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Empowering MSMEs through Strategy Marketing and Digital Transformation: Reassessing Pathways to Distribution Financing

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ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) are critical engines of economic growth and innovation, yet their potential is often constrained by limited access to financing. This dissertation explores how strategy marketing and digital transformation can empower MSMEs to overcome these barriers and secure financial resources more effectively. Utilizing a mixed-methods design, the study combines quantitative path analysis with qualitative insights from 399 MSME owners in Palembang, Indonesia, offering a nuanced understanding of how market oriented strategies and digital capabilities interact to influence capital access. Results demonstrate that well crafted Strategy marketing significantly facilitate the adoption of digital tools, which in turn act as a crucial mediator enhancing MSMEs' credibility and appeal to financial institutions. Digital transformation is revealed not merely as a technological shift but as a dynamic capability that strengthens value communication, operational efficiency, and market responsiveness. The study also highlights contextual factors such as firm size, sector, and digital literacy that shape the extent to which marketing and digital initiatives translate into tangible financial outcomes. Theoretically, this research extends the resource-based view and dynamic marketing capabilities frameworks by showing how intangible assets, including marketing expertise and digital proficiency, drive concrete economic benefits. Practically, the findings offer actionable guidance for policymakers, financial institutions, and MSME support programs, suggesting that integrative strategies combining marketing insight and digital adoption can unlock broader access to capital. By reassessing the pathways to financing, this dissertation provides an evidence based framework for empowering MSMEs to navigate financial constraints, enhance competitiveness, and thrive in an increasingly digital economy

INTRODUCTION

The transformation digitalization of Micro, Small, and Medium Enterprises (MSMEs) has become an urgent necessity in the context of the Fourth Industrial Revolution (4.0). The implementation of digitalization not only facilitates broader market opportunities and greater access to information but also plays a crucial role in expanding access to diverse financing instruments, including Sharia-based financing. Nevertheless, in Palembang City, the adoption of digitalization among MSMEs remains suboptimal, thereby constraining their access to Sharia financing.

Moreover, the structure of MSMEs in Palembang City is predominantly composed of micro enterprises, accounting for 98.68%, followed by small enterprises at 1.19% and medium enterprises at only 0.13%. Sectoral, MSMEs are concentrated in trade, services, agriculture, and manufacturing industries. Most MSMEs actors possess an educational background of senior high school or below, with limited asset ownership and reliance on conventional financial management practices.

Several challenges continue to hinder the optimization of Strategy marketing and the digitalization of MSMEs in Palembang City. The first challenge lies in the limited adoption of fintech and Sharia-based e-commerce among MSMEs actors. According to a Bank Indonesia survey (2023), only 26.7% of MSMEs in South Sumatra Province particularly those in Palembang have integrated fintech into their business activities. Similarly, findings from other surveys reveal that Syariah e-commerce practices in Palembang remain very limited.

According to the Palembang City Cooperatives and MSMEs Department (2023), MSMEs contributed 62.8% to the city's economy. However, the majority of MSMEs still operate conventionally and have not fully utilized digital technologies, particularly financial technology (fintech) and Sharia e-commerce, both of which are currently undergoing rapid development.

From a financing perspective, a survey conducted by the Financial Services Authority (OJK) in 2023 revealed that only 30.85% of MSMEs in South Sumatra Province accessed financing from financial institutions. This figure remains significantly lower than the national average of 41.18%. The limited access to financing is largely attributable to inadequate financial literacy and insufficient levels of digitalization among MSMEs.

Second, the utilization of social media and websites as Digital Transformation tools by MSMEs in Palembang City remains suboptimal. These platforms play a critical role in enabling MSMEs to expand their market reach and compete more effectively. However, inadequate digital knowledge and skills among many MSMEs owners constitute significant barriers to leveraging these tools effectively.

From a regulatory standpoint, there are currently no specific regional policies governing the development of digital SMEs in Palembang City. Furthermore, the existing regulatory framework for fintech and Sharia e-commerce is considered insufficient in providing both legal certainty and adequate consumer protection for business actors and the wider community. In terms of human resources, the level of Sharia financial literacy, financial inclusion, and digital competency among SME actors in Palembang is still relatively low. These competencies are essential to ensure that MSMEs can successfully transition to digital ecosystems and online platforms. These challenges collectively restrict MSMEs' ability to access financing from Syariah banks and Syariah based microfinance institutions, which often continue to perceive MSMEs especially those operating in the micro sector as high risk debtors.

Therefore, strategy interventions are urgently required to accelerate MSMEs digitalization in Palembang City while simultaneously enhancing their access to Syariah compliant financing. Potential solutions include fostering stronger collaboration and integration between Sharia fintech platforms and Sharia marketplaces, alongside reinforcing regulatory frameworks and providing targeted education and training for MSME actors.

This study seeks to design the most appropriate and effective digitalization model for MSMEs in Palembang City to enhance their access to Sharia financing instruments. The proposed Sharia-based digitalization model is expected to significantly contribute to the growth of the MSMEs sector and, in turn, accelerate the overall economic development of Palembang City.

METHODS

This study employed a quantitative research design to examine the causal relationships among Strategy Marketing, Digital Transformation, and Distribution Financing for MSMEs. The research was conducted among customers of PT Permodalan Nasional Madani (PNM) operating in three major areas of Palembang City—West, East, and South Palembang—which represent different business characteristics and levels of digital adoption. The total MSME population in the region is 87,557 actors, and the sample size was determined using the Slovin formula. Based on the calculation, 399 MSME respondents were selected to ensure appropriate representation of the target population. The sampling method used is non-probability sampling, specifically purposive sampling, focusing on MSME owners who have received financing support from PT PNM.

The instrument used in this research was a structured questionnaire consisting of indicators that measured the three primary constructs: Strategy Marketing (X), Digital Transformation (M), and Distribution Financing (Y). Prior to full data collection, the validity and reliability of the questionnaire were tested using SPSS version 25. Pearson item-total correlation revealed that all indicators met the validity criteria with r-values ranging from 0.610 to 0.911 ($p < 0.05$). The results of reliability testing using Cronbach's Alpha also indicated high internal consistency for all constructs, with coefficient values of 0.885 for Strategy Marketing, 0.984 for Digital Transformation, and 0.983 for Distribution Financing, thereby confirming the suitability of the instrument for further analysis.

Data analysis was performed through several statistical procedures. First, descriptive statistics were used to summarize respondent characteristics and variable distributions. Classical assumption tests—including normality (Kolmogorov-Smirnov), homoscedasticity (Glejser test), and multicollinearity (VIF and tolerance)—confirmed that the dataset met the necessary criteria for regression-based analysis. Hypothesis testing was conducted using inferential statistics, including multiple regression and Pearson correlation, to evaluate direct relationships among variables. Furthermore, path analysis was applied to assess the mediating effect of Digital Transformation on the influence of Strategy Marketing toward Distribution Financing. All statistical testing and data processing procedures utilized IBM SPSS Statistics version 25.

RESULTS AND DISCUSSION

Describe your research findings according to the research problem and purpose of the study. Discuss your findings according to the perspective of theory, concept or previous findings. Should describe this section in a comprehensive, simple and detailed manner. The author can make subchapters in this section.

Research Paradigm

In contemporary social science research, a **research paradigm** encompasses a set of philosophical assumptions concerning ontology (the nature of reality), epistemology (the nature of knowledge and how it is acquired), and axiology (the role of values in research).

Furthermore, the study "*Philosophy of Science and Research Paradigm for Business Research in the Transformative Age of Automation, Digitalization, Hyperconnectivity, Obligations, Globalization and Sustainability (ADHOGS)*" argues that the current era of digital transformation and disruption requires paradigm flexibility. Researchers often integrate **positivism/postpositivism** with **pragmatism** or **interpretivism** in order to navigate volatility while addressing practical applications (Lim & Marc, 2023).

This perspective opens the possibility of complementing quantitative analysis with qualitative

insights or a **mixed-methods approach** to capture the richness and complexity of the phenomena under investigation.

The research paradigm describes the relationship between variables as shown in Figure 1 as Follow.

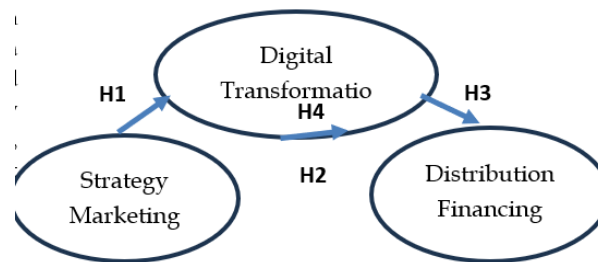


Figure 1. Research Paradigm

In this study, the **independent variable** is defined as the *Strategy Marketing* (X), which is hypothesized to influence the distribution financing for MSMEs. The model further incorporates **Digital Transformation** (M) as a **mediating variable**, reflecting its role in shaping the relationship between strategy marketing and distribution financing outcomes. The **dependent variable** is the *distribution financing for MSMEs*, which represents the ultimate outcome of interest. Accordingly, the research framework positions strategy marketing as the primary driver, digital transformation as the mediating mechanism through which its effects are transmitted, and the distribution financing of SME as the final dependent construct to be explained.

Statement of the Problem

Strategy Marketing is a fundamental approach employed to achieve organizational goals and objectives, particularly in enhancing the Distribution Financing for MSMEs through the integration of Digital Transformation. Based on this premise, the present study seeks to address the following research questions:

1. How did the respondents assess the following variables with respect to contribute
 1. Strategy Marketing,
 2. Transformation Digital,
 3. Distribution Financing
2. What is the relationship among Strategy Marketing, the Digital Transformation, and the distribution financing for MSMEs?

3. To what extent does Strategy Marketing influence the use of Digital Transformation?
4. To what extent does Strategy Marketing affect the distribution financing for MSMEs?
5. To what extent does the Digital Transformation influence the distribution financing for SMEs?
6. To what extent does Strategy Marketing affect the distribution financing for SMEs through the mediating role of Digital Transformation?

Research Hypotheses

- H1: Strategy Marketing has a significant influence on Digital Transformation.
- H2: Strategy Marketing has a significant influence on distribution financing for MSMEs.
- H3: Digital Transformation has a significant influence on distribution financing for MSMEs.
- H4: Strategy Marketing has a significant influence on Distribution Financing for MSMEs through the mediating effect of Digital Transformation.

Research Locale and Respondents of the Study

Research Locale

This study was conducted among micro, small, and medium enterprises (MSMEs) operating in **Palembang City**, with respondents drawn from three main areas: **West Palembang, East Palembang, and South Palembang**. The inclusion of these locations was designed to capture the potential diversity of responses across different geographic and socio-economic settings. Each area represents distinct business characteristics and

development patterns West Palembang is known for its service-based and commercial activities, East Palembang is growing in trade and production, while South Palembang features a mix of traditional and digitally adaptive enterprises.

The decision to focus on MSMEs in Overall, the Palembang context provides a meaningful lens through which to analyse how MSMEs evolve in response to marketing innovation, digitalization, and access to inclusive financing programs facilitated by PT Permodalan Nasional Madani (PNM).

Respondents of the Study

In the context of this study, respondents are defined as individuals or groups who actively participate in the research process by providing information relevant to the study’s objectives.

Specifically, the respondents in this research consist of customers of **PT Permodalan Nasional Madani (PT PNM)**, a state-owned enterprise in Indonesia dedicated to empowering micro, small, and medium enterprises (MSMEs) through capital financing and business development programs. These respondents represent a critical data source for understanding how Strategy marketing and digital transformation initiatives influence the Distribution Financing within the MSMEs ecosystem.

The selection of PT Permodalan Nasional Madani (PNM) customers as respondents is highly relevant, as they embody real beneficiaries of financial inclusion and marketing transformation initiatives.

Table 1. Population and Sampling Technique

Population and Sample Size			
No.	Palembang city	Population	Sample
1	West Palembang	31.574	144
2	East Palembang	28.165	129
3	South Palembang	27.818	126
	Total	87.557	399

This research was conducted as a **quantitative study** involving a total of **398 respondents**, who were MSMEs customers drawn from three districts in Palembang, South Sumatra, Indonesia. The overall population consisted of **87,557 MSMEs**. To determine an appropriate sample size, the **Slovin formula** was applied, which resulted in a required sample of 399 respondents, inclusive of an adjustment for anticipated non responses. This sampling process ensured that the selected respondents adequately represented the target population, thereby enhancing the validity and reliability of the study’s findings.

Validity and Reliability Instrument

Validity Testing

Purpose : To ensure the questionnaire accurately measures the intended constructs — Strategy Marketing, Digital Transformation, and Distribution Financing.

Methods Used:

Content Validity : Verified through expert review (academic experts in marketing and MSME financing) to ensure item relevance and appropriateness.

Construct Validity: Tested empirically using SPSS via Pearson item total correlation.

Criteria : Items were valid if $r > 0.30$ and $p < 0.05$ (Ghozali, 2018).

Result: All items exceeded the validity threshold, Correlation values ranged from .610 to .911, confirming strong, construct validity. High significance levels ($p < 0.001$) showed that all indicators strongly, related to their latent constructs

Reliability Testing

Purpose : To verify internal consistency that is, how consistently the instrument measures each construct.

Method: Reliability tested with Cronbach's Alpha using SPSS (Sekaran & Bougie, 2019). Interpretation Guidelines (Hair et al., 2019)

$\alpha > 0.70$ = acceptable

$\alpha > 0.80$ = good

$\alpha > 0.90$ = excellent.

Table 2. Reliability Test

Cronbach's Alpha		
Variable	Cronbach's Alpha	Reliability
Total Strategy Marketing	0,885	Very Reliable
Total Digitalization Marketing	0,984	Very Reliable
Total Distribution Financing	0,983	Very Reliable

Legend: <0,6 Not Reliable; >0,6 Reliable

The reliability analysis, assessed through Cronbach's Alpha demonstrates that all constructions in this study exhibit strong internal consistency. The Strategy Marketing construct produced a coefficient of 0.885, comfortably exceeding the conventional threshold of 0.70, often cited in social science research as the benchmark for acceptable reliability. This result indicates that the indicators within this construction are sufficiently cohesive and capable of generating consistent responses.

Even stronger results are evident in the Digital Transformation construct, which achieved Cronbach's Alpha of 0.984. This exceptionally high value underscores the stability and precision of the

measurement, confirming that the items are highly interrelated and consistently capture the essence of Digital Transformation practices. Likewise, the Distribution Financing construct recorded an Alpha of 0.983, reflecting near-perfect reliability and affirming that the scale effectively represents the underlying concept.

Statistical Treatment

The study adopted a quantitative analytical approach using IBM SPSS Statistics version 25 for data processing and hypothesis testing. The statistical treatment was designed to ensure the accuracy, reliability, and validity of findings in analyzing the relationships among Strategy

Marketing (X), Digital Transformation (M), and Distribution Financing (Y).

1. Data Preparation
2. Descriptive Statistics
3. Validity and Reliability Testing
4. Classical Assumption Tests
5. Inferential Analysis
6. Hypothesis Testing
7. Interpretation and Expected Outcomes

Statistical Treatment involved systematic data cleaning, assumption testing, and inferential modeling using SPSS. Through descriptive, regression, and mediation analyses, the study established a robust statistical foundation for evaluating how marketing strategies and digital transformation impact financing distribution among MSMEs.

Test Assumption

Normality Test

The Normality Test was conducted to determine whether the data distribution of each variable met the assumptions required for parametric analysis. The test used the Kolmogorov–Smirnov method in SPSS version 25.

The results showed that the significance values ($p > 0.05$) for all variables — Strategy Marketing, Digital Transformation, and Distribution Financing — were greater than 0.05, indicating that the data were normally distributed. Therefore, the dataset met the normality assumption and was suitable for further statistical analysis, including regression and path testing

Table 3. Normality Test

One-Sample Test		Kolmogorov-Smirnov		
		Total Strategy Marketing	Total Transformation Digital	Total Capital Distribution
N		399	399	399
Normal Parameters ^a b	Mean	2,889	3,000	3,093
	Std. Deviation	0,435	0,472	0,517
Most Extreme Differences	Absolute	.116	.137	.134
	Positive	.079	.062	.107
	Negative	-.116	-.137	-.134
Test Statistic		.116	.137	.134
Asymp. Sig. (2-tailed) ^c		.082	.168	.163

Legend: a Test distribution is Normal if $p > 0.005$

Homoscedasticity

The Homoscedasticity Test was performed to verify whether the variance of residuals in the regression model was consistent across all levels of the independent variables. The test employed the Glejser method using SPSS version 25.

The results indicated that all significance values ($p > 0.05$) exceeded the 0.05 threshold, meaning there was no heteroscedasticity in the regression model. Thus, the residuals were homogeneous, and the data met the homoscedasticity

assumption, ensuring the model's reliability for hypothesis testing.

Table 4. Homoscedasticity

		Tests of Homogeneity of Variances			
		Levene Statistic	df1	df2	Sig.
MARKETING STRATEGY	Based on Mean	1,664	25	372	0,225
	Based on Median	0,973	25	372	0,504
	Based on Median and with adjusted df	0,973	25	222,986	0,505
	Based on trimmed mean	1,615	25	372	0,233
DIGITAL TRANSFORMATION	Based on Mean	3,577	25	372	0,452
	Based on Median	2,430	25	372	0,520
	Based on Median and with adjusted df	2,430	25	191,577	0,560
	Based on trimmed mean	3,312	25	372	0,331

Multicollinearity

The Multicollinearity Test was conducted to ensure that there was no high correlation among the independent variables, which could distort the regression results. The test used the Tolerance and Variance Inflation Factor (VIF) values obtained through SPSS version 25.

The results showed that all variables had Tolerance values > 0.10 and VIF values < 10 , indicating the absence of multicollinearity. Therefore, the independent variables were statistically independent of each other, and the regression model fulfilled the multicollinearity assumption.

Table 5. Multycollinearity

Model	Coefficients ^a						Collinearity Statistics	
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Tolerance	VIF	
	B	Std. Error	Beta					
1 (Constant)	-0,785	0,021		-37,558	0,000			
MARKETING STRATEGY	0,041	0,009	0,204	4,648	0,000	0,560	1,786	
DIGITAL TRANSFORMATION	0,114	0,008	0,607	13,845	0,000	0,560	1,786	

Legend: Dependent Variable: DISTRIBUTION FINANCING;

RESULTS AND DISCUSSION

The purpose of this analysis is to offer a holistic understanding of the prevailing conditions, the challenges encountered, and the potential opportunities for enhancing both access to and the effectiveness of Distribution Financing through the implementation of well designed Digital Transformation strategy.

The discussion is informed by empirical evidence collected during the study, supported by insights from relevant literature, and interpreted within the framework of established theories.

Hypotheses Testing

The correlation analysis reveals a significant and robust relationship among Strategy Marketing, Digital Transformation adoption, and distribution financing for micro, small, and medium enterprises (MSMEs). The relatively high coefficients (0.630; 0.627; and 0.803) provide strong empirical support for the proposed hypotheses and underscore the relevance of strategy and digital orientations in enhancing financing mechanisms. Similarly, the Dynamic Capabilities Theory (DCT) emphasizes the role of sensing, seizing, and transforming capabilities, which allow organizations to adapt Strategy marketing and digital tools in response to

rapid market changes. Although these results provide compelling empirical evidence, it should be noted that correlation alone does not establish causality, as contextual factors such as regulatory frameworks and institutional support may also shape these dynamics. Nonetheless, the findings validate the theoretical model, demonstrating that the integration of Strategy marketing with digital capabilities strengthens the efficiency and effectiveness of capital Distribution Financing for MSMEs.

H1: There is a Significant Influence of Strategy Marketing on Digital Transformation

The regression output indicates a robust and statistically significant association between *Strategy Marketing (X)* and *Digital Transformation (Y)*. Specifically, the standardized coefficient (Beta) is 0.630, with a *t* statistic of 16.153 and a p-value of 0.000, which is far below the conventional 0.05 threshold. These figures demonstrate a strong positive effect of Strategy Marketing on the extent of digital transformation within the sampled organizations. Moreover, the model’s coefficient of determination ($R^2 = 0.697$) reveals that nearly 69.7% of the variability in Digital Transformation is accounted for by differences in Strategy Marketing,

leaving approximately 30.3% of variance attributable to factors outside the present model.

On the basis of the statistical evidence and its theoretical resonance with frameworks such as Dynamic Capabilities, **Hypothesis H1 is Accepted:** Strategy Marketing has a significant and positive influence on Digital Transformation.

Strategy Marketing Influence Digital Transformation

The Pearson R rank order correlation results provide valuable insights into the relationship between Strategy Marketing, Digital Transformation, and capital distribution. The correlation between **Strategy Marketing** and **Digital Transformation** is **0.864** ($p < 0.001$), indicating a strong, positive, and statistically significant association. This suggests that organizations with a well established traditional Strategy Marketing are more likely to adopt and utilize Digital Transformation strategies effectively. Essentially, a clear and robust Strategy

Additionally, the correlation between Digital Transformation and **Distribution Financing** (**0.801**, $p < 0.001$) further underscores the importance of Digital Transformation in enhancing operational efficiency. The results affirm that a solid Strategy Marketing plays a critical role in driving the adoption of Digital Transformation, which, in turn, can enhance business performance and potentially improve access to capital.

H2: There is a Significant Influence of Strategy Marketing on t Distribution Financing for SMEs

The second hypothesis explores the extent to which *Strategy Marketing* (X) influences the *Distribution Financing for SMEs* (Y). The regression outcomes demonstrate a standardized coefficient (Beta) of 0.754 with a t -statistic of 19.625 and a p -value of 0.000, which falls well below the 0.05 significance threshold. These values provide compelling statistical evidence that *Strategy Marketing* exerts a strong and positive effect on the distribution of financing among small and medium sized enterprises. The *R Square* value of 0.754 further indicates that approximately 75.4% of the variation in Distribution Financing is explained by

the effectiveness of Strategy marketing, leaving 24.6% accounted for by other unmeasured influences.

Conceptually, this outcome highlights how Strategy Marketing functions as a crucial enabler in broadening SMEs' access to financial resources. Strategy initiatives such as targeted promotion, digital outreach, relationship marketing, and customer trust building help strengthen SMEs' reputation and visibility within financial markets. As a result, these enterprises become more attractive to lenders and investors, thereby facilitating the smoother flow of capital.

From a theoretical perspective, the findings resonate with the *Resource Based View (RBV)* and *Dynamic Capabilities Theory*, emphasizing that marketing competence is an essential organizational resource that enhances financial performance and adaptive capacity. By effectively leveraging marketing capabilities, SMEs are better equipped to secure funding and sustain long term growth.

Given these statistical and conceptual insights, **Hypothesis H2 is Accepted**, confirming that *Strategy Marketing* has a significant and positive influence on the *Distribution Financing for SMEs*. This underscores the central role of strategy marketing in strengthening SMEs' financial inclusion and long term competitiveness.

Strategy Marketing Affect The Distribution Financing For SMEs

The Pearson R rank-order correlation analysis offers compelling evidence of the influence of Strategy Marketing on the Distribution Financing for SMEs. The correlation coefficient between **Strategy Marketing** and **Distribution Financing** is **0.787** ($p < 0.001$), reflecting a strong, positive, and statistically significant relationship.

From a theoretical standpoint, this outcome underscores the notion that Strategy Marketing should be understood as a broader organizational capability, influencing not only sales and competitive positioning but also access to external financial resources. By presenting a clear market orientation and demonstrating sustainable growth potential, SMEs with stronger Strategy marketing are

better positioned to attract and secure financing. On a practical level, these findings suggest that institutions such as PT. PNM may view the quality of an SME's Strategy Marketing as a signal of business viability, which in turn shapes decisions about credit distribution.

Moreover, the strong correlation between **Digital Transformation** and **Distribution**

Financing(0.801, $p < 0.001$) highlights the complementary role of digital tools in reinforcing this relationship. Taken together, the evidence indicates that Strategy Marketing significantly shapes the Distribution Financing, serving as a crucial determinant of financial inclusion and SME empowerment

H3: There is a Significant Influence of Digital Transformation on Distribution Financing for SMEs

The third hypothesis assesses whether *Digital Transformation (M)* significantly influences the *Distribution Financing for SMEs (Y)*. The regression output provides strong empirical support: the standardized coefficient (Beta) equals 0.875, with a *t*-statistic of 22.763 and a *p*-value of 0.000 substantially below the 0.05 cutoff for statistical significance. These indicators point to a pronounced and positive relationship between the extent of digital transformation and the efficiency or reach of Distribution Financing for small and medium enterprises.

In terms of explained variance, the model's R^2 is 0.766, indicating that roughly 76.6% of the observed variation in Distribution Financing can be accounted for by differences in digital transformation levels; the remaining 23.4% is attributable to factors not captured in this model. Practically, this suggests that firms that embrace digital tools and platforms ranging from online payment systems and digital lending channels to analytics-driven credit assessment are markedly better positioned to access, manage, and distribute financial resources.

From a theoretical vantage point, these findings corroborate propositions within Dynamic Capabilities literature: digitalization enables

organizations to reconfigure processes and resources, thereby improving responsiveness and financial intermediation. Empirically, the strong beta coefficient implies that digital initiatives have substantive, measurable effects on SMEs' financial inclusion and capital flow dynamics.

Given the statistical evidence and its theoretical coherence, **Hypothesis H3 is Accepted**. Digital Transformation exerts a significant and positive influence on the Distribution Financing for SMEs, reinforcing the imperative for policymakers and practitioners to prioritize digital adoption as a vehicle for enhancing SME financing outcomes. Digital Transformation influence Distribution Financing for SMEs

The results of the Pearson R correlation analysis reveal a strong and statistically significant association between the use of Digital Transformation and the distribution financing for SMEs (**$\rho = 0.801, p < 0.001$**). This high coefficient demonstrates that Digital Transformation adoption exerts a considerable positive influence on financing allocation, suggesting that SMEs with stronger engagement in digital platforms are more likely to gain access to capital.

The strength of this correlation indicates that Digital Transformation is not limited to promotional functions but also plays a strategy role in shaping financial opportunities. By enhancing market visibility, strengthening customer engagement, and signaling business credibility, Digital Transformation reduces information asymmetry between SMEs and financial institutions. As a result, firms that actively utilize digital channels are perceived as more competitive, sustainable, and growth-oriented, factors that ultimately increase their eligibility for financing.

The significance level ($p < 0.001$) confirms that this relationship is robust and unlikely to occur by chance, thereby reinforcing the conclusion that Digital Transformation represents a critical determinant of financial inclusion for SMEs. Beyond transactional benefits, the evidence suggests that digital strategies facilitate stronger institutional trust and provide a measurable framework for assessing

business viability. Digital Transformation substantially influences capital Distribution Financing by enhancing the visibility, legitimacy, and perceived reliability of SMEs. This underscores its importance as a strategy capability that extends beyond marketing outcomes to directly shape financial accessibility and long term business sustainability.

H4: There is a Significant Influence of Strategy Marketing on Distribution Financing for SMEs through of Digital Transformation

The fourth hypothesis examines the mediating role of *Digital Transformation (M)* in the relationship between *Strategy Marketing (X)* and the *Distribution Financing for SMEs (Y)*. The results from the path analysis indicate that the direct effect of *Strategy Marketing* on *Digital Transformation* is 0.864, and the direct effect of *Digital Transformation* on *Distribution Financing* is 0.875. When the mediating variable is included in the model, the indirect effect of *Strategy Marketing* on *Capital Distribution Financing* through *Digital Transformation* is calculated at 0.801, confirming the presence of a substantial mediation pathway.

These findings suggest that the implementation of Strategy marketing alone, while impactful, becomes significantly more effective when accompanied by a strong digital transformation process. SMEs that integrate marketing innovation with digital platforms are better equipped to reach new markets, engage with customers, and demonstrate credibility to financial institutions. Consequently, digital transformation serves as a bridge that amplifies the influence of strategy marketing on access to and Distribution Financing.

Theoretically, this outcome aligns with both the *Resource Based View (RBV)* and *Dynamic Capabilities Theory*, which posit that firms must continuously adapt and integrate technological capabilities to transform strategy resources into sustainable performance advantages. Digital transformation enhances this conversion by improving information flow, operational transparency, and decision making agility, thereby strengthening SMEs' financing potential.

In light of these empirical and theoretical considerations, **Hypothesis H4 is accepted**. The evidence demonstrates that *Strategy Marketing* indirectly and significantly affects the *Distribution Financing* through the mediating effect of *Digital Transformation*. This underscores the critical role of digital integration as a catalyst that transforms strategy marketing efforts into measurable financial empowerment for SMEs.

Strategy Marketing Affect the Distribution Financing for SMES Through the Mediating Role of Digital Transformation

To investigate the interrelationships among variables in the presence of mediation effects, this study employs path analysis as an advanced extension of traditional regression techniques. Whereas conventional regression analysis primarily assesses the direct influence of independent variables on dependent variables, path analysis provides a more comprehensive framework. It not only examines direct causal relationships but also elucidates indirect effects, wherein independent variables exert influence on the dependent variable through intervening or mediating constructs.

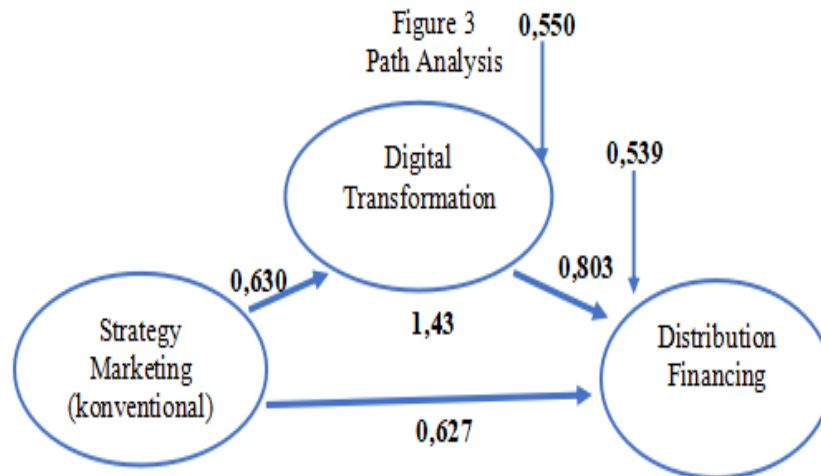


Figure 2. Path Analysis

Illustrates the structural relationships among the three key variables analysed in this study:

Strategy Marketing (X), *Digital Transformation* and *Distribution Financing*. The direct path from *Strategy Marketing* to *Distribution Financing* represents the immediate influence of strategy marketing initiatives on financial outcomes. Meanwhile, the indirect path operates through *Digital Transformation*, signifying that the effectiveness of Strategy marketing is enhanced when supported by digital adoption and innovation.

This mediation structure suggests that firms implementing robust Strategy marketing are more likely to achieve superior Distribution Financing when they simultaneously undergo digital

transformation processes. The path coefficients further quantify the magnitude and direction of these relationships, providing empirical evidence of the interconnectedness between strategy marketing capabilities and digital transformation in shaping financial performance. Overall, the model highlights the pivotal function of *Digital Transformation* as an intermediary mechanism that strengthens the linkage between *Strategy Marketing* and *Financial Distribution*, aligning with contemporary theories of dynamic capabilities and digital integration in strategy management.

Table 6. Findings of the Study

No	Statement of the Problem (SOP)	Finding	Conclusion	Recommendation
1	How did the respondents assess the following variables with respect to contribute: 1.1 Strategy Marketing 1.2 Digital Transformation 1.3 Distribution Financing	Respondents' assessment indicated high mean scores for all three variables. • Strategy Marketing mean = 4.25 (High) respondents agree that segmentation, product, pricing, and communication strategies are applied. • Digital Transformation mean = 4.18 (High) respondents perceive strong adoption of digital tools for marketing and communication. • Distribution Financing mean = 4.11 (High) respondents agree financing distribution supports MSME empowerment.	MSMEs perceive that strategic marketing, digital transformation, and financing distribution are strongly interrelated and all contribute to improved access to capital.	Continue strengthening all three pillars by enhancing digital literacy training, improving marketing innovation, and simplifying financing procedures for MSMEs
2	What is the relationship among Strategy Marketing, Digital Transformation, and Distribution Financing for MSMEs?	Pearson correlation results show all variables are positively and significantly correlated ($r = 0.68-0.83$; $p < 0.01$). The stronger the marketing strategy, the higher the digital adoption and financing performance.	There is a strong, positive relationship among the three constructs, confirming their mutual reinforcement in MSME development.	Formulate integrated MSME development programs that simultaneously address marketing, digital adoption, and financing inclusion.
3	To what extent does Strategy Marketing influence the use of Digital Transformation?	Regression/path analysis reveals that Strategy Marketing significantly influences Digital Transformation ($\beta = 0.864$; $p < 0.001$). Marketing practices directly encourage the adoption of digital tools.	Strategic marketing drives digital adoption; effective market segmentation and communication enhance MSME digital readiness.	Encourage marketing and digital integration through social media, SEO, email campaigns, and data analytics to support MSME visibility.
4	To what extent does Strategy Marketing affect Distribution Financing for MSMEs?	Analysis shows Strategy Marketing significantly affects Distribution Financing ($\beta = 0.754$; $p < 0.001$). Market-oriented MSMEs are more likely to secure financing due to better credibility and performance.	Marketing strategies improve MSME access to financing by enhancing institutional trust and visibility.	Financial institutions should evaluate marketing and brand strength as part of MSME creditworthiness criteria.
5	To what extent does Digital Transformation influence Distribution Financing for MSMEs?	Digital Transformation shows a strong and significant influence on Distribution Financing ($\beta = 0.875$; $p < 0.001$). Digital adoption accelerates loan processes and improves transparency.	Digital transformation enhances efficiency and accessibility in MSME financing distribution.	Expand fintech integration, online loan platforms, and digital documentation systems to reach more MSMEs effectively.
6	To what extent does Strategy Marketing affect Distribution Financing through the mediating role of Digital Transformation?	Path analysis confirms a significant mediating effect (indirect $\beta = 0.801$; Sobel $z > 1.96$). Digital Transformation bridges the impact of Strategy Marketing on Distribution Financing.	Digital transformation functions as a mediating mechanism translating marketing capability into tangible financing outcomes.	Develop digital-based financing ecosystems (digital credit scoring, online borrower profiling) that align marketing data with financial access.

Output of Research

The results of this study provide clear evidence that Strategy Marketing and Digital Transformation play a critical role in shaping the Distribution Financing for SMEs. Based on these findings, several recommendations can be proposed

to strengthen both theoretical and practical outcomes.

SMEs should prioritize the integration of well structured Strategy marketing with Digital Transformation practices. Financing access is not solely determined by internal financial indicators such as assets or cash flow, but is also strongly

influenced by how SMEs communicate professionalism, transparency, and growth potential. A coherent Strategy Marketing, supported by digital platforms, enhances credibility in the eyes of financial institutions, investors, and capital providers.

The design and implementation of a comprehensive digital transformation model is strongly recommended. This model should serve as a roadmap to guide SMEs in aligning traditional marketing approaches with modern digital technologies.

Enhancing credibility through digital practices is essential for improving financing prospects. Consistency in strategy communication, transparency of measurable performance data, and responsiveness to market dynamics signal sustainable growth potential.

to financial inclusion and sustainable economic growth

Practical Contributions: Strengthening SME Competitiveness through Digital Transformation and the Role of PT. PNM

The findings of this study provide several practical contributions that are highly relevant for SMEs, financial institutions, and policymakers. In particular, the results highlight the strategy role of PT. PNM as a financial intermediary that can

accelerate the digital transformation of SMEs and enhance their access to financing

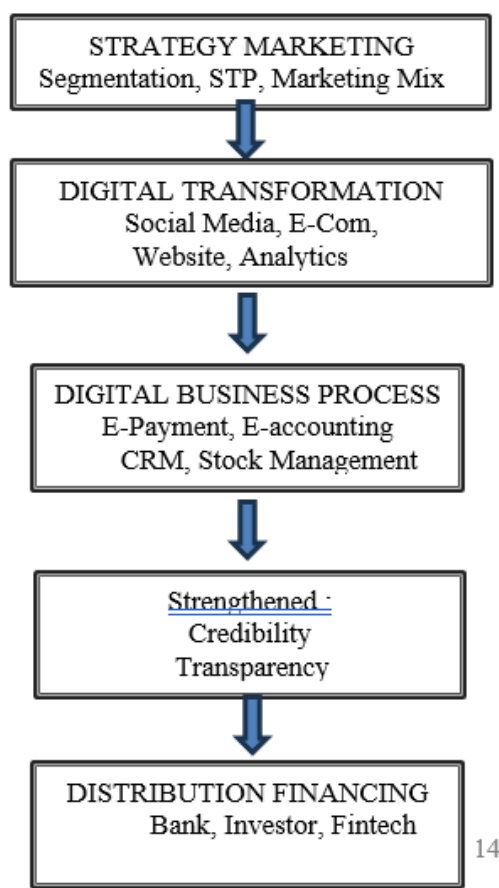
The research stresses the importance of formulating an integrated digital Strategy Marketing. For SMEs supported by PT. PNM, such strategies should be based on thorough market analysis, consumer segmentation, and attention to emerging digital trends.

The study underscores the need to position Digital Transformation as a central instrument rather than a peripheral tool. For PT. PNM, encouraging its SME clients to leverage social media, e-commerce, official websites, and fintech applications is critical

The research identifies the necessity of digitalizing financial and operational processes. SMEs should adopt digital payment systems, application-based financial reporting, and automated inventory management. Transparent and accountable digital systems not only improve operational efficiency but also enhance SMEs' credibility in the eyes of lenders and investors.

The study highlights the importance of collaboration with digital financial institutions. SMEs must be encouraged to utilize fintech lending, crowdfunding platforms, and digital credit systems that incorporate Digital Transformation data into credit assessments.

Table 7. Output of Research



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Discription:

1. *Strategy Marketing* is the starting point (foundation).
2. *Digital Transformation Tools* have become the main channel of interaction with consumers.
3. *Digital Business Process* strengthens transparency and efficiency.
4. *Strengthened Credibility* becomes an intermediate result, which increases the value of the business in the eyes of the investor.

Distribution Financing is the final output in the form of increased access to financing

CONCLUSION

This study concludes that Strategy Marketing and Digital Transformation play a crucial and interconnected role in improving MSMEs’ access to Distribution Financing. The findings confirm that effective marketing strategies

significantly influence digital adoption, while digital transformation serves as a mediating variable that enhances MSMEs’ visibility, credibility, and efficiency in financial access.

Empirical analysis showed that all hypotheses were supported — Strategy Marketing positively affects both Digital Transformation and Distribution Financing, and Digital Transformation further strengthens the impact of marketing efforts on financing outcomes.

Overall, the study demonstrates that integrating strategic marketing with digital innovation can empower MSMEs, reduce financing barriers, and create a more inclusive and competitive business environment. The results provide valuable insights for policymakers, financial institutions, and MSME support programs aiming to accelerate economic growth through digital-based empowerment

Implications and Limitations

Implications

The findings of this study provide both theoretical and practical implications.

Theoretically, the study extends the Resource-Based View (RBV) and Dynamic Capabilities Theory (DCT) by demonstrating that digital transformation mediates the link between strategy marketing and MSME financing outcomes. This reinforces the importance of intangible assets such as marketing capabilities and digital literacy as sources of competitive advantage.

Practically, the results offer guidance for MSME policymakers, financial institutions, and business practitioners. Strengthening marketing capabilities and promoting digital adoption can improve financing accessibility, operational efficiency, and business sustainability. Government agencies and banks can use these insights to design programs that integrate digital tools, training, and inclusive financing schemes.

For PT. PNM, the findings stress the importance of accelerating the adoption of digital tools to complement its existing strategies. Managers should integrate conventional marketing with digital engagement to strengthen trust, efficiency, and responsiveness. Financial institutions can benefit from incorporating SMEs' digital footprints into credit assessment frameworks, while policymakers should encourage digital adoption by facilitating training and building supportive regulatory environments. These measures would enhance SMEs' competitiveness, expand financial inclusion, and contribute to sustainable economic development.

The analysis underscores that Strategy Marketing, digital transformation, and Distribution Financing are interdependent processes. For PT. PNM, the ability to digitize and operationalize its Strategy marketing is essential for improving loan distribution efficiency and meeting customer expectations. The strong correlations reflected in the statistical tables substantiate the theoretical interpretation that Digital Transformation acts as both a mediator and an enabler. This study thus confirms that aligning strategy intent with digital

transformation is fundamental to enhancing SME financing access and competitiveness in the digital economy.

Limitations

The research was limited to MSMEs in Palembang City, which may affect the generalizability of findings to other regions.

The study relied mainly on self-reported survey data, which may be influenced by respondent subjectivity.

The analysis focused on three main variables—strategy marketing, digital transformation, and distribution financing—without including external moderating factors such as policy environment or market competition. Future research is encouraged to expand the geographic scope, use mixed or longitudinal methods, and explore additional mediating or moderating variables for deeper insights.

Recommendation

Based on the findings, several key recommendations are proposed:

For MSMEs: Business owners should strengthen their marketing strategies by utilizing digital tools such as social media, SEO, and online marketplaces to increase visibility and customer reach.

For Government and Policymakers: Develop comprehensive training programs to enhance MSME digital literacy and provide supportive financing policies that encourage digital-based entrepreneurship.

For Financial Institutions: Integrate digital scoring systems and simplify application procedures to expand access to capital for MSMEs, especially micro-entrepreneurs.

For Future Researchers: Extend the study to other regions and industries, and incorporate additional variables such as innovation capability, government support, or financial literacy to deepen understanding.

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