

## Building Sustainable Competitive Advantage: The Role of Social Capital and Innovation Capability in Women Entrepreneurship

Ramadani<sup>1\*</sup>, Ritha F Dalimunthe<sup>2</sup>, Amlys Syahputra Silalahi<sup>3</sup>  
Faculty of Economics and Business, Universitas Sumatera Utara, Medan  
Indonesia

**Corresponding Author:** Ramadani [ramadani@students.usu.ac.id](mailto:ramadani@students.usu.ac.id)

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### ABSTRACT

This study aims to examine the influence of social capital and innovation capability on competitive advantage in the context of women's entrepreneurship. Utilizing a quantitative approach with the PLS-SEM model, the study involved 300 respondents who are women entrepreneurs from various industry sectors. The findings indicate that social capital has a positive but insignificant effect on competitive advantage, while innovation capability has a strong and significant impact. These results highlight the importance of innovation as a key factor in creating sustainable competitive advantage, whereas social capital serves as an initial foundation for building business networks. Therefore, enhancing innovation capacity and access to technology should be prioritized in empowering women entrepreneurs to support the sustainability of their businesses in the future.

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## **INTRODUCTION**

In the rapidly shifting business environment, the pursuit of competitive advantage remains paramount for organizations aiming to outperform their competitors. A fundamental question persists: Is competitive advantage transient, or can it be sustained over time? This question becomes particularly relevant as firms grapple with evolving market conditions, technological advancements, and changing consumer behaviors.

Scholarly discourse on competitive advantage has evolved, recognizing both sustainable and temporary forms. While early studies focused on sustained competitive advantage, recent research, including O'Shannassy (2008) and Wiggins & Ruefli (2002), argues that firms often navigate a sequence of temporary advantages in response to market fluctuations. This dynamic underscores the need for a deeper exploration of the factors that contribute to both forms of competitive advantage, including resource management, organizational capabilities, and adaptability.

The Resource-Based View (RBV) has long provided a robust framework for understanding competitive advantage. According to Newbert (2008), the value and rarity of resources are crucial for gaining a competitive advantage, which directly impacts performance. Sirmon et al. (2010) further highlight the necessity of assessing both strengths and weaknesses in organizational capabilities to remain competitive. Beyond resource management, Liao et al. (2016) emphasize that absorptive capacity and knowledge transfer play critical roles in fostering sustainable competitive advantage through organizational learning.

In an era where sustainability is becoming increasingly vital, businesses are integrating sustainable practices to bolster their competitive positioning. Aligning strategies with global sustainability initiatives, such as the United Nations Sustainable Development Goals (SDGs), offers firms an opportunity to differentiate themselves in the marketplace (Tarnovskaya, 2023). Kuncoro and Suriani (2018) reinforce this notion, asserting that innovation and market-driving strategies are essential for achieving a long-term competitive edge in a sustainability-focused world.

Additionally, the strategic importance of e-commerce and supply chain management has gained prominence in shaping competitive advantage. Edwards (2004) highlights the role of effective supply chain relationships in enhancing efficiency and differentiation. Navarro (2024) further supports this view, noting that process management is critical for competitive advantage, especially for small and medium enterprises (SMEs). These insights illustrate that competitive advantage is multifaceted and requires a holistic approach to managing resources, capabilities, and external relationships.

A growing body of literature emphasizes the significance of social capital in shaping competitive advantage. Social capital, encompassing networks, norms, and social trust (Adler & Kwon, 2002), enables firms to build and sustain competitive advantages by fostering cooperation and innovation. Scholars like Mamun et al. (2018) have demonstrated how social capital enhances firm performance through entrepreneurial competencies and

innovation. Similarly, Tuominen et al. (2013) suggest that social capital strengthens community ties and collaborative relationships, particularly in consumer cooperatives.

Innovation capability has also emerged as a critical determinant of competitive advantage. Firms that prioritize innovation—whether in products, processes, or services—are better equipped to navigate dynamic markets and sustain superior performance (Sulistyo & Ayuni, 2019). The dynamic capabilities framework, which emphasizes the need for organizations to reconfigure their competencies to adapt to changing environments (Pundzienė et al., 2021), further supports the relationship between innovation and competitive advantage.

Despite the rich discourse surrounding competitive advantage, significant gaps remain in the exploration of social capital and innovation capabilities, particularly within the context of women's entrepreneurship. While research has underscored the role of social capital in enhancing firm performance, the specific mechanisms through which it interacts with innovation capability to create competitive advantages are underexplored, especially in women-led enterprises.

This study aims to investigate the influence of social capital and innovation capability on competitive advantage in the context of womenpreneurship. By addressing the gaps in existing research, this study seeks to contribute to the understanding of how women entrepreneurs can leverage social networks and innovation to gain a competitive edge.

The remainder of this paper is structured as follows: The literature review outlines key theories and studies related to the topic, identifying research gaps that guide the study. The methodology section details the data collection, sampling strategy, and statistical analysis techniques. The results section presents the key findings, followed by a discussion that interprets these findings in the context of the existing literature. The conclusion synthesizes the main insights and suggests directions for future research.

## **THEORETICAL REVIEW**

### ***Theoretical Framework***

The competitive advantage of women entrepreneurs ("womenpreneurs") can be understood through several vital frameworks, including Resource Advantage Theory, entrepreneurial competencies, and the role of innovation and technology. Resource Advantage Theory suggests that competitive advantage stems from unique, valuable, and hard-to-imitate resources (Özberk & Marangoz, 2020), while entrepreneurial competencies such as opportunity recognition play a critical role in enhancing this advantage (Zainol & Mamun, 2018). Innovation and creativity also drive success, with research showing that innovative behavior significantly strengthens competitive positioning (Setyaningrum & Muafi, 2022). Additionally, technology integration, particularly in e-commerce, and financial literacy are crucial for sustaining competitiveness (Hidayat, 2022; Malik, 2023). Education and financial literacy

further empower womenpreneurs to create superior products and services, bolstering their market advantage (Dalimunthe, 2023).

### ***Competitive Advantage***

Competitive advantage refers to the attributes or conditions that enable an organization to outperform its competitors. This can be achieved through cost leadership, differentiation, or niche focus and is often linked to unique resources and capabilities. Mahadewi (2023) defines competitive advantage as the ability to maintain a favorable market position, leveraging capabilities to create value that competitors cannot easily replicate (Kabue & Kilika, 2016). The Resource-Based View (RBV) emphasizes that sustainable competitive advantage arises from valuable, rare, and inimitable resources (Newbert, 2008). Firms with such resources are better positioned to outperform rivals (Fink, 2011).

The distinction between temporary and sustainable competitive advantages highlights the need for continuous innovation to maintain an edge (Huang et al., 2015; Shawabkeh, 2024). External factors, such as strategic partnerships and networks, also contribute to competitive advantage by providing access to additional resources (Sitaniapessy & Huwae, 2023). Moreover, corporate social responsibility (CSR) can enhance competitive advantage by differentiating firms through their commitment to social and environmental issues (Syed et al., 2023).

### ***Social Capital***

Social capital, a concept explored across various disciplines, refers to the networks, norms, and trust that foster coordination and cooperation for mutual benefit. It aligns with Robert Putnam's view on the importance of social organization in collective action (Woolcock & Narayan, 2000). It is seen as a resource derived from social relationships that enhance individual and community well-being (Payne et al., 2010). Scholars like Hawkins and Maurer highlight its role in addressing capital acquisition constraints in under-resourced communities (Hawkins & Maurer, 2011), while others like Faevskaya and Valueva emphasize its dynamic nature, tied to social norms (Faevskaya & Valueva, 2022). Social capital has been linked to positive outcomes in health, economic development, knowledge transfer, and innovation (Arthurson et al., 2014; Bhandari & Yasunobu, 2009; Wei et al., 2011). Its conceptualization continues to evolve, distinguishing between types such as structural and cognitive social capital and incorporating relational perspectives like Bourdieu's (Levkovski & Popovski, 2022; Ziersch et al., 2009).

### ***Innovation Capability***

Innovation capability is a multifaceted concept critical for organizations to generate and implement innovative ideas, driving competitive advantage and growth. It involves not only technological prowess but also integrating various organizational dimensions such as knowledge management, customer relationship management, and dynamic capabilities (Helge & Breunig, 2017; Wang & Ahmed, 2004). Key dimensions include idea management,

implementation, collaboration, and learning (Kmieciak et al., 2012; Iddris, 2016). External factors, such as relationship management and customer engagement, also play a crucial role in enhancing innovation capability and overall organizational performance (Panayides, 2006; Taghizadeh et al., 2018).

### *Hypothesis Development*

Social capital is increasingly recognized as a critical factor in shaping competitive advantage within organizations. It encompasses networks, relationships, and norms that facilitate cooperation and collective action, fostering innovation, employee engagement, and overall organizational performance. Social capital enhances innovation by promoting knowledge sharing (Abdollahzadeh & Gilaninia, 2015) and is a valuable asset that improves organizational outcomes (Shu-Wang et al., 2022). Leadership styles, such as transformational leadership, amplify the benefits of social capital by fostering collaboration (Nauman, 2023). Additionally, social capital strengthens employee engagement and cooperation, leading to higher productivity and organizational commitment (Sayadi & Hayati, 2014; Ko, 2019). It also serves as a substitute for financial and intellectual capital, enabling entrepreneurs to achieve competitive advantage through efficiency and knowledge sharing (Akintimehin et al., 2019).

#### H1: Social Capital Affects Competitive Advantage

Innovation capability is a key driver of competitive advantage across industries, enabling organizations to differentiate themselves and enhance customer value. Wingwon (2012) highlights that innovation allows firms to offer unique products or services, creating perceived value that is difficult for competitors to replicate. Lin et al. (2010) further emphasize that manufacturers with solid innovation capabilities outperform less innovative peers. For small and medium enterprises (SMEs), innovation is vital for navigating competitive pressures and achieving growth (Distanont & Khongmalai, 2018; Alghanmi, 2020).

In specific sectors like airlines, innovation helps companies adapt to market changes, leading to competitive advantage (Mohamed & Soliman, 2022). Continuous innovation is necessary to transition from temporary to sustainable competitive advantage (Huang et al., 2015). Integrating green supply chain management with innovation strategies enhances competitiveness, as shown by Novitasari and Agustia (2022). The Resource-Based View (RBV) supports the idea that firms must leverage unique resources, including innovation, to maintain market leadership (Lubis, 2022; Urbancová, 2013).

#### H2: Innovation Capability Affects Competitive Advantage

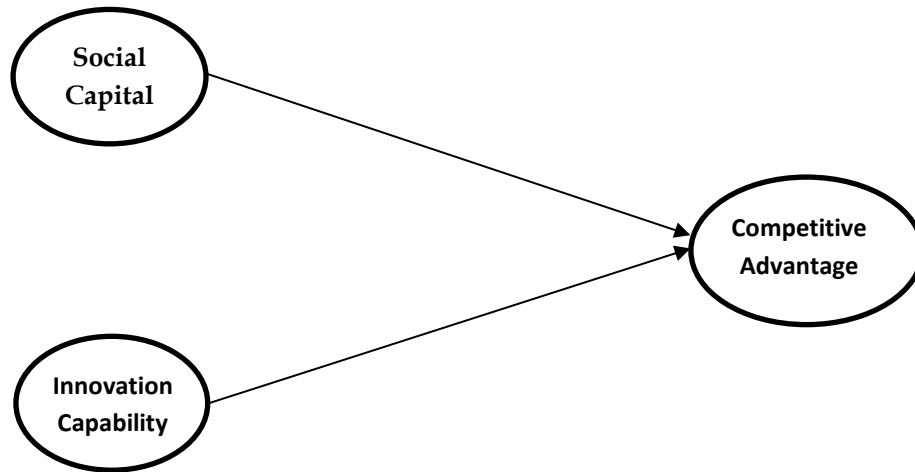


Figure 1. Conceptual Framework

**METHODOLOGY**

This study employs a quantitative research design to examine the influence of social capital and innovation capability on competitive advantage among women entrepreneurs. The population consists of women entrepreneurs from various sectors and regions. A sample size of 300 is targeted to ensure robust statistical analysis and generalizability. Three key constructs are measured: social capital (network size, quality, and trust), innovation ability (creativity, risk-taking, and innovation capacity), and competitive advantage (market share, customer satisfaction, and financial performance).

Data will be collected through an online questionnaire, and Partial Least Squares Structural Equation Modeling (PLS-SEM) will be used for analysis. The steps include data screening, confirmatory factor analysis (CFA), structural model analysis, path coefficient evaluation, and assessing model fit using R-squared values and other indices. This methodology allows for a detailed exploration of the relationships between social capital, innovation, and competitive advantage.

**RESULTS**

*Respondent Characteristics Analysis*

The following are the results of the analysis of demographic characteristics, including age, education level, community membership, of entrepreneurship, the type of business run, and the legalization of the business. The data produced provides important insights into business experience and the level of formality applied in these women entrepreneurs' efforts.

Table 1. Description of Individual Characteristics of Respondents

	Characteristic	Frequency	Percentage
Age	<21 Years	2	2.1
	21-30 Year	14	14.7
	31-40 Year	46	48.4
	41-50 Year	24	25.3
	>50 Year	9	9.5
Education	Elementary school	12	12.6

	Junior High School	16	16.8
	Senior High School	48	50.5
	Diploma	6	6.3
	Bachelor	14	14.7
	HAPSARI	52	54.7
	Deli Serdang SME's	18	18.9
	IWAPI	4	4.2
	IPEMI	3	3.2
	FKMI	1	1.1
<b>Community/Association</b>	Portugal	10	10.5
	Kelapa Muda	4	4.2
	Sunggal SME's	1	1.1
	Pasar Kamu	2	2.1
	Deli Serdang Cooperative	1	1.1

Source: 2024 Questionnaire

The majority of respondents in this study fall within the 31-40 age group (48.4%), a productive phase where work experience and economic stability support entrepreneurial ventures. This age group is typically more adaptable to innovation and technological changes. In contrast, younger entrepreneurs (<21 years) and older ones (>50 years) are less represented, at 2.1% and 9.5%, respectively. While younger entrepreneurs may lack experience and capital but show more innovation, older entrepreneurs tend to have stronger social networks but are less likely to take risks. Education levels also vary, with most respondents having a high school education (50.5%). Despite the lower levels of higher education, which only account for 14.7% bachelor's and 6.3% diploma holders, field experience and informal learning are key assets for these women entrepreneurs.

The respondents are mainly from the HAPSARI community (54.7%), a women's empowerment network providing social support and business training. Communities like HAPSARI, Deli Serdang SMEs (18.9%), and others such as Portugal (10.5%) and IWAPI (4.2%) play a vital role in building social capital. According to Granovetter (1985) and Coleman (1988), such networks offer access to resources and information crucial for business success. Strong social capital gained through these networks significantly enhances the entrepreneurs' ability to grow and sustain their businesses.

Table 2. Description of Respondent's Business Characteristics

	Characteristic	Frequency	Percentage
<b>Long Entrepreneurial</b>	<5 Year	2	2.1
	5-10 Year	14	14.7
	>10 Year	46	48.4
<b>Type of Business</b>	Culinary	62	65.3
	Arts, Creative, Tourism	7	7.4
	Agricultural and Livestock Cultivation	6	6.3
	Services and Trade	18	18.9
	Digital Business	2	2.1
<b>Legalization/Business License</b>	Halal Certificate	19	20.0
	NIB/OSS/IPRT	16	16.8
	SIUP/SITU/SKU	1	1.1
	HKI	1	1.1
	None	69	72.6

Source: 2024 Questionnaire

Most respondents in this study (48.4%) have over ten years of entrepreneurial experience, indicating that female entrepreneurs in Deli Serdang Regency possess significant expertise in navigating competitive markets. Such extensive experience is often linked to a better ability to manage uncertainty and risk, along with greater innovation when faced with business challenges, as suggested by Hmieleski and Baron (2008). The majority of these entrepreneurs (65.3%) are involved in the culinary sector, which is often favored due to its relatively low barriers to entry regarding capital and skill requirements. This sector tends to thrive in stable economic conditions and benefits from innovations in food products and marketing strategies, according to Zahra et al. (2006). Additionally, 18.9% are engaged in services and trade, which offers growth opportunities for those with strong managerial and marketing skills.

Despite their experience, a significant number of female entrepreneurs in Deli Serdang Regency lack official business legality, with 72.6% not possessing essential certifications such as Halal Certificates, Business Identification Numbers (NIB), or Trade Business Licenses (SIUP). The absence of formal business certifications can hinder their credibility with consumers, limit access to funding, and restrict market reach, particularly in a digital economy. Research by Welter (2011) underscores the importance of business legality for sustainability, as it provides security for both entrepreneurs and customers. Only 20% of respondents have a Halal Certificate, crucial for those in the culinary industry, while a mere 16.8% possess NIB/OSS/IPRT legality, and

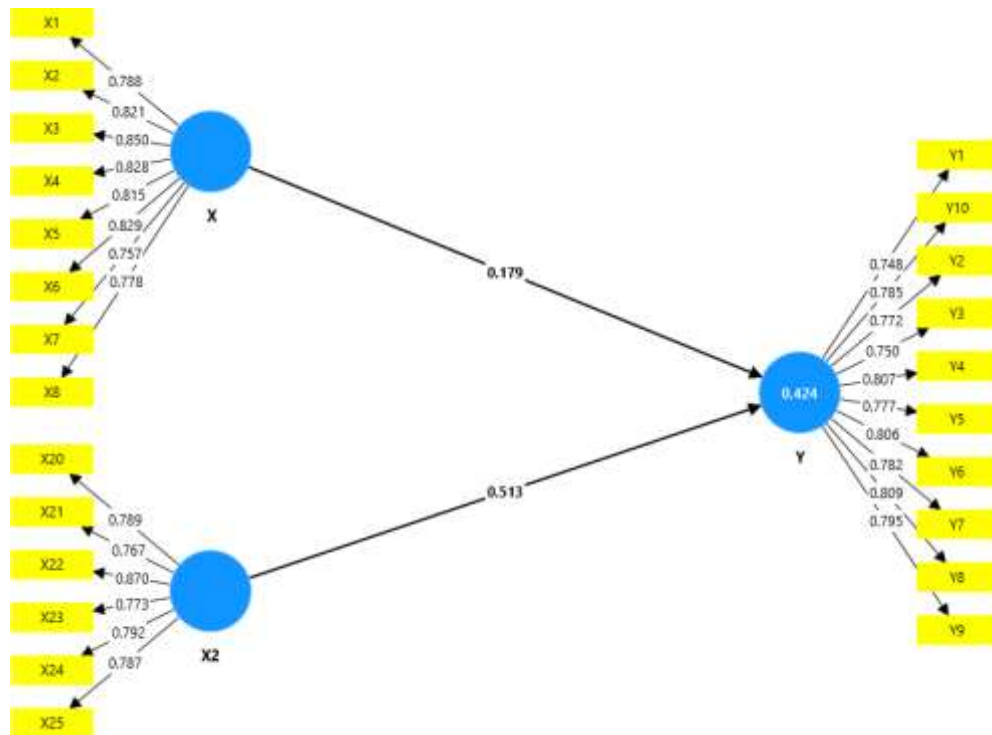


even fewer hold a Trade Business License (SIUP) or Intellectual Property Rights (IPR) at 1.1% each. This situation indicates that many micro-businesses operate without official permits, which may restrict their participation in formal markets and limit their access to government support programs.

**Analysis of the Results of SEM PLS Data Processing**

**1. Outer Model Testing (Measurement Model)**

The outer model testing in this study aims to evaluate the validity and reliability of the indicators used in the model. The test is carried out through convergent validity, discrimination validity, and reliability tests can be seen in the following figure:



**Figure 1. Outer Loading**

**2. Convergent Validity**

Table 3. Measurement Model

Construct	Item	Faktor Loading	AVE	CR	Cronbach's alpha
SC	SC1	0.788	0.654	0.931	0.925
	SC2	0.821			
	SC3	0.850			
	SC4	0.828			
	SC5	0.815			
	SC6	0.829			
	SC7	0.757			
	SC8	0.778			

<b>IC</b>	IC1	0.789	0.635	0.893	0.885
	IC2	0.767			
	IC3	0.870			
	IC4	0.773			
	IC5	0.792			
	IC6	0.787			
<b>CA</b>	CA1	0.748	0.614	0.932	0.930
	CA2	0.772			
	CA3	0.750			
	CA4	0.807			
	CA5	0.777			
	CA6	0.806			
	CA7	0.782			
	CA8	0.809			
	CA9	0.795			
	CA10	0.785			

Note(s): SC (Social Capital), IC (Innovative Capability), CA (Competitive Advantage)

The validity of convergence is tested through the outer loading of each indicator on the SC, IC, and CA variables. Based on the test results, all the outer loading values of the indicators for each variable are above the recommended minimum value, which is 0.7 (Ghozali & Latan, 2015), which shows that these indicators are valid in measuring the constructs they represent. In addition, the Average Variance Extracted (AVE) value for the SC variable was 0.654, IC was 0.635, and CA was 0.614. An AVE value greater than 0.5 confirms that more than 50% of the variance contained in each variable can be explained by its indicators, which meet the criteria for convergent validity (Fornell & Larcker, 1981).

### 3. Validity of Discrimination

Table 4. Fornell Lackel

No.	Construct	1	2	3
1	<b>SC</b>	<b>0.809</b>		
2	<b>IC</b>	0.699	<b>0.797</b>	
3	<b>CA</b>	0.538	0.638	<b>0.783</b>

Note (s): The numbers clarify the square root of AVE indicated in bold

For the validity of discrimination, the Fornell-Larcker method was used to compare the AVE root of each variable with the correlation between the variables. The results of the analysis showed that the AVE root of each variable was more significant than the correlation between other variables, which means that the validity of the discrimination was also met. This confirms that the construct used in this study has good validity and is reliable for measuring the phenomenon being studied (Bagozzi & Yi, 1988).

#### 4. Reliability Test

Reliability tests conducted using Cronbach's alpha and Composite Reliability showed that the values for all variables were above the recommended threshold of 0.7. Cronbach's alpha value for the SC variable is 0.925, for the IC variable is 0.885, and for the CA variable is 0.930. These results indicate that the research instrument is highly reliable, as suggested by Nunnally and Bernstein (1994).

#### 5. Inner Model



**Figure 2. R-Square**

Based on the results of the analysis of the R-Square test shown in the figure, a value of around 0.4 or 40% was obtained. This shows that the regression model used is able to explain about 40% of the variability of the dependent variables. In other words, 40% of the variation in the dependent variable can be explained by the independent variable used in the model. Although this value shows a moderate relationship between independent and dependent variables, there is still about 60% variability that the model does not explain. An R-Square value that is not close to 1 indicates that other factors have not been included in the model or more complex relationships that may not be accessible to the linear model used. However, it is essential to remember that in some areas of study, especially those involving social and psychological variables, lower R-Square values such as these are still acceptable due to the complexity of the relationships between variables. Suppose you want to improve the accuracy of the model. In that case, the next step might be to add another predictor variable, explore the interaction of the variables, or try a more appropriate non-linear model approach.

6. Hypothesis Testing

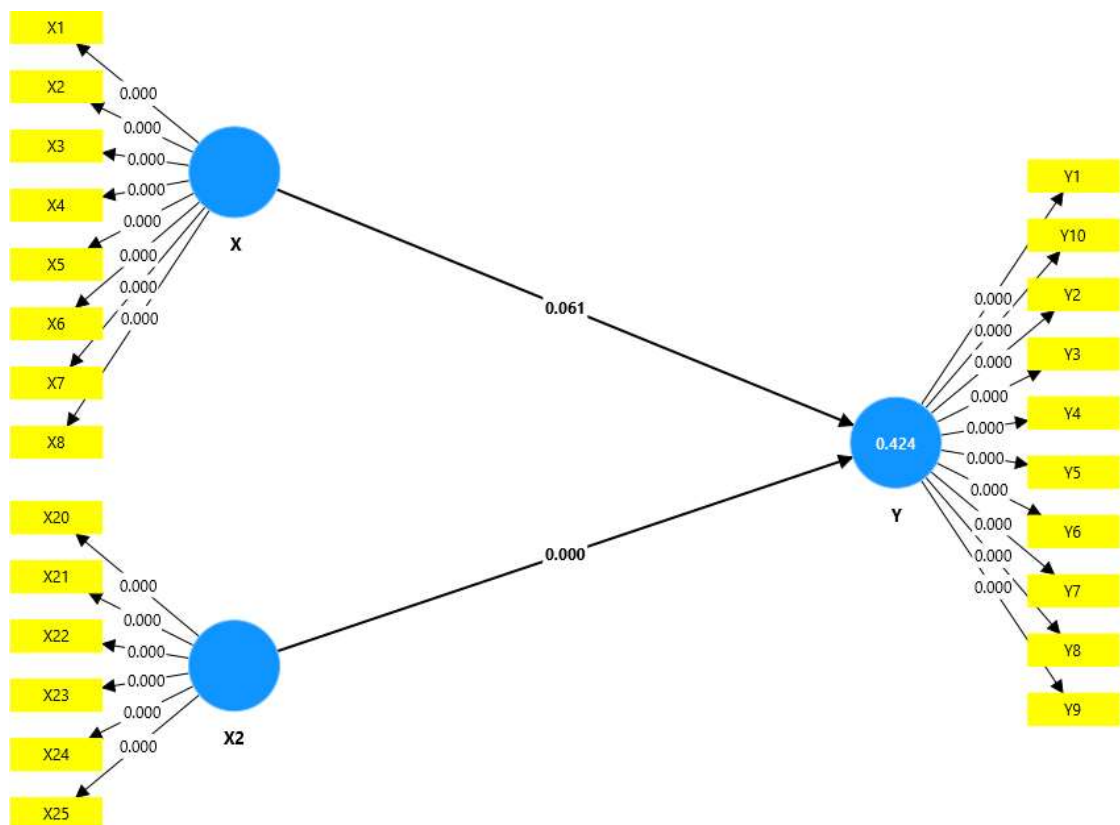


Figure 3. Hypothesis Testing

Table 5. Path Analysis

Relationship	Standard Beta	t-value	P-values	Result
H1 SC -> CA	0.179	1.876	0.061	Not Supported
H2 IC -> CA	0.513	5.131	0.000	Supported

Source: 2024 Questionnaire

Based on the path analysis results, two hypotheses were tested to determine the relationship between social capital (SC), innovation capability (IC), and competitive advantage (CA). The results of these two hypotheses provide different insights into the role of the two independent variables in building a competitive advantage.

The first hypothesis (H1) that tests the influence of social capital on competitive advantage yields a standard beta value of 0.179, which indicates a positive but insignificant influence. Although a t-value of 1.876 is close to the critical value of 1.96, a p-value of 0.061 is more significant than a significance level of 0.05, so this relationship is not significant at a significance level of 5%. However, at a significance level of 10%, this hypothesis can be supported. These results show that although social capital plays a role in building a competitive advantage, its role is not dominant. This is in line with the theory that social capital, as proposed by Coleman (1988), plays a vital role in facilitating

cooperation and information exchange within social networks. Some research suggests that social capital can support collaboration and information sharing among business actors, but in a highly competitive environment, competitive advantage requires more than just social networking (Kwon & Adler, 2021). In the context of women's entrepreneurship, social capital is often the initial foundation for building a business. However, it is not always adequate to compete in the broader market without innovation.

The second hypothesis (H2), which tests the influence of innovation capabilities on competitive advantage, shows significant results. With a standard beta value of 0.513, a t-value of 5.131, and a p-value of 0.000, this effect is significant at a significance level of 1%. This indicates that innovation capabilities have a solid and significant impact on increasing competitive advantage. This finding is in accordance with previous research, which emphasizes that innovation capability is one of the main factors in creating product and service differentiation, which ultimately provides a competitive advantage in the market (Teece et al., 1997). Research (Gürlek & Tuna, 2022) confirms that innovation is one of the critical factors in maintaining competitiveness, especially in the face of market disruption and changing consumer needs. Innovation allows businesses to be more adaptive and responsive, creating value that competitors do not easily replicate.

## DISCUSSION

This study aims to discuss the results of research that has been conducted related to the influence of social capital and innovation capabilities on competitive advantage in women entrepreneurs in Deli Serdang Regency. The theoretical model used in this study was developed by referring to a comprehensive literature review and empirical testing of relevant variables, namely social capital, innovation capability, and competitive advantage.

The researcher examined the direct relationship between social capital and innovation capability on competitive advantage and examined the influence of each of these variables separately. In addition, the researcher explored the significant role of these two variables in building sustainable competitiveness for women entrepreneurs. This research also looks at how innovation can be mediated by social capital and strengthens competitiveness through increased access to social networks and community support.

In the women's entrepreneurial sector in Deli Serdang Regency, social capital is often the primary foundation for building a business, especially in accessing local markets and resources. The results of the first hypothesis test (H1) show that social capital has a positive influence on competitive advantage. However, with a relatively small standard beta value (0.096) and a t-value of 1.876, it is close to being significant. A p-value of 0.061 indicates that social capital has an effect at a significance level of 10% but not at the level of 5%. These results show that social capital has an important role, but it is not a dominant factor in creating competitive advantage.

Social capital in this context can be interpreted as a network of social relationships that allow individuals or groups to obtain resources such as

information, support, or capital. According to Adler and Kwon (2002), social capital plays a vital role in expanding access to business opportunities and information. However, some recent studies show that in the context of a competitive market, social capital alone is not enough to create a significant competitive advantage (Kwon & Adler, 2021). In an ever-evolving and dynamic market, competitive advantage depends more on the ability to innovate and respond to change.

Lin's research (2022) shows that social capital can play a significant role in helping small companies build the foundation of a business network. However, ultimately, companies must improve innovation capabilities to maintain competitiveness. This is especially true in the women's business environment in Indonesia, where social capital is often in the form of support from local communities or families, which can help in the early stages but needs to be complemented by innovation capabilities to face greater competition.

The results of the second hypothesis test (H2) show that innovation capability has a much more significant influence on competitive advantage compared to social capital. With a standard beta value of 0.100, a t-value of 5.131, and a p-value of 0.000, it can be concluded that innovation capability is a critical factor in creating a competitive advantage. These results are in line with many previous studies that state that innovation is a critical factor for companies in creating added value that is not easily imitated by competitors (Gürlek & Tuna, 2022).

Innovation capability refers to an organization's ability to generate and implement new ideas in products, services, or processes that support business continuity. According to Schumpeter's innovation theory (1942), innovation is the main motor in economic growth and the creation of competitive advantage. Research that supports this view shows that companies that innovate sustainably have a more remarkable ability to maintain their relevance in the market (García-Sánchez et al., 2022).

In the context of women entrepreneurs in Deli Serdang Regency, innovation capabilities include their ability to introduce new products, utilize digital technology, and adapt business processes according to market needs. As revealed by Su et al. (2021), successful innovation requires not only new ideas but also proper execution in adapting products or services to consumer demands.

Overall, this study's results show that while social capital is essential, innovation capabilities have a more significant impact on creating competitive advantage. Women entrepreneurs in Deli Serdang Regency who participated in this study showed that social networks, including community and family support, contribute to business development. However, in the long run, innovation capabilities are a more decisive factor in their business success.

This study supports the findings of previous studies that state that innovation is one of the determining factors for the success of small and medium enterprises (SMEs) in the midst of a competitive business environment (Akpan et al., 2022). Furthermore, the results of this study also underscore the importance of increasing women's entrepreneurial access to innovation

resources, such as digital technology and specialized training in product development. This is reinforced by a study from McAdam et al. (2021), which emphasizes that women's empowerment in entrepreneurship requires greater access to innovation capital and technical knowledge.

Based on a theoretical perspective, this study strengthens the theory of social capital and innovation capability proposed by Coleman (1988) and Schumpeter (1942). Social capital remains relevant in building business networks, especially in the context of small businesses that rely on local communities. However, innovation capabilities have proven to be a key determining factor in creating a sustainable competitive advantage. This indicates that Schumpeter's innovation theory continues to be relevant in explaining entrepreneurial success in the modern era, where innovation is a critical pillar in market competition.

## **CONCLUSIONS AND RECOMMENDATIONS**

This study reveals that social capital plays an important role in supporting female entrepreneurs in Deli Serdang Regency, particularly in providing initial access to resources and local markets. However, innovation capability has a more significant impact on creating long-term competitive advantage. While social capital is valuable, it must be complemented by innovation to sustain competitiveness in dynamic markets. The implementation of these findings includes enhancing innovation training, increasing access to technological resources, and strengthening social networks to support innovation. The combination of social capital and innovation capability will bolster sustainable competitiveness for women entrepreneurs.

## **FURTHER STUDY**

This research offers valuable insights into the influence of social capital and innovation capabilities on the competitive advantage of women entrepreneurs; however, it has limitations. The study is confined to Deli Serdang Regency, limiting the generalizability of findings to other regions with different socio-economic contexts. It primarily relies on quantitative data, potentially overlooking the complexities of how social capital and innovation interact. Additionally, factors like market conditions, government support, and access to finance were not thoroughly examined. For future research, expanding the geographical scope to diverse regions could enhance understanding of these variables. Incorporating qualitative methods such as interviews or case studies could capture the nuances of social capital and innovation interactions. Further investigations might also consider external factors like policy support and market dynamics that influence the competitive advantage of female entrepreneurs.

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