

Key Factors Affecting Business Sustainability of MSMEs in Indonesia: The Role of Intellectual Capital, Social Innovation, and Social Bricolage

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ABSTRACT

This study examines intellectual capital, social innovation, and social bricolage as three factors that may affect the sustainable business practices of MSMEs in Indonesia. Purposive sampling technique was used in this study and produced 376 pieces of data. With SEM PLS data analysis was carried out on all samples and yielded results that intellectual capital, social innovation, and social bricolage had a significant effect on the business sustainability of MSMEs in Indonesia. MSMEs should actively seek opportunities for collaboration and knowledge sharing with other organizations, industry associations, and academic institutions. This can help them access new ideas, expertise, and resources that can contribute to their business sustainability.

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1. INTRODUCTION

The Indonesian economy depends heavily on micro and small medium-sized businesses (MSMEs) [1]–[3]. MSMEs have the capacity to increase the number of open positions and contribute to increasing and distributing income more fairly, promoting economic growth, and fostering international stability [4], [5]. Over 95% of all workers in Indonesia are employed by micro, small, and medium-sized businesses (MSMEs), which make up around 98% of all businesses in the country. These companies ought to be the main forces behind economic expansion [6]–[8]. MSMEs also have a major impact on Indonesia's national GDP by provide 60.5% of the country's GDP, according to the Ministry

of Cooperatives and MSMEs of the Republic of Indonesia [9], [10].

A lot of literature claims that MSMEs have a competitive advantage over big businesses [11]. MSMEs are regarded as being of utmost importance in sectors or economies that experience quick changes in the market or the economic climate, such as a severe macroeconomic slump [11]–[13]. He states that MSMEs serve as an anti- shock in the business cycle [14], [15]. Another view comes from (Sandee) that states MSMEs are predicted to do better than LEs that produce more standardized items under turbulent macroeconomic situations since it takes time to reorganize the assembly line in LEs. Empirical evidence for the resilience of

MSMEs has also come from many researchers around the world, including Indonesia [16]–[19]. This is because the concept of resilience is a very important thing to explore considering the term "resilience" is the key to dealing with various changes that occur which have implications for the various opportunities and challenges that are present. Several studies such as those conducted by [20], [21] prove the resilience of MSMEs in dealing with economic crises.

Even while MSMEs play a significant role in the economy and are adept at handling crises, MSMEs must continue to run their businesses sustainably in the face of uncertainty and rapid change [22]–[25]. Due to the supply and demand uncertainties they encounter as well as increased competition, business sustainability is a critical challenge for MSMEs [14], [22]. MSMEs must include practices and tactics that encourage sustainability into their business models. This includes taking into account both environmental and social implications, such as supporting fair work practices and community involvement, as well as decreasing waste and energy usage [26].

This study examines intellectual capital, social innovation, and social bricolage as three factors that may affect the sustainable business practices of MSMEs in Indonesia. Intellectual capital plays a crucial role in driving business sustainability by enabling companies to adapt to changing environments, develop innovative solutions, and create value. It provides the foundation for social innovation by fostering creativity, knowledge sharing, and the development of innovative solutions to social challenges [27]. Social innovation also closely linked to business sustainability as it allows companies to find innovative solutions to social issues, enhance their social performance, and contribute to sustainable development. It contributes to business sustainability by enabling companies to address social issues, enhance their social performance, and create long-term value [28]. While social bricolage serves as a framework for social entrepreneurship organizations to adapt their

business models and develop social innovation [29].

To the best of the author's knowledge, no one has investigated the sustainability of MSME businesses in Indonesia by exploring the impact of intellectual capital, social innovation, and social bricolage. Previously, these variables were separated from one another. In a more specific and narrow case, the term bricolage in Indonesia is even still somewhat foreign and is still rarely found in relation to the sustainability of MSME businesses in Indonesia. This research is expected to provide more comprehensive and in-depth explanations and findings that have never been reached before. Thus, this study aims to determine the effect of intellectual capital, social innovation, and social bricolage either partially or simultaneously.

2. LITERATURE REVIEW

2.1 *The Importance of Business Sustainability for MSMEs*

In a business context, sustainability can be interpreted as conducting business operations without having a negative impact on the environment, community, or society. In the context of business, sustainability primarily encompasses two main categories. The first one is the impact that businesses exert on the environment and the second one is the influence of business on society [29].

Business sustainability holds significant importance for Micro, Small, and Medium Enterprises (MSMEs) due to several compelling reasons. Firstly, MSMEs frequently grapple with uncertainties in supply and demand, coupled with intensified competition [30]. Embracing sustainable practices allows these enterprises to alleviate such uncertainties and maintain a steady supply chain. Secondly, the pivotal role of MSMEs in invigorating the economy and generating employment cannot be overstated [31]–[33]. When sustainability

becomes an integral part of their business strategies, MSMEs contribute to sustained economic growth and the creation of job opportunities over the long term. Moreover, MSMEs possess the potential to actively contribute to the attainment of sustainable development goals [34]–[37]. By adopting environmentally sound practices, they can significantly curtail their ecological footprint and thus contribute to the overall well-being of society.

2.2 *The Role of Intellectual Capital, Social Innovation, and Social Bricolage on Business Sustainability of MSMEs*

a. Intellectual Capital, Definition, Indicators, and Hypothesis

Intellectual Capital (IC) denotes intellectual resources such as knowledge, information, intellectual property, and expertise that possess the potential to generate economic value [38]. Intellectual Capital as a packaged useful knowledge which includes organization's processes, technologies, patents, employees' skills, and information about customers, suppliers, and stakeholders [39]. Although many have tried to explore the components of intellectual capital, the authors chose the views of Edvinson and Malone to be used in this study [40].

Intellectual capital has three main elements namely human capital, structural capital, and customer capital. Human capital encompasses the expertise, competencies, and capabilities possessed by employees. Structural capital encompasses all organizational elements that facilitate and enhance the effectiveness of employees (human capital) in

their roles. Customer capital pertains to the robustness and fidelity of customer relationships [41].

This variable is a crucial determinant of business sustainability, as it can catalyze sustainable growth, contribute to sustainable competitive advantage, and play a role in social and environmental sustainability. Intellectual capital can be managed and renewed to achieve sustainable prosperity, and it is one of the most valuable resources of an organization [41]–[43]. Therefore, this study proposes the following hypothesis:

H1: Intellectual Capital has a positive and significant impact on Business Sustainability of MSMEs in Indonesia.

b. Social Innovation, Definition, Indicators, and Hypothesis

Social innovation refers to the development and implementation of new ideas, products, services, and models to meet social needs and create new social value [44]. Social innovation as activities aimed at meeting social needs [45]. According to Organization for Economic Co-operation and Development (OECD), social innovation involves the design and implementation of new solutions that bring about change in various aspects, such as conceptual frameworks, processes, products, or organizational structures. At the organizational level, social innovation can be measured by referring to several indicators referring to [46]. These indicators sequentially are formal structure, decision-making process, social innovation, business model, and context of innovation.

Considering that social innovation is an important matter for MSMEs in implementing their business sustainability, this study also carries a second hypothesis as follows:

H2: Social Innovation has a positive and significant impact on Business Sustainability of MSMEs in Indonesia.

c. Social Bricolage, Definition, Indicators, and Hypothesis

The phrase of bricolage was first coined by French anthropologist Lévi-Strauss to describe the act of "making due with whatever is available" in 1966, but it has since become more often used in entrepreneurship study [47]. Bricolage as making do by combining the available resources to address new issues and possibilities [48]. Several other researchers during the period 2005 to 2013 the phrase bricolage as the main topic in their entrepreneurship research [29]. As the study of entrepreneurship expands and the term social entrepreneurship emerges, the phrase bricolage is also raised by recent researchers in their social entrepreneurship research. They assume that social entrepreneurs start and move from different motivations than commercial entrepreneurs so that their organizational forms are also different.

Thus, in a more specific and conical point of view, social bricolage can be interpreted as using the tools and skills one has to complete whatever tasks one faces. Social bricolage has some indicators such as scarcity of resources, high levels of economic uncertainty, seasonal activities, innovative solutions, refusal to be constrained by

limitation, and mobilizing limited resource. Social bricolage enables businesses to navigate resource constraints, adapt to uncertain contexts, and create social value. By adopting this approach, businesses can enhance their sustainability while making a meaningful impact on society. So therefore, the third hypothesis for this research is as follows:

H3: Social Bricolage has a positive and significant impact on Business Sustainability of MSMEs in Indonesia.

d. Business Sustainability, Definition, Indicators

Etymologically, we can split the phrase business sustainability into two words, namely sustainability and business. Referring to the World Commission on Environment and Development, sustainability is defined as fulfills current requirements while not compromising the capacity of future generations to fulfill their own needs. Then we will enter into the scope of business where, most managers want the company's conditions to be at least with the same profit as the profit they received in the past and really want the profit to grow. From there, it can be deduced that business sustainability is the capacity of businesses to meet their short-term financial requirements without jeopardizing their (or others') capacity to satisfy their long-term requirements.

Business sustainability can be measured by several indicators such as social impact, human rights policies, community engagement, diversity and inclusion, and philanthropy [49]. For MSMEs as a pillar of the economy, business

sustainability can lead to economic opportunities, competitive advantage, resilience, innovation, regulatory compliance, and access to finance. By adopting sustainable practices, MSMEs can contribute to economic growth, environmental protection, and social progress.

2.3 What's New?: Bringing Social Bricolage to Business Sustainability of MSMEs in Indonesia

It is clear that MSMEs are the main pillar of the Indonesian economy. However, MSMEs in Indonesia face various problems and challenges, especially in creating good business sustainability. MSMEs in Indonesia often face challenges and problems related to financial limitations, limitation of resources, technology adaptation, quality and diversification of product, and social problems to develop their business. Meanwhile, the concept of social bricolage can be an important solution to assist MSMEs in overcoming the various problems that ensnare them.

Several studies show how important this concept is for SMEs. This concept is able to increase innovativeness which will be able to encourage the creation of a high

diversity of MSME products. In addition, this concept can also be ammunition for MSMEs to overcome the problem of scarcity of raw materials and create social value that can lead to a reduction in existing social problems and confront them. Even though the role of social bricolage is so important and crucial for MSMEs, research on this matter is still very minimal and still very narrow. One of the studies in Indonesia that raised this topic in the MSME environment entrepreneurial bricolage in the cane brown sugar industry.

More specifically, social bricolage is still a foreign phrase in the world of MSME research in Indonesia. This research seeks to add to the literature that raises this topic, especially in the realm of MSMEs in Indonesia. In addition to bringing one variable that is rarely carried out by researchers, through this research researchers also bring several other variables that are related but more general, namely social innovation and intellectual capital. So that the results of this study can broaden and deepen discussions about the sustainability of MSME businesses in Indonesia.

2.4 Research Model

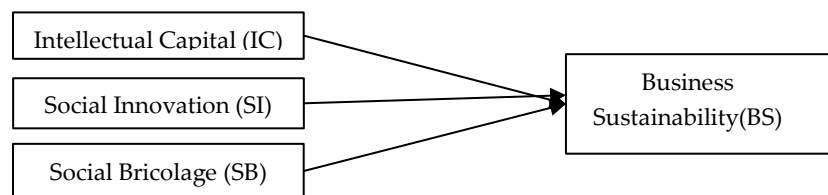


Figure 1. Conceptual and Hypothesis

3. METHODS

3.1 Sample and Data Collection

Self-reported surveys conducted both online and offline were used to collect primary data for this investigation. The online survey

process was made easier by the usage of Google forms. Enumerators hand out questionnaires to potential respondents directly in an offline survey. Bahasa Indonesia was used to distribute the surveys, which were circulated for four weeks, from July

31 to August 26, 2023. 376 MSMEs responded. The number of samples appropriate for data analysis using the SEM-PLS technique should be 5-10 times the number of indicators, according to [50]. The 376 samples utilized in this study are in accordance with their recommendation. Respondents came from various regions in Indonesia, such as Jakarta, Central Java, West Java, East Java, Bali, Sumatra, Kalimantan, Sulawesi, Papua and Nusa Tenggara. The researcher chose to conduct an offline direct survey by visiting respondents in easily accessible areas such as the Java and Bali areas. Meanwhile, for respondents in the regions of Sulawesi, Sumatra, Papua, Kalimantan and Nusa Tenggara, we utilized an online survey that we distributed through social media such as Instagram, facebook, WhatsApp, and LinkedIn.

Enumerators who have been educated on the questionnaires accompany the respondents while they fill them out in order to prevent self-report bias brought on by the respondents' uncertainty throughout the questionnaire filling procedure. In the online survey, the author organized questions succinctly, precisely, and operationally defined each group of indicator items that indicated variables. In order to maintain secrecy and ensure that individuals feel comfortable answering the questionnaire honestly, the authors also advised respondents not to write down their complete names and to instead use initials instead.

To collect respondents from these various regions, the researcher used a purposive sampling technique and considered several criteria in selecting respondents. These criteria are as follows:

1. Respondents are the business's legitimate owners or general managers.
2. In accordance with Law Number 20 of 2008 on Indonesian MSME Criteria, the respondents' company must have a minimum annual income of between 3,900 USD and 19,200 USD (taxable income limit) and a maximum annual income of 32 USD.
3. Have 1 to 5 staff as a minimum.
4. MSMEs have social programs for the community.
5. Has lasted at least 3 years and has not changed the main product or business.

3.2 Measurement and Variable Definition

The research model's construct was measured by structured questionnaires that collected the perceptions and opinions of the respondents. A Likert scale of 1 to 5 was used to rate each indicator representing a variable (1 being strongly disagreed with and 5 being strongly agreed with). Prior to distributing the official questionnaires, a pilot study was carried out by submitting a questionnaire to a research colleague with a doctorate in management and behavioral economics who had substantial research expertise. This research associate then did a peer review on each indicator item. The outcomes of the peer review are then used as correction material for the editorial improvement of each indicator. There are two indicators that were eliminated based on the recommendations and the results of the pilot study, namely indicator SI.1 and indicator SI.2. Thus, from previously there were 19 indicators, it was reduced to only 17 indicators. This study takes three variables as independent variables namely Intellectual Capital, Social Innovation, and Social Bricolage

variables. Meanwhile, business sustainability is determined to be the dependent variable of this study. The table below contains information in the form of latent

constructs/variables, indicators, and questionnaire items which were distributed and filled in by the respondents.

Table 1. Measurement and Questionnaire Items

Construct	Indicators	Code	Questionnaire Items
Intellectual Capital	Human Capital	IC.1	We have a work team that has relevant knowledge and skills in carrying out our business activities.
			Education and training provided to MSME work teams can improve their ability to contribute to business development.
			We are actively looking for individuals with special skills to fill certain positions in your MSME in order to increase business competitiveness.
	Structural Capital	IC.2	We store and manage important information such as operational procedures, customer databases and product knowledge so that it can be easily accessed by team members.
			The information and communication technology system that we implement helps in optimizing business processes and contributes to innovation.
	Costumer Capital	IC.3	We interact well with customers to understand their needs, preferences and feedback regarding the products or services offered.
We implement customer retention strategies, such as loyalty programs or after-sales service, to build long-term relationships with customers.			
Our customers are likely to recommend our products or services to others based on their positive experiences.			
Social Innovation	Social Innovation	SI.1	We strive to develop solutions that contribute to social or environmental problems around us.
			We have products or services that are specifically designed to meet societal needs or provide broader social benefits.
			We involve stakeholders in the social innovation development process, such as local communities or non-profit organizations.
	Business Model	SI.2	We generate value and manage resources to carry out business operations in a sustainable manner.
We have implemented variations in our business models, such as community-based financing or collaboration with other			

			parties, to achieve social and economic goals.
			We consider the flexibility of our business model to adapt to changing market conditions and demands for innovation.
	Innovation Context	SI.3	<p>External factors, such as technological developments, government policies, or social trends, affect our ability to innovate.</p> <p>We collaborate with others, such as universities, research institutes or business partners, to gain access to the knowledge and resources that support innovation.</p> <p>We identify opportunities in the surrounding environment and respond to them by developing new innovations or adapting existing products/services.</p>
Social Bricolage	Scarcity of Resources	SB.1	In conditions of limited resources, we are able to create creative solutions to keep our business operating.
			We can adapt to limited resources such as capital, labor, or raw materials to produce products or services.
			Limited resources encourage us to look for new alternatives that are more efficient in running our business.
	High levels of economic uncertainty	SB.2	In situations of high economic uncertainty, we are able to identify new opportunities for diversification or expansion.
			We have a strategy that allows flexibility in dealing with sudden economic fluctuations.
	Seasonal activities	SB.3	We are able to properly manage challenges arising from the seasonal nature of our business.
			We have specific strategies to take advantage of certain seasons to increase revenue or minimize the impact of fluctuations.
			We take advantage of seasonal periods to test innovative ideas or launch new products / services.
	Innovative solutions	SB.4	We can find innovative solutions to overcome obstacles or problems that arise in business operations.
			We encourage team members to contribute with new ideas that can increase efficiency or creativity.
We have a track record of implementing innovative solutions that successfully solve business challenges.			
Refusal to be constrained by limitation	SB.5	In limited situations, we always maintain the spirit to find new ways to overcome obstacles or restrictions.	

			We dare to take risks and explore new paths when faced with difficult obstacles.
			We always motivate the team to find solutions without being bound by existing boundaries.
	Mobilizing limited resource	SB.6	We are able to properly manage and optimize the use of limited resources to achieve business goals. We managed to allocate limited resources to the most crucial areas in the business. We have a strategy to share resources with partners or other business actors in order to achieve mutual benefits.
Business Sustainability	Social impact	BS.1	We always strive to measure and understand the positive impact resulting from business activities on the surrounding community.
			We maintain consistency in integrating social values in daily business decision-making.
			We actively engage with customers or other stakeholders in identifying areas where social impact can be improved.
	Human rights policies	BS.2	We ensure that our business operations do not violate human rights in terms of work and the environment.
			We have policies or practices that support the protection of workers' rights and the empowerment of the surrounding community.
			We openly communicate our commitment to human rights to all parties involved.
	Community engagement	BS.3	We interact with local communities to understand needs, aspirations and issues that can be addressed through business activities.
			We encourage community participation in activities or programs related to social or environmental goals.
			We have a mechanism to measure the effectiveness of interactions with the community in achieving sustainable goals.
	Diversity and inclusion	BS.4	We implement a policy that encourages diversity in our work teams and respects the inclusion of all team members.
			We ensure that all individuals, regardless of background, feel valued and have equal opportunities.
			We have strategies in place to respond to and reduce disparities in diversity through recruitment, training and development.
Philanthropy	BS.5	We support communities or social causes through donations or contributions that are not directly related to business operations.	

			We are involved in local or national philanthropic activities that can help improve social conditions.
			We have planned philanthropic plans or programs to provide positive benefits to the surrounding community.

3.3 Data Analysis

The collected research data were analyzed using Partial Least Square and Structural Equation Modelling (PLS-SEM). The PLS-SEM analysis process is run by SMARTPLS 3. PLS-SEM method analyzes in two stages. First, the inner model is tested through a series of statistical analyses to determine the validity and reliability of the construct consisting of a set of indicators on the survey instrument. The validity of the instrument is calculated in two stages: convergent and discriminant validity. Reliability of the instrument is also evaluated using Composite

Reliability (CR) and Cronbach's Rank. Latent variables are deemed dependable if their CR and CA values are more than 0.70. The Average Variance Extracted (AVE) value, which must be more than 0.50, is used to gauge convergence validity. The instrument's discriminant validity was evaluated using the Heterotrait-Monotrait (HTMT) value. In PLS-SEM analysis, the HTMT ratio is more trustworthy in determining discriminant validity. The HTMT ratio result must be less than 0.90 for the instrument to be considered genuine.

Table 2. Convergence Validity and Instrument Reliability

Variable	Item	Factor Loading	CA	CR	AVE
Intellectual Capital (IC)	IC.1	0,708	0,664	0,789	0,481
	IC.2	0,695			
	IC.3	0,818			
Social Innovation (SI)	SI.1	0,771	0,605	0,786	0,551
	SI.2	0,800			
	SI.3	0,735			
Social Bricolage (SB)	SB.1	0,786	0,834	0,878	0,546
	SB.2	0,708			
	SB.3	0,792			
	SB.4	0,669			
	SB.5	0,802			
	SB.6	0,663			
Business Sustainability (BS)	BS.1	0,827	0,834	0,883	0,601
	BS.2	0,851			
	BS.3	0,702			
	BS.4	0,710			
	BS.5	0,026			

Table 3. Discriminant Validity (HTMT Ratio)

	BS	IC	SB	SI
BS				
IC	0,980			
SB	1,011	0,951		
SI	0,956	0,916	0,935	

The goal of the inner model (structural model) measurement is to evaluate how well the conceptual model can forecast the variance of the dependent and independent variables. Four measurement analyses were therefore carried out. First, the value of R² is used to determine the coefficient of determination. The goal is to assess the relative importance of the combined influence of exogenous and endogenous variables. Second, a model fit study (Goodness of Fit) was carried out to verify the entire structural model and assess how well the measurement and structural model worked together. The SRMR, NFI, and rms theta values were

assessed as part of this investigation. Third, cross-validated redundancy was used to perform predictive relevance analysis using a blindfolding approach [50]. Fourth, using the bootstrap approach and 5000 sub-samples, hypotheses were tested using direct and indirect path coefficients. In order for the path of the association between latent variables to be deemed to have a significant relationship, the p-value, which is used to conduct the test, must be less than 0.05.

4. RESULT AND DISCUSSION

4.1 Result

a. Profile of Respondent

Table 4. Profile of Respondent

Business Profile	Frequency	Percentage
Type of business		
Micro	121	32,2%
Small	135	35,9%
Medium	120	31,9%
Location		
Jakarta	101	26,9%
Central Java	56	14,9%
West Java	54	14,4%
East Java	42	11,2%
Bali	30	8,0%
Sumatra	22	5,8%
Kalimantan	28	7,4%
Sulawesi	21	5,6%
Papua	10	2,6%
Nusa Tenggara	12	3,2%
Number of Employee		
<5	75	20,0%
5-20	193	51,3%
>20	108	28,7%
Business Age		
<1 Year	56	14,9%
1-5 Year	114	30,3%
5-10 Year	116	30,8%
>10 Year	90	24,0%

The majority of businesses in this sample can be classified into three main categories based on the scale of their operations. Specifically, 32.2% of the businesses fall into the micro category, indicating that many

of the businesses in the example are small in scale with more limited operations. Furthermore, 35.9% fall into the small category, indicating that a number of businesses have slightly greater growth rates. 31.9% of

the rest fall into the medium category, which illustrates that there are a number of businesses that have more substantial operations and may have grown significantly.

In terms of location Jakarta has the largest share with 26.9%, indicating that the Indonesian capital is where many of the businesses in the sample operate. Regions such as Central Java (14.9%), West Java (14.4%), and East Java (11.2%) also have a number of significant businesses. In addition, several businesses are also spread across areas such as Bali, Sumatra, Kalimantan, Sulawesi, Papua and Nusa Tenggara.

Meanwhile, from the entire sample, 20.0% of businesses have less than 5 employees, indicating that most of the businesses in the sample fall into the small-scale category. Meanwhile, 51.3% had an employee range of 5 to 20, indicating a general trend of larger mid-sized businesses. Furthermore, 28.7% have more than 20 employees, indicating that there are a number of businesses that have larger teams to support their operations.

Up to 14.9% of companies are less than a year old, which shows that there are recently founded new companies. In the meantime, 30.3% of the population was under 1 years old, and 30.8% was between 5 and 10 years old. The fact that 24.0% of the sample's firms are older than 10 years suggests that some companies have been around and successful for much longer.

b. Inner Model (Structural Model)

The inner VIF and model fit (Goodness of Fit) assumption are measured at the initial stage of the inner model test. The absence of the multicollinearity assumption between the concept and the indicator variables is a need for PLS-SEM. The inner VIF value can be determined using the PLS approach, which satisfies this requirement. Multicollinearity between indicators is made if the Variance Inflation Factor (VIF) value is more than 3 [51]. Table 4 demonstrates that the inner VIF value between the variables and the indicators is less than 3. As a result, our study came to the conclusion that multicollinearity is not assumed.

Table 4. Inner VIF Value

	BS
BS	
IC	2,170
SB	3,086
SI	2,880

The combined performance of the exterior and structural/inner models must then be evaluated using the model fit test [51]. According to the SMARTPLS website, in order to classify a model as acceptable, the RMS theta (Root Mean Square) value, the SRMR (Standardized Root Mean Square), and the NFI value must all be greater than or equal to 0.9 [52].

According to Table 5, the model's predicted NFI value is 0.886 (very near to 1) and its SRMR value is 0.0630 (around 0.10). Not all index values must be used to approve a model. To consider a model to be fit, it only needs to have an SRMR value below 0.10 [51]. The model created in this study is found to satisfy the Goodness of Fit (GoF) assumption.

Tabel 5. Model Fit Test Result

	Saturated Model	Estimated Model
SRMR	0,084	0,084
d_ ULS	1,345	1,345
d_ G	0,576	0,576
Chi-Square	1180,699	1180,699
NFI	0,691	0,691

The coefficient of determination was assessed after the multicollinearity and quality of fit assumptions were verified. The R2 value acquired from the PLS algorithm operations serves as the basis for this test. The level of the R2 ratio is divided into three groups: 0.75 (strong), 0.50 (moderate), and 0.25 (weak) [51]. Table 6 below shows that Business Sustainability has an R Square value of (0,682) which means that the value is strong because it is

very close to 0.75. Three exogenous variables, namely Intellectual Capital, Social Innovation, and Social Bricolage, have a major contribution to the endogenous variable, namely Business Sustainability. While the rest is influenced by other factors not explained in the model. This is because this research focuses on three exogenous variables that are thought to have a major impact on the Business Sustainability of MSMEs in Indonesia.

Tabel 6. Coefficient Determination Test Result

	R Square	R Square Adjusted
BS	0,682	0,679

Evaluation of the blindfolding ratio results constitutes the second stage of the inner model test. The Blindfolding test assesses the value of Q2 to ascertain the degree of construct model predictive relevance [51]. It may be inferred that the constructed model developed in this

study is suitable to describe the occurrence if Q2 is more than 0.05. According to Table 7, the endogenous variable in this study had Q2 value that is greater than 0.05 (0,323). It may be said that the exogenous factors employed in this study to forecast the endogenous variable were accurate.

Tabel 7. Blindfolding Test Result

	SSO	SSE	Q2(=1-SSE/SSO)
BS	1875.000	1269.730	0,323
IC	1125.000	1125.000	
SB	2250.000	2250.000	
SI	1875.000	1875.000	

c. Hypothesis Test Result

The inner model analysis's final phase involves bootstrapping-based hypothesis testing. 5,00 sub-samples were utilized in the study to validate the degree of relevance of the data and to determine the relevance level of the structural model [51]. The significance level for this study is 5%.

It is a level of significance that is typically accepted in economics and management studies. Table 8 displays the discovery of a direct association between latent variables. Table 8 shows that all direct relationships between latent variables as models have a significant influence. In this case, it means that Intellectual

Capital, Social Innovation, and Social Bricolage have a significant influence on Business Sustainability based on

the results of the analysis. This shows that all hypotheses (h1, h2, and h3) are acceptable.

Table 8. Direct Effect Test Results

Hypothesis	Path	Coefficient	STD	t-statistic	p-value	Conclusion
H1	IC -> BS	0,155	0,050	3,104	0,002	Supported
H2	SB -> BS	0,255	0,050	5,129	0,000	Supported
H3	SI -> BS	0,487	0,049	9,956	0,000	Supported

4.2 Discussion

The results of the study indicate that Intellectual Capital, Social Innovation, and Social Bricolage have a significant effect on Business Sustainability of MSMEs in Indonesia. This finding suggests that these factors play a crucial role in ensuring the long-term success and viability of MSMEs in the country. First variable is intellectual capital, this term refers to the knowledge, skills, and expertise possessed by individuals within an organization. It includes both explicit knowledge (such as patents, trademarks, and copyrights) and tacit knowledge (such as experience and expertise). The study suggests that a higher level of Intellectual Capital within MSMEs can contribute to their overall business sustainability. The second variable in this study is social innovation. Social Innovation refers to the development and implementation of new ideas, strategies, and practices that address social challenges and create social value. The study highlights the importance of Social Innovation in enhancing the business sustainability of MSMEs. By adopting innovative approaches and solutions, MSMEs can adapt to changing market conditions and meet the evolving needs of their customers [53]–[55]. The last variable is social bricolage refers to the process of using available resources and improvising to overcome challenges and achieve goals. The study suggests that

MSMEs that engage in Social Bricolage are more likely to achieve business sustainability. By leveraging their existing resources and capabilities, MSMEs can find creative and cost-effective solutions to overcome obstacles and drive growth.

These findings are consistent with previous studies that have examined the relationship between these factors and business sustainability. For example, a study on the role of entrepreneurial orientation in developing SMEs resilience capabilities throughout COVID-19 found that entrepreneurial mindset, which is closely related to Intellectual Capital, plays a crucial role in enhancing SMEs' resilience. Another study on social capital and community resilience highlighted the importance of social capital, which is closely related to Social Innovation and Social Bricolage, in building community resilience.

The study provides valuable insights into the key factors affecting the business sustainability of MSMEs in Indonesia. The findings suggest that Intellectual Capital, Social Innovation, and Social Bricolage are significant drivers of business sustainability. By investing in intellectual capital, fostering social innovation, and embracing social bricolage, MSMEs can enhance their resilience, adaptability, and long-

term viability in a dynamic and competitive business environment.

4.3 Managerial Implication

Based on the findings of this study, we try to filter out several points of managerial implications that can be used by stakeholders in this regard, such as MSME actors in Indonesia, the government as policy makers, and other parties. First, MSMEs should prioritize the development and management of intellectual capital within their organizations. This includes investing in employee training and development programs to enhance their knowledge and skills. By doing so, MSMEs can leverage their intellectual capital to drive innovation, improve operational efficiency, and adapt to changing market conditions. Second, MSMEs should foster a culture of social innovation within their organizations. This can be achieved by encouraging employees to generate and implement new ideas, strategies, and practices that address social challenges and create social value. By embracing social innovation, MSMEs can differentiate themselves from competitors, meet the evolving needs of their customers, and stay ahead in the market. Another managerial implication is that MSMEs should embrace the concept of social bricolage, which involves using available resources and improvising to overcome challenges and achieve goals. MSMEs should actively seek opportunities for collaboration and knowledge sharing with other organizations, industry associations, and academic institutions. This can help them access new ideas, expertise, and resources that can contribute to their business sustainability.

5. CONCLUSION

Business sustainability is an important matter for MSMEs in Indonesia as the main pillar of the economy. This study reveals that intellectual capital, social innovation, and social bricolage have a significant effect on business sustainability. Our managerial implications highlight the importance of investing in intellectual capital, fostering social innovation, embracing social bricolage, collaborating with external partners, and continuously monitoring and adapting strategies for MSMEs in Indonesia to achieve and sustain business sustainability. Although this study clearly explains how the three independent variables relate to the dependent variable. However, further research is needed to explore more variables that influence business sustainability. In addition, further research on this matter can also be carried out using more research samples.

Adding research limitations to the study on "Key Factors Affecting Business Sustainability of MSMEs in Indonesia: The Role of Intellectual Capital, Social Innovation, and Social Bricolage" is crucial for acknowledging the scope and potential constraints of the research. While the findings offer valuable insights, it is essential to recognize certain limitations that may impact the generalizability and applicability of the results. Firstly, the study's focus on a specific geographical context, namely Indonesia, may limit the broader extrapolation of findings to diverse cultural and economic settings. Additionally, the research's reliance on survey methods and self-reported data introduces the possibility of respondent bias and subjectivity. The cross-sectional nature of the study restricts the exploration of dynamic changes over time, warranting caution in drawing definitive causal relationships. Moreover, the exclusion of certain factors or industries that could influence business sustainability may limit the study's comprehensiveness. Future research endeavors could address these limitations by adopting longitudinal designs, incorporating

diverse samples, and considering additional contextual variables, ensuring a more

nuanced understanding of the multifaceted landscape of MSME sustainability.

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