

MARKETING-DRIVEN MSME EMPOWERMENT MODEL FOR COMPETITIVE ADVANTAGE AND POVERTY REDUCTION IN EAST JAVA

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a pivotal role in economic development and serve as a crucial instrument for poverty alleviation in East Java. Yet they face a paradox of growth: while dominating the national business landscape and absorbing significant labor, most remain micro-scale, with limited competitiveness, market access, and income stability. This study aims to formulate an MSME empowerment model that positions marketing strategy as the core capability for building sustainable competitive advantage and driving economic transformation for people with low incomes. Employing a qualitative approach with an interpretive case study design, data were collected through in-depth interviews, field observations, and document analysis, and examined using interpretive thematic analysis. The findings reveal that marketing strategy (through product differentiation, brand identity strengthening, market expansion, and consumer legitimacy) functions as a valuable and inimitable resource within the Resource-Based View (RBV), thereby forming the foundation of MSMEs' sustainable competitiveness. The proposed empowerment model outlines a transformation pathway: strengthening marketing capabilities, fostering competitive advantage, expanding markets, stabilizing income, creating local employment opportunities, and generating multiplicative effects in poverty reduction. Theoretically, this research enriches the literature on MSME empowerment by positioning marketing as a strategic capability. At the same time, it underscores the need for policy in East Java to shift from partial capital-assistance approaches toward comprehensive strategies that place marketing at the core of competitiveness development and as a tangible instrument for structural poverty alleviation.

Keywords: competitive advantage, consumer legitimacy, economic empowerment, marketing strategy, resource-based view

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Introduction

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of the national economy and strategic actors in the social development agenda, particularly in poverty alleviation. MSMEs not only play a role as a

driver of the people's economy, but also serve as a primary space for low-income communities to survive, obtain employment, and build economic independence. Data from the Directorate of MSME and Cooperative Development, Ministry of National

Development Planning/Bappenas shows that in 2014 the number of MSMEs reached approximately 59.3 million units, or equivalent to 99.9% of all national business units, with a contribution to Gross Domestic Product (GDP) of 57.6%, investment contribution of 56.2%, and labor absorption reaching 96.7%. However, the contribution of MSMEs to exports is still relatively low, at around 15.7%, indicating that the competitiveness of MSMEs in the wider market still faces structural obstacles (Directorate of MSME and Cooperative Development, Bappenas, 2015).

This phenomenon demonstrates a fundamental contradiction in Indonesia's economic development: on the one hand, MSMEs are the largest sector and the main absorber of labor, but on the other hand, the majority of business actors remain at the vulnerable and informal micro scale. In 2015, the number of MSMEs increased to around 60.7 million units, with micro-enterprises dominating the sector at 98.73%. Although MSME growth from 2011–2015 was recorded at 2.4%, the majority of MSME workers (around 88.6%) are still in the informal sector (Directorate of MSME and Cooperative Development, Bappenas, 2015). This condition confirms that MSMEs have not fully become an instrument of economic transformation capable of breaking the chain of poverty structurally. In other words, MSMEs are growing in quantity, but have not automatically moved up in quality and competitiveness.

Poverty itself is a multidimensional problem that is not only caused by low income, but also influenced by social and cultural factors, limited economic access, and the community's weak capability in utilizing development opportunities (Rejekiingsih, 2011; Annur, 2013). Research shows that poverty at the local level is influenced by limited employment opportunities, low business productivity, and suboptimal community economic empowerment policies (Amir et al., 2013; Wijanarko, 2013).

Therefore, strengthening MSMEs cannot be seen simply as an economic program, but as a social strategy that determines whether the poor can escape vulnerable conditions or remain trapped in the stagnant informal sector.

In the context of East Java Province, the urgency of empowering MSMEs is becoming increasingly crucial because this region is one of the centers of national economic growth, yet it still faces the reality of economic inequality and persistent pockets of poverty, particularly in the informal and rural sectors. MSMEs in East Java are developing in the community-based trade and creative industry sectors, but most still face classic problems such as limited access to formal financing, weak market networks, and poor marketing capabilities. The Directorate of MSME and Cooperative Development of Bappenas noted that MSME financing access still relies heavily on non-bank sources such as personal capital, family loans, cooperatives, microfinance institutions, and government assistance, indicating weak integration of MSMEs with the broader productive financing system (Directorate of MSME and Cooperative Development, Bappenas, 2015). This situation emphasizes that the challenge for MSMEs is not just about survival, but how to build competitiveness so they can grow sustainably.

Conceptually, marketing strategy is a key element in empowering MSMEs because marketing is not only understood as a promotional activity, but as a process of creating value, building customer relationships, and expanding market access (Kotler & Keller, 2013; Kotler & Armstrong, 2012). Market orientation is even seen as an important source of sustainable competitive advantage, because it encourages MSMEs to understand consumer needs, respond to market dynamics, and build product differentiation (Kumar et al., 2011). Without a strong marketing strategy, MSMEs risk remaining marginalized: products are produced, but markets are not controlled;

businesses are running, but advantages are not established.

From the perspective of the Resource-Based View (RBV) grand theory, sustainable competitive advantage emerges when an organization possesses valuable, rare, difficult-to-imitate, and irreplaceable resources and capabilities (Barney, 2010). In the context of MSMEs, marketing capabilities, product innovation, and the ability to build market networks are forms of strategic resources that determine business competitiveness (Urbancova, 2013; Djodjobo & Tawas, 2014). Porter (2008; 1990) also emphasized that competitive advantage is built through differentiation strategies, cost efficiency, and clear positioning in market competition. Thus, MSME empowerment must be directed at strengthening marketing strategies as the main instrument for creating added value and increasing competitiveness, not simply increasing the number of micro-enterprises.

However, most MSME empowerment programs in Indonesia still tend to focus on capital assistance, technical production training, or administrative support, while the marketing strategy dimension as a mechanism for building competitive advantage is often not a primary focus. In fact, previous studies have tended to position MSMEs as a general economic sector or discussed poverty solely from a social policy perspective (Halawa, 2014), without integrating marketing strategy as a core capability in the economic empowerment model for the poor.

This situation indicates a clear research gap: the limited number of studies specifically examining how marketing strategies can be constructed as the foundation of an MSME empowerment model to build competitive advantage while contributing directly to poverty reduction, particularly in a regional context like East Java Province. Yet, without an empowerment model that positions marketing as a core capability, MSMEs risk becoming mere "informal economic buffers" without being able to become drivers of socio-economic transformation.

Based on this gap, the novelty of this research lies in its attempt to formulate a

marketing strategy-based MSME empowerment model that not only aims to improve business performance but also build competitive advantage as a strategic path to poverty alleviation. This model positions marketing strategy as a key capability for MSMEs to advance in class, strengthen competitiveness, expand markets, and create socio-economic impacts for the community (Bharadwaj et al., 1993; Porter, 2008).

Using a qualitative study approach, this research seeks to deeply understand how MSME marketing practices are implemented, how competitive advantages are formed, and how MSME empowerment can become an instrument of local economic transformation in the East Java context. This research is important and urgent because without an empowerment model that emphasizes marketing strategies and competitive advantages, MSMEs risk remaining within the vulnerable circle of informal micro-enterprises, thus suboptimally contributing to poverty alleviation.

Method

This research is designed to deeply understand how marketing strategies can become the foundation of an MSME empowerment model to build competitive advantage while contributing to poverty alleviation in East Java Province. The focus of the research is not directed solely at quantitative measurements, but rather on exploring the processes, practices, and meanings of empowerment experienced directly by MSME actors in the local socio-economic context. Therefore, this research uses a qualitative study approach with an interpretive case study design, which allows researchers to examine the dynamics of MSME empowerment contextually, naturally, and based on the real experiences of community economic actors.

The case study design was chosen because marketing strategy-based MSME empowerment is a complex phenomenon that cannot be understood separately from the surrounding social, cultural, and regional policy environments. The case study in this research focuses on MSMEs within the

community economic empowerment and poverty alleviation ecosystem program in East Java, allowing the research to capture how marketing strategies are implemented as a core capability to increase business competitiveness. An interpretive approach is used to emphasize that the reality of empowerment is not a single phenomenon, but rather is constructed through the interaction of MSME actors, the government, supporting institutions, and the market.

The research was conducted in several strategic areas in East Java Province, characterized as centers of MSME growth while still facing structural poverty issues, particularly in the informal sector and the community economy. East Java was chosen because it is a province with a significant economic contribution, yet still harbors pockets of poverty that require strengthening competitiveness-based empowerment models. Therefore, this regional context provides a relevant space for a more substantive study of the relationship between MSME marketing strategies and the poverty alleviation agenda.

The research subjects were determined purposively, taking into account the informants' direct involvement in MSME practices and community economic empowerment programs. Key informants included micro and small MSMEs running community-based businesses, MSME facilitators, and local government officials or related institutions involved in fostering and strengthening business capacity. The purposive technique was chosen because this research requires informants with in-depth experience and knowledge of marketing strategies, competitiveness challenges, and the realities of economic empowerment in the context of poverty.

Data collection was conducted through in-depth interviews, field observations, and documentation studies. Interviews were used to explore the experiences of MSMEs in developing marketing strategies, expanding

markets, and addressing structural limitations such as access to financing and distribution networks. Observations were conducted to capture direct marketing practices, including how MSMEs promote their products, build customer relationships, and utilize digital media and local networks. Documentation studies supplemented the data by reviewing empowerment program reports, regional policy documents, and official data related to MSME development sourced from the Directorate of MSME and Cooperative Development, Ministry of National Development Planning/Bappenas.

Data analysis was conducted using an interpretive thematic analysis approach, identifying key patterns emerging from informants' experiences related to marketing strategies, competitive advantage, and economic empowerment. The analysis process was conducted simultaneously from the data collection stage, through data reduction, data presentation, and drawing conclusions based on central themes. The themes analyzed included the marketing capabilities of MSMEs, the forms of competitive advantage they have developed, and the contribution of marketing strategies to driving economic transformation among the poor.

To maintain the validity and credibility of the research, source and method triangulation techniques were used, namely comparing interview results between informants, testing consistency with observational findings, and strengthening interpretations through supporting documents. Furthermore, member checking was conducted by reconfirming initial findings with informants to ensure the researcher's interpretations remained consistent with their experiences. With this strategy, the research is expected to produce an empirically robust and policy-relevant model of MSME empowerment.

Through this methodological design, this research seeks to produce an in-depth understanding of how marketing strategies can be constructed as a key capability in

empowering MSMEs to build competitive advantages, while also becoming a real instrument in the poverty alleviation agenda in East Java Province.

In more detail, the study highlights that marketing strategy becomes a critical instrument for MSMEs to reposition themselves within increasingly competitive markets. Many MSMEs in East Java remain trapped in informal and low-value market segments because they rely heavily on traditional selling practices and lack structured branding, segmentation, and customer engagement approaches. By adopting a strategic marketing orientation, MSMEs are able to better understand consumer preferences, respond to market trends, and create products that are not only functional but also competitive in terms of quality, uniqueness, and value perception. This reinforces the idea that marketing is not an external business function, but an internal capability that shapes long-term growth opportunities (Kotler & Keller, 2013; Kotler & Armstrong, 2012).

Furthermore, the findings indicate that empowerment efforts must move beyond short-term interventions such as financial aid or basic training programs. While access to capital remains important, it does not automatically translate into poverty reduction if MSMEs cannot secure stable market access. The empowerment model identified in this study emphasizes the importance of strengthening distribution channels, enhancing digital marketing adoption, and building partnerships with wider market ecosystems, including modern retail networks, e-commerce platforms, and local government-supported business clusters. These marketing-driven mechanisms allow MSMEs to expand beyond local consumer bases and generate more sustainable income streams, which aligns with national development priorities for MSME strengthening (Kementerian PPN/Bappenas, 2015; Halawa, 2014).

Finally, the research confirms that marketing based empowerment contributes not only to business performance but also to broader socio economic transformation. When MSMEs achieve competitive advantage

through differentiation and stronger market legitimacy, they are more likely to generate employment, stabilize household income, and stimulate local economic circulation. This reflects the broader theoretical argument that competitive advantage emerges from strategic resources, innovation, and sustainable market positioning (Barney, 2010; Porter, 1990; Urbancova, 2013). Over time, this process supports structural poverty alleviation by reducing vulnerability among low-income communities and enabling upward economic mobility (Amir et al., 2013; Annur, 2013).

Marketing Strategy as the Foundation for MSME Differentiation to Move Up a Class

In addition, the findings indicate that differentiation for MSMEs is not limited to product taste or physical quality, but also involves how products are communicated, packaged, and positioned in the minds of consumers. Many MSMEs in East Java operate with similar product categories such as snacks, beverages, or local crafts making competition highly saturated. In such conditions, MSMEs that fail to develop a distinctive brand narrative, visual identity, or customer-oriented marketing message will struggle to stand out. This confirms that empowerment efforts should prioritize marketing capability development as the first step toward creating uniqueness that can be valued by the market.

Moreover, the study reveals that differentiation is closely linked to consumer trust and market legitimacy. MSMEs that lack clear branding and standardized marketing practices are often perceived as informal or less reliable, even when their products meet quality standards. Building differentiation therefore also means building legitimacy through consistent labeling, certification, storytelling of local authenticity, and customer engagement. This process strengthens the perceived value of MSME products and supports their ability to compete beyond traditional local markets. Such competitive positioning reflects Porter's (1990) argument that advantage emerges when firms establish clear strategic positioning within their industry environment.

Furthermore, the empowerment model suggests that differentiation becomes a pathway for MSMEs to “move up a class” by shifting from survival-based operations toward growth-oriented enterprises. When MSMEs successfully differentiate, they gain stronger bargaining power in distribution networks, attract wider customer segments, and increase their capacity to enter modern retail or digital platforms. This transformation aligns with the resource-based view that sustainable competitive advantage depends on unique capabilities that competitors cannot easily imitate (Barney, 2010). Marketing strategy, in this sense, becomes a strategic resource that enables MSMEs to secure long-term competitiveness rather than short-term sales.

Finally, the findings underline that differentiation is essential not only for business performance but also for poverty reduction outcomes. MSMEs that remain undifferentiated tend to operate with low margins, unstable demand, and limited market expansion, which keeps entrepreneurs and workers in vulnerable economic conditions. Conversely, differentiated MSMEs are more likely to generate stable income, create employment opportunities, and contribute to local economic circulation. This supports the view that sustainable competitive advantage is not simply the cost of competing, but a foundation for inclusive economic development (Kumar et al., 2011; Bharadwaj et al., 1993). Therefore, marketing-based differentiation should be positioned as a core pillar of MSME empowerment strategies aimed at breaking structural poverty traps in East Java.

Marketing Strategy as a Mechanism for Market Access and Revenue Strengthening

The research findings reveal that one of the most critical barriers faced by micro and small MSMEs in East Java is limited market access. Most enterprises remain confined to narrow local consumer circles, such as village-

based markets or small neighborhood networks. This restricted market reach creates an unstable business environment, where sales depend heavily on seasonal demand and irregular purchasing patterns. As a result, MSME entrepreneurs often experience fluctuating income levels that prevent them from achieving economic security and escaping poverty.

One informant emphasized this condition by stating: *“If you only sell around the village, your income is uncertain. Sometimes it's busy, sometimes it's quiet. But once you enter the outer market, you'll see an increase”* (IU5). This statement reflects the broader reality that local market dependency keeps MSMEs vulnerable, while wider market integration opens opportunities for revenue growth and long-term sustainability.

These findings suggest that marketing strategy plays a direct role in expanding market access and strengthening income stability. Marketing is not merely about selling products, but about building pathways that connect MSMEs to broader consumer segments through distribution networks, branding, and strategic positioning. In many cases, MSMEs that lack marketing capabilities remain trapped in informal economic structures, unable to scale up or compete beyond their immediate environment.

In the context of poverty alleviation, income stability is more significant than short-term profit increases. Poverty persists not only because of low income, but because household economies remain fragile and exposed to uncertainty. When MSMEs operate in unstable markets with inconsistent demand, entrepreneurs are unable to plan, invest, or accumulate resources for upward mobility. This aligns with Rejekiingsih (2011) and Annur (2013), who argue that poverty is multidimensional and sustained by structural vulnerability rather than income shortage alone.

Furthermore, the study highlights that marketing driven market expansion enables

MSMEs to strengthen their competitive advantage. By accessing wider distribution channels such as urban retail markets, digital commerce platforms, or regional business networks MSMEs gain greater bargaining power and reduce dependency on small-scale local buyers. This supports Porter's (1990) view that competitive advantage emerges through strategic positioning and the ability to compete in broader market environments.

In addition, marketing capability can be understood as a strategic resource that determines whether MSMEs can achieve sustainable growth. From the resource-based perspective, firms that develop unique internal capabilities such as market orientation, branding skills, and customer relationship building are more likely to maintain long-term competitiveness (Barney, 2010; Kumar et al., 2011). Therefore, strengthening marketing capacity becomes essential not only for business survival but also for business transformation.

The practical implication of these findings is that MSME empowerment programs in East Java must prioritize marketing-based interventions aimed at widening market access. Empowerment should not focus solely on production assistance or capital support, but must include the development of distribution systems, branding strategies, consumer orientation, and digital market integration. Marketing strategy thus becomes the primary mechanism through which MSMEs can move beyond informal subsistence activities and become sustainable sources of income that contribute to poverty reduction and local economic transformation.

Competitive Advantage of MSMEs as a Capabilities That Are Difficult to Imitate

The research findings confirm that MSMEs in East Java that successfully develop strong marketing strategies tend to achieve more sustainable competitive advantage. This advantage is not primarily derived from competing on low prices, but rather from intangible factors such as reputation, customer familiarity, perceived product authenticity, and the ability to communicate unique value. In highly saturated MSME

markets, where products are often similar in form and function, marketing becomes the key mechanism through which enterprises can stand out and remain competitive.

A local craft informant highlighted this reality by stating: "*Products can be similar, but tourists or buyers usually choose brands that are clear and appear trustworthy*" (IU6).

This statement reflects that consumers do not always evaluate MSME products solely based on physical characteristics, but also on trust, brand clarity, and market legitimacy. Thus, competitive advantage increasingly depends on how MSMEs position themselves and build relationships with buyers.

These findings reinforce the Resource-Based View (RBV) perspective that competitive advantage emerges when firms possess valuable, rare, difficult-to-imitate, and non-substitutable capabilities (Barney, 2010). Marketing strategy, in this context, should be understood not merely as an operational activity, but as a strategic internal resource. MSMEs that develop strong branding, consumer orientation, and consistent market communication create capabilities that competitors cannot easily replicate, especially when these capabilities are embedded in local identity and long-term customer trust.

Furthermore, competitive advantage in MSMEs is often built through differentiation rather than cost leadership. Porter (1990; 2008) emphasizes that firms achieve sustainable competitiveness when they establish unique positioning within their market environment. For MSMEs in East Java, differentiation may take the form of cultural authenticity, local storytelling, specialized product niches, or superior customer engagement. Marketing strategy enables these differentiating elements to be transformed into recognized market value.

In addition, the research suggests that sustainable competitive advantage requires continuous innovation in marketing practices, particularly in response to changing consumer behavior and digital transformation. Urbancova (2013) argues that innovation and knowledge are central to competitiveness, while Kumar et al. (2011) highlights that market orientation is often a necessary

condition for surviving competition. MSMEs that fail to adapt their marketing strategies risk losing relevance, even if their products remain technically adequate.

The practical implication is that MSME empowerment programs should focus on developing marketing capabilities as the foundation for long-term competitiveness. Support should not stop at production improvement or financial assistance, but must include branding development, market research skills, consumer communication strategies, and access to wider distribution networks. As Bharadwaj et al. (1993) suggest, sustainable competitive advantage is deeply linked to strategic capabilities that allow firms to maintain superior performance over time.

The theoretical implication of this research is that marketing strategy should be positioned as a core component in MSME empowerment models rather than as a secondary complement to economic support programs. Empowerment that integrates marketing as a strategic resource enables MSMEs not only to compete effectively, but also to generate stable income, expand employment opportunities, and contribute to broader poverty reduction goals in East Java Province.

Empowerment Gap MSMEs Still Positioned as Mere Informal Buffers

The research findings reveal a significant gap in the implementation of MSME empowerment programs in East Java. Although MSMEs are widely recognized as strategic actors in the national economy, empowerment initiatives at the local level remain fragmented and partial. Most interventions still emphasize short-term support such as capital assistance, administrative training, or production improvement, while neglecting the development of marketing capabilities as a foundation for competitiveness.

This condition was clearly expressed by one informant who stated: "Training is often

only about production or administration, but we're confused about how to find markets and build brands" (IU3).

This testimony illustrates that many MSME actors do not experience empowerment as a comprehensive transformation process. Instead, they receive technical support without being equipped with the strategic tools necessary to expand markets, strengthen branding, and compete sustainably.

The findings suggest that empowerment policies often treat MSMEs merely as informal economic buffers rather than as engines of structural economic development. MSMEs are frequently positioned as instruments to absorb unemployment and provide minimal income for low-income households, rather than as productive enterprises capable of generating long-term competitive advantage. This reinforces the argument that empowerment should not stop at survival-level assistance, but must aim at upgrading MSMEs into formal, growth-oriented business actors (Halawa, 2014; Kementerian PPN/Bappenas, 2015).

Furthermore, the study confirms that without marketing-oriented empowerment, MSMEs remain trapped in low-value market segments. They continue to operate within limited local demand, face unstable revenue, and lack the strategic positioning required to enter wider distribution networks. Porter (1990; 2008) emphasizes that competitiveness depends on differentiation and strategic market positioning, yet these elements are rarely prioritized in conventional empowerment programs.

From the Resource-Based View perspective, marketing capability should be understood as a strategic resource that enables enterprises to build sustainable competitive advantage (Barney, 2010). When empowerment programs fail to develop these capabilities, MSMEs cannot create unique value, strengthen consumer trust, or establish market legitimacy. As a result, they remain

vulnerable to competition and unable to move beyond subsistence-level operations.

The implications for poverty reduction are also substantial. Poverty persists not simply because of insufficient income, but because household economies remain fragile and exposed to uncertainty (Annur, 2013; Rejekiningsih, 2011). If MSMEs are only supported as informal survival mechanisms, poverty will merely be managed temporarily rather than reduced structurally. Sustainable poverty alleviation requires empowerment that enables MSMEs to generate stable income, expand employment opportunities, and contribute to local economic transformation.

Therefore, MSME empowerment policies in East Java must shift from an administrative and assistance-based approach toward a strategic model centered on marketing, competitiveness, and market expansion. Empowerment must be designed to help MSMEs “move up a class” through branding development, distribution strengthening, consumer orientation, and differentiation strategies. Without such a transformation, MSMEs will remain stagnant actors in the informal sector, and poverty reduction efforts will fail to achieve sustainable outcomes.

Impact of Model on Poverty Reduction in East Java

This sub-chapter highlights the central contribution of the study: that a marketing strategy-based MSME empowerment model generates a direct and sustainable impact on poverty reduction in East Java Province. The findings confirm that empowering MSMEs through marketing strategies does not only improve business performance, but also strengthens household economic resilience, expands employment opportunities, and stimulates local economic transformation. In this sense, MSMEs are positioned not merely as small economic actors, but as strategic drivers of inclusive development.

The research found that when MSMEs are strengthened through structured marketing strategies such as customer orientation, branding, and market expansion they experience more stable income growth.

Income stability is essential for poverty alleviation because poverty is often sustained by economic vulnerability and uncertainty rather than by low income alone. One informant explained: *“If you have regular customers, your business becomes more secure. That’s what makes your family’s finances more secure”* (IU7). This indicates that marketing-driven customer retention and market legitimacy contribute directly to the financial security of MSME households.

Furthermore, the study reveals that marketing empowerment enables MSMEs to move beyond subsistence-level operations toward growth-oriented enterprises. When MSMEs gain access to wider markets and generate increasing demand, they are more capable of scaling up production and improving business sustainability. This process creates the conditions for MSMEs to escape the informal vulnerability trap and become stable contributors to the regional economy.

In addition to income growth, the findings demonstrate that expanding MSMEs create new job opportunities for surrounding communities. As MSMEs receive more orders and expand distribution networks, entrepreneurs often involve neighbors or local workers in the production process. As one informant stated: *“If I get a lot of orders, I ask my neighbors to help. So it’s not just me who benefits”* (IU4). This reflects the community-based nature of MSMEs and their capacity to generate employment and reduce unemployment pressures among low-income groups.

Thus, MSMEs create a multiplier effect within the local economy. Strengthened MSMEs stimulate economic circulation by increasing labor demand, supporting small suppliers, and broadening income distribution among poor households. Empowerment, therefore, should not be understood only as improving individual enterprises, but as a mechanism for inclusive economic development that reduces structural poverty through broader participation in market opportunities.

Based on these research results, a marketing strategy-based MSME empowerment model for poverty alleviation

in East Java can be formulated through a clear transformation flow: strengthening marketing strategy encourages the creation of MSME competitive advantage, which expands market access and generates more stable income, thereby triggering local economic transformation and ultimately contributing to poverty reduction. This model emphasizes that marketing is not merely a promotional activity, but a foundational pillar of socio-economic transformation. Overall, the study confirms that marketing strategy-based empowerment is a key pathway for MSMEs to move up a class, strengthen competitiveness, and become a major driver of economic transformation for poor communities in East Java Province. Without marketing as a core capability, MSMEs will remain trapped in vulnerable informal cycles, but with targeted marketing strategies, they can achieve sustainability and play a central role in long-term poverty reduction.

Conclusion

This study concludes that a marketing strategy-based MSME empowerment model is a strategic approach that is not only relevant for improving the performance of micro and small businesses but also makes a real contribution to building competitive advantage as a foundation for local economic transformation within the poverty alleviation agenda in East Java Province. The research findings emphasize that MSMEs cannot be positioned simply as an informal economic sector supporting the poor, but must instead be developed as productive actors capable of creating added value, expanding markets, and strengthening household economic resilience.

The results indicate that marketing strategy is a core capability determining the success of MSME empowerment. Product differentiation, strengthening brand identity, market orientation, and the ability to expand distribution networks have proven to be key mechanisms enabling MSMEs to move from subsistence to competitive businesses. From a

Resource-Based View (RBV) perspective, marketing strategy serves as a valuable, difficult-to-imitate strategic resource that forms the basis of sustainable competitive advantage. Therefore, MSME empowerment cannot be achieved solely through capital assistance or technical production training; it must also be directed at strengthening marketing as the foundation of competitiveness.

Furthermore, this study confirms that a marketing strategy-based empowerment model has a direct impact on poverty reduction through more stable incomes, expanded employment opportunities, and a multiplicative effect on the community economy. MSMEs that are able to access broader markets and build customer loyalty not only strengthen the welfare of business owners but also open economic opportunities for the surrounding community, making MSME empowerment a crucial instrument in breaking the chain of structural poverty, particularly in rural areas and the informal sector of East Java.

Therefore, the novelty of this research lies in its contribution to formulating an MSME empowerment model that positions marketing strategy as a key capability for building competitive advantage and as a strategic path towards poverty alleviation. This model broadens the perspective of MSME empowerment from merely an administrative economic program to a framework for socio-economic transformation based on competitiveness and sustainability.

Overall, this study recommends that MSME empowerment policies in East Java Province need to shift from a partial approach to an integrated strategic approach, with marketing strategies at the core of community economic development interventions. Without strengthening marketing capabilities and competitive advantages, MSMEs risk remaining within the vulnerable circle of informal micro-enterprises, thus suboptimally contributing to poverty alleviation.

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