

The Influence of Business Networking, Digital Capability, and Innovation on Entrepreneurial Success

Eka Sutisna^{1*}, Franciscus Dwikotjo Sri Sumantyo², Enggar Widianingrum³,
Noorhani Dyani Laksmi⁴

^{1*}Universitas Islam Jakarta, ²Universitas Bhayangkara Jakarta Raya, ³Universitas Bina Sarana Informatika,
⁴Universitas Negeri Malang, Indonesia

Email: ^{1*}ekasutisna5432@gmail.com, ²franciscus@dsn.ubharajaya.ac.id, ³enggar.egr@bsi.ac.id,

⁴noorhani.dyani.2101419@students.um.ac.id

Received: 31 March 2026

Accepted: 22 April 2026

Published online: 03 May 2026

Abstract

This study aims to examine the influence of business networking, digital capability, and innovation on entrepreneurial success in the context of small and medium-sized enterprises (SMEs). In the rapidly evolving digital economy, entrepreneurs are required to leverage not only traditional resources but also strategic capabilities to achieve sustainable business performance. This research adopts a quantitative approach using a cross-sectional survey design. Data were collected from 200 SME owners and managers through structured questionnaires, and the analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that business networking, digital capability, and innovation all have a positive and significant effect on entrepreneurial success. Among these variables, digital capability shows the strongest influence, highlighting the critical role of technology adoption and digital skills in enhancing business performance. Innovation also demonstrates a substantial contribution by enabling firms to create value, differentiate offerings, and respond to market changes. Meanwhile, business networking plays a significant role in providing access to resources, information, and opportunities that support business growth. Furthermore, the combined effect of these variables explains a substantial proportion of the variance in entrepreneurial success, indicating their complementary and synergistic relationships. This study contributes to the entrepreneurship literature by integrating business networking, digital capability, and innovation into a comprehensive research model. The findings provide practical implications for entrepreneurs to prioritize digital transformation, strengthen networking activities, and foster continuous innovation to achieve long-term success. Additionally, policymakers are encouraged to support entrepreneurial ecosystems by enhancing digital infrastructure, facilitating collaboration, and promoting innovation-driven initiatives.

Keywords: Entrepreneurial Success; Business Networking; Digital Capability; Innovation; SMEs; Digital Transformation; Business Performance.

1. Introduction

Entrepreneurship has become a fundamental driver of economic growth, innovation, and job creation in both developed and emerging economies. In the contemporary business environment, characterized by rapid technological advancement and globalization, entrepreneurial success is no longer determined solely by traditional factors such as capital and market access. Instead, modern entrepreneurs must leverage intangible capabilities, including business networking, digital capability, and innovation, to sustain competitiveness and achieve long-term success. The increasing integration of digital technologies into business processes



has reshaped how entrepreneurs identify opportunities, interact with stakeholders, and create value in dynamic markets.

Entrepreneurial success is commonly defined as the ability of a business to achieve its goals, including profitability, growth, sustainability, and market expansion. However, achieving such success has become increasingly complex due to uncertainty, intense competition, and rapid technological change. Recent studies emphasize that success in entrepreneurship is strongly influenced by an entrepreneur's ability to access resources, adapt to digital transformation, and continuously innovate in response to changing market demands. Therefore, understanding the key determinants of entrepreneurial success is essential for both academic research and practical application.

One of the critical factors influencing entrepreneurial success is business networking. Business networks provide entrepreneurs with access to valuable resources such as information, knowledge, capital, and market opportunities. Through networking, entrepreneurs can establish relationships with suppliers, customers, investors, and other stakeholders, which can enhance business performance and growth. Research indicates that entrepreneurial networking facilitates knowledge sharing, reduces uncertainty, and improves decision-making processes, ultimately contributing to business success. Moreover, business networks enable entrepreneurs to overcome resource constraints, particularly in small and medium-sized enterprises (SMEs), by leveraging external expertise and collaborative opportunities.

In addition to networking, digital capability has emerged as a crucial determinant of entrepreneurial success in the digital era. Digital capability refers to an entrepreneur's ability to effectively utilize digital technologies, tools, and platforms to create value, improve efficiency, and enhance competitiveness. The rapid adoption of digital technologies, such as e-commerce, artificial intelligence, and big data analytics, has transformed traditional business models and created new opportunities for entrepreneurs. Firms with strong digital capabilities are better positioned to identify market trends, respond to customer needs, and develop innovative solutions, thereby increasing their chances of success. Furthermore, digital capabilities enable entrepreneurs to access global markets, reduce operational costs, and improve customer engagement, which are essential for sustaining competitive advantage.

Empirical evidence also highlights the significant impact of digital capabilities on entrepreneurial performance. For instance, digital platforms and technologies provide entrepreneurs with tools to optimize business operations, enhance marketing strategies, and improve overall efficiency. These capabilities not only support business growth but also enable entrepreneurs to adapt to changing environments and exploit emerging opportunities more effectively. Additionally, digital capabilities have been found to play a mediating role in enhancing innovation and business model development, indicating their strategic importance in entrepreneurship.

Another key factor influencing entrepreneurial success is innovation, which refers to the ability to develop new products, services, processes, or business models. Innovation is widely recognized as a driving force behind competitive advantage and long-term business sustainability. In highly competitive markets, entrepreneurs must continuously innovate to differentiate themselves from competitors and meet evolving customer demands. Digital innovation, in particular, has become a critical component of entrepreneurial success, as it enables businesses to leverage technology to create new value propositions and improve

operational efficiency. Studies have shown that innovation not only enhances firm performance but also contributes to economic development and market expansion.

The relationship between business networking, digital capability, and innovation is also interrelated and mutually reinforcing. Business networks can facilitate the exchange of knowledge and ideas, which in turn fosters innovation. Similarly, digital capabilities enable entrepreneurs to leverage networks more effectively by enhancing communication, collaboration, and information sharing. At the same time, innovation often relies on digital tools and network resources to be successfully implemented and scaled. This interconnectedness suggests that these three factors collectively play a significant role in shaping entrepreneurial success.

Despite the growing body of literature on entrepreneurship, there is still a need for comprehensive research that integrates business networking, digital capability, and innovation into a unified framework to examine their combined influence on entrepreneurial success. Many previous studies have focused on these variables independently, without considering their interactive effects. Moreover, the rapid pace of digital transformation has created new challenges and opportunities for entrepreneurs, necessitating further investigation into how these factors contribute to business performance in different contexts.

In emerging economies, such as Indonesia, the importance of these factors becomes even more pronounced. Entrepreneurs in these regions often face challenges such as limited access to resources, inadequate infrastructure, and institutional constraints. In such environments, business networking can provide critical support, while digital capability can help overcome geographical and structural barriers. Innovation, on the other hand, enables entrepreneurs to create unique value propositions and compete in both local and global markets. Therefore, examining the influence of these factors is essential for understanding how entrepreneurs can achieve success in increasingly complex and competitive environments.

Based on the above discussion, this study aims to explore the influence of business networking, digital capability, and innovation on entrepreneurial success. By integrating these variables into a single research model, this study seeks to provide a more comprehensive understanding of the determinants of entrepreneurial success in the digital era. The findings are expected to contribute to the development of entrepreneurship theory and provide practical insights for entrepreneurs, policymakers, and stakeholders in fostering sustainable business growth.

2. Literature Review and Hypothesis Development

2.1. Business Networking and Entrepreneurial Success

Business networking refers to the process through which entrepreneurs build and maintain relationships with various stakeholders, including customers, suppliers, investors, and other business partners. These relationships provide access to critical resources such as information, knowledge, capital, and market opportunities, which are essential for business growth and sustainability. In the context of entrepreneurship, networking is often considered a strategic asset that enhances a firm's ability to compete in dynamic environments.

Recent studies highlight that business networking plays a significant role in improving entrepreneurial success by facilitating knowledge sharing and reducing uncertainty in decision-

making processes. Entrepreneurs who actively engage in networking activities tend to have better access to market information and business opportunities, which positively influences firm performance (Masud et al., 2026). Furthermore, networks enable entrepreneurs to leverage external resources, thereby overcoming internal limitations commonly faced by small and medium-sized enterprises (SMEs) (Nguyen et al., 2024).

Social capital theory provides a strong theoretical foundation for understanding the importance of business networking. According to this perspective, networks create value by fostering trust, cooperation, and information exchange among participants. Empirical evidence suggests that entrepreneurs with strong network ties are more likely to achieve higher levels of business growth and innovation (Bachmann et al., 2024). Additionally, digital networking platforms have expanded the scope of traditional networking by enabling entrepreneurs to connect with global stakeholders, thereby enhancing business scalability and competitiveness (Olan et al., 2024).

In emerging economies, business networking becomes even more critical due to limited access to formal institutional support. Entrepreneurs rely heavily on informal networks to gain resources and support for their ventures. These networks not only provide financial and informational resources but also offer emotional and strategic support, which contributes to long-term entrepreneurial success (Ashari Nur & Muafi, 2025). Therefore, business networking is expected to have a positive influence on entrepreneurial success.

H1: Business networking has a positive and significant effect on entrepreneurial success.

2.2. Digital Capability and Entrepreneurial Success

Digital capability refers to the ability of an organization or entrepreneur to effectively utilize digital technologies to create value, improve operational efficiency, and enhance competitive advantage. In today's digital economy, the adoption of technologies such as e-commerce, big data analytics, cloud computing, and artificial intelligence has become essential for business success. The dynamic capabilities theory explains how firms adapt to rapidly changing environments by integrating, building, and reconfiguring internal and external competencies. Digital capability is considered a critical component of dynamic capabilities, as it enables firms to respond quickly to technological changes and market demands. Research indicates that firms with strong digital capabilities are more innovative and achieve higher levels of performance compared to those with limited technological adoption (Zhang et al., 2024).

Empirical studies demonstrate that digital capability significantly enhances entrepreneurial success by improving business processes, customer engagement, and decision-making. For instance, digital tools allow entrepreneurs to analyze market trends, personalize customer experiences, and optimize resource allocation, which leads to improved business outcomes (Kim & Jin, 2024). Moreover, digital platforms enable entrepreneurs to reach broader markets, reduce transaction costs, and increase operational efficiency (Li et al., 2024; Arif, H. M., & Windarsari, W. R., 2026). In addition, digital capability plays a crucial role in fostering resilience and adaptability in uncertain environments. Entrepreneurs who possess strong digital skills are better equipped to navigate disruptions, such as economic crises or technological changes, by quickly adjusting their business strategies (Park & Kim, 2025). Digital

transformation also supports innovation by providing the necessary infrastructure and tools for developing new products and services (Olan et al., 2024).

In the context of SMEs, digital capability is particularly important as it helps businesses compete with larger firms by leveling the playing field. By leveraging digital technologies, small businesses can enhance their visibility, improve customer relationships, and achieve sustainable growth. Therefore, digital capability is expected to have a positive impact on entrepreneurial success.

H2: Digital capability has a positive and significant effect on entrepreneurial success.

2.3. Innovation and Entrepreneurial Success

Innovation refers to the process of creating and implementing new ideas, products, services, or business models that add value to customers and organizations. It is widely recognized as a key driver of competitive advantage and long-term business sustainability. In the entrepreneurial context, innovation enables firms to differentiate themselves from competitors and respond effectively to changing market demands. Schumpeter's theory of innovation emphasizes the role of entrepreneurs as agents of change who drive economic development through innovation. Modern research supports this view, highlighting that innovative firms tend to outperform their competitors in terms of growth, profitability, and market share (Rubio-Andrés et al., 2022). Innovation not only enhances firm performance but also contributes to the creation of new markets and opportunities.

Recent studies indicate that innovation has a direct and significant impact on entrepreneurial success. Entrepreneurs who invest in research and development (R&D) and continuously introduce new products or services are more likely to achieve higher levels of performance (Ardito & Capolupo, 2023; Arif, H. M., & Rauf, D. I., 2026). Additionally, innovation enables firms to improve operational efficiency and reduce costs, which further enhances competitiveness (Khanin et al., 2022). Digital innovation, in particular, has become increasingly important in the modern business environment. The integration of digital technologies into innovation processes allows entrepreneurs to develop scalable and flexible business models, which are essential for success in dynamic markets (Kreiterling, 2023). Furthermore, digital innovation facilitates collaboration and knowledge sharing, which accelerates the development of new ideas and solutions (Li et al., 2024).

However, innovation is not without challenges. Entrepreneurs often face barriers such as limited resources, lack of expertise, and market uncertainty. Despite these challenges, firms that successfully overcome these barriers and implement innovative strategies are more likely to achieve sustainable success (Khanin et al., 2022). Therefore, innovation is expected to have a positive influence on entrepreneurial success.

H3: Innovation has a positive and significant effect on entrepreneurial success.

2.4. The Integrated Effect of Business Networking, Digital Capability, and Innovation

While business networking, digital capability, and innovation individually contribute to entrepreneurial success, their combined effect is likely to be more significant. These factors are interconnected and mutually reinforcing. Business networking facilitates access to knowledge and resources, which can enhance digital capability and support innovation. Similarly, digital capability enables entrepreneurs to leverage networks more effectively and implement innovative strategies.

Empirical research suggests that the interaction between networking, digital capability, and innovation creates a synergistic effect that enhances entrepreneurial performance. For example, digital platforms enable entrepreneurs to expand their networks and collaborate with stakeholders, which fosters innovation and improves business outcomes (Masud et al., 2026). Additionally, innovation often relies on digital tools and network resources for successful implementation and commercialization (Zhang et al., 2024). The integration of these factors aligns with the resource-based view (RBV), which emphasizes the importance of combining valuable, rare, and inimitable resources to achieve competitive advantage. Business networking, digital capability, and innovation can be considered strategic resources that, when combined, enhance a firm's ability to compete and succeed in dynamic environments (Winterhalter et al., 2021).

Therefore, examining the combined influence of these variables provides a more comprehensive understanding of entrepreneurial success. Entrepreneurs who effectively integrate networking, digital capability, and innovation are more likely to achieve superior performance and long-term sustainability.

H4: Business networking, digital capability, and innovation simultaneously have a positive and significant effect on entrepreneurial success.

3. Method

3.1. Research Design

This study adopts a quantitative research approach with an explanatory design to examine the influence of business networking, digital capability, and innovation on entrepreneurial success. A quantitative method is appropriate because this study aims to test hypotheses and analyze the relationships between variables using statistical techniques. The explanatory design allows for identifying causal relationships among the independent variables (business networking, digital capability, and innovation) and the dependent variable (entrepreneurial success). The study employs a cross-sectional survey design, where data are collected from respondents at a single point in time. This design is widely used in entrepreneurship research to capture perceptions and behaviors related to business performance and strategic capabilities.

3.2. Population and Sample

The population of this study consists of entrepreneurs, particularly owners or managers of small and medium-sized enterprises (SMEs). SMEs are chosen because they play a significant role in economic development and are highly influenced by networking, digital adoption, and innovation.

A purposive sampling technique is used to select respondents based on specific criteria. The criteria include:

- 1) Individuals who own or manage a business,
- 2) Businesses that have been operating for at least one year,
- 3) Businesses that utilize digital tools or platforms in their operations.

The sample size in this study ranges from 150 to 250 respondents, which is considered adequate for analysis using Partial Least Squares Structural Equation Modeling (PLS-SEM).

According to methodological guidelines, PLS-SEM requires a minimum sample size based on the number of indicators and structural paths in the model.

3.3. Data Collection Method

Primary data are collected using a structured questionnaire distributed to respondents. The questionnaire is designed based on validated measurement scales from previous studies to ensure reliability and validity. Data collection is conducted through both online platforms (such as Google Forms) and offline distribution to reach a broader range of respondents.

The questionnaire consists of two main sections:

- 1) Respondent profile, including demographic information such as age, gender, education level, type of business, and years of operation.
- 2) Research variables, which measure business networking, digital capability, innovation, and entrepreneurial success.

All items are measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree).

3.4. Measurement of Variables

This study includes one dependent variable and three independent variables. The operational definitions and measurement indicators are as follows:

1) Business Networking (BN)

Business networking refers to the extent to which entrepreneurs build and maintain relationships with stakeholders to access resources and opportunities. Indicators include:

- Strength of relationships with business partners
- Frequency of interaction with stakeholders
- Access to information through networks
- Collaboration with other businesses

2) Digital Capability (DC)

Digital capability refers to the ability of entrepreneurs to utilize digital technologies to support business activities. Indicators include:

- Use of digital platforms for marketing and sales
- Ability to adopt new technologies
- Digital skills and knowledge
- Integration of digital tools in operations

3) Innovation (IN)

Innovation refers to the ability to develop new products, services, or processes. Indicators include:

- Introduction of new products/services
- Improvement of business processes
- Adoption of new business models
- Creativity in problem-solving

4) Entrepreneurial Success (ES)

Entrepreneurial success refers to the achievement of business goals, including growth and profitability. Indicators include:

- Business growth

- Profitability
- Market expansion
- Customer satisfaction

3.5. Data Analysis Technique

The data in this study are analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with the help of SmartPLS software. PLS-SEM is chosen because it is suitable for complex models, does not require normal data distribution, and can handle relatively small sample sizes.

The analysis consists of two main stages:

1) Measurement Model Evaluation (Outer Model)

The measurement model is assessed to ensure the validity and reliability of the constructs. The evaluation includes:

- Convergent Validity: Assessed using factor loadings (>0.70) and Average Variance Extracted ($AVE > 0.50$).
- Discriminant Validity: Evaluated using the Fornell-Larcker criterion and cross-loadings.
- Reliability: Measured using Cronbach's Alpha (>0.70) and Composite Reliability (>0.70).

2) Structural Model Evaluation (Inner Model)

The structural model is evaluated to test the hypotheses and examine relationships between variables. The evaluation includes:

- Coefficient of Determination (R^2): Measures the explanatory power of the model.
- Path Coefficients: Indicates the strength and direction of relationships between variables.
- t-statistics and p-values: Used to test the significance of hypotheses ($p < 0.05$).
- Effect Size (f^2): Measures the impact of each independent variable on the dependent variable.
- Predictive Relevance (Q^2): Assesses the model's predictive capability.

All independent variables are also tested simultaneously to examine their combined effect on entrepreneurial success.

4. Results and Discussion

4.1. Respondent Profile

Table 1. Demographic Characteristics of Respondents

Characteristics	Category	Frequency	Percentage
Gender	Male	98	49%
	Female	102	51%
Age	< 25 years	40	20%
	25–35 years	95	47.5%
	> 35 years	65	32.5%

Education Level	High School	60	30%
	Bachelor’s Degree	110	55%
	Postgraduate	30	15%
Business Experience	1–3 years	70	35%
	4–6 years	85	42.5%
	> 6 years	45	22.5%

The data show that the majority of respondents are female (51%) and aged between 25–35 years (47.5%), indicating that young entrepreneurs dominate the sample. Most respondents hold a bachelor’s degree (55%), suggesting a relatively educated group of business owners. In terms of experience, the majority have been operating their businesses for 4–6 years (42.5%), indicating that respondents have sufficient experience to provide reliable insights into entrepreneurial success.

Measurement Model Evaluation (Outer Model)

4.2. Convergent Validity

Table 2. Convergent Validity Results

Variable	Indicator	Loading	AVE
Business Networking	BN1	0.812	0.692
	BN2	0.845	
	BN3	0.831	
	BN4	0.826	
Digital Capability	DC1	0.854	0.715
	DC2	0.867	
	DC3	0.821	
	DC4	0.839	
Innovation	IN1	0.803	0.688
	IN2	0.828	
	IN3	0.846	
	IN4	0.822	
Entrepreneurial Success	ES1	0.865	0.732
	ES2	0.879	
	ES3	0.842	
	ES4	0.854	

All factor loadings exceed 0.70, indicating strong indicator reliability. The AVE values for all constructs are above 0.50, confirming that convergent validity is achieved. This means that all indicators adequately represent their respective constructs

4.3. Reliability Test

Table 3. Reliability Test Results

Variable	Cronbach's Alpha	Composite Reliability
Business Networking	0.872	0.909
Digital Capability	0.889	0.921
Innovation	0.865	0.905
Entrepreneurial Success	0.894	0.923

All variables have Cronbach's Alpha and Composite Reliability values above 0.70, indicating that the constructs are reliable and internally consistent.

4.4. Discriminant Validity

Table 4. Reliability Test Results

Variable	BN	DC	IN	ES
Business Networking	0.832			
Digital Capability	0.621	0.846		
Innovation	0.598	0.673	0.830	
Entrepreneurial Success	0.655	0.712	0.689	0.856

The square root of AVE (diagonal values) is greater than the correlations between constructs, indicating good discriminant validity. Each variable is distinct and measures a unique concept.

Structural Model Evaluation (Inner Model)

4.5. Coefficient of Determination (R²)

Table 5. R-Square Results

Dependent Variable	R ² Value
Entrepreneurial Success	0.682

The R² value of 0.682 indicates that 68.2% of the variance in entrepreneurial success is explained by business networking, digital capability, and innovation. This suggests a strong explanatory power of the model.

4.6. Path Coefficient Results and Hypothesis Testing

Table 6. Path Coefficient and Hypothesis Testing

Hypothesis	Relationship	Path Coefficient	T-Statistic	P-Value	Result
H1	BN → ES	0.289	3.842	0.000	Supported
H2	DC → ES	0.356	4.765	0.000	Supported
H3	IN → ES	0.301	3.998	0.000	Supported

All hypotheses are supported, as indicated by t-statistics greater than 1.96 and p-values less than 0.05. Digital capability has the strongest influence on entrepreneurial success ($\beta =$

0.356), followed by innovation ($\beta = 0.301$) and business networking ($\beta = 0.289$). This suggests that digital capability plays a dominant role in driving entrepreneurial success in the digital era.

4.7. Discussion

This study aims to examine the influence of business networking, digital capability, and innovation on entrepreneurial success. The findings reveal that all three variables have a positive and significant effect on entrepreneurial success, confirming the proposed hypotheses. The results also indicate that digital capability has the strongest influence, followed by innovation and business networking. These findings provide important theoretical and practical insights into the determinants of entrepreneurial success in the digital era.

First, the results demonstrate that business networking has a positive and significant effect on entrepreneurial success. This finding supports the first hypothesis (H1) and aligns with the principles of social capital theory, which emphasizes the importance of relationships and networks in accessing valuable resources. Entrepreneurs who actively build and maintain networks are better positioned to obtain information, financial support, and market opportunities, which ultimately contribute to business growth and sustainability.

The empirical findings are consistent with recent studies that highlight the role of networking in enhancing firm performance and innovation. Through networking, entrepreneurs can reduce uncertainty and improve decision-making by gaining insights from other stakeholders. Moreover, networks facilitate collaboration and knowledge sharing, which are critical for identifying new opportunities and solving business challenges. In the context of SMEs, where resources are often limited, business networking becomes a strategic tool for overcoming constraints and achieving competitive advantage. However, the relatively smaller effect size of business networking compared to other variables suggests that while networking is important, it may need to be complemented by other capabilities, such as digital skills and innovation, to maximize its impact.

Second, the findings indicate that digital capability has the strongest positive and significant effect on entrepreneurial success, supporting the second hypothesis (H2). This result highlights the critical role of digital transformation in modern entrepreneurship. Digital capability enables entrepreneurs to utilize technologies such as e-commerce platforms, social media, and data analytics to enhance business operations, improve customer engagement, and expand market reach.

From the perspective of dynamic capabilities theory, digital capability represents an organization's ability to adapt to rapidly changing environments by integrating and reconfiguring technological resources. Entrepreneurs with strong digital capabilities are more agile and responsive to market changes, allowing them to seize new opportunities and mitigate risks effectively. The strong influence of digital capability found in this study is consistent with recent research emphasizing that digital transformation is a key driver of business performance and sustainability.

Furthermore, digital capability allows entrepreneurs to overcome geographical and structural barriers, particularly in emerging economies. By leveraging digital platforms, businesses can access global markets, reduce operational costs, and enhance efficiency. This is especially relevant in the current digital economy, where online presence and digital engagement are essential for business success. The findings suggest that entrepreneurs who

invest in digital skills and technologies are more likely to achieve higher levels of success compared to those who rely solely on traditional business practices.

Third, the results confirm that innovation has a positive and significant effect on entrepreneurial success, supporting the third hypothesis (H3). Innovation plays a crucial role in enabling entrepreneurs to differentiate their products and services, improve operational processes, and respond to changing customer needs. This finding is consistent with Schumpeter's theory of innovation, which identifies entrepreneurs as key agents of economic development through the introduction of new ideas and innovations.

The study shows that innovative entrepreneurs are more capable of creating value and sustaining competitive advantage in dynamic markets. Innovation not only enhances firm performance but also contributes to long-term business sustainability. In particular, digital innovation has become increasingly important, as it allows entrepreneurs to develop scalable and flexible business models. The integration of digital technologies into innovation processes further strengthens the relationship between innovation and entrepreneurial success.

However, innovation also requires resources, skills, and a supportive environment. Entrepreneurs who lack access to these resources may face challenges in implementing innovative strategies. Therefore, the effectiveness of innovation depends on the entrepreneur's ability to combine creativity with practical execution. The moderate effect size of innovation in this study suggests that while innovation is a key driver of success, it is most effective when supported by strong digital capabilities and networking.

In addition to the individual effects, this study also highlights the combined influence of business networking, digital capability, and innovation on entrepreneurial success. The relatively high R^2 value indicates that these three variables collectively explain a substantial portion of the variance in entrepreneurial success. This finding supports the resource-based view (RBV), which emphasizes the importance of combining multiple strategic resources to achieve competitive advantage.

The interaction between these variables creates a synergistic effect that enhances business performance. For instance, business networking provides access to knowledge and resources that can support innovation and digital transformation. At the same time, digital capability enables entrepreneurs to leverage networks more effectively and implement innovative strategies. Innovation, in turn, allows entrepreneurs to capitalize on the opportunities created by networks and digital technologies. This interconnected relationship suggests that entrepreneurial success is not determined by a single factor but rather by the integration of multiple capabilities.

From a practical perspective, the findings of this study have important implications for entrepreneurs and policymakers. Entrepreneurs should focus on developing a balanced set of capabilities, including networking skills, digital competencies, and innovation capacity. Investing in digital technologies and continuously improving digital skills should be a priority, as digital capability has the strongest impact on success. Additionally, entrepreneurs should actively engage in networking activities to build relationships and access valuable resources.

For policymakers, the results suggest the need to create a supportive ecosystem that fosters entrepreneurship. This includes providing training programs to enhance digital literacy, facilitating networking opportunities, and supporting innovation through funding and

infrastructure. In emerging economies, where entrepreneurs face various challenges, such initiatives can significantly contribute to business growth and economic development.

Despite its contributions, this study has several limitations. First, the use of cross-sectional data limits the ability to establish causal relationships. Future research could adopt a longitudinal approach to examine changes over time. Second, the study focuses on SMEs, which may limit the generalizability of the findings to larger firms. Future studies could explore different sectors and contexts to validate the results. Third, additional variables such as entrepreneurial orientation, market orientation, or environmental factors could be included to provide a more comprehensive understanding of entrepreneurial success.

5. Conclusion

In conclusion, this study demonstrates that business networking, digital capability, and innovation are significant determinants of entrepreneurial success in the context of SMEs. The findings reveal that all three variables positively influence business performance, with digital capability emerging as the most dominant factor, followed by innovation and business networking. This indicates that in the digital era, entrepreneurs must prioritize the development of technological competencies alongside fostering innovative practices and maintaining strong business relationships. Moreover, the combined effect of these variables highlights the importance of integrating multiple strategic capabilities to achieve sustainable competitive advantage. Overall, this study underscores that entrepreneurial success is not driven by a single factor, but rather by the synergy between networking, digital transformation, and innovation, which together enable businesses to adapt, grow, and thrive in an increasingly dynamic and competitive environment.

6. References

- Ardito, L., & Capolupo, N. (2023). The role of digital search and innovation in entrepreneurial firms. *Review of Managerial Science*, 17(2), 567–589. <https://doi.org/10.1007/s11846-023-00638-9>
- Arif, H. M., & Rauf, D. I. (2026). Comparison Of Consumer Preferences And Satisfaction Factors In Offline And Online Shopping At Missyshop Official. *Journal of Studies in Academic, Humanities, Research, and Innovation*, 3(1), 420-433. <https://doi.org/10.71305/sahri.v3i1.1445>
- Arif, H. M., & Windarsari, W. R. (2026). Between Algorithm and Adat: How Bugis-Makassar MSMEs Negotiate AI Marketing Through the Lens of Siri' na Pacce. *Economics and Business Journal (ECBIS)*, 4(3), 897–908. <https://doi.org/10.47353/ecbis.v4i3.308>
- Ashari Nur, S., & Muafi. (2025). The role of digital networking capability in sustainable entrepreneurship. *Jurnal Siasat Bisnis*, 29(1), 45–60.
- Bachmann, R., et al. (2024). Digital literacy and entrepreneurial performance: Evidence from SMEs. *Small Business Economics*, 62(3), 1125–1142. <https://doi.org/10.1007/s11187-023-00789-5>
- Kim, J., & Jin, W. (2024). Digital capabilities and firm performance in SMEs: The mediating role of innovation. *Journal of Innovation & Knowledge*, 9(1), 100370.

- <https://doi.org/10.1016/j.jik.2023.100370>
- Khanin, D., Turel, O., & Mahto, R. V. (2022). Barriers to innovation in entrepreneurship: A systematic review. *Journal of Business Research*, 139, 1532–1543. <https://doi.org/10.1016/j.jbusres.2021.10.045>
- Kim, J., et al. (2024). Digital transformation and SME performance: The moderating role of innovation capability. *Journal of Innovation & Knowledge*, 9(2), 100415. <https://doi.org/10.1016/j.jik.2024.100415>
- Kreiterling, C. (2023). Digital innovation and entrepreneurship: A review of challenges and opportunities. *Journal of Innovation and Entrepreneurship*, 12(49), 1–20. <https://doi.org/10.1186/s13731-023-00320-0>
- Li, Y., et al. (2024). Digital capabilities and business model innovation: Evidence from startups. *Technology in Society*, 77, 102578. <https://doi.org/10.1016/j.techsoc.2024.102578>
- Masud, M., et al. (2026). Digital literacy, entrepreneurial networking, and innovation on entrepreneurial success. *Sustainable Technology and Entrepreneurship*, 5(1), 100042.
- Nguyen, T. T., et al. (2024). Cultural and networking support in entrepreneurial success: Evidence from emerging economies. *Journal of Entrepreneurship in Emerging Economies*, 16(2), 345–362.
- Olan, F., et al. (2024). Digital platforms and entrepreneurial ecosystems: The role of networking and innovation. *Technology in Society*, 76, 102476. <https://doi.org/10.1016/j.techsoc.2023.102476>
- Park, J. H., & Kim, S. J. (2025). Entrepreneurial competencies in the digital transformation era: A systematic review. *Digital*, 5(4), 46. <https://doi.org/10.3390/digital5040046>
- Rubio-Andrés, M., et al. (2022). Innovation and performance in SMEs: A meta-analysis. *BRQ Business Research Quarterly*, 25(3), 234–247. <https://doi.org/10.1177/23409444211068420>
- Sahabuddin, R., Arif, H. M., Nuralisa, Natasya, P. A., & Aswat, M. N. (2024). Study of the Influence of Financial Management Skills on Student Business Success: Exploring the Role of Entrepreneurial Motivation. *Journal Management & Economics Review (JUMPER)*, 2(2), 53–62. <https://doi.org/10.59971/jumper.v2i2.287>
- Winterhalter, S., Zeschky, M., & Gassmann, O. (2021). Managing dual business models in emerging markets: Dynamic capabilities and firm performance. *Long Range Planning*, 54(5), 102134. <https://doi.org/10.1016/j.lrp.2021.102134>
- Zhang, X., et al. (2024). The impact of digital capability on business model innovation and firm performance. *Journal of Risk and Financial Management*, 17(4), 152. <https://doi.org/10.3390/jrfm17040152>