

Improving Business Performance through Entrepreneurial Competence, Business Experience, and Business Innovation: Evidence from Women-Owned Culinary MSMEs in Makassar City

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Abstract: Women-owned culinary MSMEs are a key driver of the economy in Makassar City. Despite their increasing numbers, many entrepreneurs still face limitations in entrepreneurial Competence, business experience, and innovation capabilities. This situation affects their ability to improve competitiveness and performance sustainably. This study aims to analyze the influence of entrepreneurial Competence and business experience on the performance of women-owned culinary MSMEs in Makassar City and to examine the mediating role of business innovation from a Resource-Based View (RBV) perspective. This study used a quantitative approach with an explanatory research design. Data were collected through questionnaires distributed to women-owned culinary MSMEs in Makassar City. Data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM). The results indicate that entrepreneurial competence has a positive and significant effect on business innovation and business performance. Business experience influences business performance but does not have a direct impact on it. Business innovation improves business performance and mediates the influence of entrepreneurial competence and business experience on it. The findings of this study indicate that business innovation is a strategic capability that links entrepreneurial competence and business experience with improved business performance. This study extends the application of the Resource-Based View theory to women-owned culinary MSMEs. It provides new empirical evidence on the importance of business innovation in improving performance.

Keywords: entrepreneurial competence; business experience; business innovation; business performance; women entrepreneurs

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INTRODUCTION

The Entrepreneurship-based economic transformation has shifted the role of small-scale businesses from mere income-generating instruments to strategic actors in building local economic resilience (Astuty et al., 2024; Imanuella et al., 2025). Women-run culinary businesses have shown significant growth due to their ability to integrate productive economic activities with the community's social and cultural characteristics (Jabeen et al., 2020; Kamberidou, 2020). The

involvement of women as entrepreneurs not only reflects increasing economic participation but also demonstrates a shift in empowerment patterns from economic dependence to financial independence (Bharti, 2021; Boateng, 2021). This phenomenon is increasingly relevant amid changing market structures that demand creativity and a high capacity for innovation to survive in increasingly dynamic competition.

Nationally, women make a significant contribution to entrepreneurial activity in Indonesia. Data from the Ministry of Cooperatives and SMEs indicate that women manage approximately 64.5% of Indonesian MSMEs, most of which operate in the food and beverage sector, one of the leading subsectors of the national creative economy. The high level of female participation in this sector demonstrates that entrepreneurial activity not only increases household income (Ge et al., 2022), but also promotes economic empowerment and reinforces local economic development (Andriamahery & Qamruzzaman, 2022). This indicates that women have become economic actors with a strategic role in creating added value, expanding employment opportunities, and supporting economic growth.

A similar phenomenon is also evident in Makassar City, one of the main centers of economic growth in Eastern Indonesia. The dynamic development of business activity is reflected in the high number of MSMEs operating in various economic sectors. Data shows that the number of active MSMEs reaches tens of thousands of business units, with an estimated 135,000 businesses managed by women, and approximately 47,000 of these units operate in the culinary sector, which is a dominant sector in the regional economic structure (BPS Kota Makassar, 2023; Otoritas Jasa Keuangan, 2024). The high level of women's involvement in the culinary sector is influenced by abundant business opportunities, growing public demand for food and beverage products, and flexible business management, which allows women to pursue economic activities without neglecting their domestic roles.

Women culinary MSMEs in Makassar City are an interesting area of research. Women are the dominant group of entrepreneurs in this sector, yet businesses still face various challenges. A major problem is inadequate entrepreneurial competence, particularly in business planning, financial management, marketing, and strategic decision-making (Somià, 2025). Furthermore, some entrepreneurs have relatively limited business experience, which limits their ability to anticipate market changes and manage business risks effectively (Afshan et al., 2021). This condition also affects the low ability to develop and implement business innovations, whether in the form of product, process, or marketing innovations (Huang et al., 2022; Machado et al., 2023). Consequently, many of these enterprises struggle to enhance competitiveness and sustain growth in an increasingly competitive market.

Empirical studies on the factors influencing business performance have been extensively researched. Research by Aidara et al. (2021) and Fazal et al. (2022) found that entrepreneurial competence strengthens performance by enabling entrepreneurs to recognize opportunities, manage resources, and formulate strategic decisions. Furthermore, Dzhengiz and Niesten (2020) that business experience increases entrepreneurs' capacity to navigate uncertain business environments by fostering knowledge accumulation and learning from business activities. Meanwhile, Buccieri et al. (2023) and Farida and Setiawan (2022) likewise described business innovation as a capability that allows firms to differentiate their offerings and reinforce their market position.

Nevertheless, previous findings remain inconsistent. Entrepreneurial competence does not automatically improve business performance because its benefits depend on the entrepreneur's ability to apply that competence into productive business practices. (Kovid et al., 2025; Sakib et al., 2022). Business experience may also fail to enhance performance when owners cannot adapt or apply accumulated knowledge to strategic decisions. Cowling et al. (2018) for example, found no substantial effect of entrepreneurial experience on small-business performance, while Jiao et al. (2023) reported that the effect of experience varies according to its type and the business context. Similarly, innovation may not directly improve performance when it does not create economic value that corresponds with market needs (Ibrahim, 2023; Latifi et al., 2021).

Numerous studies have been conducted in Indonesia on the relationship between entrepreneurial Competence and MSME performance. For example, Subagyo et al. (2020) found that entrepreneurial Competence contributes to improved MSME business performance. However, this research is still general in nature and has not specifically examined how entrepreneurial Competence plays a role in the context of culinary MSMEs owned and managed by women. Similarly, Lestari et al. (2025) examined women's entrepreneurship by emphasizing financial literacy, financial inclusion, and access to finance as determinants of entrepreneurial development, performance, and sustainability. However, previous research has not adequately explained how entrepreneurial competence and business experience are converted into stronger performance through business innovation as a strategic capability. Evidence based on the RBV perspective also remains limited, particularly for women-owned culinary MSMEs. Therefore, this study investigates business innovation as a mediator of the relationships between entrepreneurial competence, business experience, and business performance among women-owned culinary MSMEs in Makassar City.

This study contributes to the literature on women-owned business performance by explaining the relationships among entrepreneurial competence, business experience, business innovation, and business performance. In addition to extending empirical evidence in the culinary MSME context, the findings can inform programs designed to strengthen women's entrepreneurial capacity. Accordingly, the study aims to analyze the effects of entrepreneurial competence and business experience on the performance of women-owned culinary MSMEs and to examine whether business innovation mediates these relationships in Makassar City.

This study adopts the Resource-Based View (RBV) approach to explain the role of internal resources in business growth. According to Barney (1991), resources that are valuable, rare, difficult to imitate, and non-substitutable can form the foundation of competitive advantage. For MSMEs, these resources encompass not only physical assets but also the knowledge, skills, experience, competencies, and managerial capabilities of the business owner. Internal resources benefit the business when they are effectively managed and utilized within business activities (Barney, 1991; Barney et al., 2021).

In this study, entrepreneurial competence is viewed as an internal resource possessed by female culinary MSME owners in Makassar City. This competence enables business owners to understand business situations, identify opportunities, develop ideas, and determine appropriate courses of action. Such capabilities can foster business innovation, as competent entrepreneurs are better able to recognize opportunities, respond to market changes, and transform ideas into new products, processes, or business practices. Umar et al. (2018) found a positive and significant relationship between entrepreneurial competence and innovation in SMEs, particularly regarding product and process innovation. Similarly, Ibidunni et al. (2021) demonstrated that entrepreneurial competence encompassing skills related to opportunity, learning, strategy, organization, conceptualization, and risk-taking contributes significantly to higher innovation performance among SMEs in the informal sector. Likewise, research by Jundulloh and Nasution (2024) found that entrepreneurial competence positively influences innovation capabilities within Indonesian MSMEs. These findings suggest that entrepreneurial competence provides an important foundation for business owners to develop and implement innovation in response to business opportunities and changing market conditions.

This relationship can be further explained through the Resource-Based View (RBV), which views entrepreneurial competence as an intangible internal resource that enables business owners to effectively utilize their knowledge and skills to create value (Barney, 1991). Through these competencies, business owners can identify opportunities, develop new ideas, and adapt their business activities to changing customer needs, thereby transforming existing resources into innovative activities (Umar et al., 2018). In culinary MSMEs, these capabilities can support innovation in products, services, marketing, and business processes. Thus, business innovation represents the application of entrepreneurial competence to create and implement new or improved ways of delivering value to customers. Based on theory and the results of previous research, the hypothesis of this study is formulated as follows:

H1: Entrepreneurial competence has a positive and significant effect on business innovation

Business experience is a source of knowledge that can support the development of business innovation. Through running a business, owners gain knowledge and insights from interactions with consumers, suppliers, and competitors, as well as from responding to changing market conditions. This experience helps business owners understand customer needs, evaluate existing products and business practices, and recognize opportunities for business development and innovation. Entrepreneurial experience can support innovation activities by providing business owners with knowledge and networks that facilitate the identification and development of new opportunities (Tan et al., 2026). Managerial experience is also associated with innovation development in MSMEs, as previous experience can contribute to the knowledge and capabilities needed to pursue innovative activities (Sinha et al., 2022). Furthermore, entrepreneurial experience can form part of the learning process through which business owners accumulate knowledge and develop capabilities that support business development and innovation (Vaillant & Lafuente, 2019). Based on this explanation, the proposed hypothesis is:

H2: Business experience has a positive and significant effect on business innovation

Business management depends not only on available resources but also on the business owner's ability to effectively manage and utilize those resources. Entrepreneurial competence encompasses the ability to recognize opportunities, make decisions, manage resources, and adapt strategies to market conditions (Tittel & Terzidis, 2020). Business owners with strong competence tend to be better at understanding consumer needs, resolving business issues, managing operations, and capitalizing on available opportunities (Kovid et al., 2025). These capabilities enable entrepreneurs to utilize their resources more effectively and contribute to improved business performance. Based on this explanation, the proposed hypothesis is:

H3: Entrepreneurial competence has a positive and significant effect on business performance

Business experience shapes a business owner's ability to conduct and manage business operations (Tao et al., 2018). Such experience is gained through direct involvement in various business activities, such as interacting with customers, managing suppliers, understanding competitors, handling finances, and executing marketing activities. The more experience an owner possesses, the broader their practical knowledge regarding market conditions, consumer characteristics, and the various risks that may arise in business operations (Presutti & Odorici, 2019). This experience helps owners make decisions, solve problems, and adjust business management to the conditions they face. Based on this explanation, the proposed hypothesis is:

H4: Business experience has a positive and significant effect on business performance.

Business innovation refers to the ability of business owners to introduce new or improved products, services, marketing methods, technologies, and business processes (Herlinawati & Machmud, 2020). These innovations include developing new products, improving product characteristics, enhancing services, adopting different marketing approaches, using technology, and modifying work processes. In the culinary MSME sector, innovation is reflected in the development of products and services that respond to changing consumer preferences and market conditions (Jamai et al., 2021). Innovative business owners can offer distinctive products, provide new customer experiences, and strengthen their position in competitive markets. Innovation also represents an important aspect of MSME performance, particularly through the ability to develop and implement new ideas in business activities (Octasylya et al., 2022). Based on this explanation, the proposed hypothesis is:

H5: Business innovation has a positive and significant effect on business performance

Entrepreneurial competence refers to a business owner's ability to operate and expand business activities. This competence encompasses identifying opportunities, understanding market needs, managing resources, making decisions, and resolving business problems (Suksod, 2020). Entrepreneurial competence also relates to the ability to develop ideas and adapt strategies to changes in the business environment (Koliby et al., 2024). In practice, these abilities can be applied through product development, service enhancement, the use of marketing methods, the utilization of technology, and the improvement of work processes. Business innovation encompasses various updates to products, services, marketing, technology, and

business processes. Based on this explanation, the proposed hypothesis is:

H6: Entrepreneurial competence has a positive and significant effect on business performance through business innovation.

Business experience refers to the knowledge and understanding business owners acquire through direct involvement in business operations. This experience is shaped by various activities, such as managing the business, interacting with customers, addressing challenges, and adapting to changing market conditions. Prior experience serves as a source of knowledge, enabling business owners to identify opportunities and determine courses of action suited to the business's circumstances (Tan et al., 2026). Knowledge gained through experience can be leveraged to develop and implement various forms of innovation within business operations. Sinha et al. (2022) demonstrate that prior business experience is linked to learning and innovation activities that influence SME performance. Such innovation can be implemented through product development, service enhancements, the adoption of new marketing methods, the utilization of technology, and improvements to operational processes. Innovation practices within MSMEs are also associated with improved performance and business sustainability. Based on this explanation, the proposed hypothesis is:

H7: Business experience has a positive and significant effect on business performance through business innovation.

Based on the relationships between variables outlined above, the conceptual model of this study is presented as follows:

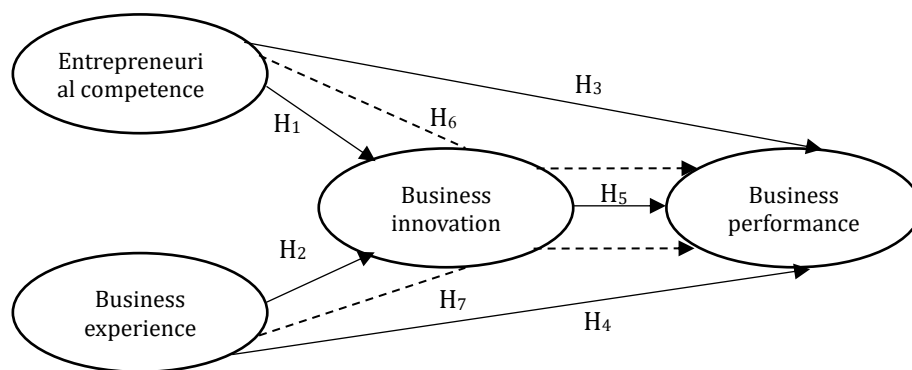


Figure 1. Conceptual Framework

METHOD

This research uses a quantitative approach with an explanatory design to examine the relationship between entrepreneurial competence, business experience, business innovation, and business performance in women-owned culinary MSMEs in Makassar City, South Sulawesi. The unit of analysis in this research is women who own and are directly involved in managing culinary MSMEs. The selection of respondents was carried out using a purposive sampling technique based on predetermined criteria, namely: (1) women who own MSMEs in the culinary sector; (2) have been running a business for at least 2 years; and (3) are directly involved in business management. Respondents' compliance with these criteria is verified through filter questions, which include business ownership status, type of business, length of time running the business, and involvement in business management. The verification process is carried out before respondents fill out the questionnaire, either directly or through initial questions on Google Forms for respondents who fill out the questionnaire online. The sample size was determined by considering the needs of Partial Least Squares-Structural Equation Modeling (PLS-SEM) analysis. The sample size was determined using a priori statistical power analysis, considering the maximum number of three predictors in the endogenous construct, a minimum effect size $f^2 = 0.10$, a significance level $\alpha = 0.05$, and statistical power of 0.80, without including control variables. In addition, the adequacy of the sample size was also considered based on the guidelines of Hair et al. (2019) regarding the number of indicators in the model. Based on these

considerations, this research determined 180 respondents who met all the criteria and were declared valid for analysis. This number is considered adequate for model testing using PLS-SEM.

Data were collected by administering a structured questionnaire either directly to respondents or online via Google Forms. Each item used a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) to capture respondents' perceptions of the study variables. Before the main survey, the researchers conducted a pilot test with a group of respondents to evaluate the clarity of the questions and assess the instrument's validity and reliability. The pilot results showed that the items satisfied the required criteria and could be used in the main study. The indicators used to operationalize each construct were derived from and adjusted based on relevant prior research to maintain content validity. Entrepreneurial competence was assessed through six indicators based on Tehseen et al. (2019) and Mai and Thai (2025), these indicators include of opportunity recognition, networking ability, conceptual thinking, organizational capability, strategic competence, and commitment. Business experience was represented by five indicators adapted from Peng et al. (2020) and Jiao et al. (2023) including experience in establishing a business, employment experience, managerial experience, and overall entrepreneurial experience. Business innovation was evaluated using four indicators derived from Latifah et al. (2021) and Octasyilva et al. (2022) covering product innovation, product improvement, market expansion, and new product development. Meanwhile, business performance was examined using four indicators adapted from Yadewani et al. (2023) and Farida and Setiawan (2022) including business growth, profitability, customer satisfaction, and increased market share.

The collected data were analyzed using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS software. This analytical technique was selected because it is suitable for simultaneously testing complex relationships among latent variables, including mediation effects, while accommodating relatively small sample sizes and data that may not meet the assumptions of multivariate normality (Hair et al., 2019). The analysis was conducted in two stages. The first stage evaluated the measurement model (outer model), including convergent validity, discriminant validity, Cronbach's Alpha, Composite Reliability, and Average Variance Extracted (AVE). The second stage evaluated the structural model (inner model), including the coefficient of determination (R^2), path coefficients, hypothesis testing through bootstrapping, and mediation analysis.

To assess potential common method bias in self-reported questionnaire data, the study applied Harman's single-factor test using exploratory factor analysis. The first unrotated factor accounted for less than 50% of the total variance, indicating that common method bias was unlikely to constitute a major problem. The study also examined inner Variance Inflation Factor (VIF) values to identify possible multicollinearity among predictor constructs before interpreting the structural model. The study followed ethical research principles: participation was voluntary, respondents received information about the study's objectives before completing the questionnaire, and all responses were kept confidential and anonymous and used only for academic purposes.

RESULTS AND DISCUSSION

Research Results

Respondent Demographics

The analysis includes 180 valid questionnaires were included in the analysis. All respondents are female culinary MSMEs in Makassar City who have been running their businesses for at least 2 years and have experience managing their business activities directly. This condition ensures that respondents can provide accurate and informative assessments regarding entrepreneurial competence, business experience, business innovation, and business performance.

Table 1. Respondent Profile (n = 180)

Category	Sub-category	Frequency	Percentage (%)
Age	21 - 30 years	68	37.8
	31 - 40 years	62	34.4
	> 40 years	50	27.8
Education	Senior High School	76	42.2
	Diploma/Bachelor's degree	90	50.0
	Postgraduate	14	7.8
Length of Work	2 - 3 years	88	48.9
	4 - 5 years	59	32.8
	> 5 years	33	18.3
Business Sector	Food	114	63.3
	Beverage	66	36.7

Source: Processed survey data, 2026

Table 1 shows that respondents aged 21–30 years constituted the largest age group, accounting for 37.8% of the total sample. This proportion indicates the strong participation of women in the productive age category. Respondents with a diploma or bachelor's degree comprised 50.0% of the sample, suggesting that a substantial proportion had formal educational backgrounds that could support business management and development. Respondents who had operated their businesses for two to three years represented 48.9% of the sample. This finding indicates that many of the businesses were still strengthening their market positions and adapting their operations. Respondents engaged in the food subsector accounted for 63.3% of the sample, reflecting the consistently high demand for food as a basic consumer need.

Validity and Reliability

Validity and reliability assessments are conducted to determine whether the research instrument measures the intended construct accurately and consistently. Validity tests determine the extent to which indicators represent the research variables, while reliability tests assess the consistency of respondents' responses to each indicator.

Table 2. Convergent Validity

Construct	Indicator	Loading Factor	AVE
Entrepreneurial Competence	EC.1	0.741	0.569
	EC.2	0.762	
	EC.3	0.790	
	EC.4	0.757	
	EC.5	0.734	
	EC.6	0.739	
Business Experience	BE.1	0.815	0.616
	BE.2	0.803	
	BE.3	0.785	
	BE.4	0.734	
Business Innovation	BI.1	0.703	0.594
	BI.2	0.811	
	BI.3	0.744	
	BI.4	0.818	
Business Performance	BP.1	0.751	0.613
	BP.2	0.817	

BP.3	0.756
BP.4	0.804

Source: SmartPLS output, 2026

Table 2 shows that the measurement model evaluation results indicate that all indicators have loading factor values above 0.70, thus meeting the convergent validity criteria. All variables exhibit high loadings, indicating that the indicators adequately represent the research constructs. The Average Variance Extracted (AVE) values for all variables are also above 0.50, indicating that the constructs adequately explain the indicator variance. All variables in this study are declared valid and reliable, making them suitable for further analysis. The following is a picture of the PLS-SEM model test results

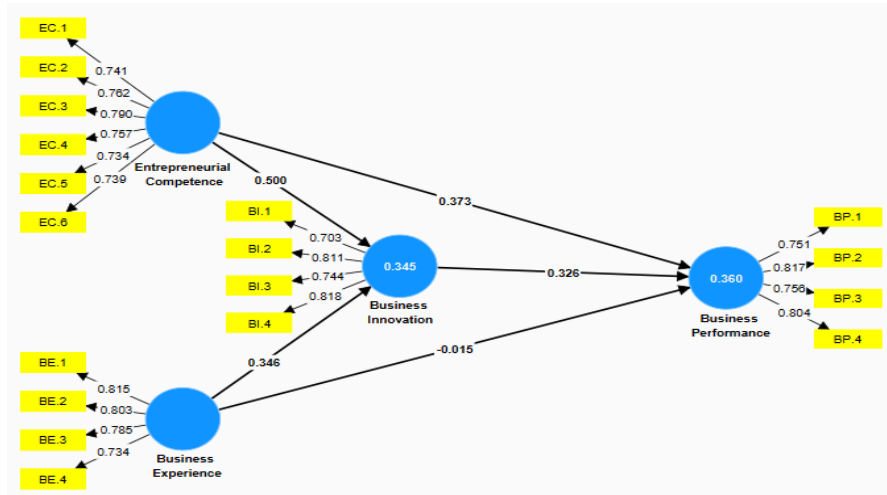


Figure 2. Measurement Model

Table 3. Convergent Validity of Heterotrait-Monotrait Ratio (HTMT)

Construct	Business Experience	Business Innovation	Business Performance	Entrepreneurial Competence
Business Experience				
Business Innovation	0.393			
Business Performance	0.087	0.619		
Entrepreneurial Competence	0.146	0.576	0.638	

Source: SmartPLS output, 2026

Table 3 shows that all correlation values between constructs are below the required threshold. These results indicate that each construct can empirically represent distinct concepts. Therefore, the measurement model in this study meets the criteria for discriminant validity.

Table 4. Construct Reliability

Construct	Cronbach's Alpha	Composite Reliability
Entrepreneurial Competence	0.849	0.851
Business Experience	0.793	0.804
Business Innovation	0.772	0.782
Business Performance	0.790	0.796

Source: SmartPLS output, 2026

The analysis results show that all latent constructs in this study have excellent internal consistency. Regarding statistical parameters, this value exceeds the minimum threshold of 0.70, indicating that each indicator shows a strong correlation with its respective construct.

Table 5. R-square Results

Variable	R-square
Business Innovation	0.345
Business Performance	0.360

Source: SmartPLS output, 2026

The R-square values indicate that the research model has moderate explanatory power for the Business Innovation and Business Performance constructs. The model demonstrates a relatively similar level of explanatory power for both endogenous constructs, with Business Performance showing a slightly higher R-square value than Business Innovation. Overall, these results indicate that the structural model has adequate explanatory power for the two constructs under study.

Hypothesis Testing: Direct Effects and Indirect Effects

Table 6. Direct Effects

Hypothesis	Path Coefficient	T- statistics	P values	VIF	Result
Entrepreneurial Competence -> Business Innovation	0.500	9.796	0.000	1.005	Significant
Business Experience -> Business Innovation	0.346	5.722	0.000	1.005	Significant
Entrepreneurial Competence -> Business Performance	0.373	5.308	0.000	1.387	Significant
Business Experience -> Business Performance	-0.015	0.232	0.817	1.188	Not Significant
Business Innovation -> Business Performance	0.326	4.435	0.003	1.528	Significant

Source: SmartPLS output, 2026

The test results indicate that entrepreneurial competence and business experience have a positive and significant effect on business innovation. Similarly, entrepreneurial competence and business innovation have a positive and significant effect on business performance. These findings demonstrate that the direct relationships between these variables are positive and statistically significant, as the t-statistic values exceed 1.96 and the p-values are below 0.05; thus, the proposed hypotheses are accepted. However, business experience does not have a significant effect on business performance, as the t-statistic value is less than 1.96 and the p-value exceeds 0.05, resulting in the rejection of the hypothesis.

Table 7. Indirect Effects

Hypothesis	Path Coefficient	T- statistics	P-values	Result
Entrepreneurial Competence -> Business Innovation -> Business Performance	0.163	3.898	0.000	Significant
Business Experience -> Business Innovation -> Business Performance	0.113	3.378	0.001	Significant

Source: SmartPLS output, 2026

The test results indicate that both entrepreneurial competence and business experience have a positive and significant effect on business performance, with business innovation serving as a mediating variable. Thus, business innovation acts as an intermediary that strengthens the impact of entrepreneurial competence and business experience on business performance. Consequently, both hypotheses regarding indirect effects proposed in this study are accepted, as the t-statistic values exceed 1.96 and the p-values are below 0.05.

Discussion

Entrepreneurial Competence and Business Innovation

Research results indicate that entrepreneurial competence has a positive and significant impact on business innovation. These findings suggest that MSME owners possessing strong entrepreneurial competence are better equipped to develop various forms of innovation within their businesses. Such innovations may include product diversification, production process improvements, service enhancements, and the adoption of marketing methods better aligned with consumer needs. Entrepreneurial competence is demonstrated by a business owner's ability to identify opportunities, make decisions, manage operations, understand consumer needs, and devise new approaches to conducting business activities. These findings align with those of Ibidunni et al. (2021) who demonstrated that various dimensions of entrepreneurial competence, such as learning, strategic, and conceptual capabilities, as well as opportunity recognition and risk-taking, play a role in boosting innovation performance among MSMEs. Study Ng et al. (2020) also showed a link between core competencies and product innovativeness in SMEs, underscoring the importance of internal capabilities in driving product innovation. Furthermore, Koliby et al. (2024) identified a relationship between entrepreneurial competence, innovation, and sustainable performance in manufacturing MSMEs. These consistent results reinforce the study's conclusion that entrepreneurial competence is crucial for shaping innovation capabilities, including for female-owned culinary MSMEs, which must adapt their products and business strategies to evolving consumer needs.

Business Experience and Business Innovation

The findings of this study indicate that business experience has a positive and significant influence on business innovation. The results demonstrate that MSME owners with more extensive business experience are better able to develop innovations in products, processes, services, and marketing. These findings align with Tan et al. (2026) who noted that SME founders with prior entrepreneurial experience exhibit stronger innovation activity; such prior experience serves as a source of knowledge and networks that support innovation development. Similarly, Sinha et al. (2022) that top management experience influences the scope of innovation in SMEs, meaning companies with broader managerial experience engage in a more diverse range of innovation activities. Likewise, Vaillant and Lafuente (2019) that entrepreneurial experience plays a role in the learning process for subsequent ventures, including the development of knowledge and innovation. In a study of SMEs in Indonesia's culinary sector, Yadewani et al. (2023) found that business experience positively affects innovation.

Entrepreneurial Competence and Business Performance

This study demonstrates that entrepreneurial competence has a positive and significant impact on business performance. The results indicate that the entrepreneurial capacity of MSME owners is linked to better business outcomes. Competencies developed through running and expanding a business provide a foundation for entrepreneurs to meet business demands and ensure the continuity of their operations. These findings align with those of Yani et al. (2020) who identified an impact of entrepreneurial competence on MSME performance in the food sector. Similar results were reported by Kisubi et al. (2022) found a positive relationship between entrepreneurial competence and SME performance. Research Asmawiyah et al. (2020) also confirms the positive effect of entrepreneurial competence on business performance. Previous studies reinforce these findings, that entrepreneurial competence is a key factor associated with

superior business performance among MSMEs, including women culinary businesses.

Business Experience and Business Performance

The results indicate that business experience does not have a significant effect on business performance. These findings suggest that the duration of MSME owners' business operations has not directly enhanced business performance. From the perspective of the Resource-Based View (RBV), business experience can be viewed as a valuable internal resource when it yields benefits for business activities (Barney, 1991). However, experience does not automatically become a strategic resource if the knowledge gained during operations is not developed and utilized to address market changes. This situation may explain the lack of a significant relationship between business experience and business performance in this study. These findings align with Cowling et al. (2018) who demonstrated that experience and business longevity do not always strongly contribute to SME performance. Through a meta-analysis, Jiao et al. (2023) also found that the relationship between prior experience and firm performance is relatively weak, with the impact varying according to the type of experience and the business context. Sinha et al. (2022) demonstrated that the benefits of business experience for performance depend on a firm's ability to transform that experience into learning and innovation. Thus, the non-significant results in this study suggest that business experience among MSME owners has not yet fully evolved into a strategic resource capable of boosting business performance. Simply operating a business for a long period is insufficient if that experience is not accompanied by learning, knowledge renewal, and the implementation of strategies adapted to market changes.

Business Innovation and Business Performance

Research indicates that business innovation has a positive and significant impact on business performance. These findings suggest a link between the innovations implemented by MSME operators and improved business outcomes. Innovation enables business owners to offer products that better align with consumer needs, improve work processes, and adapt marketing strategies to market changes. Exposito and Llopis (2018) found that product, process, and organizational innovations positively influence MSME performance. This impact demonstrates that innovation not only leads to product updates but also enhances operational efficiency and the firm's ability to respond to market demands. Similarly, Guzmán et al. (2019) identified a positive relationship between innovation capability and SME business performance. These results indicate that the ability to generate and implement new ideas can strengthen a business's market position and boost its performance. Furthermore, Jalil et al. (2022) that innovation capability has a positive and significant impact on the performance of SMEs in Malaysia; this influence is linked to a firm's ability to adopt technology and develop work methods that better suit business needs.

Mediation of Business Innovation in the Relationship between Entrepreneurial Competence and Business Performance

The research results indicate that business innovation positively and significantly mediates the relationship between entrepreneurial competence and business performance. The findings demonstrate that entrepreneurial competence is not only directly linked to performance outcomes but also facilitates superior results through the development of business innovations. The competencies possessed by business owners serve as a foundation for generating and implementing innovations tailored to business needs. Such innovations, in turn, enhance the value delivered to customers and support improved business performance. These findings align with those of (Umar et al., 2018) who found that product and process innovations act as mediators in the relationship between entrepreneurial competence and business success among Malaysian SMEs. Similar results were reported by Suksod (2020) who found that innovation mediates the relationship between entrepreneurial competence and SME performance in Indonesia. The study highlights the link between entrepreneurial competence and innovation, noting the role of innovation in boosting business performance. Furthermore, Koliby et al. (2024) demonstrated a relationship among entrepreneurial competence, innovation, and sustainable performance in SMEs.

Mediation of Business Innovation in the Relationship between Business Experience and Business Performance

This study demonstrates that business innovation plays a positive and significant mediating role between business experience and business performance. These results indicate that business experience does not directly lead to superior performance; rather, the benefits of experience become more apparent when the knowledge gained through running a business is applied to innovation activities. Experience provides insight into business conditions, while innovation links that insight to performance outcomes. These findings align with Anwar et al. (2020) who identified opportunity recognition as a mediator in the relationship between business experience and SME performance. Their results suggest that experience holds greater value when utilized to identify opportunities relevant to business development. Chen et al. (2024) found that prior experience influences business performance through an entrepreneurial mindset, which enables entrepreneurs to translate experiential knowledge into more focused business plans and actions. McDowell et al. (2018) provide further support by demonstrating that innovation acts as a mechanism linking knowledge-based resources to the performance of small businesses.

Research Limitations

This study has several limitations. First, the scope was limited to 180 female-managed culinary MSMEs in Makassar City, selected using purposive sampling; this limits the generalizability of the findings to MSMEs operating in different sectors or regions, or those with different owner characteristics. Second, the research variables were limited to entrepreneurial competence, business experience, business innovation, and business performance, excluding other factors that could potentially influence business performance. Third, data were collected via questionnaires based on respondents' perceptions, meaning the measurements relied on subjective assessments. Fourth, the results indicated that business experience did not have a significant direct impact on business performance, suggesting that the role of business experience in enhancing performance warrants further investigation. Future research could expand the scope of the study, consider other relevant variables, and utilize additional data sources to gain a broader understanding of the factors influencing MSME performance.

CONCLUSION

This study concludes that entrepreneurial competence and business experience have a positive and significant impact on business innovation among female-owned culinary MSMEs in Makassar City. Entrepreneurial competence and business innovation also positively and significantly influence business performance. However, business experience does not have a direct, significant effect on business performance. Business innovation acts as a significant mediator in the relationship between entrepreneurial competence, business experience, and business performance. These findings indicate that entrepreneurial competence and business experience play a crucial role in fostering business innovation, encompassing new product development, product refinement, market expansion, and marketing strategy development. The study reinforces the Resource-Based View perspective by demonstrating that business innovation is a strategic capability that links the business owner's internal resources to business performance.

Theoretically, this research contributes to the development of the Resource-Based View perspective by elucidating the role of business innovation in the relationship between entrepreneurial competence, business experience, and business performance within female-owned culinary MSMEs. In practice, the findings highlight the importance of strengthening entrepreneurial competence, leveraging business experience as a source of knowledge, and fostering innovation across product, process, and marketing domains. These areas of focus can serve as key considerations for MSME owners seeking to enhance competitiveness, productivity, and business growth.

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