



Business Capability and Creativepreneurship Readiness Predicting Innovative Business Model Quality in Semarang MSMEs

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Abstract. Creative micro, small, and medium enterprises (MSMEs) often recognize the value of innovation yet struggle to translate creative ideas into coherent business models because execution requires capabilities beyond creativity itself. This study examines whether perception of creativepreneurship and basic business capability predict creativepreneurship readiness, and whether readiness predicts innovative business model quality among creative and potentially creative MSMEs in Semarang, Indonesia. A cross-sectional survey yielded 102 responses; 78 complete cases met the prespecified eligibility criteria and were analyzed using PLS-SEM in SmartPLS 4 with 2,000 bootstrap subsamples. Basic business capability was strongly associated with readiness ($\beta = 0.631$, $p < 0.001$), while perception showed a smaller but positive directional association ($\beta = 0.213$, $t = 1.907$, one-tailed $p = 0.028$). Readiness strongly predicted innovative business model quality ($\beta = 0.784$, $p < 0.001$). The model explained 59.7% of readiness variance and 61.5% of business-model variance, with positive Q^2 values. The findings indicate that favorable perceptions are most useful when supported by practical routines in digital marketing, finance, operations, networking, storytelling, and business-model experimentation. Because the design is cross-sectional and some construct content overlaps, the coefficients are interpreted as predictive associations rather than causal effects.

Keywords: Business Capability; Creative MSMEs; Creativepreneurship; Innovative Business Model; Readiness

1. INTRODUCTION

Creative industries increasingly compete through symbolic meaning, design, storytelling, customer experience, and digital reach, alongside product functionality. This environment creates opportunities for creative micro, small, and medium enterprises (MSMEs), while demanding capabilities that many small firms have yet to develop. Digital channels affect opportunity recognition, customer access, and value capture. They also enable rapid experimentation and market learning, but only when a firm is prepared to use them consistently (Bican & Brem, 2020; Li, 2020; Ndou et al., 2021; Verhoef et al., 2021; Sahut et al., 2020). A creative idea generates economic value when the entrepreneur can connect it to operations, financing, customer relationships, and a workable revenue model.

Studies of digital transformation, dynamic capabilities, and business model innovation offer complementary explanations for this challenge. Digitalization extends beyond social media accounts and payment applications because it changes routines, organizational arrangements, decisions, and the way value is configured (Hanelt et al., 2021; Kraus et al., 2020; Nadkarni & Prügl, 2021). Lanzolla et al. (2020) likewise describe digital transformation as an

organizational phenomenon that raises distinct management questions. Small firms seldom follow a linear transformation path. Their responses are often improvised under resource constraints and depend on the owner's knowledge, access to support, and ability to recombine available resources (Priyono et al., 2020; Crupi et al., 2020; Eller et al., 2020; Garzoni et al., 2020). During and after the COVID-19 disruption, SMEs relied on innovation, technology adoption, and temporary changes to their business models to remain viable (Adam & Alarifi, 2021; Caballero-Morales, 2021; Clauss et al., 2022; Klein & Todesco, 2021; Papadopoulos et al., 2020). Family firms reported comparable adjustments during the early phase of the crisis (Kraus et al., 2022).

Business model innovation is relevant here because it concerns the linked decisions through which a firm creates, delivers, and captures value. A novel offering is only one part of that process. Firms must test assumptions, coordinate activities, and revise their combinations of partners, channels, resources, and revenue streams (Andreini et al., 2022; Baldassarre et al., 2020; Konietzko et al., 2020; Sjödin et al., 2020). In SMEs, these changes depend closely on dynamic capabilities, especially the ability to sense market shifts, seize opportunities, and adapt established routines (Heider et al., 2021; Matarazzo et al., 2021). Empirical research also links business model innovation with firm performance through capability development and strategic renewal (ElNaggar & ElSayed, 2023; Latifi et al., 2021).

Indonesia is a useful setting for examining these relationships because many MSMEs are owner-managed, operate with few workers, and differ widely in digital maturity. Studies of Indonesian MSMEs have linked entrepreneurial orientation with sustainability decisions, social media use with financial and non-financial performance, and strategic flexibility with digital transformation (Dewa et al., 2023; Hidayanti et al., 2023; Khristianto et al., 2023). Research has also identified knowledge-management capability, open innovation, e-commerce, marketing ambidexterity, digital accounting, and financial technology as practical supports for resilience and growth (Permana et al., 2023; Ramadani et al., 2025; Ranatarisza et al., 2025; Saisaria Mandasari et al., 2025; Yulianti et al., 2024; Yuneline & Karina, 2025). Less is known about why owners who view creative entrepreneurship positively may still struggle to translate that view into a workable business model.

In this study, creativepreneurship refers to entrepreneurship that organizes creativity, differentiation, symbolic value, customer experience, and innovation for economic purposes. Indonesian scholarship has discussed creativepreneurship as a learning orientation and has examined the roles of bricolage, agility, and adaptive capacity in small creative ventures (Kustiningsih et al., 2025; Prihartono et al., 2025; Supriyatna et al., 2021). The connection

among perception, basic capability, readiness, and innovative business model quality, however, has received limited empirical testing. Positive perceptions may encourage interest and intention. Readiness also requires digital skills, financial records, operating routines, networks, and the capacity to put a revised value logic into practice.

This study tests that connection among creative and potentially creative MSMEs in Semarang. The model treats creativepreneurship perception and basic business capability as predictors of creativepreneurship readiness, which in turn predicts innovative business model quality. By distinguishing favorable perception from executable readiness, the analysis avoids treating entrepreneurial enthusiasm as evidence of operational preparation. It also estimates the two predictors together in a resource-constrained local setting. Survey evidence on current trends, barriers, and requested support is then used to interpret the structural results and identify practical areas for capability development.

2. THEORETICAL REVIEW

Creativepreneurship and Creative MSMEs

Creativepreneurship joins entrepreneurial action with the production and commercialization of creative, cultural, aesthetic, or experiential value. In a small firm, it can appear through product personalization, visual identity, cultural narratives, community promotion, short-form video, live selling, or a redesigned customer journey. Product creativity alone does not satisfy this definition. The entrepreneur must connect the creative asset to a market, a channel, customer relationships, and a viable means of capturing value. Research on digitalization in creative industries indicates that platforms can widen market reach and lower distribution barriers, although they also intensify competition and require skills in content, analytics, and customer engagement (Bresciani et al., 2021; Li, 2020).

Creative entrepreneurs in micro firms often rely on bricolage, combining scarce resources, personal networks, local knowledge, and digital tools to address immediate problems. This practice can aid adaptation but does not necessarily produce routines that can be repeated or scaled (Kustiningsih et al., 2025). Continued growth depends on converting useful improvisations into organizational capabilities. This argument is consistent with evidence that digital technologies contribute to innovation when firms embed them in routines and develop the capacity to learn from their use (Mikalef et al., 2019; Usai et al., 2021).

Basic Business Capability and Creativepreneurship Readiness

The resource-based view explains competitive advantage through valuable resources and capabilities that competitors cannot readily reproduce (Barney, 2000). Dynamic capability theory extends this argument to changing markets and technologies, where firms must renew how they use their resources (Teece, 2025). For an MSME, these ideas translate into practical abilities such as product improvement, digital marketing, bookkeeping, operational control, staff management, networking, and market adaptation. Together, these routines allow the owner to evaluate a creative opportunity and act on it.

Evidence from several SME settings links capability development with successful transformation. Digitization capability determines whether technology reshapes a business model or simply automates isolated tasks (Ritter & Pedersen, 2020). Dynamic capabilities help firms redesign customer value and business configurations (Matarazzo et al., 2021), while innovation hubs and knowledge-broker institutions can narrow capability gaps (Crupi et al., 2020). Internationalization, digitalization, and sustainability also yield better results when SMEs can coordinate these growth paths (Denicolai et al., 2021). In Indonesia, knowledge-management capability and entrepreneurial orientation contribute jointly to competitive advantage (Permana et al., 2023), and agility supports resilience among women-led fashion SMEs (Prihartono et al., 2025). Taken together, this evidence positions operational capability as an immediate basis for readiness.

Creativepreneurship readiness is defined as an enterprise's preparedness to adopt and carry out a creativity-based entrepreneurial approach. It encompasses mindset, digital access, human resources, relationships, business-model understanding, and execution capacity. Readiness is an intermediate condition through which resources and perceptions can become coordinated action. H1 therefore proposes that basic business capability has a positive effect on creativepreneurship readiness.

Perception of Creativepreneurship and Readiness

Perception reflects the extent to which owners understand creativepreneurship, see it as useful and relevant, consider it feasible, and intend to apply it. The theory of planned behavior proposes that favorable attitudes contribute to intention, while behavior also depends on perceived control and contextual constraints (Ajzen, 1991). This distinction is especially relevant to microenterprises. An owner may value digital storytelling or product innovation yet lack the time, staff, capital, or technical knowledge needed to act.

Research on crisis response illustrates this gap between attitude and action. Many SMEs recognized the need to digitalize, but their responses differed according to prior capabilities, external support, and access to technology (Guo et al., 2020; Amankwah-Amoah et al., 2021). Experimentation can accelerate adaptation when owners are able to test and revise assumptions (Ghezzi & Cavallo, 2020). Resource scarcity and uncertainty may still prevent follow-through when an opportunity appears attractive (Kuckertz et al., 2020; Ratten, 2020). A similar issue arises in Indonesian creativepreneurship education: conceptual exposure can improve understanding, whereas applied projects and mentoring are needed to develop implementation skills (Supriyatna et al., 2021). Perception is therefore expected to contribute to readiness, although less strongly than tangible capability. H2 proposes that a positive perception of creativepreneurship has a positive effect on creativepreneurship readiness.

Readiness and Innovative Business Model Quality

Business model innovation involves purposeful changes to the way a firm creates, delivers, and captures value. Digital technologies can enable new channels, service combinations, partnerships, and revenue mechanisms, but firms need the entrepreneurial and organizational preparation to use them effectively (Gregori & Holzmann, 2020). Firms that coordinate value creation with value capture are more likely to progress beyond isolated product changes (Sjödin et al., 2020). Agile experimentation and assumption testing can also help young and small firms develop a coherent model around an emerging opportunity (Ghezzi & Cavallo, 2020; Snihur & Zott, 2020).

On this basis, readiness is expected to predict innovative business model quality. A prepared MSME can connect a distinct value proposition with suitable channels, customer relationships, resources, partners, and sources of revenue. It can also revise those elements as market evidence changes. Research on temporary business model innovation during crises, digital servitization, and SME transformation supports this proposed relationship (Clauss et al., 2022; Paiola & Gebauer, 2020; Vaska et al., 2021). H3 proposes that creativepreneurship readiness has a positive effect on innovative business model quality.

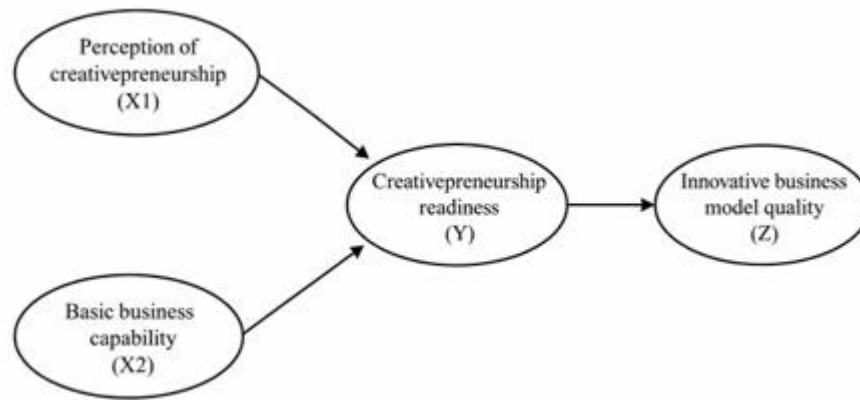


Figure 1. Conceptual model and hypothesized relationships.

Source. Authors' conceptualization (2026).

3. RESEARCH METHODS

Design, Setting, and Sample

This quantitative, explanatory study used a cross-sectional survey of owners and managers of creative and potentially creative MSMEs in Semarang, Indonesia. Purposive sampling ensured that respondents had direct knowledge of business decisions. Eligible participants provided consent, operated an active business in Semarang, took part in owner- or manager-level decisions, and represented a creative subsector or an activity with creative potential. The principal analysis also required the business to have operated for at least one year. Data were collected during the 2026 research period.

The survey received 102 responses. The archived screening record shows that all 102 respondents provided consent and were located in Semarang; 94 reported businesses active for at least one year; 58 self-identified as creative-sector enterprises and 26 selected “not sure” while describing activities with creative potential. After the inclusion criteria were applied jointly and complete focal measures were required, 78 cases entered the main analysis; a stricter creative-sector subsample contained 55 cases. Because the criterion-level counts can overlap, they should not be summed as unique exclusion reasons. Overall, 24 responses (23.5%) did not enter the main model, and the archive does not permit a non-overlapping decomposition of those exclusions. This limitation is considered when discussing possible selection bias. Participation was voluntary, consent was recorded, and only aggregated, non-identifying data were analyzed.

Tabel 1. Respondent screening flow and eligibility checks.

Screening criterion	Count	Interpretation
Raw questionnaire responses	102	All submissions received
Informed consent	102	All respondents consented
Semarang location	102	Study-location criterion
Business active $\geq$ 1 year	94	Operational-age criterion
Creative subsector: Yes	58	Strict creative classification
Creative subsector: Not sure	26	Retained when activity showed creative potential
Main analysis sample	78	Joint eligibility criteria and complete focal items
Strict creative subsample	55	Restricted creative-sector classification

Note. Intermediate criterion counts are not mutually exclusive; exclusions may overlap. Overall attrition from 102 responses to 78 analyzed cases was 23.5%.

Measures

All items used a five-point Likert scale from 1 (strongly disagree) to 5 (strongly agree). The instrument measured four composite constructs. Reverse-worded items were recoded during preliminary processing. Three unstable reverse indicators (X1_05, X1_10, and X2_12) were excluded from the final measurement model because their loadings were negative or weak. The retained model comprised 9 perception indicators, 11 capability indicators, 12 readiness indicators, and 10 innovative business model indicators. Table 1 describes the measurement domains.

Table 2. Construct definitions and operational domains.

Construct	Operational definition	Principal domains	Retained items
Perception of creativepreneurship (X1)	Understanding, perceived usefulness, relevance, feasibility, attitude, and intention toward creative entrepreneurship.	Concept knowledge; benefits; fit; ease; creative orientation; intention	9
Basic business capability (X2)	Capabilities that allow the enterprise to organize and execute creative business activity.	Product innovation; digital marketing; finance; operations; human resources; networks; adaptation	11
Creativepreneurship readiness (Y)	Preparedness to adopt and execute a creativity-based entrepreneurial approach.	Innovation mindset; digital readiness; resources; business model; collaboration; execution	12
Innovative business model quality (Z)	Extent to which value creation, delivery, and capture are distinctive, coherent, sustainable, and scalable.	Value proposition; differentiation; digital channels; monetization; experience; sustainability; scalability	10

Source. Authors' construct operationalization based on the cited literature (2026).

Data Analysis

The analysis used partial least squares structural equation modeling (PLS-SEM) in SmartPLS 4. PLS-SEM was appropriate because the model was prediction-oriented, contained several latent composites, and was estimated from a modest sample. Following Hair et al. (2022), the analysis proceeded in two stages. The measurement model was evaluated through indicator loadings, Cronbach's alpha, composite reliability, average variance extracted (AVE), the Fornell-Larcker criterion, and the heterotrait-monotrait ratio (HTMT) (Fornell & Larcker, 1981; Henseler et al., 2015). Indicators loading between 0.60 and 0.70 were retained only when reliability and AVE remained adequate and the item had substantive relevance.

The structural model was assessed using standardized path coefficients, the coefficient of determination (R^2), effect size (f^2), predictive relevance (Q^2), standardized root mean square residual (SRMR), and normed fit index (NFI). Effect sizes were interpreted using the conventional thresholds proposed by Cohen (1988). Bootstrap estimates were based on 2,000 subsamples. All three hypotheses were formulated a priori as positive directional relationships; accordingly, hypothesis decisions use one-tailed bootstrap probabilities at $\alpha = 0.05$ throughout the manuscript. This convention is applied consistently to H1–H3 and avoids interpreting the same coefficient under competing significance rules.

4. RESULTS AND DISCUSSION

Respondent Profile, Digital Use, and Field Priorities

Creative culinary enterprises accounted for 62.8% of the sample. Other activities represented 14.1%, fashion 10.3%, design 5.1%, and creative services and events 3.8%, with smaller shares from digital applications, content production, and crafts. Almost half of the firms were run by owners without employees (47.4%), and 41.0% employed one to four workers. Monthly turnover was below IDR 5 million for 42.3% of respondents and ranged from IDR 5 million to less than IDR 15 million for 28.2%. The model was therefore estimated mainly from micro-scale businesses.

Digital adoption was common but uneven. WhatsApp Business was used by 51.3% of respondents, followed by Instagram (43.6%), TikTok (33.3%), QRIS or another digital payment service (30.8%), and marketplaces (23.1%). Another 17.9% used no digital platform. This pattern resembles the incremental paths reported in Indonesian and international SME research: firms often begin with communication and sales applications before integrating data, finance, operations, and business-model redesign (Hidayanti et al., 2023; Ranatarisza et al., 2025; Priyono et al., 2020).

Table 3. Selected respondent and digital-adoption characteristics (n = 78).

Dimension	Category	Frequency	Percent
Subsector	Creative culinary	49	13,3%
Subsector	Other activities	11	3,0%
Subsector	Fashion	8	2,2%
Subsector	Design	4	1,1%
Subsector	Creative services/events	3	0,8%
Subsector	Digital applications/game	1	0,3%
Subsector	Digital content/photo/video	1	0,3%
Subsector	Crafts/handicrafts	1	0,3%
Business age	1-3 years	33	8,9%
Employment	Owner-managed/no employee	37	10,0%
Employment	1-4 workers	32	8,7%
Monthly turnover	< IDR 5 million	33	8,9%
Digital platform	WhatsApp Business	40	10,8%
Digital platform	Instagram	34	9,2%
Digital platform	TikTok	26	7,0%
Digital platform	Digital payment/QRIS	24	6,5%
Digital platform	Marketplace	18	4,9%
Digital platform	No platform	14	3,8%

Note. Subsector percentages sum to 100.0%. Percentages for digital platforms are non-exclusive because respondents could select multiple options.

Source. Authors' survey data and analysis (2026).

Respondents most often identified short-form video and live selling as the trend affecting their businesses (37.2%). Customer experience and storytelling followed at 20.5%, e-commerce and marketplaces at 14.1%, and personalization at 11.5%. The most common barriers were shortages of time and personnel (44.9%), limited capital (43.6%), insufficient digital knowledge (34.6%), and weak design, content, or storytelling skills (24.4%). Requested support centered on digital-marketing training (62.8%), access to finance (42.3%), product-design, brand, and storytelling assistance (33.3%), and collaboration with universities or students (32.1%). These responses provide practical context for the structural estimates.

Descriptive Statistics and Measurement Model

Creativepreneurship readiness recorded the highest mean ($M = 3.830$), followed by creativepreneurship perception ($M = 3.748$), innovative business model quality ($M = 3.605$), and basic business capability ($M = 3.484$). Owners thus reported relatively favorable perceptions and readiness, while capability and business-model scores remained moderate. This difference suggests that some respondents may have interpreted readiness as willingness or aspiration even when operating routines were not yet fully established.

For consistency with the final measurement model reported in this study, composite reliability (CR) and average variance extracted (AVE) were calculated using the standardized loadings of the retained indicators.. CR values were 0.955 for perception (X1), 0.953 for capability (X2), 0.968 for readiness (Y), and 0.959 for innovative business model quality (Z); the corresponding AVE values were 0.704, 0.651, 0.718, and 0.701. Most retained loadings exceeded 0.70, with final ranges of 0.617–0.904 for X1, 0.683–0.871 for X2, 0.788–0.900 for Y, and 0.737–0.898 for Z. The report states that the Outer Loading values ranged from 0.946 to 0.964, but it does not preserve their construct-level allocation; those values are therefore not reconstructed or imputed. The construct-level CR and AVE results support internal consistency and convergent validity. Discriminant validity was assessed conservatively based on the available measurement evidence, with particular attention to the conceptual proximity between capability and business-model quality.

Table 4. Descriptive statistics and measurement-model summary.

Construct	Mean	SD	Loading range	Cronbach's α	CR	AVE
Perception (X1)	3.748	0.797	0.617–0.904	0,65	0.955	0.704
Capability (X2)	3.484	1.068	0.683–0.871	0,66	0.953	0.651
Readiness (Y)	3.830	1.064	0.788–0.900	0,67	0.968	0.718
Business model (Z)	3.605	1.105	0.737–0.898	0,66	0.959	0.701

Note. †The research report states that final Cronbach's α values ranged from 0.946 to 0.964 but does not retain construct-specific α values. CR and AVE were recalculated from the final retained standardized loadings; no construct-level α values were imputed.

Source. Authors' survey data and analysis (2026).

Structural Model and Hypothesis Tests

The model explained 59.7% of the variance in creativepreneurship readiness (adjusted $R^2 = 0.586$) and 61.5% of the variance in innovative business model quality (adjusted $R^2 = 0.610$). Q^2 values were 0.412 and 0.415, indicating predictive relevance within the sample. The saturated-model SRMR was 0.079, whereas the estimated-model SRMR was 0.105; NFI was 0.636 for the saturated model and 0.626 for the estimated model. These indices do not support a claim of strong global fit. In prediction-oriented PLS-SEM, however, SRMR and NFI are diagnostic and supporting indicators rather than stand-alone acceptance rules; assessment should be read jointly with measurement quality, coefficient stability, effect sizes, R^2 , and predictive relevance, as discussed by Hair et al. (2022). Accordingly, the present results are interpreted as predictive structural evidence, while the weak global-fit indices remain an explicit limitation.

Basic business capability was positively associated with creativepreneurship readiness ($\beta = 0.631$, $SE = 0.107$, $t = 5.892$, one-tailed $p < 0.001$), supporting H1, with a large effect size ($f^2 = 0.667$). Perception also showed a positive but smaller association with readiness ($\beta = 0.213$, $SE = 0.112$, $t = 1.907$, one-tailed $p = 0.028$), supporting H2 under the prespecified directional test; its f^2 of 0.076 indicates a small incremental effect. Creativepreneurship readiness was strongly associated with innovative

business model quality ($\beta = 0.784$, $SE = 0.060$, $t = 13.075$, one-tailed $p < 0.001$), supporting H3, with $f^2 = 1.598$. Because the data are cross-sectional and self-reported, these coefficients are interpreted as predictive associations rather than causal effects.

Table 5. Structural-model results.

Path	β	SE	T	One-tailed p	f^2	Decision
Basic capability → readiness	0.631	0.107	5.892	< 0.001	0.667	H1 supported
Perception → readiness	0.213	0.112	1.907	0.028	0.076	H2 supported
Readiness → innovative model	0.784	0.060	13.075	< 0.001	1.598	H3 supported

Note. Bootstrap = 2,000 subsamples. All hypotheses were specified a priori as positive directional relationships; one-tailed p values at $\alpha = 0.05$ are therefore used consistently for H1–H3.

Source. Authors' survey data and analysis (2026).

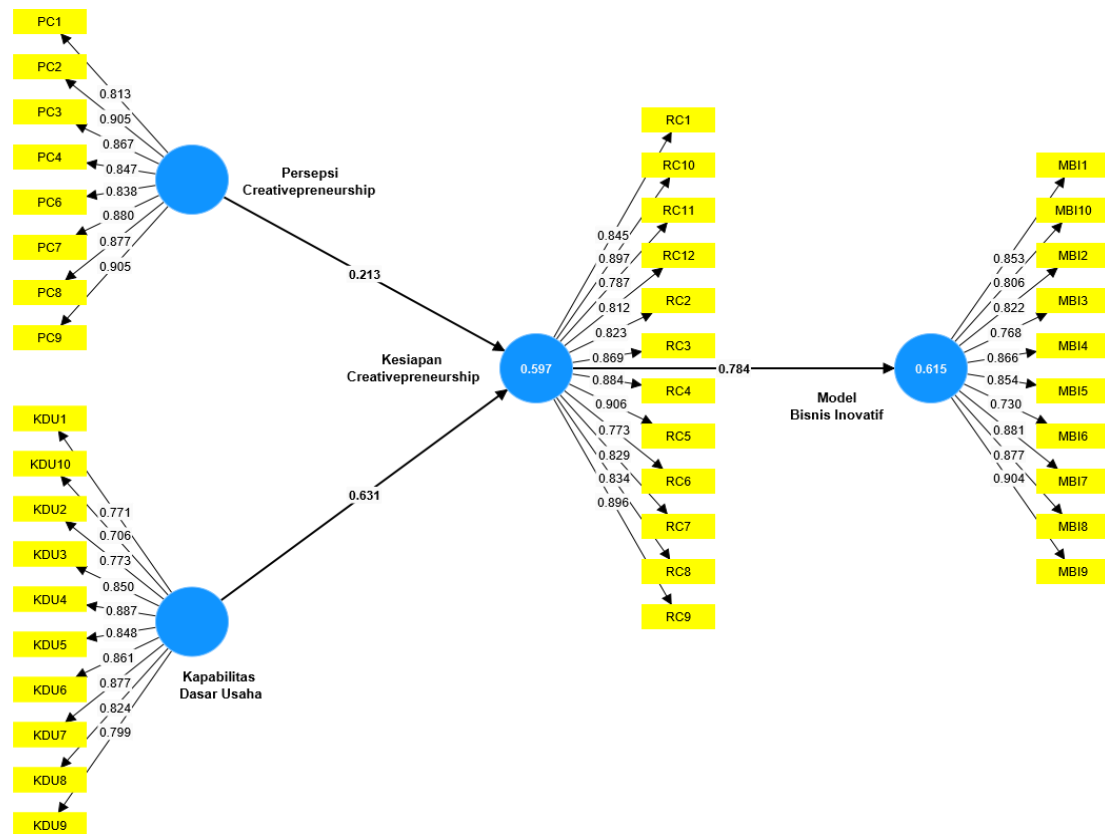


Figure 2. Estimated PLS-SEM measurement and structural model.

Source. Authors' SmartPLS 4 analysis of survey data (2026).

Capability Is More Consequential Than Favorable Perception

Basic business capability was the stronger predictor of readiness. Creativepreneurship perception was also positively associated with readiness, but its coefficient and effect size were substantially smaller. From a resource- and capability-based perspective, owners are prepared to act when they possess workable routines and skills, whereas positive attitudes provide an

enabling but insufficient motivational basis. This interpretation is consistent with research showing that SME digital transformation depends on coordinated capabilities, learning routines, and strategic flexibility, rather than isolated technology adoption (Cannas, 2023; Eller et al., 2020; Heider et al., 2021; Khristianto et al., 2023).

The descriptive results help explain this difference. Respondents rated perception and readiness highly, but their average capability score was moderate. Visible tools such as short-form video, live selling, and digital payments may make change appear accessible. In practice, the reported shortages of time, personnel, capital, digital knowledge, and storytelling skills restrict implementation. Comparable gaps have been observed when SMEs adopted technology quickly during disruption without integrating it into their processes or longer-term plans (Guo et al., 2020; Amankwah-Amoah et al., 2021; Papadopoulos et al., 2020).

Readiness as the Mechanism Leading to Business Model Innovation

The path from readiness to innovative business model quality was large. In this model, readiness includes an innovation-oriented mindset together with digital access, human resources, collaboration, and the capacity to execute. When these elements are aligned, an MSME can more readily revise its value proposition, customer experience, channel mix, revenue logic, and partnerships. This interpretation is consistent with process research in which business model innovation develops through experimentation, capability deployment, and repeated re-configuration (Andreini et al., 2022; Baldassarre et al., 2020; Snihur & Zott, 2020).

Related evidence appears across different SME settings. Dynamic capabilities have supported business-model redesign in the German Mittelstand (Heider et al., 2021), customer-value creation in Italian SMEs (Matarazzo et al., 2021), and innovation among micro and small enterprises in Egypt (ElNaggar & ElSayed, 2023). Indonesian studies of entrepreneurial marketing, e-commerce, ambidexterity, social media, and financial technology reach a similar conclusion: market and digital practices become useful when firms incorporate them into a coherent capability system (Hidayanti et al., 2023; Ramadani et al., 2025; Saisaria Mandasari et al., 2025; Yulianti et al., 2024; Yuneline & Karina, 2025).

The estimated sequence gives perception and capability different roles. Perception may encourage an owner to consider change, whereas capability enables implementation; readiness reflects the point at which those resources and intentions can support changes to the business model. This interpretation extends research that describes technology as a basis for product, process, and business model innovation (Bresciani et al., 2021) and finds that digital adoption improves innovation performance when complementary dynamic capabilities are present (Mikalef et al., 2019; Usai et al., 2021).

The construct overlap also places an important boundary on interpretation. If basic capability and innovative business model quality share some operational content, common variance can propagate through readiness and magnify the apparent size of both the capability-to-readiness and readiness-to-business-model paths. The coefficients $\beta = 0.631$ and $\beta = 0.784$ should therefore not be read as clean causal effects; they are more defensibly interpreted as strong predictive associations within the present measurement system. Future instruments should separate capability inputs, such as routines, skills, and resources, from realized business-model outcomes, such as changes in value creation, delivery, and capture, and should re-evaluate discriminant validity using a complete HTMT matrix.

Practical Implications for MSME Support

The results suggest that awareness sessions should form only the opening stage of MSME support. Owners also need guided practice that develops the routines required for business-model change. A useful program could begin with a diagnosis of customers, value propositions, costs, revenues, and digital touchpoints. Practical modules could then address short-form video, live selling, brand storytelling, marketplace management, simple analytics, bookkeeping, cash-flow control, and financing readiness. Each owner should test one business-model assumption through a small pilot and review the evidence before committing further resources. This sequence is consistent with agile and prototyping approaches to small-firm business model innovation (Ghezzi & Cavallo, 2020; Konietzko et al., 2020).

Universities can contribute through sustained, supervised collaboration. Student teams, for example, can conduct customer interviews, prepare visual content, improve marketplace listings, calculate costs, and build simple dashboards under faculty guidance. Incubators and local government agencies can connect this work with financing, certification, exhibitions, and business networks. Such arrangements respond to respondents' interest in campus involvement and reflect evidence on external support, knowledge brokers, and ecosystem relationships in SME innovation (Adam & Alarifi, 2021; Crupi et al., 2020; Kamila, 2025).

Because creative culinary firms dominated the sample, early interventions in this sub-sector could link product differentiation with packaging, food-safety or halal assurance, origin stories, customer experience, and repeat-purchase practices. Support for fashion, craft, design, and content businesses may place greater emphasis on intellectual property, portfolio curation, limits to customization, and scalable digital delivery. AI tools can assist with ideation, draft captions, visual variations, and routine administration after the owner has clarified the customer problem and brand position. For respondents who requested AI/tools training, instruction

should be task-specific and include explicit quality checks, privacy safeguards, and controls for brand consistency.

Table 5. Evidence-based priorities for creative-MSME capability development.

Priority	Field evidence	Recommended intervention	Expected capability
Digital marketing	Requested by platform use 62.8%; remains fragmented	Short-video and live-selling practice, campaign planning, simple metrics	Repeatable customer-acquisition routine
Finance and capital	Capital barrier 43.6%; financing requested 42.3%	Bookkeeping, cash-flow control, financing preparation, digital-payment reconciliation	Financial control and bankability
Brand and storytelling	Skill barrier 24.4%; assistance requested 33.3%	Value-proposition review, packaging, brand narrative, content calendar	Differentiation and coherent customer experience
Business model execution	Moderate capability/model scores; mentoring requested 23.1%	Business-model diagnosis, small pilot, evidence review, iteration	Experimentation and value-capture capability
University collaboration	Requested by 32.1%	Supervised student consulting and applied projects	Access to knowledge, talent, and networks
AI and digital tools	17.9% requested AI training	Task-based AI use with quality, privacy, and brand controls	Productivity without loss of strategic control

Source. Authors' survey data and analysis (2026).

Limitations and Future Research

Several limitations affect the interpretation of these results. The sample was modest and concentrated heavily in creative culinary businesses, so the coefficients require replication before they can be generalized across creative subsectors. Cross-sectional, self-reported data cannot establish temporal causality and may be affected by common-method variance. The main model retained 78 of 102 responses, corresponding to 23.5% overall attrition. Although the archive records criterion-level screening counts, those counts overlap and do not allow unique attribution of every exclusion. Selection bias cannot therefore be ruled out if omitted cases differed systematically in business maturity, creative-sector identification, or data completeness. Including firms whose owners were uncertain about their creative-subsector identity helped capture early-stage readiness but increased sample heterogeneity.

The sample was modest and concentrated heavily in creative culinary businesses, so the coefficients require replication before they can be generalized across creative subsectors. Cross-sectional data cannot establish temporal causality, and self-reported measures are susceptible to common-method variance. Including enterprises whose owners were un-certain about their creative-subsector identity helped capture early-stage readiness, but it also made the sample more heterogeneous. Measurement also need further refinement about close relationship between basic capability and innovative business model quality suggests that some indicators may cover similar content. Subsequent studies should separate input capabilities more clearly from re-alized changes in value creation and capture. They could add objective outcomes, including revenue growth, digital engagement, or repeat purchases, and use

longitudinal or experimental designs. Multi-group analysis would allow comparisons among culinary, fashion, craft, and digital creative firms. Interviews or focus groups could also clarify why positive perceptions do not always lead to action. With larger samples, researchers could test mediation directly and examine whether financing access, ecosystem support, or digital maturity changes the readiness-to-innovation relationship.

5. CONCLUSIONS AND RECOMMENDATIONS

Among the Semarang MSMEs studied, basic business capability was more strongly associated with creativepreneurship readiness than favorable perception was. Skills and routines in digital marketing, finance, operations, human resources, networks, and market adaptation provided the practical basis for readiness. Readiness was then closely associated with innovative business model quality. Together, these results support a capability-to-readiness-to-business-model sequence at the predictive level rather than establishing a causal chain. MSME development programs should therefore connect introductory awareness with capability diagnosis, guided practice, small market tests, and feedback. Universities, public agencies, incubators, and financial institutions can support this work by helping owners establish repeatable routines and evaluate proposed changes using market evidence. Replication with broader, longitudinal samples and more clearly separated constructs is needed before the proposed mechanism can inform policy beyond the present setting.

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