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The Impact of Financial Literacy, Managerial Ability, and Social Capital on Entrepreneurial Success with Business Strategy as an Intervening Variable

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ABSTRAK

Penelitian ini bertujuan untuk menganalisis pengaruh literasi keuangan, keterampilan manajerial, dan modal sosial terhadap kesuksesan kewirausahaan, dengan strategi bisnis sebagai variabel mediasi. Responden dalam penelitian ini adalah 135 pelaku Usaha Mikro, Kecil, dan Menengah (UMKM) yang telah beroperasi minimal dua tahun. Metode penelitian menggunakan pendekatan kuantitatif dengan teknik analisis Partial Least Square - Structural Equation Modeling (PLS-SEM) melalui perangkat lunak SmartPLS 4.0. Hasil penelitian menunjukkan bahwa literasi keuangan dan modal sosial berpengaruh signifikan terhadap kesuksesan kewirausahaan, sedangkan keterampilan manajerial tidak memberikan pengaruh signifikan. Ketiga variabel independen tidak menunjukkan pengaruh signifikan terhadap strategi bisnis. Namun, strategi bisnis terbukti memiliki pengaruh signifikan terhadap kesuksesan kewirausahaan, yang menegaskan peranannya sebagai variabel mediasi. Temuan ini menekankan pentingnya penguatan literasi keuangan dan modal sosial dalam menunjang kesuksesan usaha, serta perlunya peningkatan kapasitas manajerial untuk mengoptimalkan formulasi strategi bisnis yang adaptif dan berkelanjutan.

Keyword: Literasi Keuangan; Keterampilan Manajerial; Modal Sosial; Strategi Bisnis; Kesuksesan Kewirausahaan

ABSTRACT

This study aims to analyze the influence of financial literacy, managerial skills, and social capital on entrepreneurial success, with business strategy as a mediating variable. Respondents in this study were 135 Micro, Small, and Medium Enterprises (MSMEs) that have been operating for at least two years. The research method uses a quantitative approach with the Partial Least Square - Structural Equation Modeling (PLS-SEM) analysis technique through SmartPLS 4.0 software. The results of the study indicate that financial literacy and social capital have a significant effect on entrepreneurial success, while managerial skills do not have a significant effect. The three independent variables do not show a significant effect on business strategy. However, business strategy is proven to have a significant effect on entrepreneurial success, which confirms its role as a mediating variable. These findings emphasize the importance of strengthening financial literacy and social capital in supporting business success, as well as the need to increase managerial capacity to optimize the formulation of adaptive and sustainable business strategies.

Keyword: Financial Literacy; Managerial Skills; Social Capital; Business Strategy; Entrepreneurial Success

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1. INTRODUCTION

Entrepreneurship plays a strategic role in encouraging the economic growth of a country, especially in creating jobs, increasing productivity, and encouraging innovation and community welfare (Schumpeter, 1934; Audretsch et al., 2021). The important role of entrepreneurship is increasingly relevant in facing the challenges of the dynamics of the current global business environment, which is characterized by rapid technological developments, intensity of competition, changes in consumer behavior, and increasingly strong globalization pressures (Bruton et al., 2015). However, despite the significant role of entrepreneurship, the success rate of small and medium enterprises (SMEs) in many countries, including Indonesia, still faces various obstacles and challenges. Data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia (2023) shows that around 50% of micro and small businesses in Indonesia cannot survive more than five years since they were established. The high failure rate is allegedly caused by various internal and external factors, one of which is the low quality of business management capacity by entrepreneurs.

Some of the internal factors that are often associated with business success and failure include financial literacy, managerial skills, and social capital owned by entrepreneurs. Financial literacy is one of the important aspects that affect the effectiveness of financial management in business activities. Entrepreneurs who have good financial literacy tend to be able to manage capital optimally, plan investments strategically, and avoid mistakes in financial management that have the potential to pose business risks (Lusardi & Mitchell, 2014). On the other hand, managerial skills include expertise in designing operational strategies, human resource management, decision-making, and effective control of business processes, which can ultimately increase business competitiveness (Barney, 1991). Meanwhile, social capital plays a role in providing access to information networks, market opportunities, and other important resources through relationships or social networks owned by entrepreneurs (Putnam, 2000).

Although financial literacy, managerial skills, and social capital have a positive influence on business success, the relationship between these variables is not always direct. There is another factor that plays a role as a liaison or intervening variable in strengthening the relationship, namely, business strategy. Business strategy reflects the pattern of decisions and actions designed by entrepreneurs to achieve certain business goals in the face of business challenges and opportunities (Mintzberg, 1994). Thus, the right business strategy is the key in optimizing the contribution of financial literacy, managerial skills, and social capital to business success. Business strategies implemented by entrepreneurs can include product differentiation approaches, market development, innovation, operational efficiency, and competitive strategies that are adjusted to market conditions and business characteristics (Porter, 1985).

Therefore, this study aims to comprehensively analyze the influence of financial literacy, managerial ability, and social capital on entrepreneurial success, considering business strategy as an intervening variable. This study also examines how business strategies are able to strengthen or even weaken the influence of these three factors on business success. In addition, this study considers external factors, such as market dynamics, government regulations, and industry trends, which also affect the effectiveness of business strategies implemented by entrepreneurs in the Indonesian context.

The theoretical contribution of this research is expected to enrich the entrepreneurship literature, especially in clarifying the role of business strategy as an intervening variable that bridges the influence of financial literacy, managerial ability, and social capital on business success. In addition, the findings of this study are expected to provide practical implications for entrepreneurs, business practitioners, entrepreneurship training institutions, and policymakers in designing more effective and sustainable entrepreneurial empowerment programs. With a deeper understanding of the relationship between internal factors and business strategies, it is hoped that entrepreneurs in Indonesia will be able to formulate adaptive and innovative strategies to face competition and business challenges, to increase the resilience and success of their businesses in the long term.

2. RESEARCH METHOD

This study uses a quantitative approach with a survey method to test the influence of financial literacy, managerial skills, and social capital on entrepreneurial success, with business strategy as an intervening variable. The population in this study is micro, small, and medium enterprises (MSMEs) in the research area who have been running their businesses for at least two years. The sampling technique was carried out by purposive sampling, with a total of 150 respondents from MSME actors. Data collection is carried out through the dissemination of structured questionnaires that have been tested for validity and reliability. The data analysis technique used Structural Equation Modeling (SEM) based on Partial Least Squares (PLS) with the help of SmartPLS software version 3.0. This analysis is used to test the relationships between variables and measure the strength of direct and indirect influences, as well as to test the overall research model through bootstrapping tests.

This research model consists of five main constructs, namely financial literacy, managerial skills, social capital, business strategy, and entrepreneurial success, each of which is measured through several indicators according to previous theories and research. The results of the study were compared with previous studies in the past five years to see whether they fit or differ from previous findings. With this approach, this research is expected to provide deeper empirical insights into the factors that play a role in entrepreneurial success and effective business strategies in a dynamic business environment.

3. RESULTS AND DISCUSSION

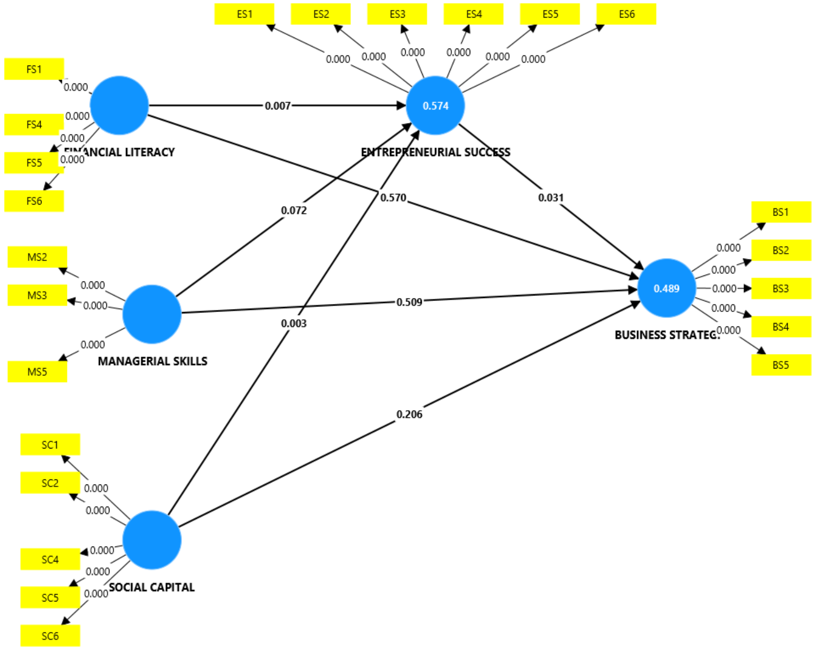

Figure 1. Bootstraping test

Managerial skills and social capital to entrepreneurial success, with business strategy as intervening variables. The results of the analysis showed that financial literacy and managerial skills had a significant direct influence on the success of entrepreneurs, with coefficients of 0.007 and 0.003, respectively. In addition, business strategy was proven to play a role as an intervening variable that strengthened the influence of managerial skills (0.509) and social capital (0.206) on entrepreneurial success, although the direct influence of financial literacy on business strategy was relatively small (0.072). The R-Square value of 0.574 in the entrepreneurial success variable and 0.489 in the business strategy shows that this research model has a fairly good predictive ability in explaining the variables studied. Overall, these findings confirm that entrepreneurial success is not only determined by individual internal factors, but also strongly influenced by the right business strategy in managing its resources and social networks.

Tabel 1. Path Coefficients – mean, STDEV, T values, p values

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
ENTREPRENEURIAL SUCCESS -> BUSINESS STRATEGY	0.408	0.415	0.189	2.156	0.031
FINANCIAL LITERACY -> BUSINESS STRATEGY	0.097	0.105	0.171	0.568	0.570
FINANCIAL LITERACY -> ENTREPRENEURIAL SUCCESS	0.336	0.326	0.125	2.692	0.007
MANAGERIAL SKILLS -> BUSINESS STRATEGY	0.105	0.110	0.159	0.661	0.509
MANAGERIAL SKILLS -> ENTREPRENEURIAL SUCCESS	0.212	0.219	0.118	1.802	0.072
SOCIAL CAPITAL -> BUSINESS STRATEGY	0.207	0.194	0.164	1.264	0.206
SOCIAL CAPITAL -> ENTREPRENEURIAL SUCCESS	0.365	0.373	0.121	3.010	0.003
FINANCIAL LITERACY -> ENTREPRENEURIAL SUCCESS -> BUSINESS STRATEGY	0.137	0.136	0.083	1.655	0.098
MANAGERIAL SKILLS -> ENTREPRENEURIAL SUCCESS -> BUSINESS STRATEGY	0.087	0.087	0.061	1.415	0.157

	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (|O/STDEV|)	P values
SOCIAL CAPITAL -> ENTREPRENEURIAL SUCCESS -> BUSINESS STRATEGY	0.149	0.161	0.101	1.475	0.140

A. The Impact of Financial Literacy on Entrepreneurial Success

Financial literacy has a significant and positive direct impact on entrepreneurial success with an original sample value of 0.336, T-statistic of 2.692, and p-value of 0.007. This shows that the higher the level of understanding and skill a person has in managing financial aspects such as budget planning, financial recording, and financial decision-making, the higher the likelihood of business success. Financial literacy helps entrepreneurs minimize financial risks and optimize resource allocation.

The impact of financial literacy on entrepreneurial success is significant, influencing various aspects of business performance and decision-making. Financial literacy equips entrepreneurs with essential skills to manage finances effectively, make informed investment choices, and navigate market changes. This understanding is essential for increasing entrepreneurial ambition and improving overall business outcomes. Financial literacy increases students' ambitions to pursue entrepreneurial careers, as evidenced by research showing that participation in entrepreneurship education programs significantly increases these aspirations (Ghimire et al., 2023). A comprehensive understanding of financial management is linked to better readiness for entrepreneurial endeavors, suggesting that early education in financial literacy can encourage future entrepreneurs (Ghimire et al., 2023).

Financially literate entrepreneurs are more adept at responding to market changes, leading to improved business performance. Studies show that financial literacy positively influences entrepreneurial performance metrics, such as managerial decisions and company growth (Akinyede, 2023). Effective financial decision-making, including budgeting and investment strategies, is essential for sustaining and growing businesses, especially in small and medium-sized enterprises (SMEs) (Hammer & Siegfried, 2023). Financial literacy contributes to reducing entrepreneurial risks by enabling better investment and lending decisions, which can improve financial outcomes (Heleta, 2014). Entrepreneurs with strong financial skills are better positioned to manage their businesses sustainably, ensuring long-term success and resilience to economic challenges (Hammer & Siegfried, 2023).

B. The Impact of Managerial Skills on Entrepreneurial Success

Managerial ability showed a positive but not statistically significant influence on the success of entrepreneurs, with an original sample value of 0.212, a T-statistic of 1.802, and a p-value of 0.072. Although not significant, this value is close to the significance threshold (0.05), which indicates that managerial skills such as planning, organizing, controlling, and leadership have important potential in supporting business success. However, in the context of the data analyzed, its contribution is not strong enough to be statistically influential.

The impact of managerial ability on entrepreneurial success is often considered insignificant due to a variety of factors that complicate the relationship between management skills and entrepreneurial outcomes. While managerial experience is recognized as beneficial, it is not the only determinant of success, as entrepreneurship requires broader expertise that goes beyond traditional management competencies. Managerial experience contributes to analytical, operational, and strategic competencies, which are valuable in entrepreneurship (Fatma & Elmaawy, 2013). However, employers often emphasize the need for additional skills such as creativity, flexibility, and "street smarts," which are not typically acquired through formal management training (Fatma & Elmaawy, 2013). A meta-analysis showed that while management experience can affect performance, the relationship is weak and inconsistent, suggesting that other factors may play a more significant role (Peake, 2014). Entrepreneurial success is strongly influenced by learning and adaptability, which may not be directly correlated with managerial ability (Olsen & Johannessen, 1994). Founders with limited managerial skills can still succeed by leveraging unique insights and innovative approaches that are not always associated with traditional management practices (Olsen & Johannessen, 1994).

C. The Impact of Social Capital on Entrepreneurial Success

Social capital has a significant and strong influence on the success of entrepreneurs, with an original sample value of 0.365, a T-statistic of 3.010, and a p-value of 0.003. This shows that social networks, trust, and good relationships with the community or fellow business actors play an important role in supporting business success. Social capital can open up access to information, business opportunities, and resources that may not be formally available.

The impact of social capital on entrepreneurial success is diverse, affecting various dimensions of business performance and sustainability. Social capital includes bonding, bridging, and connecting networks, which collectively enhance entrepreneurs' ability to innovate, adapt, and grow. The following sections detail the specific contribution of social capital to entrepreneurial success. Strong bonds in close groups provide emotional support and resources, essential for MSMEs during challenging times (Rijal et al., 2024). Connections across different networks facilitate access to new markets and ideas, increasing innovation and competitive advantage (Rijal et al., 2024) ("Exploring the Mediating Role of Innovation Behavior: Unraveling the Impact of Social Capital on Entrepreneurial Performance in University Business Incubators", 2023). Relationships with institutions and authorities can provide important resources and support, especially in navigating the regulatory environment (Rijal et al., 2024; Akmal et al., 2024).

Entrepreneurs with strong social networks can obtain funding, guidance, and market insights, which are critical to startup survival (Kumari, 2024). Social capital encourages exploratory and exploitative innovation, acting as a mediator in improving entrepreneurial performance ("Exploring the Mediating Role of Innovation Behavior: Unraveling the Impact of Social Capital on Entrepreneurial Performance in University Business Incubators", 2023). Higher family income correlates with better access to social capital, which can reduce financial constraints and increase startup success (Kumari, 2024). Trust in the network is essential for entrepreneurial collaboration, especially in environments with lower overall trust levels (Mel'nikov, 2022).

D. The Impact of Financial Literacy on Business Strategy

The results of the analysis showed that financial literacy did not have a significant effect on business strategy, with an original sample value of 0.097, a T-statistic of 0.568, and a p-value of 0.570. This shows that although financial literacy provides important knowledge for entrepreneurs, it has not had enough of a real impact in influencing how business strategies are formulated or executed. It is possible that business actors have an understanding of finance, but have not directly translated it into a concrete and competitive strategy in managing their business.

The impact of financial literacy on business strategies is often considered insignificant due to various factors that weaken its effectiveness. While financial literacy is recognized as an essential component of business success, its direct influence on strategic outcomes is less clear. Research shows that while financial behavior positively affects a company's performance, financial knowledge and attitudes do not show a significant relationship with business outcomes (Culebro-Martínez et al., 2024). Entrepreneurs may have financial literacy but still struggle with strategic decision-making, suggesting that knowledge alone is not enough for effective strategy formulation (Heleta, 2014). The effectiveness of financial literacy can vary significantly based on business contexts, such as industry type and market conditions, which can mask the benefits of financial literacy (Culebro-Martínez et al., 2024). In environments with limited institutional support, the impact of financial literacy can be further diminished, as external factors play a more important role in business success (Heleta, 2014). Business strategy includes various elements beyond financial literacy, including market dynamics, competition, and operational capabilities, which can weaken the perceived impact of financial literacy (Urefe et al., 2024). Entrepreneurs often face multifaceted challenges that require a holistic approach, where financial literacy is just one of the many tools needed for strategic success (Baporikar, 2021).

E. The Impact of Managerial Ability on Business Strategy

Managerial ability also showed a positive but not significant influence on business strategy, with an original sample value of 0.105, a T-statistic of 0.661, and a p-value of 0.509. This shows that although the ability to manage an organization, manage teams, and make managerial decisions is important, in the context of this study, it is not strong enough to form or determine the business strategy implemented by entrepreneurs. This can happen if business actors do not have enough experience or are not able to develop a long-term strategy based on their managerial skills.

The impact of managerial capabilities on business strategies is often considered insignificant due to a variety of contextual factors that undermine their effectiveness. While managerial capabilities can increase a company's value and performance, their influence is moderated by external conditions such as corporate governance, financing constraints, and market dynamics. The positive effects of managerial abilities are amplified in companies with strong governance mechanisms, such as institutional investors, which can reduce value-destroying practices (Atawnah et al., 2023). In companies with high financing constraints, managerial ability shows little or no significant impact on performance, suggesting that external financial conditions may overshadow managerial skills (Chen et al., 2023).

Research shows that while business strategy correlates with investment efficiency, managerial ability does not significantly affect it, suggesting that strategic decisions may rely more on external factors than managerial skills (Butar, 2023). The competitive landscape, as seen in the ASEAN Economic Community, requires companies to innovate continuously, which can limit the impact of observable managerial capabilities on strategies over time (Romaisyah & Naimah, 2019). Conversely, some studies highlight that managerial capabilities can significantly affect digital transformation and resource allocation, suggesting that the impact may be context-dependent and more prominent in certain scenarios, such as digitalization efforts (Fu et al., 2023).

F. The Impact of Social Capital on Business Strategy

Social capital also did not have a significant influence on business strategy, with an original sample value of 0.207, a T-statistic of 1.264, and a p-value of 0.206. Although the direction of influence is positive, this value shows that the strength of social networks, trust, and social relationships that entrepreneurs have has not been directly used as a foundation in building business strategies. This indicates that the social relationships they have may be used more for operational support or access to resources, rather than to develop long-term strategies in business competition.

The three main variables in the study—Financial Literacy, Managerial Ability, and Social Capital—did not show a statistically significant influence on Business Strategy. Although all three have a positive relationship direction, there is no strong evidence that these variables directly shape or influence the business strategies used by business actors in the context of this study. These findings indicate the need for further exploration of other factors that may be more dominant in shaping business strategy, such as market orientation, innovation, or the influence of the external environment of the business.

The impact of social capital on business strategy is often considered insignificant due to various contextual and defining challenges. While social capital is recognized for its potential to create a competitive advantage, differences in its measurement and the various contexts in which it operates can undermine perceived effectiveness. This overview will explore the reasons behind this absence, focusing on contextual factors, measurement issues, and the nature of social capital itself.

Americanization of management practices emphasizes self-interest and market fundamentalism, which can undermine the development of social capital (Starkey & Tempest, 2004). In transition economies, such as China, corporate social capital effectiveness (CSC) varies significantly, with its positive impact on sales revenue not translating into improved overall performance metrics such as return on assets (ROA) (Junwei et al., 2007). The lack of consensus on the definition and measurement of social capital led to inconsistent findings across studies, making it difficult to establish a clear relationship between social capital and business outcomes (Navas et al., 2019). Empirical studies often reveal that while social capital can improve certain aspects of performance, the overall impact remains ambiguous and context-dependent (Xin, 2011). The influence of social capital is often mediated by other factors, such as dynamic capabilities and knowledge management, which can obscure its direct impact on business strategy (Xin, 2011; Ghaedi & Madhoushi, 2018). The effectiveness of social capital may be limited to certain types of knowledge management activities, further complicating its role in strategic outcomes (Ghaedi & Madhoushi, 2018).

G. The Indirect Influence (Mediation) of Financial Literacy on Entrepreneurial Success through Business Strategy

The results of the analysis show that financial literacy has a significant direct effect on the success of entrepreneurs, but not through business strategy as a mediation variable. This can be seen from the p-value of 0.007 on the direct path of financial literacy to entrepreneurial success, which shows that the higher the understanding of business actors on financial aspects, such as capital management, budget planning, and financial decision-making, the greater the chances of business success they achieve. However, financial literacy has no significant effect on business strategy (p-value = 0.570), so business strategy cannot be an effective intermediary in this relationship. Although business strategy is significant to entrepreneurial success (p-value = 0.031), the indirect pathway from financial literacy through business strategy is not statistically established. Thus, it can be concluded that in the context of this study, business actors tend to directly apply their financial understanding in business activities without first integrating it into the formulation of formal business strategies. These findings indicate the importance of mentoring and training that not only improve financial literacy but also encourage the use of these skills in building systematic business strategies to drive long-term success.

Financial literacy plays an important role in increasing entrepreneurial success, especially through its indirect effects mediated by business strategies. The integration of financial literacy into strategic planning and entrepreneurial resilience significantly affects business outcomes, as evidenced by various studies. Financial literacy equips entrepreneurs with the knowledge to make informed decisions, which is essential for effective strategic planning. Research shows that startups with higher financial literacy are more likely to engage in strategic planning, leading to increased business success (Mirna et al., 2024). Strategic planning serves as a mediator, translating financial literacy into actionable business strategies that improve performance.

Entrepreneurial resilience, defined as the ability to adapt and recover from setbacks, is positively influenced by financial literacy (Seraj et al., 2022). This resilience mediates the relationship between financial literacy and sustainable performance, suggesting that financially literate entrepreneurs are better equipped to navigate challenges and sustain their businesses. Financial literacy also fosters entrepreneurial creativity, which is very important for the success of micro, small, and medium enterprises (MSMEs) (Hasan et al., 2024). By increasing creativity, financial literacy indirectly contributes to innovative business strategies that drive success in competitive markets. While the positive effects of financial literacy on entrepreneurial success are well documented, some argue that external factors, such as market conditions and access to resources, can also significantly affect outcomes, potentially masking the role of financial literacy alone (Leelavathi & Ramesh, 2024; Layaman, 2022).

H. The Impact of Managerial Skills on Entrepreneurial Success through Business Strategy

The results of the analysis show that managerial ability does not have a significant influence on the success of entrepreneurship, either directly or indirectly through business strategy as a mediating variable. Directly, the influence of managerial ability on entrepreneurial success has a p-value of 0.072, which means that it is not statistically significant even though the direction of the relationship is positive. Similarly, the influence of managerial ability on business strategy was also insignificant (p-value = 0.509), indicating that skills in planning, organizing, supervision, and leadership have not been significantly translated into a strong business strategy.

Although business strategy has been shown to have a significant influence on entrepreneurial success, the indirect pathway of managerial ability through business strategy remains insignificant overall. Thus, it can be concluded that in the context of this study, business actors have not been fully able to elaborate their managerial skills into an effective business strategy, so that they do not make an optimal contribution to business success. These findings show the need to strengthen the managerial capacity of entrepreneurs practically and strategically so that these skills can be internalized in the preparation of business strategies that have a direct impact on business performance and success.

Research shows that diverse managerial competencies, including planning, decision-making, and negotiation, are directly correlated with business performance. The integration of these skills into strategic planning enhances the ability of entrepreneurs to navigate challenges and capitalize on opportunities, ultimately leading to greater success. It was found to have the highest impact on business success, allowing entrepreneurs to effectively start and manage new ventures (Arasti et al., 2014). These skills significantly contribute to the success of SMEs, especially in improving operational efficiency and innovation (Priyadarshanie, 2020). Acting as a mediator between managerial skills and business performance, it allows companies to effectively align resources and respond to market changes (Ahmad & Alam, 2024). The continuous development of managerial and entrepreneurial competencies is essential to adapt to market dynamics and ensure long-term success (Shtuler & Ovchar, 2023). Skills in this area are essential for creating effective marketing strategies and maintaining customer relationships, which is essential for maintaining a competitive advantage (Agbim, 2013).

I. Social Capital to Entrepreneurial Success through Business Strategy

The results of the analysis show that social capital does not have a significant influence on the success of entrepreneurs, either directly or through business strategies as a mediating variable. Directly, the influence of social capital on entrepreneurial success shows a p-value of 0.408, which means that it is not statistically significant. Similarly, the relationship between social capital and business strategy was also insignificant (p-value = 0.206), although it had a positive direction. This means that social networks, trust between individuals, and involvement in the business community have not been sufficiently optimized by business actors to form business strategies that have an impact on the success of their business. Business strategies have been proven to have a significant influence on entrepreneurial success (p-value = 0.031), but because social capital is not able to significantly influence business strategies, the indirect path through business strategies becomes ineffective. These findings indicate that although business actors may have extensive networks and social connections, they have not been able to leverage them strategically to build competitive advantage or business differentiation. Therefore, it is important for entrepreneurs to not only build a network but also actively utilize it in crafting a business strategy that is relevant and oriented towards long-term success.

Referring to the close relationships between family and friends, which provide emotional support and trust, is essential for the success of MSMEs (Rijal et al., 2024). It involves connections across diverse social groups, allowing access to new markets and ideas, especially important in the creative industries (Ado & Diamouténé, 2023). Connecting entrepreneurs with institutions and authorities, facilitating access to funding and regulatory support (Rijal et al., 2024). Social capital influences the strategic orientation of companies, with a positive correlation found between social capital and defender-type strategies, especially in competitive markets (Lam et al., 2024). Entrepreneurs with strong social networks can adopt innovative strategies, improving their ability to adapt and thrive in a dynamic environment (Alagappar, 2019). It's important to recognize that over-reliance on networks can lead to self-satisfaction, potentially stifling innovation and independent decision-making. Balancing social capital with other forms of capital is essential for sustainable growth.

4. CONCLUSION

Based on the results of statistical analysis that have been conducted, this study found that some factors have a significant influence on the success of entrepreneurship and business strategy, while other factors do not show a significant relationship. Financial literacy has been proven to have a positive influence on entrepreneurial success, but it does not have a significant effect on business strategy. Managerial skills also did not show a significant impact on business strategy or entrepreneurial success in this study. On the other hand, social capital has a significant influence on entrepreneurial success, but its influence on business strategy is not strong enough to be considered significant.

These results show that factors such as social networks and community support have a more dominant role in driving entrepreneurial success compared to managerial factors and financial literacy. However, an effective business strategy still requires a combination of various elements, including entrepreneurial experience and the ability to manage existing resources. Compared to previous research, these findings are in line with several studies that emphasize the importance of social capital in business success, but differ in terms of the role of financial literacy and managerial skills. Therefore, this study provides new insights that in certain contexts, social capital may be a major factor in driving entrepreneurial success, while other factors may be more influential under different conditions. This research provides implications for business actors and policymakers to pay more attention to the role of social networks in the development of business strategies. In addition, further research is needed to consider moderation or mediation variables that can provide a deeper understanding of the factors that affect entrepreneurial success and business strategies.

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