STRATEGIES TO INCREASE THE COMPETITIVENESS OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) : A NARRATIVE LITERATURE REVIEW

ABSTRACT

Micro, small, and medium enterprises (MSMEs) are one of the important pillars of the country's economy. MSMEs have an important role in creating jobs, increasing economic growth, and improving community welfare. The competitiveness of MSMEs is vital for their success and for driving economic growth. To increase the competitiveness of MSMEs, the right strategy is needed. This strategy must be adapted to the characteristics of MSMEs, such as the business sector, target market, and competitive conditions. These research questions are: 1) What are the strategies for increasing the competitiveness of MSMEs?, and 2) What supporting factors can increase the competitiveness of MSMEs? The research method used is a narrative literature review of five references taken from the ScienceDirect database from 2020 to 2023 that discuss strategies for increasing the competitiveness of MSMEs. These five papers have a strong connection because they all discuss the relationship between innovation and the performance of micro, small, and medium enterprises (MSMEs). The results of the narrative literature review show that thera are several strategies can be used to increase the competitiveness of MSMEs namely digitalization, product and service innovation, business process innovation, and marketing and sales innovation. Beyond these strategies, the studies emphasize the importance of several supporting factors, such as government support, access to financial resources, networking, and collaboration opportunities.The implication of this research is to contribute ideas to the government and owners of MSMEs in the form of a model increasing the competitiveness of MSMEs in the global market.

Keywords: strategy, competitiveness, micro small and medium enterprises, innovation, digital technology

1. INTRODUCTION

Micro, small, and medium enterprises are vital components of the economy. They contribute significantly to the gross domestic product, tax revenue, and employment. These enterprises, often referred to as MSMEs, play a crucial role in driving economic growth and development(1). MSMEs are defined based on various factors, such as the number of employees, annual revenue or turnover, and total assets. These factors can vary depending on the country or region, but generally, micro-enterprises have fewer than 10 employees and

small enterprises have between 10 and 49 employees. Medium-sized enterprises typically have between 50 and 249 employees(2). MSMEs are essential drivers of economic growth, poverty reduction, and job creation (3). Furthermore, MSMEs help reduce regional disparities and promote inclusive development. They also contribute to the gross domestic product, tax revenue, and promote competition and market efficiency.

MSMEs are vital for the overall stability, prosperity, and equity of a nation's economy (4). They provide opportunities for entrepreneurship and innovation, particularly for marginalized groups and individuals with limited resources. In addition, the MSMEs sector helps to create a more balanced and equitable distribution of economic activities across different regions of the country(5). Through their significant contributions to employment, income generation, and GDP, MSMEs are a critical driver of economic growth. They also play a key role in reducing the country's regional disparities, ensuring that economic development is spread more evenly across different areas. MSMEs also have a significant impact on both urban and rural areas by providing employment opportunities and generating income for the local community. The diverse nature of MSMEs allows for the promotion of economic, political, financial, and social growth, contributing to more comprehensive and inclusive development(6).

The challenges faced by MSMEs are diverse, ranging from limited access to finance and technology to managerial capabilities and productivity constraints. These challenges are particularly pronounced in the face of globalization and rapid technological advancements. Furthermore, MSMEs often struggle with regulatory burdens and competition from larger firms. Therefore, governments and policymakers should prioritize the support and development of MSMEs through access to finance, favorable policies, and targeted programs in order to harness their full potential and maximize their positive impact on society and the economy (7).

The competitiveness of micro, small, and medium enterprises is a critical factor in driving economic growth and development. MSMEs need to develop strategies that enhance their competitiveness to thrive in a competitive market. This can be achieved through various means, such as improving product quality, adopting innovative technology, implementing effective marketing strategies, and developing strong relationships with suppliers and customers. By enhancing their competitiveness, MSMEs can attract more customers, expand their market share, and generate higher revenues(8). Being competitive allows MSMEs to generate more employment opportunities and contribute to reducing poverty and inequality within society. Additionally, creating a supportive environment for MSMEs, such as providing access to finance and business development services, can further enhance their competitiveness and overall contribution to economic growth and development.

Furthermore, MSMEs need to address the classic problems they face, such as capital, marketing, availability of raw materials, and management. By finding innovative solutions to these issues, MSMEs can improve their overall competitiveness and contribute more effectively to economic growth (9). Governments and stakeholders play a crucial role in supporting the development of MSMEs by providing access to finance, creating a conducive business environment, and offering technical assistance. This support can enable MSMEs to thrive, create more job opportunities, and alleviate poverty in both urban and rural areas(10). The competitiveness of micro, small, and medium enterprises is vital for their success and for driving economic growth (11). Therefore, it is important to carry out and develop a literature review regarding strategies to increase the competitiveness of MSMEs to find out the right strategies for MSMEs to carry out in Indonesia and other countries. These research questions are: 1) What are the strategies for increasing the competitiveness of MSMEs?,and

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2) What supporting factors can increase the competitiveness of MSMEs?The implication of this research is to contribute ideas to the government and owners of MSMEs in the form of a model increasing the competitiveness of MSMEs in the global market.

2. LITERATURE REVIEW

2.1 Micro, Small, and Medium Enterprises (MSMEs)

Micro, small, and medium enterprises are a crucial component of the economic landscape in many countries around the world (12). They play a significant role in job creation, revenue generation, innovation, and overall economic growth. MSMEs are also important in reducing poverty and promoting economic empowerment. With the rise in the number of MSMEs, both domestic and international transactions and trade values have increased(13). In addition, MSMEs also foster economic diversity, improve welfare, and distribute income, thereby contributing to social stability. Micro, small, and medium enterprises are recognized as vital contributors to various aspects of the economy(14).

There is no universally accepted definition of MSMEs, as different countries define MSMEs differently depending on their levels of development(15). Micro, small, and medium enterprises can be defined based on various factors such as the number of employees, annual revenue or turnover, and the value of assets or investments in plant and machinery(16).

In India, MSMEs are defined based on the investment in plant and machinery for manufacturing units and equipment for service enterprises (17).In Indonesia, MSMEs are a key driver for economic growth and development. They have been instrumental in creating jobs, reducing poverty, and decreasing inequality. The national crisis that hit Indonesia showcased the important contribution of MSMEs in bolstering the national economy. This highlights the critical and indispensable role of MSMEs in driving economic resilience and stability (18).In Peru, MSMEs are a vital part of Peru's economy. They contribute to the economic development of the country and are a key driver of employment. Furthermore, MSMEs in Peru also help in reducing poverty and income inequality by providing opportunities for entrepreneurs and workers at the grassroots level (19). In colombia, MSMEs are essential for the economy as well. They contribute significantly to employment creation, income generation, and poverty reduction. MSMEs are also key players in fostering innovation and promoting competitiveness in the market (20).

Table 1. MSMEs Classification in Four Countries

Country	Classification	Micro	Small	Medium
India	**Capital**	<Rs 10 Lakh	Rs 10 Lakh – Rs 50 Lakh	Rs 50 Lakh – Rs 2 core
	Number of employees	< 10	10 - 50	50 - 200
	Omzet	<Rs 50 Lakh	Rs 50 Lakh – Rs 2 core	Rs 2 core Rs 5 core
Indonesia	**Capital**	< Rp. 50 million	Rp. 50 million – Rp. 500 million	Rp. 500 million – Rp 5 billion
	Number of employees	< 5	6 – 19	20 – 99
	Omzet	< 300.000.000	Rp. 500.000.000 – Rp 2.5 billion	Rp 2.5 billion – 50 bilion
Peru	**Capital**	< 180.000 SOL	180.000 - 1.800.000 SOL	1.800.000 - 20.000.000 SOL

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	Number of employees	< 10	10 -100	102 – 200
	Omzet	< 150.000 SOL	150.000 - 1.500.000 SOL	1.500.000 - 20.000.000 SOL
Colombia	**Capital**	1000 – 10,000 US dollar	10 – 100,000 US dollar	100-100.000 US dollar
	Number of employees	< 10	10 -50	51-200
	Omzet	< 1.000 juta COP	1.000 - 5.000 juta COP	5.000 - 100.000 juta COP

2.2 MSMEs Competitiveness Strategy

According to Man et al. (21), competitiveness is the knowledge, skills, and attitudes that are sufficient to meet the needs of the enterprise. Competitiveness is a crucial concept in today's global economy Competitiveness refers to the ability of a country, industry, or organization to achieve and maintain a favorable position in the global market (22). In order to thrive in the global marketplace, businesses must develop novel concepts, cutting-edge goods, and creative approaches, and effectively oversee them. There are five components of competitive priority in producing competitive MSMEs: cost, quality, flexibility, delivery, and innovation (23). Information technology, innovation capabilities, capital, and SDM also have an impact on competitiveness (24). Marketing strategies using online media as advertising tools also need to be done to increase the intensity of MSMEs products(25). To cope with MSMEs's competitiveness, there is a need for cooperation between all sectors of the creative economy, which requires cooperation with both government and private sectors.

Businesses need to create and put into action plans to foster and retain creative skills. This can be done by applying innovation management well (26). Innovation is an opportunity for industrial development due to the discovery of products and process improvement systematically and structured according to its direction(27). Management plays a role in fostering an innovative culture by identifying ideas as the starting point of innovation(28).

Technology adoption in MSMEs is also essential for their competitiveness and growth. It allows MSMEs to stay ahead of the curve, improve efficiency, and develop new products and services that meet the changing needs of customers. Additionally, embracing innovation and technology can enhance MSMEs' operational effectiveness, streamline processes, and expand their market reach. By incorporating advanced technologies and innovative practices, MSMEs can enhance their productivity, reduce costs, and improve their overall competitiveness in the global market. Moreover, promoting innovation and technology adoption in MSMEs can also contribute to overall economic development by driving advancements in various sectors and creating a conducive environment for future technological advancements (29). By supporting MSMEs for sustainable development and promoting innovation and technology adoption, we can create a resilient and inclusive economy that fosters competitiveness, growth, and job creation. By providing MSMEs with the necessary resources and support, such as access to finance, business development services, and a favorable business environment, we can foster a culture of entrepreneurship and innovation, which are key drivers of economic growth and development (30).

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3. METHODOLOGY

This study uses the method of narrative literature review, which is to compare and analyze theories that have existed before and find references to theoretical foundations that correspond to the problem being studied. The narrative review is the “traditional” way of reviewing the extant literature and is skewed towards a qualitative interpretation of prior knowledge(31).A Narrative literature reviews do not use an established method or protocol, but rather take a broad, unspecified approach to what sources are selected to represent the field. The author independently assesses if the paper is feasible by looking at titles and abstracts that satisfy the requirements based on the criteria(32).A narrative review attempts to summarize or synthesize what has been written on a particular topic but does not seek generalization or cumulative knowledge from what is reviewed (33).In general, a narrative literature review is defined as a critical as well as objective analysis of a research topic(34).Therefore, a narrative literature review can help researchers find gaps or inconsistencies in a body of knowledge (35).

This narrative literature review includes three steps: (1) choosing a review topic; (2) searching and selecting appropriate articles; and (3) analyzing and synthesizing the literature(36). In the first step, the topic of this study explores in greater depth strategies to increase the competitiveness of MSMEs.The second step will be to determine and enter search keywords for the competitiveness of MSMEs. The article was published between 2020 – 2023 and was searched using the popular international research page www.sciencedirect.com, then selected and sorted articles that matched the criteria from those. The criteria for selected journals are (a) research that discusses depth strategies to increase the competitiveness, (b) original research, (c) in English, and (d) the research object is MSMEs. To achieve this goal, this paper elaborates on five scientific articles with Scopus-indexed publications.The third step involves a detailed analysis of the literature review, revealing research findings, and providing future research directions.

4. RESULTS AND DISCUSSION

The data used is secondary data supported by similar research. In accordance with the scope of the research, the researcher emphasizes the concept of using literature review analysis of previous research, to get a true research picture of MSME competitiveness. We look at the research in terms of the aims, theoretical framework, methods, participants, and key findings. The summary of the study is shown in Table 2.

Table 2. Summary of the literature used as a general overview

Author, year, title & journal name	Journal Name	Research Objectives	Method and Participans	Key Findings
Kilay et al. (2022) “The Influence of E-Payment and E-Commerce Services on Supply Chain Performance: Implications of Open Innovation and Solutions for the Digitalization of	Journal of Open Innovation Technology, Market and Complexity (Scopus Q1)	To measure the impact of these digital services (E-payment and E-commerce) on MSME supply chains and provide open innovation solutions for accelerating the digitization	• Quantitative • Multiple Linier Regression analysis • Descriptive analysis used to determine value of research indicators	The study emphasizes the positive influence of e-payment and e-commerce services on the supply chain performance of MSMEs in Indonesia. It provides valuable insights and solutions for

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Micro, Small, and Medium Enterprises (MSMEs) in Indonesia”		process.	• 164 participants • Interviews and discussions with experts conducted to develop solutions.	accelerating the digitization of MSMEs and improving their overall performance. Implementing open innovation strategies.
Franciaa&Ferasso (2023) “The relationship between innovation and performance in MSMEs: The case of the wearing apparel sector in emerging countries”	Journal of Open Innovation Technology, Market and Complexity (Scopus Q1)	To empirically analyze the relationship between innovation and firm performance of micro, small and medium-sized enterprises (MSMEs) in Peru and Colombia and to study the moderating role of investment and collaboration in these relationship	• The study used a survey methodology • The least squares structural equation model (PLS-SEM) analysis • 104 participants	Strategies to Increase Competitiveness in the Wearing Apparel Sector, such as emphasizing product innovation and business process innovation to enhance organizational, economic, commercial, and productive performance in micro, small, and medium-sized enterprises (MSMEs) in the wearing apparel sector.
Mulchandani et al., (2023) “Determining supply chain effectiveness for Indian MSMEs: A structural equation modelling approach”	Asia Pacific Manajement Review (Scopus Q1)	To explore the factors leading toward Supply Chain Effectiveness in Indian MSMEs	• Quantitative • The least squares structural equation model (PLS-SEM) analysis • 274 participants	Adoption of technologies of Industry 4.0, such as digitizing trade and implementing supply chain finance, can enhance supply chain effectiveness and improve competitiveness. Reducing transportation, warehousing, inventory, and logistics costs through supply chain financing can improve competitiveness.
Farida & Setiawan (2022) “Business Strategies and Competitive Advantage: The Role of Performance and Innovation”	Journal of Open Innovation Technology, Market and Complexity (Scopus Q1)	To examine the role of innovation and business performance as mediators for SME business strategies with competitive advantages in Indonesia	• Quantitative • The analytical method used in this study is the partial least square (PLS) method • 150 participants	• Business strategies have a positive impact on competitive advantage. • Performance and innovation mediate the relationship between business strategies and competitive

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				advantage. • SMEs should improve their performance and innovation capability to strengthen competitive advantage.
Castiloet al., (2023) “Factors that impact the innovation capability in MSMEs: case of Colombia’s Atlantico Department”	Procedia Computer Science (Scopus not indexed)	To analyze the variables that explain the innovation capability of industrial MSMEs in Colombia's Atlántico Department	• a positivist approach with explanatory scope, cross-sectional, and non-experimental design • 400 participants	Organizational learning, intellectual capital, and knowledge management have a direct and statistically significant impact on innovation capability.

In the first research conducted by Kilay et al. (37), which discusses The Influence of E-Payment and E-Commerce Services on Supply Chain Performance: Implications of Open Innovation and Solutions for the Digitalization of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia,. The paper focuses on the influence of e-payment and e-commerce services on the performance of micro, small, and medium enterprises (MSMEs) in Indonesia's supply chains. The study collected data from 164 MSMEs and conducted multiple linear regression analyses to determine the impact of these services on supply chain performance. The results show a positive and significant influence of both e-payment and e-commerce services on MSME supply chain performance in Indonesia. The paper also suggests open innovations and solutions to accelerate the digitization of MSMEs, presenting ten research indicators that pose obstacles to digitalization. These findings aim to assist MSME actors, the government, and related institutions in promoting the digitalization of MSMEs in Indonesia.

Apart from the use of technology, open innovation is another strategy that can enhance the competitiveness of MSMEs. Open innovation allows for the exchange of knowledge and technology between companies, research institutes, universities, and external suppliers, leading to improved technical performance and innovation capacity in MSMEs. Implementing open innovation strategies, such as collaborating with external partners and utilizing external knowledge sources, can help MSMEs provide better, faster, and more cost-saving solutions to consumers, thus increasing their competitiveness.

The second study was conducted by Franciaa and Ferasso(38), which discusses the relationship between innovation and performance in MSMEs: the case of the wearing apparel sector in emerging countries, specifically in the wearing apparel sector in Peru and Colombia. It analyzes the impact of product innovation and business process innovation on organizational, economic, commercial, and productive performance in MSMEs. The findings show that product innovation, along with business process innovation, significantly contributes to organizational, economic, commercial, and productive performance. However, product innovation alone is not a significant predictor of productive or organizational performance. The study also explores the moderating role of investment and collaboration in these relationships, highlighting the importance of investment in enhancing organizational and productive performance. The results emphasize the need for collaboration and

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investment strategies to promote innovation and support the development of MSMEs in emerging countries. Strategies to Increase Competitiveness in the Wearing Apparel Sector, such as emphasizing product innovation and business process innovation to enhance organizational, economic, commercial, and productive performance in micro, small, and medium-sized enterprises (MSMEs) in the wearing apparel sector. Foster collaboration between actors in the innovation ecosystem to share knowledge, intellectual assets, and resources, which can lead to product development, adaptation, and entry into new markets.

The third study conducted by Mulchandani et al., (39), discusses determining supply chain effectiveness for Indian MSMEs: A structural equation modelling approach. The study used PLS structural equation modeling to analyze the proposed conceptual model and collected data from various MSMEs in India. Internal factors like negotiation, collaboration, and digitizing trade play an essential role in adopting supply chain effectiveness. Implementing supply chain finance leads to improved supply chain effectiveness. Adoption of technologies of Industry 4.0, such as digitizing trade and implementing supply chain finance, can enhance supply chain effectiveness and improve competitiveness. Collaboration among supply chain partners is crucial for effective supply chain management and can lead to better firm performance. Digitizing trade activities can offer flexibility, enhance transparency, and lead to the adoption of advanced financing solutions, thereby increasing competitiveness. Reducing transportation, warehousing, inventory, and logistics costs through supply chain financing can improve competitiveness.

The fourth study, conducted by Farida & Setiawan (40), discusses Business Strategies and Competitive Advantage: The Role of Performance and Innovation. The study examines the impact of business strategies on the competitive advantage of small and medium enterprises (SMEs) in the construction and real estate industries. It also considers the mediating role of performance and innovation in this relationship. The findings show that business strategies have a positive impact on competitive advantage, and this effect is mediated by both business performance and innovation. The study suggests that SMEs should focus on improving their performance and innovation capabilities to strengthen their competitive advantages. Innovation can be used as a strategy to improve business performance and increase competitive advantage. Companies must continuously innovate to maintain their competitive advantage.Quality, dependability, novelty, and uniqueness are examples of new product features that help a business better meet client expectations and perform better in the market. The advantages of new products lead to superior product performance and better market performance. Implementing long-term strategies and goals can improve organizational performance and increase competitiveness. A stronger business strategy helps companies create new ideas, penetrate the market, and become market leaders.

The fifth study conducted by Castilo et al., (41) discusses factors that impact innovation capability in MSMEs: the case of Colombia’s Atlantico Department. The paper aims to analyze the variables that affect innovation capability in industrial MSMEs in Colombia's Atlántico Department, finding that organizational learning, intellectual capital, and knowledge management have a direct and statistically significant impact on innovation capability. The study concludes that flexibility, informality, and control style in MSMEs favor the development of strategies that enable the organization to meet environmental demands through innovative and sustainable solutions. Based on research, strategies to increase competitiveness emphasize organizational learning to enhance innovation capability, which directly impacts competitiveness. Develop and leverage intellectual capital to generate competitive advantages through the economic application of knowledge. Implement effective knowledge management processes to transform tacit knowledge into explicit knowledge, positively influencing innovation performance and competitiveness. Foster a corporate

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culture that promotes flexibility, informality, and control style, enabling the organization to meet environmental demands with innovative and sustainable solutions.

These five papers have a strong connection because they all discuss the relationship between innovation and the performance of micro, small, and medium enterprises (MSMEs). The first paper discusses the influence of e-payment and e-commerce services on the supply chain performance of MSMEs in Indonesia. The second paper discusses the relationship between innovation and the performance of MSMEs in the garment sector in developing countries. The third paper discusses how to determine the effectiveness of the MSME supply chain in India using a structural equation modeling approach. The fourth paper discusses the role of performance and innovation in business strategy and competitive advantage. The fifth paper discusses the factors that influence the innovation capabilities of MSMEs in the Department of Atlantico, Colombia. These five papers show that innovation has an important role in improving the performance of MSMEs. Innovation can improve operational efficiency, product quality, and the competitiveness of MSMEs. Innovation can also help MSMEs adapt to changes in an increasingly competitive business environment.

The differences in methods used in the five papers show that there is no one best method for analyzing the relationship between innovation and MSME performance. The most appropriate method to use depends on the research objectives and the availability of data. In general, quantitative methods are more suitable for analyzing relationships between variables that can be measured numerically. Qualitative methods are more suitable for analyzing relationships between variables that cannot be measured numerically, such as culture and values. Apart from the differences in methods mentioned previously, the five studies also have differences in terms of research objectives, research location, research sector, variables measured, and research contributions. These differences show that the five studies complement each other and provide a more comprehensive understanding of the relationship between innovation and MSME performance.

From these five studies, it can be concluded that several strategies can be used to increase the competitiveness of MSMEs, namely:

1) *Digitalization strategy*

   E-commerce can help MSMEs reach more customers and increase sales. E-commerce platforms offer MSMEs a cost-effective and efficient way to reach a wider customer base and compete with larger businesses. MSMEs need to develop a digital development strategy that encompasses IT infrastructure, production processes, and market expansion. This strategy will enable them to enhance their competitiveness, improve their performance, and adapt to the digital era.

2) *Product and service innovation*

   Product and service innovation are key components for MSMEs to remain competitive and thrive in today's globalized market. Product and service innovation can help MSMEs to meet the changing needs and desires of consumers. Innovation can be carried out in terms of product design, product features, or production processes. Focusing on product and service differentiation can help MSMEs stand out in a crowded market. They can also explore international markets and seek opportunities for exporting their products or services.

3) *Business process innovation*

   Business process innovation can help MSMEs improve operational efficiency and effectiveness. Business process innovation is essential for enhancing the competitiveness of micro, small, and medium enterprises. These strategies may include streamlining and automating processes, improving product quality, adopting new technologies, diversifying product or service offerings, conducting market research to identify consumer needs and preferences, and optimizing supply chain

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management. Furthermore, fostering a culture of innovation within the organization can also contribute to increased competitiveness. Additionally, micro, small, and medium enterprises need to apply organizational learning, intellectual capital, and knowledge management.

4) *Marketing and sales innovation*

Marketing and sales innovation can also greatly contribute to the competitiveness of micro, small, and medium enterprises. By developing effective marketing and sales strategies, micro, small, and medium enterprises can differentiate themselves from competitors and attract target customers. By adopting innovative marketing and sales strategies, micro, small, and medium enterprises can effectively reach their target audience, differentiate themselves from competitors, and attract customers through various channels such as social media marketing, influencer collaborations, content marketing, personalized advertising campaigns, and customer retention programs.

Apart from that, these five studies also show that other supporting factors can increase the advantages of MSMEs, namely:

1) *Government support*

The government plays a vital role in supporting the development of MSMEs and regional flagship products. This includes providing the necessary capital, assistance, and guidance for product quality improvement to help MSMEs compete in the global market. In addition, the government can also facilitate the access to digital technology-based marketing platforms and create policies that support the growth of MSME businesses. By maximizing government support, MSMEs can enhance their competitiveness and overall productivity, contributing to the economic growth of the region.

2) *Access to financial resources*

Access to financial resources is essential for MSMEs to invest in product innovation, marketing strategies, and maintaining the power quality of their facilities. This can be achieved through collaboration with the government in terms of business funding and loans. To further maximize government support for the development of MSMEs, it is essential to establish strong collaborations with the government. This includes taking advantage of the various programs and policies that offer information on business practices, as well as seeking assistance in obtaining business funding and loans. The government's role in providing facilities and infrastructure, along with facilitating licensing arrangements, is integral to the advancement of MSMEs.

3) *Networking and Collaboration Opportunities*

In addition to maximizing government support, MSMEs can also tap into networking and collaboration opportunities to further enhance their competitiveness and overall sustainability. The progress in connectivity and digitalization has enabled MSMEs to build a vertically integrated network of relationships with the government, as well as horizontal relationships with customers and partners. Research environments, partnerships with consumers and government, and collaborative modes of operation play crucial roles in the sustainability and financial performance of MSMEs.

Choosing the right strategy to increase the advantages of MSMEs will depend on certain factors, such as the business sector, target market, and competitive conditions. Each of these factors directly influences the approach an MSME would undertake to bolster its competitive edge over its counterparts. An assessment of the business sector is essential as it provides insights into the industry's unique characteristics and demands, guiding MSMEs in tailoring their strategies accordingly. Similarly, understanding the intricacies of the target market aids in refining marketing tactics and product offerings to better align with

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consumer needs and preferences. Additionally, a comprehensive analysis of the competitive conditions prevalent in the market is crucial for MSMEs to devise differentiation strategies that set them apart from rivals. By comprehensively evaluating these factors, MSMEs can strategically position themselves in the marketplace and harness growth opportunities while mitigating potential threats. This strategic approach enables MSMEs to not only thrive in the market but also contribute significantly to the economic landscape.

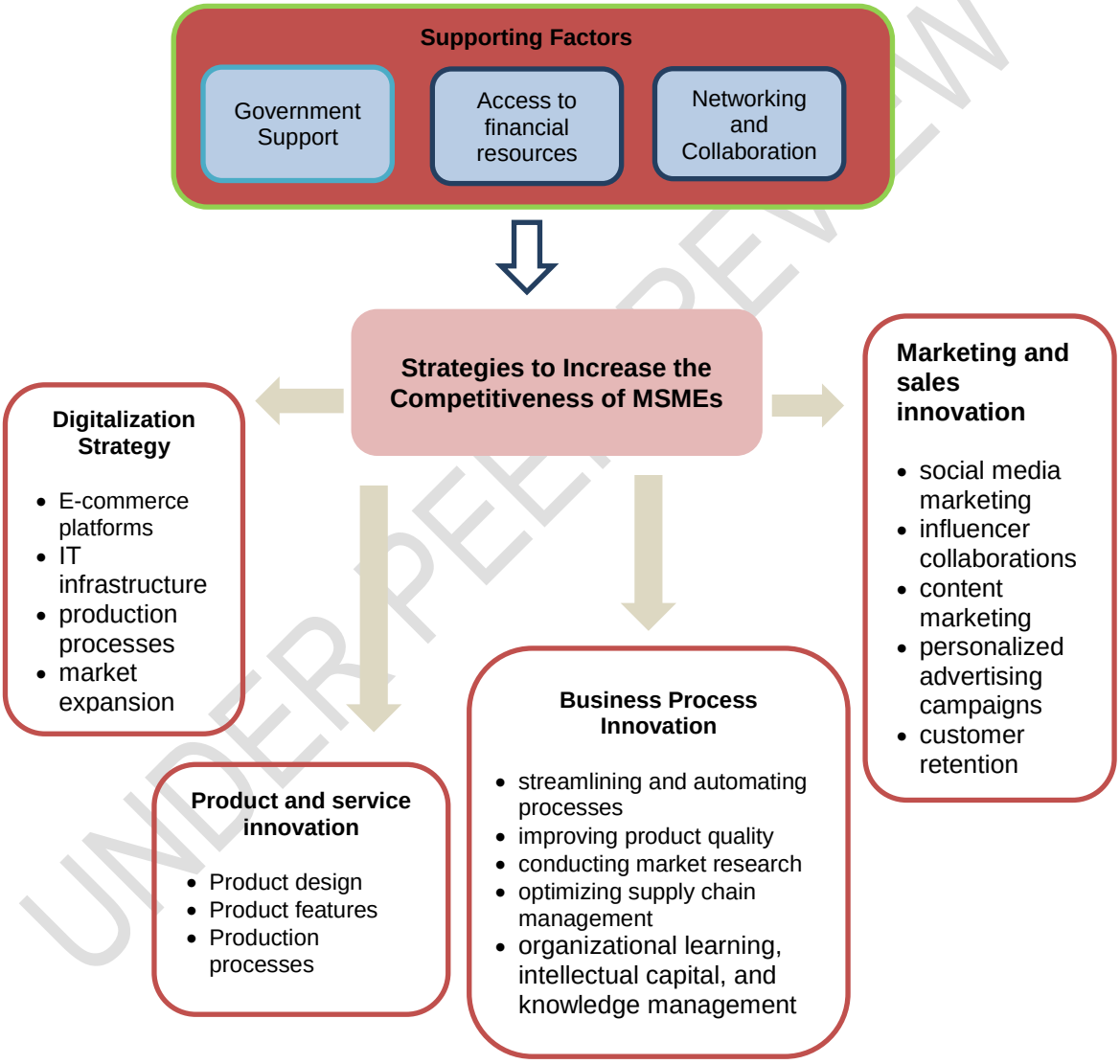

Fig 1. Model of Strategies to Increase the Competitiveness of MSMEs

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5. CONCLUSION

The results of the literature review show that these five studies offer valuable insights into increasing the advantages of MSMEs in today's dynamic marketplace. They highlight the importance of a multi-pronged approach, encompassing several key strategies, namely: 1) Digitalization strategy; 2) Product and service innovation; 3) Business process innovation; 4) Marketing and sales innovation. Beyond these strategies, the studies emphasize the importance of several supporting factors, such as government support, access to financial resources, networking, and collaboration opportunities.

Based on these conclusions, it can be recommended that MSMEs choose the most effective strategies and leverage supporting factors depending on individual factors like the business sector, target market, and competitive landscape. A comprehensive assessment of these factors allows MSMEs to tailor their approach, differentiate themselves, and achieve sustainable growth while contributing significantly to the economic landscape.The study also recommends future research to apply the models formulated for all MSMEs.

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