Maksimum: Media Akuntansi Universitas Muhammadiyah Semarang, Vol 15 (No.1) 2025, 030-050

https://jurnal.unimus.ac.id/index.php/MAX

Nationally Accredited based on the Decree of the Minister of Research, Technology and Higher Education, Number 1429/E5.3/HM.01.01/2022

Determinant Factors of Sustainability Business Performance: The Role of Innovation Capability

Wulan Setiyowati[1], Bima Cinintya Pratama[2*], Sri Wahyuni[3], Rezky Pramuridra[4]

[1,2]Department of Accounting, Universitas Muhammadiyah Purwokerto, Indonesia
*Corresponding Author

Info Article

History Article:
Submitted: August 11, 2024
Revised: December 29, 2024
Accepted: January 03, 2025

Keywords:
intellectual capital, financial technology, entrepreneurial capability, innovation capability, sustainability business performance

Abstract

This study aims to examine the influence of determinants of sustainability business performance in the form of intellectual capital, financial technology, and entrepreneurial capability and explore the role of innovation capability as a mediator. This study used a questionnaire to collect data on MSMEs in Banyumas Regency, Central Java, and 198 respondents were analyzed using the Smart-PLS approach. The results showed a positive influence between intellectual capital, financial technology, and entrepreneurial capability on sustainability business performance and a positive influence of innovation capability as a mediator. The findings of this study provide contributions for MSME actors. First, maximizing resource utilization is key to improving performance and influencing business sustainability. Second, collaboration between internal factors and technology utilization is vital in creating sustainable business for MSMEs. Third, this study explains the driving factors companies can use to develop their internal potential to create a sustainable business.

JEL Classification: L26, O31, Q01

How to Cite: Setiyowati, W., Pratama, B.C., Wahyuni, S. & Pramuridra, R. (2025). Determinant Factors of Sustainability Business Performance: The Role of Innovation Capability. *Maksimum: Media Akuntansi Universitas Muhammadiyah Semarang, 15(1), 30-50.*

DOI: 10.26714/MKI.15.1.2025.30-50

Introduction

Micro, small, and medium enterprises (MSMEs) act as centres of economic development in an area because of their essential role in driving the economy. KEMENKOPUKM et al. (2021) show that 99% of businesses in Indonesia are micro, small, and medium scale (MSMEs), which contribute 60% of the total national Gross Domestic Product (GDP). MSMEs absorb approximately 97% of the domestic workforce and contribute to Indonesia's non-oil and gas exports by 14.4%. The national economic crisis, one of the pandemic's impacts, has dramatically affected large businesses, while MSMEs can still survive. The number of Central Java MSMEs continues to grow; data from the Central Java Office of Cooperatives and SMEs shows an increase in the number of Central Java MSMEs in 2022-2023, reaching 7,167 units, as well as in Banyumas Regency. Central Java BPS data shows that the number of Banyumas MSMEs has increased by 38,675 units, the most significant increase in the last 5 years.

The growth in the number of MSMEs each year shows that new MSMEs are increasing. MSMEs operating in the previous year are expected to continue for years. The Sustainability of a business can be pursued because business actors can compile business efforts, renew or innovate business plans, and have the ability to calculate risks (Hudson et al., 2001). The government also supports the development of MSMEs for the welfare and improvement of the regional economy. Various efforts can be made, such as digitalizing MSMEs, product and service innovation, and business collaboration. Digitalization and technology utilization are essential for the Sustainability of MSMEs in facing the era of increasingly sophisticated technology. This aligns with one of Bank Indonesia's work programs to digitize MSMEs. Increasingly fierce business competition should motivate business actors to pay attention to the advantages and internal values of their business (Wahyuni et al., 2023).

However, inversely proportional to the facts that occur in the field, MSMEs still experience many obstacles and obstacles which result in a business not being able to develop correctly and some even going out of business Surya et al. (2021) so that business sustainability still needs to be pursued. In general, the problems faced by business actors are limited knowledge, funding, human resource competencies, entrepreneurial orientation, and financial literacy, resulting in a lack of long-term orientation (Azhar & Arofah, 2021). The Office of Cooperatives and SMEs stated that the increase in the number of MSMEs has not been supported by satisfactory performance due to the low quality of human resources in business management science, business actors who do not have entrepreneurial abilities/skills, production factors, low business knowledge, limited access to capital sources, innovation and aspects of local government policies that pay less attention to MSMEs. Banyumas, one of the districts in Central Java province that relies on MSMEs to support the economy (Pratama et al., 2021), has not maximized its efforts to create sustainable business excellence. Revealed through BPS data (2024), out of 50,878 MSMEs in Banyumas Regency in 2022, only 2,443 MSMEs innovated, 2,366 of which carried out process innovations, 117 carried out marketing and distribution innovations, and 145 of them carried out technological innovations. Soetanto et al. (2021) revealed that most MSME entrepreneurs in Indonesia are still lacking in innovation, so it is not uncommon for their businesses not to survive in the long term. Therefore, business sustainability is essential for businesses to maintain their business and provide new opportunities (Calabrese et al., 2021). Sustainability is defined as an ongoing condition that continues until it leads to the durability of a situation (Ambarwati et al., 2020). The concept of business sustainability states that the business will continue to operate even in the future (Epinda & V, 2023). Business sustainability is an important consideration because it shows that a business has a realistic vision and goals. Several researchers have examined business sustainability factors on intellectual capital (Akhtar et al., 2015; AlQershi et al., 2023; Endang & Pramono, 2022), financial technology (Heenkenda et al., 2022; Menne et al., 2022; Najib et al., 2021), entrepreneurial capability (Diabate et al., 2019; Somwethee et al., 2023), innovation capability (Somwethee et al., 2023), and various other factors.

The first factor tested that can affect sustainability business performance is intellectual capital. Intellectual capital helps develop the quality of resources to increase the growth and success of a business (Mukherjee & Sen, 2019). Intellectual capital is defined as intangible knowledge used to create value, achieve high performance, and realize the goals of a business (Alqershi et al., 2022). Intellectual capital is a wealth of ideas that refers to innovation and determines an organization's future (Sharabati et al., 2010). Intellectual capital is one of the most valuable resources which allows a business to grow (Gross-Gołacka et al., 2020). Intellectual capital consists of three components: human capital, structural capital, and relational capital (AlQershi et al., 2023). Human capital is an intangible asset of a business that includes the combination and skills of employees. Structural capital is an intangible asset in business organization routines, including procedures, policies, culture, structure, database systems, and programs. Relational capital is the external relationship of a business organization with its stakeholders (Gross-Gołacka et al., 2020).

Through intellectual capital resources, MSMEs must maximize their potential to improve their business performance (Pratama et al., 2024). In the context of Sustainability, Intellectual capital is of particular concern because it is the most important resource for an organization to compete (Nurcholisah et al., 2020). This is in line with research by (Ahmed et al., 2020; AlQershi et al., 2023; Endang & Pramono, 2022; and Wasiluk, 2013), which reveals the influence of intellectual capital on sustainability business performance, but in contrast to research by Styaningrum et al. (2020) which reveals that intellectual capital has no direct effect on sustainability business performance. Given this research gap, this research still needs to be re-examined.

The second factor tested that can affect sustainability business performance is financial technology. With the entry of the digital era, various companies and other institutions actively utilize digital technology to empower finance (Ngamal & Maximus, 2021). One of the efforts that the government can make to overcome the unrest of MSMEs is by initiating and targeting an increase in the number of MSMEs "going digital" through the "Bangga Menjadi Indonesia" (BMI) movement, which now continues to increase and is expected to help the readiness of MSME businesses to continue their business in the new standard era after the recession (Sustainability et al., 2023). Teten Masduki, Minister of Cooperatives, stated that 22 million MSMEs have entered the digital ecosystem, and the target is 30 million (Jateng, 2023). The innovation that is currently trending in the business circle due to the various benefits felt by MSME players is financial technology. Financial technology combines financial services with technology used in the payment system (Bank Indonesia, 2023). Almost all business actors utilize financial technology as a transaction, financial literacy, and financial control system (Wardani & Darmawan, 2020). Financial technology products in Indonesia are very diverse, ranging from ATM systems, internet banking, mobile banking, and various e-money such as OVO, go-pay, link aja, and shopee-pay (Lidiawan et al., 2021).

The presence of financial technology makes it easy for MSMEs to understand bookkeeping in financial management, starting with digitizing financial reports, payment technology, and online-based loans (Fajar & Larasati, 2021). Thus, financial technology is a business breakthrough and can help the Sustainability of MSMEs by modernizing payment instruments and creating more effective and efficient financial records. This is in line with research by (Cahyawati et al., 2023; Nurohman et al., 2021), which reveals the effect of financial technology on sustainability business performance, but research conducted by (Sustainability et al., 2023; Papulasih et al., 2024). The research revealed no effect of financial technology on sustainability business performance. Given the research gap, this research still needs to be re-examined.

The third factor tested that can affect sustainability business performance is entrepreneurial capability. Entrepreneurial capability is the ability of individuals to achieve goals with internal encouragement in the form of creativity, problem-solving ability, communication skills, and management expertise (Somwethee et al., 2023). Entrepreneurial capability refers to the skills and experience of business people with knowledge in identifying and utilizing business opportunities (Chen et al., 2002). Entrepreneurial capability is the key role of business actors in making changes and developments to maintain their business. This is in line with

research by (Marissa M, 2019; Machin et al., 2023; and Hanaysha & Al-Shaikh, 2024). This reveals the influence of entrepreneurship on sustainability business performance, but research conducted by Kurniawan Nuringsih (2022) reveals no effect of entrepreneurship on sustainability business performance. With this research gap, this research still needs to be re-examined.

The fourth factor tested that can affect sustainability business performance is innovation capability. Innovation capability is a knowledge-based intangible asset for survival, competitiveness, and long-term business sustainability (Heenkenda et al., 2022). Innovation capability is a process and design of new ideas in the form of products and services to create the dynamics of national economic growth, increase employment, and achieve business profits (Taleb et al., 2023). Innovation capability is essential as creating new ideas to achieve business excellence includes the decision-making process in improving sustainable organizational performance. Innovation capability is necessary to change products, methods, and management systems to increase opportunities and maintain business continuity in a dynamic environment. Increasingly fierce competition urges a business to survive by creating a competitive advantage through innovation (Hanaysha et al., 2022). This is in line with research by (Mila et al., 2022; Hanaysha et al., 2022; and Fitriaty, 2023). This reveals the influence of innovation capability on sustainability business performance, but research conducted by Prakasa et al. (2022). Revealed the opposite, namely the absence of a significant effect. With this research gap, this research still needs to be re-examined.

This research is a development of (Somwethee et al., 2023). The novelty of this research is to add two independent variables, intellectual capital and financial technology, and test their effect on business sustainability through innovation capability. Intellectual capital is one factor of human resource development because skilled and highly knowledgeable employees become valuable assets that can encourage business sustainability. Likewise, financial technology is one of the financial innovations providing excellent opportunities for businesses to grow.

Literature Review

Resource-Based View Theory

Resource-based View theory (RBV) is an approach that can be used to achieve a sustainable competitive advantage (Barney, 1991; Wernefelt, 1984). Barney (1991) states that the sustainable competitive advantage of a business entity depends on the resources it has obtained from resources that are unique, valuable, rare, difficult to imitate, and cannot be replaced, and to obtain lasting benefits for a business, these resources must be managed effectively. Resource-based View theory (RBV) is a suitable theory for considering the ability of intellectual capital and entrepreneurial capability and predicting innovation capability to sustain business performance. RBV explains that intellectual capital includes knowledge, skills, and other intangible assets that support entrepreneurial capability, which is the ability of businesses to seek opportunities, take risks, and manage resources creatively. Effective management of internal resources can help MSMEs achieve sustainable performance through strategic innovation. A business that can improve its performance by utilizing existing resources and capital (Chandra & Augustine, 2019).

Technology Acceptance Model (TAM)

The Technology Acceptance Model (TAM) theory proposed by Davis (1989) is the first TAM theory that is widely used in the field of information systems that describes how users can accept and use technology (Mulyanto et al., 2020). The basis of the TAM model is explained in two concepts: perceived usefulness and perceived ease of use (Marikyan et al., 2023). The attitude of acceptance/rejection of technology is determined based on the perception of the benefits provided, and the belief in the ease of using technology; in this case, it is easy to understand and easy to operate (Pramurindra et al., 2022). In the context of MSMEs, TAM can be used to understand how to adopt and use financial technology services to achieve their business goals, so the TAM model is important in improving the sustainability of MSMEs. A financial technology that provides benefits will attract people to use the technology so that awareness arises to carry out transaction

and production activities for the sustainability of MSMEs (Sustainability et al., 2023). When financial technology is well accepted, a business will utilize it to increase innovation capability in creating relevant new products, services, or processes that support business sustainability. The acceptance of financial technology plays an accelerating role in improving innovation capabilities that strengthen business sustainability.

The Effect of Intellectual Capital on Sustainability of Business Performance

Intellectual capital is important in the economic context as the main driver of business success (Salvi et al., 2020). Effective management of intellectual capital is of particular concern to MSMEs because business development is not only from a financial aspect but also pays attention to non-financial aspects. AlQershi et al. (2023) Intellectual capital can be classified into human capital, structural capital, and relational capital. It is an important condition in sustainable competitive advantage and is used to increase competitiveness in sustainable economic development (Styaningrum et al., 2020). The relationship between intellectual capital and sustainability business performance supports the RBV theory, which states that intellectual capital is an internal resource with specific characteristics that can create sustainable competitive strategies (Smriti & Das, 2018). If not utilized optimally, intellectual capital owned by employees in a business will cause business failure (Akhtar et al., 2015). Endang and Pramono (2022) showed that intellectual capital has a perfect implementation and influenced the sustainability of Bandung City MSMEs during the pandemic. Human capital positively affects business performance (Ahmed et al., 2020). Human capital is an important element, and structural capital has a significant relationship with performance, leading to business sustainability (AlQershi et al., 2023). Wasiluk (2013) showed a mutually beneficial relationship between intellectual capital implementation and business sustainability. Therefore, this study proposes the following hypothesis:

H1: *Intellectual capital has a positive effect on sustainability business performance*

The Effect of Financial Technology on the Sustainability of Business Performance

Financial technology has influenced Industry 4.0 and played a relevant role in MSMEs' pursuit of a sustainable business model (Pizzi & Corbo, 2020). The role of financial technology through business digitalization is influential and can improve the sustainability of MSME businesses (Pardiman et al., 2022). By understanding the TAM theory, many MSMEs use financial technology services because of their convenience; this will create sustainability (Papulasih et al., 2024). TAM explains that if someone believes the system is easy to use, it will affect attitudes and intention to use; this shows that financial technology plays a role in bridging MSMEs in developing their business (Suyanto, 2022). Research conducted by Cahyawati et al. (2023) and Nurohman et al. (2021) showed a positive influence on the relationship between financial technology and sustainability business performance. Ardiansyah (2019) also revealed that financial technology helps overcome equity problems, thus helping MSMEs become sustainable. Therefore, this study proposes the following hypothesis:

H2: *Financial technology has a positive effect on sustainability business performance*

The Effect of Entrepreneurial Capability on Sustainability Business Performance

Entrepreneurial capability is an important factor in business growth because it is one of the determinants of business success strategies Somwethee et al. (2023) and is essential to realizing the sustainable performance of MSMEs (Al Mamun & Fazal, 2018). Entrepreneurship is related to the knowledge management process that directly affects dynamic capabilities that can affect sustainable performance. The relationship between entrepreneurial capability and sustainability business performance can be explained by RBV theory because the entrepreneurial capability of MSMEs can increase sustainable competitiveness (Somwethee et al., 2023). Research by Marissa M (2019) Shows that entrepreneurial behaviour influences the sustainability of MSME businesses in West Jakarta. Entrepreneurship encourages sustainability by accessing new markets and adapting to changing market conditions (Machin et al., 2023). Entrepreneurial orientation significantly influences business sustainability and corporate reputation (Hanaysha & Al-Shaikh, 2024). Therefore, this study proposes the following hypothesis:

H3: *Entrepreneurial capability has a positive effect on sustainability business performance*

The Effect of Innovation Capability on Sustainability Business Performance

A business's motivation to satisfy its stakeholders' needs can be achieved through innovation activities, namely introducing new products, services, or processes (Hanaysha et al., 2022). In an increasingly fast-moving business environment, innovative businesses will tend to be more flexible, strong, and competitive (Ardhiyansyah et al., 2024). The relationship between innovation capability and sustainability business performance supports the RBV theory by developing new products and services built on MSME innovation, which can achieve business growth and create sustainability (Somwethee et al., 2023). Businesses that continue to innovate can maintain their business, overcome environmental challenges, and meet stakeholder expectations to contribute to sustainable long-term growth (Maya et al., 2024). Research by Mila et al. (2022) shows the effect of digital innovation on the sustainability of Pekalongan Regency MSMEs. Innovation capability (product innovation, process innovation, service innovation, and marketing innovation) provides more excellent value to SMEs and positively affects business sustainability (Hanaysha et al., 2022). Furthermore, Fitriaty (2023) shows that business model innovation has a significant positive effect on business sustainability. Therefore, this study proposes the following hypothesis:

H4: *Innovation capability has a positive effect on sustainability business performance*

Innovation Capability Mediates Intellectual Capital on Sustainability Business Performance

Intellectual capital drives competitiveness, market confidence, innovation, and sustainability. Efficient utilization of intellectual capital in a modern knowledge and technology economy leads to innovation capabilities (Alvino et al., 2021). Intellectual capital components contribute considerably to innovation, and knowledge-based interactions generate productivity and new values and help MSMEs achieve sustainable competitive advantage (Ali et al., 2021). RBV theory explains that intellectual capital and innovation capability are internal resources of MSMEs that are important for business continuity and increase the competitiveness of MSMEs towards sustainability (Wijayani, 2017). Research by Aljuboori et al. (2022) shows that the relationship between intellectual capital and business performance is strengthened due to the mediation of innovation capability so that it can gain a higher business competitive advantage. Mulyana et al. (2024) showed a significant positive effect of intellectual capital on the performance of MSMEs mediated by innovation capability. The relationship between intellectual capital and innovation is oriented towards sustainability (Phonthanukitithaworn et al., 2023). Therefore, this study proposes the following hypothesis:

H5: *Innovation capability mediates the positive relationship between intellectual capital and sustainability business performance.*

Innovation Capability Mediates Financial Technology on Sustainability Business Performance

Innovation development occurs due to rapid technological changes (Ngamal & Maximus, 2021). The presence of technology with easy access to information can create innovation and develop a business (Kumalasari & Asandimitra, 2019). Using technology in MSMEs provides many benefits for business success in surviving the crisis, spurs businesses to survive, and creates long-term sustainability (Mila et al., 2022). Financial technology is an innovation expected to collaborate in MSME operations to maximize the performance of MSMEs in Indonesia (Ibrahim et al., 2021). Through the TAM theory to improve financial technology services, a form of technological innovation in the financial sector will improve the performance of MSMEs because the system is considered valuable which can save time, effort, and money while reducing product waste, chemicals, and resources (Al-Okaily et al., 2021). In line with RBV theory, innovation capability is considered a valuable resource that can be improved by utilizing information technology to increase competitiveness in an increasingly competitive market (Indarto, 2024). Research by Lasmi et al. (2024) revealed that using financial technology positively influences business sustainability. Furthermore, Indarto (2024) revealed that innovation capabilities have an influence and can mediate the accessibility of information technology on business performance and help MSMEs maintain market share. Therefore, this study proposes the following hypothesis:

H6: *Innovation capability mediates the positive relationship between financial technology and sustainability business performance*

Innovation Capability Mediates Entrepreneurial Capability on Sustainability Business Performance

Innovation capability is a basis entrepreneurs use to lead businesses towards sustainability through the development of new products and services, so innovation capability is considered the optimal strategy for achieving business competitive advantage (Somwethee et al., 2023). Innovation capability is the ability to carry out processes that involve the creation of new ideas and management potential to create a competitive advantage for a business that includes the decision-making process in achieving sustainable business goals. The ability of a business depends on the people, systems, and processes it uses to convert knowledge into marketed products and services (Olaleye et al., 2024). RBV theory is suitable for considering the entrepreneurial capability to predict innovation and sustainable organizational performance and has a strong and important role (Somwethee et al., 2023). Research by Somwethee et al. (2023) shows that innovation mediates the relationship between knowledge management processes and sustainable business performance. Innovations mediate the relationship between knowledge management processes and sustainable business performance (Shahzad et al., 2020). Dynamic management capabilities positively impact organizational performance because they can increase organizational efficiency in terms of competition, finance, marketing, and innovation in meeting stakeholder needs (Kongrode et al., 2023). Therefore, this study proposes the following hypothesis:

H7: *Innovation capability mediates the positive relationship between entrepreneurial capability and sustainability business performance*

Method

This study uses a quantitative approach that examines specific populations or samples using research instruments to collect data, research data in the form of numbers, and analyze using statistics with the aim of testing predetermined hypotheses (Sugiyono, 2017). The data used is primary data assisted by questionnaires as a data collection tool. The population and samples of this study are business actors in various MSMEs in Banyumas Regency, Central Java Province, with sample selection using purposive random sampling techniques, which are considered to represent the population accurately. The criteria used for selecting samples in this study are MSMEs in Banyumas Regency based on the age of the business, which have been operating for more than 1 year and have at least two employees.

The tool for determining the number of samples used is the G*Power application, which is a statistical test power tool that provides significant, accurate, and reliable results (Widhiarso, 2012). Using g*power, with an alpha error probability of 0.05, an effect size of 0.1, and a power of 0.8, as well as four predictor variables, resulting in a recommended minimum sample of 125. This research was conducted by taking a sample of 200 from a population of 5,242 MSMEs assisted by the Banyumas Regency. A sample of 200 was taken to anticipate invalid data, but due to data quality, researchers used 198.

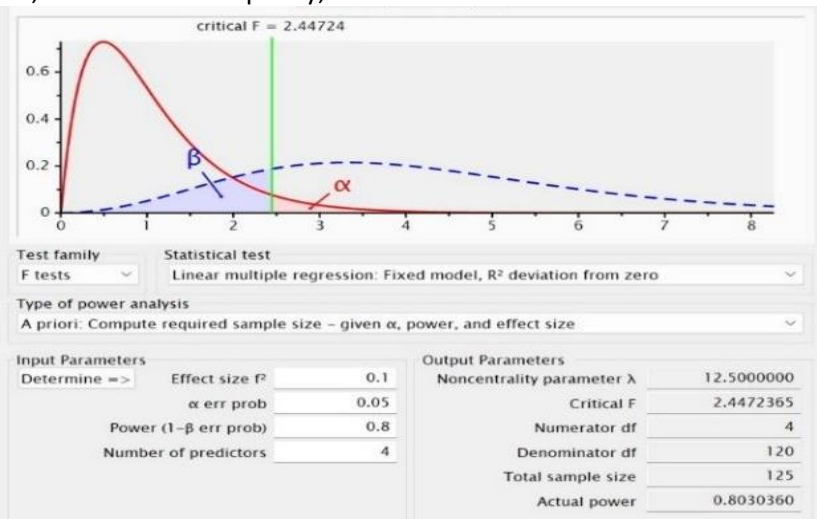

Figure 1. G*Power sample determination calculation

The data analysis tool used in this research is the Smart Partial Least Square (Smart-PLS) application, which includes testing the results of the outer model and inner model. Outer model testing tests validity and reliability, while the inner model tests R-square and f-square. Both testing models are carried out through the PLS Algorithm, while to test the hypothesis through bootstrapping testing.

Operational Definition and Variable Indicators

This study uses three independent variables, namely Intellectual Capital (X1), Financial Technology (X2), and Entrepreneurial Capability (X3). Innovation Capability (M) is a mediating variable, and Sustainability Business Performance (Y) is the dependent variable. These variables are measured using indicators and statements attached in the appendix.

The hypothesis testing equation for this study is as follows:

BS : $\beta 0 + \beta 1IC + \beta 2FT + \beta 3EC + \beta 4INC + e$ (i)

INC : $\alpha 0 + \alpha 1IC + \alpha 2FT + \alpha 3EC + e$ (ii)

Notes: BS stands for sustainable business performance, IC for intellectual capital, FT for financial technology, EC for entrepreneurial capability, INC for innovation capability, and e for error.

Result and Discussion

Table 1. Respondent Characteristic

Criteria	Sub Criteria	Frequency	Percentage
Gender	Male	101	51%
	Female	97	49%
Age of Business Owner	19-28	50	25%
	29-38	50	25%
	39-48	50	25%
	49-59	42	21%
	60-87	6	3%
Age of Business	1-2 years	66	33%
	3-6 years	71	36%
	7-11 years	30	15%
	12-16 years	11	6%
	17-25 years	14	7%
	>25 years	6	3%
Business Ownership Structure	Personal Business	173	87%
	Family Business	14	7%
	Limited Partnership	8	4%
	Limited Liability Company	3	2%
Business Sector	Culinary	92	46%
	Clothing and Beauty	23	12%
	Services	20	10%
	Processing Industry	3	2%
	Livestock and Fisheries	4	2%
	Shop	56	28%
Number of Employees	2-3 employees	83	42%
	4-6 employees	97	49%
	7-10 employees	13	7%

	>10 employees	5	3%
Monthly Turnover	<Rp. 25.000.000	136	69%
	Rp. 25.000.000 - Rp. 100.000.000	53	27%
	Rp. 100.000.000 - Rp. 200.000.000	4	2%
	Rp. 200.000.000 - Rp. 500.000.000	2	1%
	Rp. 500.000.000 - Rp 1.000.000.000	3	2%
Business criteria	Micro	136	69%
	Small	57	29%
	Medium	5	3%
Financial Technology Services	Already using QRIS	116	59%
	Not yet using QRIS	82	41%

Based on the results of Table 1, the characteristics of respondents are grouped into gender, age of business owner, age of business, ownership structure, business sector, number of employees, monthly turnover, business criteria, and financial technology services. Gender criteria are dominated by male respondents, with a percentage of 51%. The age criteria for business owners is dominated by 19 - 48 years old at 25%, the following age, which is still classified as productive labour. The 3-6 year group dominates the age of MSME businesses at 36%. The ownership structure criteria are dominated by private ownership at 87%. The culinary group dominates the business sector criterion at 46%, indicating that many businesses that develop and continue to survive are culinary. The 4-6 employees group dominates the number of employees criterion by 49%. The < Rp 25,000,000 group dominates the monthly turnover criteria, classified as a micro business criterion at 69%. Finally, related to service criteria related to financial technology in the form of QRIS, 59% of respondents have used it for business operations.

Validity and Reliability Test

Table 2. Loading factor and AVE

Variable	Indicator	Loading Factor	AVE
Sustainability Business Performance (BS)	BS11	0.791	0.604
	BS12	0.754	
	BS13	0.776	
	BS14	0.755	
	BS15	0.808	
	BS21	0.828	
	BS22	0.751	
	BS23	0.769	
	BS24	0.817	
	BS25	0.775	
	BS31	0.761	
	BS32	0.808	
	BS33	0.769	
	BS34	0.787	
	BS35	0.699	
Entrepreneurial Capability (EC)	EC11	0.739	0.577
	EC12	0.716	
	EC13	0.791	
	EC14	0.768	

	EC21	0.779	
	EC22	0.786	
	EC23	0.685	
	EC24	0.774	
	EC31	0.776	
	EC32	0.773	
Financial Technology (FT)	FT11	0.764	0.630
	FT12	0.782	
	FT13	0.771	
	FT14	0.788	
	FT21	0.789	
	FT22	0.808	
	FT23	0.769	
	FT24	0.795	
	FT31	0.755	
	FT32	0.834	
	FT33	0.825	
	FT41	0.816	
	FT42	0.807	
	FT43	0.805	
Intellectual Capital (IC)	HC1	0.773	0.579
	HC2	0.701	
	HC3	0.722	
	HC4	0.712	
	HC5	0.749	
	HC6	0.748	
	HC7	0.742	
	RC1	0.788	
	RC2	0.802	
	RC3	0.726	
	RC4	0.756	
	RC5	0.767	
	RC6	0.710	
	RC7	0.723	
	RC8	0.781	
	SC1	0.778	
	SC2	0.780	
	SC3	0.785	
	SC4	0.799	
	SC5	0.812	
	SC6	0.783	
	SC7	0.797	
Innovation Capability (INC)	INC11	0.692	0,541
	INC12	0.718	
	INC13	0.725	

INC14	0.723
INC15	0.741
INC16	0.748
INC21	0.742
INC22	0.739
INC23	0.681
INC24	0.795
INC25	0.746
INC31	0.706
INC32	0.777
INC33	0.749
INC34	0.727
INC35	0.716
INC41	0.736
INC42	0.748
INC43	0.751

Source: SEM-PLS Output (2024)

If the outer loading value is below 0.7 but still between 0.5 - 0.6, close to 0.7, it is acceptable or meets the criteria in the context of explanatory research (Dr. Duryadi, 2021). Table 2 shows that the loading factor value shows a number > 0.6 for all indicators, so it is declared valid to meet the convergent validity requirements; furthermore, by looking at the Average Entrance (AVE) value. In convergent validity requirements, if the AVE value is more than 0.5, it meets the criteria (Dr. Duryadi, 2021). The table above clearly shows that the AVE value shows a number > 0.5 for all variables, so it is declared valid to meet the discriminant validity requirements.

Table 3. Output Fornell-Larcker Criterion

Variable	BS	EC	FT	IC	INC
Sustainability Business Performance (BS)	0.777*				
Entrepreneurial Capability (EC)	0.659	0.760*			
Financial Technology (FT)	0.668	0.666	0.794*		
Intellectual Capital (IC)	0.672	0.750	0.676	0.761*	
Innovation Capability (INC)	0.756	0.723	0.739	0.738	0.735*

Source: SEM-PLS Output (2024)

Discriminant validity is declared valid if the Fornell-larger criterion output shows that each construct has the most excellent Fornell-larger value compared to other constructs in measuring its construct (Dr. Duryadi, 2021). Table 3 shows that the value of the sustainability business performance variable is 0.777, which is the highest correlation value. Other variables show the same thing, so the discriminant validity requirements have been met.

Table 4. Cronbach's Alpha and Composite Reliability

Variable	Cronbach's Alpha	Composite Reliability
Sustainability Business Performance (BS)	0.953	0.958
Entrepreneurial Capability (EC)	0.918	0.932
Financial Technology (FT)	0.955	0.960
Intellectual Capital (IC)	0.965	0.968
Innovation Capability (INC)	0.953	0.957

Source: SEM-PLS Output (2024)

In the composite reliability and Cronbach's alpha requirements, it is acceptable if it shows a number higher than 0.7 (Hair et al., 2017). Based on Table 4, the value shows a number > 0.7 for all variables, so it is declared reliable to meet the composite reliability requirements.

Table 5. R-Square

	R Square	R Square Adjusted
BS (Y)	0.620	0.612
INC (M)	0.676	0.671

Source: SEM-PLS Output (2024)

Based on Table 5, the Sustainability Business Performance (BS) variable shows an adjusted R-Square value of 0.612, which means it has an influence of 61.2% on the Intellectual Capital, Financial Technology, Entrepreneurial Capability, and Innovation Capability variables. In comparison, other variables outside this study influence the remaining 38.8%. In addition, the Innovation Capability (INC) variable shows an adjusted R-Square value of 0.671, which means it influences 67.1% of the Intellectual Capital, Financial Technology, and Entrepreneurial Capability variables. In comparison, other variables outside this study influence the remaining 32.9%.

Table 6. f-Square

Variable	INC (M)	BS (Y)
Entrepreneurial Capability (EC)	0.077	0.015
Financial Technology (FT)	0.202	0.028
Intellectual Capital (IC)	0.106	0.019
Innovation Capability (INC)		0.164

Source: SEM-PLS Output (2024)

Table 6 shows that the square value of the Entrepreneurial Capability variable is 0.077, Financial Technology is 0.202, and Intellectual Capital is 0.106. This means that the Entrepreneurial Capability and Intellectual Capital variables have a negligible influence, while the Financial Technology variable has a moderate influence on the Innovation Capability (M).

Based on Table 6, the results show that the f-square value of the Financial Technology variable is 0.028 and Innovation Capability is 0.164, indicating that these variables have a moderate influence on the Sustainability Business Performance (Y). Meanwhile, the f-square value of the Entrepreneurial Capability variable is 0.015, and Intellectual Capital is 0.019, which illustrates a minimal influence. Small values can be standard in many scientific contexts, although this indicates very low variability (Lang, 1971).

Hypothesis Test

Table 7. Result of Direct Influence Path Coefficient and Specific Indirect Effect

	Original Sample (O)	T Statistics (|O/STDEV|)	P Values
Intellectual Capital -> Sustainability Business Performance	0.145	1.770	0.077
Financial Technology -> Sustainability Business Performance	0.163	2.602	0.010
Entrepreneurial Capability -> Sustainability Business Performance	0.125	1.824	0.069
Innovation Capability -> Sustainability Business Performance	0.438	5.056	0.000
Intellectual Capital -> Innovation Capability -> Sustainability Business Performance	0.131	3.238	0.001

Financial Technology -> Innovation Capability -> Sustainability Business Performance	0.161	3.512	0.000
Entrepreneurial Capability -> Innovation Capability -> Sustainability Business Performance	0.111	3.261	0.001

Source: SEM-PLS Output (2024)

Based on hypothesis test, the relationship between intellectual capital and sustainability business performance is 0.077, and the coefficient of 0.145 indicates a significant positive relationship, so the hypothesis is accepted at the 10% significance level. Thus, the development of intellectual capital significantly affects the sustainability of MSMEs. The relationship between financial technology and sustainability business performance is 0.010, and the coefficient of 0.163 indicates a significant positive relationship, so the hypothesis is accepted at the 5% significance level. The presence of financial technology affects the sustainability of MSMEs in surviving in an era of rapidly developing technology. The relationship between entrepreneurial capability and sustainability business performance is 0.069, and the coefficient of 0.125 indicates a significant positive relationship, so the hypothesis is accepted at the 10% significance level. The entrepreneurial ability to think critically and creatively brings changes and affects the sustainability of MSME businesses. The relationship between innovation capability and sustainability business performance is 0.000, and the coefficient of 0.438 indicates a significant positive relationship, so the hypothesis is accepted at the 1% significance level. Innovation capability is important for MSME actors to continue to realize creative ideas to meet market needs and can affect MSME business performance in the long term.

Innovation capability mediates the relationship between intellectual capital and sustainability business performance by 0.001 and a coefficient of 0.131, indicating a significant positive relationship, and the hypothesis is accepted at the 1% significance level. From these results, it is identified that innovation capability encourages vigorous intellectual exploration to create MSME business sustainability, innovation capability mediates the relationship between financial technology and sustainability business performance by 0.000 and a coefficient of 0.161, indicating a positive relationship, and the hypothesis is accepted at the 1% significance level. The utilization of financial technology will work optimally through the technological innovation capabilities of MSMEs to maintain their business sustainability in the digital era. Innovation capability mediates the relationship between entrepreneurial capability and sustainability business performance by 0.001 and a coefficient of 0.111, indicating a significant positive relationship. The hypothesis is accepted at the 1% significance level. Thus, entrepreneurial capability encourages innovation to sustain MSME businesses in the long term.

Discussions

Intellectual Capital and Sustainability Business Performance

Intellectual capital is an intangible asset for MSMEs in the form of knowledge, expertise, skills, and relationships owned internally, which become unique and inimitable MSME resources and are expected to be maximized by business actors so that a business has an advantage so that it can survive and operations continue. Supports the RBV theory, which states that the company's internal resources can provide a sustainable competitive advantage where intellectual capital acts as an internal resource with the leading human capital component, followed by structural capital and relational capital (Vătămănescu et al., 2019). With employees who are creative and innovative in making products and engaging content as a means of promotion, increasing sales can improve the performance of MSMEs (Cahyaningati et al., 2022). The role of ability, attitude, and structure gives MSMEs supportive resources to improve their business sustainability performance (Salam et al., 2023). The development and strengthening of intellectual capital is a key factor to encourage the growth and success of MSMEs (Mulyana et al., 2024). This supports previous research, as has been done by (Ahmed et al., 2020; AlQershi et al., 2023; Endang & Pramono, 2022; Wasiluk, 2013).

Financial Technology and Sustainability Business Performance

Financial technology can significantly improve sustainable business performance by understanding technology acceptance factors. Supporting the TAM theory, financial technology as a financial innovation is well accepted among MSMEs because it is considered valid, helps to improve business operational efficiency, and makes it easier for MSMEs to adopt and utilize new financial technologies (Ibrahim et al., 2021). Financial technology should increase the sustainability of MSMEs, making them more competitive and able to survive. As an easily accessible alternative financing, financial technology should be able to increase the sustainability of MSMEs (Najib et al., 2021). Applying financial technology for MSMEs is one of the financial strategies in business development (Raharjo et al., 2022). This supports previous research, as has been done by (Ardiansyah, 2019; Cahyawati et al. 2023; Nurohman et al., 2021).

Entrepreneurial Capability and Sustainability Business Performance

Business actors with a good entrepreneurial capability base will help MSME business units adapt to the ability to innovate, take risks, be proactive, and make quick and appropriate decisions in the face of market changes, create new value, and improve operational efficiency. Supporting RBV theory, entrepreneurial capability is a valuable resource for business units because it is closely related to business actors (Somwethee et al., 2023). Entrepreneurial capability is unique and valuable and triggers competence to achieve outstanding performance (Al Mamun & Fazal, 2018). Developing entrepreneurial capability can increase competitiveness, performance, and competitive advantage, leading to its business's sustainability (Akbar et al., 2023). This supports previous research, as has been done by (Hanaysha & Al-Shaikh, 2024; Machin et al., 2023; Marissa M, 2019).

Innovation Capability and Sustainability Business Performance

With innovation capability, MSMEs can produce quality products and be creative in keeping up with the times so that their business continues to run. Supporting RBV theory, innovation capability is considered a rare and important resource because the ability to innovate a business will continue to run and develop following the times (Somwethee et al., 2023). The willingness and ability to innovate make MSMEs more dynamic, which can show their competitiveness and sustainability (Akbar et al., 2023). Increasingly fierce business competition urges businesses to innovate to create sustainable competitive advantage. Thus, innovation becomes an important management function and supports sustainable business performance improvement (Setyani et al., 2013). Innovation is considered one of the most effective ways to encourage the prosperity and business continuity of MSMEs in the long term. This supports previous research, as has been done by (Fitriaty, 2023; Hanaysha et al., 2022; Mila et al., 2022).

Intellectual Capital, Innovation Capability, and Sustainability Business Performance

MSMEs with substantial intellectual capital and high innovation capability make it possible to achieve sustainable business performance because innovation can help businesses be more adaptive, creative, and responsive to market needs. It is explained through the RBV theory that intellectual capital meets the criteria of capable resources to develop and implement strategies so that the performance of MSMEs is getting better (Wijayani, 2017). Intellectual capital is a valuable resource and can be broadly defined as a collection of all corporate information resources that can be used to increase revenue, attract new consumers, develop new products, or improve business (Aljuboori et al., 2022). The Intellectual capital component aims to carry out business strategies by maximizing resources and increasing value through continuous innovation (Agustia et al., 2021). The existence of creative and innovative resources encourages the creation of new things to achieve maximum results (Cahyaningati et al., 2022). Increasing intellectual capital can trigger an increase in innovation capability, which ultimately contributes to improving the performance of MSMEs (Mulyana et al., 2024). This supports previous research, as has been done by (Aljuboori et al., 2022; Mulyana et al., 2024; Phonthanukitithaworn et al., 2023).

Financial Technology, Innovation Capability, and Sustainability Business Performance

The ability of innovation and encouragement from changes in financial technology that lead to digitalization allow MSMEs to meet their business needs and provide added value to customers, thereby creating a sustainable competitive advantage. Supporting the TAM theory of sustainability business performance can be more easily achieved when MSMEs can feel the convenience and usefulness of financial technology services driven by the innovation capabilities of business actors (Al-Okaily et al., 2021). In line with the RBV theory, to increase market competitiveness, you can improve innovation capabilities and utilize financial technology (Indarto, 2024). Innovation capability plays an important role in encouraging the adoption of financial technology services (Hasanudin & Panigfat, 2024). Financial technology helps the sustainability of MSMEs and becomes a product of innovation that can increase sustainability competitiveness (Najib et al., 2021). The ability of innovation that leads to the use of technology benefits the success of businesses in accessing information to make MSMEs sustainable in the long term. This supports previous research, as has been done by (Ibrahim et al., 2021; Indarto, 2024; Lasmi et al., 2024).

Entrepreneurial Capability, Innovation Capability, and Sustainability Business Performance

As internal resources, entrepreneurial and innovation capabilities are valuable, rare, difficult to imitate, and irreplaceable. With entrepreneurial capability, MSMEs can exploit their business opportunities to gain competence and sustainable advantages. In line with the RBV theory, entrepreneurial capability is a resource that has an important role in innovating to create sustainable competitive advantage. Innovation arises based on entrepreneurial characteristics that can see opportunities to affect MSMEs (Setyani et al., 2013). The basis of entrepreneurship is complemented by the desire to continue to innovate, which will increase the competitiveness and sustainable performance of MSMEs (Akbar et al., 2023). MSMEs will achieve sustainable competitive advantage when business actors continue to seize market opportunities and focus on innovation (Hanaysha & Al-Shaikh, 2024). Entrepreneurial capability directly influences sustainability business performance. The positive impact will be even more significant when MSME business units have innovation capability that can enable them to implement new ideas into actual innovations. This supports previous research, as has been done by (Kongrode et al., 2023; Shahzad et al., 2020; Somwethee et al., 2023).

Conclusions and Recommendations

This study reveals that intellectual capital, financial technology, and entrepreneurial capability have a direct positive effect on sustainability business performance, and they indirectly have a positive impact through innovation capability. MSMEs will survive and be sustainable if their internal factors support them well. Intellectual capital, financial technology, and entrepreneurial capability have their respective interrelated roles, and their development is a strategy to achieve the sustainability of a business. Innovation capability plays a significant role for MSMEs as it allows them to realize renewal ideas so that the business continues to run following the times and increasingly rapid technology. This research contributes to MSME actors to maximize resource utilization because it plays a key role in improving performance and affecting business sustainability, provides information that collaboration between internal factors and technology utilization plays an essential role in creating MSME business sustainability, and provides an explanation of the driving factors in developing internal potential for business sustainability.

The limitations of this study are related to the coverage area, which still limits the level of generalization so that future research can pay attention to the generalization of findings; if taking samples in the population of one district area, it is hoped that it can represent all sub-districts below. The criteria for selecting MSME samples can be expanded again because a minimum of two employees and a business duration of more than one year are not optimal enough to measure the sustainability of MSMEs. In addition, it is pretty good to look at the value of the magnitude of the effect to explain the sustainability of MSMEs. However, almost 40% of the total is still available, which can be explained by other variables outside of the variables of this study so that in the future, researchers can add other variables related to sustainability business performance.

References

Agustia, D., Asyik, N. F., & Midiantari, N. (2021). Intellectual Capital Terhadap Financial Performance Dan Sustainable Growth. *EKUITAS (Jurnal Ekonomi Dan Keuangan)*, *5*(2), 159–179. https://doi.org/10.24034/j25485024.y2021.v5.i2.4744

Ahmed, S. S., Guozhu, J., Mubarik, S., Khan, M., & Khan, E. (2020). Intellectual capital and business performance: the role of dimensions of absorptive capacity. *Journal of Intellectual Capital*, *21*(1), 23–39. https://doi.org/10.1108/JIC-11-2018-0199

Akbar, M., Effendi, M., Nawarcono, W., Priambodo, A., & Sufyati, H. S. (2023). The Sustainability of MSME Business Competitiveness in Bogor City in Review from Entrepreneurial Orientation , Financial Capital and Innovation. *Jurnal Bisnisman : Riset Bisnis Dan Manajemen*, *5*(1), 80–93.

Akhtar, C. S., Ismail, K., Ndaliman, M. A., Hussain, J., & Haider, M. (2015). Can Intellectual Capital of SMEs Help in Their Sustainability Efforts. *Journal of Management Research*, *7*(2), 82. https://doi.org/10.5296/jmr.v7i2.6930

Al-Okaily, M., Sl Natour, A. R., Shishan, F., Al-Dmour, A., Alghazzawi, R., & Alsharairi, M. (2021). Sustainable fintech innovation orientation: A moderated model. *Sustainability (Switzerland)*, *13*(24). https://doi.org/10.3390/su132413591

Al Mamun, A., & Fazal, S. A. (2018). Effect of entrepreneurial orientation on competency and micro-enterprise performance. *Asia Pacific Journal of Innovation and Entrepreneurship*, *12*(3), 379–398. https://doi.org/10.1108/apjie-05-2018-0033

Ali, M. A., Hussin, N., Haddad, H., Al-Araj, R., & Abed, I. A. (2021). Intellectual capital and innovation performance: systematic literature review. *Risks*, *9*(9), 1–19. https://doi.org/10.3390/risks9090170

Aljuboori, Z. M., Singh, H., Haddad, H., Al-Ramahi, N. M., & Ali, M. A. (2022). Intellectual Capital and Firm Performance Correlation: The Mediation Role of Innovation Capability in Malaysian Manufacturing SMEs Perspective. *Sustainability (Switzerland)*, *14*(1). https://doi.org/10.3390/su14010154

Alqershi, N. A., Wan Yusoff, W. F., Bin Masrom, M. A. N., Abdul Hamid, N. B., Mokhtar, S. S. M., & AlDoghan, M. (2022). Intellectual capital and performance of automotive manufacturers: the role of strategic thinking. *International Journal of Productivity and Performance Management*, *71*(6), 2534–2557. https://doi.org/10.1108/IJPPM-02-2021-0067

AlQershi, N., Saufi, R. B. A., Ismail, N. A., Mohamad, M. R. Bin, Ramayah, T., Muhammad, N. M. N., & Yusoff, M. N. H. Bin. (2023). The moderating role of market turbulence beyond the Covid-19 pandemic and Russia-Ukraine crisis on the relationship between intellectual capital and business sustainability. *Technological Forecasting and Social Change*, *186*. https://doi.org/10.1016/j.techfore.2022.122081

Alvino, F., Di Vaio, A., Hassan, R., & Palladino, R. (2021). Intellectual capital and sustainable development: a systematic literature review. *Journal of Intellectual Capital*, *22*(1), 76–94. https://doi.org/10.1108/JIC-11-2019-0259

Ambarwati, L., Zuraida, L., & Zuraida, L. (2020). Pengaruh Financial Literacy Terhadap Business Sustainability Pada Umkm Desa Panggungharjo. *Kajian Bisnis STIE Widya Wiwaha*, *28*(1), 1–12. https://doi.org/10.32477/jkb.v28i1.374

Ardhiyansyah, A., Juniansyah, M. A., & Putra, U. N. (2024). Have MSMEs in Indonesia Focused on Business Sustainability? The Influence of Environmental Orientation, Technology Implementation, Green Marketing, and Innovation Capability. *Jurnal REKOMEN (Riset Ekonomi Manajemen)*, *7*(2), 369–394.

Ardiansyah, T. (2019). Model Financial Dan Teknologi (Fintech) Membantu Permasalahan Modal Wirausaha UMKM Di Indonesia. *Majalah Ilmiah Bijak*, *16*(2), 158–166. https://doi.org/10.31334/bijak.v16i2.518

Azhar, A. N., & Arofah, T. (2021). Faktor-Faktor Yang Memengaruhi Keberlangsungan Umkm Di Kabupaten Banyumas Pada Masa Pandemi Covid-19. *SAR (Soedirman Accounting Review) : Journal of Accounting and Business*, *6*(1), 37. https://doi.org/10.20884/1.sar.2021.6.1.4063

Bank Indonesia. (2023). *Laporan Perekonomian Indonesia*.

Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, *17*(1), 99–120.

Cahyaningati, R., Muttaqien, F., Sulistyan, R. B., Wijayanti, R., Paramita, D., Ana, S. R., Intelektual, M., & Pengetahuan, M. (2022). *Modal Intelektual, Manajemen Pengetahuan dan Kinerja UMKM serta Kecepatan dan Kualitas Inovasi sebagai Variabel Mediasi*. 2227–2238.

Cahyawati, N. E., Nantungga, K. H., & Tumewang, Y. K. (2023). The influence of financial technology & literacy on MSMEs sustainability with financial inclusion as a mediating variable. *Journal of Contemporary Accounting*, *5*(2), 71–82. https://doi.org/10.20885/jca.vol5.iss2.art2

Calabrese, A., Costa, R., Ghiron, N. L., Tiburzi, L., & Pedersen, E. R. G. (2021). How sustainable-orientated service innovation strategies are contributing to the sustainable development goals. *Technological Forecasting and Social Change*, *169*(February), 120816. https://doi.org/10.1016/j.techfore.2021.120816

Chandra, M., & Augustine, Y. (2019). PENGARUH GREEN INTELLECTUAL CAPITAL INDEX DAN KEUANGAN DAN NON KEUANGAN PERUSAHAAN DENGAN. *Jurnal Magister Akuntansi Trisakti*, *6*(1), 45–70.

Chen, J., Carlson, B. E., & Genio, An. D. Del. (2002). *Evidence for Strengthening of the Tropical General Circulation in the 1990s*.

Davis, F. D. (1989). Perceived usefulness, perceived ease of use, and user acceptance of information technology. *MIS Quarterly: Management Information Systems*, *13*(3), 319–339. https://doi.org/10.2307/249008

Diabate, A., Sibiri, H., Wang, L., & Yu, L. (2019). Assessing SMEs' sustainable growth through entrepreneurs' ability and entrepreneurial orientation: An insight into SMEs in Côte d'Ivoire. *Sustainability (Switzerland)*, *11*(24). https://doi.org/10.3390/su11247149

Dr. Duryadi, M. S. (2021). Metode Penelitian Ilmiah Metode Penelitian Empiris Model Path Analysis dan Analisis Menggunakan SmartPLS. In *Penerbit Yayasan Prima Agus Teknik* (Vol. 7, Issue 1).

Endang, S., & Pramono, I. P. (2022). Pengaruh Implementasi Intellectual Capital terhadap Keberlanjutan Usaha di Masa Pandemi. *Jurnal Riset Akuntansi*, 91–98. https://doi.org/10.29313/jra.v2i2.1265

Epinda, T., & V, Y. L. (2023). Inovasi dan Literasi Keuangan : Faktor Penting Untuk Keberlanjutan Usaha. *Journal of Student Research (JSR)*, *1*(4), 415–427.

Fajar, M., & Larasati, C. W. (2021). Peran Financial Technology (Fintech) dalam Perkembangan UMKM di Indonesia: Peluang dan Tantangan. *Humanis (Humanities,Management and Science Proceedings)*, *1*(2), 702–715. http://www.openjournal.unpam.ac.id/index.php/SNH

Fitriaty, F. (2023). Pengaruh Model Inovasi Bisnis Terhadap Keberlanjutan Bisnis Pada Umkm Di Kawasan Pariwisata Kota Jambi. *BISMA: Jurnal Bisnis Dan Manajemen*, *17*(2), 99. https://doi.org/10.19184/bisma.v17i2.41128

Gross-Gołacka, E., Kusterka-Jefmanska, M., & Jefmanski, B. (2020). Can elements of intellectual capital improve business sustainability?-The perspective of managers of smes in poland. *Sustainability (Switzerland)*, *12*(4). https://doi.org/10.3390/su12041545

Hair, J. F., Hult, G. T., Ringle, C., & Sarstedt, M. (2017). A Primer on Partial Least Squares Structural Equation Modeling (PLS-SEM) - Joseph F. Hair, Jr., G. Tomas M. Hult, Christian Ringle, Marko Sarstedt. In *Sage*.

Hanaysha, J. R., & Al-Shaikh, M. E. (2024). Impact of entrepreneurial orientation, marketing capability, and market orientation on business sustainability and corporate reputation. *Discover Sustainability*, *5*(1). https://doi.org/10.1007/s43621-024-00401-4

Hanaysha, J. R., Al-Shaikh, M. E., Joghee, S., & Alzoubi, H. M. (2022). Impact of Innovation Capabilities on Business Sustainability in Small and Medium Enterprises. *FIIB Business Review*, *11*(1), 67–78. https://doi.org/10.1177/23197145211042232

Hasanudin, & Panigfat, F. (2024). *Shirkah : Journal of Economics and Business Unlocking MSME Performance : The Interplay of Financial Literacy , Financial Inclusion , and Financial Technology Lending with Venture Capital Mediation*. *9*(2), 169–180.

Heenkenda, H. M. J. C. B., Xu, F., Kulathunga, K. M. M. C. B., & Senevirathne, W. A. R. (2022). The Role of Innovation Capability in Enhancing Sustainability in SMEs: An Emerging Economy Perspective. *Sustainability (Switzerland)*, *14*(17). https://doi.org/10.3390/su141710832

Hudson, M., Smart, A., & Bourne, M. (2001). Theory and practice in SME performance measurement systems. *International Journal of Operations & Production Management*, *21*(8), 1096–3577.

Ibrahim, M. H., Khoirunnisa, A. N., & Salsabiil, U. Z. (2021). Analisis Technology Acceptance Model (TAM) Tehadap Penggunaan Financial Technology Untuk Mendukung UMKM Sebagai Solusi Pemulihan Ekonomi Nasional. *INSPIRE JOURNAL: Economics and Development Analysis*, *1*(2), 123–142. https://ejournal.uksw.edu/inspire

Indarto, I. (2024). Determinan Kinerja Bisnis UMKM: Peran Mediasi Kapabilitas Inovasi. *Jurnal Ekonomi, Manajemen Akuntansi Dan Perpajakan (Jemap)*, *7*(1), 233–259. https://doi.org/10.24167/jemap.v7i1.11906

Jateng, D. U. (2023). *22 Juta UMKM Telah Masuk Ekosistem Digital*. Dinas Koperasi Usaha Kecil & Menengah Provinsi Jawa Tengah. https://dinkop-umkm.jatengprov.go.id/berita/view/2927

KEMENKOPUKM, PPN/Bappenas, K., & TNP2K. (2021). *Sistem informasi data tunggal UMKM : usulan peta jalan pengembahan basis data UMKM* (Vol. 1). https://www.tnp2k.go.id/download/91142658. Buku_Sistem Informasi Data Tunggal UMKM (Usulan Peta Jalan Pengembangan Basis Data UMKM).pdf

Kongrode, J., Aujirapongpan, S., & Ru-Zhue, J. (2023). Exploring the impact of dynamic talent management

capability on competitive performance: The mediating roles of dynamic marketing capability of startups. *Journal of Competitiveness*, *15*(1). https://doi.org/10.7441/joc.2023.01.07

Kumalasari, B., & Asandimitra, N. (2019). FAKTOR-FAKTOR YANG MEMENGARUHI KINERJA UMKM DI KABUPATEN BOJONEGORO. *Jurnal Ilmu Manajemen*, *7*(3).

Kurniawan, J. H., & Nuringsih, K. (2022). Pengaruh Orientasi Pasar, Orientasi Kewirausahaan, Dan Media Sosial Terhadap Kinerja Umkm Makanan Khas Jambi. *Jurnal Muara Ilmu Ekonomi Dan Bisnis*, *6*(1), 176. https://doi.org/10.24912/jmieb.v6i1.13357

Lang, S. (1971). Basic mathematics. *Routledge Library Editions: Urban Planning*, *11*, 199–219. https://doi.org/10.5951/mt.36.5.0235

Lasmi, N. W., Putra, K. W. S., & Laksmi, K. W. (2024). FINTECH ADOPTION AND ENTREPRENEURIAL EXPERIENCE : KEY DRIVERS OF MSME. *CITIZEN: Jurnal Ilmiah Multidisiplin Indonesia Vol*, *4*(3), 158–167. https://doi.org/10.53866/jimi.v4i3.599

Lidiawan, A. R., Laely, N., Nugroho, R. D., & Chandra, N. A. (2021). *Pengaruh Kemudahan, Kegunaan, Kepercayaan dan Faktor Risiko Penggunaan Financial Technology dalam Proses Bisnis UMKM Bidang Fashion di Kota Kediri*. *2*, 1–26.

Machin, Muhammad Reza Aulia, Joni Hendra, Elvina Safitri, & Bawono, A. (2023). Keberlanjutan UMKM di Jawa Barat di Tinjau Dari New-era Business : Transformasi Digital, Dividen Digital, dan Kewirausahaan. *Jurnal Bisnisman : Riset Bisnis Dan Manajemen*, *5*(1), 01–15. https://doi.org/10.52005/bisnisman.v5i1.130

Marikyan, D., Papagiannidis, S., & Stewart, G. (2023). Technology acceptance research: Meta-analysis. *Journal of Information Science*. https://doi.org/10.1177/01655515231191177

Marissa M, O. (2019). Pengaruh Jiwa Kewirausahaan, Nilai Kewirausahaan Terhadap Perilaku Kewirausahaan Dan Keberlangsungan Usaha Pada Sektor Umkm. *Jurnal Bina Manajemen*, *7*(2), 171–183.

Maya, Y. Y., Derriawan, & Sihite, M. (2024). Strategi Inovasi Bisnis dan Kelestarian Lingkungan Terhadap Keberlanjutan Bisnis di Sektor Migas Dengan Variabel Mediasi CSR (The Strategic Of Business Innovation And Envrionmental Sustainability In The Oil And Gas With CSR As A Mediating Variable). *EKOBISMAN: Jurnal Ekonomi Bisnis Manajemen*, *9*(1), 43–57.

Menne, F., Surya, B., Yusuf, M., Suriani, S., Ruslan, M., & Iskandar, I. (2022). Optimizing the Financial Performance of SMEs Based on Sharia Economy: Perspective of Economic Business Sustainability and Open Innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *8*(1), 18. https://doi.org/10.3390/joitmc8010018

Mila, S., Nurhidayah, S. A., & Finansial, L. (2022). Peran Literasi Finansial dan Inovasi Digital dalam Meningkatkan Business Performance dan Business Sustainability Pada UMKM di Kabupaten Pekalongan. *Akuisisi*, *18*(02), 212–227. http://dx.doi.org/10.24217

Mukherjee, T., & Sen, S. S. (2019). Intellectual Capital and Corporate Sustainable Growth: The Indian Evidence. *Journal of Business Economics and Environmental Studies*, *9*(2), 5–15. https://doi.org/10.13106/jbees.2019.vol9.no2.5

Mulyana, H., Yuniarsih, T., & Hadijah, H. S. (2024). Manajerial : Jurnal Manajemen dan Sistem Informasi. *Jurnal Manajemen Dan Sistem Informasi*, *1*(23), 61–74. http://ejournal.upi.edu/index.php/manajerial/

Mulyanto, A., Sumarsono, S., Niyartama, T. F., & Syaka, A. K. (2020). Penerapan Technology Acceptance Model (TAM) dalam Pengujian Model Penerimaan Aplikasi MasjidLink. *Semesta Teknika*, *23*(1), 27–38. https://doi.org/10.18196/st.231253

Najib, M., Ermawati, W. J., Fahma, F., Endri, E., & Suhartanto, D. (2021). Fintech in the small food business and its relation with open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, *7*(1). https://doi.org/10.3390/joitmc7010088

Ngamal, Y., & Maximus, A. P. (2021). Penerapan Model Manajemen Risiko Teknologi Digital Di Lembaga Perbankan Berkaca Pada Cetak Biru Transformasi Digital Perbankan Indonesia. *Jurnal Manajemen Risiko*, *2*(2), 59–74. https://doi.org/10.33541/mr.v2iiv.4099

Nurcholisah, K., Nurleli, N., & Nurfahmiyati, N. (2020). *Effect of Intellectual Capital on Performance with Islamic Work Ethics as a Moderating Factor*. *409*(SoRes 2019), 45–52. https://doi.org/10.2991/assehr.k.200225.011

Nurohman, Y. A., Kusuma, M., & Narulitasari, D. (2021). *FINTECH , FINANCIAL INCLUSION , AND SUSTAINABILITY : A QUANTITATIVE APPROACH OF MUSLIMS SMEs*. *6*(1), 54–67.

Olaleye, B. R., Lekunze, J. N., Sekhampu, T. J., Khumalo, N., Adejuwon, A., & Ayeni, W. (2024). *Leveraging Innovation Capability and Organizational Resilience for Business Sustainability Among Small and Medium Enterprises : A PLS-SEM Approach*.

Papulasih, D., Purwidianti, W., Tubastuvi, N., & Utami, R. F. (2024). Peran Literasi Keuangan Sebagai Mediasi Pada Variabel Financial Technology Dan Karakteristik UMKM Terhadap Keberlanjutan UMKM. *Jurnal*

Administrasi Dan Manajemen, *14*, 25–25.

Pardiman, P., Susyanti, J., Heriyawati, D. F., Zakaria, Z., & Masyhuri, M. (2022). Impact of financial capital, social capital, and business digitalization on business sustainability of SMEs in Indonesia. *Jurnal Manajemen Dan Pemasaran Jasa*, *15*(1), 69–82. https://doi.org/10.25105/jmpj.v15i1.13114

Phonthanukitithaworn, C., Srisathan, W. A., & Ketkaew, C. (2023). *Sustainable-Development-towards-Openness-SME-Innovation-Taking-Advantage-of-Intellectual-Capital-Sustainable-Initiatives-and-Open-InnovationSustainability-Switzerland.pdf*.

Pizzi, S., & Corbo, L. (2020). Fintech and Smes Sustainable Business Models: Reflections and Considerations for a Circular Economy. *Baltic Journal of Management*, *15*(2), 141–147.

Prakasa, Y., Sujoko, A., Aziz, N. A., & Muttaqin, A. (2022). ABSORPTIVE CAPACITY AND INNOVATION CAPABILITY: ASSESSING THE IMPACT ON SMES PERFORMANCE IN THE NEW NORMAL ERA. *Jurnal Ekonomi Bisnis Dan Kewirausahaan*, *11*(3), 325. https://doi.org/10.26418/jebik.v11i3.57368

Pramurindra, R., Primala, D. A., & Putri, P. (2022). TECHNOLOGY ACCEPTANCE MODEL SEBAGAI PREDICTED TEORY PADA PEMANFAATAN TEKNOLOGI UMKM DI ERA NEW NORMAL. *Jurnal Ekonomi, Bisnis Dan Auntansi (JEBA)*, *24*(4).

Pratama, B. C., Fitriati, A., Innayah, Maulida Nurul, Kamaluddin, A., Saad, S., & Saepudin, E. (2024). *The Role of Intellectual Capital in Improving the MSME's Organizational Performance*. https://doi.org/10.4108/eai.2-8-2023.2341525

Raharjo, K., Dalimunte, N. D., Purnomo, N. A., Zen, M., Rachmi, T. N., Sunardi, N., & Zulfitra. (2022). Pemanfaatan Financial Technology dalam Pengelolaan Keuangan pada UMKM di Wilayah Depok. *Jurnal Pengabdian Masyarakat Madani (JPMM)*, *2*(1), 67–77. https://doi.org/10.51805/jpmm.v2i1.70

Salam, A., Oktapiani, S., & Mandasari, J. (2023). Peran Implementasi Modal Intelektual terhadap Peningkatan Keberlanjutan Kemajuan Usaha Mikro Kecil Menengah (UMKM) di Kabupaten Sumbawa. *Owner*, *7*(4), 3643–3659. https://doi.org/10.33395/owner.v7i4.1918

Salvi, A., Vitolla, F., Raimo, N., Rubino, M., & Petruzzella, F. (2020). Does intellectual capital disclosure affect the cost of equity capital? An empirical analysis in the integrated reporting context. *Journal of Intellectual Capital*, *21*(6), 985–1007. https://doi.org/10.1108/JIC-12-2019-0283

Setyani, S. W. L. H., Troena, E. A., Nimran, U., & Rahayu, M. (2013). Innovation Role in Mediating the Effect of Entrepreneurship Orientation, Management Capabilities and Knowledge Sharing Toward Business Performance: Study at Batik SMEs in East Java Indonesia. *IOSR Journal of Business and Management*, *8*(4), 16–27. https://doi.org/10.9790/487x-0841627

Shahzad, M., Qu, Y., Zafar, A. U., Rehman, S. U., & Islam, T. (2020). Exploring the influence of knowledge management process on corporate sustainable performance through green innovation. *Journal of Knowledge Management*, *24*(9), 2079–2106. https://doi.org/10.1108/JKM-11-2019-0624

Sharabati, A. A. A., Jawad, S. N., & Bontis, N. (2010). Intellectual capital and business performance in the pharmaceutical sector of Jordan. *Management Decision*, *48*(1), 105–131. https://doi.org/10.1108/00251741011014481

Smriti, N., & Das, N. (2018). The impact of intellectual capital on firm performance: a study of Indian firms listed in COSPI. *Journal of Intellectual Capital*, *19*(5), 935–964. https://doi.org/10.1108/JIC-11-2017-0156

Soetanto, A. C., Haryanto, V. V., & Pujianto, T. R. (2021). Pemanfaatan Limbah Tekstil Kain Jeans Melalui Pemberdayaan Usaha Mikro, Kecil, Dan Menengah (UMKM) Di Masa Pandemi Covid-19. *Prosiding SNADES 2021 - Kebangkitan Desain & New Media: Membangun Indonesia Di Era Pandemi*, *1*(1), 324–330.

Somwethee, P., Aujirapongpan, S., & Ru-Zhue, J. (2023). The influence of entrepreneurial capability and innovation capability on sustainable organization performance: Evidence of community enterprise in Thailand. *Journal of Open Innovation: Technology, Market, and Complexity*, *9*(2). https://doi.org/10.1016/j.joitmc.2023.100082

Styaningrum, F., Soetjipto, B. E., & Wulandari, D. (2020). THE DETERMINANTS OF SMEs' SUSTAINABILITY. *Humanities & Social Sciences Reviews*, *8*(4), 422–430. https://doi.org/10.18510/hssr.2020.8441

Sugiyono. (2017). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.

Surya, A., Tinggi, S., & Muhammadiyah, T. (2021). *Analisis faktor penghambat umkm di kecamatan cileungsi*. *11*, 342–350.

Sustainability, T., Di, U., & Karawang, K. (2023). *No Title*. *8*(9).

Suyanto. (2022). Kinerja Keuangan Usaha Mikro Kecil dan Menengah (UMKM): Inklusi Keuangan sebagai Mediasi. *Jurnal Akuntansi Dewantara*, *6*(1), 1–20.

Taleb, T. S. T., Hashim, N., & Zakaria, N. (2023). Mediating effect of innovation capability between

entrepreneurial resources and micro business performance. *Bottom Line*, *36*(1), 77–100. https://doi.org/10.1108/BL-07-2022-0112

Vătămănescu, E. M., Gorgos, E. A., Ghigiu, A. M., & Pătruț, M. (2019). Bridging intellectual capital and SMEs internationalization through the lens of sustainable competitive advantage: A systematic literature review. *Sustainability (Switzerland)*, *11*(9). https://doi.org/10.3390/su11092510

Wahyuni, S., Pujiharto, P., Pratama, B. C., & Azizah, S. N. (2023). Analysis of the rate of growth of intellectual capital ability in predicting present and future profitability of Sharia commercial banks in Indonesia. *Asian Journal of Accounting Research*, *8*(2), 194–206. https://doi.org/10.1108/AJAR-10-2021-0226

Wardani, A. P. Y. K., & Darmawan, N. A. S. (2020). *Peran Financial Technology pada UMKM : Peningkatan Literasi Keuangan Berbasis Payment Gateway*. *10*(2), 170–175.

Wasiluk, K. L. (2013). Beyond eco-efficiency: Understanding CS through the IC practice lens. *Journal of Intellectual Capital*, *14*(1), 102–126. https://doi.org/10.1108/14691931311289048

Wernefelt, B. (1984). A Resource-Based View of the Firm Birger. *Strategic Management Journal*, *5*(2), 171–180. https://doi.org/10.1057/9781403948083_1

Widhiarso, W. (2012). *Memperkenalkan Program G * Power untuk Mengkalkulasi Berapa Ukuran Sampel untuk Penelitian Aplikasi Kasus*. 3–6.

Wijayani, D. R. (2017). PENGARUH INTELLECTUAL CAPITAL TERHADAP KINERJA KEUANGAN PERUSAHAAN PUBLIK DI INDONESIA (Studi Empiris Pada Perusahaan Manufaktur di BEI 2012-2014). *Jurnal Riset Akuntansi Dan Bisnis Airlangga*, *2*(1), 97–116. https://doi.org/10.31093/jraba.v2i1.23

Appendix

Operational Definition and Variable Indicators

Variable	Operational Definition	Variable Indicator
X1: Intellectual Capital Clasified into: human capital, structural capital, relational capital (AlQershi et al., 2023; Sharaati et al., 2010)	Intellectual capital is a collection of intangible knowledge important in creating value to achieve business performance and goals. It includes human capital (the knowledge, experience, and skills of employees), Structural capital (processes, systems, procedures, and practices performed by employees), and relational capital (the ability to interact with external stakeholders to gain knowledge and build relationships).	IC1-HC: Learning and education IC2-HC: Experience and expertise IC3-HC: Innovation and creation IC4-SC : System and program IC5-SC : Research and development IC6-SC : Intellectual property rights IC7-RC : Strategic alliances, licenses, agreements IC8-RC : Relationships with partners, suppliers and customers IC9-RC : Knowledge of partners, suppliers and customers
X2: Financial Technology (Lontchi et al., 2023)	Financial technology is an innovative business service in the financial sector to meet important needs in the future	FT1: Perceived benefits FT2: Perceived convenience FT3: Trust in the service FT4 : Perceived risk
X3: Entrepreneurial Capability (Somwethee et al., 2023)	Entrepreneurial capability is the ability to direct business towards goals with internal encouragement in the form of creativity, skills, problem solving skills, communication, and management expertise that affect business sustainability.	EC1 : Leadership and management EC2: Active learning and analysis EC3 : Self-interest and achievement
M: Innovation Capability (Prakasa et al., 2022)	Innovation capability enhances competitive advantage with new product development, marketing development, internal management processes, and other innovations.	INC1 : Innovative products INC2 : Innovative process INC3: Innovative behavior INC4 : Innovative resources
Y: Sustainability Business	Sustanability business performance as the	BS1: Economic performance

Performance (Khan & Quaddus, 2015)	ability to meet business needs through harmonizing financial, social, and environmental objectives.	BS2 : Social performance BS3 : Environmental performance