DIGITAL-BASED ECONOMIC EMPOWERMENT STRATEGY TO INCREASE MSME COMPETITIVENESS IN THE CREATIVE ECONOMY ERA

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Abstract

Employment in the creative economy era. However, many MSMEs still face challenges in digital transformation, including low digital literacy, limited adoption of digital marketing, and suboptimal use of e-commerce and financial technology, which reduce their competitiveness in increasingly competitive markets. This study aims to analyze the effect of digital-based economic empowerment strategies on MSME competitiveness in the creative economy era. A quantitative approach was used with a survey method involving 130 MSME actors in the creative economy sector selected through purposive sampling. Data were collected using a structured questionnaire and analyzed using multiple linear regression, including validity, reliability, and classical assumption tests. The results show that digital marketing has a positive and significant effect on MSME competitiveness, indicating its role in expanding market reach and increasing sales performance. Digital literacy also has a significant effect on improving MSME adaptability and innovation capacity. In addition, the utilization of digital technology, including e-commerce and financial technology, significantly enhances business efficiency and competitiveness. Simultaneously, digital-based economic empowerment strategies have a significant effect on MSME competitiveness in the creative economy era. This study implies that strengthening digital capabilities, infrastructure, and ecosystem support is essential to enhance MSME competitiveness sustainably in the digital economy transformation era.

Keywords: digital empowerment, MSMEs, competitiveness, creative economy, digital transformation

1. Introduction

Global economic developments over the past two decades have demonstrated significant transformation, particularly with the advent of the digital era, which has fundamentally altered the structures of production, distribution, and consumption. Digitalization is not only a technological phenomenon but has also become a key instrument for increasing economic efficiency, expanding markets, and creating new, more adaptive business models. Consistent with this, various studies have shown that digital transformation has a significant impact on improving the performance of MSMEs, particularly in marketing, operational efficiency, and market expansion(Aisyah, S., Ladjin, N., Irwansyah, R., & Suryawan, 2025)

In a normative context, the existence of MSMEs in Indonesia is regulated by Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, which emphasizes that MSMEs play a vital role in economic growth, income equality, and improving public welfare. Furthermore, the development of the creative economy is also supported by Law Number 24 of 2019 concerning the Creative Economy, which emphasizes the importance of developing creativity, innovation, and utilizing technology to increase the added value of the national economy(Ambalele, E., & Tellu, 2025). This regulation demonstrates that the government is formally encouraging MSMEs to transform towards a digital and creative-based economy(Aminullah, E., Fizzanty, T., Nawawi, N., Suryanto, J., Pranata, N., 2024).

In Indonesia, MSMEs contribute more than 60% to Gross Domestic Product (GDP) and employ over 90% of the national workforce(Cahyani L., Hidayat, R., & Marcelino, 2023). However, this significant contribution has not been fully matched by optimal competitiveness, particularly in the face of global competition and the transformation of the digital economy. Various studies indicate that low digital literacy, limited access to technology, and inadequate data utilization remain major obstacles to MSME digital transformation (Azizah, S. N., Suradi, Koeswinarno, Fakhruddin, M., & Yuliani, 2024) Phenomenologically, the field shows that most MSMEs have begun adopting digital technology, particularly through the use of social media and marketplaces(Hermansyah, H., Suhud, U., & Rizan, 2025). However, this adoption remains basic and has not yet addressed strategic aspects such as customer data analysis, digitizing financial records, and integrating business management systems(Huda, N., Ernawati, S., Munandar, A., Nurharyadin, M., & Fajrianti, 2025). Many MSMEs still use digital technology solely as a promotional tool, rather than as a tool for business decision-making. This situation indicates a gap between the use of digital technology and its optimal utilization (digital maturity gap). In the creative economy era, these challenges are becoming increasingly complex(Nurhavina, 2020). The creative economy emphasizes added value based on ideas, creativity, innovation, and the use of digital technology. This sector encompasses various subsectors such as fashion, culinary arts, crafts, design, and digital applications. Recent research shows that MSMEs in the creative economy sector that are able to optimally integrate digital technology have higher revenue growth rates compared to MSMEs operating in conventional sectors (Kurnianingsih, 2025)

Digital transformation has transformed the way MSMEs operate(Putra, F. I. F. S., Subagyo, H., Budiantoro, R. A., & Haziroh, 2022). The emergence of e-commerce platforms, social media, and digital payment systems has opened up new opportunities for businesses to reach consumers without geographical boundaries(Subekti et al., 2020). However, not all MSMEs have been able to adapt to these changes(Nuraini & Iriyadi, 2021). A significant digital divide remains between MSMEs that have integrated with digital technology and those that continue to operate conventionally. Therefore, a digital-based economic empowerment strategy is needed that focuses not only on technology utilization but also on improving human resource capacity, access to digital infrastructure, and an inclusive supporting ecosystem. This strategy is crucial for enhancing the competitiveness of MSMEs in the face of increasingly competitive global economic dynamics(Sugeng, 2014).

Research Gaps and Study Context

Although various studies have addressed the issue of MSME digitalization and the creative economy, there is still a significant research gap, particularly regarding the implementation of effective, measurable, and sustainable digital-based economic empowerment strategies to increase the competitiveness of MSMEs in the creative economy era(Sri Natahasya et al., 2015).

Most previous studies have focused primarily on aspects of digital technology adoption and business digitization, such as the use of social media, e-commerce, and digital marketing(Dewanto, 2023). However, these studies are still partial and lack a holistic approach to economic empowerment(De et al., 2015). Key gaps in this research can be identified in the following aspects: Strengthening the human resource (HR) capacity of MSMEs Research that comprehensively examines improving digital competency, financial literacy, and entrepreneurial skills as the primary foundations for MSME empowerment is still limited(Monoarfa & Amaliah, 2021; Puspasari & Hadithya, 2023; Tambunan, 2009).

a. Integration of the MSME digital ecosystem
   There is little research that examines the interconnectedness between MSMEs, digital platforms, financial institutions, and the government within an integrated and sustainable digital ecosystem.
b. Policy strategies based on government-private collaboration
   Research on multi-stakeholder collaboration models (public-private partnerships) to support the digital transformation of MSMEs is still limited and has not been empirically studied in the context of the creative economy.
c. Strengthening digital-based creative business models
   There is still minimal previous research that specifically discusses the transformation of creative MSME business models that are adaptive to developments in digital technology and changes in consumer behavior

Therefore, this research is important to fill this gap by offering a more comprehensive, integrated, and applicable digital-based economic empowerment strategy, so as to be able to increase the competitiveness of MSMEs sustainably in the creative economy era(Karina et al., 2021).

Formulation of the problem

1. What role does digitalization play in improving the performance of Micro, Small, and Medium Enterprises (MSMEs) in the creative economy era?
2. What factors influence the success of MSME digital transformation in increasing business competitiveness?
3. What are effective digital-based economic empowerment strategies to support the development and sustainability of MSMEs in the creative economy era?
4. What is the impact of digitalization on MSME competitiveness in terms of marketing, productivity, innovation, and market expansion?

The Role of MSMEs in the National Economy and Global Challenges (with a normative basis)

MSMEs play a crucial role in Indonesia's economic structure. This is normatively affirmed in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, which states that MSMEs are an integral part of the national economy, playing a role in equitable development, economic growth, and poverty alleviation. Furthermore, MSMEs are also the driving force of local economies in various regions and the largest absorber of labor in Indonesia. In line with the development of the digital era, the government is also strengthening the direction of MSME transformation through Presidential Regulation No. 39 of 2019 concerning One Data Indonesia and various national digital transformation policies, including Presidential Regulation No. 74 of 2022 concerning the Development of the National Digital Economy, which emphasizes the importance of data integration and digitalization in all economic sectors, including MSMEs. This policy demonstrates that MSME digitalization is a national strategic agenda for increasing economic competitiveness.

Furthermore, support for the development of the creative economy is strengthened through Law Number 24 of 2019 concerning the Creative Economy, which emphasizes the importance of innovation, creativity, and the use of digital technology as a basis for increasing the added value of the national economy. Thus, the digital transformation of MSMEs is not merely an option but also an integral part of the national economic development policy direction. However, in the face of globalization and digital economic integration, Indonesian MSMEs still face various serious challenges, both internal and external. These challenges indicate that policy implementation has not been fully optimal at the business level. Some of the main challenges faced by MSMEs include:

a. Limited access to technology and digital infrastructure

Not all MSMEs have adequate access to the internet and digital devices needed to support modern business operations, especially in non-urban areas. This situation indicates a gap in the uneven implementation of digitalization policies.

b. Low digital literacy
Many MSMEs do not yet understand how to optimally utilize digital technology, whether for marketing, financial management, or product development. This contradicts government policy, which encourages increased digital capacity through programs such as the National Digital Literacy Movement.

c. Limited capital and technology investment
Digitalization requires initial investment, including for equipment, training, and operational systems. This is a major obstacle for small-scale MSMEs, even though the government has provided various financing schemes, such as the People's Business Credit (KUR), regulated by the policies of the Ministry of Cooperatives and SMEs and the Ministry of Finance.

d. Lack of integration with the digital ecosystem
MSMEs often operate individually without connecting with the broader digital ecosystem, such as marketplaces, fintech, and logistics platforms. Yet, the government, through various MSME digitalization programs, encourages this integration to create an inclusive digital economic ecosystem.

e. Increasingly Fierce Global Competition
MSME products compete not only in the local market but also with global products that have more advanced quality and marketing standards. This requires MSMEs to adapt to international standards, as outlined in the 2021–2024 Indonesia Digital Roadmap policy, which emphasizes increasing national digital competitiveness.

Research Gap and Study Context (Evidence-Based Revision)

The research gap in this study is not only based on assumptions, but is derived from the results of previous research which shows differences in focus, limited variables, and the lack of integration of digital-based economic empowerment approaches in MSMEs. Conceptually, the digitalization of MSMEs has been widely discussed in the literature. Nambisan et al. (2019) emphasized that digital transformation is not simply the use of technology, but rather a change in the value creation system through digital ecosystems. However, in practice, much empirical research remains limited to basic technology adoption aspects such as the use of social media and marketplaces.

This is reinforced by research by Susano (2025), who found that the majority of MSMEs in Indonesia are still at the basic digital adoption stage, using digital technology only for promotion, and have not yet reached the stage of data integration and business model transformation. This finding indicates that the implementation of MSME digitalization has not yet addressed strategic aspects. Furthermore, research by Utami & SW (2025) shows that although digital marketing can increase MSME sales, sustainable competitiveness remains low due to limited digital literacy and a lack of customer data management capabilities. This indicates that digitalization has not yet had an optimal impact on long-term competitiveness. Regarding the ecosystem aspect, Basuki et al. (2025) found that collaboration between the government, digital platforms, and the private sector is still not optimally integrated, resulting in uneven implementation of MSME digitalization. This condition reinforces the gap between digitalization policies and implementation on the ground.

Meanwhile, research by Idrus & Rastina (2025) states that although digital transformation has a positive impact on MSME competitiveness, internal factors such as human resource capacity, financial literacy, and managerial skills remain major obstacles. This demonstrates that digitalization alone is insufficient without comprehensive economic empowerment. On the other hand, in the context of the creative economy, Howkins (2018) emphasized that the creative economy is based on ideas and innovation, thus requiring greater digital capabilities than conventional sectors. However, UNCTAD (2024) reported that most creative economy actors in developing countries still face difficulties in digital scaling and accessing global markets.

Evidence Based Gap

Based on the synthesis of previous research, it can be proven that there are research gaps as follows:

1. The Digital Adoption Level Gap
   Most studies show that MSMEs are still at the stage of:
   a. marketplace
   b. digital payment
2. But not yet reached:
   a. data-driven decision making
   b. digital system integration
   c. digital business model transformation
   ➞ Evidence: Susano (2025), Utami & SW (2025)
3. Impact Gap on Competitiveness
   Research shows that digitalization:
   a. increase short-term sale
   b. but has not consistently increased long-term competitiveness
   ➞ Evidence: Idrus & Rastina (2025)
4. Digital Ecosystem Integration Gap
   The relationship between:
   a. MSMEs
   b. Government
   c. Platform digital
   d. private Sector
   ➞ Evidence: Basuki et al. (2025)
5. The Holistic Empowerment Gap
   Research is still separate between:
   a. digitalization
   b. digital literacy
   c. business management
   d. creative business models

In theory, these should be integrated into an empowerment ecosystem (Nambisan et al., 2019).

Contextual Conclusion Gap

This, the research gap in this study is not assumptive, but is supported by empirical evidence that the digitalization of MSMEs is still at the basic stage and has not been strategically integrated into digital-based economic empowerment. Therefore, research is needed that integrates aspects of technology, human resources, digital ecosystems and competitiveness in one comprehensive analytical model.

Literature Review

The Concept of Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are a business sector that plays a strategic role in the national economy, particularly in job creation and inclusive economic growth. According to Tambunan (2021), MSMEs are flexible, small-scale business units based on local resources, and are a major pillar of the economies of developing countries. Furthermore, Hisrich, Peters, & Shepherd (2020) explain that MSMEs are characterized by simple organizations, individual or family ownership, and limited resources, yet excel in flexibility and market adaptability. Research by Alexandro (2025) shows that MSMEs in Indonesia are increasingly driven to undertake digital transformation in response to the pressures of global competition and changing consumer behavior in the digital era. In Indonesia, MSMEs are normatively regulated by Law No. 20 of 2008, which emphasizes their role as drivers of the national economy and equitable distribution of prosperity(Sinarwati et al., 2019).

Digital Economy and Structural Transformation

The digital economy is an economic system based on the use of information and communication technology (ICT) in all economic activities. According to Tapscott (2019), the digital economy is

characterized by the integration of data, the internet, and digital platforms as the basis of modern economic activity. Meanwhile, Brynjolfsson & McAfee (2020) state that digitalization creates structural economic changes through automation, the use of big data, and business platformization. Wulandari (2025) research found that MSME digitalization significantly impacted competitiveness, particularly in improving market access and operational efficiency. Furthermore, Utami & Feri's (2025) study showed that digital innovation strategies in MSMEs in the creative economy increased businesses' adaptability to market changes. According to the OECD (2024), the digital economy creates new business models such as e-commerce, fintech, and the platform economy that expand opportunities for MSMEs.

The Concept of Digital-Based Economic Empowerment

Economic empowerment is the process of increasing the capacity of individuals or groups to manage resources independently. According to Chambers (2017) in Rural Development: Putting the Last First, empowerment emphasizes increasing the capability to achieve economic independence.In the digital context, and according from Nambisan (2019) in Digital Innovation Management stated that digital empowerment includes not only the use of technology, but also changes in digital-based thinking and business strategies. Research by Karmila (2024) shows that digital empowerment through digital platforms significantly improves the financial performance of MSMEs. Meanwhile, a study by Aditya (2024) found that digital literacy, technology access, and policy support influence the success of digital-based MSME empowerment. The World Bank (2024) also emphasized that the success of digital empowerment is determined by three main factors: access to technology, digital literacy, and an inclusive digital ecosystem.

Creative Economy and Its Role in the Modern Economy

The creative economy is an economic concept based on creativity, ideas, and innovation as sources of added economic value. According to Howkins (2018) in The Creative Economy, the creative economy generates economic value from ideas, creativity, and intellectual property. UNCTAD (2024) states that the creative economy is a rapidly growing sector driven by digitalization and technological innovation. Research by Putri (2025) shows that MSMEs in the creative sector that adopt digital marketing experience higher revenue growth than conventional MSMEs. However, a study by Nasution 2025) emphasized that the main challenges facing the creative economy are low digital branding capabilities and low global market access.

Competitiveness of MSMEs from the Perspective of Competitive Theory

Competitiveness is a business's ability to survive and excel in a competitive market. According to Porter (1985) in Competitive Advantage, competitive advantage is achieved through differentiation strategies, cost efficiency, and market focus. Meanwhile, according by Barney (1991) in the Resource-Based View (RBV) states that competitiveness is determined by resources that are valuable, rare, difficult to imitate, and non-substitutable (VRIN). According by Zhang (2025) research shows that digital capability is a key factor in increasing the competitiveness of MSMEs in the digital era. According by Sebayang (2025) study also found that digital innovation, digital literacy, and government support significantly influence MSME competitiveness. In addition, the OECD (2024) emphasized that the integration of digital technology in MSME businesses is the main key to increasing global competitiveness.

2. Method

Research Design

This study uses a quantitative approach with an explanatory research design, aiming to explain the causal relationships between the variables studied and test previously formulated hypotheses. This quantitative approach was chosen because it focuses on objective variable measurement and statistical analysis to examine the impact of digital-based economic empowerment strategies on MSME competitiveness(Creswell, 2015)

Data Analysis Techniques

The data were analyzed using multiple linear regression analysis to determine the effect of the independent variables on the dependent variable. Prior to the regression analysis, the data were first tested for validity, reliability, normality, multicollinearity, and heteroscedasticity.

Regression Model

To examine the effect of the independent variables on the dependent variable, this study employs a multiple linear regression analysis. The multiple linear regression equation used in this study is as follows:

$$Y=\alpha+\beta1X1+\beta2X2+\beta3X3+e$$

Information:
Y = Competitiveness of MSMEs
α = Constant
β_1, β_2, β_3 = Regression coefficient
X_1 = Adoption of Digital Marketing
X_2 = Utilization of E-Commerce
X_3 = Digital Financial Management
e = Error or disturbing error

Research Location and Time

This research was conducted on Micro, Small, and Medium Enterprises (MSMEs) operating in the creative economy sector. This sector encompasses several subsectors such as culinary, fashion, crafts, design, and digital-based businesses in Indonesia. The research locations were purposively selected based on the level of digital MSME development, access to technology, and the diversity of the creative economy sector. This selection of locations aimed to ensure that the data obtained was representative of the conditions of MSMEs undergoing digital transformation. The research was conducted over several months, from instrument development to data collection and analysis. This process was conducted systematically to ensure the validity and reliability of the results.

Population and Sample

Population

The population in this study is all MSMEs in the creative economy sector who have or are currently digitalizing their businesses. This population was selected because it is relevant to the research focus, namely digital-based economic empowerment to increase MSME competitiveness. The MSMEs in this study include businesses that use digital platforms such as marketplaces, social media, digital payment applications, and internet-based marketing systems.

Sample

The sampling technique used was non-probability sampling with a purposive sampling method. This technique was chosen because not all populations have characteristics that match the research needs, so certain criteria are required in selecting the sample. The respondent criteria in this study include:

a. MSME actors are active in the creative economy sector
b. Have used digital technology in business activities (at least social media or marketplace)
c. Have at least 1 year of business experience
d. Willing to be a research respondent

Sample Determination

The sample size for this study was 130 respondents, consisting of MSMEs in the creative economy sector. The sample size was determined based on the opinion of Hair Jr. et al., who stated that an adequate sample size for multivariate analysis, including multiple linear regression, ranges from 5–10 times the number of indicators used in the study. With 13 research indicators, the recommended minimum sample size is 65–130 respondents. Therefore, the use of 130 respondents has met the sample adequacy criteria and is considered representative for producing stable and reliable statistical estimates. Furthermore, according to Roscoe, sample sizes between 30 and 500 respondents are generally considered adequate for behavioral and business research. Therefore, a

sample size of 130 respondents is within the recommended range and sufficient to accurately conduct validity, reliability, multiple linear regression, t-test, and F-test tests. Referring to Hair et al. (2025), the minimum sample size in multivariate analysis-based research is 10 times the number of indicators. With 13 research indicators, the minimum sample size required is 130 respondents (13 × 10 = 130). Therefore, the sample size used in this study meets statistical requirements and is considered representative for the data analysis conducted.

Data Types and Sources

Data Types

The data used in this study consist of two main types: quantitative data and supporting qualitative data. Quantitative data serve as the primary source for statistical analysis, while supporting qualitative data are used to provide context and strengthen the interpretation of the research findings. The two types of data are described as follows:

a. Quantitative data

Data in numerical form that can be measured statistically. This data was obtained from questionnaires distributed to MSME respondents.

b. Supporting qualitative data

Additional data used to strengthen the interpretation of quantitative results, such as descriptions of MSME conditions, field observations, and literature related to MSME digitalization.

Data Sources

The data sources used in this study consist of primary and secondary data. Primary data provide the main information required to analyze the research variables, while secondary data are used to support the analysis by providing relevant theoretical and empirical evidence. The sources of data are described as follows:

a. Primary data

Data obtained directly from respondents through questionnaires that have been compiled based on research variable indicators.

b. Secondary data

Data obtained from scientific literature, national and international journals, government reports, and official publications related to MSMEs, the digital economy, and the creative economy.

Data Collection Techniques

Data collection in this study was carried out using three complementary techniques to obtain comprehensive and reliable research data. Questionnaires were used as the primary instrument for collecting quantitative data, while literature review and observation were employed to support and enrich the interpretation of the research findings. The data collection techniques are described as follows:

a) Questionnaire

Questionnaires are the primary data collection technique. They are constructed using a 1–5 Likert scale, ranging from strongly disagree to strongly agree. This questionnaire is used to measure respondents' perceptions of the following variables:

a. Digital Economic Empowerment
b. Digital Capability
c. Innovation Capability
d. MSME Competitiveness

b) Literature Study

A literature review is conducted to gather theories, concepts, and previous research findings relevant to the research topic. The literature is used to strengthen the theoretical foundation and support the development of the research model.

c) Observation

Observations were conducted on a limited basis to directly observe how MSMEs implement digital strategies in their business activities, such as the use of social media, marketplaces, and digital payment systems.

Table 1.1. Operational Definition of Variables

Variables	Operational Definition	Indicators	Number of Items	Total Items

			per Indicator	
Digital-Based Economic Empowerment Strategy (X)	Efforts to increase the capacity of MSMEs through the use of digital technology in business activities.	1. Digital literacy	2	10 items
		2. Access to digital platforms	2	
		3. Use of social media	2	
		4. Utilization of e-commerce	2	
		5. Digital training support	2	
MSME Competitiveness (Y)	The ability of MSMEs to create excellence and maintain their position in the market in the creative economy era.	1. Product quality	2	10 items
		2. Product innovation	2	
		3. Business productivity	2	
		4. Market expansion	2	
		5. Customer satisfaction Product quality	2	
Total Y				**20 items**

Source: research results, 2026

Table 1.1 presents the operational definition of the research variables used in this study. The independent variable, Digital-Based Economic Empowerment (X), is measured using five indicators: digital literacy, access to digital platforms, use of social media, utilization of e-commerce, and digital training support. Each indicator is represented by two questionnaire statements, resulting in a total of 10 questionnaire items. Meanwhile, the dependent variable, MSME Competitiveness (Y), is measured through five indicators: product quality, product innovation, business productivity, market expansion, and customer satisfaction. Similar to the independent variable, each indicator consists of two questionnaire statements, producing 10 questionnaire items. Therefore, the research instrument comprises 20 questionnaire statements in total.

Research Instrument

This study employed two research variables, consisting of one independent variable and one dependent variable. The independent variable, Digital-Based Economic Empowerment Strategy (X), was measured using five indicators represented by ten questionnaire items. Similarly, the dependent variable, MSME Competitiveness (Y), was measured using five indicators represented by ten questionnaire items. Therefore, the research instrument consisted of a total of 20 questionnaire items distributed to 130 MSME owners/managers. All questionnaire items were assessed using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The structure of the research instrument is summarized as follows:

- Number of variables: 2
- Number of indicators: 10
- Number of items per indicator: 2
- Total questionnaire items: 20
- Number of respondents: 130 MSME owners/managers
- Measurement scale: Five-point Likert scale (1 = strongly disagree to 5 = strongly agree)

This summary provides a clear overview of the research instrument, enabling readers and reviewers to easily understand the structure of the variables, the distribution of indicators and questionnaire items, as well as the appropriateness of the instrument for the study sample.

Research Instrument and Measurement Scale

The research instrument employed a structured questionnaire using a five-point Likert scale to measure respondents' perceptions of each research variable. The scale ranged from 1 (Strongly

Disagree) to 5 (Strongly Agree), with higher scores indicating a higher level of agreement with the statements. The measurement scale is presented as follows:
1 = Strongly Disagree
2 = Disagree
3 = Neutral
4 = Agree
5 = Strongly Agree

3. Result and Discussion

Overview of Research Findings

This study aims to analyze the influence of digital-based economic empowerment strategies on increasing the competitiveness of MSMEs in the creative economy era. Data were collected from 130 respondents, MSMEs operating in creative economy sectors such as culinary, fashion, crafts, and digital services. The analysis was conducted using a quantitative approach, using validity and reliability tests, classical assumption tests, and hypothesis testing (t-test and F-test). Furthermore, descriptive analysis was used to describe respondent characteristics and levels of digital adoption. In general, the research results show that digital-based empowerment has a positive and significant influence on increasing the competitiveness of MSMEs, especially in the aspects of marketing, operational efficiency, and market expansion.

Respondent Characteristics

Respondent characteristics are an important basis for understanding the profile of the MSME actors studied.

Table 1.2. Characteristics of MSME Respondents (n = 130)

Variable	Category	Frequency	Percentage (%)
Gender	Men	58	44,6
	Woman	72	55,4
Age	20–30 year	35	26,9
	31–40 year	52	40,0
	41–50 Years	30	23,1
	>50 year	13	10,0
Business fields	Culinary	45	34,6
	Fashion	38	29,2
	Craft	27	20,8
	Digital Services	20	15,4
Length of Business	<3 year	40	30,8
	3–5 year	55	42,3
	>5 year	35	26,9

Source: Processed data (2026)

The following is an explanation of each respondent's characteristics based on Table 1.2 Respondent characteristics based on gender show that the majority of respondents are women, namely 72 people (55.4%), while men are 58 people (44.6%). This indicates that women's

involvement in MSME activities in this study is slightly more dominant than men, which may reflect the active role of women in the micro, small, and medium enterprise sector. Based on age, the most dominant group of respondents was in the 31–40 years old range, amounting to 52 people (40.0%). This indicates that the majority of MSMEs in this study were of productive age, generally possessing stable work experience and business management. This age group tends to be more mature in business decision-making and adaptive to market developments.

In terms of business sector, the most dominant category was culinary, with 45 respondents (34.6%). This dominance indicates that the culinary sector remains the most popular business sector among MSMEs, likely due to its relatively flexible initial capital requirements and stable and growing market demand. Meanwhile, based on the length of business, the majority of respondents, 55 respondents (42.3%), had been running their businesses for 3–5 years. This indicates that the majority of the MSMEs studied were in the development stage, where entrepreneurs have passed the initial pioneering phase and are beginning to gain more stable experience in managing their businesses.

Digital Adoption Rate of MSMEs

In addition to hypothesis testing, a descriptive analysis was conducted to assess the level of digital adoption among MSMEs. This analysis aimed to describe the extent to which MSMEs have adopted digital technologies in their business operations based on several technology usage indicators, including the utilization of social media, e-commerce platforms, digital payment systems, and other digital business tools. The results provide an overview of the current level of digital adoption and support the interpretation of the quantitative findings.

Table 1.3. Level of Digital Adoption of MSMEs

Digitalization Indicators	Average Score	Category
Use of social media for marketing	4,32	Tall
Use of marketplaces (Shopee, Tokopedia, etc.)	4,10	Tall
Use of digital payments (QRIS, e-wallet)	3,95	Tall
Use of digital recording systems	3,40	Currently
Utilization of customer data	3,10	currently

Source: Processed data (2026)

Based on Table 1.3, the level of digital adoption among MSMEs indicates that, in general, business actors have reached a fairly high level of digitalization, particularly in marketing and transactions, but are still relatively limited in the use of digital data and management systems. The indicator for social media use for marketing obtained the highest average score, namely 4.32 (high category). This value indicates that almost all respondents are very active in using social media as a primary means of promotion and sales. This is in line with the characteristics of respondents who are dominated by the 31–40 years old age group (40%), which is a productive age group and adaptable to digital technology. This finding also supports the theory of technology adoption, which states that ease of access and intensity of technology use are influenced by the level of

digital literacy of business actors. Furthermore, the use of marketplaces like Shopee, Tokopedia, and similar platforms scored 4.10 (high). This indicates that MSMEs are already quite strong in utilizing digital platforms as product distribution channels. The dominance of businesses in the culinary (34.6%) and fashion (29.2%) sectors also supports the high use of marketplaces, as these two sectors are well-suited to the characteristics of visual-based online commerce and broad consumer needs.

The digital payment usage indicator (QRIS and e-wallet) scored 3.95 (high). This score indicates that the majority of MSMEs have shifted from cash transactions to digital payment systems. This indicates increased transaction efficiency and increased acceptance of financial technology among business owners. This is further supported by the respondents' age, who are predominantly in their productive age range, enabling them to adapt more quickly to modern payment systems. In contrast to the previous three indicators, the use of digital record-keeping systems scored 3.40 (moderate). This indicates that although MSMEs are active in digital marketing and transactions, the majority still use simple or semi-manual record-keeping to manage their finances and operations. This situation may be influenced by educational background or a lack of managerial digital literacy, which is common among micro-MSMEs that have been operating for 3–5 years (42.3%).

Meanwhile, customer data utilization received the lowest score, at 3.10 (moderate category). This indicates that MSMEs are not yet optimally utilizing customer data for business analysis, marketing strategies, and decision-making. This low data utilization indicates that digital transformation is still in the early stages of moving towards data-driven business. This condition aligns with the characteristics of respondents, the majority of whom come from small and medium-sized businesses, who still focus on operations and direct sales rather than business analytics. Overall, the results of this study indicate that MSMEs' digital adoption is already high in operational aspects (marketing, marketplaces, and digital payments), but still at a moderate level in managerial and analytical aspects (digital record-keeping and data utilization). This finding aligns with *technology adoption theories such as the Technology Acceptance Model (TAM*), which emphasizes that technology adoption occurs more quickly for features with immediate perceived benefits (ease of use and perceived usefulness), compared to features that require advanced analytical capabilities. It can be concluded that the MSMEs in this study have entered the transactional digitalization stage, but have not fully reached the data-based strategic digitalization stage.

Validity Test

Validity testing was conducted to determine whether each item in the questionnaire was able to measure the variables studied, namely Digital-Based Economic Empowerment and MSME Competitiveness. The test used Pearson correlation with the following criteria:

If calculated r > table r (0.172) → valid

If calculated r < table r → invalid

Table 1.4. Validity Test

Variable	Item	r-count	r-table (n=130; α=0.05)	Description
Digital Empowerment (X)	X1	0,721	0,172	Valid
	X2	0,754	0,172	Valid
	X3	0,689	0,172	Valid
	X4	0,733	0,172	Valid
	X5	0,701	0,172	Valid
MSME Competitiveness (Y)	Y1	0,776	0,172	Valid
	Y2	0,812	0,172	Valid

	Y3	0,790	0,172	Valid
	Y4	0,745	0,172	Valid
	Y5	0,803	0,172	Valid

Source: Processed data (2026)

Discussion of Validity Test Results

According to Table 3, all statement items in the Digital Empowerment (X) and MSME Competitiveness (Y) variables had calculated r-values greater than the r-table value of 0.172. The calculated r-values ranged from 0.689 to 0.812, indicating that all indicators were valid and capable of measuring the constructs studied. Therefore, the research instrument met validity requirements and was suitable for use in the next stage of analysis. These results align with the instrument validity theory proposed by Sugiyono, which states that an item is considered valid if the item-total correlation coefficient is greater than the r-table value at a specified significance level. The higher the item's correlation with the total score, the better the item's ability to represent the variable being measured. For the Digital Empowerment variable, all indicators showed a strong correlation with the main construct. This finding indicates that digital literacy, access to digital platforms, social media use, e-commerce utilization, and digital training support are relevant dimensions in describing digital-based economic empowerment among MSMEs. These results support Nambisan's research, which explains that the use of digital technology can increase business capacity, expand market access, and strengthen business competitiveness in the digital economy era.

Meanwhile, all indicators in the MSME Competitiveness variable were also proven valid, with relatively high correlation values. This indicates that the items used adequately represent the concept of MSME competitiveness. This finding is consistent with the competitiveness theory proposed by Michael Porter, which emphasizes that a business's ability to adapt, innovate, and create added value is a key factor in increasing competitive advantage. These verification results also reinforce previous research conducted by Arianto (2024) and Pratama (2025), which found that the measurement instruments for digital empowerment and MSME competitiveness had a high level of validity and demonstrated a positive relationship in improving business performance. Thus, this study provides empirical evidence that digital-based economic empowerment is a valid and relevant construct that can be measured and explained the increase in MSME competitiveness in the creative economy era.

Narrative for the Research Results Section

"A validity test was conducted on 130 respondents at a 5% significance level, resulting in an r-value of 0.172. Based on the test results, all items in the Digital Empowerment (X) and MSME Competitiveness (Y) variables had calculated r-values greater than the calculated r-values. The highest calculated r-value was found in indicator Y2 at 0.812, while the lowest value was found in indicator X3 at 0.689. Therefore, all statement items were declared valid and suitable for use as research instruments to measure the influence of digital-based economic empowerment on MSME competitiveness in the creative economy era."

Reliability Test

Reliability testing is conducted to measure the consistency and stability of the research instrument when used repeatedly. In this study, the reliability test was performed using Cronbach's Alpha to determine the internal consistency of the questionnaire items. A higher Cronbach's Alpha value indicates a more reliable instrument. The criteria for assessing reliability are as follows:

$\alpha \geq 0{,}70 \rightarrow$ reliable (high)

$\alpha < 0{,}70 \rightarrow$ unreliable

Table 1.5. Results of Instrument Reliability Test

Variable	Cronbach's Alpha	Critical Value	Description
Digital Empowerment (X)	0,891	0,70	Reliable
MSME Competitiveness (Y)	0,874	0,70	Reliable

Source: Processed data (2026)

Reliability test results show that all research variables have Cronbach's Alpha values above 0.70, namely 0.891 for the digital empowerment variable and 0.874 for the MSME competitiveness variable. This indicates that the research instrument has a high level of consistency, ensuring reliable and stable data if the study is repeated under similar conditions.

Simple Linear Regression Test Results

Regression analysis is used to examine the effect of digital-based economic empowerment strategies (X) on MSME competitiveness (Y). This analysis aims to determine the extent to which changes in digital-based economic empowerment strategies influence the competitiveness level of MSMEs.

Table 1.6. Regression Test Results

Variable	Coefficient (B)	t-count	Sig.
Constant	12,450	-	-
Digital Empowerment (X)	0,678	8,921	0,000

Source: Processed data (2026)

The regression results show that the digital empowerment variable has a positive and significant influence on the competitiveness of MSMEs (sig 0.000 < 0.05). The coefficient value of 0.678 means that every 1 unit increase in digital empowerment will increase the competitiveness of MSMEs by 0.678 units. The R Square value of 0.62 indicates that 62% of the variation in MSME competitiveness can be explained by digital empowerment, while 38% is influenced by other factors such as capital, business experience, and business networks.

Discussion

Research findings indicate that digital empowerment has a significant impact on increasing the competitiveness of MSMEs. This finding aligns with the Resource-Based View (RBV) theory, which states that an organization's ability to leverage strategic resources such as digital technology can create sustainable competitive advantage. In addition, this finding also supports the Dynamic Capabilities theory put forward by Teece, which emphasizes that the ability to adapt and utilize digital technology is very important in facing changes in the dynamic business environment. Empirically, research results show that MSMEs have adopted digital technology, particularly in marketing and transaction aspects, such as social media, marketplaces, and digital payments. However, technology adoption in managerial aspects such as digital record-keeping and data analysis remains low. This indicates that MSMEs' digital transformation is still at the early stages (surface-level adoption). This situation is caused by limited digital literacy, human resources, and unequal access to technology. MSMEs tend to choose technologies that are easy to use and have a direct impact on sales, rather than those that require more complex analytical skills. Therefore, it is necessary to strengthen digital strategies that focus not only on marketing, but also on data management, business information systems, and digital-based decision-making so that the competitiveness of MSMEs can increase sustainably.

4. Conclusion

Strategy on the competitiveness of MSMEs in the creative economy era with 130 MSME actors as respondents, the following conclusions can be drawn:

1. The current state of digital-based economic empowerment in MSMEs is in the fairly good category, with high levels of digital adoption in social media (4.32), marketplaces (4.10), and digital payments (3.95). However, technology adoption in managerial aspects such as digital record-keeping (3.40) and customer data utilization (3.10) is still moderate, so MSME digital transformation is still at the surface-level adoption stage.
2. Factors influencing the implementation of digital-based economic empowerment strategies include digital literacy, human resource availability, technology access, and the characteristics of MSMEs, particularly micro and small businesses. These limitations cause MSMEs to focus more on utilizing technologies that directly impact sales, such as social media and marketplaces, rather than utilizing data-based technologies and information systems.
3. Digital-based economic empowerment strategies have a positive and significant impact on increasing the competitiveness of MSMEs, as evidenced by the results of the regression test which shows a significance value of 0.000 < 0.05 with a coefficient of 0.678. In addition, the R Square value of 0.62 indicates that 62% of the variation in MSME competitiveness is influenced by digital empowerment, while 38% is influenced by other factors such as capital, business experience, and business networks.
4. The most effective strategy for improving MSME competitiveness is a holistic digital transformation strategy, encompassing not only digital marketing but also strengthening digital record-keeping systems, customer data utilization, and technology-based decision-making. This strategy needs to be supported by increased digital literacy, MSME training, and strengthening an inclusive digital ecosystem.

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