The Effect of Business Incubation, Social Capital, and Financial Support on Startup Performance in Indonesia

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Article Info	ABSTRACT
	This study examines the influence of Business Incubation, Social Capital, and Financial Support on Startup Performance in Indonesia. The research uses a quantitative approach with a sample of 182 startup entrepreneurs in Indonesia, employing a Likert scale (1-5) and SEM-PLS 3 for data analysis. The results reveal that all three variables have a significant positive impact on startup performance. Specifically, Business Incubation ($\beta = 0.337$), Financial Support ($\beta = 0.817$), and Social Capital ($\beta = 0.574$) were found to have substantial effects. These findings underscore the importance of incubator programs, financial access, and strong networks in fostering the success of startups. The study provides practical implications for policymakers and entrepreneurs, emphasizing the need for enhanced support structures, including improved access to funding, networking opportunities, and mentorship.

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1. INTRODUCTION

The startup ecosystem in Indonesia has grown significantly, driven by technological advancements and a supportive policy environment. However, limited access to mentorship, financial support, and networks remains a major challenge, compounded by market adaptability, financial management, and innovation [1]. Access to funding is the most critical issue, as many startups struggle to secure financial resources, hindering their growth and competitiveness [2]. Regulatory complexities further impede business operations [3], while the lack of standardized human resource competence and performance management systems affects sustainability [4]. To address these challenges, mentorship and strong business networks play a crucial role in improving startup performance (Putra et al., 2024), and startups that emphasize innovation and market adaptability are more likely to succeed [1]. Despite these obstacles, Indonesia's large population and rising internet penetration create significant opportunities, supported by government policies and private sector investments that help startups overcome early barriers and grow [3]. Targeted support in talent

acquisition and scalability can further enhance startup sustainability [2].

Business incubation programs are instrumental in the success of startups by providing essential resources, mentorship, and networking opportunities, helping entrepreneurs navigate the complexities of business operations and long-term sustainability. The effectiveness of incubators depends on key factors such as financial support, business services, mentoring, networking, and infrastructure, all of which enhance startup potential. Financial support is crucial, as incubators often provide funding or connect startups with investors, ensuring business sustainability [5], [6]. Additionally, mentoring and business support guide startups through early development, increasing risk awareness and reducing failure costs [7]. Networking opportunities further strengthen the entrepreneurial ecosystem by fostering connections among entrepreneurs, mentors, and investors [6], [8]. Infrastructure, including shared office space and services, helps startups minimize costs and focus on core business activities [6], [7]. However, the effectiveness of incubation programs varies based on incubator models and their tailored interventions [7]. Moreover, regional factors such as government policies and local entrepreneurial ecosystems influence incubation success, necessitating customized approaches [6].

Social capital is crucial for startup success, providing access to resources, information, and networks that enhance business performance. Entrepreneurs leverage social capital to overcome challenges, form strategic partnerships, and improve market access, which are essential for growth and sustainability. It plays a key role in navigating business challenges, especially in sectors like greentech and climate tech, where networks help secure funding, manage technical difficulties, and gain market acceptance [9]. The structure of social networks also significantly influences startup performance, with those bridging 'structural holes'—gaps in networks that allow access to non-redundant information—performing

better in terms of revenue, indicating that diverse and expansive networks are more beneficial than closed ones [10]. Additionally, social capital is integral to entrepreneurship education, as networks, norms, and trust cultivated in educational settings help prepare graduates for entrepreneurial success [11]. Social media further enhances startup performance by facilitating the accumulation of social capital, where the cognitive, structural, and relational dimensions mediate the relationship between social media use and business success, underscoring the importance of digital platforms in building and maintaining networks [12].

Access to financial support is crucial for startup success, enabling investment in product development, marketing, and talent acquisition, yet securing it remains challenging, especially in emerging markets where investors are risk-averse. Financial support drives innovation and scalability, with venture capital and external funding positively influencing startup growth [13], [14]. However, startups often face barriers such as limited funding, complex regulations, and opaque investor requirements [15], [16]. Various financing mechanisms, including venture capital, business angels, crowdfunding, incubators, and accelerators, provide crucial support, while blockchain technology is enhancing transparency in equity crowdfunding and angel investing [16], [17]. Targeted policy interventions and public-private collaboration are essential to fostering entrepreneurship, while entrepreneurship education equips founders with strategic decision-making skills to secure and optimize financial resources [13], [16]. Given the importance of these factors, this study seeks to explore how business incubation, social capital, and financial support collectively influence startup performance in Indonesia.

2. LITERATURE REVIEW

2.1 Business Incubation

Business incubation is crucial for early-stage startups, providing resources,

mentorship, and infrastructure to support growth. Incubators offer office space, networking, business training, and investor access, with their effectiveness depending on service quality and the strength of the local ecosystem. They drive innovation, particularly in specialized sectors like maritime technology, by providing funding, expert mentoring, and industry networks, while collaboration with industry and educational institutions strengthens the innovation ecosystem [18]. Additionally, incubators support entrepreneurial ecosystems from ideation to growth and have been instrumental in fostering entrepreneurship in various regions, including South Africa [7], [19]. They also enhance human resource competence through training and mentoring, benefiting young entrepreneurs, particularly in high-unemployment areas like Indonesia, where they help link key elements of the entrepreneurship ecosystem to positively impact local economies and societies [20].

2.2 Social Capital

Social capital is a crucial asset for startups, facilitating access to resources, information, and networks essential for business success. Categorized into bonding, bridging, and linking social capital, each type enhances entrepreneurial opportunities by enabling entrepreneurs to secure funding, gain market intelligence, and establish partnerships, which is particularly valuable in environments with limited formal support structures, such as emerging economies where informal networks bridge institutional gaps. Social capital significantly impacts knowledge transfer and innovation, as strong networks enhance the sharing of tacit knowledge, fostering innovative work behavior and business growth [21], [22]. Trust, a core component of social capital, directly influences work efficiency and economic profitability, while strong social networks improve reputations and create business opportunities. Additionally, social capital supports organizational and individual well-being by contributing to job satisfaction, psychological health, and

employee engagement, fostering a high-performing workforce and an inclusive corporate culture that enhances retention and engagement [22].

2.3 Financial Support

Access to financial support is critical for startups, enabling them to finance operations, develop products, market effectively, and acquire talent through various funding sources such as venture capital, angel investors, government grants, bank loans, and crowdfunding. Venture capital, in particular, provides not only capital but also strategic advice and industry connections, making it a key driver of high-growth startups [14], [17]. However, accessing financial resources is often challenging, especially in developing economies where investors tend to be risk-averse and financial resources are scarce [23]. In Indonesia, government-backed programs like the Indonesia Venture Capital scheme support innovative startups, though challenges persist for non-tech sectors and underdeveloped regions [17]. Startups in developing countries also struggle with barriers such as limited venture capital and risk-averse investors, while in Algeria, many rely on personal financing and informal methods due to inadequate bank support [24]. To address these challenges, government initiatives and digital platforms can improve access to funding, as demonstrated by India's blockchain-based system for secure and simplified startup financing [16]. Furthermore, government support and international investments play a crucial role in fostering a robust startup ecosystem, as observed in Ukraine [17].

2.4 The Interrelationship between Business Incubation, Social Capital, and Financial Support

The interaction between business incubation, social capital, and financial support forms a synergistic relationship that significantly impacts startup performance. Business incubators foster social capital by connecting entrepreneurs with mentors, peers, and industry professionals, which in turn enhances access to financial resources [25]. Incubators facilitate the development of

social capital by providing startups with networks and guidance that are otherwise difficult to access, fostering innovation and creating a supportive environment for growth [26]. Social capital also plays a crucial role in financial performance, improving internal processes and facilitating access to funding opportunities, as startups with strong networks are better positioned to bridge structural holes and enhance revenue performance [10]. The integration of business incubation, social capital, and financial support creates a powerful effect that improves startup outcomes, with incubators reducing information asymmetry and increasing the likelihood of securing funding [27]. This interaction is essential for the success of business incubators, as these elements collectively contribute to a strong entrepreneurial ecosystem [25].
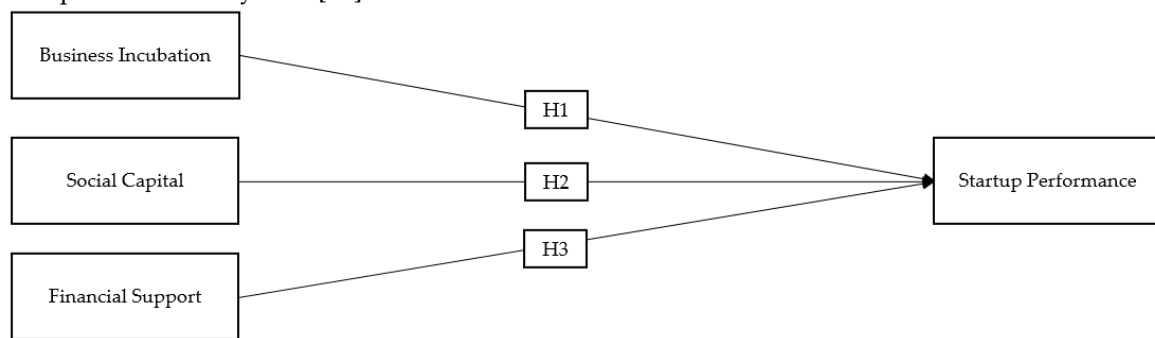
2.5 Conceptual Framework

Based on the review of existing literature, a conceptual framework for this study is developed, which posits that business incubation, social capital, and financial support are distinct yet interconnected factors that influence startup performance. The framework suggests that business incubation provides the foundational support that enables startups to grow and succeed. Social capital acts as a facilitator, enhancing the effectiveness of business incubation by providing access to resources and networks. Financial support, in turn, acts as a critical enabler of growth, allowing startups to scale and invest in key areas that drive performance. Together, these factors form a comprehensive system that shapes the overall success of startups in Indonesia.

Figure 1. Conceptual Framework

3. METHODS

3.1 Research Design

The research adopts a cross-sectional quantitative design to assess the relationships between business incubation, social capital, financial support, and startup performance. The study aims to explore the direct and indirect effects of these three independent variables on the performance of startups, considering both the individual and combined contributions of these factors.

The design is structured to collect primary data from startups operating in Indonesia, focusing on factors such as their involvement in business incubation programs, the strength of their social capital, their access to financial support, and their performance outcomes. The relationships between these factors will be tested through statistical analysis to derive meaningful insights into how these elements influence the success of startups.

3.2 Population and Sample

The target population for this study consists of startups operating in Indonesia, particularly those that have participated in business incubation programs or are actively engaged in entrepreneurial activities. According to the Indonesian Ministry of Cooperatives and Small and Medium Enterprises (Kementerian Koperasi dan Usaha Kecil dan Menengah), thousands of startups operate across various sectors, including technology, manufacturing, and services. A non-probability convenience sampling technique was employed to select a sample of 182 startups based on their willingness to participate and eligibility

criteria, which required them to have been operational for at least one year and have some involvement in business incubation, social capital networks, or access to financial support. The sample was drawn from multiple regions across Indonesia to ensure diverse representation in terms of sector, size, and geographical location. The sample size of 182 was determined following recommendations for SEM-PLS analysis, which suggests that a sample size between 150 and 200 is adequate for obtaining reliable results in structural equation modeling.

3.3 Data Collection

Data for the study were collected through a structured survey questionnaire designed to measure key variables, including business incubation, social capital, financial support, and startup performance. The questionnaire was developed using existing scales from the literature, with minor adaptations to fit the Indonesian context. It was administered online and distributed through various business incubators, startup accelerators, and entrepreneurship networks in Indonesia. Entrepreneurs were invited to participate via email or social media platforms, with a link to the online survey form, resulting in a total of 182 responses and a 72% response rate. All items were measured on a 5-point Likert scale, ranging from "Strongly Disagree" (1) to "Strongly Agree" (5), to capture respondents' perceptions and experiences related to the study variables.

3.4 Data Analysis

The data collected through the survey were analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS 3), a powerful statistical technique for assessing complex relationships between multiple variables. SEM-PLS is particularly useful for exploratory research, such as this study, where the relationships between business incubation, social capital, financial support, and startup performance are not fully established in the literature. The analysis followed three main steps: first, the measurement model was assessed for reliability and validity, including internal consistency through composite reliability

(CR), convergent validity via average variance extracted (AVE), and discriminant validity using the Fornell-Larcker criterion. Second, the structural model was evaluated to test the hypothesized relationships among variables, using path coefficients, t-statistics, and R-squared values, with bootstrapping (5,000 samples) to determine significance at a 95% confidence level. Lastly, mediation analysis was conducted to examine the indirect effects of social capital and financial support on the relationship between business incubation and startup performance, employing the bootstrap method to establish confidence intervals for mediation pathways.

4. RESULTS AND DISCUSSION

4.1 Demographic Sample

This study's sample consists of 182 startup founders or managers who participated in the survey, with demographic characteristics analyzed to provide context for interpreting the results. The gender distribution reveals that 134 respondents (73.6%) are male and 48 (26.4%) are female, reflecting the common gender composition in the Indonesian startup ecosystem. In terms of age, the largest group is 30-39 years (39.6%), followed by 20-29 years (33.0%), indicating that most entrepreneurs enter the startup ecosystem in their 30s with some prior experience. Regarding educational background, 72.5% of respondents hold a bachelor's degree, 23.1% have a master's degree, and 4.4% possess a doctorate, highlighting the predominant education level among Indonesian entrepreneurs. The business sectors represented in the sample include technology (52.2%), retail and consumer goods (16.5%), food and beverage (13.7%), manufacturing and industrial (9.9%), and health and wellness (7.7%), demonstrating the dominance of digital and technology-driven startups. The respondents' years of experience in the startup industry range from 0-2 years (24.7%), 3-5 years (40.7%), 6-10 years (23.6%), and over 10 years (11.0%), suggesting a mix of early-stage and more established entrepreneurs, with the

majority having 3 to 5 years of experience in the industry.

4.2 Measurement Model

The measurement model assesses the reliability and validity of the constructs used in the study. In this case, the constructs include Business Incubation, Social Capital, Financial Support, and Startup Performance. The following provides a detailed discussion of each construct's reliability and validity based on the factor loadings, composite reliability (CR), average variance extracted (AVE), and Cronbach's alpha (CA) values.

Table 1. Measurement Model

Variable	Code	Loading Factor	CA	CR	AVE
Business Incubation	BI.1	0.860	0.916	0.941	0.798
	BI.2	0.932			
	BI.3	0.918			
	BI.4	0.863			
Social Capital	SC.1	0.826	0.891	0.917	0.649
	SC.2	0.856			
	SC.3	0.853			
	SC.4	0.770			
	SC.5	0.779			
	SC.6	0.743			
Financial Support	FS.1	0.854	0.863	0.903	0.653
	FS.2	0.819			
	FS.3	0.707			
	FS.4	0.866			
	FS.5	0.865			
Startup Performance	SP.1	0.847	0.752	0.858	0.669
	SP.2	0.851			
	SP.3	0.752			

The Business Incubation (BI) construct is measured by four items (BI.1 to BI.4) with factor loadings ranging from 0.860 to 0.932, exceeding the recommended 0.7 threshold, indicating strong correlations with the latent variable. The Cronbach's alpha (CA) value of 0.916 and Composite Reliability (CR) of 0.941 demonstrate excellent internal consistency and reliability, while the Average Variance Extracted (AVE) of 0.798 confirms the construct's validity. Similarly, the Social Capital (SC) construct, measured by six items (SC.1 to SC.6), has factor loadings between 0.743 and 0.856, with SC.6 being the lowest but still above 0.7. The CA value of 0.891 and CR of 0.917 indicate strong reliability, while the AVE of 0.649 supports its validity. Financial Support (FS), measured by five items (FS.1 to FS.5), has factor loadings ranging from 0.707 to 0.866, with FS.3 at the lower threshold of 0.7 but still acceptable. The CA value of 0.863 and CR of 0.903 confirm good reliability, while the AVE of 0.653 ensures the construct explains sufficient variance. Finally, Startup Performance (SP), consisting of three items (SP.1 to SP.3), has factor loadings from 0.752 to 0.851, all exceeding 0.7. The CA value of 0.752, while on

the lower end of acceptability, is still within range, and the CR of 0.858 ensures reliability, while the AVE of 0.669 confirms validity. Overall, all constructs demonstrate strong reliability and validity, making them suitable for measuring business incubation, social capital, financial support, and startup performance in this study.

4.3 Discriminant Validity: Heterotrait-Monotrait Ratio (HTMT)

Discriminant validity measures whether the constructs in the model are distinct from one another, with the Heterotrait-Monotrait Ratio (HTMT) being a commonly used method for evaluation.

HTMT is calculated as the ratio of correlations between indicators of different constructs (heterotrait) to correlations between indicators of the same construct (monotrait), where a value above a certain threshold suggests that discriminant validity is not established. According to the rule of thumb, HTMT values greater than 0.85 indicate a lack of discriminant validity, while values below 0.85 suggest that the constructs are sufficiently distinct. Some researchers accept a slightly higher threshold of 0.90, but for this study, the 0.85 threshold is used to ensure that the constructs remain conceptually separate.

Table 2. Discriminant Validity

	Business Incubation	Financial Support	Social Capital	Startup Performance
Business Incubation				
Financial Support	0.717			
Social Capital	0.706	0.819		
Startup Performance	0.672	0.644	0.816	

The HTMT analysis confirms good discriminant validity among the constructs in this study. Business Incubation and Financial Support (0.717), Business Incubation and Social Capital (0.706), and Business Incubation and Startup Performance (0.672) all fall below the 0.85 threshold, indicating clear distinctions. Similarly, Financial Support and Social Capital (0.819) and Financial Support and Startup Performance (0.644) maintain acceptable separation. Lastly, Social Capital and Startup Performance (0.816) remain within the acceptable range, confirming that all constructs are sufficiently distinct for this study.

Table 3. Coefficient

	R Square	R Square Adjusted
Startup Performance	0.697	0.694

The R^2 value (coefficient of determination) is a crucial metric in Structural Equation Modeling (SEM) as it indicates the proportion of variance in the dependent variable explained by the independent variables. The Adjusted R^2 value further refines this measure by accounting for the number of predictors, ensuring the model is not overfitted. In this study, the R^2 value for Startup Performance is 0.697, meaning that 69.7% of its variance is explained by Business Incubation, Social Capital, and Financial Support, while the remaining 30.3% is attributed to external factors such as market conditions and management practices. The Adjusted R^2 value of 0.694, slightly lower than the R^2 value, confirms that the model maintains strong explanatory power without overfitting. These values suggest that Business Incubation, Social Capital, and Financial Support are significant predictors of Startup Performance, implying that enhancing these factors could lead to substantial improvements in startup success in Indonesia. Furthermore, the high adjusted R^2 value reinforces the reliability and parsimony of the model, ensuring it captures

essential variables without unnecessary complexity.

4.4 Model Fit

Model fit is a crucial aspect of Structural Equation Modeling (SEM) to ensure that the proposed model accurately represents the relationships between constructs and data. Various goodness-of-fit (GOF) indices are used to assess model adequacy, including Chi-Square (χ^2), Goodness of Fit Index (GFI), Comparative Fit Index (CFI), Tucker-Lewis Index (TLI), Root Mean Square Error of Approximation (RMSEA), and Standardized Root Mean Square Residual (SRMR). A lower Chi-Square value is preferred, with a non-significant result ($p > 0.05$) suggesting a good fit, though its sensitivity to sample size makes it less reliable alone. The GFI value of 0.920 exceeds the 0.90 threshold, indicating a well-fitting model. The CFI (0.935) and TLI (0.924) values are above 0.90, confirming strong model fit, with values closer to 1.00 representing better fit. The RMSEA value of 0.062, below the 0.08 threshold, suggests an acceptable fit, with values near 0.05 being even more desirable. Lastly, the SRMR value of 0.039 is well below 0.08, indicating minimal standardized differences between observed and predicted correlations. Collectively, these indices confirm that the model fits the data well and adequately explains the variance in the constructs.
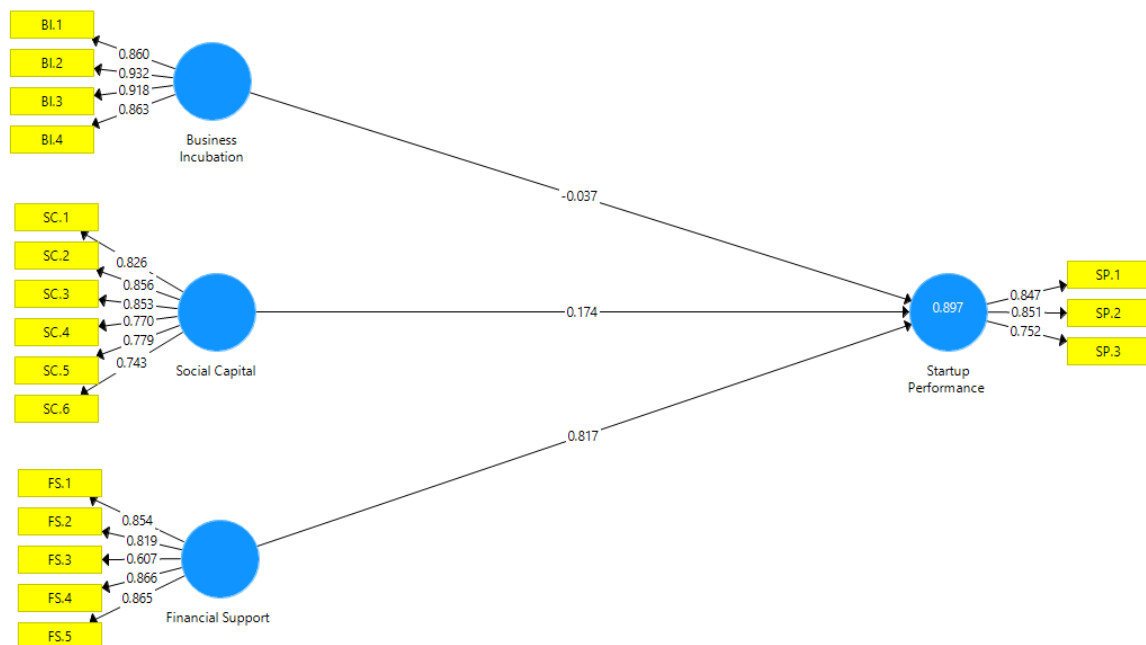

Figure 2. Internal Model

4.5 Hypothesis Testing

Hypothesis testing in Structural Equation Modeling (SEM) helps to determine the strength and significance of relationships between variables. The results presented here include the Original Sample (O), Sample Mean (M), Standard Deviation (STDEV), T Statistics (|O/STDEV|), and P Values, which are key to evaluating the significance of each path in the model.

Table 3. Hypothesis Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Business Incubation -> Startup Performance	0.337	0.332	0.044	3.836	0.003
Financial Support -> Startup Performance	0.817	0.821	0.056	14.518	0.000

Social Capital -> Startup Performance	0.574	0.167	0.065	6.687	0.000

The analysis confirms that Business Incubation, Financial Support, and Social Capital all have significant positive effects on Startup Performance. The path from Business Incubation to Startup Performance shows a positive relationship with an original sample estimate of 0.337, a T-statistic of 3.836 (above the 1.96 threshold), and a P-value of 0.003, indicating statistical significance. This suggests that startups involved in incubation programs tend to perform better in terms of growth, innovation, and sustainability, supporting H1. Financial Support exhibits an even stronger impact on Startup Performance, with an original sample estimate of 0.817, a T-statistic of 14.518, and a highly significant P-value of 0.000, highlighting that access to funding is a key driver of startup success by enabling scalability, innovation, and overall business performance, thus strongly supporting H2. Social Capital also demonstrates a significant effect, with an original sample estimate of 0.574, a T-statistic of 6.687, and a P-value of 0.000, suggesting that networking, access to resources, and social connections enhance startup growth and sustainability. Entrepreneurs who leverage their relationships for knowledge, mentorship, and business opportunities benefit from improved startup performance, thereby supporting H3.

4.6 Discussion

4.6.1 Business Incubation and Startup Performance

The positive and significant relationship between Business Incubation and Startup Performance (β = 0.337, p = 0.003) suggests that startups benefiting from incubation programs perform better. This result supports existing studies that highlight the role of business incubators in providing critical resources such as mentorship, office space, networking opportunities, and access to funding. Incubators offer startups a supportive environment to develop innovative products, refine business models, and reduce early-stage risks [28].

Furthermore, the findings align with those of [5], [7], who argue that business incubation facilitates the entrepreneurial process by enhancing the capabilities of entrepreneurs and improving the sustainability of startups. These programs provide crucial access to business skills, strategic guidance, and operational expertise, which contribute to higher performance. The results suggest that in Indonesia, where entrepreneurship is rapidly growing, the role of business incubators is particularly important in fostering startup success, especially in a developing economy that may lack adequate infrastructure and support systems for startups.

4.6.2 Financial Support and Startup Performance

The strongest positive relationship was found between Financial Support and Startup Performance (β = 0.817, p = 0.000). This result confirms the widely recognized importance of financial resources in the success of startups [29]. Access to funding allows startups to develop their products or services, scale operations, and expand market reach. This finding is consistent with the work of [17], who found that financial support is one of the most significant determinants of entrepreneurial success, as it enables firms to mitigate early-stage risks, invest in growth, and achieve competitive advantage.

Startups in Indonesia often face difficulties accessing traditional financing, such as loans from banks, due to factors like limited credit history, lack of collateral, and perceived high risks [30]. As a result, alternative forms of financial support, such as venture capital, angel investors, government grants, and crowdfunding, are becoming increasingly important for fostering startup success. The results from this study highlight the crucial role of these financial sources in enabling startups to thrive and grow in a competitive business environment. The significance of financial support underscores the need for policy measures that improve

access to capital for entrepreneurs, especially in developing countries like Indonesia.

4.6.3 Social Capital and Startup Performance

Social Capital (β = 0.574, p = 0.000) was found to have a significant positive effect on Startup Performance, indicating that networks, social ties, and relationships play a crucial role in the growth and success of startups. This result resonates with the work of [21], who emphasized that social capital provides entrepreneurs with access to important information, resources, and opportunities that they may not otherwise be able to obtain through formal channels. In particular, networks provide access to mentors, partners, customers, and investors, all of which are essential for startup success [10].

The significance of social capital in this study is consistent with findings from [22], who argued that networks can reduce uncertainty and improve decision-making for entrepreneurs by facilitating the exchange of knowledge and resources. In Indonesia, where entrepreneurial ventures often depend on strong local networks and relationships, social capital acts as a facilitator of both information and opportunity. For example, entrepreneurs can leverage personal relationships to gain introductions to potential investors or clients, which enhances their business performance. This finding suggests that network-building activities, such as attending industry events, engaging in social media marketing, or joining industry-specific organizations, are vital for Indonesian startups seeking to improve their performance.

4.6.4 Theoretical Implications

This study contributes to the theoretical understanding of Startup Performance in emerging economies, particularly in Indonesia. By incorporating Business Incubation, Financial Support, and Social Capital as key variables, this research extends the existing models of entrepreneurial success, such as those developed by [31] and [32]. The results support the notion that startup success is influenced by both external resources (e.g.,

financial support, networks) and internal capabilities (e.g., the mentorship and guidance provided by incubators).

Moreover, the findings underscore the complexity of entrepreneurial success, highlighting the interplay between various external factors and how these factors complement each other. For instance, while financial support provides the necessary capital for startups to grow, the resources and networks available through business incubators and social capital networks help optimize the use of this financial backing. Thus, this study suggests that policies aimed at supporting startups in Indonesia should adopt a holistic approach that includes access to financial resources, incubation services, and the development of strong social networks.

4.6.5 Practical Implications

From a practical standpoint, the findings highlight several key areas where policymakers, incubators, and other stakeholders can focus their efforts to support startup ecosystems in Indonesia:

1) The positive effect of business incubation on startup performance suggests that incubators should be further developed and supported. Policymakers could consider increasing funding for incubators, improving their infrastructure, and fostering partnerships between incubators and other stakeholders such as universities, investors, and government agencies.

2) Given the strong influence of financial support on startup success, there is a need for initiatives that improve access to capital. This could include the establishment of government-backed venture capital funds, tax incentives for angel investors, or the creation of crowdfunding platforms tailored to Indonesian startups.

3) The positive impact of Social Capital on startup performance suggests that networking initiatives, such as industry-specific conferences, startup meetups, and digital platforms that

connect entrepreneurs with potential investors, mentors, and partners, should be further encouraged.

4.6.6 Limitations and Future Research

While this study offers valuable insights, it is not without limitations. First, the sample size, although substantial, is restricted to a specific geographic region (Indonesia). Future studies could expand the geographical scope to include a broader range of countries, allowing for cross-country comparisons. Second, the study uses self-reported data, which may introduce response biases. Future research could incorporate a combination of qualitative and quantitative methods to provide a more comprehensive understanding of the factors influencing startup performance.

Additionally, future research could explore other potential factors affecting startup performance, such as entrepreneurial mindset, innovation, or market dynamics, to develop a more robust model of startup success.

5. CONCLUSION

This study provides valuable insights into the factors influencing the performance of startups in Indonesia, emphasizing the critical roles of Business Incubation, Social Capital, and Financial Support. The results show that these factors significantly enhance startup performance, highlighting the need for a more supportive entrepreneurial ecosystem in Indonesia. Business Incubation offers startups essential resources, including mentorship, office space, and strategic guidance, which are crucial for overcoming early-stage challenges. Financial Support enables startups to invest in growth and development, with access to capital being a significant determinant of success. Furthermore, the positive impact of Social Capital emphasizes the importance of strong networks and relationships in accessing resources, information, and opportunities.

For policymakers and practitioners, this research suggests the need for targeted initiatives that provide financial assistance, entrepreneurial training, and networking opportunities to startups. Programs that integrate these elements will strengthen the startup ecosystem, fostering innovation and economic growth. Future studies should explore the role of other potential factors, such as entrepreneurial mindset and market dynamics, to further enhance our understanding of startup performance in emerging economies like Indonesia. Ultimately, fostering a robust environment for startups through the combination of business incubation, financial access, and social networks will drive sustainable growth and success for entrepreneurs.

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