International Journal of Economics, Business and Innovation Research
https://e-journal.citakonsultindo.or.id/index.php/IJEBIR
E-ISSN : 2964-0865
IJEBIR

Business Growth Acceleration Through The Entrepreneur Hub Program By The Ministry Of MSMES

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Abstract

Indonesia's Micro, Small, and Medium Enterprises (MSMEs) contribute 61-63% of the national GDP and absorb 97% of the total workforce, yet most remain stagnant, unable to transition from survival-based operations into competitive, scalable enterprises. Most founders operate without strategic direction, lack professional networks, and make decisions based on intuition rather than data. In response, the Ministry of MSMEs launched the Entrepreneur Hub program which is a government-backed initiative integrating coaching and mentoring, business incubation, legal formalization support, financial access facilitation, market exposure, and ecosystem integration. Despite the program's national scale, there remains limited academic understanding of how and why it produces the outcomes it does from the qualitative perspective of its participants which a gap this research addresses directly. This research adopts a qualitative multiple case study design, engaging all participants across all stakeholders groups Data was collected through semi-structured interviews conducted between January and March 2026 and analyzed using thematic analysis. The study is grounded in three theoretical frameworks, which are Human Capital Theory, Penrose's Theory of the Growth of the Firm, and the Entrepreneurial Ecosystem Framework. The findings reveal that coaching and mentoring is the central activation force driving business growth across all six participating MSMEs producing universal mindset transformation, unlocking network access, and enabling stage-appropriate growth regardless of sector or participation type. The study also identifies three structural implementation gaps, which are unpredictable scheduling, absent competency standards, and post program discontinuity. The proposes solution is an integrated digital platform to address the implementation gap. Nevertheless, the

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E-ISSN : 2964-0865
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implementation of this platform is subject to several constraints, including complex bureaucratic and regulatory procurement process, as well as the need for sustained government funding to ensure long-term operability. The findings contribute empirical evidence for government-led mentorship effectiveness in developing economy contexts and deliver actionable recommendations to transform the Entrepreneur Hub into a sustainable, data-driven entrepreneurial ecosystem.

Keywords: Business growth acceleration, Entrepreneur Hub, MSME development, coaching and mentoring, entrepreneurial ecosystem.

INTRODUCTION

Business transformation refers to the changes a company makes to adapt to market changes. It includes operational, cultural, and digital changes, with the goals of creating new value, improving customer satisfaction, and lowering cost (Worley & Mohrman, 2016). The term of business transformation is quite new and was first used in the fields of information technology and management consulting, where it was used to describe large-scale organizational change efforts (Bouwman et al., 2019). Experts in these areas explain that changes in the external market require companies to make broad adjustments in how they operate. This means rethinking their overall business strategy and making major changes in their processes, technology, and human resources.

The current condition of Indonesia's economic landscape and the significant contribution of MSMEs can be seen in Figure I.1.

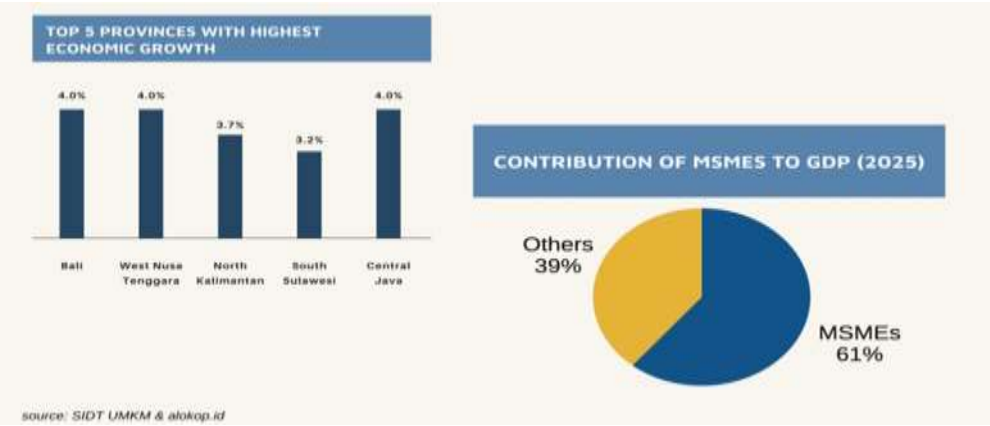


Figure I. 1 Indonesia's economic landscape (SIDT UMKM & alokop.id, 2025)

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Micro, Small, and Medium Enterprises (MSMEs) play an important role as a source of income, employment, skills development, delivery of goods and services, and other things. Based on Ministry of Finance data, as of 2024, MSMEs contributed approximately 61-63% to the national GDP and accounted for 97 percent of the total workforce (djpb.kemenkeu, 2024; BPS, 2024). In each crisis period, MSMEs have functioned as a resilient buffer, consistently demonstrating the ability to recover effectively. In particular, micro-enterprises make up the vast majority of Indonesia's MSMEs, operating across diverse sectors and sustaining livelihoods for millions. However, despite their potential, many MSMEs remain stagnant in their development, unable to evolve into more sustainable or competitive entities.

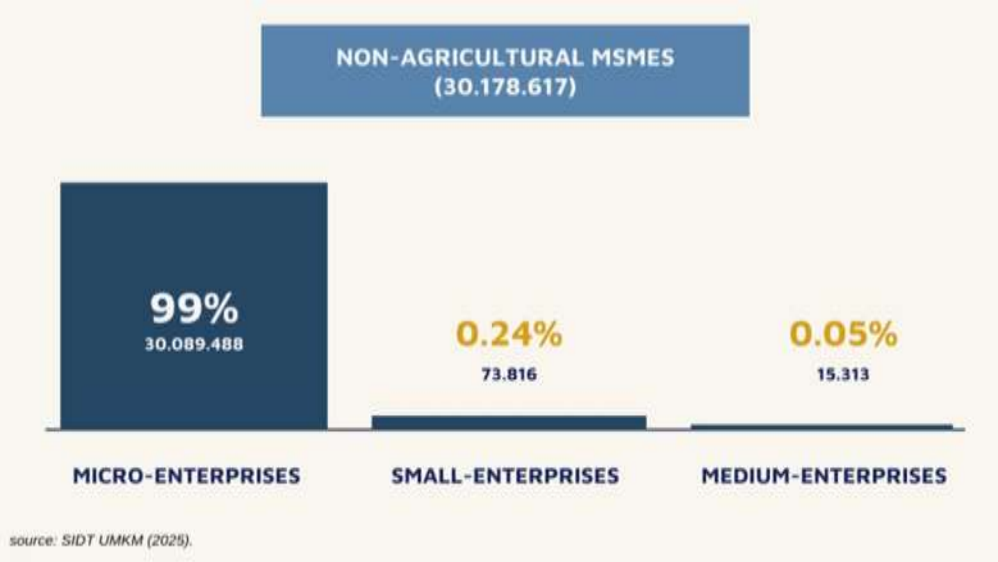


Figure I. 2 Dominance of micro entreprises within Indonesia's non-agricultural MSMEs (SIDT UMKM, 2025)

According to data (see Figure I.2), Indonesia currently has around 30.18 million non-agricultural MSMEs. Of this total, micro enterprises dominate with 99 percent, followed by small enterprises at 0.24 percent. This data illustrates the overwhelming dominance of micro enterprises in Indonesia's MSME structure.

The large proportion of micro enterprises shows that most Indonesian businesses are still in the early stage of growth, with limited capacity in terms of capital, technology, and market access. This condition highlights the importance of targeted empowerment

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programs that focus on helping micro enterprises move up to the next level, transforming into small or medium enterprises. Without such interventions, many micro businesses may remain stagnant and unable to compete in a dynamic and increasingly digital market environment. Research consistently confirms that these structural limitations are not unique to Indonesia but are characteristic of MSME ecosystems across developing economies, where informal operations, limited managerial capacity, and restricted market access collectively prevent micro-enterprises from transitioning to the next stage of growth (World Bank, 2021).

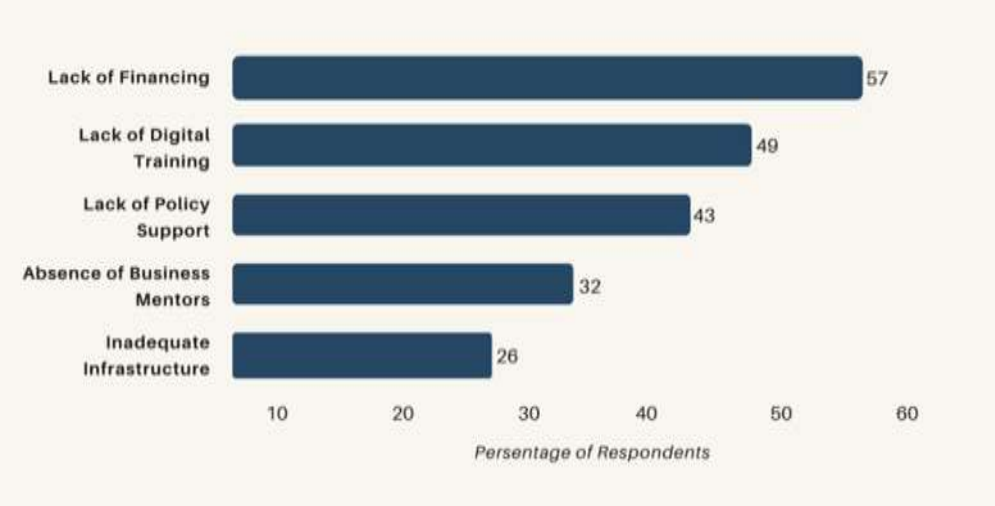


Figure I. 3 Barriers to MSME Growth (katadata, 2022)

As shown in Fugure I.3, the journey toward digital scale-up for MSMEs is significantly hindered by a digital literacy gap, where over half of the business owners struggle with a fundamental lack of technical knowledge. This data suggests that the barrier to scaling up is not merely about having access to the internet, but rather the internal capability of the enterprise to navigate digital platforms effectively. For MSMEs to successfully transform and grow, addressing these multifaceted digital constraints is as critical as providing financial mentorship.

are institutional, managerial, and financial. Institutionally, many MSMEs operate informally without legal entities or Standard Operating Procedures (SOPs), making them invisible to the formal economy (Sahu & Mani, 2025). Managerially, there is a severe lack of digital literacy and strategic mapping, as many founders handle all operations single-handedly without professional delegation (Akpoviroro, 2021). Financially, the collateral

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barrier prevents these high-potential but aset-light business from accessing formal banking credit, leaving them in a cycle of limited capital (Quimba & Rosellon, 2019).

There are indeed many problems faced by MSMEs to scale up their business which are the low quality of human resources, lack of knowledge of building and maintaining business, and mostly the problem faced by MSMEs is a difficulty to access capital from banks. As a result, despite their contributions, micro-enterprises often face difficulties in achieving long-term growth and resilience. This condition reflects what Isenberg (2011) describes as a systematic gap in the entrepreneurial ecosystem, where the absence of coordiacted institutional support leaves entrepreneurs to navigate structural barriers alone, resulting in growth trajectories that are limited by circumstance rather than potential.

In response to these challenges, Indonesia's Ministry of MSMEs has launched the program called Entrepreneur Hub (E-Hub) that aims to provide structured mentorship, business incubation, networking opportunities, and capacity-building interventions to selected MSMEs. This program is built to address key obstacles that hinder growth by connecting micro-enterprises with experienced mentors, business experts, and a broader entrepreneurial ecosystem. The entrepreneurship development programs implemented by the Ministry of MSMEs under the Deputy of Entrepreneurship are outlined in Figure I.4 below.



Figure I. 4 Entrepreneurship development programs implemented by the Ministry of MSMEs (Deputy of Entrepreneurship, 2025)

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From the data above, it shows that the Ministry of MSMEs under the Deputy of Entrepreneurship has already connected with one million entrepreneurs all over Indonesia. Entrepreneur Hub focuses on providing direct assistance to entrepreneurs to stimulate innovation and ensure long-term business sustainability.

This program facilitates coaching, advising, and mentoring processes to support micro, small, and medium enterprises in overcoming growth limitations. It's also designed to enhance the quality and capacity of incubator institutions that support startups and early-stage MSMEs. This program emphasizes digital entrepreneurship through collaborative platforms and capacity building. This program aims to strengthen the entrepreneurial ecosystem by providing mentorship, training, and access to networks and resources. Through these initiatives, the government seeks to foster innovation, competitiveness, and long-term growth among micro and small enterprises across Indonesia.

The Entrepreneur Hub program offers various activities which are business mentoring sessions, entrepreneurship training, digital marketing workshops, and networking events. Through these initiatives, participants are guided to improve their business models, enhance financial management skills, and adopt digital technologies. The program also emphasizes the development of soft skills which are leadership, adaptability, and creativity that are essential for sustaining business growth. By combining mentorship and capacity building, Entrepreneur Hub aims to help MSMEs transform from survival-oriented enterprises into innovation-driven and competitive business.

In practice, this program acts as a bridge between traditional business practices and modern digital operations. By providing structured support and mentorship, MSME owners are guided to integrate digital marketing, e-commerce platforms, and basic data analytics into their business operations (UNCTAD, 2022). The transition from conventional to technology-driven business models allows these enterprises to expand their market reach and strengthen brand resilience in a highly competitive environment (Ariyanti & Suryani, 2021). However, the effectiveness of such initiatives depends heavily on the consistency of program delivery and the commitment of participating entrepreneurs.

Although it comes with such benefits, this program might have a significant gap. Ideally, such a program should enable participating enterprises to overcome structural limitations, gain access to broader markets, and demonstrate measurable business growth. Moreover, in the absence of comprehensive evaluation, there is a risk that the program may continue to operate without strategic refinement, potentially limiting its long-

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term impact. Therefore, it becomes essential to investigate and identify how mentorship-based interventions can be optimized to help MSMEs navigate growth challenges.

Not all MSMEs can achieve the same level of success or digital maturity due to differences in education levels, business scale, and resource availability (Nasution, 2020). Some enterprises struggle to maintain innovation continuity after program completion, while others face constraints in sustaining market access without external assistance. These variations highlight the importance of assessing how such government-led initiatives truly translate into measurable business improvements, rather than focusing solely on participation rates or short-term output (Creswell & Poth, 2018).

Despite these efforts, there is still limited understanding of how such mentorship-based programs directly contribute to the transformation and growth of micro-enterprises. While many MSMEs have joined the program, the extent to which mentorship influences their business strategies, performance, and sustainability has not been widely studied. Exploring these aspects is crucial to evaluate the effectiveness of the program and to identify the key factors that drive business transformation.

The data also underscores the relevance of government initiatives namely the Entrepreneur Hub Program, which aims to strengthen micro enterprises through mentorship and capacity building. By providing structured guidance, access to networks, and practical knowledge, programs like Entrepreneur Hub play a crucial role in bridging the growth gap between micro and small enterprises, fostering innovation, and contributing to Indonesia's overall economic resilience.

Therefore, this study focuses on analyzing business growth transformation among micro-enterprises participating in the Ministry of MSMEs' Entrepreneur Hub Program. By examining the experiences, challenges, and outcomes faced by these entrepreneurs, the research aims to provide deeper insights into how mentorship supports business development. The findings are expected to contribute to improving future mentorship initiatives and strengthening MSME empowerment policies in Indonesia.

Despite the program's scale and ambition, there remains a significant gap in the academic literature. Most existing studies on MSME incubation and mentorship have been conducted in developed economies or high-technology startup environments, leaving limited empirical understanding of how government-led mentorship programs function inresource constrained, developing economy context (Sutrisno et al., 2025). Furthermore, existing evaluations of the Entrepreneur Hub program have focused primarily on quantitative participation metrics rather than on the qualitatuve experiences

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of participants and the mechanisms through which the program produces its outcomes. This study addresses that gap directly.

METHOD

This study employs a qualitative research design grounded in the interpretivist paradigm, which is considered appropriate given that the research seeks to understand how and why the Entrepreneur Hub program produces the outcomes it does from the lived perspective of its participants. Since the program involves human interactions, mentorship, and learning processes, a qualitative approach captures the complex and dynamic relationships between program components and MSME outcomes more effectively than numerical data alone would allow. The design is both descriptive and exploratory in nature, aiming to describe how MSMEs experience the program while simultaneously uncovering new insights into the mechanisms driving business transformation.

More specifically, the research employs a qualitative multiple case study design as conceptualized. A multiple case study is selected because it allows the researcher to examine a contemporary phenomenon within its real-life context using multiple sources of evidence, making it possible to build a comprehensive understanding of how the program produces its outcomes across different business types and stages. Six participating MSMEs serve as the individual cases: PT Modiva Internasional (Deorex), Elevarm, Selfcare.id, Okazakki Farm, Olimpiade Update, and Surya Agro Nusantara. These cases were deliberately selected to represent diverse sectors, business stages, participation types, and geographic locations, ranging from personal care and agribusiness to digital mental health and education technology.

Data were collected through semi-structured interviews as the primary method. This approach provides the flexibility to explore participants' answers in depth while maintaining focus on the core research themes. A total of eleven participants were engaged through purposive sampling across four stakeholder groups: two government officials from the Ministry of MSMEs representing the policy maker and program initiator perspective; six MSME owners as primary program beneficiaries; one incubator and mentor representative as program implementer; and two financial institution representatives from Bizhare and Alami Fintech as ecosystem enablers and capital providers. This multi-stakeholder composition was intentional engaging all major actors within the entrepreneurial ecosystem ensures that the data reflects not only individual

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participant experiences but also the broader institutional system that shapes program outcomes.

Participants were selected based on three criteria: active participation in the Entrepreneur Hub program within the 2021–2025 period; representation of diverse sectors, business stages, and geographic locations to ensure analytical breadth; and willingness to share detailed accounts of their program journey and business outcomes. Interviews were conducted between January and March 2026, primarily through online video calls to accommodate participants from different geographic locations across Indonesia. Each session lasted between 45 and 90 minutes and was recorded with each participant's informed consent for the purpose of accurate transcription.

In addition to primary interview data, secondary data sources were utilized to establish the contextual and operational foundation of the study. These include official program reports from the Ministry of MSMEs detailing the E-Hub's objectives, implementation metrics, and participant selection criteria; government publications and statistical data from BPS providing the institutional and macroeconomic context; and peer-reviewed academic journals supplying the theoretical frameworks underpinning the analysis.

Data analysis was conducted using thematic analysis following the six-phase framework developed. The process began with data familiarization, wherein all interview transcripts were read and reviewed in full to develop an overall understanding of the dataset and identify preliminary patterns. All interviews were transcribed verbatim to preserve the original meaning of participants' statements. Initial codes were then generated systematically across the dataset before being organized into broader themes aligned with the three research questions. To strengthen credibility and trustworthiness, triangulation was employed throughout the analytical process by comparing data across the four stakeholder groups government officials, MSME owners, incubator representatives, and financial institution partners to identify both consistencies and divergences in how participants perceived and experienced the program . This triangulated approach ensures that findings are grounded in multiple vantage points within the same ecosystem rather than in any single perspective.

Discussion

Participant Profiles and Program Engagement Patterns

This section provides a structured overview of the six MSMEs that participated in this study. Rather than presenting each case in isolation, this section examines the

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participants together by looking at who they are, how they engaged with the Entrepreneur Hub program, and what patterns of change emerged across all cases.

The six cases were selected to represent a wide range of sectors, business stages, and geographic locations. Some businesses were already well-established when they joined the program, while others were just starting out. The following table maps out the specific backgrounds of the six interviewed MSMEs, highlighting how their individual participation in the Entrepreneur Hub program across different years and segments, which is aligns with their specific business growth objectives.

MSME	Participation Year	Program Segment	Objectives of Participation
PT Modiva (Deorex)	2025	Single-day Event	Expanding offline distribution, omni-channel strategy
Selfcare.id	2025 (Late Year)	Incubation	Validating business model, legal formalization
Elevarm	2025	Single-day Event and startup go global	Strategic financing access, institutional network.
Olimpiade Update	2025	Incubation	Investor access, structured mentoring.
Surya Agro Nusantara	2023 - 2025	Incubation and Startup Go Global Program	Building professional network, developing entrepreneurial mindset.
Okazakki Farm	2024	Incubation	Shifting to B2B market, financial management.

Table. Overview of Participating MSMEs and Program Fulfillment Analysis (Author Analysis, 2026)

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A few things stand out from this interview. First, the businesses span a wide geographic range, showing that the program is not limited to entrepreneurs in major cities. Participants in this track often enter the program with foundational objectives, not merely to improve what already exists, but to fundamentally restructure how their businesses operate. Selfcare.id, for instance, joined with the specific goal of transitioning from an informal pilot project into a formally registered legal entity. As the founder reflected:

> *"Before the program, we handled almost all operational activities single-handedly, but the incubation taught us that to truly scale up and become attractive to investors, we must build a solid, professional team and formalize our business structure." (Intan, selfcare.id)*

This kind of transformation which from an unstructured, owner-dependent operation to a governance-ready organization is precisely the type of human capital development that Becker (1964) identifies as the foundation of long-term productive growth. MSMEs participating in the single-day event track, typically come with more targeted and strategically specific objectives. Rather than seeking foundational transformation, these businesses use the program as a platform for rapid network expansion, immediate market exposure, and government-backed institutional credibility.

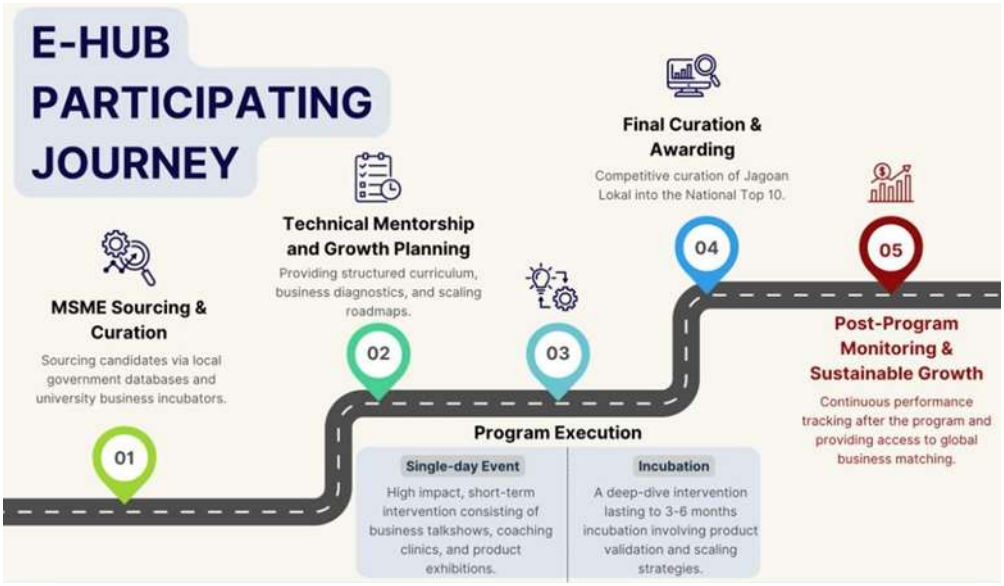


Figure. The Entrepreneur Hub Participating Journey for MSMEs (Author Analysis, 2026).

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The journey illustrated in Figure IV.1 provides a structured roadmap that captures how MSMEs move through the Entrepreneur Hub program. From being sourced at the local level, all the way to competing on a national and even global stage. Each stage in this journey reflects a deliberate intervention designed to address a specific gap that typically holds micro-enterprises back from growing.

Stage 1: Sourcing and Curation.

The journey begins with identification, where potential participants are discovered through the program's network of local governments, universities, and incubator institutions. For many MSMEs, this first point of contact is itself transformational which is the moment their business, previously operating in isolation becomes part of a formal ecosystem. Surya Agro Nusantara's founder described this entry point clearly. Before joining the program, his business operated without any mentor or professional network. Relying entirely on field experience. It was only through a connection with the local government and the Science Techno Park at Universitas Andalas that his business was able to entry the Ministry's formal network. This sourcing mechanism is particularly important for MSMEs outside major cities, where access to professional entrepreneurial ecosystem is structurally limited.

Stage 2: Technical Mentorship and Growth Planning

Once selected, participants enter a phase focused on fundamentally shifting how they think about their businesses. As Surya Agro Nusantara's founder explained, this phase was where he first learned to build a business that is structured and measurable, a shift that later enabled him to manage a global supply chain rather than simply selling available commodities. Olimpiade Update's co-founder described a similar turning point by stated:

> *"The incubation process was a turning point... it helped us refine how we present our business value, transitioning from a small project into a structured organization." (Fairuz, Olimpiade Update).*

Stage 3: Program Execution

At this stage, the program diverges into two distinct pathways depending on the MSME's needs and readiness. The single-day event track serves as a high-impact, targeted intervention for business that are already operationally stable and are primarily

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seeking market exposure, national networking, or government-backed credibility. PT Modiva Internasional joined through this track with a clear strategic purpose:

> *"We joined as participants to strengthen offline distribution because we believe it must be balanced. Not just onlinem but offline too." (Eka, PT Modiva Internasional).*

The incubation track, by contrast is an intensive multi-month engagement designed for businesses that need deeper foundational work like product validation, legal formalization, financial literacy, and team development.

Stage 4: Final Curation & Awarding

The most competitive stage of the journey involves national-level pitching and the selection of top performers as "Jagoan Lokal". This stage pushes founders to articulate their business value propositions to expert panels and potential investors. Olimpiade Update, which reached the national Top 10, described the business matching sessions at this stage as a direct source of new investor pipelines.

Beyond the competitive dimension, however, this stage serves a deeper structural purpose. Being publicly recognized as a "Jagoan Lokal" is not merely an accolade. It functions as a government-issued credibility signal that fundamenttaly changes how external stakeholders perceive and engage with a business.

Stage 5: Post-program Monitoring & Sustainable Growth

For the strongest performers, the journey extends beyond the formal program through initiatives like Startup Go Global, which brought selected MSMEs to Australia and the Netherlands for international benchmarking. This stage is designed to ensure that growth momentum is not lost once formal sessions end. For Surya Agro Nusantara, this international exposure was described as a decisive turning point. He stated that:

> *"I realized that every business process must be based on research, development, and data." (Sadly, Surya Agro Nusantara).*

A realization that came not from a classroom, but from witnessing first hand how internationally competitive businesses operate. The founder wen on to leverage these global networks to secure his first large-volume export shipments to Nepal.

The five stages described above collectively capture how MSMEs move through the program. What remains to be examined is what actually changed as a result of that

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movement. Moving beyond individual stories, the researcher examines the six cases side by side to identify patterns that emerge across the full sample. The comparison focuses on four dimensions, which are human resource development, market access expansion, financial readiness, and owner mindset transformation.

Business Growth Impact and Experiences of Entrepreneur Hub's Participating MSMEs

The cross-case patterns identified in the previous section provide a broad analytical lens through which the program's impact can be understood. This section substantiates those patterns by examining how each participating MSME experienced the program in practice. Rather that retelling each business's full story, the focus here is on the specific changes both quantitative and qualitative, that occurred as a direct result of program participation. Taken together, these individual accounts provide the empirical grounding for the four patterns identified earlier.

Key Factors of the Entrepreneur Hub in Driving MSME Business Improvement

One of the core questions driving this research is why do MSMEs in Indonesia find it so difficult to scale? Based on the findings from this study, the answer is not simply about lacking capital or market acess, although both are real challenges. The more fundamental issue is that most MSME founders do not run their business with a clear strategic direction. They start businesses out of necessity, make decisions based on daily experience rather than data, and operate without the professional networks that could expose them to better ways of growing. As Ibu Siti Azizah, Deputy of Entrepreneurship at the Ministry of MSMEs, described it:

> *"We want entrepreneurs to be built by design rather than by accident." (Siti Azizah, Deputy of Entrepreneurship)*

This is the gap that the Entrepreneur Hub program addresses. Through a combination of mentoring, legal formalization support, financial access facilitiation, market exposure, and ecosystem integration, the program targets the root causes of why MSMEs stagnate, not just sthe surface-level symptoms. Based on the interviews conducted in this study, six key factors were identified as the main drivers of business improvement among participating MSMEs. These factors are illustrates in Figure IV.3.

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Figure IV. 3 E-Hub Key Factors (Author Analysis, 2026)

While all six factors contribute to growth, the findings consistently point to coaching and mentoring as the most critical among them. The other five factors matter, but without the mindset shift and capability building that mentoring produces, MSMEs are not yet ready to benefit from legal formalization, financial matching, or market exposure. In that sense, coaching and mentoring is less of one factor among equals and more of a prerequisite that makes the rest of the program meaningful.

Evaluation of Entrepreneur Hub Implementation and Strategic Areas for Improvement

The previous sections have established that the Entrepreneur Hub program produces meaningful and measurable business transformation across participating MSMEs. However, a rigorous evaluation of the program cannot stop at documenting what works well, it must also examine where the program falls short and why those gaps matter. This section addresses the third research question of this study of how effective the current implementation of the Entrepreneur Hub program. Based on the findings from interviews, three critical implementation gaps were identified, which are the lack of a transparent program roadmap and scheduling system, the absence of standardized knowledge delivery and success metrics, and the weakness of post-program continuity and monitoring. Importantly, these are not minor operational issue.

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CONCLUSION

The research concludes that the Entrepreneur Hub program serves as a critical strategic bridge and trust infrastructure that transform MSMEs from informal, survival-based entities into professionalized national assets. By moving beyond the traditional role of a business incubator, the program functions as a central orchestrator within an integrated ecosystem provide MSME with a level of institutional legitimacy that is unattainable through private or isolated initiatives. When MSMEs are treated not merely as small businesses but as fundamental components of the national entrepreneurial ratio, the government can effectively shift the entrepreneurial landscape from one born by accident to one built by design.

The findings of this research reveal that the Entrepreneur Hub program has a meaningful and tangible impact on the business growth of participating micro-enterprises. All six participating MSMEs experienced a transition away from survival-oriented, day-to-day management toward a more strategic and professional approach to running their businesses. This transition was made possible by the program's integrated design, which does not treat coaching, legal formalization, financial access, and market exposure as separate offerings, but rather as interconnected interventions that reinforce one another.

When examining which factors within the Entrepreneur Hub program most significantly drive business improvement, coaching and mentoring consistently emerges as the most critical element across all cases studied. What makes this intervention so central is not simply the knowledge it transfer, but the mindset shift it produces. Once this internal transformationtakes place, the other components of the program, which are network facilitation, legal formalization support, and national market exposure become far more effective.

Despite its demonstrated strengths, the evaluation of the Entrepreneur Hub's implementation based on participants' experiences points to three structural gaps that continue to limit the program's long-term potential. The first one is the unpredictability of program scheduling, which makes it difficult for MSMEs to plan around government interventions. The second is the absence of a standardized competency framework, leading to inconsistent mentorship quality across cohorts and regions. The third is the lack of post-program continuity, where participants lose their support structures once formal sessions end and risk losing the growth momentum they had built. To address all three simultaneously, this thesis proposes an integrated digital platform that provides scheduling transparency, a standardized curriculum, and a sustained alumni monitoring network. This helps transforming the Entrepreneur Hub from a program with strong short-

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term impact into one with lasting, measurable contribution to Indonesia's entrepreneurial ecosystem.

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