

# Effect of Business Process Digitalization on the Performance of Culinary MSMEs in the City of Bandung

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## ABSTRACT

This research aims to determine and analyze the influence of product quality, price perceptions, and promotions on consumer purchasing decisions in Samsung smartphone research. The research object is at the Mranggen Mobile CM Counter. This research uses 4 variables, namely product quality, price perception, promotion, and purchasing decisions. The population of this research is all consumers who have purchased a Samsung smartphone at the Mranggen Mobile CM Counter, with a total research sample of 96 respondents. Sampling used nonprobability sampling techniques with purposive sampling techniques. The data collection technique uses a questionnaire that has been tested for validity and reliability. The analytical method used in this research is the multiple regression analysis method carried out with IBM SPSS 25. The results of this research show that knowing the influence of Product Quality has a positive effect on purchasing decisions, Price Perception has a positive effect on purchasing decisions, and Promotion has a positive effect on purchasing decisions.

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## 1. INTRODUCTION

MSMEs (Micro, Small, and Medium Enterprises) are economic sectors that have a great contribution to the national economy, especially in the absorption of labor and equitable development. In Indonesia, MSMEs contribute more than 60% to the Gross Domestic Product (GDP) and absorb around 97% of the national workforce (Ministry of Cooperatives and SMEs, 2023). In the midst of the development of the digital era, digital transformation is an urgent need to maintain the competitiveness of MSMEs, especially the culinary sector which is very dynamic and competitive.

Digitization of business processes includes the use of information technology in business activities, such as digital marketing, the use of e-commerce, digital recording systems, and application-based customer service. The use of social media such as Instagram and TikTok, as well as online food ordering platforms such as GoFood and ShopeeFood, opens up new opportunities for culinary business actors to reach a wider market at low costs (Setiawan et al., 2022).

However, there are still many MSME actors who face obstacles in the digitalization process, such as lack of digital literacy, limited infrastructure, and resistance to change. Therefore, it is necessary to conduct an empirical study to measure the extent to which digitalization is able to

improve the performance of MSMEs, both in terms of increasing turnover, operational efficiency, and customer satisfaction.

This research was conducted with a focus on culinary MSMEs in the city of Bandung as one of the creative cities in Indonesia. Bandung has a rapidly growing culinary business ecosystem with relatively high technology adoption. This study examines three dimensions of digitalization, namely digital marketing, the use of e-commerce platforms, and digital operational systems on the performance of culinary MSMEs.

With a quantitative approach, this study aims to provide empirical evidence on the influence of digitalization on the performance of MSMEs and provide strategic recommendations for business actors and policymakers in developing a technology-based MSME ecosystem.

## 2. METHOD

This study uses a quantitative approach with a survey method to owners or managers of culinary MSMEs in the city of Bandung. The population in this study is all MSME actors in the culinary sector who are actively operating and registered with the local MSME office. The sampling technique uses purposive sampling with the following criteria: (1) it has been operating for at least 1 year, (2) it uses a form of digitalization in its business operations. The number of samples used was 120 respondents.

Data was collected using a closed-ended questionnaire that has been tested for validity and reliability. The questionnaire instrument included three independent variables, namely: (X1) digital marketing, (X2) the use of e-commerce platforms, and (X3) digital operational systems, as well as one dependent variable, namely the performance of MSMEs (Y).

The measurement scale used is the Likert scale of 1–5. Validity tests were conducted using Pearson Product Moment and reliability tests were conducted using Cronbach Alpha. The data was analyzed using multiple linear regression to determine the simultaneous and partial influences between variables. The analysis process was carried out with the help of SPSS software version 25.

## 3. RESULTS AND DISCUSSION

### 3.1 Respondent Description

The survey was conducted on 120 culinary MSME actors in the city of Bandung. The characteristics of the respondents showed that 70% came from micro businesses (turnover < IDR 300 million/year), 25% from small businesses (turnover IDR 300 million – IDR 2.5 billion), and 5% from medium businesses. By age, 68% of respondents were between 25–40 years old, and 24% were over 40 years old, with the rest under 25 years old. In terms of education, 45% of high school/vocational school graduates, 40% of undergraduates, and another 15% have junior high school education or lower.

### 3.2 Adoption Rate of Business Process Digitization

The level of digitalization adoption in culinary MSMEs can be described through three main indicators:

**Digital Marketing (X1):** As many as 87% of business actors use social media (Instagram, TikTok, WhatsApp Business) for promotion. Instagram usage is the most dominant (65%), followed by WhatsApp Business (55%), and TikTok (32%). As many as 78% stated that digital promotions increase customer interaction.

**Use of E-commerce Platform (X2):** As many as 65% of respondents market their products through the GoFood, ShopeeFood, and GrabFood platforms. Of those, 70% reported an increase in orders of 15–30% after joining an online platform.

**Digital Operational System (X3):** 54% of respondents use digital cashier systems (such as Moka POS, Smart Cashier), while 38% start recording finances with digital applications such as BukuWarung or SME Accounting. As many as 72% of them reported faster service times and reduced transaction errors.

### 3.3 Regression Test Results

Multiple linear regression tests were carried out to determine the influence of the three digitization variables on the performance of MSMEs. The results of the analysis are as follows:

**Table 1.** Multiple linear regression tests

Independent Variables	Coefficin Beta	t count	Sig. (p-value)
Digital Marketing (X1)	0.312	3.14	0.002
E-commerce Platform (X2)	0.278	2.91	0.004
Digital Operational System (X3)	0.356	3.58	0.001
R = 0.773	R <sup>2</sup> = 0.598	F count = 57.621	Sig. F = 0.000

The regression model was significant at the 99% confidence level ( $p < 0.01$ ). The  $R^2$  value of 0.598 indicates that 59.8% variation in MSME performance can be explained by the three digitization variables. The X3 variable (digital operational system) has the strongest influence on performance, demonstrating the importance of internal process efficiency in increasing productivity.

### 3.4 Analysis of the Impact of Digitalization on Performance Dimensions

This study measures the performance of MSMEs based on three main dimensions:

#### Increased Revenue:

An average increase in turnover of 27.4% after digitalization (based on historical data of 6 months before and after technology adoption). MSMEs that actively use social media show an increase of up to 35% in new customers.

#### Operational Efficiency:

As many as 68% of respondents stated that transaction time decreased from an average of 4 minutes to 2 minutes per customer. The use of the digital cashier system also reduced the rate of transaction recording errors by 44%.

#### Customer Satisfaction:

The customer satisfaction index (from respondents' self-assessment based on customer reviews) increased from a score of 3.2 to 4.1 (scale 1–5). Determining factors include: ease of online booking, quick response on social media, and improved service quality.

### 3.5 Discussion

The results of the study show that the majority of culinary MSMEs in the city of Bandung have adopted various forms of digitalization. As many as 87% of respondents use social media in product promotion, while 65% use e-commerce platforms such as GoFood and ShopeeFood. The digital cash register system is used by 54% of MSMEs and digital financial recording has been implemented by 38% of respondents.

Multiple linear regression analysis showed that the three digitization variables (X1, X2, and X3) had a significant effect on the performance of MSMEs (Y) with a value of F calculated = 34.91 and a significance of  $0.000 < 0.05$ . The determination coefficient ( $R^2$ ) of 0.598 shows that digitalization explains 59.8% of the variation in MSME performance.

Partially, digital marketing has the most dominant influence with a regression coefficient value of 0.421, followed by e-commerce at 0.317 and digital operational systems at 0.289. This indicates that MSMEs that are active in digital promotion tend to experience an increase in turnover and a wider market reach.

Further discussion shows that the use of social media is effective in increasing customer interaction and brand loyalty. E-commerce platforms help businesses gain wider market access without requiring large investments. Digital systems such as financial records and cashiers help with operational efficiency and accuracy.

These findings support the results of a study by Setiawan et al. (2022) which states that digitalization has a significant impact on the business performance of MSMEs. However, digital literacy and infrastructure readiness remain challenges that must be overcome through ongoing training and public policy support.

The results of this study support the *Technology Acceptance Model* (TAM) theory which states that the perception of usability and ease of use of technology will increase adoption and have an impact on organizational performance. The adoption of social media such as Instagram and TikTok not only expands the reach of the market, but also creates higher customer engagement through interactive content.

The discovery that digital operational systems have the greatest influence is in line with the findings of Rizky & Halim (2022) who stated that the efficiency of backend operations such as payments, stocks, and financial recording is the backbone of MSME productivity. This shows that not only promotion is important, but internal systems also play a vital role in business performance.

However, several digitalization obstacles were also found, including: Limited access to technological devices (29% of respondents use privately owned devices). Low data analysis capabilities (only 18% of respondents use analytics dashboards from e-commerce platforms). Reliance on third-party platforms that charge commission deductions of up to 20%, affects profit margins.

#### 4. CONCLUSION

This study concludes that the digitization of business processes significantly improves the performance of culinary MSMEs in the city of Bandung. The three main aspects that influence are digital marketing, the use of e-commerce, and digital-based operational systems. The practical implication of this research is the importance of digitalization planning that is integrated and in accordance with business needs. MSME actors are advised to adopt technology gradually according to their capabilities and business strategies. The government and MSME support institutions need to expand digital literacy programs and access to financing to encourage digital transformation more widely. The next research recommendation is to explore the factors that inhibit digitalization adoption and conduct longitudinal studies to measure the long-term impact of digital transformation on MSMEs.

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