



The Effects of Access to Finance, Innovative Millennial Entrepreneurship, and Information Technology on Organizational Performance in the Handicraft Industry in Central Jawa

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Abstract: The creative craft industry is one of Indonesia's leading creative economy subsectors and the second-largest contributor to exports after fashion. However, craft business owners in Central Jawa experienced a 47.44% decline in average income during 2022–2024. This study examines the relationships between Access to Finance, Innovative Millennial Entrepreneurship, and information technology, and organizational performance among millennial craft business owners in Central Jawa, based on Dynamic Capabilities Theory. This study employed a positivistic quantitative approach with a cross-sectional design. The population consisted of 134,666 business units within priority MSME clusters in Central Jawa. A sample of 162 millennial craft business owners was selected using non-probability purposive sampling. Data were analyzed using multiple linear regression with SPSS after ordinal data transformation using the Method of Successive Intervals (MSI). The results show that Access to Finance ($\beta = 0.415$; Sig. = 0.000), Innovative Millennial Entrepreneurship ($\beta = 0.312$; Sig. = 0.000), and information technology ($\beta = 0.281$; Sig. = 0.000) each have a positive and significant effect on organizational performance. Thus, H1, H2, H3, and H4 are accepted. The three variables collectively explain 61.0% of organizational performance variation ($R^2 = 0.610$; $F = 82.229$; Sig. = 0.000), with Access to Finance as the dominant predictor. These findings support Dynamic Capabilities Theory and provide implications for strengthening financing access, entrepreneurial innovation, and information technology literacy.

Keywords: Access to Finance; Innovative Millennial Entrepreneurship; Information Technology; Organizational Performance; Handicraft Industry

Introduction

Indonesia is currently experiencing a demographic bonus, with its peak projected to occur during 2020–2035. During this period, the working-age population (15–64 years) reached 191.08 million people, accounting for 70.72% of the total population, while the millennial generation comprised approximately 69.38 million people, or 25.87% of Indonesia's total population (BPS, 2021). This demographic structure has positioned the millennial generation as an increasingly important driving force in Indonesia's entrepreneurial landscape, particularly as the country's creative economy has grown into a strategic economic sector, contributing IDR 1,611.15 trillion, or 7.28% of national GDP, in 2024 and employing 27.4 million workers, more than half of whom were under 40 years old (Kemenekraf RI, 2026; BPS, 2025).

As millennial entrepreneurs increasingly drive this sector, their ability to sustain and grow their businesses depends heavily on three

interrelated capabilities: access to finance, innovative entrepreneurial behavior, and the use of information technology. Studies on innovative entrepreneurship have long attracted researchers' attention, particularly regarding how entrepreneurs respond to capital and technological constraints in developing their businesses (Aghion et al., 2004; Cassar, 2004; Cumming & Groh, 2018). These constraints require entrepreneurs to adapt rapidly to generate competitive product innovations (Kerr & Nanda, 2015; Müller-Bloch & Kranz, 2015). Among millennial-generation entrepreneurs, this adaptive capacity is conceptualized by Hindrawati et al. (2023) as Innovative Millennial Entrepreneurship (IME), an extension of Schumpeter's (1934) concept of the entrepreneur as an agent of change who drives innovation through new combinations of resources, including financial capital and technology, as well as the concept of Entrepreneurial Orientation developed by Lumpkin and Dess (1996). Taken together, these perspectives suggest that an entrepreneur's

access to financial resources, innovative behavior, and technological capability jointly shape their capacity to identify opportunities, mobilize resources, and adapt to a changing business environment.

These same capabilities are also central to explaining variation in organizational performance across firms. Organizational performance is widely regarded as an outcome of a firm's ability to manage, develop, and reconfigure its resources in response to environmental change, as articulated in Dynamic Capabilities Theory (Teece et al., 1997). From this perspective, access to finance, innovative entrepreneurship, and information technology can be understood as manifestations of an organization's dynamic capabilities, respectively supporting resource mobilization, business model and product reconfiguration, and opportunity and market sensing. Accordingly, organizations that are able to secure adequate financing, foster innovative entrepreneurial behavior, and effectively utilize information technology are theoretically better positioned to achieve superior organizational performance.

This theoretical link is particularly relevant to sectors where these three capabilities remain underdeveloped, such as the creative handicraft industry in Central Java. The craft subsector was the second-largest contributor to Indonesia's creative economy exports, with an export value of USD 11.10 billion, after the fashion subsector (BPS, 2025). Central Java is one of the provinces with significant potential in this sector, as indicated by the export value of pottery and decorative ceramics, which exceeded USD 25.4 million in 2018 (SWA, 2021). Despite this considerable potential, craft business owners in Central Java continue to face challenges in optimizing access to finance, innovative entrepreneurship, and information technology. Consequently, the average income of craft subsector business owners in Central Java declined by 47.44% during the 2022–2024 period (BPS Jateng, 2024). Root cause identification indicates three underdeveloped capabilities: financial capability, with 77.5% of MSMEs lacking adequate financial records and 33% of financing needs remaining unmet; entrepreneurial capability, with 90% of

businesses not undertaking product development and only 9% utilizing the internet to identify market opportunities; and technological capability, with internet utilization for marketing reaching only 40% and 14% of businesses experiencing limitations in the digital competencies of their workforce (BPS Jateng, 2024). These findings mirror the three dynamic capability dimensions discussed earlier, indicating that the underperformance of craft businesses in Central Java can be traced directly to gaps in access to finance, innovative entrepreneurship, and information technology utilization.

This empirical phenomenon points to a theory application void gap, in which Dynamic Capabilities Theory has yet to be applied to explain organizational performance in the handicraft MSME context. In addition to this gap, this study also addresses a knowledge void gap concerning the Innovative Millennial Entrepreneurship (IME) construct. IME is a relatively recent construct developed by Hindrawati et al. (2023) and Aulia et al. (2024) in the context of creative media businesses; its application to the handicraft industry, which has different business characteristics and market structures, therefore remains to be empirically examined. This study aims to (1) develop a model for improving organizational performance through the utilization of Access to Finance, Innovative Millennial Entrepreneurship, and information technology in the creative handicraft industry, and (2) empirically examine the direct effects of these three variables on organizational performance among creative handicraft industry businesses in Central Java.

Theoretical Review

Dynamic Capabilities Theory

Dynamic Capabilities Theory is rooted in the Resource-Based View (RBV), which argues that firm growth depends on managerial capabilities Kor et al, (2016), as cited in Kor et al, (2016). The concept of dynamic capabilities was introduced by D. Teece & Pisano, (1994) to address the limitations of the RBV, which was considered overly static, and was subsequently formalized by Teece et al. (1997) as an

organization's ability to integrate, build, and reconfigure internal and external competencies in response to rapidly changing business environments. D. J. Teece, (2007) further developed this concept into three capability clusters: sensing, which involves identifying opportunities and threats; seizing, which involves mobilizing resources to capture opportunities; and transforming, which involves reconfiguring organizational assets and routines. In this study, these three clusters are operationalized through information technology, access to finance, and innovative millennial entrepreneurship, respectively, based on the conceptual alignment between each construct and its corresponding dynamic capability dimension. Information technology capability corresponds to sensing, as digital tools enable business owners to scan market conditions, monitor competitors, and detect emerging customer needs and technological trends, which are the core functions of opportunity and threat identification (Rehman et al., 2021). Access to Finance corresponds to seizing, as the availability of financial resources is a precondition for mobilizing capital, equipment, and materials needed to act on identified opportunities, consistent with Teece's (2007) characterization of seizing as resource mobilization. Innovative Millennial Entrepreneurship corresponds to transforming, as its indicators, such as technology-based innovation and the creation of new (rare) products, reflect the reconfiguration of organizational routines and product offerings in response to a changing business environment, which aligns with Teece's (2007) definition of transforming. Taken together, this conceptual mapping positions information technology, access to finance, and innovative millennial entrepreneurship as complementary manifestations of the sensing-seizing-transforming framework among craft MSMEs in Central Java.

Access to Finance

Access to Finance is defined as the ability of individuals, entrepreneurs, and firms to access and utilize financial services according to their needs, including credit, savings, and other financing facilities (Adomako et al., 2016).

Claessens, (2006) identified eight dimensions of Access to Finance: availability, accessibility, adequacy, cost, range, quality, flexibility, and recurrence. (Wasiuzzaman et al., 2020) adapted these dimensions into the following indicators: financial services are readily available when needed, easily accessible, sufficient to meet organizational needs, associated with low access costs, available in a variety of types, of good quality, accessible repeatedly by the organization, and provided through financial products that are appropriate to the organization's needs. Access to Finance is a key determinant of MSME survival and growth, particularly in developing countries, as limited capital is often a major constraint for entrepreneurs seeking to pursue innovation (Wasiuzzaman et al., 2020)

Innovative Millennial Entrepreneurship

Innovative Millennial Entrepreneurship (IME) represents an extension of the concept of Innovative Entrepreneurship proposed by Schumpeter (1934), which emphasizes entrepreneurs' ability to utilize innovation to create new products, as well as the concept of Entrepreneurial Orientation developed by Lumpkin and Dess (1996), which incorporates proactiveness and risk-taking in market competition. Hindrawati et al. (2023) position the millennial generation as a new driving force for innovative Entrepreneurship, with six indicators constituting IME: market investigation, social-based sensing technology, innovative work climate, technology-based innovation, rareness product creation, and technology-based cyber marketing.

Information Technology

Information technology (IT) is defined as a technical system within an organization that determines how knowledge can be transferred and accessed (Chang & Chuang, 2011). IT capabilities enable the integration of information and knowledge within organizations and support the creation, transfer, storage, and protection of knowledge resources. A study of 871 SMEs in Spain demonstrated that the intensity of ICT adoption has a positive effect on firm performance (Barba-Sánchez et al., 2018). However, Powell & Dent-Micallef, (1997) emphasized that IT needs to be aligned with

human resources and other business processes in order to generate a significant impact on organizational performance. (Hermawan et al., 2021) describe IT indicators as follows: clarity of rules for formatting process knowledge, utilization of technology for product and process knowledge, utilization of technology for market and competitive knowledge, technological support for employee collaboration, and utilization of technology to search for new knowledge.

Organizational Performance

Organizational performance refers to the extent to which an organization successfully achieves its strategic goals and objectives through its ability to manage and convert both tangible and intangible resources into measurable outcomes (Hermawan et al., 2021). This concept emphasizes non-financial indicators, such as market share growth and target achievement, in addition to financial indicators, such as profit generation. Organizational performance is measured through three main indicators: products are readily accepted by the market, the organization achieves its performance targets, and the organization's profits increase annually.

Access to Finance and Organizational Performance

Adequate Access to Finance enables business owners to obtain financial resources to support business operations and growth (Fowowe, 2017). Fowowe's (2017) study of firms in Africa found that better Access to Finance accelerates firm growth. This finding is consistent with Ruli et al. (2021), who demonstrated that financial inclusion significantly affects the performance and sustainability of Indonesian MSMEs, as well as Humaira (2018), whose study of batik MSMEs highlighted the importance of financial management behavior in improving business performance. Therefore:

H1: Access to Finance has a positive and significant effect on organizational performance.

Innovative Millennial Entrepreneurship and Organizational Performance

Innovative Millennial Entrepreneurship reflects the ability of millennial entrepreneurs to

adapt to market changes through creative approaches and a willingness to take risks (Hindrawati et al., 2023). Hindrawati et al. (2023) found that innovative millennial entrepreneurship contributes to improved business performance, while (Yaskun et al., 2023) demonstrated that entrepreneurial orientation and innovation significantly affect the business performance of Indonesian MSMEs through the strengthening of competitive advantage. Therefore:

H2: Innovative Millennial Entrepreneurship has a positive and significant effect on organizational performance.

Information Technology and Organizational Performance

Information technology encompasses the utilization of digital devices and systems that support business processes more efficiently. (Melville et al., 2004) demonstrated that information technology investment has a positive effect on firm performance when combined with complementary assets, while (Schweikl & Obermaier, 2020), through a review of three decades of IT productivity research, confirmed the positive impact of information technology on firm productivity. Therefore:

H3: Information technology has a positive and significant effect on organizational performance.

Access to Finance, Innovative Millennial Entrepreneurship, Information Technology and Organizational Performance

Access to Finance provides financial resources that support business operations and growth, contributing to improved organizational performance (Fowowe, 2017). Innovative Millennial Entrepreneurship encourages entrepreneurs to adapt to market changes through innovation, creativity, and risk-taking, thereby enhancing business performance (Hindrawati et al., 2023; Yaskun et al., 2023). In addition, information technology enables business owners to access market and competitor information, manage production knowledge, and support collaboration with business partners, thereby further contributing to organizational performance (Melville et al.,

2004; Schweikl & Obermaier, 2020). As these three capabilities jointly reflect the sensing, seizing, and transforming dimensions of Dynamic Capabilities Theory, they are expected to operate simultaneously in influencing organizational performance. Therefore:

the handicraft cluster in Central Java, operationally defined as individuals born between 1981 and 1996 who actively manage a handicraft-related MSME. As no official sampling frame classifies MSME owners by generational cohort, this population was

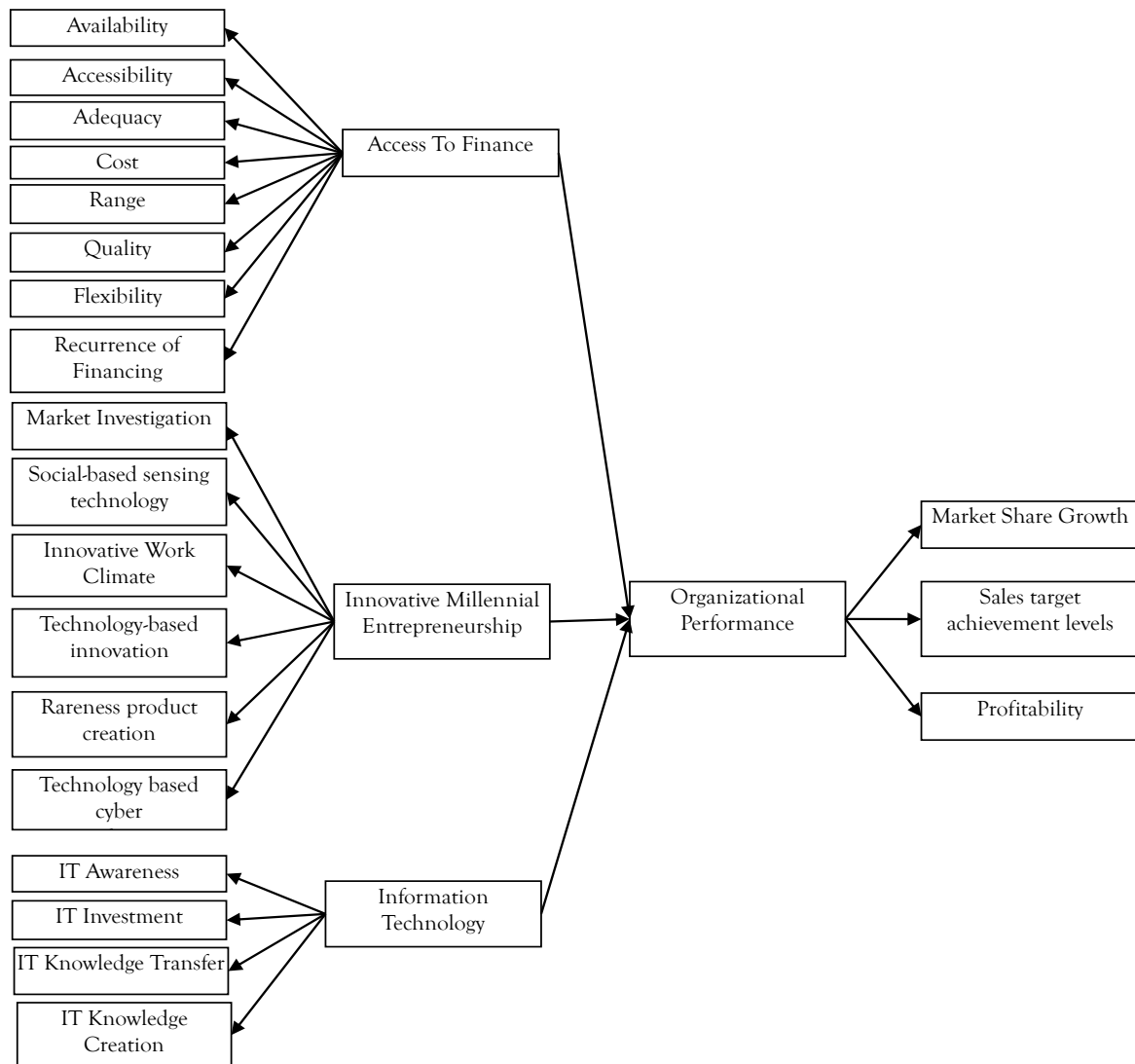


Figure 1. Conceptual Framework

H4: Access to Finance, Innovative Millennial Entrepreneurship and Information Technology simultaneously have a positive and significant effect on organizational performance.

Method

This study employs a positivist paradigm with a deductive-quantitative approach and a cross-sectional design (Saunders et al., 2007), grounded in Dynamic Capabilities Theory (Teece et al., 1997). The target population of this study is millennial-generation business owners in

approximated using the broader base of 134,666 business units registered within the priority-sector MSME clusters under the Ministry of MSMEs' 2025–2029 MSME Holding piloting program in Central Java a figure that includes MSMEs across all sectors and age groups, not exclusively millennial handicraft owners. Because no disaggregated data on generational cohort or business sector were available at the population level, this study employed non-probability purposive sampling with the following criteria: active MSME

owners/managers born between 1981 and 1996, and individuals directly responsible for financial decision-making, product innovation, and information technology use within their business. Respondents were reached through the registered list of handicraft MSME beneficiaries maintained by the Department of Cooperatives and SMEs of Central Java Province (Dinkop Jateng), who were contacted directly and, where possible, approached in person, as well as through direct field engagement at handicraft exhibitions and bazaars organized within the province. Sample adequacy was determined

operationalized into 27 measurable questionnaire items (statements) presented in the validity test (Table 2), as several conceptual indicators were represented by more than one statement item to ensure adequate content coverage.

The research instrument employed a 1–6 ordinal forced-choice agree-disagree scale without a neutral point (Simamora, 2022). Prior to analysis, collected responses underwent a data screening process to exclude respondents who did not meet the millennial age criterion and those exhibiting straight-lining response patterns

Table 1. Respondent Characteristics

Category	Group	Frequency	Percentage
Gender	Male	14	8.64%
	Female	148	91.36%
Year of Birth	1981–1985	52	32.10%
	1986–1990	61	37.65%
	1991–1996	49	30.25%
Highest Educational Attainment	Senior High School/Vocational High School/Equivalent	82	50.62%
	Diploma 4/Bachelor's Degree (D4/S1)	49	30.25%
	Diploma 3 (D3)	29	17.90%
	> Bachelor's Degree	2	1.23%
Business Type	Sole Proprietorship	159	98.15%
	Group Business	1	0.62%
	Limited Liability Company (PT)	2	1.23%
Business Age	< 1 Year	2	1.23%
	1–5 Years	58	35.80%
	6–10 Years	100	61.73%
	> 10 Years	2	1.23%
Product Type	Textiles (clothing, knitting, embroidery, batik)	54	33.33%
	Leather (bags, wallets, shoes, etc.)	27	16.67%
	Metal/Jewelry	22	13.58%
	Eco-Friendly Products (burlap, fabric scraps, waste materials, etc.)	28	17.28%
	Woven Products (bamboo, rattan, pandan, etc.)	31	19.14%
Number of Employees	1–5 Employees	157	96.91%
	6–10 Employees	4	2.47%
	> 10 Employees	1	0.62%
Sales Market	Local	84	51.85%
	National	75	46.30%
	Export	3	1.85%
Marketing Channel	Offline (stores/exhibitions/bazaars)	20	12.35%
	Online (social media/marketplaces)	15	9.26%
	Combination of Both	127	78.40%

based on 22 indicator parameters multiplied by 7, resulting in a minimum sample requirement of 154 respondents (Hair et al., 2019). It should be noted that the 22 indicators refer to the theoretical/conceptual indicators underlying each construct (as defined in the literature review), which were subsequently

(identical answers across all items), in order to ensure data quality and respondent attentiveness. The data were subsequently transformed into interval-scale data using the Method of Successive Intervals (MSI) prior to regression analysis. Data were analyzed using multiple linear regression with SPSS through

several stages, including instrument validity and reliability tests, classical assumption tests (normality, multicollinearity, heteroscedasticity, and linearity), multiple linear regression analysis, and hypothesis testing using the t-test, F-test, and

were screened against the millennial cohort criterion (born 1981–1996); 20 responses were excluded for not meeting this demographic requirement. Second, responses were screened for straight-lining patterns (i.e., identical answers

Table 2. Research Instrument Validity Test

Variable	Item	r-table	r-test	Sig.	Description
Access to Finance (X1)	AK1	0.173	0.617	0.000	Valid
	AK2	0.173	0.642	0.000	Valid
	AK3	0.173	0.664	0.000	Valid
	AK4	0.173	0.666	0.000	Valid
	AK5	0.173	0.599	0.000	Valid
	AK6	0.173	0.648	0.000	Valid
	AK7	0.173	0.581	0.000	Valid
	AK8	0.173	0.574	0.000	Valid
	AK9	0.173	0.661	0.000	Valid
Innovative Millennial Entrepreneurship (X2)	IME1	0.173	0.623	0.000	Valid
	IME2	0.173	0.674	0.000	Valid
	IME3	0.173	0.688	0.000	Valid
	IME4	0.173	0.614	0.000	Valid
	IME5	0.173	0.735	0.000	Valid
	IME6	0.173	0.727	0.000	Valid
Information Technology (X3)	IT1	0.173	0.626	0.000	Valid
	IT2	0.173	0.666	0.000	Valid
	IT3	0.173	0.696	0.000	Valid
	IT4	0.173	0.658	0.000	Valid
	IT5	0.173	0.621	0.000	Valid
	IT6	0.173	0.633	0.000	Valid
	IT7	0.173	0.701	0.000	Valid
Organizational Performance (Y)	OP1	0.173	0.730	0.000	Valid
	OP2	0.173	0.707	0.000	Valid
	OP3	0.173	0.590	0.000	Valid
	OP4	0.173	0.707	0.000	Valid
	OP5	0.173	0.706	0.000	Valid

coefficient of determination (R^2), following (Ghozali, 2018). As this study employs a cross-sectional design, the term "effect" used throughout this study refers to the statistical relationship identified through regression coefficients (β) at a single point in time, rather than a causal relationship established through temporal precedence or experimental control.

Results and Discussions

Results

Respondent Characteristics

A total of 193 questionnaires were collected, of which 31 were excluded following a two-stage data screening process. First, responses

across all statement items, indicating inattentive or careless responding); 21 responses were flagged on this basis, of which 10 overlapped with the demographic exclusion above. After accounting for this overlap, a total of 31 unique responses were excluded, resulting in 162 valid responses used for the final analysis. The characteristics of the respondents are presented in Table 1.

The Table shows that the majority of millennial-generation craft business owners in Central Java are female (91.36%), predominantly born between 1986 and 1990, and have a senior high school/vocational high school education or equivalent. Most operate sole proprietorships

that have been established for 6–10 years and employ 1–5 workers. Textile products represent the largest craft category. Most business owners have adopted a combination of offline and online marketing channels, although their market reach remains predominantly local and national, with exports accounting for only a small proportion (1.85%).

Classical Assumption Tests

Before conducting multiple linear regression analysis, the data were subjected to four classical assumption tests. The results presented in Table 4 indicate that all classical assumptions were satisfied: the residuals were normally distributed, there was no multicollinearity or heteroscedasticity among the independent

Table 4. Summary of Classical Assumption Test Results

Test	Variable	Statistical Value	Description
Normality (K-S)	Unstandardized Residual	Asymp. Sig. = 0.200	Normally distributed
Multicollinearity	Access to Finances	Tolerance = 0.780; VIF = 1.282	No multicollinearity
	Innovative Millennial Entrepreneurship	Tolerance = 0.821; VIF = 1.218	No multicollinearity
	Information Technology	Tolerance = 0.831; VIF = 1.204	No multicollinearity
Heteroscedasticity	Access to Finances	Sig. = 0.966	No heteroscedasticity
	Innovative Millennial Entrepreneurship	Sig. = 0.874	No heteroscedasticity
	Information Technology	Sig. = 0.908	No heteroscedasticity
Linearity	Access to Finances	Sig. Linearity = 0.000; Dev. = 0.434	Linear
	Innovative Millennial Entrepreneurship	Sig. Linearity = 0.000; Dev. = 0.530	Linear
	Information Technology	Sig. Linearity = 0.000; Dev. = 0.398	Linear

Validity and Reliability Tests

The validity test was conducted by comparing the calculated r-value (r-count) with the critical r-value (r-table) of 0.173 for $n = 162$ at $\alpha = 0.05$. All statement items were found to be valid, as their calculated r-values exceeded the critical r-value, with a significance level of 0.000 (Table 4). The reliability test using Cronbach's Alpha showed that all variables were reliable, with $\alpha > 0.70$, as presented in Table 2. Item-total correlation and Cronbach's Alpha were employed as they represent standard and widely accepted validity and reliability procedures for Likert-scale survey instruments (Hair et al., 2019; Ghozali, 2018).

Table 3. Research Instrument Reliability Test

Variable	Cronbach's Alpha	Description
Access to Finance	0.808	Reliable
Innovative Millennial Entrepreneurship	0.763	Reliable
Information Technology	0.781	Reliable
Organizational Performance	0.722	Reliable

variables, and the relationships between each independent variable and the dependent variable were linear. Therefore, the regression model was considered appropriate for hypothesis testing.

Multiple Linear Regression Analysis

Table 5. Results of Multiple Linear Regression Analysis

Model	B	Std. Err or	Beta (Standardized)	t	Sig.
(Constant)	0.440	0.305	–	–	–
Access to Finances (X1)	0.415	0.058	0.400	7.103	0.000
Innovative Millennial Entrepreneurs hip (X2)	0.312	0.050	0.340	6.202	0.000
Information Technology (X3)	0.281	0.053	0.289	5.292	0.000

Based on Table 5, the multiple linear regression equation is obtained as follows:

$$Y = 0.440 + 0.415X_1 + 0.312X_2 + 0.281X_3 + \varepsilon$$

The positive regression coefficients indicate that increases in Access to Finances, Innovative Millennial Entrepreneurship, and information technology are associated with higher organizational performance. Based on the

standardized beta values, Access to Finances (0.400) is the most dominant predictor, followed by Innovative Millennial Entrepreneurship (0.340) and information technology (0.289).

Hypothesis Testing

The calculated F-value of 82.229 with a significance level of 0.000 (< 0.05) indicates that Access to Finances, Innovative Millennial Entrepreneurship, and information technology simultaneously have a positive and significant effect on organizational performance, thus supporting H4.

The Adjusted R Square value of 0.602 indicates that Access to Finances, Innovative Millennial Entrepreneurship, and information technology jointly explain 60.2% of the variation in organizational performance in the creative handicraft industry in Central Java, while the remaining 39.8% is explained by other variables outside the research model, such as relational capital, business continuity, or human resource capabilities.

Table 6. Simultaneous Significance Test (F-Test)

Model	Sum of Sq.	df	Mean Sq.	F	Sig.
Regression	21.225	3	7.075	82.229	0.000
Residual	13.595	158	0.086	-	-
Total	34.820	161	-	-	-

Table 7. Partial Significance Test (t-Test)

Independent Variable	t-table	t-test	Sig.	Decision
Access to Finances (H1)	1.97 5	7.10 3	0.00 0	Significant - H1 accepted
Innovative Millennial Entrepreneurship (H2)	1.97 5	6.20 2	0.00 0	Significant - H2 accepted
Information Technology (H3)	1.97 5	5.29 2	0.00 0	Significant - H3 accepted

Table 8. the Coefficient of Determination (R²)

Model	R	R Square	Adj. R Square
1	0.781	0.610	0.602

Discussion

The first hypothesis test demonstrates that Access to Finances is positively and significantly associated with organizational performance ($\beta =$

0.415; Sig. = 0.000), thus supporting H1. This finding is consistent with Fowowe (2017), Ruli et al. (2021), Humaira (2018), Kijkasiwat et al. (2022), Layaman (2022), Chowdhury et al. (2022), Anthony et al. (2023), and Kurniasari et al. (2025), who found that adequate Access to Finances supports the sustainability and performance growth of MSMEs. Ease of access to financing, in terms of availability, cost, and continuity, enables craft business owners to optimize production processes, procure raw materials, and expand marketing activities, ultimately contributing to increased market acceptance and business profitability. Access to Finances also emerged as the most dominant predictor in the model, confirming the findings of the study's fishbone analysis that financial capability represents a primary root problem faced by craft business owners in Central Java.

The second hypothesis test demonstrates that Innovative Millennial Entrepreneurship is positively and significantly associated with organizational performance ($\beta = 0.312$; Sig. = 0.000), thus supporting H2. This finding is consistent with Hindrawati et al. (2023), Hermawan et al. (2021), and Yaskun et al. (2023). The ability of millennial craft business owners to conduct market investigations, establish an innovative work climate, and develop unique products with market potential promotes product differentiation amid market competition. The millennial generation's adaptability to technology and willingness to take risks enable them to respond more effectively to changes in craft market trends, thereby contributing to the achievement of performance targets and business profit growth.

The third hypothesis test demonstrates that information technology is positively and significantly associated with organizational performance ($\beta = 0.281$; Sig. = 0.000), thus supporting H3. This finding is consistent with Melville et al. (2004), Schweikl and Obermaier (2020), Marchiori et al. (2022), Ringim et al. (2012), Ferraris et al. (2018). The utilization of information technology by craft business owners, including managing production process knowledge, obtaining information about

markets and competitors, and supporting collaboration with business partners, contributes to operational efficiency and broader market reach. Nevertheless, information technology emerged as the predictor with the relatively smallest effect among the three variables, consistent with the preliminary findings that internet utilization as a marketing medium in the craft industry in Central Java had reached only 40%, indicating substantial room for further development in this area.

Overall, these findings empirically substantiate the conceptual mapping proposed earlier in this study, in which Access to Finance operationalizes the seizing dimension by enabling resource mobilization, Innovative Millennial Entrepreneurship operationalizes the transforming dimension by reconfiguring products and work practices, and information technology operationalizes the sensing dimension by supporting opportunity and market detection. The observed hierarchy of influence – with seizing (Access to Finance) exerting the strongest effect, followed by transforming (Innovative Millennial Entrepreneurship) and sensing (information technology) – suggests that among craft MSMEs in Central Java, the capacity to mobilize financial resources currently plays a more decisive role in organizational performance than the capacities to sense market opportunities or transform business routines, even as all three dynamic capabilities are simultaneously required to adapt to a changing business environment.

Conclusions and Future Research

Conclusions

This study concludes that Access to Finance, Innovative Millennial Entrepreneurship, and information technology have positive and significant relationships with organizational performance among millennial craft business owners in Central Java. Access to Finance has the strongest influence, followed by Innovative Millennial Entrepreneurship and information technology. Collectively, the three variables explain 61.0% of the variation in organizational performance. These findings support the

relevance of Dynamic Capabilities Theory in explaining how financial, entrepreneurial, and technological capabilities contribute to the performance of craft MSMEs.

The managerial implications are directed primarily to the Department of Cooperatives and SMEs of Central Java Province through integrated and continuous empowerment programs. In the area of Access to Finance, the recommended programs include (1) Financial Literacy and MSME Bookkeeping Clinics, (2) Financing Intermediation Facilitation through KUR and non-bank institutions, (3) Business Legality and Certification Assistance, and (4) Monitoring and Evaluation of Financing Access. For Innovative Millennial Entrepreneurship, the programs consist of (5) Market Research and Innovative Product Development Workshops, (6) Product Innovation Incubation and Mentoring, and (7) Millennial Innovative Craft Product Competitions. Meanwhile, information technology capabilities can be strengthened through (8) Digital Literacy and Social Media Marketing Training, (9) Follow-up Assistance for Online Store Optimization, and (10) Monitoring of Digital Platform Utilization and Market Access Expansion. The implementation of these programs is expected to strengthen the capabilities of craft business owners in accessing formal financing, developing innovative products, utilizing information technology, and ultimately improving organizational performance.

Future Research

This study has several limitations. First, the use of purposive sampling limits the generalizability of the findings to the entire population of millennial craft business owners in Central Java, as a specific sampling frame was not available. Second, the Adjusted R Square value of 0.602 indicates that 39.8% of the variation in organizational performance is explained by factors outside the research model. Third, the cross-sectional design does not capture changes in organizational performance over time. Fourth, construct validation in this study relied on item-total correlation and Cronbach's Alpha; more advanced validation techniques, such as

confirmatory factor analysis, were not employed, particularly for the relatively novel Innovative Millennial Entrepreneurship construct.

Future research is recommended to extend the model by incorporating other variables relevant to the MSME handicraft context, such as relational capital, business continuity, and sustainability orientation, and to consider a longitudinal design to capture changes in organizational performance over time. In addition, expanding the research to other creative economy subsectors beyond handicrafts, along with employing confirmatory factor analysis or average variance extracted in future studies, is recommended to strengthen the construct and external validity of the Innovative Millennial Entrepreneurship construct.

Referensi

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