THE ROLE OF SOCIAL NETWORKS IN FACILITATING ACCESS TO CAPITAL AND RESOURCES FOR START-UP ENTREPRENEURS IN INDONESIA

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ABSTRACT

This study aims to analyze the role of social networks in facilitating access to capital and resources for start-up entrepreneurs in Indonesia. As a literature review employing a qualitative approach, the research utilizes secondary data sourced from Google Scholar between 2003–2024, selecting 19 articles. Descriptive analysis explores how social networks, encompassing personal relationships, business communities, and digital platforms, assist start-up entrepreneurs in overcoming challenges related to accessing capital, knowledge, and collaboration opportunities. Findings indicate that social networks play a critical role in creating funding opportunities through interpersonal connections, leveraging crowdfunding platforms, and establishing strategic connections via business communities and social media. Relevant case studies highlight the success of start-up entrepreneurs in Indonesia who have utilized social networks to expand their businesses and overcome operational challenges. However, the study also finds that the effectiveness of social networks depends on digital literacy, relationship-building capabilities, and community support. Digital literacy training, strengthening business communities, and educating entrepreneurs on leveraging social networks should be prioritized to support the growth of start-up entrepreneurs in Indonesia.

Keywords: Social Networks, Start-up Entrepreneurs, Access to Capital, Resources

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PERAN JARINGAN SOSIAL DALAM MEMFASILITASI AKSES TERHADAP MODAL DAN SUMBER DAYA BAGI WIRAUSAHA PEMULA DI INDONESIA

ABSTRAK

Penelitian ini bertujuan untuk menganalisis peran jaringan sosial dalam memfasilitasi akses terhadap modal dan sumber daya bagi wirausaha pemula di Indonesia. Sebagai tinjauan pustaka dengan pendekatan kualitatif, penelitian ini menggunakan data sekunder yang diambil dari Google Scholar untuk periode 2003–2024, dengan total 19 artikel yang diseleksi. Analisis deskriptif digunakan untuk mengeksplorasi bagaimana jaringan sosial, baik dalam bentuk hubungan personal, komunitas bisnis, maupun platform digital, dapat membantu wirausaha pemula menghadapi kendala dalam mengakses modal, pengetahuan, dan peluang kolaborasi. Hasil penelitian menunjukkan bahwa jaringan sosial memainkan peran penting dalam menciptakan peluang pendanaan melalui hubungan interpersonal, memanfaatkan platform crowdfunding, serta membangun koneksi strategis melalui komunitas bisnis dan media sosial. Studi kasus yang relevan menyoroti keberhasilan wirausaha pemula di Indonesia dalam menggunakan jaringan sosial untuk memperluas bisnis dan mengatasi hambatan operasional. Namun, penelitian ini juga menemukan bahwa efektivitas jaringan sosial bergantung pada literasi digital, kemampuan membangun hubungan, dan dukungan komunitas.

Kata kunci: Jaringan Sosial, Wirausaha Pemula, Akses Modal, Sumber Daya

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INTRODUCTION

Start-up entrepreneurs often face significant challenges, particularly in obtaining access to capital, information, and resources essential for initiating and growing their businesses (Wasim et al., 2024). These challenges are exacerbated by the fact that many start-up entrepreneurs come from communities with limited access to formal financial institutions or established business networks. In this context, social networks offer immense potential as a means to address these limitations through mutually supportive interpersonal relationships, information sharing, and broader collaboration opportunities.

Theoretically, social networks can be understood through the Social Capital Theory introduced by Pierre Bourdieu (1986), which emphasizes the value of social networks in providing access to critical resources such as economic capital, knowledge, and trust (Ihlen, 2005). In Indonesia, where collectivist culture is strong and interpersonal relationships are highly valued, this concept becomes even more significant. Families, friends, and communities often act as primary resources for start-up entrepreneurs in overcoming initial barriers, including connecting them with investors, mentors, or even initial customers to ensure business sustainability.

However, it is essential to note that the benefits of social networks are not evenly distributed across Indonesia. Entrepreneurs in remote or underdeveloped areas often have more limited social networks compared to those in major cities. This disparity creates significant gaps in access to capital and resources. Previous studies indicate that entrepreneurs with broader access to extensive social networks are more likely to secure loans, investments, or other forms of support compared to those with limited networks (Greve & Salaff, 2003).

In the digital era, social networks have also expanded to online platforms such as social media and virtual communities, enabling start-up entrepreneurs to connect with diverse stakeholders beyond their immediate social circles (Soltanifar et al., 2021). In Indonesia, platforms like LinkedIn, Instagram, and Facebook have opened opportunities for entrepreneurs to exponentially broaden their networks. However, the effectiveness of these digital social networks still depends on entrepreneurs' ability to utilize technology and build meaningful relationships in virtual spaces.

Another aspect to consider is the role of supporting institutions such as business incubators, cooperatives, and non-governmental organizations, which often facilitate the development of social networks for start-up entrepreneurs. Training and mentoring programs organized by these institutions help entrepreneurs enhance technical skills and strategically expand their networks. In Indonesia, initiatives like the Kredit Usaha Rakyat (KUR) program often leverage social networks to reach underserved groups that are excluded from formal financial institutions.

Nevertheless, the main challenge in utilizing social networks is ensuring that the relationships formed provide tangible and sustainable value. Not all social networks yield positive outcomes, especially if the relationships are not based on trust and shared goals. In some cases, unproductive social networks can even hinder start-up entrepreneurs (Olanrewaju et al., 2020), such as through unsupportive social pressures or a lack of commitment from network members.

Thus, this study aims to explore how social networks can be optimally leveraged by start-up entrepreneurs in Indonesia to access the capital and resources they need. It also seeks to identify the factors influencing the effectiveness of social networks in entrepreneurial contexts, including cultural, technological, and institutional support roles. Through this approach, the study hopes to provide insights to help start-up entrepreneurs maximize their social network potential and overcome business development challenges.

LITERATURE REVIEW

Social Networks

Social networks refer to the structure of interpersonal relationships comprising individuals, groups, or communities interacting to exchange information, resources, or support (Clark et al., 2018). In the context of entrepreneurship, social networks serve as crucial mechanisms for entrepreneurs to seize business opportunities, secure funding, and access knowledge and other resources. These relationships can be formal, such as those through business communities or professional organizations, or informal, such as family and friend connections. In the digital era, social networks also include online platforms that facilitate interactions across regions and demographics.

New Entrepreneurs

New entrepreneurs are individuals or groups starting a business, typically at the initial stages of business development (Shahzad et al., 2021). They often face significant challenges such as limited capital, lack of experience, and insufficient access to resources and markets. During the startup process, new entrepreneurs require support from various stakeholders, including social networks, to gain guidance, working capital, and collaboration opportunities. In Indonesia, new entrepreneurs often rely on personal relationships or local communities as the first steps in building and growing their businesses.

Access to Capital

Access to capital refers to the ability of individuals or businesses to obtain funding required to start or grow their operations (Evi Christine et al., 2022). Capital can come from various sources, such as personal savings, loans from financial institutions, investments from business partners, or support from family and friends. For new entrepreneurs, access to capital often poses a major challenge due to limited credit history, collateral, or external trust. Social networks play a pivotal role in helping entrepreneurs secure funding, whether through informal loans, community-based investments, or crowdfunding platforms.

Resources

Resources include all forms of support necessary to start and manage a business, such as knowledge, skills, raw materials, labor, technology, and market information (Handoyo et al., 2023). Adequate resources are essential for new entrepreneurs to create added value and enhance the competitiveness of their businesses. In this context, social networks serve as primary channels for obtaining resources, whether through direct assistance from network members or connections facilitating access to resource providers. In Indonesia, local business communities, entrepreneurship training, and digital platforms have become strategic resources that support entrepreneurs in expanding their businesses.

RESEARCH METHODOLOGY

This study employed a qualitative literature review approach to analyze the role of social networks in facilitating access to capital and resources for new entrepreneurs in Indonesia. This approach was chosen for its suitability in exploring and understanding theoretical concepts and relevant empirical findings from previous research. The study focused on descriptive analysis aimed at identifying patterns, trends, and relationships found in the literature on the discussed topic. The data sources were scientific articles retrieved from Google Scholar, with publications dated between 2003 and 2024. Google Scholar was selected for its access to credible and relevant academic research. The data collection process began with an initial search using keywords such as social networks, access to capital, entrepreneurship, and Indonesia. From this initial search, 30 articles deemed relevant were identified.

A rigorous selection process was then conducted to ensure only the most relevant and high-quality articles were included in the analysis. The selection was based on specific criteria, such as the relevance of the topic, the methodology used in the research, and the quality of publication (e.g., indexed journals or peer-reviewed articles). After this process, the final dataset consisted of 19 articles. The selected articles covered various contexts, including the role of social networks in supporting new entrepreneurs, mechanisms of accessing capital, and relevance to the Indonesian context. The collected data were analyzed descriptively by identifying key themes that emerged from the literature, such as the role of social networks in facilitating access to capital, resources, and other forms of support. This analysis was conducted through manual coding to organize the data according to predefined themes. The results were synthesized to provide a comprehensive understanding of how social networks contribute to the success of new entrepreneurs in Indonesia.

RESULTS AND DISCUSSION

Social networks are one of the crucial elements supporting novice entrepreneurs in overcoming challenges related to access to capital and resources, particularly in Indonesia, which is characterized by its collectivist culture and values of mutual cooperation. In this context, interpersonal relationships act as channels for information and support, often substituting the role of formal financial institutions, which are difficult for small entrepreneurs to access. For instance, initial capital sourced from family, friends, or local communities is often provided through informal mechanisms such as interest-free loans or direct gifts, offering far more flexibility compared to the stringent requirements of banks. Beyond financial aspects, social networks also provide non-material resources such as practical knowledge, business experience, and moral support, which are invaluable during the early stages of a business, helping entrepreneurs mitigate risks and enhance sustainability. For example, a catering entrepreneur in Bandung successfully started their business by relying on a family loan to purchase equipment and raw materials (Putra, 2023), demonstrating how social networks can bridge gaps not covered by formal financial systems.

Social networks serve as a source of financial support and an essential medium for the transfer of knowledge, skills, and experience, often becoming a key differentiating factor in the success of novice entrepreneurs. Entrepreneurs gain strategic insights that help them overcome operational challenges, improve efficiency, and develop sustainable businesses through relationships with mentors, business partners, or professional communities. Programs like the Young Entrepreneur Academy in Yogyakarta exemplify how structured social networks can create significant impacts for entrepreneurs (Yea, 2024). This program facilitates the exchange of practical ideas and managerial strategies by connecting participants with experienced mentors. As evidence, a creative furniture business owner in the program successfully expanded their business after receiving advice on efficient inventory management and effective digital marketing, highlighting how social networks function as catalysts for entrepreneurial capacity building in the modern era.

Although social networks are a vital asset for entrepreneurs, excessive reliance on a narrow social circle can limit access to broader and more diverse opportunities. In confined networks, entrepreneurs often become trapped within local resources that may be insufficient to support large-scale growth, hindering expansion or innovation. Research shows that entrepreneurial success often depends on their ability to build networks across regions and sectors, granting access to new markets, strategic partners, and capital from previously unavailable sources (Kulkov et al., 2023). A concrete example is the Tangan di Atas (TDA) community, which connects small entrepreneurs across Indonesia through a national networking platform (TDA, 2024). Within this community, a craft entrepreneur from Surabaya successfully expanded their business reach by securing investment from Jakarta—something difficult to achieve without a broader, organized network. This underscores that diversifying social networks enriches resources and enhances competitiveness and sustainability in increasingly competitive markets.

In the digital era, social networks have transcended physical and geographical boundaries through technology and social media platforms, offering entrepreneurs limitless access to connect with business partners, customers, and funders on a global scale. Platforms like Instagram, Facebook, and LinkedIn have become strategic tools enabling entrepreneurs to build an online presence, expand markets, and access previously unreachable resources. This is evident in the case of Doyan Cemilan, a snack business from Malang that successfully leveraged Instagram to create a loyal customer community while attracting micro-investors (Merdeka, 2022). The business increased its product visibility and secured funding to expand its operations to multiple cities through visual marketing strategies and direct interactions via features like stories and live streams. This transformation reflects the power of digital social networks as a lever to overcome capital constraints, reach wider markets, and enhance competitiveness, positioning technology as a key catalyst for modern entrepreneurial growth.

While digital social networks offer immense potential for entrepreneurs to grow their businesses, utilizing them requires sufficient skills and digital literacy, which novice entrepreneurs do not always possess. Many struggle with technology, facing challenges in building and maintaining meaningful relationships on digital platforms, such as understanding algorithms, creating engaging content, or interacting effectively with audiences. Conversely, those who master these technologies often create broader and more diverse collaboration opportunities. For instance, Kopi Kenangan, a coffee startup that leveraged social media to build its brand and interact with consumers, also used digital networks to establish relationships with investors that funded its expansion to various cities in Indonesia (Hutany et al., 2022). Their success demonstrates how digital literacy mastery enables entrepreneurs to unlock new opportunities, both in funding and business partnerships, ultimately contributing to business growth and scalability.

In addition to social media, the presence of business communities plays a crucial role in creating effective social networks for entrepreneurs. In Indonesia, communities such as Startup Indonesia and Bukalapak Mitra provide platforms that connect entrepreneurs with various resources, including market information, business partners, and access to funding and distribution opportunities. For instance, a clothing entrepreneur from Bandung who joined Bukalapak Mitra managed to increase their revenue by gaining direct access to raw material distributors offering more competitive prices—an opportunity that would have been difficult to obtain without the organized network of a business community (Resqia, 2023). This illustrates how business communities enable entrepreneurs to acquire practical knowledge and better resources, while addressing operational challenges more efficiently, such as in raw material procurement or production cost management. The existence of these communities underscores that a strong, structured, and collaborative social network is key to expanding opportunities and accelerating business growth.

Social networks, particularly through crowdfunding platforms, play a vital role in providing access to capital for new entrepreneurs who often face difficulties securing funding from formal sources. In Indonesia, platforms like Kitabisa.com and Sociopreneur Indonesia have proven to be effective tools for entrepreneurs to raise funds, especially for projects with social impact. For example, a social entrepreneur running a plastic recycling project in Bali successfully raised seed funding through Kitabisa.com (Hajid, 2024), thanks to the support of the local community and their existing social network. Through this network, the entrepreneur was able to secure contributions from individuals concerned about environmental issues, providing the capital needed to purchase recycling machinery and start production. This demonstrates that crowdfunding, which relies on broad social networks, offers a flexible alternative for funding while creating opportunities for entrepreneurs to connect with communities that share similar values and goals, strengthening social ties and accelerating business development.

The success of social networks in supporting entrepreneurs largely depends on the level of trust and the quality of relationships within these networks. Trust fosters an environment where entrepreneurs can receive support without the administrative hurdles or delays often associated with formal financial institutions. For example, community-based cooperatives in West Nusa Tenggara are often the first choice for small entrepreneurs seeking working capital (Rosidi, 2023). These cooperatives operate on principles of mutual trust among members, enabling faster and simpler loan processes compared to banks. The close and mutually beneficial relationships within these cooperatives create a more flexible financing system focused on the sustainability of members' businesses. This highlights how trust within social networks facilitates access to capital and strengthens solidarity among entrepreneurs in addressing economic challenges.

Social networks also serve as a channel for accessing capital and as a critical medium for enhancing entrepreneurial capacity and competence through training and education. Entrepreneurship training programs organized by organizations like Rumah Perubahan provide opportunities for entrepreneurs to interact and build relationships with fellow participants and experienced facilitators (UBM, 2015). These interactions allow them to share knowledge, experiences, and insights valuable for managing and developing their businesses. For instance, a young entrepreneur from Jakarta who participated in the program successfully gained a new business partner who supported their efforts to expand distribution networks to international markets. This demonstrates that, in addition to offering opportunities to access capital, social networks also provide invaluable resources for skill development, broadening perspectives, and creating new opportunities that can accelerate business growth and expansion. Therefore, training programs based on social networks strengthen entrepreneurs' ability to navigate the increasingly competitive global market dynamics.

To maximize the benefits of social networks, entrepreneurs must deeply understand how to build and maintain productive and mutually beneficial relationships. Without proper management, existing relationships can become counterproductive, especially if conflicts or unmet expectations arise among network members, potentially damaging credibility and collaboration. This highlights the importance of training in relationship management and effective communication for novice entrepreneurs. Such training helps them recognize the dynamics within their social networks and equips them with skills to resolve conflicts, maintain trust, and manage expectations among members. With these skills, entrepreneurs can ensure that their social networks remain a productive tool that supports business growth rather than becoming a source of problems that could hinder long-term success.

Novice entrepreneurs in Indonesia can more effectively overcome the common challenges faced in the early stages of starting and developing a business with a deep understanding of the dynamics and potential of social networks, such as limited access to capital and other resources. In various real-life examples across Indonesia, both traditional interpersonal relationships and digital innovations have proven that social networks play a vital role in creating opportunities, expanding market access, and addressing operational barriers. For instance, entrepreneurs joining community-based cooperatives or crowdfunding platforms like Kitabisa.com have successfully raised capital to start their ventures, while those leveraging digital platforms such as Instagram or LinkedIn can access broader markets and secure business partnerships that support business expansion. These phenomena highlight that strengthening social networks, whether conventionally or through technology, is a critical strategy for supporting entrepreneurial development in Indonesia. Entrepreneurs gain not only financial support but also access to knowledge, skills, and collaborative opportunities that can accelerate their business growth with robust social networks.

CONCLUSION

Social networks play a significant role in supporting new entrepreneurs in Indonesia, particularly by facilitating access to capital and other resources. In a society that highly values interpersonal relationships, social networks serve as a crucial bridge to overcome the common challenges entrepreneurs face in accessing formal financial institutions and strategic resources. Case studies demonstrate that social networks, whether through personal relationships, business communities, or digital platforms, can help entrepreneurs secure funding, gain knowledge, and unlock essential collaboration opportunities. However, the success of leveraging social networks depends on the entrepreneur's ability to build, maintain, and manage mutually beneficial relationships, both directly and through digital media. On the other hand, social networks have limitations, particularly when entrepreneurs rely too heavily on a narrow social circle or lack the skills to effectively utilize digital technology. Therefore, it is essential for entrepreneurs to continuously develop networking skills, enhance digital literacy, and leverage digital platforms and business communities to expand their reach. With these strategies, social networks can become a more effective asset in supporting business growth in Indonesia.

To enhance the success of new entrepreneurs, several interconnected strategies are recommended. First, the government and non-governmental organizations should provide digital literacy training that focuses on the effective use of social media platforms and business applications to build and expand social networks, enabling entrepreneurs to access opportunities and resources beyond their traditional circles. Additionally, local governments and entrepreneurial organizations like Tangan di Atas and Bukalapak Mitra should actively develop programs that connect new entrepreneurs with mentors, investors, and potential business partners through activities such as business forums, training sessions, or workshops involving experienced entrepreneurs. Expanding access to community-based funding is another crucial step, where crowdfunding platforms like Kitabisa.com and community-based cooperatives can play a larger role. Educating entrepreneurs on effective fundraising methods and fostering collaborations between these platforms and formal financial institutions can provide more funding options. Furthermore, entrepreneurs should leverage relationships within their local communities as a starting point for building social networks, actively participating in social events, cooperatives, or local business groups. Finally, research institutions and universities are encouraged to conduct further studies on the dynamics of social networks in the local entrepreneurial context in Indonesia. These findings can then inform the design of tailored mentorship programs to meet the specific needs of entrepreneurs in different regions.

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