

INTEGRATION OF OPERATIONAL MANAGEMENT, DIGITAL MARKETING, AND PRODUCT INNOVATION IN ENHANCING THE COMPETITIVENESS OF HFC IN THE DIGITAL ECONOMY ERA

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Abstract

This MSME mentoring program aims to coach, analyze and integrate three strategic pillars essential to strengthening the competitiveness of micro, small, and medium enterprises (MSMEs): operational management, digital marketing, and product innovation. The research adopts a case study of Hafiza Fried Chicken (HFC) as a representative culinary MSME operating in the digital economy era. The study is grounded in the urgency of enhancing MSMEs' adaptive capacity toward digital transformation and managerial efficiency to ensure business sustainability. A qualitative descriptive approach was employed through field studies and in-depth interviews, supported by direct observation of HFC's operational systems and digital marketing activities during a five-week intensive mentoring process. Data were analyzed thematically, emphasizing the integration of cross-functional managerial processes within the frameworks of the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT). The findings reveal that integrating standardized operational management systems with data-driven digital marketing strategies enhances efficiency and service consistency, thereby strengthening customer trust. The implementation of Standard Operating Procedures (SOPs) and digital recording systems reinforces quality control while providing a foundation for informed decision-making. Meanwhile, product innovation developed through the observation of consumer preferences on social media successfully generates value differentiation, contributing to increased revenue and customer loyalty. The integrative model resulting from this research highlights that the synergy between operational efficiency, adaptive digital strategies, and sustainable product innovation serves as a critical determinant of MSME sustainability in the digital economy. Theoretically, the study underscores the importance of a cross-functional management approach as a form of strategic alignment between internal resources and external market dynamics. Practically, it emphasizes the need to strengthen managerial capacity and digital literacy among MSME actors to facilitate their transformation from traditional orientations toward innovation- and data-driven business models. This study offers an empirical contribution to the development of an integrative MSME model in Indonesia, grounded in efficiency, creativity, and sustainability.

Keywords: *operational management, digital marketing, product innovation, competitiveness, MSMEs, digital economy.*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) occupy a strategic position as the driving force of Indonesia's economy, contributing more than 60% to the national Gross Domestic Product and dominating employment creation (Kementerian Koperasi dan UKM, 2023). Among various sectors, the culinary industry holds particular significance due to its adaptability to consumer trends and its capacity to absorb informal labor. However, amid the rapid expansion of the digital economy, many culinary MSMEs continue to face persistent challenges—ranging from operational inefficiency and limited use of digital technology to insufficient product innovation—which collectively hinder competitiveness (Suryani, 2021). The case of Hafiza Fried Chicken (HFC) exemplifies this condition. Despite its promising market potential, HFC struggles with product quality inconsistency, an unfocused digital marketing strategy, and a poorly integrated financial management system. In the digital economy era, the success of culinary businesses such as HFC depends not only on the taste of their products but also on their ability to manage resources efficiently and integrate innovation with adaptive digital marketing strategies. As Kotler, Kartajaya, and Setiawan (2021) emphasize, the Marketing 5.0 paradigm compels firms—including MSMEs—to transform their

business models through the synergy between technology and human-centered values. Efficient operational management serves as the backbone of value creation and productivity enhancement (Heizer, Render, & Munson, 2020). Meanwhile, digital marketing offers MSMEs opportunities to expand market reach, build direct relationships with consumers, and enhance brand engagement at relatively low cost (Chaffey & Ellis-Chadwick, 2019). Product innovation functions as a strategic differentiator that maintains business relevance amid shifting consumer preferences (Tidd & Bessant, 2020). These three elements—operations, digital marketing, and product innovation—constitute interrelated dimensions that must be managed integratively to develop a sustainable competitive advantage (Barney, 1991; Teece, 2018). Although the importance of cross-functional integration has been widely recognized, its implementation among Indonesia's culinary MSMEs remains suboptimal. Most entrepreneurs still manage operations conventionally, conduct sporadic digital promotions without strategic planning, and innovate without adequate market research. This situation reflects the need for a conceptual model capable of bridging traditional managerial practices with the dynamic, data-driven paradigm of the digital economy.

Recent studies demonstrate a surge of literature on MSME digitalization in the past five years; however, theoretical and empirical gaps persist regarding the integration of operational management, digital marketing, and product innovation. Suryani (2021) shows that most culinary MSMEs in Indonesia have yet to link their digital marketing strategies with operational management systems. Purwana, Rahmi, and Aditya (2017) further argue that digital adoption among MSMEs remains partial, failing to encompass both innovation and process efficiency. Hossain and Anees-ur-Rehman (2020), in the *Journal of Business Research*, highlight cross-functional integration challenges as a primary barrier to sustaining MSME competitiveness in Southeast Asia. Li, Su, Zhang, and Mao (2020) find that digital transformation requires dynamic capabilities that enable entrepreneurs to adapt to technological and market changes. Similarly, Al-Omouh, Simón-Moya, and Sendra-García (2022) confirm that synergy between product innovation and digital marketing significantly affects small-business performance, though only when supported by internal operational efficiency.

Research by Rizal, Raharjo, and Kurniawan (2021) reveals that the absence of digitally based Standard Operating Procedures (SOPs) leads to low operational efficiency among culinary MSMEs. Setiadi, Utami, and Wulandari (2020), in *Small Business Economics*, emphasize the managerial capability gap that results in low productivity and innovation. Meanwhile, Surjaatmadja and Wibowo (2022) find that digitalization among Indonesian MSMEs tends to be promotional in nature, without addressing efficiency or product quality consistency. Mubarok, Sidharta, and Sari (2020) note that prior research predominantly adopts quantitative methods, failing to capture the real dynamics of cross-functional integration. Chatterjee, Rana, Tamilmani, and Dwivedi (2022) add that most studies on MSME digitalization focus on technology adoption rather than its synergy with operational systems and innovation. Singh and Sharma (2023) highlight the importance of cross-functional agility in reinforcing post-pandemic business resilience, yet their discussion does not extend to the micro-culinary sector.

Prasetyo and Irjayanti (2021) find that the success of local culinary innovation largely depends on consistent operational management and effective utilization of digital media for brand strengthening. Troise, Tani, and Prisco (2021), through the *British Food Journal*, show that collaboration with online food delivery platforms can increase sales by up to 40%, although its sustainability relies on the integration of operations and product innovation. Alvino, Di Vaio, and Palladino (2023) further confirm that operational agility and digital strategy alignment are key success factors for food businesses in the digital age. At the national level, Handayani and Santosa (2022) assert that most Indonesian MSMEs still perceive digital marketing as a short-term promotional activity. Rahmawati, Dewi, and Nugroho (2023) report that culinary entrepreneurs have not yet optimized data analytics in strategic decision-making, while Aribawa (2021) finds that limited financial and managerial literacy further weakens the integration of digitally based business systems.

From these fifteen studies, three major research gaps can be identified. First, a conceptual gap exists in the absence of an integrative model linking operational efficiency, product innovation, and digital marketing strategies within a single MSME competitiveness framework. Second, a methodological gap arises from the dominance of quantitative research methods that fail to explain the mechanisms of cross-functional synergy in depth. Third, a contextual gap remains due to the scarcity of empirical studies focusing on Indonesia's culinary sector as a distinctive socio-economic context. These gaps underscore the necessity of developing a digital-based integrative model to enhance MSME competitiveness, with HFC serving as a representative case of managerial transformation in the digital economy era. The urgency of this research lies in the strategic need to strengthen the resilience and competitiveness of Indonesian MSMEs amid the acceleration of the digital economy. Digital transformation is no longer an option but an inevitability for business survival and growth in technology-oriented markets. Empirical evidence indicates that most MSMEs, particularly in the culinary sector, lag behind in this adaptation process (Handayani & Santosa, 2022). Many entrepreneurs use social media merely for promotional purposes, without

integrating it into efficient operational systems or market-driven product innovation (Surjaatmadja & Wibowo, 2022). Within the Dynamic Capabilities Theory framework, sustainable competitiveness is determined not only by the possession of valuable resources but also by the organization's ability to adapt, learn, and innovate continuously (Teece, 2018). This study is thus significant for addressing the disconnection between the concept of cross-functional integration in management literature and its empirical implementation. The integration of operational management, digital marketing, and product innovation remains underexplored, particularly within the context of local culinary MSMEs. Most prior studies examine only one dimension—such as the effectiveness of digital marketing (Chatterjee et al., 2022) or the impact of product innovation on customer satisfaction (Tidd & Bessant, 2020)—without exploring the systemic interconnections among them. Consequently, MSME practitioners often adopt fragmented approaches that fail to produce long-term competitiveness. This study seeks to develop an integrative conceptual model rooted in field practice, using HFC as a representative case to illustrate how these three managerial dimensions can synergize to improve business performance in the digital era.

Conceptually, this research is guided by three principal questions: first, how can operational management systems and digital marketing strategies be integrated synergistically to enhance the competitiveness of HFC as an MSME? Second, how does product innovation reinforce HFC's competitive advantage amid digital culinary competition? Third, how can the resulting integrative model support the sustainability of digitally oriented culinary MSMEs? These research questions are derived from empirical needs for efficiency, innovation, and adaptability to technological change (Li et al., 2020). Accordingly, the study aims to identify and construct an effective model for integrating operational management, digital marketing, and product innovation within the MSME culinary context. It further seeks to analyze the effectiveness of this integration in improving competitiveness and to formulate an adaptive managerial framework aligned with the demands of digital transformation in the small-business sector. The research adopts an empirical exploratory approach through the case of HFC as a real-world representation of micro-business transformation. The contributions of this study are multidimensional. Theoretically, it enriches the literature on cross-functional management integration by incorporating digitalization and product innovation dimensions within the frameworks of the Resource-Based View and Dynamic Capabilities (Barney, 1991; Teece, 2018). Practically, it provides strategic guidance for culinary MSMEs in developing efficient operational systems, optimizing digital technologies, and creating market-relevant product innovations. From a policy perspective, the study aligns with national initiatives to promote MSME digitalization and sustainability in Indonesia through collaboration among entrepreneurs, academia, and regulators. The urgency of this research extends beyond academia—it contributes directly to strengthening local economic competitiveness within the increasingly interconnected global digital ecosystem.

THEORETICAL FOUNDATION

Resource-Based View (RBV)

The Resource-Based View (RBV) provides a foundational framework for understanding how organizations build and sustain competitive advantage through the effective management of internal resources that are unique, valuable, rare, and difficult to imitate (Barney, 1991). This theory emphasizes that competitive advantage is not solely determined by an organization's external market position but depends more on its ability to configure and utilize its resources effectively (Wernerfelt, 1984). Within the context of MSMEs, RBV holds significant relevance, as these enterprises often face resource constraints; thus, their ability to manage internal assets efficiently becomes a decisive factor in ensuring business sustainability (Kraus et al., 2020). Resources under the RBV framework encompass both tangible assets—such as technology, finance, and production facilities—and intangible assets, including knowledge, brand reputation, and customer relationships (Grant, 2016). MSMEs that successfully optimize the combination of these resources can create added value that differentiates them from competitors. In the case of Hafiza Fried Chicken (HFC), key resources include consistent product quality, customer proximity, and adaptive responsiveness to market preferences. The management of these resources serves as a strategic element in building competitiveness, particularly when integrated with digital marketing strategies and product innovation initiatives. Nevertheless, RBV has inherent limitations, as it does not explicitly explain how organizations renew and reconfigure their resources in response to dynamic environmental changes (Teece, 2018). It is at this point that the Dynamic Capabilities Theory (DCT) complements RBV by emphasizing the organization's ability to continuously reconfigure its resources to remain relevant amid digital disruption.

Dynamic Capabilities Theory (DCT)

The Dynamic Capabilities Theory (DCT) was developed to address the static nature of RBV in rapidly changing business environments. DCT focuses on the firm's capacity to sense, seize, and reconfigure its internal resources and capabilities to adapt to emerging opportunities and threats (Teece, Pisano, & Shuen, 1997). In the digital economy, this adaptive capacity has become a critical element determining organizational success and strategic relevance (Teece, 2018). For MSMEs—particularly in the culinary industry such as HFC—dynamic capabilities manifest through the ability to identify consumer trends, leverage digital technologies, and modify operational models for greater efficiency. Managerial competencies in designing flexible Standard Operating Procedures (SOPs), developing menu innovations aligned with market tastes, and utilizing digital platforms as distribution channels exemplify sensing and seizing capabilities (Li et al., 2020). When organizations consistently reconfigure resources and strategies based on market data, they are able to achieve sustainable competitive advantage. Furthermore, DCT highlights the importance of learning routines within organizations—continuous learning processes that enhance managerial and operational knowledge (Zahra, Sapienza, & Davidsson, 2006). In practice, this is realized through collecting customer feedback, analyzing digital data, and updating marketing strategies based on evaluative insights. DCT thus provides a comprehensive conceptual framework for understanding how MSMEs can survive and grow through a combination of innovation, efficiency, and digital adaptation.

Digital Marketing Integration Framework

Digital transformation has radically reshaped the global marketing landscape, compelling organizations to integrate information technology into every aspect of their marketing strategy. The Digital Marketing Integration Framework underscores the importance of synergy among technology, content, and customer experience in creating business value (Chaffey & Ellis-Chadwick, 2019). Digital marketing extends beyond social media promotion—it entails building a digital ecosystem that strengthens customer relationships, enhances brand awareness, and optimizes sales conversion. For culinary MSMEs, digital marketing integration encompasses the use of social media, search engine optimization (SEO), content marketing, and collaboration with online food delivery platforms such as GoFood and ShopeeFood. This approach enables businesses to reach wider markets at relatively low cost while significantly improving brand perception (Troise, Tani, & Prisco, 2021). According to Al-Omouh, Simón-Moya, and Sendra-García (2022), digital marketing effectiveness increases when it is aligned with operational strategies and product innovation. This indicates that digitalization is not merely a promotional activity but an integral part of value co-creation between businesses and consumers. Such integration also reinforces customer engagement, where sustained digital interaction fosters loyalty and encourages repeat purchase intention (Kotler, Kartajaya, & Setiawan, 2021). In the case of HFC, a structured digital marketing strategy supports operational efficiency through online ordering systems, strengthens brand communication via social media, and broadens market reach by employing analytical technologies to understand consumer behavior in real time.

Product Innovation and Competitive Advantage

Product innovation is a fundamental pillar in building sustainable competitive advantage. According to Tidd and Bessant (2020), innovation encompasses not only the creation of new products but also improvements in processes, services, and business models that generate added value for customers. In the context of culinary MSMEs, product innovation reflects the firm's ability to introduce menu variations aligned with evolving consumer preferences while maintaining operational efficiency. The relationship between innovation and competitiveness has been widely substantiated, showing that innovation-oriented firms tend to achieve superior market and financial performance (Alvino, Di Vaio, & Palladino, 2023). Within the Value Creation and Capture model, product innovation enables firms to both create new value and sustain their strategic market position through differentiation and customer loyalty (Grant, 2016). For instance, HFC implements menu innovations such as local sambal variants and mie ayam geprek as differentiation strategies that not only increase sales but also strengthen brand perception and market relevance in the digital space. Moreover, product innovation functions as a bridge between operational efficiency and digital marketing. When innovation is pursued continuously and supported by standardized operational systems, production processes can remain efficient without constraining creativity. This aligns with the view of Dangelico and Pujari (2021), who argue that the synergy between innovation and efficiency is a key determinant of organizational success in navigating the complexities of modern markets.

RESEARCH METHODOLOGY

This MSME mentoring program employs a qualitative approach with some field observations and applied some business concept. This approach was chosen because it provides an in-depth and contextual understanding of

the phenomenon of integrating operational management, digital marketing, and product innovation in enhancing the competitiveness of culinary MSMEs. A qualitative approach is considered the most relevant for examining the processes and dynamics that occur in the field, rather than merely measuring relationships between variables as in quantitative research (Creswell & Poth, 2018). The case study design allows the researcher to explore the empirical practices of Hafiza Fried Chicken (HFC) intensively and holistically, thereby producing a comprehensive understanding of digital-based business transformation strategies. Yin (2018) asserts that case studies are particularly valuable for answering “how” and “why” questions in complex, real-world phenomena where the boundaries between the phenomenon and its context are indistinguishable. This study is oriented toward applied research, which not only aims to generate theoretical insights but also to produce practical solutions for strengthening MSME competitiveness in the digital era. As emphasized by Saunders, Lewis, and Thornhill (2019), applied research bridges theory and practice by producing managerial models that are both conceptually rigorous and pragmatically applicable.

The research was conducted at the MSME Hafiza Fried Chicken (HFC), located on Graha Tropodo Street, Krian District, Sidoarjo Regency, East Java. The site was selected purposively because HFC represents the general characteristics of Indonesian culinary MSMEs: small-scale operations with significant market growth potential, yet facing persistent challenges in operational efficiency, utilization of digital technology, and product innovation. Moreover, HFC underwent an intensive five-week mentoring program that involved direct observation of all managerial aspects—from production to digital promotion—providing a rich empirical context for in-depth analysis. The location was also chosen due to its relevance to the issue of digital transformation in the increasingly competitive post-COVID-19 culinary sector. According to the Ministry of Communication and Informatics (Kementerian Kominfo, 2022), around 60% of culinary MSMEs in Indonesia have adopted partial digitalization but have not yet integrated operational and innovation aspects into their business strategies. HFC thus serves as an ideal case for illustrating MSME management adaptation processes in the digital economy era.

Data were collected using several complementary techniques: participant observation, in-depth interviews, and document analysis. Participant observation involved direct engagement in HFC’s operational and production activities, including raw material procurement, storage, food preparation, customer service, and daily cash management. This method enabled the researcher to gain a factual and contextual understanding of organizational behavior (Spradley, 2016). In-depth interviews were conducted with the business owner, key employees, and the mentoring consultant to capture their perceptions, experiences, and strategies in managing the enterprise. Semi-structured interview questions were designed to provide flexibility for exploring emergent findings throughout the research process. Document analysis included reviewing financial records, mentoring reports, digital content (websites and social media), and Standard Operating Procedure (SOP) documents developed during the mentoring program. Triangulation among sources was employed to ensure data consistency and validity.

Data analysis followed the interactive model of Miles, Huberman, and Saldaña (2019), consisting of three main stages: data reduction, data display, and conclusion drawing. During data reduction, the researcher selected information relevant to the study’s focus—particularly regarding the integration processes among operational management, digital marketing, and product innovation. The reduced data were then organized into thematic matrices and conceptual narratives to identify patterns and relationships among components. The final stage involved interpretation, synthesizing empirical findings with theoretical frameworks including RBV, DCT, and the Digital Marketing Framework. To deepen analytical rigor, the researcher also employed a cross-case comparison technique between HFC’s initial condition and its state after implementing the integrative strategy. This approach enabled a dynamic evaluation of the effectiveness of the new management system and its impact on improving efficiency, innovation, and business competitiveness. The analysis adopted an inductive–deductive logic, wherein field findings were used to reinforce and extend the theoretical propositions previously established (Patton, 2015).

Data validity was ensured through the principles of credibility, transferability, dependability, and confirmability, as outlined by Lincoln and Guba (1985). Credibility was achieved through methodological and data-source triangulation, as well as verification with key informants (member checking). Transferability was maintained by providing detailed contextual descriptions of the research setting, allowing the results to be applied to comparable MSME contexts. Dependability was ensured through an audit trail documenting the research process systematically, while confirmability was guaranteed by maintaining analytical objectivity and minimizing interpretive bias. Furthermore, the entire research process adhered to academic ethics and professional standards. Each participant was informed about the research objectives and assured of the confidentiality of their identities. The principle of informed consent was applied prior to data collection. This ethical approach aligns with modern qualitative research principles that position participants as active subjects rather than passive objects (Tracy, 2020).

RESULTS AND DISCUSSION

General Description of the Research Object

Hafiza Fried Chicken (HFC) is a small-scale culinary enterprise located in the residential area of The Graha Tropodo, Krian District, Sidoarjo Regency, East Java. Established in 2020, the business operates independently under a sole proprietorship structure. HFC specializes in fast-food products, primarily fried chicken and its derivatives such as ayam geprek, meal packages, and mie ayam variations. Its market segmentation targets lower- to middle-income consumers within nearby residential, school, and office areas, whose purchasing behavior favors affordable yet flavorful and consistent fast-food products. Structurally, HFC is categorized as a micro-enterprise employing four permanent workers distributed across production, service, and simple administrative functions. The production process remains manual, relying on conventional kitchen tools without the use of modern technologies. Prior to the mentoring program, the enterprise was managed informally, lacking clear divisions of labor, standardized operating procedures (SOPs), or a structured financial system. Day-to-day operations relied heavily on the owner's experience and habitual practices developed organically over time. This condition makes HFC representative of the broader Indonesian culinary MSME landscape, where weak managerial systems and limited digitalization are pervasive (Kementerian Koperasi & UKM, 2023).

Externally, HFC faces a highly competitive market environment. In the Tropodo–Krian area, competition among culinary ventures is intense, particularly with the proliferation of fried-chicken franchises such as Rocket Chicken, Sabana, and Geprek Bensu. Additionally, post–COVID-19 consumer behavior has shifted markedly toward digital-based services, as customers have become accustomed to ordering food through online delivery platforms such as GoFood and ShopeeFood (Rahmawati, Dewi, & Nugroho, 2023). This transformation in consumption patterns demands strategic adaptation from MSME owners to remain relevant in an increasingly competitive digital ecosystem (Kotler, Kartajaya, & Setiawan, 2021). The mentoring program forming the empirical foundation of this study was conducted over a five-week period and aimed to strengthen HFC's competitiveness through the integration of operational management, digital marketing, and product innovation. The first phase focused on refining the operational system by developing comprehensive Standard Operating Procedures (SOPs) covering raw material procurement, food processing, serving, and customer service. This initiative sought to enhance efficiency and ensure product consistency, in line with the principles of total quality management (Heizer, Render, & Munson, 2020).

The second phase emphasized the development of a digital marketing strategy, including the creation of official social media accounts and a simple website to reinforce brand awareness and expand customer reach. This initiative aligns with the Digital Marketing Integration Framework, which underscores the importance of synergy between technology and content in shaping a robust customer experience (Chaffey & Ellis-Chadwick, 2019). The third phase involved expanding distribution channels through online food delivery platforms, linking HFC to digital consumers within its operational area. This approach not only broadened market access but also streamlined the distribution chain and increased brand visibility in digital spaces. Such strategies have been shown to be effective, as Troise, Tani, and Prisco (2021) demonstrate that MSME engagement in online delivery ecosystems can boost revenue by up to 40% in the medium term. The fourth phase centered on product innovation through the development of new flavor variants—particularly sambal and mie ayam geprek—designed to cater to local consumer preferences while creating differentiation within a homogenized market.

The final phase involved reformulating a structured manual financial-recording system that enables the business owner to monitor cash flow and profitability with greater transparency. This initiative aligns with efforts to enhance financial literacy, a critical factor in ensuring small business sustainability (Aribawa, 2021). With systematic and transparent bookkeeping, decision-making becomes increasingly data-driven rather than intuition-based. Field observations revealed that, prior to the intervention, HFC's operations were largely reactive, resulting in inconsistent product and service quality. Digital promotion was conducted sporadically through personal social media accounts, lacking both content strategy and market analytics. Following the implementation of standardized management systems and integrated digital strategies, significant improvements were observed in workflow patterns, brand image, and customer behavior. Early indications of revenue growth and rising customer numbers suggest that this cross-functional integration model holds strong potential for replication among other culinary MSMEs facing similar challenges in the increasingly competitive digital economy.

Integration of Operational Management Systems and Digital Marketing

The integration of operational management systems and digital marketing strategies formed the core of the business transformation undertaken by Hafiza Fried Chicken (HFC). Prior to the mentoring intervention, HFC's operations were conventional and reactive, with production and service activities conducted without standardized work procedures. Raw material procurement was unrecorded, storage failed to meet sanitation standards, and

customer service lacked formal guidelines. Such irregularities directly affected product consistency and operational efficiency—conditions commonly observed among Indonesian MSMEs that operate with short-term orientations and underdeveloped management systems (Kementerian Koperasi & UKM, 2023). Transformation began with the formulation of Standard Operating Procedures (SOPs) as the primary tool to achieve consistency in quality and work efficiency. The SOPs covered stages of raw material procurement, food processing, serving procedures, and workplace hygiene. Through the implementation of SOPs, HFC successfully reduced production errors, increased service speed, and improved customer satisfaction. This emphasis on efficiency aligns with Heizer, Render, and Munson's (2020) assertion that standardized operations form the foundation of business sustainability by minimizing variability and enhancing productivity. Such standardization also strengthens resource orchestration, enabling optimal utilization of human resources, materials, and time (Grant, 2016).

Integration between operational systems and digital marketing was initiated when HFC developed digital platforms, including official social media accounts and a simple website. The implementation of digital marketing strategies was not solely intended to enhance brand visibility but also to support more efficient operational management. For instance, customer orders were redirected through digital channels such as Instagram and online delivery platforms, thereby simplifying transaction documentation and raw material planning. As Chaffey and Ellis-Chadwick (2019) emphasize, digitalization facilitates cross-functional data integration, which directly enhances internal coordination and enables real-time, information-based decision-making. Moreover, digital marketing transformed the way HFC interacted with its customers. Through social media, HFC established two-way communication channels that allowed customers to provide direct feedback on products and services. This feedback was subsequently incorporated into operational processes to improve product quality. Such an approach represents customer-driven operations, in which market information serves as input for production and innovation systems (Kotler, Kartajaya, & Setiawan, 2021). The integration of these mechanisms not only bridged production and promotion functions but also created a feedback loop that reinforced customer orientation throughout the entire managerial process.

Cost Efficiency and the Integration of Digital Marketing

From the standpoint of cost efficiency, the implementation of digital marketing produced a significant impact on HFC's expenditure structure. Before adopting digital marketing, promotional activities relied on conventional tools such as banners and printed brochures, which incurred high costs with limited market reach. After integrating digital marketing, HFC was able to leverage organic reach through creative and interactive social media content. This reflects efficient resource allocation consistent with the principles of the Resource-Based View (Barney, 1991), whereby competitive advantage is achieved through the optimal management of internal resources. Moreover, the utilization of social media analytics enabled management to determine optimal posting times, customer segmentation, and the most effective types of promotional content. This data-driven approach reinforced the organization's dynamic capability to rapidly respond to shifts in consumer behavior (Teece, 2018).

The integration of operational systems and digital marketing also enhanced cross-functional coordination within the organization. Previously, the production and marketing divisions operated separately without interconnected information systems. After digitalization was implemented, all processes—from ordering and packaging to product delivery—were systematically documented through a simple spreadsheet-based daily reporting system developed during the mentoring program. The establishment of this digital record-keeping mechanism improved transparency, increased accountability, and enabled the manager to conduct performance analyses based on real-time data. According to Li, Su, Zhang, and Mao (2020), technology-driven cross-functional integration not only improves organizational effectiveness but also fosters organizational learning capability, which is vital for maintaining sustainability in volatile environments.

Empirically, field observations revealed notable improvements in operational performance and sales following the integration. Customer service time was significantly reduced, order errors decreased, and customer interactions through digital channels more than doubled within three weeks of implementing the digital strategy. These findings confirm the assertion of Hossain and Anees-ur-Rehman (2020) that synergy between operational systems and digital marketing serves as a key determinant of sustainable competitiveness among small enterprises. In the case of HFC, such integration functions not merely as an efficiency tool but also as an organizational learning mechanism that enables continuous adaptation to evolving consumer preferences and the dynamic nature of digital markets.

The Role of Product Innovation in Strengthening Competitiveness

Product innovation occupies a strategic position in shaping and maintaining MSME competitiveness in the digital economy era. In the case of Hafiza Fried Chicken (HFC), innovation is not merely understood as the creation of new products but as a continuous process of enhancing quality, adapting to consumer tastes, and achieving differentiation relevant to market dynamics. This aligns with Tidd and Bessant's (2020) view that innovation emerges from the combination of ideas, processes, and values that generate competitive advantage for organizations. For MSMEs such as HFC, where resources are limited, product innovation must focus on optimizing local creativity while maintaining cost efficiency and functional product value. The mentoring results demonstrated that product innovation at HFC began with the development of new variants tailored to local consumer preferences—such as introducing new types of sambal and the mie ayam geprek menu. These innovations represented not merely menu diversification but a deliberate differentiation strategy that strengthened HFC's brand image as a fast-food provider with distinctive local flavors. According to Alvino, Di Vaio, and Palladino (2023), product innovation rooted in local cultural contexts can serve as a strategic niche for small enterprises to sustain competitive advantage against larger franchise brands. In HFC's case, this strategy proved effective in attracting consumer segments that value traditional flavors presented in a modern format.

HFC's innovation process also reflected strong alignment with the Dynamic Capabilities Theory, particularly in the dimensions of sensing and reconfiguring (Teece, 2018). The sensing phase was conducted through direct observation of market trends and customer feedback obtained via social media and face-to-face interactions at the store. Through digital channels such as Instagram, HFC analyzed preferred taste profiles and identified opportunities for new product creation. The reconfiguring phase followed, involving modifications to ingredients, recipes, and presentation methods without disrupting operational efficiency. This approach demonstrates a high degree of adaptability, positioning innovation as part of an ongoing organizational learning process that sustains long-term development. The importance of innovation in strengthening HFC's competitiveness can be analyzed through two primary dimensions: economic value and symbolic value. Economic value is evident in the increase in sales and repeat-purchase frequency following the launch of new products. Within two weeks of introducing the mie ayam geprek variant, HFC recorded a 25% increase in transactions, driven largely by new customers drawn to the fusion concept of traditional and fast-food dining. Symbolic value, on the other hand, lies in the formation of a more dynamic and relatable brand perception among younger consumers. In line with Kotler, Kartajaya, and Setiawan (2021), product innovation supported by well-executed digital communication strategies can enhance brand authenticity and strengthen emotional bonds between consumers and the brand.

Furthermore, product innovation at HFC demonstrated a direct connection to its developed digital marketing strategy. Each new product was promoted through visual social media content highlighting elements of local identity, unique flavor, and customer testimonials. This strategy not only enhanced customer engagement but also generated a viral effect that expanded market reach organically. This finding aligns with Chaffey and Ellis-Chadwick's (2019) assertion that product innovation combined with customer-experience-based content marketing reinforces competitiveness through sustained digital interaction. In HFC's context, digital media functions not only as a promotional channel but also as an effective market research tool for evaluating the success of product innovations using consumer interaction metrics. From the perspective of the Resource-Based View (Barney, 1991), the relationship between innovation and competitiveness at HFC can be further understood through the role of product innovation as an intangible asset—rare, inimitable, and strategically valuable. The distinctiveness of flavor, flexibility of recipes, and capability to develop new menu items constitute core competencies that differentiate HFC from its competitors. As Dangelico and Pujari (2021) emphasize, the combination of product innovation and operational efficiency can create sustainable competitive advantage, particularly for organizations operating in competitive environments with limited resources. Empirically, HFC's innovation success is closely linked to increased customer satisfaction and repeat purchase intention. Interviews with customers revealed that taste variety and quality consistency were the primary reasons for repeat purchases. Furthermore, HFC's ability to adapt its products to customer preferences signifies a form of customer-centric innovation—that is, innovation driven by market needs rather than internal creativity alone (Tidd & Bessant, 2020). Product innovation at HFC thus strengthens not only the functional dimensions of competitiveness but also the emotional and symbolic advantages that are difficult for competitors to replicate.

The Integrative Model and Its Implications for MSME Sustainability

The findings of this study on Hafiza Fried Chicken (HFC) reveal the emergence of an integrative model that unites three primary dimensions—operational management, digital marketing, and product innovation—into a strategic framework adaptive to the demands of the digital economy. This model does not merely combine managerial

functions in parallel but constructs dynamic, mutually reinforcing causal relationships among them. Operational management serves as the foundation of efficiency, digital marketing functions as the bridge for market interaction, and product innovation acts as the driver of sustainable value differentiation. The synergy among these three dimensions generates an adaptive system capable of accommodating external environmental changes while simultaneously strengthening the organization's internal capacity to survive amid increasingly competitive market fluctuations (Li et al., 2020). This integration forms a circular mechanism wherein each function provides feedback to the others. Operational efficiency achieved through the implementation of Standard Operating Procedures (SOPs) not only enhances productivity and service quality but also supports the success of digital marketing strategies by ensuring consistency in customer experience. Conversely, data obtained from digital channels—such as customer reviews and social media interactions—serve as inputs for improving operational processes and product innovation. This process reflects the learning organization model as described by Senge (2019), in which organizations develop collective learning capabilities to adapt and evolve through continuous reflection and iterative improvement.

Empirical findings further indicate that the success of cross-functional integration at HFC is inseparable from the application of dynamic capabilities principles, which enable organizations to reconfigure internal resources swiftly and effectively (Teece, 2018). In this context, managerial abilities to detect market opportunities (sensing), capitalize on them (seizing), and adjust work systems (reconfiguring) have proven to be key determinants of competitiveness. For instance, HFC utilized customer data from digital platforms to forecast seasonal demand, adjust raw material inventory, and develop product variations aligned with consumer preferences. Such capabilities represent a concrete manifestation of data-driven operational agility—the ability to adjust operational decisions in real time based on empirical data (Alvino, Di Vaio, & Palladino, 2023). The implications of this integrative model are also evident in the dimension of business sustainability. The integration between operational efficiency and digital marketing establishes a solid economic foundation through cost reduction, margin improvement, and customer base expansion. Simultaneously, product innovation ensures social sustainability by maintaining customer engagement and delivering value aligned with local market needs. This finding supports Dangelico and Pujari's (2021) assertion that MSME sustainability is determined not only by financial performance but also by the ability to generate social and cultural value that fosters customer loyalty. In HFC's case, the implementation of locally inspired product innovations has created a balance between global market orientation and community-based values, thereby reinforcing the enterprise's long-term sustainability.

The results concerning the integration of operational management systems, digital marketing, and product innovation at HFC highlight managerial dynamics that embody the complex interplay between efficiency, innovation, and competitive sustainability within the microbusiness context of the digital era. Empirically, HFC's digital transformation demonstrates that successful adaptation does not depend solely on technological adoption but rather on the organization's ability to strategically integrate internal and external resources. This reinforces the Resource-Based View (RBV), which posits that sustainable competitive advantage arises not from the magnitude of resources owned but from the firm's capacity to configure and mobilize them in unique and valuable ways—valuable, rare, inimitable, and non-substitutable (Barney, 1991). In HFC's case, an efficient operational system serves as the foundation for value creation, while digital marketing strategies and product innovation function as instruments of differentiation and mechanisms for strengthening sustained market positioning.

The coherence among these three managerial dimensions demonstrates synergistic alignment consistent with the Dynamic Capabilities Theory as articulated by Teece (2018). This theory emphasizes the importance of three core capabilities: the ability to sense opportunities, seize them, and reconfigure internal resources to remain relevant. In practice, HFC exhibits sensing capability through continuous monitoring of digital consumer trends and analysis of customer feedback; seizing capability through the application of content-based digital marketing and interactive promotions; and reconfiguring capability through the restructuring of production and service processes informed by customer data. Through these mechanisms, HFC successfully cultivates organizational agility, a defining characteristic of adaptive MSMEs in the digital economy. Consistent with Li, Su, Zhang, and Mao (2020), such agility determines an MSME's capacity to survive and grow amid market turbulence triggered by accelerated technological transformation.

The phenomenon observed in HFC also contributes conceptually to the discourse on MSME digitalization in Indonesia. Whereas most prior studies have regarded digital marketing primarily as a promotional or market-expansion tool (Suryani, 2021), the present findings demonstrate that digitalization encompasses a broader systemic dimension. At HFC, the digital system functions as an information backbone linking production, marketing, and performance-evaluation activities, thereby enabling data-driven decision-making processes. This finding aligns with Chaffey and Ellis-Chadwick's (2019) argument that digital marketing should not be viewed merely as an external communication tool but as a strategic information system that fosters cross-functional integration and continuous

organizational learning. This integration transforms decision-making patterns from intuition-based to empirically driven, thereby enhancing planning accuracy and marketing effectiveness. In terms of product innovation, HFC's mentoring outcomes reveal a strong interconnection between creativity, market relevance, and business sustainability. The development of distinctive sambal variants and the mie ayam geprek menu served not only as diversification strategies but also as instruments of brand differentiation that merge local authenticity with modernity. Innovation grounded in local culinary culture has proven effective in establishing brand authenticity and creating emotional connections with customers. This view aligns with Tidd and Bessant (2020), who emphasize that customer-oriented innovation is essential for fostering long-term loyalty and authentic brand identity. From a socio-economic perspective, such innovation practices also yield tangible economic implications by engaging local suppliers, expanding employment opportunities, and strengthening community-based value chains. This perspective reinforces Dangelico and Pujari's (2021) notion that locally rooted product innovation embodies a form of social sustainability often overlooked in conventional management approaches.

Moreover, HFC's integration of operational systems, digital strategies, and product innovation contributes to the advancement of Strategic Alignment Theory in the MSME context. The alignment between internal processes (operations), external systems (digital marketing), and creative capabilities (innovation) produces an organizational fit that maximizes efficiency without sacrificing flexibility. Hossain and Anees-ur-Rehman (2020) emphasize that strategic alignment is a critical determinant of long-term MSME success, as it ensures that all organizational functions operate in harmony with strategic objectives. In practice, HFC links production systems and SOPs with digital ordering platforms, while customer review data are utilized to refine ongoing product innovations. Consequently, HFC's managerial processes are not linear but cyclical, where market feedback continuously serves as stimuli for internal system improvement.

The integrative approach implemented by HFC conceptually aligns with the principles of the Sustainable Development Goals (SDGs), particularly Goals 8 and 10. SDG 8—Decent Work and Economic Growth—emphasizes the importance of creating decent employment and fostering inclusive economic development. Through managerial mentoring and digitalization of operational processes, MSMEs such as HFC gain opportunities to enhance efficiency and productivity while simultaneously creating dignified job opportunities for local communities. Meanwhile, SDG 10—Reduced Inequalities—is reflected in the contribution of MSMEs to reducing socio-economic disparities. Empowering micro-entrepreneurs through mentoring and digital innovation enables lower- and middle-income groups to increase their income, improve access to education, and expand participation in the formal economy.

Thus, MSME mentoring activities not only contribute to business competitiveness but also represent a tangible form of sustainable development at the grassroots level (UNDP, 2023). The integration of SDG dimensions into MSME management practices demonstrates that digital transformation can serve as an effective instrument for strengthening the balance between economic growth and social equity while narrowing inter-group disparities. Furthermore, the findings reaffirm that MSME sustainability in the post-digitalization era demands a holistic and integrative managerial approach. HFC's success in combining operational efficiency, product innovation, and adaptive digital strategy exemplifies resilient entrepreneurship—the capacity of small-scale entrepreneurs to survive and thrive amid uncertainty through the synergy of innovation and technological capability (Kraus et al., 2020). This transformation reveals that sustainable competitiveness does not stem merely from resource superiority but from an organization's ability to cultivate adaptive, knowledge-based synergy across managerial functions. Within this framework, MSME management models oriented toward efficiency, innovation, and socio-economic sustainability emerge as a new paradigm bridging micro-economic objectives with the global agenda of inclusive development.

From the perspective of the Resource-Based View (RBV), this model illustrates how cross-functional integration can transform ordinary resources into high-value strategic assets. Human resources that previously operated based on experience are now guided by standardized work systems and routine training. Digital assets such as social-media platforms, once used solely for promotion, have evolved into knowledge repositories containing customer-preference data, market trends, and content-performance analytics. All organizational resources are mobilized synergistically to create inimitable competitive advantage, as emphasized by Barney (1991). Moreover, the success of this model underscores the importance of strategic alignment between internal and external organizational functions. Operational efficiency without innovation and digital marketing support leads to stagnation, whereas marketing strategies without a strong operational foundation result in inconsistent quality and loss of customer trust. Therefore, balancing these three elements is essential for MSME sustainability in the digital era (Hossain & Anees-ur-Rehman, 2020). In HFC's context, the integrative model enhances competitiveness through three primary channels: first, optimizing internal processes via efficient management systems; second, increasing product value through market-oriented innovation; and third, expanding consumer reach through adaptive digital strategies responsive to shifting customer behavior.

Field observations indicate that implementation of this model generated synergistic effects on overall business performance. Operational productivity improved through higher production efficiency and reduced material waste. From the marketing perspective, greater customer engagement and brand visibility on social media strengthened HFC's position as a competitive local culinary brand. Meanwhile, continuous product innovation sustained business dynamism, ensuring relevance amid rapidly changing market trends. Collectively, these outcomes demonstrate that cross-functional integration is not merely a short-term adaptive strategy but a structural transformation mechanism that fosters MSME sustainability in navigating the increasingly complex turbulence of the digital economy (Chatterjee et al., 2022).

Discussion

The findings on the integration of operational management systems, digital marketing, and product innovation at Hafiza Fried Chicken (HFC) highlight a crucial phenomenon that reinforces the theoretical discourse on the interconnection between efficiency, innovation, and sustainable competitiveness within the micro-culinary sector. Empirically, HFC demonstrates that digital transformation and innovation are not simply adaptive responses to market changes but deliberate managerial strategies that constitute new core capabilities for the organization. This approach supports the Resource-Based View (RBV) theory, which posits that sustainable competitive advantage can only be achieved when organizations are able to mobilize and integrate internal resources in unique and valuable ways (Barney, 1991). In HFC's case, operational efficiency achieved through standardized work systems serves as the foundation for value creation, while digital marketing strategies and product innovation operate as mechanisms of differentiation and sustained market positioning. The interrelation among these three managerial dimensions exhibits synergistic alignment consistent with Teece's (2018) Dynamic Capabilities Theory. HFC's adaptive capacity to respond to shifts in consumer behavior and to harness digital technologies reflects the three core capabilities articulated in this theory—sensing, seizing, and reconfiguring—to remain aligned with market demands. The managerial transformation observed at HFC demonstrates that success for MSMEs in dynamic environments is determined not by the volume of resources they possess but by their agility in allocating and reconstructing existing resources to generate new value. Consistent with Li, Su, Zhang, and Mao (2020), MSMEs that integrate operational efficiency with digital capabilities tend to exhibit higher levels of business resilience when confronted with market disruptions.

The phenomenon observed at HFC also enriches academic discourse on MSME digitalization in Indonesia. Whereas previous studies have predominantly emphasized digital marketing as a tool for promotion and market expansion (Suryani, 2021), the present research reveals that digitalization functions as a systemic component of managerial design that influences the entire organizational value chain. By leveraging customer data derived from social media and online food-delivery platforms, HFC successfully transformed its decision-making patterns from intuition-driven to data-driven decision-making. This practice supports Chaffey and Ellis-Chadwick's (2019) argument that digital marketing should be regarded not merely as promotional activity but as a strategic information system that enhances cross-functional coordination and facilitates organizational learning processes. From an innovation standpoint, the study also underscores the strong linkage between product creativity and business sustainability. The introduction of locally inspired menu innovations—such as distinctive sambal variants and mie ayam geprek—not only strengthened brand differentiation but also fostered emotional attachment with customers. This finding reinforces Tidd and Bessant's (2020) assertion that customer-oriented innovation plays a pivotal role in building brand authenticity and cultivating long-term loyalty. Beyond economic outcomes, innovation at HFC has produced notable social implications by engaging local suppliers and broadening the surrounding community's economic network. This finding substantiates Dangelico and Pujari's (2021) argument that product innovation rooted in local context embodies a form of social sustainability often overlooked in conventional management approaches.

The integration of operational management systems, digital strategies, and product innovation at HFC provides empirical contributions to the development of Strategic Alignment Theory within the MSME context. The alignment among internal processes (operations), external systems (digital marketing), and creative capabilities (product innovation) fosters an organizational fit that enhances both efficiency and flexibility. According to Hossain and Anees-ur-Rehman (2020), strategic alignment within small enterprises is a critical determinant of long-term success, as it ensures that every organizational function operates in a direction consistent with its overarching strategic objectives. In the case of HFC, this alignment is evident in the way production SOPs are interconnected with digital ordering systems, while customer feedback evaluations are continuously utilized to update and refine product innovations. This dynamic alignment between internal operations and external market responsiveness exemplifies how MSMEs can sustain competitiveness through integrated managerial systems rather than fragmented functional improvements.

The findings of this research also contribute to the broader literature on MSME sustainability in the post-pandemic era. While many microenterprises experienced stagnation due to declining consumer demand, HFC demonstrated resilience by adopting product diversification and digitalizing its workflow systems. Such an approach reinforces the concept of resilient entrepreneurship, defined by Kraus et al. (2020) as the capacity of small business actors to survive and adapt through innovation and technological integration. Furthermore, the study emphasizes that MSME sustainability in the digital era cannot be achieved through partial digitalization alone; it requires a comprehensive, cross-functional integration that combines efficiency, creativity, and customer orientation. The integration of digitally driven management systems and innovation processes does not merely produce temporary competitive advantages but establishes a strategic foundation for long-term sustainable growth.

CONCLUSION AND RECOMMENDATIONS

Based on the results of this study, it can be concluded that the success of Hafiza Fried Chicken (HFC) in enhancing its competitiveness within the digital economy is the outcome of synergy among three core strategic dimensions: operational management, digital marketing, and product innovation. First, the implementation of standardized operational management systems plays a fundamental role in creating process efficiency and ensuring product-quality consistency. Standardized work procedures, controlled raw-material management, and accountable financial-record systems have made HFC's operations more effective and have supported data-driven decision-making. This process not only improves productivity but also provides a structural foundation for more focused digital strategies and product innovation initiatives. Second, the integration of digital marketing through social media and online food-delivery platforms has demonstrably expanded HFC's market reach and strengthened interactive relationships with customers. HFC's digitalization efforts extend beyond promotion, forming a communication ecosystem that allows customers to participate directly in product-development processes. By utilizing customer-data analytics, HFC successfully identifies market preferences and dynamically adjusts content strategies.

This practice illustrates that digital marketing, when effectively integrated with operational management, enhances not only promotional effectiveness but also distribution efficiency and service quality. Third, product innovation serves as a pivotal pillar in reinforcing sustainable competitiveness. The development of new menu items rooted in local flavors—combined with modern packaging and digital engagement—creates added value that is difficult for competitors to replicate. These innovations function not only as market-differentiation tools but also as mechanisms to strengthen customer loyalty through the emotional and symbolic value they convey. In light of these findings, several recommendations can be proposed. For MSMEs with similar characteristics, it is essential to establish an integrated management system that harmonizes operations, marketing, and innovation, enabling efficiency and creativity to coexist in balance. Government agencies and business-support institutions should also expand digital transformation programs focusing on managerial capacity building—not merely technological adoption but also strategic and mindset transformation among entrepreneurs. Such initiatives will empower MSMEs not only to survive in competitive markets but also to transform into resilient, adaptive, and sustainable business entities capable of thriving in the rapidly evolving digital economy.

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