

THE IMPORTANCE OF DIGITALIZATION IN DRIVING INNOVATION, STRATEGY, AND COMPETITIVE ADVANTAGE FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES) IN BANJARMASIN

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ABSTRACT

Digitalization has become a crucial catalyst for business transformation in the digital economy era, including for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This research aims to analyze the role of digitalization in encouraging innovation, developing effective business strategies, and achieving competitive advantages for micro and small enterprises (MSMEs). Through a qualitative approach involving literature studies and in-depth interviews with MSME actors across various sectors, it was found that the adoption of digital technologies, such as e-commerce, social media, and digital management systems, can increase operational efficiency, expand market reach and accelerate the process of product and service innovation. However, the study's results also reveal that significant challenges persist, including limited access to technology, low digital literacy, and a lack of employee skills in MSMEs. Therefore, synergy between the government, industry players, and education and training institutions is needed to create an inclusive and sustainable digital ecosystem for MSMEs. In conclusion, digitalization is not only a tool but also a strategic foundation for enhancing the competitiveness of MSMEs in the face of increasingly dynamic global competition.

Keywords: digitalization, MSMEs, innovation, business strategy, competitive advantage

1. Introduction

Micro, small, and medium enterprises, or MSMEs, are types of businesses that operate on a small to medium scale. An MSMEs is not a subsidiary, a branch of a company, or part of a large-scale company or business. In Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. Micro Enterprises are businesses that have a turnover of less than 300 million per year and employ fewer than 20 people. Meanwhile, Small Businesses are those with a turnover of \$ 300 million to \$ 2.5 billion per year. The number of Medium Business workers is between 30 – 100 people. For medium enterprises, the turnover ranges from 2.5 billion to 50 billion per year. SMEs are a type of business that has a considerable contribution to encouraging economic growth. SMEs play a crucial role in expanding the country's GDP.

The role of MSMEs can be felt not only in developing countries but also in developed countries. MSMEs can absorb a significant amount of labour, more than large businesses. The contribution of MSMEs to GDP is also greater than that of large-scale companies. MSMEs are the most critical pillar in the economy in Indonesia. Based on data from the Ministry of Cooperatives and SMEs for the first quarter of 2021, the number of Small and Medium Enterprises in Indonesia reached 64.2 million. This number is predicted

to continue growing along with technological advances and the increasing potential of human resources. The contribution to GDP reached 61.07%, or worth Rp 8,573.89 trillion. SMEs and MSMEs can also absorb 97% of the total workforce and collect 60.4% of the total investment.

The rapid development of business certainly creates very tight competition, without exception, in the MSME sector. Every day, new businesspeople emerge with their product innovations (Ashrafi & Zareravasan, 2022). The problem that is often faced now is the number of MSMEs actors who are struggling to develop their businesses due to the lack of strategies and innovations that make MSMEs less competitive. Ultimately, many companies are unable to survive and go bankrupt because the products or services they offer are not strong, or they lose their competitive edge. It is not surprising that local MSME products that have managed to penetrate the international market are still relatively few in number. When compared to similar products from foreign countries, Indonesian MSME products are less competitive both in terms of quality and price. There are several challenges for MSMEs in the culinary sector, including marketing difficulties, financial constraints, limitations on human resources, raw material shortages, and technological limitations. MSMEs face several challenges, including marketing difficulties, economic constraints, labour shortages, raw material shortages, and technological limitations (Rawan & Ghonisyah, 2023). The role of entrepreneurship is very big for the growth and development of MSMEs in Indonesia. The more entrepreneurs, the more the economy of a country will move because it creates a great multiplayer effect such as increasing employment, increasing money turnover in a region and of course increasing state revenue from tax payments. The more advanced a country is, the more the economy in that country will develop (Hidayat & Hayati, 2024). The active response and motivation of entrepreneurs to participate in sustainability issues have a significant influence on the future of the business. (Elidawati, 2022) These factors have been proven to motivate the company's management to adopt and implement effective, sustainable business development practices. The success of sustainable business development depends on the degree of alignment between management attitudes and policies. (Sherlywati & Simangunsong, 2023)

MSMEs actors are expected to think critically and innovatively when producing goods and services. Although the goods offered are similar, with significant differences, consumers have many choices. So far, MSMEs have not fully leveraged digitalization in running their businesses due to a lack of technological capabilities. Initially, MSMEs struggled with technology. Therefore, if MSMEs want to develop and advance, they should not hesitate to adopt technology. Must be literate in the rapid development of technology. Some MSMEs lack knowledge of how to sell their goods effectively. However, many MSMEs goods in Indonesia are of high quality. The quality of Indonesian goods is among the best. It's just that many don't know how to sell it. The keys to implementing open innovation include organizational types, knowledge management systems, technology transfer, and collaborative networks. Inbound, outbound, and coupled open innovation

activities were found to have a positive influence on innovation practices (Srisathan et al., 2023)

MSMEs operating in a highly dynamic and fast-changing environment are more likely to leverage their entrepreneurial orientation in utilizing data analytics to identify and capitalize on new opportunities. (Cadden et al., 2023) The impact of cultural and social factors, different types of collaboration, sustainable practices, and the long-term effects of open innovation practices on company performance.(Srisathan et al., 2023) Based on the above understanding, it is evident that entrepreneurial orientation plays a crucial role in enhancing business performance. This role demonstrates the effectiveness of business management and planning in responding to market needs. (Dwi Handini et al., 2023)

A. Literature Review

1. Digitization of MSMEs

MSME digitalization is the process of enabling Micro, Small, and Medium Enterprises (MSMEs) to enter the digital sphere, thereby enhancing the effectiveness and efficiency of their business processes and operations. The transition of MSMEs to this digital system will not only change the marketing process but also expand business reach with the help of technology. Furthermore, this process can also help business actors simplify their production processes, enabling them to manage finances more easily, transparently, and efficiently. The ability to master digital devices and the internet is a crucial skill that MSMEs must possess if they want to survive in a competitive market. The fundamental problem of SMEs today is the mastery and effective use of appropriate technology, which can encourage higher productivity among SMEs (Asharafi, 2020). Information technology in business activities requires entrepreneurs to enhance their digital literacy, particularly during the COVID-19 pandemic, as is evident today. (Octavina & Rita, 2021)

Business actors can order, regulate, and control the supply of raw materials for production as well as product distribution centrally, thanks to the help of digital technology. Business actors can also perform company financial bookkeeping transparently and with minimal errors, thanks to the help of technology. From the consumer side, this process will also bring benefits, as consumers can access and obtain MSME products at more affordable prices due to the shorter marketing chain. Thus, all of the above benefits can reduce costs and shorten the production duration required by MSME business owners while also providing them with higher profits. According to Sukmana in Erwin (2020), digitalization is a media process that converts printed, audio, and video formats into digital formats. Digitization is used to create an archive of digital documents. Digitization requires equipment such as computers, scanners, source media operators and supporting software. According to Brennen & Kreiss (2016), digitalization refers to the increasing availability of

digital data made possible by advances in creating, transferring, storing, and analyzing digital information. It has the potential to structure, shape, and influence the contemporary world. Digital literacy and entrepreneurial innovation have a significant influence on the competitive advantage of small and medium enterprises (SMEs) (Rakib et al., 2023). One of the best ways to market or promote their business is to use *digital marketing* through social media or websites, and this is very helpful for business people to increase sales of their products to consumers who are actively looking for products or services so that it is much more effective and efficient (Octavina & Rita, 2021)

1. **MSMEs Data Management**

The definition of data processing, according to Kristanto (2018:8), is, "Data processing is the time used to describe the change in the form of data into useful information." A study offers theoretical and managerial insights, contributing to the understanding of how small and medium-sized enterprises (SMEs) can develop data-driven innovation capabilities to enhance their competitive advantage. (Cadden et al., 2023)

Data processing enables organizations to make more informed and effective decisions. Well-processed data can provide the right insights and information, helping to make more accurate and fact-based decisions. The study focuses on the implementation of open innovation practices in Thai small and medium-sized enterprises (SMEs). It proposes strategies for technology transfer, collaboration through networks, types of supporting organizations, knowledge management systems, and exploration and exploitation of knowledge resources. (Srisathan et al., 2023) A study found that data-driven innovation capabilities have a significant impact on marketing agility and competitive advantage over time.(Alghamdi & Agag, 2024) This study highlights the significance of technological advancements in enhancing efficiency and mitigating risk, as well as the importance of effective management in boosting organizational effectiveness. (Kurdi et al., 2023)

2. **Marketing Strategy for MSMEs**

According to Kotler (2000), marketing strategy is a mindset used to achieve marketing goals within a company. It encompasses specific strategies for the target market, positioning, marketing mix, and the allocation of marketing spending. An article examines the role of marketing agility mediation and the effect of market turbulence moderation on competitive advantage (Alghamdi & Agag, 2024). One of the factors that determine the competitive advantage of MSMEs is marketing innovation. The dimensions of innovation capabilities, including product innovation, process innovation, marketing innovation, service innovation, and administrative innovation, impact the competitive advantage of SMEs' performance (Tajeddini et al., 2023). In carrying out marketing innovation, it is necessary to conduct marketing analysis, which is particularly important in this case for data-driven insights. The use of big data and

marketing analytics contributes to knowledge integration, which further fuels innovation in SMEs.(Cadden et al., 2023). Therefore, it is suggested that with the selection of the right marketing strategy, SMEs can achieve improvement/improvement of STP strategies, social media marketing, and digital marketing effectively and efficiently (Abdullah & Ampauleng, 2024)

Marketing analysis must be conducted before implementing a marketing strategy, specifically by examining the market attractiveness in a particular industry. Marketing analysis is a business plan that presents information regarding the markets in which the business operates. This analysis is related to various factors. Marketing analysis is conducted to formulate a strategy for running a business, considering specific factors to determine how to manage it effectively. This study offers theoretical and practical insights into how SMEs can leverage big data and marketing analytics to enhance innovation and achieve a competitive advantage in a dynamic business environment (Cadden et al., 2023). The study's results indicate that marketing innovation makes a positive and significant contribution to sustainable competitive advantage. (Asharafi, 2020)

The key success factors are the elements that enable businesses to achieve significant market success. Those elements are necessary to stand out among the rest of the competition. The competitive advantage possessed by SMEs significantly contributes to the existence and likelihood of success of these enterprises. (Rakib et al., 2023) MSMEs must also maintain good relationships with suppliers to ensure the smooth distribution of materials. Companies must pay attention to factors such as the quality, reliability, and performance of their suppliers to develop an effective supply chain strategy (Saribanon et al., 2024)

MSME HR must also be aware of the risks that arise in running a business and strategically combine existing resources while managing risks to differentiate their service portfolio and remain competitive. Entrepreneurial orientation influences differentiation and risk management advantages, which in turn are associated with the creation of a sustainable competitive advantage (Tajeddini et al., 2023)

The results of research on SMEs in Thailand highlight the crucial role of policymakers in promoting and enhancing open innovation practices among Thai SMEs, including providing financial support, incentives, resources, and training. This can be achieved by developing programs focused on open innovation, knowledge management, and technology transfer, as well as strengthening collaborative networks. The government can play an essential role in advancing SMEs (Srisathan et al., 2023)

4. Competent Human Resources and an Entrepreneurial Spirit

Research indicates that an organization's success is primarily determined by its human resources, with a strong emphasis on the importance of human capital in the workplace. Considering that human resource management is a crucial factor for companies to enhance their competitiveness in this global era. Human Resource Management Functions, in collaboration with organizational management, need to re-engineer their work practices so that favourable circumstances can be created for both management and the workforce (Seema et al., 2021). Likewise, for MSMEs, the quality of the company's human resources greatly affects the achievement of its goals. With increasing globalization and international competition, recruiting, retaining, and managing human resources that enhance organizational competitiveness have become crucial factors in the success of an industry (Nadiri & Tanova, 2010).

A close relationship exists between innovative HR practices, innovation capabilities, competitive advantage, and the performance of small and medium-sized enterprises (SMEs). This study found a significant relationship between innovation in HR practices, innovation capabilities, competitive advantage, and the performance of SMEs. (Tajeddini et al., 2023). In running their businesses, human resources in MSMEs must possess a high entrepreneurial spirit, emphasizing the importance of entrepreneurial orientation, environmental dynamics, data utilization, marketing analytics, knowledge integration, innovation, and achieving a sustainable competitive advantage in the context of SMEs (Cadden et al., 2023). HR with an entrepreneurial spirit are well aware of the importance of data. SMEs can develop a sustainable competitive advantage through the effective use of big data and marketing analytics, supported by a strong entrepreneurial orientation and the ability to integrate knowledge.(Cadden et al., 2023)

MSMEs Human Resources must also be aware of the risks that arise in running a business and strategically combine existing resources while managing risks to differentiate their service portfolio and remain competitive. Entrepreneurial orientation influences differentiation and risk management advantages, which in turn are associated with the creation of a sustainable competitive advantage (Tajeddini et al., 2023). Every employee must have strategic involvement to positively impact work outcomes (Hayati & Rifani, 2025). Furthermore, this study also explains that running a business and maintaining a competitive advantage in the current business landscape requires resilience to extreme risks and uncertainties caused by rapid and sudden changes (Tajeddini et al., 2023)

In line with the results of research on SMEs in Thailand, it is essential for policymakers to promote and enhance open innovation practices among Thai SMEs. This can be achieved by providing financial support, incentives, resources, and training, as well as developing programs focused on open innovation, knowledge management, and technology transfer. Additionally, strengthening collaborative networks is crucial. Governance can play an essential role in advancing SMEs (Srisathan et al., 2023). An

organization not only demands individual work skills from employees, but also the ability to work effectively in a team.(Hayati et al., n.d. 2024).

C. Research Methods

The method employed in this study utilizes qualitative analysis, which involves researching a problem by collecting and analyzing non-numerical data. Qualitative research aims to understand complex social phenomena that cannot be measured with numbers. This study emphasizes the process of communication interaction between researchers and research subjects. As respondents in this study, MSMEs engaged in the food business are located in Indonesia, particularly in the city of Banjarmasin, which has a total of 40 MSMEs. Data collection techniques in qualitative research: in-depth interviews, observations, Forum Group Discussions (FGD) and documentation.

D. Results

The digitalization of MSMEs represents a shift from conventional to digital systems in managing their businesses. The main goal is to improve the efficiency and effectiveness of business operations. The benefits for MSMEs extend beyond transforming business processes with technology to include cash flow monitoring, online procurement of raw materials, and effective financial management. Therefore, the importance of digitizing MSMEs lies in supporting the smooth operation of all business processes. There has been an increase in the use of digitalization strategies, which has enhanced the effectiveness of culinary MSMEs in Tasikmalaya City by 51.24% during the pandemic. (Rawan & Ghonisyah, 2023)

The results of the study show that in 2020, transactions carried out in Indonesia through e-commerce increased to reach IDR 266.3 trillion. DS Innovate in the MSMEs Empowerment Report in 2021. The increase is expected to continue in line with the habits of people who are comfortable making *online transactions*.

Here are the steps if you want to run a business online, including:

1. Market and Competitor Research

First, tips for digitizing MSMEs include conducting market research and analyzing competitors who have previously done business online. SMEs can develop a sustainable competitive advantage through the effective use of data and marketing analytics, supported by a strong entrepreneurial orientation and the ability to integrate knowledge. (Cadden et al., 2023)

2. Define a Business Model

Essentially, the digitalization of MSMEs encompasses all aspects of business operations. Competitive advantage can support a wide range of industries and company sizes. This shows that competitive advantage through business analysis can be applied across a wide range of industries and company sizes. (Rakib et al., 2023) When you want to turn

transaction activities into digital, it is necessary to determine which business model to follow and which has been proven effective in practice.

3. Decide on the Platform to Use

Digitizing MSMEs involves determining the type of platform to be used, selecting the platform for product sales, staffing, marketing, and storing documents and files effectively.

4. Learn SEO (Search Engine Optimization) and Digital Marketing

Digitizing MSMEs involves learning about SEO, a technique used to optimize a website, making it easier for search engines to find pages and place them on the first page of search results with keywords determined by the user, thereby maximizing digital marketing effectiveness. That way, it can increase the growth of digital MSMEs that will be carried out.

5. Maximize online marketing

To market the digitization of MSMEs, they can leverage social media to introduce their products to the public. In addition to the cost being quite affordable, the scope of marketing through social media is also extensive, making it easier to spread the products.

The primary concern for MSMEs actors is to stay afloat. The most fundamental has to do with innovation. The open innovation process plays an essential role in driving innovation in SMEs. (Srisathan et al., 2023) The innovation process plays a crucial role in driving excellence in small and medium-sized enterprises (SMEs). And the development of products that have been produced. The pandemic has strengthened the all-online lifestyle, making selling on the internet the best choice for MSMEs.

Digital marketing is one of the most critical digitalization activities for MSMEs, specifically the marketing or promotion activities of a brand or product using digital media. Most Indonesians are already technologically literate and connected to the internet. Almost all levels of society are aware of technology. Starting from rural to urban residents, everything is connected to the internet. Not only young people but also parents have started using WhatsApp. The purpose of internet access. *First*, to find information, which must be of many kinds. Including information on the goods to be purchased. *Second*, to research products or brands that are related to shopping. During the COVID-19 pandemic, MSMEs in the culinary sector are indirectly required to be able to utilize technology so that their businesses can continue to run. With all restrictions on face-to-face movement space, MSMEs in the culinary sector use digitalization strategies to develop their businesses. There is an increase in the effectiveness and development of digital used by MSMEs in the culinary industry in Tasikmalaya City. (Rawan & Ghonisyah, 2023)

In the past, people considered the market to be a place for direct selling and transacting, but currently, the largest and most widely used market is the digital market. If they want to sell, MSMEs must get closer to the digital market. The importance of digital marketing for MSMEs lies in enabling their business to develop and advance. Currently, human needs can be met through applications. When you are hungry and want to buy food, you don't need to leave the house at this time. All you have to do is order through the application, and it will be delivered directly to your location. Likewise, when you want to buy goods or other necessities, you can go through the application.

E. Conclusion

MSMEs must leverage technological advances and digital platforms to operate their businesses effectively, ensuring their continued viability and enabling direct access for many people. This digital media can be used as a means to do business efficiently. In this digital era, companies, especially small and medium-sized enterprises (MSMEs), should take better advantage of technological sophistication. Good service alone may not be enough. Especially they should become more familiar with technology and the internet in managing customer databases.

Customer databases encompass a range of information, including consumer names, phone numbers, home addresses, email addresses, frequently purchased products, and more. MSME actors may not understand the importance of information such as consumer names or phone numbers, as they generally focus on only three main activities in the business process: creating products, selling them to consumers, and making a profit. However, good database management in MSMEs can increase sales transactions.

A study reveals that the ability to integrate new knowledge with existing knowledge is key to developing data-driven innovation.(Srisathan et al., 2023). Before implementing a marketing strategy, MSMEs must first conduct a market analysis, market analysis skills are critical for MSMEs to be able to continue to adapt to developments happening around them. There are several ways for MSMEs to hone their market analysis skills to optimize business potential by continuing to monitor products that are selling well in the market. To learn market conditions, including best-selling products and keywords based on regions and categories. Next is to know the price recommendations of products in the market. Conduct a comparative analysis of the prices of products circulating in the market so that the prices offered are within normal limits and can be competitive. Next, monitor product performance. Business actors need to monitor product performance to know which products should be advertised more. Then, complete product information so that you can compete. Furthermore, gathering buyer aspirations, providing feedback, and studying each piece of feedback positively from buyers is the basis for innovating so that it can continue to be relevant to the market.

Marketing agility acts as a mediator in the relationship between data-driven innovation capabilities and competitive advantage. This indicates that marketing agility is a crucial mechanism through which data-driven innovation capabilities influence competitive advantage. (Alghamdi & Agag, 2024) Another study also emphasizes the importance of marketing analytics in achieving a competitive advantage. This research aims to provide valuable insights for MSMEs to improve their supply chain management and gain a competitive advantage in a competitive market. (Saribanon et al., 2024) Social media platforms have recently become one of the tools to encourage consumers to be more involved in the digital market after being hit by the COVID-19 pandemic (Abdullah & Ampauleng, 2024)

Improving the quality of Human Resources in MSMEs is crucial because it can help MSMEs increase productivity and work efficiency, as well as expand market reach and increase profits. By having trained and qualified human resources, MSMEs will be better equipped to compete in the market and develop their businesses more effectively. Especially in this era of globalization, competent human resources are essential; a study provides recommendations for workforce development in the new manufacturing era driven by Industry 4.0 technology. (Kurdi et al., 2023)

In addition, improving MSME human resources can also help MSMEs become more innovative and adaptive to market changes. Employees who have high knowledge and skills will be better able to seize new opportunities and develop products or services that suit market needs. Improving MSME human resources can also help MSMEs foster a healthy and positive work culture, thereby enhancing employee safety and welfare, as well as making the company a more attractive option for quality employees.

Some of the things that MSMEs can do is to create mentorship programs or partnerships with large companies or professional organizations to help MSMEs improve their HR expertise and skills. The mentorship program or partnership can provide MSME employees with access to the knowledge and experience gained by the company or organization. Mentorship or partnership programs can also be done by holding employee exchanges between MSMEs and the companies or organizations involved so that MSME employees can learn directly from work experience in the company or organization.

Provide facilities to facilitate collaboration and exchange of ideas with other companies, such as business forums or online communities. These facilities can help MSME employees connect with other companies or organizations that have a vision and mission that is in line with the MSME business so that they can expand their horizons and improve their skills. Facilities can take the form of business forums or online communities that MSME employees can access to share ideas and receive input from other companies or organizations. These facilities can also be in the form of direct classes or workshops organized by experts in fields relevant to MSME businesses.

Provide access to marketing resources that can help MSMEs promote their products or services to a broader market. Access to these marketing resources can help

MSME employees understand the best way to market MSME products or services to the right market so that they can increase sales and develop MSME businesses. In addition to providing access to marketing resources, encouraging MSMEs employees to continue learning and growing by providing access to relevant training programs and educational resources can also help them understand how best to market MSMEs products or services to the right market.

In the era of the industrial revolution 4.0, the development of MSMEs entrepreneurship has increasingly become one of the strategic issues that need our collective attention, especially in ensuring the development of policies that are conducive to supporting Advanced Indonesia. MSMEs entrepreneurship is carried out by building synergy in mapping entrepreneurial potential, creating an entrepreneurial climate, developing entrepreneurship and entrepreneurship incubation and financing support. A study of this study states the dynamic ability to investigate the relationship between entrepreneurial orientation, big data analytics, and knowledge integration in SMEs.(Cadden et al., 2023)

Economic growth can be carried out by increasing community output caused by the increasing number of production factors used in the community's production process; meanwhile, economic development is an increase in output caused by innovations carried out by entrepreneurs. Innovation is technological improvement in a broad sense, for example, the discovery of new products and the opening of new markets that originate from the creativity of entrepreneurs for the qualitative improvement of the economic system itself. This can be realized if MSMEs actors have a high entrepreneurial spirit. If the entrepreneurial spirit is increasing, the business independence of small business actors will also be stronger and more resilient in managing their businesses. Entrepreneurial orientation has a vital role in improving business performance. This role demonstrates the effectiveness of business management and planning in responding to market needs. (Dwi Handini et al., 2023)

Thus, in supporting the digitalization of SMEs, the importance of entrepreneurial orientation, environmental dynamics, data management, the use of marketing analytics, knowledge integration, innovation, and sustainable competitive advantage in the context of MSMEs must be considered.(Cadden et al., 2023)

F. Discussion

For MSMEs to achieve a breakthrough and grow their businesses, they must understand the importance of effective data management. To analyze and develop new policies, the company needs data from previous years. In line with research that mentions the need for interventions and policies that support the improvement of digital literacy and entrepreneurial innovation as a way to increase the competitive advantage and sustainability of MSMEs (Kurdi et al., 2023) In line with this, digital literacy and

entrepreneurial innovation significantly affect the competitive advantage of MSMEs, and that these factors, along with competitive advantage, significantly affect the existence of SMEs (Cadden et al., 2023).

MSME actors can conduct research on consumer behaviour as well as *trial and error* to find the right formula for their products. Existing technological developments also present opportunities for MSMEs to participate in training or workshops that benefit business sustainability. In addition to paying attention to product quality, service improvement is also essential, especially for MSME actors in the service sector. SMEs with a strong entrepreneurial orientation tend to be more active in using data and analytics to drive innovation and competitive advantage (Cadden et al., 2023). Another thing that SMEs need to pay attention to in advancing their business is the problem of marketing the products produced. Data-driven innovation capabilities have a significant impact on marketing agility and competitive advantage over time. (Wongsansukcharoen & Thaweepaiboonwong, 2023)

Products that are born from following this trend do not arise from a mature concept and have similarities with similar products. In the beginning, the demand and goods offered were both plentiful, but over time, the demand dropped because consumers were tired of identical goods. Innovation and strategy are not born by themselves but through a long process that yields results that are as expected. The role of human resources to be able to manage data and carry out innovative marketing activities is enormous. Organizations must pay attention to hiring employees so that they can build effective teams (Wang et al., 2023). There is a significant relationship between innovation in HR practices, innovation capabilities, competitive advantage, and MSME performance. (Wongsansukcharoen & Thaweepaiboonwong, 2023)

MSMEs must always be aware of the risks that will always be faced by running a business, and maintaining a competitive advantage in the current business landscape requires resilience to extreme risks and uncertainties caused by rapid and sudden changes (Tajeddini et al., 2023). As one of the sectors that strengthen the national economy, MSMEs must continually be strengthened. (Ichsana Nur, 2022) Therefore, concrete steps and strategic steps are needed from the government to maintain the national economy so as not to experience a prolonged recession and take strategic steps to help industries and MSMEs immediately rise from this downturn (Rawan & Ghonisyah, 2023)

As an example of efforts to improve the business class of West Java MSMEs, the West Java Provincial government has created several programs, one of which is called Champion MSMEs. This program focuses on improving the business class through regular training and mentoring. Still, there is no follow-up from the government on the innovations they promote. Additionally, many Juara MSME alums are still in dire need of a follow-up program after the Champion MSME program concludes. This suggests that the government's commitment to supporting SMEs remains suboptimal. (Ichsana Nur, 2022)

MSMEs must always analyze potential customers based on existing data to identify those who are the top priority for their business. Through the existing transaction history, effective marketing and promotional strategies for customers can be determined. In addition, you must also know the effectiveness of sales that have occurred. Evaluating the work that has been done is one of the essential steps. The existence of this evaluation can be a benchmark for a business, whether the plan carried out has been successful, whether it has reached the target, what needs to be improved, and so on. Based on the results obtained, it can be determined what steps must be taken next so that planning can run more optimally.

The existence of a database can make it easier to continue to develop your business. The data collected allows MSMEs to make it easier to do work, such as doing financial records and can estimate a more effective and maximum sales strategy to increase business profits sustainably.

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