia Tourism Development Corporation. *Jurnal Ilmiah Akuntansi dan Bisnis*, 2(2), 247-258.
- Diaz, E., Esteban, Á., Carranza Vallejo, R., & Martin-Consuegra Navarro, D. (2022). Digital tools and smart technologies in marketing: a thematic evolution. *International Marketing Review*, 39(5), 1122-1150.
- Fernando, Y., Jabbour, C. J. C., & Wah, W. X. (2019). Pursuing green growth in technology firms through the connections between environmental innovation and sustainable business performance: does service capability matter?. *Resources, conservation and recycling*, 141, 8-20.
- Frare, A. B., & Beuren, I. M. (2022). The role of green process innovation translating green entrepreneurial orientation and proactive sustainability strategy into environmental performance. *Journal of Small Business and Enterprise Development*, 29(5), 789-806.
- George, G., & Schillebeeckx, S. J. (2022). Digital transformation, sustainability, and purpose in the multinational enterprise. *Journal of World Business*, 57(3), 101326.
- Giantari, I. G. A. K., & Sukaatmadja, I. P. G. (2021). Effects of environmental orientation, green marketing mix and social capital on the competitive advantage of real estate developers in Bali. *Property Management*, 39(2), 193-209.
- Giantari, I. G. A. K., Yasa, N., Suprasto, H., & Rahmayanti, P. (2022). The role of digital marketing in mediating the effect of the COVID-19 pandemic and the intensity of competition on business performance. *International Journal of Data and Network Science*, 6(1), 217-232.
- Gil-Gomez, H., Guerola-Navarro, V., Oltra-Badenes, R., & Lozano-Quilis, J. A. (2020). Customer relationship management: digital transformation and sustainable business model innovation. *Economic research-Ekonomska istraživanja*, 33(1), 2733-2750.
- Gomez-Trujillo, A. M., & Gonzalez-Perez, M. A. (2021). Digital transformation as a strategy to reach sustainability. *Smart and Sustainable Built Environment*, 11(4), 1137-1162.
- Hanelt, A., Bohnsack, R., Marz, D., & Antunes Marante, C. (2021). A systematic review of the literature on digital transformation: Insights and implications for strategy and organizational change. *Journal of Management Studies*, 58(5), 1159-1197.
- Haseeb, M., Hussain, H. I., Kot, S., Androniceanu, A., & Jermsittiparsert, K. (2019). Role of social and technological challenges in achieving a sustainable competitive advantage and sustainable business performance. *Sustainability*, 11(14), 3811.
- He, Z., Kuai, L., & Wang, J. (2023). Driving mechanism model of enterprise green strategy evolution under digital technology empowerment: A case study based on Zhejiang Enterprises. *Business Strategy and the Environment*, 32(1), 408-429.
- Hu, L., Galli, M., & Sebastiani, R. (2023). How digital platforms affect the internationalisation of wine firms in China. *International Journal of Retail & Distribution Management*.
- Ilyas, S., Hu, Z., & Wiwattanakornwong, K. (2020). Unleashing the role of top management and government support in green supply chain management and sustainable development goals. *Environmental Science and Pollution Research*, 27, 8210-8223.
- Ismail, I. J. (2022). The role of technological absorption capacity, enviropreneurial orientation, and green marketing in enhancing business' sustainability: evidence from fast-moving consumer goods in Tanzania. *Technological Sustainability*, 2(2), 121-141.
- Ismail, I.J. (2023), I have to apply this strategy! Understanding the mediating effect of digitalization on strategic orientations and sustainable competitive advantage among small enterprises in Tanzania, *Management Matters*, 20(1), 53-73.

- Katsikeas, C., Leonidou, L., & Zeriti, A. (2020). Revisiting international marketing strategy in a digital era: Opportunities, challenges, and research directions. *International Marketing Review*, 37(3), 405-424.
- Kraus, S., Rehman, S. U., & García, F. J. S. (2020). Corporate social responsibility and environmental performance: The mediating role of environmental strategy and green innovation. *Technological forecasting and social change*, 160, 120262.
- Low, M. P., Seah, C. S., Cham, T. H., & Teoh, S. H. (2022). Digitalization adoption for digital economy: an examination of Malaysian small medium-sized enterprises through the technology–organization–environment framework. *Business Process Management Journal*, 28(7), 1473-1494.
- Medrano, N., Cornejo-Cañamares, M., & Olarte-Pascual, C. (2020). The impact of marketing innovation on companies' environmental orientation. *Journal of Business & Industrial Marketing*, 35(1), 1-12.
- Muna, N., Yasa, N., Ekawati, N., & Wibawa, I. (2022). A dynamic capability theory perspective: borderless media breakthrough to enhance SMEs performance. *International Journal of Data and Network Science*, 6(2), 363-374.
- Papadas, K. K., Avlonitis, G. J., Carrigan, M., & Piha, L. (2019). The interplay of strategic and internal green marketing orientation on competitive advantage. *Journal of Business Research*, 104, 632-643.
- Parmajaya, I. P. G. (2018). Implementasi konsep Tri Hita Karana dalam perspektif kehidupan global: Berpikir global berperilaku lokal. *Purwadita: Jurnal Agama dan Budaya*, 2(2), 27-33.
- Pranata, K. A., Sri, A. A. P., & Putra, A. M. (2017). Penerapan konsep tri hita karana di the trans resort bali. *Jurnal Kepariwisata Dan Hospitalitas*, 1(1), 9-16.
- Prapnuwanti, N. L. P., & Putrawan, P. W. (2022). Tri Hita Karana Sebagai Landasan Etika Berwirausaha. *Haridracarya: Jurnal Pendidikan Agama Hindu*, 3(1), 81-88.
- Raharja, K. A., & Mahyuni, L. P. (2021). Model Pengelolaan Bisnis Obyek Wisata Hidden Canyon di Bali Berbasis Kearifan Lokal Tri Hita Karana dan Sustainability. *Jurnal Muara Ilmu Ekonomi dan Bisnis*, 5(2), 433-446.
- Reditiasari, N., Wijaya, I. G. B., Aryawati, N. P. A., Sukendri, N., & Suardana, I. K. P. (2023). Tri Hita Karana Sebagai Etika Bisnis Dalam Meningkatkan Perekonomian. *Guna Sewaka*, 2(1), 11-24.
- Riana, Jumilah Zain, Eka Afnan Taroena, Made Sudarma, (2011), Dampak Penerapan Budaya THK terhadap Orientasi Kewirausahaan dan Orientasi Pasar, *Jurnal Aplikasi Manajemen*, 9 (2), 601-610
- Roome, N., & Wijen, F. (2006). Stakeholder power and organizational learning in corporate environmental management. *Organization studies*, 27(2), 235-263.
- Sarfraz, M., Ivascu, L., Abdullah, M.I., Ozturk, I., & Tariq, J. (2022). Exploring a pathway to sustainable performance in manufacturing firms: The interplay between innovation capabilities, green process, product innovations and digital leadership. *Sustainability*, 14(10).
- Shah, N., Zehri, A. W., Saraih, U. N., Abdelwahed, N. A. A., & Soomro, B. A. (2023). The role of digital technology and digital innovation towards firm performance in a digital economy. *Kybernetes*.
- Souto, J. E. (2022). Organizational creativity and sustainability-oriented innovation as drivers of sustainable development: overcoming firms' economic, environmental and social sustainability challenges. *Journal of Manufacturing Technology Management*, 33(4), 805-826.
- Sukaatmadja, I. P. G. (2020). Factor affecting competitive advantage of real estate developers in Indonesia. *Journal of Islamic Marketing*, 12(9), 1950-1969.
- Sulaksana, T. B. (2014). *Peran Pemerintah Daerah Dalam Pemberdayaan Industri Lokal (Studi Kasus Pada Desa Kamulan Kecamatan Durenan Kabupaten Trenggalek)* (Doctoral dissertation, Universitas Brawijaya).
- VoA Indonesia. Jokowi Targetkan 30 Juta UMKM Go Digital pada 2024. 2022. <https://www.voaindonesia.com/a/jokowi-targetkan-30-juta-umkm-go-digital-pada2024/6504633.html>
- Wang, F. (2020). Digital marketing capabilities in international firms: a relational perspective. *International Marketing Review*, 37(3), 559-577.
- Wiryanata, (2022), Desa Wisata: Pengelolaan Berbasis Budaya dan Kinerja
- You, H. W., & Brahmana, R. K. (2023). The role of digital orientation in moderating the relationship between innovation and internationalization. *International Journal of Emerging Markets*.
- Zameer, H., Wang, Y., Yasmeen, H., & Mubarak, S. (2022). Green innovation as a mediator in the impact of business analytics and environmental orientation on green competitive advantage. *Management Decision*, 60(2), 488-507.
- Zhang, X., & Yousaf, H. A. U. (2020). Green supply chain coordination considering government intervention, green investment, and customer green preferences in the petroleum industry. *Journal of Cleaner Production*, 246, 118984.

