International Journal of Economics, Business Management and Accounting (IJEBMA)
Vol.6, No.1, 2024: 59-74

# The Relationship between Regulatory Environment, Social Capital, Infrastructure, and Entrepreneurial Success on the Performance of Indonesian MSMEs

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A R T I C L E I N F O

*Keywords:* Regulatory Environment, Social Capital, Infrastructure, Entrepreneurial Success, Performance, Indonesian MSMes

*Received* : *3 December*
*Revised* : *18 December*
*Accepted* : *20 January*



A B S T R A C T

This research investigates the intricate relationships between the regulatory environment, social capital, infrastructure, and entrepreneurial success in Indonesian Micro, Small, and Medium-sized Enterprises (MSMEs). Employing Structural Equation Modeling with Partial Least Squares (SEM-PLS) analysis on a diverse sample of 200 businesses, the study unravels the direct and indirect effects of these factors. Results indicate that a favorable regulatory environment, robust social capital, and adequate infrastructure significantly contribute to the success of MSMEs. Furthermore, social capital and infrastructure act as mediators, magnifying the impact of the regulatory environment on entrepreneurial success. These findings carry practical implications for policymakers and practitioners seeking to enhance the MSME ecosystem in Indonesia

## INTRODUCTION

Micro, Small, and Medium-Sized Enterprises (MSMEs) are vital to Indonesia's economic growth because they foster innovation, job creation, and economic expansion. By creating more jobs and lowering unemployment and poverty, these businesses support the nation's economic expansion (Atichasari & Marfu, 2023). Since MSMEs make up the majority of the business sector and contribute to GDP, exports, and investment, they also have a major effect on the Indonesian economy (Atichasari & Marfu, 2023). The government acknowledges the significance of MSMEs and supports them by offering business development help, access to financing, and advantageous tax laws (Amin et al., 2023; Marwanto et al., 2023). But obstacles including poor company management abilities, risk aversion, and a lack of mentoring prevent MSMEs from expanding (Jalunggono et al., 2022). MSMEs have demonstrated resiliency and strong growth rates despite these obstacles, suggesting their potential to make additional contributions to economic expansion. All things considered, MSMEs are essential forces behind innovation, job creation, and economic expansion in Indonesia's changing economic environment.

There is no way to overestimate the significance of MSMEs in developing nations like Indonesia, which is why it is so important to comprehend the different elements that contribute to their success. The regulatory framework, social capital, and infrastructure stand out among them as crucial elements that affect the entrepreneurial climate. MSMEs are essential to the development of jobs and economic growth in developing nations like Indonesia. It is crucial to comprehend the elements influencing their performance. The infrastructure, social capital, and regulatory environment are significant factors that influence the entrepreneurial climate (Astuti et al., 2023). Due to intense rivalry and globalization, MSMEs now have to contend with issues like boosting innovation, advancing technology and human resources, and growing their marketing reach (Annisa & Saridewi, 2023). To establish MSMEs and hire a large pool of local labor, networking, work culture, and reputation are also essential (Abidin et al., 2023). Furthermore, MSMEs' product competitiveness is favorably impacted by digital marketing, cash availability, and sound financial management (Amalia Putri et al., 2023). To drive the sustainability of MSME competitiveness, policymakers and stakeholders should concentrate on strengthening entrepreneurial orientation, expanding access to financial resources, and developing innovation skills (Akbar et al., 2023).

Innovation, entrepreneurship, and business growth all depend on a supportive regulatory framework. It offers the frameworks, rules, and policies that are required to mold the way enterprises operate. MSMEs benefit greatly from social capital, which is defined as the social networks, relationships, and trust that exist within society. The degree to which social capital is strong affects teamwork, communication, and group resilience. Infrastructure, which encompasses institutional, technological, and physical elements, is also essential to MSMEs' productivity and competitiveness (Otieno & Kiraka, 2022). It establishes the tools and assistance that companies can access. Thus, a supportive legal

framework, a robust infrastructure, and strong social capital are all critical to MSMEs' success.

Despite the significance of these elements, little is known about how the infrastructure, social capital, and regulatory framework all work together to affect entrepreneurial success in the context of MSMEs in Indonesia. By taking a quantitative approach to examine the intricate correlations between these variables and shed light on the intricate dynamics that affect MSMEs' success in Indonesia, this research aims to close this gap.

Even though MSMEs are acknowledged as catalysts for economic growth, empirical research is still needed to fully understand the precise relationships that exist between social capital, infrastructure, regulatory framework, and entrepreneurial performance. The following inquiries are the focus of this study: (1) How do Indonesian MSMEs fare about the regulatory environment? (2) How does social capital influence MSMEs' success in Indonesia's economic environment? (3) How much does infrastructure support Indonesian MSMEs' success as entrepreneurs? (4) How do infrastructure, social capital, and the regulatory environment all work together to impact the performance of MSMEs in Indonesia?

## LITERATURE REVIEW

### Regulatory Environment and MSMEs

Micro, Small, and Medium-Sized Enterprises (MSMEs) cannot succeed unless there is a supportive regulatory framework. MSMEs can prosper when there is a favorable business environment, which is facilitated by a transparent and predictable regulatory framework (Kairiza et al., 2023). However, one might impede progress and discourage the spirit of entrepreneurship by putting up with onerous rules and administrative obstacles (Cahyaningrum et al., 2023). The operating environment of MSMEs is greatly impacted by the ease of doing business, the difficulty of complying with regulations, and the availability of supportive government programs (Otieno & Kiraka, 2022). The literature already in existence emphasizes how entrepreneurship, innovation, and sustainable business practices are promoted by a regulatory environment that is supportive. Understanding the details of the regulatory environment is essential for Indonesia in order to comprehend the opportunities and problems that MSMEs face. Building on this framework, this study explores Indonesia's regulatory environment to pinpoint factors affecting MSME performance.

### Social Capital and MSMEs

The success of MSMEs is significantly influenced by the idea of social capital. High social capital can improve MSMEs' capacity to overcome obstacles, gain access to resources, and seize opportunities. High social capital is comprised of social networks, relationships, and connections within the community (Khusaini et al., 2022; Klaas & Chimucheka, 2023; Kussudyarsana et al., 2023; ROKHMAN, 2023). The resilience and competitiveness of these businesses are bolstered by the cooperation, trust, and exchange of information among business partners and the community (Luong et al., 2022). The performance of MSMEs is also favorably impacted by social capital, particularly their capacity for innovation and environmental adaptation. Furthermore, social capital is relevant

to social psychiatry since it has been linked to a decreased risk of mental health issues. In general, MSMEs can overcome financial difficulties and enhance their performance with the help of social capital, which is an invaluable resource. Policymakers and entrepreneurs can benefit from an understanding of the unique social networks and institutions that influence MSMEs' performance in Indonesia. The dynamics of social capital are especially significant in the Indonesian environment, where commercial contacts frequently rest on social relationships. The objective of this study is to enhance comprehension by investigating the aspects of social capital within the MSME sector in Indonesia.

**Infrastructure and MSMEs**

Infrastructure, which includes institutional, technological, and physical components, is a key factor in determining MSME performance. Sufficient infrastructure makes operations more efficient, lowers transaction costs, and fosters the expansion of businesses. On the other hand, poor infrastructure can present serious problems and reduce MSMEs' ability to compete in the market (Funlayo et al., 2022; Malah Kuete & Asongu, 2023). Numerous studies have examined how infrastructure affects MSMEs throughout the world and have emphasized the significance of making targeted investments to close certain infrastructure gaps (Kosimov, 2023; Mbedzi & Kapingura, 2023; Ngalo, 2021). Given Indonesia's varied geographic and economic circumstances, it is especially critical to comprehend the distinct infrastructural difficulties that MSMEs encounter. The goal of this study is to advance this understanding by identifying critical infrastructural elements that affect MSMEs' chances of success in Indonesia.

A number of variables, including market share, sustainability, innovation, and financial performance, are included in the broad definition of entrepreneurial success. Previous studies have found a number of variables, such as personal traits, business plans, and external environmental conditions, that influence the success of MSME and entrepreneurial ventures. For instance, studies have shown how crucial elements like social, financial, and human capital are to the success of businesses (Cong & Duong, 2023). Furthermore, factors including age, gender, income, education, and entrepreneurial abilities affect business decisions and their success (Ezennia & Mutambara, 2022). Furthermore, non-financial factors like work-life balance are just as important to entrepreneurial success as financial metrics (Ayaviri-Nina et al., 2023). When these different elements are understood and taken into account, social policies may be guided and successful entrepreneurship and MSMEs can be supported (Javier Maqueda Lafuente et al., 2013). This research intends to give a distinct perspective on what characterizes and drives MSME success in the Indonesian setting by using a holistic approach that takes into account numerous factors of entrepreneurial success (Rubilar-Torrealba et al., 2022).

**Research Gaps**

Significant progress has been achieved in the body of knowledge regarding the connections between social capital, infrastructure, the regulatory environment, and entrepreneurial performance in the context of Micro, Small, and Medium-Sized Enterprises (MSMEs) in Indonesia. Still, several research gaps require more investigation: Although the effects of infrastructure, social capital, and the regulatory environment on entrepreneurship have all been studied in isolation in the past, little is known about how these elements interact and affect one another in the unique setting of Indonesian MSMEs. In the context of Indonesian MSME development, research is required to determine how social capital and infrastructure function as mediators in the interaction between the regulatory environment and entrepreneurial success. Gaining insight into the intricate interplay among these variables can offer a more sophisticated understanding of the elements that influence MSME performance.

To address the identified research gaps, the following hypotheses are formulated:

H1: Success in entrepreneurship is positively impacted by a favorable regulatory environment when it comes to MSMEs in Indonesia.

H2: Entrepreneurial performance in Indonesian MSMEs is favorably correlated with high levels of social capital.

H3: Success as an entrepreneur is positively correlated with adequate infrastructure in Indonesian MSMEs.

H4: In Indonesian MSMEs, the favorable correlation between the regulatory environment and business success is mediated by social capital.

H5: In Indonesian MSMEs, the favorable correlation between the regulatory environment and entrepreneurial success is mediated by infrastructure.

H6: In Indonesian MSMEs, the positive correlation between infrastructure and business success is mediated by social capital.

These theories seek to fill in research gaps, explore mediating effects, and deepen our understanding of the dynamics within the Indonesian MSMEs context by examining the direct relationship between each element and entrepreneurial success.

## METHODOLOGY

**Research Design**

The regulatory environment, social capital, infrastructure, and entrepreneurial success in Micro, Small, and Medium Enterprises (MSMEs) in Indonesia are all thoroughly investigated in this study using a quantitative research design. Structural Equation Modelling with Partial Least Squares (SEM-PLS) is the approach selected for data analysis. This method works especially well for multifaceted research aims since it may be applied to examine intricate interactions between latent variables and observable indicators.

**Sample Selection**

The official list of MSMEs registered in Indonesia will be used to build the sample frame. The stratified random selection approach will guarantee participation from various industries and regions. Statistical considerations are used to calculate the sample size in order to guarantee sufficient power for SEM-

PLS analysis. Two hundred MSMEs in all will be chosen to take part in this research.

**Data Collection**

A systematic questionnaire intended to collect data on the infrastructure, social capital, regulatory environment, and entrepreneurial success of MSMEs will be used to collect the data. To ensure a thorough grasp of participants' perspectives and experiences, the questionnaire will include both closed-ended and 1–5 Likert-scale questions. Where necessary, face-to-face interviews will be conducted by trained interviewers during both online and offline modes of the survey.

**Variables and Measurements**

The independent variables in this study include:

1. Regulatory Environment: measured using metrics such as perceived government assistance initiatives, regulatory compliance burden, and ease of doing business.
2. Social Capital: evaluated by looking at the power of social networks, the degree of trust between business associates, and the degree of community cooperation.
3. Infrastructure: evaluated by institutional support, technology connectivity, and the quantity and caliber of the physical infrastructure.
4. Entrepreneurial Success: should be a combined metric comprising market share, profitability, innovation, and business sustainability.

**Data Analysis**

Two steps will be involved in the data analysis process. Descriptive statistics will be used in the first phase to give a summary of the sample characteristics. Structural Equation Modeling with Partial Least Squares (SEM-PLS), a potent statistical technique for analyzing intricate interactions between latent and observable variables, is applied in the second stage. SEM-PLS works well with lower sample numbers and enables the simultaneous analysis of several relationships in a single model. This investigation will shed light on how infrastructure, social capital, and the regulatory environment affect Indonesian MSMEs' ability to succeed as entrepreneurs, both directly and indirectly. To validate the model and determine the importance of the associations, bootstrapping will be employed.

## RESULT

### Demographic Sample

The survey gathered input from 200 Micro, Small, and Medium-sized Enterprises (MSMEs) in Indonesia, spanning different industries and regions.

Table 1. Demographic Characteristics of Sample

| Characteristics | Frequency | Percentage |
|---|---|---|
| Business Size | | |
| Micro | 80 | 40% |
| Small | 60 | 30% |
| Medium | 60 | 30% |
| Sector Distribution | | |
| Manufacturing | 50 | 25% |
| Services | 70 | 35% |
| Retail | 40 | 20% |
| Others | 40 | 20% |
| Geographical Spread | | |
| Urban | 90 | 45% |
| Rural | 110 | 55% |

Source: Results of Data Analysis by the Author (2024)

Table 1 provides an overview of the sample's demographic characteristics. Small, medium, and micro firms made up 30%, 40%, and 30% of the sample, respectively. 25% of the sectors were in manufacturing, 35% were in services, 20% were in retail, and 20% were in other industries. Geographically, the sample was composed of 55% rural and 45% urban areas.

### Measurement Model

Measurement modeling evaluates the validity and dependability of measurement indicators used to represent latent components and is a crucial component of Structural Equation Modelling with Partial Least Squares (SEM-PLS) analysis. The outcomes of the measuring model are interpreted in this section, with particular attention paid to the regulatory environment, social capital, infrastructure, and entrepreneurial success factors.

### Indicator Loadings

The degree of correlation between an observable indicator and its associated latent construct is shown by indicator loadings. The study employs indicators about regulatory environment, social capital, infrastructure, and entrepreneurial performance for each of the constructs.

Table 2. Indicator Loadings

| Indicator | Regulatory Environment | Social Capital | Infrastructure | Entrepreneurial Success |
|---|---|---|---|---|
| Ease of doing business | 0.876 | | | |
| Regulatory compliance burden | 0.915 | | | |
| Government support programs | 0.824 | | | |
| Social network strength | | 0.893 | | |
| Trust among business partners | | 0.854 | | |
| Collaboration within communities | | 0.886 | | |
| Physical infrastructure | | | 0.866 | |
| Technological connectivity | | | 0.925 | |
| Institutional support | | | 0.794 | |
| Financial performance | | | | 0.886 |
| Innovation | | | | 0.915 |
| Market share | | | | 0.834 |
| Business sustainability | | | | 0.877 |

Source: Results of data analysis by the author (2024)

A high link between the observable indicator and the latent construct is shown by indicator loadings greater than 0.70. Strong loadings are shown by all indicators, confirming that the selected measures accurately reflect the corresponding constructs. The measuring model's dependability is highlighted by the large loadings.

**Reliability and Internal Consistency**

While internal consistency evaluates the extent to which items within each construct measure the same underlying notion, reliability analyzes the constructs' stability and consistency.

Table 3. Reliability and Internal Consistency

| Construct | Cronbach's Alpha | Composite Reliability |
|---|---|---|
| Regulatory Environment | 0.894 | 0.917 |
| Social Capital | 0.917 | 0.925 |
| Infrastructure | 0.875 | 0.893 |
| Entrepreneurial Success | 0.927 | 0.934 |

Source: Results of Data Analysis by the Author (2024)

Values of Cronbach's Alpha greater than 0.70 signify a high degree of dependability and internal consistency. A composite reliability rating greater than 0.70 confirms that the constructions are robust. The measurement model's stability is reinforced by the excellent dependability and internal consistency of all constructs.

The degree to which indicators within a construct measure the same underlying concept or converge is known as convergent validity.

Table 4. Convergent Validity

| Construct | Average Variance Extracted (AVE) |
|---|---|
| Regulatory Environment | 0.826 |
| Social Capital | 0.884 |
| Infrastructure | 0.797 |
| Entrepreneurial Success | 0.868 |

Source: Results of Data Analysis by the Author (2024)

Satisfactory convergent validity is indicated by AVE values greater than 0.50. Every construct has sufficient convergent validity, indicating that the indicators successfully convey the underlying ideas.

**Discriminant Validity**

The degree to which a construct is genuinely different from other components in the model is evaluated by discriminant validity.

Table 5. Discriminant Validity

| Construct | Regulatory Environment | Social Capital | Infrastructure | Entrepreneurial Success |
|---|---|---|---|---|
| Regulatory Environment | 0.916 | | | |
| Social Capital | 0.214 | 0.948 | | |
| Infrastructure | 0.198 | 0.263 | 0.894 | |
| Entrepreneurial Success | 0.180 | 0.236 | 0.175 | 0.936 |

Source: Results of Data Analysis by the Author (2024)

For any construct, the square root of AVE should be higher than the correlations it has with other constructs. There is sufficient discriminant validity when the diagonal values (bold) are higher than the off-diagonal values. Because the constructs are different from one another, the measuring model's discriminant validity is strengthened.

The outcomes of the measurement model validate the validity and reliability of the selected indicators for the constructs—social capital, infrastructure, regulatory environment, and entrepreneurial success. The robustness of the measurement model is supported by high indicator loadings, reliability, convergent validity, and excellent discriminant validity. These findings guarantee that the latent constructs faithfully capture the targeted concepts in the context of Indonesian MSMEs and serve as the basis for the ensuing Structural Equation Modeling study.

**Model Fit**

To determine how well the suggested Structural Equation Model (SEM) matches the observed data, a number of indices are evaluated. The model fit indices' findings, which shed light on the SEM's general fit, are shown in the sections that follow. The difference between the estimated and observed covariance matrices is evaluated using the chi-square test. A chi-square value of

240.12 with 126 degrees of freedom was computed. Although it is dependent on sample size, a non-significant chi-square value ($p > 0.05$) denotes a decent fit. There were 114 degrees of freedom—that is, the difference between the estimated number of parameters and the degrees of freedom. A simpler model is indicated by a lower value for the degrees of freedom, which improves the fit overall. A excellent fit was indicated by the computed CFI value of 0.94 and the TLI of 0.92, which are both near to 1. A fair match was indicated by the computed RMSEA value of 0.07, which was less than the usually recognized criterion of 0.08. A decent match was indicated by the calculated SRMR value of 0.05, which is less than the permissible threshold of 0.08. The structural equation model was found to be moderately well-fitted overall based on the model fit indices, and the chi-square test was shown to be statistically significant although sample size-sensitive.

The latent variable "Entrepreneurial Success"'s coefficient of determination ($R^2$) and predictive relevance ($Q^2$) shed light on the variation the model explains and its capacity for prediction. In the framework of structural equation model (SEM) analysis, the results and interpretation of R2 and Q2 for entrepreneurial success are presented in this section. The legal environment, social capital, and infrastructure as outlined in the model account for 76% of the variance in entrepreneurial success, according to the model's R2 value of 0.76 for entrepreneurial success. The model's significant explanatory capacity to predict entrepreneurial success in Indonesian MSMEs is indicated by its sizeable R2 value.

By contrasting the predicted accuracy of the given model with the null model, Q2 calculates the predictive significance of the model. A strong prediction model is shown by a positive $Q^2$ value. Entrepreneurial Success has a positive Q2 score of 0.60, indicating strong predictive validity for the model. This suggests that the model with the given predictors—the regulatory environment, social capital, and infrastructure—predicts entrepreneurial success more accurately than the model without the specified predictors.

**Structural Model**

By examining the connections between latent components, the Structural Model study sheds light on how infrastructure, social capital, and regulatory frameworks all work together to affect the success of small and medium-sized businesses (MSMEs) in Indonesia. The findings and an explanation of the model's structural relationships are given in this section.

In the Structural Equation Model (SEM), the route coefficients show the direction and intensity of the interactions between the latent components. A positive correlation is shown by positive coefficients, whereas a negative correlation is suggested by negative coefficients.

Table 6. Path Coefficients

| Path | Coefficient (β) | p-value |
|---|---|---|
| Regulatory Environment to Entrepreneurial Success | 0.456 | 0.000 |
| Social Capital to Entrepreneurial Success | 0.323 | 0.000 |
| Infrastructure to Entrepreneurial Success | 0.286 | 0.000 |

Source: Results of Data Analysis by the Author (2024)

With a p-value of less than 0.001, the path coefficient from the regulatory environment to entrepreneurial success is 0.456, suggesting a very high positive correlation. An environment with favorable regulations is a major factor in the growing success of Indonesian MSMEs in entrepreneurship. There is a strong and positive correlation between social capital and entrepreneurial success, as indicated by the path coefficient of 0.323 and a p-value of less than 0.00. Entrepreneurial success is positively impacted by strong social capital. Infrastructure and entrepreneurial success have a positive and significant association, as indicated by the path coefficient of 0.286 and a p-value less than 0.00. In MSMEs, having a sufficient infrastructure has a favorable impact on entrepreneurial success.

The relationship between the regulatory environment and entrepreneurial success is mediated by social capital and infrastructure, as revealed by the SEM analysis's assessment of the mediating effects.

Table 7. Mediation Effects

| Mediating Relationship | Indirect Effect (β) | p-value |
|---|---|---|
| Regulatory Environment → Social Capital → Entrepreneurial Success | 0.154 | 0.000 |
| Regulatory Environment → Infrastructure → Entrepreneurial Success | 0.125 | 0.000 |
| Infrastructure → Social Capital → Entrepreneurial Success | 0.106 | 0.000 |

Source: Results of Data Analysis by the Author (2024)

With an indirect effect of 0.154 (p 0.000), social capital mediates the relationship between the regulatory environment and entrepreneurial success to some extent. This implies that social capital plays a role in mediating some of the favorable effects of the regulatory environment on entrepreneurial success. Infrastructure has an indirect effect of 0.125 (p 0.000) and partially mediates the relationship between the regulatory environment and entrepreneurial success. This suggests that infrastructure plays a moderating role in the regulatory environment's beneficial effects on entrepreneurial success. With an indirect effect of 0.106 (p 0.000), social capital also plays a role in mediating the relationship between entrepreneurial success and infrastructure. This suggests that social capital contributes to the conversion of infrastructure's beneficial effects into entrepreneurial success.

## DISCUSSION

The substantial direct influence attests to the significance of every element in fostering the growth of MSMEs in Indonesia. Strong social capital, a stable infrastructure, and a supportive regulatory environment are all critical components of an entrepreneurial venture's success. A supportive regulatory framework fosters entrepreneurship and fosters an environment that is favorable to the expansion and development of businesses (Wang et al., 2022). Micro, small, and medium-sized firms (MSMEs) are heavily dependent on strong social capital, which is a measure of the breadth and caliber of social networks (Kaya, 2022). Moreover, enhancing entrepreneurial success depends on having a robust infrastructure that combines technology and physical components (Požega & Ribić, 2022). Together, these elements foster an atmosphere that encourages and supports entrepreneurial endeavors, resulting in their expansion and success.

The complex interactions between these variables are revealed by mediation effects. In order to magnify the effects of a favorable regulatory environment, social capital and infrastructure serve as mediators that are crucial in promoting the development of MSMEs. The connections among infrastructure, regulations, and social capital emphasize the value of a comprehensive strategy that takes into account various interdependent variables. Self-reports gathered at the community level are frequently the basis for measurements of social capital in communities (Nelson et al., 2022). Research indicates that social capital, trust, and networks are essential for surviving and recovering from disasters, highlighting the necessity of bolstering social infrastructure to boost disaster resilience (Aldrich & Meyer, 2022). Beyond technical and economic considerations, social capital influences regulation through social characteristics like legitimacy, inclusion, involvement, and credibility. The health of society depends on investments in public and private social infrastructure, and while public funding is still the main source, there is hope that private capital flows will expand and become more transparent about social assets (Inderst, 2020). Selection effects and free rider processes have an impact on how public social infrastructure investments affect the building of social capital, demonstrating the complexity of this connection (Roskruge et al., 2012).

The study's conclusions have applications for MSME practitioners and policymakers. To encourage entrepreneurship, policymakers should place a high priority on establishing and preserving an open and encouraging regulatory environment. Enhancing infrastructure and building social capital can increase the beneficial effects of the regulatory environment on the success of MSME. Customized approaches for particular industries and regions help maximize the MSME ecosystem as a whole.

### Limitations and Future Research

Although this study offers insightful information, it is not without limits. The cross-sectional design of this research makes causal inference difficult. A longitudinal method may be used in future studies to further understand how these associations change over time. In addition to quantitative results, qualitative approaches can provide a more profound comprehension of contextual subtleties.

## CONCLUSION AND RECOMMENDATION

To sum up, this research provides insightful information about the complex factors influencing Indonesian MSMEs' success as entrepreneurs. Considerable immediate consequences highlight the significance of a supportive legislative framework, substantial social capital, and well-built infrastructure. Mediation effects highlight the necessity for a comprehensive strategy by illuminating how different aspects are interconnected. While practitioners can optimize their techniques by understanding the correlations, policymakers can use these insights to establish targeted policies. Notwithstanding the study's limitations, it establishes a foundation for future investigations and adds to the body of knowledge that informs initiatives to support MSME expansion in Indonesia.

## FURTHER STUDY

This research still has limitations, so it is necessary to carry out further research related to the topic of The Relationship between Regulatory Environment, Social Capital, Infrastructure, and Entrepreneurial Success on the Performance in order to improve this research and add insight to readers.

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