



The Interaction Between Entrepreneurial Marketing, Social Capital, and Human Capital on Innovative Performance Among MSMEs

***Siti Khotimah¹**

Universitas Antakusuma,
Indonesia

Hendra Jayusman²

Universitas Antakusuma,
Indonesia

M. Fatchurahman³

Universitas Muhammadiyah Palangka Raya,
Indonesia

Yanneri Elfa Kiswara

Rahmantya⁴

Universitas Kuningan,
Indonesia

Darmono⁵

Universitas Muhamdiyah Berau,
Indonesia

***Corresponding author:**

Siti Khotimah, Universitas Antakusuma,
Country. ✉imatriyatno@gmail.com

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Abstract

Background: Micro, small, and medium enterprises (MSMEs) face increasing competition, digitalization, and changing consumer preferences, requiring them to strengthen innovation capabilities through entrepreneurial marketing, human capital, and social capital

Objective: This study aims to analyze the effects of entrepreneurial marketing, social capital, and human capital on the innovative performance of micro, small, and medium enterprises (MSMEs) in Kotawaringin Barat.

Methods: This research employed a quantitative approach with an explanatory survey design. Data were collected from 44 MSME actors and analyzed using SEM-PLS through SmartPLS 4.0. Entrepreneurial marketing served as the independent variable, innovative performance as the dependent variable, and social capital and human capital as moderating variables.

Results: The results show that entrepreneurial marketing, social capital, and human capital have positive and significant effects on MSME innovative performance. Human capital was also found to strengthen the relationship between entrepreneurial marketing and innovative performance. Conversely, social capital was not proven to moderate this relationship. The interaction between human capital and social capital, as well as the three-way interaction among entrepreneurial marketing, social capital, and human capital, was also not significant. These findings indicate that MSME innovative performance is determined more strongly by the strength of entrepreneurial marketing strategies and the quality of business actors' capacities.

Conclusion: The implications of this study emphasize the importance of strengthening human resource capacity, developing entrepreneurial marketing, and utilizing social capital productively to enhance regional MSME innovation.

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INTRODUCTION

Micro, small, and medium enterprises, or MSMEs, occupy a strategic position in the economy because they function as absorbers of labor, drivers of local economic activity, and sources of new value creation through innovation (Elkhouday et al., 2026). However, an increasingly dynamic business environment places MSMEs under complex pressure. Accelerated digitalization, shifts in consumer preferences, more open market competition, and global

economic uncertainty require MSMEs not only to survive but also to generate innovation on a sustainable basis (Alifah & Hidayat, 2026). Under these conditions, innovative performance becomes an important aspect because it reflects the ability of MSMEs to create, develop, and implement new ideas in the form of products, processes, services, or business models (Chandra, 2022).

In the context of developing countries, including Indonesia, the issue of MSME innovation is not only related to limited technology or financial capital. Many MSMEs also face constraints in the form of limited human resource quality, weak business networks, low access to market information, and suboptimal implementation of adaptive marketing strategies (Erlangga et al., 2024). This condition indicates that MSME innovative performance needs to be understood through a more comprehensive approach. MSMEs do not only need products that can be sold; they also need the ability to recognize market opportunities, build networks, manage knowledge, and transform limited resources into valuable innovative strategies (Lee et al., 2024).

One relevant approach for explaining this capability is entrepreneurial marketing. This concept integrates the principles of entrepreneurship and marketing, particularly in terms of proactiveness, creativity, risk-taking, opportunity utilization, customer intimacy, and the ability to leverage limited resources (Subagyo et al., 2020; Nwanko & Kanyangale, 2020). For MSMEs, entrepreneurial marketing is important because business actors often operate under limited resources, simple organizational structures, and rapidly changing markets. Through entrepreneurial marketing, MSMEs can respond to market needs more quickly, create differentiated value, and encourage the emergence of product, process, and service innovation (Adhikary & Ghosh 2025; Musman et al., 2025).

In addition to entrepreneurial marketing, social capital is also an important factor in shaping MSME innovative performance. Social capital refers to networks, trust, norms, and social relations that can facilitate access to information, resources, business opportunities, and collaboration. In the MSME ecosystem, networks with customers, suppliers, business communities, government agencies, assistance institutions, and business partners can accelerate information exchange and strengthen innovation capability. MSMEs with strong social capital tend to obtain market feedback more easily, identify opportunities for cooperation, and access the external support needed to develop innovation.

Human capital also plays a fundamental role in improving MSME innovative performance. Human capital includes the knowledge, skills, experience, competence, and learning capacity of business owners or managers (Ismail et al., 2021). The quality of human capital determines the extent to which MSME actors can understand market changes, use business information, manage risk, and implement marketing strategies effectively. Without adequate human capital, entrepreneurial marketing strategies are difficult to translate into concrete innovation. Thus, human capital functions not only as an internal resource but also as a factor that determines the effectiveness of entrepreneurial strategies in producing innovative performance.

Theoretically, the relationship among entrepreneurial marketing, social capital, human capital, and innovative performance can be explained through the resource-based view (RBV) and the dynamic capabilities view (DCV). The RBV explains that business advantage originates from an organization's ability to manage resources that are valuable, rare, difficult to imitate, and difficult to substitute. In the MSME context, intangible resources such as knowledge, skills, social networks, trust, and marketing capabilities constitute an important foundation for innovation creation. Meanwhile, the DCV emphasizes a firm's ability to integrate, build, and reconfigure resources to respond to changes in the business environment. From this perspective, entrepreneurial marketing can be conceptualized as a dynamic capability that enables MSMEs to sense market opportunities, seize them through creative value propositions, and reconfigure limited resources to generate innovation. The integration of RBV and DCV provides a complementary analytical lens: while RBV explains which intangible resources (human capital, social capital, marketing capabilities) constitute the foundation for innovation, DCV clarifies the mechanisms through which these resources are mobilized, combined, and transformed into innovative outcomes under conditions of environmental uncertainty.

Previous studies have shown that entrepreneurial orientation, innovation, social capital, and entrepreneurial marketing have positive effects on the performance and competitive

advantage of MSMEs. Octasylya et al. (2022) showed that entrepreneurial orientation, innovation, and social capital play important roles in improving performance and competitive advantage. Sari et al. (2023) also found that entrepreneurial marketing and innovation capability affect MSME performance, particularly in crisis situations such as the COVID-19 pandemic. The findings of Nishu et al. (2025) further strengthen this view by showing that entrepreneurial marketing can improve SME performance through process innovation and product innovation. These studies provide an empirical basis indicating that entrepreneurial marketing has strong relevance in explaining MSMEs' ability to survive and grow.

However, most previous studies still position MSME performance as general business performance, such as sales growth, profitability, or financial performance. Studies that specifically position innovative performance as the primary outcome variable remain relatively limited. In an increasingly competitive business environment, however, MSMEs' ability to generate innovation is an important indicator of long-term competitiveness. Innovative performance not only indicates economic success but also demonstrates a firm's ability to renew products, improve processes, develop services, and create new value for customers.

Furthermore, previous studies tend to examine relationships among variables only partially. Social capital is often positioned as an independent or mediating variable that affects innovation capability and MSME performance. Rokhman (2023), for example, showed that social capital influences innovation capability and MSME performance. Sarwar et al. (2021) also found that social capital mediates the relationship between networking capability and innovation. Nevertheless, the role of social capital as a moderating variable in the relationship between entrepreneurial marketing and innovative performance has not been widely examined. In fact, social capital has the potential to strengthen the effectiveness of entrepreneurial marketing because networks, trust, and collaborative norms can help MSMEs obtain market information, accelerate learning, and expand access to innovation resources (Ela et al., 2025).

A similar gap can also be observed in studies on human capital. Several studies have shown that human capital affects innovation and MSME performance (Musthafa et al., 2024). Timothy (2022) found that education and managerial experience can support non-technological innovation and SME productivity. Agostini et al. (2017) also demonstrated that the combination of human capital and relational capital is associated with better innovation performance. However, most studies still position human capital as a direct factor or as an antecedent of innovation. Few studies have examined how human capital functions as a factor that strengthens the relationship between entrepreneurial marketing and innovative performance (Syafi'i et al., 2025). Yet, MSME actors' ability to understand markets, manage information, and implement strategies strongly determines whether entrepreneurial marketing can produce tangible innovation.

Based on the preceding discussion, this study addresses an academic gap by examining the effect of entrepreneurial marketing on MSME innovative performance while considering social capital and human capital as moderating variables. This study differs from previous research because it not only tests the direct effect of entrepreneurial marketing but also examines the conditions that may strengthen or weaken that effect. In other words, this study does not merely ask whether entrepreneurial marketing affects innovative performance; it also explains when and under what conditions that effect becomes stronger.

The novelty of this research lies in three aspects. First, this study positions innovative performance as the primary dependent variable, departing from most prior studies that use general business performance indicators such as sales growth or profitability. Second, this research examines the moderating roles of both social capital and human capital simultaneously within a single structural model, thereby providing a more comprehensive test of the boundary conditions under which entrepreneurial marketing influences innovation. Third, the study is situated within a regional MSME context in Kotawaringin Barat, offering insights into innovation dynamics in areas with limited institutional and infrastructural support, which remains underexplored in the existing literature.

This study was conducted among MSMEs in Kotawaringin Barat as a local context that is relevant for understanding the dynamics of business innovation in regional areas. The selection of this context is important because regional MSMEs often face challenges that differ from those

encountered by MSMEs in centers of economic growth. Business actors in regional areas generally have limited access to markets, technology, business networks, and institutional support. Therefore, examining the interaction among entrepreneurial marketing, social capital, and human capital in shaping innovative performance is important for producing a more contextual and evidence-based understanding.

The objective of this study is to analyze the effect of entrepreneurial marketing on the innovative performance of MSMEs in Kotawaringin Barat. In addition, this study aims to examine the role of social capital as a moderator in the relationship between entrepreneurial marketing and innovative performance. The present research further aims to test the role of human capital as a moderator in that relationship. More broadly, the present research seeks to develop a conceptual model that explains how entrepreneurial marketing strategies, social networks, and human resource capacity interact in driving MSME innovative performance.

The present research provides a theoretical contribution by extending the application of RBV and DCV in MSME studies, particularly by integrating entrepreneurial marketing, social capital, and human capital within a single moderation model. It also provides an empirical contribution by positioning innovative performance as the main dependent variable rather than merely as general business performance. From a practical perspective, the results of this study can serve as a basis for MSME actors, local governments, assistance institutions, and other stakeholders in designing strategies to strengthen innovation through entrepreneurial marketing, human resource capacity development, and business network reinforcement.

The theoretical framework of this study positions entrepreneurial marketing as the independent variable, innovative performance as the dependent variable, and social capital and human capital as moderating variables. Entrepreneurial marketing is viewed as a strategic approach that encourages MSMEs to actively seek opportunities, understand customer needs, create value, and develop innovation under conditions of limited resources. Innovative performance is understood as the ability of MSMEs to generate and implement new ideas in products, processes, services, or business models. Social capital is positioned as a factor that strengthens this relationship because networks and trust can expand access to information and innovation collaboration. Human capital is also positioned as a moderator because the knowledge, skills, and experience of business actors determine MSMEs' ability to translate marketing strategies into valuable innovation.

Drawing from the theoretical framework outlined above, the first hypothesis posits that entrepreneurial marketing exerts a positive effect on MSME innovative performance in Kotawaringin Barat. The higher the implementation of entrepreneurial marketing, the greater the likelihood that MSMEs will produce innovation in products, processes, services, or business models. The second hypothesis proposes that social capital moderates the relationship between entrepreneurial marketing and innovative performance. The stronger the social capital possessed by MSMEs, the stronger the effect of entrepreneurial marketing on innovative performance. The third hypothesis posits that human capital moderates this relationship. The higher the quality of MSME actors' human capital, the more effective the implementation of entrepreneurial marketing in generating innovation. Accordingly, the overall model positions innovative performance as the outcome of the interaction among entrepreneurial marketing strategies, the strength of social networks, and human resource capacity.

The research hypotheses are formulated as follows.

H1: Entrepreneurial marketing has a positive effect on the innovative performance of MSMEs in Kotawaringin Barat.

H2: Social capital moderates the relationship between entrepreneurial marketing and the innovative performance of MSMEs in Kotawaringin Barat.

H3: Human capital moderates the relationship between entrepreneurial marketing and the innovative performance of MSMEs in Kotawaringin Barat.

H4: The interaction among entrepreneurial marketing, social capital, and human capital affects the innovative performance of MSMEs in Kotawaringin Barat.

METHOD

This study employed an empirical quantitative approach with an explanatory survey

design to test theory-based causal relationships concerning the significant interaction among entrepreneurial marketing, social capital, and human capital in influencing the innovative performance of MSMEs in Kotawaringin Barat. Because the survey was cross-sectional, the causal relationships tested in this study should be understood as theory-grounded relationships inferred statistically within a causal framework, rather than as definitive evidence of temporal causality. Therefore, an explanatory design was selected to assess direct effects, indirect effects through mediation, and interaction effects through moderation within a single structural model, consistent with the use of PLS-SEM in social and behavioral research.

The population in this study consisted of MSMEs actively operating in the Kotawaringin Barat area, with an operational population of 44 MSMEs, all of which were included as the research sample. Consequently, the findings more closely reflect the contextual characteristics of the area and should be generalized with caution to other regions with different economic structures and MSME ecosystems. This study focused on active MSMEs located in the Kotawaringin Barat area.

The sampling method used was non-probability sampling with a purposive sampling technique to ensure that respondents were relevant to the research objectives. The inclusion criteria were as follows: first, the MSME was actively registered with the Office of Cooperatives and MSMEs; second, the MSME had been operating for more than three years; third, the MSME had received at least one work order in the previous month; and fourth, the respondent was willing to complete the research questionnaire.

Primary data were collected through a direct self-administered survey completed by respondents, namely MSME actors. The survey was distributed to MSME actors through digital communication channels and communities related to platforms in Indonesia. Based on the 10-times rule for Partial Least Squares Structural Equation Modeling (PLS-SEM), and considering the presence of mediation and moderation constructs, the sample of 44 respondents meets the minimum requirement under the 10-times rule for PLS-SEM. However, this sample size remains relatively small, which may limit the statistical power for detecting complex interaction effects, particularly the three-way moderation. Consequently, the findings should be interpreted with caution regarding generalizability to broader MSME populations.

The research instrument was a structured questionnaire developed based on the literature and previous empirical studies. Entrepreneurial marketing refers to a marketing orientation focused on value creation, creativity, proactiveness, and opportunity exploitation to create new products or services with innovative potential; it was measured using indicators of opportunistic orientation, proactiveness, creativity, and customer value creation adapted from (Morris et al., 2002).

Social capital refers to social networks, trust, and social norms within the community that enable collaboration and the exchange of information beneficial to business, particularly in developing innovation. It was measured using indicators of networking, trust, and collaborative norms adapted from (Putnam, 2000). Human capital refers to the skills, knowledge, education, and experience possessed by individuals or business managers in influencing the successful implementation of entrepreneurial marketing strategies and the creation of innovation; it was measured using indicators of education, experience, functional knowledge, and entrepreneurial skills adapted from (Becker, 1964). Innovative performance refers to the level of innovation achievement successfully implemented by MSMEs in products, processes, business models, and marketing; it was measured using indicators of product innovation, process innovation, business model innovation, and marketing innovation. All constructs were measured using Likert-scale items, and content validity was assessed through expert review.

Data analysis in this study was conducted using Structural Equation Modeling–Partial Least Squares (SEM-PLS). SEM-PLS was selected because it is appropriate for predictive and explanatory research, is robust against non-normal data distributions, and can handle complex models involving mediation and moderation simultaneously. The analysis was carried out in two stages: assessment of the measurement model or outer model, which included reliability and validity, and evaluation of the structural model or inner model, which included path coefficients, mediation, and moderation effects. To address potential common method bias (CMB), this study applied procedural remedies including the use of different scale anchors and counterbalanced

question ordering. Additionally, discriminant validity was assessed using the Heterotrait-Monotrait Ratio (HTMT) criterion, with all values confirmed below the threshold of 0.85, and the Fornell-Larcker criterion, where the square root of each construct's AVE exceeded its correlations with other constructs.

RESULTS AND DISCUSSION

Results

Based on data processing using SmartPLS 4.0, this study presents a series of analyses covering descriptive statistics, outer model testing, inner model testing, R-Square values, f^2 effect size, Q-Square, and hypothesis testing. These stages were used to assess the feasibility of the measurement model, the strength of the structural model, the model's predictive ability, and the significance of relationships among variables in explaining MSME innovative performance.

Table 1

Descriptive Statistics of Research Variables

Variable	Mean Range	Revised Descriptive Implication
Entrepreneurial Marketing	3.750–3.795	Indicates respondents' tendency to perceive that MSME actors have implemented entrepreneurial marketing orientation relatively well, particularly in the aspects of opportunistic orientation, proactiveness, creativity, and customer value creation.
Social Capital	3.750–3.886	Reflects respondents' assessment that the social capital possessed by MSME actors is at a relatively good level, as shown through networks, trust, and collaborative norms that support cooperation and information exchange in business activities.
Human Capital	3.705–3.886	Indicates respondents' perception that MSME actors possess fairly adequate human capital, especially in the form of education, experience, functional knowledge, and entrepreneurial skills that support business adaptability and innovation.
Innovative Performance	3.795–3.886	Shows that respondents perceive MSME innovative performance to be in a relatively good condition, as reflected in innovations in products, processes, business models, and marketing applied in business activities.

Source: Processing output using SmartPLS 4.0

The descriptive statistics in Table 1 show that all research variables have mean ranges categorized as relatively good. The mean values of all variables range from 3.705 to 3.886, indicating that respondents tend to provide positive assessments of the implementation of entrepreneurial marketing, social capital, human capital, and the innovative performance of MSMEs in Kotawaringin Barat.

The entrepreneurial marketing variable has a mean range of 3.750–3.795. This indicates that MSME actors are perceived to have implemented entrepreneurial marketing orientation relatively well, especially in the aspects of opportunistic orientation, proactiveness, creativity, and customer value creation. This condition is relevant to H1, which states that entrepreneurial marketing has a significant positive effect on MSME innovative performance. In other words, descriptively, the tendency toward good implementation of entrepreneurial marketing may serve as an initial indication that MSMEs possess strategic behavioral foundations that support innovation achievement, although its effect still needs to be verified through inferential statistical testing.

Furthermore, the social capital variable shows a mean range of 3.750–3.886. This range indicates that respondents perceive MSME actors to possess relatively good networks, trust, and collaborative norms in supporting cooperation and business information exchange. This

descriptive finding supports the conceptual basis of H2, namely that social capital moderates the relationship between entrepreneurial marketing and innovative performance. In other words, the presence of social networks, trust, and collaborative norms may strengthen MSME actors' ability to utilize entrepreneurial marketing orientation to produce innovation.

The human capital variable has a mean range of 3.705–3.886. Although its lowest value is slightly lower than those of the other variables, this range still indicates that respondents perceive the human capital of MSME actors to be fairly adequate. Education, experience, functional knowledge, and entrepreneurial skills constitute important elements that support MSMEs' ability to adapt and develop innovation. This pattern is relevant to H3, which states that human capital moderates the relationship between entrepreneurial marketing and innovative performance. This means that the better the individual capacity of business actors, the greater the possibility that entrepreneurial marketing strategies can be directed toward more concrete and measurable innovation.

The innovative performance variable has a mean range of 3.795–3.886, which is among the highest ranges in the table. This indicates that respondents perceive MSMEs in Kotawaringin Barat to have demonstrated relatively good innovative achievements, including product, process, business model, and marketing innovations. This finding is important because innovative performance is the primary variable explained in this study. The relatively high value indicates the tendency of innovation practices among MSMEs, although variation among indicators still needs to be analyzed further through the structural model.

Overall, the descriptive pattern shows that entrepreneurial marketing, social capital, human capital, and innovative performance are all in relatively good condition. This provides a logical initial basis for testing H1 to H4. However, these descriptive results cannot be used to conclude the presence of effects, moderation, or interactions among variables. Therefore, the relationship among entrepreneurial marketing, social capital, human capital, and innovative performance must be further tested through inferential analysis to determine whether the direct effects, moderation effects, and three-variable interaction are truly significant in influencing MSME innovative performance in Kotawaringin Barat.

The results of convergent validity testing for each construct indicator are presented in the following figure:

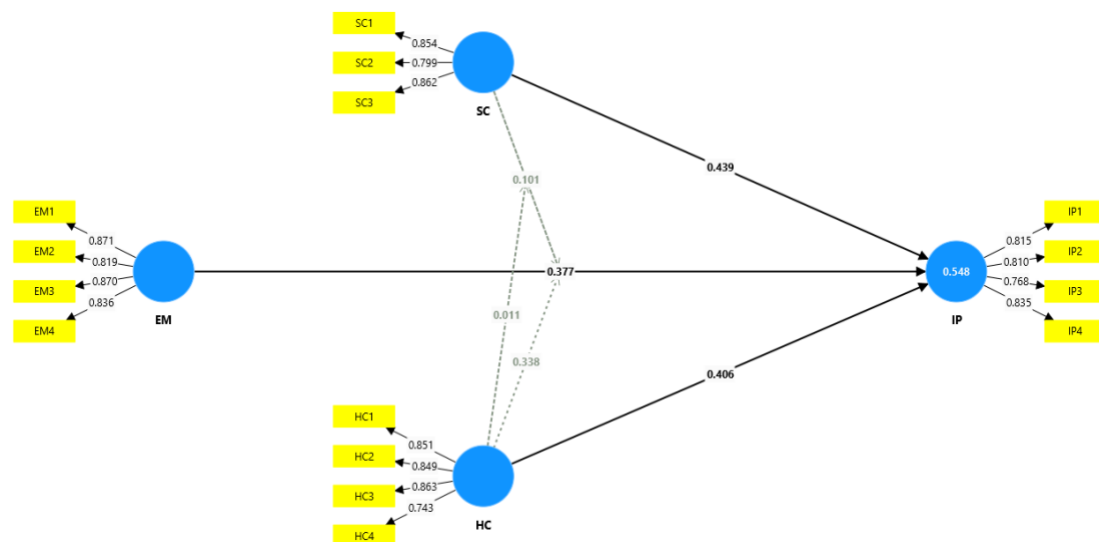


Figure 1. SmartPLS 4.0 Algorithm Results
Source: Processing output using SmartPLS 4.0

Table 2
Outer Model Test

Construct	Indicator	Outer Loading	Cronbach's Alpha	Composite Reliability	AVE
Entrepreneurial Marketing	EM1	0.871	0.874	0.909	0.722
	EM2	0.819			

	EM3	0.870			
	EM4	0.836			
Social Capital	SC1	0.854	0.789	0.790	0.704
	SC2	0.799			
	SC3	0.862			
Human Capital	HC1	0.851	0.850	0.874	0.686
	HC2	0.849			
	HC3	0.863			
	HC4	0.743			
Innovative	IP1	0.815	0.822	0.824	0.652
Performance	IP2	0.810			
	IP3	0.768			
	IP4	0.835			

Source: Processing output using SmartPLS 4.0

Based on the table, the measurement model testing results show that all constructs meet the criteria for convergent validity and construct reliability. This is reflected in the outer loading values of all indicators, which are above 0.70. These values indicate that each indicator contributes strongly to reflecting its respective latent construct.

For the Entrepreneurial Marketing construct, the outer loading values range from 0.819 to 0.871. These values indicate that indicators EM1, EM2, EM3, and EM4 can represent the entrepreneurial marketing construct properly. In addition, the Cronbach's Alpha value of 0.874, Composite Reliability of 0.909, and AVE of 0.722 indicate that this construct has high internal consistency and strong convergent validity. Therefore, the indicators used to measure entrepreneurial marketing can be declared reliable and valid.

Next, the Social Capital construct has outer loading values between 0.799 and 0.862. All indicators, namely SC1, SC2, and SC3, exceed the minimum threshold of 0.70, indicating that the indicators of networking, trust, and collaborative norms adequately explain the social capital construct. The Cronbach's Alpha value of 0.789, Composite Reliability of 0.790, and AVE of 0.704 also indicate that the social capital construct has an acceptable level of reliability and convergent validity.

For the Human Capital construct, the outer loading values range from 0.743 to 0.863. Although HC4 has the lowest loading value compared with the other indicators, it remains above the threshold of 0.70 and is therefore still appropriate to retain in the model. The Cronbach's Alpha value of 0.850, Composite Reliability of 0.874, and AVE of 0.686 show that the human capital construct has good internal consistency and can explain a substantial proportion of the variance in its indicators.

The estimated values for path effects in the structural model must be significant. Significance can be obtained through the bootstrapping procedure. Hypothesis significance is assessed by examining the parameter coefficient and the significant t-statistic value in the bootstrapping algorithm report. To determine whether a relationship is significant or not, the t-table value at alpha 0.05 (5%) = 1.96 is used. The t-table value is then compared with the t-count or t-statistic.

After the estimated model met the outer model criteria, the next step was testing the structural model or inner model. Inner model testing is the development of a theory-based conceptual model to analyze the effects of exogenous and endogenous variables as described in the conceptual framework. The stages of structural model or inner model testing were carried out as follows:

Examining the R-Square value as a test of the model's Goodness of Fit.

Table 3

R-Square (R^2) Test Results

	R-square	R-square adjusted
IP	0.548	0.460

Source: Processing output using SmartPLS 4.0

The R-square value for the endogenous variable IP is 0.548. This figure indicates that the combination of exogenous variables used in the model can explain 54.8% of the variation in IP. Thus, the model has fairly adequate explanatory power because more than half of the changes in IP can be explained by the predictor variables included in the study. Nevertheless, 45.2% of the variation in IP still originates from other factors outside the model. This remaining variation indicates that IP is not entirely determined by the constructs examined in this study but may also be influenced by external variables such as market conditions, technological capacity, managerial quality, institutional support, industry characteristics, or business environmental factors that have not been accommodated in the structural model.

The adjusted R-square value of 0.460 provides a more conservative measure of the model's predictive ability. After accounting for the number of independent variables and the sample size, the model is still able to explain 46% of the variation in IP in a corrected manner. The difference between R-square and adjusted R-square indicates that part of the model's explanatory power is adjusted when model complexity is considered. This is important because a model containing several predictors and interactions may produce an R-square value that appears high, although not all of it reflects stable predictive contribution. Therefore, the adjusted R-square value of 46% can be understood as the net contribution of the model in explaining IP. Substantively, this result indicates that the model has fairly strong empirical relevance, while also leaving room for development by including other variables that are theoretically related to improving IP.

Table 4
f² Effect Size Test Results

Path	f-square
EM -> IP	0.259
HC -> IP	0.344
SC -> IP	0.343
SC x EM -> IP	0.020
HC x SC -> IP	0.001
HC x SC x EM -> IP	0.000
HC x EM -> IP	0.159

Source: Processing output using SmartPLS 4.0

The f-square test results show that the entrepreneurial marketing variable, or EM, has an effect size of 0.259 on innovative performance, or IP. This value falls within the range of 0.15 to 0.35 and can therefore be categorized as a medium effect. Substantively, this finding indicates that EM is not only statistically significant but also has a meaningful practical contribution in explaining variation in IP. This means that proactive, creative, opportunity-oriented, and value-creation-focused marketing practices provide a tangible impetus for MSMEs' ability to generate innovation.

The human capital variable, or HC, shows an f-square value of 0.344. This figure remains within the medium-effect category, although it is very close to the strong-effect threshold of 0.35. This finding is important because it indicates that the quality of human capital has an almost dominant influence on IP. Knowledge, experience, skills, and learning capacity among business actors appear to be key elements in transforming ideas into applicable innovation. In other words, MSME innovation is not sufficiently supported by market strategies alone; it also requires human capacity to read opportunities, process information, and make adaptive decisions.

The f-square value of social capital, or SC, on IP is recorded at 0.343. This value also falls into the medium-effect category and is close to the strong-effect threshold. This result indicates that social capital has a substantial contribution to shaping innovative performance. Business networks, trust, collaborative norms, and relationships with customers, suppliers, communities, and business partners provide important channels for information exchange and resource access. In the MSME context, innovation often emerges not solely from internal processes but from social interactions that open spaces for learning and collaboration.

The interaction of SC x EM on IP produces an f-square value of 0.020. This value lies at the

lowest boundary of the weak-effect category. Technically, the interaction still shows some contribution, but its strength is highly limited. This finding suggests that social capital is not yet sufficiently strong in amplifying the effect of EM on IP. Therefore, networks and social trust are more appropriately understood as factors that work directly on innovation rather than as the main amplifiers of entrepreneurial marketing effectiveness. This result also indicates that the existence of social networks does not automatically make entrepreneurial marketing strategies more innovative without a clear utilization mechanism.

The interaction of HC x SC on IP has an f-square value of 0.001. This value is below the minimum threshold of 0.02, so the effect can be considered negligible. Analytically, this result indicates that the combination of human capital and social capital does not provide a meaningful additional explanatory power for IP. Human capital and social capital are indeed important directly, but their interaction does not automatically produce a synergistic effect. It is possible that individual capacity and social networks operate through different pathways. Human resource quality strengthens the internal capacity of business actors, whereas social capital expands external access. Without strategic integration, the two do not always generate a greater innovation stimulus.

The three-way interaction of HC x SC x EM on IP shows an f-square value of 0.000. This result confirms that the complex combination of human capital, social capital, and entrepreneurial marketing does not provide additional contribution to explaining IP. Methodologically, this finding is important because it shows that a more complex interaction model does not necessarily improve predictive strength. Substantively, the result indicates that the effects of these three variables are stronger when they operate as direct effects or simple interactions rather than as a three-way configuration. Complexity in relationships among constructs does not automatically generate greater empirical contribution.

The interaction of HC x EM on IP yields an f-square value of 0.159. This value exceeds the lower threshold of the medium-effect category. This finding strengthens the evidence that human capital has a strategic role in increasing the effectiveness of entrepreneurial marketing on innovative performance. EM will be more effective in driving innovation when MSME actors have adequate knowledge, skills, experience, and adaptability. Thus, HC functions as a processing capacity that enables marketing strategies not to stop at promotional activities or market responses but to develop into product, process, service, or business model innovation.

Overall, the effect size results show that EM, HC, and SC have medium contributions to IP, with HC and SC positioned very close to the strong-effect category. This pattern indicates that MSME innovative performance is explained more by the main strength of direct variables than by complex interactions. The HC x EM interaction is an exception because it shows a medium effect, thereby emphasizing that the quality of human resources is an important condition for the success of entrepreneurial marketing in producing innovation. This finding implies that strategies for improving MSME innovation should be directed not only toward network expansion or marketing strengthening but also toward developing human capacity capable of translating market opportunities into concrete innovative outputs.

Table 5

Q-Square Test Results

	SSO	SSE	$Q^2 (= 1 - SSE/SSO)$
IP	176.000	121.808	0.308

Source: Processing output using SmartPLS 4.0

Table 5 presents the Q-Square test results for the IP variable based on data processing output using SmartPLS 4.0. The SSO value is recorded at 176.000, while the SSE value is 121.808. Based on the calculation $Q^2 = 1 - SSE/SSO$, the Q^2 value obtained is 0.308. This figure indicates that the model has predictive capability for the IP variable because the Q^2 value is above zero. A Q^2 value of 0.308 indicates that the research model has adequate predictive relevance. This means that the exogenous constructs included in the model not only function to explain structural relationships among variables but also have the capacity to predict variation in the IP variable. Thus, the model developed is not only theoretically relevant but also has empirical predictive

power for innovative performance.

Substantively, this Q^2 value shows that MSME innovative performance can be predicted fairly well through the variables of entrepreneurial marketing, human capital, social capital, and the interaction variables used in the model. This finding strengthens the position of the structural model as an analytical framework suitable for explaining the formation of MSME innovative performance. The positive predictive value also indicates that the variables in the model make a meaningful contribution to reading variation in innovative behavior among the business units studied.

Therefore, the Q-Square test results confirm that the research model has predictive relevance for the IP variable. A positive Q^2 value provides evidence that the model is not only capable of explaining relationships among variables but also has sufficient ability to predict the endogenous variable. This result supports the feasibility of the structural model for further analysis of factors influencing MSME innovative performance.

Table 6

Hypothesis Testing Results

Path	Original sample (O)	Sample mean (M)	Standard deviation (STDEV)	T statistics (O/STDEV)	P values
EM -> IP	0.377	0.365	0.154	2.442	0.015
HC -> IP	0.406	0.411	0.136	2.973	0.003
HC x EM -> IP	0.338	0.325	0.162	2.092	0.036
HC x SC -> IP	0.024	-0.024	0.149	0.158	0.874
HC x SC x EM -> IP	0.011	-0.029	0.177	0.060	0.952
SC -> IP	0.439	0.411	0.142	3.097	0.002
SC x EM -> IP	0.101	0.062	0.149	0.681	0.496

Source: Processing output using SmartPLS 4.0

The structural model testing results show that entrepreneurial marketing, or EM, has a positive and significant effect on innovative performance, or IP. The original sample value of 0.377 indicates a positive direction of the relationship, while the T-statistic value of 2.442 exceeds the critical threshold of 1.96. The P-value of 0.015 is also below the 0.05 significance level. This finding indicates that the stronger the implementation of entrepreneurial marketing, the higher the tendency of MSMEs to generate innovative performance. Substantively, EM functions as a strategic capability that encourages business actors to be more proactive in reading market opportunities, responding to changes in consumer needs, and developing creative marketing approaches under resource constraints.

Human capital, or HC, is also shown to have a positive and significant effect on IP. The original sample coefficient of 0.406 indicates that improvement in human capital quality is associated with an increase in innovative performance. The T-statistic value of 2.973, which is higher than 1.96, and the P-value of 0.003, which is lower than 0.05, strengthen the validity of this relationship. Accordingly, the knowledge, skills, experience, and learning capacity of MSME actors constitute an important foundation in the innovation process. Innovative performance does not emerge solely from the courage to seize opportunities but also from business actors' ability to process information, understand market dynamics, and translate ideas into valuable products, processes, or services.

The effect of social capital, or SC, on IP shows the strongest result compared with the other direct effects. The original sample coefficient of 0.439, T-statistic of 3.097, and P-value of 0.002 indicate a positive and significant relationship. This result suggests that networks, trust, collaborative norms, and social relations play an important role in driving MSME innovative performance. In the context of small and medium enterprises, innovation rarely exists solely as the outcome of individual work. Innovation often emerges from information exchange, access to external resources, interaction with customers, and support from business partners. Therefore, social capital can be understood as relational infrastructure that expands MSMEs' innovation

capacity.

In contrast to its direct effect, the interaction between SC and EM on IP does not show a significant effect. The original sample coefficient of 0.101 moves in a positive direction, but the T-statistic value is only 0.681 and the P-value reaches 0.496. These values are far from the required significance threshold. This means that social capital in this model has not been proven to strengthen the relationship between entrepreneurial marketing and innovative performance. This finding is noteworthy because social capital is important directly but is not sufficiently strong as a moderating variable. Thus, networks and social trust are likely to function more as independent resources for innovation rather than as conditions that amplify the effectiveness of EM in producing IP.

The interaction between HC and SC on IP is also not significant. The original sample coefficient of 0.024 indicates a very weak effect. The T-statistic value of 0.158 and P-value of 0.874 show that the interactive relationship between human capital and social capital has no empirical support in this model. Analytically, this result suggests that the existence of human capital and social capital does not automatically create a synergistic effect on innovative performance. The two may operate through different pathways. Human capital is more related to the internal capacity of business actors, whereas social capital is more related to external access and relationship quality. Without a clear integration mechanism, the combination of the two does not necessarily produce a significant increase in innovation.

The test of the three-way interaction among HC, SC, and EM on IP also shows no statistical significance. The original sample value is only 0.011, with a T-statistic of 0.060 and a P-value of 0.952. This result indicates that the complex configuration of human capital, social capital, and entrepreneurial marketing has not been able to explain variation in innovative performance significantly. In other words, the empirical model does not support the assumption that these three variables simultaneously form a strong interaction effect on IP. This finding should be interpreted carefully. The absence of significance does not mean that the three variables are unimportant; rather, it indicates that their effects are stronger when operating directly or through simpler interactions.

The only moderation effect proven to be significant is the interaction between HC and EM on IP. The original sample coefficient of 0.338 indicates a positive direction of effect, while the T-statistic value of 2.092 exceeds the 1.96 threshold and the P-value of 0.036 is below 0.05. This finding indicates that human capital strengthens the effect of entrepreneurial marketing on innovative performance. This means that entrepreneurial marketing strategies will be more effective in producing innovation when MSME actors have adequate knowledge, skills, experience, and managerial capacity. In this context, HC functions as absorptive capacity that enables business actors to understand market opportunities, process customer information, and transform marketing activities into more concrete innovative outputs.

Overall, the testing results show that EM, HC, and SC have positive and significant direct effects on IP. However, not all interactions among variables are able to strengthen innovative performance. Social capital is proven to be important as a direct determinant but is not significant as a moderator of the EM-IP relationship. Human capital, on the other hand, demonstrates a dual role, namely as a direct factor influencing IP and as a moderator that strengthens the effectiveness of EM on IP. This finding confirms that MSME innovative performance is determined more by the combination of entrepreneurial marketing orientation and the quality of human capacity than by complex social interactions. Therefore, strengthening MSME innovation should be directed not only toward expanding networks but also toward increasing business actors' capacity so that marketing strategies can be translated into valuable innovation.

Discussion

The SEM-PLS testing results show that the research model has an adequate measurement basis before structural relationships are interpreted. All indicators of the entrepreneurial marketing, social capital, human capital, and innovative performance constructs have outer loading values above 0.70. The Cronbach's Alpha, composite reliability, and AVE values also meet the minimum criteria commonly used in SEM-PLS. This means that the instrument used is sufficiently consistent in measuring the latent constructs under investigation. On this basis,

interpretation of the structural model can be carried out in a more accountable manner because relationships among variables are constructed from valid and reliable constructs.

Structurally, the R-Square value of 0.548 indicates that entrepreneurial marketing, human capital, social capital, and their interaction variables can explain 54.8% of the variation in MSME innovative performance. This value demonstrates fairly strong explanatory power in the context of social and MSME management research. After adjustment for the number of predictors and the sample size, the adjusted R-Square value of 0.460 still indicates that the model has adequate explanatory contribution. In other words, nearly half of the variation in MSME innovative performance can be explained by the configuration of variables used in the model. The Q-Square value of 0.308 also confirms that the model has predictive relevance because the value is above zero. This means that the model not only explains relationships among variables theoretically but also has predictive ability for innovative performance.

The direct effect of entrepreneurial marketing on innovative performance is proven to be positive and significant. The coefficient value of 0.377, T-statistic of 2.442, and P-value of 0.015 indicate that the stronger the implementation of entrepreneurial marketing, the higher the innovative performance of MSMEs. Substantively, this finding can be understood through the framework of the dynamic capabilities view. Entrepreneurial marketing does not merely represent promotional or sales activities; it also indicates MSMEs' ability to read opportunities, respond to customer needs, create new value, and make creative marketing decisions. Under conditions of limited resources, this capability becomes important because MSME innovation often emerges from rapid responses to market changes rather than from formal research and development systems.

This finding is consistent with Sari et al. (2023), who showed that entrepreneurial marketing and innovation capability influence MSME performance, particularly under crisis conditions. It is also in line with Nishu et al. (2025), who positioned entrepreneurial marketing as a driver of process innovation and product innovation. The distinction is that the present study positions innovative performance as the main outcome variable, not merely general business performance. Thus, this study clarifies that entrepreneurial marketing plays a direct role in shaping MSMEs' innovation capability, particularly in a local context such as Kotawaringin Barat, which faces limited access to markets, technology, and institutional support.

Human capital also has a positive and significant effect on innovative performance. The coefficient value of 0.406, T-statistic of 2.973, and P-value of 0.003 indicate that the quality of knowledge, experience, education, and entrepreneurial skills among MSME actors plays an important role in driving innovation. The effect size value of 0.344 approaches the strong category, so the influence of human capital is not only statistically significant but also practically meaningful. This finding confirms that innovation cannot be explained only by the courage to seize market opportunities. Innovation also requires cognitive capacity, managerial skills, and learning ability among business actors.

From the resource-based view perspective, human capital is an intangible resource that is valuable and difficult to imitate. MSME actors who possess functional knowledge and business experience are better able to understand shifts in consumer preferences, formulate relevant marketing strategies, and transform market information into renewed products, processes, or business models. This finding is consistent with Timothy (2022), who showed that managers' human capital is related to non-technological innovation and SME productivity. This result also supports Agostini et al. (2017), who emphasized that the strength of intellectual capital, particularly human capital, is associated with better innovation performance.

Social capital shows the strongest direct effect on innovative performance, with a coefficient of 0.439, a T-statistic of 3.097, and a P-value of 0.002. The effect size value of 0.343 also approaches the threshold for a strong effect. This result shows that networks, trust, and collaborative norms are important resources for MSME innovation. In the context of small businesses, innovation rarely emerges from wholly independent internal processes. Market information, customer access, supplier input, community relations, and partner support often become sources of knowledge that drive business renewal.

Such evidence reinforces the argument of social capital theory that social relationships can facilitate the flow of information, expand access to resources, and reduce coordination costs

in business activities. Rokhman (2023) also showed that social capital influences MSME innovation capability and performance. Sarwar et al. (2021) found that social capital plays a role in improving innovation capability through networking capability. In the present study, social capital is proven to be a direct determinant of innovative performance. This conveys an important message that, for regional MSMEs, social relations are not merely supporting assets but can become innovation infrastructure.

The moderation results show a more selective pattern. The interaction between human capital and entrepreneurial marketing has a positive and significant effect on innovative performance, with a coefficient of 0.338, a T-statistic of 2.092, and a P-value of 0.036. The effect size value of 0.159 indicates a medium effect. In practical terms, human capital strengthens the effect of entrepreneurial marketing on innovative performance. Conceptually, entrepreneurial marketing will be more effective when MSME actors have the capacity to understand markets, interpret customer needs, manage risk, and translate marketing ideas into concrete innovation. Human capital works as absorptive capacity. It enables market information not to stop as passive knowledge but to be processed into innovative decisions.

The moderating role of human capital represents a notable contribution. So far, human capital has often been positioned as a direct factor or antecedent of innovation. This study shows that human capital also functions as a strengthening factor in the relationship between entrepreneurial marketing strategies and innovative performance. This means that creative marketing strategies do not automatically generate innovation if business actors lack adequate knowledge and skills. At this point, human capital becomes a strategic prerequisite. The better the capacity of MSME actors, the greater the opportunity for entrepreneurial marketing to produce product, process, business model, or marketing innovation.

Conversely, the interaction between social capital and entrepreneurial marketing is not significant. The coefficient value of 0.101, T-statistic of 0.681, and P-value of 0.496 indicate that social capital has not been proven to strengthen the relationship between entrepreneurial marketing and innovative performance. This result is interesting because social capital is proven strong as a direct effect but fails to function as a moderator. One possible explanation is that social capital among MSMEs in Kotawaringin Barat is used more as a source of operational support and general information exchange rather than as a strategic mechanism to strengthen the effectiveness of entrepreneurial marketing. Another possibility is that network quality is not the same as the ability to utilize networks. MSMEs may have networks and social trust, but they may not yet have business systems or routines capable of transforming those networks into innovation strategies.

The interaction between human capital and social capital is also not significant. The coefficient of 0.024, T-statistic of 0.158, and P-value of 0.874 indicate that the combination of the two does not provide a meaningful additional effect on innovative performance. Theoretically, this result should not be read as a rejection of the importance of human capital and social capital. Both are proven significant directly. However, their interaction does not automatically create a synergistic effect. Human capital operates through the internal capacity of business actors, whereas social capital operates through external access. Both require a linking mechanism to become a productive innovation configuration. Without an integration process, such as organizational learning, innovation collaboration, or absorptive capacity, the combination may fail to produce additional influence.

The three-way interaction among human capital, social capital, and entrepreneurial marketing is also not significant. The coefficient value of 0.011, T-statistic of 0.060, and P-value of 0.952 indicate that this complex configuration is unable to explain innovative performance empirically. This result confirms that a more complex model does not always produce a stronger explanation. In this study, the direct paths and the simple interaction between human capital and entrepreneurial marketing are more informative than the three-way interaction. Methodologically, this result may also be influenced by the relatively small sample size of 44 MSMEs. Models with many interactions require greater data variation and statistical power so that complex moderation effects can be detected more stably.

Comparison with previous studies shows that the results of this study reinforce some earlier findings while also providing new nuance. The findings regarding the effect of

entrepreneurial marketing are consistent with (Sari et al., 2023). The findings regarding social capital support Rokhman (2023) and Sarwar et al. (2021), particularly in viewing networks and trust as innovation resources. The effect of human capital is also consistent with (Timothy et al., 2022). The difference lies in the moderation finding. This study shows that social capital does not strengthen the relationship between entrepreneurial marketing and innovative performance, whereas human capital is proven to act as a moderator. Thus, the context of MSMEs in Kotawaringin Barat indicates that individual capacity is more decisive for the success of entrepreneurial marketing in producing innovation than the mere existence of social networks.

The theoretical contribution of this study lies in extending the resource-based view and dynamic capabilities view within the context of regional MSMEs. The results show that intangible resources, particularly human capital and social capital, have direct effects on innovative performance. However, not all intangible resources function as strategic amplifiers. Social capital is important as a relational resource, but it is not proven to act as a moderator. Human capital has a dual role, namely as a direct determinant and as a factor that strengthens entrepreneurial marketing effectiveness. Consequently, RBV should be read in conjunction with DCV. Resources exert a strong impact only when business actors have the capability to configure, process, and translate them into innovative action.

The practical implications are clear. MSME actors should not only expand networks or follow marketing trends. They need to improve managerial capacity, market literacy, digital skills, consumer insight, and the ability to design innovation based on market needs. Entrepreneurial marketing will be more productive if carried out by business actors with strong human capital. MSME training programs should move beyond basic promotional skills and social media use. Specifically, programs could incorporate modules on market opportunity analysis, customer-driven product design, competitive value proposition development, and innovation portfolio evaluation. Local government agencies may consider establishing innovation incubation centers that pair MSME actors with mentors possessing relevant industry experience and market research capabilities.

The policy implications of these results point to the importance of more integrated intervention design. Local governments, offices of cooperatives and MSMEs, assistance institutions, and business communities need to develop MSME strengthening programs that combine human capital training with the reinforcement of entrepreneurial marketing strategies. Network-based policies remain important, but networks need to be directed toward activities that produce tangible innovation, such as product collaboration, market curation, supplier partnerships, business incubation, and technology access. Because social capital is not proven to act as a moderator, policies that merely multiply networks without improving business actors' capacities risk producing limited innovation impact.

Limitations of interpretation need to be stated explicitly. First, the research design is cross-sectional, so the relationships found cannot be interpreted as strong temporal causality. Second, the sample size of 44 MSMEs is relevant for the local context but still limits generalization and the sensitivity of interaction-effect testing, especially for the three-way interaction. Third, the data were obtained through respondent perceptions, so potential perception bias and common method bias should be considered. Fourth, the output presented has not shown complete discriminant validity testing, such as HTMT or Fornell-Larcker, so evaluation of the measurement model can still be strengthened. Fifth, mediation testing is not included in the output; therefore, discussion of indirect mechanisms cannot be claimed as an empirical finding.

Overall, this study shows that the innovative performance of MSMEs in Kotawaringin Barat is more strongly explained by the direct effects of entrepreneurial marketing, human capital, and social capital, as well as by the interaction between human capital and entrepreneurial marketing. This finding confirms that MSME innovation is not only the result of creative marketing strategies but also depends on the quality of the business actors who implement those strategies. Social capital remains important, but in this model its role appears more clearly as a direct resource rather than as a strategic relationship amplifier. Therefore, the development of MSME innovative performance needs to be directed toward a combination of strengthening human capacity, implementing entrepreneurial marketing, and utilizing networks more productively.

CONCLUSION

This study shows that the innovative performance of MSMEs in Kotawaringin Barat is shaped primarily by entrepreneurial marketing, human capital, and social capital. These three variables are proven to have direct roles in explaining MSMEs' ability to generate product, process, business model, and marketing innovation. The main finding of this study confirms that innovative performance depends not only on creative marketing strategies but also on the quality of business actors' capacities and the strength of social relations that support access to information, collaboration, and business renewal.

The tested model focused on direct and moderation effects; mediation mechanisms were not examined. Future research may consider incorporating constructs such as innovation capability or absorptive capacity as mediating variables to further elucidate the underlying pathways. The moderating role in this study shows selective results. Human capital is proven to strengthen the relationship between entrepreneurial marketing and innovative performance. This means that entrepreneurial marketing will be more effective when MSME actors have adequate knowledge, experience, skills, and managerial capacity. Conversely, social capital is not proven to strengthen the relationship between entrepreneurial marketing and innovative performance. The interaction between human capital and social capital, including the three-way interaction with entrepreneurial marketing, also shows no significant effect. Thus, social capital is more appropriately understood as a direct determinant of innovative performance rather than as a strategic relationship amplifier in this model.

Theoretically, this study expands the use of the resource-based view and dynamic capabilities view in the context of regional MSMEs. The results show that intangible resources are indeed important, but not all resources work through the same mechanism. Human capital has a dual role as both a direct factor and a strengthener of entrepreneurial marketing effectiveness, whereas social capital functions as a relational resource that directly influences innovation. The empirical contribution of this study lies in positioning innovative performance as the primary outcome variable, not merely as general business performance.

Key limitations include the cross-sectional design, which precludes causal inference; the small sample of 44 MSMEs, which constrains generalizability and statistical power for complex interactions; perception-based measurement, which introduces potential response bias; and the absence of mediation testing in the current model.

Future research may expand the model by including intervening variables that explain how entrepreneurial marketing, human capital, and social capital are transformed into innovative performance. Future studies should also use larger sample sizes, broader regional coverage, and longitudinal designs so that the dynamics of MSME innovation can be observed more strongly. Overall, this study confirms that strengthening MSME innovative performance requires a combination of entrepreneurial marketing strategies, improvement of human capital quality, and productive utilization of social capital.

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AUTHOR CONTRIBUTION STATEMENT

Siti Khotimah led the conceptualization, methodology, data collection, analysis, and manuscript preparation. Hendra Jayusman, M. Fatchurahman, Yanneri Elfa Kiswara Rahmantya, and Darmono contributed to data interpretation, manuscript review, editing, and intellectual refinement. All authors approved the final manuscript.

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