The Effect of Human Capital, Social Capital, and Financial Capital on Micro and Small Business (MSE) Survival: A Study in DKI Jakarta

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Abstract. The most important pillar of the Indonesian economy is SMEs. According to data, there were 64.2 million SMEs in 2018 and they contributed 61.07% of the GDP, or 8,573.89 trillion rupiahs to the economy. The emergence of the COVID-19 pandemic in 2019 resulted in severe economic losses across the country due to restrictions on communal activities. Actors in microbusiness make up the majority of MSMEs, accounting for 98.68% of all businesses with a workforce of about 89%. In 2019, there were 64.6 million microenterprise, 798.9 thousand units are small businesses, and 65 thousand units are medium enterprises. Small businesses have been particularly hard hit by the COVID-19 crisis. Many are temporarily closing their businesses due to cash flow issues. The contribution to GDP in 2020 decreased by 23% on an annual basis, from 60.3% to 37.3%. The COVID-19 pandemic had a major impact on the business survival of micro and small businesses. This study analyses the impact of financial, social, and human capital on the survival of micro and small businesses in DKI Jakarta during COVID-19 by examining access to finance, trust in networks, human capital, internal social capital, and external social capital as predictors. An online structured questionnaire was conducted to gather data from 150 micro and small business owners in DKI Jakarta. The data were analyzed using SPSS software for correlation analysis and regression. The results revealed that access to finance, trust in networks, internal social capital, and external social capital affected MSEs' survival, while human capital did not affect MSEs' survivability. This study is considered useful for micro and small enterprises in DKI Jakarta to develop their businesses by focusing on the main factors that affect the survival of MSEs. MSEs seeking to be resilient in the face of any disturbance that may cause disruption in their business may find these insights advantageous.

Keywords: Financial Capital · Human Capital · Micro and Small Business · SME Survivability · Social Capital

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1 Introduction

SMEs are crucial to social inclusion and have a significant impact on Indonesia's economic progress. From generating employment to being able to reduce poverty, SMEs in Indonesia provide almost 97% of household work and 56% of business investment. According to data, there were 65.5 million MSMEs in 2019 and they contributed 61.07% of the GDP. In 2018, there were 120.6 million workers in Indonesia, 116.9 million of whom were employed by MSMEs (or 97% of all workers). Microbusiness players account for 98.68% of SMEs and have an approximate 89% potential to absorb new workers. If specific, there were 64.6 million micro-enterprises in the world in 2019. As many as 798.9 thousand of the total units are small businesses, while 65,000 are medium-sized firms.

The COVID-19 pandemic is affecting DKI Jakarta's micro- and small-business survival and performance. One of the reasons their performance will be disrupted in 2020 is due to the traits of micro and small firms that connect directly. The COVID-19 pandemic has impacted a variety of industries but the most affected economic sector is the household sector [1]. Micro and small businesses are among the biggest ones. Due to the COVID-19 crisis, micro and small businesses have closed their business temporarily and face cash flow constraints [2]. Based on the data of the Central Bureau of Statistics, the contribution to GDP in 2020 decreased by 23% on an annual basis from 60.3% to 37.3%.

A previous study conducted by Yadav in 2018 found that human capital consists of the knowledge, qualifications, experience, and skills of employees in businesses that affect business sustainability. Higher levels of education and work experience are important factors in identifying and taking advantage of business opportunities. Education is a critical component of human capital which can assist the growth of knowledge and skills of entrepreneurship [3].

The strategy to maintain business continuity is something that must be considered. To maintain business survival, social capital is needed. Social capital helps companies seek new knowledge about how the current market operates and what can be done proactively to understand and satisfy customer needs and wants. Companies are not isolated entities and constantly use social networks to get ideas and gather information. Social capital is a combination of business relationships that are owned in a social network that connects business partners and the community [3]. Each human capital and social capital have an impact on increasing business survival substantially [4].

The positive correlation between financial capital and SME performance and company survival was proven by [5]. Meanwhile, [6] emphasized that government support will make the impact of financial capital on SME performance greater. Financial limitations are one of the elements that hinder business continuity, according to several research. Research by Torstensson in 2014 on micro and small textile and apparel sectors in Sweden revealed there are numerous key drivers for resilience, which were classified into three categories: resources (material resources, financial resources, social resources, network resources, and intangible resources); competitiveness (flexibility, resource redundancy, robustness, and networks); and learning and culture (leadership and management).

Business survivability refers to the ability of an organization to withstand a disaster or a hostile environment without significant disruption to its normal operations. Long-term business viability is a meaningful performance measure for many stakeholders in a business. The survival and failure of a business affect other stakeholders, including employees, suppliers, distributors, and the public, who are related to the business. Business survivability leads to the success of a business in dynamic competition, as seen by how well the business meets the needs of stakeholders [7]. Business survival is something that is used to develop and protect the resources within it. The capacity of an entity to continue in the market is interpreted as a company's ability to survive.

Basic levels of profitability, scale, and scope have an impact on a business's long-term sustainability, according to a prior study [8]. Two sets of indicators—financial and strategic—derived from Barbosa's research are used to assess the viability of businesses (2016).

The community, employees, customers, and suppliers all gain from a company's ability to survive [9]. Researchers affirm that a component of a firm's performance is its viability [9]. If a business can adapt to the circumstances and the environment, it will survive [7].

Financial indicators include four things that are used to measure the availability of company cash: profitability, the amount of debt, cash reserves, and accounts receivable.

Companies with greater profitability will last longer than less profitable companies. The relationship between profit and survival is fundamental. The company's profitability shows its ability to generate profits during a certain period, which comes from components of sales, assets, and certain share capital. Understanding the determinants of profitability is the key to success and will assist managers in developing effective corporate strategies [9].

Based on the literature, there are some negative impacts of debt on the viability of small businesses. First, the increase in debt causes an increase in debt payments for the company and there is always a possibility of a gap between debt and receivables, which is difficult for every SME to avoid. Therefore, SMEs need additional funds to carry out their operational activities. A common reason for SMEs to fail is that they cannot address the gap between cash inflows and outflows.

Without having sufficient cash, the survival of a business can be threatened. SMEs also depend on the availability of cash to maintain their business activities. Cash management reflects cash management principles, namely activities that involve cash planning and control [8]. The availability of cash can support production activities, which in turn contribute to the creation of profits from SME operations. Without adequate cash, it will hamper operational activities and make it difficult for SMEs to generate profits. In addition, SMEs need to implement cash management because businesses that are ablcan cash have the power to survive in the business environment [9].

Receivables are a form of sales made by a company whose payments are not made in cash but installments. Trade receivables include all claims for the company's subscriptions arising from the sale of merchandise or services on credit [9].

According to [7], a greater level of trust in customers will encourage companies to provide longer receivables so that it will increase sales and increase profitability. The company needs to determine the trade credit policy that will be given to customers because it has an important effect on the profitability and the company's worth.

The strategic indicators used are the company's products and market segments, sales turnover, and [9]. An important factor that affects the success and continuity of the business is having a quality product where the business can produce goods with added value. Anything supplied to a market to satiate a need or want is a product. Everything that consists of tangible items, services, occasions, locations, businesses, concepts, or a combination of them. Product strategy is one of the most important elements because it can influence other marketing strategies. The choice of the type of product to be produced will determine the promotional activities to be carried out, as well as the determination of prices and how to distribute them [10].

To achieve goals, develop businesses, earn profits, and maintain the viability of the company itself, marketing is an important activity in the life of the company. Some economists believe that the definition of marketing is as follows: organizing, selling prices, promoting, and distributing want-satisfying goods and services to both customers and companies. Marketing is closely related to customers, which means that marketing is a process of managing good and profitable relationships with customers. Customers in a company understand customer needs, produce goods and services, set prices, distribute products to reach customers, and communicate products to customers in the form of promotions so that customer satisfaction can be achieved [10].

One of the crucial resources is capital in terms of money. The entrepreneur, the founding team, opportunity, and resources all have a role in business success. When a person gets access to financing, they can create their own company. Small and medium-sized enterprises (SMEs) rely on both resources respectively internal and external to preserve and strengthen their competitive edge, and a lack of financial capital can be a hindrance [11].

Financial capital is essential for businesses to invest in, expand, and grow, yet on average, SMEs have poor financial literacy and limited access to financial capital [3]. Financial capital is considered a significant factor that defines the success and survivability of a business [4]. The greater the level of financial capital, the greater the expected business growth rate.

Financing through credit is one of the important determinants of the survival of the micro and smbusinessesness, and one of the elements affect a company's ability to succeed is financial support. The melementments influencing entrepreneurship success and business continuity is a lack of finance. Access to capital is very important for small businesses. Small businesses cannot create new products and services to fulfill market demands without sufficient capital [4]. Based on this, this study develops the following hypotheses:

H1. Access to finance positively affects micro and small businesses' survivability.

Social capital is the network of relationships that enables a business owner to gain the material and immaterial resources necessary for the success of his enterprise. Social capital is a formal and informal resource for entrepreneurs to be able to access social connections through their networks so that they can identify business opportunities.

In this study, the entrepreneur's formal or unofficial connections to other agents and the resources that can be accessed through social capital from an individual point of view were examined [12]. According to the definition of social capital, an organization's networks, trust, and other factors may help it behave more strategically and efficiently.

At the corporate level, social capital is divided into two categories: internal and external social capital. Internal social capital refers to financial loans or gifts from family, friends, and professional colleagues, as well as strategic business advice. According to [13], internal social capital is derived from the structure of social networks and relationships between specific members of the organization (employees), community (such as neighbors), or system (such as associate members).

An entrepreneur's internal social network tends to influence financial performance at the stage of formation and introduction of a business through mobilizing financial resources to start a business. One of the primary sources of funding for most informal enterprises typically consists of financial assistance and interest-free loans from family, friends, coworkers, or business partners [12]. The loans are among the internal social capital assets offered to unregistered enterprises [12]. Based on that, this study develops the following hypotheses:

H2. Internal Social Capital positively affects micro and small businesses survivability.

Relationships with external entities, including partners and suppliers, can be viewed as external social capital. This network permits referrals from devoted clients, the delivery of reliable market information, and credit help from creditors. The term "external social capital" also refers to social ties to external entities like buyers, distributors, market authorities, creditors, and intangible assets derived from social network structures like loyalty, trust, and referrals that are rooted in these connections and the connection between a person, group, or community and significant outside parties, such as an organization's connection to its clients, suppliers, or rivals [13]. Information is accessed through networks, network ties involve specifically how related actors have an advantageous effect on business success [14]. Relationships with suppliers or customers are critical to the development of entrepreneurship. To be competitive in the market effectively, network links offer opportunities to gain a durable competitive advantage [3]. Based on that, this study develops the following hypotheses:

H3. External Social Capital positively affects micro and small businesses survivability.

Trust is an important component when running a business or production activity. Trust is fundamental to forming and carrying out cooperation. Between two or more entities (people or organizations), trust is an expectation that suggests regular behavior is well-ordered, truthful, cooperative, and predictable based on common standards. By lowering transaction costs and conflicts, trust among businesses has a substantial impact on each company's performance [14].

A sustainable small firm must be built on a foundation of trust [15], which is a critical requirement for success. Direct effects of trust include higher sales and a better return on investment [14]. Hence, this study develops the following hypotheses:

H4. Trust in the network positively affects micro and smbusinessesses' survivability.

Human capital is a theory that requires competent human resources. The presence of competent human resources can influence increasing the productivity of a business. To achieve quality human resources, human capital formation is needed, namely obtaining a number of severals who have strong characteristics as important capital. The character is in the form of education level and skill level. Human capital is an important element because it creates competitiveness for the company. Human capital plays a role as a driver of performance improvement and the ability to create relational value.

Education is among the determinants of entrepreneurial success. The success of businesses and the survival of SMEs are positively correlated with education levels [3]. Similar to this, concludes that one of the key elements determining company success is education.

Entrepreneurs who have more experience have a greater chance of success [3]. One of the primary things preventing entrepreneurs from succeeding is a lack of experience [4]. One of the key elements impacting business success is experience. Hence, this study develops the following hypotheses:

H5. Human Capital positively affects micro and small businesses survivability.

1.1 Micro and Small Enterprise

The micro and small enterprises are regulated based on the Law of Republic of Indonesia Number 20, 2008, which states that:

Micro Enterprise:

- Having a maximum net worth of Rp. 50,000,000.00 (fifty million Rupiah), excluding the land and building of their place of business;
- A maximum annual sales revenue of Rp. 300,000,000.00 (three hundred million Rupiah)

Small Enterprise:

- possessing net assets, excluding the land and building of their place of business, of at least Rp. 50,000,000.00 (fifty million Rupiah) and up to Rp. 500,000,000.00 (five hundred million Rupiah); or
- earning more than Rp. 300,000,000.00 (three hundred million Rupiah) in annual sales earnings, up to a maximum of Rp. 2,500,000,000.00 (two billion and five hundred million Rupiah)

Based on the Central bureau of statistics, the definition of Micro and Small Enterprises based on the number of workers is as follows.

- Small businesses are those that employ between 5 and 19 workers.
- Businessesss with a workforce of 20 to 99 workers are considered medium firms.

2 Methods

The research used primary and secondary data. Owners of micro and small companies in DKI Jakarta made up the study population. Non-probability sampling using a purposive sampling approach was the sampling method employed in this study. The questionnaire

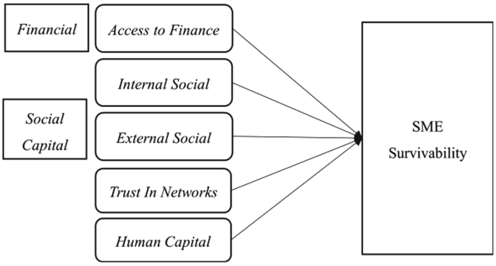

Fig. 1. The conceptual model.

consisted of closed and open questions. Statements in a closed questionnaire were measured using interval data measurements. Measurement of interval data was carried out using a bipolar adjective technique (agree-disagree scale) using a 1–6-point scale to obtain interval data with a score or value of 1 (strongly disagree) and 6 (strongly agree). The analysis technique is cluster analysis, a tool used with SPSS.

The independent variables consist of financial capital and social capital. The financial capital factor is access to finance. Social Capital factors consist of internal social capital, external social capital and trust in the network, and human capital. The dependent variable is the business survival of SMEs, financial factors (cash reserve, debt, cash reserves, account receivables) and strategy (company's products, and market segments) (Fig. 1).

2.1 Data Collection

A survey method was used to gather primary data. The proprietors of 150 micro and small companies in the DKI Jakarta area were given a structured questionnaire. In this case, the sample was taken based on the characteristics of micro and small enterprises that have at least three years of business experience. Questionnaires were distributed using Google forms and through social media, email, and MSE community groups via WhatsApp.

Secondary data was gathered from already-published sources including books, websites, and journals. These data were helpful to develop a theoretical basis and become supporting material in this research.

2.2 Measurement Models

The research includes independent variables such as financial capital, social capital, and human capital. MSE survivability is the dependent variable. The research measurement model is shown in Table 1.

2.3 Data Analysis

The sample data collected using an online questionnaire were analyzed. Quantitative data analysis was conducted by using SPSS for reliability analysis using Cronbach's alpha, correlation analysis to measure the strength of the relationship between micro and

Table 1. Measurement of Variables

Variable Name	Items	Reference	Likert Scale
Social Capital	24	[12] [14] [15]	Likert Disagree 1 to strongly agree 6
Human Capital	5	[3] [16]	Likert Disagree 1 to strongly agree 6
Financial Capital	4	[3]	Likert Disagree 1 to strongly agree 6
MSE Survivab ility	17	[7] [9, 10]	Likert Disagree 1 to strongly agree 6

small business survivability and the 5 independent variables, a linear regression test to measure to what extent there is a linear relationship between micro and small business survivability and five independent variances, and finally multiple regression to check the dependency between the micro and small business survivability and 5 independent variables and to test the model fit.

3 Results and Discussion

3.1 Respondents' Profile

The proportions of the two genders were approximately equal. The most common types of MSE businesses were food and beverage and service businesses. The majority of assets owned by MSEs were in the range of 5–25 million. The most common MSE sales turnover was in the range of 51–150 million. There were more male respondents than female respondents. The most recent education, according to the order, was high school, bachelor's, and diploma. Most of the respondents' ages were in the range of 31–40 years and 41–50 years. The majority of MSEs had 1–5 employees.

3.2 Construct Validity and Reliability Analysis

Cronbach's Alpha Analysis was utilized in this research. The data in Table 2 shows that all Cronbach's Alpha coefficients on each variable indicator show a value greater than 0.6. Thus, it can be said that all questions in the questionnaire are reliable and support the research construct.

In this research, 150 participants were involved in the validity assessment. Making choices based on the value of r count, which is the question, is valid. The formula for the r table function is df = N-2, so 150-2 = 148, so r table = 0,1603. The value of r count (Corrected Item-Total Correlation) > r table is 0,1603, making all questions for variables valid.

Table 2. Reliability of Measured Variables

Variables	Cronbach's Alpha	Remarks
Internal Social Capital	0.943	Reliable
External Social Capital	0.851	Reliable
Trust in Networks	0.932	Reliable
Access to Finance	0.881	Reliable
Human Capital	0.899	Reliable
MSE Survival	0.837	Reliable

Source: Field Survey, 2022

3.3 Classic Assumption Test

Normality Test

The Kolmogorov-Smirnov normalcy test can be used to perform a normality test statistically. The results of the normality test indicate that the Kolmogorov-Smirnov has a significant value of 0.114. The residual regression results are determined to be normal (Fig. 2).

Multicollinearity Test

If the tolerance value is greater than 0.1 and the VIF value of each independent variable is 10, multicollinearity is not present in the data, according to this test.

According to Table 3's multicollinearity test results, all independent variables have tolerance values of more than 0.1 and a VIF value of less than 10. According to Table 3's multicollinearity test results, all independent variables have tolerance values of more than 0.1 and a VIF value of less than 10. This demonstrates that the multicollinearity assumption of the regression model has been met.

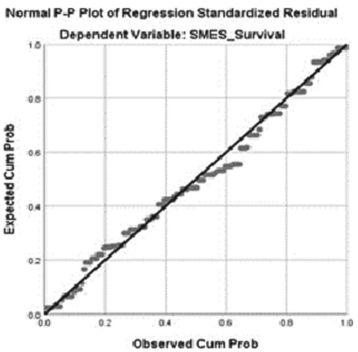

Fig. 2. P-P Plot

Table 3. Multicollinearity Test Results

Variables	**Tolerance**	**VIF**
Internal Social Capital	0.341	2.936
External Social Capital	0.256	3.902
Trust In Network	0.305	3.284
Access To Finance	0.193	5.176
Human Capital	0.328	3.045

Source: Field Survey, 2022

Table 4. Heteroscedasticity Test Results

	t	**Sig.**
Internal Social Capital	-0.424	0.672
External Social Capital	-1.116	0.089
Trust In Network	0.062	0.951
Access To Finance	-0.244	0.808
Human Capital	0.376	0.708

Source: Field Survey, 2022

Heteroscedasticity Test

The heteroscedasticity test is to determine whether the variance between different observations in the regression model is unequal. The Glacier test can be used to statistically perform the heteroscedasticity test. In this test, if all independent variables have significant values more than 0.05, the model is deemed to be free of heteroscedasticity. The regression model has no heteroscedasticity (Table 4).

3.4 Regression Model Test

Partial Test (t-Test)

The regression analysis's findings in Table 5 show the regression constant value of 71.463 with an internal social capital regression coefficient of 0.404, the external social capital regression coefficient of 0.254, trust regression coefficient of 0.391, the human capital regression coefficient of 0.308, and financial capital regression coefficient of 1.131, so that the regression equation that can be used to predict MSEs survival based on the value of internal social capital, external social capital, trust, human capital, and financial capital is as follows:

$$Y = 71,463 + 0,404\ X1 + 0,254\ X2 + 0,391\ X3 + 0,308\ X4 + 1,131\ X5$$

Table 5. t-Test Results

Variables Independent	Beta	Standard Error	t	Sig.
Constanta	71.463	4.534	15.762	.000
Internal Social Capital	.404	.127	3.182	.002
External Social Capital	.254	.201	2.466	.007
Trust In Network	.391	.297	2.319	.009
Human Capital	.308	.328	1.157	.113
Access to Finance	1.131	.285	3.975	.000

Source: Field Survey, 2022

Table 6. F Test Result

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	6757.188	5	1351.438	13.616	.000[b]
	Residual	14292.952	144	99.257		
	Total	21050.140	149			

Source: Field Survey, 2022. a. Dependent Variable: SMES_Survival. b. Predictors: (Constant), FC, NTI, TRUST, NTE, HC

Simultaneous F Test

According to the regression analysis results in Table 5, a significant value of the F test was obtained at 0.0001. Due to the significant value of the simultaneous test result of 0.05, H0 is rejected, and it is concluded that trust, human capital, financial capital, internal social capital, and external social capital all have an impact on MSEs' survival at the same time (Table 6).

Coefficient of Determination

It indicates that 59.7% of the variance in company value is caused by external factors, with the remaining 40.3% being caused by the simultaneous influence of internal and external social capital, trust, human capital, and financial capital.

3.5 Hypothesis Test

The results of the multiple linear regression analysis used in this study are the base for the hypothesis testing. The findings of analyzing all of the study's hypotheses are listed in Table 7 based on the analysis findings.

Hypothesis 1 in this study states that internal social capital has an effect on MSEs, and the key is that internal social capital has a positive and significant effect on the survival of MSEs.

Micro and small business survivability will be created if social capital can be utilized properly by managing the ability of business actors to increase and expand their capital. This is consistent with the research presented by [12], which shows that social capital is related to business growth and sustainability. Research by [14], which demonstrates that social capital has a considerable favorable impact on the survivability of micro and small businesses, also supports this finding.

Hypothesis 2: external social capital has a positive and significant effect on an's survival. A good business is a business that not only benefits itself but also the community around it. The involvement of business actors with the surrounding community is a form of relationship that builds mutual trust that the business will not harm the community and the environment around the business. The sense of trust that arises in the community can increase entrepreneurial success because the business will be supported.

This study's findings are consistent with those of [17] research which views social capital as the capacity to actualize resources—both actual and potential—between people and groups. Business actors must have the ability to obtain high social capital by building relationships between individuals and groups that benefit and support entrepreneurial success.

Hypothesis 3: trust in networks has a positive and significant effect on MSEs' survival. Trust is an important thing in building entrepreneurial activities that are being carried out by the actors. Business actors can build relationships (social networks) both with the community, suppliers and customers in the form of reciprocal relationships so that mutual trust is built in the order of social life. As in Yadav's (2018) research, which conducted research on the role of social capital in micro and small businesses in Nepal, it was revealed that trust, social networks, and norms had an important role in the continuity of trading activities. The amount of information absorbed from various

Table 7. Summary of Hypothesis Testing Results

No	Hypothesis	Result	Conclusion
1	Internal Social Capital affects MSEs Survival.	Coef Path = 0.404; T Statistics = 3.182; p value = 0.002	Accepted
2	External Social Capital affects MSE's Survival.	Coef Path = 0.254; T Statistics = 2,466; p value = 0.007	Accepted
3	Trust effect on MSEs Survival	Coef Path = 0.391; T Statistics = 2,319; p value = 0.009	Accepted
4	Human Capital affects MSE's Survival.	Coef Path = 0.308; T Statistics = 1.157; p value = 0.113	Not Accepted
5	Financial Capital affects MSE's Survival.	Coef Path = 1.131; T Statistics = 3.975; p value = 0.000	Accepted

Source: Field Survey, 2022

outside sources and the interaction connections serve as indicators of interaction quality, the stronger a bond allows increased trust in small businesses as social capital to access external resources. This is also in line with Akintmehin's research (2019) that trust in networks had a positive influence on MSE performance and business survival.

Hypothesis 4: This study shows that MSE business actors lack managerial skills or experience in managing their businesses. In general, small and micro business actors in DKI Jakarta still keep simple company financial records. Likewise, the marketing they do in business is still done conventionally.

According to research conducted by [18] on the viability of small companies in Madiun, human capital—which comprises ability, intellectual agility, and skills—did not significantly affect the survivability of MSEs' operations. This is supported by a study by [19], which found that while MSE entrepreneurs care about human capital, they do not manage it coherently or strategically and that business players continue to utilize conventional techniques to ensure the survival of MSE businesses.

Hypothesis 5 in this study is accepted that financial capital has a positive and significant effect on MSE's survival. This means that the greater the financial capital, the greater the MSE's survival. Increasing financial capital can significantly increase an MSE's survival.

Financial capital can be defined as expertise regarding the financial resources used by the owner in managing the business. Generally, the owner builds a business with personal capital. However, as the business progresses, business owners usually take out loan funds to increase personal capital for business expansion. Reference [16] show that financial capital has a positive impact on MSEs' ability to maintain business operations. This can be influenced by the availability of sufficient capital as a source of business capital which makes it easier to run a business. In addition to financial capital, to achieve good performance in business activity, business owners need to understand how to manage finances well, namely by knowing about financial literacy.

4 Conclusions

The research findings showed that there was a significant influence of internal social capital, external social capital, financial capital, and trust in networks on micro and small business survivability in DKI Jakarta. performance. However, human capital does not significantly affect the survivability of micro and small businesses.

This research suggests, especially for micro and small business owners, to make changes to the company's financial flow arrangements to be able to maintain a sustainable business in the current difficult conditions. The solution is cost-effectiveness to maintain operations, which will enable the business to use its cash flow for a longer period in the face of market shifts. The government must support the growth of MSEs by facilitating access to financing and investing in human resources, allowing micro and small-scale enterprises to expand their managerial capabilities. Based on the study's findings, which show that the growth of micro and small firms were significantly influenced by business networks, and MSEs are expected to be able to cooperate with suppliers, financial institutions, workers, and intermediaries. Higher business competitiveness can be achieved through business networks so that businesses are more efficient, reduce transaction costs, and increase flexibility due to the presence of trusted partners.

There are two limitations to this study. First, the number of samples in this study is still limited so future research can broaden the scope of the study because a large sample can represent the true state of micro and small businesses in DKI Jakarta. Second, due to the time limitation, the questionnaire could only involve 150 respondents, namely the owner and manager. This study does not generalize the results of the study to all micro and small businesses in Indonesia because this study was only conducted in the DKI Jakarta area.

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