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# Cultural Intelligence and Market Adaptation in Traditional Creative Enterprises: Evidence from South Sulawesi

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**Abstract**

*Traditional creative enterprises must adapt to changing market demands while preserving the cultural heritage that defines their competitive advantage. However, empirical evidence linking cultural intelligence (CQ) to market adaptation in culturally rooted enterprises remains limited, particularly in South Sulawesi. This study examines how cultural intelligence, local cultural values, and organizational capabilities shape market adaptation among traditional creative enterprises. A systematic literature review was conducted following PRISMA 2020 reporting principles. Searches conducted on 19 October 2026 identified 43 candidate records, of which seven empirical studies published between 2021 and 2026 were retained for thematic synthesis. The findings indicate that cultural intelligence is associated with internationalization and adaptive marketing capabilities among exporting SMEs. In South Sulawesi, market adaptation is primarily characterized by digital transformation, ecosystem collaboration, and culturally embedded business practices. Local values, particularly siri' and pesse or pacce, influence how entrepreneurs balance market responsiveness with cultural preservation. However, none of the retained studies directly examines cultural intelligence in traditional creative enterprises, revealing a significant empirical gap. Market adaptation in culturally rooted enterprises should be understood as a selective process balancing commercial responsiveness and cultural identity. This review proposes an integrative framework connecting cultural intelligence, market adaptation, local cultural values, and ecosystem support. Future research should empirically test these relationships among traditional creative enterprises in South Sulawesi.*

***Keywords:*** *Cultural Intelligence; Market Adaptation; Small and Medium Enterprises; South Sulawesi; Traditional Creative Enterprises*

## INTRODUCTION

Traditional creative enterprises turn local heritage into products, such as woven silk, carved wood, and handmade garments. Their owners face a double demand. They must adapt to new buyers, platforms, and tastes to stay in business, and they must keep the cultural meaning that makes their products distinctive. South Sulawesi illustrates the tension well. Silk weaving in Wajo Regency is a regional identity, and recent work describes an industry that faces challenges in adapting to the digital business era (Arif & Windarsari, 2026; Remmang et al., 2025). In Makassar's traditional markets, traders treat adaptation as something that must be balanced against fidelity to cultural inheritance (Safriadi et al., 2026).

Cultural intelligence (CQ) offers a way to think about this balance. CQ is the capability to function effectively in culturally diverse situations, and it comprises metacognitive, cognitive, motivational, and behavioral components (Ang et al., 2007). In international marketing, export managers' metacognitive CQ strengthens the relationship between marketing-mix adaptation and export performance (Magnusson et al., 2013). More recent work shows that owner-managers' CQ and emotional intelligence influence the degree of SME internationalization, with a global mindset partially mediating the effect (Arif et al., 2026; Mammadov & Wald, 2025). These findings come from exporting firms. Whether CQ helps small enterprises that sell culturally rooted products in domestic and digital markets is a different question.

Studies of Indonesian small enterprises have examined market-related capabilities, such as business intelligence and organizational learning among creative economy SMEs in East Java (Anjaningrum et al., 2024), and the effect of ethnic culture orientation on SME performance (Basyir et al., 2025; Riu et al., 2026; Windarsari et al., 2026). Studies of South Sulawesi focus on digital transformation, ecosystems, and local cultural logic. Few connect these strands, and none, among the records retrieved for this review, measures CQ directly.

This article therefore reviews the evidence published between 2021 and 2026 and addresses four questions. RQ1: What does the evidence say about CQ and market adaptation in small enterprises? RQ2: How is market adaptation in culturally rooted enterprises in Indonesia, and South Sulawesi in particular, described? RQ3: How does local culture shape what adaptation looks like? RQ4: What gaps and research priorities follow? The review contributes a structured synthesis, shows that the CQ evidence base and the South Sulawesi evidence base have not yet met, and offers four propositions for testing.

## LITERATURE REVIEW

### Constructs and working definitions

The constructs in the title are used loosely, so this review adopts working definitions. Cultural intelligence follows Ang et al. (2007), who describe a multidimensional capability with metacognitive, cognitive, motivational, and behavioral components that is related to cultural judgment, decision making, adaptation, and performance. Market adaptation refers to adjustments that a firm makes to its products, communication, channels, or pricing in response to customers and market conditions. Traditional creative enterprises are small enterprises that produce goods or services from local cultural heritage, such as silk weaving or craft production. These definitions are the reviewer's, not a consensus in the literature.

### Cultural intelligence and adaptation in firms

Most evidence on CQ in firms concerns international markets. Magnusson et al. (2013), using survey data from 153 U.S. exporting firms, found that export managers' metacognitive CQ positively moderates the relationship between marketing-mix adaptation and export performance, and that motivational CQ moderates the relationship between environmental differences and adaptation. The implication is that CQ shapes both how much a firm adapts and how well adaptation pays off. Mammadov and Wald (2025) extend this logic to SME owner-managers, and Ali et al. (2023) show that managers' global mindset and adaptive marketing capabilities positively influence international opportunity identification among 217 exporting Chinese SMEs. Global mindset and CQ are related but not identical, so the latter study is treated here as adjacent evidence.

### Culture and adaptation in Indonesian small enterprises

Indonesian studies treat culture mainly as context or as a resource. Basyir et al. (2025) examine ethnic culture orientation as a determinant of SME performance, with resource orchestration capability as the mediator. Anjaningrum et al. (2024) find that, among 313 creative economy SMEs in East Java, business intelligence does not directly affect performance, and that organizational learning mediates the link. In South Sulawesi, Remmang et al. (2025) examine technopreneurship among silk SMEs in Wajo, and Abduh et al. (2024) examine market orientation toward creative industries among MSMEs in Makassar. Safriadi et al. (2026) show how the Bugis-Makassar concepts of siri' (honor) and pesse or pacce (solidarity) regulate everyday business practice in traditional markets.

### Debates and gaps


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Three debates frame the review. The first concerns whether adaptation is a strategic choice that CQ improves, or a response forced by platforms and buyers. The second concerns whether adaptation erodes cultural integrity or can be selective. The third concerns whether capabilities developed in exporting firms transfer to small, family-based enterprises that sell mostly in local and digital markets. Gaps follow directly: direct measures of CQ in culturally rooted enterprises, evidence on adaptation outcomes in South Sulawesi, and models that treat local cultural logic as a condition of adaptation.

## METHOD

### Design and protocol

This study is a systematic literature review reported according to the principles of the PRISMA 2020 statement (Page et al., 2021). The review protocol was not registered. The review question was framed around the population (small and medium enterprises, creative or craft-based enterprises, and traditional businesses rooted in local culture), the exposures (cultural intelligence, cultural orientation, and cultural logic), and the outcomes (market adaptation, digital adaptation, and performance).

### Search strategy

Searches were run on 19 October 2026 through an open web search engine. Subscription databases such as Scopus and Web of Science were not searched. Eight English-language queries combined terms for cultural intelligence, market and marketing adaptation, creative industries, craft enterprises, SMEs and MSMEs, Indonesia, South Sulawesi, Wajo, and Makassar. This strategy favors transparency about what was actually done over breadth, and its consequences are discussed under limitations. Studies in Indonesian were not searched separately, which is a notable limitation for a regional topic.

### Eligibility criteria and screening

Records were included if they (a) were published between 2021 and 2026; (b) were peer-reviewed journal articles; (c) concerned small or medium enterprises, creative or craft-based enterprises, or traditional businesses rooted in local culture; (d) were empirical studies of cultural intelligence, cultural orientation or logic, market or digital adaptation, or market-related capabilities; and (e) had verifiable bibliographic details (authors, journal, and volume or DOI) and an accessible abstract. Records were excluded if they fell outside the date window or were conference papers, theses, dissertations, or preprints, if they were reviews, bibliometric studies, or conceptual papers, if their focus lay outside the scope (for example, export stimuli or generative artificial intelligence), or if their bibliographic details or abstract could not be verified.

The searches surfaced 43 distinct candidate records. Table 1 shows how they were screened. After applying the criteria, seven primary studies were retained. Screening was performed by a single reviewer, so inter-rater agreement could not be assessed.

**Table 1.** Screening outcomes of candidate records (n = 43)

| Stage or reason | Records | % |
|---|---|---|
| Candidate records surfaced by the searches | 43 | 100.0 |
| Excluded: outside 2021–2026, or conference paper, thesis, or preprint | 10 | 23.3 |
| Excluded: review, bibliometric study, conceptual paper, or commentary | 6 | 14.0 |
| Excluded: focus outside scope (e.g., export stimuli, generative AI) | 5 | 11.6 |
| Excluded: bibliographic details or abstract could not be verified | 15 | 34.9 |
| Retained for synthesis: primary studies | 7 | 16.3 |

Percentages are shares of the 43 candidate records and may not sum to 100 because of rounding.


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### Data extraction and synthesis

For each retained study, the setting, design and sample, cultural construct, adaptation or performance outcome, and main finding were extracted, mainly from abstracts and accessible excerpts, because full texts were not available for every record. No formal risk-of-bias instrument was applied. Findings were synthesized thematically and narratively, because the studies differ too much in constructs and designs for a meta-analysis.

## RESULTS AND DISCUSSION

### Characteristics of the included studies

Of the seven retained studies, one was published in 2023, two in 2024, three in 2025, and one in 2026. Three concern South Sulawesi (Abduh et al., 2024; Remmang et al., 2025; Safriadi et al., 2026), two concern other parts of Indonesia (Anjaningrum et al., 2024; Basyir et al., 2025), and two examine internationalizing SMEs (Ali et al., 2023; Mammadov & Wald, 2025). Designs are mixed: surveys with structural models, an ethnography, and studies whose designs are not reported in the abstracts consulted. According to the abstracts, only Mammadov and Wald (2025) measure cultural intelligence, and none of the retained studies measures it in a traditional creative enterprise. Table 2 summarizes the studies.

**Table 2.** Primary studies retained for synthesis (n = 7)

| Study | Setting | Design and sample | Cultural or market construct | Main finding |
|---|---|---|---|---|
| Ali et al. (2023) | China | Interviews with five managers, then questionnaires; 217 exporting SMEs | Global mindset; adaptive marketing capabilities | Both positively influence international opportunity identification; export market dynamism did not moderate |
| Abduh et al. (2024) | Makassar | MSMEs in creative industries; design n.r. | Market orientation; e-commerce capability | Frames e-commerce capability as a route for Makassar MSMEs; findings not extracted |
| Anjaningrum et al. (2024) | East Java | PLS-SEM; 313 creative economy SMEs | Business intelligence; organizational learning | Business intelligence has no direct effect on performance; organizational learning mediates |
| Basyir et al. (2025) | Indonesia | SMEs; design n.r. | Ethnic culture orientation; resource orchestration capability | Examines culture orientation and performance with resource orchestration as mediator; results not extracted |
| Mammadov & Wald (2025) | n.r. | SME owner-managers; design n.r. | Cultural and emotional intelligence; global mindset | Owner-manager CQ and EQ influence degree of internationalization; global mindset partially mediates |
| Remmang et al. (2025) | Wajo | Observation, interviews, surveys, and documents; silk SMEs | Ecosystem and collaboration; technopreneurship | Silk SMEs struggle to adapt to the digital era; ecosystems and collaboration speed digitalization and market access |
| Safriadi et al. (2026) | Makassar | Six-month ethnography in traditional markets | Cultural logic (siri', pesse or pacce) | Culture regulates conduct; sustainability needs adaptation and fidelity to cultural inheritance |

n.r. = not reported in the abstract consulted. CQ = cultural intelligence; EQ = emotional intelligence; PLS-SEM = partial least squares structural equation modeling.

### Cultural intelligence and adaptation (RQ1)

Direct evidence on CQ is limited to exporting firms. Magnusson et al. (2013) provide the clearest mechanism: CQ conditions the payoff from adaptation. Mammadov and Wald (2025) show that owner-


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managers' CQ and emotional intelligence influence the degree of internationalization, with global mindset as a partial mediator, which links an individual capability to a firm-level outcome. Ali et al. (2023) add that managers' global mindset and adaptive marketing capabilities help firms identify international opportunities, and that export market dynamism did not significantly moderate these effects. Taken together, the evidence suggests that individual cultural capability matters for how firms engage with markets, but it comes from firms that already sell abroad, and the outcomes concern internationalization instead of adaptation by culturally rooted producers.

**Market adaptation in South Sulawesi (RQ2)**

The South Sulawesi studies describe adaptation mainly as digital and ecosystem-based. Remmang et al. (2025) report that the Wajo silk industry has great potential but faces challenges in adapting to the digital business era, and that ecosystems and collaboration accelerate digitalization, which increases efficiency and market access. They point to strengthening digital capacity, business incubation, and sustainable collaboration models. Abduh et al. (2024) place Makassar's MSMEs, which number about 19,000 and are dominated by the culinary sector, within a government effort to raise e-commerce capability, although the findings are not extracted here. These studies treat adaptation as something firms need and the ecosystem can supply. None asks which personal capabilities allow an owner-manager to adapt well.

Evidence from elsewhere in Indonesia is similarly capability-oriented. Anjaningrum et al. (2024) suggest that market information alone does not improve the performance of creative economy SMEs unless firms learn from it, since organizational learning mediates the effect of business intelligence. Basyir et al. (2025) frame culture as an orientation that influences performance through the capability to orchestrate resources. Both findings are consistent with a view in which cultural and market knowledge matters through what firms do with it, which is the kind of mechanism CQ is meant to capture.

**Local culture as a condition of adaptation (RQ3)**

The most distinctive South Sulawesi evidence concerns how culture shapes adaptation. Safriadi et al. (2026), in a six-month ethnography of traditional markets in Makassar, found that siri' acts as an ethical anchor that regulates everyday business conduct and that solidarity expressed as pesse or pacce defines how traders deal with one another. They conclude that economic sustainability is achieved not only through adaptation to market pressures but also through fidelity to cultural inheritance, and they describe the markets as arenas of creative negotiation in which moral commitment and economic calculation are woven together. This finding implies that adaptation in culturally rooted enterprises is selective: owners may change channels or communication while holding constant the values that define their trade. A capability like CQ, which includes metacognitive awareness of one's own and others' cultural assumptions (Ang et al., 2007), is a plausible basis for this selectivity, although the retained studies do not test it.

**Integrative synthesis and propositions**

Read together, the evidence supports a bridge between two literatures that have not yet met. The CQ literature explains how individual capability shapes adaptation and its returns, but in exporting firms. The South Sulawesi literature describes adaptation pressures, ecosystems, and cultural logic, but without a capability construct. Table 3 therefore presents four propositions for primary research in South Sulawesi. They are proposals derived from the synthesis, not findings of this review.


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**Table 3.** Propositions derived from the synthesis

| Proposition | Basis in retained evidence | Evidence status |
|---|---|---|
| P1: Owner-managers' cultural intelligence increases the quality and breadth of market adaptation in traditional creative enterprises | CQ and internationalization (Mammadov & Wald, 2025); CQ and adaptation (Magnusson et al., 2013) | Supported in exporting firms; untested in creative enterprises |
| P2: Cultural intelligence strengthens the effect of market adaptation on performance | Metacognitive CQ moderates adaptation and export performance (Magnusson et al., 2013) | Supported in exporters; untested locally |
| P3: Local cultural logic (siri', pesse or pacce) makes adaptation selective, moderating which changes owners accept | Fidelity to cultural inheritance alongside adaptation (Safriadi et al., 2026) | Qualitative support; not tested quantitatively |
| P4: Ecosystem support and collaboration amplify the benefit of cultural intelligence for adaptation | Ecosystems and collaboration accelerate digitalization (Remmang et al., 2025); learning mediates market information (Anjaningrum et al., 2024) | Indirect only |

## Implications, limitations, and research agenda (RQ4)

For owner-managers and support agencies in South Sulawesi, the synthesis suggests that digital training and incubation, which the Wajo evidence emphasizes, may be necessary but not sufficient. Programs could also build the cultural judgment needed to decide what to adapt and what to keep, for example through structured contact with buyers from other regions and countries. Because no retained study tests this, it is a hypothesis, not a recommendation backed by evidence.

Several limitations qualify the review. The searches used an open web search engine instead of Scopus or Web of Science, and no Indonesian-language search was run, so relevant regional studies may have been missed; the PRISMA-style counts describe this search only. A single reviewer screened the records. Extraction relied mostly on abstracts, and for two South Sulawesi and Indonesian studies the findings could not be extracted. Fifteen otherwise relevant records, including studies of craft and silk enterprises in South Sulawesi, were excluded because their authors, journal details, or abstracts could not be verified, which may bias the corpus. A replication in Scopus, Web of Science, and Indonesian databases with two independent reviewers and full-text appraisal is the obvious next step.

The findings point to five research priorities. First, studies should measure CQ directly among owner-managers of traditional creative enterprises, using an established scale. Second, they should measure market adaptation by type (product, communication, channel, price) and link it to performance. Third, they should model local cultural logic, such as siri' and pesse, as a moderator of adaptation. Fourth, they should compare silk, carving, and other subsectors across Wajo, Makassar, and Tana Toraja. Fifth, mixed-methods designs should combine surveys with ethnographic work, so that the meaning of adaptation can be understood from within.

## CONCLUSION

This systematic literature review asked what the evidence says about cultural intelligence and market adaptation in traditional creative enterprises in South Sulawesi. Across seven primary studies published between 2023 and 2026, the answer is that two bodies of evidence exist but have not met. Studies of internationalizing SMEs show that cultural intelligence and related capabilities shape adaptation and


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performance, whereas studies of South Sulawesi describe digital adaptation, ecosystems, and cultural logic without measuring cultural intelligence. The synthesis suggests that adaptation in these enterprises is selective, governed by local values, and that CQ is a plausible but untested capability behind it. The four propositions offered here give researchers a starting point for primary studies in the region.

## DECLARATION OF GENERATIVE AI

During the preparation of this manuscript, the authors used Grammarly Application and QuillBot to improve the clarity, readability, and language accuracy of the text. Output generated by the tools was carefully reviewed and edited by the authors, who take full responsibility for the content of this article. All substantive intellectual contributions, including conceptualization, analysis, interpretation of data, and final decisions regarding content, arguments, and conclusions, were carried out solely by the authors. The authors take full responsibility for the integrity, originality, and academic quality of this article.

## DECLARATION OF CONFLICTING INTERESTS

The authors declared no potential conflicts of interest with respect to the research, authorship, and/or publication of this article.

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