

## **A Model for Improving Business Performance – The evidence from Women Entrepreneurs in West Java, Indonesia**

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### **Abstract**

*Gender is an important issue in modern businesses, especially for women-owned MSEs with insufficient work experience. Research indicates that among the primary challenges female entrepreneurs face are cultural norms, gender roles, and commercial incentives. The study focuses on the challenges faced by women-owned Micro and Small Enterprises (MSEs) in East Java Province, Indonesia, particularly in terms of gender roles and commercial incentives. The research aims to improve business performance in these MSEs by analyzing their situational aspects and developing a conceptual public policy model. The findings suggest that government involvement is crucial for fostering business performance improvement in these MSEs. Women also demonstrate leadership abilities, and strategic assumptions such as business networks, centralized coaching programs, and central government roles can significantly enhance their performance. The model is based on seven major issues affecting MSE business performance, including goods, data, competency, and public policy.*

**Keywords:** *Business Performance; Woman entrepreneurs; Micro, Small Size Enterprises (MSEs).*

### **INTRODUCTION**

Gender is a significant issue in modern companies, particularly for women-owned MSEs, which have limited work experience and are managed by women. The MSEs category used in this research is businesses that have annual sales of no more than 940,000 US Dollars.

Studies have shown that culture, gender characteristics, and business motivation are the major obstacles women entrepreneurs face in their business activities. The association between gender differences and business continuity has been debated, with some researchers arguing that gender issues impact the performance of women MSEs (Swati 2018; Küsel et al., 2020; Adinolfi et al., 2020; Kusumawardani et al., 2020; Rugina, 2019; Amanpreet, 2019).

However, this condition is not always similar across countries. Several studies have stated that there is no difference between male and female entrepreneurs under pressure in business (Majlath et al., 2019). The differences occur because of the different government support, culture, and business categories being run. Therefore, it is important to develop a model that can adapt to the conditions and characteristics of a business (Dias & Saizarbitoria, 2016; D. H. B. Welsh & Kaciak, 2018).

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The majority of female entrepreneurs face challenges from cultural perspectives, business motivation, and personal characteristics. These challenges can be attributed to factors such as access to financial institutions, entrepreneurial skills, low work experience, and government policies. Cultural perspectives, business motivation, and personal characteristics also contribute to these challenges (Hunt & Morgan, 1996; Hunt, 2012; Hunt & Madhavaram, 2006). A conceptual model to improve the business performance of women entrepreneurs should consider their business positions in the market. The resource advantage theory (R-A Theory) describes the position of a business in the market, emphasizing the importance of a company with a competitive advantage that comes from tangible and intangible resources. This theory states that three elements are involved: competitors, consumers, and public policy, specifically demonstrating the association among resources, position in the market, and financial performance as the ultimate goal.

In Indonesia, over 60% of existing businesses are managed by women, but their contribution to GDP and exports is low due to their small scale. Government support as a policymaker plays a significant role in the development of MSEs, but studies on government policies dedicated to women entrepreneurs have not been extensively explored. Achieving competitive advantage requires several supporting elements related to marketing capability, asset ownership, and market control.

Women-owned MSEs may not have the strength to survive without a competitive advantage in running their businesses. A business leader who does not have a competitive advantage will find it difficult to improve business performance. Therefore, it is necessary to have an in-depth understanding of strategies to improve the business performance of MSEs owned by women and to look at strategic issues that affect business performance.

Based on the problems mentioned above, it can be concluded that MSEs, especially those managed by women entrepreneurs without a competitive advantage, will not be able to maintain business sustainability. Good business performance is a means for survival. Given the urgency of these problems, it is necessary to conduct a study on a strategy model to improve the business performance of woman MSEs.

The ultimate goal of business ownership is to achieve good financial performance, leading to business sustainability. This study focused on women entrepreneurs with special needs and adopted resource-advantage theory, resource-based theory, and gender socialization theory to build a model to improve the business performance of women entrepreneurs. Therefore, this study identified the research question as follows: what dominant factor is affecting their financial performance from the competitive advantage owned by women entrepreneurs?

Several stages were conducted to obtain a conceptual model for improving the business performance of women entrepreneurs in Indonesia. The design of this study began with a literature review related to the challenges to the potential of women entrepreneurs in Indonesia. Female MSE entrepreneurs in Indonesia (direct actors) and several experts in the MSE field participated as respondents in this study. This research employed situational analysis and expert opinion to develop a conceptual model for improving the business performance of women-owned MSEs in Indonesia. The research design is illustrated in Figure 1.

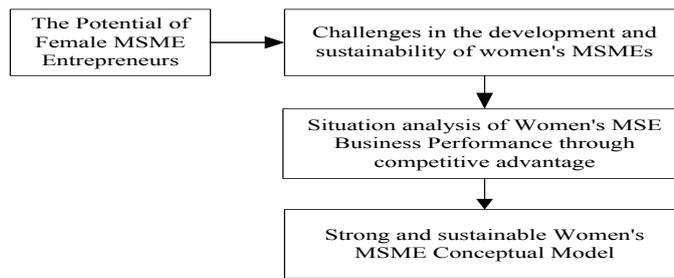


Figure 1. Research Framework

Theoretical Orientation

Resource-based Theory (RBT) was developed 20 years after the Resource-based View (Barney et al., 2011). The main proposition is that if a company wants to achieve a sustainable competitive advantage (SCA), it must acquire and control valuable, rare, inimitable, and non-substitutable resources and capabilities (Kraaijenbrink et al., 2010).

Gender socialization theory states that "gender identity is formed through the process of socialization during childhood" (Shawver & Clements, 2015). On the one hand, women managing a business are seen as more ethical than men because of the stereotypical notion that women are sensitive, emotional, too competitive, and not highly goal oriented. Men, on the other hand, are less ethical than women because of instrumental traits such as a strong sense of independence and competitiveness.

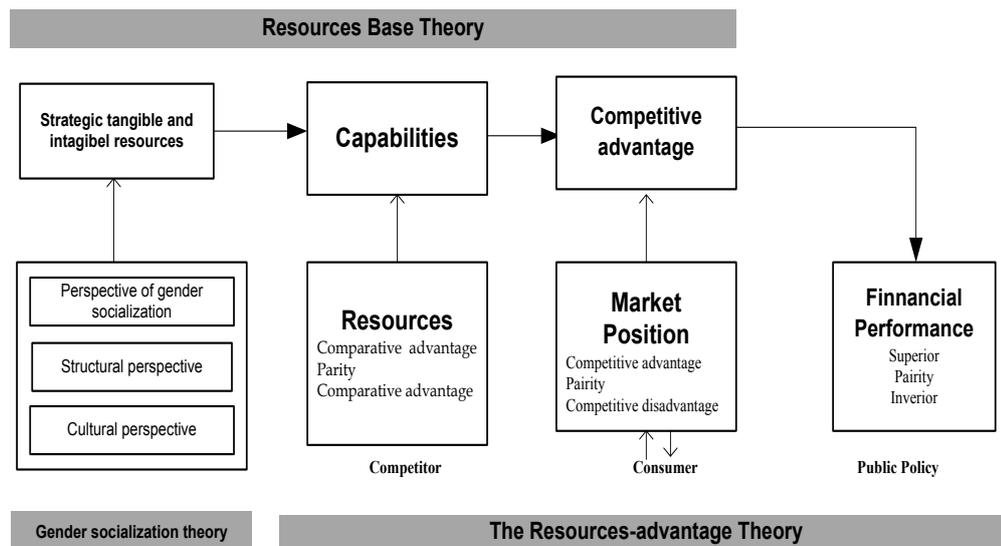


Figure 2. The Presence flow of Resource-base theory and Gender socialization theory in the Resource-advantage theory

Source: Created by the author

Competitive Advantage is an outcome of the ability to innovate, human capital, and entrepreneurial orientation (Ismail & Alam, 2019). The dominance of resources that are not easily imitated and that cannot be substituted is the natural strength of a company to build a competitive advantage. Research on gender roles related to business performance is presented in Table 3. The major challenges for women entrepreneurs in carrying out their business include the ability to balance their roles in the family and work as well as policy alignments towards businesses run by women (Adinolfi et al., 2020; Godin et al., 2017; Welsh et al., 2017).

Country conditions as well as cultural background are often factors that slow down the development of businesses carried out by women. Women from developing countries often have limitations in increasing their level of entrepreneurship (Swati, 2018; Wu et al., 2019; Dianne H.B. Welsh, Kaciak, Trimi et al., 2018).

Entrepreneurial women also have advantages based on their personal characteristics. Women entrepreneurs are more committed to developing the surrounding environment and building unique work networks. The success of a female entrepreneur is often linked to her ability to run a business in her preferred field (Ng & Fu, 2018; Adinolfi et al., 2020).

Gender differences affect business performance, networking, strategic differentiation, and access to government policies. Psychological characteristics and entrepreneurial education indirectly influence entrepreneurial intention, which is mediated by personal attitudes and perceived behavioral control. Factors influencing women entrepreneurs include the unemployment rate, funding ability, desire to earn extra money, education, family background, and dissatisfaction with work and experience. Women entrepreneurs face greater challenges due to balancing family life and work, but their commitment to entrepreneurship is higher. Policymakers must provide a conducive environment for women entrepreneurs, and their knowledge of business funding and education is crucial for their success. Female entrepreneurs often believe that success can be achieved with pleasure, making it essential to view entrepreneurship from a gender perspective (Adinolfi et al., 2020; Kusumawardani et al., 2020; Wu et al., 2019; Amanpreet, 2019; Godin et al., 2017; Holmquist & Sundin, 2020). Figure 1. is a depiction of the combination of the three theories used. The unique characteristics of women represent strategic tangible and intangible resources in Resource-based theory. When determining the required capability, the situation of competitors, consumers, and public policy is considered. The resource advantage theory is to gain a competitive advantage. Good achievement in financial performance is the expected result when a company has a competitive advantage. These three relationships are the basis for formulating hypotheses in this research.

### Hypothesis Development

Marketing activities are considered important for achieving a competitive advantage in a company. A company with a dominant development strategy will experience an increase in sales (Madan & Link, 2017; (Madan & Srivastava, 2015). A company's ability to always strongly identify its own resources may be a competitive advantage. Marketing is one of the resources that a company can employ to create a competitive advantage (Striteska & Prokop, 2020; Appiah-Adu et al., 1999). Excellence in marketing capability and market-based innovation are categorized as superior activities. Marketing capability is positively correlated with competitive advantage (Boles and Link, 2017 (Vorhies et al., 2011; Vorhies & Morgan, 2005). The correlation between the existence of capabilities and competitive advantage has directed several research hypotheses, as follows:

Hypothesis 1: Marketing capability demonstrates a positive effect on a competitive advantage

Marketing capability is linked to factors such as market control strategies and non-market strategies such as ICT Adapters. Marketing capability involves businesses' ability to analyze consumers, market orientation, and performance. Market orientation involves understanding customers, responding to competitors, and achieving a targeted market position. Marketing effectiveness is another factor that contributes to marketing capability as it involves a company's ability to understand customers and implement marketing strategies for business planning. Marketing capability is correlated with factors related to market control and non-market strategies (Parnell 2018). One non-market strategy that demonstrates a correlation with marketing capacity is ICT Adapter (control of information technology) as a tool for carrying out marketing activities related to the

achievement of competitive advantage (Dossena et al., 2021; Setiowati et al., 2015). Marketing capability includes the ability of businesses to analyze consumers, market orientation, and organizational performance (Louro et al., 2019; Kayabasi & Mtetwa 2016; Appiah-Adu et al., 1999).

An organization's ability to absorb various types of information to improve organizational performance demonstrates a positive correlation with its marketing capability. Information absorption allows a company to absorb information about competitors and consumers (Carraresi & Mamaqi, 2011) (Sok et al., 2017). Accordingly, four hypotheses associated with the variables that influence marketing capability are constructed.

- a. Hypothesis 1a: ICT Adaptation demonstrates a correlation to marketing capability
- b. Hypothesis 1b: Market Orientation demonstrates a correlation to marketing capability
- c. Hypothesis 1c: Marketing Effectiveness demonstrates a correlation to marketing capability
- d. Hypothesis 1d: Absorptive capacity demonstrates a correlation to marketing capability

It is difficult to measure competitive advantage. This is shown in company capabilities, expected products, or well-known brands. The dominance of resources that are not easily imitated and can be substituted is a company's natural strength to build competitive advantage (Wills-Johnson, 2008). The correlation between competitive advantage leadership and business performance is in line with the concept of SCA (Sustainable Competitive Advantage) in terms of financial excellence, leadership, differentiation, and focus. These factors must be owned by MSEs to continuously improve operational capabilities, ignore social and environmental activities, and have collaborative skills, assistance, and facilities from the government and organizations, as a competitive advantage that influences their business performance (Urban & Naidoo, 2012; Kesper, 2001; Oxborrow & Brindley, 2013). Based on the correlation between competitive advantage and business performance, the following hypothesis is formulated:

Hypothesis 2: Competitive Advantage demonstrates a positive effect on Business Performance

The government's role in the initial level of MSEs demonstrated a significant effect, but the government had to be prepared to build formal and informal institutions to improve social welfare. Innovation, government intervention, non-market strategies, and capabilities have been proven to increase the capability of MSEs. Understanding government intervention is one factor that can strengthen an organization's competitive advantage. Government intervention is generally considered to have an influence on strengthening the MSEs business performance. The existence of programs other than the financial aspect is also needed by entrepreneurs (Nohong et al., 2018); Choi et al., 2021). Based on this association, Hypothesis 3 was formulated as follows:

Hypothesis 3: Government Intervention on Competitive Advantage

## **RESEARCH METHOD**

### **Instrument Development**

A literature review model was developed to analyze the impact of competitive advantage on business performance. Four dominant groups influence marketing capability: ICT adaptation, marketing orientation, marketing effectiveness, and absorptive capabilities. A

hypothetical framework was constructed to analyze the competitive advantage of women-owned MSEs. Subsequently, a hypothetical framework for the correlation between variables was constructed to analyze the competitive advantage of women-owned MSEs, as illustrated in Figure 3.

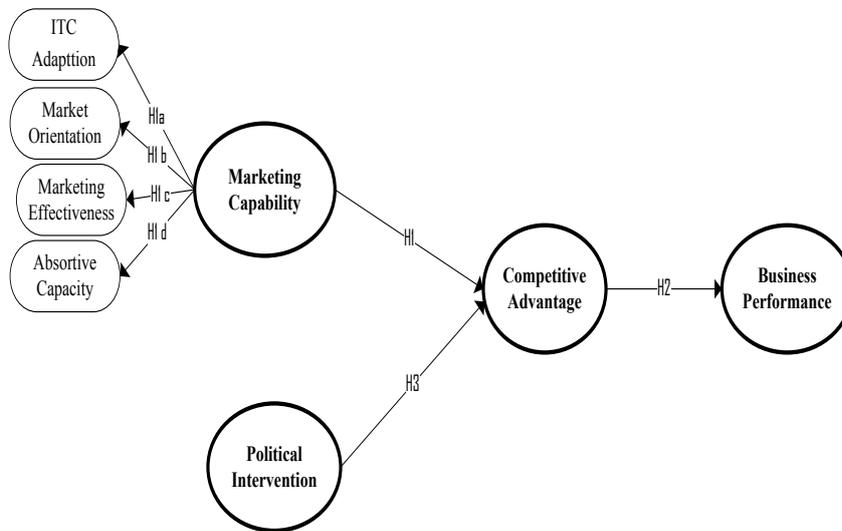


Figure 3. Situation Analysis Framework

Source: Created by the author

#### Data Collection

Respondents were consisted of MSE Entrepreneurs in West Java Province. The Purposive Sampling technique, with a business criterion of being owned and managed by women, was employed for the MSE entrepreneur respondents. The target population in this situation analysis was MSE entrepreneurs in the food sector registered in the Jabar Juara Program. The number of samples was determined based on (Hair, 2010), applying a 10 times rule of thumb, which allowed the minimum sample size to be calculated by 10 times the maximum number of arrowheads, pointing at a latent construct anywhere in the Partial Least Square (PLS) path model. Consequently, the minimum number of samples in this study was  $10 \times 3 = 30$  samples. The expert opinions collected in this research were those from policymakers at provincial and central levels, representatives from the community, and academics.

Questionnaires were distributed to obtain primary data for designing a competitive advantage model affecting MSEs, which describes the correlation between the variables of competitive advantage, business performance, and business sustainability using SEM PLS (Malhotra, 2010). The questionnaires used were from Bahasa Indonesia, as the targeted respondents were entrepreneurs and experts who were active in Indonesia. The questionnaire consisted of 38 questions with five ranges of values adopted from a Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The variables used in this study were latent and measurement variables, which consisted of exogenous and endogenous variables. The endogenous variables involved in the model are marketing capability, competitive advantage, business performance, IT adaptation, market orientation, marketing effectiveness, and absorptive capacity. Table 1 shows the definitions of the operational variables for each variable and the relevant literature. In this study, 218 samples were used. The data collected from business actor respondents were analyzed using the SEM-PLS approach utilizing SMARTPLS software. The detailed instrument of the structured questionnaires for survei is described in Appendix A.

### Data analysis

Structural equation modeling–Partial Least Square (SEM-PLS) is one of the classifications in the structural equation Modelling (SEM) method. SEM analysis is a combined method of regression, factor analysis, and path analysis. SEM is a multivariate technique that will show how represents a series of causal relationships in a path diagram ((Hair, 2010). The SEM method can be classified as covariance-based SEM (CB-SEM), component-based SEM or Partial Least Square (SEM-PLS). First, the measurement model was tested by evaluating the reliability and validity of the variables. A reliability test was performed using the composite reliability and loading factor values for each indicator. The validity test refers to convergent and discriminant validity values. Second, the structural model evaluation of the research framework referred to the R2 measurement value and significance level of the path coefficient. Model evaluation was also carried out by evaluating several indices: average path coefficient (APC), average R-squared (ARS), and average adjusted R-square (AARS) (Kock, 2017, 2019).

## RESULT AND DISCUSSIONS

### Result

A study of 218 MSE entrepreneurs in the West Java region focused on demographic characteristics, such as age, family position, education, and social media ownership. The majority of respondents were between 25 and 55 years old, with 92% being family members and 47% being heads of families. The majority had a good level of education, with 89% having a senior high school graduation or higher. Additionally, 98% of respondents owned social media accounts, indicating a digital culture.

Table 1. Demographics Characteristics of the Respondents (n=218)

Demographic characteristics	Classification	Percentage
Age	19-24 years old	2%
	25-55 years old	92%
	>55 years old	6%
Position in the family	Family members	53%
	Head of the family	47%
Education	Diploma	13%
	Masters and doctorates	3%
	Undergraduate	35%
	High school graduate	38%
	Junior high school graduate	12%
Ownership of social media accounts	Have social media accounts	98%
	Don't have social media accounts	2%

Source: The data is processed by the author

In this study, the business performance of MSEs in West Java involved eight latent variables. Evaluation of the measurement model had to meet several requirements, including convergent validity, model reliability, and discriminant validity. The convergent validity test was seen from the loading indicator factor value of  $> 0.5$ , and the AVE value of each latent variable was  $> 0.5$ . As shown in Figure 4, all indicators showed a loading factor value of  $> 0.5$ , indicating that all of these indicators met the convergent

validity requirements. Table 3 also shows the AVE value > 0.5 for each latent variable; therefore, it can be concluded that the model also meets the convergent validity requirements.

The next measurement was a reliability test of the model used to prove the accuracy, consistency, and precision of the instrument in the measurement of the constructs. The reliability test was conducted by measuring the composite reliability of reliable latent variables that showed a value above 0.7. Based on the results presented in Table 5, all latent variables demonstrated good, accurate, and consistent reliability, with a composite reliability value for each latent variable above 0.7. Discriminant validity testing was carried out based on the principle that different latent variable indicators should not be highly correlated (Ghozali, 2008). The discriminant validity test elaborated in the Appendix showed that all indicators had a larger cross-loading value on their latent variables compared to the other latent variables; therefore, the model met the discriminant validity requirements. In addition, the  $\sqrt{\text{AVE}}$  value > the correlation value between the latent variables also indicated that the model met discriminant validity (Table 2).

Table 2. Correlation Valid between Latent Variables and The  $\sqrt{\text{AVE}}$  value

	Absorptive Capacity	Business Performance	Competitive Advantage	ITC Adaption	Market Orientation	Marketing capabilities	Marketing effectiveness	Political Intervention
Absorptive Capacity	0,580							
Business Performance	0,218	0,566						
Competitive Advantage	0,285	0,378	0,508					
ITC Adaption	0,400	0,304	0,403	0,533				
Market Orientation	0,437	0,298	0,422	0,472	0,544			
Marketing Capabilities	0,392	0,276	0,360	0,461	0,444	0,581		
Marketing Effectiveness	0,377	0,322	0,449	0,430	0,478	0,451	0,585	
Political Intervention	0,231	0,458	0,529	0,314	0,321	0,301	0,376	0,590

Table 3. Average Variance Extracted (AVE) and Composite Reliability Values

	Composite Reliability	Average Variance Extracted (AVE)
Absorptive Capacity	0.822	0.697
Business Performance	0.907	0.664
Competitive Advantage	0.821	0.536
ITC Adaption	0.811	0.59
Market Orientation	0.824	0.614
Marketing Capabilities	0.921	0.701
Marketing Effectiveness	0.879	0.708

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Political Intervention	0.885	0.722
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Evaluation of the Structural Model on the bootstrapping results in Table 5 shows that marketing capability had a significant effect on Absorptive Capacity at the 5% level due to the t-statistic value > t-Table (1.96). Marketing capability variables demonstrated a significant effect on ITC Adoption Market Orientation, Marketing capability, and Marketing Effectiveness at the 5% level due to the value of t-statistics > t-Table (1.96). Competitive advantage had a significant effect on the marketing capability variables, and Political Intervention had a significant effect on competitive advantage at the 5% level due to t-statistics > t-Table (1.96). Moderating between Political Intervention and Marketing Capability had no effect on Competitive Advantage due to the t-statistic ≤ t-Table (1.96). Competitive advantage has a significant effect on Business Performance at the 5% level, due to the t-statistic value > t-Table (1.96).

Table 4. Path Coefficient and T-Statistic Values

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	Path coefficient	T-statistic	R-square
Marketing capabilities -> Absorptive Capacity	0,392	10.636*	0,221
Marketing capabilities -> ITC Adaption	0,461	15.194*	0,306
Marketing capabilities -> Market Orientation	0,444	12.065*	0,285
Marketing capabilities -> Marketing Effectiveness	0,451	12.493*	0,293
Marketing capabilities -> Competitive Advantage	0,164	4.475*	0,434
Political Intervention -> Competitive Advantage	0,456	14.453*	
Competitive Advantage -> Business Performance	0,378	10.054*	0,206

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Note: \*) significant effect at 5% (T-statistic > T-Table (1.96))

Source: The data is processed by the author

The effects of marketing capability on Absorptive Capacity (0.564), ITC Adaptation (0.664), Marketing Orientation (0.640), and Marketing Effectiveness (0.650) indicated that, if there was an increase in marketing capability, Absorptive Capacity, ITC Adaptation, Marketing capability, and Marketing Orientation also increased by a value path coefficient.

The effects of marketing capability and political intervention on competitive advantage are 0.236 and 0.656, respectively, indicating that competitive advantage increases if the two latent variables increase. Additionally, the effect of competitive advantage on business performance at 0.544 increases business performance by 0.544.

The Absorptive Capacity structural model produced an R-squared value of 31.8%, indicating that the model can describe the diversity of Absorptive Capacity at 31.8%, while the remaining 68.2% was described by other factors outside the model. The variable strength used to completely describe the other variables is shown in Table 4. The results of situation mapping regarding the variables that affected the business performance of MSEs in West Java are presented in Figure 4.

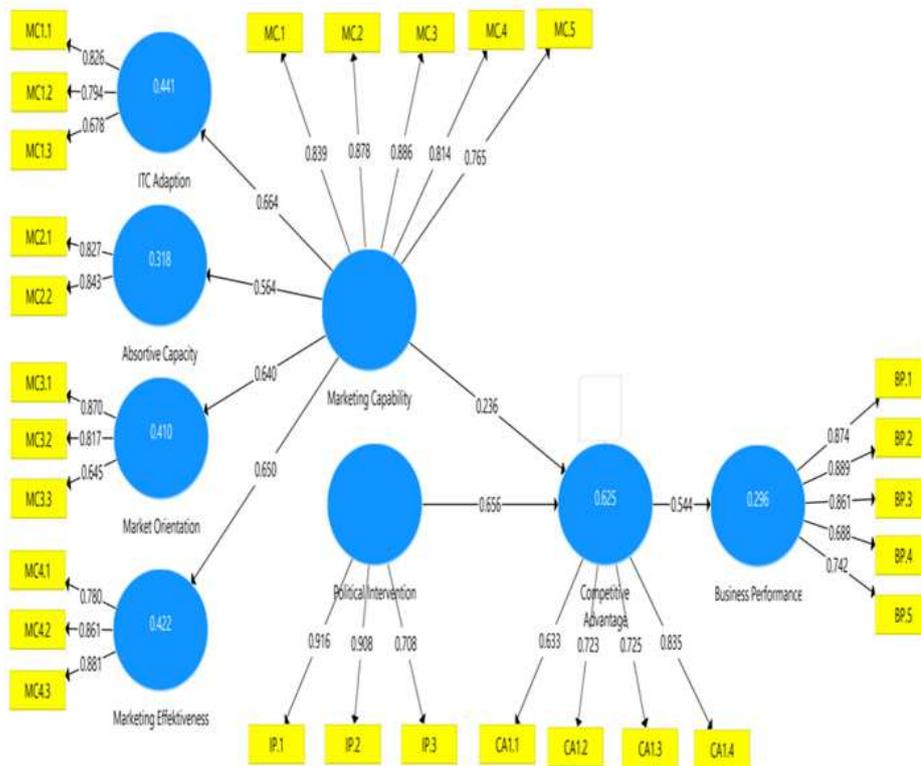


Figure 4. Loading Factor in The Measurement Model

Discussions

The correlation between the variables that would influence business performance improvement in this study was aimed at mapping the current situation faced by MSEs in West Java. SEM analysis was used to determine correlations between these variables. The results show a significant correlation between marketing capability and competitive advantage. This indicates superior marketing capability to be used as a supporting factor for companies to have a competitive advantage, as reported by (Striteska and Prokop 2020). The variable of MSEs marketing capability in West Java is affected by ITC Adaptation, Absorptive Capacity, market orientation, and marketing effectiveness. However, the ability to adapt to the ITC field has become a dominant role for entrepreneurs to have a competitive advantage. (Dossena et al., 2021).

The government’s role as a moderating variable was not sufficient to increase competitive advantage. Despite having a positive correlation, the variable had to have an immediate effect on increasing the competitive advantage. The existence of government, in general, did have an influence on strengthening the performance of MSEs, (Semil et al., 2020; Rahmawati et al., 2021). The government, particularly the Ministry of Cooperatives and SMEs, had a strategic plan derived from the to 2005-2024. This certainly provided the basis for policy derivation at the regional level. However, the involvement of a large number of related institutions has often become an obstacle to policy implementation. Governments always play a role in improving the performance of MSEs through interventions in marketing and finance (Semil et al., 2020; Yusoff et al., 2021). Knowledge about government support programs in the form of marketing and finance was a dominant indicator of the strength of government intervention. West Java, with its various regional characteristics, requires more action from the local government to formulate policies by considering the different characteristics of each region.

Marketing activities are considered important in achieving a competitive advantage, as company sales increase with a dominance strategy (Boles & Link, 2017). The increase in marketing capability discussed in this study reflects entrepreneurs' ability to determine targeted profits and sales. An entrepreneur's ability to design plans would definitely increase their competitive advantage. Therefore, it is necessary to provide provisions for entrepreneurs regarding good business plans. A previous study reported that the capability of marketing resources leads to performance improvements in small companies (Heirati et al., 2017; Sok & O'Cass, 2015). Additionally, marketing activities involve non-market-related strategies. The control of information technology has been shown to increase competitive advantage (Dossena et al., 2021; Parnell, 2018; Setiowati et al., 2015b). ITC Adaptation of MSE entrepreneurs in West Java has been reported to increase competitive advantage. The existence of technology in business activities is a factor that needs special attention since not every entrepreneur has sufficient digital literacy skills to use technology as part of their marketing activities.

The rapidly changing business world requires an understanding of customers and competitors. Entrepreneurs ought to have the ability to determine their marketing strategy. The ability to acquire consumer information is an indicator of entrepreneurs' absorptive capacity. The ability to absorb this information increases a company's marketing compatibility (Carraresi & Mamaqi, 2011; Sok et al., 2017). Market orientation is a type of marketing capability. A good level of market orientation is demonstrated by MSE entrepreneurs' ability to understand customer needs. MSEs that can compete are those that can understand their customers' demands. Understanding customers is often not a concern for MSEs. MSEs, especially in the micro category, have limited resources and focus only on production, without considering consumers' needs. Previous research has also shown a positive correlation between market orientation and the ability to analyze consumers (Louro et al., 2019; Sandra et al., 2020).

Marketing Effectiveness as a factor in establishing marketing capability has proven to be significant in a company that is able to understand its customers, manifested in the achievement of targeted markets (Appiah-Adu et al., 1999; Kayabasi & Mtetwa, 2016). In West Java MSE entrepreneurs, the company's commitment to marketing excellence is an important element for entrepreneurs to engage in effective marketing activities. Consistent efforts to carry out intense marketing activities demonstrate a greater opportunity to maintain a certain position in the market. However, competitive advantages are not easily measured. Furthermore, policymakers play a more dominant role than the MSE marketing capability level. The small scale of the business became a major cause for policymakers to not regard it as an important element for competitive advantage improvement. This condition illustrates the need-based importance levels of policies. Microscale businesses that dominate MSE entrepreneurs in West Java require special policies. According to (Choi et al., 2021), it is essential for the government to be prepared to build formal and informal institutions to improve social welfare. Therefore, strict procedures are required to ensure production quality and certificate/recognition of production efficiency.

Business performance in this study was based on interviews with entrepreneurs regarding their achievements over the past 12 months. An indicator reflecting the most dominant business performance is increasing profits. However, the perception of entrepreneurs also places consumer satisfaction as the least dominant element in reflecting business performance (Nohong et al., 2018). This condition requires special attention in line with the existence of programs other than the financial aspects that entrepreneurs also require to improve their business performance.

## CONCLUSION

Based on the correlation between competitive advantage, marketing capability, and political intervention, it is concluded that the political intervention of government involvement serves as an important factor to directly encourage business performance improvement of MSEs.

A conceptual model of competitive advantage to improve business performance for women MSEs was constructed based on seven main issues: (1) limited resources to innovate products; (2) difficulty in market access development; (3) continuity of raw materials; (4) insufficient knowledge in understanding consumers' needs; (5) incomplete information related to certification procedures; (6) government programs limited to socialization, not accompaniment; and (7) limited access to earn funds from financial institutions or the government. Therefore, a conceptual model was developed based on the policy strategy patterns.

Competitive advantage is a challenging issue and has become a topic of discussion among MSE researchers and experts over the past decade. Marketing capability has become a critical point for business performance. In this research, marketing capability became the main focus, as it consisted of the basic skills that entrepreneurs must possess to have the best position in the market. The results of this study demonstrate that marketing effectiveness is the most important factor for increasing marketing capability. These results provide a theoretical contribution to the development of competitive advantage-forming variables to improve MSE business performance by considering the special characteristics required by women entrepreneurs.

To improve the welfare of MSE entrepreneurs, central government policymakers must integrate five elements: the government, suppliers, retail company managers, companion agencies, and supporting institutions. A digital platform managed by the central-level government can serve as a center for MSE business development, catering to women-managed MSEs. This platform provides easy access to resources, integrates programmes, and ensures sustainability. Consistency in coaching programs will lead to increased business performance for MSEs, particularly for those managed by women.

This study was limited to a small region, West Java. In addition, there were limited answers and time during data collection from the women entrepreneurs. This study did not conduct an in-depth business analysis related to women's characteristics and did not involve innovation or correlation with food diversification. This research focused on the development of policies issued by government stakeholders, while studies on business productivity have not been conducted.

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