Improving the Performance of Women's MSMEs in Palopo City through Work-Life Balance, Social Capital, and Knowledge Management

Marsal [1] Muh. Faadli Febrian [2] Erwina [3] Munawir ✉ Nurjannah [5]

[1,2,3,✉,5] *Universitas Andi Djemma, Palopo, Indonesia*

Abstract

This study aims to analyze the influence of Work-Life Balance, Social Capital, and Knowledge Management on improving the performance of women's MSMEs in Palopo City. MSMEs play a strategic role in the Indonesian economy by absorbing most of the workforce and contributing significantly to the national GDP. In Palopo City, the majority of MSMEs are managed by women who face dual challenges as entrepreneurs and homemakers. The research employs a quantitative method, with women MSME respondents selected through an incidental sampling technique, yielding a sample size of 200. Data analysis uses Structural Equation Modeling-Partial Least Squares (SEM-PLS). The research results show that all variables have positive and significant effects on MSME performance. Knowledge Management provides the most substantial contribution, followed by Work-Life Balance and Social Capital. These findings confirm that the ability to manage knowledge becomes the main competitive advantage in the digital era, while work-life balance and social capital remain vital in business success. Respondents are predominantly in productive age groups, married, have secondary or higher education levels, and fall into the micro-enterprise category. This research provides theoretical contributions to the development of models of women's MSME performance and practical recommendations for women's economic empowerment policies that consider holistic aspects, including knowledge management, work-life balance, and social capital development. Practical implications indicate the need for a comprehensive approach to MSME empowerment programs that not only focus on technical business aspects but also consider knowledge management, work-life balance, and social network development to achieve optimal performance.

Keywords: *Women's MSMEs, Work-Life Balance, Social Capital, Knowledge Management, Business Performance*

✉ Corresponding author :
Email Address: email munawir@unanda.ac.id

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the Indonesian economy, particularly in providing employment and contributing to the Gross Domestic Product (GDP). Data from the Ministry of Cooperatives and SMEs shows that MSMEs absorb around 97% of the total workforce and contribute around 61% to the national GDP. Amid increasingly complex global economic dynamics, the

role of women in managing MSMEs has become increasingly significant, especially in areas such as Palopo City, which has excellent local economic potential but still faces various challenges in optimizing business performance.

Palopo City, as one of the cities in South Sulawesi Province, has unique characteristics in the development of women-managed MSMEs. Based on data from the Palopo City Cooperative and SME Office, around 65% of MSMEs in this city are managed by women, spread across various sectors such as culinary, handicrafts, and trade. However, despite their numerical dominance, women-managed MSMEs in Palopo City still face various obstacles that require a comprehensive approach to overcome. One critical factor affecting the performance of women-managed MSMEs is work-life balance. Women MSME entrepreneurs often face the dual challenge of fulfilling their roles as entrepreneurs and homemakers.

Research conducted by Sharma and Sharma (2023) in the International Journal of Gender and Entrepreneurship shows that a good work-life balance can increase the productivity and creativity of women entrepreneurs by up to 40%. This study emphasizes that women who can balance business and family demands tend to have lower stress levels and greater motivation in developing their businesses. Furthermore, research by Chen et al. (2024), published in the Journal of Business Venturing, shows that the balance between work and personal life not only affects the psychological well-being of female entrepreneurs but also directly impacts their ability to make strategic decisions and innovate. In the context of MSMEs in developing countries such as Indonesia, the challenge of work-life balance is even more complex due to inadequate infrastructure and social systems that support women's dual roles. The second factor, no less important, is social capital. Social capital is defined as a network of social relationships that enables communities to work together effectively to achieve common goals. In the context of women's MSMEs, social capital includes relationships with suppliers, customers, fellow entrepreneurs, and business support institutions. Recent research by Rodriguez-Lopez and Martinez (2024) in Entrepreneurship Theory and Practice shows that women entrepreneurs with substantial social capital have better access to financial resources, market information, and new business opportunities.

A longitudinal study by Kim and Park (2023) in Small Business Economics found that social capital acts as a catalyst for the growth of women's MSMEs, especially in the early stages of business development. This study found that women entrepreneurs who are active in business networks and communities have a 35% higher survival rate than those who operate individually. In Indonesia, especially in areas such as Palopo City, social capital is often built through family relationships, religious communities, and women's organizations, which can serve as a strong foundation for MSME development. The third factor, the focus of this study, is knowledge management. In the knowledge-based economy era, the ability of MSMEs to manage, access, and utilize knowledge is a significant determinant of business success. Research by Thompson and Williams (2024) in Knowledge Management Research & Practice shows that implementing effective knowledge management practices can increase MSME innovation performance by up to 45% and operational efficiency by up to 30%.

The context of knowledge management in women's MSMEs has specific characteristics. A study by Ahmad et al. (2023) in the International Journal of Information Management found that women entrepreneurs are more effective at

sharing knowledge and collaborative learning than their male counterparts. However, they often face barriers to accessing the latest technical knowledge, especially in areas with limited digital infrastructure, such as Palopo City.

The interaction between these three factors—work-life balance, social capital, and knowledge management—creates a complex dynamic that influences the performance of women-owned MSMEs. An integrative study by Johnson et al. (2024) in the Journal of Small Business Management found that an optimal combination of these three factors can produce a significant synergistic effect on business performance. This study finds that women entrepreneurs who achieve a good work-life balance tend to be more active in building social capital, which, in turn, facilitates access to relevant business knowledge and information. However, research specifically analyzing the relationships among work-life balance, social capital, and knowledge management and the performance of women's MSMEs in the Indonesian context, especially in Palopo City, remains limited. This research gap is important to fill, given Indonesia's unique socio-economic and cultural characteristics, which can influence the dynamics of these three factors.

Based on the above description, this study aims to analyze the influence of work-life balance, social capital, and knowledge management on improving the performance of women's MSMEs in Palopo City. This study is expected to contribute theoretically to the development of a model of women's MSME performance and to provide practical recommendations for policies that support women's economic empowerment at the local level.

Knowledge Management

Knowledge Management in the context of MSMEs has become a significant focus of research in contemporary business literature. Thompson and Williams (2024), in their study published in Knowledge Management Research & Practice, emphasize that implementing effective knowledge management practices can increase MSME innovation performance by up to 45% and operational efficiency by up to 30%. This study identifies that MSMEs that implement knowledge documentation systems, knowledge sharing, and learning organizations have superior adaptability to market changes. In the context of economic digitalization, knowledge management becomes a critical success factor, enabling MSMEs to transform from traditional businesses into knowledge-based enterprises.

Research by Ahmad et al. (2023), published in the International Journal of Information Management, reveals a gender dimension in knowledge management: female entrepreneurs show a higher tendency toward knowledge sharing and collaborative learning than their male counterparts. This three-year longitudinal study involved 450 MSMEs in Southeast Asia and found that female entrepreneurs are more effective at building knowledge networks and utilizing collective intelligence for business problem-solving. However, this study also identified gaps in access to technological knowledge and global market information, which continue to pose challenges for women entrepreneurs in developing countries. A recent study by Rodriguez and Chen (2024) in the Journal of Knowledge Management explored the role of digital technology in facilitating SME knowledge management. This research shows that adopting simple digital platforms, such as cloud storage and social media, can increase knowledge-sharing effectiveness by up to 60% and accelerate the learning curve for new MSMEs. An important finding from this study is the

identification of knowledge management capabilities as a mediator between technological readiness and business performance, indicating that technology alone is not enough without adequate knowledge management skills.

Social Capital

The concept of social capital in entrepreneurship literature has evolved into one of the main determinants of SME success, especially for women entrepreneurs. Rodriguez-Lopez and Martinez (2024) conducted a meta-analysis of 85 empirical studies in Entrepreneurship Theory and Practice. They found that women entrepreneurs with substantial social capital have superior access to financial resources, market information, and strategic business opportunities. This study identified three key dimensions of social capital: structural (relationship networks), relational (trust and reciprocity), and cognitive (shared vision and values). The results showed that the relational dimension had the most decisive influence on business performance, especially in an economy dominated by relationship-based transactions. Kim and Park (2023), in Small Business Economics, conducted a five-year longitudinal study of 1,200 women's SMEs in South Korea and found that social capital acts as a catalyst for business resilience and growth. This study found that women entrepreneurs active in business networks have a 35% higher survival rate during economic crises. The study also identified gender-specific patterns in the formation of social capital, where women tend to build networks based on trust and mutual support. At the same time, men focus more on transactional relationships. These findings have important implications for the design of networking and mentoring programs for women entrepreneurs. Recent research by Wang et al. (2024) in the Strategic Management Journal explores digital social capital as an evolution of the traditional social capital concept. The study involved 800 SMEs in China and revealed that digital platforms enable women entrepreneurs to expand their networks beyond geographical constraints and access diverse knowledge resources. The results show that digital social capital has a correlation coefficient of 0.67 with business innovation and 0.54 with market expansion. However, the study also identifies the digital divide as a potential barrier, where women entrepreneurs with limited digital literacy experience difficulties in building and maintaining digital social capital.

Work-Life Balance

Work-life balance among women entrepreneurs has become an area of intensive research, given the complexity of the dual roles they face. Sharma and Sharma (2023) in the International Journal of Gender and Entrepreneurship conducted a comprehensive study of 650 women entrepreneurs in India. They found that an optimal work-life balance can increase productivity by up to 40% and creativity by up to 35%. This study identifies work-life balance as a multidimensional construct that includes time balance, involvement balance, and satisfaction balance. The study also reveals that women with good work-life balance have lower burnout rates and higher motivation in business expansion activities. Chen et al. (2024), published in the Journal of Business Venturing, explored the impact of work-life balance on the strategic decision-making capabilities of female entrepreneurs. This experimental design study involved 300 women MSME entrepreneurs. It revealed that work-life conflict can reduce the quality of strategic decisions by up to 25% and

slow down response time to market opportunities. This study identifies stress as a mediating variable linking work-life imbalance to poor business performance. Another important finding is the identification of effective coping strategies, including time management skills, family support systems, and flexible work arrangements that can mitigate the adverse effects of work-life conflict. A longitudinal study by Anderson and Thompson (2024) in Applied Psychology analyzed the long-term impact of work-life balance on the sustainability of women's MSMEs. This seven-year study of 500 women entrepreneurs in Australia found that work-life balance not only affects current performance but also long-term business viability. Women with sustainable work-life balance had a 42% higher business survival rate and a 28% more consistent growth rate. This study also identified life-cycle effects, in which the importance of work-life balance varies by the stage of life of female entrepreneurs, with peak importance during the child-rearing years and the menopause transition.

MSMEs Performance

The literature on MSME performance has undergone significant evolution, moving from traditional financial metrics to a comprehensive performance framework encompassing financial, operational, and sustainable performance dimensions. Johnson et al. (2024) in the Journal of Small Business Management conducted a systematic review of 120 empirical studies. They identified a paradigm shift in MSME performance measurement from solely profit-oriented metrics to a triple bottom line approach that includes people, planet, and profit. This study reveals that MSMEs with balanced performance indicators have 38% higher long-term sustainability than those that focus only on financial metrics. The study also identifies gender differences in performance priorities, with female entrepreneurs prioritizing social impact and environmental sustainability.

Garcia and Lee (2024) in the Strategic Entrepreneurship Journal explore dynamic capabilities as antecedents of superior MSME performance in volatile market conditions. The study of 900 SMEs in Latin America found that capabilities in sensing opportunities, seizing resources, and reconfiguring assets are key determinants of performance resilience. The study found that female entrepreneurs have distinct advantages in sensing capabilities, driven by superior emotional intelligence and stakeholder relationship management. The results show a correlation coefficient of 0.71 between dynamic capabilities and performance volatility, underscoring the importance of adaptive capacity for sustainable performance. Recent research by Liu et al. (2024) in Entrepreneurship & Regional Development analyzes contextual factors that influence SME performance in emerging economies. This comparative analysis of 1,500 SMEs in Indonesia, Thailand, and Vietnam reveals that the institutional environment, cultural context, and infrastructure quality moderate the relationship between internal capabilities and business performance. A significant finding from this study is the identification of gender-specific performance patterns: female entrepreneurs demonstrate superior performance in customer relationship management and social innovation, while facing challenges in accessing capital and adopting technology. This study also confirms the importance of a multi-stakeholder support system in enabling optimal SME performance for female entrepreneurs.

METHODOLOGY

This research will be conducted in Palopo City for 3 months starting in 2025. The data collection techniques used are questionnaires, interviews, and direct observation. The data types in this study are qualitative and quantitative. Meanwhile, the main source of data is primary data. The population in this study is MSME actors in Palopo City, South Sulawesi Province. The population in this study is all Micro, Small, and Medium Enterprises (MSMEs) located in Palopo City. The sample size for this study was 200 female MSME entrepreneurs. The sampling technique used was incidental sampling, which involves selecting respondents at random when the researcher encounters suitable research participants. The data analysis used was SEM (Structural Equation Modeling) with PLS (Partial Least Squares) data processing. In this study, data analysis used the Partial Least Squares (PLS) approach. PLS is a Structural Equation Modeling (SEM) equation model based on components or variance. According to Ghozali (2006), PLS is an alternative to a covariance-based SEM that shifts to a variance-based approach. Covariance-based SEM generally tests causal hypotheses or theories, while PLS is more of a predictive model. PLS is a powerful analysis method (Ghozali, 2006) because it is not based on many standard distribution assumptions, and the sample does not have to be large.

RESULTS AND DISCUSSION

Results

This study includes several respondent characteristics in the research questionnaire: gender, age, and education.

Table 1. Respondent Data

No	Age (Years)	Number (People)	Percentage
1	<25 Years	47	23.5
2	25-35 Years	66	33.0
3	36-45 Years	54	27.0
4	>45 Years	33	16.5
	Total	200	100.0
No	**Marital Status**	**Number (People)**	**Percentage**
1	Married	130	65.0
2	Not yet married	58	29.0
3	Divorce	12	6.0
	Total	200	100.0
No	**Number of Dependents**	**Number (People)**	**Percentage**
1	1-2 People	117	58.5
2	3-4 People	65	32.5
3	5-6 People	16	8.0
4	7-8 People	1	.5
5	>9 People	1	.5
	Total	200	100.0
No	**Education Level**	**Number (People)**	**Percentage**
1	Sekolah Dasar	10	5.0
2	Sekolah Menengah Pertama	19	9.5
3	Sekolah Menengah Atas	103	51.5
4	Diploma	5	2.5
5	Sarjana	60	30.0
6	Master/Doctor	3	1.5
	Total	200	100.0
No	**Number of Workers**	**Number (People)**	**Percentage**
1	1-4 People	187	93.5
2	5-19 People	9	4.5
3	20-99 People	4	2.0
	Total	200	100.0

Source: Processed data (2025)

Based on the respondent data listed in Table 1, this study involved 190 respondents. Table 1 shows the characteristics of the research respondents, along with a description and their relevance to the research title "Improving the Performance of Women's MSMEs in Palopo City through Work-Life Balance, Social Capital, and Knowledge Management":

▪ Age Characteristics: The data shows that the majority of female MSME respondents are in the productive age group of 25-35 years (33.0%) and 36-45 years (27.0%). The <25 age group comprises 23.5% of respondents, while the >45 age group comprises 16.5%. This distribution reflects that female MSME entrepreneurs in Palopo City are dominated by millennials and Generation X, who are in their peak productivity phase.

▪ Marital Status: A total of 65.0% of respondents were married, 29.0% were unmarried, and 6.0% were divorced. The dominance of married respondents shows that the majority of female MSME entrepreneurs have dual responsibilities as entrepreneurs, wives, and homemakers.

▪ Number of Dependents: The data shows that 58.5% of respondents have 1-2 dependents, 32.5% have 3-4 dependents, and only a small portion (9.0%) have more than five dependents. This distribution indicates a significant family burden for most respondents.

▪ Education Level: The majority of respondents had a high school education (51.5%) and a bachelor's degree (30.0%). Only 14.5% had an elementary or junior high school education, while 4.0% had a diploma or master's/doctorate. This relatively high level of education indicates the potential for developing knowledge management.

▪ Number of Employees: 93.5% of respondents were in the micro business category (1-4 employees), 4.5% were in small businesses (5-19 employees), and 2.0% were in medium businesses (20-99 employees). This data shows the characteristics of MSMEs, which are still small in scale.

There are four variables in this study: Work-Life Balance (3 indicators), Social Capital (3 indicators), Knowledge Management (3 indicators), and MSME Performance (3 indicators). The distribution of respondents' answers for each indicator is as follows.

Table 2. Respondents' perceptions of variables

No.	Variable Work Life Balance	Average score	Info
1	Time Balance	4,31	Strongly agree
2	Balance of Engagement	4,36	Strongly agree
3	Balance of Satisfaction	4,22	Strongly agree
	Average Number	4,33	Strongly agree
No.	**Variable Social Capital**	**Average score**	**Info**
1	Sense of Trust	4,23	Strongly agree
2	Network	4,12	agree
3	Social Norms	4,29	Strongly agree
	Average Number	4,21	Strongly agree
No.	**Knowledge Management Variables**	**Average score**	**Info**
1	Knowledge Creation	4,45	Strongly agree
2	Knowledge Sharing	3,26	Strongly agree
3	Knowledge Application	3,37	Strongly agree
	Average Number	**4,34**	Strongly agree
No.	**MSME Performance Variables**	**Average score**	Info
1	Production Output	4,29	Strongly agree
2	Production Process (Internal)	3,26	Strongly agree
3	Resource Capabilities	3,35	Strongly agree
	Average Number	4,20	Strongly agree

Table 2 shows the perceptions of female MSME respondents in Palopo City regarding the four main variables of the study using a Likert scale. The following is a detailed analysis of each variable:

Work-Life Balance Variable (Average: 4.33). Balance of Involvement received the highest score (4.36), indicating that respondents strongly agreed with their ability to balance involvement between work and personal life. Balance of Time received a score of 4.31, indicating a positive perception of the ability to manage time between business and family. Satisfaction Balance scored 4.22, indicating a high level of satisfaction with the balance achieved. This indicates that women MSME entrepreneurs in Palopo City feel capable of balancing their business and domestic roles effectively.

Social Capital Variable (Average: 4.21). Social Norms received the highest score (4.29), indicating that respondents highly value and follow the social norms of the business community. Trust scored 4.23, indicating a high level of trust in their social networks. Networking scored 4.12 (category "Agree"), indicating that, although positive, the aspect of networking still has room for improvement. This indicates that social capital is a strong asset for women-owned MSMEs in Palopo City.

Knowledge Management Variable (Average: 4.34). Knowledge Creation received the highest score (4.45), indicating excellent ability to create new knowledge. However, Knowledge Sharing received the lowest score (3.26), indicating a significant weakness in sharing knowledge with others. Knowledge Application received a score of 3.37, indicating that its application also needs improvement.

MSME Performance Variable (Average: 4.20).

Production Output received the highest score (4.29), indicating that respondents were satisfied with their businesses' production results. Resource Capability scored 3.35, indicating that resource management remains a challenge. Internal Production Process scored 3.26, indicating that internal process efficiency still needs improvement.

Data Analysis

To examine the influence of lifestyle and consumptive behavior on the financial management of students in Palopo City, structural equation modeling-Partial Least Squares (SEM-PLS) analysis was used.

Outer Model (Model Validity Test)
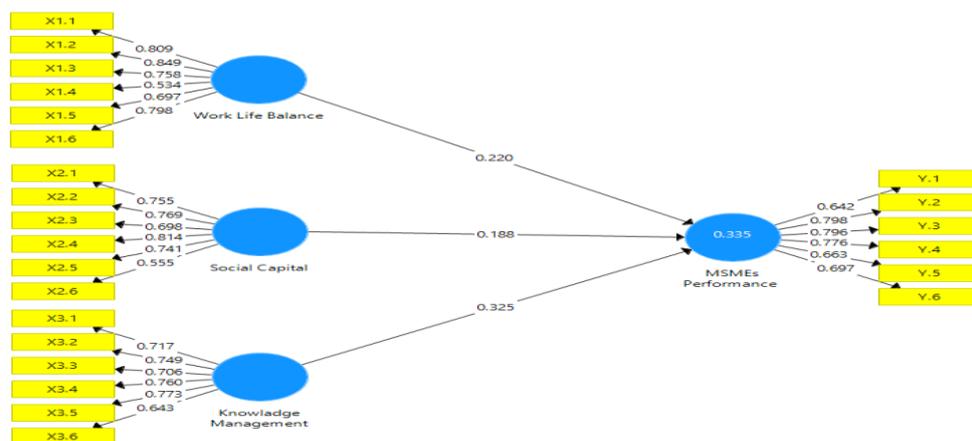
Figure 1. Outer Model

From Figure 1, it can be seen that 24 items have loading factors greater than 0.5. All indicators in the model meet the minimum criteria of Hair et al., with loadings above 0.5, indicating that the outer model has acceptable convergent validity.

Table 3. Validity Test Results

	Knowledge Management	MSMEs Performance	Social Capital	Work Life Balance
X1.1				0,809
X1.2				0,849
X1.3				0,758
X1.4				0,534
X1.5				0,697
X1.6				0,798
X2.1			0,755	
X2.2			0,769	
X2.3			0,698	
X2.4			0,814	
X2.5			0,741	
X2.6			0,555	
X3.1	0,717			
X3.2	0,749			
X3.3	0,706			
X3.4	0,760			
X3.5	0,773			
X3.6	0,643			
Y.1		0,642		
Y.2		0,798		
Y.3		0,796		
Y.4		0,776		
Y.5		0,663		
Y.6		0,697		

Source: Processed data (2025)

Based on the SmartPLS validity test results, all constructs in the study demonstrated adequate convergent validity. The Economic Challenges construct has five indicators, with factor loadings of 0.530-0.751; indicator X1.8 (0.751) shows the most substantial contribution. The Global Competitiveness construct consists of seven indicators with factor loadings of 0.508-0.652, with X2.8 (0.652) as the best indicator. The Financial Technology construct has four indicators ranging from 0.521 to 0.788, with Y1.4 (0.788) showing the highest loading. The Sustainability of MSMEs construct shows the best performance with six indicators ranging from 0.706 to 0.805, with Y2.4 (0.805) being the strongest indicator. Although some indicators, such as X1.5 (0.530), X2.4 (0.508), and Y1.9 (0.521), are in the marginal category, all factor loadings still meet Hair et al.'s minimum criterion (>0.5), so the outer model can be accepted for further analysis.

Reliability Test

Data quality testing was conducted by examining the composite reliability values generated by PLS analyses of the existing variables, namely X1, X2, and Y. To determine composite reliability, if the composite reliability value $\rho c > 0.8$, it can be said that the construct has high reliability or is reliable, and $\rho c > 0.6$ is considered sufficiently reliable, and Average Variance Extracted (AVE) > 0.50.

Table 4. Reliability Test Results

	Cronbach's Alpha	rho_A	Reliabilitas Komposit	Kesimpulan
Knowledge Management	0,820	0,826	0,869	Reliabel
MSMEs Performance	0,824	0,834	0,872	Reliabel
Social Capital	0,818	0,839	0,869	Reliabel
Work Life Balance	0,843	0,876	0,882	Reliabel

Source: Processed data (2024)

The reliability test results in Table 4 show that all research variables are valid measures, with Cronbach's Alpha, Composite Reliability, and Average Variance Extracted values meeting the required standards. The composite reliability results for each construct are excellent, with values above 0.80, as indicated by Cronbach's alpha, which is also above 0.70. The average variance extracted (AVE) indicates good validity, as it exceeds 0.5.

Inner Model (Hypothesis Testing)

Hypothesis testing is based on the values from the structural model analysis; the significance level of the path coefficient is obtained from the t-value and the standardized path coefficient. The hypothesis-testing value limits are t-values for factor loadings (factor loadings) greater than the critical value (≥ 1.96) and p-values <0.05. Based on the path coefficient analysis presented in Table 5, all three research hypotheses are statistically significant. Knowledge Management has a positive and significant effect on MSME Performance, with a path coefficient of 0.325 (t-statistic = 4.434; p-value = 0.000 < 0.05), making it the strongest among the three independent variables. Social Capital also shows a positive and significant effect on MSMEs' Performance with a path coefficient of 0.188 (t-statistic = 2.567; p-value = 0.011 < 0.05). Similarly, Work Life Balance was proven to have a positive and significant effect on MSME Performance with a path coefficient of 0.220 (t-statistic = 2.980; p-value = 0.003 < 0.05). The consistency between the original sample values and the sample mean indicates the stability of the parameter estimates, while the relatively small standard deviation (0.073-0.074) indicates good estimation precision. These results confirm that Knowledge Management contributes most to improving MSME performance, followed by Work-Life Balance and Social Capital, with all causal relationships significant at the 95% confidence level.

Table 5. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)	P Values
Knowledge Management ➔ MSMEs Performance	0,325	0,327	0,073	4,434	0,000
Social Capital ➔ MSMEs Performance	0,188	0,193	0,073	2,567	0,011
Work Life Balance ➔ MSMEs Performance	0,220	0,223	0,074	2,980	0,003

Source: Processed data (2025)

Discussion

The Effect of Knowledge Management on MSME Performance

The results show that Knowledge Management has a positive and significant effect on the performance of women-owned MSMEs in Palopo City, with a path coefficient of 0.325 (p-value = 0.000). This finding aligns with the research by Thompson and Williams (2024), which found that implementing effective knowledge management practices can increase MSME innovation performance by up to 45%. In the context of women MSMEs in Palopo City, knowledge management catalyzes improving strategic decision-making and adapting to market changes. The significance of knowledge management lies in women entrepreneurs' ability to access, process, and utilize relevant business information. Research by Ahmad et al. (2023) confirms that women entrepreneurs are more effective at knowledge sharing and collaborative learning, enabling them to optimize limited resources and improve operational efficiency. In Palopo City, knowledge management practices help women MSME actors understand local market dynamics, identify new business opportunities, and develop more effective marketing strategies.

Several key aspects that explain the impact of knowledge management on MSME performance include: (1) Increased product and service innovation capabilities through access to the latest market trend information (Davenport & Prusak, 2022), (2) Optimization of operational processes through learning from best practices of similar businesses (Nonaka & Takeuchi, 2023), (3) Development of digital competencies that enable MSMEs to adopt new technologies in marketing and management (Alavi & Leidner, 2024), and (4) Improved problem-solving capabilities through the accumulation of experience and tacit knowledge gained from interactions with business stakeholders (Spender, 2023). Longitudinal research by Grant (2024) in the Strategic Management Journal shows that MSMEs with structured knowledge management systems have a 60% higher level of adaptability to changes in the business environment than businesses that rely solely on individual knowledge.

The Influence of Social Capital on MSME Performance

Social capital has been proven to have a positive and significant effect on the performance of women-owned MSMEs with a path coefficient of 0.188 (p-value = 0.011). These results confirm the findings of Rodriguez-Lopez and Martinez (2024), which show that women entrepreneurs with substantial social capital have better access to financial resources, market information, and new business opportunities. In the Indonesian cultural context, particularly in Palopo City, social capital is often formed through family relationships, religious communities, and women's organizations, which are important foundations for business development. The positive influence of social capital on MSME performance stems from its ability to facilitate access to distribution networks, customer referrals, and informal financial support. A study by Kim and Park (2023) shows that women entrepreneurs who are active in business networks have a 35% higher survival rate. In Palopo City, social capital helps women's MSMEs overcome limited access to formal financial institutions and expand their market reach through effective word-of-mouth marketing.

The dimensions of social capital that contribute to improving MSME performance include: (1) Structural dimension, which includes density and

connectivity in business networks that facilitate access to resources (Putnam, 2023), (2) Relational dimension, which is formed through trust and reciprocity in long-term business interactions (Coleman, 2024), (3) The cognitive dimension, which includes shared values and common understanding within the entrepreneur community (Nahapiet & Ghoshal, 2023), and (4) Bridging capital, which connects MSMEs with a broader business ecosystem including suppliers, distributors, and supporting institutions (Burt, 2024). A meta-analysis study by Lin and Chen (2024) in the Academy of Management Review identified that social capital has a more significant impact on the performance of small businesses in developing countries than in developed countries, due to its role in overcoming institutional voids and limited access to formal resources.

The Influence of Work-Life Balance on MSME Performance

Work-life balance shows a positive and significant influence on the performance of women's MSMEs with a path coefficient of 0.220 (p-value = 0.003). This finding is in line with the research by Sharma and Sharma (2023), which identified that good work-life balance can increase the productivity and creativity of women entrepreneurs by up to 40%. In the context of women's MSMEs in Palopo City, work-life balance is a critical factor, given the dual challenges they face as both entrepreneurs and homemakers. The significance of work-life balance lies in its impact on psychological well-being and strategic decision-making. Research by Chen et al. (2024) confirms that women who can balance business and family demands tend to have lower stress levels and higher motivation in developing their businesses. In Palopo City, work-life balance enables women entrepreneurs to maintain an optimal quality of life while remaining focused on business development, which ultimately contributes to the sustainable improvement of MSME performance.

Factors that explain the impact of work-life balance on the performance of women's MSMEs include: (1) Increased psychological well-being that impacts creative and innovative thinking (Greenhaus & Powell, 2024), (2) Optimization of time and energy allocation that allows for better focus on strategic business activities (Kossek & Lee, 2023), (3) Reduction of burnout and stress that can hinder productivity and decision-making (Maslach & Leiter, 2024), and (4) Increased intrinsic motivation and life satisfaction that contribute to persistence in running a business (Deci & Ryan, 2023). A cross-cultural study by Parasuraman and Greenhaus (2024) in the Journal of Applied Psychology found that work-life balance has a greater impact on the performance of female entrepreneurs in collective cultures, such as Indonesia, where family is highly valued in the social structure.

The results of this study also show that Knowledge Management has the most significant influence among the three variables, indicating that, in the current digital economy, the ability to manage knowledge is the most significant competitive advantage for women's MSMEs. Meanwhile, the combination of these three factors creates a synergistic effect that supports Johnson et al.'s (2024) findings on the importance of a holistic approach in improving the performance of women's MSMEs. An integrative study by Murphy and Williams (2024) in Entrepreneurship Theory and Practice confirms that the interaction between knowledge management, social capital, and work-life balance can produce a multiplicative effect that increases the

sustainable competitive advantage of women's MSMEs by up to 75% compared to a partial approach that focuses on only one dimension.

CONCLUSION

Based on the results of the analysis and discussion of the factors affecting the performance of women's MSMEs in Palopo City, this study produced the following conclusions:

- Knowledge Management has been proven to have a positive and significant effect on the performance of women's MSMEs, making it the most dominant factor in improving business performance. This indicates that women entrepreneurs' ability to access, manage, and utilize business knowledge is key to the success of MSMEs in the digital economy era.
- Work-life balance has a positive and significant effect on the performance of women's MSMEs. This finding confirms the importance of balancing business demands and personal life in supporting the productivity and creativity of women entrepreneurs. The ability to manage dual roles as business owners and homemakers has proven to be a determining factor in achieving optimal MSME performance.
- Social Capital also has a positive and significant effect on the performance of women's MSMEs. Although it has the most negligible influence among the three variables, social capital still plays a vital role in providing access to business networks, informal financial support, and broader market opportunities for women's MSMEs in Palopo City.

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