

***The Influence of Social Capital and Entrepreneurial Leadership on
MSME Performance Mediated by Innovation Capability in Gamol
Tourism and Cultivation Village, Balekatur, Gamping, Sleman,
Daerah Istimewa Yogyakarta***

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ABSTRACT

This study examines the influence of social capital and entrepreneurial leadership on the performance of Micro, Small, and Medium Enterprises (MSMEs) in the Gamol Tourism and Cultivation Village, Sleman, Yogyakarta, with innovation capability as a mediating variable. Using a quantitative approach, data were collected through questionnaires distributed to 55 MSME owners or managers. The analysis was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 4. The results indicate that social capital positively and significantly affects innovation capability and MSME performance. Entrepreneurial leadership has a direct positive impact on performance but does not significantly influence innovation capability. Innovation capability mediates the relationship between social capital and performance, but not between entrepreneurial leadership and performance. These findings highlight the critical role of social capital in fostering innovation and enhancing MSME performance, while entrepreneurial leadership's impact is more direct. The study provides practical implications for MSMEs to strengthen social networks and leadership qualities to achieve sustainable growth.

Keywords: *Social Capital, Entrepreneurial Leadership, Innovation Capability, MSME Performance*