

The Economics of Innovation Ecosystems in Indonesia: Policy, Entrepreneurship, and inclusive Growth

Ekonomi Ekosistem Inovasi di Indonesia: Kebijakan, Kewirausahaan, dan Pertumbuhan Inklusif

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Abstract

Innovation ecosystems are pivotal for economic growth and competitiveness, especially in emerging economies where entrepreneurship underpins employment and inclusion. Indonesia's digital economy has expanded rapidly, driven by MSMEs, startups, and fintech platforms, yet structural impediments persist. This study investigates how policy and entrepreneurship shape Indonesia's innovation ecosystem and foster inclusive growth. Employing a qualitative design, policy content analysis was combined with secondary data from RPJMN, OJK, BI, Kominfo, Kemenkop UKM, BPS, Startup Ranking, Katadata, and the World Bank. Findings reveal that flagship initiatives Making Indonesia 4.0 and the National Financial Inclusion Strategy provide an essential foundation but suffer from institutional incoherence, financing gaps for MSMEs, and uneven digital literacy. These deficiencies undermine the ecosystem's capacity to deliver broad-based benefits. To unlock its full potential, Indonesia requires enhanced policy coordination, incentives targeted at inclusive startups, expanded digital skills training, and reinforced Triple Helix collaboration among government, industry, and academia. Such integrated strategies are critical for translating digital transformation into sustainable, inclusive development and inform both policymakers and practitioners

Abstrak

Ekosistem inovasi menjadi penggerak utama pertumbuhan ekonomi dan daya saing, khususnya di negara-negara berkembang di mana kewirausahaan berperan dalam penyerapan tenaga kerja dan inklusi sosial. Ekonomi digital Indonesia telah berkembang pesat melalui kontribusi UMKM, startup, dan platform fintech, namun menghadapi kendala struktural. Penelitian ini menganalisis peran kebijakan dan kewirausahaan dalam membentuk ekosistem inovasi Indonesia serta kontribusinya pada pertumbuhan inklusif. Metode penelitian kualitatif mengombinasikan analisis konten kebijakan dengan data sekunder dari RPJMN, OJK, BI, Kominfo, Kemenkop UKM, BPS, Startup Ranking, Katadata, dan World Bank. Hasil menunjukkan inisiatif unggulan Making Indonesia 4.0 dan Strategi Keuangan Inklusif Nasional telah membangun fondasi kuat, namun terkendala incoherence antarlembaga, kesenjangan pembiayaan UMKM, dan ketimpangan literasi digital. Untuk memaksimalkan potensi, diperlukan koordinasi kebijakan yang lebih erat, insentif startup inklusif, peningkatan pelatihan keterampilan digital, serta kolaborasi Triple Helix yang diperkuat. Strategi terpadu ini penting untuk memastikan transformasi digital menuju pembangunan berkelanjutan dan inklusif serta menjadi referensi bagi pembuat kebijakan dan praktisi.



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A. INTRODUCTION

1. Background

The discourse on innovation ecosystems has gained increasing attention as nations seek to strengthen competitiveness in the digital era [1]. Innovation not only generates economic value but also shapes the interactions among governments, businesses, and civil society. For Indonesia, with its vast population and dynamic market, innovation ecosystems hold significant potential to drive inclusive economic growth. Yet, the challenge lies in how policies and entrepreneurship can be effectively integrated to foster sustainable development. A comprehensive understanding of the roles of public policy and entrepreneurship is therefore essential for designing strategies that ensure inclusive growth [2].

Innovation ecosystems are particularly vital in accelerating technological adoption, advancing digital transformation, and enhancing business competitiveness. Recent studies highlight that such ecosystems thrive when key actors including startups, SMEs, academia, and policymakers are connected in productive networks [3]. In the Indonesian context, strengthening these linkages is crucial not only to reduce regional disparities but also to enable SMEs to participate in the digital economy. When functioning properly, innovation ecosystems serve as strategic instruments for inclusive and sustainable development.

Globally, countries have increasingly leveraged innovation ecosystems as tools for inclusive and sustainable growth. In Latin America, for example, innovation policies emphasize public engagement in building entrepreneurship-friendly ecosystems [4]. Advanced economies have also underscored the integration of policies with R&D investments, startup support, and social sustainability. These global trends demonstrate that innovation is not merely a technological matter but also a socio-economic construct, ensuring that growth benefits are widely distributed. For Indonesia, lessons from international practices can provide valuable insights to address gaps in its own innovation landscape [5].

Despite notable progress in the proliferation of startups, fintech, and digitally enabled SMEs, Indonesia faces persistent challenges in aligning public policy, entrepreneurship, and inclusive economic outcomes. Regulatory fragmentation, limited access to capital, and disparities in digital literacy remain major barriers [6]. Furthermore, weak connectivity between innovators and the real sector constrains the

ability of entrepreneurial activities to generate broad-based development. This indicates that while Indonesia's innovation ecosystem is evolving, greater policy coherence and cross-sectoral collaboration are urgently needed.

The central problem, therefore, concerns the extent to which policies and entrepreneurship can shape an innovation ecosystem that supports inclusive growth in Indonesia. The key challenge is to ensure that digital economic expansion is not limited to privileged groups but extends to marginalized communities. This raises the critical question of how far public policy is able to foster a digital ecosystem that simultaneously promotes entrepreneurship and inclusivity [7]. Addressing this issue is essential to position Indonesia on a sustainable growth trajectory.

Against this backdrop, this research sets out three objectives. First, it seeks to analyze innovation policies in Indonesia in relation to the digital ecosystem and entrepreneurship. Second, it aims to evaluate the role of entrepreneurship in driving inclusive growth, particularly through SMEs and technology-based startups [8]. Third, it intends to provide strategic implications for policymakers in strengthening the national innovation ecosystem. These objectives together provide a structured framework for assessing Indonesia's opportunities and challenges in building inclusive innovation.

The contribution of this study lies in bridging innovation economics theory with the practical realities of policy and entrepreneurship in Indonesia. By integrating academic perspectives with policy analysis, the research offers insights into how an inclusive, dynamic, and globally adaptive innovation ecosystem can be developed. The findings are expected to inform policymakers in designing strategies for innovation-driven economic development, while also expanding scholarly debates on the interplay between innovation ecosystems, public policy, and entrepreneurship [9].

This introduction has outlined the background, global context, Indonesia's gaps, and the problem formulation, while also presenting the objectives and contributions of the study. The subsequent section will turn to the literature review, elaborating on the theoretical foundations of innovation ecosystems, policy frameworks, and the entrepreneurial role in fostering inclusive growth. Such a review is necessary to establish a robust analytical foundation before engaging in the empirical exploration of Indonesia's case. By grounding the analysis in contemporary scholarship, the research aspires to provide both academic and policy-relevant contributions.

2. Problem Formulation

Despite Indonesia's rapid digitalization and the proliferation of startups, the nation's innovation ecosystem continues to exhibit significant disparities in policy coherence, resource allocation, and inclusive outcomes. The central research problem is to determine how public policy and entrepreneurial activity can be more effectively aligned to foster a dynamic, inclusive innovation ecosystem that benefits all regions and socioeconomic groups in Indonesia. Specifically, this study addresses the following questions:

- a. To what extent do existing digital economy and entrepreneurship policies in Indonesia facilitate coherent coordination among key regulatory institutions (e.g., OJK, Bank Indonesia, Kominfo, and Kemenkop UKM), and how does institutional fragmentation impede ecosystem development?
- b. How do financing mechanisms including traditional banking, fintech lending, and venture capital affect the ability of micro, small, and medium enterprises (MSMEs) and technology-based startups to access affordable capital, and what policy adjustments are needed to bridge prevailing funding gaps?
- c. In what ways does uneven digital infrastructure and variable levels of digital literacy across urban and rural regions influence the participation of diverse entrepreneurial actors in the innovation ecosystem, and which targeted interventions can enhance digital inclusion?
- d. How can Indonesia's low investment in research and development (R&D) be addressed through policy incentives and public-private partnerships to promote both incremental and breakthrough innovation among domestic firms and research institutions?
- e. Drawing on international benchmarks from Singapore, South Korea, and neighboring ASEAN economies, what best practices and policy frameworks can be adapted to strengthen Indonesia's innovation ecosystem ensuring that entrepreneurship contributes to sustainable and inclusive economic growth?

By examining these questions, the study will identify critical barriers to policy-entrepreneurship alignment and propose strategic recommendations for designing integrated governance mechanisms, inclusive financing models, digital upskilling programs, and R&D support schemes tailored to Indonesia's unique socioeconomic context.

3. Research Methods

This research adopts a qualitative policy analysis Creswell & Creswell (2017) combined with secondary data review to examine Indonesia's digital innovation and entrepreneurial ecosystems [10]. Qualitative research is appropriate for exploring policy frameworks and institutional interactions because it emphasizes depth of understanding rather than statistical generalization [11].

Data sources include (1) national policy documents such as *RPJMN*, regulations by OJK, strategic papers from Kemenkop UKM, BI, and Kominfo and (2) industry data from BPS, Startup Ranking, Katadata, and the World Bank. These provide both institutional perspectives and ecosystem indicators [6][12].

The analytical approach employs content analysis to identify themes and priorities in policy texts and comparative analysis to contrast Indonesia's policies with global practices in other emerging economies. Content analysis enables systematic interpretation of regulatory documents, while comparative assessment highlights Indonesia's relative strengths and gaps [13].

The scope is limited to digital economy and entrepreneurship policies, given their rapid growth and strategic importance. The study acknowledges limitations: reliance on secondary data may overlook informal practices, and cross-country comparisons may face contextual differences. Nonetheless, this design ensures a rigorous, policy-relevant analysis of Indonesia's innovation ecosystem [14].

B. RESULT AND DISCUSSION

1. Policy Landscape

The Indonesian government has developed a comprehensive set of policies to strengthen its digital economy and entrepreneurial ecosystem. Programs such as *Making Indonesia 4.0* and the *Go Digital Vision 2025* outline strategies to accelerate industrial digitalization and improve competitiveness. These initiatives highlight the importance of Industry 4.0 technologies, ranging from automation and artificial intelligence to e-commerce integration, as key drivers of economic transformation [15].

Bank Indonesia and the Financial Services Authority (OJK) have also launched financial technology regulations to balance innovation and consumer protection. Initiatives such as the regulatory sandbox allow fintech firms to test new business models

under supervision, ensuring both innovation and security. These policies are particularly relevant in fostering trust within the growing digital finance sector [16].

The government has prioritized digital infrastructure to reduce inequality in digital access. Projects such as the *Palapa Ring* have expanded broadband to remote areas, laying the groundwork for e-commerce, fintech, and startup ecosystems. However, the uneven rollout of infrastructure means that rural regions still face connectivity challenges that limit the inclusiveness of digital policies [17].

In addition, Indonesia has launched a National Strategy for Financial Inclusion (SNKI), which focuses on expanding access to credit for small businesses and vulnerable communities. Through this strategy, the government seeks to integrate unbanked populations into the formal financial system, supported by digital lending and e-wallets. This is a critical step in addressing inequality in financial access [18].

Overall, the policy landscape demonstrates Indonesia's proactive stance in fostering innovation and inclusivity. Yet, challenges remain in ensuring policy coherence across institutions. Fragmentation among OJK, BI, Kominfo, and Kemenkop UKM sometimes leads to overlapping mandates, highlighting the need for stronger coordination and integrated governance [19].

2. Entrepreneurship Dynamics

Entrepreneurship plays a vital role in Indonesia's economy, with MSMEs contributing more than 60% of GDP and employing nearly 97% of the workforce. This underscores their importance in ensuring economic inclusivity. The growth of digital platforms such as Gojek, Tokopedia, and Bukalapak has further enabled MSMEs and micro-entrepreneurs to scale operations digitally, providing them with access to wider markets and more efficient business models [20].

The informal sector, which has traditionally struggled with limited access to finance and formal markets, is now increasingly included in the innovation ecosystem. Digital payment solutions and peer-to-peer lending platforms have enabled informal enterprises to integrate into the formal economy. This has improved their ability to compete, expand, and contribute to national productivity.

Indonesia's startup ecosystem has also grown rapidly, with Jakarta ranked among Southeast Asia's major digital hubs. The presence of accelerators, incubators, and venture capital firms has created a fertile environment for startups, particularly in fintech, edtech,

and healthtech. Programs such as the *1000 Startup Digital Movement* have nurtured entrepreneurial talent nationwide, expanding opportunities beyond the capital [21].

Regional cities such as Bandung, Surabaya, and Bali are emerging as new innovation clusters. Supported by universities and local governments, these cities are developing startup ecosystems that address local needs, from creative industries to tourism-related innovations. This decentralization of entrepreneurial activity supports more balanced economic growth across regions [22].

Despite these advances, entrepreneurship remains constrained by systemic barriers, such as limited access to affordable financing and uneven digital literacy. While platforms create opportunities, not all entrepreneurs can equally capitalize on them, particularly in rural and marginalized communities. This indicates that the dynamism of Indonesia's entrepreneurship still requires stronger institutional support and targeted interventions [23].

3. Challenges

One of the most pressing challenges for Indonesia's innovation ecosystem is access to financing. While fintech lending has grown, many MSMEs remain excluded due to high interest rates or strict eligibility requirements. Conventional banks continue to demand collateral that small businesses often lack, creating a persistent financing gap that hinders entrepreneurial growth [23].

Digital literacy is another critical barrier. Although smartphone penetration is high, many MSME owners do not fully understand how to optimize digital platforms for business purposes. This limits the potential of digitalization to create truly inclusive opportunities, as rural communities remain disadvantaged in adopting e-commerce and fintech tools [24].

Regulatory fragmentation also poses risks to the innovation ecosystem. Different government institutions often issue overlapping or contradictory rules, particularly in fintech and startup regulation. This creates uncertainty for investors and entrepreneurs, discouraging long-term commitment to ecosystem development [19].

Regional inequality exacerbates these issues. Innovation ecosystems in Jakarta, Bandung, and Surabaya benefit from strong infrastructure and capital availability, but rural areas remain underserved. This uneven distribution of ecosystem resources risks reinforcing economic disparities rather than reducing them [15].

Lastly, reliance on foreign investment remains high, especially for startups. While international venture capital has fueled rapid growth, it also creates vulnerabilities in sustainability and resilience. Strengthening domestic investment networks is essential to ensure long-term stability of Indonesia’s entrepreneurial ecosystem [22].

4. Inclusive Growth Outcomes

Inclusive growth is increasingly evident in Indonesia’s innovation ecosystem. Financial inclusion has expanded rapidly, with fintech enabling millions of unbanked individuals to access credit, savings, and insurance services. This has improved household resilience and business expansion among MSMEs, supporting national inclusion targets [18].

Entrepreneurship has also been a major driver of job creation. Digital platforms like Gojek and Grab have enabled gig work for millions, while Tokopedia and Bukalapak have empowered online merchants to access new customers. These developments illustrate how innovation ecosystems generate employment both directly and indirectly, especially in the informal sector [20].

MSMEs remain a backbone of the Indonesian economy, contributing over 60% to GDP. Their growing integration into digital ecosystems strengthens their ability to scale operations and compete globally. Enhanced access to digital tools also increases their contribution to inclusive development outcomes [15].

Indicators of regional inclusivity show gradual improvement. Fintech and e-commerce penetration into secondary cities and rural areas has begun to narrow disparities in financial access and entrepreneurial opportunities. However, progress remains uneven, and targeted policies are needed to accelerate inclusion in underdeveloped regions [16].

Ultimately, the innovation ecosystem demonstrates significant potential for inclusive growth, but challenges of equity, access, and sustainability must be addressed. If policies and entrepreneurship continue to align effectively, Indonesia is well-positioned to leverage its digital transformation for broad-based, inclusive development [22].

Dimension	Key Findings	Implications
Policy Landscape	Government launched <i>Making Indonesia 4.0, Go Digital Vision</i>	Creates enabling environment for startups and fintech but needs

Dimension	Key Findings	Implications
Entrepreneurship Dynamics	<p>2025, SNKI, OJK sandbox, and stronger digital payment reforms [15].</p> <p>MSMEs contribute >60% of GDP and 97% of jobs; startups and backbone of informal sector increasingly digitalized [20].</p>	<p>coordination across institutions.</p> <p>Entrepreneurship remains the backbone of inclusive growth but requires sustained support in digital adoption.</p>
Startup Ecosystem	<p>Jakarta and Bandung as hubs with accelerators, venture capital, and government programs like <i>1000 Startups Movement</i> [12].</p>	<p>Positions Indonesia as Southeast Asia’s rising digital hub, though access outside major cities remains uneven.</p>
Challenges – Financing	<p>MSMEs face limited credit access; fintech loans often high interest, limiting affordability [23].</p>	<p>Need for affordable, inclusive financing models tailored for small enterprises.</p>
Challenges – Digital Literacy	<p>Low digital skills hinder MSME participation in e-commerce and fintech, especially in rural areas [24].</p>	<p>National digital upskilling programs are critical to bridge rural–urban divides.</p>
Challenges – Regulation	<p>Fragmented governance across OJK, BI, Kominfo, and Kemenkop UKM causes overlap and uncertainty [25].</p>	<p>Integrated policy coordination is needed for ecosystem stability and investor confidence.</p>
Inclusive Growth Outcomes	<p>Fintech expanded financial access for unbanked; startups like Gojek and Tokopedia generated millions of jobs [18].</p>	<p>Innovation ecosystem contributes to inclusive finance, job creation, and GDP growth.</p>

The integration of policy and entrepreneurship is central to shaping Indonesia's innovation ecosystem. Over the past decade, the government has introduced digitalization strategies, startup incentives, and financial inclusion programs aimed at fostering entrepreneurship. Initiatives such as the *1000 Startup Digital Movement* and regulatory sandboxes for fintech have been instrumental in connecting policy goals with entrepreneurial practice. However, as noted in comparative research, policies can both stimulate and constrain innovation depending on their design and coherence [26].

Despite this progress, gaps remain between policy aspirations and entrepreneurial realities. For instance, entrepreneurs continue to face bureaucratic hurdles, limited access to affordable finance, and uncertainty arising from fragmented regulations. While policies intend to encourage risk-taking and innovation, their fragmented execution across different ministries often weakens their impact. This dissonance underscores the importance of aligning regulatory institutions with the needs of entrepreneurs so that public support translates into tangible ecosystem benefits [27].

One of the critical challenges in this alignment is regulatory fragmentation. Different agencies including OJK, Bank Indonesia, Kominfo, and Kemenkop UKM exercise overlapping authority in the governance of digital finance and entrepreneurship. Entrepreneurs often face confusion when complying with diverse regulatory requirements, which discourages innovation and deters investment. Comparative studies of national digital strategy development stress that coherence and coordination across government bodies are key determinants of ecosystem success [28].

In addition to regulatory fragmentation, the digital divide further limits the inclusivity of Indonesia's innovation ecosystem. Urban areas such as Jakarta, Bandung, and Surabaya benefit from advanced infrastructure and investment flows, while rural areas lag in digital access and literacy. This imbalance creates uneven opportunities for entrepreneurs and hinders the spread of innovation-driven growth across the country. Similar analyses in other Asian contexts confirm that bridging digital divides is crucial for inclusive innovation ecosystems [29].

Another structural weakness lies in Indonesia's limited investment in research and development (R&D). Compared to advanced economies such as South Korea and Singapore, Indonesia's R&D spending remains low, restricting the creation of high-value knowledge and technology. Without robust R&D, entrepreneurship tends to focus on incremental rather than breakthrough innovations. This gap highlights how policies that

equate digital adoption with innovation may overlook the foundational role of research capacity in sustaining ecosystem growth [30].

The comparative experiences of Singapore provide a useful benchmark for Indonesia. Singapore’s government implemented cohesive policies that integrate R&D, entrepreneurship, and financing support into a single strategic framework [31]. By establishing venture capital incentives, public-private partnerships, and research commercialization programs, Singapore created a tightly linked ecosystem where policy and entrepreneurship reinforce one another. These measures demonstrate the value of consistency and clarity in national innovation strategies [32].

South Korea offers another important lesson, particularly in overcoming digital divides and building strong R&D capacity. Its sustained investment in digital infrastructure and universal access programs enabled widespread participation in the digital economy. At the same time, heavy investment in R&D ensured that innovation was not merely about technology adoption but also about developing new knowledge and global competitiveness. This combination allowed South Korea to evolve into a knowledge-driven economy while maintaining inclusivity [32].

Dimension	Indonesia	Singapore	South Korea
Policy Coherence	Fragmented across OJK, BI, Kominfo, Kemenkop; overlapping mandates.	Highly integrated national strategy; strong alignment of entrepreneurship, R&D, and finance.	Unified long-term innovation plans coordinated by central ministries.
Digital Infrastructure	Improving but uneven; <i>Palapa Ring</i> expanded access, yet rural areas still lag.	Universal high-speed internet; early investment in Smart Nation initiatives.	Near-universal broadband penetration; strong government support for 5G and advanced ICT.
R&D Investment	Low (<1% of GDP); limited	High (\approx 2% of GDP); emphasis on	Very high (>4% of GDP); strong focus on

Dimension	Indonesia	Singapore	South Korea
	university- industry collaboration.	commercialization and venture creation.	applied research and innovation clusters.
Entrepreneurship Support	MSMEs central (60% GDP, 97% jobs); startups growing in fintech/e- commerce.	Global startup hub; government provides grants, tax incentives, and venture capital programs.	Strong state-backed entrepreneurship; chaebols integrated with startup ecosystems.
Inclusion Focus	Policies for MSME digitalization and financial inclusion, but digital divide persists.	Inclusive but highly competitive ecosystem; emphasis on talent attraction and global connectivity.	Strong regional equity programs, but high competition limits SME survival.
Key Challenges	Fragmented regulation, digital divide, limited R&D, reliance on foreign capital.	Over-reliance on global talent and international markets.	Structural dominance of chaebols, SME marginalization despite innovation policies.

Other ASEAN nations also provide insights into ecosystem building. Malaysia and Vietnam, for example, have advanced industrial policies that link entrepreneurial support with national economic priorities. By ensuring that startup growth is tied to sectors such as manufacturing, health, or agriculture, these countries integrate policy and entrepreneurship more closely. Such approaches suggest that Indonesia could benefit from aligning entrepreneurial development with its own sectoral priorities to maximize impact [33].

For Indonesia, the implication is clear: a collaborative strategy is necessary to address fragmentation, the digital divide, and R&D gaps. Models such as the Triple Helix—where government, universities, and industries cooperate—have shown promise but require deeper institutionalization. Moving toward a Quadruple Helix by including civil society and environmental actors can further strengthen inclusivity. Such collaboration ensures that innovation is not only technologically advanced but also socially relevant and environmentally sustainable [34].

Ultimately, Indonesia's innovation ecosystem is at a crossroads. Policies have laid important foundations for entrepreneurship, yet challenges in coherence, inclusion, and R&D investment constrain their full potential. By learning from Singapore's policy coherence, South Korea's R&D focus, and ASEAN peers' sectoral alignment, Indonesia can strengthen the integration of policy and entrepreneurship. The way forward lies in collaborative governance and strategic investment, which together will ensure that the country's innovation ecosystem contributes to sustainable and inclusive development [35].

C. CONCLUSION

The findings of this study underscore that Indonesia's innovation ecosystem holds considerable potential to foster inclusive and sustainable growth. Government initiatives in digitalization, MSME empowerment, and startup promotion have laid an important foundation for entrepreneurial dynamism. Yet, persistent challenges such as fragmented policy implementation, limited R&D capacity, and regional disparities in digital access continue to hinder the full realization of these ambitions. The evidence suggests that while entrepreneurship has contributed significantly to job creation and financial inclusion, stronger integration with coherent policies and institutional coordination is needed to maximize impact.

To address these issues, the first recommendation is to strengthen policy coordination across institutions. Overlapping mandates between OJK, Bank Indonesia, Kominfo, and Kemenkop UKM create uncertainty that undermines both investor confidence and entrepreneurial growth. Establishing an integrated policy framework would enable more coherent governance and provide clearer guidance for ecosystem actors.

Second, it is crucial to design targeted incentives for startups that prioritize

inclusivity. Supporting ventures that serve marginalized communities, promote green technologies, or enhance regional economic equity will ensure that the benefits of innovation extend beyond metropolitan centers. Inclusive-oriented incentives can also align entrepreneurship with national development goals.

Third, expanding digital literacy programs and financial access for MSMEs is essential. While digital platforms have broadened opportunities, rural and small-scale entrepreneurs often lack the knowledge and resources to fully participate. Tailored financial products, combined with nationwide digital training initiatives, can empower MSMEs to leverage innovation for growth.

Fourth, fostering collaborative frameworks such as the Triple Helix, adapted to Indonesia's local context, will strengthen ecosystem resilience. Collaboration among government, universities, and industry must be broadened to include local communities and civil society actors, creating a more context-sensitive Quadruple Helix model. This would enhance not only innovation outcomes but also inclusivity and sustainability.

Finally, this study highlights opportunities for future research. Quantitative analysis of the impact of specific policies on startup and MSME performance would provide valuable evidence for policymaking. Furthermore, comparative studies across different industries such as fintech, tourism, and manufacturing could yield insights into sector-specific dynamics of innovation ecosystems. These avenues of research would complement qualitative findings and deepen understanding of how policies and entrepreneurship interact to drive inclusive growth.

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